

Report to:

**Hinckley and Bosworth
Borough Council**

**Housing
Needs Study**

Final Report

November 2019

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Summary

Introduction

1. This report provides a new Housing Needs Study (HNS) to provide support for the next Hinckley & Bosworth Local Plan. The methodology used in this report responds to the revised National Planning Policy Framework (NPPF) of 2018/19. This continues to set out the Government's objective to significantly boost housing supply. The analysis is also mindful of revised Planning Practice Guidance (PPG) on housing need assessment (February/July 2019).
2. A key part of the revised NPPF/PPG is the introduction of a Standard Method for the assessment of housing need. Housing need in the context of guidance (and as used in this report) therefore refers to *"the number of homes identified as being needed through the application of the standard method set out in national planning guidance, or a justified alternative approach."*
3. To provide an evidence base, this report sets out a number of either linked or distinct sections to cover a range of core subject areas; the sections are summarised below:
 - Section 2 – Hinckley & Bosworth Borough Profile;
 - Section 3 – Demographic Trends and Housing Need Projections;
 - Section 4 – Affordable Housing Need;
 - Section 5 – Family Households and Housing Mix;
 - Section 6 – Older People and People with Disabilities;
 - Section 7 – Private Rented Sector; and
 - Section 8 – Self-build and Custom Housebuilding

Hinckley & Bosworth Borough Profile

4. A range of variables have been considered to look at the profile of the population and housing in the Borough (and for the sixteen wards). Key variables have looked at population, household characteristics, housing profile and the economic profile of residents.
5. The analysis identifies a relatively old population age structure across many areas of the Borough and a population increase over the 2007-17 period of around 8%. There has been only a modest increase in the number of people aged under 65 and a notable growth in the population aged 65 and over – increasing by 38% in the decade to 2017. Due to the population profile, household types are to some extent concentrated in older age groups; as of 2011, 22% of all households in the Borough were entirely composed of people aged 65 and over. The Borough sees a relatively low proportion of single, younger person households and also lone parents.
6. The tenure profile of the Borough sees a relatively large proportion of owner-occupiers and a small private rented sector. Between 2001 and 2011, the number of owners with a mortgage declined by 8%, whilst the private rented sector increased by 128%; this may reflect the difficulties faced by younger households in accessing market housing to buy.

7. The dwelling stock in the Borough is predominantly of larger homes, with a greater average number of bedrooms and a high proportion of detached homes. There are however notable differences across areas, with only 33% of the stock in Urban areas being detached, compared with a figure of 47% in Rural locations.
8. Overcrowding in the Borough (and across sub-areas) is low, and there is a significant level of under-occupation (43% of all households have at least two spare bedrooms). The economic profile of the Borough looks to be fairly average; although unemployment is low and there are a relatively high proportion of people who are retired. The data also suggests that the population is similarly qualified (in academic terms) to that seen in other locations.
9. Looking across the sixteen sub-areas (wards) of the Borough, there are some notable differences between locations. Looking widely at Urban versus Rural areas, there are also notable differences. Some key findings include a higher proportion of lone parent households in Urban areas, lower levels of social rented housing in Rural areas and slightly higher unemployment in Urban locations.
10. Overall, the analysis identifies Hinckley & Bosworth as having many similar characteristics to other areas (when compared with other local, regional and national areas). This conclusion also holds true when looking at broad Urban/Rural sub-areas, although there are clearly some locational differences when drilling down to smaller areas (e.g. wards). Overall, the analysis does not imply that there are any strong reasons to suggest different policy responses in different locations.

Demographic Trends and Housing Need Projections

11. Over the past five or more years, assessing the level of housing need has been for individual local authorities (or groups of local authorities) to prepare by following advice in Planning Practice Guidance (PPG). However, the new National Planning Policy Framework (NPPF) of February 2019 has introduced a Standard Method, based on looking at projected household growth and adjustments based on the level of affordability in an area.
12. The methodology links to 2014-based subnational household projections (SNHP); this suggests household growth of about 382 per annum, plus an uplift of around 20% for market signals (affordability). Therefore, at present the local housing need (LHN) for the Borough as a whole is for 457 dwellings per annum. The table below shows the calculation of the Standard Method Housing Need.

Figure 1: MHCLG Standard Method Housing Need Calculations	
	Hinckley & Bosworth
Households 2019	48,586
Households 2029	52,406
Change in households	3,820
Per annum change	382
Affordability ratio (2018)	7.14
Uplift to household growth	20%
Total need (per annum)	457
Capped	NA

13. Although a figure for LHN is essentially given to the Council, it is of use to understand some of the demographic trends underpinning future population and household growth and a range of analysis has been undertaken.
14. ONS population data shows that the population of the Borough has been increasing over time, increasing by 15% from 1991 to 2017; this level of growth is lower than seen across other areas, including nationally (16%). Population growth is mainly driven by net in-migration, particularly from other parts of the United Kingdom.
15. The latest (2016-based) subnational population projections (SNPP) project that the population of the Borough will increase by about 14,300 people in the period from 2016 to 2036 – population growth is expected to be focussed in older age groups (the population aged 65 and over).
16. In converting population growth into household growth (and hence housing need) data from both the 2014- and 2016-based SNHP has been utilised. The older (2014-based) data has been accessed as there are some doubts about the robustness of 2016-based figures; these latest figures are based on short-term trends and it has been argued that they build in a degree of suppression/constraint in the formation of younger households (albeit the evidence of this is not very strong in H&B).
17. Focussing only on the 2014-based SNHP with an adjustment for suppressed household formation, it is estimated that the housing need in H&B would be for around 409 dpa. On this basis, it is clear that if 457 dwellings per annum are provided moving forward from 2016, then some increase in net in-migration could be expected. A scenario has been modelled where population growth is sufficient to fill 457 additional homes, this sees an additional 17,100 people in the Borough (2016-36).
18. Analysis was undertaken to estimate the number of jobs that would be supported by projected population growth. Including a number of assumptions around economic participation, commuting, double jobbing and unemployment, it was concluded that housing delivery in-line with the Standard Method would be likely to support around 5,900 additional jobs (2016-36) although some caution should be applied to the exact figure due to the assumptions made (e.g. the modelling did not make any assumptions about possible changes to commuting dynamics).

19. Finally, analysis has been undertaken to look at the potential need in sub-areas of the Borough. Two scenarios were developed (linking to 457 dpa and maintaining a stable working-age population). Whilst each of the scenarios show a sub-area housing need, caution should be exercised when interpreting the figures, in particular they should not be read as a housing need, in reality the locations of new development will be driven more by land availability than needs at a very localised level.

Affordable Housing Need

20. Analysis has been undertaken to estimate the need for affordable housing in the 2018-36 period. The analysis is split between a 'traditional' need (which is mainly for social/affordable rented accommodation and is based on households unable to buy or rent in the market) and the 'additional' category of need introduced by the revised NPPF/PPG (which includes housing for those who can afford to rent privately but cannot afford to buy a home).
21. The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at traditional needs, consideration is given estimates of the supply of social/affordable rented housing. For the additional definition, consideration is given to the potential supply (from Land Registry data) of cheaper accommodation to buy.
22. Using the traditional method, the analysis suggests a need for 271 affordable homes per annum and therefore the Council is justified in seeking to secure additional affordable housing. There is also a need shown in all parts of the Borough.

Figure 2: Estimated Need for Affordable Housing by sub-area (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
Ambien	1	10	2	13	4	9
Barlestone, Nailstone and Osbaston	1	8	3	12	8	4
Barwell	3	35	10	48	28	20
Burbage Sketchley and Stretton	2	29	2	33	5	28
Burbage St Catherines and Lash Hill	2	21	11	33	29	4
Cadeby, Carlton and Market Bosworth with Shackerstone	1	19	3	23	7	16
Earl Shilton	4	38	13	55	36	19
Groby	2	17	2	21	6	15
Hinckley Castle	4	29	4	37	10	27
Hinckley Clarendon	3	45	8	56	21	35
Hinckley De Montfort	3	36	3	43	9	34
Hinckley Trinity	2	23	7	32	20	12
Markfield, Stanton and Fieldhead	2	14	3	19	9	10
Newbold Verdon with Desford and Peckleton	2	22	6	31	18	12
Ratby, Bagworth and Thornton	2	27	6	35	18	17
Twycross and Witherley with Sheepy	1	10	2	14	5	9
Urban	25	273	60	358	164	194
Rural	10	111	25	146	69	77
Total	35	385	85	504	233	271

23. It is also suggested that the cost of housing to rent within this group is fixed by reference to local incomes (and the Living Rent methodology) although rents above Local Housing Allowance limits should be avoided (to ensure housing affordable to those needing to claim Housing Benefit).
24. When looking at the need for affordable home ownership products (i.e. the expanded definition of affordable housing in the NPPF) it is clear that there are a number of households likely to be able to afford to rent privately but who cannot afford to buy a suitable home. However, there is also a potential supply of homes within the existing stock that can make a contribution to this need. It is therefore difficult to robustly identify an overall need for affordable home ownership products.
25. However, it does seem that there are many households in H&B who are being excluded from the owner-occupied sector. The analysis would therefore suggest that a key issue in the Borough is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy.
26. If the Council does seek to provide 10% of housing as affordable home ownership (a figure suggested in the NPPF), then it is suggested that shared ownership is the most appropriate option. This is due to the lower deposit requirements and lower overall costs (given that the rent would also be subsidised).

- 27. Where other forms of affordable home ownership are provided (e.g. Starter Homes or discounted market), it is recommended that the Council considers setting prices at a level which (in income terms) are equivalent to the levels needed to access private rented housing. This would ensure that households targeted by the new definition could potentially afford housing – this might mean greater than 20% discounts from Open Market Value for some types/sizes of homes in some locations.
- 28. The evidence does not show any basis to increase the provision of affordable home ownership above the 10% figure currently suggested in the NPPF.
- 29. Overall, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the Borough. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.

Family Households and Housing Mix

- 30. The proportion of households with dependent children is about average in H&B, although there are a relatively high proportion of married couples and relatively few lone parents. There has been only modest past growth in the number of ‘family’ households and a slight reduction in the number of households with non-dependent children (likely in many cases to be grown-up children living with parents). Projecting forward, there is expected to be an increase in the number of households with dependent children – increasing by 17% over the 2016-36 period when linking to an LHN of 457 dwellings per annum.
- 31. There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households’ ability to save; economic performance and housing affordability. The analysis linked to long-term (20-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes, this takes account of both household changes and the ageing of the population:

Figure 3: Suggested Mix of Housing by Size and Tenure to 2036

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	5%	30%	45%	20%
Affordable home ownership	10%	50%	30%	10%
Affordable housing (rented)	25%	40%	30%	5%

- 32. The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bed properties offer to changing household circumstances, which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing in the Borough (by tenure).

33. The mix identified above could inform strategic policies although a flexible approach should be adopted. In applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.
34. Based on the evidence, it is expected that the focus of new market housing provision will be on 2- and 3-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retaining flexibility for friends and family to come and stay.
35. Analysis also considered demographic trends and the current mix of housing at a smaller-area level (including for a broad Urban/Rural split). Whilst there were some differences in the analysis, it is not considered that they are substantial enough to suggest a different mix of housing as being needed in different areas. That said, the mix on any specific site could be influenced by site characteristics, and also any localised evidence of need, such as that drawn from the Housing Register.

Older People and People with Disabilities

36. A range of data sources and statistics have been accessed to consider the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. The analysis responds to Planning Practice Guidance on *Housing for Older and Disabled People* published by Government in June 2019 and includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).
37. The data shows that in general, H&B has similar levels of disability compared with other areas, however an ageing population means that the number of people with disabilities is likely to increase substantially in the future. Key findings include:
- Around a 50% increase in the population aged 65+ over 2016-2036 (potentially accounting for two-thirds of total population growth);
 - A current need for enhanced sheltered and extra-care housing in both the rented and leasehold sectors (and leasehold sheltered/retirement housing);
 - A future need for all types of specialist housing for older people;
 - A need for additional care bedspaces; and
 - a need for around 430 dwellings to be for wheelchair users (meeting technical standard M4(3))
38. This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing. Given the evidence, the Council could consider (as a start point) requiring all dwellings to meet the M4(2) standards (which are similar to the Lifetime Homes Standards) and at least 5% meeting M4(3). It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.

39. The Council should also consider if a different approach is prudent for market housing and affordable homes, recognising that Registered Providers may already build to higher standards, and that households in the affordable sector are more likely to have some form of disability.
40. In seeking M4(2) compliant homes, the Council should also be mindful that such homes could be considered as ‘homes for life’ and would be suitable for any occupant, regardless of whether or not they have a disability at the time of initial occupation.
41. The analysis is not definitive about the quantities of different types of specialist housing (or its tenure) due to a range of views about prevalence rates; the need for leasehold (market) housing with care (Extra-care/Enhanced sheltered) is estimated to be for around 370 dwellings in the period to 2036 (18-19 per annum) – it is considered that these will be in a C3 use class.

Figure 4: Older Persons’ Dwelling Requirements 2016 to 2036 – H&B (linked to dwelling provision of 457 per annum)

		Housing demand per 1,000 75+	Current supply	2016 demand	Current shortfall/ (surplus)	Additional demand to 2036	Shortfall/ (surplus) by 2036
Housing with support	Rented	44	493	428	-65	353	289
	Leasehold	74	216	727	511	599	1,110
Housing with care	Rented	19	0	186	186	153	339
	Leasehold	23	50	230	180	190	370
Care home bedspaces		104	533	1,017	484	838	1,322

Private Rented Sector

42. The private rented sector (PRS) accounts for around 11% of all households in H&B (as of 2011) – a smaller proportion to that seen across Leicestershire and the East Midlands, and notably below the national average (17%). The number of households in this sector has however grown substantially (increasing by 128% in the 2001-11 period).

Figure 5: Change in tenure (2001-11) – H&B

	2001 households	2011 households	Change	% change
Owns outright	14,101	16,859	2,758	19.6%
Owns with mortgage/loan	19,827	18,234	-1,593	-8.0%
Social rented	4,363	4,685	322	7.4%
Private rented	2,261	5,156	2,895	128.0%
Other	533	443	-90	-16.9%
TOTAL	41,085	45,377	4,292	10.4%

43. The PRS has some distinct characteristics, including a much younger demographic profile and a high proportion of households with dependent children (notably lone parents) – levels of overcrowding are relatively high. In terms of the built-form and size of dwellings in the sector, it can be noted that the PRS generally provides smaller, flatted/terraced accommodation when compared with the owner-occupied sector. That said, around 42% of the private rented stock has three or more bedrooms and demonstrates the sector's wide role in providing housing for a range of groups, including those claiming Housing Benefit and others who might be described as 'would be owners' and who may be prevented from accessing the sector due to issues such as deposit requirements.
44. Additional analysis suggests that rent levels have increased over time (when looking at the 2011-18 period) but that increases in rents fall slightly behind the increase in house prices over the same period – the increase in rents has been the same as seen nationally and does not suggest any particular lack of supply of private rented homes. The lack of homes to buy does appear to be a more pressing issue.
45. There is no evidence of a need for Build to Rent housing (i.e. developments specifically for private rent). Given the current Government's push for such schemes, the Council should consider any proposals on their merit, including taking account of any affordable housing offer (such as rent levels and the security of tenure).
46. This study has not attempted to estimate the need for additional private rented housing. It is likely that the decision of households as to whether to buy or rent a home in the open market is dependent on a number of factors which mean that demand can fluctuate over time; this would include mortgage lending practices and the availability of Housing Benefit. A general (national and local) shortage of housing is likely to have driven some of the growth in the private rented sector, including increases in the number of younger people in the sector, and increases in shared accommodation. If the supply of housing increases, then this potentially means that more households would be able to buy, but who would otherwise be renting.

Self-build and Custom Housebuilding

47. The Government has long had a clear agenda for supporting and promoting the self-build and custom building sector which is now recognised in national planning policy and guidance; but the Government has also recognised the challenges associated with the sector including in respect of finance and more crucially, land supply and procurement.
48. From 1st April 2016, relevant authorities in England are required to have established and publicised a self-build and custom housebuilding register and as of 10th October 2019, there have been 60 registered expressions of interest in a serviced plot of land for self-build and custom housebuilding; pointing towards reasonably strong demand.
49. Through a review of secondary data, as recommended by the PPG, the Buildstore, who own and manage the largest national database relating to the demand and supply for self and custom build properties in the UK have informed us that 284 people are registered as looking to build in Hinckley & Bosworth on their Custom Build Register with a further 865 subscribers to their Plotsearch service which tracks self-build land opportunities. This points to greater demand than that identified on the Council's own self-build register. NaCSBA research also points to a need of over 1,800 plots.

50. The PPG is clear that relevant authorities should consider how they can best support self-build and custom housebuilding in their area. This can include developing planning policy or promoting and encouraging submissions of land which are suitable for self-build and custom housebuilding through the Call for Sites process.
51. The adopted Hinckley & Bosworth Core Strategy and Site Allocations and Development Management Policies DPD are silent on the subject of self-build and custom housebuilding in policy terms. The emerging Hinckley & Bosworth Local Plan Review is at an early stage of preparation; and has not yet set out the Council's policy position on self-build development.
52. In order to respond to the level of demand in the sector, a specific planning policy should therefore be prepared through the Local Plan Review to help better promote and encourage delivery of self-build and custom housebuilding which provides sufficient flexibility for serviced plots to be delivered as part of larger schemes as well providing support for smaller sites to deliver serviced plots directly.
53. In recognition of the need for the policy to be flexible, it may be appropriate to allow for serviced plots to be introduced into the market for conventional housing – subject to affordable housing provision - should demand fail to materialise on-site after an extended period of time following marketing of the serviced plots.

Overall Summary

54. Overall, the HNS identifies that the consultation Standard Method would lead to a housing need for 457 dwellings per annum. This figure is very slightly above the figure in the previous Local Plan for 450 dwellings per annum in the 2006-26 period.
55. The affordable needs assessment continues to show a need for affordable housing in the Borough, and in all sub-areas. The evidence of a need for affordable home ownership products was far from clear-cut, however given the clear steer in the NPPF it is recommended that the Council do consider seeking 10% of housing on larger sites as affordable home ownership; where possible such housing would ideally be in a shared ownership tenure.
56. The analysis also identifies a need for all sizes of housing within all tenure groups. For market housing there is a focus on smaller (2- and 3-bedroom) family units, but also some larger (4+-bedroom) homes. For affordable home ownership the focus should be on 2-bedroom homes (along with 1- and 3-bedroom accommodation) whilst for social/affordable rented housing the need is particularly for 1- and 2-bedroom homes.
57. Finally, the analysis identifies a large and growing older person population. This is likely to drive the need for additional specialist accommodation in both the rented (affordable) and leasehold (market) sectors, as well as a need for additional care home bedspaces.

1. Introduction

Introduction

- 1.1 Justin Gardner Consulting (JGC) have been commissioned by Hinckley and Bosworth Borough Council (H&B) Council to provide a Housing Needs Study (HNS). The methodology used in this report responds to the revised National Planning Policy Framework (NPPF) of February 2019. This continues to set out the Government's objective to significantly boost housing supply. The analysis is also mindful of revised Planning Practice Guidance (PPG) on housing need assessment (February/July 2019).
- 1.2 A key part of the revised NPPF/PPG is the introduction of a Standard Method for the assessment of housing need. Housing need in the context of guidance (and as used in this report) therefore refers to *"the number of homes identified as being needed through the application of the standard method set out in national planning guidance, or a justified alternative approach."*

National Planning Policy Framework (NPPF)

- 1.3 In February 2019 the government published a revised National Planning Policy Framework (NPPF) – this was only slightly revised from the NPPF published in July 2018. It identifies that local planning authorities should have a clear understanding of housing needs in their area.
- 1.4 Paragraph 31 of the NPPF states that local planning authorities in preparing and reviewing plans should ensure that the preparation and review of all policies should be underpinned by relevant and up-to-date evidence.
- 1.5 In ensuring that Local Plans deliver a sufficient supply of homes strategic policy-making authorities should establish a housing requirement figure for their whole area, with paragraph 60 stating that *'To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for'*.
- 1.6 Paragraph 61 further states *'Within this context, (determining the minimum number of homes needed) the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes'*.

- 1.7 One significant change in the revised NPPF from the earlier version is a revision of the definition of affordable housing (Annex 2 of both NPPF). The revised NPPF now includes a series of affordable home ownership options with the definition of need and paragraph 64 of the NPPF states that *'Where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups'*.
- 1.8 The NPPF also that strategic policy-making authorities should establish a housing requirement figure for their whole area, which shows the extent to which their identified housing need (and any needs that cannot be met within neighbouring areas) can be met over the plan period.

Planning Practice Guidance (PPG)

- 1.9 The PPG explains how key elements of the NPPF should be interpreted. It also assists plan-making authorities in assessing and evidencing development needs for housing (both market and affordable), by introducing a standard approach for assessing local housing need. The National Planning Policy Framework expects strategic policy-making authorities to follow the standard method in the PPG for assessing local housing need.
- 1.10 It is clear from the NPPF that the Local Housing Need (LHN) derived from the standard methodology is to act as a minimum and there is scope and indeed it is encouraged for local authorities to provide housing in excess of this. Paragraph 10 of the PPG sets out the circumstances when a higher figure than the standard method can be considered. This includes but is not limited to situations where:
- *"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;*
- 1.11 In addition, authorities should also consider past housing delivery levels and also previous assessments of need (such as a Strategic Housing Market Assessments (SHMA)). These need to be taken into account when authorities consider if it is appropriate to plan for a higher level of need than that suggested by the Standard Method.
- 1.12 In addition to setting out a Standard Method for assessing housing need there are various planning practice guides that set out how specific elements of analysis should be undertaken. This includes advice about older people, people with disabilities and the private rented sector. The PPG also sets out a methodology for assessing affordable housing need; this is noteworthy for largely being the same as in the previous PPG (linked to the original NPPF) and for not providing any substantive advice about how to measure need captured under the new Annex 2 (NPPF) definition of affordable housing (affordable home ownership).

1.13 For clarity, the following main Planning Practice Guides have been used to inform the analysis within this report:

- Housing and economic needs assessment (July 2019)
- Housing needs of different groups (July 2019)
- Housing for older and disabled people (June 2019)
- Housing: optional technical standards (March 2015)

Current Policy Position

1.14 The Hinckley & Bosworth Local Plan comprises the Core Strategy (2009), Hinckley Town Centre Area Action Plan (2011), Site Allocations and Development Management Policies (SADM) document (2016), Earl Shilton and Barwell Area Action Plan (2015) and other supplementary guidance documents. These documents set the spatial development strategy, policies and guidance for land-use planning over the Plan period to 2026.

1.15 Legislation stipulates that a Local Plan should be reviewed at least every five years (from adoption). The Borough Council began the Local Plan Review with an Issues and Options consultation (January 2018), with a view to publishing a draft plan in summer/autumn 2019. It is anticipated that the new Local Plan will be adopted in 2021, with a plan period to 2036.

1.16 Moving towards a new Local Plan, the Housing Needs Study will be an important element in the Borough Council's evidence base. It can be used to inform policies on housing type and mix and on the needs of different groups and will help in ensuring the wider housing needs of the population of the borough can be met.

Report Structure

1.17 This report sets out a number of either linked or distinct sections; these are summarised below with a brief description:

- Section 2 – Hinckley & Bosworth – Area Profile – Provides background analysis about population and housing in H&B to help provide context for the analysis to follow;
- Section 3 – Demographic Trends and Housing Need Projections – Reviews a range of data about population and household growth and sets out the Local Housing Need (LHN) when using the Government's Standard Method;
- Section 4 - Affordable Housing Need – Updates previous analysis about the need for affordable housing and builds on this by considering the need under the new expanded definition of affordable housing in the NPPF;
- Section 5 – Family Households and Housing Mix – 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. As well as looking at affordable housing need, this section also considers market size requirements;
- Section 6 – Older People and People with Disabilities – Considers the need for specialist accommodation for older people (e.g. sheltered/Extra-care) and also the need for homes to be built to Building Regulations M4(2) any M4(3). The section studies a range of data around older persons and people with disabilities;

- Section 7 – Private Rented Sector (PRS) – Analysis of the PRS in terms of characteristics and costs, and how this has changed over time; and
- Section 8 – Self-build and Custom Housebuilding – Investigates the need from those who wish to build their own homes in Hinckley & Bosworth Borough.

1.18 In addition to the groups above, there are a number of groups suggested in the NPPF/PPG that could be considered in the analysis but are not specifically dealt with in this report. This includes:

- Students – as of the 2011 Census there were 11 student-only households recorded as living in H&B. It is not considered that the overall number of students would lead to any specific housing requirements;
- Travellers who have ceased to travel – it is considered that this topic is best addressed through a Gypsy and Traveller Accommodation Assessment.
- Caravan and Houseboat Dwellers – In March 2016, CLG published draft guidance on the need for caravans and houseboats. This is important as it essentially fills the gap in the overall need from Gypsies and Travellers to cover the full range of households who live in some form of mobile or temporary accommodation. The 2011 Census show there to be just 167 dwellings in H&B that comprised ‘caravans or other mobile or temporary structures’. Again, it is not considered that the overall scale of this part of the housing market is large enough to lead to any specific requirements;
- Armed Forces – There are no bases in H&B and the 2011 Census records just 109 armed forces personnel as living in households. Hence there does not appear to be any specific issue.

Introduction: Key Messages

- This report provides a new Housing Needs Study (HNS) to provide support for the next Hinckley & Bosworth Local Plan. The methodology used in this report responds to the revised National Planning Policy Framework (NPPF) of 2018/19. This continues to set out the Government’s objective to significantly boost housing supply. The analysis is also mindful of Planning Practice Guidance (PPG) on housing need assessment and guidance on Housing for older and disabled people and Housing needs of different groups (versions from July 2019).
- A key part of the revised NPPF/PPG is the introduction of a Standard Method for the assessment of housing need. Housing need in the context of current guidance (and as used in this report) therefore refers to “*the number of homes identified as being needed through the application of the standard method set out in national planning guidance, or a justified alternative approach.*”
- To provide an evidence base, this report sets out a number of either linked or distinct sections to cover a range of core subject areas; the sections are summarised below:
 - Section 2 – Hinckley & Bosworth Borough Profile;
 - Section 3 – Demographic Trends and Housing Need Projections;
 - Section 4 – Affordable Housing Need;
 - Section 5 – Family Households and Housing Mix;
 - Section 6 – Older People and People with Disabilities;
 - Section 7 – Private Rented Sector; and
 - Section 8 – Self-build and Custom Housebuilding

2. Hinckley & Bosworth Borough Profile

Introduction

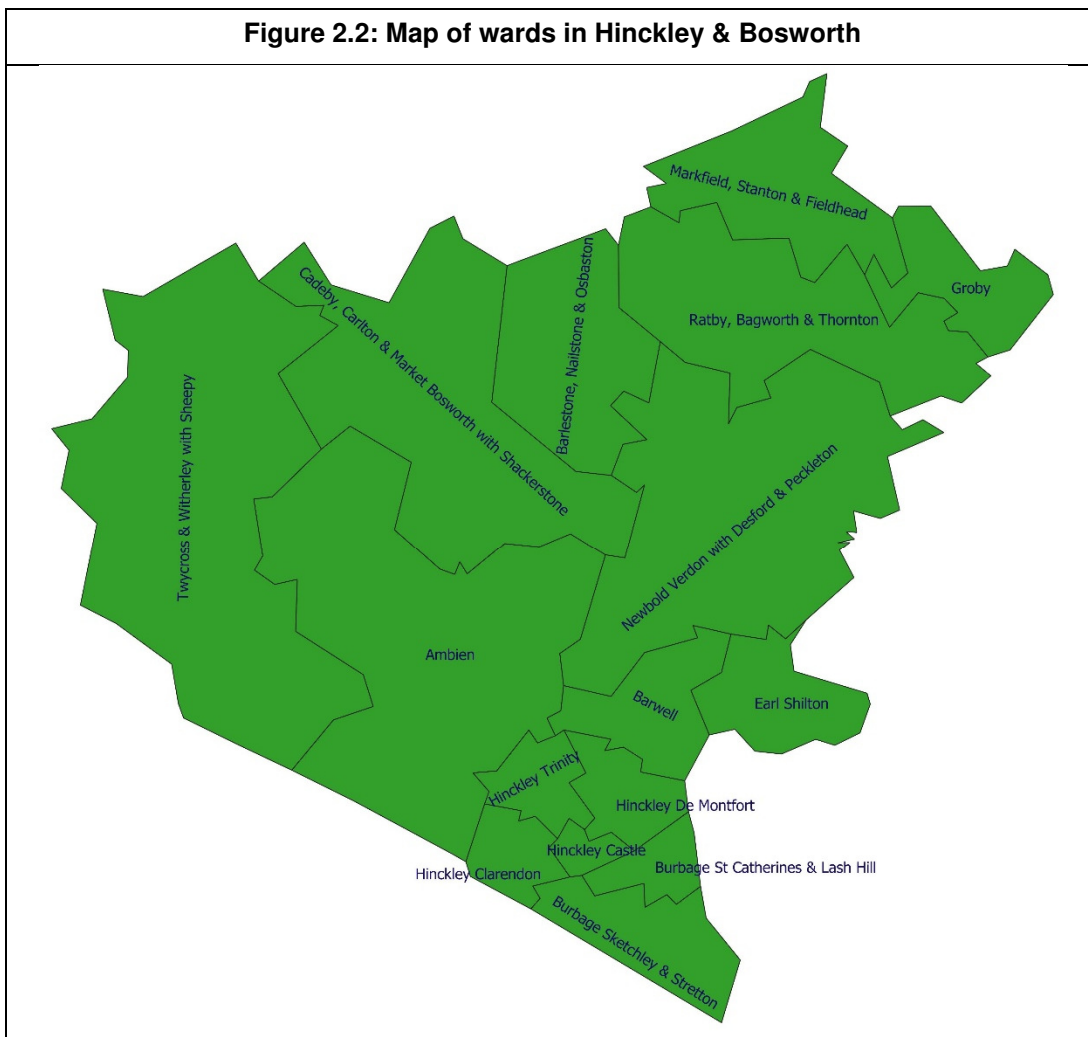
2.1 This section provides some background analysis about population and housing in Hinckley & Bosworth, along with summary information for each of sixteen wards and with a rural/urban split. Data is compared with local, regional and national data as appropriate – where data is for Leicestershire, this includes equivalent information for Leicester City unless otherwise stated. The analysis can be summarised as covering four main topic headings:

- Population (age/ethnic group)
- Household characteristics (type/tenure)
- Housing profile (size/accommodation type)
- Economic profile

2.2 The sub-areas used in analysis have been based on wards and in addition much of the analysis is split between Urban and Rural sub-areas. For some analysis in this section, the sub-area names have been abbreviated. The table below shows the codes used and also highlights whether the area is considered as urban or rural (the urban area being defined as the four main settlements of Hinckley, Burbage, Barwell and Earl Shilton). The map below the table shows the locations of the different wards within the Borough.

Figure 2.1: Abbreviations used for sub-areas (wards)

Sub-area (ward)	Code	Urban/rural
Ambien	Ambien	Rural
Barlestone, Nailstone and Osbaston	BN&O	Rural
Barwell	Barwell	Urban
Burbage Sketchley and Stretton	BS&S	Urban
Burbage St Catherines and Lash Hill	BStC&LH	Urban
Cadeby, Carlton and Market Bosworth with Shackerstone	CCMB&S	Rural
Earl Shilton	Earl Shilton	Urban
Groby	Groby	Rural
Hinckley Castle	H-Castle	Urban
Hinckley Clarendon	H-Clar'don	Urban
Hinckley De Montfort	H-DeMont't	Urban
Hinckley Trinity	H-Trinity	Urban
Markfield, Stanton and Fieldhead	MS&F	Rural
Newbold Verdon with Desford and Peckleton	NVwD&P	Rural
Ratby, Bagworth and Thornton	RB&T	Rural
Twycross and Witherley with Sheepy	T&WwS	Rural



2.3 As an initial background analysis, the table below shows the estimated population in each sub-area (as of 2017) and the proportion of the Hinckley & Bosworth total this amounts to. This analysis shows that just over three-fifths of the population live in urban areas. Just under half of the urban population is living within one of the four Hinckley wards – although it is recognised that some other urban wards are essentially part of the Hinckley urban area.

Figure 2.3: Estimated population by ward (2017)		
	Estimated population	% of population
Ambien	3,720	3.3%
Barlestone, Nailstone and Osbaston	3,333	3.0%
Barwell	9,234	8.3%
Burbage Sketchley and Stretton	9,605	8.6%
Burbage St Catherines and Lash Hill	5,879	5.3%
Cadeby, Carlton and Market Bosworth with Shackerstone	3,766	3.4%
Earl Shilton	10,754	9.7%
Groby	6,781	6.1%
Hinckley Castle	6,466	5.8%
Hinckley Clarendon	9,378	8.4%
Hinckley De Montfort	10,367	9.3%
Hinckley Trinity	7,146	6.4%
Markfield, Stanton and Fieldhead	5,792	5.2%
Newbold Verdon with Desford and Peckleton	8,530	7.7%
Ratby, Bagworth and Thornton	7,511	6.7%
Twycross and Witherley with Sheepy	3,108	2.8%
Urban	68,829	61.8%
Rural	42,541	38.2%
Total population	111,370	100.0%

Source: ONS mid-year population estimates

Population

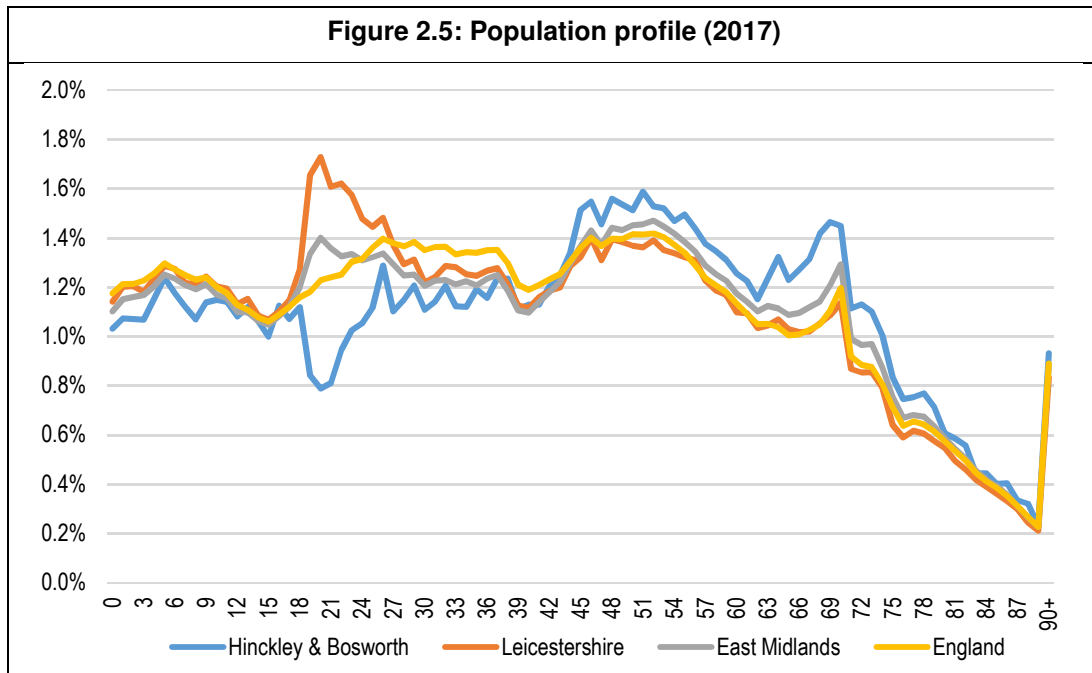
- 2.4 The table below shows the population profile of Hinckley & Bosworth in five-year age bands compared with a range of other areas. The data shows a relatively old age structure with particularly notable differences from ages 45 to 70.

Figure 2.4: Population profile (2017)

	Hinckley & Bosworth		Leicester-shire	East Midlands	England
	Population	% of population	% of population	% of population	% of population
0-4	6,013	5.4%	6.0%	5.8%	6.1%
5-9	6,395	5.7%	6.2%	6.1%	6.3%
10-14	6,184	5.6%	5.8%	5.6%	5.7%
15-19	5,744	5.2%	6.3%	5.8%	5.6%
20-24	5,150	4.6%	8.0%	6.7%	6.3%
25-29	6,531	5.9%	6.9%	6.5%	6.9%
30-34	6,348	5.7%	6.3%	6.1%	6.8%
35-39	6,608	5.9%	6.1%	6.0%	6.5%
40-44	6,741	6.1%	5.9%	5.9%	6.2%
45-49	8,484	7.6%	6.8%	7.0%	6.9%
50-54	8,488	7.6%	6.8%	7.2%	7.0%
55-59	7,764	7.0%	6.2%	6.5%	6.3%
60-64	6,896	6.2%	5.3%	5.7%	5.4%
65-69	7,458	6.7%	5.2%	5.7%	5.2%
70-74	6,459	5.8%	4.5%	5.1%	4.7%
75-79	4,249	3.8%	3.0%	3.4%	3.3%
80-84	2,937	2.6%	2.3%	2.5%	2.5%
85+	2,921	2.6%	2.3%	2.4%	2.4%
All Ages	111,370	100.0%	100.0%	100.0%	100.0%

Source: ONS mid-year population estimates

2.5 The differences between Hinckley & Bosworth and other areas can more clearly be seen in the figure below. This identifies a relatively low proportion of the population aged up to 45 (in most age bands) and higher proportions for most age bands from about 45 upward. The analysis also shows a notable difference for ‘student’ age groups, particularly when compared with Leicestershire; H&B does not have a significant student population.



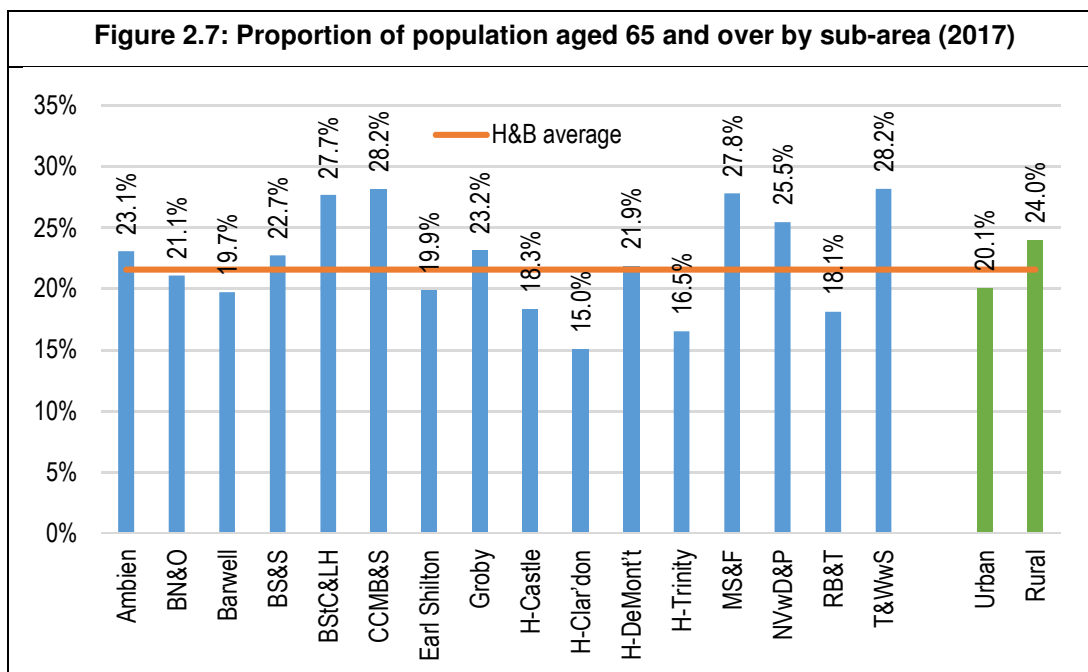
Source: ONS mid-year population estimates

2.6 The analysis below summarises the above information by assigning population to three broad age groups (which can generally be described as a) children, b) working-age and c) pensionable age). This analysis shows that, compared with the County, region and national position, Hinckley & Bosworth has a relatively high proportion of people aged 65 and over (22%) and consequently slightly lower proportions of both children and people of working-age.

Figure 2.6: Population profile (2017) – summary age bands					
	Hinckley & Bosworth		Leicester-shire	East Midlands	England
	Population	% of population	% of population	% of population	% of population
Under 16	19,705	17.7%	19.0%	18.5%	19.1%
16-64	67,641	60.7%	63.6%	62.4%	62.8%
65+	24,024	21.6%	17.3%	19.1%	18.0%
All Ages	111,370	100.0%	100.0%	100.0%	100.0%

Source: ONS mid-year population estimates

2.7 The figure below takes this data forward to look at some differences by sub-area. This focusses on the population aged 65 and over. The analysis identifies notable variation in the proportion of people in this age group in different locations. The proportion aged 65+ varies from 15% in Hinckley Clarendon ward up to 28% in some rural wards. The analysis also shows a higher proportion of older people in rural areas generally (24% aged over 65 compared with 20% in urban areas).



Source: ONS mid-year population estimates

2.8 As well as looking at the population profile, analysis has been carried out (below) to look at overall population change over the 10-year period to 2017 (a 10-year period being chosen as this is a fairly standard period over which to look at population change). The analysis shows over the period that the population of Hinckley & Bosworth increased by 7.7%; this is a relatively low level of population change and compares with increases of 8.3% in the East Midlands and 8.2% in England. The level of population growth is notably lower than seen across Leicestershire in the same period.

	Population (2007)	Population (2017)	Change	% change
Hinckley & Bosworth	103,450	111,370	7,920	7.7%
Leicestershire	945,858	1,043,752	97,894	10.3%
East Midlands	4,404,774	4,771,666	366,892	8.3%
England	51,381,093	55,619,430	4,238,337	8.2%

Source: ONS mid-year population estimates

2.9 The table and figure below show population change by age (again for the 2007-17 period). This generally identifies the greatest increases to be in older age groups (aged 65 and over) along with some notable population increases in the 20-29 and 45-54 age groups. The Borough also saw some population declines, particularly those aged 35-44, although it should be noted that these were quite large cohorts in 2007.

Figure 2.9: Population change by age (2007-17) – 5-year age bands (Hinckley & Bosworth)				
	Population (2007)	Population (2017)	Change	% change
0-4	5,505	6,013	508	9.2%
5-9	5,735	6,395	660	11.5%
10-14	6,054	6,184	130	2.1%
15-19	6,352	5,744	-608	-9.6%
20-24	4,959	5,150	191	3.9%
25-29	5,752	6,531	779	13.5%
30-34	5,998	6,348	350	5.8%
35-39	7,854	6,608	-1,246	-15.9%
40-44	8,236	6,741	-1,495	-18.2%
45-49	7,655	8,484	829	10.8%
50-54	7,061	8,488	1,427	20.2%
55-59	7,819	7,764	-55	-0.7%
60-64	7,001	6,896	-105	-1.5%
65-69	5,061	7,458	2,397	47.4%
70-74	4,159	6,459	2,300	55.3%
75-79	3,529	4,249	720	20.4%
80-84	2,592	2,937	345	13.3%
85+	2,128	2,921	793	37.3%
All Ages	103,450	111,370	7,920	7.7%

Source: ONS mid-year population estimates

- 2.10 This information has been summarised into three broad age bands to ease comparison. The table below shows an increase in the number of children living in the Borough (increasing by about 6%) along with a small increase in the 'working-age' population (0.4%). The key driver of population growth has therefore been in the 65 and over age group, which between 2007 and 2017 saw a population increase of about 6,600 people; this age group increasing in size by 38% over the decade.

Figure 2.10: Change in population by broad age group (2007-17) – Hinckley & Bosworth				
	2007	2017	Change	% change
Under 16	18,581	19,705	1,124	6.0%
16-64	67,400	67,641	241	0.4%
65+	17,469	24,024	6,555	37.5%
TOTAL	103,450	111,370	7,920	7.7%

Source: ONS mid-year population estimates

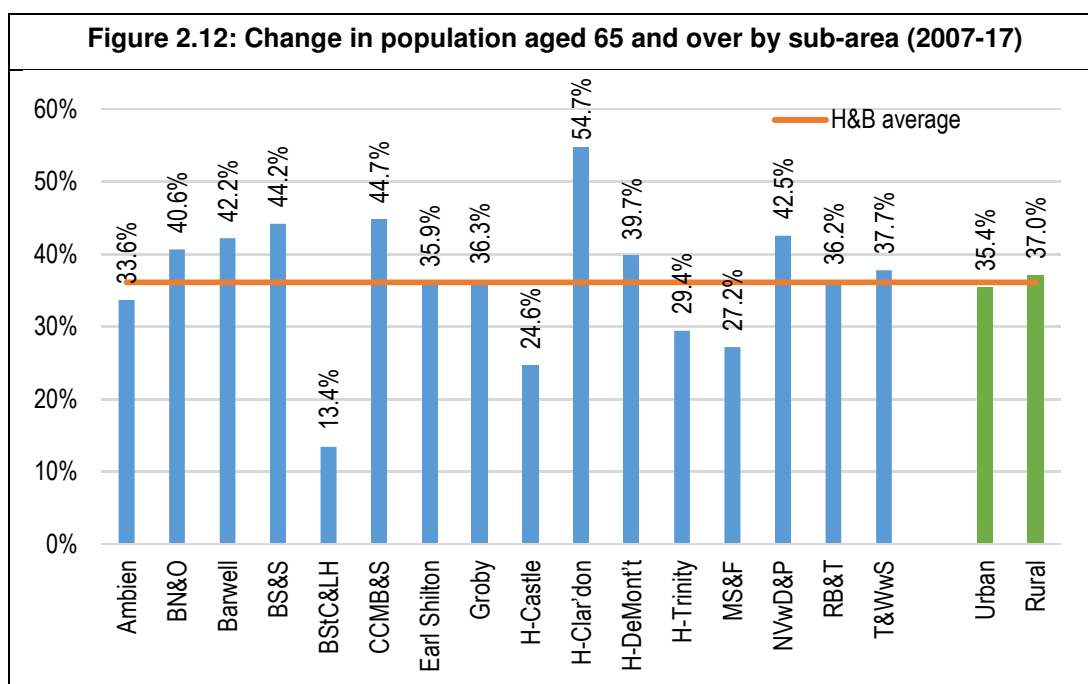
2.11 Additional analysis is provided below to look at the sub-areas. The analysis shows an increasing population in all of the sub-areas although there is some variation from a 0.8% increase in Markfield, Stanton and Fieldhead, up to over 16% in Earl Shilton. Levels of population growth may to some degree to be driven by the locations of new housing development over this period. Population growth has been slightly higher in urban than rural locations. It should be noted that the sub-area estimates when totalled show slightly different estimates of population change to Borough-wide figures – this is likely to be due to the older data (for 2007) not having been subject to further adjustments by ONS as part of their programme to improve population estimates.

Figure 2.11: Change in population (2007-17) by sub-area

	2007	2017	Change	% change
Ambien	3,551	3,720	169	4.8%
Barlestone, Nailstone and Osbaston	3,274	3,333	59	1.8%
Barwell	8,804	9,234	430	4.9%
Burbage Sketchley and Stretton	8,896	9,605	709	8.0%
Burbage St Catherines and Lash Hill	5,805	5,879	74	1.3%
Cadeby, Carlton and Market Bosworth with Shackerstone	3,386	3,766	380	11.2%
Earl Shilton	9,245	10,754	1,509	16.3%
Groby	6,703	6,781	78	1.2%
Hinckley Castle	6,256	6,466	210	3.4%
Hinckley Clarendon	8,339	9,378	1,039	12.5%
Hinckley De Montfort	9,448	10,367	919	9.7%
Hinckley Trinity	6,525	7,146	621	9.5%
Markfield, Stanton and Fieldhead	5,748	5,792	44	0.8%
Newbold Verdon with Desford and Peckleton	8,205	8,530	325	4.0%
Ratby, Bagworth and Thornton	6,475	7,511	1,036	16.0%
Twycross and Witherley with Sheepy	3,019	3,108	89	2.9%
Urban	63,318	68,829	5,511	8.7%
Rural	40,361	42,541	2,180	5.4%
Total	103,679	111,370	7,691	7.4%

Source: ONS mid-year population estimates

2.12 The figure below shows the change in the population aged 65 and over in each sub-area. All areas have seen an increase in the proportion of older people, with the increase in the population in this age group ranging from 13% in Burbage St Catherines and Lash Hill up to 55% in Hinckley Clarendon. Urban and rural locations have seen broadly similar levels of change in the older person population.



Source: ONS mid-year population estimates

Household Characteristics

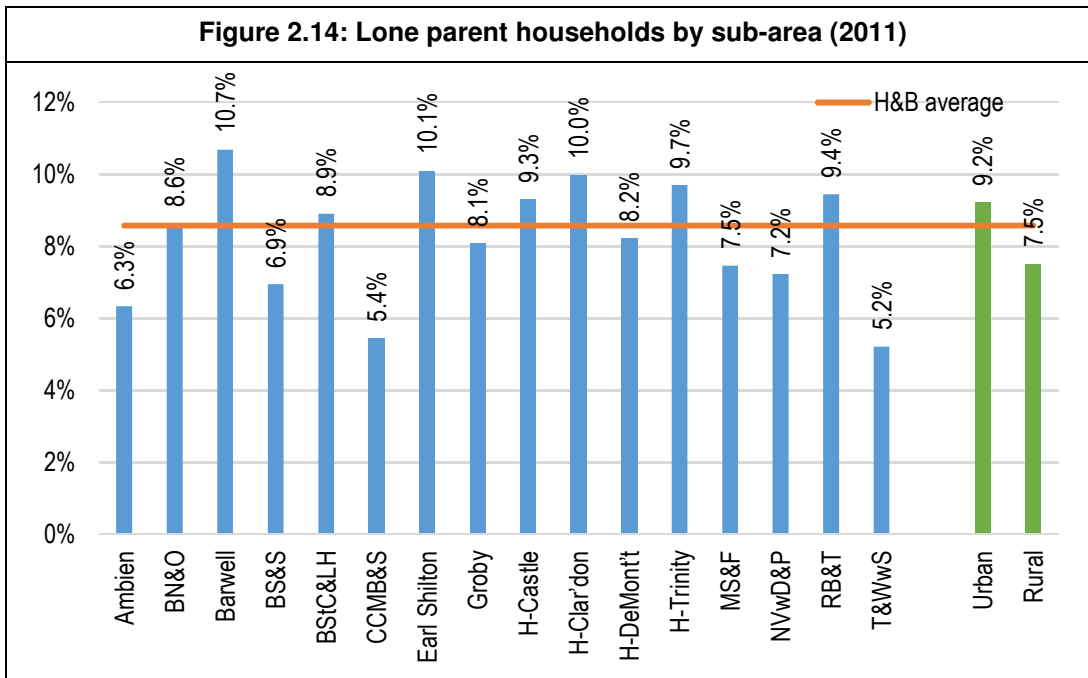
- 2.13 The table below shows household types (in 2011) in Hinckley & Bosworth and compared with other areas. Compared with the County, regional and national position, this analysis shows a broadly similar pattern of households – the main differences to be seen include a slightly higher proportion of older person couple households, a lower proportion of single persons (aged under 65) and relatively few lone parent households (9% in Hinckley & Bosworth compared with 11% nationally).

Figure 2.13: Household Types (2011)

	Hinckley & Bosworth		Leicester-shire	East Midlands	England
	House-holds	% of house-holds	% of house-holds	% of house-holds	% of house-holds
One person 65 and over	5,608	12.4%	11.6%	12.3%	12.4%
Couple 65 and over	4,582	10.1%	8.3%	9.0%	8.1%
One person (under 65)	7,163	15.8%	16.5%	16.7%	17.9%
Couple (no children)	9,974	22.0%	18.0%	19.5%	17.6%
Couple (dependent children)	9,079	20.0%	20.8%	19.7%	19.3%
Couple (non-dependent children only)	3,126	6.9%	6.8%	6.2%	6.1%
Lone parent (dependent children)	2,616	5.8%	6.5%	6.7%	7.1%
Lone parent (non-dependent children only)	1,274	2.8%	3.3%	3.2%	3.5%
Other households	1,955	4.3%	8.2%	6.6%	8.0%
TOTAL	45,377	100.0%	100.0%	100.0%	100.0%

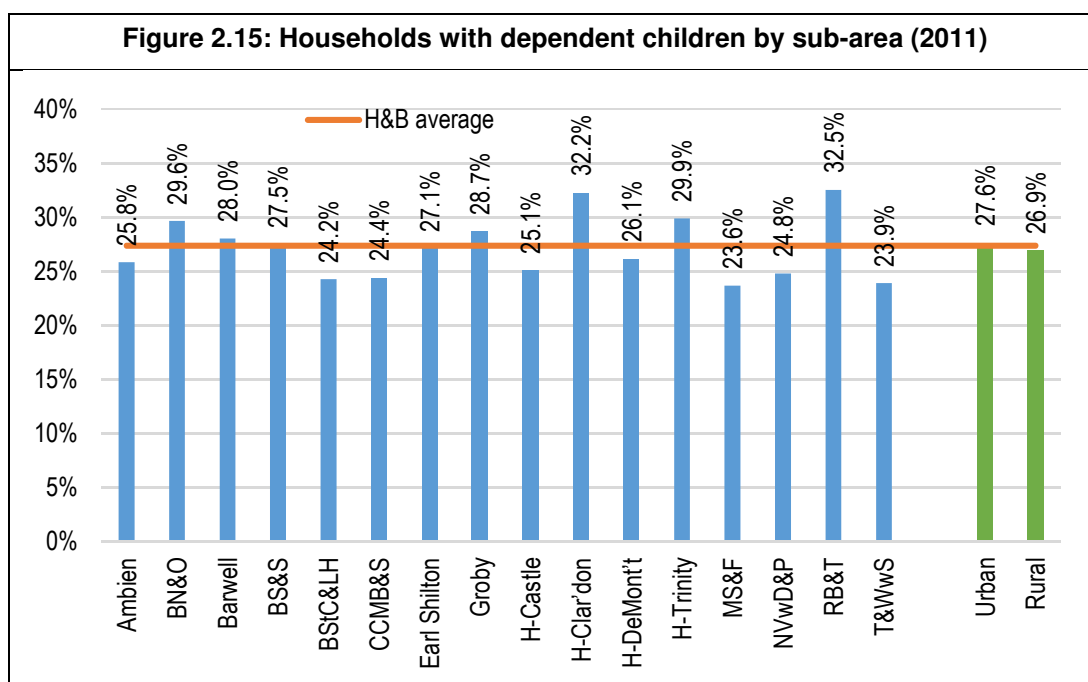
Source: 2011 Census

2.14 The figure below focuses on the proportion of lone parent households by sub-area (the figures are for lone parent households with both dependent and non-dependent children combined). This shows a notable range with the proportion of lone parent households going from 5% in Twycross and Witherley with Sheepley up to 11% in Barwell. Urban areas have a slightly higher proportion of lone parent households than Rural locations.



Source: 2011 Census

2.15 A similar analysis has been undertaken below focussing on all households with dependent children. This again shows some variation across areas, with the range of proportions of such households going from about 24% in a number of areas up to 33% in Ratby, Bagworth and Thornton. Urban households are slightly more likely than households in rural areas to contain dependent children.



Source: 2011 Census

- 2.16 The table below shows household tenure compared with a number of other locations. The analysis identifies a relatively high proportion of owner-occupiers, both with and without a mortgage. The proportion of households living in both the social rented sector and private rented accommodation is slightly lower than observed in other areas.

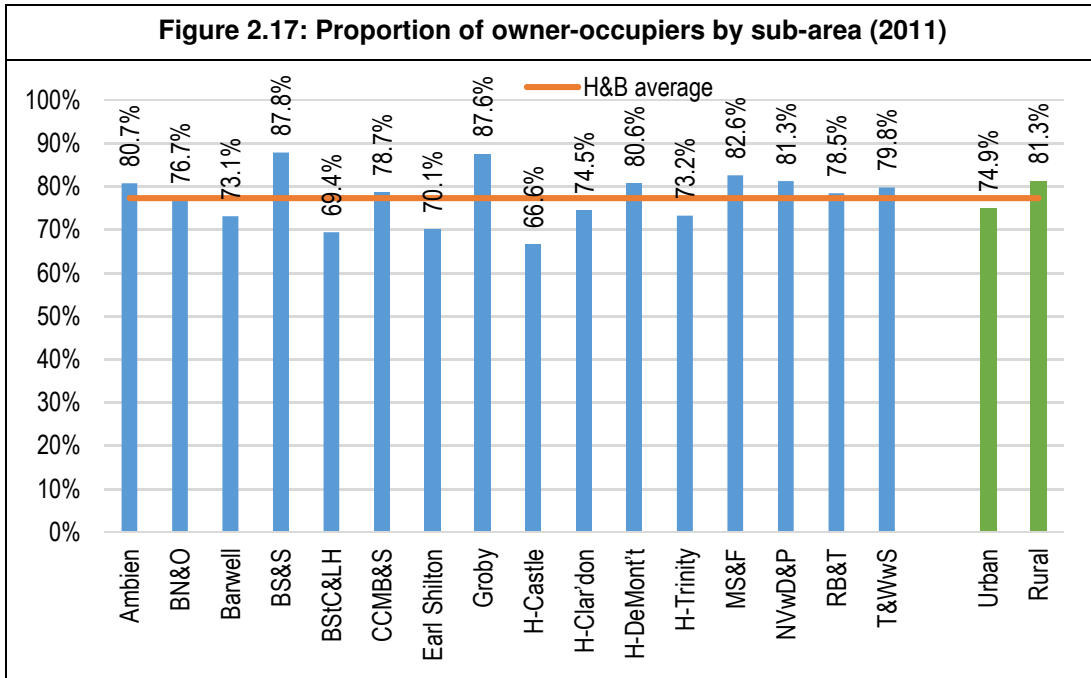
Figure 2.16: Tenure (2011)

	Hinckley & Bosworth		Leicester-shire	East Midlands	England
	House-holds	% of house-holds	% of house-holds	% of house-holds	% of house-holds
Owns outright	16,859	37.2%	32.5%	32.8%	30.6%
Owns with mortgage/loan	18,234	40.2%	35.7%	35.1%	33.6%
Social rented	4,685	10.3%	15.2%	15.8%	17.7%
Private rented	5,156	11.4%	15.3%	14.9%	16.8%
Living rent free	443	1.0%	1.2%	1.3%	1.3%
TOTAL	45,377	100.0%	100.0%	100.0%	100.0%

Source: 2011 Census

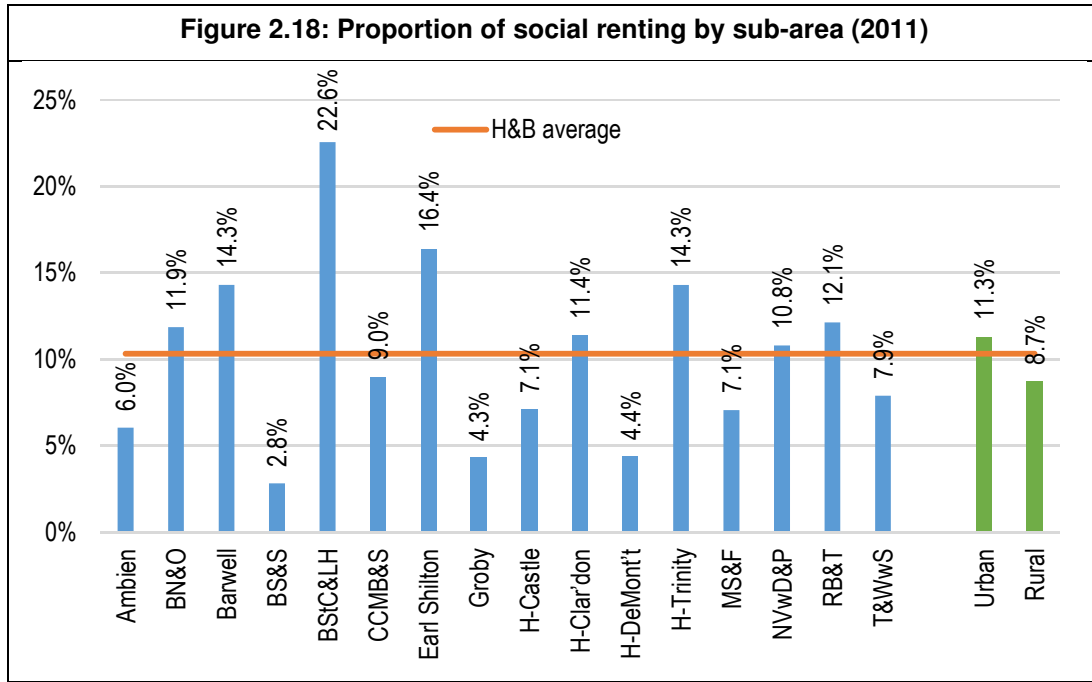
- 2.17 The three figures below show sub-area level data for three key tenure groups: a) owner-occupied (combining those with and without a mortgage/loan), b) social rent and c) private rent. Data for the 'other' tenure group is not shown below; the proportion of households in the 'living rent free' category is relatively small (1% of all households in the Borough).

2.18 When looking at owner-occupation the analysis shows a range from about 67% of households in Hinckley Castle up to 88% in Burbage Sketchley and Stretton. There is some difference in the proportion of owners in Urban compared to Rural locations (rural locations being slightly higher) although rural areas do have a higher proportion of outright owners (42% of all households vs. 34% in urban areas).



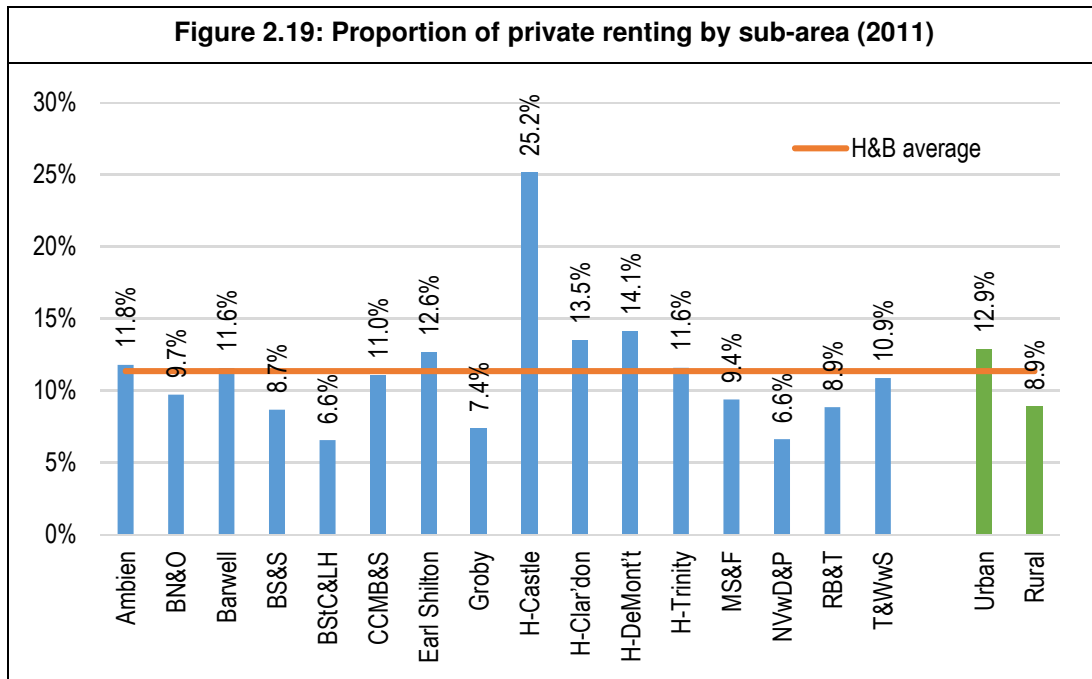
Source: 2011 Census

2.19 The proportion of households living in social rented housing (figure below) shows some notable variation by area with proportions varying from around 3% in Burbage Sketchley and Stretton up to 23% in Burbage St Catherines and Lash Hill. Households in Urban areas are slightly more likely to live in social rented housing than those in Rural locations.



Source: 2011 Census

2.20 The final tenure analysis below focusses on the private rented sector; as with other tenures there is some variation between areas with the proportion of households living in this sector varying from 7% in a number of locations, up to 25% in Hinckley Castle. Households in urban areas are more likely to be privately renting than rural households.



Source: 2011 Census

2.21 As well as looking at the current tenure profile, it is of interest to consider how this has changed over time; the table below shows (for the whole of Hinckley & Bosworth) data from the 2001 and 2011 Census. From this it is clear that there has been substantial growth in the number of households living in privately rented accommodation as well as a notable increase in outright owners. There has been a notable decline in the number of owners with a mortgage and a small increase in the numbers in the social rented sector.

	2001 households	2011 households	Change	% change
Owns outright	14,101	16,859	2,758	19.6%
Owns with mortgage/loan	19,827	18,234	-1,593	-8.0%
Social rented	4,363	4,685	322	7.4%
Private rented	2,261	5,156	2,895	128.0%
Living rent free	533	443	-90	-16.9%
TOTAL	41,085	45,377	4,292	10.4%

Source: 2001 and 2011 Census

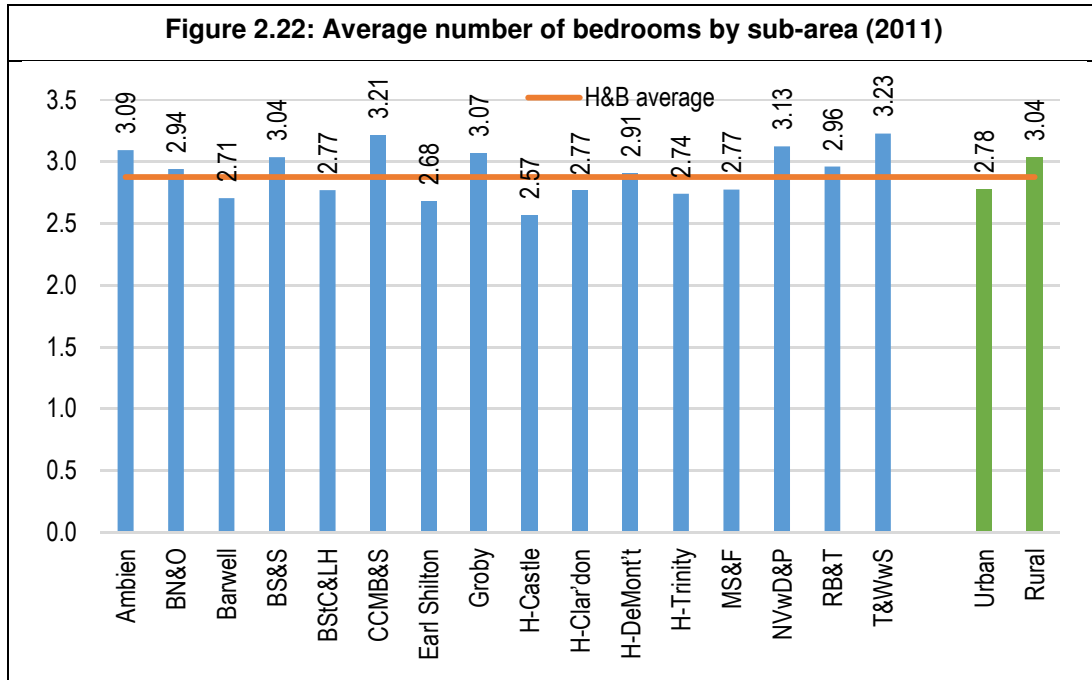
Housing Profile

2.22 The analysis below shows the number of bedrooms available to households as of the 2011 Census. Generally, the size profile in Hinckley & Bosworth is one of larger homes with an average of 2.88 bedrooms compared with 2.83 across Leicestershire, 2.81 in the East Midlands and 2.72 nationally. The analysis shows that the dwelling stock of Hinckley & Bosworth is fairly balanced, with a particular focus on 3-bedroom homes; however, the proportion of 1-bedroom homes is low in comparison with other locations.

	Hinckley & Bosworth		Leicester-shire	East Midlands	England
	House-holds	% of house-holds	% of house-holds	% of house-holds	% of house-holds
1-bedroom	2,707	6.0%	9.4%	8.3%	12.0%
2-bedrooms	12,110	26.7%	24.4%	26.5%	27.9%
3-bedrooms	20,629	45.5%	45.2%	45.4%	41.2%
4-bedrooms	7,915	17.4%	16.1%	15.4%	14.4%
5+-bedrooms	2,016	4.4%	5.0%	4.4%	4.6%
TOTAL	45,377	100.0%	100.0%	100.0%	100.0%
Average bedrooms	2.88		2.83	2.81	2.72

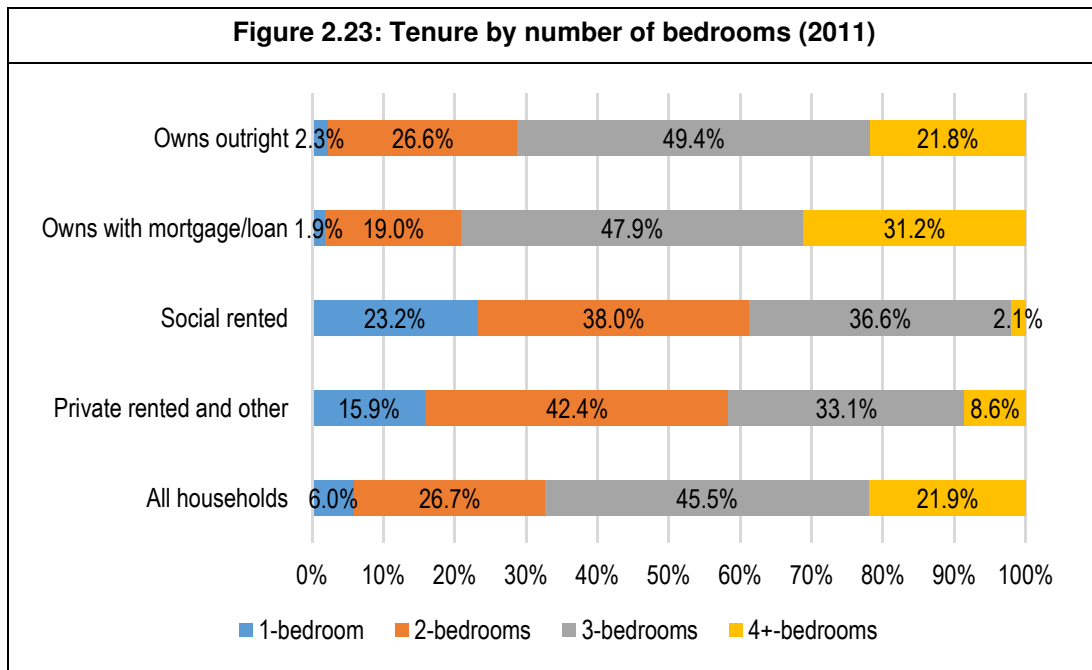
Source: 2011 Census

2.23 There is some variation in the average number of bedrooms across different locations (as shown in the figure below) – the average number of bedrooms varies from 2.57 in Hinckley Castle, up to 3.23 in Twycross and Witherley with Sheepy. Generally, Rural areas see larger average dwelling sizes than Urban locations.



Source: 2011 Census

2.24 The figure below shows how the size of homes varies by tenure (for the whole of Hinckley & Bosworth). From this it is clear that homes in the owner-occupied sector are significantly larger than either the private or social rented sectors. Over 75% of all owner-occupied homes have at least three bedrooms with around 27% having four or more bedrooms. In the social rented sector, only 2% of homes have four or more bedrooms, along with 9% of private rented accommodation.



Source: 2011 Census

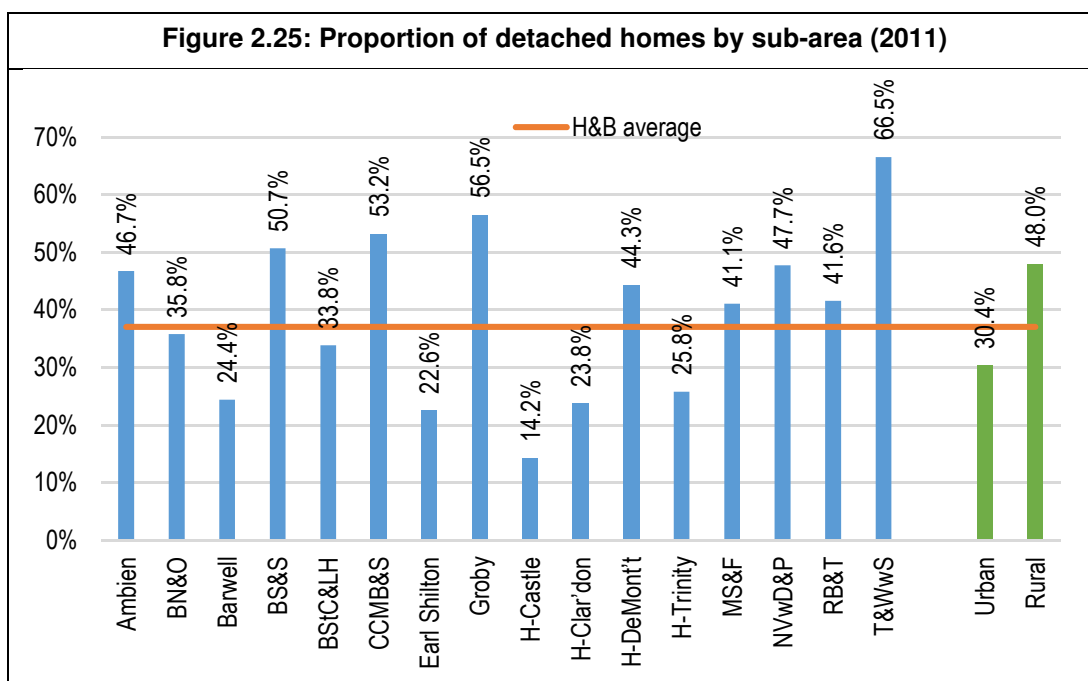
2.25 Leading on from the analysis of dwelling sizes, the analysis below looks at accommodation types. This identifies that Hinckley & Bosworth has a particularly high proportion of detached homes and relatively few flats – some 38% of homes are detached, compared with 32% across the East Midlands and 22% nationally; only 8% of homes are flats, compared with 23% nationally.

Figure 2.24: Accommodation type (2011)

	Hinckley & Bosworth		Leicester-shire	East Midlands	England
	Dwellings	% of dwellings	% of dwellings	% of dwellings	% of dwellings
Detached	17,382	37.0%	28.3%	32.2%	22.3%
Semi-detached	17,874	38.1%	37.4%	35.1%	30.7%
Terraced	7,511	16.0%	20.9%	20.6%	24.5%
Flat/other	4,159	8.9%	13.4%	12.1%	22.5%
TOTAL	46,926	100.0%	100.0%	100.0%	100.0%

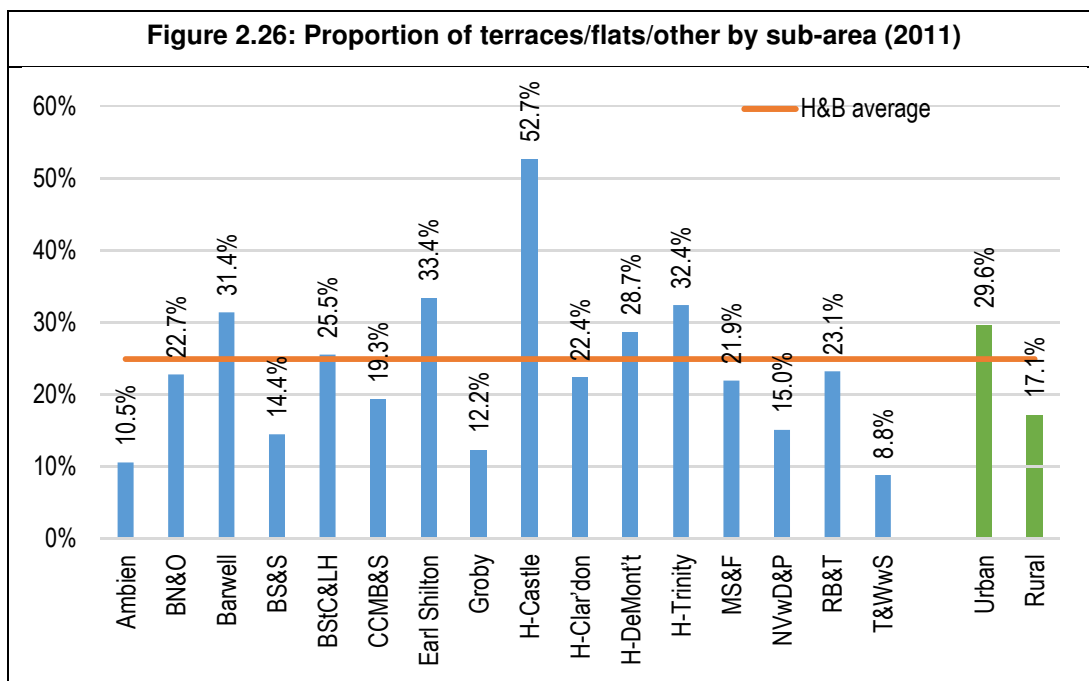
Source: 2011 Census

2.26 The figure below shows the proportion of detached homes in each sub-area. There is a notable variation with figures ranging from 14% in Hinckley Castle, up to 67% in Twycross and Witherley with Sheepy. Dwellings in Rural areas are far more likely to be detached than in Urban areas.



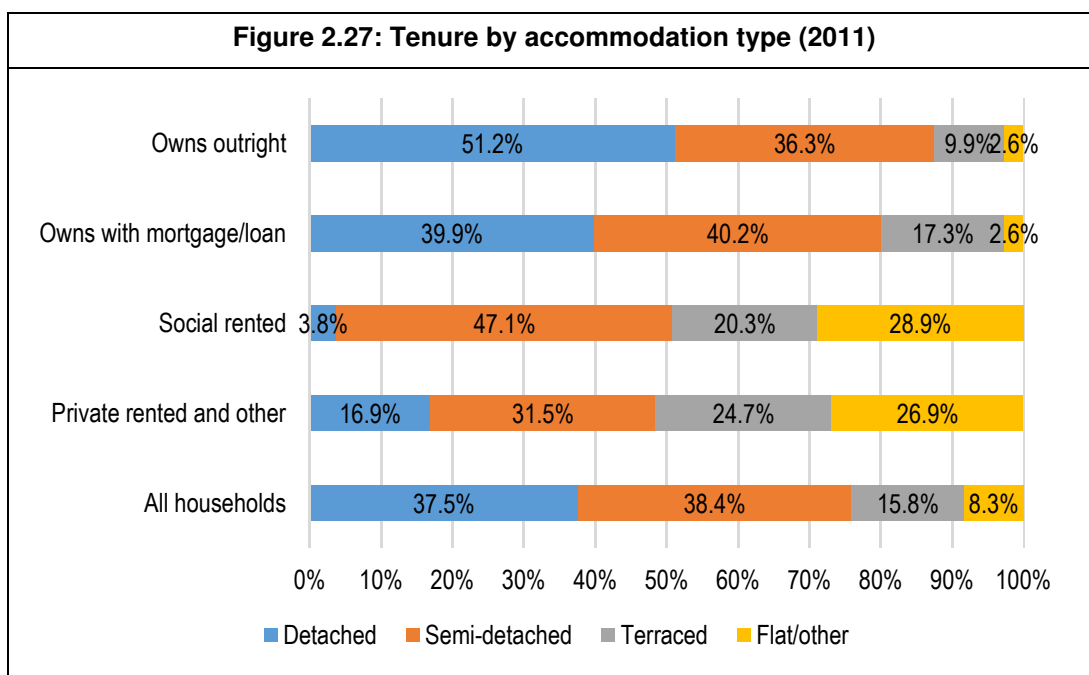
Source: 2011 Census

2.27 A similar analysis (below) focuses on the proportion of terraced homes and flats/other. This typically shows the opposite pattern to that for detached homes with the proportion of households living in terraces/flats ranging from 9% in Twycross and Witherley with Sheepy, up to 53% in Hinckley Castle. Households in Urban areas are more likely to be living in a terraced home or flat than in other areas.



Source: 2011 Census

2.28 The figure below shows how accommodation type varies by tenure (for the whole of Hinckley & Bosworth Borough). From this it is clear that homes in the owner-occupied sector are more likely to be detached with relatively few terraced homes or flats. The social rented sector has the highest proportion of both flats/other and semi-detached accommodation (around half of all households in the social rented sector live in a semi-detached home). The private rented sector sees a reasonably balanced split between different dwelling types, although the proportion of terraced homes (at 25%) is notable. It should be noted that the data below is for households and not dwellings (i.e. it includes only occupied homes).



Source: 2011 Census

2.29 The analysis below studies levels of overcrowding and under-occupation – this is based on the bedroom standard with data taken from the 2011 Census. The box below shows how the standard is calculated, this is then compared with the number of bedrooms available to the household (with a negative number representing overcrowding and a positive number being under-occupation). Households with an occupancy rating of +2 or more have at least two spare bedrooms.

For the purposes of the bedroom standard a separate bedroom shall be allocated to the following persons –

- (a) A person living together with another as husband and wife (whether that other person is of the same sex or the opposite sex)
- (b) A person aged 21 years or more
- (c) Two persons of the same sex aged 10 years to 20 years
- (d) Two persons (whether of the same sex or not) aged less than 10 years
- (e) Two persons of the same sex where one person is aged between 10 years and 20 years and the other is aged less than 10 years
- (f) Any person aged under 21 years in any case where he or she cannot be paired with another occupier of the dwelling so as to fall within (c), (d) or (e) above.

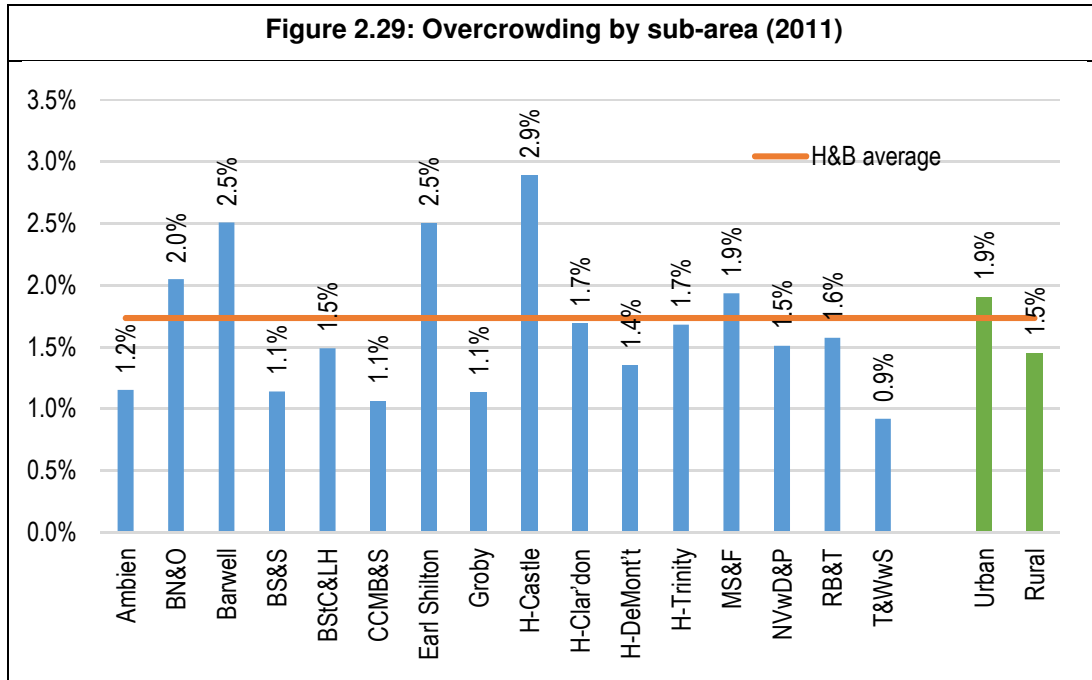
2.30 The analysis shows that levels of overcrowding in Hinckley & Bosworth are low with only 1.7% of households being overcrowded in 2011 (compared with 3.1% in the East Midlands and 4.6% nationally). Levels of under-occupation are however high with around 43% of households having a rating of +2 or more – this is notably higher than seen in any of the comparator areas.

Figure 2.28: Overcrowding and under-occupation (2011) – bedroom standard

	Hinckley & Bosworth		Leicester-shire	East Midlands	England
	Number of households	% of households	% of households	% of households	% of households
+2 or more	19,436	42.8%	37.7%	38.8%	34.3%
+1 or more	17,089	37.7%	34.1%	36.1%	34.4%
0	8,065	17.8%	23.8%	22.0%	26.7%
-1 or less	787	1.7%	4.5%	3.1%	4.6%
TOTAL	45,377	100.0%	100.0%	100.0%	100.0%

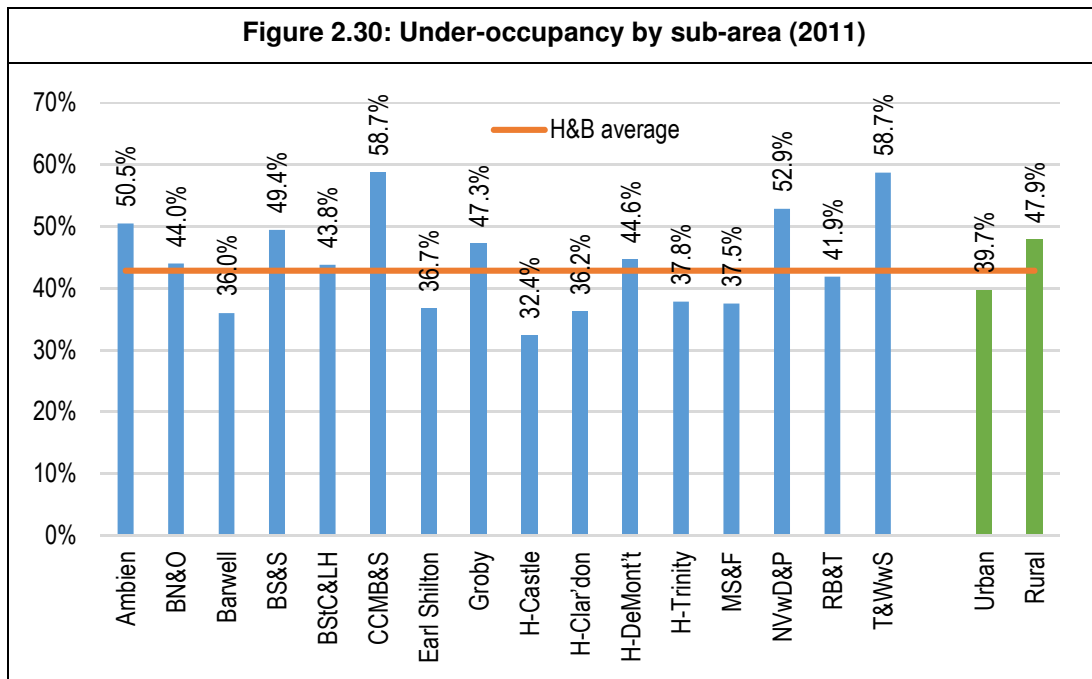
Source: 2011 Census

2.31 The figure below shows levels of overcrowding by sub-area. This identifies a range of overcrowding from around 1% in a number of areas, up to 3% in Hinckley Castle, even in this area the level of overcrowding is below the County and national average. Households in Urban areas are slightly more likely to live in overcrowded housing than those in Rural locations.



Source: 2011 Census

2.32 A similar analysis (below) focuses on under-occupancy (using figures for the proportion of households with an occupancy rate of +2 or more). This shows the highest level of under-occupancy to be in some of the Rural wards and the lowest in Hinckley Castle. In Rural areas, some 48% of households have at least two spare bedrooms, higher than the equivalent figure for Urban areas (40%).



Source: 2011 Census

Economic Profile

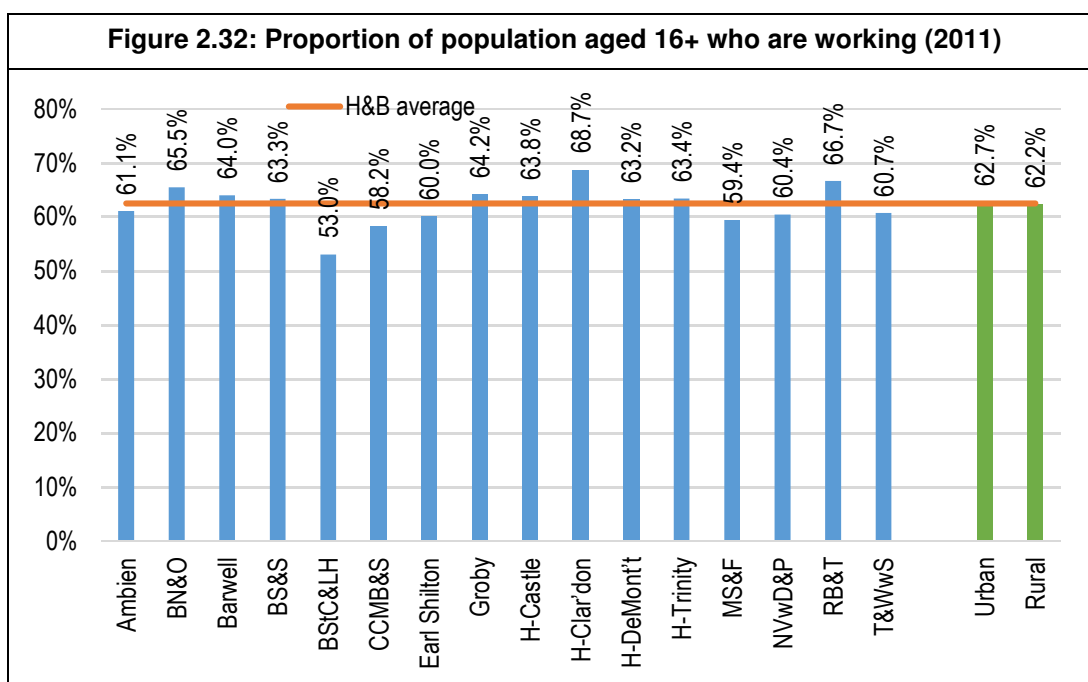
2.33 The series of analysis below looks at a range of economic issues (economic activity, qualifications and occupation profiles). The table below shows in comparison with other areas that Hinckley & Bosworth has a similar economic profile. Small differences can be seen, and this includes a lower proportion of people who are unemployed and a higher proportion of people who are retired.

Figure 2.31: Economic Activity (2011) – population aged 16 and over

	Hinckley & Bosworth		Leicester-shire	East Midlands	England
	Popul-ation	% of popul-ation	% of popul-ation	% of popul-ation	% of popul-ation
In employment (part-time)	12,772	14.8%	15.4%	15.0%	14.4%
In employment (full-time)	33,377	38.6%	35.2%	35.4%	35.4%
Self-employed	7,916	9.2%	7.9%	8.0%	9.1%
Unemployed	2,765	3.2%	4.6%	4.5%	4.7%
Retired	21,091	24.4%	20.5%	22.5%	21.2%
Other	8,554	9.9%	16.4%	14.6%	15.2%
TOTAL	86,475	100.0%	100.0%	100.0%	100.0%

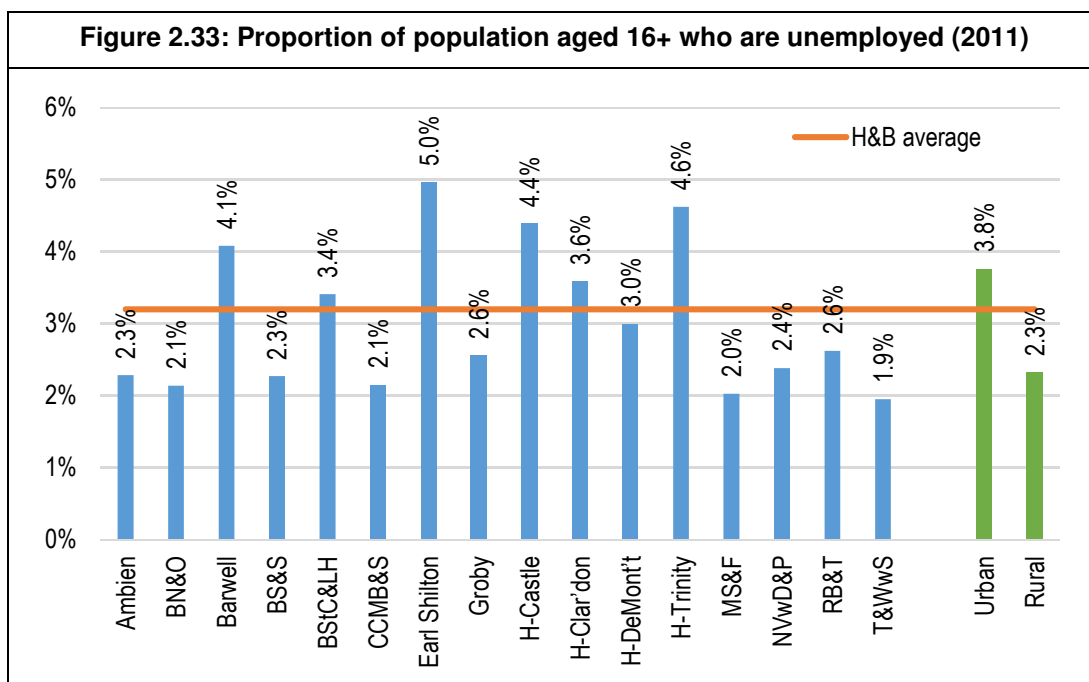
Source: 2011 Census

2.34 The figure below shows the proportion of people (aged 16+) who are working by sub-area. Although there are some variations, it is the case that all areas see between 53% and 69% of people with a job (including self-employed). Differences in the proportion of the population who are working will in part be influenced by the population age structure in an area. There is relatively little difference between Urban and Rural areas in terms of the proportions of people who are working.



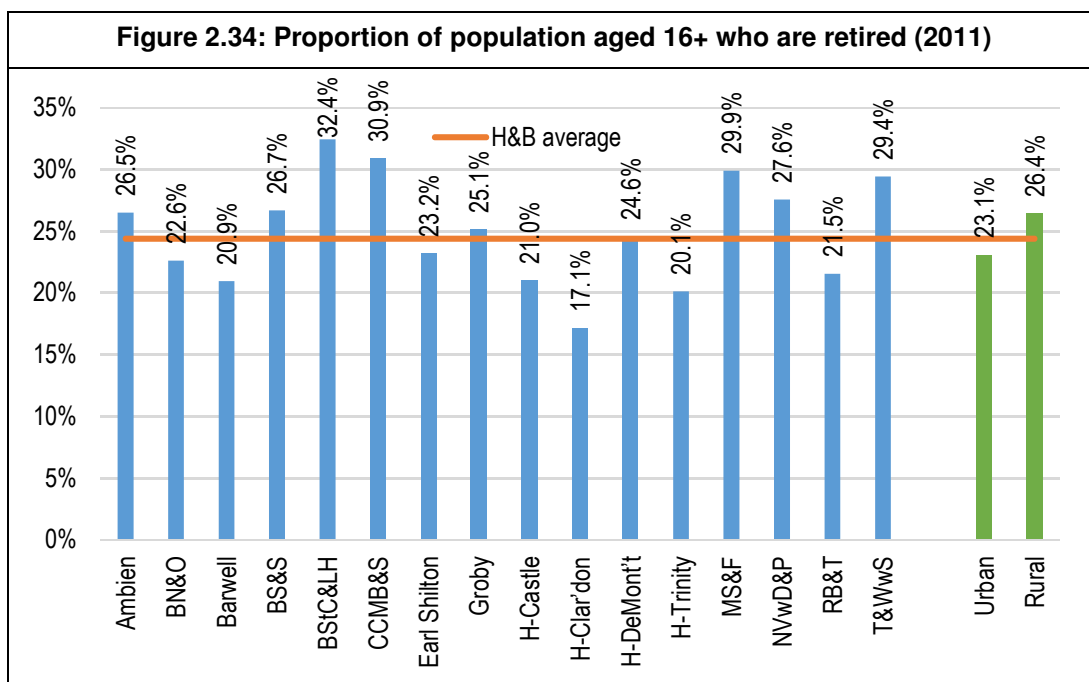
Source: 2011 Census

2.35 A similar analysis (below) focuses on the proportion of the population who are unemployed. In this case, the range of unemployment is from around 2% in a number of locations, up to 5% in Earl Shilton. Unemployment is higher in Urban areas.



Source: 2011 Census

2.36 A similar analysis (below) focuses on the proportion of the population who are retired. The analysis shows that 32% of people aged 16 and over in Burbage St Catherines and Lash Hill are retired, with the lowest proportion being in Hinckley Clarendon (at 17%).



Source: 2011 Census

- 2.37 The table below shows how economic activity has changed between 2001 and 2011. The analysis is based on slightly different categories to that above (manly in being restricted to the population aged 16-74 and with a slightly different treatment of students). However, the categories used in each of 2001 and 2011 are the same, and comparison can therefore be made.
- 2.38 The analysis shows a notable increase in the number of people who were economically active, increasing by around 3,200 people over the 10-year period. The main category in this increase was the change in part-time employees, although there was also a notable increase in self-employment. The number of people who were economically inactive increased by around 900 over the 10-years, this is despite an increase of 2,500 people who were retired. The small increase in those economically inactive was balanced by notable reductions in people who were *Looking after family or home* or *Long-term sick or disabled*.

Figure 2.35: Economic Activity (2001 and 2011) – population aged 16-74 – Hinckley & Bosworth

	2001	2011	Change
Employee: Part-time	9,614	11,408	1,794
Employee: Full-time	33,569	33,087	-482
Self-employed	6,646	7,764	1,118
Unemployed	1,838	2,448	610
Economically active students	1,647	1,831	184
<i>Total economically active</i>	<i>53,314</i>	<i>56,538</i>	<i>3,224</i>
Retired	10,432	12,924	2,492
Economically inactive students	2,037	2,615	578
Looking after family or home	3,781	2,510	-1,271
Long-term sick or disabled	2,575	2,205	-370
Other	1,483	924	-559
<i>Total economically inactive</i>	<i>20,308</i>	<i>21,178</i>	<i>870</i>
Total	73,622	77,716	4,094

Source: 2001 and 2011 Census

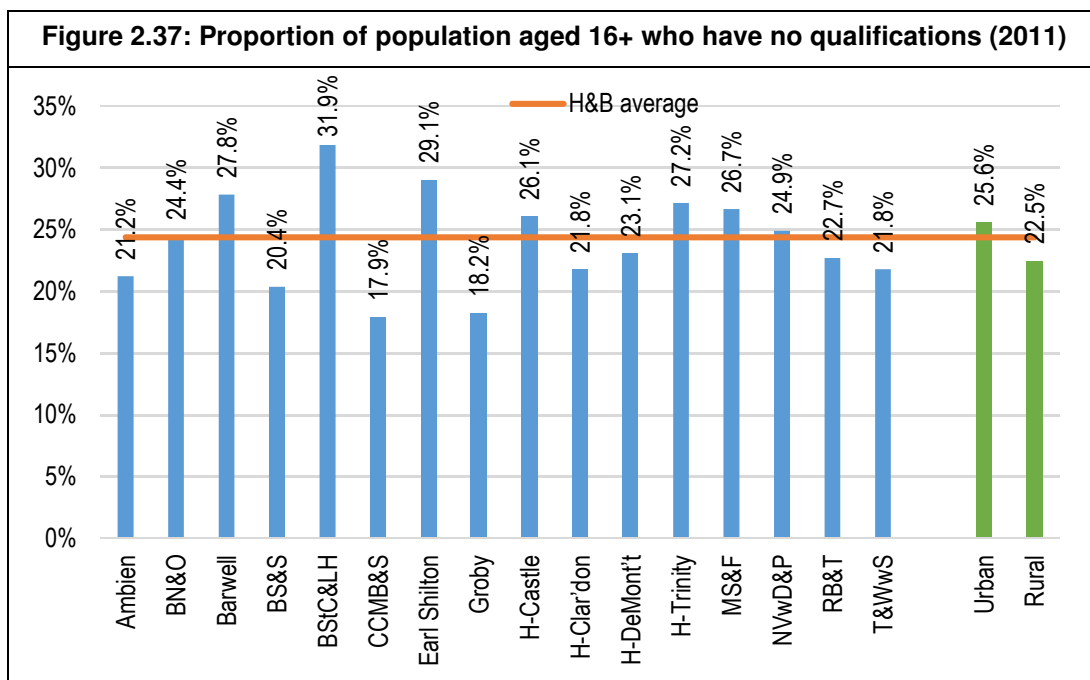
- 2.39 The table below shows the level of qualifications in the population aged 16 and over. Generally, this suggests that Hinckley & Bosworth has a similarly well-qualified population than other areas. Compared with England as a whole however, there is a slightly higher proportion with no qualifications and a relatively low proportion at Level 4 and above (degree level).

Figure 2.36: Qualifications (2011) – population aged 16 and over

	Hinckley & Bosworth		Leicester-shire	East Midlands	England
	Popul-ation	% of popul-ation	% of popul-ation	% of popul-ation	% of popul-ation
No qualifications	21,089	24.4%	24.2%	24.7%	22.5%
Level 1 qualifications	12,342	14.3%	13.2%	13.9%	13.3%
Level 2 qualifications	13,895	16.1%	14.5%	15.6%	15.2%
Apprenticeship	4,144	4.8%	3.9%	4.0%	3.6%
Level 3 qualifications	10,733	12.4%	13.5%	12.9%	12.4%
Level 4 qualifications and above	20,803	24.1%	24.5%	23.6%	27.4%
Other qualifications	3,469	4.0%	6.1%	5.3%	5.7%
TOTAL	86,475	100.0%	100.0%	100.0%	100.0%

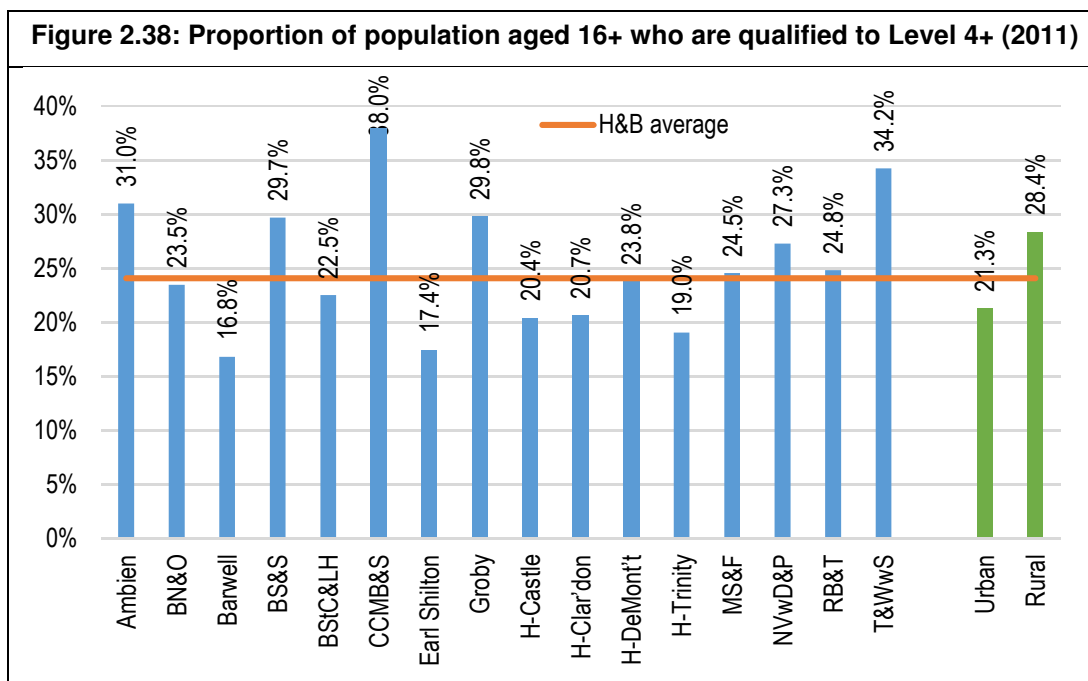
Source: 2011 Census

- 2.40 The figure below shows the proportion of people (aged 16+) who have no qualifications by sub-area. The highest proportions with no qualifications are seen in Burbage St Catherines and Lash Hill (and the lowest in Cadeby, Carlton and Market Bosworth with Shackerstone). People living in Urban areas are slightly more likely than those in Rural locations to have no qualifications.



Source: 2011 Census

- 2.41 A similar analysis (below) focuses on the proportion of the population who are qualified to Level 4 and above (degree level). This shows some difference between areas, with a high proportion of people living in Cadeby, Carlton and Market Bosworth with Shackerstone being qualified to degree level (38%) compared with Barwell (17%). The Rural population is more likely to have a Level 4 qualification than those living in Urban areas.



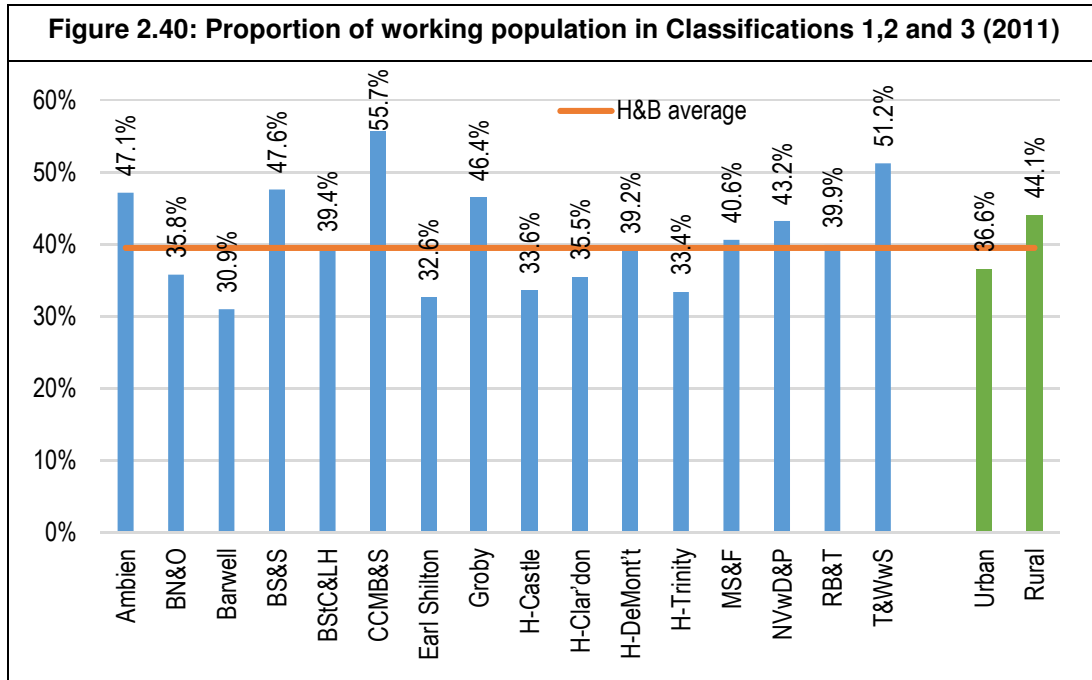
2.42 The final analysis under the economic activity heading looks at the types of occupations undertaken by people who are working – this analysis uses a slightly different base to those above in that it only uses data from people in employment (including self-employed). This analysis suggests that the occupation profile in the Borough does not vary notably from other comparator areas.

Figure 2.39: Occupation group (2011) – working population aged 16 and over

	Hinckley & Bosworth		Leicester-shire	East Midlands	England
	Population	% of population	% of population	% of population	% of population
1: Managers, directors and senior officials	6,390	11.9%	10.4%	10.6%	10.9%
2: Professional occupations	8,305	15.4%	15.9%	15.2%	17.5%
3: Associate professional and technical occupations	6,536	12.2%	11.4%	11.3%	12.8%
4: Administrative and secretarial occupations	6,548	12.2%	11.2%	10.9%	11.5%
5: Skilled trades occupations	6,814	12.7%	11.5%	12.2%	11.4%
6: Caring, leisure and other service occupations	4,795	8.9%	9.1%	9.5%	9.3%
7: Sales and customer service occupations	3,868	7.2%	8.5%	8.4%	8.4%
8: Process, plant and machine operatives	4,498	8.4%	9.4%	9.3%	7.2%
9: Elementary occupations	6,020	11.2%	12.5%	12.7%	11.1%
TOTAL	53,774	100.0%	100.0%	100.0%	100.0%

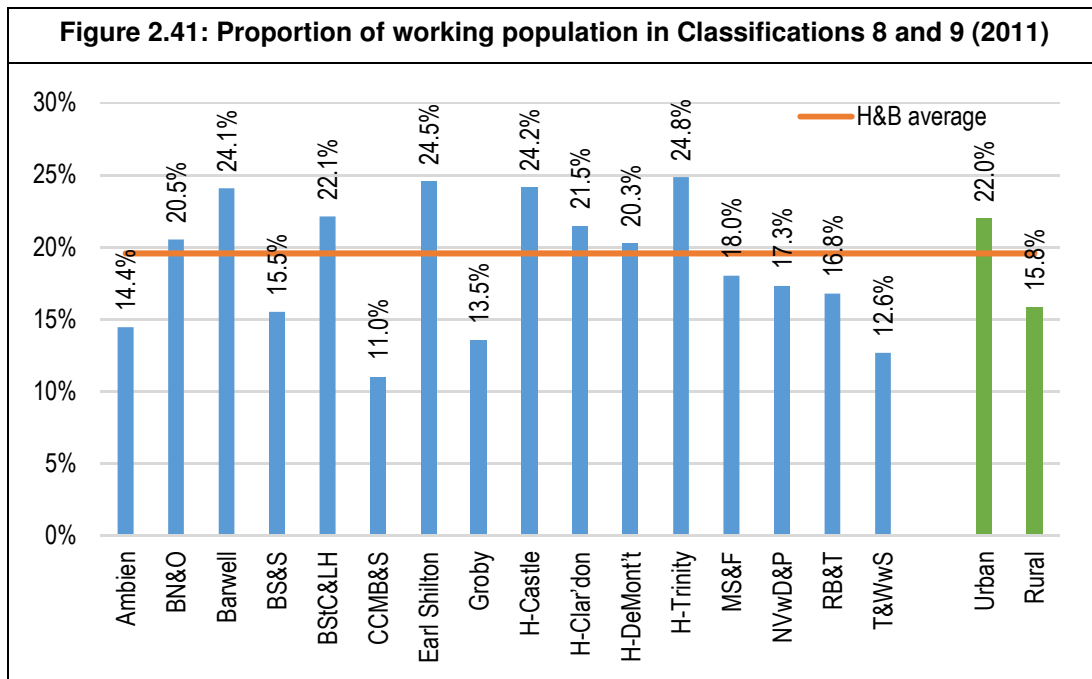
Source: 2011 Census

2.43 The figure below shows the proportion of workers (aged 16+) who are in the three highest classification bands by sub-area. The analysis shows that 56% of people who live in Cadeby, Carlton and Market Bosworth with Shackerstone are classified as working in bands 1 to 3, compared with 31% in Barwell. There is also a notable difference between Urban and Rural areas with those in more rural locations being more likely to be employed in Occupation Classifications 1,2 and 3.



Source: 2011 Census

2.44 A similar analysis (below) focuses on the proportion of the working population who are in the two lowest classifications (8 and 9). This typically shows the opposite pattern to that found above with higher proportions being seen in Urban areas for example. The proportion of working people in classifications 8 and 9 varies from 11% (Cadeby, Carlton and Market Bosworth with Shackerstone), up to 25% in Hinckley Trinity.



Source: 2011 Census

Hinckley and Bosworth Borough Profile: Key Messages

- A range of variables have been considered to look at the profile of the population and housing in the Borough (and for the sixteen wards). Key variables have looked at population, household characteristics, housing profile and the economic profile of residents.
- The analysis identifies a relatively old population age structure across many areas of the Borough and a population increase over the 2007-17 period of around 8%. There has been only a modest increase in the number of people aged under 65 and a notable growth in the population aged 65 and over – increasing by 38% in the decade to 2017. Due to the population profile, household types are to some extent concentrated in older age groups; as of 2011, 22% of all households in the Borough were entirely composed of people aged 65 and over. The Borough sees a relatively low proportion of single, younger person households and also lone parents.
- The tenure profile of the Borough sees a relatively large proportion of owner-occupiers and a small private rented sector. Between 2001 and 2011, the number of owners with a mortgage declined by 8%, whilst the private rented sector increased by 128%; this may reflect the difficulties faced by younger households in accessing market housing to buy.
- The dwelling stock in the Borough is predominantly of larger homes, with a greater average number of bedrooms and a high proportion of detached homes. There are however notable differences across areas, with only 33% of the stock in Urban areas being detached, compared with a figure of 47% in Rural locations.
- Overcrowding in the Borough (and across sub-areas) is low, and there is a significant level of under-occupation (43% of all households have at least two spare bedrooms). The economic profile of the Borough looks to be fairly average; although unemployment is low and there are a relatively high proportion of people who are retired. The data also suggests that the population is similarly qualified (in academic terms) to that seen in other locations.
- Looking across the sixteen sub-areas (wards) of the Borough, there are some notable differences between locations. Looking widely at Urban versus Rural areas, there are also notable differences. Some key findings include a higher proportion of lone parent households in Urban areas, lower levels of social rented housing in Rural areas and slightly higher unemployment in Urban locations.
- Overall, the analysis identifies Hinckley & Bosworth as having many similar characteristics to other areas (when compared with other local, regional and national areas). This conclusion also holds true when looking at broad Urban/Rural sub-areas, although there are clearly some locational differences when drilling down to smaller areas (e.g. wards). Overall, the analysis does not imply that there are any strong reasons to suggest different policy responses in different locations.

3. Demographic Trends and Housing Need Projections

Introduction

- 3.1 This section of the report considers demographic trends, in particular looking at past trends in population growth and future projections. The analysis draws on the 2016-based subnational population projections (SNPP) and the 2016-based household projections (SNHP) – both ONS data releases. The analysis also looks at the most recent population estimates (again from ONS) which date to mid-2017.
- 3.2 Consideration is also given to the 2014-based SNHP, as these projections are used by the Ministry of Housing, Communities and Local Government (MHCLG) as part of the Standard Method for assessing housing need. This section initially sets out the housing need using the Standard Method and then develops projections that can be used for subsequent analysis in the report. In looking at projections this report covers a 20-year period from 2016 to 2036 – this is a consistent time period to the emerging Local Plan.

Housing Need and the Standard Method

- 3.3 Planning Practice Guidance (PPG) on Housing Need Assessment sets out a standard method to be used in calculating a housing need. The PPG then sets out a three-step process.
- 3.4 The first step is to establish a demographic baseline of household growth; this is to be taken directly from published household projections and should be the annual average household growth over a 10-year period. In this report, the 10-year period is taken to be 2019 to 2029.
- 3.5 The second step of the proposed methodology seeks to adjust the demographic baseline on the basis of market signals. The adjustment increases the housing need where house prices are high relative to workplace incomes. This uses the published median affordability ratios from ONS based on workplace-based median house price to median earnings ratio for the most recent year for which data is available (2018 at the time of writing).
- 3.6 Specifically, the PPG says that *‘for each 1% increase in the ratio of house prices to earnings, where the ratio is above 4, the average household growth should be increased by a quarter of a per cent’*. The equation to work out the adjustment factor is as follows:

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

- 3.7 As an example, if the workplace affordability ratio in an area was 8.00; i.e. median house prices were eight times the median earnings of those working in the area, then the adjustment would be 0.25 or 25%. This is calculated as follows: $(8 - 4) / 4 \times 0.25$.

- 3.8 The final step in the proposed standard method is to possibly cap the market signals uplift. There are two situations where a cap is applied. The first is where an authority has reviewed their plan (including developing an assessment of housing need) or adopted a plan within the last five years. In this instance the need may be capped at 40% above the requirement figure set out in the plan. The second situation is where plans and evidence is more than five years old. In such circumstances a cap may be applied at 40% of the higher of the projected household growth or the housing requirement in the most recent plan (where this exists).
- 3.9 In October 2018, MHCLG published a technical consultation on updates to national planning policy and guidance – the main part of this document was around the Standard Method for assessing housing need. Essentially, whilst Planning Practice Guidance had previously recommended using the latest evidence where possible, the consultation document suggested setting aside the latest (2016-based) household projections in preference for the previous (2014-based) set.
- 3.10 The reason for this is that (at least at a national level) the 2016-based SNHP show a much lower level of household growth (and hence housing need). The Government has decided *'it is not right to change its aspirations'* for housing supply to take account of the lower figures and has therefore proposed to continue using data from the older projections to inform housing need. In the NPPF (and related PPG) of February/July 2019, it was confirmed that the Standard Method should be linked to the older (2014-based) SNHP.
- 3.11 The table below therefore sets out a calculation of the need under the proposed Standard Method. The analysis shows a need for 457 dwellings per annum using the 2014-based SNHP. The table also shows what the figures would be if capped at 40%, however, this capping is not relevant to Hinckley & Bosworth given that the 'uplift' is below this level.

Figure 3.1: MHCLG Standard Method Housing Need Calculations	
	Hinckley & Bosworth
Households 2019	48,586
Households 2029	52,406
Change in households	3,820
Per annum change	382
Affordability ratio (2018)	7.14
Uplift to household growth	20%
Total need (per annum)	457
Capped	NA

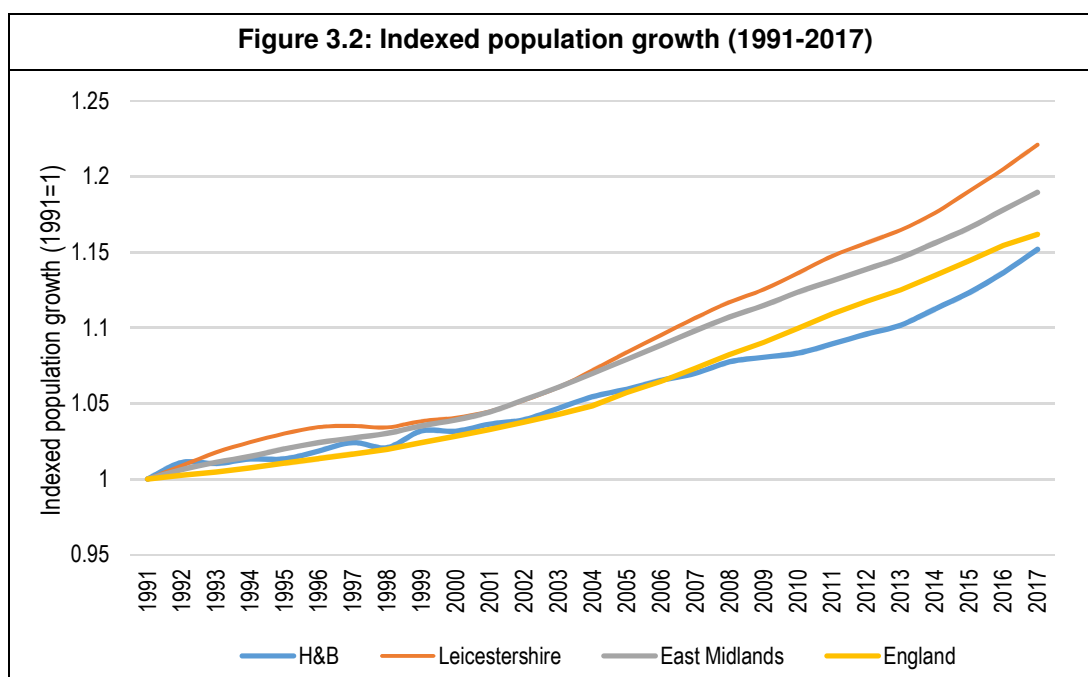
Source: Derived from ONS data

Demographic Trends

- 3.12 The analysis below looks at some key statistics about demographic trends in H&B; particularly focussing on past population growth and the reasons for changes (components of change). This information is provided to help give some context for analysis to follow.

Past Population Growth

- 3.13 The figure below considers population growth in the period from 1991 to 2017. The analysis shows that generally over this period the population of H&B has been rising, with particularly strong growth since about 2012. In 2017, it is estimated that the population of the Borough had risen by 15% from 1991 levels, this is in contrast with a 22% increase across the County, a 19% rise across the region and a 16% increase nationally.



Source: ONS (mid-year population estimates)

Components of Population Change

- 3.14 The table below considers the drivers of population change 2001 to 2017. The main components of change are natural change (births minus deaths), net migration (internal/domestic and international) and other changes. There is also an Unattributable Population Change (UPC) which is a correction made by ONS upon publication of Census data if population has been under- or over-estimated.
- 3.15 The data shows a small level of natural change throughout the period (increasing until about 2007-10 but subsequently falling slightly). Internal migration has been quite variable – but positive in all years; the last five years for which data is available does show relatively strong net movement from other parts of the Country. International migration is also variable, although the data does suggest a positive net level for most years over the past decade. The data also shows a negative level of UPC, suggesting that between 2001 and 2011, ONS may have overestimated population growth within population estimates (and this was corrected once Census data had been published).

Figure 3.3: Components of population change, mid-2001 to mid-2017 – H&B

	Natural change	Net internal migration	Net international migration	Other changes	Other (unattributable)	Total change
2001/2	61	394	-74	-5	-96	280
2002/3	28	793	-10	3	-86	728
2003/4	63	722	42	3	-87	743
2004/5	74	471	39	-7	-99	478
2005/6	115	366	173	0	-89	565
2006/7	121	342	84	-4	-89	454
2007/8	209	532	87	6	-105	729
2008/9	219	122	67	-9	-105	294
2009/10	172	212	-27	-3	-93	261
2010/11	261	305	113	2	-87	594
2011/12	298	344	-8	-6	0	628
2012/13	179	343	22	27	0	571
2013/14	189	760	89	-5	0	1,033
2014/15	142	826	71	4	0	1,043
2015/16	108	1,055	106	9	0	1,278
2016/17	189	1,236	73	-9	0	1,489

Source: ONS

2016-based Subnational Population Projections (SNPP)

- 3.16 The latest (2016-based) set of subnational population projections (SNPP) were published by ONS in May 2018 (replacing a 2014-based release). The projections provide estimates of the future population of local authorities, assuming a continuation of recent local trends in fertility, mortality and migration which are constrained to the assumptions made for the 2016-based national population projections.
- 3.17 The 2016-based SNPP contain a number of assumptions that have been changed from the 2014-based version, these assumptions essentially filtering down from changes made at a national level. The key differences are:
- ONS' long-term international migration assumptions have been revised downwards to 165,000 per annum (beyond mid-2022) compared to 185,000 in the 2014-based projections. This is based on a 25-year average;
 - The latest projections assume that women will have fewer children, with the average number of children per woman expected to be 1.84 compared to 1.89 in the 2014-based projections; and
 - ONS is no longer assuming a faster rate of increase in life expectancy of those born between 1923 and 1938, based essentially on more recent evidence. Life expectancy still increases, just not as fast as previously projected.

- 3.18 The table below shows projected population growth from 2016 to 2036 in H&B and a range of comparator areas. The data shows that the population of the Borough is projected to increase by around 13%; this is similar to the rate of growth projected across the County (including Leicester City) but higher than in the other comparator areas. The projected growth will reflect the higher levels of migration and population growth seen in the Borough in the period to 2016.

	Population 2016	Population 2036	Change in population	% change
H&B	109,881	124,184	14,303	13.0%
Leicestershire	1,029,979	1,167,365	137,386	13.3%
East Midlands	4,725,390	5,223,674	498,284	10.5%
England	55,268,067	60,905,483	5,637,416	10.2%

Source: ONS

- 3.19 With the overall change in the population will also come changes to the age profile. The table below summarises findings for key (5 year) age groups. The largest growth will be in people aged 65 and over. In 2036 it is projected that there will be 34,500 people aged 65 and over. This is an increase of 11,100 from 2018, representing growth of 47%. The population aged 85 and over is projected to increase by an even greater proportion, 114%. Looking at the other end of the age spectrum the data shows that there is projected to be a modest increase in the number of children (those aged Under 15), with increases or decreases shown for other age groups.

Figure 3.5: Population change 2016 to 2036 by five-year age bands – H&B (2016-based SNPP)

	Population 2016	Population 2036	Change in population	% change from 2016
Under 5	6,063	5,982	-81	-1.3%
5-9	6,167	6,436	269	4.4%
10-14	5,961	6,864	903	15.1%
15-19	5,864	6,495	631	10.8%
20-24	5,149	5,427	278	5.4%
25-29	6,311	6,440	129	2.0%
30-34	6,240	6,273	33	0.5%
35-39	6,482	6,954	472	7.3%
40-44	7,017	7,845	828	11.8%
45-49	8,432	8,149	-283	-3.4%
50-54	8,449	7,810	-639	-7.6%
55-59	7,490	7,466	-24	-0.3%
60-64	6,892	7,581	689	10.0%
65-69	7,734	8,545	811	10.5%
70-74	5,817	8,126	2,309	39.7%
75-79	4,101	6,603	2,502	61.0%
80-84	2,855	5,059	2,204	77.2%
85+	2,857	6,126	3,269	114.4%
Total	109,881	124,184	14,303	13.0%

Source: ONS

- 3.20 As noted previously, the Government has amended the Standard Method so that the 2016-based SNHP are disregarded in favour of using the 2014-based version as a start point. There is some good logic for this as the 2016-based projections do seem to potentially be building in additional suppression of household formation (discussed below), however, it is considered that the 2016-based SNPP (i.e. the population data) should not be so readily disregarded – this is particularly because of the changes made to fertility and mortality rates which reflect observed recent trends.
- 3.21 Therefore, in moving the analysis forward, it is suggested that the most suitable approach is to maintain the 2016-based SNPP as a baseline projection and amend migration estimates so that the level of need matches that shown in the Standard Method (for 457 dwellings per annum across the Borough area). Further adjustments are made to household formation to ensure a consistent projection with the LHN.

Household Representative Rates (Household Formation)

- 3.22 Having studied the population size, the next step in the process is to convert this information into estimates of the number of households in the area. To do this the concept of household representative rates (HRR) is used. HRRs can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)).

- 3.23 The latest HRRs are as contained in the ONS 2016-based subnational household projections (SNHP) – these were published in September 2018. It would be fair to say that the 2016-based SNHP have come under some criticism, this is largely because they are based only on data in the 2001-11 Census period and arguably build in the suppression of household formation experienced in that time. The previous (2014-based) projections used a longer time-series (all Census points back to 1971) and therefore do cover a wider housing market cycle.
- 3.24 Because of the criticisms of the 2016-based SNHP, and the fact that these have driven the Government to consult on reviewing the Standard Method (which is directly linked to official household projections) it is considered prudent in this report to look at both the 2016- and 2014-based figures.
- 3.25 The figure below compares HRRs in the 2014- and 2016-based SNHP – the figures are essentially the proportion of a particular age group that is considered to be the 'head of household' (HRP as described above). Overall, the analysis would suggest that the 2016-based figures are not really building in any more suppression than the 2014-based figures – this being a different observation to that typically seen nationally. Indeed, there really is little evidence of suppression in the 25-34 and 35-44 age groups in the 2016-based figures – these being the key age groups when looking at suppressed household formation.
- 3.26 Looking at some of the older age groups, it can be seen that the 2016-based SNHP are projecting for there to be some increases in HRRs (particularly the 85 and over group). Whilst an increase is possible (and does appear to be the trend) it is thought that overall HRRs for older groups are actually more likely to fall over time. This is due to improving mortality rates and therefore the likelihood that households will remain as couples for longer. The 2014-based figures do show a decrease in the HRRs for older age groups and are arguably therefore more realistic.
- 3.27 Overall, whilst the 2016-based figures do not appear to be building in any more suppression than the 2014-based data, it is considered when looking more widely across all age groups that the 2014-based data may be more realistic. The 2014-based data has therefore been taken forward into the modelling, using this data does also have the advantage of being able to be used to develop alternative scenarios – these are discussed later.

Figure 3.6: Projected Household Representative Rates by age of head of household – H&B



Source: Derived from ONS and CLG data

3.28 As well as looking at the 2014-based SNHP, a sensitivity test has been developed to look at an alternative approach to HRRs. In this sensitivity, a 'part-return-to-trend' analysis has been developed, where the rate of household formation sits somewhere between figures in the 2014-based projections and those in an older 2008-based version. This approach was widely used prior to the 2016-based SNHP being published and was an approach previously suggested by the Local Plans Expert Group (LPEG). Therefore, three HRR scenarios have been used as described below:

- Linking directly to 2016-based SNHP – 2016-SNHP HRRs;
- Linking directly to 2014-based SNHP – 2014-SNHP HRRs; and
- Linking to the 2014-based SNHP but with a part-return to previous trends for the 25-34 and 35-44 age groups – 2014-PRT

Household Growth and Housing Need

3.29 The table below shows estimates of household growth with each of the three HRR scenarios, the table also shows an estimate of the number of additional dwellings expected to be needed. All of the figures link to population growth in the 2016-based SNPP – as previously discussed this looks to be a reasonable projection, taking account of reasonable alternatives.

3.30 To convert households into dwellings the analysis includes an uplift to take account of vacant homes. For the purposes of analysis, it has been assumed that the number of vacant homes in new stock would be 3% higher than the number of occupied homes (which is taken as a proxy for households) and hence household growth figures are uplifted by 3% to provide an estimate of housing need. This figure is a fairly standard assumption when looking at vacancy rates in new stock and will allow for movement within the housing stock.

3.31 The analysis below shows the housing need outputs when linked to the 2016-based SNPP (for illustrative purposes). This shows an overall housing need for 455 dwellings per annum (dpa) across the Borough when using the 2016-based SNHP as the underlying household projection. This figure decreases to 396 dpa with the previous HRR figures, using a part-return to trend methodology, the need sits somewhere between these two (409 dwellings per annum).

Figure 3.7: Projected housing need – range of household representative rate assumptions – H&B (linked to 2016-based SNPP)					
	Households 2016	Households 2036	Change in households	Per annum	Dwellings (per annum)
2016-SNHP HRRs	48,004	56,830	8,826	441	455
2014-SNHP HRRs	47,677	55,370	7,692	385	396
Part-return to trend	47,677	55,614	7,937	397	409

Source: Demographic projections

3.32 Given the criticisms that have been made of the 2016-based SNHP it is considered that drawing conclusions about the level of housing need linked to official population projections are more robustly based on looking at the previous set of SNHP. These earlier projections looked at longer term trends in household formation and are therefore less likely to build in any of the suppression/constraints faced by households since the early 1990s. However, including a further adjustment to take a more positive view about household formation is considered prudent and therefore it is concluded that the most robust approach to household representative rates is a scenario using 2014-based figures with a part-return to 2008-based figures.

Developing a Standard Method Projection

3.33 Earlier in this section it has been calculated that the Standard Method would lead to a housing need of 457 dwellings per annum. It can be seen from the analysis above, that even by taking a fairly positive approach to HRRs (part-return to trend) there would not be the level of household growth required to fill this number of homes. Therefore, a final scenario has been developed which increases migration to the Borough such that there is sufficient population for 457 additional homes each year.

3.34 Within the modelling, migration assumptions have been changed so that across the Borough the increase in households matches the Standard Method housing need (including a 3% vacancy allowance). 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%). In summary the method includes the following assumptions:

- Base population in 2017 from the latest mid-year population estimates;
- Household representative rates from the 2014-based SNHP 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

3.35 In developing this projection, a notably higher level of population growth is derived (17,100 additional people compared with 14,300 in the SNPP as published). The age structure of the two projections is also somewhat different, with the projection linked to the Standard Method showing much stronger growth in what might be considered as 'working-age' groups. This arises due to the fact that ONS data shows that migrants are heavily concentrated in those age groups (along with their associated children). The table below shows the age structure of the population projected to be consistent with delivery of 457 dwellings per annum over the 20-years to 2036.

Figure 3.8: Population change 2016 to 2036 by five-year age bands – H&B (linked to delivery of 457 dwellings per annum)

	Population 2016	Population 2036	Change in population	% change from 2016
Under 5	6,063	6,205	142	2.3%
5-9	6,167	6,683	516	8.4%
10-14	5,961	7,096	1,135	19.0%
15-19	5,864	6,693	829	14.1%
20-24	5,149	5,618	469	9.1%
25-29	6,311	6,637	326	5.2%
30-34	6,240	6,436	196	3.1%
35-39	6,482	7,236	754	11.6%
40-44	7,017	8,064	1,047	14.9%
45-49	8,432	8,386	-46	-0.5%
50-54	8,449	7,998	-451	-5.3%
55-59	7,490	7,516	26	0.3%
60-64	6,892	7,725	833	12.1%
65-69	7,734	8,614	880	11.4%
70-74	5,817	8,175	2,358	40.5%
75-79	4,101	6,645	2,544	62.0%
80-84	2,855	5,079	2,224	77.9%
85+	2,857	6,195	3,338	116.8%
Total	109,881	127,002	17,121	15.6%

Source: ONS

- 3.36 In much of the analysis to follow in this report, reference is made to the Standard Method projection (as derived above). This projection is used to understand the potential impact of future population growth on various aspects of the analysis; including affordable housing need and estimates of the need for specialist accommodation for older people.

The Link Between Housing and Economic Growth

- 3.37 Before the Standard Method, and under the previous PPG, it was conventional for assessments such as this to consider the link between housing and economic growth. This generally took the form of establishing likely future job growth and then testing what level of population growth (and hence household growth/housing need) would be required for the two to be aligned. Whilst this step is not necessary for the purposes of LHN, it is of interest to estimate what level of job growth the projections might support.

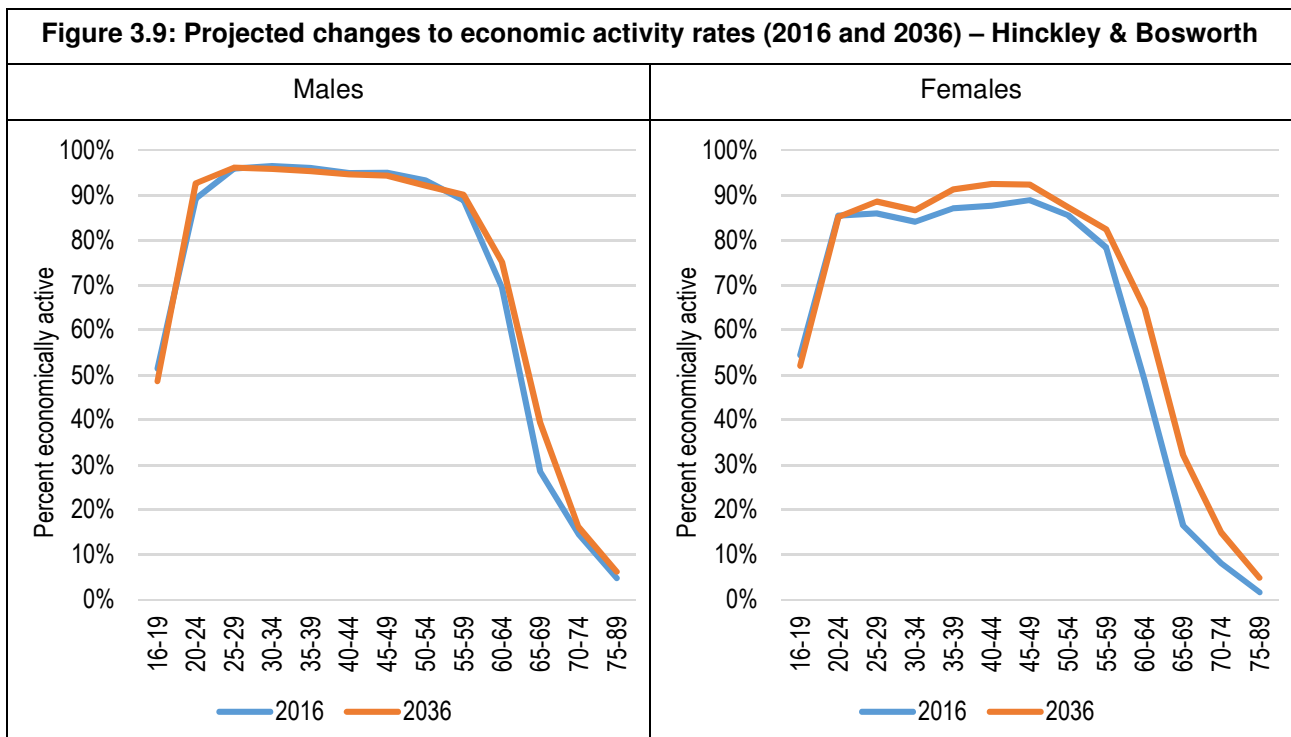
3.38 To look at estimates of the job growth to be supported, a series of stages are undertaken. These can be summarised as:

- Estimate changes to the economically active population (this provides an estimate of the change in labour-supply)
- Overlay information about commuting patterns, double jobbing (i.e. the fact that some people have more than one job) and potential changes to unemployment.
- Bringing together this information will provide an estimate of the potential job growth supported by the population projections

Growth in Resident Labour-Supply

3.39 The approach taken in this report is to derive a series of age and sex specific economic activity rates and use these to estimate how many people in the population will be economically active as projections develop. This is a fairly typical approach with data being drawn in this instance from the Office for Budget Responsibility (OBR) – July 2018 (Fiscal Sustainability Report).

3.40 The figure and table below show the assumptions made. The analysis shows that the main changes to economic activity rates are projected to be in the 60-69 age groups – this will to a considerable degree link to changes to pensionable age, as well as general trends in the number of older people working for longer (which in itself is linked to general reductions in pension provision).



Source: Based on OBR and Census (2011) data

Figure 3.10: Projected changes to economic activity rates (2016 and 2036) – Hinckley & Bosworth						
	Males			Females		
	2016	2036	Change	2016	2036	Change
16-19	51.4%	48.6%	-2.8%	54.4%	52.1%	-2.3%
20-24	89.2%	92.7%	3.5%	85.4%	85.2%	-0.3%
25-29	95.9%	96.1%	0.2%	85.9%	88.6%	2.7%
30-34	96.5%	95.9%	-0.7%	84.1%	86.6%	2.6%
35-39	96.1%	95.4%	-0.7%	87.1%	91.3%	4.2%
40-44	94.9%	94.6%	-0.3%	87.6%	92.5%	4.9%
45-49	95.0%	94.3%	-0.7%	88.9%	92.3%	3.4%
50-54	93.3%	92.1%	-1.2%	85.5%	87.3%	1.8%
55-59	88.8%	90.1%	1.2%	78.3%	82.4%	4.1%
60-64	69.4%	75.2%	5.7%	48.8%	64.8%	16.0%
65-69	28.6%	39.4%	10.9%	16.5%	32.2%	15.7%
70-74	14.6%	16.1%	1.5%	8.1%	15.0%	6.9%
75-89	4.8%	6.2%	1.5%	1.7%	4.9%	3.2%

Source: Based on OBR and Census (2011) data

- 3.41 Working through an analysis of age and sex specific economic activity rates it is possible to estimate the overall change in the number of economically active people in the Borough – this is set out in the table below. The analysis shows that there would be a notable increase in the economically active population for all of the demographic scenarios; linking to the Standard Method (457 dwellings per annum) the analysis shows a particularly strong positive change (increasing by 7,100 people – 12%).

Figure 3.11: Estimated change to the economically active population (2016-36) – Hinckley & Bosworth			
	Economically active (2016)	Economically active (2036)	Total change in economically active
2016-based SNPP	58,916	64,411	5,495
Linked to 457 dpa	58,916	66,024	7,108

Source: Derived from demographic projections

Linking Changes to Resident Labour Supply and Job Growth

3.42 The analysis above has set out potential scenarios for the change in the number of people who are economically active. However, it is arguably more useful to convert this information into an estimate of the number of jobs this would support. The number of jobs and resident workers required to support these jobs will differ depending on three main factors:

- Commuting patterns – where an area sees more people out-commute for work than in-commute it may be the case that a higher level of increase in the economically active population would be required to provide a sufficient workforce for a given number of jobs (and vice versa where there is net in-commuting);
- Double jobbing – some people hold down more than one job and therefore the number of workers required will be slightly lower than the number of jobs; and
- Unemployment – if unemployment were to fall then the growth in the economically active population would not need to be as large as the growth in jobs (and vice versa).

Commuting Patterns

3.43 The table below shows summary data about commuting to and from Hinckley & Bosworth from the 2011 Census. Overall the data shows that the Borough sees a notable level of out-commuting for work with the number of people resident in the area who are working being about 26% higher than the total number who work in the area. This number is shown as the commuting ratio in the final row of the table and is calculated as the number of people living in an area (and working) divided by the number of people working in the area (regardless of where they live).

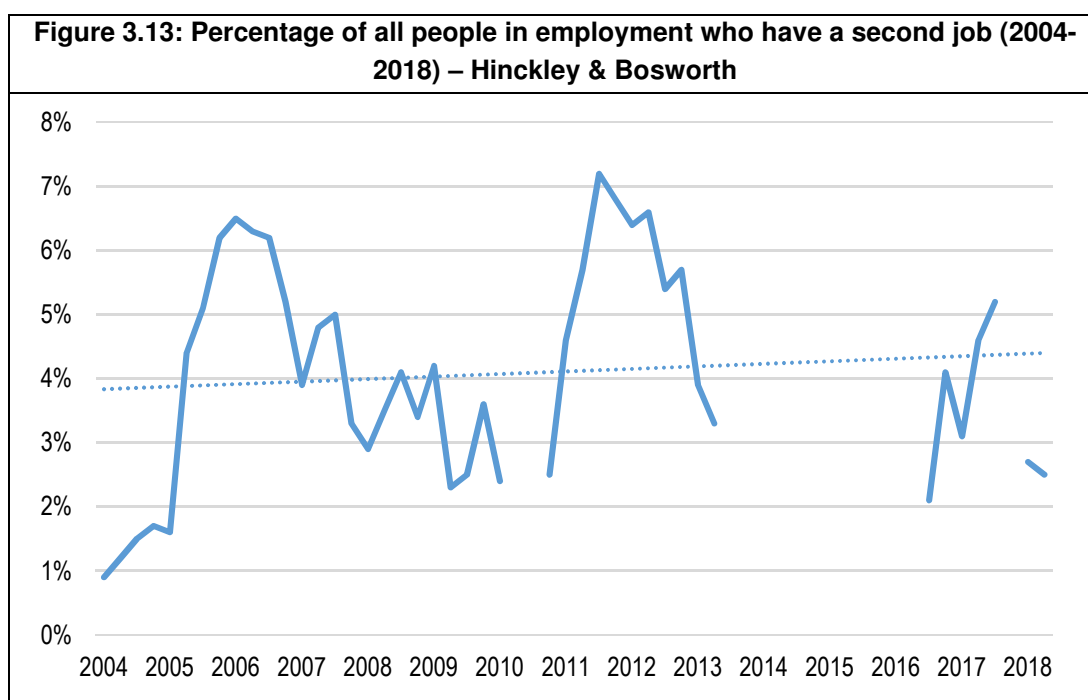
Figure 3.12: Commuting patterns in Hinckley & Bosworth	
	Number of people
Live and work in Local Authority (LA)	17,419
Home workers	5,915
No fixed workplace	3,760
In-commute	15,730
Out-commute	26,971
Total working in LA	42,824
Total living in LA (and working)	54,065
Commuting ratio	1.262

Source: 2011 Census

3.44 In translating the commuting pattern data into growth in the labour-force, a core assumption is that the commuting ratio remains at the same level as shown by the 2011 Census. It is arguable that some changes to the commuting ratio could be modelled and indeed the previous HEDNA did build in changes to commuting based on analysis from Oxford Economics. However, keeping the ratio constant is considered to be a reasonably balanced approach to use, but it does mean that estimates of potential job growth should be treated with some degree of caution.

Double Jobbing

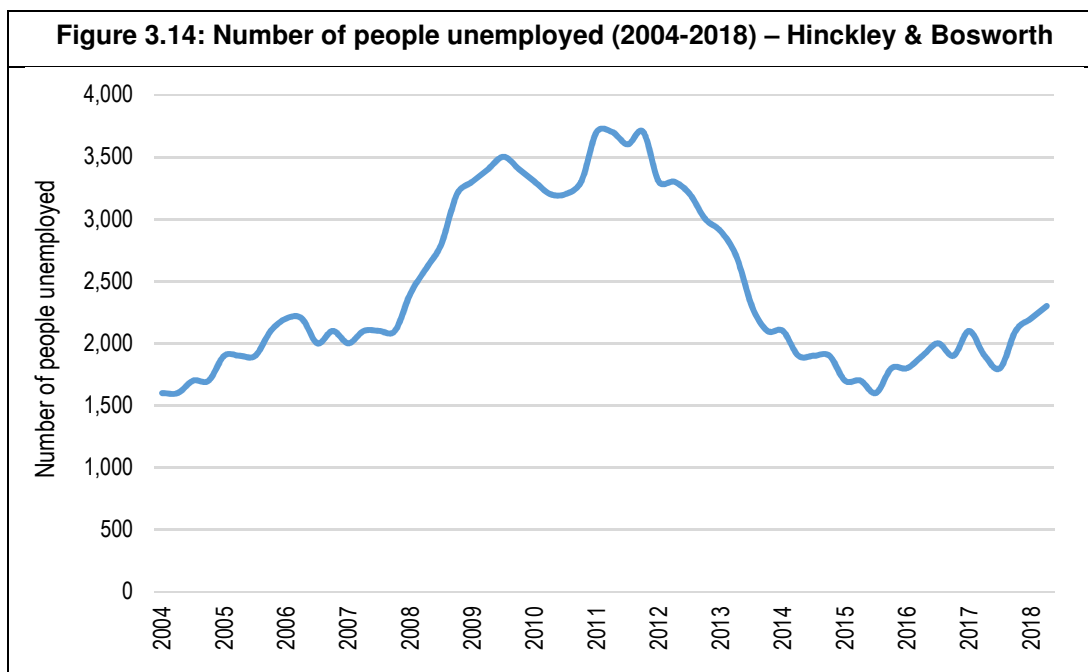
- 3.45 The analysis also considers that a number of people may have more than one job (double jobbing). This can be calculated as the number of people working in the local authority divided by the number of jobs. Data from the Annual Population Survey (available on the NOMIS website) suggests across the Borough that typically between about 4.1% of workers have a second job – levels of double jobbing have been variable over time (mainly due to the accuracy of data at a local level) although it does appear to be in a slight upward direction.



- 3.46 For the purposes of this assessment it has been assumed that around 4.1% of people will have more than one job moving forward. A double jobbing figure of 4.1% gives rise to a ratio of 0.959 (i.e. the number of jobs supported by the workforce will be around 4.1% higher than workforce growth). It has been assumed in the analysis that the level of double jobbing will remain constant over time, although the apparent upward trend should be noted.

Unemployment

- 3.47 The last analysis when looking at the link between jobs and resident labour supply is a consideration of unemployment. Essentially, this is considering if there is any latent labour force that could move back into employment to take up new jobs. The figure below shows the number of people who are unemployed and how this has changed back to 2004. The analysis shows a clear increase in unemployment until about 2012 and that since 2012, the number of people unemployed has dropped notably – by 2016, the number of unemployed people was roughly at the level observed in 2004 (albeit increasing slightly in the 2016-18 period). This would indicate that there may be limited scope for further improvements and for the purposes of analysis in this report it has been assumed that there are no changes to the number of people who are unemployed moving forward from 2016 to 2036.



Source: Annual Population Survey (modelled unemployment data)

Jobs Supported by Growth in the Resident Labour Force

3.48 The table below shows how many additional jobs might be supported by population growth under each of the demographic scenarios. For both of the scenarios the number of jobs supported would be strongly positive. Looking at linking to an LHN of 457 dwellings per annum, it is concluded that around 5,900 additional jobs could be supported.

	Total change in economically active	Allowance for net out-commuting	Allowance for double jobbing (= jobs supported)
2016-based SNPP	5,495	4,353	4,538
Linked to 457 dpa	7,108	5,631	5,870

Source: Derived from a range of sources as described

3.49 Attempts to link housing delivery with estimates of the number of jobs supported should be treated with some caution, not least because there are a number of assumptions made which do have alternatives (e.g. the choice of economic activity rate data and possible changes to commuting dynamics). Additionally, it should be noted that the Standard Method projection is partly arrived at by improving household formation, alternatively it could be assumed that additional housing delivery will drive a higher level of in-migration; this in turn would see estimates of labour-supply growth increase.

3.50 The overall conclusion from this analysis should be that the projected levels of population growth would support a notable increase in jobs. However, caution should be exercised when looking at the precise figures due to the number of assumptions being made.

- 3.51 The analysis is essentially a 'business as usual' scenario (particularly with regard to holding commuting patterns constant at 2011 levels) and does not take account of any significant changes that might happen in the future. For Hinckley & Bosworth, it is possible that the Hinckley National Rail Freight Interchange could have some impact on jobs, labour supply and the need/demand for housing moving forward.
- 3.52 The impact of the Rail Freight Interchange should be considered separately from the analysis in this report; not least because the creation of a significant number of jobs in a single location may have a substantial impact on commuting patterns that would need to be understood if trying to link this to housing requirements.

Sub-area Projections

- 3.53 The projections presented in this section have looked at housing needs for the whole of the Borough. It is also of use to develop these at a smaller-area level. However, it should be stressed that these should not be considered as figures that should be delivered; the exact locations of housing will in part be determined by land availability. The figures in this section should therefore only be considered as indicative.
- 3.54 The methodology to look at smaller-area projections has built on the Borough-wide projections, which in turn draw on a range of published population and household data. Within the modelling it is broadly assumed that a proportional increase in population in any age/sex category across the Borough will also occur at a smaller area level. Essentially the methodology works by looking at incremental changes in each age and sex band (for each year of each projection) and applies this to the local population. For example, if a particular age/sex group is projected to increase by 10% Borough-wide then the methodology will assume a similar level of population growth for that particular group at a smaller area level.
- 3.55 The methodology used to assign the population change figures to smaller areas is therefore based on overall change Borough-wide (by age and sex) applied to the demographic profile of the local population. This methodology takes account of past trends in fertility, mortality and migration to the extent that these will have shaped the current population profile (with such trends likely to shape the future population).
- 3.56 At a local level, the start point for population is the latest mid-year population estimates (for 2017) whilst estimates of the number of households and household growth are adjusted from the base position by using 2011 Census data about the communal population and age/sex specific household representative rates. This should ensure that estimates of both population and households are in-line with the local position.

3.57 Two scenarios have been run; the first links to an LHN of 457 dwellings per annum and secondly to determine the level of housing growth needed such that the working-age population of an area does not decline (for the purposes of this analysis working-age is taken to be the population aged 16-64). This has been selected as it arguably provides an indication of what the minimum need for housing might be. Just to confirm, the two scenarios are:

- Linking to an LHN of 457 dwellings per annum; and
- Maintaining a stable working-age population

3.58 The table below shows a summary of all of the scenarios – the figures provided are per annum totals over the full 20-year period (2016-36). The analysis shows some variation in numbers, with the constant working age showing the lowest figures. **Overall, and as noted, caution should be used when interpreting these figures, and they should not be considered as a target for any particular area.**

Figure 3.16: Projected housing need by sub-area (range of demographic scenarios) – H&B

	Linked to 457 dpa	Constant working-age
Ambien	13	9
Barlestone, Nailstone and Osbaston	12	9
Barwell	36	25
Burbage Sketchley and Stretton	41	28
Burbage St Catherines and Lash Hill	32	26
Cadeby, Carlton and Market Bosworth with Shackerstone	18	14
Earl Shilton	41	29
Groby	30	25
Hinckley Castle	28	20
Hinckley Clarendon	30	22
Hinckley De Montfort	45	36
Hinckley Trinity	21	16
Markfield, Stanton and Fieldhead	28	23
Newbold Verdon with Desford and Peckleton	38	30
Ratby, Bagworth and Thornton	29	19
Twycross and Witherley with Sheepy	15	12
Urban	274	202
Rural	183	140
Total	457	343

Source: Demographic projections

3.59 It is possible that the assessed level of housing need (through the Standard Method) will change in the future as the Government reviews its methodology. A different number would impact on the analysis above (and indeed on other analysis developed in this report). However, it is not considered that any changes to the LHN would undermine these figures; for example, the sub-area need shown above (under the 457 dpa scenario) would be expected to roughly translate on a pro rata basis if a different housing need number were used.

Demographic Trends and Housing Need Projections: Key Messages

- Over the past five or more years, assessing the level of housing need has been for individual local authorities (or groups of local authorities) to prepare by following advice in Planning Practice Guidance (PPG). However, the new National Planning Policy Framework (NPPF) of February 2019 has introduced a Standard Method, based on looking at projected household growth and adjustments based on the level of affordability in an area.
- The methodology links to 2014-based subnational household projections (SNHP); this suggests household growth of about 382 per annum, plus an uplift of around 20% for market signals (affordability). Therefore, at present the local housing need (LHN) for the Borough as a whole is for 457 dwellings per annum.
- Although a figure for LHN is essentially given to the Council, it is of use to understand some of the demographic trends underpinning future population and household growth and a range of analysis has been undertaken.
- ONS population data shows that the population of the Borough has been increasing over time, increasing by 15% from 1991 to 2017; this level of growth is lower than seen across other areas, including nationally (16%). Population growth is mainly driven by net in-migration, particularly from other parts of the United Kingdom.
- The latest (2016-based) subnational population projections (SNPP) project that the population of the Borough will increase by about 14,300 people in the period from 2016 to 2036 – population growth is expected to be focussed in older age groups (the population aged 65 and over).
- In converting population growth into household growth (and hence housing need) data from both the 2014- and 2016-based SNHP has been utilised. The older (2014-based) data has been accessed as there are some doubts about the robustness of 2016-based figures; these latest figures are based on short-term trends and it has been argued that they build in a degree of suppression/constraint in the formation of younger households (albeit the evidence of this is not very strong in H&B).
- Focussing only on the 2014-based SNHP with an adjustment for suppressed household formation, it is estimated that the housing need in H&B would be for around 409 dpa. On this basis, it is clear that if 457 dwellings per annum are provided moving forward from 2016, then some increase in net in-migration could be expected. A scenario has been modelled where population growth is sufficient to fill 457 additional homes, this sees an additional 17,100 people in the Borough (2016-36).
- Analysis was undertaken to estimate the number of jobs that would be supported by projected population growth. Including a number of assumptions around economic participation, commuting, double jobbing and unemployment, it was concluded that housing delivery in-line with the Standard Method would be likely to support around 5,900 additional jobs (2016-36) although some caution should be applied to the exact figure due to the assumptions made (e.g. the modelling did not make any assumptions about possible changes to commuting dynamics).
- Finally, analysis has been undertaken to look at the potential need in sub-areas of the Borough. Two scenarios were developed (linking to 457 dpa and maintaining a stable working-age population). Whilst each of the scenarios show a sub-area housing need, caution should be exercised when interpreting the figures, in particular they should not be read as a housing need, in reality the locations of new development will be driven more by land availability than needs at a very localised level.

4. Affordable Housing Need

Introduction

- 4.1 Affordable housing is defined in Annex 2 of the National Planning Policy Framework (NPPF). The NPPF definition is slightly wider than the previous NPPF definition; in particular a series of 'affordable home ownership' options are considered to be affordable housing.
- 4.2 A methodology is set out in Planning Practice Guidance (PPG) to look at affordable need (within the Housing need assessment guide), this is largely the same as the previous PPG method and does not really address the additional (affordable home ownership) definition. The analysis below splits between the current definition of affordable need and the additional definition, providing distinct analysis for each.
- 4.3 Consistent with other analysis in this report, data is provided down to ward level. However, it should be remembered that affordable need can be met across the Borough as and when opportunities arise, and so specific ward level data should not be treated as a local target. Taking the example of Hinckley Town, it is clear that need in Hinckley is need in Hinckley, regardless of the ward in which it arises.

Affordable Housing Need (established definition)

- 4.4 The method for studying the need for affordable housing has been enshrined in Strategic Housing Market Assessment (SHMA) guidance for many years, with an established approach to look at the number of households who are unable to afford market housing (to either rent or buy). The analysis below follows the methodology and key data sources in guidance and can be summarised as:
- Current need (an estimate of the number of households who have a need now and based on a range of data modelled from local information);
 - Projected newly forming households in need (based on projections developed for this project along with an affordability test to estimate numbers unable to afford the market);
 - Existing households falling into need (based on studying the types of households who have needed to access social/affordable rented housing and based on study past lettings data);
 - These three bullet points added together provide an indication of the gross need (the current need is divided by 18 so as to meet the need over the 2018-36 period);
 - Supply of affordable housing (an estimate of the likely number of letting that will become available from the existing social housing stock – drawing on data from CoRe¹ and the Council); and
 - Subtracting the supply from the gross need provides an estimate of the overall (annual) need for affordable housing

¹ 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

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

Local Prices and Rents

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

4.7 For the purposes of establishing affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes). The following section expands on this information 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.

4.8 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.

4.9 Data from the Land Registry for the year to September 2018 (i.e. Q4 of 2017 and Q1-Q3 of 2018) shows estimated lower quartile property prices in the Borough by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £81,000 for a flat and rising to £240,000 for a detached home. Looking at the lower quartile price across all dwelling types the analysis shows a lower quartile ‘average’ price of £155,400.

Figure 4.1: Lower quartile cost of housing to buy – year to September 2018 – H&B	
	Lower quartile price
Flat/maisonette	£80,800
Terraced	£125,000
Semi-detached	£160,200
Detached	£240,000
All dwellings	£155,400

Source: Land Registry

4.10 A similar analysis has been carried out for private rents using Valuation Office Agency (VOA) data – this covers a 12-month period to September 2018. For the rental data, information about dwelling sizes is provided (rather than types); the analysis shows an average lower quartile cost (across all dwelling sizes) of £495 per month.

Figure 4.2: Lower Quartile Market Rents, year to September 2018 – H&B	
	Lower Quartile rent, pcm
Room only	£295
Studio	£300
1-bedroom	£375
2-bedrooms	£500
3-bedrooms	£650
4-bedrooms	£850
All properties	£495

Source: Valuation Office Agency

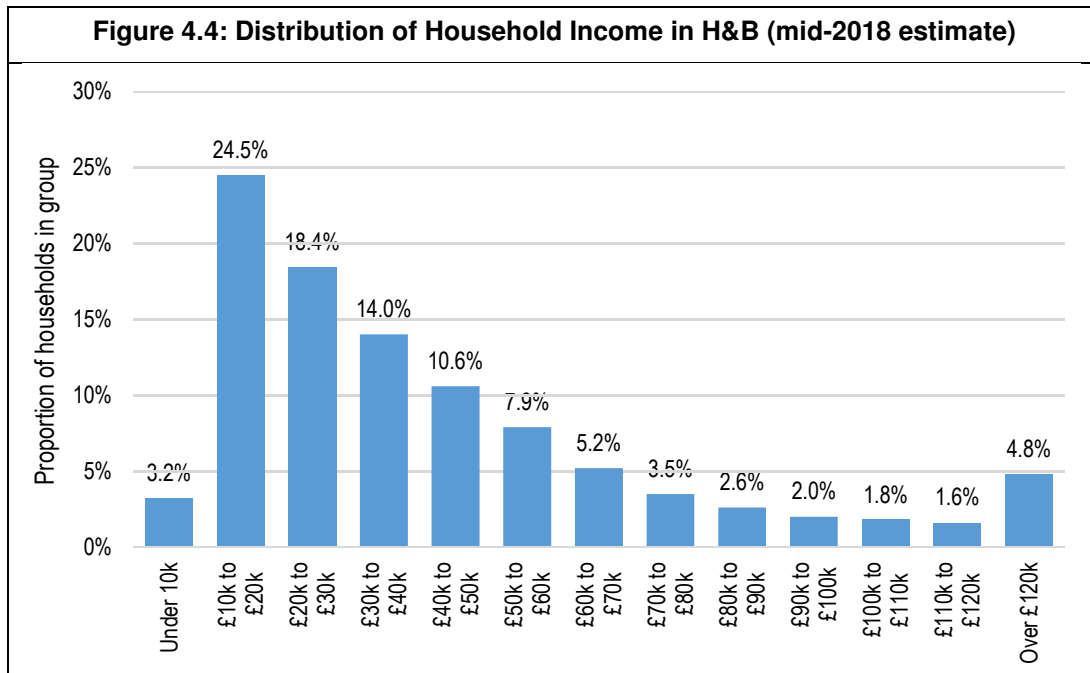
- 4.11 The rental figures above have been taken from VOA data; it is however of interest for this study to see how these vary by location. The table below shows an estimate of the overall lower quartile private rent in each of the sub-areas; this is based on analysis of Rightmove data on available lettings which has then been adjusted to be consistent with the data from VOA. In some areas there was no evidence of any significant supply from the Rightmove source and so the estimates have been supplemented by analysis of the relative cost of housing (looking at purchases prices) and also an understanding of the profile of stock in the private rented sector (drawn from Census data). The overall lower quartile purchase price has also been shown (drawn directly from the Land Registry source).
- 4.12 The analysis shows a wide variation in rents, although it should be confirmed that in smaller areas a best estimate has been provided. Focussing on the overall urban/rural split it can be observed that prices and rents are higher in rural areas, although the difference in costs for renting are less notable than the purchase price estimates. To some extent the overall averages are influenced by the mix of housing in each area, and this should be borne in mind when interpreting the figures.

Figure 4.3: Lower Quartile Market Rents, by sub-area		
	Lower quartile price	Lower Quartile rent, pcm
Ambien	£205,800	£610
Barlestone, Nailstone and Osbaston	£161,300	£510
Barwell	£150,700	£485
Burbage Sketchley and Stretton	£174,600	£540
Burbage St Catherines and Lash Hill	£162,700	£510
Cadeby, Carlton and Market Bosworth with Shackerstone	£335,000	£910
Earl Shilton	£140,600	£460
Groby	£174,000	£540
Hinckley Castle	£152,500	£490
Hinckley Clarendon	£199,600	£595
Hinckley De Montfort	£190,300	£575
Hinckley Trinity	£136,800	£450
Markfield, Stanton and Fieldhead	£148,800	£480
Newbold Verdon with Desford and Peckleton	£172,300	£535
Ratby, Bagworth and Thornton	£164,300	£515
Twycross and Witherley with Sheepy	£318,300	£870
Urban	£143,500	£480
Rural	£176,200	£545
All properties	£155,400	£495

Source: Internet private rental cost search and Land Registry

Income Levels

- 4.13 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). 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.
- 4.14 Drawing all of this data together an income distribution for the whole Council area has been constructed for 2018. The figure below shows that around a quarter (28%) of households have incomes below £20,000 with a further third in the range of £20,000 to £40,000. Overall the average (mean) income is estimated to be around £42,900, with a median income of £32,400; the lower quartile income of all households is estimated to be £18,800.



Source: Derived from EHS and ONS data

- 4.15 Analysis has also been undertaken to estimate how incomes vary by sub-area, with the table below showing the estimated median household income in each area. As with other analysis, some caution should be attached to figures for smaller areas. Focussing on Urban areas, the average income is estimated to be around 4% lower than the overall Borough-wide figure, with Rural incomes being 7% higher.

Figure 4.5: Estimated average (median) household income by sub-area (mid-2018 estimate)	
	Median income
Ambien	£35,900
Barlestone, Nailstone and Osbaston	£34,500
Barwell	£29,200
Burbage Sketchley and Stretton	£37,300
Burbage St Catherines and Lash Hill	£29,500
Cadeby, Carlton and Market Bosworth with Shackerstone	£36,700
Earl Shilton	£28,400
Groby	£36,600
Hinckley Castle	£28,200
Hinckley Clarendon	£31,100
Hinckley De Montfort	£34,000
Hinckley Trinity	£31,100
Markfield, Stanton and Fieldhead	£32,100
Newbold Verdon with Desford and Peckleton	£36,000
Ratby, Bagworth and Thornton	£32,900
Twycross and Witherley with Sheepy	£36,200
Urban	£31,000
Rural	£34,800
All properties	£32,400

Source: Derived from EHS and ONS data

Affordability

- 4.16 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 2007 SHMA Practice Guidance suggested that 25% of income is a reasonable start point but also noted that a different figure could be used. Analysis of current letting practice suggests that letting agents typically work on a multiple of 40%. Government policy (through Housing Benefit payment thresholds) would also suggest a figure of 40%+ (depending on household characteristics).
- 4.17 The threshold of income to be spent on housing should be set by asking the question ‘what level of income is expected to be required for a household to be able to access market housing without the need for a subsidy (e.g. through Housing Benefit)?’ The choice of an appropriate threshold is judgement based and we consider should be assessed having regard in particular to the cost of housing rather than income. Income levels are only relevant in determining the number (or proportion) of households who fail to meet the threshold. It would be feasible to find an area with very low incomes and therefore conclude that no households can afford housing, alternatively an area with very high incomes might show the opposite output. The key here is that local income levels are not setting the threshold but are simply being used to assess how many can or can’t afford market housing.

- 4.18 At £495 per calendar month, lower quartile rent levels in Hinckley & Bosworth are fairly average (a lower quartile rent of £525 per month across England) but are somewhat higher than rents in some of the cheaper parts of the country. This would suggest that a proportion of income to be spent on housing could be higher than the bottom end of the range.
- 4.19 Across England, the lowest 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. With the same residual income applied to H&B, the income required to afford a £495 rent would be £1,695 and so the percentage spent on housing would be just over 29%.
- 4.20 However, it needs to be considered that the cost of living in H&B is likely to be higher than in the less expensive parts of England and so a pragmatic approach to determining a reasonable proportion of income has been to take a midpoint between the bottom (25%) and the equivalent residual income figure (around 29%). It has therefore been estimated that a threshold of between 25% and 30% would be appropriate (27.5% has therefore been used) – the is essentially the same figure as used in the previous HEDNA (set out in Appendix 4 as being 28%).
- 4.21 On the basis of a rent of £495 per month, this would leave a residual income of around £1,305 and a total household income of £21,600 per annum. Therefore, for the purposes of this assessment it is estimated that any household with an income below £21,600 would not be able to afford a lower quartile rent without some degree of subsidy. The use of 27.5% is considered to be a reasonable position to take given the range of evidence available.
- 4.22 Generally, the income required to access owner-occupied housing is higher than that required to rent and so the analysis to follow is based solely on the ability to afford to access private rented housing. However, the local house prices are important when looking at the extended definition of affordable housing in NPPF and are returned to when looking at this new definition.

Current Affordable Housing Need

- 4.23 In line with PPG paragraph 2a-023), the current need for affordable housing has been based on considering the likely number of households with one or more housing problems. The table below sets out the categories in the PPG and the sources of data being used to establish numbers. The PPG also includes a category where households cannot afford to own despite it bring their aspiration – this category is considered separately in this report (under the title of the additional definition of affordable housing need).

Figure 4.6: Main sources for assessing the current unmet need for affordable housing		
	Source	Notes
Homeless households (and those in temporary accommodation)	CLG Live Table 784	Total where a duty is owed but no accommodation has been secured PLUS the total in temporary accommodation
Households in overcrowded housing	Census table LC4108EW	Analysis undertaken by tenure and updated by reference to national changes (from the English Housing Survey (EHS))
Concealed households	Census table LC1110EW	Number of concealed families (with dependent or non-dependent children)
Existing affordable housing tenants in need	Modelled data linking to past survey analysis	Excludes overcrowded households – tenure estimates updated by reference to the EHS
Households from other tenures in need	Modelled data linking to past survey analysis	

Source: PPG [2a-023]

- 4.24 It should be noted that there may be some overlap between categories (such as overcrowding and concealed households, whereby the overcrowding would be remedied if the concealed household moved). The data available does not enable analysis to be undertaken to study the impact of this and so it is possible that the figures presented include a small element of double counting. Additionally, some of the concealed households may be older people who have moved back in with their families and might not be considered as in need.
- 4.25 The table below shows the initial estimate of the number of households within the Borough with a current housing need. These figures are before any consideration of affordability has been made and has been termed ‘the number of households in unsuitable housing’. Overall, the analysis suggests that there are currently around 2,250 households living in unsuitable housing (or without housing) – the highest numbers are estimated to be in Urban areas (making up 66% of the total).

Figure 4.7: Estimated number of households living in unsuitable housing	
Category of ‘need’	Households
Concealed and homeless households	386
Households in overcrowded housing	808
Existing affordable housing tenants in need	105
Households from other tenures in need	954
Total	2,253

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

Figure 4.8: Estimated number of households living in unsuitable housing (by sub-area)					
	Concealed/ homeless	Over- crowded	AH tenants	Other tenures	Total
Ambien	17	17	2	31	67
BN&O	15	29	4	27	75
Barwell	20	100	13	81	214
Burbage Sketchley and Stretton	36	44	2	73	155
BStC&LH	20	40	13	42	115
CCMB&S	8	16	3	32	59
Earl Shilton	47	113	16	94	271
Groby	27	33	3	51	113
Hinckley Castle	25	87	4	93	210
Hinckley Clarendon	35	65	10	83	192
Hinckley De Montfort	32	57	4	99	193
Hinckley Trinity	18	48	9	58	134
Markfield, Stanton and Fieldhead	20	50	4	50	124
NVwD&P	33	51	8	58	151
Ratby, Bagworth and Thornton	23	47	8	53	131
T&WwS	9	12	2	28	51
Urban	234	554	71	623	1,484
Rural	152	254	34	330	770
All households	386	808	105	954	2,253

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

- 4.26 In taking this estimate forward, the data modelling estimates housing unsuitability by tenure. From the overall number in unsuitable housing, households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise). The analysis also excludes 90% of owner-occupiers under the assumption (which is supported by analysis of survey data) that the vast majority will be able to afford housing once savings and equity are taken into account. A final adjustment is to slightly reduce the unsuitability figures in the private rented sector to take account of student-only households – such households could technically be overcrowded/living in unsuitable housing but would be unlikely to be considered as being in affordable housing need (student households rarely qualify for affordable housing). Once these households are removed from the analysis, the remainder are taken forward for affordability testing.
- 4.27 The table below shows it is estimated that there were 1,205 households living in unsuitable housing (excluding current social tenants and the majority (90%) of owner-occupiers).

Figure 4.9: Unsuitable housing by tenure and numbers to take forward into affordability modelling		
	In unsuitable housing	Number to take forward for affordability testing
Owner-occupied	785	79
Affordable housing	340	0
Private rented	742	740
No housing (homeless/concealed)	386	386
Total	2,253	1,205

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

- 4.28 Having established this figure, it needs to be considered that a number of these households might be able to afford market housing without the need for subsidy. For an affordability test the income data has been used, with the distribution adjusted to reflect a lower average income amongst households living in unsuitable housing – for the purposes of the modelling an income distribution that reduces the level of income to 88% of the figure for all households has been used to identify the proportion of households whose needs could not be met within the market (for households currently living in housing). A lower figure (of 42%) has been used to apply an affordability test for the concealed/homeless households who do not currently occupy housing. These two percentage figures have been based on a consideration of typical income levels of households who are in unsuitable housing (based mainly on estimates in the private rented sector) along with typical income levels of households accessing social rented housing (for those without accommodation). These figures are considered to be best estimates, and likely to approximately reflect the differing income levels of different groups with a current housing problem.
- 4.29 Overall, around half of households with a current need are estimated to be likely to have insufficient income to afford market housing and so the estimate of the total current need is reduced to 625 households in the Borough. The table below shows how current need is estimated to vary across sub-areas.

Figure 4.10: 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)
Ambien	42	56.3%	24
BN&O	39	49.2%	19
Barwell	97	48.3%	47
Burbage Sketchley and Stretton	87	49.0%	43
BStC&LH	49	57.2%	28
CCMB&S	31	66.9%	21
Earl Shilton	139	51.7%	72
Groby	62	50.8%	32
Hinckley Castle	147	48.6%	72
Hinckley Clarendon	107	58.3%	62
Hinckley De Montfort	115	51.5%	59
Hinckley Trinity	67	44.2%	29
Markfield, Stanton and Fieldhead	63	47.4%	30
NVwD&P	69	52.8%	37
Ratby, Bagworth and Thornton	62	51.1%	32
T&WwS	29	67.5%	19
Urban	808	51.0%	412
Rural	397	53.7%	213
All households	1,205	51.8%	625

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

Newly-Forming Households

- 4.30 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.
- 4.31 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 formation of younger households.
- 4.32 In looking at the likely affordability of newly-forming households, data has been drawn from previous surveys. This establishes that the average income of newly-forming households is around 84% of the figure for all households. This figure is remarkably consistent across areas (and is also consistent with analysis of English Housing Survey data at a national level).

4.33 The analysis has therefore adjusted the overall household income data to reflect the lower average income for newly-forming households. The adjustments have been made by changing the distribution of income by bands such that average income level is 84% of the all household average. In doing this it is possible to calculate the proportion of households unable to afford market housing without any form of subsidy (such as LHA/HB). The assessment suggests that overall around two-fifths of newly-forming households will be unable to afford market housing (to rent) and that a total of 385 new households will have a need on average in each year to 2036.

Figure 4.11: Estimated Level of Affordable Housing Need from Newly Forming Households (per annum) – H&B

	No. of new households	% unable to afford	Total in need
Ambien	23	43.8%	10
BN&O	21	37.7%	8
Barwell	82	42.8%	35
Burbage Sketchley and Stretton	79	36.7%	29
BStC&LH	47	44.6%	21
CCMB&S	31	62.3%	19
Earl Shilton	91	41.7%	38
Groby	46	37.6%	17
Hinckley Castle	65	44.9%	29
Hinckley Clarendon	90	49.6%	45
Hinckley De Montfort	82	43.6%	36
Hinckley Trinity	64	36.7%	23
Markfield, Stanton and Fieldhead	38	38.0%	14
NVwD&P	59	37.9%	22
Ratby, Bagworth and Thornton	67	40.1%	27
T&WwS	17	60.9%	10
Urban	600	42.7%	256
Rural	302	42.4%	128
All households	902	42.6%	385

Source: Projection Modelling/affordability analysis

Existing Households Falling into Affordable Housing Need

4.34 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.

4.35 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.

- 4.36 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)*'.
- 4.37 Following the analysis through suggests a need arising from 85 existing households each year from 2018 to 2036.

Figure 4.12: Estimated Level of Affordable Housing Need from Existing Households falling into need (per annum) – H&B

	Total additional need	% of total
Ambien	2	1.8%
BN&O	3	3.2%
Barwell	10	12.0%
Burbage Sketchley and Stretton	2	2.1%
BStC&LH	11	13.0%
CCMB&S	3	3.4%
Earl Shilton	13	15.3%
Groby	2	2.4%
Hinckley Castle	4	4.4%
Hinckley Clarendon	8	9.8%
Hinckley De Montfort	3	3.9%
Hinckley Trinity	7	7.9%
Markfield, Stanton and Fieldhead	3	3.6%
NVwD&P	6	7.3%
Ratby, Bagworth and Thornton	6	7.4%
T&WwS	2	2.6%
Urban	58	68.3%
Rural	27	31.7%
All households	85	100.0%

Source: CoRe/affordability analysis

Supply of Affordable Housing

- 4.38 The future supply of affordable housing is the flow of affordable housing arising from the existing stock that is available to meet future need. This focusses on the annual supply of social/affordable rent relets.

- 4.39 The Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. Information from the CoRe system has been used to establish past patterns of social housing turnover, along with data from the Council about past lettings (to provide sub-area estimates). The figures include general needs and supported lettings but exclude lettings of new properties and also exclude an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock.
- 4.40 On the basis of past trend data it has been estimated that 233 units of social/affordable rented housing are likely to become available each year moving forward.

Figure 4.13: Analysis of past social/affordable rented housing supply (per annum – based on data for 2015-18 period) – H&B

	General needs	Supported housing	Total
Total lettings	289	138	427
% as non-new build	72.5%	98.6%	81.0%
Lettings in existing stock	210	136	346
% non-transfers	73.6%	57.6%	67.3%
Total lettings to new tenants	154	79	233

Source: CoRe

- 4.41 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).

Figure 4.14: Estimated supply of affordable housing from relets of existing stock by sub-area (per annum)

	Annual supply	% of supply
Ambien	4	1.8%
BN&O	8	3.5%
Barwell	28	11.9%
Burbage Sketchley and Stretton	5	2.3%
BStC&LH	29	12.6%
CCMB&S	7	2.9%
Earl Shilton	36	15.4%
Groby	6	2.6%
Hinckley Castle	10	4.2%
Hinckley Clarendon	21	9.1%
Hinckley De Montfort	9	3.9%
Hinckley Trinity	20	8.5%
Markfield, Stanton and Fieldhead	9	3.8%
NVwD&P	18	7.8%
Ratby, Bagworth and Thornton	18	7.6%
T&WwS	5	2.2%
Urban	158	67.9%
Rural	75	32.1%
Total	233	100.0%

Source: CoRe/Census (2011)

- 4.42 The PPG model also includes the bringing back of vacant homes into use and the pipeline of affordable housing as part of the supply calculation. These have however not been included within the modelling in this report. Firstly, there is no evidence of any substantial stock of vacant homes (over and above a level that might be expected to allow movement in the stock) – as of 2017, CLG data shows around 100 vacant social rented homes in the Borough (about 2% of the total 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

- 4.43 The table below shows the overall calculation of affordable housing need. This excludes supply arising from sites with planning consent (the 'development pipeline'). The analysis shows that there is a need for 271 dwellings per annum to be provided – a total of 4,900 over the 18-year period (2018-36). The net need is calculated as follows:

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

	Per annum	2018-36
Current need	35	625
Newly forming households	385	6,921
Existing households falling into need	85	1,521
Total Gross Need	504	9,067
Re-let Supply	233	4,190
Net Need	271	4,876

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

4.44 The table below shows the annualised information for individual sub-areas. The analysis shows a need for additional affordable housing in all parts of the Borough, with around three-quarters (72%) estimated to arise in Urban areas (28% Rural locations).

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
Ambien	1	10	2	13	4	9
BN&O	1	8	3	12	8	4
Barwell	3	35	10	48	28	20
Burbage Sketchley and Stretton	2	29	2	33	5	28
BStC&LH	2	21	11	33	29	4
CCMB&S	1	19	3	23	7	16
Earl Shilton	4	38	13	55	36	19
Groby	2	17	2	21	6	15
Hinckley Castle	4	29	4	37	10	27
Hinckley Clarendon	3	45	8	56	21	35
Hinckley De Montfort	3	36	3	43	9	34
Hinckley Trinity	2	23	7	32	20	12
Markfield, Stanton and Fieldhead	2	14	3	19	9	10
NVwD&P	2	22	6	31	18	12
Ratby, Bagworth and Thornton	2	27	6	35	18	17
T&WwS	1	10	2	14	5	9
Urban	23	256	58	337	158	179
Rural	12	128	27	167	75	92
Total	35	385	85	504	233	271

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

Comparison with Previous Assessment

- 4.45 The last full assessment of affordable need was undertaken as part of the 2017 HEDNA. This followed broadly the same methodology as this report and below is a comparison of the findings. The analysis would suggest that affordable needs have increased slightly over time although looking at the individual components of the model it can be seen that gross need has decreased, but the estimated reduction in potential supply is even higher.
- 4.46 The reduction in the estimated supply from relets is not considered to be substantial and does follow a national trend of decreasing relets (which is likely to be due to households keeping hold of tenancies for longer and therefore not releasing homes for the use of other households).
- 4.47 Overall the estimated net need changing from 251 dwellings per annum to 271 per annum is not considered to be a substantial change (given that the figure is a net figure based on two much larger numbers). Both studies clearly demonstrate a need to provide additional affordable housing in Hinckley & Bosworth where opportunities arise.

	This study	2017 HEDNA
Current need	35	24
Newly forming households	385	342
Existing households falling into need	85	163
Total Gross Need	504	530
Re-let Supply	233	278
Net Need	271	251

Source: This study and 2017 HEDNA (Table 39)

How Much Should Affordable (rented) Housing Cost?

- 4.48 The analysis above has studied the overall need for affordable housing using a well-established model. This model focusses on households who cannot afford to rent in the market. These households are therefore most likely to have a need for rented housing and below is an analysis that sets out what might be an affordable rent for different sizes of accommodation (in different locations) based on local incomes and housing costs.
- 4.49 The analysis essentially considers what might be a 'Living Rent'. These calculations are based on research by JRF/Savills² and use the following methodology:
- Annual Survey of Hours and Earnings (ASHE) lower quartile earnings;
 - Adjustment for property size by recognised equivalence model; and
 - Starting rent set at 28% of net earnings
 - Rent set at Local Housing Allowance (LHA) limits where calculations show a higher figure

2

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

- 4.50 Across the whole of the Borough, the analysis shows rents starting at about £370 for a 1-bedroom home and rising to £590 for homes with 3-bedrooms. The analysis also provides indicative figures for the sub-areas. These figures have been based on using the overall estimated income in each area adjusted to the ASHE data, a further adjustment is then made on the assumption that there is less variance in the range of incomes of lower paid jobs than the range of overall household income.
- 4.51 Generally, the suggested Living Rents are similar to the relevant LHA (second table below) – albeit slightly higher for 3-bedroom homes and potentially for 1- and 2-bedroom homes in some locations. As a general principle it is not considered sensible to charge a rent in excess of LHA limits, as this would mean households having to top up their rent from other income sources. Therefore, the suggested Living Rents should be treated as indicative, with lower rent being appropriate where the LHA level is lower than the calculated figure.

Figure 4.18: Living rents (per month) – 2017/18

	1-bedroom	2-bedroom	3-bedrooms
Ambien	£388	£504	£621
BN&O	£380	£494	£608
Barwell	£350	£454	£559
Burbage Sketchley and Stretton	£396	£515	£633
BStC&LH	£352	£457	£562
CCMB&S	£392	£510	£628
Earl Shilton	£345	£449	£553
Groby	£392	£509	£627
Hinckley Castle	£344	£448	£551
Hinckley Clarendon	£361	£469	£577
Hinckley De Montfort	£377	£490	£603
Hinckley Trinity	£361	£469	£577
Markfield, Stanton and Fieldhead	£367	£477	£586
NVwD&P	£388	£505	£621
Ratby, Bagworth and Thornton	£371	£482	£594
T&WwS	£389	£506	£623
Urban	£363	£472	£580
Rural	£380	£494	£608
H&B	£368	£479	£589

Source: ASHE and Living Rents methodology

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

Figure 4.19: Maximum Local Housing Allowance (Housing Benefit) by location and property size (June 2019)			
	1-bedroom	2-bedroom	3-bedrooms
Coventry	£399	£498	£572
Leicester	£374	£474	£565

Source: Valuation Office Agency

Affordable Housing – Expanded NPPF Definition

- 4.53 Using the previously established method to look at affordable need, it was estimated that there is a need for around 271 units per annum – this is for subsidised housing at a cost below that to access the private rented sector (i.e. for households unable to access any form of market housing without some form of subsidy). It would be expected that this housing would be delivered primarily as social/affordable rented housing.
- 4.54 The new NPPF introduces a new category of household in affordable housing need and widens the definition of affordable housing (as found in the NPPF – Annex 2). It is considered that households falling into the definition would be suitable for Starter Homes or Discounted market sales housing, although other forms of affordable home ownership (such as shared ownership) might also be appropriate.
- 4.55 This section considers the level of need for these types of dwellings in H&B. 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.”* (NPPF, para 64).

Establishing a Need for Affordable Home Ownership

- 4.56 The Planning Practice Guidance (PPG) of February/July 2019 confirms a widening definition of those to be considered as in affordable need; now including *‘households from other tenures in need and those that cannot afford their homes, either to rent, or to own, where that is their aspiration’*. However, at the time of writing, there is no guidance about how the number of such households should be measured.
- 4.57 The methodology used in this report therefore draws on the current method, and includes an assessment of current needs, projected need (newly forming and existing households). The key difference is that in looking at affordability an estimate of the number of households in the ‘gap’ between buying and renting is used. There is also the issue of establishing an estimate of the supply of affordable home ownership homes – this is considered separately below.
- 4.58 The first part of the analysis seeks to understand what the gap between renting and buying actually means in H&B – in particular establishing the typical incomes that might be required.

- 4.59 Just by looking at the relative costs of housing to buy and to rent it is clear that there will be households in H&B who can currently rent but who may be unable to buy. In the year to September 2018, the ‘average’ lower quartile private rent is shown by VOA to cost £495 a month, assuming a household spends no more than 27.5% of income on housing, this would equate to an income requirement of about £21,600. For the same period, Land Registry data records a lower quartile price in the Borough of about £155,400, which (assuming a 10% deposit and 4.5 times mortgage multiple) would equate to an income requirement of around £31,100.
- 4.60 Therefore, on the basis of these costings, it is reasonable to suggest that affordable home ownership products would be pitched at households with an income between £21,600 (i.e. able to afford to privately rent) and £31,100 (the figure above which a household might reasonably be able to buy).
- 4.61 Additionally, it should be noted that there will be differences across sub-areas, as the pricing of homes does differ across areas. The table below shows an estimate of the typical income likely to be needed to buy and rent privately in each of the sub-areas. In all areas the income required to buy is higher than to rent although the gap between the income requirements does vary, being lowest in Hinckley Trinity and much higher in some of the more rural locations.

Figure 4.20: Estimated income required for different market tenures by sub-area

	Lower quartile price	Lower Quartile rent
Ambien	£41,200	£26,600
BN&O	£32,300	£22,300
Barwell	£30,100	£21,200
Burbage Sketchley and Stretton	£34,900	£23,600
BStC&LH	£32,500	£22,300
CCMB&S	£67,000	£39,700
Earl Shilton	£28,100	£20,100
Groby	£34,800	£23,600
Hinckley Castle	£30,500	£21,400
Hinckley Clarendon	£39,900	£26,000
Hinckley De Montfort	£38,100	£25,100
Hinckley Trinity	£27,400	£19,600
Markfield, Stanton and Fieldhead	£29,800	£20,900
NVwD&P	£34,500	£23,300
Ratby, Bagworth and Thornton	£32,900	£22,500
T&WwS	£63,700	£38,000
Urban	£28,700	£20,900
Rural	£35,200	£23,800
All properties	£31,100	£21,600

Source: Internet private rental cost search and Land Registry

- 4.62 Using the income distributions developed for use in the previous analysis of affordable housing need it has been estimated that of all households living in the private rented sector, around 41% already have sufficient income to buy a lower quartile home, with 19% falling in the rent/buy gap. The final 40% are estimated to have an income below which they cannot afford to rent privately. These figures have been built up from sub-areas, with data suggesting a range of between 15% (Hinckley Trinity) and 23% (CCMB&S and T&WwS) of households in the private rented sector as sitting in the rent/buy gap.
- 4.63 These figures have been based on an assumption that incomes in the private rented sector are around 88% of the equivalent figure for all households (a proportion derived from the English Housing Survey) and are used as it is clear that affordable home ownership products are likely to be targeted at households living in or who might be expected to access this sector (e.g. newly forming households).
- 4.64 The finding that a significant proportion of households (around 40%) in the private rented sector are likely to have an income that would allow them to buy a home is also noteworthy and suggests that for many households, barriers to accessing owner-occupation are less about income/the cost of housing and more about other factors (which could for example include the lack of a deposit or difficulties obtaining a mortgage (for example due to a poor credit rating or insecure employment).
- 4.65 To study current need, an estimate of the number of household living in the private rented sector (PRS) has been established, along with the same (rent/buy gap) affordability test described above. the start point is the number of households living in private rented accommodation; as of the 2011 Census there were some 5,156 households living in the sector. Data from the Survey of English Housing (EHS) suggests that since 2011, the number of households in the PRS has risen by about 26% - if the same proportion is relevant to H&B then the number of households in the sector would now be around 6,500.
- 4.66 Additional data from the EHS suggests that 60% of all PRS households expect to become an owner at some point (3,900 households if applied to H&B) and of these some 25% (974 households) would expect this to happen in the next 2-years. The figure of 974 is therefore taken as the number of households potentially with a current need for affordable home ownership before any affordability testing.
- 4.67 As noted above, on the basis of income it is estimated that around 19% of the private rented sector sit in the gap between renting and buying; applying this proportion to the 974 figure would suggest a current need for around 180 affordable home ownership products (10 per annum if annualised over an 18-year period).
- 4.68 In projecting forward, the analysis can consider newly forming households and also the remaining existing households who expect to become owners further into the future. Applying the same affordability test (albeit on a very slightly different income assumption for newly forming households) suggests an annual need from these two groups of around 197 dwellings (167 from newly forming households and 30 from existing households in the private rented sector).

4.69 Bringing together all of this analysis suggests that there is a need for around 207 affordable home ownership homes (priced for households able to afford to rent but not buy) per annum in the 2018-36 period. The table below shows the sub-areas where these 'needs' are expected to arise – this suggests the highest need in Urban areas.

Figure 4.21: Estimated Gross Need for Affordable Home Ownership by sub-area

	Current need		Newly forming households	Existing households falling into need	Total Gross Need (per annum)
	Total	Per annum			
Ambien	7	0	5	1	6
BN&O	4	0	4	1	5
Barwell	15	1	14	2	17
Burbage Sketchley and Stretton	11	1	15	2	18
BStC&LH	6	0	9	1	10
CCMB&S	7	0	7	1	8
Earl Shilton	17	1	15	3	19
Groby	7	0	9	1	10
Hinckley Castle	23	1	11	4	16
Hinckley Clarendon	20	1	19	3	23
Hinckley De Montfort	22	1	17	4	22
Hinckley Trinity	9	1	10	2	12
Markfield, Stanton and Fieldhead	8	0	6	1	8
NVwD&P	8	0	11	1	13
Ratby, Bagworth and Thornton	9	1	12	2	14
T&WwS	6	0	4	1	5
Urban	125	7	109	21	137
Rural	56	3	58	9	70
Total	180	10	167	30	207

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

Potential Supply of Housing to Meet the Affordable Home Ownership Need

4.70 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.

4.71 As noted previously, the lower quartile cost of a home to buy in H&B is around £155,400. By definition, a quarter of all homes sold (noting that the data is for the year to September 2018) will be priced at or below this level. According to the Land Registry source, there were a total of 2,137 sales in this period and therefore around 534 would be priced below the lower quartile. This is 534 homes that would potentially be affordable to the target group for affordable home ownership products and is a potential supply that is clearly in excess of the level of need calculated.

- 4.72 An alternative way to look at the supply is to estimate how much housing is available at an equivalent price (in income terms) to accessing the private rented sector. If the rental figure is worked backwards into an equivalent purchase price, then this gives an affordable price to buy of about £108,000 (calculated as $(£21,600 \times 4.5) \div 0.9$). Any home sold at a price at or below £108,000 would (in income terms) be available to all households currently in the rent/buy gap. In the year to September 2018 there were 118 sales in H&B at or below £108,000, a figure which is somewhat lower than the estimated level of need.
- 4.73 These figures will however vary by sub-area, as pricing is very different across locations. The table below shows an estimate of the number of homes sold at below lower quartile in each area and also the numbers sold at a price equivalent to accessing the private rented sector. It should be noted that the figures do not add up to the totals shown above, as the former figures were calculated on the basis of Borough-wide data. For information, the table below also shows the estimated gross need previously calculated, although given the uncertainties about how to look at supply, not net need figure is offered.
- 4.74 The analysis shows in most areas that the potential supply is either higher or lower than the estimated need (depending on the definition used). This would suggest that the need for affordable home ownership products is not clear-cut; there is clearly a potential need, but there is also potentially a notable supply of homes in the relevant price bracket.
- 4.75 These figures should be used to demonstrate the scale of potential supply for households in the rent/buy gap and it should be noted that this stock is not necessarily available to those households in need (i.e. market housing is not allocated and so theoretically all of the sales could go to households who could afford a more expensive home or potentially to investment buyers). There may also be issues with the quality of the stock at the very bottom end of the market. That said there is clearly a reasonable level of stock that is potentially affordable to those households falling into the Government's revised definition of affordable housing need.

Figure 4.22: Estimated potential supply of homes to meet the need for affordable home ownership

	Annual supply of homes priced below lower quartile	Annual supply of homes priced at an equivalent level to private renting	Estimated gross (annual) need for affordable home ownership
Ambien	23	0	6
BN&O	11	0	5
Barwell	45	21	17
Burbage Sketchley and Stretton	41	11	18
BStC&LH	25	7	10
CCMB&S	18	5	8
Earl Shilton	44	13	19
Groby	29	1	10
Hinckley Castle	38	29	16
Hinckley Clarendon	65	15	23
Hinckley De Montfort	51	34	22
Hinckley Trinity	25	6	12
Markfield, Stanton and Fieldhead	26	5	8
NVwD&P	41	6	13
Ratby, Bagworth and Thornton	38	3	14
T&WwS	18	5	5
Urban	332	79	137
Rural	203	24	70
Total	534	118	207

Source: Land Registry

Implications of the Analysis

- 4.76 Given the analysis above, it would be reasonable to conclude that there is no need to provide housing under the new definition of ‘affordable home ownership’ – whilst there are clearly some household in the gap between renting and buying, there is also a potential supply of homes within the existing stock that can make a contribution to this need.
- 4.77 However, it does seem that there are many households in H&B who are being excluded from the owner-occupied sector (including in those areas where the cost of housing is lowest). This can be seen by analysis of tenure change, which saw the number of households living in private rented accommodation increasing by 128% from 2001 to 2011 (with the likelihood that there have been further increases since). Over the same period, the number of owners with a mortgage dropped notably (by 9%). That said, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household’s life stage (e.g. if moving locations with employment).

- 4.78 On this basis, and as previously noted, it seems likely in H&B that access to owner-occupation is being restricted by access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially some mortgage restrictions (e.g. where employment is temporary) rather than simply being due to the cost of housing to buy.
- 4.79 Hence, whilst the NPPF gives a clear direction that 10% of all new housing (on larger sites) should be for affordable home ownership, it is not clear that this is the best solution in the Borough. The NPPF does provide some examples of where the 10% might not be required (paragraph 64), most notably that the 10% would be expected unless this would '*significantly prejudice the ability to meet the identified affordable housing needs of specific groups*'. In H&B, the clear need for additional rented housing would arguably mean that providing the affordable home ownership would 'prejudice the ability' to meet the needs of the 'specific group' requiring rented accommodation.
- 4.80 If seeking the 10%, it may be more appropriate for the Council to seek for an element of the 10% of housing to be made available with some initial upfront capital payment (such as a deposit contribution), as well as a discount to Open Market Value (OMV) – analysis below provides an indication of the sort of purchase prices that might be considered as affordable. 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). This would still be targeted at the same group of households (likely to mainly be those currently privately renting but who would like to buy). If this could be achieved, then it may be reasonable for up to 10% of homes to fall into the affordable home ownership category.
- 4.81 Schemes such as Help-to-Buy could form part of such a package (i.e. to provide part of the initial deposit) although homes bought with Help-to-Buy are not to be considered as affordable housing unless the initial purchase price is discounted to a genuinely affordable level.
- 4.82 If the Council does seek to provide 10% of housing as affordable home ownership, then it is likely that shared ownership is the most appropriate option. This is due to the lower deposit requirements and lower overall costs (given that the rent would also be subsidised). In promoting shared ownership, the Council should consider the equity share and also the overall cost once the rent and any service charges are included – this will be necessary to ensure that such homes are meeting the target group of households (i.e. those with an income in the gap between renting and buying).
- 4.83 It may be that equity shares as low as 25% would be needed to make shared ownership affordable (although this does have the additional advantage of a lower deposit), given that such homes would need to use Open Market Value as a start point. This is something that should be monitored on a case by case basis and could vary by location and property type/size.
- 4.84 Overall, the evidence suggests there is no basis to increase the provision of affordable home ownership above the 10% figure currently suggested in the NPPF, and that in addition to 10% of affordable home ownership (or some alternative measure such as capital payments), the Council should be seeking to provide additional social/affordable rented housing. Such housing is cheaper than that available in the open market and can be accessed by many more households (some of whom may be supported by benefit payments).

- 4.85 Overall therefore, it seems reasonable to suggest that the Council could consider seeking 10% of all housing (on larger sites) to be affordable home ownership (as set out in the NPPF), although consideration will need to be given to the tenure of such housing, levels of discounts and other options (such as relating to deposits). However, given that the main analysis of affordable need also showed a notable level of need, and one involving households who cannot afford anything in the market without subsidy, it is not considered that there is any basis to increase the provision of affordable home ownership above the 10% figure.
- 4.86 It should also be noted that the finding of a 'need' for affordable home ownership does not have any impact on the overall need for housing. As is clear from both the NPPF and draft PPG, the additional group of households in need is simply a case of seeking to move households from one tenure to another (in this case from private renting to owner-occupation); there is therefore no net change in the total number of households or the number of homes required.

How Much Should Affordable Home Ownership Homes Cost?

- 4.87 The analysis and discussion above suggests that there are a number of households likely to fall under the new PPG definition of affordable housing need (i.e. in the gap between renting and buying) but that the potential supply of housing to buy makes it difficult to fully quantify this need. However, given the NPPF, it seems likely that the Council will need to seek 10% of additional homes on larger sites as some form of home ownership.
- 4.88 This report recommends shared ownership as the most appropriate form of affordable home ownership and also encourages consideration of other packages such as providing support for deposits. However, it is possible that some housing would come forward as other forms of housing such as Starter Homes or discounted market sale. If this is the case, it will be important for the Council to ensure that such homes are sold at a price that is genuinely affordable for the intended target group.
- 4.89 On this basis, it is worth discussing what sort of costs affordable home ownership properties should be sold for. The Annex 2 (NPPF) definitions suggest that such housing should be made available at a discount of at least 20% from Open Market Value (OMV). The problem with having a percentage discount is that it is possible in some locations or types of property that such a discount still means that housing is more expensive than that typically available in the open market.
- 4.90 The preferred approach in this report is to set out a series of affordable purchase costs for different sizes of accommodation. These are based on equivalising the private rent figures into a house price so that the sale price will meet the needs of all households in the gap between buying and renting. Setting higher prices would mean that such housing would not be available to many households for whom the Government is seeking to provide an 'affordable' option.

- 4.91 The table below therefore sets out a suggested purchase price for affordable home ownership in the Borough. As noted, the figures are based on trying to roughly equate a sale price with an equivalent access point to the private rental market. This shows a one-bedroom home 'affordable' price of about £82,000 rising to over £180,000 for homes with 4 or more bedrooms. These figures can be monitored and updated every six months by reference to VOA data. The table also shows indicative figures for sub-areas, these should be treated with some caution in those locations that have a relatively small base of population and dwellings.

Figure 4.23: Affordable home ownership prices (aligned with cost of accessing private rented sector) – data for year to September 2018

	1-bedroom	2-bedroom	3-bedroom	4+-bedroom
Ambien	£91,600	£124,100	£160,800	£214,900
BN&O	£82,700	£110,400	£143,400	£188,000
Barwell	£74,900	£98,500	£128,500	£164,800
Burbage Sketchley and Stretton	£85,800	£115,200	£149,500	£197,400
BStC&LH	£86,700	£116,700	£151,400	£200,200
CCMB&S	£101,600	£139,400	£180,000	£244,800
Earl Shilton	£78,300	£103,700	£135,100	£175,000
Groby	£80,200	£106,700	£138,700	£180,700
Hinckley Castle	£80,800	£107,500	£139,800	£182,300
Hinckley Clarendon	£82,600	£109,800	£142,700	£186,900
Hinckley De Montfort	£80,600	£107,200	£139,400	£181,700
Hinckley Trinity	£77,400	£102,400	£133,300	£172,300
Markfield, Stanton and Fieldhead	£81,500	£108,600	£141,200	£184,500
NVwD&P	£85,600	£114,900	£149,100	£196,700
Ratby, Bagworth and Thornton	£79,000	£104,800	£136,400	£177,100
T&WwS	£95,200	£129,600	£167,700	£225,700
Urban	£80,400	£106,800	£139,000	£181,100
Rural	£86,300	£116,000	£150,600	£199,000
H&B	£81,800	£109,100	£141,800	£185,500

Source: derived from VOA data

- 4.92 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 could potentially allow the authority to refer potential households to Registered Providers and developer partners who can then 'allocate' properties to households whose circumstances best meet the property on offer.

Affordable Housing Need: Key Messages

- Analysis has been undertaken to estimate the need for affordable housing in the 2018-36 period. The analysis is split between a 'traditional' need (which is mainly for social/affordable rented accommodation and is based on households unable to buy or rent in the market) and the 'additional' category of need introduced by the revised NPPF/PPG (which includes housing for those who can afford to rent privately but cannot afford to buy a home).
- The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at traditional needs, consideration is given estimates of the supply of social/affordable rented housing. For the additional definition, consideration is given to the potential supply (from Land Registry data) of cheaper accommodation to buy.
- Using the traditional method, the analysis suggests a need for 271 affordable homes per annum and therefore the Council is justified in seeking to secure additional affordable housing. There is also a need shown in all parts of the Borough.
- It is also suggested that the cost of housing to rent within this group is fixed by reference to local incomes (and the Living Rent methodology) although rents above Local Housing Allowance limits should be avoided (to ensure housing affordable to those needing to claim Housing Benefit).
- When looking at the need for affordable home ownership products (i.e. the expanded definition of affordable housing in the NPPF) it is clear that there are a number of households likely to be able to afford to rent privately but who cannot afford to buy a suitable home. However, there is also a potential supply of homes within the existing stock that can make a contribution to this need. It is therefore difficult to robustly identify an overall need for affordable home ownership products.
- However, it does seem that there are many households in H&B who are being excluded from the owner-occupied sector. The analysis would therefore suggest that a key issue in the Borough is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy.
- If the Council does seek to provide 10% of housing as affordable home ownership (a figure suggested in the NPPF), then it is suggested that shared ownership is the most appropriate option. This is due to the lower deposit requirements and lower overall costs (given that the rent would also be subsidised).
- Where other forms of affordable home ownership are provided (e.g. Starter Homes or discounted market), it is recommended that the Council considers setting prices at a level which (in income terms) are equivalent to the levels needed to access private rented housing. This would ensure that households targeted by the new definition could potentially afford housing – this might mean greater than 20% discounts from Open Market Value for some types/sizes of homes in some locations.
- The evidence does not show any basis to increase the provision of affordable home ownership above the 10% figure currently suggested in the NPPF.
- Overall, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the Borough. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.

5. Family Households and Housing Mix

Introduction

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

Background data

- 5.3 The number of families in the Borough (defined for the purpose of this assessment as any household which contains at least one dependent child) totalled 12,400 as of the 2011 Census, accounting for 27% of households. This proportion is slightly lower than that seen across the County, region and nationally. Households in Urban areas are slightly more likely to contain dependent children, although slightly less likely to be married couple households (with dependent children).

		Married couple	Cohabiting couple	Lone parent	Other households	All other households	Total	Total with dependent children
Urban	No.	4,147	1,373	1,786	468	20,373	28,147	7,774
	%	14.7%	4.9%	6.3%	1.7%	72.4%	100.0%	27.6%
Rural	No.	2,955	604	830	251	12,590	17,230	4,640
	%	17.2%	3.5%	4.8%	1.5%	73.1%	100.0%	26.9%
H&B	No.	7,102	1,977	2,616	719	32,963	45,377	12,414
	%	15.7%	4.4%	5.8%	1.6%	72.6%	100.0%	27.4%
Leicestershire	%	16.7%	4.1%	6.5%	3.1%	69.7%	100.0%	30.3%
East Midlands	%	15.3%	4.5%	6.7%	2.3%	71.3%	100.0%	28.7%
England	%	15.3%	4.0%	7.1%	2.6%	70.9%	100.0%	29.1%

Source: Census (2011)

- 5.4 The table below shows how the number of households with dependent children changed from 2001 to 2011. Overall there was a small increase in the number of households with dependent children, rising by around 200 (an increase of 2%). Within this, there was an increase in the number of cohabiting couples and lone parents, along with a notable reduction in the number of married couples.

Figure 5.2: Change in households with dependent children (2001-11) – H&B

	2001	2011	Change	% change
Married couple	8,202	7,102	-1,100	-13.4%
Cohabiting couple	1,507	1,977	470	31.2%
Lone parent	1,781	2,616	835	46.9%
Other households	724	719	-5	-0.7%
All other households	28,871	32,963	4,092	14.2%
Total	41,085	45,377	4,292	10.4%
Total with dependent children	12,214	12,414	200	1.6%

Source: Census (2001 and 2011)

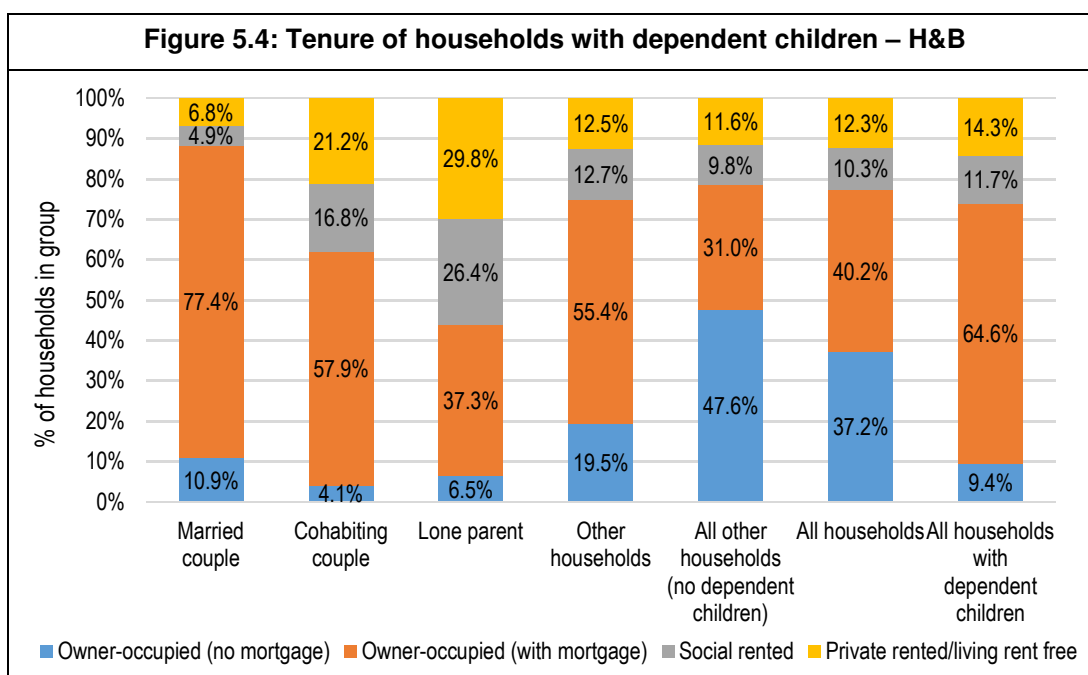
5.5 The table below shows the projected change to the number of children (aged Under 15) from 2016 to 2036. This shows that linking projections to dwelling provision of 457 per annum sees an increase in the number of children of around 9.5%.

Figure 5.3: Estimated change in population aged 15 and under (2016-36) – H&B

	Population aged 15 and under		Change (2016-36)	% change from 2016
	2016	2036		
Linked to 457 dpa	18,191	19,917	1,726	9.5%

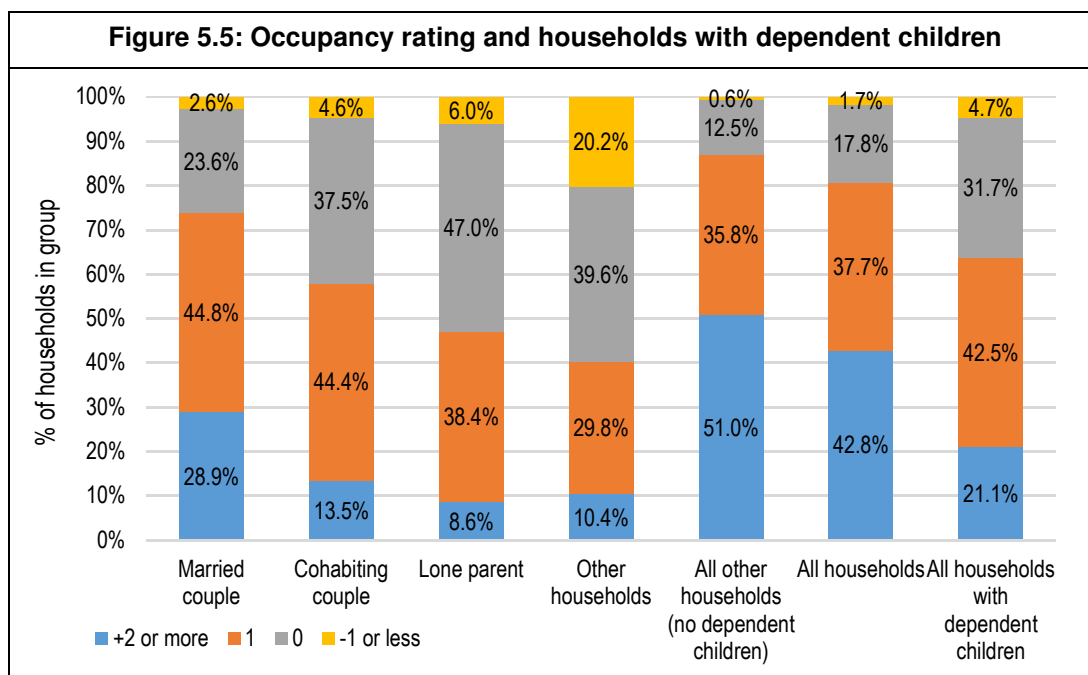
Source: Derived from demographic modelling

5.6 The figure below shows the current tenure of households with dependent children. There are some considerable differences by household type with lone parents having a very high proportion living in the social rented sector and also in private rented accommodation. Only 44% of lone parent households are owner-occupiers compared with 88% of married couples with children.



Source: Census (2011)

5.7 Overcrowding is often a key theme when looking at the housing needs of households with children and the figure below shows that households with children are about eight times more likely than other households to be overcrowded. In total, some 5% of all households with dependent children are overcrowded and included within this the data shows 6% of lone parent households are overcrowded along with 20% of 'other' households with dependent children. Levels of under-occupancy amongst households with dependent children are low when compared with other households.



Source: Census (2011)

5.8 As well as households containing dependent children there will be other (non-dependent) children living as part of another household (typically with parents/grandparents). The table below shows the number of households in the Borough with non-dependent children. In total, some 10% of households (4,400) contained non-dependent children as of 2011. This may to some degree highlight the difficulties faced by young people in accessing housing. Ineligibility for social housing, lower household incomes and the unaffordability of owner occupation for such age groups all contribute to the current trend for young people moving in with or continuing to live with parents. The proportion of households with non-dependent children in the Borough is similar to that seen in other areas with little difference between Urban and Rural locations.

Figure 5.6: Households with non-dependent children (2011)

		Married couple	Cohabiting couple	Lone parent	All other households	Total	Total with non-dependent children
Urban	No.	1,673	142	811	25,521	28,147	2,626
	%	5.9%	0.5%	2.9%	90.7%	100.0%	9.3%
Rural	No.	1,223	88	463	15,456	17,230	1,774
	%	7.1%	0.5%	2.7%	89.7%	100.0%	10.3%
H&B	No.	2,896	230	1,274	40,977	45,377	4,400
	%	6.4%	0.5%	2.8%	90.3%	100.0%	9.7%
Leicestershire	%	6.3%	0.5%	3.3%	89.9%	100.0%	10.1%
East Midlands	%	5.7%	0.5%	3.2%	90.6%	100.0%	9.4%
England	%	5.6%	0.5%	3.5%	90.4%	100.0%	9.6%

Source: Census (2011)

5.9 The table below shows that the number of households with non-dependent children has decreased slightly from 2001 to 2011. In total, the number of households with non-dependent children decreased by around 120 (a 3% decrease); there was however a notable increase in lone parent households (with non-dependent children).

Figure 5.7: Change in households with non-dependent children (2001-11) – H&B

	2001	2011	Change	% change
Married couple	3,257	2,896	-361	-11.1%
Cohabiting couple	195	230	35	17.9%
Lone parent	1,071	1,274	203	19.0%
All other households	36,562	40,977	4,415	12.1%
Total	41,085	45,377	4,292	10.4%
Total with non-dependent children	4,523	4,400	-123	-2.7%

Source: Census (2001 and 2011)

Projected changes to family households

5.10 As well as looking at the number of households with dependent children, the characteristics of these households and how numbers have changed over time, it is possible to use household projections to see how the number of households is likely to change moving forward.

5.11 Analysis has been undertaken to consider what the profile of households might be with dwelling delivery of 457 homes each year – this is shown in the tables below. The projection shows a positive change in the number of households with dependent children, increasing by 2,100 (17%) in the 2016-36 period; the most notable increases are in households with one dependent child.

Figure 5.8: Change in household types 2016-36 (linked to provision of 457 dwellings per annum) – H&B				
	2016	2036	Change	% change
One-person household (aged 65 and over)	6,499	8,811	2,312	35.6%
One-person household (aged under 65)	7,458	9,801	2,342	31.4%
Couple (aged 65 and over)	7,437	11,249	3,812	51.3%
Couple (aged under 65)	7,908	6,330	-1,578	-20.0%
A couple and one or more other adults: No dependent children	3,491	3,015	-475	-13.6%
Households with one dependent child	5,929	7,190	1,262	21.3%
Households with two dependent children	5,203	5,980	778	14.9%
Households with three dependent children	1,657	1,734	76	4.6%
Other households	2,095	2,323	228	10.9%
TOTAL	47,677	56,434	8,757	18.4%
Total households with dependent children	12,789	14,904	2,116	16.5%

Source: Demographic projections

The Mix of Housing – Introduction

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

Current Stock of Housing by Size and Tenure

5.15 It should be noted that the current stock of housing (by size) can have a notable impact on the outputs of the modelling and the table below shows a comparison of the size profile of accommodation in a range of areas in three broad tenure groups. This shows that H&B has a fairly typical stock profile when compared with other locations. One key difference to note however is the relatively low proportion of 1-bedroom homes in the social rented sector (and a higher proportion of 2- and 3-bedroom homes). This observation feeds into conclusions about future mix later in this section.

Figure 5.9: Number of bedrooms by tenure and a range of areas (2011)

		H&B	Leicester-shire	East Midlands	England
Owner-occupied	1-bedroom	2%	2%	2%	4%
	2-bedrooms	23%	20%	22%	23%
	3-bedrooms	49%	51%	51%	48%
	4+-bedrooms	27%	27%	26%	25%
	TOTAL	100%	100%	100%	100%
Social rented	1-bedroom	23%	32%	29%	31%
	2-bedrooms	38%	30%	34%	34%
	3-bedrooms	37%	33%	34%	31%
	4+-bedrooms	2%	4%	3%	4%
	TOTAL	100%	100%	100%	100%
Private rented	1-bedroom	16%	19%	15%	23%
	2-bedrooms	42%	36%	39%	39%
	3-bedrooms	33%	33%	35%	28%
	4+-bedrooms	9%	12%	11%	10%
	TOTAL	100%	100%	100%	100%

Source: Census 2011

Method 1 – household types

5.16 In Method 1, a combination of the Borough’s households and current occupancy patterns is used. By estimating future household growth by type and applying local occupancy patterns it is possible to determine what mix of new housing might be appropriate. By using current occupancy patterns, account can be taken of the relationship between different groups and the housing they occupy (for example, older households who live in accommodation larger than they technically need). The method has been used as it has been observed as the preferred method of the development industry when providing their own evidence about future mix.

5.17 The table below shows the relationship between different household groups and the size of homes they occupy. The data is for all tenures due to availability of data on this topic and is therefore used just to provide an initial overview (further tenure specific analysis is considered under Method 2). The choice of household typologies also differs from other analysis and has been chosen to represent the largest set of groups that can be consistently assessed from both Census data and household projections.

		1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms	Total
One person 65+	No.	763	2,326	2,149	370	5,608
	%	14%	41%	38%	7%	100%
One person <65	No.	1,258	2,915	2,392	598	7,163
	%	18%	41%	33%	8%	100%
Couple 65+	No.	163	1,410	2,258	751	4,582
	%	4%	31%	49%	16%	100%
Couple <65	No.	358	2,567	4,677	2,372	9,974
	%	4%	26%	47%	24%	100%
Households with dependent children	No.	97	1,923	6,221	4,173	12,414
	%	1%	15%	50%	34%	100%
Other	No.	68	969	2,932	1,667	5,636
	%	1%	17%	52%	30%	100%
Total	No.	2,707	12,110	20,629	9,931	45,377
	%	6%	27%	45%	22%	100%

Source: Census (2011)

5.18 The table below shows the size mix needed from applying the occupancy patterns shown above with projected changes to the number of households in each household type group (the figures are for all tenures). The main need is shown to be for 3-bedroom homes (43% of the total) followed by 2-bedroom accommodation (34%).

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms	Total
One person 65+	315	959	886	153	2,312
One person <65	411	953	782	196	2,342
Couple 65+	136	1,173	1,879	625	3,812
Couple <65	-57	-406	-740	-375	-1,578
Households with dependent children	17	328	1,060	711	2,116
Other	-3	-43	-129	-73	-247
Total	818	2,964	3,738	1,236	8,757
	9%	34%	43%	14%	100%

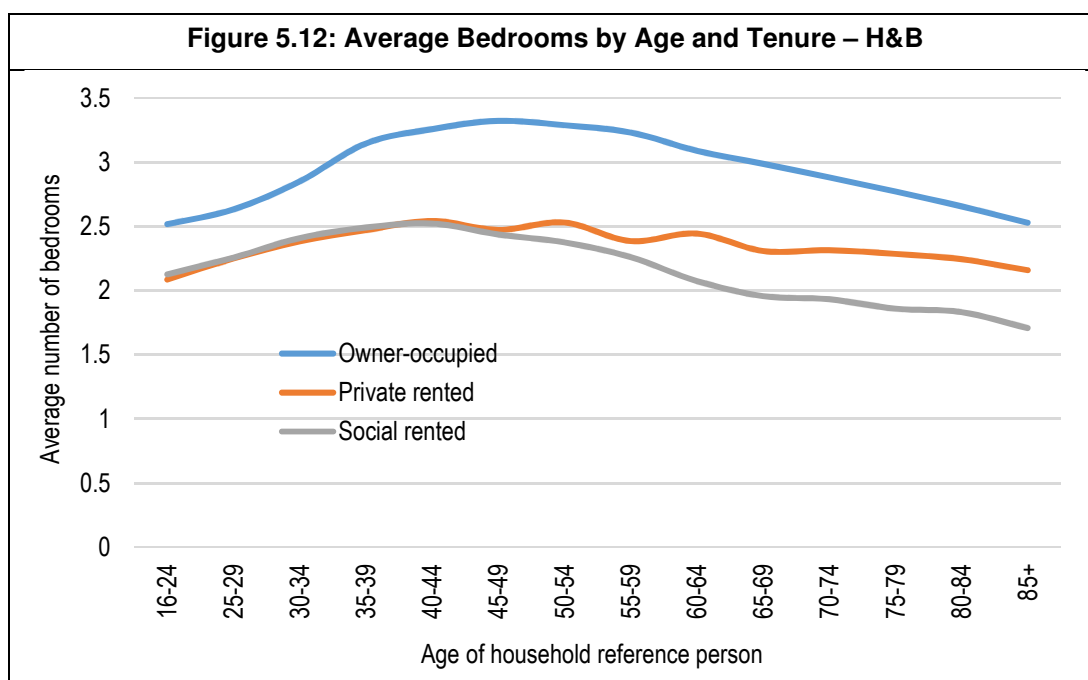
Source: Derived from Census (2011) and demographic projections

Method 2 – Age of Households Reference Person

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

Understanding how Households Occupy Homes

- 5.20 Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided. The main reason for this is that in the market sector, households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.
- 5.21 The size of housing which households occupy relates more to their wealth and age than the number of people they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a 4-bedroom home as long as they can afford it, and hence projecting an increase in single person households does not automatically translate into a need for smaller units. That said, issues of supply can also impact occupancy patterns, for example it may be that a supply of additional smaller bungalows (say 2-bedrooms) would encourage older people to downsize but in the absence of such accommodation these households remain living in their larger accommodation. The issue of choice is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to under-occupy housing (e.g. those who can afford to pay the 'bedroom tax').
- 5.22 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).
- 5.23 The figure below shows an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group. In the owner-occupied sector the average size of accommodation rises over time to typically reach a peak around the age of 45; a similar pattern (but with smaller dwelling sizes) is seen in both the social and private rented sector. After peaking, the average dwelling size decreases – as typically some households downsize as they get older. The slightly variable trend for older age groups in the private rented sector is due to relatively small numbers of older person households being in this sector.



Source: Derived from ONS Commissioned Table CT0621

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

Tenure Assumptions

- 5.25 The housing market model has been used to estimate the future need for different sizes of property over the 20-year period from 2016 to 2036. The model works by looking at the types and sizes of accommodation occupied by different ages of residents and attaching projected changes in the population to this to project need and demand for different sizes of homes. However, the way households of different ages occupy homes differs between the market and affordable sectors (as shown earlier).
- 5.26 It is therefore necessary on this basis to make some judgement for modelling purposes on what proportion of net completions might be of market and affordable housing. For modelling purposes, the analysis assumes that 25% of net completions are either affordable housing (rented) or affordable home ownership and therefore that 75% are market housing (designed to be sold for owner-occupation). There is no assumption about private rented housing, although it is possible that some of the market (owner-occupied) housing will end up in this sector. Using different assumptions will not have any notable impact on the outputs of the modelling or the conclusions to be drawn.

- 5.27 Within the 25% affordable/affordable home ownership a split of 60:40 has been used; this means an estimated total of 15% of completions as affordable housing (rented) and 10% as affordable home ownership. **It should be stressed that these figures are not policy targets and have been applied simply for the purposes of providing outputs from the modelling process.** Policy targets for affordable housing on new development schemes may be different to this; but not all sites deliver policy-compliant affordable housing provision, whilst some delivery is on sites below affordable housing policy thresholds. Equally some housing development is brought forward by Registered Providers and local authorities and may deliver higher proportions of affordable housing than in current policy.
- 5.28 It should also be noted that these figures have initially been used to provide Borough-wide outputs. Any geographical differences are considered in more detail following this initial analysis and the conclusions of the analysis. To confirm, it has been assumed that the following proportions of different tenures will be provided moving forward:
- Market housing – 75%
 - Affordable home ownership – 10%
 - Social/affordable rent – 15%

Projected changes by age of HRP

- 5.29 The table below shows projected changes by age of HRP for the Standard Method projection used in this report (linked to 457 dwellings per annum). It can be seen that the vast majority of changes are projected to occur in older age groups; it is also notable that some age groups are projected to see a decline in numbers (the 50-54 age group being most notable in this). These findings are important as this will influence the sizes of homes needed in the future; notably the losses in HRPs are typically in groups who occupy larger homes and vice versa.

Figure 5.13: Projected change in households by age of household reference person – H&B

	Households 2016	Households 2036	Change in households	% change
16-24	967	1,077	110	11.3%
25-29	2,282	2,440	158	6.9%
30-34	2,986	3,238	252	8.5%
35-39	3,568	4,004	435	12.2%
40-44	3,979	4,579	600	15.1%
45-49	4,769	4,586	-183	-3.8%
50-54	4,880	4,485	-395	-8.1%
55-59	4,393	4,355	-37	-0.9%
60-64	4,148	4,617	469	11.3%
65-69	4,769	5,308	539	11.3%
70-74	3,727	5,224	1,497	40.2%
75-79	2,818	4,360	1,543	54.7%
80-84	2,173	3,579	1,406	64.7%
85 & over	2,219	4,582	2,363	106.5%
Total	47,677	56,434	8,757	18.4%

Source: Demographic projections

Key Findings: Market Housing

- 5.30 There are a range of factors which can influence demand for market housing in different locations. The focus of this analysis is on considering long-term needs, where changing demographics are expected to be a key influence. It uses a demographic-driven approach to quantify demand for different sizes of properties over the 20-year period from 2016 to 2036.
- 5.31 Looking at projecting on the basis of 457 dwellings per annum, an increase of 6,600 additional households is modelled over the period. The majority of these need to be 2- and 3-bed homes. The data suggests that housing need can be expected to reinforce the existing profile, but with a shift towards a requirement for smaller dwellings relative to the distribution of existing housing (particularly towards a need for 2-bedroom homes). This is understandable given the fact that household sizes are expected to fall slightly in the future – particularly as a result of an ageing population living in smaller households.

Figure 5.14: Estimated Size of Dwellings Needed 2016 to 2036 – Market Housing – 457 dwellings per annum – H&B

	2016	2036	Additional households 2016-2036	% of additional households
1-bedroom	776	942	167	3%
2-bedrooms	8,601	10,520	1,919	29%
3-bedrooms	18,112	21,299	3,187	49%
4+-bedrooms	9,687	10,982	1,295	20%
Total	37,175	43,743	6,568	100%

Source: Housing Market Model

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

Key Findings: Affordable home ownership

- 5.34 The table below shows an estimate of the need for different sizes of affordable home ownership based on the analysis of demographic trends. The data suggests in the period between 2016 and 2036 that the main need is again for homes with 2- or 3-bedrooms, although the proportions in the 1-bedroom category are slightly higher than for market housing.
- 5.35 Whilst the analysis shows a potential need for affordable home ownership homes with 1-bedroom it may be the case that some of these could be delivered as larger (2-bedroom) homes. This is because many households seeking this form of housing are likely to want a spare bedroom and under-occupation by 1-bedroom is typically allowed.

Figure 5.15: Estimated Size of Dwellings Needed 2016 to 2036 – affordable home ownership – 457 dwellings per annum – H&B

	2016	2036	Additional households 2016-2036	% of additional households
1-bedroom	888	1,035	147	17%
2-bedrooms	2,369	2,748	378	43%
3-bedrooms	1,845	2,129	284	32%
4+-bedrooms	474	541	67	8%
Total	5,577	6,453	876	100%

Source: Housing Market Model

Key Findings: Affordable Housing (rented)

- 5.36 The table below shows an estimate of the need for different sizes of affordable homes to rent (social/affordable rented) based on the analysis of demographic trends. The data suggests in the period between 2016 and 2036 that the main need is for homes with 1- or 2-bedrooms.

- 5.37 This analysis provides a longer-term view of the need for different sizes of affordable housing and does not reflect any specific local priorities such as for family households in need rather than single people. In addition, it should be noted that smaller properties (i.e. 1-bedroom homes) typically offer limited flexibility in accommodating the changing needs of households, whilst delivery of larger properties can help to meet the needs of households in high priority and to manage the housing stock by releasing supply of smaller properties.
- 5.38 As with market housing, the data again shows that relative to the current profile there is a slight move towards a greater proportion of smaller homes being needed (again related to the ageing population and the observation that older person households are more likely to occupy smaller dwellings).

Figure 5.16: Estimated Size of Dwellings Needed 2016 to 2036 – affordable housing (rented) – 457 dwellings per annum – H&B

	2016	2036	Additional households 2016-2036	% of additional households
1-bedroom	1,198	1,551	354	27%
2-bedrooms	1,879	2,381	501	38%
3-bedrooms	1,748	2,182	434	33%
4+-bedrooms	100	124	24	2%
Total	4,925	6,239	1,314	100%

Source: Housing Market Model

Comparing Outputs – Method 1 and 2

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

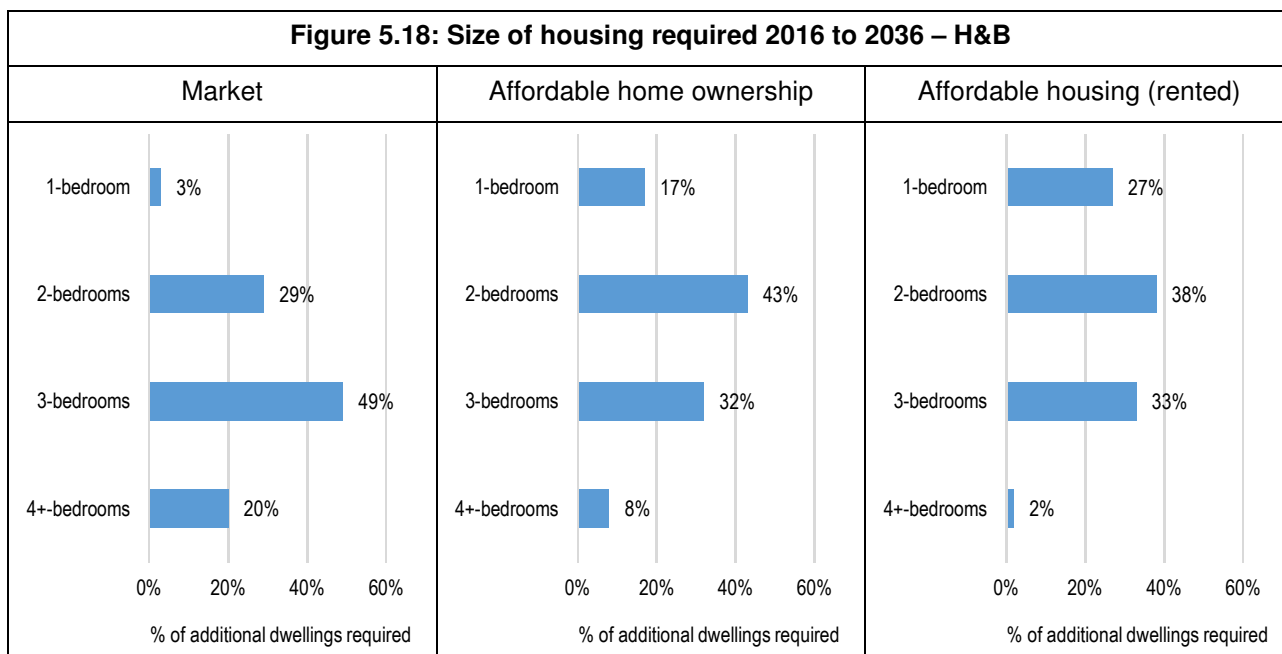
Figure 5.17: Comparing overall need outputs from Methods 1 and 2

	1-bedroom	2-bedrooms	3-bedroom	4+-bedrooms
Method 1	9%	34%	43%	14%
Method 2	8%	32%	45%	16%

Source: Derived from Census (2011) and demographic projections

Indicative Targets by Tenure

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



Source: Housing Market Model

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

5.43 At the other end of the scale, conclusions also need to consider that the stock of 4+-bedroom affordable housing is very limited and tends to have a very low turnover. As a result, whilst the number of households coming forward for 4+-bedroom homes is typically quite small, the ability for these needs to be met is even more limited. The analysis is also mindful of the relatively high proportion of social rented homes with 2- and 3-bedrooms across the Borough.

5.44 For these reasons, it is suggested in converting the long-term modelled outputs into a profile of housing to be provided (in the affordable sector) that the proportion of 3-bedroom homes required is reduced slightly from these outputs with a commensurate increase in 4+-bedroom homes also being appropriate. There are thus a range of factors which are relevant in considering policies for the mix of affordable housing (rented) sought through development schemes. At a Borough-wide level, the analysis would support policies for the mix of affordable housing (rented) of:

- 1-bed properties: 25%
- 2-bed properties: 40%
- 3-bed properties: 30%
- 4+-bed properties: 5%

5.45 As well as considering this analysis in terms of the number of bedrooms, the Council should be mindful of the overall size and layout of homes. In particular, encouraging homes that are flexible in terms of the range of different household groups they might be suitable for – this might include additional rooms rather than open plan living, or at least homes that can easily be converted to include additional bedrooms. Homes suitable for people with mobility problems and which are adapted or adaptable should also be a consideration for the Council in new stock (the needs of older people and those with disabilities is discussed in the following section of this report).

5.46 The strategic conclusions recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households; together with the limited flexibility which 1-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

5.47 The need for affordable housing of different sizes may vary by area (at a more localised level) and over time. In considering the mix of homes to be provided within specific development schemes, this information should be brought together with details of households currently on the Housing Register in the local area and the stock and turnover of existing properties.

5.48 In the affordable home ownership sector a profile of housing that more closely matches the outputs of the modelling is suggested although a slightly shift from 1-bedroom to 2-bedroom homes is suggested (as 2-bedroom homes are likely to be the preference for many households). On the basis of these factors it is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households. The following mix of affordable home ownership is therefore suggested:

- 1-bed properties: 10%
- 2-bed properties: 50%
- 3-bed properties: 30%
- 4+-bed properties: 10%

5.49 Finally, in the market sector, a profile of housing that more closely matches the outputs of the modelling is also suggested. This provides for a balance of dwellings that takes account of both the demand for homes and the changing demographic profile, this sees a slightly larger recommended profile compared with other tenure groups. The following mix of market housing is suggested:

- 1-bed properties: 5%
- 2-bed properties: 30%
- 3-bed properties: 45%
- 4+-bed properties: 20%

5.50 Although the analysis has quantified this on the basis of the market modelling and an understanding of the current housing market, it does not necessarily follow that such prescriptive figures should be included in the plan making process. The 'market' is to some degree a better judge of what is the most appropriate profile of homes to deliver at any point in time, and demand can change over time linked to macro-economic factors and local supply. Policy aspirations could also influence the mix sought.

5.51 Whilst this report does not suggest that prescriptive figures necessarily need to be included within the Local Plan, it is the case that the figures can be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area.

Smaller-area Housing Mix

5.52 The analysis above has focussed on overall Borough-wide needs; given clear spatial differences between locations it is however worth considering the potential mix at a smaller-area level. The table below shows the profile of housing by tenure for the sixteen wards (figures have been summarised into smaller (1- and 2-bedroom) and larger (3+-bedroom) homes. This shows some variation across areas, although when comparing urban and rural areas, the analysis does not suggest much difference in terms of the broad stock profile.

Figure 5.19: Number of bedrooms by tenure and sub-areas (2011) – H&B

	Owner-occupied		Social rented		Private rented	
	1- and 2- bedroom	3+ bedroom	1- and 2- bedroom	3+ bedroom	1- and 2- bedroom	3+ bedroom
Ambien	21%	79%	45%	55%	45%	55%
BN&O	21%	79%	63%	37%	54%	46%
Barwell	30%	70%	54%	46%	59%	41%
Burbage Sketchley and Stretton	25%	75%	69%	31%	56%	44%
BStC&LH	20%	80%	67%	33%	50%	50%
CCMB&S	15%	85%	73%	27%	54%	46%
Earl Shilton	28%	72%	54%	46%	67%	33%
Groby	23%	77%	72%	28%	52%	48%
Hinckley Castle	30%	70%	63%	37%	72%	28%
Hinckley Clarendon	26%	74%	79%	21%	52%	48%
Hinckley De Montfort	24%	76%	65%	35%	59%	41%
Hinckley Trinity	25%	75%	63%	38%	59%	41%
Markfield, Stanton and Fieldhead	37%	63%	68%	32%	66%	34%
NVwD&P	17%	83%	49%	51%	50%	50%
Ratby, Bagworth and Thornton	24%	76%	55%	45%	52%	48%
T&WwS	18%	82%	59%	41%	35%	65%
Urban	26%	74%	63%	37%	61%	39%
Rural	23%	77%	59%	41%	52%	48%
All households	25%	75%	61%	39%	58%	42%

Source: Census 2011

- 5.53 The analysis below shows a slightly more fine-grained analysis for Urban and Rural areas. This shows there are some small differences, the most notable being the lower proportion of 1-bedroom social rented homes in Rural areas. This should not be taken to indicate a shortfall of such homes and is more likely to be driven by the different demographic profile in Rural areas (e.g. households are less likely to be young single adults).
- 5.54 Additionally, Rural areas see a higher proportion of 4+-bedroom market housing. This may in part reflect the role and function of different locations. It seems likely that certain households (e.g. households with higher income/wealth) would seek to live in more rural locations and so the higher stock is reflective of a demand rather than a relative over-supply.

Figure 5.20: Number of bedrooms by tenure and broad sub-area (2011) – H&B

		Urban	Rural	H&B
Owner-occupied	1-bedroom	2%	2%	2%
	2-bedrooms	24%	21%	23%
	3-bedrooms	52%	44%	49%
	4+-bedrooms	22%	34%	27%
	TOTAL	100%	100%	100%
Social rented	1-bedroom	28%	13%	23%
	2-bedrooms	34%	46%	38%
	3-bedrooms	36%	39%	37%
	4+-bedrooms	2%	3%	2%
	TOTAL	100%	100%	100%
Private rented	1-bedroom	19%	10%	16%
	2-bedrooms	43%	42%	42%
	3-bedrooms	33%	34%	33%
	4+-bedrooms	6%	14%	9%
	TOTAL	100%	100%	100%

Source: Census 2011

- 5.55 Following this discussion, a further analysis has been carried out to model the data separately for Urban and Rural areas. The table below shows how estimated need/demand by size varies across areas. The analysis does indeed suggest that Rural areas have a need for a slightly lower proportion of 1-bedroom social/affordable rented units than Urban locations. There is also a small difference in terms of the 4+-bedroom homes in the market sector.
- 5.56 Given the data available it is not considered that providing a ward level mix analysis would be sufficiently robust. However, consideration can be given to the earlier (ward level) data about the mix of housing in different locations to identify if there are any particular gaps in the housing offer that might point towards a different mix being appropriate at any point in time.
- 5.57 Overall, the analysis does not suggest that a different mix should be proposed at a strategic level for Urban and Rural areas (or indeed smaller areas within this) but it does indicate that there may be a case at a smaller area level for some minor adjustments – additional local evidence (such as from the Housing Register) could be used to justify a different local mix, although it should be noted that this could vary over time.

Figure 5.21: Modelled mix of housing (2016-36) by tenure and broad sub-area – H&B

		Urban	Rural	H&B
Market	1-bedroom	3%	2%	3%
	2-bedrooms	29%	28%	29%
	3-bedrooms	50%	46%	49%
	4+-bedrooms	18%	23%	20%
	TOTAL	100%	100%	100%
Affordable home ownership	1-bedroom	18%	14%	17%
	2-bedrooms	43%	43%	43%
	3-bedrooms	32%	33%	32%
	4+-bedrooms	7%	10%	8%
	TOTAL	100%	100%	100%
Social/ affordable rented	1-bedroom	29%	22%	27%
	2-bedrooms	36%	42%	38%
	3-bedrooms	33%	34%	33%
	4+-bedrooms	2%	2%	2%
	TOTAL	100%	100%	100%

Source: Census 2011

Need/demand for Bungalows

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

Family Households and Housing Mix: Key Messages

- The proportion of households with dependent children is about average in H&B, although there are a relatively high proportion of married couples and relatively few lone parents. There has been only modest past growth in the number of ‘family’ households and a slight reduction in the number of households with non-dependent children (likely in many cases to be grown-up children living with parents). Projecting forward, there is expected to be an increase in the number of households with dependent children – increasing by 17% over the 2016-36 period when linking to an LHN of 457 dwellings per annum.
- There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households’ ability to save; economic performance and housing affordability. The analysis linked to long-term (20-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes, this takes account of both household changes and the ageing of the population:

Suggested Mix of Housing by Size and Tenure to 2036				
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	5%	30%	45%	20%
Affordable home ownership	10%	50%	30%	10%
Affordable housing (rented)	25%	40%	30%	5%

- The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bed properties offer to changing household circumstances, which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing in the Borough (by tenure).
- The mix identified above could inform strategic policies although a flexible approach should be adopted. In applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.
- Based on the evidence, it is expected that the focus of new market housing provision will be on 2- and 3-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retaining flexibility for friends and family to come and stay.
- Analysis also considered demographic trends and the current mix of housing at a smaller-area level (including for a broad Urban/Rural split). Whilst there were some differences in the analysis, it is not considered that they are substantial enough to suggest a different mix of housing as being needed in different areas. That said, the mix on any specific site could be influenced by site characteristics, and also any localised evidence of need, such as that drawn from the Housing Register.

6. Older People and People with Disabilities

Introduction

- 6.1 This section studies the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. It responds to Planning Practice Guidance on *Housing for Older and Disabled People* published by Government in June 2019. It includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).
- 6.2 Regarding housing specifically for older people, the PPG (63-004) states the following (which is reflected in this section):

'The future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered, enhanced sheltered, extra care, registered care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector... The assessment can also set out the level of need for residential care homes'.

Current Population of Older People and Future Changes

- 6.3 The table below provides baseline population data about older persons and compares this with other areas. The data for has been taken from the published ONS mid-year population estimates and is provided for age groups from 65 and upwards; the data is for 2017 to reflect the latest published data for local authority areas and above. The data shows, when compared with data for other areas that the Borough has a slightly higher proportion of older persons. In 2017, it was estimated that 22% of the population of the Borough was aged 65 or over, this compares with a figure of 18% nationally.

	H&B		Leicester-shire	East Midlands	England
	Popn	% of popn	% of popn	% of popn	% of popn
Under 65	87,346	78.4%	82.7%	80.9%	82.0%
65-74	13,917	12.5%	9.7%	10.7%	9.9%
75-84	7,186	6.5%	5.3%	5.9%	5.7%
85+	2,921	2.6%	2.3%	2.4%	2.4%
Total	111,370	100.0%	100.0%	100.0%	100.0%
Total 65+	24,024	21.6%	17.3%	19.1%	18.0%

Source: ONS 2017 mid-year population estimates

- 6.4 The table below shows how the proportion of older people varies across the sub-areas of the Borough. This analysis shows some difference between locations with the highest proportion of older people being seen in some of the rural wards and the lowest in Hinckley Clarendon (15%). The proportion of older people is slightly higher in Rural than Urban areas.

Figure 6.2: Older Person Population (2017) – H&B sub-areas

	% under 65	% 65-74	% 75-84	% 85+	Total (all ages)	% 65+
Ambien	76.9%	14.5%	6.0%	2.6%	3,720	23.1%
BN&O	78.9%	13.0%	6.2%	1.9%	3,333	21.1%
Barwell	80.3%	11.7%	5.6%	2.4%	9,234	19.7%
Burbage Sketchley and Stretton	77.3%	13.9%	6.8%	2.0%	9,605	22.7%
BStC&LH	72.3%	14.1%	8.4%	5.2%	5,879	27.7%
CCMB&S	71.8%	15.8%	8.5%	3.9%	3,766	28.2%
Earl Shilton	80.1%	11.7%	5.6%	2.6%	10,754	19.9%
Groby	76.8%	12.8%	7.9%	2.4%	6,781	23.2%
Hinckley Castle	81.7%	9.8%	5.7%	2.8%	6,466	18.3%
Hinckley Clarendon	85.0%	9.6%	3.9%	1.6%	9,378	15.0%
Hinckley De Montfort	78.1%	12.1%	6.7%	3.2%	10,367	21.9%
Hinckley Trinity	83.5%	9.9%	4.8%	1.8%	7,146	16.5%
Markfield, Stanton and Fieldhead	72.2%	14.9%	9.5%	3.4%	5,792	27.8%
NVwD&P	74.5%	15.3%	7.3%	2.9%	8,530	25.5%
Ratby, Bagworth and Thornton	81.9%	11.1%	5.3%	1.8%	7,511	18.1%
T&WwS	71.8%	16.1%	9.5%	2.6%	3,108	28.2%
Urban	79.9%	11.6%	5.9%	2.6%	68,829	20.1%
Rural	76.0%	13.9%	7.4%	2.7%	42,541	24.0%
Total	78.4%	12.5%	6.5%	2.6%	111,370	21.6%

Source: ONS 2017 mid-year population estimates

6.5 As well as providing a baseline position for the proportion of older persons in the Borough, population projections can be used to provide an indication of how the numbers might change in the future. Linking to the Standard Method, the projections show an increase in the population aged 65 and over of 11,300 people, this is against a backdrop of an overall increase of 16,800 – population growth of people aged 65 and over therefore accounts for 67% of the total projected population change.

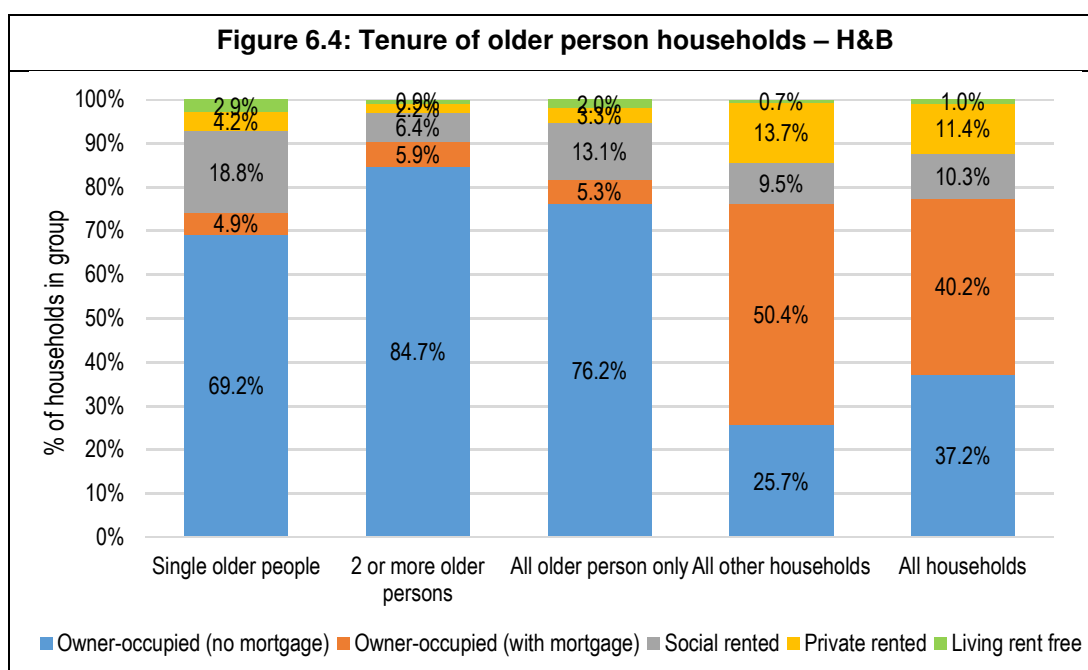
Figure 6.3: Projected Change in Population of Older Persons (2016 to 2036) – H&B (linked to Standard Method)

	2016	2036	Change in population	% change
Under 65	86,517	92,026	5,509	6.4%
65-74	13,551	16,769	3,218	23.7%
75-84	6,956	11,713	4,757	68.4%
85+	2,857	6,189	3,332	116.6%
Total	109,881	126,697	16,816	15.3%
Total 65+	23,364	34,671	11,307	48.4%

Source: Demographic projections

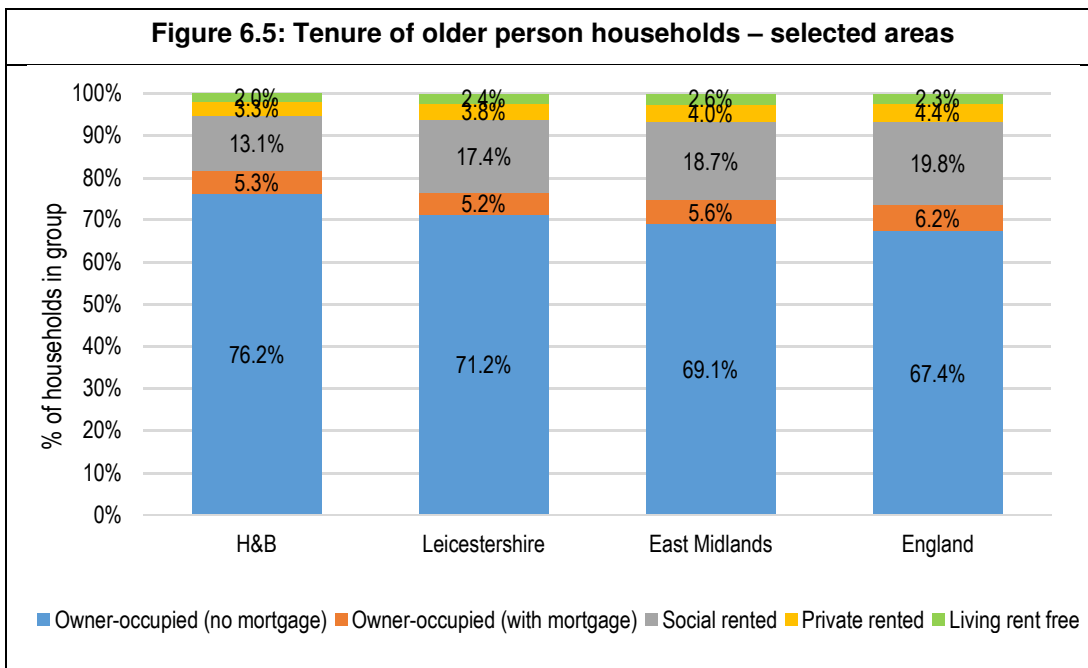
Characteristics of Older Person Households

- 6.6 The figure below shows the tenure of older person households – the data has been split between single older person households and those with two or more older people (which will largely be couples). The data shows that older person households are relatively likely to live in outright owned accommodation (76%) and are also more likely than other households to be in the social rented sector (18.8% compared with 11.4% of all households in the Borough). The proportion of older person households living in the private rented sector is relatively low (3% compared with 11% of all households in the Borough).
- 6.7 There are also notable differences for different types of older person households with single older people having a much lower level of owner-occupation than larger older person households – this group also has a much higher proportion living in the social rented sector.
- 6.8 Given that the number of older people is expected to increase in the future and that the number of single person households is expected to increase this would suggest (if occupancy patterns remain the same) that there will be a notable demand for affordable housing from the ageing population. That said, the proportion of older person households who are outright owners (with significant equity) may mean that market solutions will also be required to meet their needs.



Source: 2011 Census

- 6.9 When compared with other areas, the analysis shows that the tenure mix of older person households in H&B is broadly similar to that seen in other locations, albeit the proportion of owner-occupiers is slightly higher than the average.



Source: 2011 Census

6.10 The table below shows how the tenure of older person households varies across areas. This shows some variation, although the general picture is one of high levels of owner-occupation. When comparing Urban and Rural areas, it can be seen that the tenure profile of older person households is virtually identical although there are some notable differences at a smaller area (ward) level.

	Owner-occupied	Social rented	Private rented	Total	Households
Ambien	80.8%	6.9%	12.3%	100.0%	333
BN&O	73.7%	20.8%	5.5%	100.0%	289
Barwell	77.9%	15.2%	6.9%	100.0%	752
Burbage Sketchley and Stretton	89.5%	5.9%	4.6%	100.0%	913
BStC&LH	67.9%	28.2%	3.8%	100.0%	836
CCMB&S	76.8%	14.7%	8.5%	100.0%	414
Earl Shilton	80.6%	12.6%	6.7%	100.0%	878
Groby	88.4%	8.3%	3.3%	100.0%	690
Hinckley Castle	80.7%	9.6%	9.6%	100.0%	550
Hinckley Clarendon	79.4%	17.8%	2.7%	100.0%	583
Hinckley De Montfort	91.1%	4.9%	4.0%	100.0%	944
Hinckley Trinity	83.9%	12.8%	3.3%	100.0%	508
Markfield, Stanton and Fieldhead	83.8%	11.0%	5.2%	100.0%	766
NVwD&P	82.8%	12.9%	4.2%	100.0%	873
Ratby, Bagworth and Thornton	75.6%	20.9%	3.5%	100.0%	602
T&WwS	81.4%	12.5%	6.1%	100.0%	360
Urban	81.7%	13.1%	5.2%	100.0%	5,964
Rural	81.4%	13.1%	5.4%	100.0%	4,327
Total	81.6%	13.1%	5.3%	100.0%	10,291

Source: 2011 Census

People with Disabilities

6.11 The table below shows the proportion of people with a long-term health problem or disability (LTHPD), and the proportion of households where at least one person has a LTHPD. The data suggests that across the Borough, some 31% of households contain someone with a LTHPD. This figure is similar to that seen in other areas. The figures for the population with a LTHPD again show a similar pattern in comparison with other areas (an estimated 17% of the population of the Borough have a LTHPD).

	Households containing someone with a health problem		Population with a health problem	
	Number	%	Number	%
H&B	13,949	30.7%	17,832	17.0%
Leicestershire	124,335	31.8%	162,560	16.6%
East Midlands	644,852	34.0%	844,297	18.6%
England	7,217,905	32.7%	9,352,586	17.6%

Source: 2011 Census

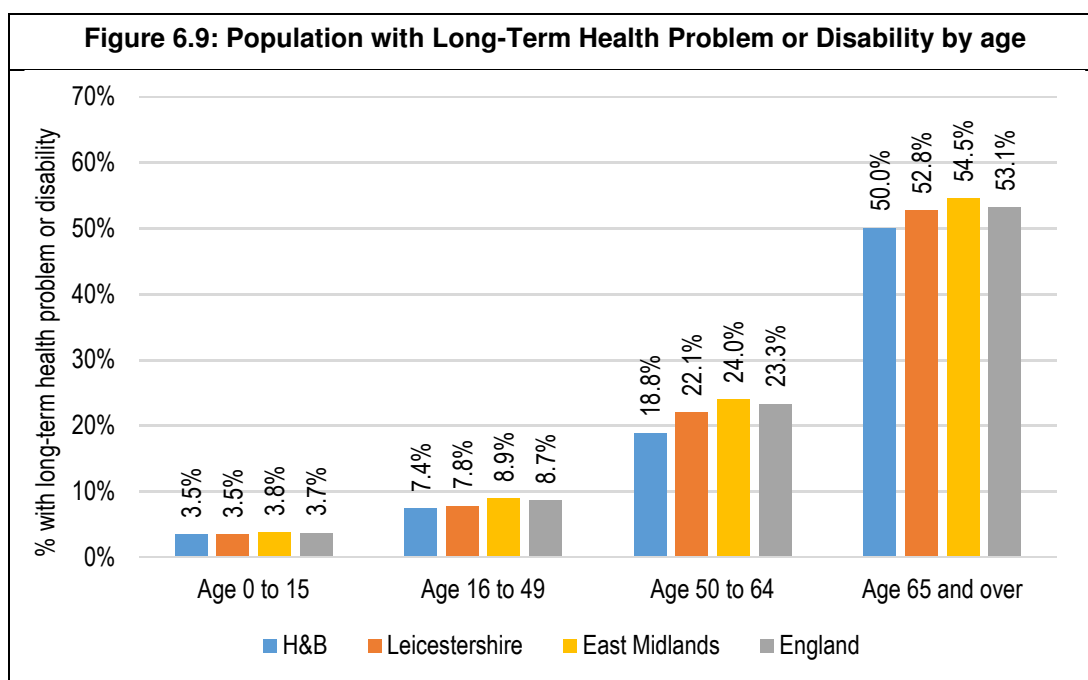
6.12 When looking at smaller sub-areas, the analysis shows the highest proportion of households with a LTHPD to be living in BStC&LH (likely to be linked to the age structure); this area also has the highest proportion of the population with a LTHPD. At the other end of the scale, the lowest proportion of households with a LTHPD can be found in Hinckley Clarendon and the lowest population proportion in Groby. The population (and households) in rural and urban areas overall have similar levels of LTHPD.

Figure 6.8: Households and people with a Long-Term Health Problem or Disability (2011) – H&B sub-areas

	Households containing someone with a health problem		Population with a health problem	
	Number	%	Number	%
Ambien	453	32.6%	609	17.6%
BN&O	414	30.3%	524	16.1%
Barwell	1,209	30.9%	1,584	17.6%
Burbage Sketchley and Stretton	1,062	28.1%	1,305	14.7%
BStC&LH	1,028	39.3%	1,281	22.5%
CCMB&S	452	30.0%	612	17.5%
Earl Shilton	1,384	31.5%	1,816	18.1%
Groby	777	27.5%	957	14.1%
Hinckley Castle	813	29.1%	1,071	17.7%
Hinckley Clarendon	1,009	27.1%	1,247	14.3%
Hinckley De Montfort	1,206	29.1%	1,539	16.3%
Hinckley Trinity	863	30.9%	1,085	16.7%
Markfield, Stanton and Fieldhead	882	34.8%	1,141	20.1%
NVwD&P	1,123	33.2%	1,497	18.7%
Ratby, Bagworth and Thornton	870	29.8%	1,048	14.8%
T&WwS	404	30.9%	516	17.2%
Urban	8,574	30.5%	10,928	17.0%
Rural	5,375	31.2%	6,904	16.9%
Total	13,949	30.7%	17,832	17.0%

Source: 2011 Census

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



Source: 2011 Census

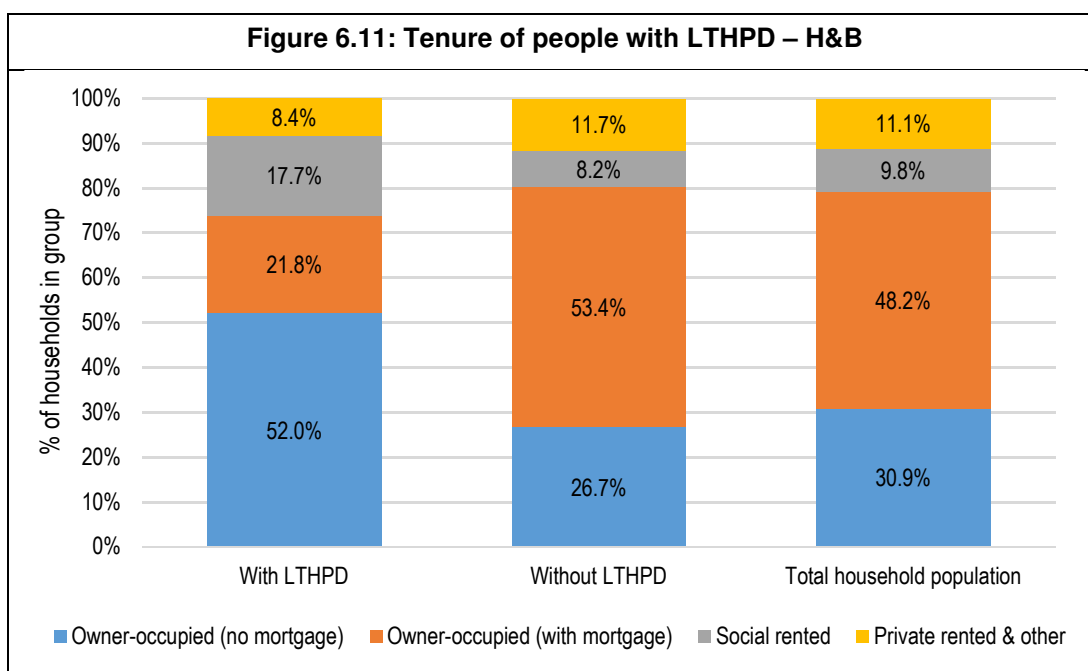
- 6.14 The age specific prevalence rates shown above can be applied to the demographic data to estimate the likely increase over time of the number of people with a LTHPD. In applying this information to the demographic projections, it is estimated that the number of people with a LTHPD will increase by around 6,000 (a 30% increase) between 2016 and 2036.
- 6.15 Across the Borough, most all of this increase is expected to be in age groups aged 65 and over. The population increase of people with a LTHPD represents 36% of the total increase in the population estimated by the projections.

Figure 6.10: Estimated change in population with LTHPD (2016-2036) – H&B

	Population with LTHPD		Change (2016-36)	% change from 2016
	2016	2036		
Linked to 457 dpa	19,947	25,979	6,032	30.2%

Source: Derived from demographic modelling and Census (2011)

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



Source: Census (2011)

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

Figure 6.12: Tenure of people with a LTHPD

	% of social rent with LTHPD	% of other tenures with LTHPD
H&B	30.0%	15.1%

Source: Census (2011)

Health-related Population Projections

6.18 In addition to providing projections about how the number and proportion of older people is projected to change in the future (data earlier in this section) the analysis can look at the likely impact on the number of people with specific illnesses or disabilities. For this, data from the Projecting Older People Information System (POPPI) has been used. The data provides prevalence rates for different disabilities by age and sex. For the purposes of this study, analysis has focussed on estimates of the number of people with dementia and mobility problems.

6.19 For both of the health issues analysed the figures relate to the population aged 65 and over. The figures from POPPI are based on prevalence rates from a range of different sources and whilst these might change in the future (e.g. as general health of the older person population improves) the estimates are likely to be of the right order.

- 6.20 The table below shows that both of the illnesses/disabilities are expected to increase significantly in the future although this would be expected given the increasing population. In particular, there is projected to be a large rise in the number of people with dementia (up 62%) along with an 83% increase in the number with mobility problems. When related back to the total projected change to the population, the increase of 3,190 people with a mobility problem represents 19% of the total projected population growth
- 6.21 It should be noted that there will be an overlap between dementia and mobility problems (i.e. some people will have both types of illness/disability). Hence the numbers for each of the illnesses/disabilities should not be added together to arrive at a total.

Figure 6.13: Projected changes to population with a range of disabilities – H&B

Disability	Age range	2016	2036	Change	% change
Dementia	65+	1,603	2,594	991	61.8%
Mobility problems	65+	3,854	7,043	3,190	82.8%

Source: POPPI/PANSI and demographic projections

- 6.22 Whilst many older persons will continue to live in mainstream housing, it is considered (on the basis of this analysis) that it would be sensible to design housing so that it can be adapted to households changing needs. Subject to viability testing, it is recommended that new housing is delivered to Part M4(2) 'accessible and adaptable' standards.

Older Persons' Housing Needs (self-contained units)

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

- 6.26 Additionally, the analysis draws on prevalence rates in the HOPSR – this source also providing some supply estimates which have been used alongside information from the Elderly Accommodation Counsel (EAC) which provides an indication of the current tenure mix of such accommodation.

Definitions of Different Types of Older Persons' Accommodation

Retirement/sheltered housing:

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

Enhanced sheltered housing:

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

Extra care housing:

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

Source: HOPSR

- 6.27 As well as setting out overall prevalence rates for different types of housing, the Housing LIN and HOPSR provide some suggestions for the tenure split between rented and leasehold accommodation, this varies depending on an area's level of deprivation. In Hinckley & Bosworth, data from the 2015 Index of Multiple Deprivation suggests that the local authority is the 248th most deprived of 326 local authorities (i.e. a relatively low level of deprivation) – this points to a higher proportion of specialist accommodation as needing to be leasehold (market) accommodation rather than rented (affordable).
- 6.28 Consideration has also been given to overall levels of disability in the older person population; given that these are slightly better than the national average in H&B a small downwards adjustment to national prevalence rates has been made.
- 6.29 For the purposes of analysis below the last two categories shown in the box above (enhanced sheltered/Extra-care) have been merged into one. This is partly because this allows for alignment with the supply data available from the EAC and also to be consistent with information from Housing LIN which notes that *'most leasehold extra-care is enhanced sheltered according to EAC specifications'*. Therefore, two categories of accommodation are used:
- Housing with Support (which covers retirement/sheltered housing); and
 - Housing with Care (which includes the enhanced sheltered and extra-care housing)

6.30 The table below shows estimated needs for different types of housing linked to the Standard Method projections. The analysis shows a potential current surplus of housing with support in the rented (affordable) sector but a shortfall moving through to 2036. The analysis also shows a current and projected shortfall of all other types/tenures of housing.

6.31 Overall, the analysis suggests a need for 2,108 additional units by 2036 (around 105 per annum), of which around 70% are estimated to be needed in the leasehold (market) sector.

Figure 6.14: Older Persons' Dwelling Requirements 2016 to 2036 linked to Standard Method housing need – H&B							
		Housing demand per 1,000 75+	Current supply	2016 demand	Current shortfall/ (surplus)	Additional demand to 2036	Shortfall/ (surplus) by 2036
Housing with support	Rented	44	493	428	-65	353	289
	Leasehold	74	216	727	511	599	1,110
Housing with care	Rented	19	0	186	186	153	339
	Leasehold	23	50	230	180	190	370
Total		160	759	1,571	812	1,295	2,108

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

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

6.33 The analysis has not attempted to break these figures down into the sixteen wards. However, the data previously provided in this section would help to indicate how needs might vary across locations. In particular, it is notable that the population of older persons does vary across the Borough, with those areas with higher proportions potentially expected to see a higher demand for older person accommodation.

6.34 In terms of the tenure split, earlier analysis suggested only small differences between locations when considered in the round. It seems likely therefore that the typical tenure splits highlighted above would be applicable across the Borough. It should also be noted that care should be taken when interpreting the smaller-area data; in terms of getting schemes in place, it is likely that there would need to be a critical mass of dwellings. To look at need, it might therefore be necessary to group together data from a number of areas to examine local trends.

Older Persons' Housing Needs (Residential Care Bedspaces)

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

Definitions of Different Types of Older Persons’ Accommodation (C2 use class)

Care beds:

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

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

Source: HOPSR

6.36 The table below shows the prevalence rates used and the need associated with these – the analysis includes an estimate of the current supply. The analysis shows a current shortfall in the Borough and notable projected future need. Overall, it is estimated that there is a need for around 1,300 additional bedspaces to 2036.

	Housing demand per 1,000 75+	Current supply	2016 demand	Current shortfall/ (surplus)	Additional demand to 2036	Shortfall/ (surplus) by 2036
H&B	104	533	1,017	484	838	1,322

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

Older Persons’ Housing and Planning Use Classes

6.37 It is worth briefly discussing the Use Classes that Older Persons housing would fall into, in particular as it can be difficult to ascertain what use extra care housing falls into in particular. The Use Classes Order sets out different categories of residential use and makes a distinction between residential institutions (Class C2) and dwelling-houses (Class C3). The C2/C3 distinction is important as it can impact on the ability of a local authority to seek an affordable housing contribution from a development.

6.38 There is case law (at planning appeals and in the courts) on the definitions of both. There is no government guidance on which use class ‘extra care housing’ falls into. It is for the decision maker to decide, depending on the individual circumstances of each case. Planning Practice Guidance (para 63-014) sets out:

“It is for the local planning authority to consider into which use class a particular development will fall. When determining whether a development for specialist older people falls within C2 (Residential Institutions) or C3 (Dwellinghouse) of the Use Class Order, consideration could, for example, be given to the level of care and scale of communal facilities.”

6.39 Considerations in determining the appropriate Use Class might include: whether units have their own front doors and kitchens; the degree to which residents are in receipt of care or are required to sign-up to a care package; and the level of communal facilities and support available within a development scheme.

- 6.40 Overall, however, it is suggested that the choice of a Use Class should not really matter as long as relevant policies are clear about the expectation from any scheme. For example, an affordable housing contribution could be sought from Extra-care schemes regardless of whether or not they are considered as C2 or C3 – as long as this is clearly set out in policy.
- 6.41 It should be noted that the viability of extra care schemes can differ from general market housing; and the Council should consider the viability of different models of older persons housing including extra care within its viability evidence in considering appropriate policies for affordable housing provision. In the case of housing with care provision it may be appropriate to consider setting affordable housing specific to this form of development.
- 6.42 It can be difficult in some circumstances for developers of specialist housing for older persons to compete with other developers for land. To support the delivery of specialist accommodation, it may be appropriate for the Council to consider making specific land allocations for specialist housing for older persons within new Local Plans.

Wheelchair User Housing

- 6.43 Information about the need for housing for wheelchair users is difficult to obtain (particularly at a local level) and so some brief analysis has been carried out based on national data within a research report by Habinteg Housing Association and London South Bank University (Supported by the Homes and Communities Agency) - *Mind the Step: An estimation of housing need among wheelchair users in England*. This report provides information at a national and regional level although there are some doubts about the validity even of the regional figures; hence the focus is on national data.
- 6.44 The report identifies that around 84% of homes in England do not allow someone using a wheelchair to get to and through the front door without difficulty and that once inside, it gets even more restrictive. Furthermore, it is estimated (based on English House Condition Survey data) that just 0.5% of homes meet criteria for 'accessible and adaptable', while 3.4% are 'visitable' by someone with mobility problems (data from the CLG Guide to available disability (taken from the English Housing Survey)) puts the proportion of 'visitable' properties at a slightly higher 5.3%.
- 6.45 Overall, the report estimates that there is an unmet need for wheelchair user dwellings equivalent to 3.5 per 1,000 households (this is described in the Habinteg report as the *number of wheelchair user households with unmet housing need*). In H&B, as of 2016, this would represent a current need for about 170 wheelchair user dwellings. Moving forward, the report estimates a wheelchair user need from around 3% of households. If 3% is applied to the household growth in the demographic projections (2016-36) then there would be an additional need for around 260 adapted homes. If these figures are brought together with the estimated current need then the total wheelchair user need would be for around 430 homes (over 20-years).

Figure 6.16: Estimated need for wheelchair user homes (2018-2036) – H&B			
	Current need	Projected need (2018-36)	Total
Linked to 457 dpa	167	263	430

Source: Derived from demographic projections and Habinteg prevalence rates

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

Housing for Older People and People with Disabilities: Key Messages

- A range of data sources and statistics have been accessed to consider the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. The analysis responds to Planning Practice Guidance on *Housing for Older and Disabled People* published by Government in June 2019 and includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).
- The data shows that in general, H&B has similar levels of disability compared with other areas, however an ageing population means that the number of people with disabilities is likely to increase substantially in the future. Key findings include:
 - Around a 50% increase in the population aged 65+ over 2016-2036 (potentially accounting for two-thirds of total population growth);
 - A current need for enhanced sheltered and extra-care housing in both the rented and leasehold sectors (and leasehold sheltered/retirement housing);
 - A future need for all types of specialist housing for older people;
 - A need for additional care bedspaces; and
 - a need for around 430 dwellings to be for wheelchair users (meeting technical standard M4(3))
- This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing. Given the evidence, the Council could consider (as a start point) requiring all dwellings to meet the M4(2) standards (which are similar to the Lifetime Homes Standards) and at least 5% meeting M4(3). It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.
- The Council should also consider if a different approach is prudent for market housing and affordable homes, recognising that Registered Providers may already build to higher standards, and that households in the affordable sector are more likely to have some form of disability.
- In seeking M4(2) compliant homes, the Council should also be mindful that such homes could be considered as ‘homes for life’ and would be suitable for any occupant, regardless of whether or not they have a disability at the time of initial occupation.
- The analysis is not definitive about the quantities of different types of specialist housing (or its tenure) due to a range of views about prevalence rates; the need for leasehold (market) housing with care (Extra-care/Enhanced sheltered) is estimated to be for around 370 dwellings in the period to 2036 (18-19 per annum) – it is considered that these will be in a C3 use class.

7. Private Rented Sector

Introduction

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

Size of the Private Rented Sector

- 7.3 The table below shows the tenure split of housing in 2011 in H&B and a range of other areas. This shows a total of 5,200 households living in private rented housing in the Borough – 11.4% of all households. This proportion is notably below County, regional and national equivalent figures. The vast majority of households in the PRS are living in housing rented from a landlord or through a letting agency, although around 500 (1.1% of all households) are recorded as living in 'other' PRS accommodation, this is mainly households living in housing owned by a relative or friend.

	H&B	Leicester-shire	East Midlands	England
Owns outright	16,859	127,118	621,224	6,745,584
Owns with mortgage/loan	18,234	139,385	666,185	7,403,200
Social rented	4,685	59,287	300,423	3,903,550
Private rented	5,156	59,931	282,443	3,715,924
Living rent free	443	4,838	25,329	295,110
Total	45,377	390,559	1,895,604	22,063,368
% private rented	11.4%	15.3%	14.9%	16.8%

Source: Census (2011)

- 7.4 The table below shows the proportion of household living in private rented accommodation in each ward. The table also provides a breakdown within the private rented category. The analysis shows a wide range of proportions living in the PRS, varying from around 7% in some rural wards, up to 25% in Hinckley Castle. The analysis also shows a higher proportion of households in urban areas as living in the PRS. The table also indicates that in general there are relatively few households living in PRS accommodation other than that rented directly from a landlord or through a letting agency.

Figure 7.2: Breakdown of types of private rented accommodation (2011)

	Private landlord or letting agency	Employer of a household member	Relative or friend of household member	Other	Total in private rented sector
Ambien	10.4%	0.1%	1.1%	0.2%	11.8%
BN&O	8.4%	0.0%	1.1%	0.2%	9.7%
Barwell	10.9%	0.0%	0.7%	0.0%	11.6%
Burbage Sketchley and Stretton	7.8%	0.1%	0.8%	0.1%	8.7%
BStC&LH	5.8%	0.1%	0.6%	0.1%	6.6%
CCMB&S	9.4%	0.2%	0.7%	0.8%	11.0%
Earl Shilton	11.6%	0.1%	0.8%	0.2%	12.6%
Groby	6.9%	0.1%	0.4%	0.0%	7.4%
Hinckley Castle	23.2%	0.3%	1.6%	0.1%	25.2%
Hinckley Clarendon	12.2%	0.1%	1.0%	0.2%	13.5%
Hinckley De Montfort	13.2%	0.1%	0.7%	0.1%	14.1%
Hinckley Trinity	10.6%	0.0%	1.0%	0.0%	11.6%
Markfield, Stanton and Fieldhead	8.2%	0.1%	0.9%	0.2%	9.4%
NVwD&P	5.6%	0.1%	0.7%	0.3%	6.6%
Ratby, Bagworth and Thornton	8.1%	0.1%	0.6%	0.1%	8.9%
T&WwS	7.9%	1.9%	0.4%	0.7%	10.9%
Urban	11.8%	0.1%	0.9%	0.1%	12.9%
Rural	7.7%	0.2%	0.7%	0.3%	8.9%
All households	10.3%	0.1%	0.8%	0.2%	11.4%

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

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

Figure 7.3: Change in tenure (2001-11) – H&B

	2001 households	2011 households	Change	% change
Owns outright	14,101	16,859	2,758	19.6%
Owns with mortgage/loan	19,827	18,234	-1,593	-8.0%
Social rented	4,363	4,685	322	7.4%
Private rented	2,261	5,156	2,895	128.0%
Other	533	443	-90	-16.9%
Total	41,085	45,377	4,292	10.4%

Source: 2001 and 2011 Census

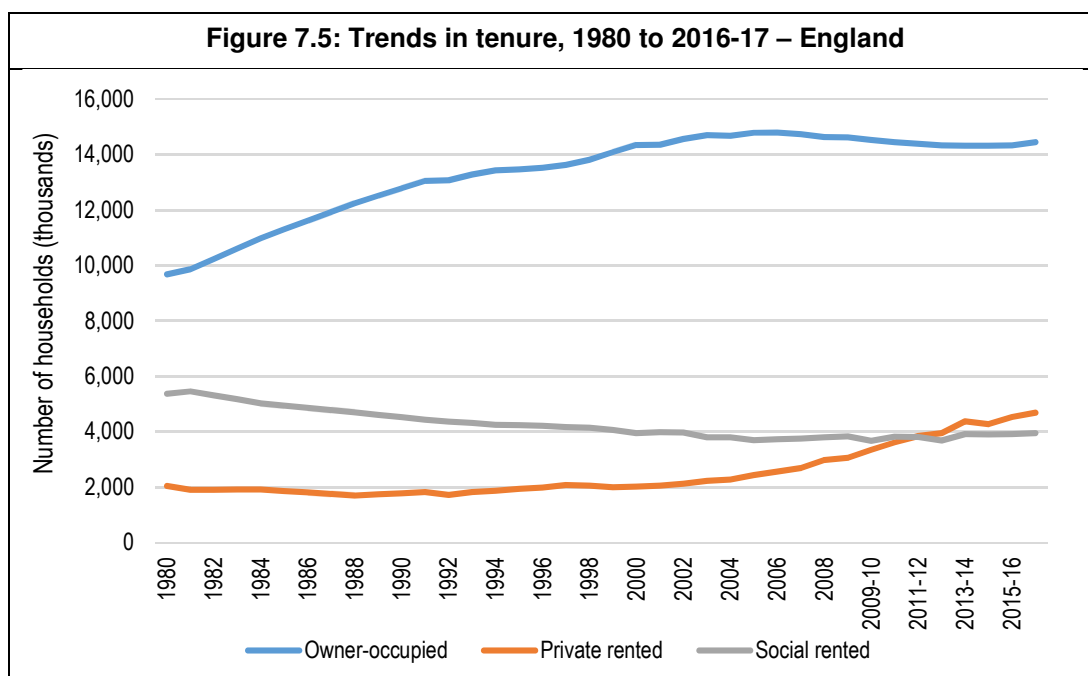
- 7.6 The general pattern of tenure changes in H&B is broadly similar to that seen in other areas – i.e. an increase in the PRS and outright owners and a reduction in owners with a mortgage. However, the proportionate increase in the number of households in the PRS is more notable in the Borough than other locations; nationally, over the 10-year period the PRS grew by 82%, but by 128% in H&B.

Figure 7.4: Change in tenure (2001-11)

	H&B	Leicester-shire	East Midlands	England
Owns outright	19.6%	16.5%	16.4%	13.0%
Owns with mortgage/loan	-8.0%	-9.7%	-7.1%	-8.4%
Social rented	7.4%	2.1%	-1.0%	-0.9%
Private rented	128.0%	103.1%	95.9%	82.4%
Other	-16.9%	-10.4%	-26.3%	-29.6%
TOTAL	10.4%	9.6%	9.4%	7.9%

Source: 2001 and 2011 Census

- 7.7 The PRS has clearly been growing rapidly over time, in H&B and other locations; it is also worth considering what further changes may have occurred since 2011. Unfortunately, robust local data on this topic is not available, however a national perspective can be drawn from the English Housing Survey (EHS) which has data up to 2017. The figure below shows changes in three main tenures back to 1980. This clearly shows the increase in the number of households living in private rented accommodation from about 2001 and also a slight decrease in the number of owners. Since 2011, the EHS data shows that that PRS has risen by a further 26% and if H&B has seen a similar level of increase then this would imply about 1,300 additional households in the sector.



Source: English Housing Survey

7.8 The data above shows information for all households and it is of interest to study this information for younger households. Interrogating changes for a full range of age groups is difficult as the two Census (2001 and 2011) use different age bandings. It is however possible to provide an indication of the change in tenure by looking at households aged under 35 and this is shown in the table below.

7.9 For the Under 35 age group the analysis again shows a substantial increase in the number of households living in private rented accommodation (137%). However, it should be noted that overall there was a small decline in the number of households aged under 35 (decreasing by 6%). The analysis also highlights a significant decrease in the number of owner occupiers (decreasing by nearly 40% in just 10-years) and a modest increase in the number of young people in social rented accommodation. In 2001, some 14% of younger households lived in the PRS; by 2011, this had increased to 36%.

Figure 7.6: Change in tenure 2001-11 (all households aged Under 35) – H&B				
	2001	2011	Change	% change
Owned	5,102	3,251	-1,851	-36.3%
Social rented	756	873	117	15.5%
Private rented	972	2,305	1,333	137.1%
TOTAL	6,830	6,429	-401	-5.9%

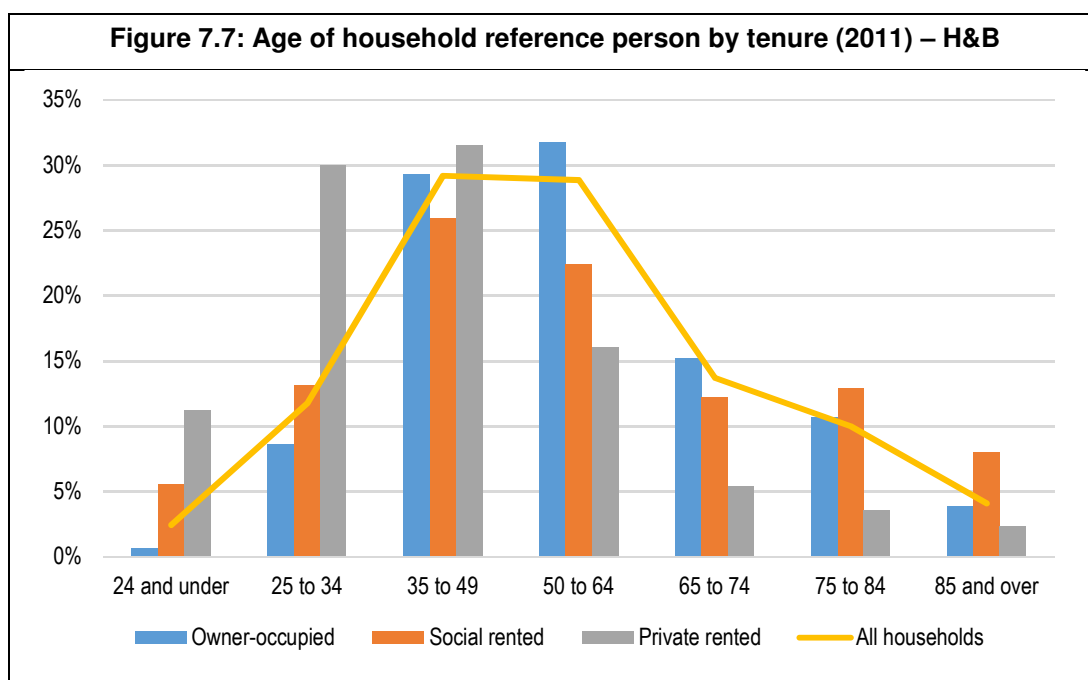
Source: 2001 and 2011 Census

Profile of Private Renters

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

Age

7.11 Private renters are younger than social renters and owner occupiers. In 2011, the average age of household reference persons (HRPs) in the private rented sector was 43 years (compared with 56 years for owner occupiers and 55 for social renters). Nearly three-quarters (73%) of private rented sector HRPs were aged under 50 compared with 45% of social renters and 39% of owner occupiers.



Source: Census (2011)

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

Household type

- 7.13 The table below shows the composition of households living in the private rented sector (and compared with other tenures). This shows a particularly high proportion of households with dependent children, making up 32% of the PRS and younger single person households (31% of the sector). The sector also sees a relatively high proportion of households in the 'other' category. Many of these households are likely to be multi-adult households living in shared accommodation (i.e. houses in multiple occupation (HMOs)).
- 7.14 Between 2001 and 2011, Census data shows that the number of households with dependent children in the PRS rose from 723 to 1,775 – a 146% increase. The proportion of the PRS made up of households with dependent children has increased from 26% to 32% over the same period. The EHS also shows a similar pattern nationally.

	Owner-occupied	Social rented	Private rented	Total
Single person aged 65+	11.8%	22.5%	7.1%	12.4%
Single person aged <65	12.7%	20.2%	31.2%	15.8%
Couple aged 65+	11.8%	6.2%	2.5%	10.1%
Couple, no children	24.3%	9.6%	18.0%	22.0%
Couple, dependent children	21.4%	14.5%	16.2%	20.0%
Couple, all children non-dependent	8.0%	4.3%	2.1%	6.9%
Lone parent, dependent children	3.3%	14.7%	13.9%	5.8%
Lone parent, all children non-dependent	2.7%	4.3%	2.1%	2.8%
Other households with dependent children	1.5%	1.9%	1.6%	1.6%
Other households	2.4%	1.8%	5.3%	2.7%
Total	100.0%	100.0%	100.0%	100.0%
Total households	35,093	4,685	5,599	45,377
Total dependent children	26.2%	31.1%	31.7%	27.4%

Source: Census (2011)

Size and type of accommodation

- 7.15 The tables below show the size and type of accommodation in the PRS compared with other sectors. From this it can be seen that the profile PRS generally sits somewhere between that of owner-occupation and social renting. For example, the PRS has a higher proportion of detached homes than the social rented sector, but fewer than owner-occupiers; the opposite is seen when looking at flatted accommodation.
- 7.16 When looking at the size of accommodation, it is clear that the PRS is strongly focussed on 2- and 3-bedroom homes (making up 76% of all households in this tenure). The owner-occupied sector in contrast is dominated by 3+-bedroom homes (75% of the total in this tenure) whilst social renting has the highest proportion of 1-bedroom homes (23%).

	Owner-occupied	Social rented	Private rented	Total
Detached	45.3%	3.8%	16.9%	37.5%
Semi-detached	38.3%	47.1%	31.5%	38.4%
Terraced	13.7%	20.3%	24.7%	15.8%
Flat/other	2.6%	28.9%	26.9%	8.3%
Total	100.0%	100.0%	100.0%	100.0%
	35,093	4,685	5,599	45,377

Source: Census (2011)

Figure 7.10: Accommodation size by tenure (households) – H&B

	Owner-occupied	Social rented	Private rented	Total
1-bedroom	2.1%	23.2%	15.9%	6.0%
2-bedrooms	22.7%	38.0%	42.4%	26.7%
3-bedrooms	48.6%	36.6%	33.1%	45.5%
4+-bedrooms	26.7%	2.1%	8.6%	21.9%
Total	100.0%	100.0%	100.0%	100.0%
	35,093	4,685	5,599	45,377

Source: Census (2011)

Overcrowding and under-occupation

- 7.17 The analysis below studies levels of overcrowding and under-occupation – this is based on the bedroom standard with data taken from the 2011 Census. The analysis shows that levels of overcrowding in the PRS are higher than for households generally, with 3.0% of households being overcrowded in 2011 (lower than the 4.9% figure in social rented accommodation, but notably above the owner-occupied figure of 1.1%). Levels of under-occupation are slightly higher than in the social rented sector, with around 63% of households having at least one spare bedroom (87% in the owner-occupied sector).

Figure 7.11: Overcrowding and under-occupation by tenure (households) – H&B

	Owner-occupied	Social rented	Private rented	Total
+2 or more	50.5%	12.3%	20.5%	42.8%
+1 or more	37.0%	37.5%	42.0%	37.7%
0	11.4%	45.2%	34.5%	17.8%
-1 or less	1.1%	4.9%	3.0%	1.7%
Total	100.0%	100.0%	100.0%	100.0%
	35,093	4,685	5,599	45,377

Source: Census (2011)

Economic activity

- 7.18 Data from the 2011 Census shows that 75% of private renters in H&B were working, this is higher than the proportion of owner occupiers (69%) and somewhat higher than the proportion of social renters in work (41%). Smaller proportions of private renters were retired (11%) compared with over a quarter (29%) of owner-occupiers and around a third (33%) of social rented sector tenants.

Quality of accommodation

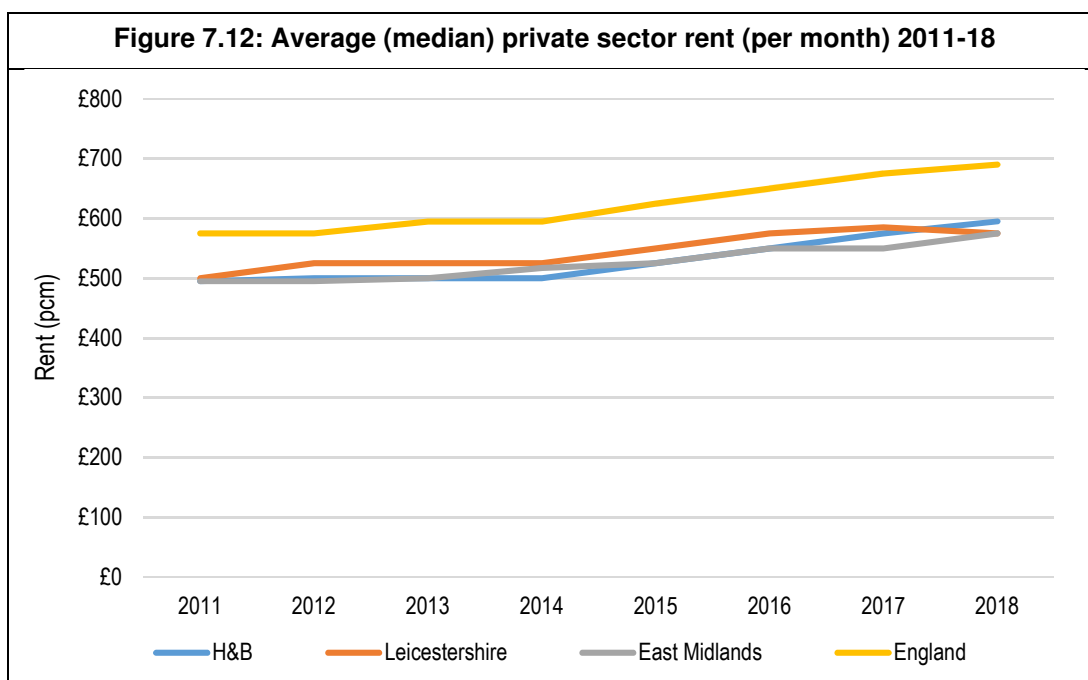
- 7.19 There is no specific secondary data source about the quality of private rented accommodation in H&B. However, at a national level (from the English Housing Survey (EHS)) it is clear that the private rented sector is typically of lower quality but with higher rents (and rents that are not regulated in the same way as for social housing).

7.20 As of 2017, the EHS recorded 24.5% of PRS homes as being ‘non-decent’, this was almost double the rate for social rented homes (12.7%); energy efficiency was also found to be somewhat lower in the PRS. The EHS also shows that private renters reported higher rental costs than social renters, spending on average £193 per week in rent compared with £103 for social renters.

Housing Costs

7.21 The analysis of affordable housing need describes the current cost of housing in the PRS in H&B. Below, analysis is carried out to look at how costs have changed over time. This draws on data from the Valuation Office Agency (VOA) using a time series back to 2011 – the data provided in this section looks at the year to the end of September (for any given year).

7.22 The figure below shows a time-series of average (median) rents from 2011 to 2018; this shows across the Borough area that there has been a modest increase in rent levels, although rents are lower than seen nationally. The table below shows that the overall average rent in H&B increased by £100 per month (a 20% increase). In comparison, rents increased by 16% across the East Midlands and 20% nationally. It should be noted that the figures for Leicestershire below exclude Leicester City.



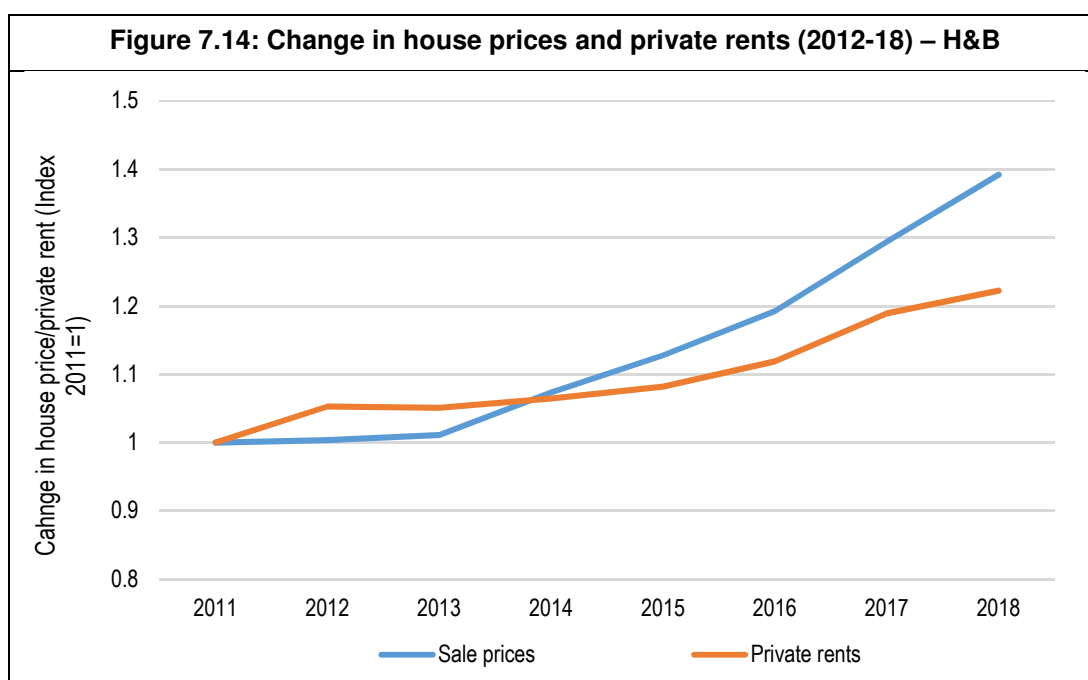
Source: Valuation Office Agency

Figure 7.13: Average (median) private sector rent (per month) 2011 and 2018 – H&B

	2011	2018	Change	% change
1-bedroom	£375	£435	£60	16%
2-bedrooms	£485	£550	£65	13%
3-bedrooms	£550	£700	£150	27%
4+-bedrooms	£800	£900	£100	13%
All dwellings	£495	£595	£100	20%

Source: Valuation Office Agency

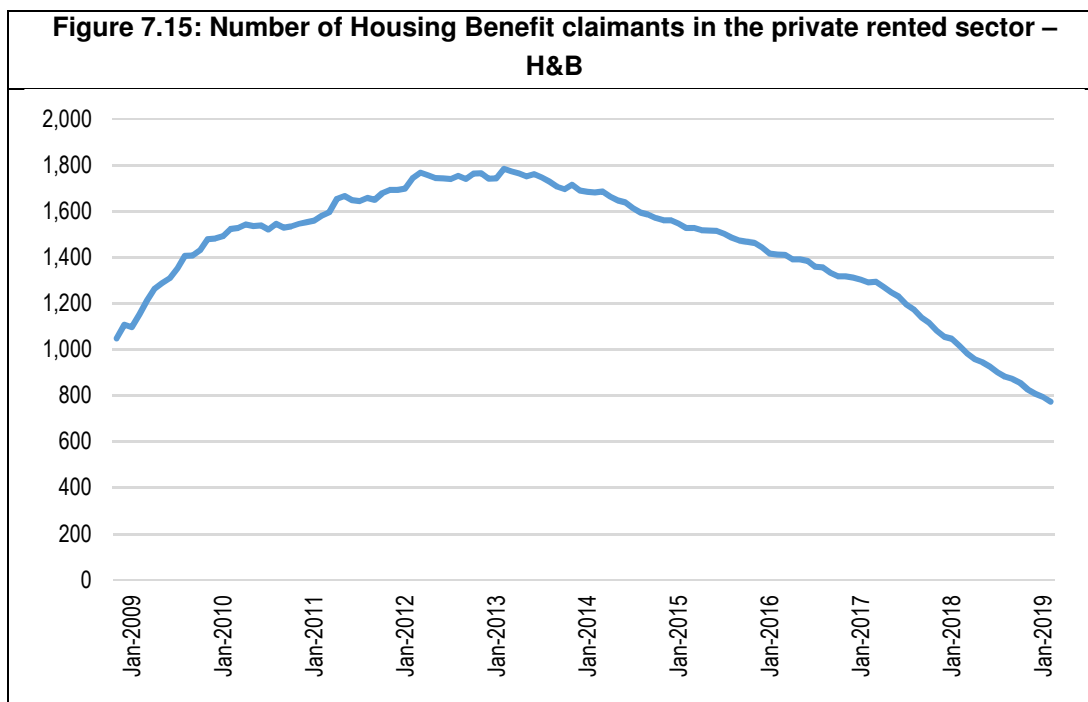
- 7.23 The figure below shows a comparison between changes to private sector rents and changes to the average house price in the 2011-18 period (figures are for mean rather than median and in the case of rents this shows a higher increase (of about 22% from 2011 to 2018)). The analysis shows that house prices have increased by around 39% in H&B, compared with a 22% change in rents respectively. For context, the equivalent change in prices across England and Wales was 35%. This analysis does not really suggest any particular pressures in PRS when taken in the context of the whole market, and therefore does not indicate any particular shortage of supply of private rented homes when compared with the owner-occupied sector.



Source: Valuation Office Agency and Land Registry

Housing Benefit Claimants

- 7.24 A further analysis has been carried out to look at the number of housing benefit claimants in the sector. This provides an indication of the number of people who are using the sector as a form of affordable housing, and in many cases will be living in private rented accommodation due to a lack of affordable housing (e.g. in the social rented sector). It should however be noted that some of these households may also be in the sector through choice.
- 7.25 The analysis shows that from 2008, the number of claimants in the PRS rose steadily to peak at around 1,800 in 2013. Since then the number of claimants has fallen, with the number currently standing at just under 800. It is clear that the PRS still has a significant role in providing accommodation for those who cannot afford the market, but that this is reducing over time. The change is likely to be mainly due to economic improvements (e.g. reducing unemployment), although the relative unaffordability of the sector may also be playing a role – with some households seeking to move into the social rented sector.



Source: Department of Work and Pensions

Build-to-Rent

- 7.26 As noted, the size of the PRS has grown substantially in H&B since 2011 and this has been the main growth sector in the market. Nationally and regionally there has also been a substantial increase in the size of the PRS.
- 7.27 Linked in part to this, there is an increased (national) interest from developers in “Build to Rent” housing, which is specifically built not for open market sale but for the Private Rented Sector. Arguably, the sector provides the opportunity for good quality, well-managed rental accommodation which is purpose-built. Additionally, the sector provides the opportunity to boost overall housing delivery, as it does not compete directly with traditional housing development schemes which are built for sale.
- 7.28 The Government has been promoting Build-to-Rent housing. It has set up a Private Rented Sector Taskforce; and supported delivery through other measures – including a Build to Rent Fund which provides Government-backed loans to support new development. The sector is currently relatively small, but is one with growth potential.
- 7.29 The Housing White Paper (HWP) notes that local authorities ‘*should plan proactively for Build to Rent where there is a need, and to make it easier for Build to Rent developers to offer affordable private rental homes instead of other types of affordable housing*’. Following this, the revised NPPF now includes Build to Rent housing in the Glossary and specific advice about affordable housing on Build to Rent schemes. Build to Rent guidance was published by MHCLG on the 13th September 2018.

- 7.30 In H&B, there is currently no evidence of a need for Build to Rent or any significant activity in the sector. Indeed nationally, Build to Rent schemes are mainly coming forward in major urban areas (notably London) and are focussed on young professionals in locations close to transport hubs. Given private sector rent levels in H&B, it seems unlikely that there would be any notable investment in this sector at present. However, if schemes were to come forward, the Council should consider them on merit, including taking account of any affordable housing offer (such as rent levels and the security of tenure).
- 7.31 If the Council were to seek to promote Build-to-Rent housing, the draft London Plan (Policy H13³) provides some indication of the sort of criteria that could be used. In particular Policy H13 would require housing to be provided at a 'genuinely affordable rent' and preferably at a Living Rent; the housing should also be secured in perpetuity.
- 7.32 Policy H13 also contains a number of other suggested clauses which it is considered would be relevant to H&B. This includes a covenant (to ensure that homes remain as Build-to-Rent for a set period of time), longer tenancies (suggested at least 3-years), a clear basis for rent increases and no upfront fees for prospective tenants.

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

The Private Rented Sector: Key Messages

- The private rented sector (PRS) accounts for around 11% of all households in H&B (as of 2011) – a smaller proportion to that seen across Leicestershire and the East Midlands, and notably below the national average (17%). The number of households in this sector has however grown substantially (increasing by 128% in the 2001-11 period).
- The PRS has some distinct characteristics, including a much younger demographic profile and a high proportion of households with dependent children (notably lone parents) – levels of overcrowding are relatively high. In terms of the built-form and size of dwellings in the sector, it can be noted that the PRS generally provides smaller, flatted/terraced accommodation when compared with the owner-occupied sector. That said, around 42% of the private rented stock has three or more bedrooms and demonstrates the sector's wide role in providing housing for a range of groups, including those claiming Housing Benefit and others who might be described as 'would be owners' and who may be prevented from accessing the sector due to issues such as deposit requirements.
- Additional analysis suggests that rent levels have increased over time (when looking at the 2011-18 period) but that increases in rents fall slightly behind the increase in house prices over the same period – the increase in rents has been the same as seen nationally and does not suggest any particular lack of supply of private rented homes. The lack of homes to buy does appear to be a more pressing issue.
- There is no evidence of a need for Build to Rent housing (i.e. developments specifically for private rent). Given the current Government's push for such schemes, the Council should consider any proposals on their merit, including taking account of any affordable housing offer (such as rent levels and the security of tenure).
- This study has not attempted to estimate the need for additional private rented housing. It is likely that the decision of households as to whether to buy or rent a home in the open market is dependent on a number of factors which mean that demand can fluctuate over time; this would include mortgage lending practices and the availability of Housing Benefit. A general (national and local) shortage of housing is likely to have driven some of the growth in the private rented sector, including increases in the number of younger people in the sector, and increases in shared accommodation. If the supply of housing increases, then this potentially means that more households would be able to buy, but who would otherwise be renting.

8. Self-build and Custom Housebuilding

Introduction

- 8.1 This section considers the need from those who wish to build their own homes in Hinckley & Bosworth Borough.

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

- 8.2 The Self-Build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016) ("the Act") provides a legal definition of self-build and custom housebuilding. The definition does not distinguish between the two in setting out that both are where individuals or associations of individuals (or persons working with or for individuals or associations of individuals) build houses to be occupied as homes for those individuals.
- 8.3 In deciphering between the two, it can be said that self-build housing means that the individual is directly involved in organising the design and construction of that individual's home; whereas custom housebuilding relates to an individual working with a specialist developer to help deliver that individual's home.
- 8.4 The Government has long had a clear agenda for supporting and promoting the self-build and custom-building sector. In *Laying the Foundations: a housing strategy for England* (November 2011), the Coalition Government set out plans to enable more people to build or commission their own home. A number of measures were introduced to support those wanting to build their own home including repayable funding; an exemption from the Community Infrastructure Levy; amendments to planning guidance; and improved access to public sector land.
- 8.5 In November 2014, Brandon Lewis (then the Minister of State for Housing and Planning) published a Written Ministerial Statement with the objective of providing support for small scale developers, custom and self-builders. This coincided with the publication of the Government's consultation on the 'Right to Build' which gives prospective self and custom builders a right to purchase a plot of land from local authorities. Following this consultation, the Housing and Planning Act 2016 introduced the 'Right to Build' with effect from 31st October 2016.
- 8.6 In the Government's Housing White Paper⁴ (paragraph 3.14) in January 2017, the commitment to support the self-build and custom housebuilding sector was reasserted. The Government stating that "alongside smaller firms, the Government wants to support the growth of custom built homes" in recognition of the fact that custom build homes are generally built more quickly, built to a higher quality and tend to use more productive and modern methods of construction.
- 8.7 In addition, the Government highlighted that "fewer homes are custom built in England than many other countries, but there is evidence of more demand for them including from older people". According to successive Ipsos MORI polls at the time of the Paper's publication, more than a million people across the UK expected to buy a building plot, secure planning permission or start/complete construction work on their new home.

⁴ Fixing our Broken Housing Market (DCLG, February 2017)

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

National Planning Policy and Practice Guidance

- 8.9 Accordingly, as of 1st April 2016 and in line with the Act and the Right to Build, relevant authorities in England are required to have established and publicised a self-build and custom housebuilding register which records those seeking to acquire serviced plots of land in the authority’s area in order to build their own self-build and custom houses.
- 8.10 Furthermore, in line with the continued Government drive to support the self and custom build sector, the latest National Planning Policy Framework (paragraph 59, February 2019) duly recognises that it is important that a sufficient amount and variety of land can come forward where it is needed and that the needs of groups with specific housing requirements are addressed.
- 8.11 As part of this, the Framework (paragraph 61) states that: *“the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies including...those people wishing to commission or build their own homes”*.
- 8.12 The Planning Practice Guidance⁵ states that local planning authorities should use the demand data from the registers in their area, supported as necessary by additional data from secondary sources, to understand and consider future need for this type of housing in their area when preparing housing assessments. Plan-makers will then need to make reasonable assumptions using the data on their register to avoid double-counting households.
- 8.13 The PPG also sets out that, unless exempt, the relevant authority should look to grant sufficient development permissions to meet the demand for self-build and custom housebuilding. The level of demand is established by reference to the number of entries added to an authority’s register during a ‘base period’.
- 8.14 The first base period begins on the day on which the register (which meets the requirement of the 2015 Act) is established and ends on 30 October 2016 and at the end of each base period, relevant authorities have 3 years in which to grant permission for an equivalent number of plots of land, which are suitable for self-build and custom housebuilding.

Hinckley & Bosworth’s Self-Build and Custom Housebuilding Register

- 8.15 The Hinckley & Bosworth Self-Build and Custom Housebuilding Register, assessed over the 3-year period from 1st April 2016 to 10th October 2019, shows there has been a total of 60 registered expressions of interest in a serviced plot of land in the Borough.

⁵ Paragraph: 011 Reference ID: 57-011-20160401

- 8.16 The table below provides a breakdown on those who have expressed demand for serviced plots of land in Hinckley & Bosworth over the four base periods. In respect of the first base period, which is a level of demand expected to be met through permissions by 30th October 2019 in accordance with the 2016 Act; there were 11 expressions of interest.

Base Period	Entries
Base Period 1 (24 th March 2016 – 30 th October 2016)	11
Base Period 2 (31 st October 2016 – 30 th October 2017)	26
Base Period 3 (31 st October 2017 – 30 th October 2018)	12
Base Period 4 (31 st October 2018 – 15 th March 2019)	11
Total	60

Source: Hinckley & Bosworth Borough Council

- 8.17 It should be noted that an Ipsos Mori poll⁶ undertaken for NaCSBA in 2016 found that only one in eight people interested in self-build were aware of the introduction of Right to Build Registers in England. As a result, the number of expressions of interest on a local authority's self-build register may underestimate demand.

Demand from Secondary Sources

- 8.18 In order to supplement the data from the Council's own register, we have looked to a number of secondary sources as recommended by the PPG including *the Buildstore* and the *National Custom and Self-Build Association (NaCSBA)*.
- 8.19 In respect of demand, the Buildstore, who own and manage the largest national database relating to the demand and supply for self and custom build properties in the UK have provided us with further evidence of demand. The Buildstore hold two databases which are helpful in understanding the level of demand including:
- The Buildstore Custom Build Register: this is the UK's longest running record of demand for self-build and custom build homes. It is marketed as a register that will be used to evidence demand for custom build across the UK and demonstrate the scale of need and types of homes those registered, would like to design and create for themselves and their families; and
 - The Buildstore PlotSearch service: this is a free to subscribe PlotSearch service which records opportunities for those looking to find a serviced plot of land to build on.
- 8.20 Having engaged with Buildstore directly, they have informed us that 284 people are registered as looking to build in Hinckley & Bosworth on their Custom Build Register with a further 865 subscribers to their Plotsearch service which tracks self-build land opportunities.
- 8.21 This suggests there is a sizeable level of demand for serviced plots for self-build and custom housebuilding which hasn't yet been reflected in the Council's own self-build register; with an additional 224 registrants on the Buildstore's register.

⁶ 'Survey of Self Build Intentions 2016' – this survey questioned nearly 2,000 people about their self-build ambition and activity

8.22 Furthermore, NaCSBA has undertaken primary research with Ipsos Mori at a national level which indicate that 1 in 50 of the adult population⁷ across the country want to purchase a Custom or Self-Build Home over the next 12 months. If this is applied to the working population⁸ of Hinckley & Bosworth, this would point to a potential need in the order of 1,873 plots. Although research-based, this again points towards a greater level of demand than the Council's current self-build register.

Demand from Local Agent Consultation

8.23 In line with the recommendations of the PPG, we have also sought to supplement this data through consultation with local estate agents in the Borough; in order to understand the level of enquiries for suitable serviced plots of land.

8.24 In doing so, we have contacted five estate agents across the Borough – three in Hinckley and two in Market Bosworth, which are the main towns. The questions focussed on the level of interest, the profile of those interested and any barriers to the sector around the local area.

8.25 Across the Borough, agents stressed a notably high level of demand from individuals looking to build their own home with one agent stating they “self-build plots will fly” and another saying that “there is a heck of a lot of people interested in building their own home”. Another agent said that “there is very high demand for serviced plots, they get snapped up very quickly”.

8.26 The local estate agents described the typical profile of someone looking for a serviced plot as approaching retirement or already retired, having recently sold a larger property. In terms of location, the preference was varied with a number of strong value market areas across the Borough including around Market Bosworth and the surrounding villages with good views and localised amenities.

8.27 The estate agents referred to the availability and awareness of land across the Borough being available as a constraint, as well as the availability of finance. One agent said that they had sold a number of plots at the beginning of the year; but there were signs of a supply-demand imbalance. Notably, one estate agency said that given demand, they would be willing to host an open day for those interested in plots to increase awareness.

Supporting Self-Build and Custom Housebuilding

8.28 In bringing all of the above together, it is clear that there is a level of demand for self-build and custom housebuilding serviced plots of land in the Borough. Over the last 4 base periods to date, there has been 60 expressions of interest in serviced plots of land. There is also 284 people registered on the Buildstore's Custom Build Register and 865 subscribers' to Plotsearch; and NaCSBA research points to a need of over 1,800 plots. Local estate agents have also highlighted that there is very high demand for serviced plots in the Borough.

⁷ Those aged 15 or over; weighted to the known population profile

⁸ 93,627 persons aged 15 or over on the basis of the 2018 Mid-Year Population Estimates (ONS, June 2019)

- 8.29 The Self-Build and Custom Housebuilding PPG⁹ sets out clearly that relevant authorities should consider how they can best support self-build and custom housebuilding in their area. There are a number of measures which can be used to support self-build and custom housebuilding in the Borough, including:
- developing a planning policy which supports self-build and custom housebuilding;
 - promoting and encouraging submissions of land which are suitable for self-build and custom housebuilding through the Call for Sites process;
 - using local authority-owned land if available and suitable for self-build and custom housebuilding and marketing it to those on the register; and
 - working with custom build developers to maximise opportunities for self-build and custom housebuilding.
- 8.30 The adopted Hinckley & Bosworth Core Strategy (December 2009) and Site Allocations and Development Management Policies DPD (July 2016) are silent on the subject of self-build and custom housebuilding is silent in policy terms. The emerging Hinckley & Bosworth Local Plan Review is at an early stage of preparation; and has not yet set out the Council's policy position on self-build development.
- 8.31 An increasing number of local planning authorities have adopted specific self-build and custom housebuilding policies to encourage delivery, promote and boost housing supply. These typically require that a minimum proportion of plots within development schemes (often over a certain size) are offered to self-builders or as custom-build plots and/or allocation of sites solely for the use. This is often known as the "Teignbridge Rule" after the first District Council to adopt the first self-build policy. In this instance, 5% of all developable housing land is allocated for custom and self-build on larger sites.
- 8.32 However, it is considered that there is also potential for individual small sites to come forward to deliver self-build and custom housebuilding development whereby an outline application is presented together with a design code, with individual plots then coming forward through reserved matters consents.
- 8.33 In order to respond to the level of demand in the sector, a specific planning policy should therefore be prepared to help better promote and encourage delivery of self-build and custom housebuilding which provides sufficient flexibility for serviced plots to be delivered as part of larger schemes as well providing support for smaller sites to deliver serviced plots directly.
- 8.34 On the basis of our discussions with a number of major housebuilders across England; it is important that the policy approach is flexible and accounts for challenges associated with self-build and custom housebuilding; as referenced by Government.
- 8.35 On this basis, it is also considered that it may be appropriate to allow for serviced plots to be introduced into the market for conventional housing – subject to affordable housing provision - should demand fail to materialise on-site after an extended period of time following marketing of the serviced plots.

⁹ Paragraph: 025 Reference ID: 57-025-201760728

Self-build and Custom Housebuilding: Key Messages

- The Government has long had a clear agenda for supporting and promoting the self-build and custom building sector which is now recognised in national planning policy and guidance; but the Government has also recognised the challenges associated with the sector including in respect of finance and more crucially, land supply and procurement.
- From 1st April 2016, relevant authorities in England are required to have established and publicised a self-build and custom housebuilding register and as of 10th October 2019, there have been 60 registered expressions of interest in a serviced plot of land for self-build and custom housebuilding; pointing towards reasonably strong demand.
- Through a review of secondary data, as recommended by the PPG, the Buildstore, who own and manage the largest national database relating to the demand and supply for self and custom build properties in the UK have informed us that 284 people are registered as looking to build in Hinckley & Bosworth on their Custom Build Register with a further 865 subscribers to their Plotsearch service which tracks self-build land opportunities. This points to greater demand than that identified on the Council's own self-build register. NaCSBA research also points to a need of over 1,800 plots.
- The PPG is clear that relevant authorities should consider how they can best support self-build and custom housebuilding in their area. This can include developing planning policy or promoting and encouraging submissions of land which are suitable for self-build and custom housebuilding through the Call for Sites process.
- The adopted Hinckley & Bosworth Core Strategy and Site Allocations and Development Management Policies DPD are silent on the subject of self-build and custom in policy terms. The emerging Hinckley & Bosworth Local Plan Review is at an early stage of preparation; and has not yet set out the Council's policy position on self-build development.
- In order to respond to the level of demand in the sector, a specific planning policy should therefore be prepared through the Local Plan Review to help better promote and encourage delivery of self-build and custom housebuilding which provides sufficient flexibility for serviced plots to be delivered as part of larger schemes as well providing support for smaller sites to deliver serviced plots directly.
- In recognition of the need for the policy to be flexible, it may be appropriate to allow for serviced plots to be introduced into the market for conventional housing – subject to affordable housing provision - should demand fail to materialise on-site after an extended period of time following marketing of the serviced plots.