

**Report to:**

**Rutland  
County Council**

**Updating the 2017 Strategic  
Housing Market Assessment  
(SHMA)**

Final Report

July 2019

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21<sup>st</sup> February 2020

Dear James

**RE: ERROR IN TEXT OF PARAGRAPH 3.77 of SHMA UPDATE REPORT (JULY 2019)**

I am writing following our email exchange to confirm that the two figures noted in paragraph 3.77 of the report (Updating the 2017 Strategic Housing Market Assessment (SHMA)) were incorrect. Paragraph 3.77 should read (with the changes underlined):

*'The table below therefore sets out a suggested purchase price for affordable home ownership in the County. As noted, the figures are based on trying to roughly equate a sale price with an equivalent access point to the private rental market. This shows a one-bedroom home 'affordable' price of about £91,000 rising to ~~over~~ £187,000 for homes with 4 or more bedrooms. These figures can be monitored and updated every six months by reference to VOA data'.*

I can confirm that the relevant table in the report (Figure 3.15) is correct and the text should have reflected the figures in this table.

I hope this makes sense and please feel free to get in touch if you have any further queries.

Yours sincerely



Justin Gardner

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## Summary

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### Introduction

1. This report provides an updated Strategic Housing Market Assessment (SHMA) for Rutland County Council. The methodology used in this report is mindful of the new National Planning Policy Framework (NPPF) of February 2019 and the fact that the emerging Local Plan will be tested against this – including consideration of the relevance of the Government’s new Standard Method for assessing housing need. The report also takes account of changes to Planning Practice Guidance (PPG). The changed definition of affordable housing is an important part of this.
2. The analysis is also mindful of Key Policies in the emerging Rutland Local Plan (consultation version published in July 2017 with a further ‘Specific Consultation’ published in July 2018. Important emerging policies include the overall housing requirement (which is for 3,200 homes in the 2016-36 period at an average of 160 per annum) as well as emerging policies on affordable housing, housing mix, accessibility standards and self- and custom-build housing.
3. The SHMA update focusses mainly on needs in the 2016-36 period (i.e. to be in line with the emerging Local Plan) although some analysis (notably on affordable housing need) looks at the 2018-36 period – this is to reflect the baseline of data available (e.g. income and housing cost data is from 2018).
4. To provide an evidence base, this report sets out a number of either linked or distinct sections to cover a range of core subject areas; the sections are summarised below:
  - Section 2 – Demographic Trends and Housing Need Projections;
  - Section 3 – Affordable Housing Need;
  - Section 4 – Family Households and Housing Mix;
  - Section 5 – Older People and People with Disabilities;
  - Section 6 – Private Rented Sector (PRS); and
  - Section 7 – Self-Build and Custom Housebuilding

### Demographic Trends and Housing Need Projections

5. Analysis has been carried out to update the assessment of housing need in the March 2017 SHMA update. The analysis seeks to maintain the method used and builds in new population and household data. Given that Rutland will submit their next plan after the 24<sup>th</sup> January 2019 deadline, the Standard Method introduced in the new NPPF/PPG will also be relevant. This report therefore investigates if there are any overriding reasons for the Council to move away from the proposed housing requirement in the emerging plan (which is for 160 dwellings per annum – 3,200 dwellings for the 2016-36 plan period) - this figure having been based on previous SHMA research.

6. The latest (2016-based) SNPP show a lower level of projected population growth than the 2014-based version. This is to be expected given changed national assumptions which include lower birth rates, higher death rates and a lower level of long-term international migration. If linking data to longer-term (10-year) migration trends a higher level of population growth would be projected, in Rutland and across the HMA.
7. Overall, the latest (2016-based) SNHP show a more positive level of household formation than the 2014-based version, this is different to the national picture where the 2016-based SHNP have come into some criticism for suppressing household formation. Therefore the 2016-based data can be used to study housing need, and there is no need for an adjustment in Rutland for suppressed household formation (as was the case in the SHMA update). Including a vacancy allowance, the 2016-based SNHP show a Start Point for the assessment of housing need of 1,660 dpa across the HMA and 123 dpa in Rutland.
8. More up-to-date economic forecasts (from EEFM) suggest that job growth will not be as strong as expected in the SHMA update across the HMA but relatively strong for Rutland. That said, jobs growth could still be an upside in determining housing need across the HMA as well as for Rutland.
9. Overall, using a consistent method to that used in the SHMA update of 2017 it is concluded that the housing need is for 2,004 dpa across the HMA and 190 dpa for Rutland; the HMA-wide figure is slightly lower than derived in the SHMA update and suggest that continuing to use the SHMA update figures would not be undersupplying housing (across the HMA). Some caution should be exercised in interpreting the 190 dpa figure for Rutland as this is based on economic growth, which does have a number of assumptions and uncertainties attached.

<b>Figure 1: Updated estimate of local housing need – Peterborough HMA (figures are dwellings per annum – 2018-36)</b>					
	Peterborough	Rutland	South Holland	South Kest-even	Peterborough HMA
Start point	673	123	303	562	1,660
Taking account of 10-year migration trends	66	29	28	0	123
Taking account of economic growth	129	37	0	0	166
Taking account of concealed households	33	1	12	8	54
Final updated housing need	901	190	343	570	2,004
Uplift from start point	34%	54%	13%	1%	21%
SHMA update housing need (2011-36)	981	159	445	624	2,209
Market signals method	686	135	314	591	1,726

10. When looking at the Standard Method, which is relevant to Rutland given the timing of the emerging plan a somewhat lower level of need is shown (for 127 dwellings per annum) although the HMA-wide need is higher (2,359 dpa).

	Peter-borough	Rutland	South Holland	South Kest-even	Peter-borough HMA
Households 2019	81,901	16,087	39,979	62,840	200,807
Households 2029	89,882	17,016	43,443	68,681	219,022
Change in households	7,981	929	3,464	5,841	18,215
Per annum change	798	93	346	584	1,822
Affordability ratio (2017)	6.79	9.87	7.77	9.02	-
Uplift to household growth	17%	37%	24%	31%	-
Total need (per annum)	937	127	428	767	2,259

11. Overall for Rutland, on the basis of the analysis carried out it is concluded that the 2017 SHMA need figure remains broadly sound (sitting as it does in the middle of the range between the Standard Method and an economic based projection). The emerging Local Plan housing requirement (for 160 dwellings per annum) is therefore also concluded as being a sound figure, taking account of the currently available evidence.
12. Moving forward in this report a number of analyses are based on understanding how population and household structures might change with the delivery of 160 dpa (3,200 homes over the 2016-36 period) – this includes looking at potential changes to the older person population and also levels of newly-forming households (an important part of the affordable housing needs analysis). Therefore, a bespoke demographic projection has been developed which models potential future changes to the population/households of the County.

### **Affordable Housing Need**

13. Analysis has been undertaken to estimate the need for affordable housing in the 2018-36 period. The analysis is split between a 'traditional' need (which is mainly for social/affordable rented accommodation and is based on households unable to buy or rent in the market) and the 'additional' category of need introduced by the revised NPPF/PPG (which includes housing for those who can afford to rent privately but cannot afford to buy a home).
14. The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at traditional needs, consideration is given estimates of the supply of social/affordable rented housing. For the additional definition, consideration is given to the potential supply (from Land Registry data) of cheaper accommodation to buy.
15. Using the traditional method, the analysis suggests a need for 44 affordable homes per annum and therefore the Council is justified in seeking to secure additional affordable housing.

<b>Figure 3: Estimated Need for Affordable Housing – Rutland</b>		
	Per annum	2018-36
Current need	10	171
Newly forming households	86	1,542
Existing households falling into need	48	857
<b>Total Gross Need</b>	<b>143</b>	<b>2,570</b>
Re-let Supply	99	1,776
<b>Net Need</b>	<b>44</b>	<b>794</b>

16. It is also suggested that the cost of housing to rent within this group is fixed by reference to local incomes (and the Living Rent methodology) although rents above Local Housing Allowance limits should be avoided (to ensure housing affordable to those needing to claim Housing Benefit).
17. When looking at the need for affordable home ownership products (i.e. the expanded definition of affordable housing in the NPPF) it is clear that there are a number of households likely to be able to afford to rent privately but who cannot afford to buy a suitable home. However, there is also a potential supply of homes within the existing stock that can make a contribution to this need. It is therefore difficult to robustly identify an overall need for affordable home ownership products.
18. However, it does seem that there are many households in Rutland who are being excluded from the owner-occupied sector. The analysis would therefore suggest that a key issue in the County is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy.
19. If the Council does seek to provide 10% of housing as affordable home ownership, then it is suggested that shared ownership is the most appropriate option. This is due to the lower deposit requirements and lower overall costs (given that the rent would also be subsidised).
20. Where other forms of affordable home ownership are provided (e.g. Starter Homes or discounted market), it is recommended that the Council considers setting prices at a level which (in income terms) are equivalent to the levels needed to access private rented housing. This would ensure that households targeted by the new definition could potentially afford housing – this might mean greater than 20% discounts from Open Market Value for some types/sizes of homes in some locations.
21. The evidence does not show any basis to increase the provision of affordable home ownership above the 10% figure currently suggested in the NPPF.
22. Overall, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the County. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.



## Family Households and Housing Mix

23. The proportion of households with dependent children is relatively low in Rutland, although there are a relatively high proportion of married couples and relatively few lone parents (when compared with the national average). There has been modest past growth in the number of 'family' households and stronger growth in the number of households with non-dependent children (likely in many cases to be grown-up children living with parents). Projecting forward, there is expected to be an increase in the number of households with dependent children – increasing by 14% over the 2016-36 period when linking to housing delivery of 160 dwellings per annum.
24. There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The analysis linked to long-term (20-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes, this takes account of both household changes and the ageing of the population.

**Figure 4: Updated suggested housing mix by broad tenure – Rutland**

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	0-5%	25-30%	45-50%	20-25%
Affordable Home Ownership	15-20%	35-40%	35-40%	5-10%
Social/affordable rented	40-45%	25-30%	20-25%	5-10%

25. The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bed properties offer to changing household circumstances, which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing in the County (by tenure).
26. The mix identified above could inform strategic policies although a flexible approach should be adopted. In applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.
27. Based on the evidence, it is expected that the focus of new market housing provision will be on 2- and 3-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retaining flexibility for friends and family to come and stay.
28. The analysis report broadly supports the indication of housing mix set out in the emerging Local Plan. The Council could however consider if this needs to be updated so as to include an additional affordable home ownership category, and to therefore be consistent with the revised NPPF.

## Older People and People with Disabilities

29. Planning Practice Guidance (PPG) section 56 (Housing: optional technical standards) sets out how local authorities can gather evidence to set requirements on a range of issues (including accessibility and wheelchair housing standards). The PPG (on housing needs assessment) suggests looking at the specific needs of older people and those with disabilities. A range of data sources are considered, as suggested by CLG and also some more traditionally used in assessments such as this (e.g. from Housing LIN and HOPSR). This is to consider the need for specialist accommodation for older people and also Building Regulations M4(2) (accessible and adaptable dwellings), and M4(3) (wheelchair user dwellings).
30. The data shows that in general, Rutland has lower levels of disability compared with other areas, however an ageing population means that the number of people with disabilities is likely to increase substantially in the future. Key findings include:
  - A 50% increase in the population aged 65+ over 2016-2036 (potentially accounting for at least most of the total population growth);
  - A current and projected need for enhanced sheltered and extra-care housing in both the rented and leasehold sectors, along with a need for additional retirement/sheltered housing;
  - A need for additional care bedspaces; and
  - a need for up to 150 dwellings to be for wheelchair users (meeting technical standard M4(3))
31. This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing. Given the evidence, the Council could consider (as a start point) requiring all dwellings to meet the M4(2) standards (which are similar to the Lifetime Homes Standards) and at least 10% of affordable meeting M4(3). It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.
32. The Council should also consider if a different approach is prudent for market housing and affordable homes, recognising that Registered Providers may already build to higher standards, and that households in the affordable sector are more likely to have some form of disability.
33. In seeking M4(2) compliant homes, the Council should also be mindful that such homes could be considered as 'homes for life' and would be suitable for any occupant, regardless of whether or not they have a disability at the time of initial occupation.
34. The analysis is not definitive about the quantities of different types of specialist housing (or its tenure) due to a range of views about prevalence rates; the need for housing with care (Extra-care/Enhanced sheltered) is estimated to be for around 190 dwellings in the period to 2036 (10 per annum) – it is considered that these will be in a C3 use class.

**Figure 5: Older Persons' Dwelling Requirements 2016 to 2036 linked provision of 160 dwellings per annum – Rutland**

		Housing demand per 1,000 75+	Current supply	2016 demand	Current shortfall/ (surplus)	Additional demand to 2036	Shortfall/ (surplus) by 2036
Housing with support	Rented	73	202	311	109	265	374
	Leasehold	44	11	188	177	161	338
Housing with care	Rented	17	0	71	71	61	132
	Leasehold	12	39	51	12	44	56
Total (dwellings)		147	252	622	370	530	899

## Private Rented Sector

35. The private rented sector (PRS) accounts for around 16% of all households in Rutland (as of 2011) – a slightly larger proportion to that the East Midlands, and below the national average (17%). The number of households in this sector has however grown notably (increasing by 39% in the 2001-11 period) with the likelihood of further increases since.

**Figure 6: Change in tenure (2001-11) – Rutland**

	2001 households	2011 households	Change	% change
Owns outright	4,721	5,889	1,168	24.7%
Owns with mortgage/loan	5,074	4,827	-247	-4.9%
Social rented	1,603	1,685	82	5.1%
Private rented	1,675	2,333	658	39.3%
Living rent free	384	268	-116	-30.2%
Total	13,457	15,002	1,545	11.5%

36. The PRS has some distinct characteristics, including a much younger demographic profile and a high proportion of households with dependent children (notably lone parents) – levels of overcrowding are relatively high. In terms of the built-form and size of dwellings in the sector, it can be noted that the PRS generally provides smaller, flatted/terraced accommodation when compared with the owner-occupied sector. That said, over half of the private rented stock has three or more bedrooms and demonstrates the sector's wide role in providing housing for a range of groups, including those claiming Housing Benefit and others who might be described as 'would be owners' and who may be prevented from accessing the sector due to issues such as deposit requirements.
37. Additional analysis suggests that rent levels have increased over time (when looking at the 2012-19 period) but that increases in rents fall well behind the increase in house prices over the same period – the increase in rents is lower than that seen nationally and does not suggest any particular lack of supply of private rented homes. The lack of homes to buy does appear to be a more pressing issue.

38. There is no evidence of a need for Build to Rent housing (i.e. developments specifically for private rent). Given the current Government's push for such schemes, the Council should consider any proposals on their merit, including taking account of any affordable housing offer (such as rent levels and the security of tenure).
39. This study has not attempted to estimate the need for additional private rented housing. It is likely that the decision of households as to whether to buy or rent a home in the open market is dependent on a number of factors which mean that demand can fluctuate over time; this would include mortgage lending practices and the availability of Housing Benefit. A general (national and local) shortage of housing is likely to have driven some of the growth in the private rented sector, including increases in the number of younger people in the sector, and increases in shared accommodation. If the supply of housing increases, then this potentially means that more households would be able to buy, but who would otherwise be renting.

### **Self-Build and Custom Housebuilding**

40. The Government has long had a clear agenda for supporting and promoting the self-build and custom building sector which is now recognised in national planning policy and guidance; but the Government has also recognised the challenges associated with the sector including in respect of finance and more crucially, land supply and procurement.
41. From 1<sup>st</sup> April 2016, relevant authorities in England are required to have established and publicised a self-build and custom housebuilding register and as of 15<sup>th</sup> March 2019, there have been 44 registered expressions of interest in a serviced plot of land for self-build and custom housebuilding; pointing towards reasonably strong demand.
42. Data collection from the Buildstore shows that 166 people are registered as looking to build in Rutland on their Custom Build Register with a further 238 subscribers to their Plotsearch service which tracks self-build land opportunities; again, pointing to strong demand.
43. The Council have either granted permission or note CIL exemptions for 28 plots of land over the last four base periods. The local authority will have until 30<sup>th</sup> October 2020 to identify a further 22 plots to meet the Base Period 2 requirement. Notably, consultation with local estate agents has highlighted that land is scarce for those looking to build their own home.
44. In responding to the level of demand in the County, the emerging Local Plan Review sets out draft Policy RLP15, which requires provision of at least 5% of serviced plots on scheme of 20 units or more. The policy also supports proposals for self-build and custom build housing where they are in conformity with all other relevant national and local policies.
45. On the basis of discussions with a number of major housebuilders, it is important that policy adopts a flexible approach; for instance, allowing for serviced plots to become open market housing should demand be insufficient. The policy set out in draft by the Council acknowledges that viability considerations and site-specific circumstances can have an influence.

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46. It is also important to ensure that consideration is given to viability around delivering self and custom build plots on larger private schemes as well as the health and safety and compliance issues during site construction.

## Overall Summary

47. This report provides an update to the assessment of local housing need as set out in the 2017 SHMA update. In addition, the importance of the Standard Method for assessing need is recognised (given the dates of the emerging Rutland Local Plan). Using a consistent methodology to the 2017 SHMA update it is concluded that the housing need for Rutland is for 190 dwellings per annum (2018-36), along with 2,004 dpa across the HMA. Using the Standard Method there is an annual need for 127 dwellings in Rutland, with an HMA wide figure of 2,259. Focussing on Rutland the data would suggest that the emerging plan requirement for 160 dwellings per annum is reasonable – sitting as it does in the middle of the range of the two calculations in this report. Additionally, it should be noted that the higher of the figures (i.e. the 190 dpa) does have a considerable degree of uncertainty attached given that it is linked to forecast economic growth.
48. The affordable needs assessment continues to show a need for affordable housing in the County, and at a level similar to that shown in the previous assessment. The evidence of a need for affordable home ownership products was far from clear-cut, however given the clear steer in the NPPF it is recommended that the Council do consider seeking 10% of housing on larger sites as affordable home ownership; where possible such housing would ideally be in a shared ownership tenure. Adopting a definition of affordable housing that is consistent with the revised NPPF may mean that the Council will need to revisit their viability assessment in due course.
49. The analysis also identifies a need for all sizes of housing within all tenure groups. For market housing there is a focus on smaller (2- and 3-bedroom) family units, but also some larger (4+ bedroom) homes. For affordable home ownership the focus should be on 2-bedroom homes (along with 1- and 3-bedroom accommodation) whilst for social/affordable rented housing the need is particularly for 1- and 2-bedroom homes. The conclusions broadly confirm those in the previous SHMA (and used in supporting text in the emerging Local Plan) although this report has sought to also look at the potential mix for affordable home ownership which forms part of the revised NPPF affordable housing definition.
50. Finally, the analysis identifies a large and growing older person population. This is likely to drive the need for additional specialist accommodation in both the rented (affordable) and leasehold (market) sectors, as well as a need for additional care home bedspaces.



# 1. Introduction

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## Introduction

- 1.1 Justin Gardner Consulting (JGC) have been commissioned by Rutland County Council to prepare a Strategic Housing Market Assessment (SHMA) update. The report provides a Rutland specific analysis of need, including an update to key parts of the March 2017 JGC SHMA update which was carried out for five local authorities (Boston, Peterborough, Rutland, South Holland and South Kesteven).
- 1.2 In July 2017, Rutland Council published a Local Plan Review – Consultation Draft which covers the period from 2016 to 2036. In July 2018 a further ‘Specific Consultation considering the implications of potential development of St. George’s within the Local Plan’ document was published. The analysis in this report is mindful of the potential policy direction contained within these documents.
- 1.3 In particular this report looks at more up-to date information to consider housing need in the County. Any plan now submitted by the Council (being after the 24<sup>th</sup> January 2019) will be tested against the new National Planning Policy Framework (NPPF) – latest version February 2019 and associated Planning Practice Guidance (PPG). This arguably means overall housing need being set (as a minimum) in line with the Government’s new Standard Method. However, the emerging plan currently draws (at least in part) on earlier Strategic Housing Market Assessment (SHMA) research when considering overall needs and therefore it is of use to consider if the Government’s new methodology means that the housing requirement in the emerging plan needs to be altered.
- 1.4 The Council will also need to be mindful of changes in the new NPPF that are likely to be important in future decision making. One example of this is in terms of a revised definition of affordable housing. Hence this report takes the opportunity to consider the impact of the revised NPPF where relevant. The analysis is also mindful of revised Planning Practice Guidance (PPG) on housing need assessment (February 2019).

## Revised National Planning Policy Framework (NPPF)

- 1.5 In July 2018 the government published a revised National Planning Policy Framework (NPPF) – a further NPPF was published in February 2019. The NPPF identifies that local planning authorities should have a clear understanding of housing needs in their area.
- 1.6 Paragraph 31 of the NPPF states that local planning authorities in preparing and reviewing plans should ensure that the preparation and review of all policies should be underpinned by relevant and up-to-date evidence.

- 1.7 In ensuring that Local Plans deliver a sufficient supply of homes strategic policy-making authorities should establish a housing requirement figure for their whole area, with paragraph 60 stating that *‘To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for’.*
- 1.8 Paragraph 61 further states *‘Within this context, (determining the minimum number of homes needed) the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes’.*
- 1.9 One significant change in the revised NPPF from the earlier version is a revision of the definition of affordable housing (Annex 2 of both NPPF). The revised NPPF now includes a series of affordable home ownership options with the definition of need and paragraph 64 of the NPPF states that *‘Where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups’.*
- 1.10 The NPPF also that strategic policy-making authorities should establish a housing requirement figure for their whole area, which shows the extent to which their identified housing need (and any needs that cannot be met within neighbouring areas) can be met over the plan period.

## **Planning Practice Guidance (PPG)**

- 1.11 The PPG on Housing and economic needs assessment (published February 2019) explains how key elements of the NPPF should be interpreted. It also assists plan-making authorities in assessing and evidencing development needs for housing (both market and affordable). A key part of the PPG is setting out a Standard Method for assessing housing need.
- 1.12 In addition to setting out a Standard Method for assessing housing need, the PPG also provides some guidance about how specific elements of analysis should be undertaken (under the heading of *‘Identifying the need for different types of housing’*). This includes advice about older people, people with disabilities and the private rented sector. Where relevant, this document sets out analysis within the general framework of the latest PPG.
- 1.13 The PPG also sets out a methodology for assessing affordable housing need; this is noteworthy for largely being the same as in the previous PPG (linked to the original NPPF) and for not providing any substantive advice about how to measure need captured under the new Annex 2 (NPPF) definition of affordable housing (affordable home ownership).



## Emerging Rutland Local Plan

- 1.14 In July 2017 Rutland County Council published the Rutland Local Plan 2016-2036 Local Plan Review Consultation Draft Plan. There are a number of proposed policies in the Plan that are relevant to this report, and in many cases were developed on the basis of the previous SHMA research. Subsequently (in July 2018) a further Local Plan document was published dealing with development of St. George's.
- 1.15 A key element of the documents is around meeting the need for housing in the Council. The Specific Consultation of July 2018 sets out that the Local Plan seeks to *'Deliver the Objectively Assessed Need of a minimum of 160 homes per year over the plan period 2016 to 2036'* – the document notes that over the full plan period this is 3,200 dwellings in total. Table 1 of the Specific Consultation sets out a spatial distribution for the delivery of these 3,200 homes.
- 1.16 In addition to the overall need the initial Local Plan consultation sets out proposed policies on a number of topics relevant to this report. This includes RLP16 (affordable housing), RLP14 (housing density and mix), RLP34 (accessibility standards) and RLP15 (self-build and custom housebuilding). Comments on these policies can be found in relevant sections of this report.

## Report Structure

- 1.17 The report considers housing need, including the need for affordable housing in the 2016-36 period – i.e. to take account of the emerging Local Plan period. The report sets out a number of either linked or distinct sections; these are summarised below with a brief description:
- Section 2 – Demographic Trends and Housing Need Projections – Reviews a range of data about population and household growth; considers local housing using more up-to-date information than was available at the time of the previous SHMA and also the Government's new Standard Method for assessing need;
  - Section 3 – Affordable Housing Need – Updates previous analysis about the need for affordable housing and builds on this by considering the need under the new expanded definition of affordable housing in the NPPF;
  - Section 4 – Family Households and Housing Mix – Assesses the need for different sizes of homes in the future, modelling the implications of demographic drivers on need/demand for different sizes of homes in different tenures. As well as looking at affordable housing need, this section also considers market size requirements;
  - Section 5 – Older People and People with Disabilities – Considers the need for specialist accommodation for older people (e.g. sheltered/Extra-care) and also the need for homes to be built to Building Regulations M4(2) any M4(3). The section studies a range of data around older persons and people with disabilities;
  - Section 6 – Private Rented Sector (PRS) – Analysis of the PRS in terms of characteristics and costs, and how this has changed over time; and
  - Section 7 – Self-Build and Custom Housebuilding – Provides an overview of the Self- and Custom-build sector and some specific information about the demand for this type of housing in Rutland.

### **Introduction: Key Messages**

- This report provides an updated Strategic Housing Market Assessment (SHMA) for Rutland County Council. The methodology used in this report is mindful of the new National Planning Policy Framework (NPPF) of February 2019 and the fact that the emerging Local Plan will be tested against this – including consideration of the relevance of the Government’s new Standard Method for assessing housing need. The report also takes account of changes to Planning Practice Guidance (PPG). The changed definition of affordable housing is an important part of this.
- The analysis is also mindful of Key Policies in the emerging Rutland Local Plan (consultation version published in July 2017 with a further ‘Specific Consultation’ published in July 2018. Important emerging policies include the overall housing requirement (which is for 3,200 homes in the 2016-36 period at an average of 160 per annum) as well as emerging policies on affordable housing, housing mix, accessibility standards and self- and custom-build housing.
- The SHMA update focusses mainly on needs in the 2016-36 period (i.e. to be in line with the emerging Local Plan) although some analysis (notably on affordable housing need) looks at the 2018-36 period – this is to reflect the baseline of data available (e.g. income and housing cost data is from 2018).
- To provide an evidence base, this report sets out a number of either linked or distinct sections to cover a range of core subject areas; the sections are summarised below:
  - Section 2 – Demographic Trends and Housing Need Projections;
  - Section 3 – Affordable Housing Need;
  - Section 4 – Family Households and Housing Mix;
  - Section 5 – Older People and People with Disabilities;
  - Section 6 – Private Rented Sector (PRS); and
  - Section 7 – Self-Build and Custom Housebuilding

## 2. Demographic Trends and Housing Need Projections

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### Introduction

- 2.1 This section provides an update to estimates of local housing need (or Objectively Assessed Housing Need (OAN)) as set out in the Peterborough Housing Market Area and Boston Borough Council Strategic Housing Market Assessment (SHMA) update of March 2017 (2017 SHMA). The analysis draws on the 2016-based subnational population projections (SNPP) and the 2016-based household projections (SNHP) – both ONS data releases. The analysis also looks at the most recent population estimates (again from ONS) which date to mid-2018.
- 2.2 Although the previous report considered Boston Borough, this update focuses solely on those local authorities within the Peterborough Housing Market Area (HMA) – Peterborough, Rutland, South Holland and South Kesteven.
- 2.3 As well as updating the 2017 SHMA the analysis is mindful that the Rutland Local Plan will also have to have regard to the new Standard Method for assessing housing need (introduced as part of the new NPPF of February 2019). Therefore, the analysis also considers the level of need using this methodology in drawing overall conclusions. The main purpose of the analysis in this section is to investigate if there are any overriding reasons for the Council to move away from the proposed housing requirement in the emerging plan (which is for 160 dwellings per annum – 3,200 dwellings for the 2016-36 plan period).
- 2.4 In the SHMA update, analysis was carried out to look at the need from 2011 to 2036; in this update an estimate of need is provided for the 2018-36 period. This is mainly to be consistent with a similar study carried out earlier in 2019 for South Kesteven Council, and also to reflect that 2018 is the latest date for which a reasonable baseline of information can be provided (from 2018 mid-year population estimates). The fact that the Councils plan period is to run from 2016 will not impact on the general conclusions drawn from this very slightly different projection period.

### The SHMA update (March 2017)

- 2.5 The SHMA update worked through the stages of Planning Practice Guidance (PPG) to set out a local housing need for the 2011-36 period. In order the report worked through:
- Demographic trends
  - The link between employment and housing
  - Affordable Housing Need
  - Market Signals

- 2.6 The table below shows the overall conclusions of this analysis. The calculation started with the 2014-based SNHP which showed a need for 1,899 dwellings per annum across the HMA with a small adjustment being made to take account of suppressed household formation in Rutland. Analysis of longer-term demographic trends suggested that this figure could increase by around 200 dwellings per annum whilst economic growth was only an issue in South Kesteven (increasing the need by 47 dwellings per annum). Finally, the analysis included an uplift to take account of the increase in the number of concealed households in the HMA. Overall, it was concluded that the housing need across the HMA was for 2,209 dwellings per annum, with a figure of 159 in Rutland. These figures were derived from applying a consistent approach across all parts of the HMA.
- 2.7 Across the HMA, the figure of 2,209 dpa represented a 16% uplift from the Start Point figure (of 1,899). This is an important finding in terms of market signals as the PPG is clear that any uplift for market signals should be judged against the start point need.

**Figure 2.1: Summary of derivation of housing need – Peterborough HMA (figures are dwellings per annum – 2011-36)**

	Peterborough	Rutland	South Holland	South Kesteven	Peterborough HMA
Start point	851	102	345	601	1,899
Taking account of suppressed household formation	+0	+6	+0	+0	+6
Taking account of 10-year migration trends	+97	+51	+88	-32	+204
Taking account of economic growth	+0	+0	+0	+47	+47
Taking account of concealed households	+33	+1	+12	+8	+54
Final housing need	981	159	445	624	2,209
Uplift from start point	15%	56%	29%	4%	16%

Source: SHMA update (2017) – Figure 7

## 2016-based Subnational Population Projections (SNPP)

- 2.8 The latest (2016-based) set of subnational population projections (SNPP) were published by ONS in the May 2018 (replacing a 2014-based release). The projections provide estimates of the future population of local authorities, assuming a continuation of recent local trends in fertility, mortality and migration which are constrained to the assumptions made for the 2016-based national population projections. The projections do not attempt to predict the impact that future government or local policies, changing economic circumstances or other factors might have on demographic behaviour.

- 2.9 Whilst the methodology of the SNPP is unchanged, a number of assumptions have been changed from the 2014-based version which can have an impact on future projections. Across the country, the 2016-based projections project notably lower population growth than in the previous (2014-based) set, with the UK population projected to be 2 million fewer in mid-2041. This is driven by lower assumptions about future birth rates and international migration, and an assumption of a slower rate of increase in life expectancy. The key differences are:
- ONS' long-term international migration assumptions have been revised downwards to 165,000 pa (beyond mid 2022) compared to 185,000 in the 2014-based Projections. This is based on a 25-year average;
  - The latest projections assume that women will have fewer children, with the average number of children per woman expected to be 1.84 compared to 1.89 in the 2014-based Projections; and
  - ONS is no longer assuming a faster rate of increase in life expectancy of those borne between 1923 – 1938, based essentially on more recent evidence. Life expectancy still increases, just not as fast as previously projected
- 2.10 The table below shows projected population growth from 2018 to 2036 in Rutland, the Peterborough HMA and a range of comparator areas. The data shows that the population of the County is projected to increase by 6% with a higher increase (10%) projected for the HMA.

**Figure 2.2: Projected population growth (2018-2036) – 2016-based SNPP**

	Population 2018	Population 2036	Change in population	% change
Rutland	39,192	41,713	2,521	6.4%
Peterborough HMA	476,860	525,654	48,794	10.2%
East of England	6,221,674	6,915,639	693,965	11.2%
East Midlands	4,786,692	5,223,674	436,982	9.1%
England	55,997,687	60,905,483	4,907,796	8.8%

Source: ONS

- 2.11 The tables below compare the 2016-based SNPP with the previous release (2014-based). This shows that the most recent projections are showing a slightly lower level of future population growth (in both areas). This finding is to be expected given the changed assumptions within the National Population Projections, which feed down into the SNPP.

**Figure 2.3: Projected population growth (2018-2036) – Rutland**

	Population 2018	Population 2036	Change in population	% change
2014-based	38,087	40,884	2,796	7.3%
2016-based	39,192	41,713	2,521	6.4%

Source: ONS

	Population 2018	Population 2036	Change in population	% change
2014-based	473,134	532,127	58,993	12.5%
2016-based	476,860	525,654	48,794	10.2%

Source: ONS

## Alternative Demographic Scenario

- 2.12 The SNPP is the latest official projection and is based on looking at migration trends over the past 5 to 6 years. However, given that levels of migration and population growth can be variable over time it is reasonable to consider alternative (sensitivity) scenarios. The sensitivity scenario takes account of longer-term (10-year) migration trends and also data from the ONS 2018 mid-year population estimates (MYE). This is the same sensitivity as was undertaken in the SHMA update, the difference being that the 10-year period has moved from 2005-15 to 2008-18. It should be noted that earlier work for South Kesteven used a 10-year period from 2007 to 2017.
- 2.13 This projection uses information about migration levels in the 10-year period (2008-18); the scenario therefore includes the most up-to-date MYE figures (for 2018). The projection does not just look at the migration figures and roll these forward but recognises that migration can be variable over time as the age structure changes. With international migration, this projection also takes account of the fact that ONS are projecting for international net migration to decrease in the longer-term.
- 2.14 To overcome the issue of variable migration, the methodology employed looks at the share of migration in each area compared to the share in the period feeding into the 2016-based SNPP (which is 2011-16 for internal migration and 2010-16 for international migration). Where the share of migration is higher in the 10-year period, the projection applies an upward adjustment to migration, and vice versa.
- 2.15 The tables below show the estimated level of population growth in the SNPP and the 10-year migration projection. Across the HMA, the analysis shows that population growth could be expected to be slightly stronger if modelling against longer-term trends; for Rutland this is also the case, with the uplift for longer-term trends being more notable than across the HMA. This is the same conclusion as reached in the SHMA update, and points towards the potential use of longer-term trends when considering the housing need.

	Population 2018	Population 2036	Change in population	% change
2016-based SNPP	39,192	41,713	2,520	6.4%
10-year migration	39,697	43,890	4,193	10.6%

Source: Demographic projections

<b>Figure 2.6: Projected population growth (2018-2036) – alternative scenarios – Peterborough</b>				
	Population 2018	Population 2036	Change in population	% change
2016-based SNPP	476,859	525,655	48,795	10.2%
10-year migration	476,571	527,818	51,247	10.8%

Source: Demographic projections

## Household Representative Rates (Household Formation)

- 2.16 Having studied the population size, the next step in the process is to convert this information into estimates of the number of households in the area. To do this the concept of household representative rates (HRR) is used. HRRs can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)).
- 2.17 The latest HRRs are as contained in the ONS 2016-based subnational household projections (SNHP) – these were published in September 2018. It would be fair to say that the 2016-based SNHP have come under some criticism, this is largely because they are based only on data in the 2001-11 Census period and arguably build in the suppression of household formation experienced in that time. The previous (2014-based) projections used a longer time-series (all Census points back to 1971) and therefore do cover a wider housing market cycle.
- 2.18 Because of the criticisms of the 2016-based SNHP, and the fact that these have driven the Government to consider reviewing the Standard Method (which is directly linked to official household projections) it is considered prudent in this report to look at both the 2016- and 2014-based figures.
- 2.19 The tables below therefore model household growth and housing need by applying both the 2014- and 2016-based SNHP HRRs to each of the population projections described above (the SNPP and linked to 10-year migration trends). In moving from household growth to housing need, a vacancy allowance has been applied – the same figures as used in the SHMA update have been used, and it should be noted that the choice of a vacancy rate has only a minor impact on assessed levels of need.
- 2.20 Focussing on the SNPP (the first two tables below) it is notable that for both Rutland and across the HMA that need is higher when linked to the 2016-based HRRs than the 2014-based figures. This would suggest that unlike nationally, the latest projections are not building in additional suppression. In the SHMA update, no suppression was identified other than in Rutland and therefore there is no evidence that this (albeit modest) adjustment needs to be made in updating the numbers.
- 2.21 The first two tables below also highlight the Start Point for assessing housing need – this is 123 dwellings per annum in Rutland and 1,660 in the Peterborough HMA, these compare with equivalent figures in the SHMA update of 102 and 1,899 respectively.

<b>Figure 2.7: Projected housing need – range of household representative rate assumptions – Rutland (2016-based SNPP)</b>					
	Households 2018	Households 2036	Change in households	Per annum	Dwellings (per annum)
2016-SNHP HRRs	16,413	18,556	2,142	119	123
2014-SNHP HRRs	16,527	18,476	1,949	108	112

Source: Demographic projections

<b>Figure 2.8: Projected housing need – range of household representative rate assumptions – Peterborough HMA (2016-based SNPP)</b>					
	Households 2018	Households 2036	Change in households	Per annum	Dwellings (per annum)
2016-SNHP HRRs	196,051	225,387	29,337	1,630	1,660
2014-SNHP HRRs	200,082	229,124	29,042	1,613	1,643

Source: Demographic projections

<b>Figure 2.9: Projected housing need – range of household representative rate assumptions – Rutland (10-year migration)</b>					
	Households 2018	Households 2036	Change in households	Per annum	Dwellings (per annum)
2016-SNHP HRRs	16,581	19,234	2,653	147	152
2014-SNHP HRRs	16,664	19,090	2,426	135	139

Source: Demographic projections

<b>Figure 2.10: Projected housing need – range of household representative rate assumptions – Peterborough HMA (10-year migration)</b>					
	Households 2018	Households 2036	Change in households	Per annum	Dwellings (per annum)
2016-SNHP HRRs	195,627	225,411	29,784	1,655	1,686
2014-SNHP HRRs	199,455	229,121	29,666	1,648	1,679

Source: Demographic projections

## The Link Between Housing and Economic Growth

2.22 As well as looking at housing need using demographic projections, the SHMA update considered if there was a case to increase numbers to take account of economic growth – i.e. would the increase in housing be sufficient to provide sufficient labour-supply for additional jobs to be filled. Across the HMA it was clear that there would be sufficient labour-supply, although there was a modest shortfall in South Kesteven. Below these conclusions are tested using more up-to-date economic forecasts (from the East of England Forecasting Model (EEFM)).



- 2.23 The methodology employed in this report is identical to that used in the SHMA update and so is not repeated in detail. Essentially the method starts with estimated job growth and applies adjustments to take account of commuting and double jobbing to derive an estimate of the labour-supply growth required. A series of economic activity rates are then applied to the demographic projections to study changes in the economically active population.
- 2.24 One minor change for this update is use of more up-to-date activity rate data from the Office for Budget Responsibility (OBR) from Summer 2018. This data has been used without adjustments other than to rebase to reflect local data. In the SHMA update some adjustments were made to OBR rates, and it is not now considered appropriate to make such amendments on the basis of the new estimates.
- 2.25 The table below shows job growth figures as used in the SHMA update and the equivalent figures from the most recent (2017 based) EEFM. The table also shows forecast job growth in the 2018-36 period as it is this data that is used in the modelling of housing need.
- 2.26 The analysis shows that the latest EEFM is forecasting a slightly lower level of job growth in the 2015-36 period (this being the period studied in the SHMA update). Within this a higher level of job growth is forecast for Peterborough and Rutland with lower figures in South Holland and South Kesteven. Over the projection period for this report, a total of 26,900 jobs are forecast, including 1,800 in Rutland.

**Figure 2.11: Forecast job growth (EEFM)**

	SHMA update (2015-36)	Latest EEFM (2015- 36)	2018-36
Peterborough	17,600	22,900	19,700
Rutland	1,200	1,700	1,800
South Holland	8,400	2,200	2,100
South Kesteven	6,400	4,600	3,300
<b>TOTAL</b>	<b>33,600</b>	<b>31,400</b>	<b>26,900</b>

Source: EEFM

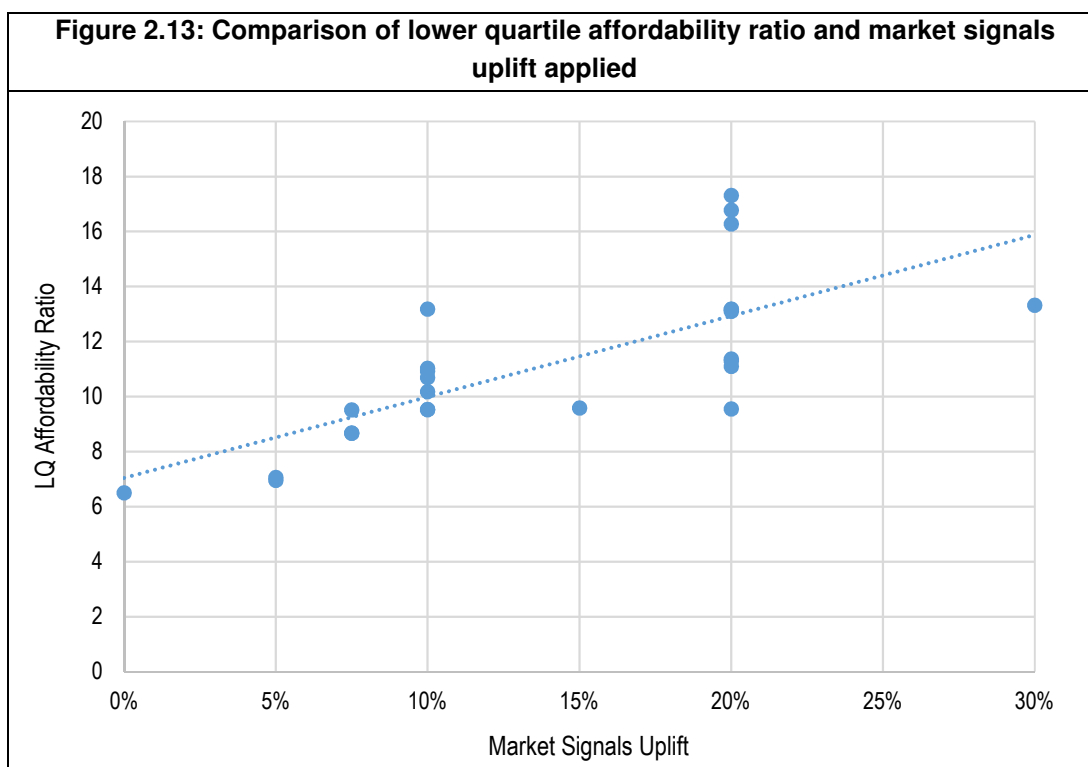
- 2.27 The table below shows estimates of housing need set against these forecasts. Focussing on the HMA, it can be seen that the need (1,822 dwellings per annum) is slightly higher than the need derived from either the SNPP or when using 10-year migration trends (1,686 and 1,679 respectively). For Rutland, the need is above that derived from both 10-year trends and the SNPP (Start Point) figure (152 and 123 dpa respectively). This analysis would suggest that economic growth might now be an upside to housing need across both the HMA and Rutland (when comparing with the Start Point).

Figure 2.12: Economic based housing need – linking to EEFM (2017)					
	Households 2018	Households 2036	Change in households	Per annum	Dwellings (per annum)
Rutland	16,581	19,873	3,292	183	189
Peterborough HMA	195,627	227,820	32,193	1,788	1,822

Source: Demographic projections

## Market Signals

- 2.28 In the SHMA update a range of market signals were studied with the overall conclusion being that no further uplift to the housing need figure was required – this was in part due to recognition that other analysis such as demographic trends was already including a notable uplift from the Start Point assessment of need. In this update, a limited set of information is covered (linking to a house price to income affordability ratio) along with an understanding of typical practice used by inspectors and local authorities to apply uplifts.
- 2.29 Data from Lichfields (formerly NLP), published as evidence to the Waverley Local Plan examination, plots the percentage uplift applied in a number of areas, and how this compares with the lower quartile affordability ratio – a trendline is then put through this data (as shown on the figure below).



Source: Lichfields (evidence to Waverley LPI)

- 2.30 The table below shows the most recent affordability ratio data (for 2018). This shows a lower quartile house price to income ratio varying from 7.61 in Peterborough, up to 9.94 in Rutland). Additionally, using the Lichfields data above, it is possible to work out the appropriate market signals uplift – this varying from 2% in Peterborough to 10% in Rutland.

<b>Figure 2.14: Lower Quartile House Price-to-Income Ratio, 2018 and appropriate market signals uplift – workplace-based incomes</b>		
	Price:income ratio	Market signals uplift
Peterborough	7.61	2%
Rutland	9.94	10%
South Holland	8.12	4%
South Kesteven	8.55	5%

Source: ONS and Lichfields

- 2.31 The former PPG (2a-019) suggested that any market signals adjustment needs to be judged against the start point need (i.e. as assessed from the official projections and taken to include a vacancy allowance). The table below therefore shows what the housing need would be if a demographic plus market signals approach is taken. It should be noted that this analysis is provided for context and does use a different methodology to the SHMA update and indeed the conclusions to follow in this section. The analysis suggests a housing need of 1,726 dpa across the HMA and 135 dpa for Rutland.

<b>Figure 2.15: Estimated housing need using a market signals uplift method</b>			
	Start point need	Market signals uplift	Housing need
Peterborough	673	2%	686
Rutland	123	10%	135
South Holland	303	4%	314
South Kesteven	562	5%	591
Peterborough HMA	1,660	-	1,726

Source: Various sources as described

## Housing Need Conclusions Based on Updating 2017 SHMA

- 2.32 The table below sets out the housing need conclusions from the analysis above, this has been set out in the same format as the SHMA update. In going through the stages of analysis it has been decided that reducing the housing need from the Start Point may not be appropriate (e.g. in terms of 10-year migration trends in South Kesteven) and HMA totals are derived from adding up the analysis from individual authorities. This does mean that the overall HMA-wide assessment of need may be too high, although overall it is considered to be a realistic approach.
- 2.33 For context, estimates of need from the SHMA update and by applying a market signals type approach have been provided. It does need to be remembered that the SHMA update figures are for a slightly longer period (2011-36). The analysis includes an allowance for concealed households – these figures have remained unchanged from the SHMA update.
- 2.34 The analysis shows an overall HMA-wide need for 2,004 dwellings per annum, this is lower than the figure of 2,209 derived in the SHMA update. The figure is however higher than that derived from using a market signals uplift approach (a need for 1,726 dpa). Overall, the concluded housing need is some 21% above the start point – this is considered to be a notable uplift.

- 2.35 For Rutland, the housing need using the SHMA update method is for 190 dpa, above the previous estimate of 159 dpa and also slightly substantially above the market signals derived figure (135 dpa). The uplift from the start point for Rutland is 54% which would be considered unprecedented given that even in some of the most unaffordable parts of the country uplifts of no more than 30% have generally been seen. Interestingly, a housing need figure of 160 per annum would be around 30% above the start point, suggesting that both the previous 2017 SHMA figure (159 dpa) and the figure currently being taken forward in the Local Plan are reasonable.
- 2.36 The only conclusion for a higher need in Rutland would be in linking to economic growth, and on this point it should be noted that there are a number of assumptions made that mean such figures should be treated with some degree of uncertainty – this will include uncertainty about how economic participation might change as well as a recognition that job growth forecasts can be quite volatile over time and are currently less certain than they might be at other times (given unknowns in relation to Brexit for example).
- 2.37 Therefore, on the conclusions of this analysis, it seems reasonable to say that the 160 dwellings per annum figure currently in the emerging Local Plan is a sound housing requirement.

**Figure 2.16: Updated estimate of housing need – Peterborough HMA (figures are dwellings per annum – 2018-36)**

	Peterborough	Rutland	South Holland	South Kest-even	Peterborough HMA
Start point	673	123	303	562	1,660
Taking account of 10-year migration trends	66	29	28	0	123
Taking account of economic growth	129	37	0	0	166
Taking account of concealed households	33	1	12	8	54
Final updated housing need	901	190	343	570	2,004
Uplift from start point	34%	54%	13%	1%	21%
SHMA update housing need (2011-36)	981	159	445	624	2,209
Market signals method	686	135	314	591	1,726

Source: Various sources and SHMA update (2017) – Figure 7

## Housing Need and the Standard Method

- 2.38 The revised NPPF and associated PPG (of February 2019) sets out a standard method to be used in calculating a housing need. This method will apply to Rutland, although local authorities can use a different housing need figure where this is justified – indeed, if a higher figure is planned for there is an automatic presumption that the figure will be considered sound. The PPG sets out a three-step process.
- 2.39 The first step is to establish a demographic baseline of household growth; this is to be taken directly from published (2014-based) household projections and should be the annual average household growth over a 10-year period. Whilst this 10-year period is not specified, it is the case that the examples provided in the PPG look at a 10-year period from 2019 to 2029.

- 2.40 The second step of the proposed methodology seeks to adjust the demographic baseline on the basis of market signals. The adjustment increases the housing need where house prices are high relative to workplace incomes. This uses the published median affordability ratios from ONS based on workplace-based median house price to median earnings ratio for the most recent year for which data is available (2018 at the time of writing).
- 2.41 Specifically, the PPG says that *‘for each 1% increase in the ratio of house prices to earnings, where the ratio is above 4, the average household growth should be increased by a quarter of a per cent’*. The equation to work out the adjustment factor is as follows:

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

- 2.42 As an example, if the workplace affordability ratio in an area was 8.00; i.e. median house prices were eight times the median earnings of those working in the area, then the adjustment would be 0.25 or 25%. This is calculated as follows:  $(8 - 4) / 4 \times 0.25$ .
- 2.43 The final step in the proposed standard method is to possibly cap the market signals uplift. There are two situations where a cap is applied. The first is where an authority has reviewed their plan (including developing an assessment of housing need) or adopted a plan within the last five years. In this instance the need may be capped at 40% above the requirement figure set out in the plan. The second situation is where plans and evidence is more than five years old. In such circumstances a cap may be applied at 40% of the higher of the projected household growth or the housing requirement in the most recent plan (where this exists).
- 2.44 The table below therefore sets out a calculation of the need under the proposed Standard Method; the assessed need from the SHMA update (of 2017) is also shown. The analysis shows a need for 2,259 dwellings per annum across the HMA, this is very slightly higher than the figure derived in the SHMA update (2,209). For Rutland, the Standard Method need is lower than the SHMA update and overall it is concluded that the housing requirement proposed in the Local Plan is sound.
- 2.45 Overall, it is considered that the Standard Method is not inconsistent in terms of housing need with that derived in the 2017 SHMA update, albeit a slightly different spatial distribution emerges.

<b>Figure 2.17: MHCLG Standard Method Housing Need Calculations</b>					
	Peter-borough	Rutland	South Holland	South Kest-even	Peter-borough HMA
Households 2019	81,901	16,087	39,979	62,840	200,807
Households 2029	89,882	17,016	43,443	68,681	219,022
Change in households	7,981	929	3,464	5,841	18,215
Per annum change	798	93	346	584	1,822
Affordability ratio (2017)	6.79	9.87	7.77	9.02	-
Uplift to household growth	17%	37%	24%	31%	-
Total need (per annum)	937	127	428	767	2,259
Capped	937	127	428	767	2,259
SHMA need conclusion	981	159	445	624	2,209
Difference	44	32	17	-143	-50

Source: Derived from ONS data

## Overall Conclusion on Housing Need in Rutland

- 2.46 The analysis above has looked firstly at updating the 2017 SHMA based on consistent assumptions and more up-to-date information and secondly to consider the level of housing need from using the Government's new Standard Methodology (introduced as part of the February 2019 National Planning Policy Framework).
- 2.47 On the basis of updating (essentially linking to the former PPG method) the housing need could arguably be as high as for 190 dwellings per annum – this is linking to economic growth and does come with some uncertainties; the previous SHMA had estimated the housing need to be for 159 dwellings per annum. Across the HMA however, the updating of the SHMA suggests a lower housing need than in the previous assessment of 2017.
- 2.48 When looking at the Standard method the assessed level of need is somewhat lower – for around 127 dwellings per annum, although it also needs to be noted that across the HMA the need using this method was slightly higher than previously assessed in 2017 (and higher still when compared with the updated position in this report).
- 2.49 Overall for Rutland, on the basis of the analysis carried out it is concluded that the 2017 SHMA need figure remains broadly sound (sitting as it does in the middle of the range between the Standard Method and an economic based projection). The emerging Local Plan housing requirement (for 160 dwellings per annum) is therefore also concluded as being a sound figure, taking account of the currently available evidence.

- 2.50 Moving forward in this report a number of analyses are based on understanding how population and household structures might change with the delivery of 160 dpa (3,200 homes over the 2016-36 period) – this includes looking at potential changes to the older person population and also levels of newly-forming households (an important part of the affordable housing needs analysis). Therefore, a bespoke demographic projection has been developed which models potential future changes to the population/households of the County.

### **Developing a projection linking to 160 dwellings per annum**

- 2.51 As noted above, it is concluded that the emerging Local Plan housing requirement (2016-36) for 3,200 dwellings is a sound housing requirement. Given the analysis to follow in this report, it is necessary to develop a projection that seeks to understand how the population and household structures might change if delivery of 160 dpa is achieved. This projection is then used to look at a range of issues including the mix of housing and needs for older people.
- 2.52 To develop a projection, a demographic model has been set up and adjustments then made to migration and household formation so that the population is sufficient to fill 160 homes each year. The model has been built up from 2016-based SNPP and 2014-based SNHP data and also includes the most up-to-date mid-year population estimates. A small adjustment has also been made to household representative rates (HRRs) of households in the 25-34 and 35-44 age groups to model for a part-return to trend. This approach is consistent with previous suggestions by the Local Plans Expert Group (LPEG) and has only a modest impact in Rutland (but has been used to provide a consistent approach with similar analysis undertaken by JGC elsewhere in the country).
- 2.53 The table below shows the projected change to the population if 160 dwellings per annum are provided along with a comparison with the latest SNPP. This shows that by planning for emerging Local Plan number of homes, the population might be expected to increase by 5,300 people over the 20-year period. In contrast, the latest official projections only show population growth of 2,800. Both projections show an ageing of the population, although with the higher level of population growth, there is a proportionately greater increase (or lower decrease) in the number of people of 'working-age' and children.
- 2.54 To be consistent with the emerging Local Plan, the projections cover the period from 2016 to 2036, although some analysis in the report to follow (notably in relation to affordable housing) takes a 2018 base – in this case it is to reflect the base data from which information is being drawn (e.g. income and house price data relates to 2018).

**Figure 2.18: Projected change in population by age – Rutland**

	Linked to 2016-based SNPP				Linked to delivery of 160 dpa			
	Popn 2016	Popn 2036	Change in popn	% change	Popn 2016	Popn 2036	Change in popn	% change
0-4	1,830	1,572	-258	-14.1%	1,830	1,785	-45	-2.5%
5-9	1,943	1,774	-169	-8.7%	1,943	2,004	61	3.1%
10-14	2,174	2,481	307	14.1%	2,174	2,706	532	24.5%
15-19	2,645	2,604	-41	-1.6%	2,645	2,808	163	6.2%
20-24	1,940	1,460	-480	-24.7%	1,940	1,663	-277	-14.3%
25-29	2,015	1,813	-202	-10.0%	2,015	1,892	-123	-6.1%
30-34	1,932	1,654	-278	-14.4%	1,932	1,870	-62	-3.2%
35-39	2,086	1,873	-213	-10.2%	2,086	2,075	-11	-0.5%
40-44	2,281	2,225	-56	-2.5%	2,281	2,390	109	4.8%
45-49	2,805	2,412	-393	-14.0%	2,805	2,504	-301	-10.7%
50-54	2,804	2,467	-337	-12.0%	2,804	2,571	-233	-8.3%
55-59	2,611	2,497	-114	-4.4%	2,611	2,614	3	0.1%
60-64	2,470	2,718	248	10.0%	2,470	2,836	366	14.8%
65-69	2,820	3,244	424	15.0%	2,820	3,343	523	18.5%
70-74	2,351	3,210	859	36.6%	2,351	3,355	1,004	42.7%
75-79	1,706	2,682	976	57.2%	1,706	2,766	1,060	62.1%
80-84	1,233	2,119	886	71.9%	1,233	2,104	871	70.6%
85 & over	1,303	2,908	1,605	123.2%	1,303	2,985	1,682	129.1%
<b>Total</b>	<b>38,949</b>	<b>41,713</b>	<b>2,764</b>	<b>7.1%</b>	<b>38,949</b>	<b>44,271</b>	<b>5,322</b>	<b>13.7%</b>

Source: 2016-based SNPP and demographic projections



### Demographic Trends and Housing Need Projections: Key Messages

- Analysis has been carried out to update the assessment of housing need in the March 2017 SHMA update. The analysis seeks to maintain the method used and builds in new population and household data. Given that Rutland will submit their next plan after the 24<sup>th</sup> January 2019 deadline, the Standard Method introduced in the new NPPF/PPG will also be relevant. This report therefore investigates if there are any overriding reasons for the Council to move away from the proposed housing requirement in the emerging plan (which is for 160 dwellings per annum – 3,200 dwellings for the 2016-36 plan period) - this figure having been based on previous SHMA research.
- The latest (2016-based) SNPP show a lower level of projected population growth than the 2014-based version. This is to be expected given changed national assumptions which include lower birth rates, higher death rates and a lower level of long-term international migration. If linking data to longer-term (10-year) migration trends a higher level of population growth would be projected, in Rutland and across the HMA.
- Overall, the latest (2016-based) SNHP show a more positive level of household formation than the 2014-based version, this is different to the national picture where the 2016-based SHNP have come into some criticism for suppressing household formation. Therefore the 2016-based data can be used to study housing need, and there is no need for an adjustment in Rutland for suppressed household formation (as was the case in the SHMA update). Including a vacancy allowance, the 2016-based SNHP show a Start Point for the assessment of housing need of 1,660 dpa across the HMA and 123 dpa in Rutland.
- More up-to-date economic forecasts (from EEFM) suggest that job growth will not be as strong as expected in the SHMA update across the HMA but relatively strong for Rutland. That said, jobs growth could still be an upside in determining housing need across the HMA as well as for Rutland.
- Overall, using a consistent method to that used in the SHMA update of 2017 it is concluded that the housing need is for 2,004 dpa across the HMA and 190 dpa for Rutland; the HMA-wide figure is slightly lower than derived in the SHMA update and suggest that continuing to use the SHMA update figures would not be undersupplying housing (across the HMA). Some caution should be exercised in interpreting the 190 dpa figure for Rutland as this is based on economic growth, which does have a number of assumptions and uncertainties attached.
- When looking at the Standard Method, which is relevant to Rutland given the timing of the emerging plan a somewhat lower level of need is shown (for 127 dwellings per annum) although the HMA-wide need is higher (2,359 dpa).
- Overall for Rutland, on the basis of the analysis carried out it is concluded that the 2017 SHMA need figure remains broadly sound (sitting as it does in the middle of the range between the Standard Method and an economic based projection). The emerging Local Plan housing requirement (for 160 dwellings per annum) is therefore also concluded as being a sound figure, taking account of the currently available evidence.
- Moving forward in this report a number of analyses are based on understanding how population and household structures might change with the delivery of 160 dpa (3,200 homes over the 2016-36 period) – this includes looking at potential changes to the older person population and also levels of newly-forming households (an important part of the affordable housing needs analysis). Therefore, a bespoke demographic projection has been developed which models potential future changes to the population/households of the County.



## 3. Affordable Housing Need

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### Introduction

- 3.1 This section seeks to update analysis of the need for affordable housing in Rutland. This is in particular to reflect the changed definition of affordable housing in Annex 2 of the National Planning Policy Framework (NPPF). The revised NPPF definition is slightly wider than the previous NPPF definition; in particular a series of 'affordable home ownership' options are considered to be affordable housing.
- 3.2 The opportunity has also been taken to update aspects of the analysis to a 2018 base (including data on house prices/rents, incomes, levels of new household formation and the supply of affordable housing). The analysis looks at need in the 18-year period from 2018 to 2036, to be consistent with other analysis developed in the report.
- 3.3 A methodology is set out in Planning Practice Guidance (PPG) to look at affordable need (within the Housing need assessment guide), this is largely the same as the previous PPG method and does not really address the additional (affordable home ownership) definition. The analysis below splits between the current definition of affordable need and the additional definition, providing distinct analysis for each.

### Affordable Need – Established Definition

- 3.4 The method for studying the need for affordable housing has been enshrined in Strategic Housing Market Assessment (SHMA) guidance for many years, with an established approach to look at the number of households who are unable to afford market housing (to either rent or buy). The analysis below follows the methodology and key data sources in guidance and can be summarised as:
- Current need (an estimate of the number of households who have a need now and based on a range of data modelled from local information);
  - Projected newly forming households in need (based on the most up-to-date (2016-based) household projections along with an affordability test to estimate numbers unable to afford the market);
  - Existing households falling into need (based on studying the types of households who have needed to access social/affordable rented housing and based on study past lettings data);
  - These three bullet points added together provide an indication of the gross need (the current need is divided by 18 so as to meet the need over the 2018-36 period);
  - Supply of affordable housing (an estimate of the likely number of letting that will become available from the existing social housing stock – drawing on data from CoRe<sup>1</sup>); and
  - Subtracting the supply from the gross need provides an estimate of the overall (annual) need for affordable housing

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<sup>1</sup> The continuous recording of lettings and sales in social housing in England (referred to as CoRe) is a national information source that records information on the characteristics of both private registered providers and local authority new social housing tenants and the homes they rent

3.5 Each of these stages is described below. In addition, much of the analysis requires a view about affordability to be developed. This includes looking at house prices and private rents along with estimates of local household incomes. The following sections therefore look at different aspects of the analysis.

## Local Prices and Rents

3.6 An important part of the affordable needs model is to establish the entry-level costs of housing to buy and rent. The affordable housing needs assessment compares prices and rents with the incomes of households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an ‘affordable housing need’.

3.7 For the purposes of establishing affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes); establishing, in numerical terms, the overall need for affordable housing.

3.8 Analysis below considers the entry-level costs of housing to both buy and rent across the study area. The approach has been to analyse Land Registry and Valuation Office Agency (VOA) data to establish lower quartile prices and rents – using a lower quartile figure is consistent with the PPG and reflects the entry-level point into the market.

3.9 Data from the Land Registry for the year to March 2019 (i.e. Q2-Q4 of 2018 and Q1 of 2019) shows estimated lower quartile property prices in the area by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £134,000 for a flat and rising to £294,000 for a detached home. Looking at the lower quartile price across all dwelling types the analysis shows a lower quartile ‘average’ price of £198,000.

	Lower quartile price
Flat/maisonette	£134,000
Terraced	£170,000
Semi-detached	£184,000
Detached	£294,000
All dwellings	£198,000

Source: Land Registry

3.10 A similar analysis has been carried out for private rents using Valuation Office Agency (VOA) data – this covers a 12-month period to March 2019. For the rental data, information about dwelling sizes is provided (rather than types); the analysis shows an average lower quartile cost (across all dwelling sizes) of £575 per month.

<b>Figure 3.2: Lower Quartile Market Rents, year to March 2019 – Rutland</b>	
	Lower Quartile rent, pcm
Room only	-
Studio	-
1-bedroom	£435
2-bedrooms	£550
3-bedrooms	£650
4-bedrooms	£895
All properties	£575

Source: Valuation Office Agency

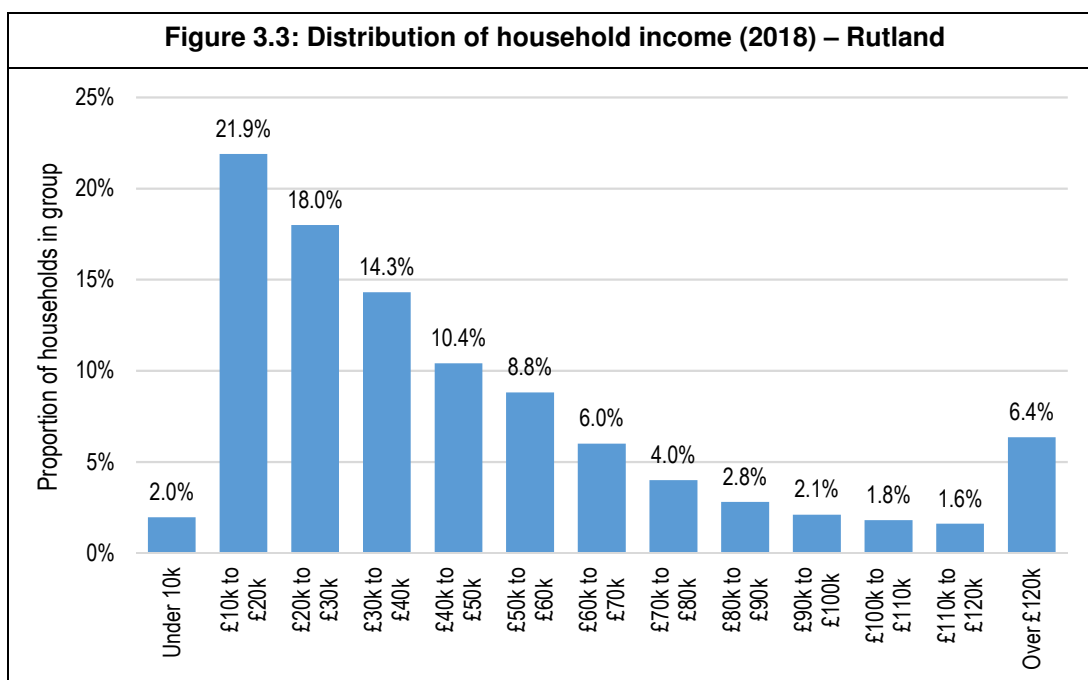
- 3.11 A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than a particular percentage of gross income. The choice of an appropriate threshold is an important aspect of the analysis, CLG guidance (of 2007) suggested that 25% of income is a reasonable start point but also notes that a different figure could be used. Analysis of current letting practice suggests that letting agents typically work on a multiple of 40%. Government policy (through Housing Benefit payment thresholds) would also suggest a figure of 40%+ (depending on household characteristics).
- 3.12 The threshold of income to be spent on housing should be set by asking the question ‘what level of income is expected to be required for a household to be able to access market housing without the need for a subsidy (e.g. through Housing Benefit)?’ The choice of an appropriate threshold will to some degree be arbitrary and will be linked to the cost of housing rather than income. Income levels are only relevant in determining the number (or proportion) of households who fail to meet the threshold. It would be feasible to find an area with very low incomes and therefore conclude that no households can afford housing, alternatively an area with very high incomes might show the opposite output. The key here is that local income levels are not setting the threshold but are simply being used to assess how many can or can’t afford market housing.
- 3.13 Rent levels in Rutland are slightly higher than those seen nationally (a lower quartile rent of £525 per month across England). This would suggest that a proportion of income to be spent on housing could be higher than the bottom end of the range and it is considered that a proportion of 29% is reasonable – this is consistent with the previous SHMA update where a range of 28%-30% was used depending on location.
- 3.14 Generally, the income required to access owner-occupied housing is higher than that required to rent and so the analysis to follow is based solely on the ability to afford to access private rented housing. However, the local house prices are important when looking at the extended definition of affordable housing in NPPF and are returned to when looking at this new definition.

## Income Levels and Affordability

3.15 Following on from the assessment of local housing costs it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability (i.e. the ability of a household to afford to buy or rent housing in the market without the need for some sort of subsidy); the analysis also provides an indication of the potential for intermediate housing to meet needs. Data about total household income has been modelled on the basis of a number of different sources of information to provide both an overall average income and the likely distribution of income. The key sources of data include:

- ONS modelled income estimates (published in April 2018 with a 2015/16 base) – this information is provided for middle layer super output areas (MSOA) and is therefore used to build up to local authority areas;
- English Housing Survey (EHS) – to provide information about the distribution of incomes; and
- Annual Survey of Hours and Earnings (ASHE) – to assist in looking at how incomes have changed since the ONS base date.

3.16 Drawing all of this data together, an income distribution for 2018 has been constructed. The figure below shows the income distribution estimated across the County. Overall the average (mean) income is estimated to be around £46,600, with a median income of £35,500; the lower quartile income of all households is estimated to be £20,500. The estimated income across the County is around 6% higher than was assessed in the SHMA update (which took a 2016 base).



Source: Derived from a range of data as discussed

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

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

### Current Affordable Housing Need

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

<b>Figure 3.4: Main sources for assessing the current unmet need for affordable housing</b>		
	Source	Notes
Homeless households (and those in temporary accommodation)	CLG Live Table 784	Total where a duty is owed but no accommodation has been secured PLUS the total in temporary accommodation
Households in overcrowded housing	Census table LC4108EW	Analysis undertaken by tenure and updated by reference to national changes (from the English Housing Survey (EHS))
Concealed households	Census table LC1110EW	Number of concealed families (with dependent or non-dependent children)
Existing affordable housing tenants in need	Modelled data linking to past survey analysis	Excludes overcrowded households – tenure estimates updated by reference to the EHS
Households from other tenures in need	Modelled data linking to past survey analysis	

Source: PPG [2a-020]

- 3.20 It should be noted that there may be some overlap between categories (such as overcrowding and concealed households, whereby the overcrowding would be remedied if the concealed household moved). The data available does not enable analysis to be undertaken to study the impact of this and so it is possible that the figures presented include a small element of double counting. Additionally, some of the concealed households may be older people who have moved back in with their families and might not be considered as in need.
- 3.21 The table below shows the initial estimate of the number of households within the County with a current housing need. These figures are before any consideration of affordability has been made and has been termed ‘the number of households in unsuitable housing’. Overall, the analysis suggests that there are currently some 670 households living in unsuitable housing (or without housing).

<b>Figure 3.5: Estimated number of households living in unsuitable housing</b>	
Category of 'need'	Households
Households in overcrowded housing	192
Concealed/homeless households	64
Existing affordable housing tenants in need	38
Households from other tenures in need	378
<b>Total</b>	<b>672</b>

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

- 3.22 In taking this estimate forward, the data modelling estimates housing unsuitability by tenure. From the overall number in unsuitable housing, households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise). The analysis also excludes 90% of owner-occupiers under the assumption (which is supported by analysis of survey data) that the vast majority will be able to afford housing once savings and equity are taken into account. A final adjustment is to slightly reduce the unsuitability figures in the private rented sector to take account of student-only households – such households could technically be overcrowded/living in unsuitable housing but would be unlikely to be allocated affordable housing (student needs are essentially assumed to be transient). Once these households are removed from the analysis, the remainder are taken forward for affordability testing.
- 3.23 The table below shows it is estimated that there were 390 households living in unsuitable housing (excluding current social tenants and the majority (90%) of owner-occupiers).

<b>Figure 3.6: Unsuitable housing by tenure and numbers to take forward into affordability modelling</b>		
	In unsuitable housing	Number to take forward for affordability testing
Owner-occupied	199	20
Affordable housing	100	0
Private rented	309	309
No housing (homeless/concealed)	64	64
<b>Total</b>	<b>672</b>	<b>393</b>

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

- 3.24 Having established this figure, it needs to be considered that a number of these households might be able to afford market housing without the need for subsidy. For an affordability test the income data has been used, with the distribution adjusted to reflect a lower average income amongst households living in unsuitable housing – for the purposes of the modelling an income distribution that reduces the level of income to 88% of the figure for all households has been used to identify the proportion of households whose needs could not be met within the market (for households currently living in housing). A lower figure (of 42%) has been used to apply an affordability test for the concealed/homeless households who do not currently occupy housing.



- 3.25 These two percentage figures have been based on a consideration of typical income levels of households who are in unsuitable housing (based mainly on estimates in the private rented sector) along with typical income levels of households accessing social rented housing (for those without accommodation). These figures are considered to be best estimates, and likely to approximately reflect the differing income levels of different groups with a current housing problem.
- 3.26 Overall, just under half of households with a current need are estimated to be likely to have insufficient income to afford market housing and so the estimate of the total current need is reduced to around 170 households in the County.

<b>Figure 3.7: Estimated Current Affordable Housing Need</b>			
	In unsuitable housing (taken forward for affordability test)	% Unable to Afford Market Housing (without subsidy)	Revised Gross Need (including Affordability)
Rutland	393	43.5%	171

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

### Newly Forming Households

- 3.27 The number of newly-forming households has been estimated through demographic modelling with an affordability test also being applied. This has been undertaken by considering the changes in households in specific 5-year age bands relative to numbers in the age band below, 5 years previously, to provide an estimate of gross household formation.
- 3.28 The number of newly-forming households is limited to households forming who are aged under 45 – this is consistent with CLG guidance (from 2007) which notes after age 45 that headship (household formation) rates ‘plateau’. There may be a small number of household formations beyond age 45 (e.g. due to relationship breakdown) although the number is expected to be fairly small when compared with formation of younger households.
- 3.29 In looking at the likely affordability of newly-forming households, data has been drawn from previous surveys. This establishes that the average income of newly-forming households is around 84% of the figure for all households. This figure is remarkably consistent across areas (and is also consistent with analysis of English Housing Survey data at a national level).
- 3.30 The analysis has therefore adjusted the overall household income data to reflect the lower average income for newly-forming households. The adjustments have been made by changing the distribution of income by bands such that average income level is 84% of the all household average. In doing this it is possible to calculate the proportion of households unable to afford market housing without any form of subsidy (such as LHA/HB). The assessment suggests that overall around two-fifths of newly-forming households will be unable to afford market housing (to rent) and that a total of 86 new households will have a need on average in each year to 2036.

<b>Figure 3.8: Estimated Level of Affordable Housing Need from Newly Forming Households (per annum)</b>			
	No. of new households	% unable to afford	Total in need
Rutland	216	39.8%	86

Source: Projection Modelling/affordability analysis

### Existing Households Falling into Affordable Housing Need

- 3.31 The second element of newly arising need is existing households falling into need. To assess this, information from CoRe has been used. This looked at households who have been housed over the past three years – this group will represent the flow of households onto the Housing Register over this period. From this, newly forming households (e.g. those currently living with family) have been discounted as well as households who have transferred from another social/affordable rented property. An affordability test has also been applied.
- 3.32 This method for assessing existing households falling into need is consistent with the 2007 SHMA guide which says on page 46 that *'Partnerships should estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless household applicants)'*.
- 3.33 Following the analysis through suggests a need arising from 48 existing households each year from 2018 to 2036.

### Supply of Affordable Housing Through Relets

- 3.34 The future supply of affordable housing is the flow of affordable housing arising from the existing stock that is available to meet future need. This focusses on the annual supply of social/affordable rent relets.
- 3.35 The Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. Information from the CoRe system has been used to establish past patterns of social housing turnover. The figures include general needs and supported lettings but exclude lettings of new properties and also exclude an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock.
- 3.36 On the basis of past trend data it has been estimated that 99 units of social/affordable rented housing are likely to become available each year moving forward.

<b>Figure 3.9: Analysis of past social/affordable rented housing supply (per annum 2015/16 – 2017/18)</b>			
	General needs	Supported housing	Total
Total lettings	129	26	155
% as non-newbuild	88.4%	98.7%	90.1%
Lettings in existing stock	114	25	140
% non-transfers	71.9%	64.9%	70.6%
Lettings to new tenants	82	16	99

Source: CoRe

- 3.37 The PPG model also includes the bringing back of vacant homes into use and the pipeline of affordable housing as part of the supply calculation. These have however not been included within the modelling in this report. Firstly, there is no evidence of any substantial stock of vacant homes (over and above a level that might be expected to allow movement in the stock) – as of 2018, CLG data shows around 9 vacant social rented homes across the County – less than 1% of stock. Secondly, with the pipeline supply, it is not considered appropriate to include this as to net off new housing would be to fail to show the full extent of the need, although in monitoring it will be important to net off these dwellings as they are completed.

## Net Affordable Housing Need

- 3.38 The table below shows the overall calculation of affordable housing need. This excludes supply arising from sites with planning consent (the 'development pipeline'). The analysis shows that there is a need for 44 dwellings per annum to be provided – a total of around 800 over the 18-year period (2018-36). The net need is calculated as follows:

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

<b>Figure 3.10: Estimated Need for Affordable Housing – Rutland</b>		
	Per annum	2018-36
Current need	10	171
Newly forming households	86	1,542
Existing households falling into need	48	857
Total Gross Need	143	2,570
Re-let Supply	99	1,776
Net Need	44	794

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

- 3.39 The table below shows how the estimates in this report compare with those in the previous SHMA (which took a 2016 base). Overall, this report shows a similar level of affordable need.

<b>Figure 3.11: Estimated Need for Affordable Housing – Rutland – comparing this study with 2017 SHMA update</b>		
	This study	2017 SHMA update
Current need	10	10
Newly forming households	86	90
Existing households falling into need	48	60
Total Gross Need	143	160
Re-let Supply	99	120
Net Need	44	41

Source: This study and 2017 SHMA update (Figure 4.7)

### How Much Should Affordable (rented) Housing Cost?

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

3.41 The analysis essentially considers what might be a 'Living Rent'. These calculations are based on research by JRF/Savills<sup>2</sup> and use the following methodology:

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

3.42 Across the whole of the County, the analysis shows rents starting at about £370 for a 1-bedroom home in and rising to £590 for homes with 3-bedrooms. Generally, the suggested Living Rents are at a similar level to the relevant LHA (second table below). As a general principle it is not considered sensible to charge a rent in excess of LHA limits, as this would mean households having to top up their rent from other income sources. Therefore, the suggested Living Rents should be treated as indicative, with lower rent being appropriate where the LHA level is lower than the calculated figure.

<b>Figure 3.12: Living rents (per month) – 2018</b>			
	1-bedroom	2-bedroom	3-bedrooms
Rutland	£370	£481	£592

Source: ASHE and Living Rents methodology

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

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

**Figure 3.13: Maximum Local Housing Allowance (Housing Benefit) by location and property size (March 2019)**

	1-bedroom	2-bedroom	3-bedrooms
Leicester	£374	£474	£565
Northants Central	£379	£487	£568
Peterborough	£411	£514	£591

Source: Valuation Office Agency

### Affordable Housing – Expanded NPPF Definition

- 3.44 Using the previously established method to look at affordable need, it was estimated that there is a need for around 44 units per annum – this is for subsidised housing at a cost below that to access the private rented sector (i.e. for households unable to access any form of market housing without some form of subsidy). It would be expected that this housing would be delivered primarily as social/affordable rented housing.
- 3.45 The new NPPF introduces a new category of household in affordable housing need and widens the definition of affordable housing (as found in the NPPF – Annex 2). It is considered that households falling into the definition would be suitable for Starter Homes or Discounted market sales housing, although other forms of affordable home ownership (such as shared ownership) might also be appropriate.
- 3.46 This section considers the level of need for these types of dwellings in Rutland. The NPPF states *“Where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups.”* (NPPF2, para 64).

### Establishing a Need for Affordable Home Ownership

- 3.47 The Planning Practice Guidance (PPG) of February 2019 confirms a widening definition of those to be considered as in affordable need; now including *‘households from other tenures in need and those that cannot afford their homes, either to rent, or to own, where that is their aspiration’*. However, at the time of writing, there is no guidance about how the number of such households should be measured.

- 3.48 The methodology used in this report therefore draws on the current method, and includes an assessment of current needs, projected need (newly forming and existing households). The key difference is that in looking at affordability an estimate of the number of households in the ‘gap’ between buying and renting is used. There is also the issue of establishing an estimate of the supply of affordable home ownership homes – this is considered separately below.
- 3.49 The first part of the analysis seeks to understand what the gap between renting and buying actually means in Rutland – in particular establishing the typical incomes that might be required.
- 3.50 Just by looking at the relative costs of housing to buy and to rent it is clear that there will be households in the County who can currently rent but who may be unable to buy. In the year to March 2019, the ‘average’ lower quartile private rent is shown by VOA to cost £575 a month, assuming a household spends no more than 29% of income on housing, this would equate to an income requirement of about £23,800. For the same period, Land Registry data records a lower quartile price in the County of about £198,000, which (assuming a 10% deposit and 4.5 times mortgage multiple) would equate to an income requirement of around £39,600.
- 3.51 Therefore, on the basis of these costings, it is reasonable to suggest that affordable home ownership products would be pitched at households with an income between £23,800 (i.e. able to afford to privately rent) and £39,600 (the figure above which a household might reasonably be able to buy).
- 3.52 Using the income distributions developed for use in the previous analysis of affordable housing need it has been estimated that of all households living in the private rented sector, around 38% already have sufficient income to buy a lower quartile home, with 24% falling in the rent/buy gap. The final 38% are estimated to have an income below which they cannot afford to rent privately.
- 3.53 These figures have been based on an assumption that incomes in the private rented sector are around 88% of the equivalent figure for all households (a proportion derived from the English Housing Survey) and are used as it is clear that affordable home ownership products are likely to be targeted at households living in or who might be expected to access this sector (e.g. newly forming households).
- 3.54 The finding that a significant proportion of households (38%) in the private rented sector are likely to have an income that would allow them to buy a home is also noteworthy and suggests that for many households, barriers to accessing owner-occupation are less about income/the cost of housing and more about other factors (which could for example include the lack of a deposit or difficulties obtaining a mortgage (for example due to a poor credit rating or insecure employment)).
- 3.55 To study current need, an estimate of the number of household living in the private rented sector (PRS) has been established, along with the same (rent/buy gap) affordability test described above. the start point is the number of households living in private rented accommodation; as of the 2011 Census there were some 2,333 households living in the sector. Data from the Survey of English Housing (EHS) suggests that since 2011, the number of households in the PRS has increased notably and on the basis of national changes it is estimated that there may currently be around 2,900 households in the sector in Rutland.

- 3.56 Additional data from the EHS suggests that 60% of all PRS households expect to become an owner at some point and of these some 25% would expect this to happen in the next 2-years. This proportion (i.e. 25% of 60% = 15%) is therefore taken as the number of households potentially with a current need for affordable home ownership before any affordability testing.
- 3.57 As noted above, on the basis of income it is estimated that around 24% of the private rented sector sit in the gap between renting and buying; applying this proportion would suggest a current need for around 105 affordable home ownership products (6 per annum if annualised over an 18-year period).
- 3.58 In projecting forward, the analysis can consider newly forming households and also the remaining existing households who expect to become owners further into the future. Applying the same affordability test (albeit on a very slightly different income assumption for newly forming households) suggests an annual need from these two groups of around 75 dwellings (52 from newly forming households and 23 from existing households in the private rented sector).
- 3.59 Bringing together all of this analysis suggests that there is a need for around 81 affordable home ownership homes (priced for households able to afford to rent but not buy) per annum in the 2018-36 period.

<b>Figure 3.14: Estimated Gross Need for Affordable Home Ownership – Rutland</b>		
	Per annum	2018-36
Current need	6	105
Newly forming households	52	931
Existing households falling into need	23	420
<b>Total Gross Need</b>	<b>81</b>	<b>1,456</b>

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

### **Potential Supply of Housing to Meet the Affordable Home Ownership Need**

- 3.60 As with assessing the need for affordable home ownership, it is the case that at present the PPG does not include any suggestions about how the supply of housing to meet these needs should be calculated. The analysis below therefore provides a general discussion.
- 3.61 As noted previously, the lower quartile cost of a home to buy in Rutland is around £198,000. By definition, a quarter of all homes sold (noting that the data is for the year to March 2019) will be priced at or below this level. According to the Land Registry source, there were a total of 152 resales (i.e. excluding newbuild homes) in this period for less than £198,000. This is 152 homes that would potentially be affordable to the target group for affordable home ownership products and is a potential supply that is clearly in excess of the level of need calculated.



- 3.62 An alternative way to look at the supply is to estimate how much housing is available at an equivalent price (in income terms) to accessing the private rented sector. If the rental figure is worked backwards into an equivalent purchase price, then this gives an affordable price to buy of about £119,000 (calculated as  $(23,800 \times 4.5) \div 0.9$ ). Any home sold at a price at or below £119,000 would (in income terms) be available to all households currently in the rent/buy gap. In the year to March 2019 there were 8 sales in Rutland below £119,000, a figure which is somewhat lower than the estimated level of need.
- 3.63 These figures should be used to demonstrate the scale of potential supply for households in the rent/buy gap and it should be noted that this stock is not necessarily available to those households in need (i.e. market housing is not allocated and so theoretically all of the sales could go to households who could afford a more expensive home or potentially to investment buyers). There may also be issues with the quality of the stock at the very bottom end of the market. That said there is clearly a reasonable level of stock that is potentially affordable to those households falling into the Government's revised definition of affordable housing need.

### Implications of the Analysis

- 3.64 Given the analysis above, it would be reasonable to conclude that there is no need to provide housing under the new definition of 'affordable home ownership' – whilst there are clearly some household in the gap between renting and buying, there is also a potential supply of homes within the existing stock that can make a contribution to this need.
- 3.65 However, it does seem that there are many households in Rutland who are being excluded from the owner-occupied sector. This can be seen by analysis of tenure change, which saw the number of households living in private rented accommodation increasing by 39% from 2001 to 2011 (with the likelihood that there have been further increases since). Over the same period, the number of owners with a mortgage dropped slightly (by 5%).
- 3.66 On this basis, and as previously noted, it seems likely in Rutland that access to owner-occupation is being restricted by access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially some mortgage restrictions (e.g. where employment is temporary) rather than simply being due to the cost of housing to buy.
- 3.67 Hence, whilst the NPPF gives a clear steer that 10% of all new housing (on larger sites) should be for affordable home ownership, it is not clear that this is the best solution in the County. If possible, it would be more appropriate for the Council to seek for 10% of housing to be made available with some initial upfront capital payment (such as a deposit contribution), as well as a discount to OMV. Such a payment could cover the deposit and other initial costs and would potentially need to be protected in some way so that the money is not lost if a household chooses to sell their property (i.e. to ensure that any subsidy is held in perpetuity). Schemes such as Help-to-Buy could form part of such a package. This would still be targeted at the same group of households (likely to mainly be those currently privately renting but who would like to buy). If this could be achieved, then it may be reasonable for up to 10% of homes to fall into the affordable home ownership category.



- 3.68 If the Council does seek to provide 10% of housing as affordable home ownership, then it is likely that shared ownership is the most appropriate option. This is due to the lower deposit requirements and lower overall costs (given that the rent would also be subsidised). In promoting shared ownership, the Council should consider the equity share and also the overall cost once the rent and any service charges are included – this will be necessary to ensure that such homes are meeting the target group of households (i.e. those with an income in the gap between renting and buying).
- 3.69 It may be that equity shares as low as 25% would be needed to make shared ownership affordable (although this does have the additional advantage of a lower deposit), given that such homes would need to use Open Market Value as a start point. This is something that should be monitored on a case by case basis and could vary by location and property type/size.
- 3.70 Overall, the evidence suggests there is no basis to increase the provision of affordable home ownership above the 10% figure currently suggested in the NPPF, and that in addition to 10% of affordable home ownership (or some alternative measure such as capital payments), the Council should be seeking to provide additional social/affordable rented housing. Such housing is cheaper than that available in the open market and can be accessed by many more households (some of whom may be supported by benefit payments).
- 3.71 Overall therefore, it seems reasonable to suggest that the Council could consider seeking 10% of all housing (on larger sites) to be affordable home ownership (as set out in the NPPF), although consideration will need to be given to the tenure of such housing, levels of discounts and other options (such as relating to deposits). However, given that the main analysis of affordable need also showed a notable level of need, and one involving households who cannot afford anything in the market without subsidy, it is not considered that there is any basis to increase the provision of affordable home ownership above the 10% figure.
- 3.72 It should also be noted that the finding of a 'need' for affordable home ownership does not have any impact on the overall need for housing. As is clear from both the NPPF and PPG, the additional group of households in need is simply a case of seeking to move households from one tenure to another (in this case from private renting to owner-occupation); there is therefore no net change in the total number of households, or the number of homes required.

### **How Much Should Affordable Home Ownership Homes Cost?**

- 3.73 The analysis and discussion above suggest that there are a number of households likely to fall under the new PPG definition of affordable housing need (i.e. in the gap between renting and buying) but that the potential supply of housing to buy makes it difficult to fully quantify this need. However, given the NPPF, it seems likely that the Council will need to seek 10% of additional homes on larger sites as some form of home ownership.
- 3.74 This report recommends shared ownership as the most appropriate form of affordable home ownership and also encourages consideration of other packages such as providing support for deposits. However, it is possible that some housing would come forward as other forms of housing such as Starter Homes or discounted market sale. If this is the case, it will be important for the Council to ensure that such homes are sold at a price that is genuinely affordable for the intended target group.

- 3.75 On this basis, it is worth discussing what sort of costs affordable home ownership properties should be sold for. The Annex 2 (NPPF) definitions suggest that such housing should be made available at a discount of at least 20% from Open Market Value (OMV). The problem with having a percentage discount is that it is possible in some locations or types of property that such a discount still means that housing is more expensive than that typically available in the open market.
- 3.76 The preferred approach in this report is to set out a series of affordable purchase costs for different sizes of accommodation. These are based on equivalising the private rent figures into a house price so that the sale price will meet the needs of all households in the gap between buying and renting. Setting higher prices would mean that such housing would not be available to many households for whom the Government is seeking to provide an ‘affordable’ option.
- 3.77 The table below therefore sets out a suggested purchase price for affordable home ownership in the County. As noted, the figures are based on trying to roughly equate a sale price with an equivalent access point to the private rental market. This shows a one-bedroom home ‘affordable’ price of about £70,000 rising to over £150,000 for homes with 4 or more bedrooms. These figures can be monitored and updated every six months by reference to VOA data.

<b>Figure 3.15: Affordable home ownership prices (aligned with cost of accessing private rented sector) – data for year to March 2019</b>				
	1-bedroom	2-bedroom	3-bedroom	4+-bedroom
Rutland	£91,000	£115,000	£136,000	£187,000

Source: derived from VOA data

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

## Comparing Findings with emerging Local Plan Policy

- 3.79 Policy RLP16 (Affordable Housing) sets out the emerging Local Plan policy for the provision of affordable housing from market led schemes. The policy seeks for a minimum of 30% provision on schemes comprising 11 or more dwellings. It is understood that the 30% figure is at least in part based on a viability assessment, and the plan does allow for flexibility where lower development values can be demonstrated. Within the supporting text to Policy RLP16 a suggested mix of affordable housing is provided – the guideline is that approximately 10% of all housing should be for affordable home ownership and 20% as rented products.
- 3.80 The analysis in this report would suggest that the Council’s emerging policy is generally sound; whilst it would be desirable to seek a greater proportion of housing as affordable, it is noted that the 30% figure is set out as a minimum and could potentially be exceeded. Given the date of the viability study, it is not clear to what extent this has fully factored in a 10% allowance for affordable home ownership and therefore moving forward the Council may need to reconsider the 30% figure if the inclusion of such products in the mix improves viability.

### Affordable Housing Need: Key Messages

- Analysis has been undertaken to estimate the need for affordable housing in the 2018-36 period. The analysis is split between a 'traditional' need (which is mainly for social/affordable rented accommodation and is based on households unable to buy or rent in the market) and the 'additional' category of need introduced by the revised NPPF/PPG (which includes housing for those who can afford to rent privately but cannot afford to buy a home).
- The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at traditional needs, consideration is given estimates of the supply of social/affordable rented housing. For the additional definition, consideration is given to the potential supply (from Land Registry data) of cheaper accommodation to buy.
- Using the traditional method, the analysis suggests a need for 44 affordable homes per annum and therefore the Council is justified in seeking to secure additional affordable housing.
- It is also suggested that the cost of housing to rent within this group is fixed by reference to local incomes (and the Living Rent methodology) although rents above Local Housing Allowance limits should be avoided (to ensure housing affordable to those needing to claim Housing Benefit).
- When looking at the need for affordable home ownership products (i.e. the expanded definition of affordable housing in the NPPF) it is clear that there are a number of households likely to be able to afford to rent privately but who cannot afford to buy a suitable home. However, there is also a potential supply of homes within the existing stock that can make a contribution to this need. It is therefore difficult to robustly identify an overall need for affordable home ownership products.
- However, it does seem that there are many households in Rutland who are being excluded from the owner-occupied sector. The analysis would therefore suggest that a key issue in the County is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy.
- If the Council does seek to provide 10% of housing as affordable home ownership, then it is suggested that shared ownership is the most appropriate option. This is due to the lower deposit requirements and lower overall costs (given that the rent would also be subsidised).
- Where other forms of affordable home ownership are provided (e.g. Starter Homes or discounted market), it is recommended that the Council considers setting prices at a level which (in income terms) are equivalent to the levels needed to access private rented housing. This would ensure that households targeted by the new definition could potentially afford housing – this might mean greater than 20% discounts from Open Market Value for some types/sizes of homes in some locations.
- The evidence does not show any basis to increase the provision of affordable home ownership above the 10% figure currently suggested in the NPPF.
- Overall, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the County. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.



## 4. Family Households and Housing Mix

### Introduction

- 4.1 A further area of analysis is around the mix of housing required in different tenures. The NPPF (paragraph 61) says *'the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies'*; this includes families with children. The revised PPG does not provide any guidance about this topic although the previous PPG did say (paragraph 2a-021) that *'plan makers can identify current numbers of families, including those with children, by using the local household projections'*.
- 4.2 This section therefore looks at a range of statistics in relation to families (generally described as households with dependent children) before moving on to look at how the numbers are projected to change moving forward. The analysis finishes by looking at the mix of housing required (covering all household groups and tenures); this analysis takes account of the way different groups occupy housing and links to projections of change to household types and ages.

### Background data

- 4.3 The number of families in the County (defined for the purpose of this assessment as any household which contains at least one dependent child) totalled 4,000 as of the 2011 Census, accounting for 26% of households. This proportion is lower than that seen across the region and nationally and is notable for the relatively low proportions of lone parents and 'other' households with dependent children.

Figure 4.1: Households with dependent children (2011)								
		Married couple	Cohabiting couple	Lone parent	Other households	All other households	Total	Total with dependent children
Rutland	No.	2,608	455	714	194	11,031	15,002	3,971
	%	17.4%	3.0%	4.8%	1.3%	73.5%	100.0%	26.5%
East Midlands	%	15.3%	4.5%	6.7%	2.3%	71.3%	100.0%	28.7%
England	%	15.3%	4.0%	7.1%	2.6%	70.9%	100.0%	29.1%

Source: Census (2011)

- 4.4 The table below shows how the number of households with dependent children changed from 2001 to 2011. Overall there was a small increase in the number of households with dependent children, rising by around 30 (an increase of 1%). Within this, there was an increase in the number of cohabiting couples, lone parents and other households, along with a notable reduction in the number of married couples. The proportionate increase in the number of households with dependent children was notably lower than the overall increase in all households.

	2001	2011	Change	% change
Married couple	2,869	2,608	-261	-9.1%
Cohabiting couple	316	455	139	44.0%
Lone parent	574	714	140	24.4%
Other households	179	194	15	8.4%
All other households	9,519	11,031	1,512	15.9%
Total	13,457	15,002	1,545	11.5%
Total with dependent children	3,938	3,971	33	0.8%

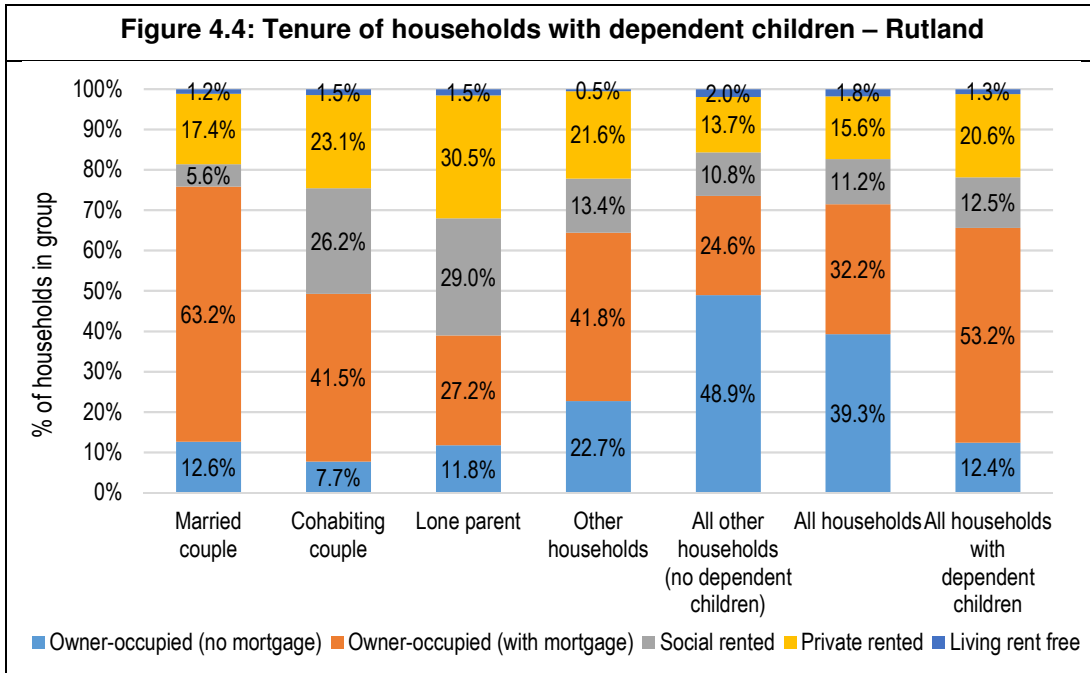
Source: Census (2001 and 2011)

- 4.5 The table below shows the projected change to the number of children (aged Under 15) from 2016 to 2036. This shows that linking to the 2016-based SNPP there is projected to be a modest decrease in the number of children (down 2%), but that with higher dwelling provision (160 dwellings per annum) an increase can be expected (of 9%).

	Population aged 15 and under		Change (2016-36)	% change from 2016
	2016	2036		
2016-based SNPP	5,947	5,827	-120	-2.0%
Linked to 160 dpa	5,947	6,494	547	9.2%

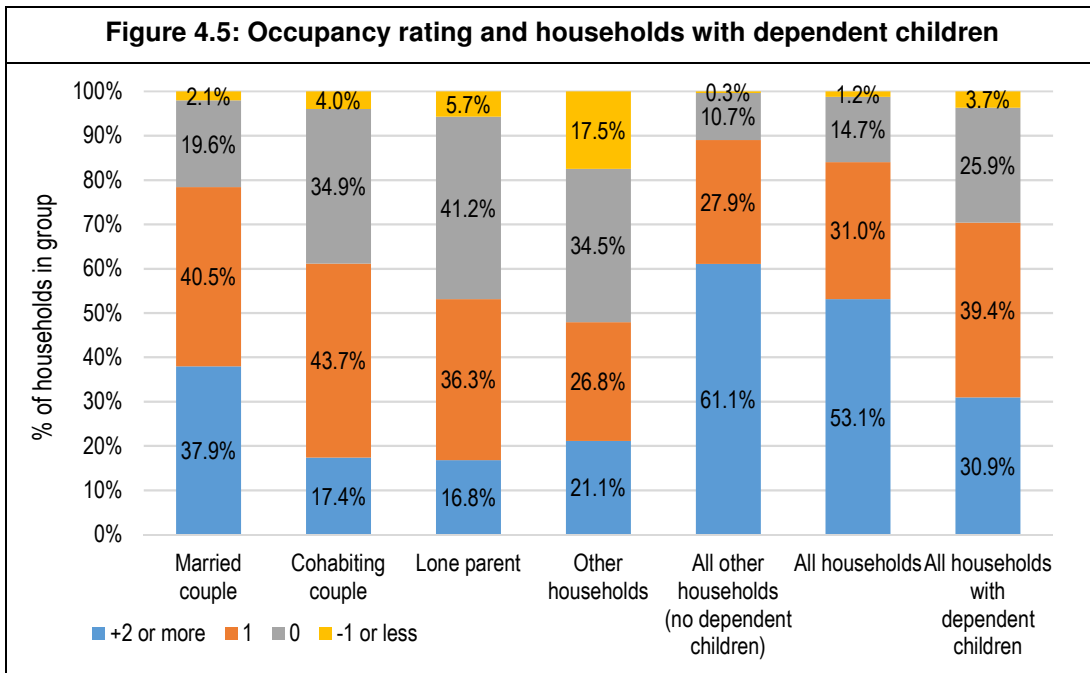
Source: Derived from demographic modelling

- 4.6 The figure below shows the current tenure of households with dependent children. There are some considerable differences by household type with lone parents having a very high proportion living in the social rented sector and also in private rented accommodation. Only 39% of lone parent households are owner-occupiers compared with 76% of married couples with children.



Source: Census (2011)

4.7 Overcrowding is often a key theme when looking at the housing needs of households with children and the figure below shows that households with dependent children are about three times more likely than other households to be overcrowded. In total, some 4% of all households with dependent children are overcrowded and included within this the data shows 6% of lone parent households are overcrowded along with 18% of ‘other’ households with dependent children. Levels of under-occupancy amongst households with dependent children are low when compared with other households.



Source: Census (2011)

- 4.8 As well as households containing dependent children there will be other (non-dependent) children living as part of another household (typically with parents/grandparents). The table below shows the number of households in the County with non-dependent children. In total, some 8% of households (1,300) contained non-dependent children as of 2011. This may to some degree highlight the difficulties faced by young people in accessing housing. Ineligibility for social housing, lower household incomes and the unaffordability of owner occupation for such age groups all contribute to the current trend for young people moving in with or continuing to live with parents. The proportion of households with non-dependent children in the County is however slightly lower than that seen in other areas.

<b>Figure 4.6: Households with non-dependent children (2011)</b>							
		Married couple	Cohabiting couple	Lone parent	All other households	Total	Total with non-dependent children
Rutland	No.	804	57	392	13,749	15,002	1,253
	%	5.4%	0.4%	2.6%	91.6%	100.0%	8.4%
East Midlands	%	5.7%	0.5%	3.2%	90.6%	100.0%	9.4%
England	%	5.6%	0.5%	3.5%	90.4%	100.0%	9.6%

Source: Census (2011)

- 4.9 The table below shows that the number of households with non-dependent children has increased slightly from 2001 to 2011. In total, the number of households with non-dependent children increased by around 140 (a 12% increase); there was a particularly notable increase in lone parent households (with non-dependent children). The proportional change in the number of households with non-dependent children was slightly higher than the overall increase in households over the period studied.

<b>Figure 4.7: Change in households with non-dependent children (2001-11) – Rutland</b>				
	2001	2011	Change	% change
Married couple	768	804	36	4.7%
Cohabiting couple	35	57	22	62.9%
Lone parent	311	392	81	26.0%
All other households	12,343	13,749	1,406	11.4%
Total	13,457	15,002	1,545	11.5%
Total with non-dependent children	1,114	1,253	139	12.5%

Source: Census (2001 and 2011)



## Projected changes to family households

- 4.10 As well as looking at the number of households with dependent children, the characteristics of these households and how numbers have changed over time, it is possible to use household projections to see how the number of households is likely to change moving forward. The official household projections use a range of household typologies with three categories for dependent children depending on the number of children. Unfortunately, the projections no longer look at projecting lone parent households separately from other households with children. Additionally, it should be noted that the categories used differ between the 2016-based projections (ONS) and the 2014-based version (CLG).
- 4.11 The first table below looks at change to the number of households based on the ONS (2016-based) household projections. This shows that the number of households with dependent children is projected to fall, by about 260 (a 6% decrease) – this compares with an overall change in the number of households of an increase of 15%.

	2016	2036	Change	% change
One-person household (aged 65 and over)	2,478	3,815	1,337	53.9%
One-person household (aged under 65)	2,134	2,060	-74	-3.5%
Households with 1 dependent child	1,644	1,528	-115	-7.0%
Households with 2 dependent children	1,736	1,644	-92	-5.3%
Households with 3 or more dependent children	606	555	-51	-8.4%
Other households with 2 or more adults	7,499	8,954	1,455	19.4%
TOTAL	16,096	18,556	2,459	15.3%
Total households with dependent children	3,986	3,727	-258	-6.5%

Source: 2016-based ONS household projections

- 4.12 As well as looking at the latest official projections, analysis has been undertaken to consider what the profile of households might be with dwelling delivery of 160 homes each year – this is shown in the table below. This projection shows a positive change in the number of households with dependent children, increasing by 565 (14%). The most notable increases are in households with two dependent children.

**Figure 4.9: Change in household types 2016-36 (linked to provision of 160 dwellings per annum) – Rutland**

	2016	2036	Change	% change
One-person household (aged 65 and over)	2,506	3,236	730	29.1%
One-person household (aged under 65)	2,091	2,360	270	12.9%
Couple (aged 65 and over)	3,226	5,115	1,890	58.6%
Couple (aged under 65)	2,709	2,135	-573	-21.2%
A couple and one or more other adults: No dependent children	1,084	1,143	59	5.4%
Households with one dependent child	1,608	1,792	184	11.4%
Households with two dependent children	1,700	1,989	290	17.0%
Households with three dependent children	599	691	91	15.3%
Other households	677	838	161	23.8%
TOTAL	16,199	19,300	3,101	19.1%
Total households with dependent children	3,907	4,472	565	14.4%

Source: Demographic projections

## The Mix of Housing – Introduction

- 4.13 The analysis above has looked at households with children and also projected changes to the number of households in different categories. The analysis now moves on to consider what mix of housing (by size) would be most appropriate for the changing demographic in Rutland. Two different methods are used to provide an overall view about needs, the first uses the data presented above about household types and links this to current occupancy patterns, whilst the second uses similar information, but is more closely linked to the age of the head of household; the second methodology also separates out different tenures of housing.
- 4.14 Essentially, both models start with the current profile of housing (as of 2016) in terms of size (bedrooms) and tenure (for the second method). Within the data, information is available about the household type or age of households and the typical sizes of homes they occupy. By using demographic projections, it is possible to see which age groups are expected to change in number, and by how much. On the assumption that occupancy patterns for each age group (within each tenure where relevant) remain the same, it is therefore possible to work out what the profile of housing should be at a point in time in the future (2036 in terms of this assessment).
- 4.15 By subtracting the current profile of housing from the projected profile, it is possible to calculate the net change in housing needed (by size). Many of the tables to follow therefore have a '2016' heading and a '2036' one; the difference between the figures in these two columns is the net change in households over the 20-year period (if the assumptions used play out). Conventionally, the main outputs are presented as a percentage need for each size of home within each tenure category.

## Current Stock of Housing by Size and Tenure

- 4.16 It should be noted that the current stock of housing (by size) can have a notable impact on the outputs of the modelling and the table below shows a comparison of the size profile of accommodation in a range of areas in three broad tenure groups. This shows that Rutland has a stock profile that is slightly biased towards larger homes in both the owner-occupied and private rented sectors – this is likely to reflect the rural nature of the area and the housing offer expected by households living in the market sector. The social rented sector appears to have a fairly balanced profile when compared with national and regional comparisons.

**Figure 4.10: Number of bedrooms by tenure and a range of areas (2011)**

		Rutland	East Midlands	England
Owner-occupied	1-bedroom	1%	2%	4%
	2-bedrooms	15%	22%	23%
	3-bedrooms	41%	51%	48%
	4+-bedrooms	42%	26%	25%
	TOTAL	100%	100%	100%
Social rented	1-bedroom	28%	29%	31%
	2-bedrooms	34%	34%	34%
	3-bedrooms	35%	34%	31%
	4+-bedrooms	2%	3%	4%
	TOTAL	100%	100%	100%
Private rented	1-bedroom	9%	15%	23%
	2-bedrooms	34%	39%	39%
	3-bedrooms	43%	35%	28%
	4+-bedrooms	15%	11%	10%
	TOTAL	100%	100%	100%

Source: Census 2011

### Method 1 – household types

- 4.17 In Method 1, a combination of the County's households and current occupancy patterns is used. By estimating future household growth by type and applying local occupancy patterns it is possible to determine what mix of new housing might be appropriate. By using current occupancy patterns, account can be taken of the relationship between different groups and the housing they occupy (for example, older households who live in accommodation larger than they technically need). The method has been used as it has been observed as the preferred method of the development industry when providing their own evidence about future mix.
- 4.18 The table below shows the relationship between different household groups and the size of homes they occupy. The data is for all tenures due to availability of data on this topic and is therefore used just to provide an initial overview (further tenure specific analysis is considered under Method 2). The choice of household typologies also differs from other analysis and has been chosen to represent the largest set of groups that can be consistently assessed from both Census data and household projections.

		1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms	Total
One person 65+	No.	399	647	779	317	2,142
	%	19%	30%	36%	15%	100%
One person <65	No.	263	711	729	266	1,969
	%	13%	36%	37%	14%	100%
Couple 65+	No.	57	345	824	736	1,962
	%	3%	18%	42%	38%	100%
Couple <65	No.	80	672	1,354	1,239	3,345
	%	2%	20%	40%	37%	100%
Households with dependent children	No.	28	514	1,663	1,766	3,971
	%	1%	13%	42%	44%	100%
Other	No.	15	220	767	611	1,613
	%	1%	14%	48%	38%	100%
Total	No.	842	3,109	6,116	4,935	15,002
	%	6%	21%	41%	33%	100%

Source: Census (2011)

- 4.19 The two tables below show the size mix needed from applying the occupancy patterns shown above with projected changes to the number of households in each household type group (the figures are for all tenures). When linked to official projections, the main need is shown to be for 3-bedroom homes (39% of the total) followed by 2- and 4+-bedroom accommodation (25% each).

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms	Total
One person 65+	249	404	486	198	1,337
One person <65	-10	-27	-27	-10	-74
Households with dependent children	-2	-33	-108	-115	-258
Other households	32	260	619	544	1,455
Total	269	604	970	617	2,459
	11%	25%	39%	25%	100%

Source: Derived from Census (2011) and demographic projections

- 4.20 With an alternative level of household growth and different assumptions about household representation (linked to a housing requirement of 160 dwellings per annum) there is a shift towards a requirement for larger homes when compared with using the official projections, although both models show the main need as being for 3-bedroom homes.

<b>Figure 4.13: Estimated Housing Mix Requirements – Rutland (linked to delivery of 160 dwellings per annum)</b>					
	1-bedroom	2- bedrooms	3- bedrooms	4+- bedrooms	Total
One person 65+	136	221	266	108	730
One person <65	36	97	100	36	270
Couple 65+	55	332	794	709	1,890
Couple <65	-14	-115	-232	-212	-573
Households with dependent children	4	73	236	251	565
Other	2	30	105	83	220
Total	219	638	1,268	975	3,101
	7%	21%	41%	31%	100%

Source: Derived from Census (2011) and demographic projections

## Method 2 – Age of Households Reference Person

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

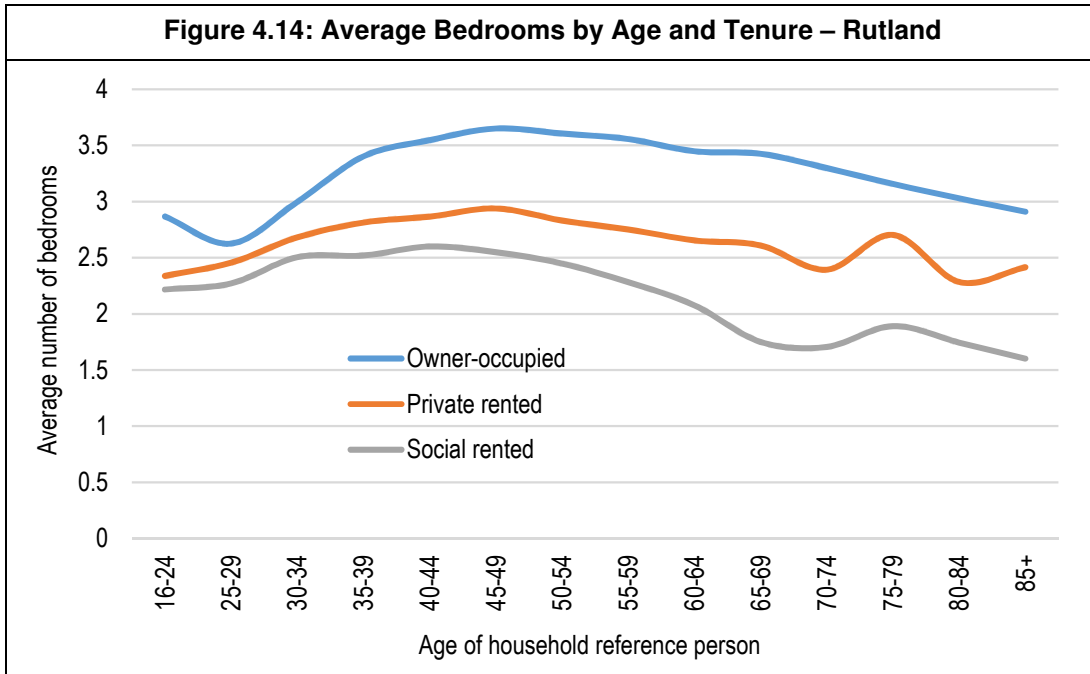
### Understanding how Households Occupy Homes

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

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

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

4.25 The figure below shows an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group. In the owner-occupied sector the average size of accommodation rises over time to typically reach a peak around the age of 45-49; a similar pattern (but with smaller dwelling sizes) is seen in both the social and private rented sector. After peaking, the average dwelling size decreases – as typically some households downsize as they get older.



Source: Derived from ONS Commissioned Table CT0621

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

Tenure Assumptions

4.27 The housing market model has been used to estimate the future need for different sizes of property over the 20-year period from 2016 to 2036. The model works by looking at the types and sizes of accommodation occupied by different ages of residents and attaching projected changes in the population to this to project need and demand for different sizes of homes. However, the way households of different ages occupy homes differs between the market and affordable sectors (as shown earlier).

- 4.28 It is therefore necessary on this basis to make some judgement for modelling purposes on what proportion of net completions might be of market and affordable housing. For modelling purposes, the analysis assumes that 30% of net completions are either affordable housing (rented) or affordable home ownership and therefore that 70% are market housing (designed to be sold for owner-occupation). There is no assumption about private rented housing, although it is possible that some of the market (owner-occupied) housing will end up in this sector.
- 4.29 Within the 30% affordable/affordable home ownership a split of two-thirds to one-third has been used; this means an estimated total of 20% of completions as affordable housing (rented) and 10% as affordable home ownership. **It should be stressed that these figures are not policy targets and have been applied simply for the purposes of providing outputs from the modelling process.** Policy targets for affordable housing on new development schemes may be different to this; but not all sites deliver policy-compliant affordable housing provision, whilst some delivery is on sites below affordable housing policy thresholds. Equally some housing development is brought forward by Registered Providers and local authorities and may deliver higher proportions of affordable housing than in current policy.
- 4.30 To confirm, it has been assumed that the following proportions of different tenures will be provided moving forward:
- Market housing – 70%
  - Affordable home ownership – 10%
  - Social/affordable rent – 20%

Projected changes by age of HRP

- 4.31 The table below shows projected changes by age of HRP for the two main projections used in this report (linked to the 2016-based SNHP and 160 dwellings per annum respectively). In both cases it can be seen that the vast majority of changes are projected to occur in older age groups; it is also notable that some age groups are projected to see a decline in numbers (the 45-54 age group being most notable in this). These findings are important as this will influence the sizes of homes needed in the future; notably the losses in HRPs are typically in groups who occupy larger homes and vice versa.

**Figure 4.15: Projected change in households by age of household reference person – Rutland**

	Linked to 2016-based SNHP				Linked to provision of 160 dpa			
	Hhs 2016	Hhs 2036	Change in hhs	% change	Hhs 2016	Hhs 2036	Change in hhs	% change
16-24	315	220	-95	-30.2%	263	206	-57	-21.5%
25-29	589	508	-81	-13.8%	661	581	-79	-12.0%
30-34	825	690	-134	-16.3%	837	789	-48	-5.8%
35-39	1,027	931	-95	-9.3%	1,066	1,104	38	3.5%
40-44	1,187	1,183	-4	-0.3%	1,145	1,127	-18	-1.6%
45-49	1,574	1,372	-202	-12.8%	1,517	1,328	-189	-12.4%
50-54	1,632	1,448	-184	-11.3%	1,529	1,347	-182	-11.9%
55-59	1,541	1,489	-53	-3.4%	1,520	1,542	22	1.4%
60-64	1,391	1,514	122	8.8%	1,432	1,695	263	18.4%
65-69	1,570	1,708	139	8.8%	1,743	2,098	355	20.4%
70-74	1,423	1,939	516	36.3%	1,498	2,197	700	46.7%
75-79	1,154	1,805	651	56.4%	1,144	1,754	611	53.4%
80-84	940	1,637	697	74.2%	914	1,463	548	59.9%
85 & over	929	2,111	1,182	127.2%	932	2,069	1,137	122.1%
Total	16,096	18,556	2,459	15.3%	16,199	19,300	3,101	19.1%

Source: Demographic projections

*Key Findings: Market Housing*

- 4.32 There are a range of factors which can influence demand for market housing in different locations. The focus of this analysis is on considering long-term needs, where changing demographics are expected to be a key influence. It uses a demographic-driven approach to quantify demand for different sizes of properties over the 20-year period from 2016 to 2036.
- 4.33 Looking first at projecting on the basis of the SNHP, an increase of 1,700 additional households is modelled over the period. The majority of these need to be 2- and 3-bed homes. The data suggests that housing need can be expected to reinforce the existing profile, but with a shift towards a requirement for smaller dwellings relative to the distribution of existing housing (particularly towards a need for 2-bedroom homes). This is understandable given the fact that household sizes are expected to fall slightly in the future – particularly as a result of an ageing population living in smaller households.



<b>Figure 4.16: Estimated Size of Dwellings Needed 2016 to 2036 – Market Housing – 2016-based SNHP – Rutland</b>				
	2016	2036	Additional households 2018-2036	% of additional households
1-bedroom	161	202	41	2%
2-bedrooms	1,805	2,277	472	27%
3-bedrooms	4,753	5,537	783	45%
4+-bedrooms	4,820	5,245	425	25%
Total	11,539	13,261	1,722	100%

Source: Housing Market Model

- 4.34 When looking at a demographic projection based on housing delivery of 160 dwellings per annum, it can be seen that the number of households in the market sector would be projected to increase by 2,200. The estimated size profile required is still focused on 2- and 3-bedroom homes but there is a slightly higher need shown for larger (4+-bedroom) accommodation. This difference will be due to this projection having a higher level of in-migration; migrants tending to be younger people and more likely to be part of family households (who tend to live in larger homes).

<b>Figure 4.17: Estimated Size of Dwellings Needed 2016 to 2036 – Market Housing – 160 dwellings per annum – Rutland</b>				
	2016	2036	Additional households 2016-2036	% of additional households
1-bedroom	163	210	47	2%
2-bedrooms	1,828	2,353	525	24%
3-bedrooms	4,788	5,745	957	44%
4+-bedrooms	4,840	5,481	642	30%
Total	11,619	13,790	2,171	100%

Source: Housing Market Model

- 4.35 The statistics are based upon the modelling of demographic trends. As has been identified, it should be recognised that a range of factors including affordability pressures and market signals will continue to be important in understanding market demand; this may include an increased demand in the private rented sector for rooms in a shared house due to changes in housing benefit for single people. In determining policies for housing mix, policy aspirations are also relevant – this might for example include a desire to increase the supply of lower priced family homes to allow those on middle incomes to live in the area.
- 4.36 At the strategic level, a local authority in considering which sites to allocate, can consider what type of development would likely be delivered on these sites. It can also provide guidance on housing mix implicitly through policies on development densities.

Key Findings: Affordable home ownership

- 4.37 The tables below show estimates of the need for different sizes of affordable home ownership based on the analysis of demographic trends. The data suggests in the period between 2016 and 2036 that the main need is again for homes with 2- or 3-bedrooms, although the proportions in the 1-bedroom category are higher than for market housing. As with the market analysis, the outputs linked to the 160 dwellings per annum projection show a greater need for larger homes, although the percentage difference is fairly negligible.

	2016	2036	Additional households 2016-2036	% of additional households
1-bedroom	246	300	54	22%
2-bedrooms	932	1,012	80	33%
3-bedrooms	1,153	1,242	90	36%
4+-bedrooms	395	418	23	9%
Total	2,726	2,972	246	100%

Source: Housing Market Model

	2016	2036	Additional households 2016-2036	% of additional households
1-bedroom	245	302	57	18%
2-bedrooms	940	1,042	102	33%
3-bedrooms	1,161	1,280	119	38%
4+-bedrooms	393	425	32	10%
Total	2,739	3,049	310	100%

Source: Housing Market Model

Key Findings: Affordable Housing (rented)

- 4.38 The tables below show estimates of the need for different sizes of affordable homes to rent (social/affordable rented) based on the analysis of demographic trends. The data suggests in the period between 2016 and 2036 that the main need is for homes with 1- or 2-bedrooms. The outputs linked to 160 dwellings per annum projection show a greater need for larger homes (although both sets of data very much focus on smaller dwellings).
- 4.39 This analysis provides a longer-term view of the need for different sizes of affordable housing and does not reflect any specific local priorities such as for family households in need rather than single people. In addition, it should be noted that smaller properties (i.e. 1-bedroom homes) typically offer limited flexibility in accommodating the changing needs of households, whilst delivery of larger properties can help to meet the needs of households in high priority and to manage the housing stock by releasing supply of smaller properties.

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

<b>Figure 4.20: Estimated Size of Dwellings Needed 2016 to 2036 – affordable housing (rented) – 2016-based SNHP – Rutland</b>				
	2016	2036	Additional households 2016-2036	% of additional households
1-bedroom	532	928	396	50%
2-bedrooms	630	837	206	26%
3-bedrooms	626	813	187	24%
4+-bedrooms	44	48	5	1%
Total	1,831	2,626	794	100%

Source: Housing Market Model

<b>Figure 4.21: Estimated Size of Dwellings Needed 2016 to 2036 – affordable housing (rented) – 160 dwellings per annum – Rutland</b>				
	2016	2036	Additional households 2016-2036	% of additional households
1-bedroom	542	926	384	48%
2-bedrooms	629	842	213	27%
3-bedrooms	627	820	192	24%
4+-bedrooms	43	48	5	1%
Total	1,841	2,635	794	100%

Source: Housing Market Model

## Comparing Outputs – Method 1 and 2

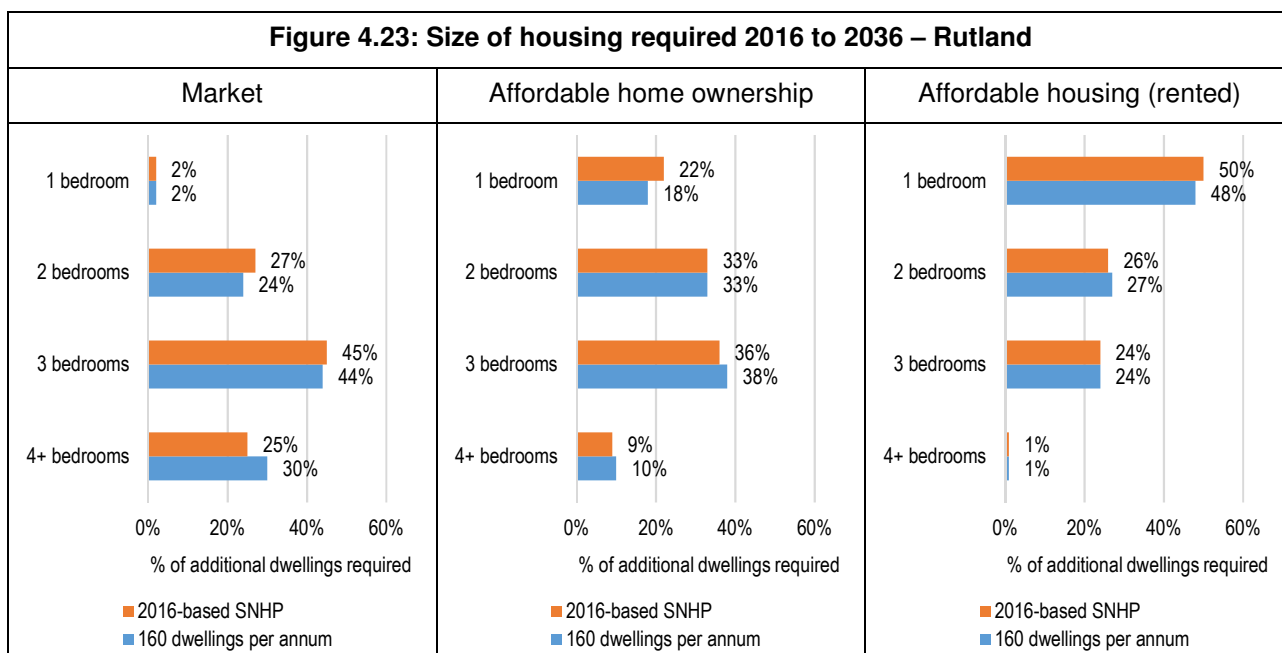
- 4.41 Before moving on to draw conclusions from the analysis above, it is worth quickly comparing the headline outputs from the two Methods developed. This can be done for the overall need only (i.e. adding the three tenures together in the case of Method 2) and for both projection scenarios. The table below shows that Method 1 typically shows a higher need for larger homes than Method 2.
- 4.42 However, Method 1 would be considered as slightly less sophisticated, particularly as it relies on grouping together many household groups who may have different characteristics (in terms of occupancy). Therefore, it is considered that Method 2 (which has a tenure distinction) can reasonably be taken forward into conclusions; although consideration is also given to overall outputs from Method 1 and also the initial analysis looking at the general profile of housing in the County when compared with other locations.

		1- bedroom	2- bedrooms	3- bedroom	4+- bedrooms
Method 1	2016-based SNHP	11%	25%	39%	25%
	Linked to 160 dpa	7%	21%	41%	31%
Method 2	2016-based SNHP	16%	27%	39%	18%
	Linked to 160 dpa	14%	25%	39%	22%

Source: Derived from Census (2011) and demographic projections

### Indicative Targets by Tenure

4.43 The figure below summarises the above data in both the market and affordable sectors under the modelling exercise. The analysis clearly shows the different profiles in the three broad tenures with affordable housing being more heavily skewed towards smaller dwellings, and affordable home ownership sitting somewhere in between the market and affordable housing.



Source: Housing Market Model

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

- 4.45 At the other end of the scale, conclusions also need to consider that the stock of 4-bedroom affordable housing is very limited and tends to have a very low turnover. As a result, whilst the number of households coming forward for 4+-bedroom homes is typically quite small, the ability for these needs to be met is even more limited.
- 4.46 There are thus a range of factors which are relevant in considering policies for the mix of affordable housing (rented) sought through development schemes. At a County-wide level, the analysis would support policies for the mix of affordable housing (rented) of:
- 1-bed properties: 40-45%
  - 2-bed properties: 25-30%
  - 3-bed properties: 20-25%
  - 4+-bed properties: 5-10%
- 4.47 The strategic conclusions recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households; together with the limited flexibility which 1-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.
- 4.48 The need for affordable housing of different sizes may vary by area (at a more localised level) and over time. In considering the mix of homes to be provided within specific development schemes, this information should be brought together with details of households currently on the Housing Register in the local area and the stock and turnover of existing properties.
- 4.49 In the affordable home ownership and market sectors a profile of housing that more closely matches the outputs of the modelling is suggested. On the basis of these factors it is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households. On this basis the following mix of affordable home ownership is suggested:
- 1-bed properties: 15-20%
  - 2-bed properties: 35-40%
  - 3-bed properties: 35-40%
  - 4+-bed properties: 5-10%
- 4.50 Finally, in the market sector, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographic profile, this sees a slightly larger recommended profile compared with other tenure groups. The following mix of market housing is suggested:
- 1-bed properties: 0-5%
  - 2-bed properties: 25-30%
  - 3-bed properties: 45-50%
  - 4+-bed properties: 20-25%

- 4.51 Although the analysis has quantified this on the basis of the market modelling and an understanding of the current housing market, it does not necessarily follow that such prescriptive figures should be included in the plan making process. The ‘market’ is to some degree a better judge of what is the most appropriate profile of homes to deliver at any point in time, and demand can change over time linked to macro-economic factors and local supply. Policy aspirations could also influence the mix sought.
- 4.52 Whilst this report does not suggest that prescriptive figures necessarily need to be included within the Local Plan, it is the case that the figures can be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area.

### Comparison with the Emerging Local Plan

- 4.53 The emerging Local Plan includes Policy RLP14 (Housing density and mix); in the supporting text there is a table that sets out the recommended mix from the previous Strategic Housing Market Assessment. The emerging plan suggests that *‘housing provision in Rutland should be monitored against the following broad mix of market and affordable housing provision over the period to 2036’*.
- 4.54 The table in the plan is replicated below along with a second table that summarises the suggestions made in this report. One key point to note is that the emerging plan only has a distinction between market and affordable housing, whereas this report has introduced an affordable home ownership category (AHO) – the additional category being driven by the revised NPPF. When comparing the two tables it seems as if the analysis in this report supports the emerging plan, although the opportunity could be taken to update the plan to include a separate category for affordable home ownership.

<b>Figure 4.24: Emerging Local Plan suggested housing mix by broad tenure</b>				
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	0-5%	25-30%	45-50%	20-25%
Affordable	40-45%	30-35%	15-20%	5-10%

Source: Rutland Emerging Local Plan

<b>Figure 4.25: Updated suggested housing mix by broad tenure</b>				
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	0-5%	25-30%	45-50%	20-25%
Affordable Home Ownership	15-20%	35-40%	35-40%	5-10%
Social/affordable rented	40-45%	25-30%	20-25%	5-10%

Source: JGC analysis and conclusions

## Need/demand for Bungalows

- 4.55 The sources used for analysis in this report make it difficult to quantify a need/demand for bungalows in the County as Census data (which is used to look at occupancy profiles) does not separately identify this type of accommodation. However, it is typical (where discussions are undertaken with local estate agents) to find that there is a demand for this type of accommodation.
- 4.56 Bungalows are often the first choice for older people seeking suitable accommodation in later life and there is generally a high demand for such accommodation when it becomes available. As a new build option, it is, however, the case that bungalow accommodation is often not supported by either house builders or planners (due to potential plot sizes and their generally low densities). There may, however, be instances where bungalows are the most suitable house type for a particular site; for example, to overcome objections about dwellings overlooking existing dwellings or preserving sight lines.
- 4.57 There is also the possibility of a wider need/demand for retirement accommodation. Retirement apartments can prove very popular if they are well located in terms of access to facilities and services, and environmentally attractive (e.g. have a good view). However, some potential purchasers may find high service charges unacceptable or unaffordable and new build units may not retain their value on re-sale.
- 4.58 Overall, the Council should consider the potential role of bungalows as part of the future mix of housing. Such housing may be particularly attractive to older owner-occupiers (many of whom are equity-rich) which may assist in encouraging households to downsize. However, the downside to providing bungalows is that they are relatively land intensive for the amount of floorspace created.

**Family Households and Housing Mix: Key Messages**

- The proportion of households with dependent children is relatively low in Rutland, although there are a relatively high proportion of married couples and relatively few lone parents (when compared with the national average). There has been modest past growth in the number of ‘family’ households and stronger growth in the number of households with non-dependent children (likely in many cases to be grown-up children living with parents). Projecting forward, there is expected to be an increase in the number of households with dependent children – increasing by 14% over the 2016-36 period when linking to housing delivery of 160 dwellings per annum.
- There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households’ ability to save; economic performance and housing affordability. The analysis linked to long-term (20-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes, this takes account of both household changes and the ageing of the population:

<b>Suggested Mix of Housing by Size and Tenure</b>				
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	0-5%	25-30%	45-50%	20-25%
Affordable home ownership	15-20%	35-40%	35-40%	5-10%
Affordable housing (rented)	40-45%	25-30%	20-25%	5-10%

- The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bed properties offer to changing household circumstances, which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing in the County (by tenure).
- The mix identified above could inform strategic policies although a flexible approach should be adopted. In applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.
- Based on the evidence, it is expected that the focus of new market housing provision will be on 2- and 3-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retaining flexibility for friends and family to come and stay.
- The analysis report broadly supports the indication of housing mix set out in the emerging Local Plan. The Council could however consider if this needs to be updated so as to include an additional affordable home ownership category, and to therefore be consistent with the revised NPPF.



## 5. Older People and People with Disabilities

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### Introduction

5.1 Planning Practice Guidance (PPG) paragraph 2a-020 sets out that local authorities should consider the needs of older people and those with disabilities – this in turn is linked to paragraph 61 of the NPPF. These two groups are considered together as there is a strong link between people's ages and levels of disability. This section therefore considers these needs, and in addition looks at potential requirements for housing built to M4(2) and M4(3) technical standards (accessibility and wheelchair standards); in looking at the technical standards the analysis is also mindful of the associated PPG (Section 56).

5.2 Regarding housing specifically for older people, the PPG (2a-017) states the following (which is reflected in this section):

*The future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered, enhanced sheltered, extra care, registered care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector... The assessment can also set out the level of need for residential institutions (Use Class C2). Many older people may not want or need specialist accommodation or care and may wish to stay or move to general housing that is already suitable, such as bungalows, or homes which can be adapted to meet a change in their needs. Local authorities will therefore need to identify the role that general housing may play as part of their assessment.*

5.3 More recently (26<sup>th</sup> June 2019) a new PPG was published 'Housing for older and disabled people'. Whilst this section was drafted prior to this, the analysis undertaken, and sources used are consistent with those suggested in the new PPG – additional comments on the new PPG are provided where relevant.

### Current Population of Older People

5.4 The table below provides baseline population data about older persons and compares this with other areas. The data for has been taken from the published ONS mid-year population estimates and is provided for age groups from 65 and upwards; the data is for 2018 to reflect the latest published data for local authority areas and above. The data shows, when compared with data for other areas that the County has a higher proportion of older persons. In 2018, it was estimated that 25% of the population of Rutland was aged 65 or over, this compares with a figure of 18% nationally.

	Rutland		East Midlands	England
	Population	% of population	% of population	% of population
Under 65	29,819	75.1%	80.7%	81.8%
65-74	5,332	13.4%	10.8%	9.9%
75-84	3,247	8.2%	6.1%	5.8%
85+	1,299	3.3%	2.4%	2.4%
Total	39,697	100.0%	100.0%	100.0%
Total 65+	9,878	24.9%	19.3%	18.2%

Source: ONS 2017 mid-year population estimates

## Future Change in the Population of Older People

- 5.5 As well as providing a baseline position for the proportion of older persons in the County, population projections can be used to provide an indication of how the numbers might change in the future compared with other areas. The data presented below uses the 2016-based SNPP for consistency across areas and runs from 2016 to 2036 to be consistent with other analysis developed in this report.
- 5.6 The data shows that the County is projected to see a notable increase in the older person population, with the total number of people aged 65 and over projected to increase by over 50% in the 20-years from 2016; this compares with overall population growth of 7% and a decrease in the Under 65 population of 7%. The proportionate increase in the number of older people in the County is higher than that projected for other areas.

	Rutland	East Midlands	England
Under 65	-6.7%	2.1%	2.6%
65-74	24.8%	28.2%	29.8%
75-84	63.4%	58.4%	52.5%
85+	123.1%	99.2%	89.5%
Total	7.1%	10.5%	10.2%
Total 65+	50.5%	46.6%	45.1%

Source: ONS subnational population projections (2016-based)

- 5.7 In total population terms, the projections show an increase in the population aged 65 and over of 4,750 people, this is against a backdrop of an overall increase of 2,760 – population growth of people aged 65 and over therefore accounts for over 100% of the total projected population change.

	2016	2036	Change in population	% change
Under 65	29,536	27,548	-1,988	-6.7%
65-74	5,171	6,455	1,284	24.8%
75-84	2,939	4,801	1,862	63.4%
85+	1,303	2,907	1,604	123.1%
Total	38,949	41,711	2,762	7.1%
Total 65+	9,413	14,163	4,750	50.5%

Source: ONS subnational population projections (2016-based)

- 5.8 The figures above are all based on the latest (2016-based) SNPP. It is possible to also show how the outputs would be expected to change under different scenarios. The table below shows a similar analysis when linked to the delivery of 160 homes per annum in the 2016-36 period.
- 5.9 The analysis again shows a significant ageing of the population but there is now an increase in the population aged under 65, moving to a population increase of 0.6%. The change in the under 65 age group relative to older groups reflects the migration assumptions, migration being largely concentrated in typical working-age groups (and their associated children).

	2016	2036	Change in population	% change
Under 65	29,536	29,718	182	0.6%
65-74	5,171	6,698	1,527	29.5%
75-84	2,939	4,869	1,930	65.7%
85+	1,303	2,985	1,682	129.1%
Total	38,949	44,271	5,322	13.7%
Total 65+	9,413	14,553	5,140	54.6%

Source: Demographic Projections

## Health-related Population Projections

- 5.10 In addition to providing projections about how the number and proportion of older people is expected to change in the future the analysis can look at the likely impact on the number of people with specific illnesses or disabilities. For this, data from the Projecting Older People Information System (POPPI) website has been used. The website provides prevalence rates for different disabilities by age and sex. For the purposes of this study, analysis has focussed on estimates of the number of people with dementia and mobility problems.
- 5.11 For both of the health issues analysed the figures relate to the population aged 65 and over. The figures from POPPI are based on prevalence rates from a range of different sources and whilst these might change in the future (e.g. as general health of the older person population improves) the estimates are likely to be of the right order.

- 5.12 The table below shows that both of the illnesses/disabilities are expected to increase significantly in the future although this would be expected given the increasing population. In particular, there is projected to be a large rise in the number of people with dementia (up 67%) along with an 86% increase in the number with mobility problems. When related back to the total projected change to the population, the increase of 1,400 people with a mobility problem represents 27% of the total population growth projected by linking to 160 dwellings per annum.
- 5.13 It should be noted that there will be an overlap between dementia and mobility problems (i.e. some people will have both types of illness/disability). Hence the numbers for each of the illnesses/disabilities should not be added together to arrive at a total.

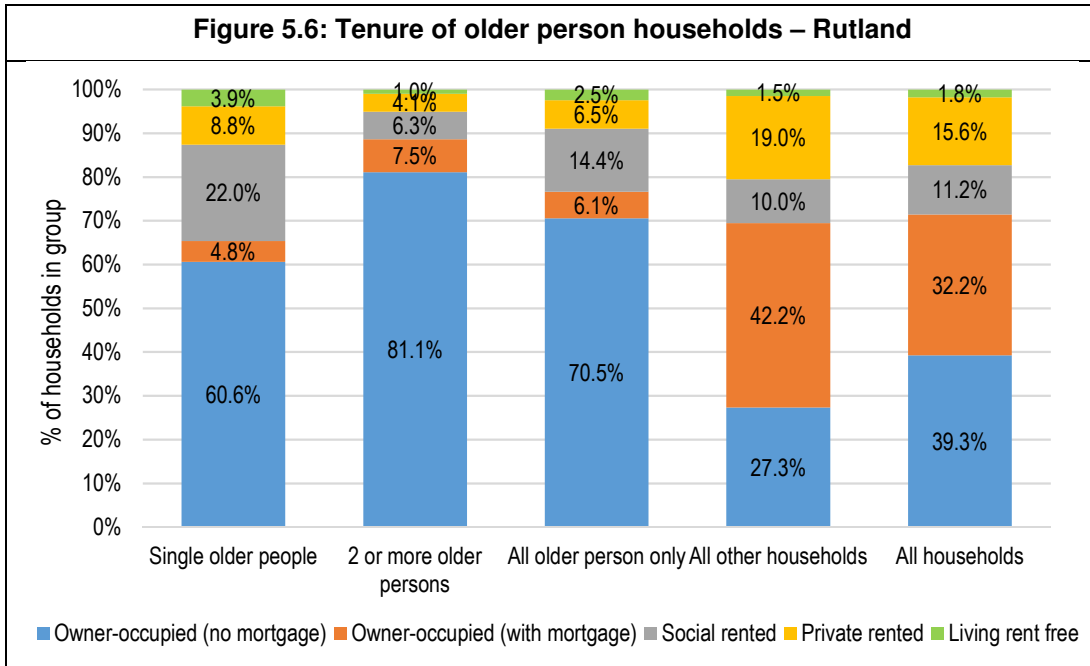
**Figure 5.5: Estimated Population Change for range of Health Issues (2016 to 2036) – Rutland**

	Type of illness/ disability	2016	2036	Change	% increase
2016-based SNPP	Dementia	694	1,160	466	67.2%
	Mobility problems	1,622	3,011	1,390	85.7%
Linked to 160 dpa	Dementia	704	1,177	473	67.2%
	Mobility problems	1,646	3,059	1,413	85.9%

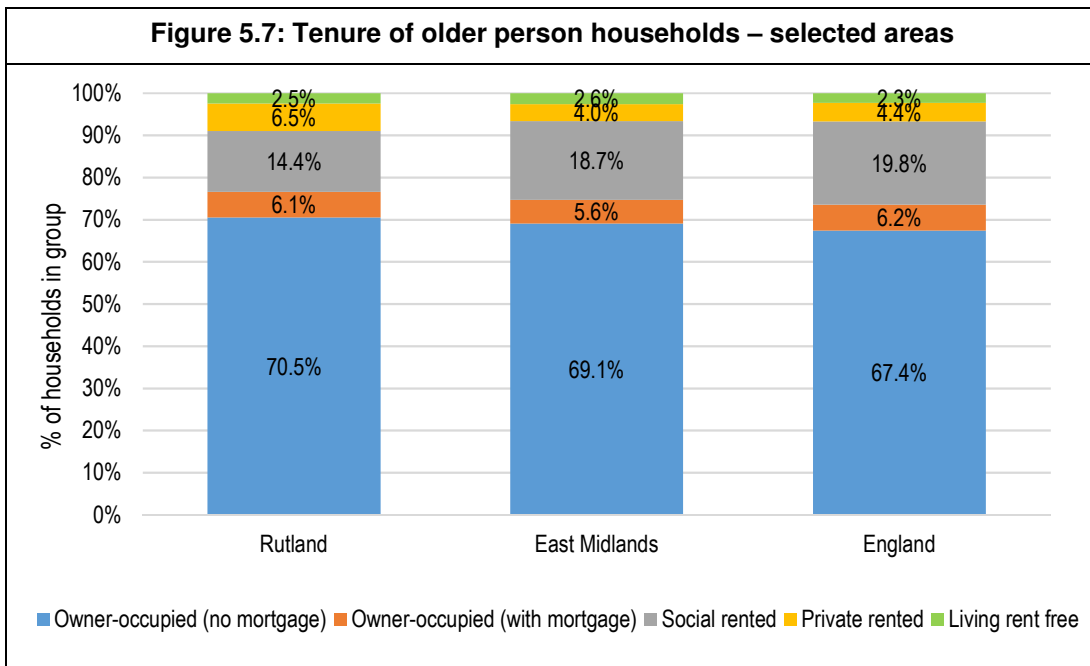
Source: Data from POPPI and demographic projections

### Characteristics of Older Person Households

- 5.14 The figure below shows the tenure of older person households – the data has been split between single older person households and those with two or more older people (which will largely be couples). The data shows that older person households are relatively likely to live in outright owned accommodation (71%) and are also more likely than other households to be in the social rented sector. The proportion of older person households living in the private rented sector is relatively low (7% compared with 16% of all households in the County).
- 5.15 There are also notable differences for different types of older person households with single older people having a much lower level of owner-occupation than larger older person households – this group also has a much higher proportion living in the social rented sector.
- 5.16 Given that the number of older people is expected to increase in the future and that the number of single person households is expected to increase this would suggest (if occupancy patterns remain the same) that there will be a notable demand for affordable housing from the ageing population. That said, the proportion of older person households who are outright owners (with significant equity) may mean that market solutions will also be required to meet their needs.



5.17 When compared with other areas, the analysis shows that the tenure mix of older person households in Rutland is broadly similar to that seen in other locations (slightly more owner-occupiers and fewer households living in social rented housing).



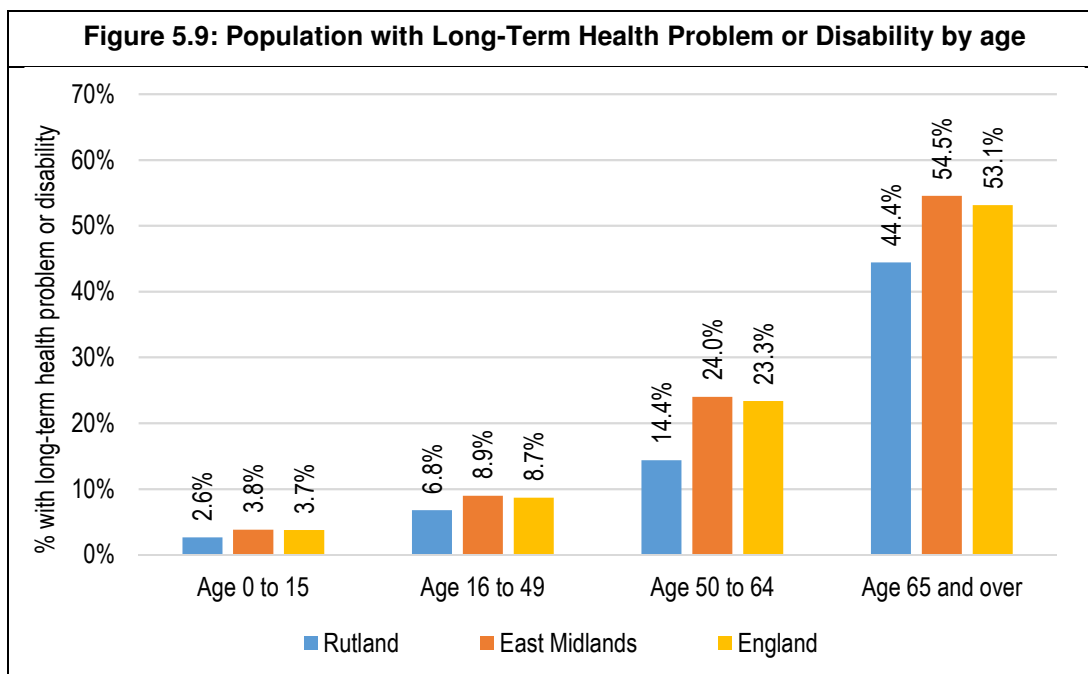
## People with Disabilities

5.18 The table below shows the proportion of people with a long-term health problem or disability (LTHPD), and the proportion of households where at least one person has a LTHPD. The data suggests that across the County, some 29% of households contain someone with a LTHPD. This figure is lower than that seen in other areas. The figures for the population with a LTHPD again show a similar pattern in comparison with other areas (an estimated 15% of the population of the County have a LTHPD).

<b>Figure 5.8: Households and people with a Long-Term Health Problem or Disability (2011)</b>				
	Households containing someone with a health problem		Population with a health problem	
	Number	%	Number	%
Rutland	4,382	29.2%	5,788	15.5%
East Midlands	644,852	34.0%	844,297	18.6%
England	7,217,905	32.7%	9,352,586	17.6%

Source: 2011 Census

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



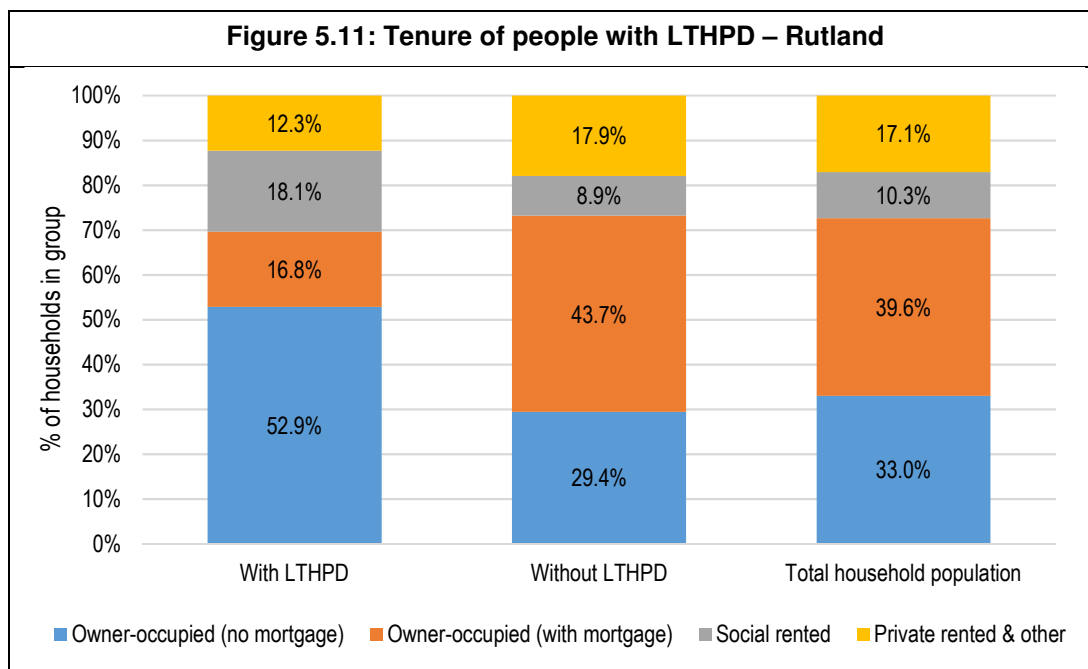
Source: 2011 Census

- 5.20 The age specific prevalence rates shown above can be applied to the demographic data to estimate the likely increase over time of the number of people with a LTHPD. In applying this information to the demographic projections, it is estimated that the number of people with a LTHPD will increase by around 2,000-2,300 (a 30-35% increase) between 2016 and 2036.
- 5.21 Across the County, virtually all of this increase is expected to be in age groups aged 65 and over. The population increase of people with a LTHPD represents at least 43% of the total increase in the population estimated by the projections.

	Population with LTHPD		Change (2016-36)	% change from 2016
	2016	2036		
2016-based SNPP	6,513	8,477	1,963	30.1%
Linked to 160 dpa	6,513	8,793	2,280	35.0%

Source: Derived from demographic modelling and Census (2011)

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



Source: Census (2011)

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

<b>Figure 5.12: Tenure of people with a LTHPD</b>		
	% of social rent with LTHPD	% of other tenures with LTHPD
Rutland	27.0%	14.1%

Source: Census (2011)

### **Older Persons' Housing Needs (self-contained units)**

- 5.24 Given the ageing population and higher levels of disability and health problems amongst older people there is likely to be an increased requirement for specialist housing options moving forward. The analysis in this section draws on data from the Housing Learning and Information Network (Housing LIN) Shop@ online toolkit and HOPSR (Housing for Older People Supply Recommendations) – a database developed by Sheffield Hallam University. This data is considered alongside demographic projections to provide an indication of the potential level of additional specialist housing that might be required for older people in the future.
- 5.25 The analysis initially focusses on needs within self-contained units (which traditionally might be considered as a C3 use class (dwelling houses)) before separately looking at residential care bedspaces (which would arguably be in a C2 use class). This distinction is important as the dwelling-houses are included within the housing need (e.g. the figures calculated through the Standard Method) whereas bedspaces figures would be in addition to that. There is sometimes a lack of clarity about which use class dwellings fall into and a brief discussion is provided later in this section; the uncertainty mainly surrounds Extra-care housing with this report considering that such housing would normally fall into a C3 class.
- 5.26 The data for need is calculated by applying prevalence rates to the population aged 75+ and as projected forward. The prevalence rates have been taken from a toolkit developed by Housing LIN, in association with the Elderly Accommodation Council and endorsed by the Department of Health. This includes the following categories (discussed in more detail below): retirement/sheltered housing, enhanced sheltered housing and extra care. This source also provides prevalence rates for residential care and nursing care bedspaces which are discussed separately below.
- 5.27 Additionally, the analysis draws on prevalence rates in the HOPSR – this source also providing some supply estimates which have been used alongside information from the Elderly Accommodation Council (EAC) which provides an indication of the current tenure mix of such accommodation.



### **Definitions of Different Types of Older Persons' Accommodation (dwellings)**

#### ***Retirement/sheltered housing:***

A group of self-contained flats or bungalows typically reserved for people over the age of 55 or 60; some shared facilities such as residents' lounge, garden, guest suite, laundry; plus on-site supportive management. A regularly visiting scheme manager service may qualify as long as s/he is available to all residents when on site. An on-call-only service does not qualify a scheme to be classified as retirement/sheltered housing. Developments usually built for either owner occupation or renting on secure tenancies.

#### ***Enhanced sheltered housing:***

Sheltered housing with additional services to enable older people to retain their independence in their own home for as long as possible. Typically there may be 24/7 (non-registered) staffing cover, at least one daily meal will be provided and there may be additional shared facilities. Also called assisted living and very sheltered housing.

#### ***Extra care housing:***

Schemes where a service registered to provide personal or nursing care is available on site 24/7. Typically at least one daily meal will be provided and there will be additional shared facilities. Some schemes specialise in dementia care, or may contain a dedicated dementia unit.

Source: HOPSR

- 5.28 As well as setting out overall prevalence rates for different types of housing, the Housing LIN and HOPSR provide some suggestions for the tenure split between rented and leasehold accommodation, this varies depending on an area's level of deprivation. In Rutland, data from the 2015 Index of Multiple Deprivation suggests that the County is the 299<sup>th</sup> most deprived of 326 local authorities (i.e. a relatively low of deprivation) – this points to a higher proportion of specialist accommodation as needing to be leasehold (market) accommodation rather than rented (affordable) when compared with the national position.
- 5.29 Consideration has also been given to overall levels of disability in the older person population; given that these are lower than the national average a small downwards adjustment to national prevalence rates has been made.
- 5.30 The main source of prevalence rate data is the Housing LIN. However, the rates used (on the online toolkit) are still the same as originally developed in 2008. A review of the rates was undertaken in 2016, and whilst these have not yet been adopted on the Housing LIN website, they are also worthwhile reflecting in the conclusions. A further Housing LIN report (Housing in Later Life) was published in 2012 and contained a further set of suggested prevalence rates; however, these figures were rejected as not being 'substantiated' and have not therefore been considered in the analysis below. Finally, it is possible to use rates from HOPSR – these more closely match current prevalence rates (i.e. they roll forward current levels of provision based on authorities with the highest levels of provision) and already include adjustments for local factors such as varying levels of health amongst the older person population.

5.31 On the basis of this discussion, four sets of estimates of the need for specialist older persons accommodation have been developed; firstly, three linking to the Housing LIN and secondly as taken from HOPSR. The sources used and a brief description is:

- Shop@ (online) – this takes the prevalence rates in the online tool from Housing LIN. This is essentially the data as published without any local adjustments;
- Shop@ (adjusted) – this takes the Housing LIN online figures and makes adjustments based on recognising slightly better health amongst the older person population in the area. Adjustments are also made to the tenure split based on local deprivation levels;
- Shop@ Review – this uses information from the 2016 review into the Housing LIN prevalence rates and whilst not yet adopted by Housing LIN does provide some more up-to-date thinking on the topic. The base rates have again been adjusted to take account of health and deprivation;
- HOPSR – this applies the rates published in the HOPSR for each local authority. It is understood that these rates already make adjustments for health and deprivation issues and are therefore used as published.

5.32 The table below shows the prevalence rates used in the analysis from each of the above sources. In both the HOPSR and Housing LIN, accommodation types are split into retirement/sheltered, enhanced sheltered and Extra-care. For the purposes of analysis below the last two categories (enhanced sheltered/Extra-care) have been merged into one. This is partly because this allows for alignment with the supply data available from the EAC and also to be consistent with the Shop@ Review (discussed above) which notes that *‘most leasehold extra-care is enhanced sheltered according to EAC specifications’*. Therefore, two categories of accommodation are used:

- Housing with Support (which covers retirement/sheltered housing); and
- Housing with Care (which includes the enhanced sheltered and extra-care housing)

5.33 The table shows in both of these categories that the different sources suggest wildly varying assessments of the need for different types of housing in different tenures, this is particularly the case for rented housing with care where the prevalence rates for rented housing range from 5 dwellings per 1,000 up to 34 dwellings per 1,000 – market needs vary from 4 per 1,000 up to 22 per 1,000. On this basis it is quite difficult to definitively say what a reasonable rate to use would be and the analysis has simply averaged all the sources to provide figures to use in analysis (final row of table below).

<b>Figure 5.13: Prevalence rates from different sources as applicable to Rutland (figures all per 1,000 population aged 75 and over)</b>				
	Housing with support (sheltered/retirement)		Housing with care (enhanced sheltered/extra-care)	
	Rent	Market	Rent	Market
Shop@ (online)	104	21	34	11
Shop@ (adjusted)	36	69	16	22
Shop@ Review	39	66	5	12
HOPSR	115	22	12	4
Average	73	44	17	12

Source: Derived from Housing LIN and HOPSR data

5.34 The tables below show estimated needs for different types of housing across the whole of Rutland by applying the above prevalence rates (the first table links to the 2016-based SNPP and the second to provision of 160 dwellings per annum). Overall, the analysis suggests there is a current shortfall of all types and tenures of specialist housing, and that this is expected to increase in the future. Focussing on housing with care in the rented (affordable) sector, the analysis identifies a current shortfall of around 70 units, increasing to about 130 units by 2036 – figures in the leasehold sector are slightly lower. The figures from the two different projections show broadly similar patterns. It should be noted that the supply data for housing with support and housing with care dates from 2015 and may need to be updated with knowledge of any schemes developed since then.

**Figure 5.14: Older Persons' Dwelling Requirements 2016 to 2036 linked to the 2016-based SNPP – Rutland**

		Housing demand per 1,000 75+	Current supply	2016 demand	Current shortfall/ (surplus)	Additional demand to 2036	Shortfall/ (surplus) by 2036
Housing with support	Rented	73	202	311	109	254	363
	Leasehold	44	11	188	177	154	332
Housing with care	Rented	17	0	71	71	58	129
	Leasehold	12	39	51	12	42	54
Total (dwellings)		147	252	622	370	508	878

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

**Figure 5.15: Older Persons' Dwelling Requirements 2016 to 2036 linked provision of 160 dwellings per annum – Rutland**

		Housing demand per 1,000 75+	Current supply	2016 demand	Current shortfall/ (surplus)	Additional demand to 2036	Shortfall/ (surplus) by 2036
Housing with support	Rented	73	202	311	109	265	374
	Leasehold	44	11	188	177	161	338
Housing with care	Rented	17	0	71	71	61	132
	Leasehold	12	39	51	12	44	56
Total (dwellings)		147	252	622	370	530	899

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

5.35 The figures provided above should be treated as indicative as there is no nationally agreed set of prevalence rates (or how these might be adjusted for local factors). The Council should consider reviewing this evidence if a specific application comes in for older persons housing, where this is supported by its own needs assessment.

## Older Persons’ Housing Needs (Residential Care Bedspaces)

5.36 The analysis below provides the same style of outputs (drawing on the same sources) for the estimated need for care home bedspaces. The analysis draws on that above, including making adjustments for the relative health of the population of Rutland. It should be noted that the rows in tables are for bedspaces and do not have an associated tenure. The box below shows the definition of care beds assumed for this assessment.

### Definitions of Different Types of Older Persons’ Accommodation (Residential Care Bedspaces)

**Care beds:**

*Care homes:* Residential settings where a number of older people live, usually in single rooms, and have access to on-site care and personal care services (such as help with washing and eating).

*Care homes with nursing:* These homes are similar to those without nursing care but they also have registered nurses who can provide care for more complex health needs.

Source: HOPSR

5.37 The table below shows the prevalence rates used in analysis for the number of bedspaces required drawn for a number of sources. Again, the analysis shows some variation in assumptions with the overall average showing a need for 96 bedspaces per 1,000 population aged 75 and over.

**Figure 5.16: Prevalence rate assumptions used to estimate the need for care home bedspaces (figures per 1,000 population 75+)**

	Housing demand per 1,000 75+
Shop@ (online)	110
Shop@ (adjusted)	92
Shop@ Review	71
HOPSR	93
Used in analysis	92

Source: Derived from Housing LIN and HOPSR data

5.38 The table below shows the need associated with these prevalence rates when applied to the population projections in Rutland – the analysis includes an estimate of the current supply. The analysis shows a current demand for around 80 bedspaces. There is however projected to be a notable future need, with an additional 300+ bedspaces projected as being needed in the period to 2036 (totalling around 400 additional bedspaces by 2036).

	Housing demand per 1,000 75+	Current supply	2016 demand	Current shortfall/ (surplus)	Additional demand to 2036	Shortfall/ (surplus) by 2036
2016-based SNPP	92	306	388	82	317	399
Linked to 160 dpa	92	306	388	82	331	413

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

## Older Persons' Housing and Planning Use Classes

5.39 It is worth briefly discussing the Use Classes that Older Persons housing would fall into as there is some lack of clarity (particularly when it comes to Extra-care housing). The Use Classes Order sets out different categories of residential use and makes a distinction between residential institutions (Class C2) and dwelling-houses (Class C3) – the C2/C3 distinction is important as it can impact on the ability of a local authority to seek an affordable housing contribution from a development.

5.40 There is considerable case law (at planning appeals and in the courts) on the definitions of both. There is no government guidance on which use class 'extra care housing' falls into. It is for the decision maker to decide, depending on the individual circumstances of each case. In deciding which is the appropriate use class, much will depend on the extent to which the accommodation is self-contained, and the discussion below sets out in more detail the definitions used in this report.

5.41 Planning Practice Guidance does not appear to give a definitive definition of C2 and C3. However, there are a number of places where C2 housing is referenced. This includes:

[on housing needs assessment] *'The assessment can also set out the level of need for residential institutions (Use Class C2)'* [paragraph 2a-017]

[on Housing and economic land availability assessment] *'Local planning authorities will need to count housing provided for older people, including residential institutions in Use Class C2, against their housing requirement. For residential institutions, to establish the amount of accommodation released in the housing market, authorities should base calculations on the average number of adults living in households, using the published census data'* [paragraph 3-043]

5.42 This latter quote would suggest that it is necessary to understand the Census definition if we are to separate out institutional (i.e. C2) accommodation from dwellings (i.e. C3). The 2011 Census definitions include:

*'... units in an establishment where 50 per cent or more have their own kitchens should be defined as households (irrespective of whether there are other communal facilities)'*

5.43 Hence, any development, should be included as C3 (not institutional) where at least half of all units have their own kitchens. In developments where fewer than half of units have their own kitchen, a C2 use class is relevant.

- 5.44 To be clear, the PPG defines C2 use class by reference to ‘residential institutions’ and draws from the 2011 Census to define this. The Census definition is related to self-containment (based on kitchen facilities). On this basis it would be expected that most Extra-care schemes would fall into a C3 use class.
- 5.45 Overall, however, it is suggested that the choice of a Use Class should not really matter as long as relevant policies are clear about the expectation from any scheme. For example, an affordable housing contribution could be sought from Extra-care schemes regardless of whether or not they are considered as C2 or C3 – as long as this is clearly set out in policy.
- 5.46 The new PPG on Housing for older and disabled people seems to recognise some of the issues that have been seen in determining a use class for different types of specialist housing with para 63-014 specifically dealing with this issue. In particular the PPG states that ‘*it is for a local planning authority to consider into which use class a particular development may fall*’ with some limited discussion following about the factors that might be taken into account (level of care and scale of communal facilities).

## Wheelchair User Housing

- 5.47 Information about the need for housing for wheelchair users is difficult to obtain (particularly at a local level) and so some brief analysis has been carried out based on national data within a research report by Habinteg Housing Association and London South Bank University (Supported by the Homes and Communities Agency) - *Mind the Step: An estimation of housing need among wheelchair users in England*. This report provides information at a national and regional level although there are some doubts about the validity even of the regional figures; hence the focus is on national data.
- 5.48 The report identifies that around 84% of homes in England do not allow someone using a wheelchair to get to and through the front door without difficulty and that once inside, it gets even more restrictive. Furthermore, it is estimated (based on English House Condition Survey data) that just 0.5% of homes meet criteria for ‘accessible and adaptable’, while 3.4% are ‘visitable’ by someone with mobility problems (data from the CLG Guide to available disability (taken from the English Housing Survey)) puts the proportion of ‘visitable’ properties at a slightly higher 5.3%.
- 5.49 Overall, the report estimates that there is an unmet need for wheelchair user dwellings equivalent to 3.5 per 1,000 households (this is described in the Habinteg report as the *number of wheelchair user households with unmet housing need*). In Rutland, as of 2018, this would represent a current need for about 60 wheelchair user dwellings. Moving forward, the report estimates a wheelchair user need from around 3% of households. If 3% is applied to the household growth in the demographic projections (2016-36) then there would be an additional need for around 60-90 adapted homes. If these figures are brought together with the estimated current need then the total wheelchair user need would be for around 120-150 homes (over 20-years).

	Current need	Projected need (2016-36)	Total
2016-based SNPP	56	64	121
Linked to 160 dpa	57	93	150

Source: Derived from demographic projections and Habinteg prevalence rates

- 5.50 Information in the CLG Guide to available disability data also provides some historical national data about wheelchair users by tenure (data from the 2007/8 English Housing Survey). This showed around 7.1% of social tenants to be wheelchair users, compared with 2.3% of owner-occupiers (there was insufficient data for private renting, suggesting that the number is low). This may impact on the proportion of different tenures that should be developed to be for wheelchair users (although it should be noted that the PPG (56-009) states that *‘Local Plan policies for wheelchair accessible homes should be applied only to those dwellings where the local authority is responsible for allocating or nominating a person to live in that dwelling’*).

## The Emerging Local Plan

- 5.51 Policy RLP34 (Accessibility Standards) of the emerging Local Plan sets out a range of types of new housing (including bungalows and larger detached homes) as being expected to meet the M4(2) standards (subject to viability and other considerations). The supporting text highlights the increased number of people with disabilities projected for the area and notes that *‘ideally all new build dwellings would be required to meet at least M4(2)’*. Despite this (and due to viability concerns) only a limited number of house types are expected to meet this standard. Moving forward the Council could relook at viability issues as it may be possible to seek M4(2) of a much larger proportion of homes.
- 5.52 The supporting text to RLP14 (housing mix) picks up on the issue of older persons’ needs, stating *‘the SHMA (2014) identifies that the number of older people in Rutland is expected to increase substantially during the period 2011 to 2036, leading to an indicative annual need for 24 units of specialist housing for older people. Some of this provision will need to be affordable housing. There has been substantial interest from developers in providing private sector accommodation of this type in Rutland since 2011, leading to a number of planning consents and a specific policy to promote this type of housing is therefore not necessary’*.
- 5.53 If there is a reasonable supply of older persons accommodation coming through the system then this position seems reasonable. However, it should be noted that this report does suggest a slightly higher potential need for older persons accommodation (over 40 dwellings per annum) and this could mean that some indicative target might be appropriate.
- 5.54 Overall the policy and text appear to be sound and still broadly reflective of the latest evidence base. However, the Council might consider including targets within the plan for specialist housing as well as M4(2) and M4(3) optional technical standards on a wider range of dwellings.

- 5.55 Based on the analysis in this report the Council might seek say 20% of homes on larger sites to be specialist housing for older people, they could also consider setting a target for care home bedspaces. In setting targets, it would need to be remembered that these types of schemes may not be appropriate on smaller sites and a threshold of maybe 100 homes might need to be considered. In addition, it is possible that 100% specialist schemes will come forward. These comments are not suggesting any deficiency with the emerging Local Plan and these issues are raised for consideration in any future review.
- 5.56 Regarding M4(2) technical standards, it is suggested that the Council considers (as a start point) requiring all dwellings to meet the M4(2) standards (which are similar to the Lifetime Homes Standards) and at least 10% of affordable homes meeting M4(3). It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.



### Housing for Older People and People with Disabilities: Key Messages

- Planning Practice Guidance (PPG) section 56 (Housing: optional technical standards) sets out how local authorities can gather evidence to set requirements on a range of issues (including accessibility and wheelchair housing standards). The PPG (on housing needs assessment) suggests looking at the specific needs of older people and those with disabilities. A range of data sources are considered, as suggested by CLG and also some more traditionally used in assessments such as this (e.g. from Housing LIN and HOPSR). This is to consider the need for specialist accommodation for older people and also Building Regulations M4(2) (accessible and adaptable dwellings), and M4(3) (wheelchair user dwellings).
- The data shows that in general, Rutland has lower levels of disability compared with other areas, however an ageing population means that the number of people with disabilities is likely to increase substantially in the future. Key findings include:
  - A 50% increase in the population aged 65+ over 2016-2036 (potentially accounting for at least most of the total population growth);
  - A current and projected need for enhanced sheltered and extra-care housing in both the rented and leasehold sectors, along with a need for additional retirement/sheltered housing;
  - A need for additional care bedspaces; and
  - a need for up to 150 dwellings to be for wheelchair users (meeting technical standard M4(3))
- This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing. Given the evidence, the Council could consider (as a start point) requiring all dwellings to meet the M4(2) standards (which are similar to the Lifetime Homes Standards) and at least 10% of affordable meeting M4(3). It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.
- The Council should also consider if a different approach is prudent for market housing and affordable homes, recognising that Registered Providers may already build to higher standards, and that households in the affordable sector are more likely to have some form of disability.
- In seeking M4(2) compliant homes, the Council should also be mindful that such homes could be considered as 'homes for life' and would be suitable for any occupant, regardless of whether or not they have a disability at the time of initial occupation.
- The analysis is not definitive about the quantities of different types of specialist housing (or its tenure) due to a range of views about prevalence rates; the need for housing with care (Extra-care/Enhanced sheltered) is estimated to be for around 190 dwellings in the period to 2036 (10 per annum) – it is considered that these will be in a C3 use class.



## 6. Private Rented Sector

### Introduction

- 6.1 Planning Practice Guidance on housing need assessment highlights the Private Rented Sector (PRS) as one of the specific groups that should be analysed, although there is little advice on the analysis expected and the outputs. Specifically, the PPG [2a-017] says: *'tenure data from the Office for National Statistics can be used to understand the future need for private rented sector housing'* and *'market signals reflecting the demand for private rented sector housing could be indicated from the level of changes in rents'*.
- 6.2 This section therefore looks at a range of statistics in relation to the PRS in Rutland. Where reasonable, comparisons are made with other tenures (i.e. owner-occupied and social rented) as well as contrasting data with other areas. The aim is to bring together a range of information to understand the role played by the sector, and to consider if there is any need to provide additional housing in this tenure.

### Size of the Private Rented Sector

- 6.3 The table below shows the tenure split of housing in 2011 in Rutland and a range of other areas. This shows a total of 2,300 households living in private rented housing in the County – 15.6% of all households. This proportion is slightly above the equivalent figure for the region, but slightly below the national average. The vast majority of households in the PRS are living in housing rented from a landlord or through a letting agency, although around 600 (4% of all households) are recorded as living in 'other' PRS accommodation, this is mainly households living in housing owned by the employer of a household member.

	Rutland	East Midlands	England
Owns outright	5,889	621,224	6,745,584
Owns with mortgage/loan	4,827	666,185	7,403,200
Social rented	1,685	300,423	3,903,550
Private rented	2,333	282,443	3,715,924
Living rent free	268	25,329	295,110
Total	15,002	1,895,604	22,063,368
% private rented	15.6%	14.9%	16.8%

Source: Census (2011)

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

	2001 households	2011 households	Change	% change
Owens outright	4,721	5,889	1,168	24.7%
Owens with mortgage/loan	5,074	4,827	-247	-4.9%
Social rented	1,603	1,685	82	5.1%
Private rented	1,675	2,333	658	39.3%
Living rent free	384	268	-116	-30.2%
Total	13,457	15,002	1,545	11.5%

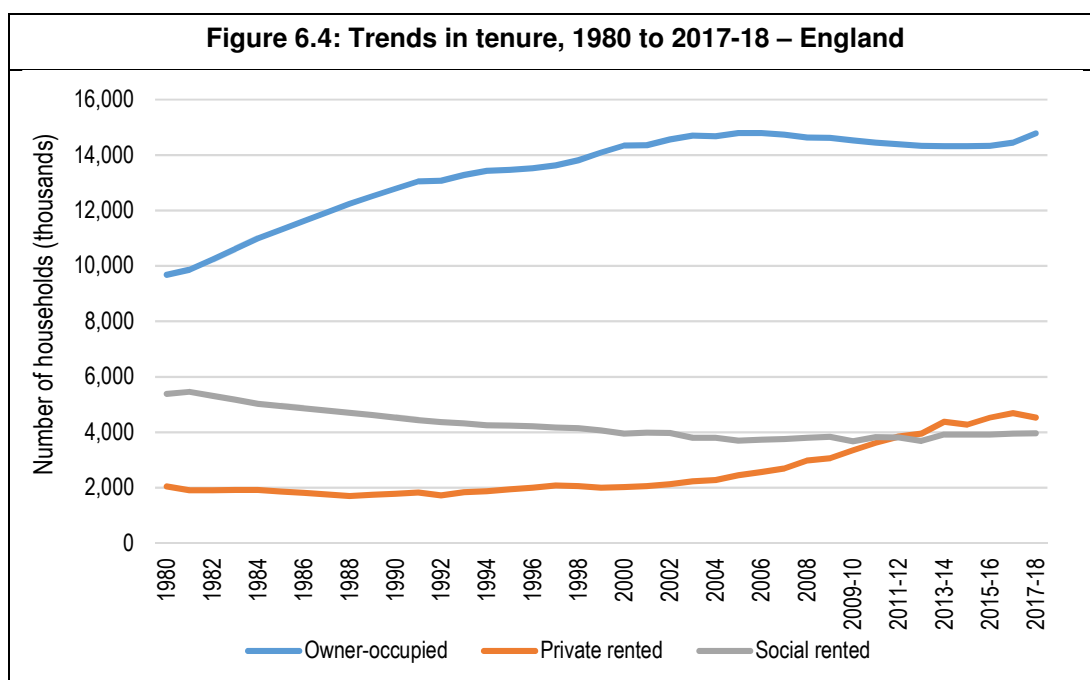
Source: 2001 and 2011 Census

- 6.5 The general pattern of tenure changes in Rutland is broadly similar to that seen in other areas – i.e. an increase in the PRS and outright owners and a reduction in owners with a mortgage. However, the increase in outright owners is more notable than seen in other areas, whilst the increase in the number of households in the PRS is only around half of the change seen nationally. The differences in Rutland are likely in part to be due to the older age structure of the population in comparison with other locations.

	Rutland	East Midlands	England
Owens outright	24.7%	16.4%	13.0%
Owens with mortgage/loan	-4.9%	-7.1%	-8.4%
Social rented	5.1%	-1.0%	-0.9%
Private rented	39.3%	95.9%	82.4%
Living rent free	-30.2%	-26.3%	-29.6%
TOTAL	11.5%	9.4%	7.9%

Source: 2001 and 2011 Census

- 6.6 The PRS has clearly been growing rapidly over time, in Rutland and other locations; it is also worth considering what further changes may have occurred since 2011. Unfortunately, robust local data on this topic is not available, however a national perspective can be drawn from the English Housing Survey (EHS) which has data up to 2017. The figure below shows changes in three main tenures back to 1980. This clearly shows the increase in the number of households living in private rented accommodation from about 2001 and also a slight decrease in the number of owners. Since 2011, the EHS data shows that that PRS has risen by a further 21% and if Rutland has seen a similar level of increase then this would imply about 500 additional households in the sector.



Source: English Housing Survey

- 6.7 The data above shows information for all households and it is of interest to study this information for younger households. Interrogating changes for a full range of age groups is difficult as the two Census (2001 and 2011) use different age bandings. It is however possible to provide an indication of the change in tenure by looking at households aged under 35 and this is shown in the table below.
- 6.8 For the Under 35 age group the analysis again shows a substantial increase in the number of households living in private rented accommodation (23%). However, it should be noted that overall there was a substantial decline in the number of households aged under 35 (decreasing by 12%). The analysis also highlights a significant decrease in the number of owner occupiers (decreasing by over 40% in just 10-years) and no change in the number of young people in social rented accommodation. In 2001, some 37% of younger households lived in the PRS; by 2011, this had increased to 48%.

**Figure 6.5: Change in tenure 2001-11 (all households aged Under 35) – Rutland**

	2001	2011	Change	% change
Owned	910	538	-372	-40.9%
Social rented	310	310	0	0.0%
Private rented	636	781	145	22.8%
TOTAL	1,856	1,629	-227	-12.2%

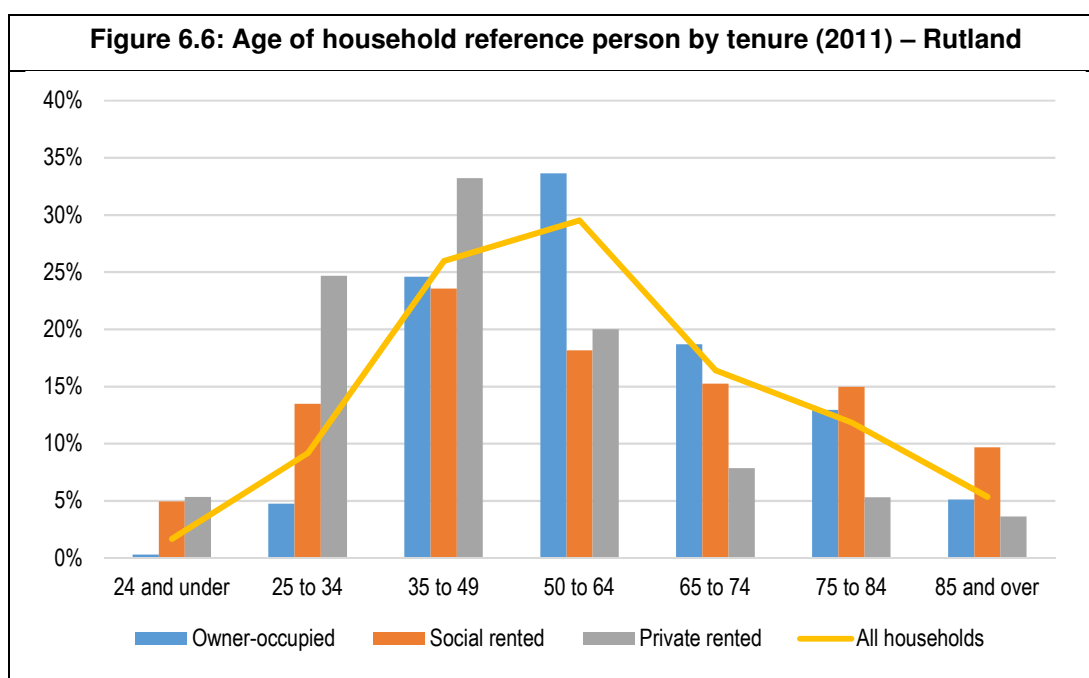
Source: 2001 and 2011 Census

## Profile of Private Renters

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

### Age

6.10 Private renters are younger than social renters and owner occupiers. In 2011, the average age of household reference persons (HRPs) in the private rented sector was 47 years (compared with 59 years for owner occupiers and 57 years for social renters). Approaching two-thirds (63%) of private rented sector HRPs were aged under 50 compared with 42% of social renters and 30% of owner occupiers.



Source: Census (2011)

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

### Household type

6.12 The table below shows the composition of households living in the private rented sector (and compared with other tenures). This shows a relatively high proportion of households with dependent children, making up 33% of the PRS and younger single person households (23% of the sector). The sector also sees a relatively high proportion of households in the 'other' category. Many of these households are likely to be multi-adult households living in shared accommodation (i.e. houses in multiple occupation (HMOs)).

- 6.13 Between 2001 and 2011, Census data shows that the number of households with dependent children in the PRS rose from 711 to 870 – a 22% increase. The proportion of the PRS made up of households with dependent children however decreased slightly (from 34% to 33% over the same period). This is in contrast with national trends that have generally seen a growing proportion of the PRS containing dependent children.

**Figure 6.7: Household composition by tenure (2011) – Rutland**

	Owner-occupied	Social rented	Private rented	Total
Single person aged 65+	13.1%	28.0%	10.4%	14.3%
Single person aged <65	10.2%	17.2%	22.6%	13.1%
Couple aged 65+	16.2%	7.4%	3.9%	13.1%
Couple, no children	24.8%	8.8%	20.6%	22.3%
Couple, dependent children	20.5%	15.7%	23.0%	20.4%
Couple, all children non-dependent	6.9%	3.4%	2.6%	5.7%
Lone parent, dependent children	2.6%	12.3%	8.8%	4.8%
Lone parent, all children non-dependent	2.4%	4.2%	2.6%	2.6%
Other households with dependent children	1.2%	1.5%	1.7%	1.3%
Other households	2.2%	1.5%	3.8%	2.4%
Total	100.0%	100.0%	100.0%	100.0%
Total households	10,716	1,685	2,601	15,002
Total dependent children	24.3%	29.5%	33.4%	26.5%

Source: Census (2011)

#### Size and type of accommodation

- 6.14 The tables below show the size and type of accommodation in the PRS compared with other sectors. From this it can be seen that the profile PRS generally sits somewhere between that of owner-occupation and social renting. For example, the PRS has a higher proportion of detached homes than the social rented sector, but fewer than owner-occupiers; the opposite is seen when looking at flatted accommodation.
- 6.15 When looking at the size of accommodation, it is clear that the PRS is strongly focussed on 2- and 3-bedroom homes (making up 77% of all households in this tenure). The owner-occupied sector in contrast is dominated by 3+-bedroom homes (83% of the total in this tenure) whilst social renting has the highest proportion of 1- and 2-bedroom homes (62% of the total in this tenure).

<b>Figure 6.8: Accommodation type by tenure (households) – Rutland</b>				
	Owner-occupied	Social rented	Private rented	Total
Detached	59.5%	3.8%	25.3%	47.3%
Semi-detached	23.4%	40.7%	35.0%	27.4%
Terraced	14.5%	22.7%	26.6%	17.5%
Flat/other	2.6%	32.8%	13.0%	7.8%
Total	100.0%	100.0%	100.0%	100.0%
	10,716	1,685	2,601	15,002

Source: Census (2011)

<b>Figure 6.9: Accommodation size by tenure (households) – Rutland</b>				
	Owner-occupied	Social rented	Private rented	Total
1-bedroom	1.4%	27.9%	8.7%	5.6%
2-bedrooms	15.4%	34.2%	34.0%	20.7%
3-bedrooms	41.1%	35.4%	42.7%	40.8%
4+-bedrooms	42.1%	2.5%	14.6%	32.9%
Total	100.0%	100.0%	100.0%	100.0%
	10,716	1,685	2,601	15,002

Source: Census (2011)

Overcrowding and under-occupation

- 6.16 The analysis below studies levels of overcrowding and under-occupation – this is based on the bedroom standard with data taken from the 2011 Census. The analysis shows that levels of overcrowding in the PRS are higher than for households generally, with 1.8% of households being overcrowded in 2011 (albeit half the 3.6% figure in social rented accommodation, but notably above the owner-occupied figure of 0.7%). Levels of under-occupation are higher than in the social rented sector, with around 74% of households having at least one spare bedroom (92% in the owner-occupied sector).

<b>Figure 6.10: Overcrowding and under-occupation by tenure (households) – Rutland</b>				
	Owner-occupied	Social rented	Private rented	Total
+2 or more	64.7%	14.2%	30.5%	53.1%
+1 or more	27.5%	33.2%	43.6%	31.0%
0	7.1%	49.0%	24.0%	14.7%
-1 or less	0.7%	3.6%	1.8%	1.2%
Total	100.0%	100.0%	100.0%	100.0%
	10,716	1,685	2,601	15,002

Source: Census (2011)

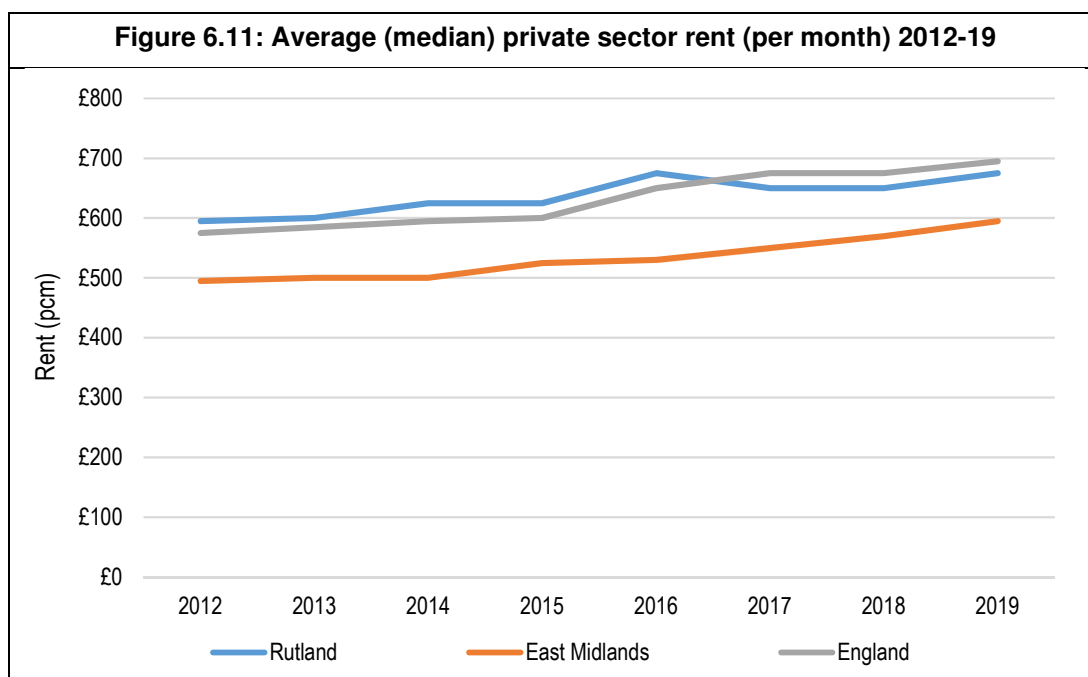


Economic activity

- 6.17 Data from the 2011 Census shows that 80% of private renters in Rutland were working, this is higher than the proportion of owner occupiers (65%) and somewhat higher than the proportion of social renters in work (46%). Smaller proportions of private renters were retired (14%) compared with 33% in the owner-occupied sector and 38% in the social rented sector.

**Housing Costs**

- 6.18 The analysis of affordable housing need describes the current cost of housing in the PRS in Rutland. Below, analysis is carried out to look at how costs have changed over time. This draws on data from the Valuation Office Agency (VOA) using a time series back to 2012 – the data provided in this section looks at the year to the end of March (for any given year).
- 6.19 The figure below shows a time-series of average (median) rents from 2012 to 2019; this shows across the County that there has been some increase in rent levels although rents are now slightly below those seen nationally (having been slightly higher until 2016).



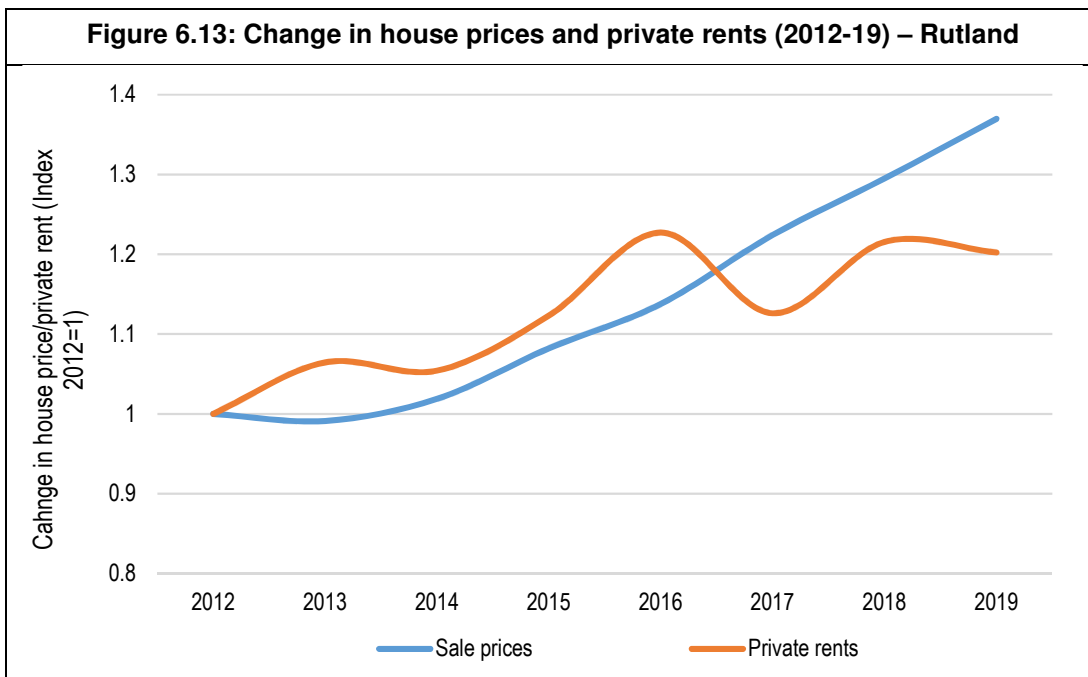
Source: Valuation Office Agency

- 6.20 The table below shows that the overall average rent in Rutland increased by 13% from 2012 to 2019; in comparison, rents increased by 20% regionally and 21% nationally.

<b>Figure 6.12: Average (median) private sector rent (per month) 2012 and 2019 – Rutland</b>				
	2012	2019	Change	% change
1-bedroom	£430	£450	£20	5%
2-bedrooms	£550	£625	£75	14%
3-bedrooms	£650	£725	£75	12%
4+-bedrooms	£1,195	£1,250	£55	5%
All dwellings	£595	£675	£80	13%

Source: Valuation Office Agency

6.21 The figure below shows a comparison between changes to private sector rents and changes to the average house price in the 2012-19 period (figures are for mean rather than median and in the case of rents this shows a slightly higher increase of about 20% from 2012 to 2019). The analysis shows that house prices have increased by around 37% in Rutland, compared with a 20% change in rents respectively. For context, the equivalent change in prices across England and Wales was 39%. This analysis does not really suggest any particular pressures in PRS when taken in the context of the whole market (i.e. the higher increase in prices to buy), and therefore does not indicate any particular shortage of supply of private rented homes.

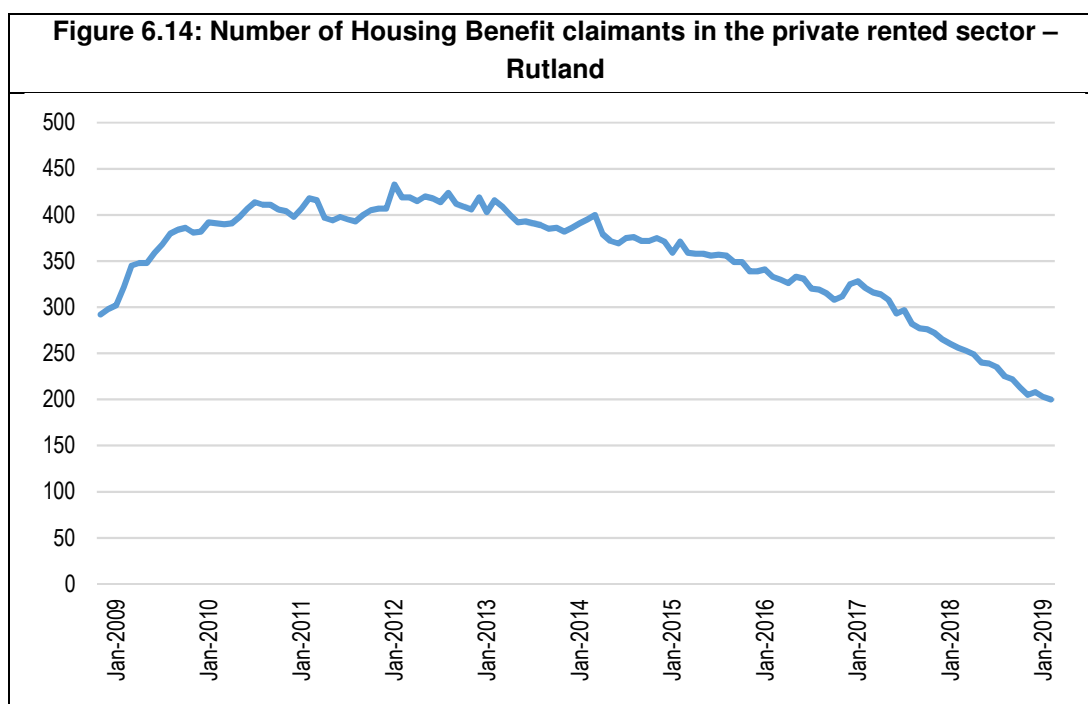


Source: Valuation Office Agency and Land Registry

Housing Benefit Claimants

6.22 A further analysis has been carried out to look at the number of housing benefit claimants in the sector. This provides an indication of the number of people who are using the sector as a form of affordable housing, and in many cases will be living in private rented accommodation due to a lack to affordable housing (e.g. in the social rented sector). It should however be noted that some of these households may also be in the sector through choice.

- 6.23 The analysis shows that from 2008, the number of claimants in the PRS rose steadily to peak at around 430 in 2012. Since then the number of claimants has fallen, with the number currently standing at about 200. It is clear that the PRS still has a significant role in proving accommodation for those who cannot afford the market, but that this is reducing over time. The change is likely to be mainly due to economic improvements (e.g. reducing unemployment), although the relative unaffordability of the sector may also be playing a role – with some households seeking to move into the social rented sector.



Source: Department of Work and Pensions

## Build-to-Rent

- 6.24 As noted, the size of the PRS has grown substantially in Rutland since 2011 and this has been the main growth sector in the market. Nationally and regionally there has also been a substantial increase in the size of the PRS.
- 6.25 Linked in part to this, there is an increased (national) interest from developers in “Build to Rent” housing, which is specifically built not for open market sale but for the Private Rented Sector. Arguably, the sector provides the opportunity for good quality, well-managed rental accommodation which is purpose-built. Additionally, the sector provides the opportunity to boost overall housing delivery, as it does not compete directly with traditional housing development schemes which are built for sale.
- 6.26 The Government has been promoting Build-to-Rent housing. It has set up a Private Rented Sector Taskforce; and supported delivery through other measures – including a Build to Rent Fund which provides Government-backed loans to support new development. The sector is currently relatively small but is one with growth potential.

- 6.27 The Housing White Paper (HWP) notes that local authorities ‘*should plan proactively for Build to Rent where there is a need, and to make it easier for Build to Rent developers to offer affordable private rental homes instead of other types of affordable housing*’. Following this, the revised NPPF now includes Build to Rent housing in the Glossary and specific advice about affordable housing on Build to Rent schemes. Build to Rent guidance was published by MHCLG on the 13<sup>th</sup> September 2018.
- 6.28 In Rutland, there is currently no evidence of a need for Build to Rent or any significant activity in the sector. Indeed nationally, Build to Rent schemes are mainly coming forward in major urban areas (notably London) and are focussed on young professionals in locations close to transport hubs. Given private sector rent levels in Rutland, it seems unlikely that there would be any notable investment in this sector at present. However, if schemes were to come forward, the Council should consider them on merit, including taking account of any affordable housing offer (such as rent levels and the security of tenure).
- 6.29 If the Council were to seek to promote Build-to-Rent housing, the draft London Plan (Policy H13<sup>3</sup>) provides some indication of the sort of criteria that could be used. In particular Policy H13 would require housing to be provided at a ‘genuinely affordable rent’ and preferably at a Living Rent; the housing should also be secured in perpetuity.
- 6.30 Policy H13 also contains a number of other suggested clauses which it is considered would be relevant to Rutland. This includes a covenant (to ensure that homes remain as Build-to-Rent for a set period of time), longer tenancies (suggested at least 3-years), a clear basis for rent increases and no upfront fees for prospective tenants.

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<sup>3</sup> <https://www.london.gov.uk/what-we-do/planning/london-plan/new-london-plan/draft-new-london-plan/chapter-4-housing/policy-h13-build-rent>

### The Private Rented Sector: Key Messages

- The private rented sector (PRS) accounts for around 16% of all households in Rutland (as of 2011) – a slightly larger proportion to that the East Midlands, and below the national average (17%). The number of households in this sector has however grown notably (increasing by 39% in the 2001-11 period) with the likelihood of further increases since.
- The PRS has some distinct characteristics, including a much younger demographic profile and a high proportion of households with dependent children (notably lone parents) – levels of overcrowding are relatively high. In terms of the built-form and size of dwellings in the sector, it can be noted that the PRS generally provides smaller, flatted/terraced accommodation when compared with the owner-occupied sector. That said, over half of the private rented stock has three or more bedrooms and demonstrates the sector's wide role in providing housing for a range of groups, including those claiming Housing Benefit and others who might be described as 'would be owners' and who may be prevented from accessing the sector due to issues such as deposit requirements.
- Additional analysis suggests that rent levels have increased over time (when looking at the 2012-19 period) but that increases in rents fall well behind the increase in house prices over the same period – the increase in rents is lower than that seen nationally and does not suggest any particular lack of supply of private rented homes. The lack of homes to buy does appear to be a more pressing issue.
- There is no evidence of a need for Build to Rent housing (i.e. developments specifically for private rent). Given the current Government's push for such schemes, the Council should consider any proposals on their merit, including taking account of any affordable housing offer (such as rent levels and the security of tenure).
- This study has not attempted to estimate the need for additional private rented housing. It is likely that the decision of households as to whether to buy or rent a home in the open market is dependent on a number of factors which mean that demand can fluctuate over time; this would include mortgage lending practices and the availability of Housing Benefit. A general (national and local) shortage of housing is likely to have driven some of the growth in the private rented sector, including increases in the number of younger people in the sector, and increases in shared accommodation. If the supply of housing increases, then this potentially means that more households would be able to buy, but who would otherwise be renting.



## 7. Self-Build and Custom Housebuilding

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### Introduction

- 7.1 This section considers the potential contribution that self-build and custom housebuilding could make towards the County's housing land supply.

### The Government's Position on Self-Build and Custom Housebuilding

- 7.2 The Self-Build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016) ("the Act") provides a legal definition of self-build and custom housebuilding. The definition does not distinguish between the two in setting out that both are where individuals or associations of individuals (or persons working with or for individuals or associations of individuals) build houses to be occupied as homes for those individuals.
- 7.3 In deciphering between the two, it can be said that self-build housing means that the individual is directly involved in organising the design and construction of that individual's home; whereas custom housebuilding relates to an individual working with a specialist developer to help deliver that individual's home.
- 7.4 The Government has long had a clear agenda for supporting and promoting the self-build and custom-building sector. In *Laying the Foundations: a housing strategy for England* (November 2011), the Coalition Government set out plans to enable more people to build or commission their own home. A number of measures were introduced to support those wanting to build their own home including repayable funding; an exemption from the Community Infrastructure Levy; amendments to planning guidance; and improved access to public sector land.
- 7.5 In November 2014, Brandon Lewis (then the Minister of State for Housing and Planning) published a Written Ministerial Statement with the objective of providing support for small scale developers, custom and self-builders. This coincided with the publication of the Government's consultation on the 'Right to Build' which gives prospective self and custom builders a right to purchase a plot of land from local authorities. Following this consultation, the Housing and Planning Act 2016 introduced the 'Right to Build' with effect from 31st October 2016.
- 7.6 In the Government's Housing White Paper<sup>4</sup> (paragraph 3.14) in January 2017, the commitment to support the self-build and custom housebuilding sector was reasserted. The Government stating that "alongside smaller firms, the Government wants to support the growth of custom built homes" in recognition of the fact that custom build homes are generally built more quickly, built to a higher quality and tend to use more productive and modern methods of construction.
- 7.7 In addition, the Government highlighted that "fewer homes are custom built in England than many other countries, but there is evidence of more demand for them including from older people". According to successive Ipsos MORI polls at the time of the Paper's publication, more than a million people across the UK expected to buy a building plot, secure planning permission or start/complete construction work on their new home.

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<sup>4</sup> Fixing our Broken Housing Market (DCLG, February 2017)

- 7.8 On the other side of the argument however, the Government (paragraph 3.15) did acknowledge that there are barriers to self-build and custom housebuilding, including access to finance – as “mortgages for custom and self-built homes represent a very small proportion of the overall lending market”; the planning process and variations to local authority approaches and crucially, land supply and procurement.

## National Planning Policy and Practice Guidance

- 7.9 Accordingly, as of 1<sup>st</sup> April 2016 and in line with the Act and the Right to Build, relevant authorities in England are required to have established and publicised a self-build and custom housebuilding register which records those seeking to acquire serviced plots of land in the authority’s area in order to build their own self-build and custom houses.
- 7.10 Furthermore, in line with the continued Government drive to support the self and custom build sector, the latest National Planning Policy Framework (paragraph 59, February 2019) duly recognises that it is important that a sufficient amount and variety of land can come forward where it is needed and that the needs of groups with specific housing requirements are addressed.
- 7.11 As part of this, the Framework (paragraph 61) states that: *“the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies including...those people wishing to commission or build their own homes”*.
- 7.12 The Planning Practice Guidance<sup>5</sup> states that local planning authorities should use the demand data from the registers in their area, supported as necessary by additional data from secondary sources, to understand and consider future need for this type of housing in their area when preparing housing assessments. Plan-makers will then need to make reasonable assumptions using the data on their register to avoid double-counting households.
- 7.13 The PPG also sets out that, unless exempt, the relevant authority should look to grant sufficient development permissions to meet the demand for self-build and custom housebuilding. The level of demand is established by reference to the number of entries added to an authority’s register during a ‘base period’.
- 7.14 The first base period begins on the day on which the register (which meets the requirement of the 2015 Act) is established and ends on 30<sup>th</sup> October 2016 and at the end of each base period, relevant authorities have 3 years in which to grant permission for an equivalent number of plots of land, which are suitable for self-build and custom housebuilding.

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<sup>5</sup> Paragraph: 011 Reference ID: 57-011-20160401



## Rutland's Self-Build and Custom Housebuilding Register

- 7.15 In line with what is required by the Act and the PPG; and with reference to the relevant base periods on Rutland's register as at 15<sup>th</sup> March 2019, we note there have been 44 registered expressions of interest in a serviced plot of land for self-build and custom housebuilding. In response, the local authority has consented 28 serviced plots over this period which has been calculated through a review of Community Infrastructure Levy self-build relief records. The breakdown is set out in the table below.

<b>Figure 7.1: Rutland Self-Build and Custom Housebuilding Register (as at 15.03.2019)</b>		
Base Period	Part 1 of Register – Number of Individuals Registered	Self-Build Permissions Granted
(24 <sup>th</sup> March 2016 – 30 <sup>th</sup> October 2016)	15	7
(31 <sup>st</sup> October 2016 – 30 <sup>th</sup> October 2017)	27	13
(31 <sup>st</sup> October 2017 – 30 <sup>th</sup> October 2018)	2	8
(31 <sup>st</sup> October 2018 – 15 <sup>th</sup> March 2019)	0	0
<b>Total</b>	<b>44</b>	<b>28</b>

Source: Rutland County Council

- 7.16 In accordance with the PPG, the local authority have 3 years in which to grant permission for the number of plots of land identified in the base period, which are suitable for self-build and custom housebuilding. There were 15 registered expressions of interest in serviced plots of land in the first base period and 7 permissions. A further 13 permissions followed in the base period thereafter. As a result, in respect of the first base period, the requirement has been met.
- 7.17 The local authority will have until 30<sup>th</sup> October 2020 to identify a further 22 plots to meet the Base Period 2 requirement; and a further 2 plots up to the current period - totalling 24 plots. Overall, the Council are currently performing well in supply terms but will have to ensure that supply is maintained to meet the requirement.

## Demand Evidence from Secondary Sources

- 7.18 In order to supplement the data from the Council's own register, we have looked to a number of secondary sources as recommended by the PPG including *the Buildstore*, the *Self Build Portal* and other sources such as *Plotfinder*. Having reviewed these sources, we note that there are currently no plots of land for sale.
- 7.19 In respect of demand, the Buildstore, who own and manage the largest national database relating to the demand and supply for self and custom build properties in the UK have informed us that 166 people are registered as looking to build in Rutland on their Custom Build Register with a further 238 subscribers to their Plotsearch service which tracks self-build land opportunities.

## Demand Evidence from Local Agent Consultation

- 7.20 In line with the recommendations of the PPG, we have also sought to supplement this data through consultation with local estate agents in the County; in order to understand the level of enquiries for suitable serviced plots of land.
- 7.21 In doing so, we have contacted four estate agents across the County – three in Oakham and one in Uppingham, which are the main towns in the County. Questions focussed on the level of interest, the profile of those interested and any barriers to the sector. All agents contacted had a particular reference person dealing with self-build and custom housebuilding.
- 7.22 In the areas considered, all estate agents expressed a clear consensus on demand in the County. One agent stated that there was “a lot of people interested in building their own homes” whereas another said, “we have people enquiring roughly once a month, when single plots become available”.
- 7.23 The local estate agents described the typical profile of someone looking for a serviced plot as approaching retirement or already retired, having recently sold a larger property. They would typically be looking for an isolated plot in order which takes advantage of “the Rutland views” on the edge of Oakham or any village throughout the County.
- 7.24 However, all local agents highlighted that land in the County is scarce and as a result, when a plot of land comes on the market, it is often expensive with 10-15 expressions of interest within the first few days. As a result, despite the level of demand and interest, one agent noted that they had only been able to sell two plots to self-builders in the last five years. Many prospective self-builders are often priced out by small housebuilders.

## **Supporting Self-Build and Custom Housebuilding**

- 7.25 In bringing all of the above together, it is clear that there is a level of demand for self-build and custom housebuilding serviced plots of land in the County. Over the last 4 base periods to date, there has been 44 expressions of interest in serviced plots of land. There is also 166 people registered on the Buildstore’s Custom Build Register and 238 subscribers’ to Plotsearch. Local estate agents have also highlighted that there is high demand for serviced plots in the County.
- 7.26 In line with the PPG, we note that there are a number of measures which can be used to support self-build and custom housebuilding in the County, including:
- developing a planning policy which supports self-build and custom housebuilding;
  - promoting and encouraging submissions of land which are suitable for self-build and custom housebuilding through the Call for Sites process;
  - using local authority-owned land if available and suitable for self-build and custom housebuilding and marketing it to those on the register; and
  - working with custom build developers to maximise opportunities for self-build and custom housebuilding.
- 7.27 The emerging Rutland Local Plan Review includes a draft policy which seeks to promote and support self-build and custom housebuilding accordingly. Policy RLP15 – Self-Build and Custom Housebuilding states:

*“Proposals for self and custom build housing, to be occupied as homes by those individuals, will be supported by the council where they are in conformity with all other relevant local and national policies.*

*On sites of 20 dwellings or more, developers will be required to supply at least 5% of dwelling plots for sale to self-builders, subject to appropriate demand being identified. In determining the nature and scale of any provision, the council will have regard to viability considerations and site specific circumstances”.*

- 7.28 On the basis of our discussions with a number of major housebuilders across England; it is important that the policy approach is flexible and accounts for challenges associated with self-build and custom housebuilding; as referenced by Government.
- 7.29 One approach, such as that taken in the policy above in having regard to viability considerations and site-specific circumstances is considered reasonable. It is also positive that the policy supports proposals for self-build and custom build housing where they are in conformity with all other relevant national and local policies. In order to strengthen this, the Council could be more explicit in stating that the serviced plots could become conventional market housing, subject to a period of marketing.
- 7.30 The premise for requiring developers to provide 5% of serviced plots for sale to self-builders on schemes of 20 dwellings or more sets a lower unit threshold than the ‘norm’ and is founded on projecting forward the current ‘shortfall’ of serviced plots over the length of the 20 year plan period. However, this calculation does not take into account that each base period requirement must be met within 3 years and it is not possible to project this over the plan period. Nevertheless, on the basis of discussions with local agents, there is a need to identify sufficient land for self-build plots to meet demand – and the flexibility built into the policy is sufficient.
- 7.31 Lastly, it is important to ensure that consideration is given to viability around delivering self and custom build plots on larger private schemes. Other considerations could include health and safety and compliance issues during site construction, or the potential negative impacts of significantly extending the construction phase on large sites; particularly where occupants have already moved in.

### **Self-Build and Custom Housebuilding: Key Messages**

- The Government has long had a clear agenda for supporting and promoting the self-build and custom building sector which is now recognised in national planning policy and guidance; but the Government has also recognised the challenges associated with the sector including in respect of finance and more crucially, land supply and procurement.
- From 1<sup>st</sup> April 2016, relevant authorities in England are required to have established and publicised a self-build and custom housebuilding register and as of 15<sup>th</sup> March 2019, there have been 44 registered expressions of interest in a serviced plot of land for self-build and custom housebuilding; pointing towards reasonably strong demand.
- Data collection from the Buildstore shows that 166 people are registered as looking to build in Rutland on their Custom Build Register with a further 238 subscribers to their Plotsearch service which tracks self-build land opportunities; again, pointing to strong demand.
- The Council have either granted permission or note CIL exemptions for 28 plots of land over the last four base periods. The local authority will have until 30<sup>th</sup> October 2020 to identify a further 22 plots to meet the Base Period 2 requirement. Notably, consultation with local estate agents has highlighted that land is scarce for those looking to build their own home.
- In responding to the level of demand in the County, the emerging Local Plan Review sets out draft Policy RLP15, which requires provision of at least 5% of serviced plots on scheme of 20 units or more. The policy also supports proposals for self-build and custom build housing where they are in conformity with all other relevant national and local policies.
- On the basis of discussions with a number of major housebuilders, it is important that policy adopts a flexible approach; for instance, allowing for serviced plots to become open market housing should demand be insufficient. The policy set out in draft by the Council acknowledges that viability considerations and site-specific circumstances can have an influence.
- It is also important to ensure that consideration is given to viability around delivering self and custom build plots on larger private schemes as well as the health and safety and compliance issues during site construction.