

1 SHMA UPDATE EXECUTIVE SUMMARY

1.1 The Derby Housing Market Area (HMA) includes the local authorities of Amber Valley, Derby and South Derbyshire. The Strategic Housing Market Assessment (SHMA) Update considers future housing requirements in this area over the period to 2028. It considers how many homes are needed; what type of homes are needed – both market and affordable; as well as what housing is needed to meet the needs of specific groups within the population including older people and those with disabilities. The assessment is intended to help inform Local Plans.

How many homes are needed?

1.2 The Government has set out in the National Planning Policy Framework¹ that Councils should plan to meet objectively assessed needs for both market and affordable housing in the housing market area. The SHMA Update provides this assessment of need, which includes addressing both a backlog of homes needed taking into account low levels of housing delivery over the last few years and providing for future growth in the population and households within the HMA.

1.3 Over the period between 2006-11 housing delivery fell short of housing targets, with an under-provision of 1,284 homes (657 in Amber and 627 homes in South Derbyshire) across the HMA against targets in the East Midlands Regional Plan².

1.4 Three demographic projections have been developed within the SHMA: a trend-based projection, an economic-led projection linked to Spring 2013 economic forecasts for the three authorities, and the latest official projections. Based on the balance of evidence examined the SHMA concludes that the economic-led projection presents potentially an overly pessimistic view of economic growth potential within the HMA and that planning on this basis could potentially constrain future economic performance and not fully meet housing needs. In contrast, the report considers that the latest official projections³ make some overly optimistic assumptions regarding future migration trends which are not supported by detailed analysis of trends over the local level⁴. The updated trend-based demographic projection developed as part of the SHMA Update is therefore considered the most robust for strategic planning purposes. This is set out in Figure 1.

1.5 The analysis of student housing dynamics indicates that growth in student numbers at Derby University is likely to be similar or more moderate relative to past trends. This therefore is unlikely to result in a need for additional housing over and above the projections.

¹ CLG (March 2012) *National Planning Policy Framework*

² There was no under-provision over this period in Derby

³ 2010 and 2011-based Sub-National Population Projections

⁴ This is explored fully within the Derby HMA Housing Requirements Study (GL Hearn, 2012)

Figure 1: Expected Demographic Trends, 2011-2028

| Area | Population Growth | | Housing Numbers | | Employment Growth | |
|------------------|-------------------|----------|-----------------|----------|-------------------|----------|
| | Total | % change | Total | % change | Total | % change |
| Amber Valley | 10,576 | 8.6% | 6,855 | 12.6% | 1,680 | 2.8% |
| Derby | 26,771 | 10.8% | 14,612 | 13.9% | 13,971 | 12.4% |
| South Derbyshire | 19,428 | 20.5% | 9,163 | 22.8% | 6,307 | 13.2% |
| Derby HMA | 56,774 | 12.2% | 30,630 | 15.3% | 21,957 | 10.0% |

1.6 Consideration of levels of future housing provision within the SHMA has also been informed by a review of emerging policies in authorities surrounding the Derby HMA. There is a clear level of joint-working on housing provision issues for surrounding HMAs within the East Midlands region. At the current time, the Leicester & Leicestershire HMA, Nottingham Core HMA and Chesterfield/ Northern HMAs are all planning collaboratively to meet housing requirements within their areas. Parts of Derbyshire Dales and East Staffordshire have a reasonably strong functional relationship to the Derby HMA authorities, and it will be important that the policies and strategic approach to housing provision in these areas is considered in finalising policies for housing in the Derby HMA..

1.7 Taking account of past under-provision, housing delivered between 2008-11 and the demographic projections from 2011-28, the overall housing requirement is for delivery of 35,360 homes over the 2008-28 period (668 per year). This will provide for both market and affordable housing needs in full and represents a positive planning approach to development despite depressed current housing market and economic conditions. It provides a strong signal that the HMA continues to be 'open for business.'

Figure 2: Housing Requirement for 2008-28 Plan Period

| Area | Demographic Requirement from 2011 | Shortfall vs. RSS 2006-11 | Completions 2008-11 | 2008-28 Total | 2008-28 Requirement PA |
|------------------|-----------------------------------|---------------------------|---------------------|---------------|------------------------|
| Amber Valley | 6,855 | 657 | 814 | 8,326 | 416 |
| Derby | 14,612 | - | 1,513 | 16,125 | 806 |
| South Derbyshire | 9,163 | 627 | 1,113 | 10,903 | 545 |
| Derby HMA | 30,630 | 1,284 | 3,440 | 35,354 | 1,768 |

1.8 The SHMA recommends that demographic trends and projections as well as wider sub-regional supply-demand dynamics continue to be reviewed and monitored over time in line with a plan, monitor and manage approach.

What types of homes are needed?

- 1.9 A range of factors have been considered in assessing the types of homes which will be needed in the HMA over the period to 2028. This includes assessment of the current profile of housing and gaps in the current housing offer, housing affordability and trends in the structure of the population over the plan period.
- 1.10 The SHMA has included an assessment of affordable housing need using a range of data sources including the three Council's Housing Registers. If all households unable to access housing without financial assistance were to be allocated an affordable home over the 2012-17 period, around 1700 new affordable homes would need to be delivered. There is evidently a significant requirement for new affordable housing in the HMA, and the Councils are justified in seeking to secure additional affordable housing through new development.
- 1.11 The high affordable housing need is influenced by trends over the last decade. The social rented sector in the Derby HMA declined in size by around 6% between 2001-11; however we saw a significant growth in the Private Rented Sector over this period (with an increase of 15,500 properties). Households in housing need are able to live in the Private Rented Sector supported by Local Housing Allowance and it is reasonable that this sector will continue to contribute towards and meeting the needs of households who cannot afford market housing without subsidy. However, the contribution of the private rented sector to meeting affordable housing needs over the lifetime of the plan period could change and will be subject to regular review.
- 1.12 The SHMA Update contains an assessment of the need for and supply of different types of affordable housing. It suggests that 28% of net housing need could be met by intermediate housing provision in Amber Valley, around 22% in Derby and a significant 30% in South Derbyshire. It should also be borne in mind that there is some overlap between the categories and mortgage finance restrictions may limit potential demand for shared ownership or equity homes in the short-term.
- 1.13 The housing needs evidence and viability analysis together should inform policies regarding the tenure mix of affordable housing sought on new development schemes. The SHMA Update suggests the following balance of need between intermediate, affordable and social rented properties taking account of need and existing supply.

Figure 3: Net Need for Different Types of Affordable Housing

| Area | Intermediate | Affordable Rent | Social Rent | Total |
|------------------|--------------|-----------------|-------------|--------|
| Amber Valley | 27.8% | 1.5% | 70.7% | 100.0% |
| Derby City | 22.5% | 3.7% | 73.8% | 100.0% |
| South Derbyshire | 30.3% | 4.5% | 65.2% | 100.0% |
| HMA | 25.2% | 3.3% | 71.5% | 100.0% |

1.14 It recommends that planning policies are written to take account of the potential for the mix of tenure appropriate on development schemes to be influenced by the latest local evidence of housing needs; and the existing profile and mix of housing at a neighbourhood and settlement level together with strategic aspirations for the future development of the housing mix.

1.15 The greatest requirement is for 2- and 3-bedroom homes, with a higher requirement for smaller homes in the affordable sector; and stronger demand for larger family homes in the market sector. The modelled requirements for different sizes of homes are shown in Figure 4. It is intended that the mix of housing delivered is monitored against this and that this mix informs the portfolio of sites identified for development in Local Plans as well as policies regarding development densities (alongside evidence from SHLAA studies).

Figure 4: Net Need for Different Sizes of Homes – Market and Affordable, 2012-28

| | | 1-bed | 2-bed | 3-bed | 4+ bed |
|-------------------------|------------|-------|-------|-------|--------|
| Amber Valley | Market | 5% | 31% | 55% | 9% |
| | Affordable | 31% | 39% | 27% | 3% |
| | Total | 12% | 33% | 48% | 8% |
| Derby City | Market | 4% | 22% | 56% | 17% |
| | Affordable | 29% | 31% | 36% | 4% |
| | Total | 11% | 24% | 51% | 14% |
| South Derbyshire | Market | 3% | 23% | 52% | 21% |
| | Affordable | 22% | 37% | 37% | 4% |
| | Total | 8% | 27% | 48% | 17% |
| Derby HMA | Market | 4% | 24% | 55% | 17% |
| | Affordable | 27% | 35% | 34% | 4% |
| | Total | 10% | 27% | 50% | 13% |

1.16 Over the longer-term looking to 2028 we are likely to see a moderate shift towards requirements for two- and three-bedroom properties linked to the ageing of the population across the HMA as a whole. However the analysis undertaken points to a particular need to develop the housing mix in Derby, seeking to:

- increase the proportion of larger properties with three- or four-bedrooms;
- increase the numbers of properties in Council Tax Bands C or above;
- reduce levels of overcrowding within the housing stock in Derby;

- moderate growth in in-commuting from higher income households from outside the PUA.

What housing is needed to meet the requirements of specific groups?

- 1.17 The SHMA analysis suggests that the population from Black and Minority Ethnic Groups has been growing and points to higher levels of overcrowding within BME communities. It recommends that the barriers for specific ethnic groups in accessing suitable, affordable housing is considered further.
- 1.18 Moving forward, the strongest population growth over the period to 2028 is expected to be of those aged over 60. This is expected to be strongest in Amber Valley and South Derbyshire.
- 1.19 Many older people will continue to live in properties they have lived in for many years; and wish to occupy larger properties than they might need to allow friends and relatives to come and stay. It will be important to consider how to best meet their changing housing needs. This is likely to require provision of support in making alterations to properties, and provision of floating support and signposting of advice and support available. In the affordable sector there is however some strategic benefit in providing incentives and support for households who may consider downsizing, to release larger properties for others.
- 1.20 Substantial growth in the population at the higher end of the age spectrum can be expected to generate requirements for specialist housing, housing with care or care provision. The analysis herein suggests a 66% growth in the older population with dementia over the period to 2030 and a 55% increase in those with mobility problems. A strategic policy issue is the most cost-effective means of delivering and coordinating provision of housing and care. It will be important that housing authorities work with health providers to ensure a joined-up approach to addressing these issues.

Figure 5: Population Change 2011 to 2028 by Five-Year Age Bands

| Age group | Amber Valley | | Derby City | | South Derbyshire | | Derby HMA | |
|-----------|----------------------|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|--------------------|
| | Change in population | % change from 2011 | Change in population | % change from 2011 | Change in population | % change from 2011 | Change in population | % change from 2011 |
| Under 15 | 1,013 | 5.1% | 2,656 | 5.6% | 3,665 | 21.1% | 7,333 | 8.6% |
| 15-29 | -1,045 | -5.2% | 2,465 | 4.5% | 912 | 5.6% | 2,332 | 2.6% |
| 30-44 | -489 | -2.0% | 5,164 | 10.1% | 1,639 | 8.0% | 6,313 | 6.6% |
| 45-59 | -1,118 | -4.3% | 877 | 2.0% | 1,775 | 8.9% | 1,534 | 1.7% |
| 60-74 | 3,974 | 18.2% | 8,540 | 27.1% | 5,448 | 37.6% | 17,961 | 26.5% |
| 75+ | 8,242 | 79.4% | 7,069 | 37.3% | 5,990 | 92.0% | 21,301 | 59.4% |
| Total | 10,576 | 8.6% | 26,771 | 10.8% | 19,428 | 20.5% | 56,774 | 12.2% |

- 1.21 The SHMA indicates that the adult population with a range of disabilities is expected to increase slightly (by around 11%-13%). This may however generate additional demand for specialist accommodation but many households again will want to remain independent and there is a need to

ensure access to affordable housing for those with disabilities and deliver housing services as an integrated package of health and care.