



**GL Hearn**

Part of Capita plc

# Strategic Housing Market Assessment

**South Derbyshire District Council**

January 2020

## **Prepared by**

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## Quality Standards Control

The signatories below verify that this document has been prepared in accordance with our quality control requirements. These procedures do not affect the content and views expressed by the originator.

This document must only be treated as a draft unless it has been signed by the Originators and approved by a Business or Associate Director.

DATE

January 2020

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### Limitations

This document has been prepared for the stated objective and should not be used for any other purpose without the prior written authority of GL Hearn; we accept no responsibility or liability for the consequences of this document being used for a purpose other than for which it was commissioned.

## 1 INTRODUCTION

- 1.1 GL Hearn has been commissioned by South Derbyshire District Council to carry out an update to their Strategic Housing Market Assessment in light of the publication of the National Planning Policy Framework (NPPF) (2018 and subsequently 2019).
- 1.2 South Derbyshire District Council adopted Part 1 of the Local Plan in June 2016 and Part 2 in November 2017. The adopted Local Plan Part 1 covers the period 2011 to 2028 and is the strategic part of the Local Plan establishing the long-term vision, objectives and strategies for the spatial development of South Derbyshire. The Local Plan Part 2 proposes non-strategic housing allocations and details the development management policies.

### Report Structure

- 1.3 Following this introductory section, the remainder of the report is structured as follows:
- Section 2: Policy context
  - Section 3: Market signals
  - Section 4: Future housing market
  - Section 5: Affordable housing need
  - Section 6: Housing mix
  - Section 7: Older persons needs
  - Section 8: Persons with a physical disability or long-term condition
  - Section 9: Private rented sector
  - Section 10: Young person households
  - Section 11: Student housing
  - Section 12: Service families
  - Section 13: Self and custom build
  - Section 14: Conclusions
  - Section 15: Recommendations

## 2 POLICY CONTEXT

### National Policy Context

#### National Planning Policy Framework (2019) and Planning Practice Guidance

- 2.1 The methodology used in this report responds to the NPPF (2018 and update 2019), which sets out the Government's objective to significantly boost housing supply and the current Planning Practice Guidance (PPG) on *Housing and Economic Needs Assessments*.
- 2.2 Chapter 5 of the NPPF (2019) relates to delivering a sufficient supply of homes, with Paragraph 60 setting out that "to determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard methodology" which is this report. However, in exceptional circumstances, an alternative approach could be justified.
- 2.3 Paragraph 61 of the NPPF (2019) sets out that "within this context, the size, type and tenure of housing needed for different groups in the community should be assessed". It adds that specific groups include but are 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".
- 2.4 It is clear from the NPPF (2019) and the PPG that the Objectively Assessed Need (OAN) derived from the standard methodology is to act as a minimum and there is ample scope, and indeed it is encouraged, for local authorities to provide housing in excess of this figure.
- 2.5 Paragraph 10 of the PPG<sup>1</sup> sets out the circumstances when a higher figure than the standard method needs to be considered, these include, but are not limited to:
- "growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. housing deals);
- strategic infrastructure improvements that are likely to drive an increase in the homes needed locally; or
- an authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground.

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<sup>1</sup> <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

- 2.6 There may, occasionally, also be situations where previous levels of housing delivery in an area, or previous assessments of need (such as a recently produced Strategic Housing Market Assessment (SHMA)) are significantly greater than the outcome from the standard method. Authorities will need to take this into account when considering whether it is appropriate to plan for a higher level of need than the standard model suggests.”
- 2.7 Therefore, South Derbyshire District Council could align housing need with the identified growth in an aspiration document seeking a higher level of growth above the standard methodology.
- 2.8 **It should be emphasised that this report does not set housing targets. It provides an assessment of housing need based on Government guidance at the time of writing, which is intended to provide input to plan-making, alongside wider evidence including land availability, environmental and other development constraints and infrastructure. The final housing target will be set out in the Local Plan.**

### Housing White Paper

- 2.9 Fixing Our Broken Housing Market was published by the UK Government in February 2017. The document includes a number of proposals which set out the Government’s intention to boost housing supply and, over the long term, create a more efficient housing market whose outcomes more closely match the needs and aspirations of all households and which supports wider economic prosperity.
- 2.10 The document includes a four-step process which includes Step 1, Planning for the right homes in the right places, Step 2, Building homes faster, Step 3, Diversifying the market and Step 4, Housing people now. There are a number of proposals to achieve the strategic direction of each step.
- 2.11 Step 1, planning for the right homes in the right places focuses on the ability of local authorities in ensuring new housing is delivered near employment and updating local plans. The document notes that under Step 2, the UK Government will invest in making the local planning system more open and accessible.
- 2.12 Step 3 focuses on diversifying the housing market to open it up to smaller builders. The proposals under this step explore opportunities for the UK Government to support housing associations to build more and encourage local authorities to build again, encourage institutional investment in the private rented sector and support people who want to build their own home. Step 4 explores opportunities to help people to afford their own home, by overcoming some of the impacts of the housing shortage.

## Localism – Housing Reforms

- 2.13 The Localism Act, 2011, introduced a number of reforms affecting the management of social housing. These are summarised below.

### **Allocations Policies**

- 2.14 The Localism Act gave council's greater flexibilities in deciding who qualifies to go onto their housing waiting lists to reflect their local priorities, and how they treat tenants who want rather than need to move. The Act gave local authorities the ability to revise their allocations policies, should they wish to do so, to prevent people with no 'need' for affordable housing from joining the housing register.

## Welfare Reforms

- 2.15 On 8 March 2012, the Welfare Reform Act received Royal Assent. The Act was made in order to make provisions for Universal Credit and changing Disability Living Allowance (DLA) to Personal Independence Payments (PIP), to make other provision about security and tax credits and to make provision about the functions of the registration service, child support maintenance and the use of job centres.
- 2.16 The Act introduces the following:
- Household benefit cap;
  - Linking Local Housing Allowance (LHA) rates to Consumer Price Index (CPI) from 2013
  - Size criteria for calculating Housing Benefit in the social rented sector (under-occupancy charge), and
  - Universal Credit

### **Household Benefit Cap**

- 2.17 The household benefit cap limits the total household welfare payments, excluding Working Tax Credit and DLA/PIP, to £26,000 (£500 per week) for couple and lone parent households and £18,600 (£350 per week) for single-person households. It is structured to increase incentives for households to work.
- 2.18 The Government estimated that 67,000 households would be affected by these changes, with the greatest impact being in London and the South East. To address the benefit cuts, households might seek to increase their income by working more hours or reducing their rent or non-rent expenditure. Larger households or those in high rent areas have been particularly affected with some households seeking to move to cheaper locations.



**Local Housing Allowance**

- 2.19 The Housing Benefit (Amendment), 2012, introduced a requirement to set a maximum rent in the social rented sector using the LHA size criteria and made changes to the time and circumstances in which a case subject to LHA is reviewed.
- 2.20 LHA rates are used to calculate Housing Benefit for tenants renting from private landlords. Low-income households living in the Private Rented Sector (PRS) can claim LHA to assist in meeting their housing costs and is determined in relation to rents in the Broad Rental Market Area (BRMA) in which a property lies. The 2015 LHA rates identify that these payments cannot be higher than £260.64 for a 1-bedroom property £302.33 for 2-bedroom property, £354.46 for a 3-bedroom property, £471.02 for a 4-bedroom property.
- 2.21 The Welfare Reform Act noted that increases in LHA rates will be restricted to the growth in inflation, as measured by the CPI, with rates being set annually rather than monthly. It is expected that this will exert downward pressure on rents, particularly in areas where LHA claimants form a significant proportion of the PRS and may encourage some LHA claimants to move to cheaper areas.
- 2.22 The movement towards UC to provide one streamlined payment will end the option of Housing Benefit payments being paid directly to landlords, unless exceptional circumstances exist; this may make benefit claimants less attractive as tenants and could potentially restrict the supply of PRS accommodation for certain household groups.

**Housing Benefit Size Criteria in the Social Rented Sector**

- 2.23 The Welfare Reform Act (Amendment), 2012, introduced restrictions on how much Housing Benefit working-age households in the social rented sector could claim based on the size of the household compared to the size of the property, previously Housing Benefit has been based on the size of the property rather than the household. This change has particularly impacted on working-age households who are under-occupying their homes. The policy focuses on reducing the benefits bill, increasing mobility in the social housing sector and making better use of the existing social housing stock.
- 2.24 The applicable maximum Housing Benefit which households can claim is reduced by national proportions based on the number of rooms households have which they don't require (a 14% reduction for one spare bedroom or a 25% reduction for two or more spare bedrooms).
- 2.25 At the time of amending the Act, the Government estimated that the change of policy would impact on 67,000 households nationally – 32% of all working-age households in receipt of Housing Benefit.

The amendment identified that the average cost to affected households would be a reduction in Housing Benefit of £13 per week in 2013/14.

- 2.26 The shared accommodation or single room rate was extended to under 35-year-olds (this formerly applied to under 25-year-olds). This has severely impacted the choice available to this age group and also the ability to move people through supported accommodation to their own tenancies.

### Homeless Reduction Act

- 2.27 The Homelessness Reduction Act, 2017, came into force in April 2018. This legislation placed legal duties on Council's to focus on supporting the prevention and relief of homelessness, regardless of the priority need status of the household.

- 2.28 The key measures within the Act are:

- An extension to the period threatened with homelessness from 28 days to 56 days.
- A duty to prevent homelessness for all eligible applicants threatened with homelessness, regardless of priority need status.
- A duty to relieve homelessness for all eligible homeless applicants, regardless of priority need status.
- A duty to refer for public services if they come into contact with someone who they think may be homeless or at risk of becoming homeless.

- 2.29 Under this Act, each local housing authority in England must provide or secure the provision of a service, available free of charge, to any person in the authority's district providing information and advice on:

- Preventing homelessness,
- Securing accommodation when homeless
- The rights of persons who are homeless or threatened with homelessness, and the duties of the authority,
- Any help that is available from the authority or anyone else, whether under this Part or otherwise, for persons in the authority's district who are homeless or may become homeless (whether they are threatened with homelessness), and
- How to access that help.

- 2.30 The service must be designed to meet the needs of persons in the authority's district including the needs of:

- Persons released from prison or youth detention accommodation
- Care leavers,
- Former members of the regular armed forces,
- Victims of domestic abuse,
- Persons leaving hospital,
- Persons suffering from a mental illness or impairment, and

- Any other group that the authority identifies as being a particular risk of homelessness in the authority's district.

## Local Policy Context

### Planning Policies in South Derbyshire

- 2.31 The South Derbyshire Local Plan - Part 1 was adopted in July 2016 and sets the long-term vision, objectives and strategy for the spatial development of South Derbyshire over the 2011 to 2028 period. The Plan establishes the amount of housing and employment development required within the District over the plan period, allocates strategic housing and employment sites and contains policies to determine planning applications.
- 2.32 Under **Policy H20 Housing Balance**, the Council will seek to provide a balance of housing that indicates a mix of dwelling type, tenure, size and density. The policy notes that the overall mix of housing will take account of the Strategic Market Assessment (SHMA) and Local Housing Needs Study. Under this policy:
- The density of any site will be considered individually as there is no evidence to support a set density across all sites
  - Any housing development would be expected to make the most efficient use of the land whilst taking into account what is appropriate for the surrounding local built and natural environment
  - The viability of development will be considered through determining a schemes housing mix.
  - The Council will also promote a mix of housing that is suitable and adaptable for different groups of people such as single occupiers, people with disabilities, people wanting to build their own homes and the ageing population of the District.
- 2.33 **Policy H21 Affordable Housing** outlines that the Council will seek to secure up to 30% of new housing development as affordable housing as defined in the NPPF on sites of over 15 dwellings. This policy details that consideration will be given to the local housing market, the viability of any proposed scheme - which will be assessed through independent viability assessments, the tenure mix and dwelling type on the site will be based on the SHMA and the phases of development that are being proposed.
- 2.34 **Policy H22 Sites for Gypsies and Travellers and for Travelling Show People** outlines that the Council will set the target for new pitches and/or plots according to the most recent needs assessment agreed by the Council. Allocations to meet the identified need will be made through a Site Allocations DPD.

### Affordable Housing Supplementary Planning Document

- 2.35 The South Derbyshire Affordable Housing Supplementary Planning Document (SPD) was formally adopted by South Derbyshire District Council in November 2017. The SPD provides further detail on,

the different types of affordable housing, housing need, affordability, tenure mix, the expected quality of affordable housing, the mechanisms and expectations for delivery and the Council's preferred affordable housing providers.

2.36 The SPD details four key mechanisms for delivering affordable housing. These include:

- Negotiation of up to 30% affordable housing, as defined by the NPPF, on market sites for developments of over 15 dwellings.
- Registered Provider or Council-led schemes that come forward and achieve higher levels of affordable housing on sites that would not otherwise be viable, such as on brownfield sites.
- Provision of affordable housing on rural exception sites to meet a local identified housing need.
- Acquisition by the Council of new build homes, built either as part of S106 agreements or purchased on the open market.

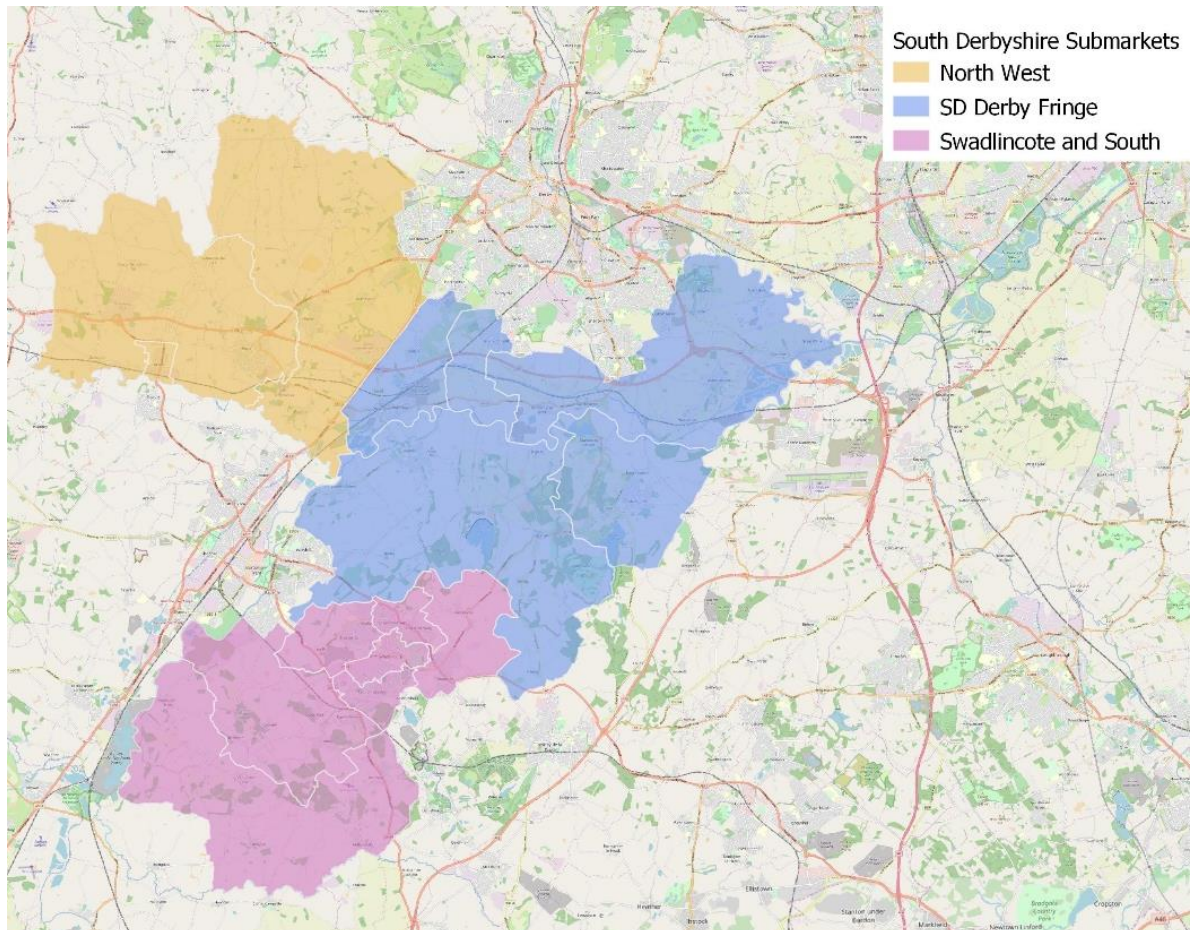
2.36 The Council will be reviewing their Affordable Housing SPD in due course to take account of the updated evidence and subsequent recommendations contained within this SHMA.

### 3 MARKET SIGNALS

#### Introduction

- 3.1 This section of the report assesses the key market signals in South Derbyshire. Where possible, we have benchmarked the Local Authority figures against the regional (East Midlands) and national equivalents. The analysis considers local house prices, rental value, affordability ratios and housing completions.
- 3.2 The previous SHMA, undertaken in 2013, identified three housing sub-markets: Derby Fringe, Swadlincote and South and North West. As part of this study, we have maintained these sub-areas and where possible undertaken an analysis for them.

**Figure 1: Sub-areas of South Derbyshire**



Source: GL Hearn based on OS data

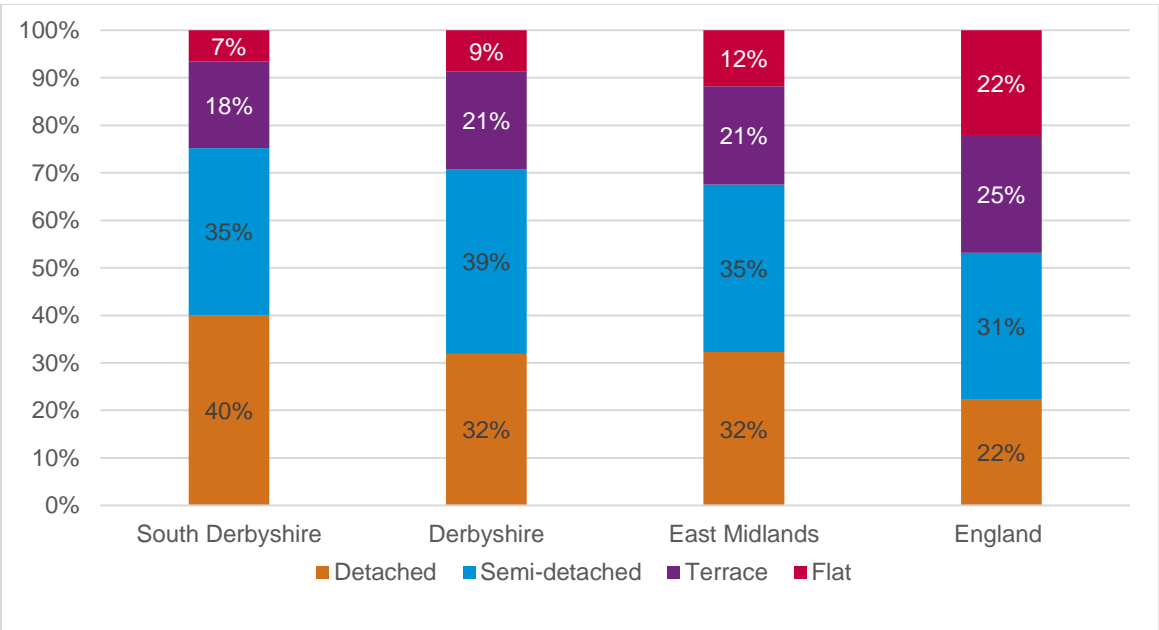
- 3.3 The sub-market areas were defined based on local moves within the housing market, commuting patterns and house prices and house price changes. These are intended to identify areas where the

majority of households move within and can be used to develop sub-area policies within future plan making.

Housing Profile

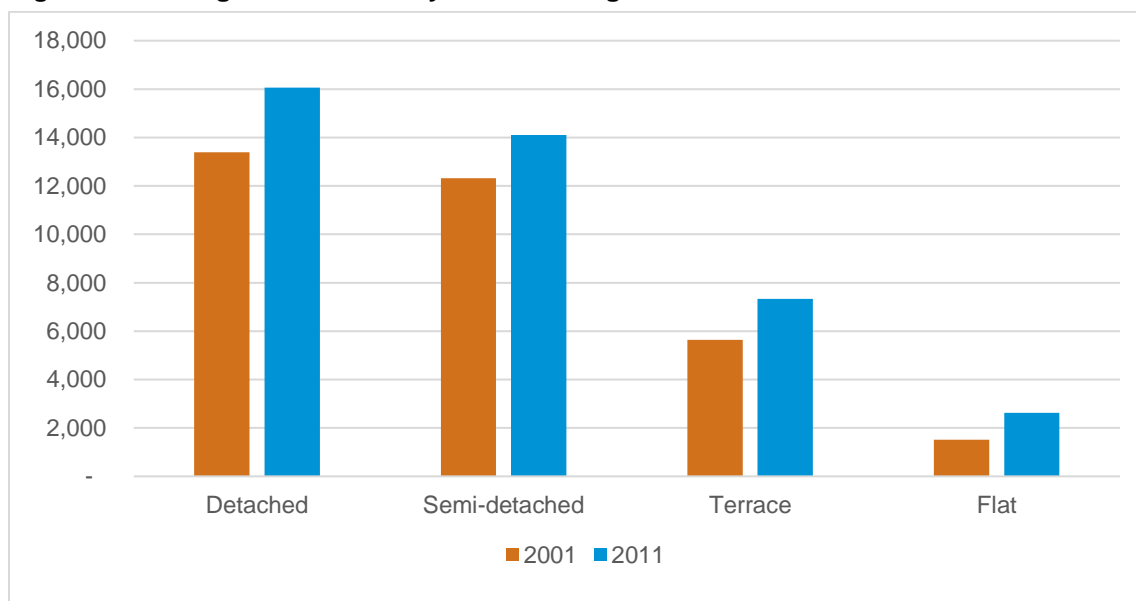
- 3.4
- In 2019, there were around 45,500 dwellings in South Derbyshire. This is a 12% increase since 2011, the time of the last census. Detached houses were the dominant dwelling type in the District, making up 40% of all dwellings. This is followed by semi-detached dwellings (35%), terrace dwellings (18%) and flats (7%).
- 3.5
- The South Derbyshire housing typology split is broadly aligned with the housing profile of the County and the East Midlands region. However, houses notably account for a greater proportion of total stock in South Derbyshire and there is a slightly lower proportion of smaller dwellings (flats and terrace dwellings).

Figure 2: Housing Profile of South Derbyshire and Wider Geographies



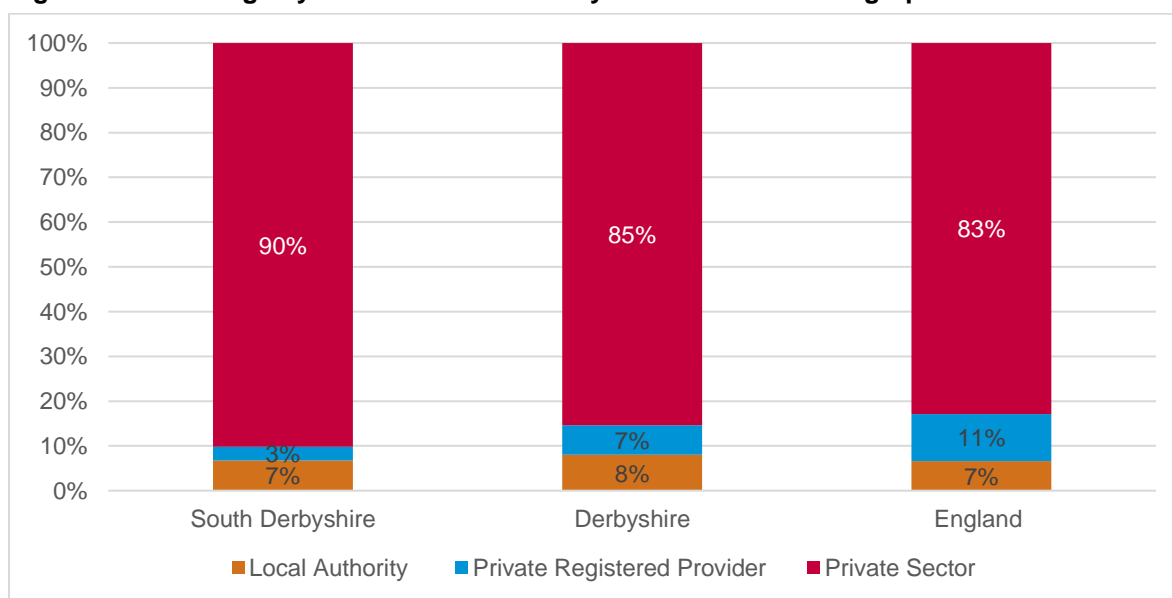
Source: ONS 2011

- 3.6
- Between the Census periods of 2001 and 2011, South Derbyshire experienced a 22% increase in the housing stock and a further 12% increase since then. As expected, houses remain the dominant house type and increased by 20% over the ten years. In comparison, houses in Derbyshire County increased by 11%, 12% in the East Midlands and 10% nationally.
- 3.7
- Flats experienced the greatest growth over the period, increasing by 74%. However, it is important to recognise that this started at a low base position, with flats accounting for 5% of total dwellings in South Derbyshire in 2001 and 7% in 2011.

**Figure 3: Change in South Derbyshire Housing Profile**

Source: ONS 2001 and 2011

- 3.8 Recent data on the dwelling stock by tenure shows that South Derbyshire has a higher proportion of dwellings in the private sector at 90%, compared to Derbyshire (85%) and England (83%). This is followed by dwellings in the social rented sector (owned by the Council or Registered Providers) which account for 10% of all dwellings in South Derbyshire, 15% in the county as a whole and 18% in England.

**Figure 4: Dwellings by Tenure in South Derbyshire and Wider Geographies**

Source: UK Government, Live Table 100, 2018



- 3.9 Data in relation to the PRS is unobtainable as much of this comes to the market as stock bought by private investors and then rented privately. We are not aware of any specific build to rent developments in South Derbyshire.

### House Prices

- 3.10 The table below reports house prices in South Derbyshire against the wider comparators at different price points for all house types. The median house price in South Derbyshire in December 2018 was £203,000, which is higher than the Derbyshire County median price at £175,000. The South Derbyshire median was also above the regional median price (£182,500) but lower than the national equivalent (£230,000).
- 3.11 Notably, the lower quartile house price for all house types is greater in South Derbyshire (£149,950) than Derbyshire (£125,000), the East Midlands (£133,000) and England (£145,000).

**Table 1: House Prices, 2018**

Geography	Median	Mean	Lower Quartile
South Derbyshire	£203,150	£245,687	£149,950
Derbyshire	£175,000	£219,533	£125,000
East Midlands	£182,500	£247,319	£133,000
England	£230,000	£347,892	£145,000

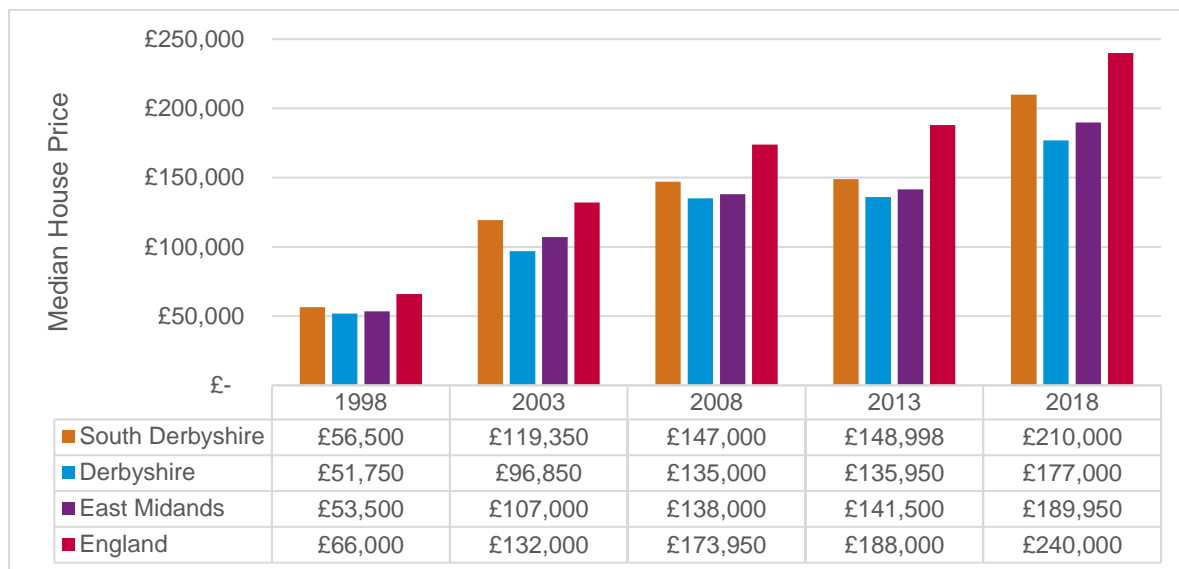
Source: Land Registry, 2018

- 3.12 To examine house prices over a longer period of time we have used Office for National Statistics (ONS) data. These figures should, in theory, produce the same output as that set out in Table 1, however, the ONS data is continually revised to take into account the lag from registering a sale to the information relating to that sale being given to and published by the Land Registry. While it can, therefore, be seen as more up to date, the ONS data does not allow for sub-area analysis hence the data discrepancy.
- 3.13 The figure below reports median house prices in South Derbyshire, Derbyshire, the East Midlands and England from 1998 to 2018. Median house prices in the District have grown by £12,500 over the last 12 months or by 6.3%. This is significantly above the national growth of 2.1% and above the county and regional growth of 5.4% and 5.5% respectively.
- 3.14 Over the last 5 years, South Derbyshire experienced a change in house price of approximately £60,000, which is the equivalent of 40.9%. This is significantly higher than the county (30.2%) and the region (34.2%).



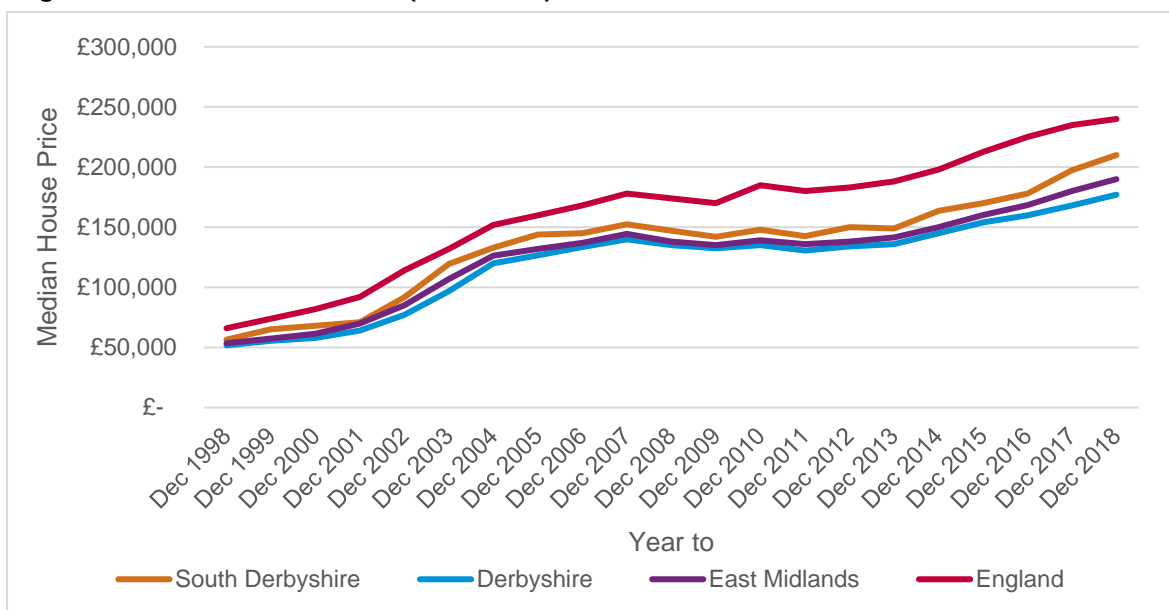
- 3.15 Over the ten-year period (2008-2018) house prices have increased by £63,000 which is similar to the last five years. This is because there was very little growth in the post-recession period (2008-13). The percentage change over this period in South Derbyshire (42.9%) was again higher than the county (31.1%), regional (37.6%) and national equivalents (38.0%).

**Figure 5: Median House Price in South Derbyshire and Wider Geographies (Dec 1998 to Dec 2018)**



Source: ONS Median House Price by Local Authority, 2019

- 3.16 Over the twenty-year period to December 2018, the change in median house prices in the District was around £153,000. This is the equivalent of a 271.7% growth which was again higher than the county (242%), regional (255%) and national (263.6%) equivalents.
- 3.17 It is also worthwhile examining the trends between these five year periods as the figure overleaf illustrates. Broadly the trend in South Derbyshire follows the national trends albeit at a lower rate in the growth was fastest at the early part of the century (2001-2007).
- 3.18 In all areas house price growth stalled as a result of the recession in 2007 and did not begin to recover until 2013. Since 2013 growth has been faster in South Derbyshire than any of the wider comparator areas.

**Figure 6: Median House Price (1998-2018)**

Source: ONS Median House Price by Local Authority, 2019

- 3.19 We have examined sales data by type of property for the last full year (2018). This uses the same Land Registry data as Table 1. The data indicates that prices are higher in South Derbyshire than across the County and Region, although they remain below the national average (which will be driven up by London and the South East).

**Table 2: Median Price Paid Data on Dwelling Type (2018)**

	Detached	Semi-Detached	Terrace	Flat	Overall
South Derbyshire	£270,000	£166,000	£137,000	£107,250	£203,150
Derbyshire	£267,748	£155,000	£125,000	£115,000	£175,000
East Midlands	£270,000	£169,500	£139,000	£115,000	£182,500
England	£330,000	£205,000	£175,000	£210,00	£230,000

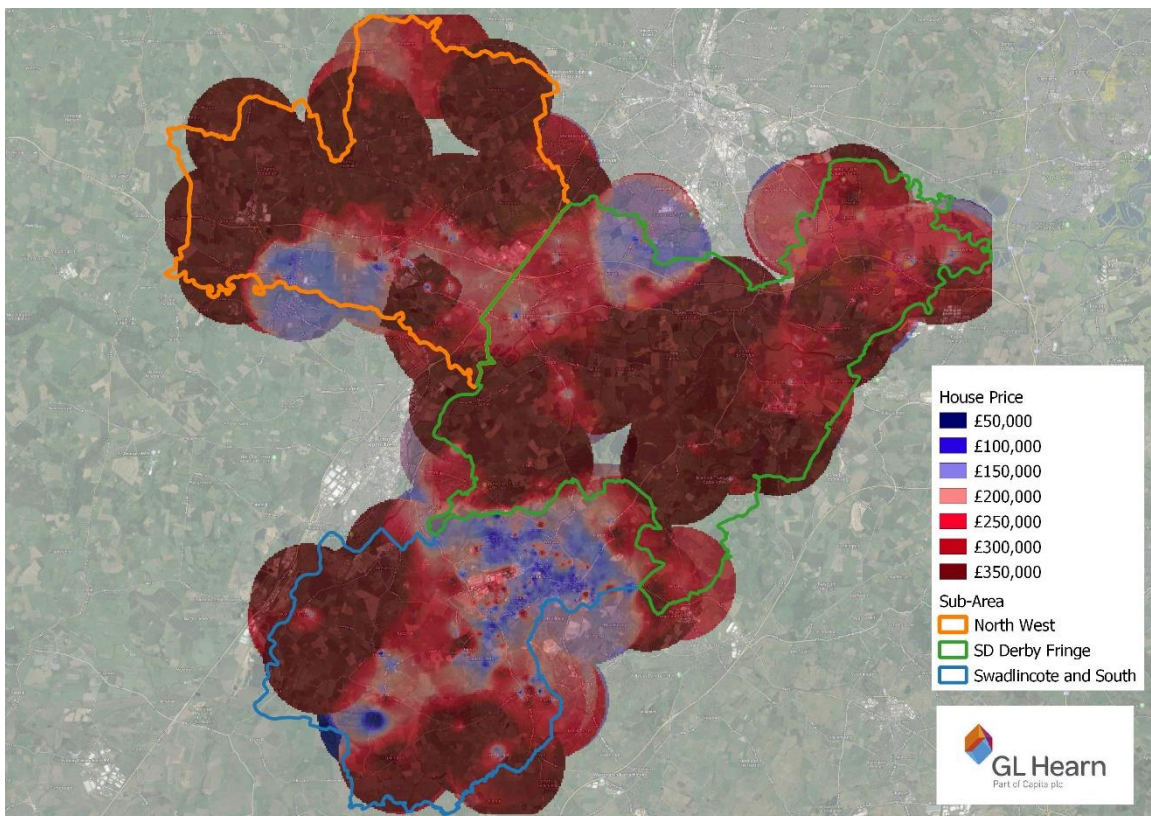
Source: Land Registry Price Paid Data

- 3.20 It is important to note that detached properties are similarly priced across the Region, County and District areas, however it is the greater proportion of these more expensive, detached dwellings in South Derbyshire that explains the overall higher than average house price for the District. Conversely, while smaller properties tend to be of lower value, there are proportionately fewer of them.

### Sub-area House Prices

- 3.21 The figure below is a heat map of median house prices by sub-area in South Derbyshire District. This clearly shows that the lowest median house prices are found in the Swadlincote and South sub-area and the area south of Stenson Fields and around Hatton.
- 3.22 In contrast, the rural areas around the North West and Derby Fringe show significantly higher house prices. Derby Fringe is experiencing significant housing growth, with new build stock contributing to the higher median house prices in this part of the District. This level of growth is not only meeting the housing needs of South Derbyshire but the needs of other local authorities, in particular, Derby City.

**Figure 7: Median House Price in the Sub-areas**



Source: GL Hearn

- 3.23 This urban/rural split illustrates the difference in median house prices between the housing stock in each of the sub-areas. i.e. smaller accommodation in the towns and larger accommodation in rural areas.

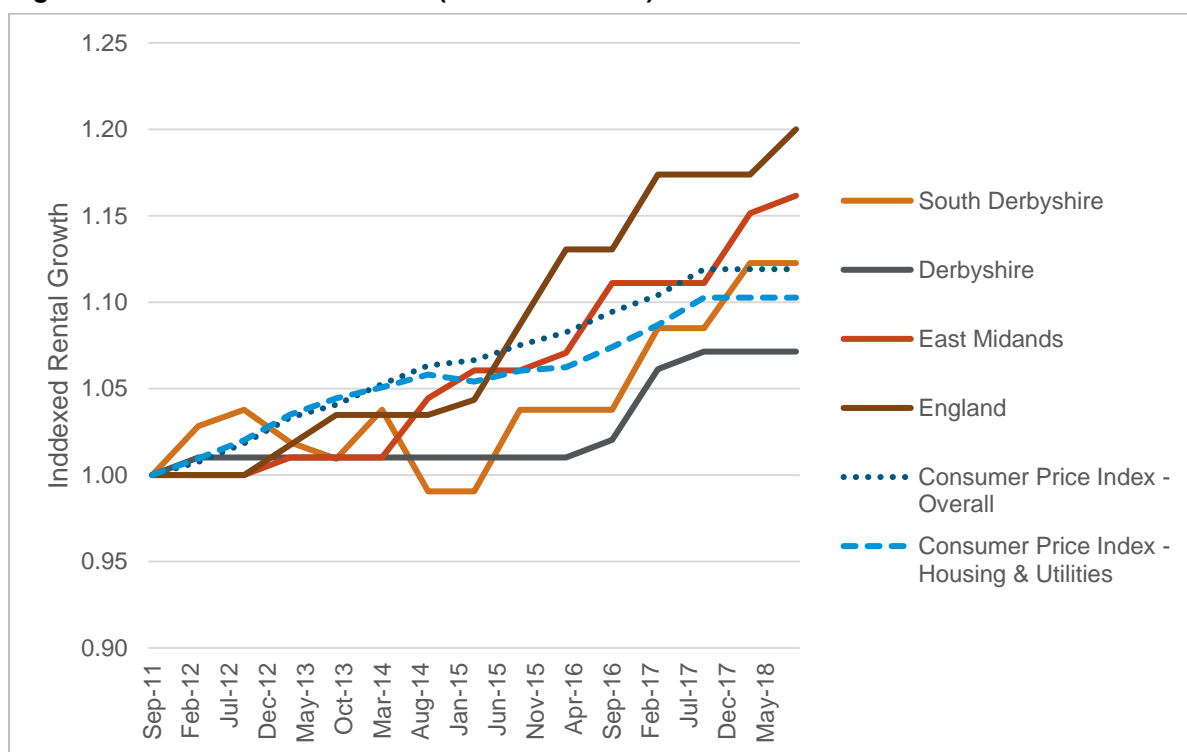
### Rental Values

- 3.24 The median rental value in South Derbyshire is £595 per month for the year to September 2018. This number is based on 607 transactions recorded by the Valuation Office Agency. Rental values in South

Derbyshire are higher than Derbyshire County (£525) and the East Midlands (£575), yet lower than the rest of the nation (£690).

- 3.25 Median rental values in South Derbyshire have increased by 12% since 2011. This growth is greater than the level of growth experienced in the County (7%), but below the East Midlands (16%) and the national equivalent (20%).
- 3.26 As illustrated in the figure overleaf, since 2011, the median rental value of properties in South Derbyshire has increased at a slower rate than both the CPI and the housing CPI indices of inflation. Only in the year 2018 has the rental value of properties in South Derbyshire grown faster than both CPI and Housing CPI. This means that rents have increased in real terms.

**Figure 8: Median Rental Growth (Indexed to 2011)**



Source: VOA, 2017

- 3.27 The table overleaf looks at the lower quartile rental values of South Derbyshire at a finer grain, reporting the median rental value for the Derby Fringe, Swadlincote and South and North West sub-areas by house size.
- 3.28 In South Derbyshire, the Swadlincote and South sub-area has the lowest, lower quartile rental values at £470 per month for all dwellings. Rental values range from £400 per month for a 1-bedroom property to £775 for a 4-bedroom property.

- 3.29 In comparison, the lower quartile rental value for all property types in the North West is £565. A 1-bedroom property in the North West sub-area is £440 per month, increasing to £895 per month for a 4-bedroom property.
- 3.30 The Derby Fringe market has the highest lower quartile rental values in South Derbyshire, achieving £640 for all dwelling types. 1-bedroom properties reach £460 per month, increasing to £665 per month for a 3-bedroom and £960 per month for a 4-bedroom property.

**Table 3: Lower Quartile Market Rents (per month) by Sub-area**

Type	Derby Fringe	Swadlincote and South	North West
1-Bedroom	£460	£400	£440
2-Bedrooms	£550	£470	£520
3-Bedrooms	£665	£555	£625
4-Bedrooms	£960	£775	£895
All properties	£640	£470	£565

Source: Valuation Office Agency and on the market search

- 3.31 It is worthwhile examining lower quartile rents alongside LHA rates to understand whether lower-earning households can access the PRS. Three Broad Rental Market Areas (BRMA) cover South Derbyshire, these are the Derby Housing Market Area (Etwell, Findern, Ticknall, Melbourne, Stenston) and East Staffs BRMA (Hatton, Hilton, Willington, Repton, Swadlincote). The third is the Leicester BRMA; however, this only covers a very small part of the District (Calke).
- 3.32 As the table below demonstrates, the LHA rates across the District are lower than lower quartile rents in all of the three sub-area for each of the four sizes of accommodation examined.

**Table 4: Local Housing Allowance by Broad Rental Market Area (November 2019)**

Size	Derby BRMA		East Staffs BRMA		Leicester BRMA	
	Per Week	Per Month	Per Week	Per Month	Per Week	Per Month
Shared Accommodation	£58.82	£254.89	£60.04	£260.17	£63.22	£273.95
One Bedroom	£84.75	£367.25	£84.03	£364.13	£86.30	£373.97
Two Bedrooms	£103.50	£448.50	£103.56	£448.76	£109.32	£473.72
Three Bedrooms	£117.70	£510.03	£123.58	£535.51	£130.38	£564.98
Four Bedrooms	£155.30	£672.97	£162.40	£703.73	£163.16	£707.03

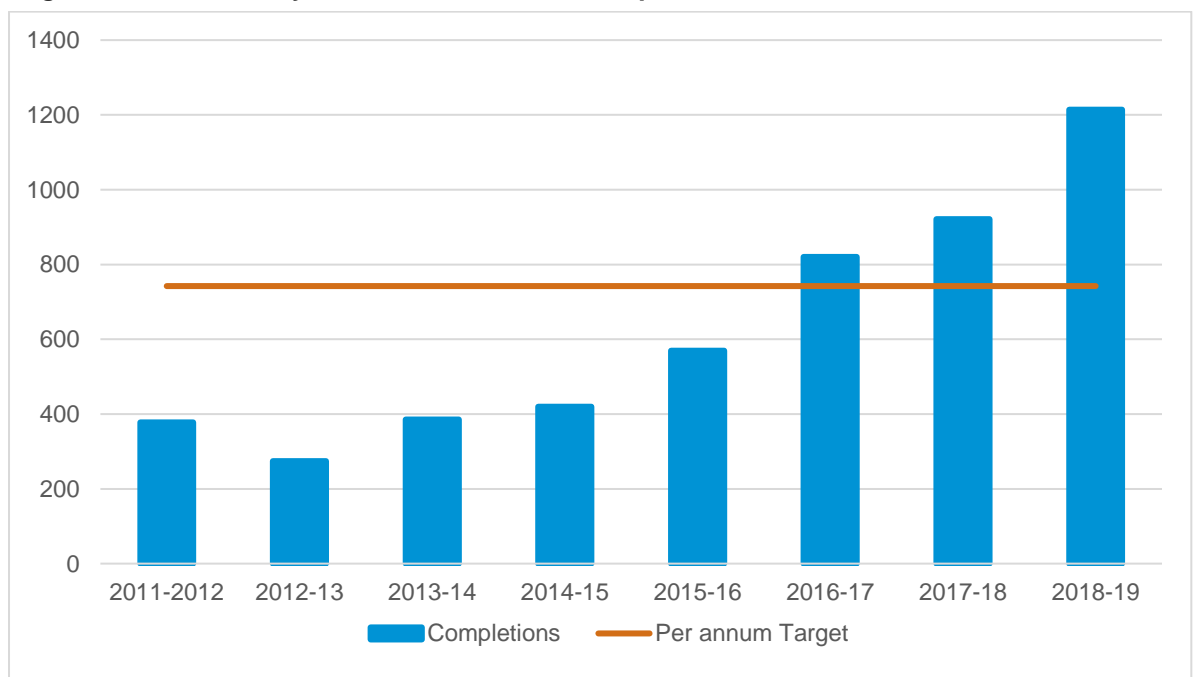
Source: Valuation Office Agency, 2019

- 3.33 This results in households being forced to live in smaller homes than they need or spending a larger percentage of household income on affording higher rents than can reasonably be afforded.
- 3.34 The impact of the relatively low LHA rate is likely to be an increased need for social and affordable rented homes.

## Completions

- 3.35 Data has been drawn from South Derbyshire's Annual Monitoring Reports over the period 2011 to 2019. As illustrated in the figure below, it is evident that since the recession, the market took some time to recover.
- 3.36 Historic completions have been below the anticipated annual Local Plan housing target until the year 2016/2017 where the number of completions increased by 44% on the previous year (2015/2016). In the years following, the completions have been above the annual Local Plan housing target.
- 3.37 The financial year 2018/2019 experienced the greatest volume in dwelling completions, reaching 1,218 dwellings delivered which is well above the annual Local Plan housing target.
- 3.38 Cumulatively since 2011, 4,985 dwellings have been completed, which is below the required Local Plan housing requirement of 5,938 for that period. This leaves a residual need of 7,633 dwellings to be completed by the end of the Plan period.

**Figure 9: South Derbyshire Cumulative Net Completions 2011-2019**

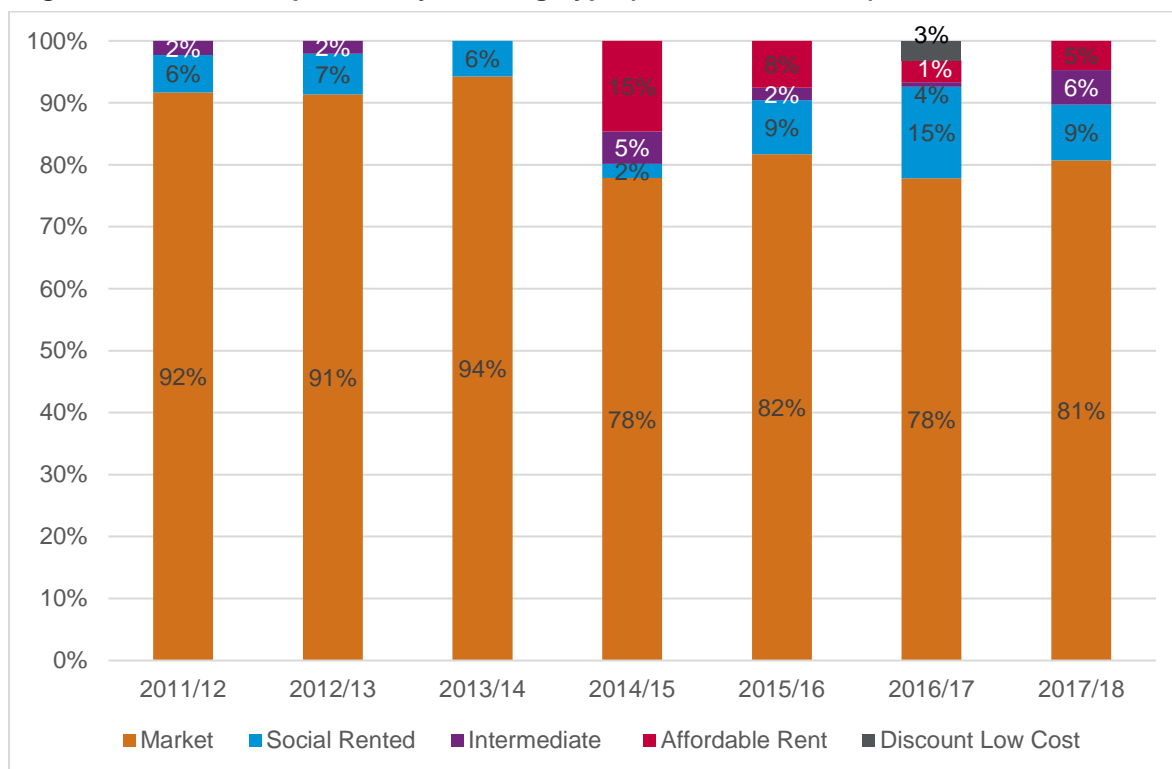


Source: SDDC Monitoring Data

- 3.39 The Council's Housing Position Paper (2018) reports the housing completions by dwelling type over the 2011/2012 to 2017/2018 period. As anticipated, market housing has been the dominant type of dwelling completed over the period (83%).

- 3.40 The social housing sector comprised the remaining 17% of completions with 9% social rented housing, 5% affordable rented housing, 3% intermediate housing and 1% “discounted” homes.

**Figure 10: Gross Completions by Dwelling Type (2011/12 to 2017/18)**



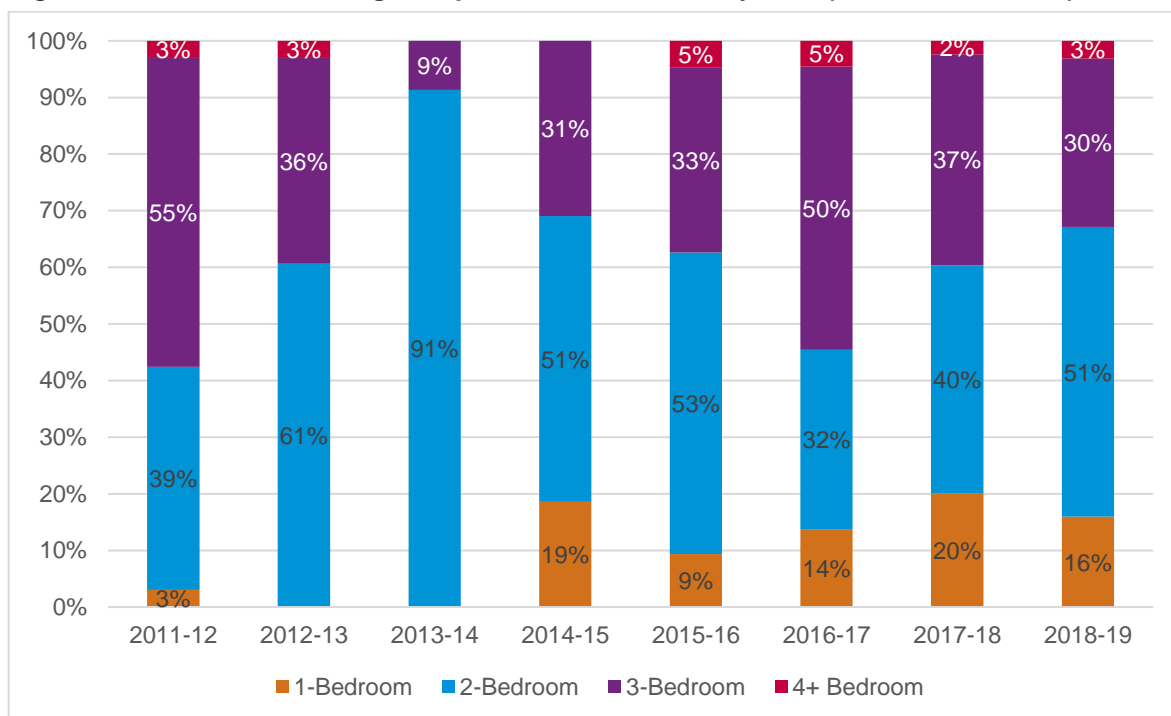
Source: South Derbyshire Housing Position Paper, 2018

- 3.41 In terms of affordable dwelling completions, annual monitoring data shows that cumulatively there have been 883 affordable dwellings completed over the 2011/2012 and 2018/2019 period. The last two years have seen a significant increase in the delivery of affordable dwellings with 180 provided in 2017/2018 and 225 in 2018/2019. A large proportion (54%) of affordable dwellings have been delivered in the Derby Fringe sub-area, followed by Swadlincote and South (34%) and the North West (12%).
- 3.42 The figure overleaf illustrates the affordable housing completions in South Derbyshire by bedroom size since 2011/2012. In terms of the types of affordable homes being delivered over the period, 14% have been 1-bedroom, 48% 2-bedrooms, 35% 3-bedrooms and 3% 4+ bedrooms.
- 3.43 Since 2011, most completions have been 2-bedroom and 3-bedroom dwellings. Very few 1-bedroom affordable dwellings were completed in the earlier years, however, the volume increased from 2014/2015 and accounting for 19% of affordable dwellings supplied in 2014/2015. This volume



remained consistently above 9% in the following years to reach 20% at 2017/2018 and 16% at 2018/2019.

**Figure 11: Affordable Housing Completions in South Derbyshire (2011/12 to 2018/19)**



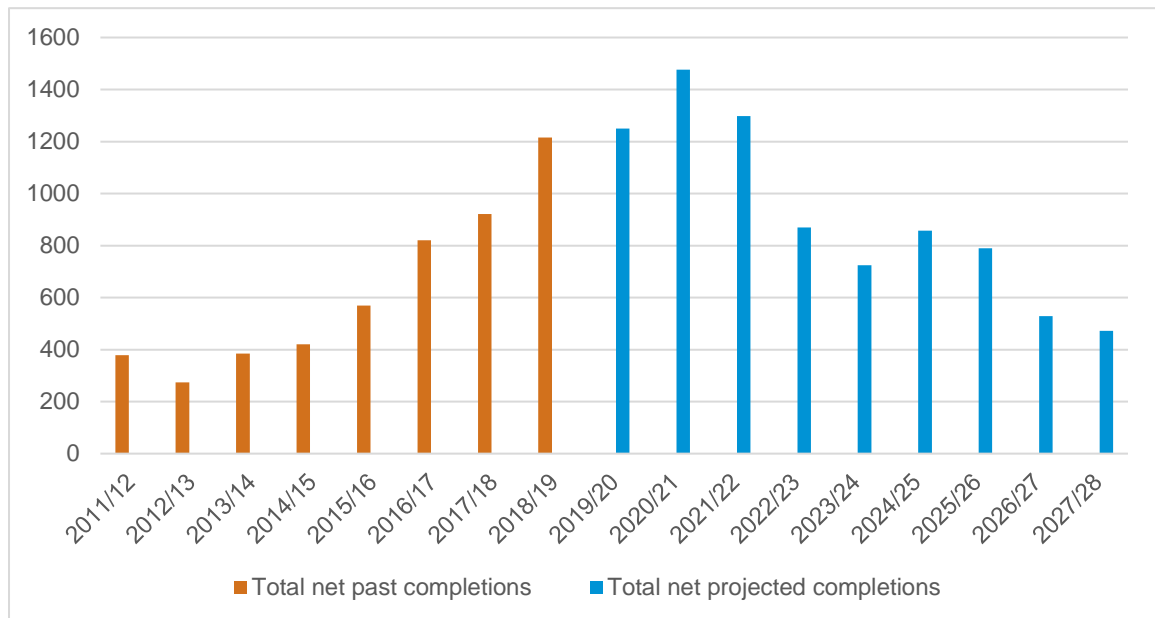
Source: SDDC Monitoring Data

- 3.44 South Derbyshire District Council has provided data on the Council's housing stock. At September 2019, there were 2,972 properties on the Council's stock portfolio. Of this total, 52% are houses, 26% are flats, 22% are bungalows and less than 1% are bedsit accommodation.
- 3.45 The Council's property is comprised as follows: 23% are 1-bedroom, 39% are 2-bedroom, 33% are 3-bedroom and 5% are 4+ bedrooms. Less than 1% of accommodation have no bedrooms, this includes bedsit accommodation.

### Projected Completions

- 3.46 The Council have also provided an indication on the level of expected completions for the remainder of the Plan period. In total, the District is expected to deliver 9,281 dwellings in the remainder of the Plan period. This would help achieve the Government's objective of "significantly boosting the supply of homes" as set out in Paragraph 59 of the NPPF.



**Figure 12: Completions and Projected Completions (2011 to 2028)**

Source: SDDC Monitoring Data

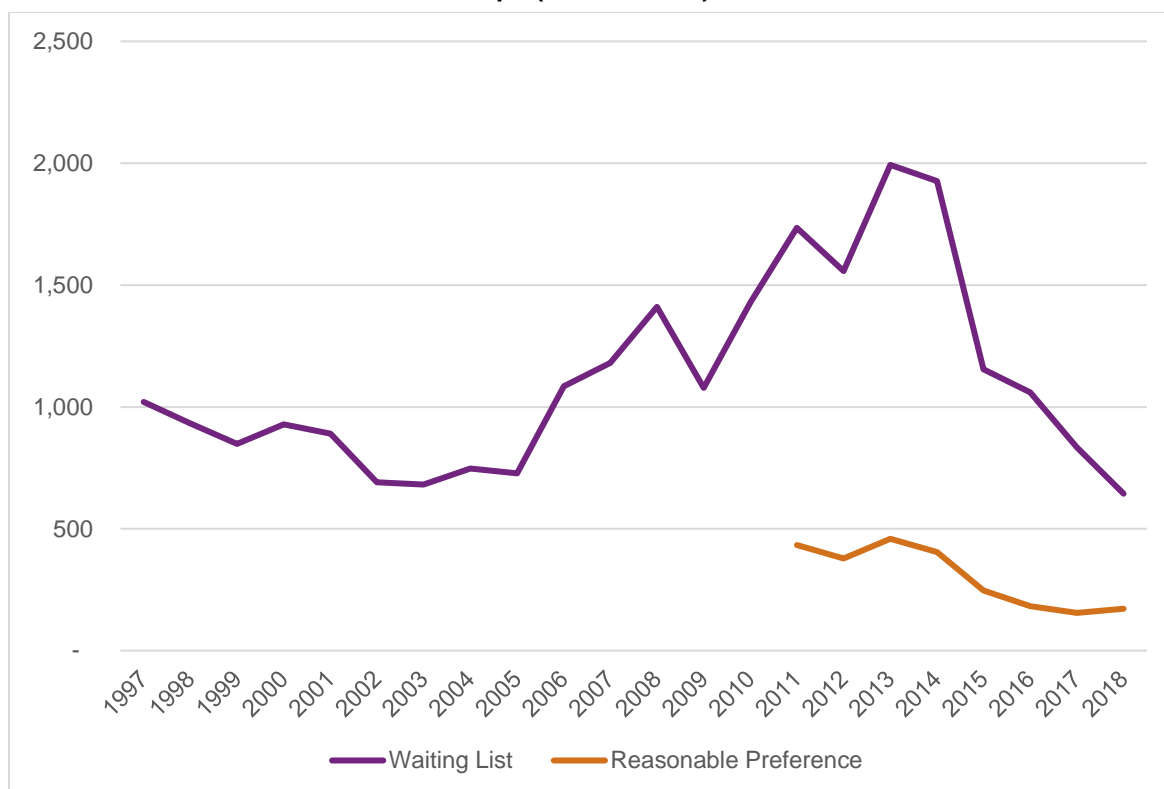
- 3.47 The highest year of delivery is expected to be in 2020/2021 when 1,476 are forecast to be completed; the years following a fall in delivery is expected. Over the remainder of the plan period, delivery is expected to average 1,032 dwellings.

### Housing Waiting List

- 3.48 The figure overleaf illustrates the number of households on the Council's housing waiting list in South Derbyshire over the 1997 to 2018 period. The years 2013 and 2014 had the highest volume of households on the waiting list, with 1,993 and 1,927 households respectively.
- 3.49 Since this time, the number of households on the waiting list decreased due to revisions of the Council's Allocations Policy in light of the Localism Act; which included the addition of a local connection criteria and stricter qualification criteria to join, although it should be noted that the Policy does allow people with no housing need onto the list and has priority categories allowing tenants to downsize to make the best use of the available housing stock.
- 3.50 At 2018, there were 644 households on the Council's housing waiting list. This is a 23% reduction from the year before where there were 834 households. At the end of 2018, there were 172 households in a "reasonable preference" category.

- 3.51 “Reasonable preference” groups are defined by the 1996 Housing Act and include, the homeless, people occupying insanitary or overcrowded housing; people who need to move on medical or welfare grounds (including any grounds relating to a disability) and those who need to move to a particular locality in the district, where failure to meet that need would cause hardship (to themselves or others).

**Figure 13: Number of Households on South Derbyshire’s Housing Waiting List and Reasonable Preference Groups (1997 to 2018)**



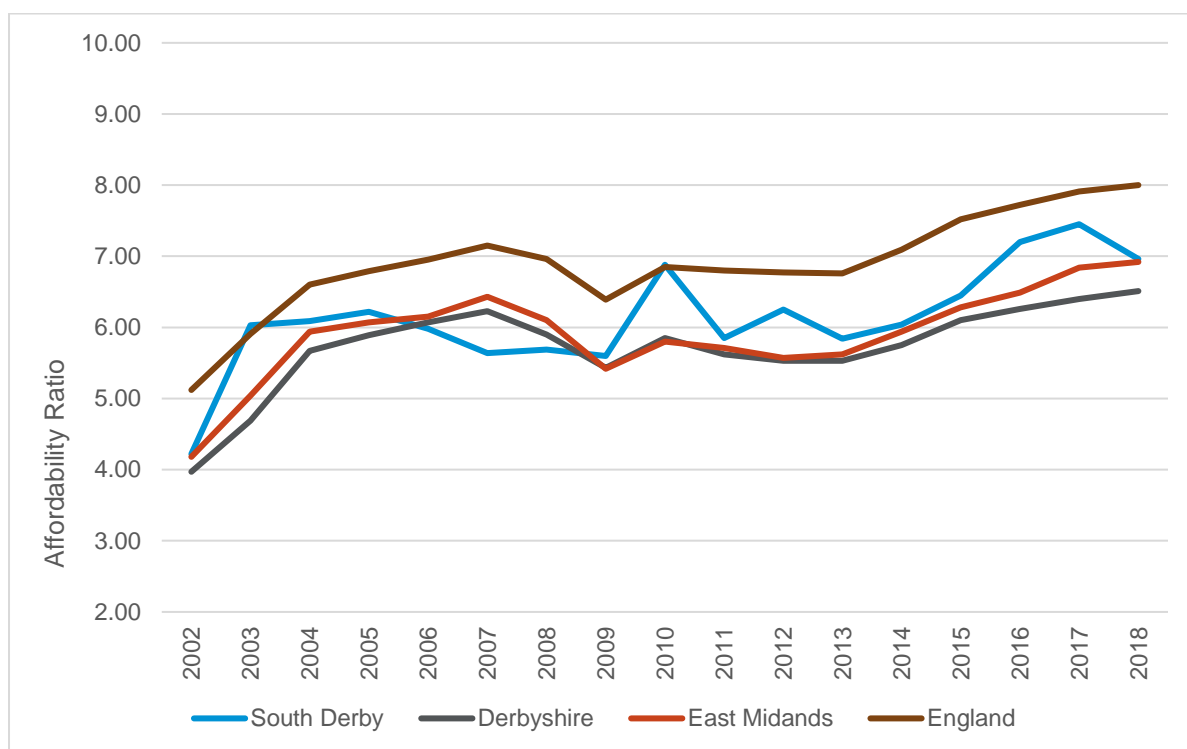
Source: UK Government, Live Table 600, January 2019 and Local Authority Housing Statistics for RPG (from 2011 onwards)

- 3.52 Data on “reasonable preference” groups indicate that these households typically comprise on average around 22% of the overall waiting list, although the percentage does appear to be falling until the last year of recording, where the percentage increased to 27%, or the equivalent of 172 households.

### Affordability Ratio

- 3.53 The average ratio of median house price to median gross annual workplace-based earnings for South Derbyshire is 6.96 (at 2018). This means the house prices in the District are around 7 times the earnings of those working in the District.

**Figure 14: Affordability Ratio – Median House Price to Median Gross Annual Workplace-Based Earnings, (2002 to 2018)**



Source: ONS 2018

- 3.54 Since 2002, the median workplace-based affordability ratio in South Derbyshire has gone from 4.22 to 6.96, a deterioration of 64.9%, which aligns with the County (64%) and the East Midlands (65.6%). This compares to the national equivalent which deteriorated by 56%, from 5.12 in 2002 to 8.00 in 2018.

### Agent Consultation

- 3.55 Consultation with estate agents across South Derbyshire has been undertaken to understand the current state of the housing market in terms of the demand for particular products, the profile of buyers, the housing needs of specific groups and the potential gaps in the market.

### Swadlincote and South Sub-area

- 3.56 In the Swadlincote and South sub-area, consultation has found that current house prices are comparable with prices at this time last year. Median sale and rental prices are often more reasonably priced in the urban area of Swadlincote and within a 3-mile radius, compared to the rural villages surrounding, such as Caldwell and Rosliston.

- 3.57 It has been identified that across the sub-area, mid-range properties, particularly 4-bedrooms, sell quickly and typically are on the market for three months which is a shorter period than elsewhere in the District.
- 3.58 The sub-area is predominately experiencing demand from first-time buyers, typically seeking 3- and 4-bedroom properties. The profile of the first-time buyer market consists of young couples without children and young families.
- 3.59 Those buying properties in the area are evenly split between those relocating within the wider housing market and those moving from the Birmingham housing market area to secure more reasonably priced medium to large properties. It was suggested that those people moving to the Swadlincote and South sub-area are attracted to the area as they still can commute to employment opportunities in Birmingham.
- 3.60 In terms of smaller properties, agents have suggested that demand is low. Those buying and renting smaller properties in the sub-area are generally older persons and downsizers. However, it was identified that older persons typically want a 2-bedroom bungalow rather than a flat and this type of dwelling type is in low supply.
- 3.61 Demand for older person accommodation is relatively high. The Oakland Village development is an extra-care housing scheme for older people (over 55) with care, support and independent living options. The majority of the homes available are affordable rented accommodation. The property has 88 apartments which all are fully occupied. The consultation confirmed that future development similar to this would be appropriate.
- 3.62 A gap in the Swadlincote and South sub-area market is bungalows, while smaller properties are available these are mostly apartments. An issue identified is that when bungalows do become available, the quality is poor as they have been occupied by an older person for a long period with very little (or no) investment in up-keep.
- 3.63 There has been development activity in Swadlincote with 3- and 4-bedroom new builds becoming available. An issue arising is the design of these new builds as they are being constructed without garages. Given the lack of public transport, there is a reliance on cars therefore this is a feature that would attract a premium.

#### **North West Sub-area**

- 3.64 The North West market is in a similar position as it was this time last year. Agents have identified that the greatest level of demand in the sub-area is for 3-bedroom houses. The demand is not in a

particular area, rather distributed fairly evenly across the sub-area, however, it was noted by other agents that there are higher volumes of demand in Hatton, Hilton and Etwall given the hierarchy of settlements in the sub-area and the nature of the housing supply.

- 3.65 In terms of older persons, local agents identified that the market is primarily driven by locals who are downsizing and seeking 1- and 2-bedroom properties. This market seeks one-level living for ease of access and proximity to services and transport.
- 3.66 The type of 1 and 2-bedroom product in demand is generally bungalows in retirement villages. Flats are not in great demand. However, there remains a gap in the market for more older person accommodation, both in terms of purpose-built retirement village housing and smaller private houses.
- 3.67 This is an issue as when people want to downsize as they often want to remain in the local area and yet there is not enough supply of 1-bedroom and 2-bedroom dwellings coming on the market to meet this demand. Providing more smaller homes would encourage downsizing and better use of the existing stock.
- 3.68 Further, engagement with local agents identified that there is a need for more reasonably priced privately rented housing in the sub-area.

#### **Derby Fringe Sub-area**

- 3.69 The Derby Fringe sub-area is performing well with market conditions in a similar position to this time last year. It was noted that the sale and lease of 3-bedroom detached and semi-detached properties experience the greatest demand.
- 3.70 Much of the housing demand is associated with employees at Rolls-Royce and the Royal Hospital Derby. This profile of buyer seeks reasonably priced private housing options in good locations with good access to strategic roads and transport. Detached 3-bedrooms homes are the dominant house type.
- 3.71 It was identified that settlements in the north of the sub-area are dominated by demand for 3-bedroom properties, both detached and semi-detached. Agents have identified that there is a volume of new builds coming on the market which come with a premium. However, the area is in high demand from families wanting to stay in the area while seeking higher quality stock.
- 3.72 The profile of those purchasing 3-bedroom properties is mainly first-time buyers with a budget of between £150,000 and £200,000.

- 3.73 Demand is also high for bungalows and agents reported that demand for flats is relatively low. There remains a small volume of buyers seeking flats in the sub-market, typically these are single-person households, including older persons seeking compact living or one-person households employed in the local area.
- 3.74 There is a local retirement development at Richmond Villages in Aston-on-Trent which is privately operated by Bupa Extra-Care. The property includes 76 village apartments, 49 village suites and a 61-bed care home and both sale and rental options are available.
- 3.75 Rental homes are available from around £133 per day. The village apartments are self-contained homes and are on sale for around £295,000 for a 1-bedroom apartment and £340,000 for a 2-bedroom.
- 3.76 The village care homes have private en-suite bedrooms with communal spaces. Residential care is provided for those who have low clinical needs but for whom undertaking daily tasks may be a challenge. Nursing care is provided when a higher level of clinical support is required 24 hours a day.

**Key Messages: Market Signals**

- In 2019, there were around 45,500 dwellings in South Derbyshire. Detached houses were the dominant dwelling type in the District making up 40% of dwellings.
- Over the Census periods, South Derbyshire experienced a 22% increase in housing stock and has seen a 12% growth since. Flats experienced the greatest growth since 2001, increasing by 74%.
- Recent data on dwelling stock by tenure shows that South Derbyshire has a relatively high proportion of dwellings in the private sector at 90% compared to Derbyshire County (85%) and England (83%).
- The median house price in South Derbyshire in 2018 was £203,000 which is slightly higher than the county (£175,000) and regional median equivalent (£182,500) but lower than the national equivalent (£230,000).
- Median house prices in the District have grown over the last 12 months by 6.3%, which is significantly above the national growth of 2.1%, above the County growth and regional growth of 5.4% and 5.5% respectively.
- Over a twenty-year period to December 2018, the change in median house prices in the District has been 271.1%, rising from £56,500 in 1998 to £210,000 in 2018, compared to a national growth of 263.6%, rising from £66,000 to £240,000 over the same time frame.
- The average ratio of median house price to median gross annual workplace-based earnings for South Derbyshire is 6.96 (at 2018). Since 2002, affordability in South Derbyshire has deteriorated by 64.9%, which aligns with the County (64%) and the East Midlands (65.6%).
- In the year to September 2018, the median rental value in South Derbyshire was £595 per month for the calendar year ending to September 2018.
- Median rental values in South Derbyshire increased by 12% since 2011. This growth is greater than the County (7%), but below the East Midlands (16%) and national (20%) equivalents.
- Between 2011 and 2019 the District's cumulative development has been 4,985 dwellings, which is below the Local Plan housing requirement of 5,938 for that period.
- There has been 883 affordable dwellings completed since 2011. The last two years have seen a significant increase in the delivery of affordable dwellings
- At 2018, there were 644 households on the Council's housing waiting list. This is a 23% reduction from the year before. Of these 172 households in housing need ("reasonable preference" category).

## 4 FUTURE HOUSING NEED AND POPULATION GROWTH

### Introduction

- 4.1 Paragraph 214 of the 2019 NPPF states that any plans submitted after the 24<sup>th</sup> of January 2019 should be based on the 2019 version of the NPPF including the standard methodology for assessing housing need.
- 4.2 The assessment of local housing need through the standard method is a three-stage process. This is set out in the PPG in relation to Housing and Economic Needs Assessment<sup>2</sup> which was revised in July 2018, again in September 2018 and most recently in February 2019.
- 4.3 Our approach below calculates the need and population growth for the 2019-2029 period, although once calculated this “can be applied to the whole plan period” as Paragraph 12 (Reference ID: 2a-012-20190220) of the PPG sets out.
- 4.4 The current plan period finishes in 2028 but we can assume the calculated need can be used over that shorter plan period. We have also set out in the Appendix as some key outputs based on extending the identified level of need beyond the plan period to 2036.

### Step 1 - Setting the baseline

- 4.5 The baseline is set using the 2014-based national household growth projections. The PPG advises that “the projected average annual household growth over a 10-year period (this should be 10 consecutive years, with the current year being the first year)” should be used.
- 4.6 In South Derbyshire’s the 2014-based household projections show:
- 43,528 households in 2019
  - 48,188 households in 2029
- 4.7 This is a total growth of 4,660 new households over the 10 years, equivalent to an average household growth of 466 per year.

### Step 2 - An adjustment to take account of affordability

- 4.8 Step 2 then adjusts the output of step 1 (466 dpa) based on local affordability. This is measured using the most recent (2018-based) median workplace-based affordability ratios. The exact calculation states that “for each 1% increase in the ratio of house prices to earnings, where the ratio is above 4,

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<sup>2</sup> <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>



the average household growth should be increased by a quarter of a percent". The exact formula for the adjustment is set out below:

$$\text{Adjustment factor} = \left( \frac{\text{Local affordability ratio} - 4}{4} \right) \times 0.25 + 1$$

- 4.9 Based on South Derbyshire's affordability ratio of 6.96 the adjustment factor is therefore calculated as follows:

$$\text{Adjustment Factor} = \left( \frac{6.96 - 4}{4} \right) \times 0.25 + 1 = 0.185 \text{ or } 118.5\%$$

- 4.10 This means that an additional 18.5% should be added to the household forecasts. The housing need is for South Derbyshire is thus calculated as 552 dpa based 118.5% of 466 dpa (step 1).
- 4.11 This step also ensures that there is no backlog need before the assessment date to be added to the need or requirement. As Paragraph 11 of the PPG states "the affordability adjustment is applied to take account of past under-delivery. The standard method identifies the minimum uplift that will be required and therefore it is not a requirement to specifically address under-delivery separately."

### Step 3 - Capping the level of any increase

- 4.12 The final step then caps the level of increase to ensure the adjustment is realistic. How the cap applies depends on the current age and status of the relevant strategic policies for housing. For areas like South Derbyshire where the Local Plan was adopted within the last five years "the local housing need figure is capped at 40% above the average annual housing requirement figure set out in the existing policies." (Paragraph 4, Reference ID: 2a-004-20190220).
- 4.13 The Local Plan Housing Requirement is 742 dpa, therefore, the housing need is capped at 40% above that figure at effectively 1,038. However, the result of this step was significantly lower than this figure therefore no cap was applied. Therefore, as per Step 2, the minimum annual local housing need figure is 552 dpa.

## Residual Local Plan Housing Requirement

- 4.14 As the South Derbyshire Local Plan (2016) sets out:

*“Fundamental to the strategy is the HMA’s recognition that Derby City is unable to make provision for all its own housing needs within its own boundary. The City is only able to provide 11,000 dwellings over the period to 2028.*

*This means a collective approach is needed to ensure development needs across the wider Derby area are properly met. As a result, over the plan period at least 12,618 dwellings will be built within the District, of which 9,605 dwellings are to meet South Derbyshire’s objectively assessed housing need and 3,013 dwellings are in part to meet Derby City’s unmet objectively assessed housing need.”*

- 4.15 The current housing requirement of 12,618 over the Plan period 2011 to 2028 equates to an annual requirement of 742 dwellings. Based on housing completions data provided by the Council, 4,985 dwellings have been completed from the start of the Plan period (2011) to date in South Derbyshire. This results in a residual housing requirement of 7,633 for the remaining Plan period.
- 4.16 Following 2018/2019 the Council’s housing trajectory data identifies 9,281 net projected completions for the remaining Plan period. It is important to note that the remaining dwellings to be completed includes the Council taking on the unmet need of Derby City.
- 4.17 This residual need is significantly higher than the OAN figure of 4,968 for the equivalent nine-year period. However, based on the existing strategy and committed supply the Council are taking the positive step of maintaining their Local Plan target despite a lower need.
- 4.18 At Paragraph 10, the PPG (Reference ID: 2a-010-20190220) suggests when it might be appropriate to plan for a higher level of housing need than the standard method, stating:
- “that the standard method for assessing local housing need provides a minimum starting point ... there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates... circumstances where this may be appropriate include...an authority agreeing to take on unmet need from neighbouring authorities”.*
- 4.19 This is the case in South Derbyshire, therefore maintaining the requirement based on the Local Plan is appropriate. The target of 7,633 additional homes by 2028, therefore, informs the remainder of the report.
- 4.20 In addition, key longer-term outputs to 2036 based on the standard method need of 552 dpa are set out in Appendix A.

## Population Growth

4.21 As set out above the residual requirement for the remainder of the Plan period of 7,633 dwellings. However, to allow for additional modelling to be undertaken in this report we still need to translate this into population growth.

4.22 Although the requirement is not based on the standard method when converting this number into a population growth our approach reflects Paragraph 6 of the PPG:

*“An affordability adjustment is applied as household growth on its own is insufficient as an indicator of housing demand because:*

- *household formation is constrained to the supply of available properties – new households cannot form if there is nowhere for them to live; and*
- *people may want to live in an area in which they do not reside currently, for example, to be near to work, but be unable to find appropriate accommodation that they can afford.”*

4.23 In other words, if the additional homes above household forecasts and indeed above the standard method are to be filled and are to address the issues set out above, then a combination of reasonable improvements to household formation and increases to migration have to occur.

4.24 A scenario has therefore been developed which increases migration to South Derbyshire and builds in an improvement to the household formation of younger people such that there are sufficient population to fill 7,633 additional homes.

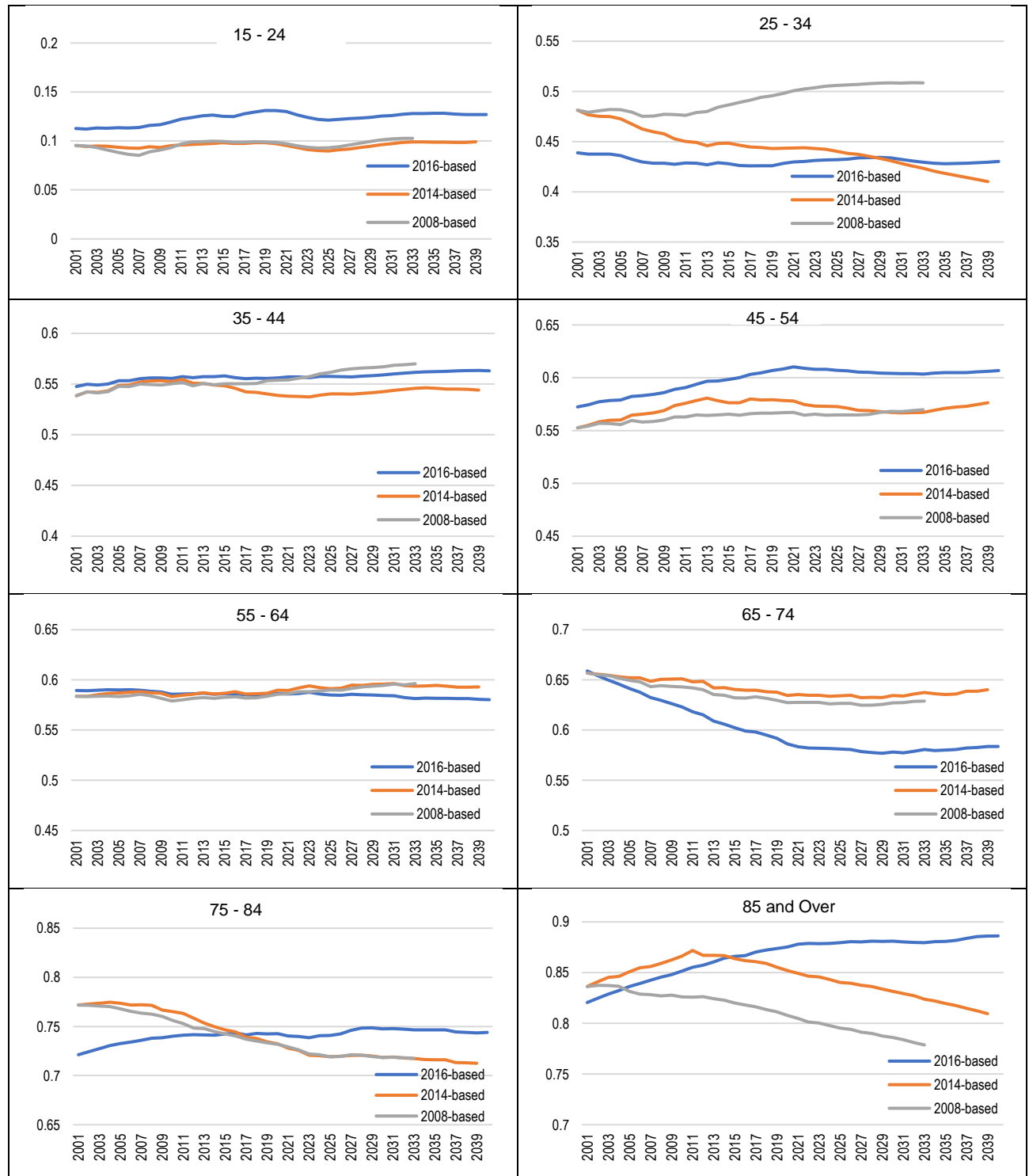
## Household Formation Rates

4.25 We have first sought to establish what a reasonable improvement to household formation rates entails. As too little an adjustment would continue to see households being unable to form and too great an adjustment might be unrealistic and leave empty homes.

4.26 The latest household representative rates (HRR) are contained in the ONS 2016-based sub-national household projections (SNHP) published in September 2018. However, the 2016-based SNHP have come under some heavy 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.

4.27 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. However, as the Figure 15 shows while the 2014-based projections are broadly more positive than the 2016-based projections for those aged 25-34, there is still a clear and considerable deterioration in the ability to form a household since 2001 which is projected to continue.

**Figure 15: Projected Household Representative Rates by Age of Head of Household (selected age groups)**



Source: Derived from ONS and CLG data

- 4.28 The reduction in household formation rates for those aged 25-34 from 2001 onwards, as demonstrated in the 2014-based household projections, is likely to have increased the number of non-dependent children living with their parents and households sharing accommodation and concealed households.
- 4.29 In addition, when the 2014-based HRRs are compared to the pre-recession 2008-based HRRs the HRR are much lower, particularly in younger age groups. As the 2008-based projections are based on pre-recession trends they are reflective of a more positive housing environment.
- 4.30 If either the 2014-based or 2016-based HRR figures are used, it would be clear that the objective of the affordability adjustment would not be met. This is because households in these age groups would still not be able to form in the way that they once did and arguably should.
- 4.31 In such circumstances, it would be reasonable to consider a further adjustment to HRR, as otherwise, residents in these younger age groups would not be able to form in the way in which they would perhaps like to or had done so historically.
- 4.32 We have therefore developed a model which increases the household formation rates of the population aged 25-44. This links back to the 2008- and 2014-based SNHP and can be termed a 'part-return-to-trend', where the rate of household formation sits somewhere between these figures. This approach was suggested by the Local Plans Expert Group (LPEG).
- 4.33 However, this amended HRR applied to the published population projections is still well short of the residual requirement of 7,633 dwellings. That is even with the baseline population growth (from the official projections) spread more thinly across a greater number of homes there is still not enough people to accommodate the 3447 additional homes above the official projections (7633- 466\*9 from step 1).
- 4.34 On this basis, the migration assumptions have been changed so that across the District the population increase and therefore household increase matches the residual housing requirement (including a vacancy allowance).

### Migration

- 4.35 The changes to migration have been applied on a proportionate basis; the methodology assumes that the age/sex profile of both in- and out-migrants is the same as underpins the 2016-based SNPP with adjustments being consistently applied to both internal (domestic) and international migration. Adjustments are made to both in- and out-migration (e.g. if in-migration is increased by 1% then out-migration is reduced by 1%).

4.36 In summary, the method includes the following assumptions:

- Base population in 2018 from the latest mid-year population estimates.
- Household representative rates from the 2014-based Sub National Household Projections with an adjustment for a part-return to 2008-based trends; and
- The migration profile (by age and sex) in the same proportions as the 2016-based SNPP

4.37 In developing this projection, a notably higher level of population growth is derived for South Derbyshire (15,660 additional people compared with 7,300 in the 2016-based SNPP (as published)).

4.38 The age structure of the two projections is also somewhat different, with the projection linked to the residual need showing stronger growth in what might be considered as 'working-age' groups. This arises as ONS data shows that migrants are heavily concentrated in those age groups (along with their associated children).

4.39 The table below shows the age structure of the population projected to be consistent with the delivery of 7,633 dwellings from 2019 to 2028.

**Table 5: Population Change by Five-Year Age Bands – South Derbyshire (2019 to 2028)**

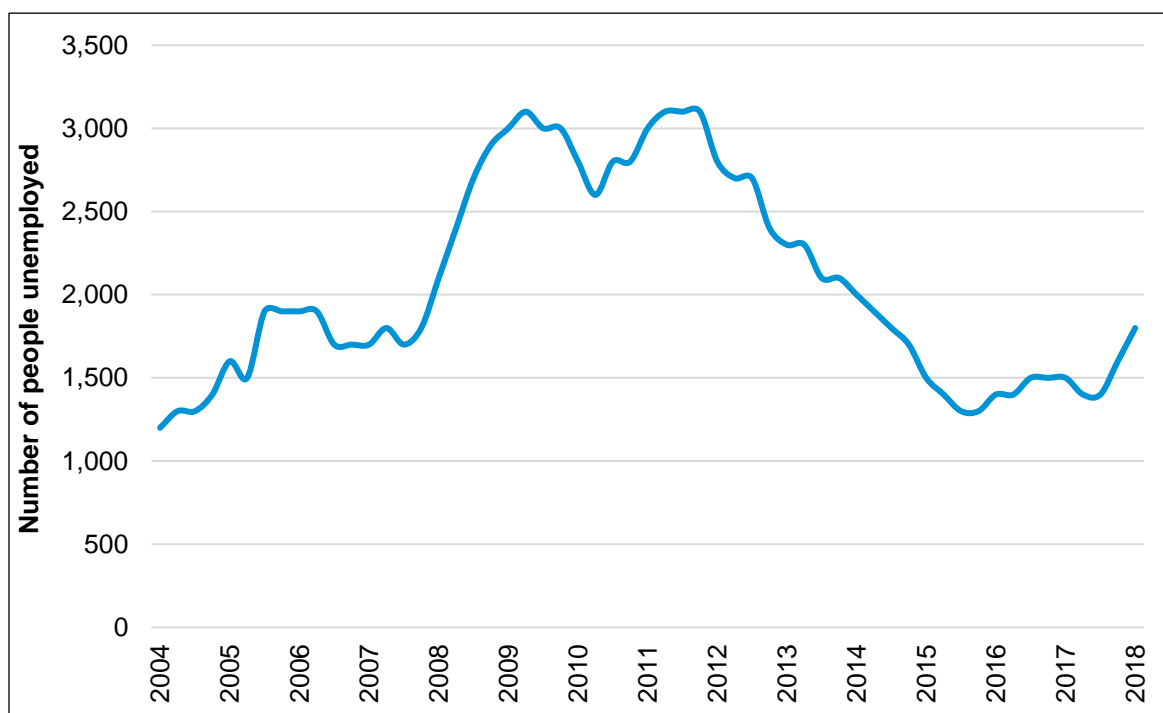
	Population 2019	Population 2028	Change in population	% Change
Under 5	5,920	6,780	860	14.5%
5-9	6,374	6,930	556	8.7%
10-14	6,346	6,997	651	10.3%
15-19	5,700	6,929	1,228	21.5%
20-24	5,242	5,526	284	5.4%
25-29	6,537	6,690	153	2.3%
30-34	6,608	7,741	1,133	17.2%
35-39	6,939	8,364	1,425	20.5%
40-44	6,551	8,013	1,461	22.3%
45-49	7,776	7,875	100	1.3%
50-54	8,375	7,177	-1,197	-14.3%
55-59	7,385	8,510	1,125	15.2%
60-64	6,131	8,523	2,393	39.0%
65-69	5,758	7,295	1,538	26.7%
70-74	5,534	5,754	219	4.0%
75-79	3,640	4,967	1,327	36.5%
80-84	2,422	4,083	1,661	68.6%
85+	2,182	2,924	742	34.0%
Total	105,419	121,078	15,660	14.9%

Source: Demographic projections

- 4.40 The population projections reported in the table above show there is expected to be growth across all age groups, except the 50-54 age group which is projected to decline by approximately 14%.
- 4.41 The age groups considered to be working age are expected to experience positive growth with the 30-34 age group projected to increase by 17%, 35-39 age group to increase by 21% and 40-44 age group to increase by 22%. The 45-49 age group, however, is expected to grow only slightly by 1% over the period.
- 4.42 The population projections show an increase in those over 60 years in South Derbyshire for the period to 2028. The 80-84 age group (approximately 69%) and 60-64 age group (approximately 39%) are projected to experience the highest proportional growth for the population over 60.

### Labour force growth

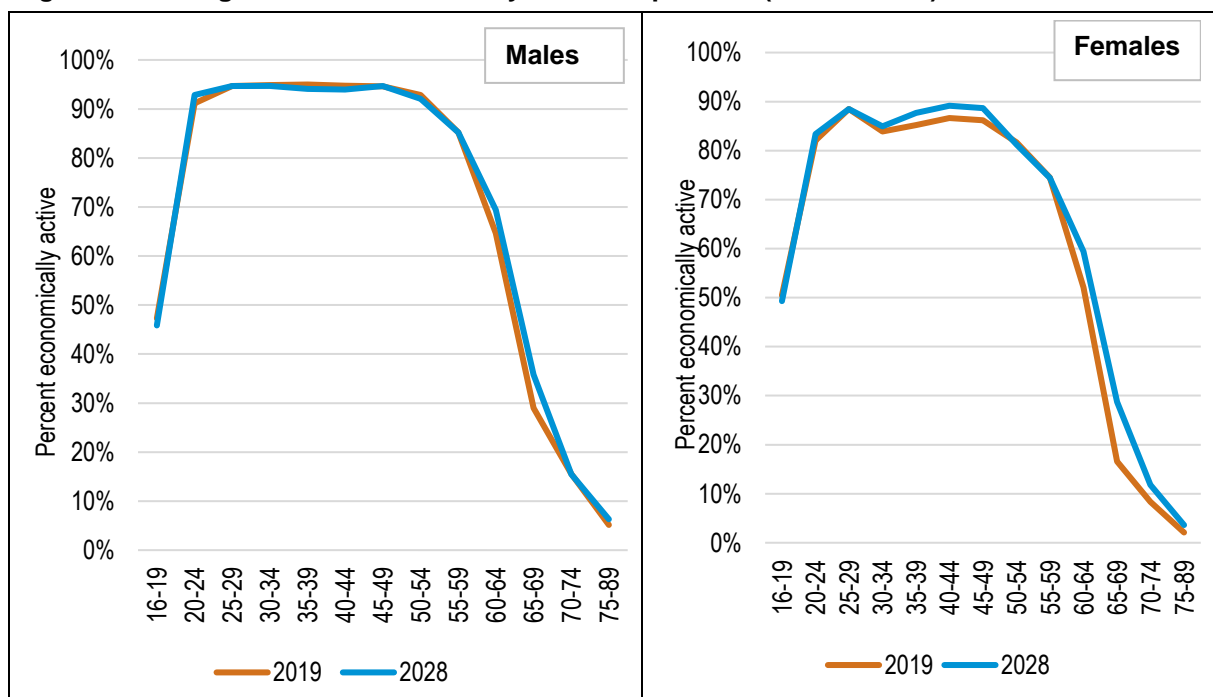
- 4.43 As part of determining the housing need, consideration has been given to economic growth and how many jobs the residual housing requirement can support as there is still a requirement for local authorities to align their economic and housing strategies.
- 4.44 As established, the residual requirement for South Derbyshire is 7,633 for the remaining Local Plan period to 2028. The population is expected to grow by 15,660 (or 14.9%) over the same period.
- 4.45 The working-age population (15-64) within the population projections is expected to increase by 8,105. This compares to a growth in the population of retirement age (65+) of 21,147. The current working age to retirement age ratio is 0.54 however this is expected to fall to 0.52 as the growth in the retirement age population outstrips that of a working age.
- 4.46 However, some of those of retirement age will still be economically active, therefore, to translate this population growth into labour force growth and jobs growth, a series of assumptions need to be made.
- 4.47 The first step is to understand how economic activity might change and therefore what the resident labour force would be. There are several factors to the economic activity rates including age profile, unemployment and changing pensionable ages.
- 4.48 Unemployment in South Derbyshire was analysed to reveal changes over time. As the figure below illustrates, unemployment patterns are somewhat in line with broader economic cycles. Unemployment in South Derbyshire was at its highest during the Global Financial crisis around 2008 to 2012. In the years following this, unemployment started to reduce and remained low until over the last year where it increased again to 1,800 (See Figure overleaf).

**Figure 16: Number of People Unemployed in South Derbyshire (2004 to 2018)**

Source: Annual Population Survey

- 4.49 We next considered how economic activity may change between 2019 and 2028. From this, we drew on the Office of Budget Responsibility (OBR) July 2018, Fiscal Sustainability Report (FSR) and adjusted the start point and age structure in South Derbyshire. The figure below illustrates changes to economic activity rates for both males and females.
- 4.50 The percent of economically active males is forecast to continue the same trend to 2028. However, there is a slightly higher percentage of the population that is economically active over the age of 60. The change is more apparent for females for whom it is projected that a higher percentage of the economically active population will be working from those aged 35 and older. This includes a noticeably higher proportion of economically active females over the age of 65 in 2028.



**Figure 17: Changes to the Economically Active Population (2019 to 2028)**

Source: Demographic projections

- 4.51 Applying these assumptions to the population growth under the residual Local Plan housing requirement makes it possible to assess the growth in the economically active population in South Derbyshire. As set out in the table below, the residual Local Plan housing requirement will create an additional 8,023 economically active persons over the 2019 to 2028 period. This change is significantly greater than the SNPP even when adjusted to take account of the latest mid-year estimates.

**Table 6: Change in the Economically Active Population (2019 to 2028)**

	Economically active (2019)	Economically active (2028)	Change
SNPP	55,319	58,298	2,980
SNPP (+MYE)	56,789	59,812	3,023
Residual Local Plan Need	56,789	64,812	8,023

Source: GLH modelling

- 4.52 The final step is to translate this growth in economically active residents to jobs taking account of those with more than one job and those who are likely to commute in and out of South Derbyshire for work.

### Commuting Patterns

- 4.53 The table below shows the commuting ratio for South Derbyshire which is calculated as the number of people living in an area (and working anywhere) divided by the number of people working in the area (regardless of where they live).
- 4.54 There are 14,322 people that commute into South Derbyshire for employment and 28,253 that commute out of the district for employment opportunities. As a result, South Derbyshire is a net out-commuter.
- 4.55 The number of people resident in South Derbyshire and in employment is around 40% higher than the total number who work in the area regardless of where they live (which is reflected in the commuting ratio in the table below). This means that for every 1,000 additional residents it would support 600 additional jobs in the district.

**Table 7: Commuting Patterns (2011)**

	South Derbyshire
Live and work in LA	11,520
Homeworkers	5,174
No fixed workplace	3,156
In-commute	14,322
Out-commute	28,253
Total working in LA	34,172
Total living in LA (and working)	48,103
Commuting ratio	1.408

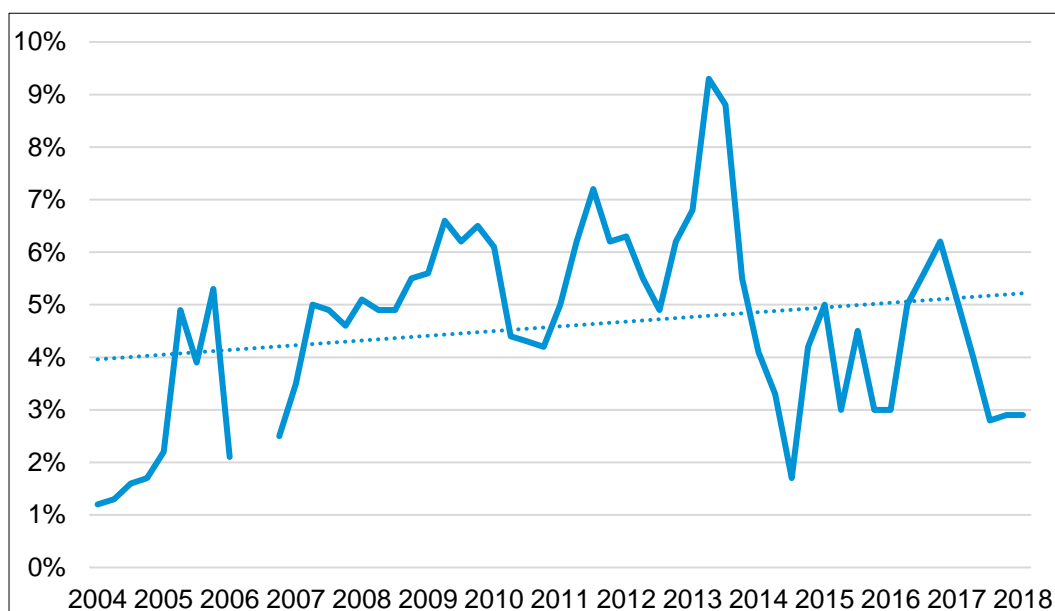
Source: 2011 Census

- 4.56 The proportion of people commuting to and from South Derbyshire is not assumed to change even if the number of jobs does. This is an important consideration to assume otherwise we would see local authorities planning their labour force growth on a population which is no longer commuting to an area or housing growth which under or over-estimates the demand.
- 4.57 It is also not unreasonable to assume that commuting patterns will change in future and will have changed since 2001. However, no robust commuting data is published between the census. In any case, such future changes should be agreed at a strategic level under the duty to cooperate. It will be for the local authorities to decide the merits of different policy approaches to changing commuting patterns.

### Double-Jobbing

- 4.58 We also need to consider the fact that some people will hold down more than one job. Where data is available, double jobbing has been analysed to show the percentage of people with multiple jobs at any one time.
- 4.59 Since 2004, the percentage of people with a second job has fluctuated, however, it has constantly remained below 7.5% until 2013 where it increased to just over 9%. Following this, the percentage decreased again and remained below 5% before reaching 6% in 2017 and dropping again in 2018. Due to the high level of fluctuations in the data, we have opted to use the long-term average for our calculation (4.6%).

**Figure 18: Percentage of all People in Employment who have a Second Job (2004 to 2018)**



Source: Annual Population Survey

- 4.60 As identified in the table below, the 8,023 additional economically active residents would support an additional 5,975 jobs in the district over the remainder of the Plan period. This equates to 664 jobs per annum.

**Table 8: Jobs Supported by Growth in the Economically Active Population (2019 to 2028)**

	Total change in economically active	Allowance for net commuting	Allowance for double jobbing (= jobs supported)
Residual Local Plan Need	8,023	5,699	5,975

Source: GLH Modelling

**Housing Need: Key Messages Points**

- The Standard Method housing need for South Derbyshire results in a need of 552 dpa based on the 2014-based household projections. This equates to 4968 dwellings over the remainder of the Local Plan period to 2028.
- However, the residual housing requirement based on the requirement set out in the Local Plan is higher and the Council have opted to take the positive step and maintain this level of housing need
- The residual Local Plan housing target has been calculated at 7,633 over the remaining plan period (2019 to 2028). This figure includes an apportionment of Derby City's unmet need.
- Using our modelled approach to population growth associated with the residual need, we have ensured that household formation rates are improved and population growth through migration is increased. The modelling shows a growth of 15,660 or 14.9% over the 2019 to 2028 Plan period.
- This substantial increase above the official projections is to ensure that the additional homes are occupied.
- The residual Local Plan housing target will support an additional 5,975 jobs (664 jobs per annum) over the 2019 to 2028 period.

## 5 AFFORDABLE HOUSING NEED

### Introduction

- 5.1 Affordable housing is defined in Annex 2 of the NPPF (2019). The new definition is slightly wider than the previous NPPF (2012) definition; in particular, a series of 'affordable home ownership' options are considered to be affordable housing. The full definition is as follows:

*"Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:*

*a) **Affordable housing for rent:** meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).*

*b) **Starter homes:** is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.*

*c) **Discounted market sales housing:** is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.*

*d) **Other affordable routes to home ownership:** is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low-cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement."*

- 5.2 The PPG relating to the measurement of affordable housing need was updated in February 2019, although it is similar to that set out in draft in March 2018. The PPG describes the calculation of affordable housing need as relating to *“the current number of households and projected number of households who lack their own housing or who cannot afford to meet their housing needs in the market”*.
- 5.3 The methodology set out in the PPG to look at affordable need does not address the additional (affordable home ownership) definition, other than to identify “the number of households from other tenures in need and those that cannot afford their own homes, either to rent or to own, where that is their aspiration”.
- 5.4 Due to the lack of any detailed guidance the analysis below is therefore split between the current definition of affordable need and the additional definition. This section of the report below deals with the existing definition of affordable need with the following section considering the revised/expanded NPPF definition.

## Key Definitions

### Housing Need

- 5.5 Housing need is defined as the number of households who lack their own housing or who live in unsuitable housing and who cannot afford to meet their housing needs in the market.

### Newly-Arising Need

- 5.6 Newly-arising (or future) need is a measure of the number of households who are expected to have an affordable housing need at some point. As per paragraph 25 of the PPG, this is made up of newly forming households and existing households falling into need.

### Supply of Affordable Housing

- 5.7 An estimate of the likely future supply of affordable housing is also made (drawing on secondary data sources about past lettings). The future supply of affordable housing is subtracted from the newly-arising need to assess the net future need for affordable housing.

### Affordability

- 5.8 Affordability is assessed by comparing household incomes against the cost of suitable market housing (to either buy or rent). Separate tests are applied for home ownership and private renting and are summarised below:

- a. *Assessing whether a household can afford home ownership: A household is considered able to afford to buy a home if it costs 3.5 times the gross household income – CLG guidance suggests using different measures for households with multiple incomes (2.9x) and those with a single income (3.5x), however (partly due to data availability) we have only used a 3.5 times multiplier for analysis. This ensures that affordable housing need figures are not over-estimated – in practical terms it makes little difference to the analysis due to the inclusion of a rental test (below) which tends to require lower incomes for households to be able to afford access to market housing.*
- b. *Assessing whether a household can afford market renting: A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than 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% (although this can vary by area). Government policy (through Housing Benefit payment thresholds) would also suggest a figure of 40%+ (depending on household characteristics). Consideration of a reasonable proportion of income to use in analysis can be found later in this section.*

- 5.9 It should be recognised that a key challenge in assessing affordable housing need using secondary sources is the lack of information available regarding households' existing savings. This is a key factor affecting the ability of young households to purchase housing particularly in the current market context where a deposit of at least 10% is typically required for the more attractive mortgage deals. In many cases, households who do not have sufficient savings to purchase have sufficient income to rent housing privately without support, and thus issue to do with households experiencing difficulties with raising a deposit has a limited impact on affordable housing need.

### Methodology

- 5.10 The method for studying the need for affordable housing has been enshrined in 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) – Analysis in line with Reference ID: 2a-020-20190220.
  - Projected newly forming households in need (based on projections developed for this project along with an affordability test to estimate numbers unable to afford the market) – Analysis in line with Reference ID: 2a-021-20190220.
  - 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) – Analysis in line with Reference ID: 2a-021-20190220.
  - These three bullet points added together indicate the gross need (the current need is divided by 9 to meet the need over the 2019 to 2028 period).

- Supply of affordable housing (an estimate of the likely number of lettings that will become available from the existing social housing stock – drawing on data from CoRe<sup>3</sup>) – Analysis in line with Reference ID: 2a-022-20190220; and
- Subtracting the supply from the gross need provides an estimate of the overall (annual) need for affordable housing) – Analysis in line with Reference ID: 2a-024-20190220

5.11 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

- 5.12 An important part of the affordable needs model is to establish the entry-level costs of housing to buy and rent. The affordable housing needs assessment compares prices and rents with the incomes of households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an ‘affordable housing need’.
- 5.13 To establish an affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes). Later in the report, this information is expanded in more detail to present a consideration of the types of affordable housing that might meet local needs. This section focuses on establishing, in numerical terms, the overall need for affordable housing.
- 5.14 The analysis below considers the entry-level costs of housing to both buy and rent across the Council area. The approach has been to analyse Land Registry and 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.
- 5.15 Data from the Land Registry for the year to March 2019 shows estimated lower quartile property prices in the sub-areas of South Derbyshire by dwelling type. This is taken as a proxy for entry-level costs for home purchases.
- 5.16 The data shows that entry-level costs to buy in South Derbyshire are estimated to start from about £97,000 for a flat and increasing to over £228,000 for a detached house. The lower quartile price across all dwelling types in South Derbyshire is £151,000.
- 5.17 The data shows that the Derby Fringe sub-area has the highest lower quartile values across all dwellings (£200,000) for a house. The lower quartile purchase price for all dwellings in the North West sub-area is £168,000. The value is lower in the Swadlincote and South sub-area (£127,000).

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<sup>3</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



- 5.18 The lower quartile price of flats in the Swadlincote and South and North West sub-areas average around £86,000. The Derby Fringe sub-area has a higher average flat price (£276,000), however, as this is driven by the sale of high value retirement flats in Aston on Trent the data has therefore not been included in the table below. Yet, in reporting this, there is a lack of available flat accommodation and therefore the spectrum of values across the sub-areas may reflect low supply.

**Table 9: Lower Quartile Cost of Housing to Buy by House Type (year to March 2019)**

	Derby Fringe	Swadlincote and South	North West	South Derbyshire
Flat/maisonette	-	£84,000	£88,000	£97,000
Terraced	£149,000	£103,000	£135,000	£113,000
Semi-detached	£170,000	£128,000	£160,000	£138,000
Detached	£251,000	£200,000	£236,000	£228,000
All dwellings	£200,000	£127,000	£168,000	£151,000

Source: Land Registry

- 5.19 The table below shows the lower quartile cost of buying a home by number of bedrooms in the sub-areas of South Derbyshire. Across all sizes, lower quartile values are higher in the Derby Fringe sub-area with 1-bedroom homes at £87,000 and 4-bedroom homes at £281,000. This compares to the noticeably smaller lower quartile cost of smaller homes (1 bedroom) in the Swadlincote and South (£62,000) and North West (£78,000) sub-areas. Lower quartile values for larger homes (4-bedrooms) are also lower in the Swadlincote and South (£201,000) and North West (£253,000) sub-areas compared to Derby Fringe sub-area.

**Table 10: Lower Quartile Cost of Housing to Buy by Size (year to March 2019)**

	Derby Fringe	Swadlincote and South	North West	South Derbyshire
1-bedroom	£87,000	£62,000	£78,000	£72,000
2-bedrooms	£123,000	£88,000	£110,000	£102,000
3-bedrooms	£164,000	£117,000	£147,000	£136,000
4-bedrooms	£281,000	£201,000	£253,000	£234,000
All dwellings	£200,000	£127,000	£168,000	£151,000

Source: Land Registry and on the market price search

- 5.20 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 rental data, information about dwelling sizes is provided by the number of bedrooms (rather than types). Notably, there is no data for studio and room only house types.
- 5.21 The VOA data shows the lower quartile cost (across all dwelling sizes) in South Derbyshire is £525 per month. As aligned with the cost of purchasing houses, the lower quartile cost of renting in the Derby Fringe sub-area is £640. This is higher than the South Derbyshire average, Swadlincote and

South sub-area (£470) and North West (£565) sub-area. Note the sub area figures would need to be weighted to get to the district wide figure.

**Table 11: Lower Quartile Market Rents Per Month (year to March 2019)**

	Derby Fringe	Swadlincote and South	North West	South Derbyshire
Room only	-	-	-	-
Studio	-	-	-	£335
1-bedroom	£460	£400	£440	£425
2-bedrooms	£550	£470	£520	£500
3-bedrooms	£665	£555	£625	£600
4-bedrooms	£960	£775	£895	£850
All properties	£640	£470	£565	£525

Source: VOA data and on the market price search

- 5.22 It is also worth noting that the VOA did not record any room only transactions. These are typically used by lower earning, young persons either as a first move out of the family home or moving to the area to work. That is not to say there has not been any single rooms let, just that that were not recorded by the VOA. This would however indicate a limited supply of this type of accommodation in any case.
- 5.23 In comparison to LHA data (2019) for the Derby BRMA, the lower quartile market rents reported for each of the sub-areas in South Derbyshire are higher. The LHA for the Derby BRMA is £368 per month for a 1-bedroom self-contained dwelling compared to lower quartile rents in the Derby Fringe Sub Area of £460.

**Table 12: Local Housing Allowance by Broad Rental Market Area (November 2019)**

Size	Derby BRMA	East Staffs BRMA	Leicester BRMA
One Bedroom	£367.25	£364.13	£373.97
Two Bedrooms	£448.50	£448.76	£473.72
Three Bedrooms	£510.03	£535.51	£564.98
Four Bedrooms	£672.97	£703.73	£707.03

Source: Valuation Office Agency, 2019

- 5.24 As of November 2019, LHA rates for Derby are £449 per month for a 2-bedroom, £511 per month for a 3-bedroom and £673 for a 4-bedroom. The equivalent figures for the East Staffs BRMA are broadly similar for 1- and 2-bedroom homes and slightly higher for 3-bedroom (£535 per month) and 4-bedroom homes (£703 per month).

- 5.25 These rates are considerably lower than the lower quartile market rents in all sub-areas, particularly the Derby Fringe and the North West sub-areas. Lower quartile rents are lower in Swadlincote and South sub-area, however still higher than LHA.
- 5.26 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.
- 5.27 Furthermore, 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).
- 5.28 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)?'
- 5.29 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.
- 5.30 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 households can or cannot afford market housing.
- 5.31 As identified above, lower quartile rents for all properties in the Derby Fringe sub-area is £640 per month, £565 per month for the North West and £470 per month for Swadlincote and South. The rental levels in the Derby Fringe and North West sub-areas are relatively high in comparison to those seen nationally (a lower quartile rent of £520 per month across England). This would suggest that the proportion of income to be spent on housing could be higher than the bottom end of the range.
- 5.32 Across England, the lowest of the lower quartile rents are around £400 per month, and if these areas are considered to be at the bottom end of the range (i.e. 25% of income to be spent on housing) then this would leave a residual income of £1,200 per month in those areas.
- 5.33 With the same residual income applied to the sub-areas in South Derbyshire, the income required to afford rent is presented in table 14. This analysis assumes the proportion of household income spent on rent ranges between 27-29% depending on the sub-area.

- 5.34 In the previous Derby SHMA (2013), expenditure threshold of 25% was used to calculate income spent on housing for rented properties i.e. if households only spent 25% of income how many would be in affordable housing need. Given the analysis above and the slight increase in overall private rental housing costs over the past three years, it seems prudent to use the 27-29% as this is at the upper end of this range.
- 5.35 The 27-29% affordability threshold is specific to the analysis of access to private rented housing across the sub-areas and South Derbyshire District. If rent levels were lower, then a lower threshold would be recommended to retain a reasonable balance between housing costs and residual income. Therefore, the same threshold should not be applied in a blanket manner for all types of affordable housing (for example a lower threshold is probably appropriate when looking at social rented homes).
- 5.36 The 27-29% can, however, be used as a guide as to the proportion of income spent on housing considered to be reasonable, the figure can be adjusted based on the actual cost of any particular type of housing.

### Income Levels and Affordability

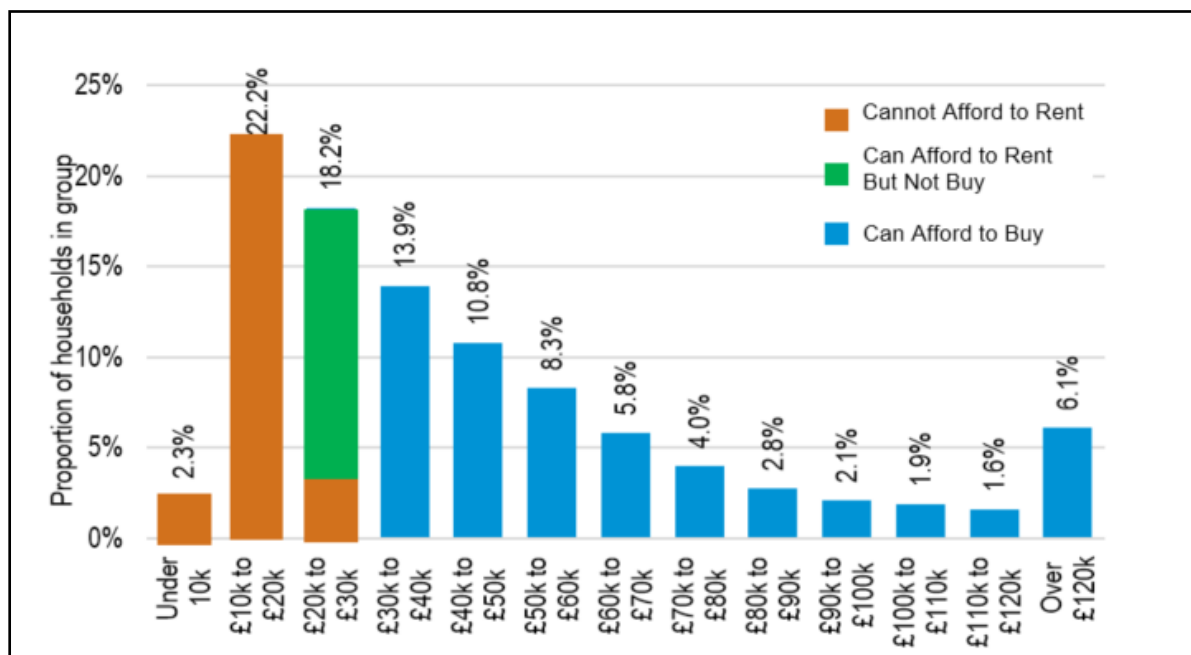
- 5.37 Following on from the assessment of local prices and rents, it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability (i.e. the ability of a household to afford to buy or rent housing in the market without the need for some sort of subsidy).
- 5.38 Data about total household income has been based on ONS modelled income estimates, with additional data from the English Housing Survey (EHS) being used to provide information about the distribution of incomes.

**Table 13: Estimated Household Income (2018)**

	Mean	Median	Lower Quartile
Derby Fringe	£48,900	£37,200	£21,500
Swadlincote and South	£41,800	£31,800	£18,400
North West	£54,900	£41,800	£24,200
South Derbyshire	£46,200	£34,800	£20,200

Source: GLH modelling

- 5.39 The figure below illustrates the distribution of household income in South Derbyshire District (based on the mid-2018 estimate). Currently, 22.2% of households in South Derbyshire have an annual household income ranging between £10,000 to £20,000. This is followed by 18.2% of households in the £20,000 to £30,000 household income bracket.

**Figure 19: Household Income Distribution in South Derbyshire**

Source: GLH modelling

- 5.40 Data from CoRe for the 2017/18 period indicates an average social rent for Council owned properties of £78.20 per week, with a figure of £91.60 seen in lettings from Registered Providers (these figures include service charges and are for general needs properties only). The overall average rent across both types of provider was £85.88 per week (£372 per month).
- 5.41 Equivalent data for affordable rents (which were only available from Registered Providers) showed an average rent of £98.40 (including service charge) – this is £425 per month, which represents about 80% of a lower quartile market rent when looking across the whole District.

**Table 14: Indicative Income Levels to Purchase/Rent Without Additional Subsidy**

	Entry Level Purchase Price	Entry Level Private Rent	Affordable Rent	Average Social Rent
Derby Fringe	£40,000	£25,700	£22,400	£18,300
Swadlincote and South	£25,400	£21,200	£18,500	£18,300
North West	£33,600	£23,800	£20,700	£18,300
South Derbyshire	£30,200	£22,700	£19,800	£18,300

Source: Core and VOA, Land Registry, 2019

- 5.42 Where affordable rents are considered in the analysis that follows it has been assumed that rents would be set at no more than 80% of the current lower quartile rent figure.

## Current Affordable Housing Need

- 5.43 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.
- 5.44 The PPG also includes a category where households cannot afford to own a home despite it being their aspiration. This category is considered separately later in this report (under the title of the expanded definition of affordable housing need).

**Table 15: Main Sources for Assessing the Current Unmet Need for Affordable Housing**

Category	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	The analysis was undertaken by tenure and updated by reference to national changes (from the English Housing Survey (EHS))
Concealed households	Census table LC1110EW	Number of concealed families
Existing affordable housing tenants in need	Modelled data linking to past survey analysis	Excludes overcrowded households – tenure estimates updated by reference to the EHS
Households from other tenures in need	Modelled data linking to past survey analysis	

- 5.45 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 an analysis to be undertaken to study the impact of this and so the figures presented may 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.
- 5.46 The table overleaf shows the initial estimate of the number of households within the study area with a current housing need. These figures are before any 'affordability test' has been applied to assess the ability of households to meet their own housing needs and has been termed 'the number of households in unsuitable housing'. Overall, the analysis suggests that there are currently around 2,000 households living in unsuitable housing (or without housing).

**Table 16: Estimated Number of Households Living in Unsuitable Housing**

	Derby Fringe	Swadlincote and South	North West	South Derbyshire
Homeless/concealed households	126	181	51	358
Households in overcrowded housing	152	458	91	701
Existing affordable housing tenants in need	14	64	9	87
Households from other tenures in need	245	478	163	886
Total	536	1,181	314	2,032

Source: CLG Live Tables, Census 2011 and Data Modelling

- 5.47 In taking this estimate forward, the data modelling next estimates housing unsuitability by tenure. From the overall number in unsuitable housing, households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise).
- 5.48 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.
- 5.49 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) – this only reduces the estimated need by 1 household in total. Once these households are removed from the analysis, the remainder are taken forward for affordability testing.
- 5.50 The table overleaf shows it is estimated that around 1,100 households were living in unsuitable housing (excluding current social tenants and the majority of owner-occupiers).

**Table 17: Unsuitable Housing by Tenure and Number to Take Forward into Affordability Modelling – South Derbyshire**

	In Unsuitable Housing	Number to Take Forward for Affordability Testing
Owner-occupied	683	68
Affordable housing	288	0
Private rented	702	701
No housing (homeless/concealed)	358	358
Total	2,032	1,127

Source: CLG Live Tables, Census 2011 and Data Modelling

- 5.51 Having established this figure, it needs to be considered that a number of these households might be able to afford market housing without the need for subsidy. To consider this, the income data has been used, with the distribution adjusted to reflect a lower average income amongst households living in unsuitable housing – for the purposes of the modelling an income distribution that reduces the average household income to 88% of the figure for all households has been used to identify the proportion of households whose needs could not be met within the market (for households currently living in housing). A lower figure of 42% has been used to apply an affordability test for the concealed/homeless households who do not currently occupy housing.
- 5.52 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). The figures have been based on analysis of the English Housing Survey (mainly looking at relative incomes of households in each of the private and social rented sectors) as well as consideration of similar information collected through household surveys (across the country) by Justin Gardner Consulting. These modelling assumptions are considered reasonable and have not been challenged through the Local Plan process in other locations (where the same assumptions have been used).
- 5.53 Overall, around half of households with a current need are estimated to be likely to have insufficient income to afford private rented housing and so the estimate of the total current need is from 537 households in the study area. The table overleaf also shows how this is estimated to vary by sub-area.



**Table 18: Estimated Current Affordable Housing Need**

	In unsuitable housing (taken forward for affordability test)	% Unable to Afford Market Housing (without subsidy)	Revised Gross Need (including Affordability)
Derby Fringe	329	52.2%	172
Swadlincote and South	619	47.4%	293
North West	179	39.9%	72
South Derbyshire	1,127	47.6%	537

Source: CLG Live Tables, Census 2011 and Data Modelling

### Newly-Forming Households

- 5.54 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. Estimates of the volume of newly forming households has been based on a projection linking to the residual amount of housing to be provided by the Local Plan in the period from 2019 to 2028.
- 5.55 The numbers of newly-forming households are 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 the formation of younger households.
- 5.56 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 the analysis of English Housing Survey data at a national level).
- 5.57 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 the 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 396 new households will have a need on average in each year to 2028.

**Table 19: Estimated Level of Affordable Housing Need from Newly Forming Households (per annum)**

	No. of new households	% unable to afford	Total in need
Derby Fringe	262	40.7%	106
Swadlincote and South	575	39.1%	225
North West	202	32.0%	65
South Derbyshire	1,039	38.1%	396

Source: Projection Modelling/affordability analysis

### Existing Households falling into Affordable Housing Need

- 5.58 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.
- 5.59 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.
- 5.60 The numbers over this period or indeed in future could be influenced by changes to government policy or if there is a substantial increase in unemployment resulting from the closure of a major employer.
- 5.61 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)'*.
- 5.62 Following the analysis through suggests a need arising from 133 existing households each year from 2019 to 2028.

**Table 20: Estimated Level of Affordable Housing Need from Existing Households falling into need (per annum)**

	Total additional need	% of total
Derby Fringe	21	16.0%
Swadlincote and South	99	74.6%
North West	13	9.4%
South Derbyshire	133	100.0%

Source: CoRe/affordability analysis

## Supply of Affordable Housing

- 5.63 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 focuses on the annual supply of social/affordable rent relets.
- 5.64 The Practice Guidance suggests that the estimate of likely future relets from the social housing 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, along with data from Local Authority Housing Statistics about past lettings within social housing stock. 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 housing. These exclusions are made to ensure that the figures presented reflect relets from the existing stock.
- 5.65 Based on past trend data it has been estimated that 263 units of social/affordable rented housing are likely to become available each year moving forward.
- 5.66 The table below shows the estimated supply of affordable housing from relets in each sub-area. The sub-area figures have been based on the size of the stock in each sub-area as of 2011 (Census data) and information from the Council about past lettings – the analysis shows that about three-quarters of all relets are expected to arise in Swadlincote and South.

**Table 21: Estimated supply of affordable housing from relets of existing stock by sub-area (per annum)**

	Annual supply	% of supply
Derby Fringe	41	15.5%
Swadlincote and South	194	74.0%
North West	28	10.5%
South Derbyshire	263	100.0%

Source: CoRe/LAHS/Census (2011)

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

### Net Affordable Housing Need for Rent

- 5.68 The table below shows the overall calculation of affordable housing need for rent. This excludes supply arising from sites with planning permission (the 'development pipeline') to allow for a comparison with the net housing need set out in the report.
- 5.69 The analysis has been based on meeting affordable housing need for rent over the period from 2019 to 2028. Whilst most of the data in the model are annual figures the current need has been divided by 9 to make an equivalent annual figure. The net need is calculated as follows:

$$\text{Net Need} = \text{Current Need} + \text{Need from Newly-Forming Households} + \text{Existing Households falling into Need} - \text{Re-let Supply of Affordable Housing for Rent}$$

- 5.70 The analysis below, calculates an overall net need of 325 social and affordable rented housing in South Derbyshire District. This includes a rounded net need of around 106 units in the Derby Fringe sub-area, 162 units in the Swadlincote and South sub-area and 57 in the North West sub-area.
- 5.71 This figure gives a PPG compliant calculation of affordable housing need to rent; however, it should be noted that this is not an affordable housing target. The amount of affordable housing will be limited to the amount that can viably be provided.

**Table 22: Estimated Annual Level of Social and Affordable Rented Housing Need (per annum) (2019-2028)**

	Derby Fringe	Swadlincote and South	North West	South Derbyshire
Current need	19	33	8	60
Newly forming households	106	225	65	396
Existing households falling into need	21	99	13	133
Total Gross Need	147	356	85	588
Re-let Supply	41	194	28	263
Net Need	106	162	58	325

Source: Census (2011)/CoRe/Projection Modelling and affordability analysis (numbers may not sum due to rounding)

- 5.72 The total affordable housing need to rent is relatively high compared to the residual requirement. However, it should be noted that much of the need arising is from newly forming households. If the planned housing delivery was lower, i.e. aligned to the standard method, then the overall affordable housing need would fall. This demonstrates that the Council, by maintaining the residual Local Plan requirement which includes the unmet need from Derby, are also taking some of the city's affordable housing need.

- 5.73 The current affordable housing need of 540 households (annualised to 60 per annum across the 9 remaining years in the table above) compares to the Council's current housing waiting list of 644. However, these are not the same thing as the waiting list will have some criteria which restricts entry and conversely may include households not residing in the District but seeking affordable housing to rent there. There will also be households in need of affordable housing to rent who have chosen not to go on the waiting list, for example, those who spend more than 27-29% of income on private sector housing.
- 5.74 The scale of rented affordable housing need would justify the Council continuing to seek to secure up to 30% of new housing development as affordable housing as defined in the NPPF on sites of over 15 dwellings.
- 5.75 As well as this overarching policy, it will be for the Local Authority to determine affordable housing on a site by site basis. This should be informed by up to date information on need in combination with the sustainability and viability of the proposed site.
- 5.76 The scale of the affordable housing need to rent (325 per annum) equates to around 39% of the overall housing requirement set out in the Local Plan. Thus, even delivering the current policy target of 30% of housing being affordable, this would still result in a shortfall. That said there is no requirement for the affordable housing need to be met in full. It may, however, justify the Council doing one or more of the following:
- Consider increasing overall housing delivery to deliver more affordable homes
  - Under the Local Plan review, consider increasing affordable housing contributions above 30% where it is viable to do so
  - Under the Local Plan review, consider seeking affordable housing contributions from a smaller site threshold (currently this is set at over 15 dwellings) where this is viable to do so.
- 5.77 Such consideration will be in part be informed by a local viability assessment which is beyond the scope of this work.

### What Types of Affordable (rented) Housing?

- 5.78 The analysis above has studied the overall need for social and affordable rented housing with a focus on households who cannot afford to rent in the market. These households will, therefore, need some form of rented housing at a cost below lower quartile market rates. Typically, there are two types of rented affordable accommodation (social and affordable rented) with the analysis below initially considering what a reasonable split might be between these two tenures. The analysis then moves on to consider the concept of 'Living Rents' which uses a methodology developed by the Joseph Rowntree Foundation (JRF) to link rents to local incomes.

- 5.79 Initially, in terms of social and affordable rents, an analysis has been undertaken to compare the income distribution of households with the cost of different products. For affordable rented housing, it has been assumed that this would be available at a cost which is 80% of the established lower quartile costs set out earlier in this section. Any household able to afford a rent between 80% of the market and the market is assumed able to afford an affordable rent, with other households only able to afford social rent.
- 5.80 The analysis identifies that between 29% and 44% of the group of households unable to afford market housing to rent fall in the gap between the market rent and affordable rent (based on 80% of the market) depending on location (and 33% for the whole District).
- 5.81 It is therefore suggested that a target of 33% (i.e. a third) of all rented affordable housing as affordable rents would be reasonable (and therefore two-thirds of rents to be social rents). There were some differences in the areas with the income profile of Swadlincote & South suggesting a potentially higher need for social rented housing than in the other two areas.

**Table 23: Estimated Need for Affordable Rented Housing – figures as % of those unable to afford to rent privately**

	% Need for affordable rented (80% of market)
Derby Fringe	36%
Swadlincote and South	29%
North West	44%
South Derbyshire	33%

Source: Affordability analysis

- 5.82 In terms of rent levels, an analysis below considers 'Living Rents'. This is a concept developed by JRF/Savills<sup>4</sup> to suggest what rent levels might be appropriate given local incomes. The methodology differs from the rent setting for social rents which also takes account of the value of the property and the analysis below should not be seen as providing an alternative tenure to social rents. In many cases, the calculation of Living Rents shows similar figures to social rents and the findings can be used to consider the general levels of rents that might be affordable to local lower-wage households. The analysis uses the following methodology:
- Annual Survey of Hours and Earnings (ASHE) lower quartile earnings.
  - Adjustment for property size by recognised equivalence model.
  - Starting rent set at 28% of net earnings; and
  - Rent set at no higher than Local Housing Allowance (LHA) limits where calculations show a higher figure

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

- 5.83 Across the whole of the study area, the analysis shows rents starting at about £360 for a 1-bedroom home, rising to £570 for homes with 3-bedrooms. In some cases (notably larger homes), the suggested Living Rents are higher than the relevant LHA (see the second table below). As a general rule, it is not considered sensible to be charging a rent above LHA, as this would mean many households having to top up their rent from other income sources. Which is why the Council at present do not allow affordable rental products above the LHA rates on affordability grounds.
- 5.84 In setting rents, the local authority could, therefore, consider that the 'affordable level' is in the range from a Living Rent up to the maximum LHA level. The cost of social renting should also be a consideration (given the analysis above) – particularly where social rents are lower than both the Living Rent and the maximum LHA.

**Table 24: Living Rents (per month) (2018 base)**

	1-bedroom	2-bedroom	3-bedrooms
Derby Fringe	£367	£477	£587
Swadlincote and South	£340	£442	£544
North West	£391	£508	£625
South Derbyshire	£357	£464	£571

Source: ASHE and Living Rents methodology

- 5.85 The table below shows LHA limits in the three BRMAs covering the study area. 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.

**Table 25: Maximum Local Housing Allowance (Housing Benefit) by Location and Property Size**

	1-bedroom	2-bedroom	3-bedrooms
Derby LHA	£367	£449	£510
Eastern Staffordshire LHA	£364	£449	£536
Leicester LHA	£374	£474	£565

Source: Valuation Office Agency

### Widened Definition of Affordable Housing

- 5.86 As set out above, the previously established method to look at the need for affordable housing to rent, estimated that there is a need for around 325 homes per annum in South Derbyshire. This identified need 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.

- 5.87 The NPPF definition of Affordable Housing in Annex 2 has been established in this report. The definition has introduced a new category of household in affordable housing need and widens the definition of affordable housing (as found in the NPPF (2018 and 2019) – Annex 2). It is considered that households falling into the definition would be suitable for starter homes, discounted market sales housing or other affordable home ownership options (such as shared ownership).
- 5.88 This section considers the level of need for these types of dwellings in South Derbyshire. The NPPF (2019) states “where major development involving the provision of housing is proposed (above 10), 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.” (NPPF (2019), paragraph 64).

### Establishing a Need for Affordable Home Ownership

- 5.89 The 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 own homes, either to rent, or to own, where that is their aspiration’*. However, there is no further guidance about how the number of such households should be measured.
- 5.90 The methodology used in this report draws on the residual Local Plan housing requirement and includes an assessment of current needs and projected need (including housing need for 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.
- 5.91 To study current need, an estimate of the number of households living in the private rented sector (PRS) has been established, along with the same (rent/buy gap) affordability test described above. The starting point is the number of households living in the PRS. As of 2011 Census, there were 5,568 (14%) households living in the PRS. No newer local data is available since this time.
- 5.92 Data from the Survey of English Housing (EHS) suggests that since 2011, the number of households in the PRS has increased by around 26%. Applying the same proportion to South Derbyshire would be around 7,016.
- 5.93 The first part of the analysis seeks to understand what the gap between renting and buying means in South Derbyshire – establishing the typical incomes that might be required by sub-area.



- 5.94 By looking at the relative costs of housing to buy and rent in South Derbyshire and the three sub-areas, there will be households in South Derbyshire who can currently afford to rent yet are unable to buy or raise a deposit.
- 5.95 The finding that a reasonable proportion (51%) of households in the PRS are likely to have an income that would allow them to buy a home is noteworthy. This proportion is very high and reflects that the issue is more about barriers to buying a home rather than the cost of housing (which is affordable in some locations, such as Swadlincote).
- 5.96 For many households, barriers to accessing owner-occupation are influenced by a combination of income and the cost of housing and external factors including the lack of a deposit or difficulties obtaining a mortgage.
- 5.97 Of the remaining households in the PRS, 36% have insufficient income to afford market housing without subsidy or without spending a high proportion of income on housing. The remaining 13% of households fall in the gap between renting and buying.

#### **Income Threshold to Buy and Rent**

- 5.98 The following analysis identifies the income threshold required to buy and rent in South Derbyshire and the sub-areas. In the year to March 2019, the lower quartile private rent shown by the Valuation Office Agency (VOA) for South Derbyshire was £525. At March 2019, there were around 700 properties on the rental market at the local authority level. In the sub-areas, the lower quartile rental value was £565 for the North West, £470 for Swadlincote and South sub-area and £640 for Derby Fringe.
- 5.99 Assuming a household spends no more than 27-29% of income on rent, the table below reports overall income thresholds to rent by sub-area. Swadlincote and South sub-area has the lowest rental price at £470 for all properties and given this, the household income threshold is the lowest at £21,200.

**Table 26: Income Threshold to Buy and Rent by Sub-area**

	To Rent	To Buy
Derby Fringe	£25,700	£40,000
Swadlincote & South	£21,200	£25,400
North West	£23,800	£33,600
South Derbyshire	£22,700	£30,200

Source: GLH modelling

- 5.100 The Land Registry data (for the year to March 2019<sup>5</sup>) records the lower quartile cost to buy a house at £200,000 in the Derby Fringe sub-area, £127,000 in Swadlincote and South sub-area and £168,000 in the North West sub-area. The overall lower quartile cost of buying a house in South

<sup>5</sup> Note this is a different time period from the analysis in the market signals chapter.

Derbyshire is £151,000. Assuming a 10% deposit at 4.5 times mortgage multiple, purchasing a property in South Derbyshire (at the lower quartile price of £151,000) would equate to an income requirement approaching £30,200.

- 5.101 Therefore, based on this analysis, it is reasonable to suggest that affordable home ownership products would be pitched at households with an income between £21,200 (able to afford to privately rent) and £40,000 (to buy) although this varies within sub-areas.
- 5.102 Additional data from the EHS suggests that 60% of all PRS households expect to become an owner at some point (3,341 households if applied to South Derbyshire) and of these, some 25% (1,392 households) would expect this to happen in the next 2-years.

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

- 5.103 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.
- 5.104 As previously noted, the lower quartile cost of purchasing in South Derbyshire is £151,000. It is £200,000 in the Derby Fringe sub-area, £127,000 in Swadlincote and South and £168,000 in the North West sub-area. It is assumed that half of the homes sold will be priced at or below these levels in each sub-area.
- 5.105 To clarify, the supply range maximum is based on the number of homes sold at below the lower quartile price and the supply range minimum is based on the number of homes sold at a price affordable to those just able to afford to rent privately.

### Net Affordable Home Ownership Need

- 5.106 Once the supply position is taken into account, the net annual need for low-cost home ownership is - 22 for South Derbyshire. This local authority area figure is driven by the high supply of lower quartile houses in the Swadlincote and South sub-area.
- 5.107 As shown in the table overleaf, the net annual need is 25 in Derby Fringe and 2 in the North West and Swadlincote and South would have a surplus of 49. There is no great evidence of need in Swadlincote and South sub-area due to this area having quite low prices.

**Table 27: Estimated Net Need for Affordable Home Ownership**

	Derby Fringe	Swadlincote and South	North West	South Derbyshire
Current need	7	5	3	15
Newly forming households	56	48	32	135
Existing households falling into need	20	16	10	45
Total Gross Need	82	69	45	196
Supply (50% LQ supply)	57	118	42	218
Net need	25	-49	2	-22

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

- 5.108 It is worth noting that there may be barriers to home ownership which are not simply related to the price of purchasing property, such as access to deposits and mortgages.
- 5.109 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 the sales could go to households who could afford a more expensive home).
- 5.110 There may also be issues with the quality of the stock at the very bottom end of the market. That said, there is 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

- 5.111 Given the analysis above, it would be reasonable to conclude that there is a limited potential need to provide 'affordable home ownership' products. Whilst there are some households in the gap between renting and buying, there is also a potential supply of homes within the existing stock that can contribute to this need.
- 5.112 The analysis would, therefore, suggest that there is not a requirement for the Local Authority to seek any more than the Government recommended 10% delivery in the form of affordable home ownership properties.
- 5.113 Indeed, the analysis would suggest that the Council could challenge this target. This could be justified based on the identified surplus and the potential for it to jeopardise the ability to meet the affordable housing need of specific groups, including those in more acute affordable housing need.

- 5.114 The NPPF clearly states that the 10% affordable home ownership policy should apply unless it would prejudice the identified affordable housing need of specific groups. Specifically, paragraph 64 of 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"*

- 5.115 The NPPF does not make any other mention of who these specific groups are, however, the PPG does refer to "different groups". These different groups include those in the private rental sector; those seeking to self and custom-build, students and perhaps crucially those in affordable housing need.
- 5.116 A case could therefore be made that by delivering 10% of all new homes as low cost home ownership properties it would prejudice the ability to meet the need of those in affordable housing need specifically rental affordable homes.
- 5.117 However, it may still have a role to play as it does seem that many households in South Derbyshire 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 in South Derbyshire increasing by 137% between 2001 and 2011 (with the likelihood that there have been further increases since). Over the same period, the number of owner households with a mortgage increased by just 3% (dropping from 47% of all households to just 41%).
- 5.118 There is also an identified need at a sub-area level. In particular the Derby Fringe Sub-area had a net need. Any delivery should therefore be focussed on this area and to a lesser extent the North West sub-area.
- 5.119 As part of a package of low-cost home ownership products, the Council should focus on shared ownership in light of reduced deposits and the subsidised rent provided. Such a scheme could provide an opportunity for people to eventually achieve 100% equity in their home.
- 5.120 Additionally, the Council could focus on those offering a straight discount on the open market value (OMV) of the affordable home. The Council could also seek a percentage of low-cost home ownership housing to be made available with some initial upfront capital payment (such as a deposit contribution).

- 5.121 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).
- 5.122 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). A property sold just with Help-to-Buy assistance would not however be considered as affordable housing (unless there is also some form of discount to OMV).
- 5.123 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).
- 5.124 In promoting shared ownership, the Council should consider the equity share and 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).
- 5.125 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 OMV 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.
- 5.126 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 arguably evidence to go below the 10%) but that 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).

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

- 5.127 The evidence in this report suggests that there are several 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 paragraph 64 of the NPPF, it is possible that the Council will still need to seek 10% of additional homes on larger sites (10 or more dwellings) as some form of affordable home ownership.
- 5.128 Forms of housing such as shared ownership and discounted market sale are considered to be appropriate forms of affordable home ownership. Another option is providing support for deposits. 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.

- 5.129 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 OMV.
- 5.130 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.
- 5.131 The preferred approach in this report is to set out a series of affordable purchase costs for different sizes of accommodation. The analysis forms cost recommendations for renting affordable housing, affordable home ownership and shared ownership.
- 5.132 These are based on equalising 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.

#### **Affordable Home Ownership**

- 5.133 The table overleaf sets out suggested purchase prices for affordable home ownership in South Derbyshire and the sub-areas. As noted, the figures are based on trying to roughly equate a sale price with an equivalent access point to the private rental market. It is suggested that prices are not set at any more than the mid-point of the range.
- 5.134 The limited supply of smaller homes restricts the data for lower limit values. The modelling suggests an upper limit of a 1-bedroom at an 'affordable' price of £72,000 for South Derbyshire. The value is slightly higher for the North West (£78,000) sub-area and greatest for the Derby Fringe (£87,000).
- 5.135 The lower limit cost of a 3-bedroom home in South Derbyshire is £130,000 and an upper limit of £136,000. This increases to a lower limit cost of £184,000 for a 4-bedroom and an upper limit cost of £234,000. These figures can be monitored and updated every six months by reference to VOA data.

**Table 28: Affordable Home Ownership Prices (2018 base)**

		1-bedroom	2-bedroom	3-bedroom	4+ bedroom
Derby Fringe	Lower limit	-	£110,000	£133,000	£193,000
	Upper limit	£87,000	£123,000	£164,000	£281,000
Swadlincote and South	Lower limit	-	-	-	£175,000
	Upper limit	£62,000	£88,000	£117,000	£201,000
North West	Lower limit	-	£109,000	£132,000	£188,000
	Upper limit	£78,000	£110,000	£147,000	£253,000
South Derbyshire	Lower limit	-	-	£130,000	£184,000
	Upper limit	£72,000	£102,000	£136,000	£234,000

Source: derived from VOA data and Land Registry data

- 5.136 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.

### Shared Ownership

- 5.137 The analysis below seeks to calculate the maximum equity share for housing to be affordable (i.e. to achieve a level of outgoings the same as accessing the bottom end of the private rented sector). The assumptions include:
- OMV at lower quartile price plus 20% (this reflects the likelihood that newbuild homes will have a premium attached and that they may be priced slightly above the lower quartile level).
  - 10% deposit
  - Rent at 2.7% per annum on unsold equity
  - Repayment mortgage over 25-years at 4%
  - Service charge of £100 per month for flatted development (assumed to be 1 and 2-bedroom homes).
- 5.138 The table overleaf presents the estimated affordable equity share by the size of dwelling for South Derbyshire as there are limitations to breaking this down at a sub-area level. There will likely be price variance across areas in South Derbyshire, with the Derby Fringe sub-area potentially requiring lower equity shares to make homes more affordable.
- 5.139 The analysis shows that where shared ownership is achieved, to make it affordable there an equity share of between 30-60% is required with the lower end for 4+ bedrooms, of which there is likely to be few and far between.

**Table 29: Estimated Affordable Equity Share by Size of Dwelling in South Derbyshire**

	1-bedroom	2-bedroom	3-bedroom	4+ bedroom
OMV	£86,400	£122,400	£163,200	£280,800
Share	60%	40%	56%	30%
Equity bought	£51,581	£48,470	£91,718	£83,959
Mortgage needed	£46,423	£43,623	£82,547	£75,563
Monthly cost of mortgage	£245	£230	£436	£399
Retained equity	£34,819	£73,930	£71,482	£196,841
Monthly rent on retained equity	£80	£169	£164	£451
Service charge	£100	£100	£0	£0
Total cost	£425	£500	£600	£850

Source: GLH modelling



### Affordable Housing Need: Key Messages

- Analysis has been undertaken to estimate the need for affordable housing in the period to 2028. The analysis is split between a 'traditional' need for social and affordable rented homes 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 and aspire to do so.).
- The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, consideration is given to household projections and estimates of the supply of social and affordable rented housing.
- The Local Plan housing requirement would result in a rounded net need of 325 units of social and affordable rented homes per annum over the period to 2028. For the sub-areas, the rounded net need per annum is 106 for Derby Fringe, 162 for Swadlincote and South and 58 for the North West.
- This would suggest the Council should seek to continue to deliver at least 30% affordable housing on-site with over 15 dwellings.
- The analysis has identified a surplus of 22 of affordable homes to buy in South Derbyshire. All sub-areas identified low levels of net need for affordable home ownership. This would suggest that there is not a local demand for the government's 10% target for this type of housing.
- If the Council does seek to provide 10% of all housing on-site as affordable home ownership, then it is suggested that shared ownership is the most appropriate option.
- Where other forms of affordable home ownership are provided (e.g. discounted market sales housing) 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. These are set out below.

	1-bedroom	2-bedroom	3-bedroom	4+bedroom
Lower limit	-	-	£130,000	£184,000
Upper limit	£72,000	£102,000	£136,000	£234,000

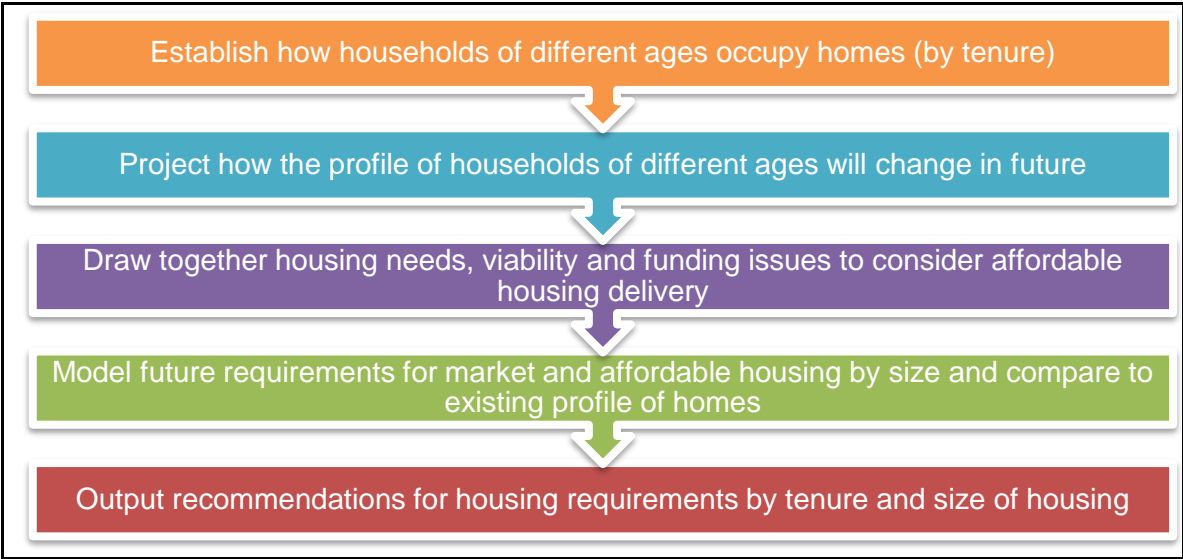
- This would ensure that households targeted by the new definition could potentially afford to purchase - this might mean greater than 20% discounts from OMV for some types and/or sizes of properties in some sub-areas.
- Based on the above, the recommended mix for affordable housing would be 10% affordable home ownership and 20% social and affordable rent based on an overall supply of 30%. It is suggested that a target of 33% (i.e. a third) of all rented affordable housing as affordable rented would be reasonable (and therefore two-thirds social rented). This would also work at a sub-area level.
- Living rents indicate the level a social rent might be pitched at on a monthly basis. For South Derbyshire, rents at £357 for 1-bedroom, £464 for 2-bedroom and £571 for 3-bedroom are suggested. These can indicate the maximum level for an affordable rented product, which should be pitched at the lower of 80% market rent or LHA limit. Living rents should also not exceed LHA limits.
- **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.**

6 HOUSING MIX

Introduction

- 6.1 There are a range of factors which influence housing demand. These factors play out at different spatial scales and influence both the level of housing demand (in terms of aggregate household growth) and the nature of the demand for different types, tenures, and sizes of homes. It is important to understand that the housing market is influenced by macro-economic factors, as well as the housing market conditions at a regional and local level.
- 6.2 This section assesses the need for different sizes of homes in the future, modelling the implications of demographic drivers on need/demand for different sizes of homes in different tenures. The assessment is intended to provide an understanding of the implications of demographic dynamics on need and demand for different sizes of homes.
- 6.3 The analysis in this section seeks to use the information available about the size and structure of the population and household structures; and consider what impact this may have on the sizes of housing required in the future.
- 6.4 The figure below describes the broad methodology employed in the housing market model which is used to consider the need for different sizes of market and affordable homes. Data is drawn from a range of sources including the 2011 Census and demographic projections.

Figure 20: Stages in the Housing Market Model



- 6.5 It should be noted that the housing stock as of 2011 (by size) can have a notable impact on the outputs of the modelling. However, no newer data this detailed is available. The table overleaf shows

a comparison of the size profile of accommodation in a range of areas in three broad tenure groups. The profile of housing in South Derbyshire District is a broadly similar trend to that seen in the East Midlands.

- 6.6 The PRS has a significantly lower proportion of 1-bedroom dwellings (13%) compared to the national proportion (33%). Notably, the national proportion is attributed to the supply in London. The proportion of 2-bedroom (41%) and 3-bedroom (36%) in the South Derbyshire District PRS are slightly higher than both the East Midlands and England.
- 6.7 In the owner-occupier sector, the proportion of 1-bedroom and 2-bedroom dwellings in South Derbyshire is on par with the East Midlands trend, however lower than the national proportions. In the same sector, there is a high proportion (30%) of 4+ bedroom dwellings in South Derbyshire which is notably higher than the East Midlands (26%) and England (23%).

**Table 30: Number of bedrooms by tenure and a range of areas**

		South Derbyshire	East Midlands	England
Owner-occupied	1-bedroom	2%	2%	10%
	2-bedrooms	21%	22%	27%
	3-bedrooms	47%	51%	41%
	4+-bedrooms	30%	26%	23%
	Total	100%	100%	100%
Affordable housing to rent	1-bedroom	22%	29%	35%
	2-bedrooms	39%	34%	36%
	3-bedrooms	36%	34%	24%
	4+-bedrooms	3%	3%	5%
	Total	100%	100%	100%
Private rented	1-bedroom	13%	15%	33%
	2-bedrooms	41%	39%	37%
	3-bedrooms	36%	35%	20%
	4+-bedrooms	10%	11%	10%
	Total	100%	100%	100%

Source: Census 2011

- 6.8 South Derbyshire District has relatively few 1-bedroom dwellings (22%) in the social housing sector, yet a slightly higher proportion of 2-bedroom social housing dwellings (39%) compared to the East Midlands (29% and 34%) and England (35% and 36%). Furthermore, around 1,000 of these smaller homes are contained within age-restricted (over 50's) and/or sheltered accommodation.

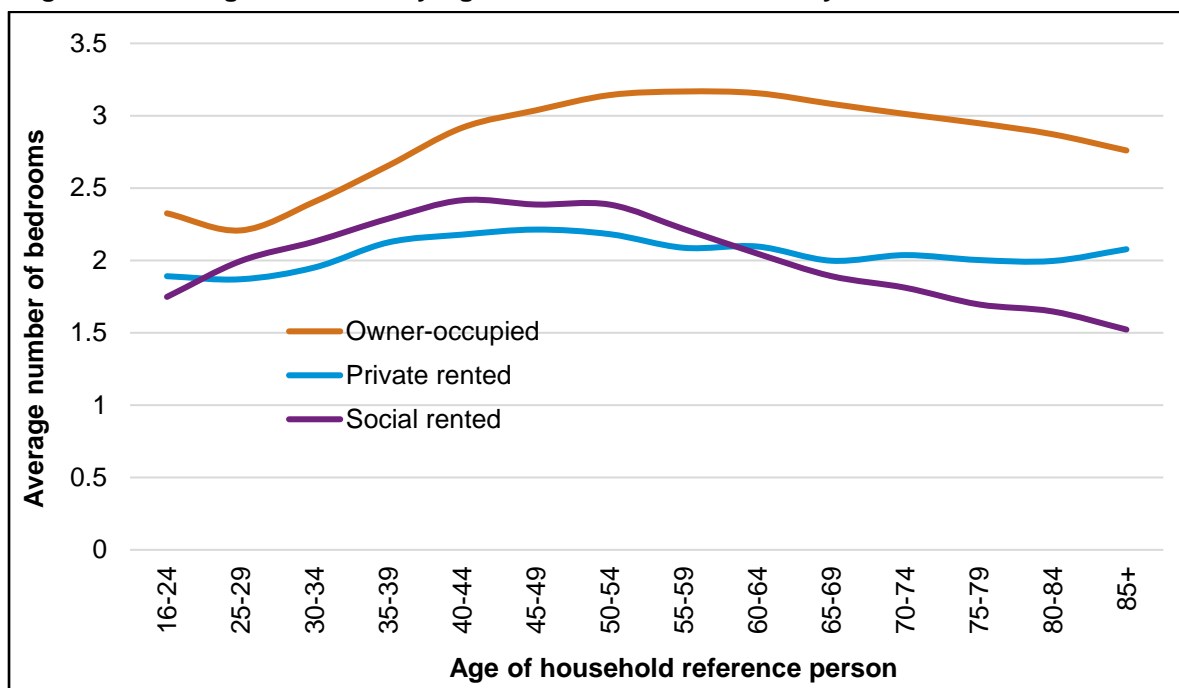
### Understanding how Households Occupy Homes

- 6.9 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.

- 6.10 The main reason for this is that in the market sector, households can 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.
- 6.11 The size of housing which households occupy relates more to their wealth and age than the number of people which they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a four-bedroom home if they can afford it and hence projecting an increase in single-person households does not automatically translate into a need for smaller units.
- 6.12 This issue is less relevant in the social housing sector (particularly since the introduction of the social sector size criteria) although there will still be some level of under-occupation moving forward regarding older persons and working households can under-occupy housing.
- 6.13 The Council's Housing Allocations Policy (2014) is currently under review in light of the supply and demand for social and affordable rented properties in the District, and the affordability and availability of owner-occupied and private rented accommodation. The review has considered the varying demand for different types and sizes of accommodation, and the designation of properties for certain age groups and household types. The Allocations Policy is aligned with the LHA criteria unless exceptional circumstances exist.

### Methodology

- 6.14 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).
- 6.15 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 55-59. After this peak, the average dwelling size decreases as some households downsize as they get older.
- 6.16 The social and private rented sectors see a different pattern, peaking in earlier ages at 40-44 for the social rented sector and 45-49 for the PRS. Notably, the average number of bedrooms in the private and social rented sectors are smaller compared to the owner-occupier sector.

**Figure 21: Average Bedrooms by Age and Tenure in South Derbyshire**

Source: Derived from ONS Commissioned Table CT0621

- 6.17 These outputs have been segmented into three broad categories including the market housing tenures of owner-occupier and the private rented sector and affordable (rented) housing.
- 6.18 Market housing follows the occupancy profiles in the owner-occupied sector, affordable home ownership is taken to follow the occupancy profile in the PRS (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 is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow includes affordable rented housing.
- 6.19 These are applied to the following projected change in age groups, with most of the absolute growth in households headed by someone in the older age groups (aged 65 and over). Although those in the younger age categories are expected to see the stronger percentage growth. The tables below present the projected change in households by age of household reference person under each scenario.
- 6.20 Under the residual Local Plan housing need, households are forecast to increase by approximately 16.7% over the period, noting that the overall level of housing need includes an allowance for vacant properties.

- 6.21 The greatest proportional growth is forecast to occur in the 60-64 age group where growth in this household will increase by 1,551 (approximately 43%). The older age group (over 75) growth is forecast to experience significant growth to 2028 which is a result of both natural ageing of the local population and migration.
- 6.22 The working-age groups are expected to experience growth, particularly the 35-39 and 40-44 (both 21%) age groups, however, 45-49 age group is projected to stagnate at -0.1% and 50-54 age group is expected to see a significant decline.

**Table 31: Projected change in households by age of household reference person**

	Households 2019	Households 2028	Change in households	% change
16-24	1,067	1,162	95	8.9%
25-29	2,582	2,717	136	5.3%
30-34	3,164	3,762	598	18.9%
35-39	3,617	4,381	763	21.1%
40-44	3,628	4,392	765	21.1%
45-49	4,417	4,415	-2	-0.1%
50-54	4,873	4,155	-719	-14.8%
55-59	4,283	4,950	667	15.6%
60-64	3,605	5,156	1,551	43.0%
65-69	3,569	4,483	913	25.6%
70-74	3,611	3,741	130	3.6%
75-79	2,511	3,369	858	34.2%
80-84	1,810	2,954	1,145	63.2%
85 & over	1,534	2,049	515	33.6%
Total	44,272	51,686	7,415	16.7%

Source: Demographic projections

- 6.23 The analysis below also looks at projected changes to households by household type under the residual Local Plan housing need. The analysis is based on the household representative rates (HRR) in the 2014-based household projections (with or without a part-return to trend HRR analysis). Stage 1 figures are the headline total figures in the projections. The projections also contain Stage 2 figures which disaggregate the growth by household types.
- 6.24 The analysis, therefore, looks at applying the Stage 2 figures to the projections developed. As Stage 1 and 2 projections are to some extent independent from each other, it will be noted that projected household growth does differ slightly (albeit by a modest amount).
- 6.25 We have examined growth in a range of household typologies with three categories for dependent children, depending on the number of children. The findings indicate the number of family households

(i.e. with one or more dependent children) increasing by over 2,300. Unfortunately, the MCHLG projections no longer look at projecting lone parent households separately from couples.

- 6.26 The table below shows the change in households under the residual Local Plan housing requirement. The data shows relatively strong growth across all households, except for couples (aged under 65) which is forecast to experience slow growth at 0.9%. Yet, couples (aged 65 years and over) are forecast to increase the greatest extent, increasing by approximately 36%. This is linked to life expectancy improvements.

**Table 32: Change in household types in South Derbyshire 2019-2028**

	2019	2028	Change	% change
One-person household (aged 65 and over)	4,781	5,276	495	10.4%
One-person household (aged under 65)	6,922	8,492	1,570	22.7%
Couple (aged 65 and over)	6,593	8,973	2,380	36.1%
Couple (aged under 65)	7,385	7,452	67	0.9%
A couple and one or more other adults: No dependent children	3,346	3,521	175	5.2%
Households with one dependent child	6,231	7,532	1,302	20.9%
Households with two dependent children	5,041	5,738	697	13.8%
Households with three dependent children	1,873	2,196	323	17.2%
Other households	2,101	2,507	406	19.3%
<b>Total</b>	<b>44,272</b>	<b>51,686</b>	<b>7,415</b>	<b>16.7%</b>
Total households with dependent children	13,145	15,466	2,321	17.7%

Source: Demographic projections

- 6.27 The total number of households with dependent children are forecast to increase by approximately 18% over the period. Other households are forecast to increase by approximately 19% over the period. This will primarily be attributed to the growth of Housing of Multiple Occupation (HMOs), suggesting there will be growing demand in the market sector for a slightly smaller profile of housing.

### Mix of housing

- 6.28 This is linked to the housing need identified under the residual Local Plan housing need. It should be noted that these projections will not necessarily be translated into policy but have been used to indicate the likely need for different sizes of homes moving forward.
- 6.29 It is necessary on this basis to make some judgement for modelling purposes on what proportion of net completions might be market and what might be affordable housing.
- 6.30 To confirm, the analysis has not assumed a mix of tenures and for **modelling purposes only**, it has been assumed that the following proportions of different tenures will be provided moving forward:

- 70% market
- 10% affordable home ownership
- 20% social/affordable rented

6.31 It should be stressed that these figures are not policy targets. Policy targets for affordable housing on new development schemes in some cases are above this, but not all sites deliver policy-compliant affordable housing provision, whilst some delivery is on sites below affordable housing policy thresholds.

6.32 There is 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 residual 9-year period to 2028.

### Key Findings and Recommended Mix

6.33 The table below provides the output of the modelling by the size of home by tenure in both the market and affordable sectors for the residual Local Plan housing need. The analysis shows the market is skewed towards larger houses (49% for 3-bedrooms).

6.34 The affordable housing (rented) sector is more heavily skewed towards smaller dwellings, particularly 2-bedrooms (40%), which is a similar trend for affordable home ownership. This reflects the change in older age group households and the need emerging from these groups ageing and not downsizing and no family-sized houses becoming available on the market.

**Table 33: Mix of housing by size and tenure – Residual Local Plan Housing Need**

	1-bedroom	2-bedrooms	3-bedrooms	4+ -bedrooms
Market	2%	27%	49%	23%
Affordable home ownership	12%	42%	37%	9%
Affordable housing (rented)	25%	40%	32%	2%

Source: Housing Market Model

6.35 Whilst the output of the modelling provides estimates of the proportion of homes of different sizes that are needed, there is a range of additional factors which should be considered in setting policies for provision.

6.36 For example, conclusions may need to consider that the stock of 4+ bedroom homes in the social housing sector 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. There are also localised issues about the stock of different sizes of homes which need to be considered in conclusions.



- 6.37 For these reasons, it is suggested in converting the long-term modelled outputs into a profile of housing to be provided in the social housing sector, and that the proportion of smaller homes required is reduced slightly from these outputs with a commensurate increase in 4+ bedroom homes also being appropriate.
- 6.38 There are a range of factors which are relevant in considering policies for the mix of affordable rented housing sought through development schemes. At a local authority level, the analysis from the residual Local Plan housing need would support policies for the mix of affordable housing to rent (social and affordable) is presented in the table below.

**Table 34: Housing Mix: Affordable Housing to Rent**

Bedrooms	Suggested Mix
1-bedroom	25-30%
2-bedroom	35-40%
3-bedroom	25-30%
4-bedroom	5-10%

- 6.39 The strategic conclusions recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.
- 6.40 The need for affordable housing to rent of different sizes will vary by area (at a more localised level) and over time. In considering the mix of homes to be provided within specific development schemes, the information herein should be brought together with details of households currently on the Council's Housing Register in the local area and the stock and turnover of existing properties.
- 6.41 Analysis from the current housing register on the chosen area of preference shows that the majority (77%) of households on the housing register wish to live in the Swadlincote South sub-area of the District, with the Derby Fringe being the second preference with 15% of households selecting this area and the North West sub-area being third with 8% of households choosing this as their preferred area of preference.
- 6.42 In the affordable home ownership and market sectors, a profile of housing that more closely matches the outputs of the modelling is suggested, although some consideration of the current stock profile is also relevant.
- 6.43 Based on 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 presented in the table overleaf.

**Table 35: Housing Mix: Affordable Home Ownership**

Bedrooms	Suggested Mix
1-bedroom	10-15%
2-bedroom	40-45%
3-bedroom	35-40%
4-bedroom	5-10%

- 6.44 Finally, in the private sector, a balance of dwellings is suggested that takes account of the demand for homes and the changing demographic profile. The findings show larger recommended proportions for larger houses compared with other tenure groups. The following mix of market housing is suggested in the table below.

**Table 36: Housing Mix: Market Housing**

Bedrooms	Suggested Mix
1-bedroom	0-5%
2-bedroom	20-25%
3-bedroom	50-55%
4-bedroom	20-25%

- 6.45 Although the analysis has quantified this based on 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.
- 6.46 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. The figures can, however, be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by the demographic change in the area.

### Housing Mix (Size of Homes Needed): Key Messages

- There are a range of factors which 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 strategic conclusions in the affordable housing for rent sector recognise the role in which the delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which 1-bedroom 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 Local Authority (by tenure).
- Based on the evidence, it is expected that the focus of new market housing provision will be on 3-bedroom properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2-bedrooms) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to stay.
- The analysis linked to the residual Local Plan housing requirement provides the following recommended mix of affordable and market homes:

	1-bed	2-bed	3-bed	4+-bed
Market	0-5%	20-25%	50-55%	20-25%
Affordable home ownership	10-15%	40-45%	35-40%	5-10%
Affordable housing (rented)	25-30%	35-40%	25-30%	5-10%

- The affordable housing mix should inform future strategic policies. In applying these to individual development sites, regard should be had to the nature of the development site and character of the area, and up-to-date evidence of need, as well as the existing mix and turnover of properties at the local level, decided by the Council on a site by site basis.
- The analysis of an appropriate mix of dwellings should also inform the 'portfolio' of sites which are considered by the local authority through its local plan process. Equally, it will be of relevance to affordable housing negotiations.

## 7 OLDER PERSONS NEEDS

### Introduction

- 7.1 As part of understanding the local housing need, analysis has been undertaken on the housing needs of specific groups in South Derbyshire District. The analysis below presents the housing needs of older persons, (over 65).
- 7.2 The analysis in this section draws upon a range of statistics, including those suggested in the PPG (for which the Government has provided a summary data sheet 'Guide to available disability data') – termed the Guide in the analysis to follow.
- 7.3 In some instances, it has been necessary to project the population forward. Reference for this is made to the demographic projections developed in Chapter 4 and repeated in Table 38.

### Planning Practice Guidance

- 7.4 The PPG for Housing for Older and Disabled People<sup>6</sup> identifies the housing requirements of older and disabled people and provides guidance on accessible and adaptable housing and specialist housing for older people. The document also sets out how local authorities can gather evidence to set requirements on a range of issues including accessibility and wheelchair housing standards.
- 7.5 The PPG outlines that plan-making authorities should set clear policies to address the housing needs of groups with particular needs such as older and disabled people (Paragraph 006). These policies can set out how the plan-making authority will consider proposals for the different types of housing that these groups are likely to require.
- 7.6 The PPG in paragraph 010 identifies specialist housing designed to meet the diverse needs of older people, including:
- *“Age-restricted general market housing: This type of housing is generally for people aged 55 and over and the active elderly. It may include some shared amenities such as communal gardens but does not include support or care services.*
  - *Retirement living or sheltered housing: This usually consists of purpose-built flats or bungalows with limited communal facilities such as a lounge, laundry room and guest room. It does not generally provide care services but provides some support to enable residents to live independently. This can include 24-hour on-site assistance (alarm) and a warden or house manager.*
  - *Extra care housing or housing-with-care: This usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC). Residents are able to live independently with 24-hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these*

<sup>6</sup> <https://www.gov.uk/guidance/housing-for-older-and-disabled-people>

*developments are known as retirement communities or villages - the intention is for residents to benefit from varying levels of care as time progresses.*

- *Residential care homes and nursing homes: These have individual rooms within a residential building and provide a high level of care meeting all activities of daily living. They do not usually include support services for independent living. This type of housing can also include dementia care homes."*

- 7.7 Age-restricted general market housing, retirement living or sheltered housing, extra care housing or housing-with-care typically fall under the use class designation of C3. Residential care homes and nursing homes typically fall under Class C2.
- 7.8 The Planning Practice Guidance note 56 entitled "Housing: optional technical standards"<sup>7</sup> sets out that the reason for the approach to setting standards is designed to 'rationalise the many differing existing standards into a simpler, streamlined system which will reduce burdens and help bring forward much needed new homes' (paragraph 001) and that 'local planning authorities will need to gather evidence to determine whether there is a need for additional standards in their area' (paragraph 002).
- 7.9 Paragraph 007 sets out that local authorities should be using their assessment of housing need (and other sources) to consider the need for M4(2) (accessible and adaptable dwellings), and/or M4(3) (wheelchair user dwellings), of the Building Regulations. It sets out that there is a range of published statistics which can be considered, including:
- *"the likely future need for housing for older and disabled people (including wheelchair user dwellings).*
  - *size, location, type and quality of dwellings needed to meet specifically evidenced needs (for example retirement homes, sheltered homes or care homes).*
  - *the accessibility and adaptability of existing housing stock.*
  - *how needs vary across different housing tenures; and*
  - *the overall impact on viability."*
- 7.10 The new M4(2) and M4(3) regulations have effectively replaced the Lifetime Homes guidance (the M4(2) regulations are similar to lifetime homes) but also made them a national policy. It is now within Local Planning Authorities' powers to set which of these requirements they are seeking to meet and by how much.
- 7.11 The Council should clearly set out in policy what proportion of new dwellings should comply with the M4(2) and M4(3) requirements based on the assessment below. These conditions should then be applied through the planning process.

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<sup>7</sup> <https://www.gov.uk/guidance/housing-optional-technical-standards>

- 7.12 However, when applying these regulations, the Local Authority should be mindful that other issues such as topography and site layout may mean that they are impossible to apply at some sites.
- 7.13 The Council should continue seeking to support developers in bringing forward housing with improved standards including the Nationally Described Space Standards as Policy S3 sets out. The standard requires that the gross internal floor area (GIA) and the built-in storage area should range from 39 sq. m for a 1-bedroom, 1-person apartment to 138 sq. m for a 6-bedroom home.
- 7.14 In terms of the regulations for 2-bedroom properties, the council should ensure that at least one bedroom is a double room of at least 11.5 sq. m and the minimum floor to ceiling height is 2.3m for at least 75% of the GIA.

### Older Persons Population

- 7.15 The table below provides baseline population data for older persons in South Derbyshire District and compares this with the wider geographic comparators of the East Midlands and England. The data has been taken from the published ONS mid-year population estimates and is provided for age groups 65 years and over. The data is for 2018 to reflect the latest published data for South Derbyshire.
- 7.16 The data in the table below shows that the population distribution of older persons in South Derbyshire District is very similar to the trend across the East Midlands and nationally.

**Table 37: Older Person Population (2018)**

	South Derbyshire		East Midlands	England
	Population	% of population	% of population	% of population
Under 65	85,409	82%	81%	82%
65-74	11,168	11%	11%	10%
75-84	5,715	5%	6%	6%
85+	2,201	2%	2%	2%
Total	104,493	100%	100%	100%
Total 65+	19,084	18%	19%	18%

Source: ONS 2018 Mid-Year Population Estimates

- 7.17 It is estimated that 18% of South Derbyshire District's population is 65+ years old, which aligns with the rest of the country and only slightly lower than the East Midlands trend (19%).
- 7.18 As well as providing a baseline position for the proportion of older persons in South Derbyshire District, population projections can be used to indicate how the numbers might change in the future compared with other areas. The data presented below uses the population projection linked to the residual housing requirement of 7,633 dwellings.

**Table 38: Projected Change in Population of Older Persons (2019 to 2028)**

	2019 population	2028 population	Change	% Change
Under 65	85,884	96,055	10,171	12%
65-74	11,292	13,049	1,757	16%
75-84	6,062	9,050	2,988	49%
85+	2,182	2,924	742	34%
Total	105,420	121,078	15,658	15%
Total 65+	19,536	25,023	5,487	28%

Source: GLH amendments to ONS subnational population projections (2016-based)

- 7.19 In total population terms, the projections show an increase in the population aged 65 and over of 5,487 people (28%) and an increase in the population aged 50 years and over by 7,806 people (19%). This is against a backdrop of an overall increase of 15% in total population and an increase of 12% in the population aged under 65.

### Need for Specialist Accommodation

- 7.20 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) along with demographic projections to indicate the potential level of additional specialist housing that might be required for older people in the future.
- 7.21 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 work carried out by Housing LIN for the Derbyshire authorities 'Housing and accommodation for an ageing population: a strategic vision for Derbyshire to 2035' (2018).

### Definitions of Different Types of Older Persons' Accommodation

**Housing for older people:** social sector sheltered and age-exclusive housing and private sector leasehold retirement housing. This will include schemes, for rent and for sale, with on-site staff support, those with locality-based support services and schemes with no associated support services.

**Housing with care:** includes extra care schemes, often called 'assisted living' in the private sector, with 24/7 care available on-site and housing schemes that offer bespoke care services, even if these are not full on-site 24/7 care, across both the social and private sector.

**Residential care:** residential accommodation together with personal care, i.e. a care home.

**Nursing care:** residential accommodation together with nursing care i.e. a care home with nursing.

Source: Housing LIN

- 7.22 The Housing LIN analysis includes the need across the following categories (discussed in more detail below): Housing for Older People, Housing with Care, Residential Care and Nursing Care.
- 7.23 As well as setting out overall prevalence rates for different types of housing, the Housing LIN provides some suggestions for the tenure split between the social housing sector and private sector leasehold accommodation (essentially public vs. private provision), this varies depending on an area's level of deprivation.
- 7.24 The data draws on assumptions from the Shop@ tool with adjustments based on the relative health of older people locally (from 2011 Census data as no newer data is available) and a tenure split based on local deprivation levels (2015 IMD).
- 7.25 Consideration has also been given to overall levels of disability in the older person population; given that these are slightly higher than the national average a small upwards adjustment has been made.
- 7.26 The table overleaf reports the older person's dwelling requirements for South Derbyshire. The dwelling requirements use two categories of accommodation (in addition to care beds). These are a) Housing with Support (which covers retirement/sheltered housing) and b) Housing with Care (which includes the enhanced sheltered and extra-care housing).
- 7.27 The data in the table overleaf shows a current deficit for housing with support (housing for older people) in the private leasehold sector along with a shortfall of housing for rent in housing with care



(e.g. extra-care housing). The analysis also shows a potential shortfall of nursing care bedspaces, but a likely surplus of residential care.

**Table 39: Older Person's Dwelling and Care Bedspace Requirements 2019 – 2028**

		Current supply	2019 Demand	Current shortfall/ (surplus)	Additional demand to 2028	Shortfall/ (surplus) by 2028
Housing with support (C3)	Rented	720	345	-375	197	-178
	Leasehold	31	563	532	320	852
Housing with care (C3)	Rented	53	59	6	59	65
	Leasehold	160	71	-89	70	-19
Total (dwellings)		964	1,038	74	646	720
Nursing care (C2)		351	433	82	196	277
Residential care (C2)		501	389	-112	35	-77

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

- 7.28 Projecting these prevalence rates forward, the growing older population results in a higher deficit of 674 for housing with support by 2028. Of which, the majority is private leasehold housing (852 units) counteracting the surplus (-178 units) of housing to rent.
- 7.29 For housing with care, there is expected to be a shortfall of 46 units by 2028. This includes the need for an additional 65 rented units and a potential 19 dwelling surplus of private leasehold accommodation.
- 7.30 There will also be an increase in demand for care bed spaces, reaching 200 at 2028 – all of these are shown to be a need for nursing care, with a surplus of residential care continuing to be shown throughout the period.
- 7.31 As per recent updates to the PPG relating to Housing Supply and Delivery<sup>8</sup> (Reference ID: 68-035-20190722), any additional C2 bedspaces can be counted as part of the housing land supply. Unlike C3 accommodation this should not be on a simple 1-for-1 basis, but rather should be linked to the average number of adults in each household. Within South Derbyshire, the average number of adults per household is 1.85, thus, for every 1.85 bedspaces built, the housing supply should increase by 1 dwelling.

### Older People with Disabilities

- 7.32 The DCLG Guide to available disability data<sup>9</sup> provides data about households with a long-term illness or disability (LTHPD) from the English Housing Survey. Whilst this provides a national perspective,

<sup>8</sup> <https://www.gov.uk/guidance/housing-supply-and-delivery>

<sup>9</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/416475/150323\\_Guide\\_to\\_disability\\_data\\_final\\_web\\_version.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/416475/150323_Guide_to_disability_data_final_web_version.pdf)

the source cannot provide more localised data. Hence the analysis below has drawn on the 2011 Census. The 2011 Census defines a LTHPD as “a long-term health problem or disability that limits a person's day-to-day activities, and has lasted, or is expected to last, at least 12 months. This includes problems that are related to old age. People were asked to assess whether their daily activities were limited a lot or a little by such a health problem, or whether their daily activities were not limited at all”.

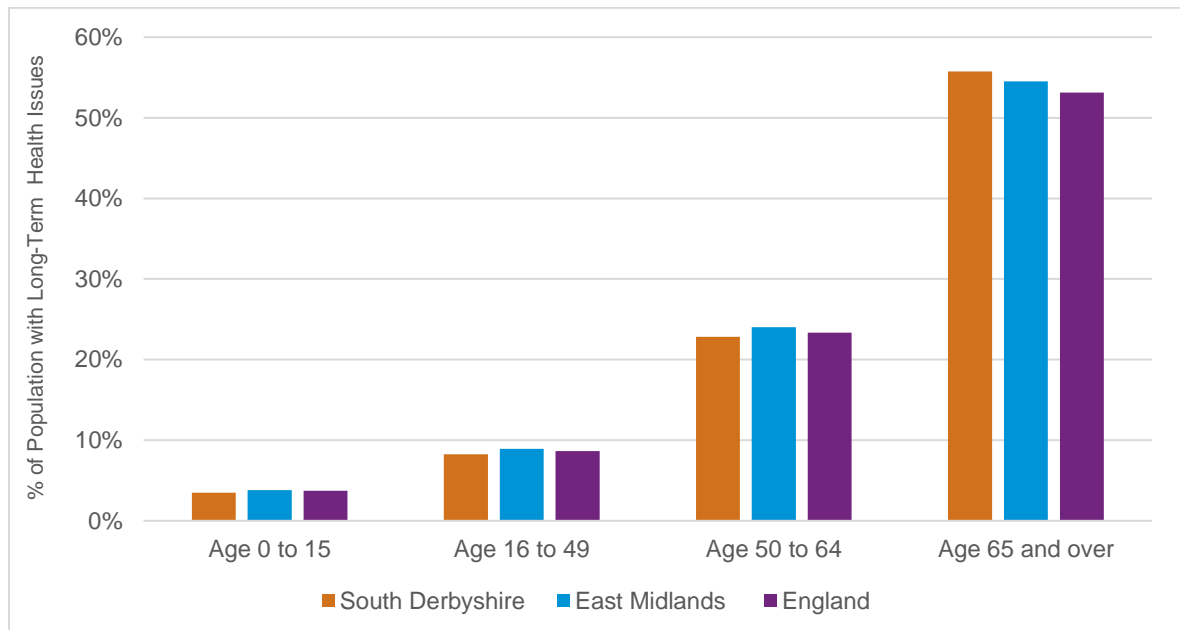
- 7.33 The table below shows the proportion of people with a long-term health problem or disability and the proportion of households where at least one person has an LTHPD. The data suggests that across South Derbyshire, some 32% of households contain someone with an LTHPD. This is slightly lower than the East Midlands (34%) and England (33%).

**Table 40: Households and People with Long-Term Health Problem or Disability (2011)**

	Households containing someone with a health problem		Population with a health problem	
	Number	%	Number	%
South Derbyshire	12,513	32%	16,536	17%
East Midlands	644,852	34%	844,297	19%
England	7,217,905	33%	9,352,586	18%

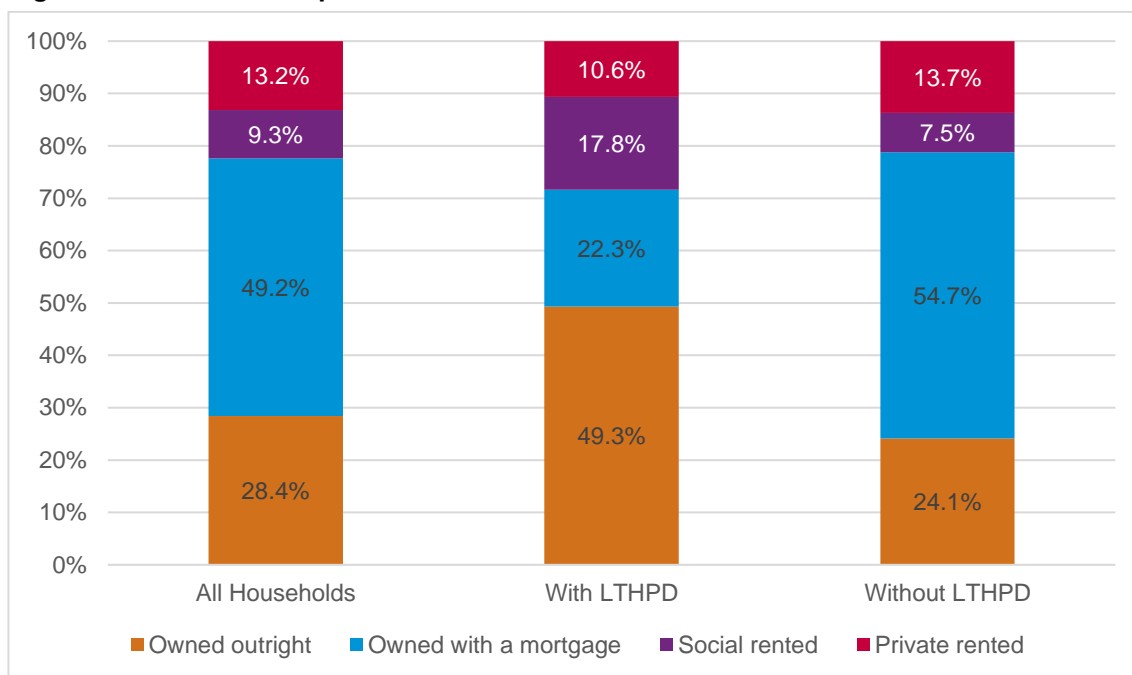
Source: 2011 Census

- 7.34 The figure below shows the population with an LTHPD by age bracket for South Derbyshire, East Midlands and England. The figures for the population with an LTHPD in South Derbyshire show a similar pattern in comparison to the East Midlands and the rest of the nation.
- 7.35 The age profile will likely impact upon the numbers of people with an LTHPD, as older people tend to be more likely to have an LTHPD. Therefore, the figure below shows the age bands of people with an LTHPD. It is clear from this analysis that those people in the oldest age bands in South Derbyshire are more likely to have an LTHPD relative to the East Midlands and England.

**Figure 22: Population with Long-Term Health Problem or Disability in each Age Band**

Source: 2011 Census

- 7.36 The figure overleaf shows the tenures of people with an LTHPD. It should be noted that the data is for the population living in households rather than the number of households.
- 7.37 The analysis clearly shows that people with an LTHPD in South Derbyshire are more likely to live in social rented housing (17.8%) than those without (7.5%). This is linked to the hardships caused by such conditions meaning that access to work and thus market housing is difficult.
- 7.38 The analysis clearly shows that people with an LTHPD in South Derbyshire are also more likely to own their own home outright (49.3%) than those without a disability (24.1%). This is linked to the older population having paid off their mortgage and falling ill or getting injured as they age.

**Figure 23: Tenure of People with a LTHPD**

Source: 2011 Census

- 7.39 Given that typically the lowest incomes are found in the social rented sector and to a lesser extent for outright owners (linked to retirees), 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.

### Projected Changes to Older People with Disabilities

- 7.40 The table overleaf considers potential changes (increases) in the number of people aged 65 and over with a range of disabilities. The data has been taken directly from Projecting Older People Population Information System (POPPI). It should be noted that the POPPI data provides information for 2025 and 2030 and so the 2028 information is estimated from these two data points.
- 7.41 Overall, the analysis shows notable projected increases for all of the health problems and disabilities, of particular note, is the 37% increase in the number of people with dementia as well as high increases (in terms of the number of people affected) in those with hearing loss. Mobility problems (seen as the number unable to manage at least one activity on their own) are also projected to see a notable increase.

**Table 41: Projected Changes to the Population Aged 65 and Over with a Range of Disabilities (2019 to 2028)**

Disability	2019	2028	Change	% change
Limiting long term illness whose day-to-day activities are limited a little	5,169	6,506	1,337	25.9%
Limiting long term illness whose day-to-day activities are limited a lot	4,753	6,150	1,397	29.4%
Depression	1,642	2,074	432	26.3%
Severe depression	513	659	146	28.5%
Dementia	1,195	1,640	445	37.2%
Longstanding health condition caused by a heart attack	941	1,193	252	26.8%
Longstanding health condition caused by a stroke	444	570	126	28.5%
Longstanding health condition caused by bronchitis and emphysema	328	412	84	25.7%
Predicted to have a fall	4,976	6,396	1,420	28.5%
Predicted number of hospital admissions due to falls	562	768	206	36.6%
Bladder problem less than once a week	608	780	172	28.4%
Bladder problem at least once a week	3,071	3,950	879	28.6%
Moderate or severe visual impairment	1,625	2,132	507	31.2%
Some hearing loss	11,549	15,222	3,673	31.8%
Severe hearing loss	1,416	2,039	623	44.0%
Unable to manage at least one activity on their own	3,301	4,347	1,046	31.7%
With a BMI of 30 or more	5,113	6,286	1,173	22.9%
Diabetes	2,421	3,023	602	24.9%
Learning disability	407	503	96	23.7%
Moderate or severe learning disability	56	67	11	20.4%
Autistic spectrum disorders	184	231	47	25.3%

Source: POPPI

- 7.42 An example of how dementia care could best be provided is a new Dementia Centre at Amber Wood in Burton, provided by Staffordshire County Council but operating as a regional facility for Staffordshire. The development was part-funded by a Homes England grant and has been built to the Gold Standard of the Dementia Design Audit Accreditation. It provides 45 rooms, each with en-suites and communal areas. At February 2019, 26 residents moved from Hillfield House in Stretton and others have been nominated by the County Council to reside at the scheme.
- 7.43 While the analysis above does not directly translate into a need for specific levels of M4(2) properties it does justify the Council seeking to increase the number of accessible homes by as much as viably possible. Although it is recognised that some developments, because of their built form and/or topography, may not be suitable for this type of development.

## Housing for Wheelchair users

- 7.44 Before concluding our consideration of the housing needs of disabled people, it is worth considering the recommendations of an authoritative study, “Mind the Step: An estimation of housing need among wheelchair users in England”<sup>10</sup> produced by Habinteg Housing Association and London South Bank University (Supported by the Homes and Communities Agency).
- 7.45 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 the Habinteg study. This report provides information at a national and regional level, although there are some doubts about the validity even of the regional figures, and thus this study focuses on national data.
- 7.46 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.<sup>11</sup> 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 DCLG Guide to available disability (taken from the English Housing Survey)) puts the proportion of ‘visitable’ properties at a slightly higher 5.3%.
- 7.47 To arrive at an estimate of current unmet need for dwellings adapted to a wheelchair user's needs, this report provides a simple method: to take the regional percentage of all households who are wheelchair user households (in this study 3% for East Midlands/) and multiply this by all households. Using this method, we arrive at 1,328 households in the district.
- 7.48 To arrive at “unmet need”, we multiply the answer by the percentage of wheelchair users with unmet need at the regional level (in this study, 10% of the 3% for the East Midlands). Using this formula, we arrive at 133 households.
- 7.49 To arrive at the number of wheelchair adapted dwellings to be provided over the plan period, it is reasonable to assume 3% of the additional households will have this need. If 3% is applied residual growth this would result in 25 (rounded) additional wheelchair adapted homes per year, or 229 over the plan period.
- 7.50 This would suggest that the Council should seek to deliver around 5-10% of all new homes as M4(3) properties. This would address the backlog need and the future need.

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<sup>10</sup> <https://www.habinteg.org.uk/download.cfm?doc=docm93ijjm4n450.pdf&ver=537>

<sup>11</sup> Habinteg Housing Association and London South Bank University, Mind the Step: An estimation of housing need among wheelchair users in England, page 5

## Older Persons Housing and Planning Use Classes

- 7.51 As per the recently updated PPG (Paragraph: 014 Reference ID: 63-014-20190626) it will be for the local planning authority “to consider into which use class a particular development may fall. When determining whether a development for specialist housing for older people falls within C2 (Residential Institutions) or C3 (Dwelling house) of the Use Classes Order, consideration could, for example, be given to the level of care and scale of communal facilities provided”.
- 7.52 Housing with support and housing with care (C3) delivery forms part of the standard method figure as these are self-contained dwellings, and as such, are classed as part of the household projections. Care bedspaces, C2, can also contribute towards housing need, although as per the housing delivery test rulebook<sup>12</sup> every 1.8 bedspaces contribute towards housing delivery.

## South Derbyshire Planning Policy

### **Housing and accommodation for an ageing population: a strategic vision for Derbyshire**

- 7.53 Derbyshire County Council has produced the “Housing and accommodation for an ageing population: a strategic vision for Derbyshire to 2035” (2018)<sup>13</sup>. The purpose of the document is to outline the strategic vision for a range of housing and accommodation choices and support suited to meet the requirements of the ageing population. This document has been formally adopted by South Derbyshire District Council.
- 7.54 For South Derbyshire, the document notes that the District has the lowest percentage in the County of people aged 65 years and over (approximately 17% of the population). However, it also notes that the district will see the largest increase in population.
- 7.55 The report sets out that there are 1,213 current service users aged 65 and over in receipt of Adult Care Services. The assessment also sets out a significant growth in those with dementia in South Derbyshire (96.8%) to 2035.
- 7.56 It also reports on the supply position of the district, setting out that there are 374 care homes with nursing beds and 501 total care beds. It also notes that across the County, housing with care numbers are below the national average.
- 7.57 Based on population growth of 6,900 people aged over 75, the report also calculates a future need for the district by 2035 which can be summarised as follows:

<sup>12</sup> [www.gov.uk/government/publications/housing-delivery-test-measurement-rule-book](http://www.gov.uk/government/publications/housing-delivery-test-measurement-rule-book)

<sup>13</sup> <https://www.derbyshire.gov.uk/site-elements/documents/pdf/council/meetings-decisions/meetings/cabinet/11-10-2018-housing-and-accommodation-for-an-ageing-population-strategic-vision-for-derbyshire-to-2035.pdf>

- 806 units of housing for older people, of which
  - 100 units of rental housing for older people
  - 706 units of housing for older people for sale
- 157 units of housing with care all of which are for rent
- 384 nursing care beds; and
- A surplus of residential care beds of around 134

7.58 This is a considerably lower level of need than set out herein. This difference is principally due to the population projections, which do not take into account the unmet need from Derby being addressed or an increase in housing need above the baseline to take into account affordability.

### Older People's Housing Commissioning Strategy for Derbyshire 2019 to 2035

- 7.59 Derbyshire County Council also produced the "Older People's Housing, Accommodation and Support" which was a strategy for Derbyshire 2019 to 2035<sup>14</sup>. As well as a strategy, this includes a delivery plan, building on the Strategic Vision document identified above.
- 7.60 The document reports that in the nursing and residential care home sector, there were 130 permanent admissions to nursing and residential care for people aged 65 and over in South Derbyshire between 2017 and 2018. This is the lowest rate in the County, with Amber Valley accounting for the greatest (188) number of admissions. However, on a per capita basis, South Derbyshire has one of the higher rates of admissions.
- 7.61 The document also focuses on initiatives delivered to assist people to stay living independently in their own home for longer. South Derbyshire District Council has established various schemes funded through the money awarded for the Disabled Facilities Grant to deliver preventative and innovative services. These schemes, such as the Healthy Homes Scheme which supports people living in the private sector who are struggling to afford to heat their home with energy efficiency measures, and the Home from Home Service which prevents hospital admissions have been successful in achieving the strategic aims of the Policy. Partners also want to expand the range of information and advice available to older people to enable them to plan for their future housing needs before crisis.
- 7.62 In terms of age-designated housing, the document notes that South Derbyshire District Council's housing stock condition report will inform planning regarding the lifespan and future alternative options for the existing sheltered housing stock. Partners also want to enable new build, contemporary 'care ready' housing for rent and shared ownership to be sufficiently attractive to encourage downsizing.

<sup>14</sup> <https://www.derbyshire.gov.uk/site-elements/documents/pdf/social-health/adult-care-and-wellbeing/accommodation-and-housing/older-peoples-housing-commissioning-strategy-for-derbyshire-2019-to-2035.pdf>



- 7.63 The strategy also sets out:
- A current need for 751 age-designated housing units which is expected to increase to 1,457 by 2035.
  - A current need for 213 housing with care units which is expected to increase to 368 by 2035.
  - A current need for 501 residential care bed spaces which is expected to fall to 368 by 2035.
  - A current need for 351 nursing care beds which is expected to increase to 735 by 2035
- 7.64 It also notes that 7 out of 58 areas (Mid Super Output Areas) have poor access to services based on the Indices of Multiple Deprivation.
- 7.65 Concerning the supply of housing with care, the strategy notes that South Derbyshire District Council would like to enable an extra-care housing scheme similar to the scheme at Oaklands Village in Swadlincote which has proved to be successful. It added that partners want to support the development of additional housing with care schemes to meet estimated future need, of differing sizes and tenure mixes depending on location.
- 7.66 It notes that South Derbyshire District Council will consider utilising s.106 contributions to develop some of the required housing with care provision. Within the social rented sector, a revised allocation policy will incentivise and give priority to older people downsizing from family homes.
- 7.67 The strategy also sets out recent market developments, noting that the Oaklands Village Extra Care Scheme is a good example of a development that incorporates extra care, residential care provision and supports the wider community-based activity. While the Richmond Village development offers mixed extra care, residential home and separate nursing and dementia unit and is a good example of a hybrid approach, there are however noted issues with affordability for this scheme.
- 7.68 The strategy finally sets out market opportunities including that for:
- Age designated housing that has a focus on downsizing and is care ready;
  - Housing with care schemes that have a focus on affordable provision; and
  - Affordable nursing care provision that supports people with more complex needs.

### Accommodation Provision

- 7.69 Derbyshire County Council owns and operates 17 homes for older people and five community care centres. The Council's "Housing and accommodation of an ageing population" document notes that whilst there has been a lot of housing development in South Derbyshire, a further 816 units of age-designated housing suitable for the needs of older people should be developed. It notes that affordable provision is a priority with an estimated 369 units for housing with care and 384 nursing care beds required by 2035.

- 7.70 Richmond Villages retirement units at Aston on Trent is privately owned extra-care village, provided by Bupa. The property includes 76 village apartments, 49 village suites and a 61-care bed home and both sale and rental options are available. Rental units are available at the property at around £133 per day.
- 7.71 The village apartments are self-contained homes and are priced at around £295,000 for a 1-bedroom apartment and £340,000 for a 2-bedroom. The village care homes have private en-suite bedrooms with communal spaces. Residential care is provided for those who have low clinical needs, but where undertaking daily tasks may be a challenge. Nursing care is provided when a higher level of clinical support is required 24 hours a day.

### Healthy Homes Project

- 7.72 The Healthy Home project offers people with a long-term health condition help with cold homes. The project helps improve home insulation and heating to keep the home warm and reduce the health risks associated with a cold home.
- 7.73 Services to eligible households include a free new energy efficient boiler, loft or cavity wall insulation or other energy-saving measures subject to a survey by the team. Eligible people receive advice to help improve the efficiency of the heating system to reduce fuel bills.

### Council Support

- 7.74 The Council have provided data on the recipients of home care in South Derbyshire over the period 2014/15 to 2017/18. Over the period, the volume of health care recipients has decreased by 10% from 678 in 2014/15 to 611 in 2017/18. The home care is provided by both Derbyshire County Council or an independent care provider.
- 7.75 The Council has provided data on the number of people receiving grants to adapt properties. Private sector adaptations are funded through Disabled Facilities Grants (DFG) while Council owned stock is funded through the Housing Revenue Account (HRA).
- 7.76 Since 2014, 555 households have received some form of adaption to their property. These adaptations include access improvements to the property, for example, ramped access and internal adaptations such as level access showers and stairlift provision. In total, these grants were to the value of £2.9 million. Council tenants were the most likely recipients of such grants with 46% of the grants going to households in this tenure type. Households renting from registered providers received 5% of grants and owner-occupier households received 43% of grants. The remaining 5% of grant recipients were in the private rented sector.

- 7.77 Based on Council data, 320 households with people aged over 60 years have received some form of adaption to their property. The table overleaf identifies the broad type of adaptations by tenure for households aged 60 years and over. It is important to note that properties can receive more than one type of adaption. As the table below shows, shower/bathroom alterations and stairlift/lift access were the most common type of improvement.

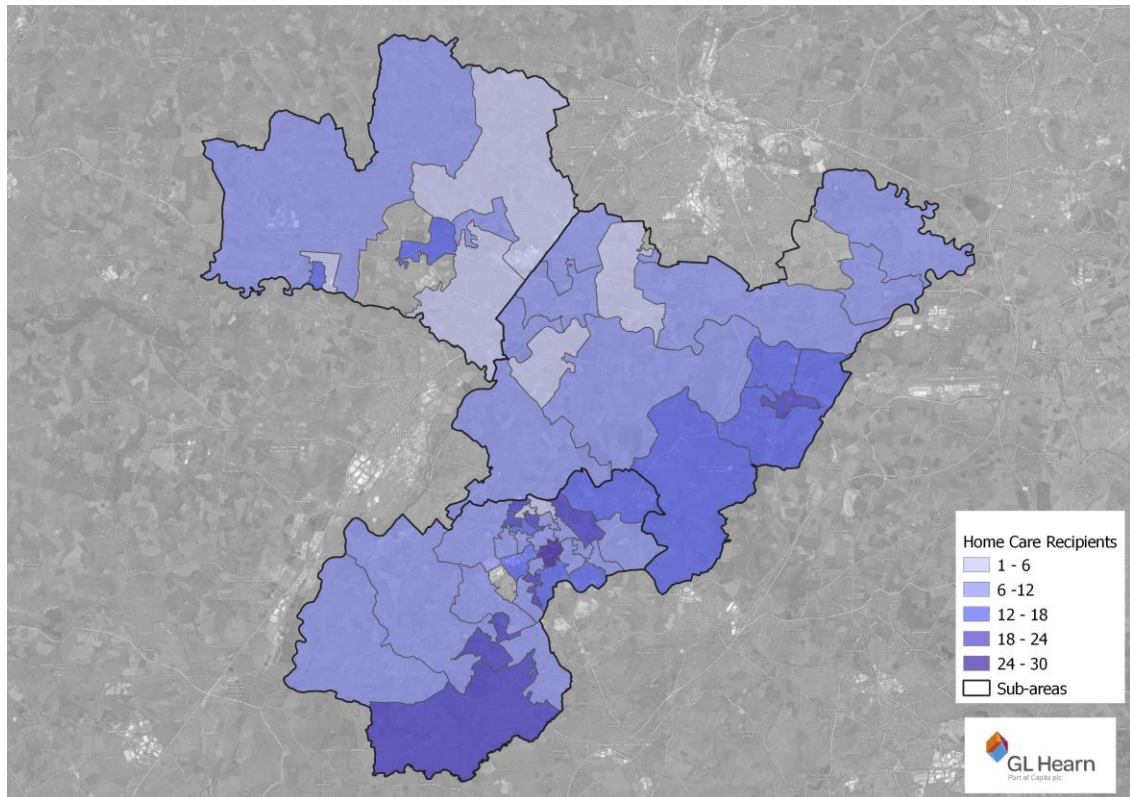
**Table 42: Council Supported Housing – Households 60 years and over (2019)**

	External access	Shower/Bathroom	Kitchen	Internal alterations	Stairlift / Lift	Extension
Council Tenant	11	123	2	2	34	0
Owner Occupier	0	54	2	4	54	3
Private Rent	0	8	0	0	6	0
Registered Provider	0	12	0	0	4	0
<b>Total</b>	<b>11</b>	<b>197</b>	<b>4</b>	<b>6</b>	<b>98</b>	<b>3</b>

Source: South Derbyshire District Council, 2019

- 7.78 The figure overleaf maps the number of households receiving home care support in South Derbyshire by Lower Super Output Area (LSOA) as of 2018/2019. In total, there were 583 recipients. As the map shows, there is a large cluster across the Swadlincote and South sub-area and Melbourne in the Derby Fringe sub-area.
- 7.79 Whilst the overall number of home care recipients has declined by 44 since 2014/2015, the total number has increased year-on-year over the last three years.

**Figure 24: Home Care Recipients in South Derbyshire (2018 to 2019)**



Source: GL Hearn using South Derbyshire District Council Data, 2018

### Key Messages: Older Persons Need

- It is estimated that 18% of South Derbyshire District's population is 65+ years old, which aligns with the rest of the country and only slightly lower than the East Midlands trend (19%).
- In South Derbyshire, some 32% of households contain someone with a LTHPD. This is lower than the East Midlands (34%) and England (33%).
- The analysis shows that people with a LTHPD in South Derbyshire are more likely to live in social rented housing (17%), followed by owned outright (49%) than those without (7.5% & 24% respectively).
- The population projection linked to the residual housing requirement show an increase in the population aged 65 and over of 5,487 people (28%).
- There is a current deficit for housing with support in the private leasehold sector along with a shortfall of housing with care (e.g. extra-care housing to rent).
- The analysis also shows a potential shortfall of nursing care bedspaces, but a likely surplus of residential care.
- The growing older population results in a higher deficit of 674 for housing with support by 2028. Of which the majority is private leasehold housing with support with a surplus of affordable housing to rent.
- For housing with care, there is expected to be a shortfall of 46 units by 2028. This includes the need for an additional 65 affordable homes to rent and a potential surplus of 19 private leasehold homes.
- There will also be an increase in demand for care bed spaces, reaching 200 at 2028 – all of these are shown to be a need for nursing care, with a surplus of residential care.
- The number of people aged 65+ years with dementia will increase by 445 (37%) between 2019 and 2028. There is an even larger increase in those with mobility problems (1,046 or 32%).
- The population aged 65+ years with learning disabilities is projected to increase by around 24% or 503 by 2028, and those with autism are projected to increase by around 25%.
- Between 2014/15 to 2017/18 the volume of healthcare recipients decreased by 10%. Since 2014, 555 households have received grants totalling £2.9m for some form of adaption to their home.
- There is a current shortfall of around 133 wheelchair accessible homes. Over the plan period, this shortfall is expected to increase by an additional 25 wheelchair adapted homes each year, taking the total to 362 by 2028.
- The evidence would justify the Council seeking to increase the number of M4(2) accessible homes by as much as viably possible and for 5-10% of new households to be M4(3) homes. Considering this aspiration, it should be borne in mind that some developments, because of their built form and/or topography, may not be suitable for this type of development. In addition, the Council should continue to support the National Described Space Standards.

## **8 YOUNGER PEOPLE WITH A PHYSICAL DISABILITY OR LONG-TERM CONDITION**

### **Introduction**

- 8.1 This section of the report forms part of the analysis of the housing needs for specific groups. This section focuses on the housing needs of younger persons (ages 16-64) with a physical disability or long-term condition.

### **Projected Population Change**

- 8.2 To further understand future housing needs, we have projected the change in the population with a physical disability or long-term health condition. This has been undertaken using the same methodology for older persons as outlined above using data from Projecting Older People Population Information (POPPI). Notably, the data for older persons (65+) has been reported in the older persons housing need analysis above.
- 8.3 The population aged 16-64 years with severe hearing loss are expected to experience the greatest growth, increasing by 6% to 405 people by 2028. Following this, the population with some hearing loss is projected to experience growth of around 5% by 2028.
- 8.4 Perhaps more pertinent to this study, the population with impaired mobility is also expected to experience change with an extra 175 people (5% increase) by 2028.
- 8.5 The population with a learning disability is expected to increase by 47 people, although the overall numbers for this category are relatively high at 1,550 by 2029.
- 8.6 We have also provided an indication of the percentage of the population with these conditions. This is based on the projected population linked to the residual Local Plan need. As can be seen below, it is expected that the number of people with these conditions will grow as a percentage, whereas the overall population will reduce.

**Table 43: Projected Changes to Population Aged 18-64 with a Range of Disabilities (2019 to 2028)**

Disability	2019	% of Pop	2028	% of Pop	Change	% Change
Learning disability	1,503	1.4%	1,550	1.3%	47	3.1%
Moderate or severe learning disability	342	0.3%	356	0.3%	14	4.1%
Severe learning disability	89	0.1%	93	0.1%	4	4.5%
Down's syndrome	39	0.0%	40	0.0%	1	2.6%
Challenging behaviour	28	0.0%	29	0.0%	1	3.6%
Autistic spectrum disorders	612	0.6%	626	0.5%	14	2.3%
Impaired mobility	3,526	3.3%	3,701	3.1%	175	5.0%
Moderate personal care disability	2,560	2.4%	2,648	2.2%	88	3.4%
Serious personal care disability	561	0.5%	577	0.5%	16	2.9%
Longstanding health condition caused by a stroke	207	0.2%	207	0.2%	0	0.0%
Diabetes	2,177	2.1%	2,217	1.8%	40	1.8%
Serious visual impairment	40	0.0%	41	0.0%	1	2.5%
Some hearing loss	6,436	6.1%	6,779	5.6%	343	5.3%
Severe hearing loss	382	0.4%	405	0.3%	23	6.0%
Common mental disorder	11,714	11.1%	12,025	9.9%	311	2.7%
Borderline personality disorder	1,487	1.4%	1,527	1.3%	40	2.7%
Antisocial personality disorder	2,058	2.0%	2,108	1.7%	50	2.4%
Psychotic disorder	433	0.4%	444	0.4%	11	2.5%
Two or more psychiatric disorders	4,452	4.2%	4,568	3.8%	116	2.6%
Alcohol dependence	3,686	3.5%	3,777	3.1%	91	2.5%
Dependent on drugs	2,092	2.0%	2,145	1.8%	53	2.5%
Survivors of childhood sexual abuse	7,143	6.8%	7,336	6.1%	193	2.7%

Source: PANSI

- 8.7 As with the older persons need, the analysis above does not directly translate into a need for specific levels of M4(2) properties, however, it does justify the Council seeking to increase the number of accessible homes as much as viably possible. Although we recognise that some developments, because of their built form and/or topography, may not be suitable for this type of development.

### Persons with Ill Mental Health

- 8.8 P3 is a social organisation with a variety of services for socially excluded and vulnerable people across the UK. P3 provides I-Decide which is accommodation and tenancy-based support service for people in Derbyshire aged 18 and over experiencing mental health issues.



- 8.9 I-Decide has been commissioned by Derbyshire County Council since 2012 to provide housing-related support services through Accommodation Based Support (ABS) and Community Based Support (CBS). Both services provide non-personal care-based housing-related support to enable people to develop and maintain the skills to live independently in their chosen community. Accommodation is available in Erewash, South Derbyshire, Chesterfield, North East Derbyshire and Bolsover.
- 8.10 The support can take place across all tenures such as private, council-owned, registered providers or at another suitable location such as a community hub based on Hill Street, Swadlincote. Support levels vary with CBS often provided in a person's property and involve 1 to 1.5 hours of support per week. Those receiving ABS support in a property, which is either owned or leased by P3, will receive around 3 hours of support per week. Although, this can change depending on the person's individual needs.
- 8.11 To be eligible for CBS and ABS support, people must be aged over 16 years and a resident in the administrative county of Derbyshire. Further, they must have a mental health issue and an identified support need.
- 8.12 In terms of supported accommodation, I-Decide provides 9 units of accommodation for ABS in South Derbyshire and 10 units for CBS. This accommodation includes both shared and single occupancy housing in Newhall, Woodville and Swadlincote. Accommodation contracts are often 12 months and the average length of stay is 10.6 months.
- 8.13 In addition to this supply, I-Decide has 10 units that are not contracted. These units are funded through enhanced Housing Benefit and provide lower-level intensive housing management support. They are for anyone who needs accommodation and does not meet the I-Decide contract criteria. This accommodation includes a mix of shared and single occupancy and located in Woodville, Newhall, Gresley and Swadlincote.
- 8.14 This lower level of intensive housing is used as a waiting area for clients who qualify for the I-Decide service after 12 months. Sometimes this type of accommodation is used as short-term accommodation in situations where people may have arrears that are too high to allow them to move to more settled accommodation, they are considered to have support needs that would prevent them from moving on people are still bidding for registered for housing.

### People with a Learning Disability

- 8.15 Consultation with the Commissioning Manager for Adult Care at South Derbyshire County Council identified that there is a long-term strategy currently being prepared which sets out the plan for



specialist accommodation for people with disabilities and learning difficulties (particularly autism) in the County.

- 8.16 In South Derbyshire, 1-bedroom supported living is the key focus. There is a high demand for 1-bedroom self-contained accommodation and the supply is limited. Historically, accommodation for people with disabilities and learning difficulties was provided through shared occupancy, however considering numerous issues associated with this type of living such as circumstance compatibility, there is a movement towards 1-bedroom supported living. However, there is still the need to provide shared spaces in the development of social benefits.
- 8.17 It is essential that purpose-built accommodation for people with disabilities and learning difficulties is located on a bus route, near to shops and community services.
- 8.18 South Derbyshire has a relatively low waiting list compared to other parts of the county, however, there is still the responsibility to accommodate the over-spill from neighbouring local authorities which is considered a County priority to address. The consultation identified that the problem for South Derbyshire is that the neighbouring local authorities have high numbers of people on the waiting list for accommodation.
- 8.19 The need to consider the design of 1-bedroom units was also identified as an issue. The consultation found that some 1-bedroom units are not large enough to accommodate mobility issues such as people in wheelchairs.
- 8.20 The Newhall Centre in Swadlincote is a Council operated non-residential facility that supports 80 people with varying learning disabilities 5 days a week. In terms of existing residential provision, there is a bungalow in Newhall that provides accommodation for those with mental health and physical disabilities. The Council has recently approved a planning scheme for a privately-run supported living scheme, made up of 16 self-contained flats for persons with learning difficulties, mental health and physical difficulties.
- 8.21 The consultation found that there is also a proposal from a provider to deliver 12 apartments and four bungalows in Woodville. The apartments are proposed to provide 24-hour support for the population with learning difficulties and the bungalow accommodation also provides 24-hour support, however, designed to accommodate two people. It is expected that the 12 apartments will be filled instantly as demand is high for single occupancy accommodation.
- 8.22 It was established that a development like this meets the current accommodation needs in South Derbyshire. In terms of affordability, providers must set prices in line with local rents.

**Key Messages: Younger People Physical Disability or Long-term Condition**

- The population aged 16-64 years with severe hearing loss are expected to experience the greatest growth, increasing by 6% to 405 people by 2028. The population with some hearing loss is projected to experience growth of around 5% by 2028.
- The population with impaired mobility is also expected to experience change, with an extra 175 people (5% increase) by 2028.
- The population of people with a learning disability is expected to increase by 47, although this is small compared to the overall numbers at 1,550 by 2028.
- This would suggest that the Council need to be planning for further support services to address the growing need in each of these groups.
- It may also be the case that adoption of M4(2) standards would assist with some of these disabilities.

## 9 PRIVATE RENTAL SECTOR

### Introduction

- 9.1 This section of the report forms part of the analysis of the housing needs for specific groups. This section looks at a range of statistics concerning the private rented sector (PRS) in South Derbyshire.
- 9.2 Where possible, comparisons are made with other tenures (i.e. owner-occupied and affordable housing to rent) as well as contrasting data with other areas. The aim is to bring together a range of information to inform the need for additional private rented housing in the local authority. Notably, South Derbyshire is currently undertaking a housing stock condition survey which once complete, will provide up-to-date data on the condition of the PRS sector.

### Profile of the Private Rented Sector

- 9.3 The table below shows the tenure split of housing in 2011 in South Derbyshire, East Midlands and England. No newer data is available relating to the private rental sector at a local level.
- 9.4 The data identifies approximately 4,603 households living in the PRS in South Derbyshire which equates to 11% of all households. This proportion is slightly lower than the East Midlands (12%) and much lower than the national rate of 24%. The high proportion at the national level is heavily driven by the proportion of private renters in London.

**Table 44: Households by Tenure in South Derbyshire (2011)**

	South Derbyshire	East Midlands	England
Owns outright	13,237	621,224	689,898
Owns with mortgage/loan	16,179	653,441	886,309
Social rented	7,754	600,846	785,993
Private rented	4,603	257,017	775,591
Other	965	50,755	43,494
Total	42,738	2,183,283	3,181,285
% private rented	11%	12%	24%

Source: Census (2011)

- 9.5 In South Derbyshire, there is a very small proportion of households (2%) recorded as living in 'other' PRS accommodation which is likely to be housing linked to employment. This split is aligned with the proportion in the East Midlands (2%) and England (1%).
- 9.6 In April 2018 there were 3,528 housing benefit claimants in South Derbyshire of which 1,132 (32%) were in the PRS. The majority of claimants are aged either between 25-44 or over 70. Around half

the claimants are single persons with no dependent children. Around 1,200 claimants have dependent children.

- 9.7 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 the change in tenure for South Derbyshire from the 2001 and 2011 Census. Again, no newer data is available relating to the PRS at a local level.

**Table 45: Change in Household Tenure in South Derbyshire (2001 to 2011)**

	2001	2011	Change	% Change
Owns outright	10,519	13,237	2,718	25.8%
Owns with mortgage/loan	15,633	16,179	546	3.5%
Shared Ownership	99	131	32	32.3%
Social rented	3,908	3,877	-31	-0.8%
Private rented	1,817	4,603	2,786	153.3%
Other	1,019	965	-54	-5.3%
<b>Total</b>	<b>32,995</b>	<b>38,992</b>	<b>5,997</b>	<b>18.2%</b>

Source: 2001 and 2011 Census

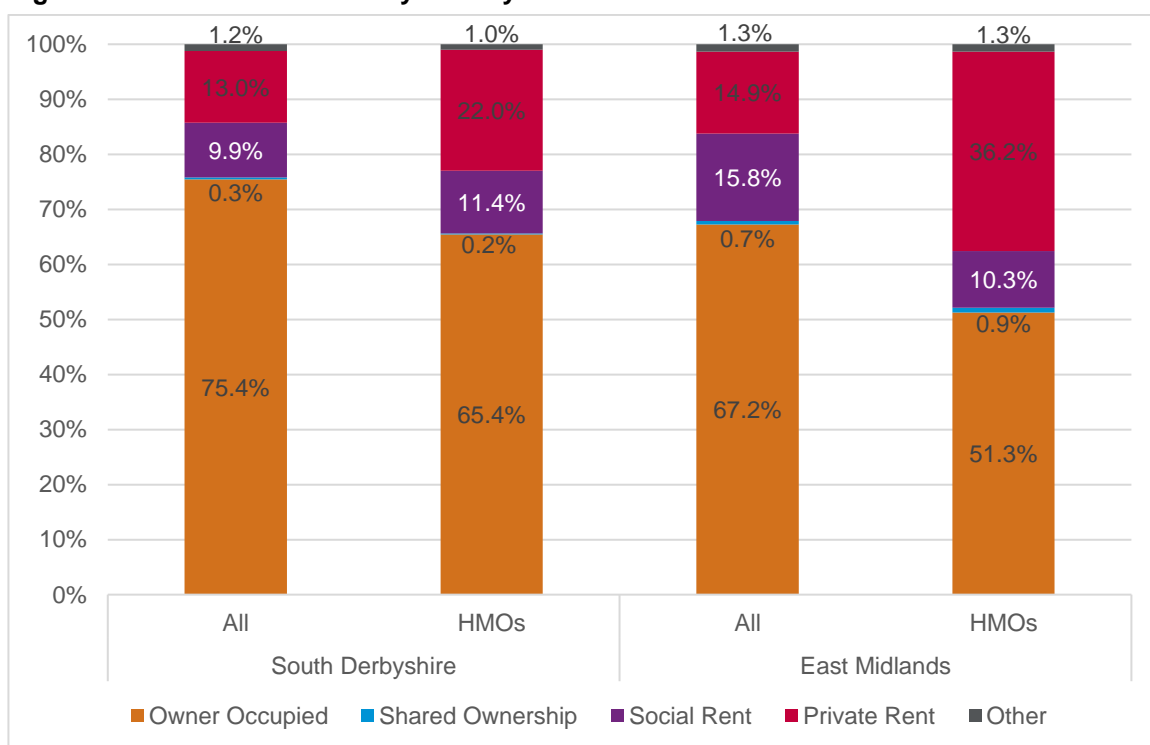
- 9.8 There has been significant growth in the number of households living in privately rented accommodation (153.3%). Outright owners have seen a 25.8% increase over the period and only a slight increase in owners with a mortgage (3.5%). Increase in outright owners is attributed to mortgages being paid off, which may have been assisted by a period of low-interest rates.
- 9.9 Households renting socially has been relatively stable over the ten-year period (-0.8%). There has also been a slight decline in other households (-5.3%) which includes those living rent-free.

### Houses in Multiple Occupation

- 9.10 Houses are considered to be in multiple occupation (HMO) if both of the following apply:
- At least 3 tenants live there, forming more than 1 household
  - You share a toilet, bathroom or kitchen facilities with other tenants
- 9.11 A home is considered a large HMO if both of the following apply:
- At least 5 tenants live there, forming more than 1 household
  - You share a toilet, bathroom or kitchen facilities with other tenants
- 9.12 Landlords of large HMO's are obligated to obtain a license and are required to meet certain standards. South Derbyshire Council is responsible for enforcing HMO standards.

- 9.13 The Census does not provide a specific breakdown for HMO's but analysis of the "Other Households-Other" category can be taken as a proxy for this. This group is essentially unrelated adults living together in the same dwelling.
- 9.14 In 2001, there were 642 Other: Other households in South Derbyshire. By 2011 this had increased to 1,013. This is a growth of 57% in ten years, although it still only represents around 2.6% of all households in the district, up from 1.9%. No newer data is available relating to this matter.
- 9.15 The growth will be in some part driven by increased migration but also through changes to the Local Housing Allowance which has meant that under 35 only receive the shared property rate.
- 9.16 The figure illustrates the percentage of Other: Other households across all tenure types In South Derbyshire and compares this to the wider population and the East Midlands. As illustrated, 65% of Other: Other households are in owner-occupation, this compares to 75% in all households.

**Figure 25: HMOs in South Derbyshire by Tenure**



Source: Census 2011

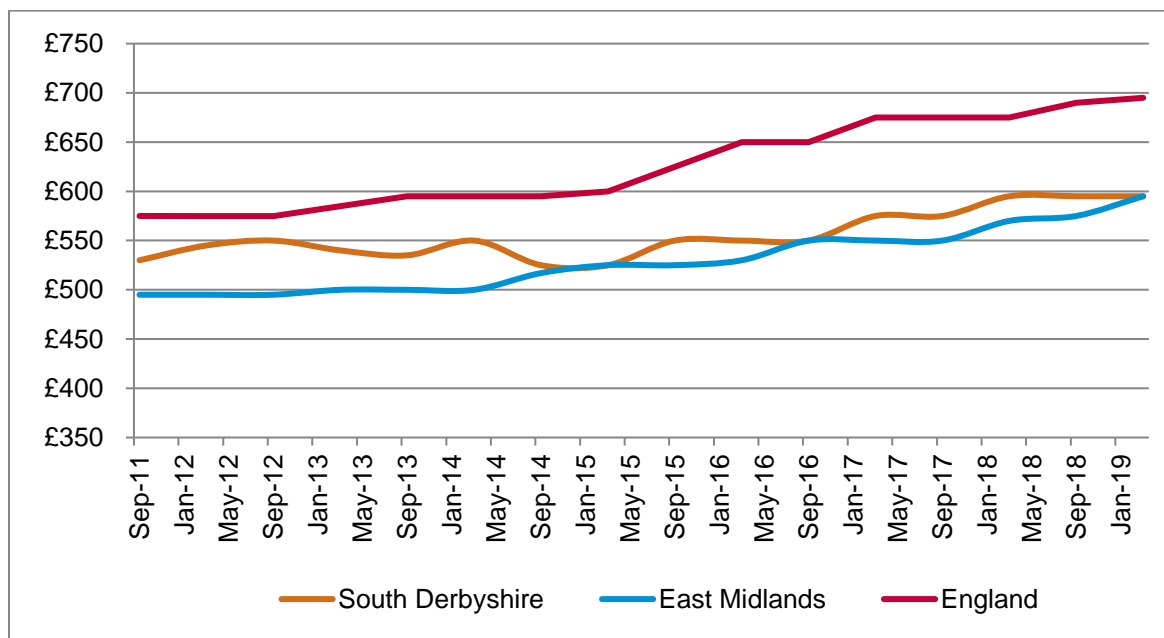
- 9.17 In contrast, 22% of Other: Other Households are in PRS housing this compares to 13% for all households. However, this is still lower than the equivalent figure for the East Midlands (36%). Part of the solution to addressing the high number of HMOs is to provide more 1-bedroom affordable rental units.

- 9.18 There may also be a demand for specialist build-to-rent developments, although at present these are typically found in larger metropolitan areas where rents are higher (see below). That being said, if any application is made in South Derbyshire, the Council should treat this on its own merits.

### Rental Values

- 9.19 The figure below shows the change in PRS values since 2011. Over the period, median rental values in the District have consistently been higher than the East Midlands', however lower than England. Between the period of January 2015 and September 2016, the median rental values of South Derbyshire are almost on par with the East Midlands.
- 9.20 Median rental values in South Derbyshire have increased by 12% since 2011 and currently stand at £595 per calendar month (March 2019). This level of growth has not been as strong as the East Midlands region which experienced a 25% increase in rental values and the nation which has grown by 21% over the same period.
- 9.21 In South Derbyshire, median rents fluctuated in earlier years, however, stabilised at the year 2015 and continued to grow in value.

**Figure 26: Rental Values Over Time (2011-2019)**

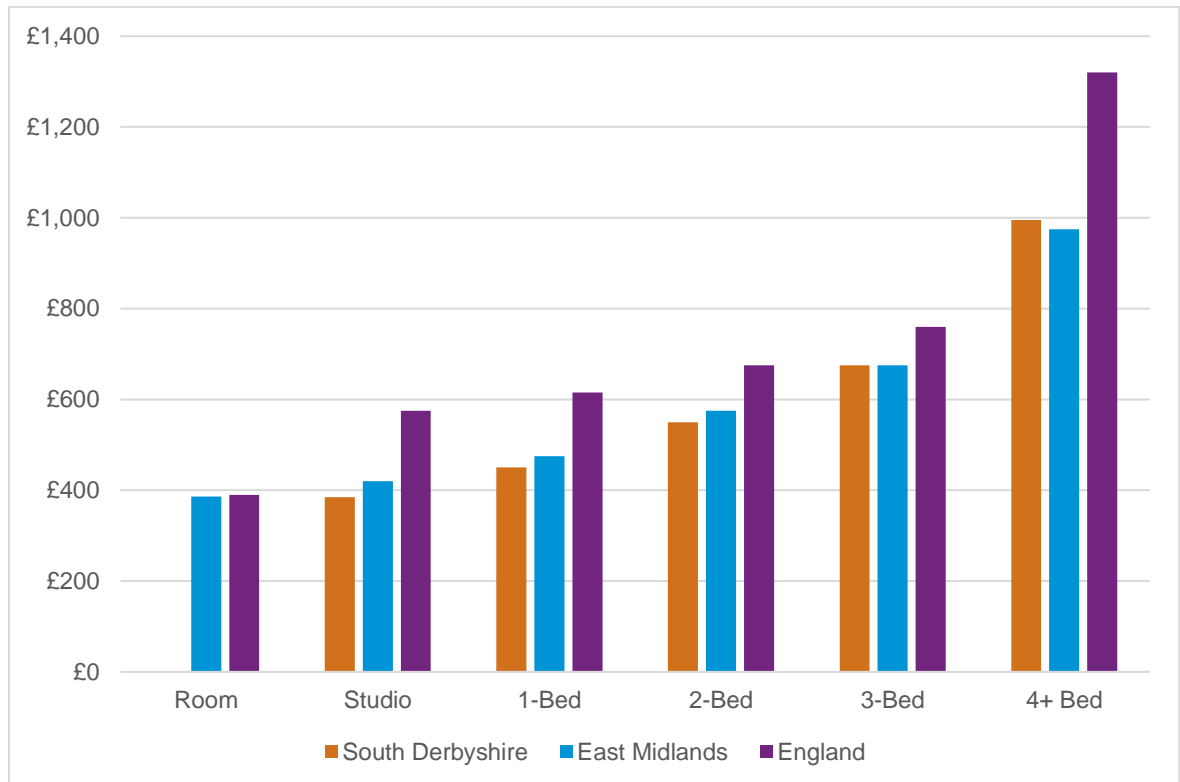


Source: VOA, 2019

- 9.22 The figure below identifies the current median rental values by bedroom size for South Derbyshire compared to the East Midlands and England. Note, there is no single room rental data recorded in South Derbyshire.

- 9.23 Across all bedroom sizes, the median rental values in South Derbyshire are fairly aligned with the East Midlands values, but below the national median. Median rental values for smaller houses (studio, 1 and 2-bedrooms) are greater in the East Midlands, however, 3-bedrooms and 4+ bedrooms are greater in South Derbyshire.

**Figure 27: Median Rental Value (March 2019)**



Source: VOA, 2019

**Key Messages: PRS**

- The data identifies approximately 4,603 households living in private rented housing in South Derbyshire which equates to 11% of all households.
- There has been significant growth in the number of households living in privately rented accommodation (153%) between 2001 and 2011. No newer data is available relating to the private rental sector at a local level.
- The 2011 proportion of households in the PRS in South Derbyshire (12%) is slightly lower than the East Midlands (12%) and much lower than the national rate of 24%.
- In April 2018 there were 3,528 housing benefit claimants in South Derbyshire, of which 1,132 (32%) were in the Private Rental Sector. The majority of claimants were aged either 25-44 or over 70.
- In 2011, there were 1,013 Other: Other households. This can be taken as a proxy for HMOs. This number has increased by 58% since 2001.
- There is a relatively higher percentage of this group living in PRS housing. Delivery of additional 1-bedroom affordable units could ease or slow this growth.
- Median rental values in South Derbyshire have increased by 12% since 2011 and currently stand at £595 per calendar month (March 2019). This level of growth has not been as strong as the East Midlands region which experienced a 25% increase
- Across all bedroom sizes, the median rental values in South Derbyshire are fairly aligned with the East Midlands values and below the national median.
- There is unlikely to be a need for policy to support additional PRS accommodation.
- We do not anticipate any demand from build to let developers but any proposal for this type of development should be treated on their own merits.



## 10 YOUNG PERSONS HOUSEHOLDS

### Introduction

- 10.1 This section of the report forms part of the analysis of the housing needs for specific groups. This section looks at a range of statistics in relation to younger person households in South Derbyshire. Young person households are defined as households under the age of 35 years in South Derbyshire.

### Profile of Young Persons Households

- 10.2 The table below identifies the housing profile of young people (under 35 years) and the type of tenure they occupy as of 2011. No newer data is available relating to the PRS at a local level.
- 10.3 The proportion of young persons renting privately in South Derbyshire (30%) is less than the East Midlands (37%) and England (41%). Further, the proportion of young persons renting social housing in South Derbyshire (12%) is significantly lower than the East Midlands (20%).

**Table 46: Young Persons Households by Tenure in South Derbyshire (2011)**

	South Derbyshire	East Midlands	England
Owens outright	249	11,090	160,463
Owens with mortgage/loan	3,035	111,042	1,203,106
Social rented	750	63,129	779,951
Private rented	1,849	119,506	1,607,569
Other	2,433	149,614	2,003,855
Total Young Persons Households	6,175	319,821	3,949,232
% Private rented	30%	37%	41%

Source: Census (2011)

- 10.4 The proportion of young persons that own outright in South Derbyshire is 4%, which is on par with the region (3%), however young person households that own with a mortgage or loan is higher in South Derbyshire (49%) as compared to the East Midlands (35%). This suggests that the ability for young people to get on the housing ladder is easier in South Derbyshire compared to the East Midlands.
- 10.5 There are currently 333 households headed by a young person (under the age of 35) on the Council's Housing Register. This equates to 51% of the 644 households on the Housing Register. The applicants have recorded the number of people in households and there is a total of 911 individuals distributed in the 333 households.

- 10.6 The Housing Register reports that 45.3% of all 644 applicants require a 1-bedroom, 39.1% for a 2-bedroom, 11.5% for a 3-bedroom, 4.2% for a 4-bedroom or more.
- 10.7 Council data shows that in South Derbyshire in 2017/2018, acceptance of a full duty decision to homeless households was relatively high (around 120 households, or 2.92%) when compared to the County (1.84%) and the country (2.41%). There are very few incidences of rough sleeping recorded within the District.
- 10.8 Around 25% of homeless acceptances in 2017/2018 were aged 16-24 and a further 52% were aged 25-44. The largest percentage of these were due to the termination of a private tenancy. Around two-thirds of homeless households had a dependent child.

**Key Messages: Younger Households**

- The proportion of young persons (under 35) renting privately in South Derbyshire is 30%, which is less than the East Midlands (37%) and England (41%).
- The proportion of young people living in affordable housing to rent in South Derbyshire is 12%, which is significantly lower than the East Midlands (20%).
- Conversely young person households that own with a mortgage or loan is higher in South Derbyshire (49%) than the East Midlands (35%). This suggests that the ability for young people to get on the housing ladder is easier in South Derbyshire compared to the East Midlands.
- There are currently 333 households headed by a young person (under the age of 35) on the Council's Housing Register. Of these the majority require a 1 or 2-bedroom homes.
- In 2017/18 around 120 households (2.92%) were accepted as homeless in South Derbyshire.. In comparison to the county (1.84%) and country (2.41%) the homelessness in South Derbyshire is relatively high. There are very few incidences of rough sleeping.
- The largest percentage of these was due to the termination of a private tenancy. Around two thirds of homeless households had a dependent child.

## 11 STUDENT HOUSEHOLDS

### Introduction

- 11.1 This section of the report forms part of the analysis of the housing needs for specific groups. This section looks at a range of statistics in relation to student households in South Derbyshire.

### Profile of Student Households

- 11.2 The 2011 Census reported that there were only 9 all-student households in South Derbyshire. This equated to 0.02% of all households in the District at the time and reflects the fact that there are no higher education facilities in South Derbyshire.

### Provision of Student Accommodation

- 11.3 Burton and South Derbyshire College has two campuses, the Town Centre Campus at Burton on Trent in East Staffordshire Borough and Stephen Burke Construction Academy at Swadlincote in South Derbyshire.
- 11.4 Burton and South Derbyshire College is a general further education college and provides education for those aged 16 to 18. The number of enrolments at the campus located in South Derbyshire is unknown, however, the College offers places for international students with a cohort from across Europe and Asia.
- 11.5 The College does not provide student accommodation however they coordinate an international host program. Hosts provide a spare room and meals for international students and the cost to the student is £120 per week.
- 11.6 Derby University is located on Kedleston Road in Derby. Derby University has halls of residence across 12 accommodation buildings with 2,834 rooms ranging from bronze (£132 per week), silver (£140 per week) and gold (£145 per week) en-suite rooms, adapted rooms (£140 per week), studios (£156 per week) and 1-bedroom en-suite flats (£170 per week).
- 11.7 University halls of residence accommodation are available on either a 44-week contract or annual basis. The University estimates weekly living costs to be £165 to £200 in University halls and around £172 per week for those renting privately.
- 11.8 The University's location on the border of South Derbyshire and Derby City may contribute to future housing demand for student housing in settlements on the Derby fringe, particularly in the form of private rented housing. Although as evidenced, this was not the case in 2011.

**Key Messages: Students**

- There is only limited evidence of demand for student accommodation in South Derbyshire.
- Derby University is located close to the border with South Derbyshire and may in time result in some limited impact on housing demand in the District.
- At this moment there is no need for a specific policy to address the needs for students in the district.

## 12 SERVICE FAMILIES

### Introduction

- 12.1 This section of the report forms part of the analysis of the housing needs for specific groups. This section looks at a range of statistics in relation to service families in South Derbyshire.

### Profile of Service Families

- 12.2 According to MOD statistics, there are 10,430 military and civilians in the East Midlands region. However, the same source indicates that there are no military personal in South Derbyshire.
- 12.3 In the neighbouring local authority area of Derby, there are no military personal, however, there are 50 civilian personnel. The Council should engage with neighbouring local authorities through the Duty to Co-operate for any matter relating to housing need for service families.
- 12.4 South Derbyshire District Council signed the Armed Forces Covenant in March 2019. It is a promise by the nation to ensure that those who serve or who have served in the armed forces, and their families, are treated fairly. The Covenant is designed to ensure that Armed Forces, Veterans and their families receive fair treatment and not disadvantaged because of their Service.
- 12.5 As part of the signed Armed Forces Covenant, South Derbyshire District Council has appointed an Armed Forces Champions and Lead Officer and formed the Derbyshire Armed Forces Covenant Partnership Board which meets to discuss the Covenant and Action Plan.
- 12.6 The UK Government have an Armed Forces Covenant Fund of £10 million which is open to organisations, groups and individuals who can demonstrate their proposal to strengthen the aims of the Covenant.
- 12.7 The Council's Housing Officers liaise with the Armed Forces community to ensure timely and accurate information is given and received regarding the movement of Service personnel and their housing needs and aspirations.
- 12.8 The Allocation of Housing (Qualification Criteria for Armed Forces) (England) Regulations ensure that local authorities cannot use local connection criteria to exclude service personnel (including bereaved spouses or civil partners and veterans) from joining their housing register. This prevents service

personnel from suffering disadvantage from any 'residence' based criteria chosen by the Local Authority in their allocations policy.

**Key Messages: Service Families**

- There is only limited evidence of any demand from Service Families in South Derbyshire.
- South Derbyshire District Council signed the Armed Forces Covenant in March 2019. It is a promise by the nation to ensure that those serve or who have served in the armed forces, and their families, are treated fairly.
- At this moment there is no need for a specific policy to address the needs for service families in the district.

## 13 SELF AND CUSTOM-BUILD

### Introduction

- 13.1 This section of the report provides an overview of the self and custom build registry in South Derbyshire.
- 13.2 Housing needs assessments should investigate the contribution that self-build makes toward the local supply. Laying the Foundations – a Housing Strategy for England 2010<sup>15</sup> sets out that one in 10 new homes in Britain was self-built in 2010 – a lower level than in other parts of Europe. It identifies barriers to self or custom-build development as including:
- A lack of land.
  - Limited finance and mortgage products.
  - Restrictive regulation; and
  - A lack of impartial information for potential custom home builders.
- 13.3 The Government aspires to make self-build a ‘mainstream housing option’ by making funding available to support self-builders and by asking local authorities to champion the sector. Up to £30m of funding has been made available via the Custom Build programme administered by Homes England to provide short-term project finance to help unlock group custom build or self-build schemes. The fund can be used to cover eligible costs such as land acquisition, site preparation, infrastructure, S106 planning obligations etc.
- 13.4 In accordance with The Self-build and Custom Housebuilding (Register) Regulations 2016, since April 2016, each local authority is required to keep a register of individuals and associations of individuals seeking to acquire serviced plots of land in their area for the construction of self or custom build homes. The Self-build and Custom Housebuilding Act (2015) (as amended) places a duty on relevant bodies to have regard to the register when carrying out their planning, housing, land disposal and regeneration functions and to give planning permission to enough serviced plots of land to meet demand.

### Self and Custom-built in South Derbyshire

- 13.5 In South Derbyshire District, as at 30 October 2018, there were 32 individuals on the self and custom build register. By June 2019 this figure had risen to 47, of whom 42% were aged between 50-60 years, 29% aged 30-40 years and 22% aged 40-50 years.
- 13.6 The addresses of those registered were distributed evenly across the region with 72% located in somewhere Derbyshire.

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<sup>15</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/7532/2033676.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/7532/2033676.pdf)

- 13.7 It should be borne in mind that registers may give a misleading impression as people can sign up in more than one local authority, thus potentially overstating the overall level of demand.
- 13.8 Between 31 October 2016 and 30 October 2017, planning consent was granted for 21 self or custom build dwellings, of which 4 were for conversions of existing structures to a dwelling. Between 31 October 2017 and 30 October 2018, planning consent was granted for a further 28 dwellings, of which 11 were for conversions. The data does not identify the bedroom split for each dwelling.
- 13.9 This would suggest that there is not a need for a specific policy to address the identified demand for self and custom build.

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

- In June 2019, there were 47 individuals on the Council's self and custom-build register.
- Between 31 October 2016 and 30 October 2017, planning consent was granted for 21 self or custom build dwellings.
- This would suggest that there is not a need for a specific policy to address the identified demand for self and custom build.



## 14 CONCLUSIONS

- 14.1 GL Hearn has been commissioned by South Derbyshire District Council to carry out an update to their Strategic Housing Market Assessment in light of the publication of the National Planning Policy Framework (NPPF) (2018 and subsequently 2019). The purpose of this document is to examine the overall housing need and the appropriate housing mix in South Derbyshire.

### Housing Need

- 14.2 The standard method seeks to simplify the approach to calculating housing need and has three components or steps:
- Starting Point – based on household projections
  - Affordability Adjustment – Based on local house price ratio; and
  - Capping the Increase - To ensure it is deliverable
- 14.3 The starting point is the 2014-based household projections. As per the PPG, we have examined household growth in the period 2019 to 2029. As set out in the table below, over this period the 2014-based projections show a household growth of 4,660 households (466 per annum).
- 14.4 The standard method then seeks to adjust the demographic baseline based on local affordability. In 2018, the median workplace-based affordability ratio in South Derbyshire was 6.96. Based on the formula set out in the PPG, the adjustment factor in South Derbyshire is 0.185 or 18.5%.
- 14.5 Applying this additional 18.5% to the 2014-based household projections over the 2019-2028 period would take the housing need to 552 per annum as the table below sets out.

**Table 47: Housing Need Derived from Baseline and Affordability Adjustment**

	Household Change (19-29)	Step 2 Output
2019-2029	4,660	552

Source: ONS and DHCLG, 2016 and 2018

- 14.6 Step 3 of the standard method caps the increase a local authority can face. For areas such as South Derbyshire where the Local Plan is less than 5 years old a 40% cap is applied to housing target. In South Derbyshire, the Local Plan target is already higher 12,618 (742 dpa) than the outputs of Stage 2, therefore no cap is applied.
- 14.7 However, the Council are taking a positive step by maintaining the annual housing requirement (742 dpa) as set out in the current Local Plan over the 2011 to 2028 period. This is compliant with the PPG which encourages local authorities to exceed the minimum need based on taking unmet need from neighbouring authorities.

- 14.8 At July 2019, total dwelling completions since the start of the plan period in South Derbyshire were 4,981. This results in a residual need for 7,633 dwellings for the remaining plan period, which is used to inform this report.

### Affordable Housing Need

- 14.9 The report has considered the net need for affordable rented housing; using the Basic Needs Assessment Model as set out in the PPG. Using the residual housing need figure, the analysis calculates an overall gross need for affordable rented housing of 325 per annum in South Derbyshire (as rounded).
- 14.10 This includes a rounded need of 106 in the Derby Fringe sub-area, 162 in the Swadlincote and South sub-area and 58 in the North West sub-area. This includes some need from newly forming households, including those moving from Derby as a result of the City's unmet need.
- 14.11 The scale of the affordable housing need equates to around 39% of the overall housing requirement, thus, even delivering the current policy 30% of housing being affordable, would result in a shortfall. There is no requirement for the affordable housing need to be met in full, it may, however, justify the Council doing one or more of the following:
- Consider increasing overall housing delivery to deliver more affordable homes.
  - At Local Plan review, consider increasing the affordable housing contributions above the current required 30% where it is viable to do so.
  - At Local Plan review consider seeking affordable housing contributions from a smaller site threshold (currently set at 15 units or more) where this is viable to do so.
- 14.12 In terms of affordable home ownership, modelling found a surplus in South Derbyshire District (-22). However, at a sub-area level the net need is 25 dwelling per annum for Derby Fringe and 2 dwellings per annum for North West. The Swadlincote and South sub-area generates a surplus (-49) for affordable home ownership. This would indicate that the Council would not need to exceed the recommended 10% as set out in the NPPF.
- 14.13 Neither of these figures is an absolute requirement but are broad targets for the Council to aim to meet as best as they can. The scale of need also justifies seeking as much affordable housing as viably possible.
- 14.14 The calculated surplus of low-cost home ownership products could justify the Council seeking to challenge the government's stated target of "at least 10% of the homes to be available for affordable home ownership". This is because it could potentially be unneeded but may also prejudice the delivery of affordable housing for specific groups.

## Tenure Mix

- 14.15 In analysing the need for housing of different tenures, it needs to be recognised that there are a series of choices to be made regarding the provision of new affordable housing; essentially a trade-off between the affordability of accommodation and the number of homes that can viably be provided.
- 14.16 To aid the decision-making process regarding these choices, the following tenure split could be used as a starting point. This is based on the current policy seeking 30% affordable housing on schemes with over 15 dwellings and the Government's stated target of 10% affordable home ownership:
- 70% market
  - 10% affordable home ownership
    - The majority of which should be shared ownership
  - 20% social/affordable rented
    - Of which 33% is rented affordable housing; and
    - 67% is social rental housing.
- 14.17 However, this comes with a series of caveats including the viability of providing different types of affordable housing.
- 14.18 Further, the cost of affordable home ownership properties can sometimes exceed those of lower-cost market homes, and thus, cannot be truly considered as "affordable", albeit they might be recognised as such by the Government.
- 14.19 Finally, there is no strong need for affordable home ownership products in the district. However, there is Government guidance seeking this number.

### Need for Different Types and Sizes of Homes

- 14.20 The modelling outputs provide an estimate of the proportion of homes of different sizes that are needed, there is a range of factors which should be considered in setting policies for provision. These factors are considered in our recommendations below:
- 14.21 The mix of affordable housing to rent sought through development at a district-wide level is presented in the table below.

**Table 48: Affordable Housing to Rent**

Bedrooms	Suggested Mix
1-bedroom	25-30%
2-bedroom	35-40%
3-bedroom	25-30%
4-bedroom	5-10%

Source: GLH Modelling based on ONS Data

- 14.22 The strategic conclusions recognise the role in which the delivery of larger family homes can play in releasing a supply of smaller properties for other households and the limited flexibility which one-bed properties offer to changing household circumstances, and the follow on implications such as higher turnover and management issues. However, this needs to be balanced against the issue of single people under 35 years old only being eligible to claim benefits for a room in a shared house and the evidenced rise of HMOs.
- 14.23 The need for affordable housing of different sizes will vary by area (at a more localised level) and overtime. In considering the mix of homes to be provided within specific development schemes, the Council should consider the details of households currently on the Housing Register expressing preference for the local area, the existing stock levels and turnover of these properties, and the anticipated future delivery should all be considered when determining the best mix on an individual site.
- 14.24 The provision of affordable home ownership should be more explicitly focused on delivering smaller housing for the rise of households with dependent children (approximately 18% change by 2028) and the rise of other households, primarily comprising of shared households (approximately 19% change by 2028). On this basis, the following mix of affordable home ownership housing is suggested:

**Table 49: Affordable Home Ownership Housing**

Bedrooms	Suggested Mix
1-bedroom	10-15%
2-bedroom	40-45%
3-bedroom	35-40%
4-bedroom	5-10%

Source: GLH Modelling based on ONS Data

- 14.25 In the market sector, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographic profile. The following mix of market housing is suggested:

**Table 50: Market Housing**

Bedrooms	Suggested Mix
1-bedroom	0-5%
2-bedroom	20-25%
3-bedroom	50-55%
4-bedroom	20-25%

Source: GLH Modelling based on ONS Data

- 14.26 The identified housing mix should inform strategic planning and housing policies. In applying recommended housing mix to individual development sites, regard should be had to the nature of the

development site and character of the area, and up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.

- 14.27 These figures can, however, be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by the demographic change in the area or linked to macro-economic factors and local supply.

### Older Person Housing Needs and Disability Groups

- 14.28 The Housing Needs Assessment indicates that the number of residents aged over 65 in South Derbyshire is forecast to increase by approximately 28% over the period to 2028 based on the residual local housing requirement.
- 14.29 Due to a growing older population and increasing life expectancy, there is a clear need to accommodate households that require adaptations to properties to meet their changing needs whilst others may require more specialist accommodation or support.
- 14.30 Based on the older persons analysis in the previous section, there is clear evidence of the need for properties which are capable of accommodating people's changing needs.
- 14.31 There is a current demand for 1,038 housing with care and housing with support beds (C3). This includes both housing for rent and private leasehold housing. There is a current demand for 433 nursing care beds (C2) and 389 residential care beds (C2).
- 14.32 Projecting these prevalence rates forward to 2028, the growing older population results in a deficit for housing with care and housing support (housing to rent and private leasehold) is 720. There is a deficit of 277 nursing care beds (C2) and a surplus of residential care (C2) of -77.

**Table 51: Older Person's Dwelling and Care Bedspace Requirements 2019 – 2028**

		Current supply	2019 Demand	Current shortfall/ (surplus)	Additional demand to 2028	Shortfall/ (surplus) by 2028
Housing with support (C3)	Rented	720	345	-375	197	-178
	Leasehold	31	563	532	320	852
Housing with care (C3)	Rented	53	59	6	59	65
	Leasehold	160	71	-89	70	-19
Total (dwellings)		964	1,038	74	646	720
Nursing care (C2)		351	433	82	196	277
Residential care (C2)		501	389	-112	35	-77

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

- 14.33 Registered care provision falls within a C2 use class, with households who live in care homes counted as part of the institutional rather than the household population. As such provision of residential care is treated separately in the analysis of this report from that for C3 dwellings (and is separate to the C3 housing OAN).
- 14.34 Given older persons aged over 65 in South Derbyshire is forecast to increase by approximately 28% over the period to 2028, based on the residual local housing requirement, decisions about the appropriate mix of specialist housing should take account of the current stock, other local needs evidence as appropriate, and policies regarding accommodation and care.
- 14.35 We have also calculated an “unmet need” for 133 wheelchair accessible households. This is expected to increase by a further 229 over the plan period. This would suggest that the Council should seek to deliver around 5-10% of all new homes as M4(3) properties. This would address the backlog need and the future need.
- 14.36 The data also highlights significant growth in those with dementia and those with mobility problems of all ages. This would justify the Council seeking to increase the number of M4(2) accessible homes as much as viably possible.

### Other Groups

- 14.37 There has been significant growth in the number of households living in privately rented accommodation (153%) between 2001 and 2011. Over the same period, there was a 58% increase in the number of HMOs in the district. There are currently 333 households headed by a young person (under the age of 35) on the Council's Housing Register. Of these, the majority require a 1 or 2-bedroom homes.
- 14.38 The South Derbyshire Homelessness Prevention Strategy (2013) reported that during the 2011/12 period, 44% (30 people) of homeless cases were people aged between 16-24 years and 78% were aged between 25 and 44 years.
- 14.39 To address all of these issues, the Council may wish to consider a higher rate of delivery for smaller affordable rented accommodation.
- 14.40 Although the proportion of young persons (under 35) renting privately in South Derbyshire (30%) is less than the East Midlands (37%) and England (41%), In addition, the percentage of young persons with a mortgage is higher in South Derbyshire (49%) than the East Midlands (35%).
- 14.41 This suggests that the ability for young people to get on the housing ladder is easier in South Derbyshire compared to the East Midlands.

- 14.42 There are no higher education facilities in the District and there has historically been virtually no demand from all student households. We do not anticipate any demand from build to let developers but any proposal for this type of development should be treated on their own merits.
- 14.43 Similarly, we do not anticipate demand from service families in the district.
- 14.44 In June 2019 in South Derbyshire District there were 47 individuals on the self and custom build register. This would suggest that there is not a need for a specific policy to address the identified demand for self and custom build.

## 15 RECOMMENDATIONS

15.1 Chapter 5 of the South Derbyshire Local Plan (2016) establishes strategic policies for housing. The policies addressing the strategic direction for affordable housing are **Policy H20, Housing Balance** and **Policy H21 Affordable Housing and the Affordable Housing SPD**. This section outlines potential policy modifications that could be considered in response to the identified housing need in this report.

15.2 Policy H20 Housing Balance states that:

- A) The Council will seek to provide a balance of housing that includes a mix of dwelling type, tenure, size and density. The overall mix of housing will take account of the Strategic Housing Market Assessment and Local Housing Needs Study.
- B) The density of any site will be considered individually as there is no evidence to support a set density across all sites.
- C) Any housing development would be expected to make the most efficient use of the land whilst taking into account what is appropriate for the surrounding local built and natural environment.
- D) The viability of a development will be considered through determining a schemes housing mix.
- E) The Council will also promote a mix of housing that is suitable and adaptable for different groups of people such as single occupiers, people with disabilities, people wanting to build their own homes and the ageing population of the District.

15.3 GL Hearn recommends that the type of tenure and size mix set out in the table below is used to apply Policy H20.

**Table 52: Size Mix Recommendations by Tenure**

	1-bed	2-bed	3-bed	4+-bed
Market	0-5%	20-25%	50-55%	20-25%
Affordable home ownership	10-15%	40-45%	35-40%	5-10%
Affordable housing (rented)	25-30%	35-40%	25-30%	5-10%

Source: GL Hearn, 2020

15.4 Consideration should be given to the nature of the development site, the character of the area and up-to-date evidence of need, as well as the existing mix and turnover of affordable properties at the sub-market or sometimes, ward or parish level when implementing the recommended mix. There is no justification to move away from this recommended mix at a sub-area level.

15.5 In response to Policy H20E the evidence would justify the Council seeking to develop a policy for accessible and wheelchair accessible dwellings. It is recommended that this policy should seek to deliver, across all tenures, as many M4(2) (accessible and adaptable) compliant homes as viably possible and for 5-10% of all new homes to be M4(3) (wheelchair user) compliant through the application of Policy H20.



- 15.6 However, the policy should be flexible enough to recognise that some developments, because of their built form and/or topography may not be suitable for this type of development.
- 15.7 The policy should also support the need for other specialist accommodation for older persons, in particular, the need for nursing care, housing with care to rent and housing with support in the private sector to meet evidenced need.
- 15.8 The Council should also seek to include the provision of specialist accommodation within their housing land supply. Age-restricted housing, retirement living, sheltered housing, extra-care housing or housing with care are usually awarded the use class designation of C3. As a result, each unit completed counts as a completion on a 1-for-1 basis. However, residential care and nursing care fall under use class C2 and should be calculated on a ratio of 1 for every 1.85 bedspace completed.
- 15.9 Policy H21 Affordable Housing states that:
- A) The Council will seek to secure up to 30% of new housing development as affordable housing as defined in the NPPF on sites over 15 dwellings.
  - B) Consideration will be given to the:
    - Local housing market;
    - The viability of any proposed scheme which will be assessed through independent viability assessments;
    - The tenure mix and dwelling type on the site will be based on the SHMA or other up to date housing evidence in conjunction with the Council;
    - The phases of development that are being proposed.
  - Rural exception sites that are kept in perpetuity as affordable housing for local people will be permitted adjoining existing Key Service Villages, Local Service Villages and Rural Villages, the number of dwellings to be in accordance with Policy H1 as an exceptional circumstance to the normal policy where:
    - The homes meet a clearly identified local need;
    - The development provides a majority of affordable homes;
    - The need cannot reasonably be met within the development limits of the village concerned or the sub-market area on the site falls within as detailed in the SHMA; and
    - The development is on a scale relative to the settlement size and facilities available particularly public transport and does not have any unacceptable adverse impacts on the natural and built environment.
- 15.10 Based on the evidence of need for affordable rental housing contained within this report, the Council should consider assessing (through viability testing) an increase in the level of affordable housing contributions above the current 30% requirement, and further should also consider reducing the threshold from which developments become eligible to contribute to affordable housing to 10 dwellings or more.

- 15.11 It is recommended that A) be updated to reflect the updated widened affordable housing definition set out in the NPFF. This would incorporate 10% of major developments (above 10 dwellings) being delivered as affordable home ownership.
- 15.12 However, there is good reason for the Council to potentially challenge this requirement as the delivery of affordable home ownership products, for which there is limited demand, could prejudice the delivery of affordable housing to rent.
- 15.13 If the Council does decide to provide 10% of all housing as affordable home ownership, then it is suggested that shared ownership is the most appropriate option.
- 15.14 On a sub-area level, the Council should seek to deliver any affordable home ownership properties within the Derby Fringe Sub Area as this is the only sub-area with any identified demand. This would require the current policy to be adjusted to reflect this.
- 15.15 GL Hearn recommends that this policy elaborates on the first point *local housing market* under B) to include the need to consider the price points for affordable housing. For low-cost home ownership products (starter homes and discount market sale), 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 and are truly affordable. These thresholds are set out below:

**Table 53: Range of Prices by Size of Property for Affordable Home Ownership Tenures**

		1-bedroom	2-bedroom	3-bedroom	4+bedroom
South Derbyshire	Lower limit	-	-	£130,000	£184,000
	Upper limit	£72,000	£102,000	£136,000	£234,000

Source: GL Hearn based on VOA Data, 2020

- 15.16 Based on evidence within this report, it is clear that there is a greater need for social rented housing above affordable rented housing, and therefore a mix of 33% delivered as affordable rented housing and 67% delivered as social rental housing is recommended.
- 15.17 Should the Council choose to impose restrictions on access to social housing within their Allocations Policy, based on household income thresholds, then these thresholds should be set at no less than £40,000. This is in line with affordability within the Derby Fringe sub-area. However, strong consideration should also be given to increasing this threshold. This will ensure that households do not fall in between the gaps and that larger households are not treated unfairly.

**Table 54: Earnings Requirement for Different Tenures**

	Entry Level Purchase Price	Entry Level Private Rent
Derby Fringe	£40,000	£25,700
Swadlincote and South	£25,400	£21,200
North West	£33,600	£23,800
South Derbyshire	£30,200	£22,700

Source: GL Hearn based on VOA and HMLR data, 2020

- 15.18 We do not consider there to be a specific need to generate a policy for students, build to rent or service personnel and their families.
- 15.19 While the need for custom and self-build is relatively low and there appears to be delivery of such homes without existing policy, the Council could seek a small percentage of such plots on the very largest allocations (+500 units).

## APPENDIX A: ANALYSIS TO 2036

The main report has considered needs in the 2019 to 2028 period, this being the remainder of the Local Plan. It is also of interest to look at needs over a longer period with the analysis in this appendix providing key tables from the report for the 2019-36 period.

Over this longer period, it is considered that housing delivery can be linked to the Standard Method, which as shown earlier in the report is to provide 552 dwellings per annum (this would be 9,384 dwellings in total over the 17-years to 2036).

On a per annum basis, this reduces the long-term need and is in part, a result of not requiring to meet Derby City's need beyond the Plan Period, unless there is further agreement to do so. Despite being over a period which is 8 years longer than the Plan Period, the population growth is only 717 greater.

**Table 55: Population Change by Five-Year Age Bands in South Derbyshire (2019 to 2036)**

	Population 2019	Population 2036	Change in population	% Change
Under 5	5,920	6,312	392	6.6%
5-9	6,374	6,629	255	4.0%
10-14	6,346	7,023	677	10.7%
15-19	5,700	6,538	837	14.7%
20-24	5,242	5,589	347	6.6%
25-29	6,537	6,661	124	1.9%
30-34	6,608	6,669	62	0.9%
35-39	6,939	7,520	580	8.4%
40-44	6,551	7,915	1,364	20.8%
45-49	7,776	8,360	584	7.5%
50-54	8,375	7,912	-462	-5.5%
55-59	7,385	7,285	-100	-1.4%
60-64	6,131	7,449	1,318	21.5%
65-69	5,758	8,239	2,481	43.1%
70-74	5,534	7,457	1,923	34.7%
75-79	3,640	5,608	1,968	54.1%
80-84	2,422	4,168	1,746	72.1%
85+	2,182	4,460	2,279	104.4%
Total	105,419	121,795	16,377	15.5%

Source: Demographic projections

The increasing population is minimal; however, it is ageing at a greater rate. As a result, the number of jobs that will be supported over the longer term will be lower.

**Table 56: Change in the Economically Active Population (2019 to 2036)**

	Economically active (2019)	Economically active (2036)	Change
Standard Method	56,789	63,768	6,979

Source: GLH modelling

**Table 57: Jobs Supported by Growth in the Economically Active Population (2019 to 2036)**

	Total change in economically active	Allowance for net commuting	Allowance for double jobbing (= jobs supported)
Standard Method	6,979	4,957	5,197

Source: GLH Modelling

The affordable housing need is also significantly lower over the longer term. This is a result of the current need being met over a longer period as well as the number of newly forming households slowing. The need for affordable home ownership products also reduces further for the same reason.

**Table 58: Estimated Annual Level of Affordable Housing Need (per annum) (2019 to 2036)**

	Social/affordable rented	Affordable home ownership
Current need	32	8
Newly forming households	343	120
Existing households falling into need	133	24
Total Gross Need	507	152
Re-let Supply	263	218
Net Need	244	-66

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

**Table 59: Projected Change in Households by Age of Household Reference Person (2019 to 2036)**

	Households 2019	Households 2036	Change in households	% Change
16-24	1,067	1,205	138	13.0%
25-29	2,582	2,772	190	7.4%
30-34	3,164	3,214	50	1.6%
35-39	3,617	3,917	299	8.3%
40-44	3,628	4,468	841	23.2%
45-49	4,417	4,707	289	6.6%
50-54	4,873	4,516	-357	-7.3%
55-59	4,283	4,234	-49	-1.1%
60-64	3,605	4,532	927	25.7%
65-69	3,569	5,067	1,498	42.0%
70-74	3,611	4,891	1,281	35.5%
75-79	2,511	3,785	1,273	50.7%
80-84	1,810	3,002	1,192	65.8%
85 & over	1,534	3,073	1,538	100.3%
Total	44,272	53,382	9,111	20.6%

Source: Demographic projections

**Table 60: Change in Household Types in South Derbyshire (2019 to 2036)**

	2019	2036	Change	% Change
One-person household (aged 65 and over)	4,781	5,855	1,074	22.5%
One-person household (aged under 65)	6,922	8,717	1,795	25.9%
Couple (aged 65 and over)	6,593	11,130	4,537	68.8%
Couple (aged under 65)	7,385	6,273	-1,112	-15.1%
A couple and one or more other adults: No dependent children	3,346	3,427	81	2.4%
Households with one dependent child	6,231	7,602	1,372	22.0%
Households with two dependent children	5,041	5,499	458	9.1%
Households with three dependent children	1,873	2,107	234	12.5%
Other households	2,101	2,772	671	32.0%
<b>Total</b>	<b>44,272</b>	<b>53,382</b>	<b>9,111</b>	<b>20.6%</b>
Total households with dependent children	13,145	15,209	2,064	15.7%

Source: Demographic projections

There is not a significant difference in the housing mix over the longer terms. Over the longer term, the Council may wish to reduce the number of larger dwellings and marginally increase the number of 2 -bedroom homes. This is the same across all tenures and reflects the slightly ageing population as shown below. This likely to result in an increased need for specialist accommodation for older people.

**Table 61: Mix of Housing by Size and Tenure – Standard Method Housing Need (2019 to 2036)**

	1-bedroom	2-bedrooms	3-bedrooms	4+ -bedrooms
Market	2%	30%	48%	20%
Affordable home ownership	14%	43%	35%	8%
Affordable housing (rented)	28%	40%	30%	2%

Source: Housing Market Model

**Table 62: Projected Change in Population of Older Persons (2019 to 2036)**

	2019 population	2036 population	Change in population	% Change
Under 65	85,883	91,863	5,980	7.0%
65-74	11,292	15,696	4,404	39.0%
75-84	6,062	9,776	3,714	61.3%
85+	2,182	4,460	2,279	104.4%
Total	105,419	121,795	16,377	15.5%
Total 65+	19,535	29,932	10,397	53.2%

Source: GLH amendments to ONS subnational population projections (2016-based)

The tables below show projected changes to the number of people with a range of health problems/disabilities. This has been drawn from POPPI and PANSI data which only provide figures up to 2035 (rather than 2036).

**Table 63: Projected Changes to the Population Aged 65 and Over with a Range of Disabilities (2019 to 2035)**

Disability	2019	2035	Change	% change
Limiting long term illness whose day-to-day activities are limited a little	5,169	7,639	2,470	47.8%
Limiting long term illness whose day-to-day activities are limited a lot	4,753	7,415	2,662	56.0%
Depression	1,642	2,432	790	48.1%
Severe depression	513	785	272	53.0%
Dementia	1,195	2,044	849	71.0%
Longstanding health condition caused by a heart attack	941	1,402	461	49.0%
Longstanding health condition caused by a stroke	444	670	226	50.9%
Longstanding health condition caused by bronchitis and emphysema	328	484	156	47.6%
Predicted to have a fall	4,976	7,660	2,684	53.9%
Predicted number of hospital admissions due to falls	562	938	376	66.9%
Bladder problem less than once a week	608	931	323	53.1%
Bladder problem at least once a week	3,071	4,690	1,619	52.7%
Moderate or severe visual impairment	1,625	2,526	901	55.4%
Some hearing loss	11,549	18,458	6,909	59.8%
Severe hearing loss	1,416	2,570	1,154	81.5%
Unable to manage at least one activity on their own	3,301	5,318	2,017	61.1%
With a BMI of 30 or more	5,113	7,314	2,201	43.0%
Diabetes	2,421	3,555	1,134	46.8%
Learning disability	407	601	194	47.7%
Moderate or severe learning disability	56	80	24	42.9%
Autistic spectrum disorders	184	271	87	47.3%

Source: POPPI

Overall, the longer-term projections show a slowing level of growth and an ageing population. As a result, there would be a shift in mix towards smaller homes and a greater need for specialist accommodation.

The affordable housing need also falls over this period which may need considering when setting targets within the next iteration of the Local Plan.

## **APPENDIX B: Glossary of Terms**

### **Affordability<sup>16</sup>**

The terms 'affordability' and 'affordable housing' have different meanings. 'Affordability' is a measure of whether housing may be afforded by certain groups of households. 'Affordable housing' is defined below.

### **Affordability Ratio**

Assessing affordability involves comparing house costs against the ability to pay. The ratio between house prices and income or earnings can be used to assess the relative affordability of housing. The Ministry for Housing, Community and Local Governments publishes the ratio of lower quartile and median house price to earnings by local authority

### **Affordable Housing**

The latest definition of affordable housing can be found in Annex 2: Glossary on page 64 of NPPF2.17 This defines it as "housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers)"

### **Affordable Rented Housing**

Rented housing let by registered providers of social housing to households who are eligible. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80% of the local market rent (Including service charges, where applicable).

### **Annual Monitoring Report**

A report submitted to the Government by local planning authorities assessing progress with and the effectiveness of a Local Development Framework.

### **Bedroom Standard<sup>18</sup>**

A measure of occupancy (whether a property is overcrowded or under-occupied, based on the number of bedrooms in a property and the type of household in residence.

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<sup>16</sup><http://www.communities.gov.uk/documents/planningandbuilding/pdf/1918430.pdf>

<sup>17</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/810197/NPPF\\_Feb\\_2019\\_revised.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/810197/NPPF_Feb_2019_revised.pdf)

<sup>18</sup> <https://www.gov.uk/government/publications/english-housing-survey-2011-to-2012-headline-report>



**Concealed Families (Census Definition)<sup>19</sup>**

The 2011 Census-defined a concealed family as one with young adults living with a partner and/or child/children in the same household as their parents, older couples living with an adult child and their family or unrelated families sharing a household. A single person cannot be a concealed family; therefore one elderly parent living with their adult child and family or an adult child returning to the parental home is not a concealed family; the latter are reported in an ONS analysis on increasing numbers of young adults living with parents.

**Equity Loans/Shared Equity**

An equity loan which acts as a second charge on a property. For example, a household buys a £200,000 property with a 10% equity loan (£20,000). They pay a small amount for the loan and when the property is sold e.g. for £250,000 the lender receives 10% of the sale cost (£25,000). Some equity loans were available for the purchase of existing stock. The current scheme is to assist people to buy a new build home.

**Extra Care Housing<sup>20</sup>**

New forms of older person housing have been pioneered in recent years, to cater for older people who are becoming frailer and less able to do everything for themselves. Extra Care Housing is housing designed with the needs of frailer older people in mind and with varying levels of care and support available on site. People who live in Extra Care Housing typically have their own self-contained homes, their own front doors and a legal right to occupy the property. Extra Care Housing is also known as enhanced sheltered housing or assisted living. Domestic support and personal care are available, usually provided by on-site staff. Properties can be rented, leased, owned or part-owned/part rented.

**Household Reference Person (HRP)**

The concept of a Household Reference Person (HRP) was introduced in the 2001 Census (in common with other government surveys in 2001/2) to replace the traditional concept of the head of the household. HRPs provide a person within a household to act as a reference point for producing further derived statistics and for characterising a whole household according to characteristics of the chosen reference person. HRP also features in the household formation rate when examined as the percentage of people of a given sex and age who are HRP.

**Housing Size (Census Definition)**

Housing size can be referred to either in terms of the number of bedrooms in a home (a bedroom is defined as any room that was intended to be used as a bedroom when the property was built, any rooms permanently converted for use as bedrooms); or in terms of the number of rooms, excluding bathrooms, toilets halls or

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<sup>19</sup> [http://webarchive.nationalarchives.gov.uk/20160107160832/http://www.ons.gov.uk/ons/dcp171776\\_350282.pdf](http://webarchive.nationalarchives.gov.uk/20160107160832/http://www.ons.gov.uk/ons/dcp171776_350282.pdf)

<sup>20</sup> <http://www.housingcare.org/jargon-extra-care-housing.aspx>

landings, or rooms that can only be used for storage. All other rooms, for example, kitchens, living rooms, bedrooms, utility rooms, studies and conservatories are counted.

**Housing Type (Census Definition)**

This refers to the type of accommodation used or available for use by an individual household, including detached, semi-detached, terraced including end of terraced, and flats. Flats are broken down into those in a purpose-built block of flats, in parts of a converted or shared house, or a commercial building.

**Housing Tenure (Census Definition)**

Tenure provides information about whether household rent or own the accommodation that it occupies and, if rented, combines this with information about the type of landlord who owns or manages the accommodation. If owner-occupied where it is owned outright or with a loan or mortgage.

**Lower Quartile**

The bottom 25% value, i.e. of all the properties sold, 25% were cheaper than this value and 75% were more expensive. The lower quartile price is used as a proxy for entry-level price and is the recommended level used to evaluate affordability, for example for first-time buyers.

**Market Housing (PPG Definition)**

Market housing is housing which is built by developers (which may be private companies or housing associations, or Private Registered Providers), for sale (or rent) on the open market. It is the opposite of affordable housing.

**Mean (Average)**

The sum of all values divided by the number of values. The more commonly used “average” measure as it includes all values, unlike the median

**Median**

The middle value, i.e. of all the properties sold, half were cheaper and half were more expensive. This is sometimes used instead of the mean average as it is not subject to skew by very large or very small statistical outliers.

**Older People**

People over retirement age, including the active, newly-retired through to the very frail elderly, whose housing needs can encompass accessible, adaptable general needs housing for those looking to downsize from family

housing and the full range of retirement and specialised housing for those with support or care needs. Based on the Housing LIN definition we have defined this herein as those aged over 75.

**Purchase Threshold (Income required to buy)**

Purchase thresholds are calculated by netting 10% off the entry house price to reflect a purchase deposit. The resulting cost is divided by 4 to reflect the standard household income requirement to access mortgage products.

**Private Rented**

The Census tenure private rented includes a range of different living situations in practice, including HMOs. Around 20% of the private rented sector are in this category, which will have included some benefit claimants whose housing benefit at the time was paid directly to their landlord.

**Rural Exception Sites**

Small sites used for affordable housing in perpetuity where sites would not normally be used for housing. Rural exception sites seek to address the needs of the local community by accommodating households who are either current residents or have an existing family or employment connection. Small numbers of market homes may be allowed at the local authority's discretion, for example where essential to enable the delivery of affordable units without grant funding.

**Shared Ownership**

Housing where a purchaser part buys and part rents from a housing association or local authority. Typical purchase share is between 25% and 75%, and buyers are encouraged to buy the largest share they can afford. Generally applies to new build properties, but re-sales occasionally become available. There may be an opportunity to rent at intermediate rent level before purchasing a share to save/increase the deposit level.

**Sheltered Housing<sup>21</sup>**

Sheltered housing is accommodation where all the other residents are older people (usually over 55). With a few exceptions, all developments (or 'schemes') provide independent, self-contained homes with their front doors. They are usually linked to an emergency alarm service (sometimes called 'community alarm service') to call help if needed. Many schemes also have their own 'manager' or 'warden', either living on-site or nearby, whose job is to manage the scheme and help arrange any services residents need.

**Specialist Housing for the Elderly**

Specialist housing for the elderly, sometimes known as specialist accommodation for the elderly/older persons, encompasses a wide range of housing types specifically aimed at older people, which may often be restricted

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<sup>21</sup> <http://www.housingcare.org/jargon-sheltered-housing.aspx>

to those in certain older age groups (usually 55+ or 65+). This could encompass a range of residential institutions, including care homes, sheltered housing, extra care housing, retirement housing and a range of other potential types of housing which has been designed and built to serve the needs of older people,

### **Social Rented Housing**

Social rented housing is owned by local authorities and registered providers (as defined in Section 80 of the Housing and Regeneration Act 2008) for which guideline target rents are determined through the national rent regime<sup>22</sup>.

### **Supported housing**

Supported housing brings together a range of dwelling types (and associated services) that enable a range of people to access suitable housing as well as live safely and securely in their own home. While older people are a prominent user group in the form of extra-care and sheltered housing, other groups include victims of domestic violence, the homeless, people with mental health needs and those with people with learning disabilities

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<sup>22</sup> <http://www.communities.gov.uk/documents/planningandbuilding/doc/1980960.doc#Housing>

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