



## **Strategic Housing Market Assessment Part 2 – Objectively Assessed Need for Affordable Housing**

**HDH Planning and Development Ltd**  
March 2017

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# 1. Introduction

## Purpose

- 1.1 The Plymouth Housing Market Area (HMA) is made up of Plymouth, South Hams and West Devon Local Authority areas, including the part of Dartmoor National Park which is within those local authorities area as established in the PBA report “Testing and Establishing the Plymouth Housing Market Area”.
- 1.2 This report follows from the Part 1 Study<sup>1</sup> for the Plymouth HMA. The Part 1 Study calculates the Objectively Assessed Need for housing (the OAN) across the HMA using the latest demographic and housing market data. This report forms Part 2 of the Strategic Housing Market Report. It is a Strategic Housing Market Assessment (SHMA) that focuses, principally, on the calculation of the level of affordable housing need (referred to as Affordable Need in this report) and the size and tenure of all dwellings required within the overall OAN calculated in Part 1 of the SHMA.
- 1.3 Some of the outputs from the calculation of the OAN within the Part 1 study are used within this report. It is therefore important to note that in all instances where the OAN is referred to in this report (either as a total or when it is disaggregated) the figures are based on the modelling of the scenario which requires 1,365 homes per year across the HMA between 2014 and 2034. This scenario, as is set out in the Part 1 report, includes the demographic projections and a market signals uplift. The use of this scenario ensures that the impact of the full additional growth required within the HMA is completely mapped in terms of the requirements for both market and affordable housing associated with it. It is also notable that whilst the figure of 1,365 is referred to as the HMA-wide OAN in this report, it is still for the Councils to determine whether this represents the actual OAN or just the Housing Target.

## Government Guidance

- 1.4 This report forms a component of an SHMA alongside the Part 1 Study. National Planning Policy is set out in the National Planning Policy Framework (NPPF). Paragraph 159 of the NPPF (March 2012) sets out the role of a SHMA.

*Local planning authorities should have a clear understanding of housing requirements in their area. They should:*

- *Prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to require over the plan period which:
  - *meets household and population projections, taking account of migration and demographic change**

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<sup>1</sup> Peter Brett Associates, reference to be completed when report finalised.

- *addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as families with children, older people, disabled people, service families and people wishing to build their own homes); and*
- *caters for housing demand and the scale of housing supply necessary to meet this demand (para 28)*

- 1.5 The NPPF outlines how a SHMA fits into the wider housing policy framework and the Planning Practice Guidance (PPG) sets out how the various elements of a SHMA should be undertaken, including detailing a comprehensive model for the assessment of affordable housing need (Chapter 5). The affordable housing need figure produced is an unconstrained figure set in the current housing market situation. It is not a component of the Objectively Assessed Need, but is entirely independent, calculated using a different approach and different data sources.
- 1.6 The report also includes the Long Term Balancing Housing Markets (LTBHM) model (Chapter 4) which, following the guidance set out in paragraph 021 of the PPG, breaks down the overall Objectively Assessed Need into the component household typology (tenure and size) of housing required.

### **Report coverage**

- 1.7 This report is focused on detailing the future type and tenure of housing needed in the Plymouth HMA and its constituent authorities. This report is therefore limited to:
- Examination of the latest data on the labour market and the resident population and a profile of the housing stock in the HMA and the changes that have occurred to it.
  - Analysis of the price of property in the HMA and the affordability of housing for residents.
  - Production of an analysis of the entire housing market within the long-term balancing housing markets model (LTBHM).
  - Calculation of outputs for the affordable housing needs model strictly in accordance with the PPG approach.
  - An analysis of the specific housing situation of the particular sub-groups of the population identified within the NPPF.
  - A conclusion summarising the implications of these results.

### **Stakeholder consultation**

- 1.8 To help disseminate the purpose of this work and ensure the accuracy of this report (and the assumptions used) stakeholders views have been sought. Details of the stakeholder consultation that has taken place are presented in Appendix A1 to this report.



## 2. Socio-economic context

### Introduction

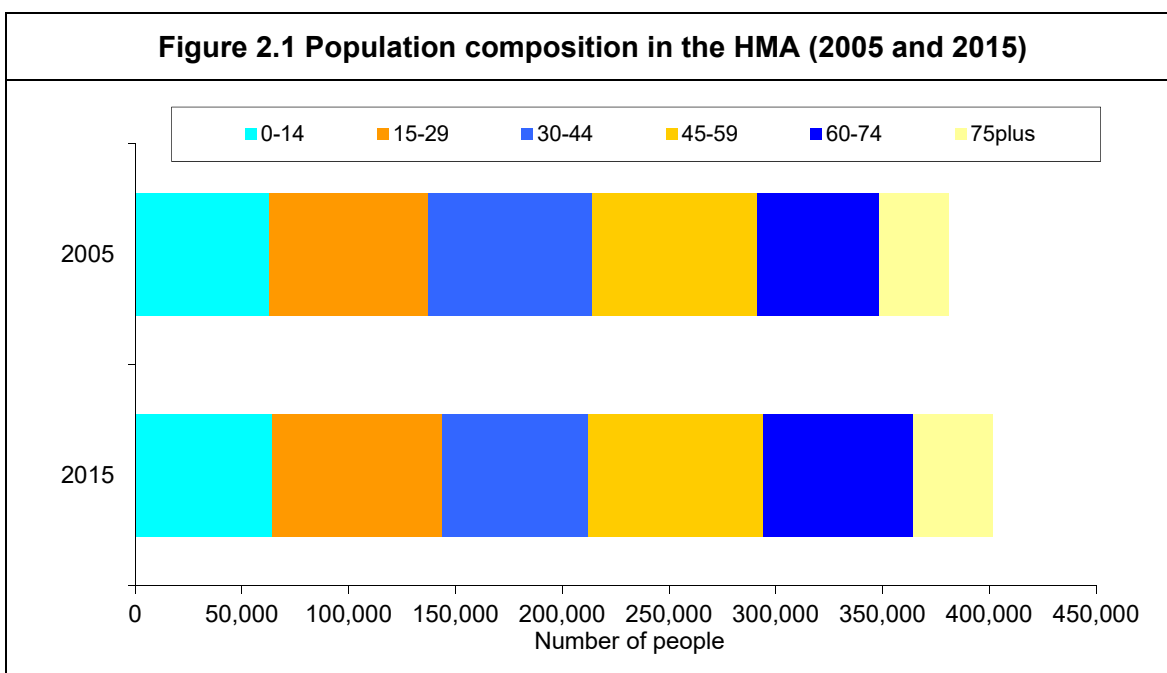
- 2.1 Two main drivers of the housing market are the resident population and the local labour market. They affect the nature of housing demand including household formation rates and households' investment in housing. This chapter uses the most recently available data to document the current socio-economic profile in the HMA and how it has changed.
- 2.2 Analysis of the stock of housing allows an understanding of the current market balance and existing occupation patterns. A range of data sources, including the 2011 Census, will be used to provide an overview of the housing stock in the HMA and a comparison to the regional and national situation will be presented where the data is available.

### Demography

- 2.3 The 2015-based population estimates produced by the Office of National Statistics show the age profile of the population in the HMA and how it has changed over the last 10 years. Data from the 2011 Census is used to provide further detail on the demographic characteristics of the population in the HMA and how this compares to regional and national trends.

#### *Population*

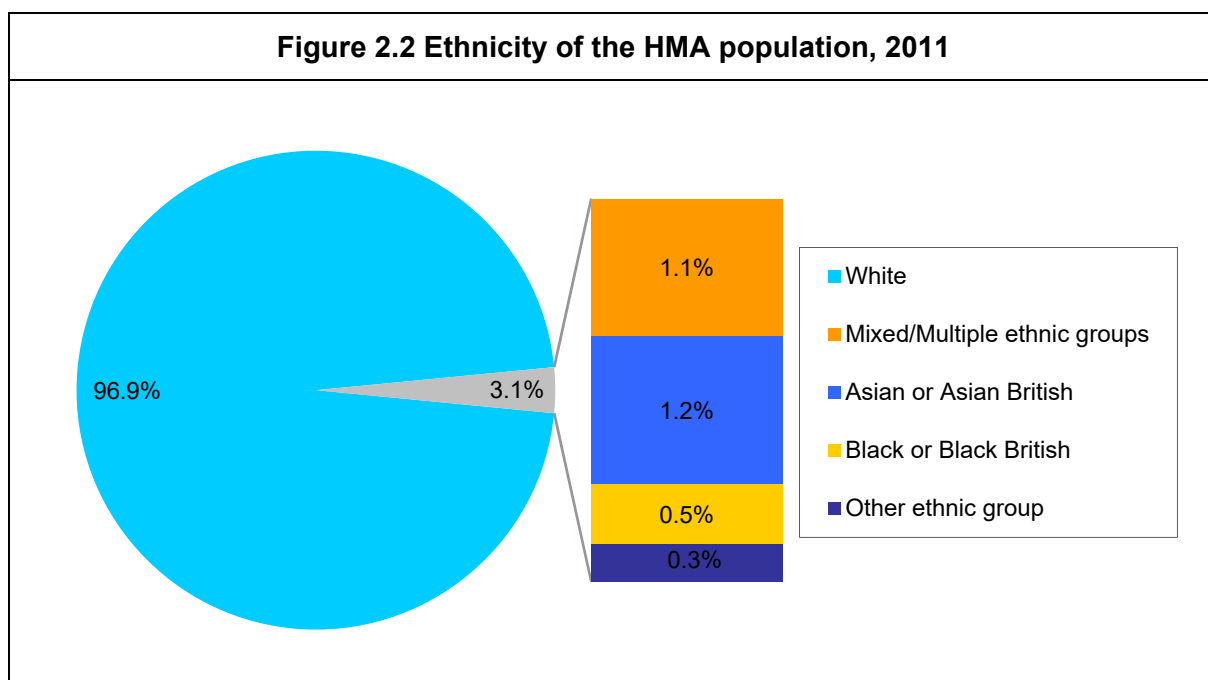
- 2.4 The latest sub-national population estimates indicate that the resident population in the HMA in 2015 was 401,500 and that since 2005 the population had increased by 5.4%, around 20,600 people. In comparison the population of the South West region increased by 7.6% over the same period, whilst the population of England grew by 8.3%. For the individual authorities within the HMA, the population growth between 2005 and 2015 was 6.1% in Plymouth, 2.3% in South Hams and 7.3% in West Devon.
- 2.5 The figure below illustrates the age composition of the population in the HMA in 2005 and 2015 according to the latest population estimates. It shows that since 2005 the number of people aged 60 or over has markedly increased. In contrast, the number of people aged between 30 and 44 has decreased. This figure is replicated for the constituent authorities of the HMA within the appendices to this report.



- 2.6 According to the Census, some 20.1% of the resident population in the HMA have a long-term health problem or disability, compared to 18.4% of residents in the South West region and 17.6% of people across England.

*Ethnicity*

- 2.7 According to the 2001 Census, the proportion of Black, Asian and Minority Ethnic (BAME) (non-white) groups in the HMA was 1.4%, lower than that recorded for the South West region (2.3%) and the national average (9.1%). The 2011 Census suggests that the BAME population has increased to 3.1% of the total population in the HMA, which is still notably smaller than the regional and national figures (4.7% in the South West region and 14.5% in England). In Plymouth the BAME population constitutes 3.9% of the total population, 1.6% in South Hams and 1.5% in West Devon.
- 2.8 The figure below presents the ethnicity of the population in the HMA in 2011. The 'Asian or Asian British' represents the largest BAME group in the HMA area (comprising 1.2% of total population). It should be noted that the 'White' group includes 'White Irish' (0.4%) 'White Gypsy and Traveller (0.1%) and 'White Other' (2.4%) as well as 'White British' (94.0%). Figure 2.2 is replicated for the constituent authorities of the HMA within the appendices to this report.



Source: 2011 Census

- 2.9 The Census reveals that just 0.8% of the population of the HMA in 2011 had been resident in the UK for less than two years, compared to 1.0% in the South West region and 1.8% across England. The overwhelming majority of the population of the HMA have resided in the UK for over 5 years (including those born in the UK); 98.1% in the HMA compared to 97.7% in the South West region and 96.0% in England. Within the HMA, Plymouth records the highest proportion of the population that were resident in the UK for less than two years in 2011 (at 1.0%) followed by South Hams and West Devon (both 0.4%).

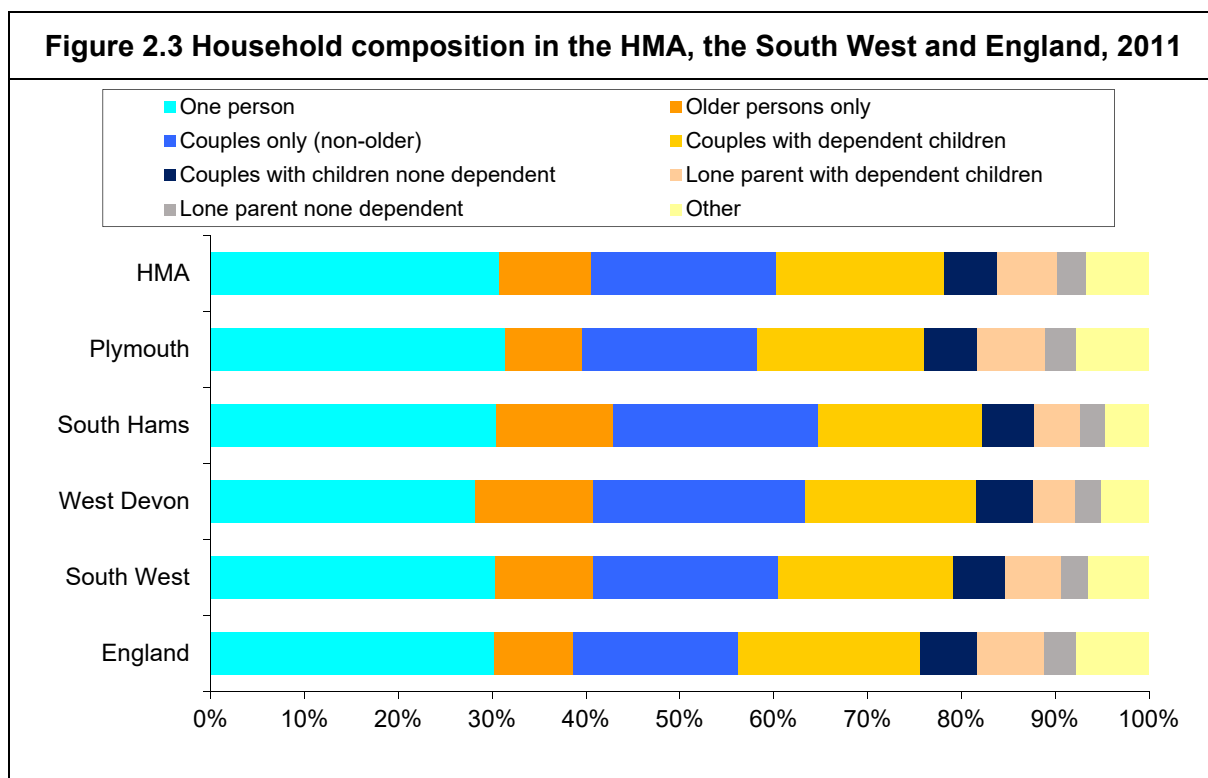
*Number of households*

- 2.10 The 2011 Census revealed that the number of households in the HMA has increased by 7.2% since 2001, reaching 168,890 households in total. This compares to the regional average of 8.6% and the national figure of 7.9%. In the HMA the population has increased at a slower rate than the number of households between 2001 and 2011, resulting in a falling average household size, as is illustrated in the table below. This is also the pattern nationally and regionally. Within the HMA, South Hams has recorded the greater decrease in average household size, followed by West Devon. Plymouth has recorded an increase in average household size over this period, reflecting that population has increased at a greater rate than the number of households in the City.

<i>Location</i>	<i>Average household size in 2001</i>	<i>Average household size in 2011</i>
The HMA	2.29	2.28
Plymouth	2.29	2.30
South Hams	2.29	2.22
West Devon	2.34	2.28
South West	2.33	2.29
England	2.38	2.36

Source: 2001 & 2011 Census

2.11 The figure below compares the household composition in the HMA in 2011 with that recorded for the South West region and England. The data indicates that there are more one person households and couple (non older) households in the HMA than are recorded regionally and nationally. The overall household distribution across the HMA area does not differ notably from the regional and national averages. Plymouth records the most distinctive profile, with high levels of households with children.

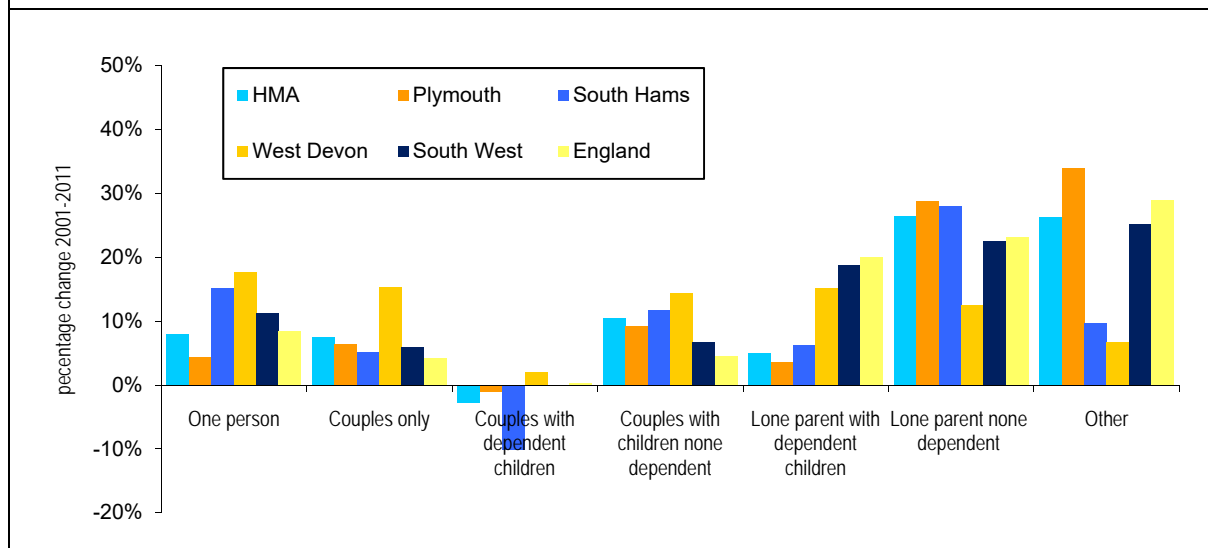


Source: 2011 Census

2.12 The figure below shows the change recorded between the 2001 and 2011 Census for the different household groups in the HMA, the South West and England. The figure shows that lone parent households have increased the most in the HMA (although from a low

base), followed by 'other' households. It is interesting to note that across the HMA households with only non-dependent children have increased whilst the number of households with dependent children has decreased. This suggests that household formation rates amongst young adults may have reduced.

**Figure 2.4 Change in household types resident in the HMA 2001 to 2011**



Source: 2001 & 2011 Census

## Economy

- 2.13 Considerable data is available on the economic context in the HMA, which enables a profile of the current local economy to be presented.

### *Employment in the HMA*

- 2.14 NOMIS<sup>2</sup> data on 'job density' (this is a measure of the number of jobs per person of working age) for 2014 shows that there are 0.80 jobs per working age person in the HMA, compared to 0.86 jobs per working age person across the South West region, and 0.83 for England as a whole. The job density in the individual authorities are 0.77 in Plymouth, 0.92 in South Hams and 0.72 in West Devon. The HMA however, records a very slight improvement in job density from 2009, during the recession, to 2014, (an increase from 0.79 to 0.80). Plymouth and South Hams have recorded an improvement in job density since 2009; it has increased from 0.74 in Plymouth and from 0.90 in South Hams. In West Devon job density has fallen over this period - from 0.80.
- 2.15 Measured by the Office for National Statistics (ONS) Business Register and Employment Survey there were 159,000 employee jobs in the HMA in 2015. This is the highest level recorded since the collection of this data was begun in 2009. Overall the number of

<sup>2</sup> NOMIS is a website provided by the Office for National Statistics that contains a range of labour market data at a local authority level. [www.nomisweb.co.uk](http://www.nomisweb.co.uk)

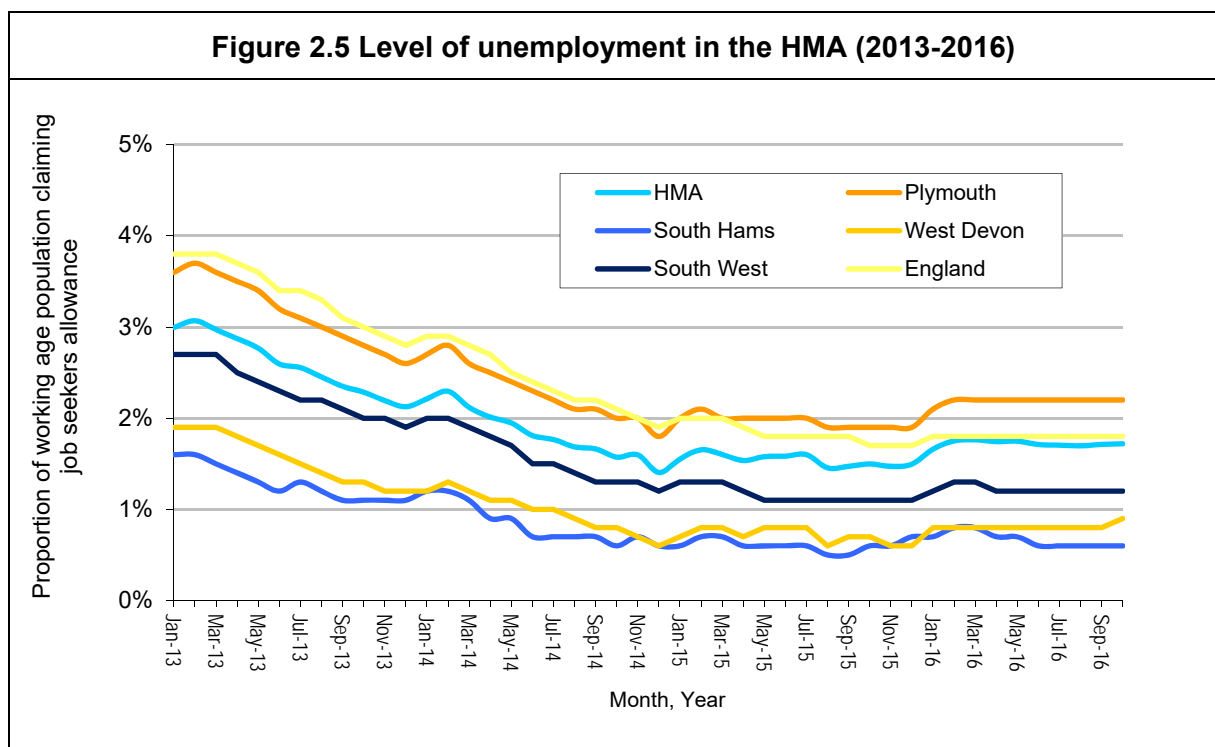
employee jobs in the HMA has increased by 1.9% between 2009 and 2015, which compares to an increase of 2.2% for the region and an increase of 7.1% nationally over the same time period. At the local authority level, Plymouth recorded an increase of 1.9% in employee jobs between 2009 and 2015, compared to a rise of 2.9% in South Hams and no overall change in West Devon.

- 2.16 Information from the Annual Civil Service Employment Survey indicates that 2.4% of employee jobs in the HMA in 2016 were in the Civil Service, compared to 1.6% of employee jobs in the South West and 1.5% of employee jobs in England. In Plymouth 2.4% of employee jobs were in the Civil Service, which compares to 2.9% of employee jobs in South Hams and 2.1% in West Devon. The proportion of employees in the HMA working in the civil service has fallen from 3.3% in 2010 to 2.4% in 2016 and this figure has decreased in each constituent authority over this period other than South Hams, where a small increase has been recorded.
- 2.17 Data is also available from the ONS about the number of businesses in the area and how this has changed over the last few years (older data is not available as the format of the information collected changed in 2010). This can provide a good indication of the state of the economy as an increase in businesses would suggest either new companies moving to the area or an increase in local entrepreneurship.
- 2.18 The ONS indicates that in 2015 there were 13,825 enterprises across the HMA, with 5,690 located in Plymouth, 5,020 in South Hams and 3,115 in West Devon. A very similar proportion of enterprises are micro (with 9 or fewer employees) across the HMA (88.1%), compared with the South West (89.0%) and England (89.3%).

#### *Employment profile of residents in the HMA*

- 2.19 Although the overall economic performance of the HMA provides important context, an understanding of the effect of the economic climate on the resident population is more pertinent to this study.
- 2.20 The Census provides an overview of the employment situation in the HMA in 2011. It shows that of all residents in work in the HMA (excluding those who are also students), 17.3% are self-employed, with 57.7% full-time employees and 25.0% part-time employees. The level of self-employment is lower than the regional figure (17.6%) but higher than the national equivalent (15.7%), whilst part-time employment is higher than both the regional and national average (23.7% and 22.1% respectively). South Hams and West Devon record a particularly high level of self-employment (27.3% and 26.3% of residents in work respectively), whereas self-employment is least common in Plymouth (just 11.8%).
- 2.21 Since the 2001 Census the number of part-time employees in the HMA has increased by 23.8% whilst the number of full-time employees has risen by 1.1%. The number of self-employed residents in the HMA has increased by 24.4%.

- 2.22 The ONS publishes the number of people claiming Job Seekers Allowance on a monthly basis. This provides a very up-to-date measure of the level of unemployment of residents in an area. The figure below shows the change in the proportion of the working age population claiming Job Seekers Allowance in the HMA, since January 2013. The figure indicates that the overall HMA unemployment level, whilst fluctuating notably, has been consistently higher than the rate for the South West region but lower than the national level. Currently 1.7% of the working age population in the HMA are unemployed, higher than the level recorded regionally (1.2%) but lower than the national average (1.8%). Generally unemployment has been lowest in South Hams, followed by West Devon. In contrast, the level of unemployment is notably higher in Plymouth.
- 2.23 Since the start of 2013 unemployment has decreased across the HMA by 42.4%, whilst across the South West region it has fallen by 54.9% and England as a whole by 52.4%. All authorities within the HMA have also recorded a fall in unemployment since January 2013; unemployment has decreased by 38.8% in Plymouth, by 60.9% in South Hams and 54.9% in West Devon.



- 2.24 It is worth noting that the HMA has an average proportion of young people unemployed; 2.4% of 18 to 24 year olds in the HMA are unemployed compared to 1.9% at the regional level and 2.9% nationally. South Hams is the authority within the HMA with a lowest level of young people unemployed (1.2%), followed by West Devon (1.7%) and Plymouth (2.7%).
- 2.25 The Annual Population Survey presents a 'Standard Occupation Classification' which categorises all working people resident within an area into one of nine groups depending

on the nature of the skills that they use. These nine groups are graded from managerial jobs (Groups 1-3) to unskilled jobs (Groups 8-9). As the table below illustrates, some 41.0% of employed residents in the HMA work in Groups 1 to 3, slightly lower than the figure for both the South West region and the national one. The HMA has a higher proportion of the workforce in occupation Groups 6 to 7 than is found regionally and nationally. South Hams and West Devon record a higher proportion of employed residents working in Groups 1 to 3 and a lower proportion in Groups 8 to 9 than the regional and national average, whilst the distribution in Plymouth shows a lower proportion of employed residents working in Groups 1 to 3 and a higher proportion working in all other groups.

- 2.26 Further analysis shows that, since 2010, there has been a considerable increase in the number of people resident in the HMA employed within Groups 6 to 7 and a slight fall in the number of people resident in the HMA employed within Groups 4 to 5.

<i>Occupation Groups</i>	<i>The HMA</i>	<i>Plymouth</i>	<i>South Hams</i>	<i>West Devon</i>	<i>South West</i>	<i>England</i>	<i>Change in # of people employed in the HMA since 2010</i>
Group 1-3: Senior, Professional or Technical	41.0%	35.2%	54.7%	50.4%	44.7%	45.0%	6.0%
Group 4-5: Administrative, skilled trades	23.1%	24.4%	21.4%	19.0%	22.1%	21.2%	-2.2%
Group 6-7: Personal service, Customer service and Sales	20.5%	21.5%	15.4%	22.9%	17.1%	16.7%	23.6%
Group 8-9: Machine operatives, Elementary occupations	15.4%	18.9%	8.5%	7.8%	16.0%	17.1%	2.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-</b>

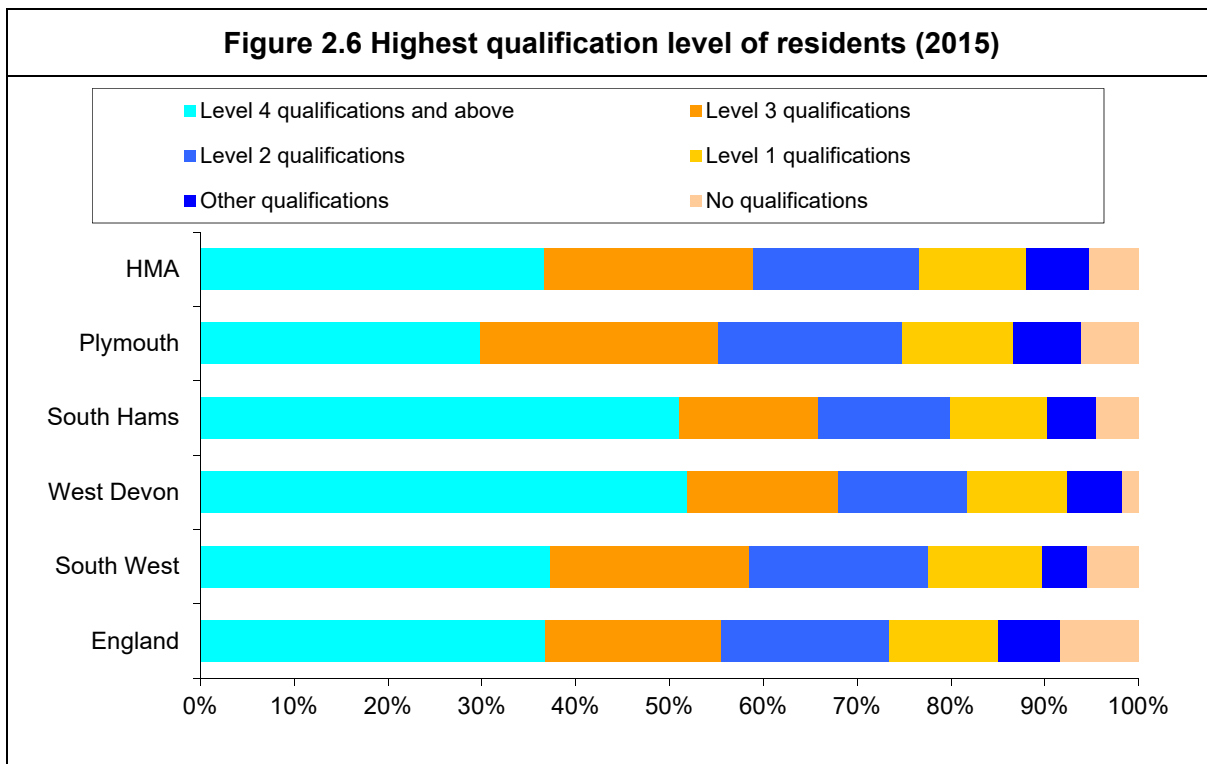
Source: Annual Population Survey, 2015

### *Qualifications*

- 2.27 An important factor in the ability of any economy to grow is the level of skill of the workforce. The figure below shows the highest qualification level of the working-age residents of the HMA, compared to the regional and national equivalents as recorded in the Annual Population Survey. Level 1 qualification is the lowest (equivalent of any grade at GCSE or O-Level) and Level 4 the highest (undergraduate degree or higher). The data indicates that over a third (36.7%) of working-age residents in the HMA have level 4 or higher qualifications, similar to the figures for the South West region (37.3%) and England (36.8%). The HMA however has fewer residents with no qualifications (at 5.3%) compared with the regional (37.3%) and national (36.8%) averages. It is important to note however that, in the HMA, the proportion of working-age residents without qualifications has



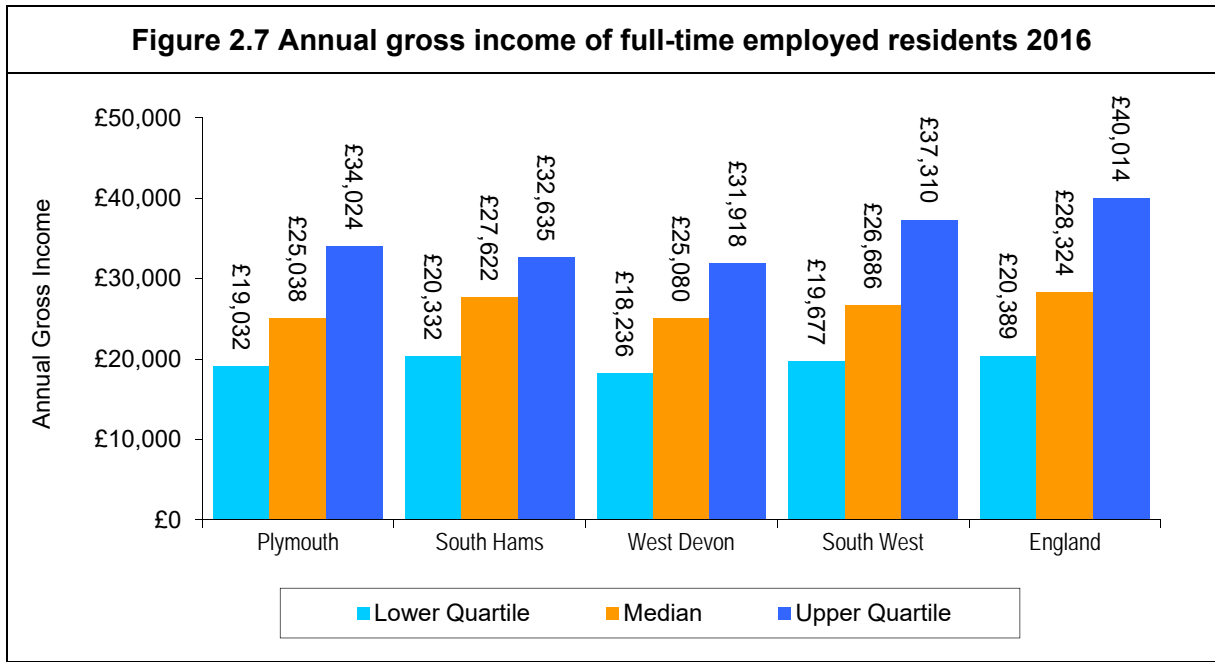
reduced notably since 2010 (by 44.4%). Within the HMA, West Devon has the most qualified population and Plymouth the least qualified.



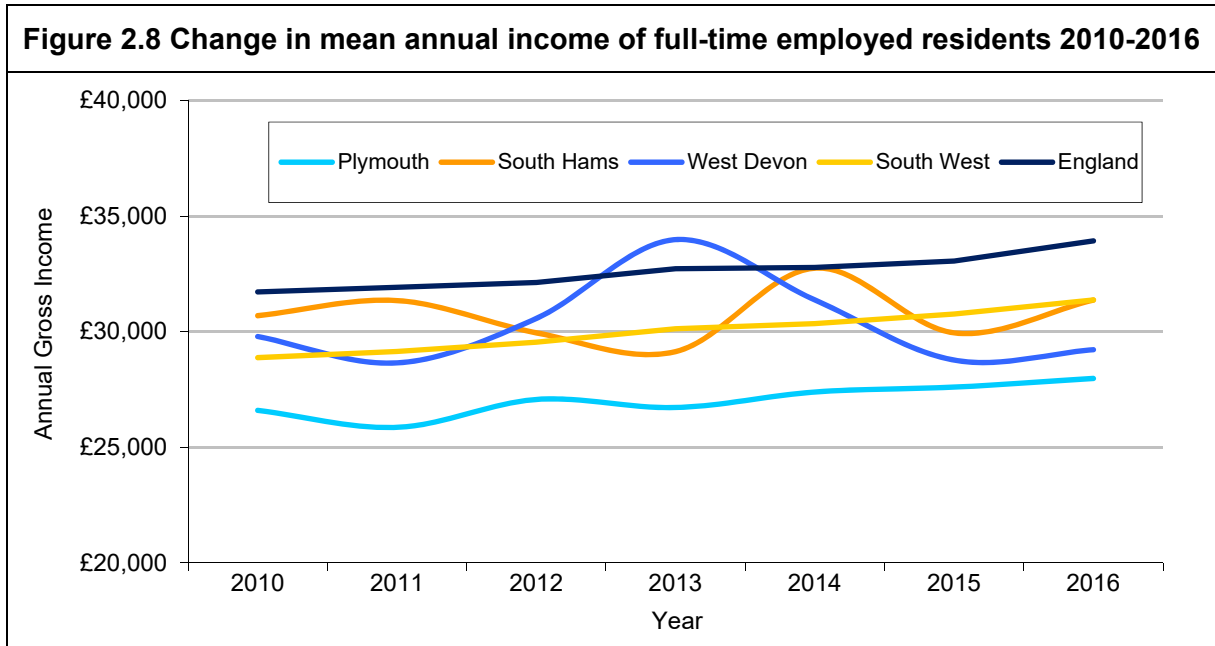
### Income

2.28 Income has a core effect on the level of choice a household has when determining their future accommodation. The mean earned income for full-time employees resident in Plymouth in 2016 was £27,981, according to the ONS Annual Survey of Hours and Earnings, whilst the equivalent figure for South Hams was £31,372 and for West Devon it was £29,224. In comparison, the regional figure was £31,377 and the national average was £33,930. It is important to note that these figures assess individual incomes rather than household incomes.

2.29 As the figure below shows, despite Plymouth recording the lowest mean income, at all points on the distribution annual gross income in West Devon is the lowest within the HMA. South Hams records the highest lower quartile and median incomes, whilst Plymouth records the highest upper quartile incomes. Plymouth records the biggest difference between lower and upper quartile incomes, suggesting a large distinction between high and low earning people in the District. In contrast the smallest difference between high and low earning people within the HMA is found in South Hams.

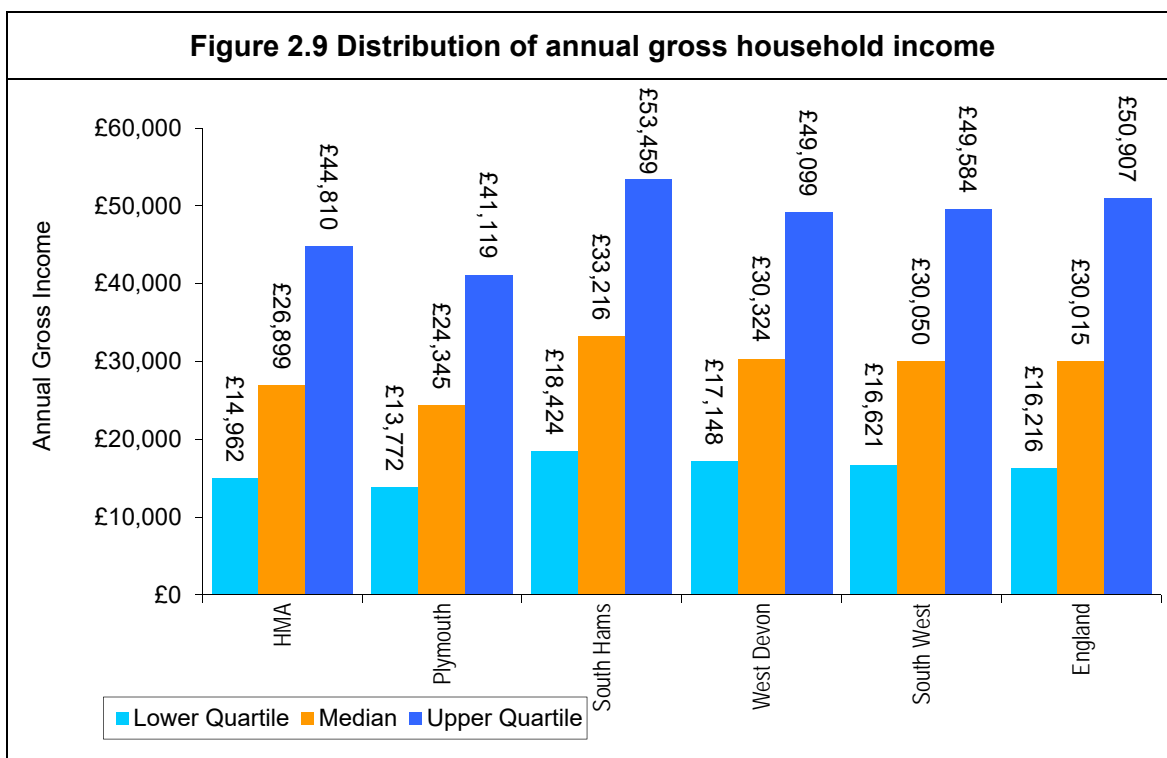


2.30 The figure below shows the change in the mean income of full-time employees resident in each authority in the HMA, the South West region and England since 2010. Plymouth has recorded the highest increase since 2010 within the HMA (at 5.2%) followed by South Hams (2.2%), whilst West Devon has shown a decrease over this period (of 1.9%). The comparative regional and national figures are 8.6% across the South West and 6.9% for England.



*Household income*

- 2.31 CACI Paycheck estimates that the mean gross annual household income in the HMA is £33,509, which is 9.8% below the regional equivalent (£37,168 for the South West) and 12.0% below the figure for England (£38,077). The same data source indicates that the mean gross annual household income in Plymouth is £30,627, whilst it is £39,902 in South Hams and £36,905 in West Devon.
- 2.32 The figure shows how household income at various points on the income distribution for each local authority and the HMA itself compares with the region-wide and national equivalents. The data indicates that households in Plymouth are the least affluent in the HMA, followed by households in West Devon with households in South Hams the most affluent. Household incomes in South Hams are not only notably higher than the other two authorities in the HMA but also higher than the national and regional averages.



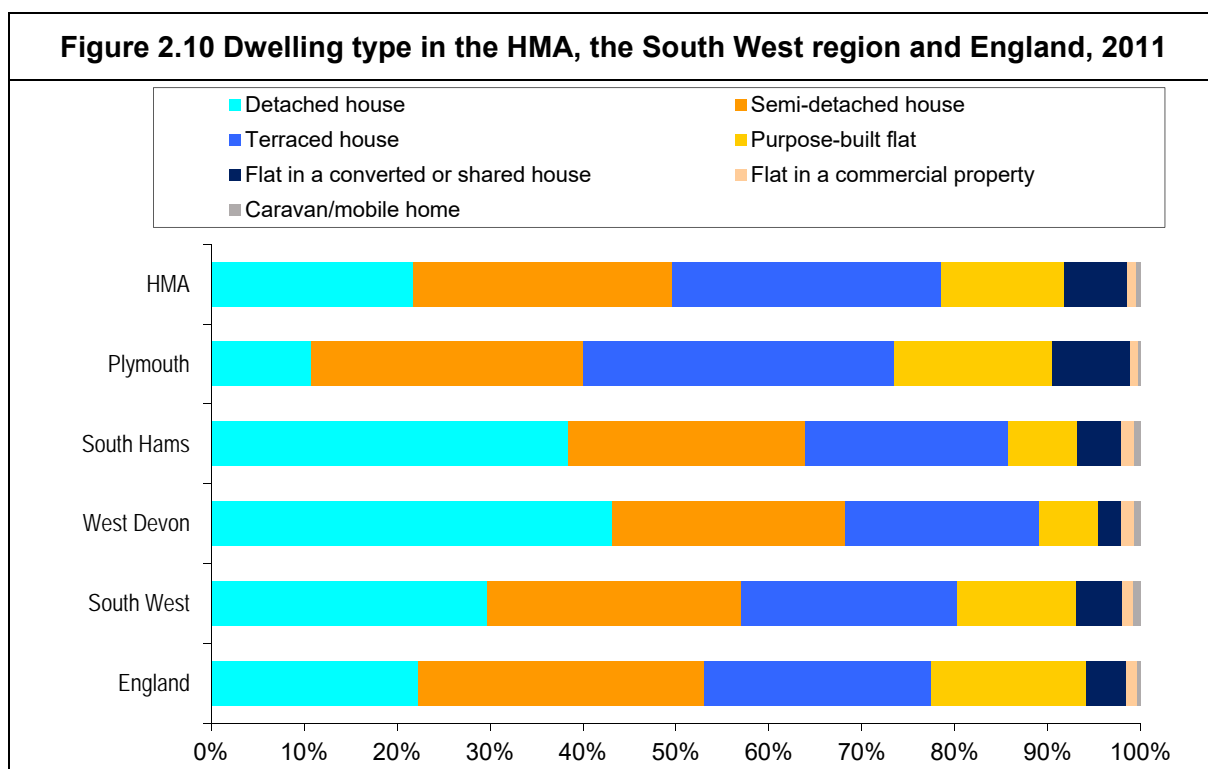
Source: CACI Paycheck, 2016

**Dwelling stock**

- 2.33 The Census indicates that there were 180,984 dwellings in the HMA in 2011, and that since 2001 the number of dwellings has increased by 7.6%, almost 13,000 properties. In comparison, the dwelling stock in the South West region increased by 9.9% between the 2001 and 2011 Census, whilst the dwelling stock of England increased by 8.3%. Within the HMA, West Devon recorded the largest growth in dwellings (15.9%), followed by West Devon (6.6%) and Plymouth (6.4%).

*Accommodation profile*

2.34 The figure below compares the type of accommodation in the HMA in 2011 with that recorded for the South West region and England. The HMA contains fewer detached houses and more terraced houses than the regional and national averages. The most common property type across the HMA is terraced houses followed by semi-detached dwellings. There are some distinct differences within the HMA; almost 40% of dwellings in South Hams and over 40% of dwellings in West Devon are detached houses, whilst they comprise just 10% of the stock in Plymouth. Over a quarter of dwellings in Plymouth are flats whilst they make up around 10% of the stock in South Hams and West Devon.



2.35 Since 2001 the number of purpose built flats has increased markedly in the HMA, by 21.0%. The change in the number of houses has been less notable, although detached dwellings have recorded the biggest rise (6.4%), followed by semi-detached properties (5.7%) and terraced homes (3.5%).

2.36 The table below compares the size of accommodation (in terms of bedrooms) in the HMA, the South West region and England. The table indicates that the HMA has a greater proportion of smaller homes (two or fewer bedrooms) and a smaller proportion of homes with five or more bedrooms than the South West region and England as a whole. Overall, three bedroom homes account for over 40% of all dwellings in the HMA. Within the HMA, West Devon records the lowest proportion of small dwellings and the highest proportion of larger homes (four or more bedrooms). Plymouth has the largest proportion of small dwellings and the lowest level of large homes.

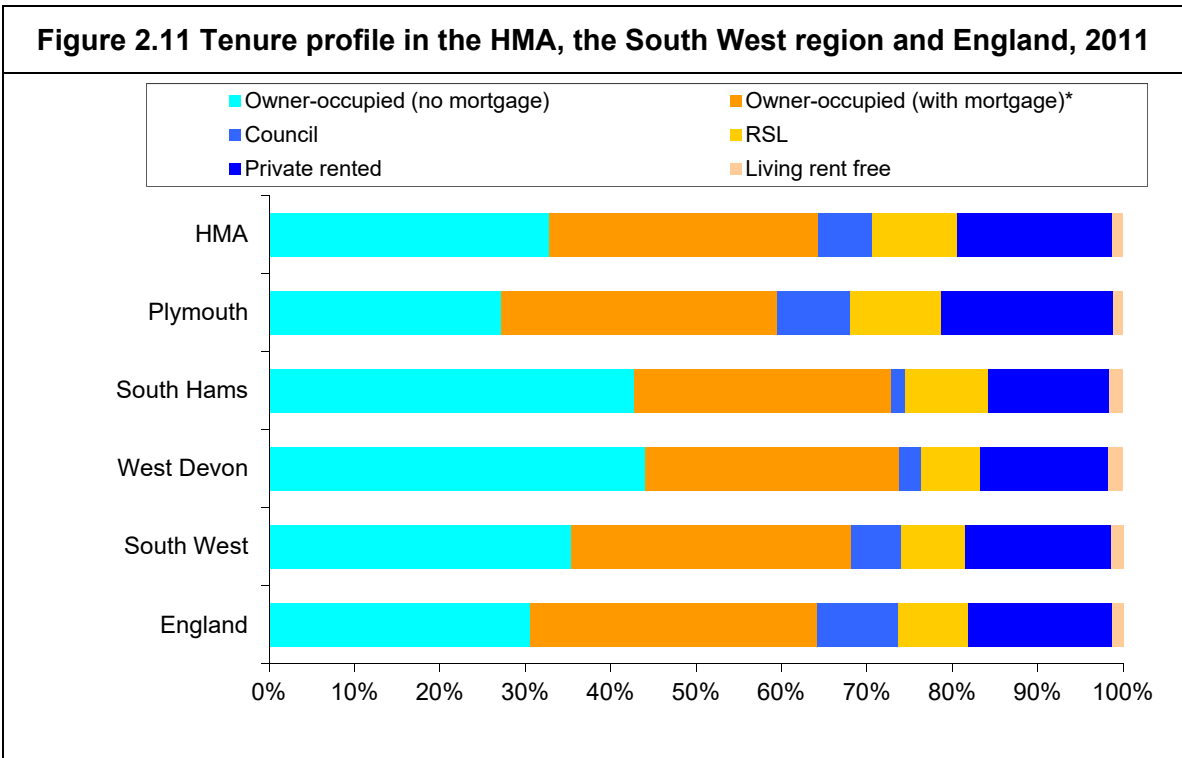
**Table 2.3 Size of dwelling stock in the HMA, the South West region and England, 2011**

<i>Property size</i>	<i>HMA</i>	<i>Plymouth</i>	<i>South Hams</i>	<i>West Devon</i>	<i>South West</i>	<i>England</i>
No bedrooms	0.2%	0.3%	0.1%	0.1%	0.2%	0.2%
1 bedroom	12.6%	15.1%	8.3%	7.4%	10.7%	11.8%
2 bedrooms	28.3%	29.6%	26.0%	26.1%	27.3%	27.9%
3 bedrooms	40.3%	41.0%	39.2%	38.5%	40.4%	41.2%
4 bedrooms	13.5%	10.3%	19.4%	19.6%	16.1%	14.4%
5 or more bedrooms	5.1%	3.8%	7.1%	8.2%	5.3%	4.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

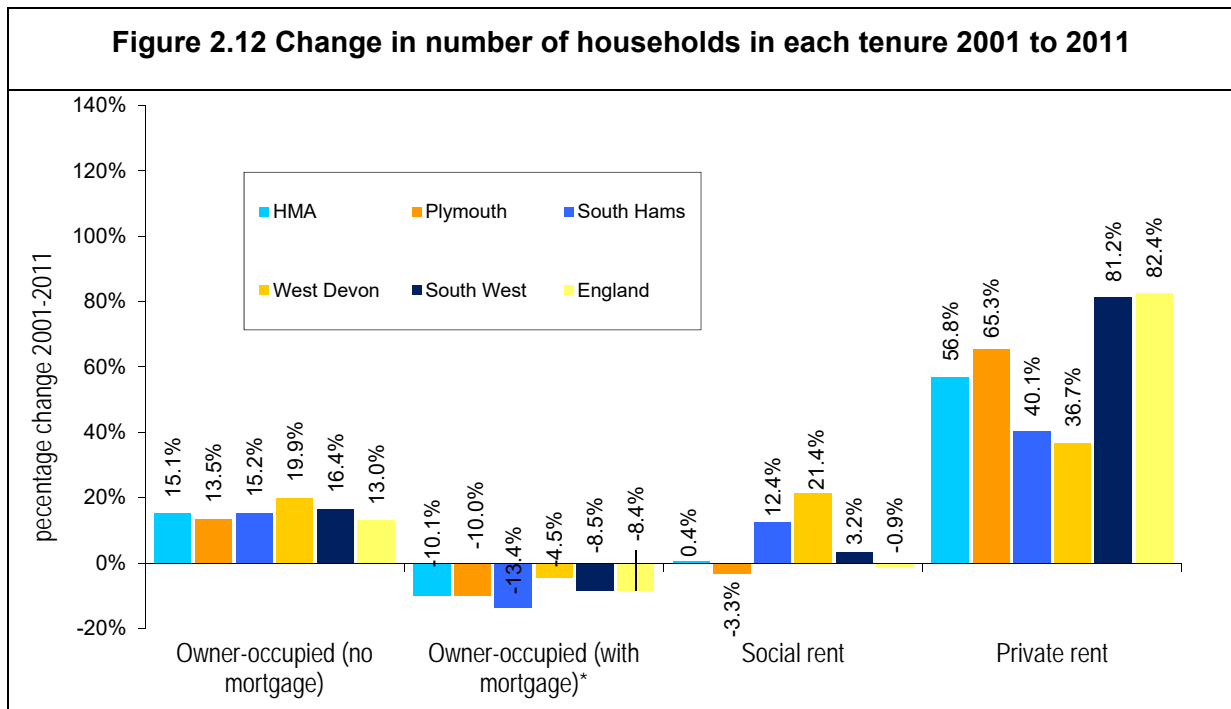
Source: 2011 Census

### *Tenure*

- 2.37 The figure below compares the tenure of households in the HMA in 2011 with that recorded for the South West region and England. The data indicates that 32.9% of households in the HMA are owner-occupiers without a mortgage, compared to 35.4% in the region and 30.6% nationally. The proportion of owner-occupiers with a mortgage in the HMA (31.4%) is lower than both the regional (32.8%) and national average (33.6%). Some 16.3% of households in the HMA are resident in the Social Rented sector, higher than the figure for the South West region (13.3%) but lower than the national average (17.7%). Finally, some 18.2% of households in the HMA live in private rented accommodation, compared to 17.1% in the South West region and 16.8% across England. Within the HMA, Plymouth records by far the lowest level of owner-occupiers with no mortgage (27.2%) but a relatively large Social Rented stock (19.3%) and a large private rented sector (20.2%). West Devon records the smallest Social Rented sector (9.5%) and the owner-occupied (no mortgage) sector (44.0%). South Hams contains the smallest private rented sector within the HMA (14.3%).



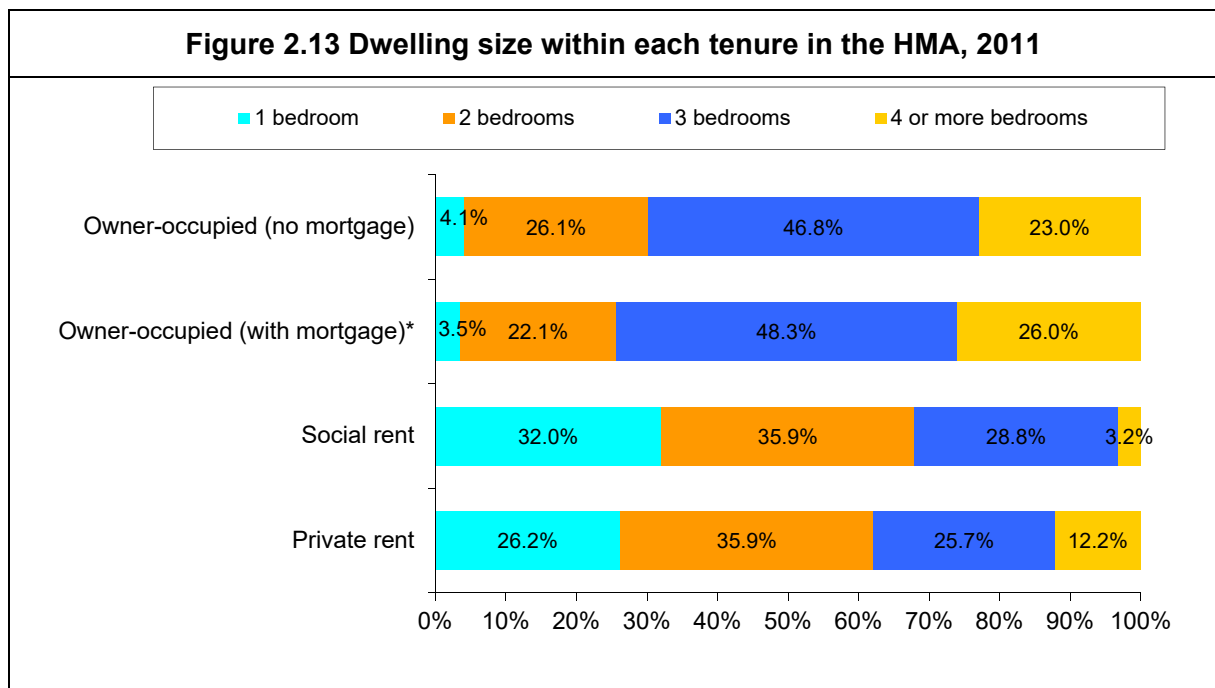
2.38 The figure below shows the change in the size of each tenure between the 2001 and 2011 Census. The figure shows that in all areas the private rented sector has increased dramatically and the number of owner-occupiers with no mortgage has also grown. In comparison, the number of owner-occupiers with a mortgage has decreased. The Social Rented sector has generally shown the smallest change.



2.39 It should be noted that whilst the owner-occupied (with mortgage) sector has decreased, the number of shared ownership properties has increased, rising by 13.6% between 2001 and 2011 in the HMA.

*Tenure by bedroom*

2.40 Finally it is useful to understand the size of accommodation within each tenure as recorded in the 2011 Census. This is shown in the figure below. The data indicates that, in the HMA, rented accommodation is smaller on average than owned dwellings. This figure is replicated for the constituent authorities of the HMA within the appendices to this report.



Source: 2011 Census \*Includes shared ownership





## 3. The cost and affordability of housing

### Introduction

- 3.1 An effective SHMA is founded on a thorough understanding of local housing – what it costs and how this varies. This chapter describes the changes in the housing market that have been recorded in the HMA. Subsequently, it assesses the entry-level costs of housing across the different price markets in operation. A comparison of the cost of different tenures will be used to identify the housing market gaps that exist. Finally, the chapter will report changes in affordability as well as the affordability of housing for different groups of the population currently.

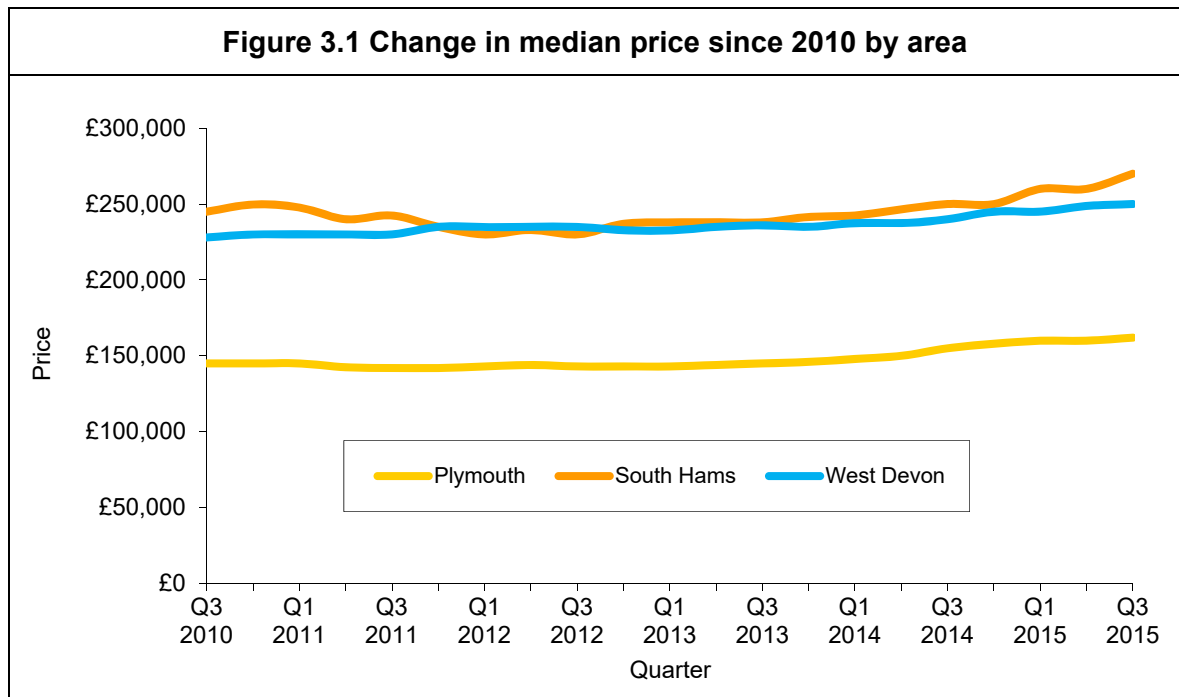
### Relative prices

- 3.2 Recent house price data from the Land Registry, from the third quarter of 2015, is presented for the three authorities within the HMA, the South West region and England as a whole in the table below. The prices recorded for the third quarter of 2010 are also presented and the change in mean price over the last five years is shown.
- 3.3 The table indicates that South Hams recorded the highest average price of dwellings in Quarter 3 2015, followed by West Devon. Prices in these two areas are considerably higher than those in Plymouth. Average prices in Plymouth are the only ones within the HMA lower than the average for the South West region and England as a whole. The table also shows that between 2010 and 2015 average prices have increased fastest in Plymouth, followed by South Hams and West Devon. All areas recorded price rises lower than the region-wide and national equivalents.

<i>Location</i>	<i>Median price Jul - Sep 2010</i>	<i>Median price Jul - Sep 2015</i>	<i>Percentage change recorded 2010-2015</i>
Plymouth	£145,000	£162,000	11.7%
South Hams	£245,000	£270,000	10.2%
West Devon	£228,000	£250,000	9.6%
South West	£182,950	£209,950	14.8%
England	£175,000	£204,995	17.1%

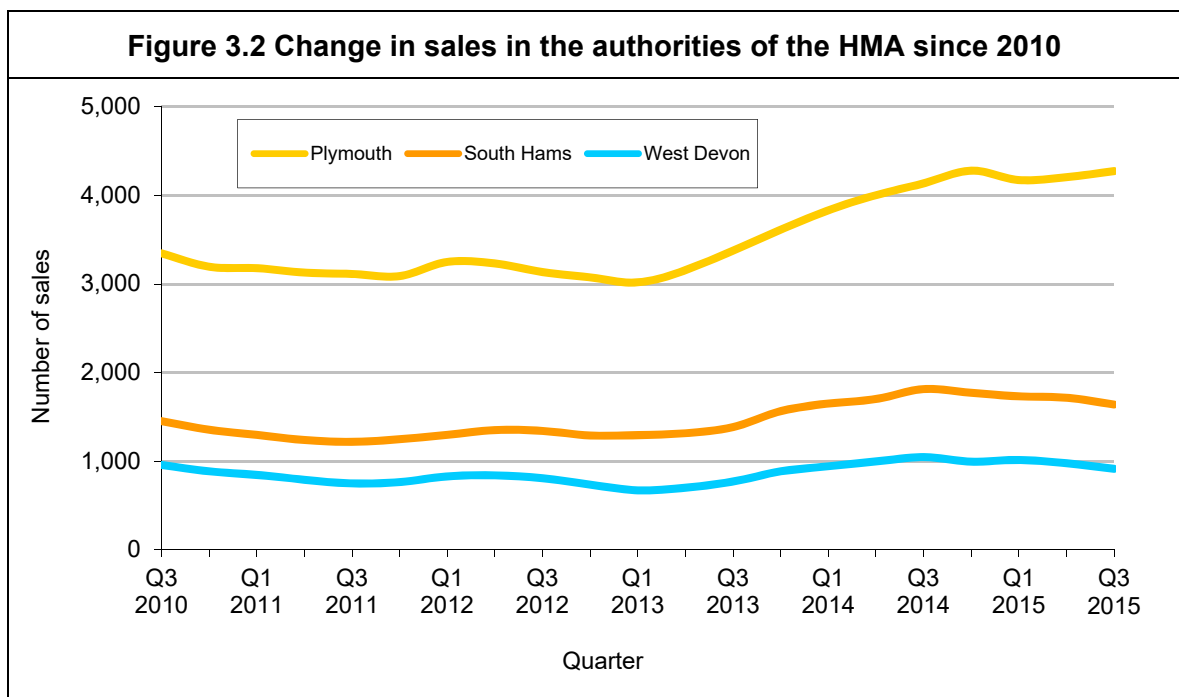
Source: Land Registry

- 3.4 The figure shows the change in mean property price in each Council area in the HMA since Quarter 3 of 2010. The figure shows that prices in South Hams dipped a little between 2011 and 2012, whilst prices in West Plymouth and Devon have continued to rise steadily.



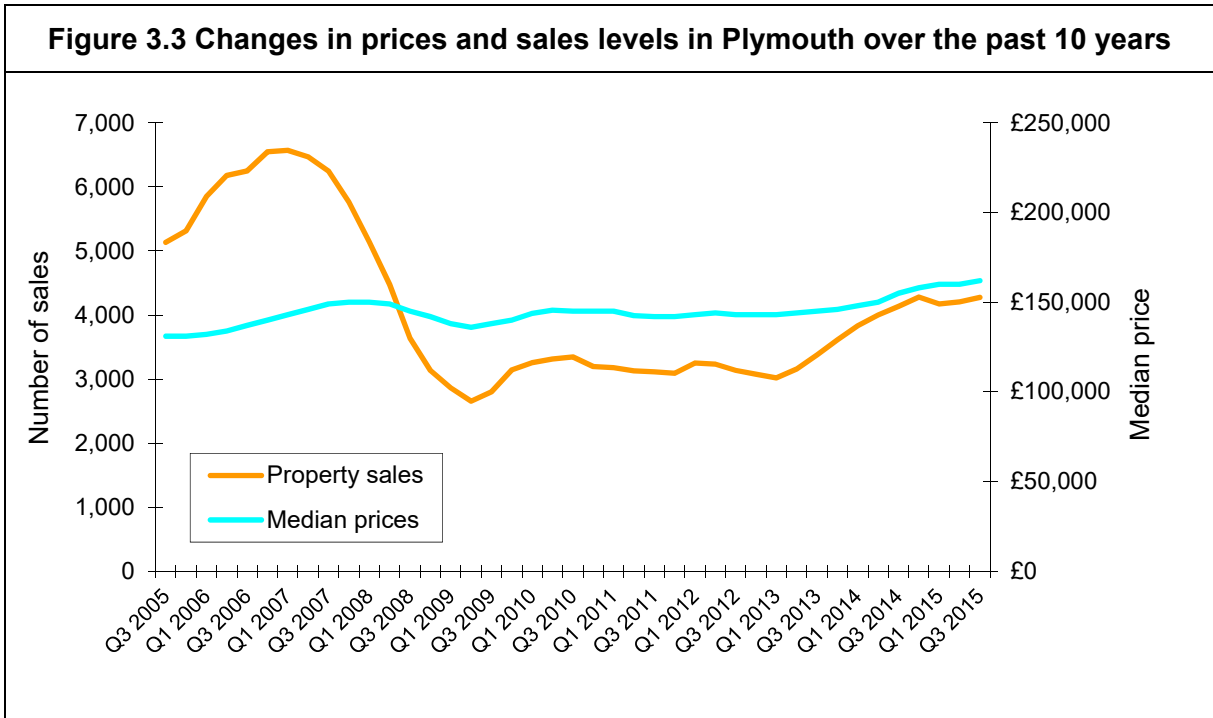
Source: Land Registry

3.5 The figure below shows the change in the number of property sales since the third quarter of 2010 for the Council areas in the HMA. The figure suggests that Plymouth records the highest level of sales every quarter and West Devon the lowest. The data also indicates that sales levels in Plymouth are 27.8% higher now than they were in 2010, whilst sales have grown by 13.0% in South Hams. In contrast sale levels in West Devon have fallen by 4.6% in the same period.

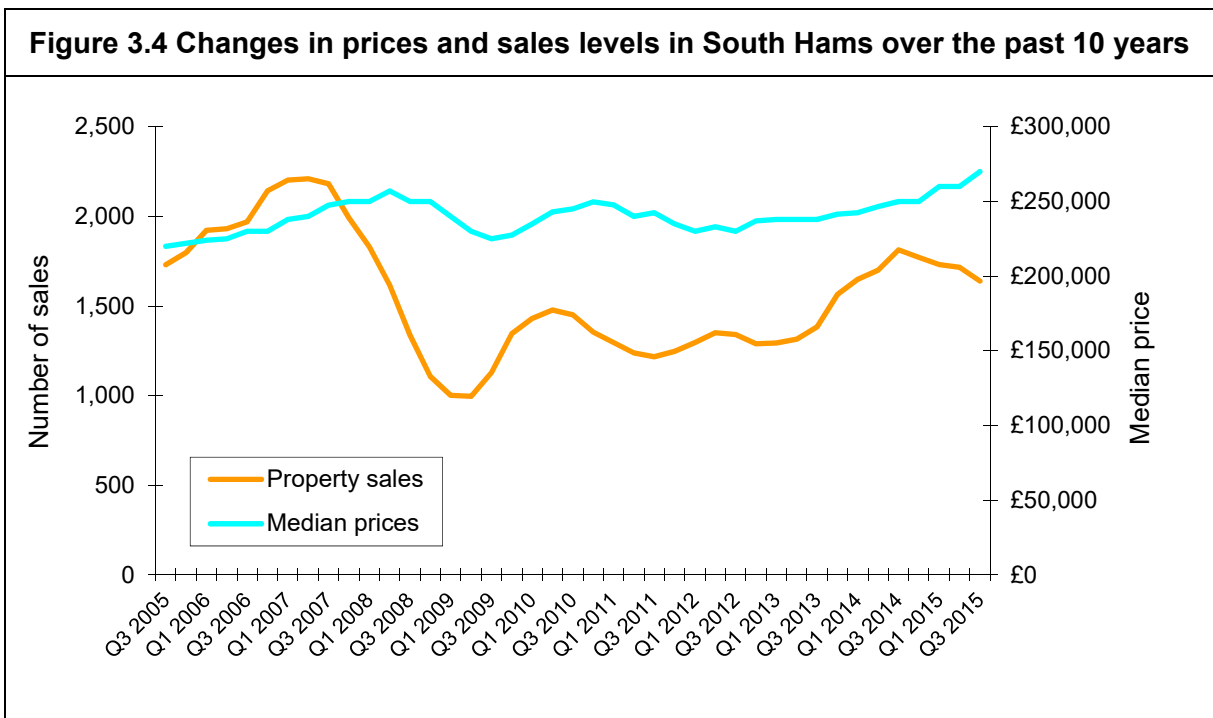


Source: Land Registry

3.6 It is useful to briefly review housing market activity over a longer period to consider influences on property price changes. The figure below shows the variation in median prices and property sales levels since 2005 in Plymouth. The data suggests that property prices remained relatively stable over the last ten years despite property sales declining dramatically for part of that period (summer 2007 to summer 2009). Figures 3.4 and 3.5 repeat this analysis for South Hams and West Devon respectively.

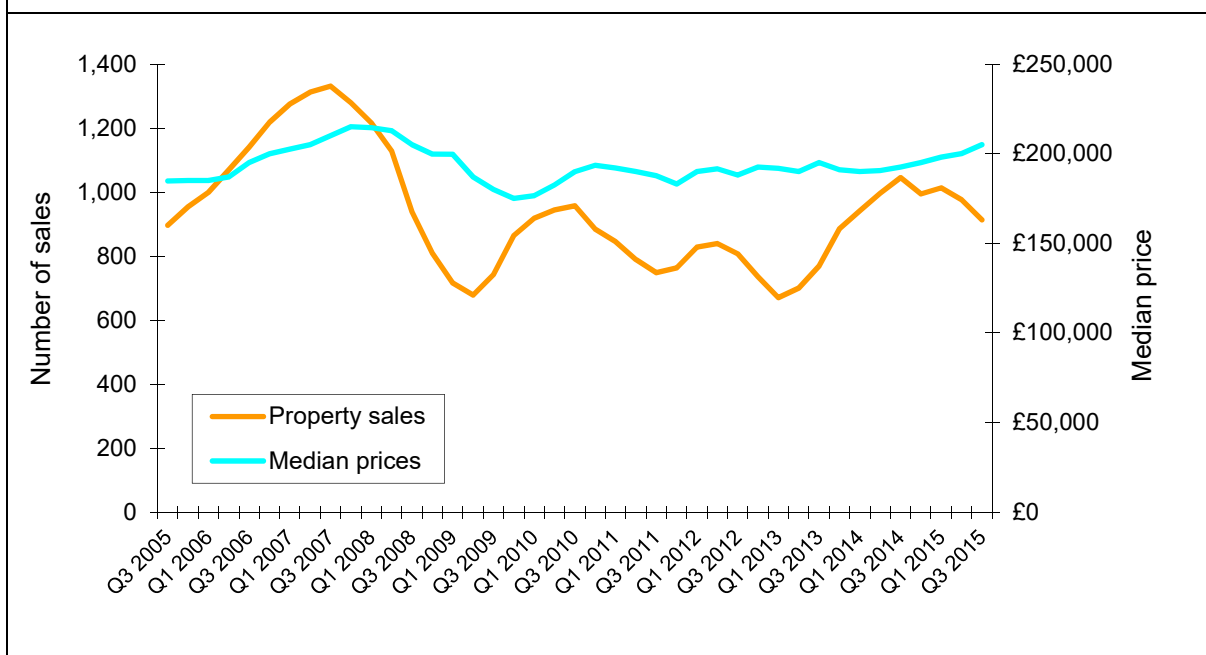


Source: Land Registry



Source: Land Registry

**Figure 3.5 Changes in prices and sales levels in West Devon over the past 10 years**

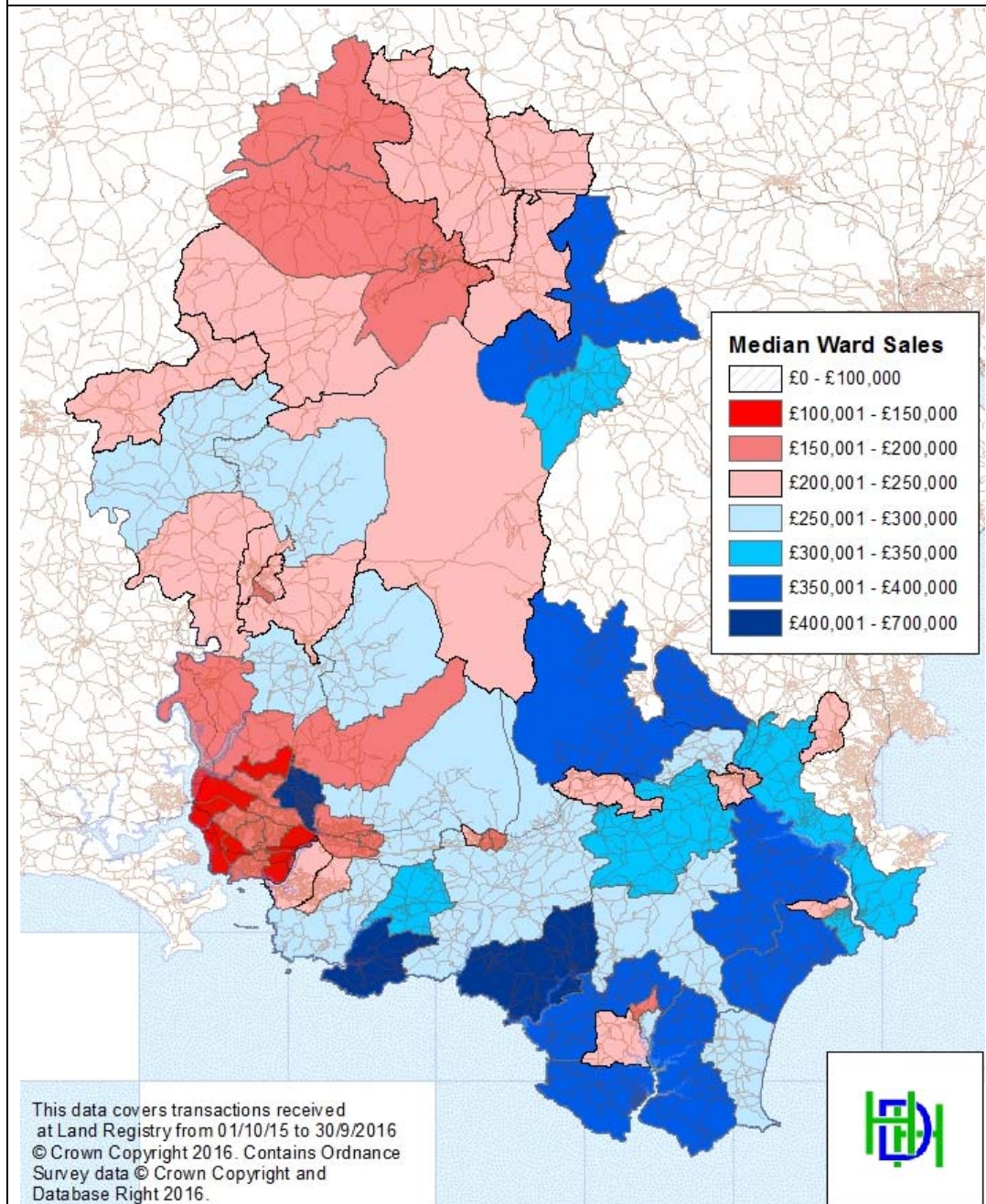


Source: Land Registry

### The cost of housing

3.7 To fully understand the affordability of housing within an area, it is necessary to collect data on the cost of housing by number of bedrooms. This ensures that it is possible to assess the ability of households to afford market housing of the size required by that particular household. However, no secondary data contains this information. As part of this study we have therefore undertaken a price survey to assess the current cost of market (owner-occupied and private rented) and affordable housing in the HMA. The figure below shows the variations in the cost of housing across the HMA and illustrates that there are clear distinctions, with the prices in the outskirts of the city of Plymouth the cheapest and parts of the north of West Devon district around Oakhampton also notably lower than average. Prices along the coast of South Hams district as well as the most eastern part of West Devon are the most expensive.

**Figure 3.6 Variation in property prices across the Housing Market Area  
– Median property prices by ward October 2015 to September 2016**

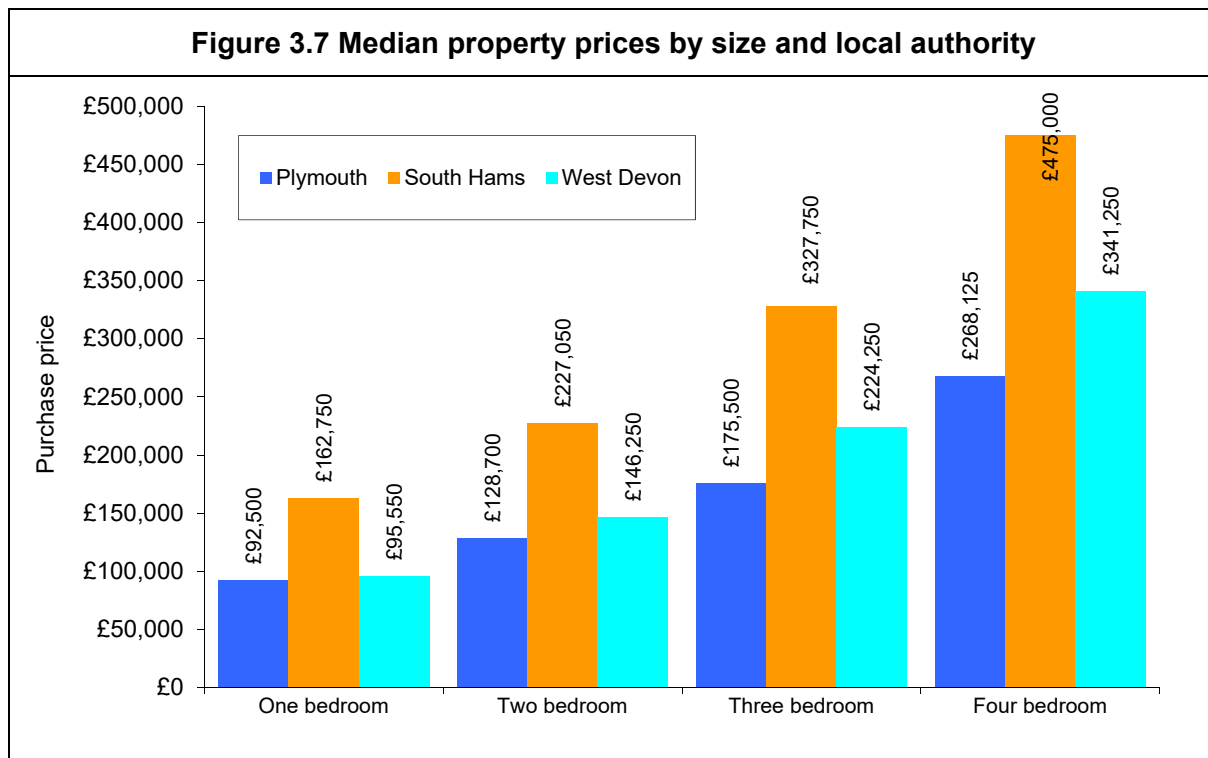


Source: Land Registry, 2016

- 3.8 Median property prices by number of bedrooms were obtained in each local authority area via an online search of properties advertised for sale during November 2016. The results of this online price survey are presented in the figure below. The prices recorded include a discount to reflect that the full asking price is not usually achieved (with sales values typically 2.5% lower in Plymouth and West Devon and 5% lower in South Hams).

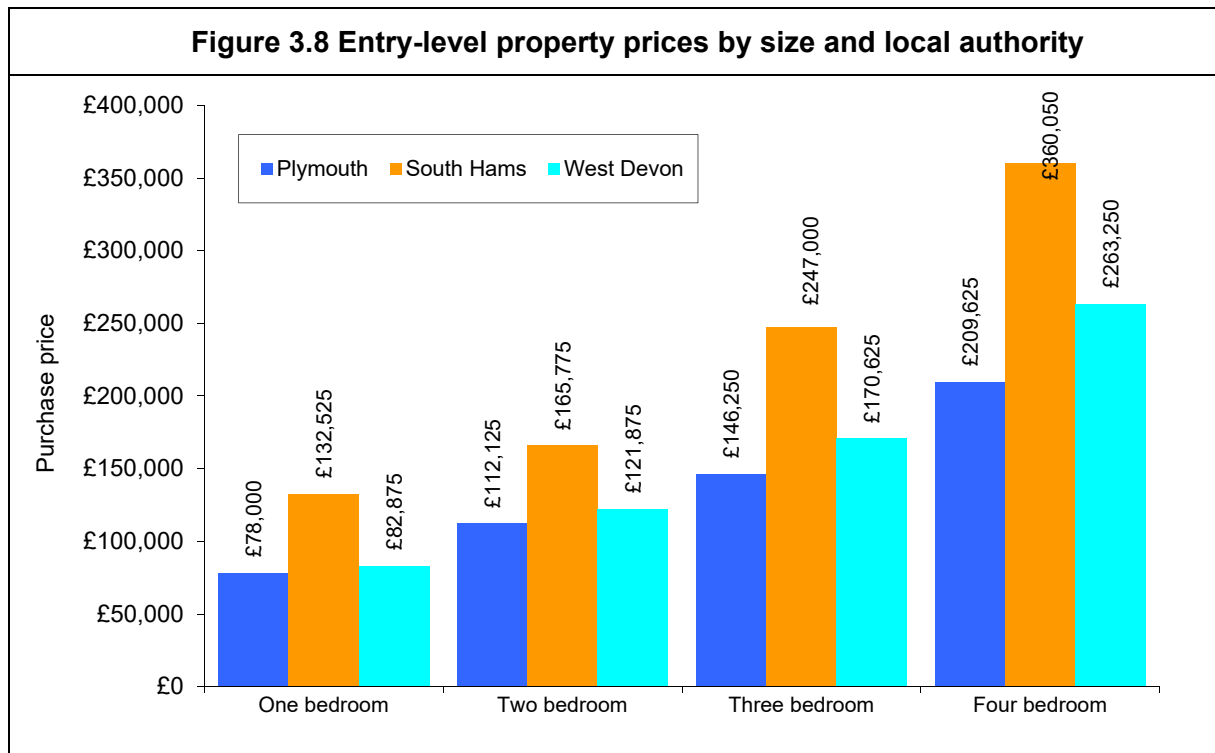


3.9 The figure shows that prices are highest in South Hams and lowest in Plymouth. In all authorities the difference between one and two bedroom homes is smallest and the difference between three and four bedroom homes is largest. In terms of market availability, the analysis showed that three bedroom properties are most commonly available to purchase in South Hams and West Devon, with four bedroom homes the next most widely available. In Plymouth two bedroom homes are the most widely available dwelling size followed by three bedroom homes. In all Council areas, one bedroom homes (including one bedroom flats) are most scarce.



Source: Online estate agents survey November 2016

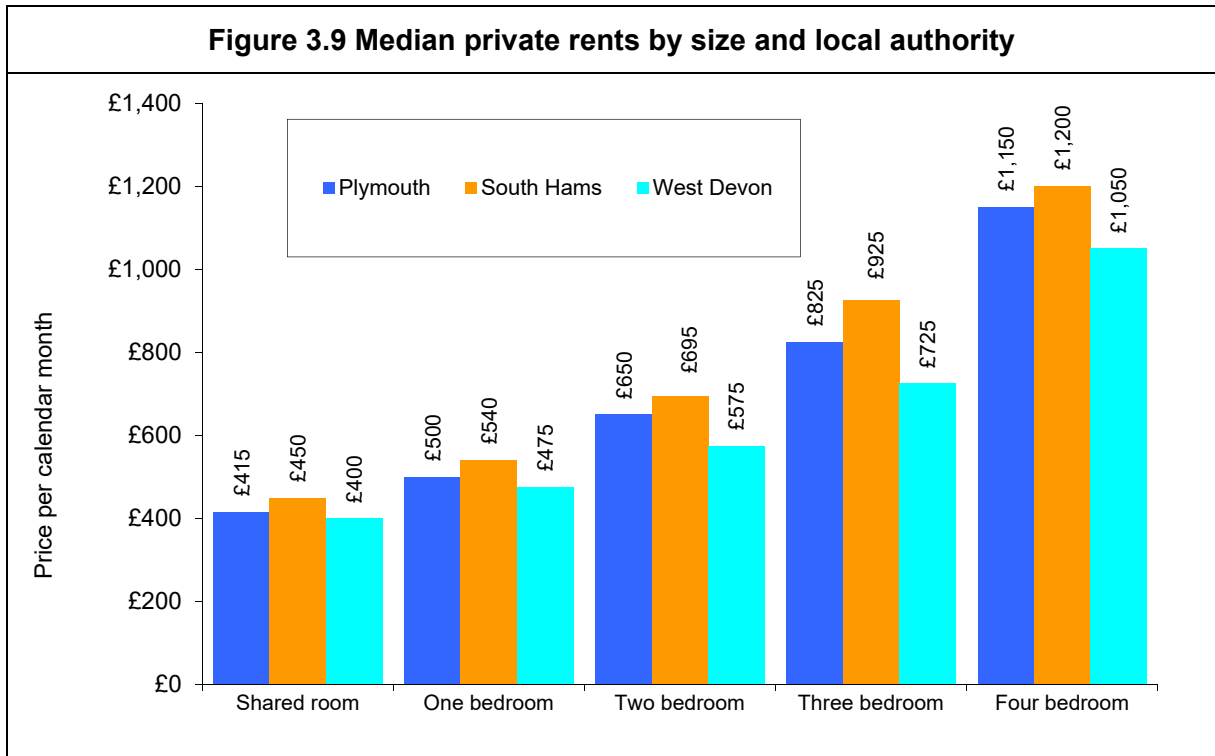
3.10 The online survey also collected information at different points of the price distribution. Entry-level property prices for each price market are presented in the figure below. In accordance with the PPG, entry-level prices are based on lower quartile prices (paragraph 025 Reference ID: 2a-025-20140306). The figure indicates that entry-level prices in the HMA range from £78,000 for a one bedroom home in Plymouth up to £360,050 for a four bedroom property in South Hams.



Source: Online estate agents survey November 2016

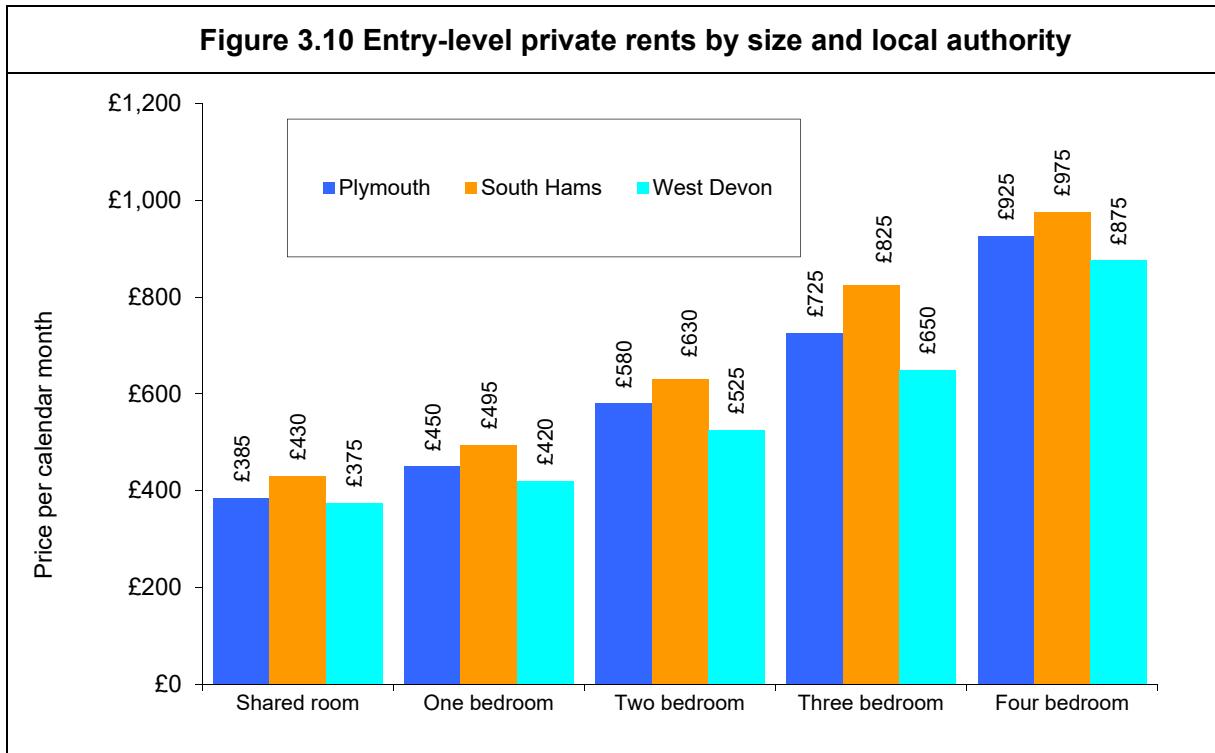
#### Private rents

- 3.11 Whilst private rent levels vary across the HMA, the distinction between the areas is less marked than with owner-occupation, reflecting that location is not as important a determinant in rent levels as the quality of the property. The median price for private rented accommodation by property size in each local authority is presented in the figure below. The figure also includes the cost of a shared room within the private rented sector. The Local Housing Allowance regulations, which indicates that single people 35 or under are only entitled to the shared accommodation rate rather than the rate for a one bedroom home, imply that these individuals are deemed suitable to meet their housing needs within the market in this way. The cost of a room within shared accommodation is therefore included as it represents appropriate accommodation for single person household 35 or under and this groups of households will be tested against their ability to afford this in the affordable housing needs model set out in Chapter 5. This rationale for this assumption is further evidenced in Appendix A3.
- 3.12 The data indicates that there is a different pattern with regard to the relative cost of housing with South Hams clearly the most expensive authority, followed by Plymouth and West Devon. The difference between the cost of three and four bedroom accommodation is less marked in the private rented sector than for owner-occupation. In addition, the profile of properties available is somewhat different to that for purchase with a greater proportion of one and two bedroom homes available to rent in all Council areas.



Source: Online estate agents survey November 2016

3.13 Entry-level private rents for each Local Authority are presented in the figure below. The figure indicates that entry-level rents in the HMA range from £375 per month for a one bedroom home in West Devon up to £975 per month for a four bedroom property in South Hams.



Source: Online letting agents survey November 2016



### *Social Rents*

- 3.14 The cost of Social Rented accommodation by dwelling size in each Council area can be obtained from the Homes & Communities Agency’s Statistical Data Return dataset for the RSL sector and from the Local Authority Housing Statistics data return for the Council sector. The table below illustrates the cost of Social Rented dwellings across each local authority in the HMA. As can be seen, the costs are significantly below those for private rented housing, particularly for larger homes, indicating a significant potential gap between the Social Rented and market sectors.

<b>Table 3.2 Social Rented costs (per month)</b>			
<i>Bedrooms</i>	<i>Plymouth</i>	<i>South Hams</i>	<i>West Devon</i>
One bedroom	£278	£359	£320
Two bedrooms	£328	£406	£380
Three bedrooms	£366	£454	£427
Four bedrooms	£423	£502	£516

Source: HCA’s Statistical Data Return 2016, Council LAHS 2016

### *Affordable Rent*

- 3.15 Affordable Rent is a relatively new product that has been introduced to reduce the requirement for capital subsidy for affordable accommodation. It is within the definition of affordable housing in the NPPF and is intended to house households on the Housing Register. It is not an intermediate product, but a new form of affordable housing for rent that coexists with the existing Social Rent tenure. Whilst there remain long-standing tenancies on Social Rent, the majority of new rented affordable accommodation in the HMA is as Affordable Rent; both re-lets from the existing stock and new Affordable Rented accommodation added to the stock. Due to its different cost level, detail will be presented on its relative affordability in comparison with Social Rent where this is possible (in Chapter 5). Affordable Rents can be set at up to 80% of open market rents, implying there is flexibility as to what they may cost.
- 3.16 The Homes & Communities Agency (HCA)’s Statistical Data Return details the Affordable Rent levels charged in the HMA and these are set out in the table below. A comparison with median market rents indicates that Affordable Rent levels are around 65% to 75% of median market rents, although one bedroom Affordable Rents in West Devon are priced at over 80% of current median private rent levels.

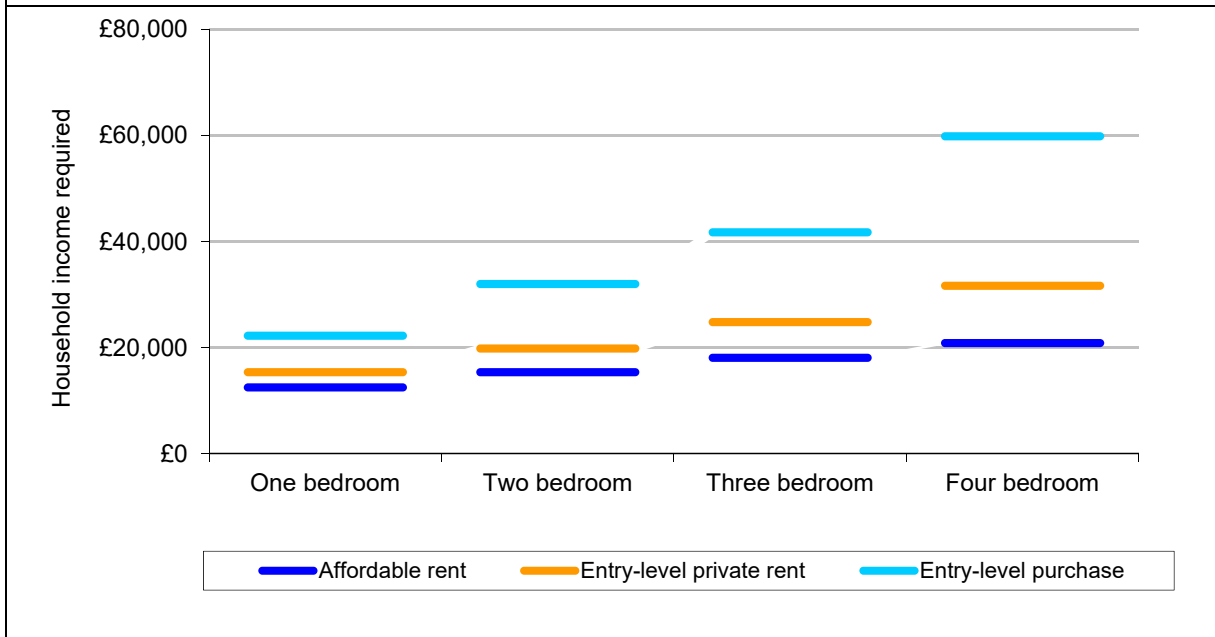
<b>Table 3.3 Affordable Rented costs (per month)</b>			
<i>Bedrooms</i>	<i>Plymouth</i>	<i>South Hams</i>	<i>West Devon</i>
One bedroom	£366	£380	£400
Two bedrooms	£450	£501	£456
Three bedrooms	£529	£595	£561
Four bedrooms	£610	£726	£760

Source: HCA's Statistical Data Return 2016

### **Analysis of housing market 'gaps'**

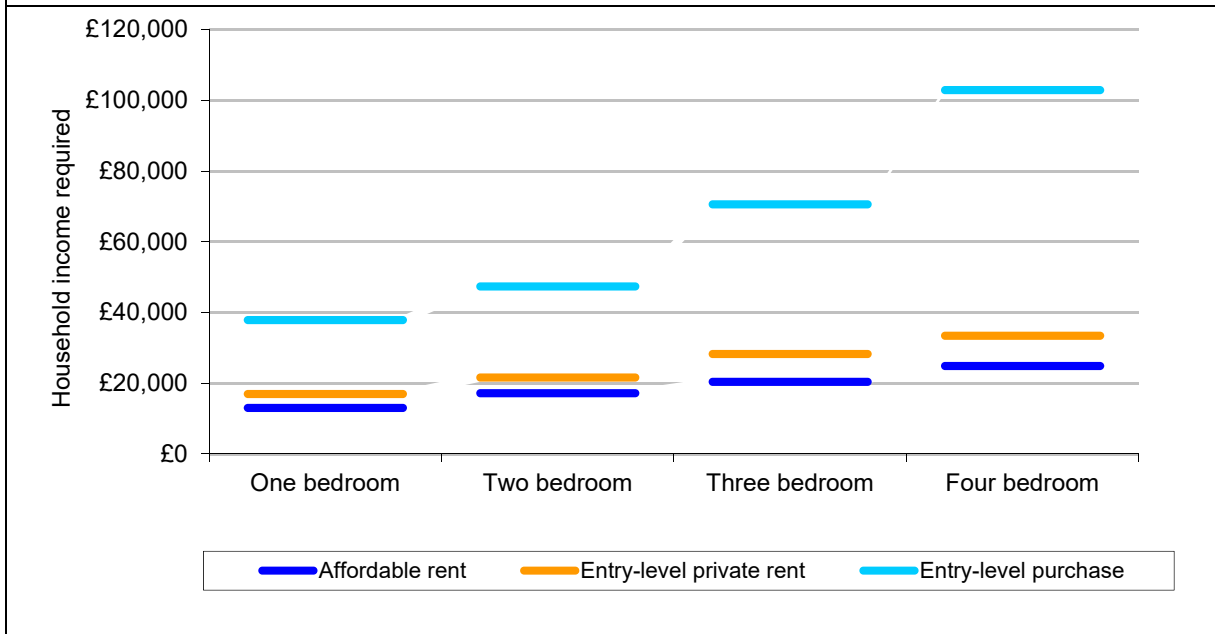
- 3.17 Housing market gaps analysis has been developed to allow comparison of the costs of different tenures. Figures 3.11 to 3.13 show the housing ladder that exists for different sizes of property for each authority within the HMA. The housing ladder is illustrated by comparing the different types of housing in terms of the income required to afford them. To do this, we have divided the entry-level property price by 3.5 to get an annual income figure (to reflect the likely minimum income required to be granted a mortgage on the property) and multiplied the annual rent by 2.857 to produce a comparable figure. This latter step was carried out for both affordable and market rents. These approaches assume a household spends no more than a 35% of gross household income on rent – although we come back to this assumption later in this SHMA (paragraph 5.8).
- 3.18 The figures shows a comparison of the indicative income requirements per household for different types of housing. Measurement of the size of the gaps between these 'rungs of the ladder' helps assess the feasibility of households moving between the tenures - the smaller the gaps, the easier it is for a household to ascend the ladder.

**Figure 3.11 Household income required to access housing in Plymouth, by number of bedrooms**

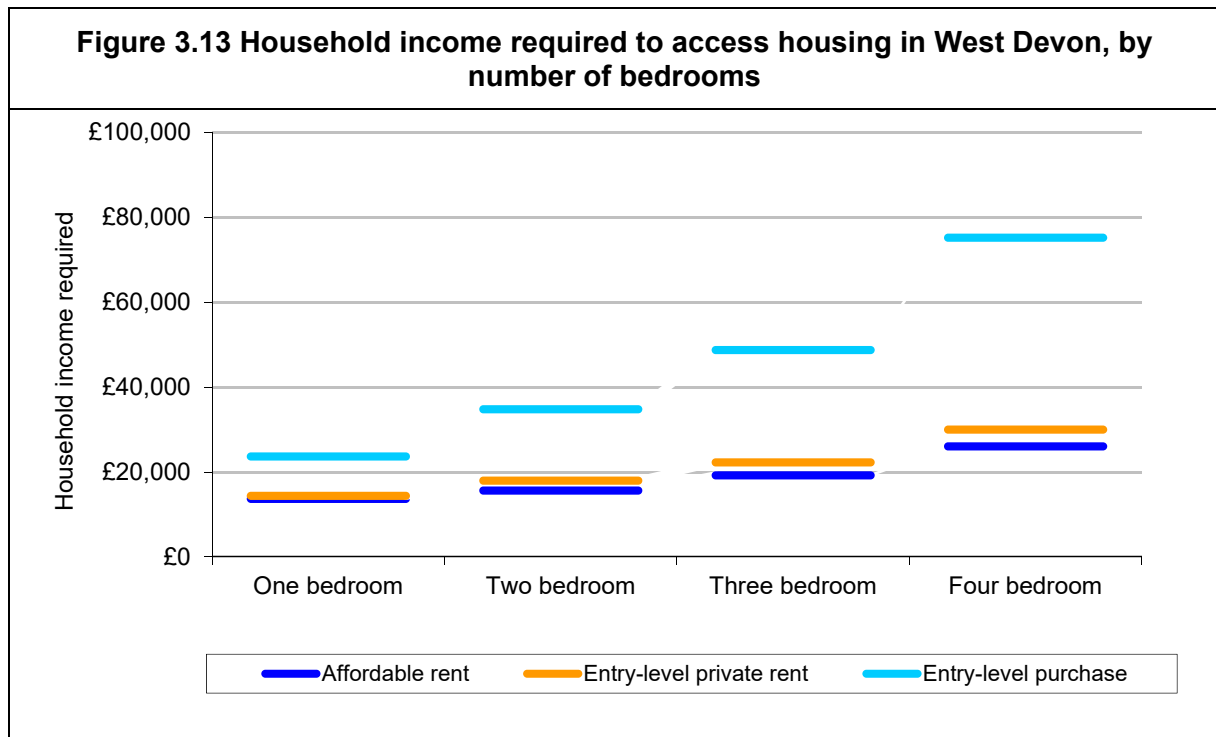


Source: Online survey of property prices September 2016; HCA's Statistical Data Return 2016, Council LAHS 2016

**Figure 3.12 Household income required to access housing in South Hams, by number of bedrooms**



Source: Online survey of property prices September 2016; HCA's Statistical Data Return 2016, Council LAHS 2016



\*As there is no four bedroom Affordable Rent currently, the cost is modelled from the cost of four bedroom Social Rent.  
Source: Online survey of property prices November 2016; HCA's Statistical Data Return 2016, Council LAHS 2016

- 3.19 The figures above indicate that for all dwelling sizes in each Council area, the gap between Affordable Rent and market rent is smaller than the gap between market rent and entry-level home ownership. The gaps for four bedroom accommodation are large; in South Hams an additional £8,500 per year is required to access a four bedroom private rented home over the cost of a four bedroom Affordable Rented property, with a further £69,500 required to move to an owner-occupied home.
- 3.20 The table below shows the size of the gaps for each dwelling size for each authority within the HMA. The table indicates, for example, that three bedroom market entry rents in Plymouth are 37.0% higher (in terms of income required) than the cost of Affordable Rented. The notable gap recorded between Affordable Rents and market entry rents for most dwelling sizes indicates that intermediate housing could potentially be useful for a large number of households. The very large gap between market entry rents and market entry purchase in all cases indicates notable potential demand for part-ownership products for households in this gap.

<b>Table 3.4 Scale of key housing market gaps</b>		
<b>Plymouth</b>		
<i>Property size</i>	<i>Affordable Rent/entry-level rent</i>	<i>Entry-level rent/entry-level purchase</i>
One bedroom	23.0%	44.4%
Two bedrooms	28.9%	61.1%
Three bedrooms	37.0%	68.1%
Four bedrooms	51.6%	88.9%
<b>South Hams</b>		
<i>Property size</i>	<i>Affordable Rent/entry-level rent</i>	<i>Entry-level rent/entry-level purchase</i>
One bedroom	30.2%	123.1%
Two bedrooms	25.8%	119.3%
Three bedrooms	38.7%	149.5%
Four bedrooms	34.3%	207.7%
<b>West Devon</b>		
<i>Property size</i>	<i>Affordable Rent/entry-level rent</i>	<i>Entry-level rent/entry-level purchase</i>
One bedroom	5.1%	64.4%
Two bedrooms	15.1%	93.5%
Three bedrooms	15.8%	118.8%
Four bedrooms*	15.1%	150.7%

Source: Online survey of property prices November 2016; HCA's Statistical Data Return 2016, Council LAHS 2016

### **Intermediate products**

- 3.21 A range of intermediate options are available for households in the HMA, the costs of these are profiled below.

#### *Rent-to-buy/Rentplus*

- 3.22 Rentplus is an intermediate housing model aimed at aspirant first-time buyers that has been developed in Plymouth. It is a rent-to-buy model funded through institutional investment. Households are 'supported' into home ownership in five year tranches with the aim for the home to be fully owned after 20 years. Rentplus homes are let to households at an intermediate rent to give them the opportunity to save for a deposit to buy their first home. It is planned that by landlords providing a discounted rent for tenants, they will have sufficient time to acquire a deposit so that they may purchase the home. In addition Rentplus properties will be available for sale to the tenant at 90% of the property's market value when the tenant is able to purchase the home. It is set out that the intermediate rent must not exceed 80% of the current market rent (inclusive of service charge), however the

product is distinct from Affordable Rent which is available with a range of tenancy options and was made available to tenants on the same basis as Social Rent.

- 3.23 The table below sets out the modelled costs of Rentplus in the HMA, presuming that the intermediate rent is set as 80% of median market rents. The table shows that in all instances Rentplus rent is cheaper than market entry rent and can be considered an affordable product. In all cases, other than one bedroom homes in West Devon, it is also more expensive than the Affordable Rent currently charged within the area. The capacity for Rentplus to accommodate those in affordable housing need will be examined in Chapter 5.

<b>Table 3.5 Estimated cost of Rentplus in the HMA (monthly cost)</b>			
<i>Bedrooms</i>	<i>Plymouth</i>		
	<i>Rentplus rent</i>	<i>Entry-level private rent</i>	<i>Affordable Rent</i>
One bedroom	£400	£450	£366
Two bedrooms	£520	£580	£450
Three bedrooms	£660	£725	£529
Four bedrooms	£920	£925	£610
<i>Bedrooms</i>	<i>South Hams</i>		
	<i>Rentplus rent</i>	<i>Entry-level private rent</i>	<i>Affordable Rent</i>
One bedroom	£432	£495	£380
Two bedrooms	£556	£630	£501
Three bedrooms	£740	£825	£595
Four bedrooms	£960	£975	£726
<i>Bedrooms</i>	<i>West Devon</i>		
	<i>Rentplus rent</i>	<i>Entry-level private rent</i>	<i>Affordable Rent</i>
One bedroom	£380	£420	£400
Two bedrooms	£460	£525	£456
Three bedrooms	£580	£650	£561
Four bedrooms	£840	£875	£760

Source: Online survey of property prices November 2016; HCA's Statistical Data Return 2016.

#### *Shared ownership*

- 3.24 The table below presents the estimated costs of shared ownership housing in the HMA as obtained from the online estate agent survey. The open market values are based on new build prices at the time of the estate agent survey. The monthly costs of purchasing the property with a 50% equity share and 25% equity share are both presented as these are the most commonly available options. The monthly costs are based on a 25-year repayment mortgage with an interest rate of 3.94% paid on the equity share owned and a rent payable at 3% on the remaining equity. The table shows that 25% equity share shared ownership is cheaper than market entry rent in all instances other than for three and four bedroom homes in South Hams and four bedroom homes in West Devon and can be considered an affordable product. The only instances in which 50% equity share shared

ownership is cheaper than market entry is for one, two and three bedroom accommodation in Plymouth and one bedroom homes in West Devon. In all other instances it is more expensive than entry-level market accommodation either to rent or buy. Only in those instances in which shared ownership is cheaper than market-entry will it be considered for its suitability for meeting those in housing need in Chapter 5. Analysis of its wider potential demand for shared ownership with a 50% equity share from households currently in the private rented sector is considered at the end of this chapter.

*Discounted home ownership / Starter Homes*

- 3.25 Discounted home ownership is based on selling a home for a proportion of the market value with no residual rent to pay. However, the equity level owned is capped and any future re-sale will be at the same proportion of the agreed price. In the HMA the typical proportion of market value sold is 80%. The Government has recently announced its Starter Homes initiative whereby the Government is offering concessions for housebuilders who construct new homes specifically to be sold as discount market houses (with a discount of at least 20%) for first-time buyers under 40 years old. The discounted price of these homes should be no more than £250,000 outside the London area.
- 3.26 The table below presents the estimated costs of discounted home ownership in the HMA. These are based on the same open market values as were used for shared ownership. The monthly costs are based on a 25-year repayment mortgage with an interest rate of 3.94% paid on the equity share owned.
- 3.27 Discounted home ownership with an 80% share is more expensive than entry-level market accommodation other than for one, two and three bedroom homes in Plymouth. It is also more expensive than shared ownership accommodation. It is however cheaper than entry-level home ownership in all instances. It is also worth noting that the price at which discounted home ownership properties would be for sale (at 80% the value of newbuild home ownership) would be under the cap of £250,000 for all dwelling sizes in the HMA with the exception of four bedroom homes in South Hams. As it costs more than market accommodation (other than for one bedroom accommodation in Plymouth) it will not be considered for its suitability for meeting those in housing need in Chapter 5, however analysis of its potential demand from households currently in the private rented sector is examined at the end of this chapter.

<b>Table 3.6 Estimated cost of intermediate housing in the HMA (monthly cost)</b>						
<i>Bedrooms</i>	<i>Plymouth</i>					
	<i>Open market value</i>	<i>Shared ownership – 40% equity</i>	<i>Shared ownership – 25% equity</i>	<i>Discount home ownership</i>	<i>Entry-level private rent</i>	<i>Entry-level owner-occupation*</i>
One bedroom	£105,000	£395	£329	£423	£450	£442
Two bedrooms	£135,000	£508	£423	£543	£580	£564
Three bedrooms	£180,000	£678	£564	£724	£725	£736
Four bedrooms	£255,000	£960	£799	£1,026	£925	£1,055
<i>Bedrooms</i>	<i>South Hams</i>					
	<i>Open market value</i>	<i>Shared ownership – 40% equity</i>	<i>Shared ownership – 25% equity</i>	<i>Discount home ownership</i>	<i>Entry-level private rent</i>	<i>Entry-level owner-occupation*</i>
One bedroom	£155,000	£584	£486	£624	£495	£791
Two bedrooms	£200,000	£753	£627	£805	£630	£834
Three bedrooms	£305,000	£1,148	£955	£1,227	£825	£1,243
Four bedrooms	£425,000	£1,600	£1,331	£1,710	£975	£1,811
<i>Bedrooms</i>	<i>West Devon</i>					
	<i>Open market value</i>	<i>Shared ownership – 40% equity</i>	<i>Shared ownership – 25% equity</i>	<i>Discount home ownership</i>	<i>Entry-level private rent</i>	<i>Entry-level owner-occupation*</i>
One bedroom	£110,000	£414	£345	£443	£420	£470
Two bedrooms	£150,000	£565	£470	£604	£525	£613
Three bedrooms	£205,000	£772	£642	£825	£650	£858
Four bedrooms	£305,000	£1,148	£955	£1,227	£875	£1,324

\*The monthly cost of entry-level owner-occupation presuming a 25-year repayment mortgage with an interest rate of 3.94%. Source: Online estate agents survey November 2016

### Local Housing Allowance

- 3.28 Local Housing Allowance (LHA) has been brought in to replace Housing Benefit outside of the Social Rented sector. It is designed to make up the shortfall in people's ability to pay for their housing. Households unable to afford all of their rent are entitled to LHA to make up the difference so long as the rent does not exceed the LHA cap for the Broad Rental Market Area (BRMA) in which the claim is made as determined by the Valuation Office Agency. The table below sets out the monthly LHA caps that apply in the HMA, which is covered by four BRMAs. Plymouth is located entirely within the Plymouth BRMA, whilst South Hams is covered by the Plymouth and South Devon BRMAs. West Devon lies within the Plymouth, North Cornwall & Devon and Exeter BRMAs.
- 3.29 A comparison with the Affordable Rent levels in the HMA (set out in Table 3.3) indicates that the local Affordable Rents are currently cheaper than the LHA caps across the HMA. A comparison with the LHA caps indicates that Affordable Rents are around 85-95% of the respective LHA caps within the HMA.



<b>Table 3.7 Local Housing Allowance Cap (per month)</b>				
<i>Bedrooms</i>	<i>Plymouth BRMA</i>	<i>South Devon BRMA</i>	<i>North Cornwall &amp; Devon Borders BRMA</i>	<i>Exeter BRMA</i>
Shared room	£309	£275	£289	£322
One bedroom	£408	£420	£400	£505
Two bedrooms	£530	£555	£520	£612
Three bedrooms	£630	£663	£606	£714
Four bedrooms	£791	£833	£728	£947

Source: Valuation Office Agency 2016

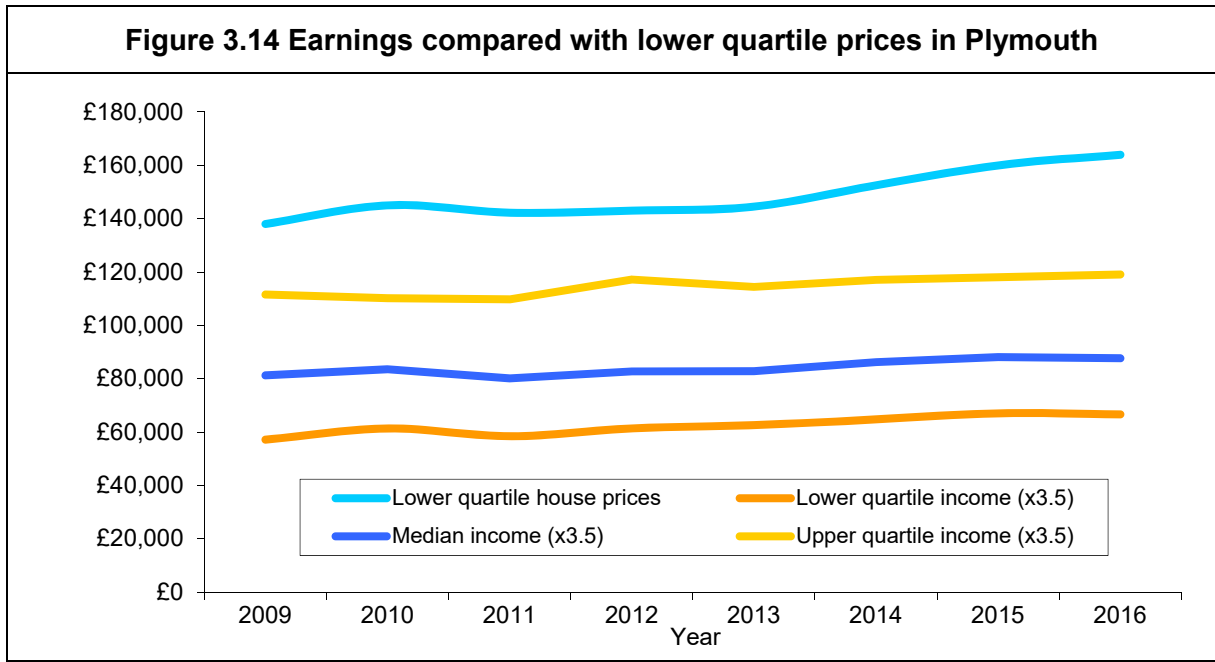
- 3.30 It is worth noting that during the Spending Review on 25th November 2015, the Government announced that housing benefit within the Social Rented sector, including the Shared Accommodation Rate for single claimants aged under 35 without dependent children, is to be capped at the relevant LHA rates for new tenants.

### **Affordability of housing**

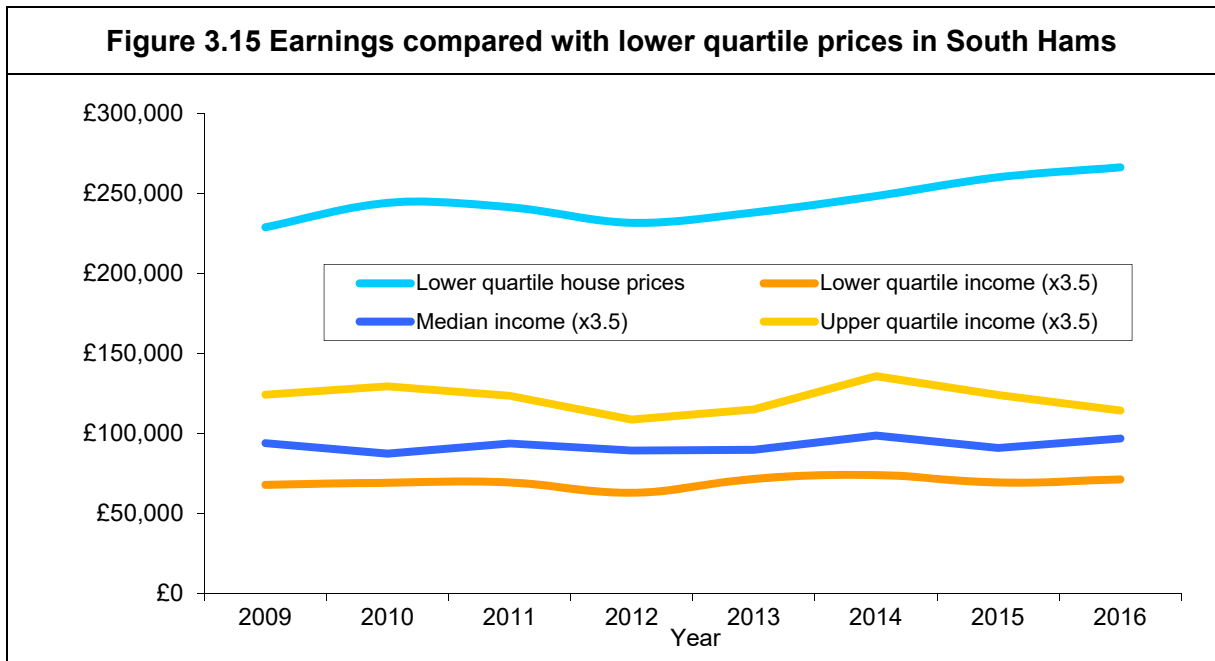
- 3.31 Assessing the affordability of market housing in an area is crucial to understanding the sustainability of the housing market.
- 3.32 The affordability of housing in an area is measured by the ratio of market housing costs to income in that area. Initially the general authority-wide entry-level cost of market housing will be compared to different points on the earnings distribution of residents in the area to consider affordability in historical terms. This will be followed by an analysis that assesses the ability of households in the HMA to afford market accommodation of the size they require, using data on the household income distribution and the household composition in each Council area.

#### *General affordability*

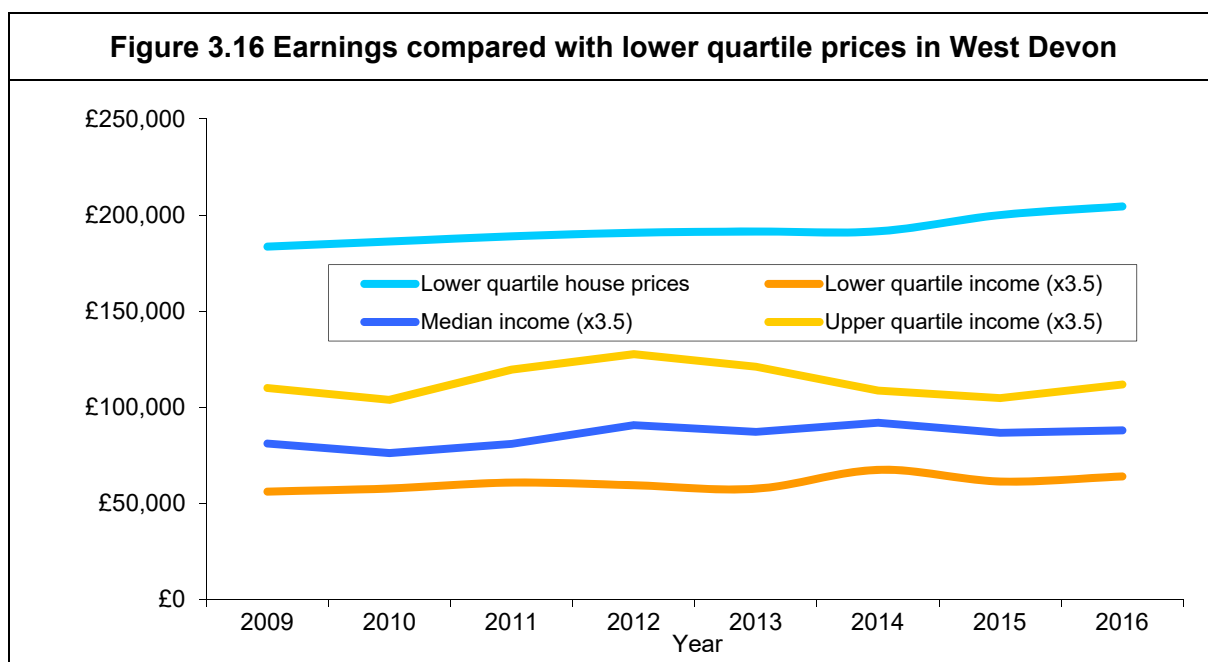
- 3.33 Figures 3.14 to 3.16 show the lower quartile, median and upper quartile income of full-time workers in each local authority (as set out in Chapter 2) multiplied by 3.5 (the income multiple typically used by mortgage lenders) compared to lower quartile prices in each Council area. The figures show that full-time workers with earnings at the upper-quartile level in all three area would be unable to purchase an entry-level property in the authority. In all areas full-time workers with earnings at the lower quartile or median level would require substantial additional income or a capital sum to deduct from the purchase price to be able to afford a lower quartile property.



Source: Land Registry via CLG; Annual Survey of Hours and Earnings



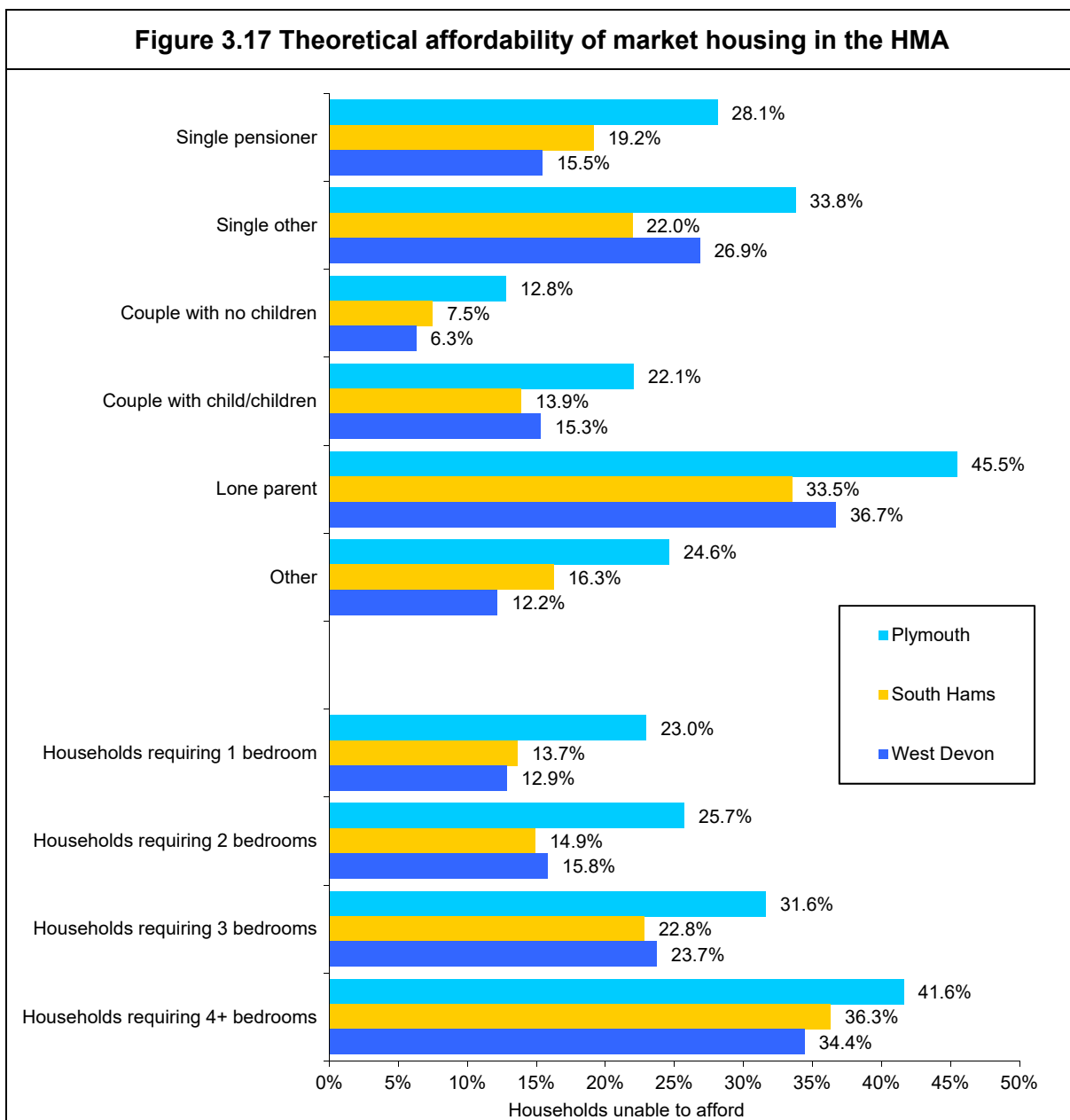
Source: Land Registry via CLG; Annual Survey of Hours and Earnings



Source: Land Registry via CLG; Annual Survey of Hours and Earnings

#### *Specific theoretical affordability*

- 3.34 The household income distribution referred to in Figure 2.9 differentiated by household type can be used to assess the ability of households in each authority to afford the size of home that they require (according to the bedroom standard). The entry-level cost of housing by bedroom size is presented in Figures 3.8 and 3.10 and the test is based on the affordability criteria discussed above.
- 3.35 The figure below shows the current affordability of households in the HMA by household type and number of bedrooms required. This is the theoretical affordability of households, as the analysis considers all households regardless of whether the household intends to move.
- 3.36 The data indicates that 45.5% of lone parent households in Plymouth would be unable to afford market housing (if they were to move home now), as would 33.5% of lone parent households in South Hams and 36.7% of lone parent households in West Devon. Single non-pensioner households are also relatively unlikely to be able to afford, whilst couple households without children are most likely to be able to afford market housing in all parts of the HMA. Households requiring a four bedroom home are least likely to be able to afford this size market housing in all constituent Council areas.



*Potential demand for discount market housing (including starter homes)*

- 3.37 Paragraphs 3.25 to 3.27 of this report introduce the discount market housing product available locally. It costs more than market entry rent in the majority of instances but is cheaper than entry-level owner-occupation. It is therefore likely to be principally targeted at households in the private rented sector aspiring to purchase a home.
- 3.38 To try and establish the potential demand for these products from households in the private rented sector, the household income distribution differentiated by household type has been adjusted to reflect that nationally the income of private rented households is 88.3% of the figure for all households (according to the English Housing Survey). Applying this affordability profile to the number of households moving to a private rented home each

year allows the number of these households that could afford discounted home ownership to be identified. This represents the potential annual demand for this product and is set out in the table below, disaggregated by local authority and bedroom size requirements. These figures include households eligible for the 'Starter Home Initiative' (first-time buyers under 40) but it is not possible to separate out this specific demand. It should be noted that this represents just the potential demand for this product, it is not possible to determine the tenure preferences of these households.

<i>Bedrooms</i>	<i>Plymouth</i>	<i>South Hams</i>	<i>West Devon</i>
One bedroom	52	9	5
Two bedrooms	38	23	10
Three bedrooms	23	14	6
Four bedrooms	12	5	2
Total	125	51	23

*Potential demand for shared ownership housing*

- 3.39 As discussed in paragraph 3.24, shared ownership with a 50% equity share is more expensive than entry-level market housing in the majority of instances, however it is also cheaper than entry-level owner-occupation in all cases. It is therefore likely to provide an opportunity for home ownership for households in the private rented sector aspiring to purchase a home as an alternative to discount home ownership.
- 3.40 Using the same approach as described in paragraph 3.38 above, the table below sets out the potential annual demand for this product, disaggregated by local authority and bedroom size requirements. These figures include households able to afford discount home ownership. It should be noted that this represents just the potential demand, it is not possible to determine the tenure preferences of these households.

<i>Bedrooms</i>	<i>Plymouth</i>	<i>South Hams</i>	<i>West Devon</i>
One bedroom	93	14	9
Two bedrooms	64	35	15
Three bedrooms	33	21	9
Four bedrooms	17	8	4
Total	207	77	37



## 4. Type and tenure of future housing needed

### Introduction

Paragraph 021 of the PPG is clear that ‘*once an overall housing figure has been identified, plan makers will need to break this down by tenure, household type (singles, couples and families) and household size*’. This chapter describes the long-term balancing housing markets (LTBHM) model which uses secondary data to determine the future demand for housing by size and tenure based on the profile of households resident in the HMA in 2034. This will then be compared to the current housing stock and a profile of new accommodation required will be determined.

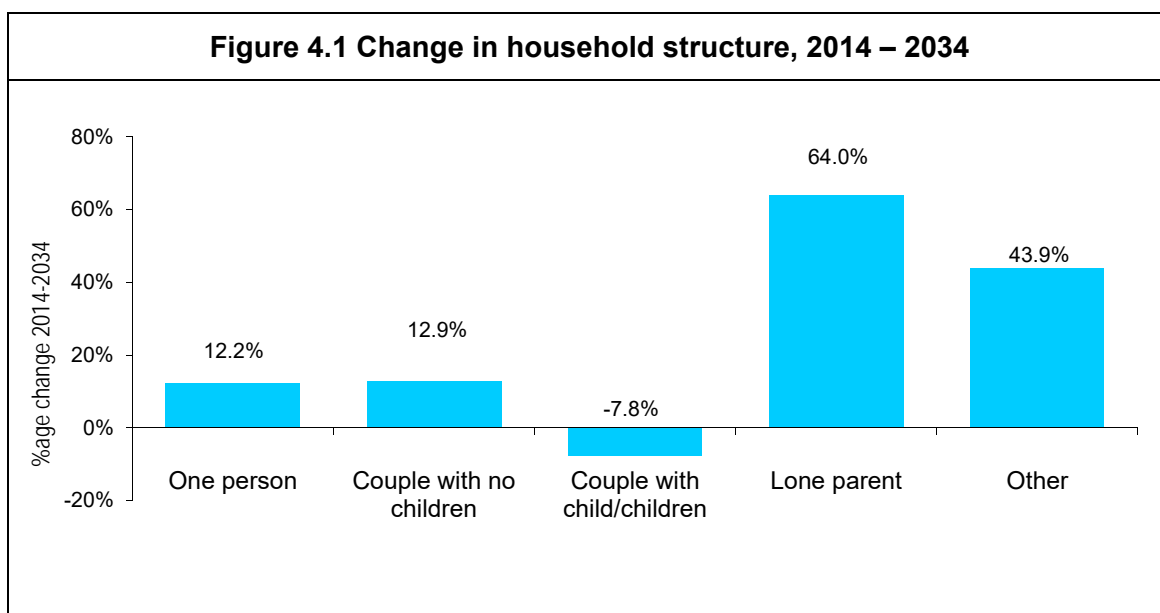
The model is set out in more detail subsequently, however this chapter initially presents the demographic changes that will occur in the HMA over the Local Plan period (2014 to 2034) as set out in the projections used to calculate the Objectively Assessed Need (addressed within the Part 1 Study). The change in the household composition indicated within these projections drives the size and tenure demand profiles generated by the model.

### Demographic projections

The household and population projections associated with the Objectively Assessed Need calculation presented in the Part 1 Study have been further disaggregated into different household groups. The table below sets out the number of households that will be resident in the HMA in 2034 disaggregated by broad household type. The 2014 household profile is also presented as a reference point, as 2014 is the base date for this model as this is when the Plan period began.

<i>Household type</i>	<i>2014 Number</i>	<i>2034 Number</i>	<i>2034 Percentage</i>
One person	52,965	59,422	30.1%
Couple with no children	49,699	56,127	28.5%
Couple with child/children	39,983	36,884	18.7%
Lone parent	16,264	26,675	13.5%
Other	12,567	18,085	9.2%
<b>Total</b>	<b>171,478</b>	<b>197,192</b>	<b>100.0%</b>

The figure below indicates the change in these household types that will occur between 2014 and 2034. The figure indicates that the number of lone parent households are expected to increase the most in the HMA, followed by other households. Couples with children are projected to decrease in number.



### Methodology of the model

The Census provides information on the size (in terms of bedrooms) and tenure of accommodation in each local authority in the HMA in 2011. This has been adjusted<sup>3</sup> to reflect the changes since 2011 to provide an accommodation profile in 2014.

The 2011 Census also provides detail on the occupational patterns of different household groups in each authority, which means that the profile of housing occupied by each household type can be determined. Rather than assuming the current usage patterns for each household type will apply to the future population of that household group, the model assesses the current trends in occupation patterns (recorded by the change in the tenure profile of each household type between the 2001 and 2011 Census in the HMA alongside the changes in the size of accommodation occupied within each tenure) and models their continuation through to 2034. In addition, a further adjustment is made to counter the existence of overcrowding, which the PPG indicates should be addressed. Households currently overcrowded will therefore be housed in adequately sized accommodation within the model. This means that the future housing stock will better reflect the requirements of the future population in the area.

This profile of suitable accommodation for each household type is applied to the size of the household group in 20 years' time. The accommodation profile required in 2034 is then compared to the current accommodation profile and the nature of additional housing required is derived. It should be noted that the model works by matching dwellings to households so the figures are based on the change in number of households identified within the OAN calculations. However, the overall Objectively Assessed Need figure

<sup>3</sup> Using the latest data from the Homes & Communities Agency's Statistical Data Return and the LAHS datasets and trends indicated within the English Housing Survey and by the Census.



calculated in the Part 1 Study presumes that the requirement for new dwellings is greater than the projected growth in households in accordance with the approach set out in the PPG. Chapter 7 below will therefore convert the household based results from this chapter into dwelling based equivalents. The following section presents the outputs of this model.

### Tenure of housing required

The table below shows the projected tenure profile for the HMA in 20 years' time. The data shows that in 2034 the housing stock across the HMA should comprise 61.1% owner-occupied dwellings, 20.4% private rented homes, 1.6% shared ownership properties and 16.9% Social Rented/Affordable Rented accommodation.

<i>Tenure</i>	<i>Number</i>	<i>Percentage</i>
Owner-occupied	120,412	61.1%
Private rented	40,317	20.4%
Shared Ownership	3,200	1.6%
Social Rent/Affordable Rent	33,263	16.9%
Total	197,192	100.0%

The table below shows the tenure profile required by households resident in the HMA in 20 years' time in comparison to the tenure profile recorded currently. The difference between these two distributions is the change required to the housing stock over this period. The results show that 53.1% of new housing should be owner-occupied, 22.5% private rented, 6.1% should be shared ownership and 18.3% Social Rent/Affordable Rent.

<i>Tenure</i>	<i>Current tenure profile (2014)</i>	<i>Tenure profile 2034</i>	<i>Change required</i>	<i>% of change required</i>
Owner-occupied	106,770	120,412	13,642	53.1%
Private rent	34,521	40,317	5,797	22.5%
Shared ownership	1,635	3,200	1,565	6.1%
Social Rent/Affordable Rent	28,552	33,263	4,711	18.3%
Total	171,478	197,192	25,714	100.0%

The model is also able to provide detail on the size of new dwellings required within each tenure, as is set out in the section below.

### Size of housing required within each tenure

The table below presents the size of owner-occupied accommodation required in the HMA in 20 years' time in comparison to the size profile recorded in the sector currently. The implied change to the housing stock is also presented. The table shows that some 34.7% of new owner-occupied dwellings should be three bedroom homes, with 31.0% being two bedroom units, 23.0% should have four or more bedrooms and 11.2% one bedroom accommodation.

<b>Table 4.4 Size of new owner-occupied accommodation required in the HMA over the next 20 years</b>				
<i>Dwelling size</i>	<i>Current size profile (2014)</i>	<i>Size profile 2034</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	4,277	5,809	1,531	11.2%
Two bedroom	24,846	29,078	4,233	31.0%
Three bedroom	50,214	54,948	4,734	34.7%
Four or more bedrooms	27,433	30,577	3,144	23.0%
Total	106,770	120,412	13,642	100.0%

This analysis can be repeated for private rented housing and is presented in Table 4.5. The data indicates that of the 5,997 private rented dwellings required within the HMA, 29.8% should be three bedroom properties with a further 26.0% should be two bedroom homes. Some 20.4% of dwellings should be single bedroom accommodation and 23.8% should have four or more bedrooms.

<b>Table 4.5 Size of new private rented accommodation required in the HMA over the next 20 years</b>				
<i>Dwelling size</i>	<i>Current size profile (2014)</i>	<i>Size profile 2034</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	9,106	10,328	1,222	20.4%
Two bedroom	12,382	13,943	1,561	26.0%
Three bedroom	8,749	10,535	1,786	29.8%
Four or more bedrooms	4,284	5,711	1,428	23.8%
Total	34,521	40,517	5,997	100.0%

Table 4.6 sets out the equivalent analysis for shared ownership. The data indicates that of the 1,565 shared ownership dwellings required within the HMA, 34.3% should be two bedroom properties with a further 27.7% one bedroom accommodation. Some 21.8% should have three bedrooms and 16.2% should have four or more bedrooms.

<b>Table 4.6 Size of new shared ownership accommodation required in the HMA over the next 20 years</b>				
<i>Dwelling size</i>	<i>Current size profile (2014)</i>	<i>Size profile 2034</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	333	767	434	27.7%
Two bedroom	541	1,077	536	34.3%
Three bedroom	536	878	342	21.8%
Four or more bedrooms	225	478	253	16.2%
Total	1,635	3,200	1,565	100.0%

Table 4.7 shows the size of accommodation required in the Affordable Rented/Social Rented sector. The table shows that of the 4,711 additional Affordable Rented units required within the HMA over the next 20 years, 30.8% should have four bedrooms, 30.0% one bedroom, 20.7% two bedrooms and 18.5% three bedrooms.

<b>Table 4.7 Size of new Social Rent/Affordable Rent required in the HMA over the next 20 years</b>				
<i>Dwelling size</i>	<i>Current size profile (2014)</i>	<i>Size profile 2034</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	9,056	10,469	1,412	30.0%
Two bedroom	10,527	11,504	977	20.7%
Three bedroom	8,310	9,179	869	18.5%
Four or more bedrooms	659	2,111	1,453	30.8%
Total	28,552	33,263	4,711	100.0%

These outputs are replicated for the constituent authorities of the HMA in the appendices to this report.



## 5. Affordable housing need

### Introduction

- 5.1 It is necessary to undertake a separate calculation of affordable housing need. Paragraph 22 (Reference ID: 2a-022-20140306) to Paragraph 29 (Reference ID: 2a-029-20140306) of the *Housing and economic development needs assessments* section of the PPG details how affordable housing need should be calculated. It defines affordable housing need as *'number of households and projected households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market'*.
- 5.2 The PPG goes on to set out the types of households to be considered in housing need:
- *'homeless households or insecure tenure (e.g. housing that is too expensive compared to disposable income);*
  - *households where there is a mismatch between the housing needed and the actual dwelling (e.g. overcrowded households);*
  - *households containing people with social or physical impairment or other specific needs living in unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ*
  - *households that lack basic facilities (e.g. a bathroom or kitchen) and those subject to major disrepair or that are unfit for habitation;*
  - *households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move.'*
- 5.3 This chapter presents the results of the three broad stages of the model used to calculate affordable housing need. Within each of the three stages there are a number of detailed calculations many of which themselves have a number of components. This chapter presents details of how each of these stages is calculated using locally available data for each individual local authority. An annual estimate of the affordable housing need in the HMA is calculated and the tenure and size of accommodation most appropriate to meet this need is discussed. The summary outputs of this model are replicated for the constituent authorities of the HMA in Appendix A2.

### Stage 1: Current unmet gross need for affordable housing

- 5.4 The first stage of the model assesses current need. This begins with an assessment of housing suitability, before the affordability test is applied to determine the number of these households that require affordable housing, and are therefore in current need.
- 5.5 The PPG sets out four particular categories of unsuitable housing that should be specifically identified. These are presented in the table below, which also indicates the number of households in each category and the source of the data. The final column represents the revised total for each of these categories once any double-counting between them has been taken into account. Households can be unsuitably housed for more than one reason so it is important that they are only counted once.

- 5.6 The table shows that there are 9,928 households currently in unsuitable housing or lacking their own housing in the HMA and the most common reason for unsuitability is overcrowding. This figure of 9,928 represents 5.7% of all households in the HMA.

<b>Table 5.1 Current households who lack their own housing or live in unsuitable housing in the HMA</b>			
<i>Element</i>	<i>Source</i>	<i>Number of households</i>	<i>Revised number of households</i>
Homeless households	Each individual Council's housing register as of July 2016.	1,051	565 <sup>4</sup>
Households in temporary accommodation	Section E6 of the Council's P1(E) return for 2 <sup>nd</sup> quarter of 2016 from each Council.	44 <sup>5</sup>	0 <sup>6</sup>
Overcrowded households	2011 Census modelled to Summer 2016. This was done by calculating the annual change in the number of overcrowded households (in terms of rooms not bedrooms as bedrooms were not included in the 2001 Census) in the HMA recorded in each authority between the 2001 and 2011 Census (set out in tables S053 Household composition by tenure and occupancy rating and table DC4104EW1a Tenure by occupancy rating (rooms) by household composition). The five-year change for each tenure recorded from this source was averaged against the latest five-year change for each tenure recorded nationally by the English Housing Survey (set out in table FA1421 Trend in overcrowding rates by tenure). This average five-year change was applied to the 2011 Census figures for overcrowding in each tenure to derive an estimate for 2016 (set out in table DC4105EW1a - Tenure by occupancy rating (bedrooms) by household composition).	5,712	5,712
Concealed households*	Each individual Council's housing register as of July 2016.	2,706	1,834 <sup>7</sup>
Other groups	Each individual Council's housing register as of July 2016. Only households that are on the register due to a category of unsuitable housing are included (excluding overcrowded, temporary, concealed and homeless households accounted for above).	1,817	1,817
<b>Total</b>		<b>11,330</b>	<b>9,928</b>

Source: 2011 Census data modelled to 2016, the HMA Council's Housing Register \*According to the Practice Guidance, concealed households include couples, people with young children and single adults over 25 sharing a kitchen, bathroom or WC with another household.

### *Affordability*

- 5.7 Some of these households in unsuitable housing are likely to be able to afford alternative accommodation in the market sector without requiring subsidy. The ability of these households to afford the cost of entry-level market housing of the appropriate size (set out in Figures 3.8 and 3.10) is therefore tested. The waiting list details the size of

<sup>4</sup> 486 of the homeless households are also overcrowded.

<sup>5</sup> This only includes households living in non-self-contained temporary accommodation i.e. B&B and hostels.

<sup>6</sup> All households in temporary accommodation are also on the Council's Housing Register, although the type of accommodation they occupy is not separately distinguished so this is obtained from the P(1)E form.

<sup>7</sup> 872 of the concealed households are also overcrowded.

accommodation required by homeless households, concealed households and households unsuitably housed for other reasons. For overcrowded households the household composition recorded for these households in the Census is used to determine the size requirement profile. To test overcrowded households the income distribution for each dwelling size requirement, identified using the CACI income profile for the HMA, is adjusted to reflect that nationally the income of overcrowded households is 98.6% of the figure for all households (according to the English Housing Survey). Similarly for homeless, concealed and 'other' unsuitably housed households the income distribution is adjusted to reflect that nationally the income of Social Rented households is 50.4% of the figure for all households (according to the English Housing Survey).

- 5.8 These households in unsuitable housing or lacking their own housing are therefore tested for their ability to afford market housing in their authority using an affordability test where the cost of housing can constitute up to 35% of gross income and still be affordable<sup>8</sup>. The impact of using other thresholds is examined at the end of this chapter. The table below shows the number of unsuitably housed households requiring different dwelling sizes and the proportion of these households able to afford the market-entry point. The number of households that are therefore in current need is shown in the final column.

<b>Table 5.2 Affordability of households in unsuitable housing</b>			
<i>Number of bedrooms required</i>	<i>Unsuitable housed households</i>	<i>Percentage unable to afford entry-level market housing</i>	<i>Households in current need</i>
One bedroom	3,328	54.7%	1,819
Two bedroom	2,940	52.6%	1,547
Three bedroom	2,169	54.1%	1,173
Four or more bedrooms	1,491	61.3%	913
<b>Total</b>	<b>9,928</b>	<b>54.9%</b>	<b>5,451</b>

- 5.9 Overall 54.9% (5,451 households) of unsuitably housed households or households lacking their own housing in the HMA are unable to afford market housing and are in current need. For the purposes of the housing needs assessment, households considered to be in housing need have been split into two categories: current occupiers of affordable housing in need that would make the property available when they move (this includes occupiers of Social Rented and shared ownership accommodation that are not living with another

<sup>8</sup> This affordability test is used in preference to the affordability test of 25% of gross income on housing which was the suggested starting point in the, now cancelled, 2007 Practice Guidance (although the Guidance did note that this threshold should be determined locally), as this is the most appropriate figure when the affordability of local housing is considered based on practice in the market. This is further evidenced in Appendix A3. As this study is seeking to make a 'policy off' assessment of the housing market an assumption that reflects the workings of the market should be used. This suitability of this assumption however will be discussed through the forthcoming stakeholder process.

household currently), and other households. It is estimated that some 2,851 households in need currently live in affordable housing that would become available for reuse<sup>9</sup>.

*Total current need*

- 5.10 The table below summarises the first stage of the assessment of affordable housing need as set out by PPG. The data shows that there are an estimated 5,451 households in current need in the HMA.

<b>Table 5.3 Stage 1: Current unmet gross need</b>	
<i>Component</i>	
Homeless households and those in temporary accommodation	1,022
Overcrowded and concealed households	3,367
Other groups	1,062
<b>Total current housing need (gross)</b>	<b>5,451</b>

**Stage 2: Newly arising affordable housing need**

- 5.11 In addition to Current Need, there will also be Newly Arising (ongoing) Need. This forms the second stage of the affordable housing need model. This is split, as per the PPG, into two categories:
- new household formation (× proportion unable to buy or rent in market).
  - existing households falling into need.

*Need from newly forming households*

- 5.12 The headship rate for each 5 year age cohort between the ages 15 and 49 was calculated using information in the Census on the number of people and number of household heads within each age cohort. This headship rate was then applied to the population projections associated with the calculation of the Objectively Assessed Need figure. This identified the projected number of households likely to form in each authority within the HMA. This figure is then averaged to provide an annual estimate for the number of newly forming households.
- 5.13 Using this methodology it is estimated that 3,246 new households will form per year in the HMA. This represents a household formation rate of 1.9%, higher than the figure of 1.7%

<sup>9</sup> For those households who lack their own housing or live in unsuitable housing it was necessary to not only establish the number of households in each category, but also their current tenure (alongside the type of household they were and the size of home they required). This was obtained from the original data sources detailed in Table 3.1. The final tenure profile of households in need, and the figure of 2,851 in affordable accommodation derived, accounts for the different affordability profiles of these different groups of households who lack their own housing or live in unsuitable housing.



recorded nationally by the English Housing Survey. To assess the ability of these households to afford entry-level market housing of the appropriate size, it is presumed that these new households will have the same composition as the profile for new households recorded in the English Housing Survey, from which the appropriate size requirement profile can be determined. To test newly forming households ability to afford market housing, the income distribution for each dwelling size requirement (identified using the CACI income profile for the each individual authority) is adjusted to reflect that nationally the income of newly forming households is 72.9% of the figure for all households (according to the English Housing Survey).

- 5.14 The table below shows details of the derivation of newly arising need from newly forming households. The table shows that 28.5% of newly forming households will be unable to afford market housing in the HMA, which means that there will be an annual affordable housing requirement from 923 newly forming households.

<b>Table 5.4 Newly arising need from new household formation (per annum)</b>	
<i>Component</i>	
Number of newly forming households	3,246
Proportion unable to afford entry-level market housing	28.5%
<b>Number of newly forming households requiring affordable accommodation</b>	<b>923</b>

*Existing households falling into need*

- 5.15 The PPG recommends that this figure is derived by looking at recent trends in households applying for affordable housing. Analysis of the re-lets of affordable accommodation within each Council area over the last three years (Summer 2013 to Summer 2016) indicates that 4,290 of the 5,035 approaches in the HMA were from households in housing need. Annualised this is 1,430 (4,290/3) households per year in affordable housing need.
- 5.16 This figure will include newly forming households, which have featured in the previous step. The CORE LA Area Lettings Reports<sup>10</sup> provide an estimate of the proportion of Social Rented lets each year taken by newly forming households in each authority within the HMA. It shows that an average of 23.6% of lettings in the HMA were to newly forming households over the last three years. It is assumed therefore that 338 (23.6% of 1,430) of the households in need are newly forming households. The resultant number of existing households falling into need in the HMA is 1,092 (1,430-338) households per annum.

<sup>10</sup> CORE (COntinuous REcording) is a national information source funded by the Department for Communities and local Government that records information on the characteristics of both private registered providers and local authority new social housing tenants and the homes they rent and buy.

*Total newly arising need*

- 5.17 The table below summarises the second stage of the assessment of affordable housing need as set out by the PPG. It indicates that 2,015 (923+1,092) households will be in newly arising need per annum in the HMA.

<b>Table 5.5 Stage 2 Newly arising need (per annum)</b>	
<i>Component</i>	
New household formation (gross per year)	3,246
Proportion of new households unable to buy or rent in the market	28.5%
Existing households falling into need	1,092
<b>Total newly arising housing need (gross per year)</b>	<b>2,015</b>

**Stage 3: Current affordable housing supply**

- 5.18 The PPG indicates that the stock available to offset the current need includes stock from current occupiers of affordable housing in need, surplus stock from vacant properties and the committed supply of new affordable units. Units to be taken out of management are removed from the calculation.

*Current occupiers of affordable housing in need*

- 5.19 It is important when considering net need levels to discount households already living in affordable housing. This is because the movement of such households within affordable housing will have an overall nil effect in terms of housing need. As established when calculating current need (paragraph 5.9), there are 2,851 households currently in need already living in affordable housing in the HMA.

*Surplus stock*

- 5.20 A certain level of vacant dwellings is normal as this allows for transfers and for work on properties to be carried out. Established good practice suggests that if the vacancy rate in the affordable stock is in excess of 3%, some of the vacant units should be considered as surplus stock which can be included within the supply to offset housing need. Plymouth records a vacancy rate in the affordable sector of 1.6%, whilst it is 0.4% in South Hams and 0.4% in West Devon. As the vacancy rate is lower than the 3% benchmark, no vacant dwellings are considered available to be brought back into use to increase the supply of affordable housing.

*Committed supply of new affordable units*

- 5.21 The PPG indicates that 'the committed supply of new affordable units (Social Rented and intermediate housing) at the point of the assessment' be taken into account within the model. The Councils have indicated that there are 583 new affordable homes currently committed across the HMA.

*Planned units to be taken out of management*

- 5.22 The PPG states that the ‘net number of units to be taken out of management (demolition or replacement schemes that lead to net losses of stock)’ should be quantified. In Barne Barton in Plymouth it is planned for 226 affordable dwellings to be demolished. These will be replaced by approximately 220 affordable homes, resulting in a net loss of 6 units. Whilst there is a further demolition scheme planned in North Prospect in Plymouth this will result in a net increase in the number of affordable homes on this site. South Hams and West Devon Councils have indicated that there are no affordable housing replacement schemes that will lead to a net loss of affordable accommodation. A figure of 6 is therefore used for this stage.

*Total current affordable housing supply*

- 5.23 Having been through the four components in order to assess the current affordable housing supply, the stage of the model is summarised in the table below. The data shows that there are an estimated 3,428 affordable homes currently available in the HMA area.

<b>Table 5.6 Stage 3 Current affordable housing supply</b>	
<i>Component</i>	
Affordable dwellings occupied by households in need	2,851
Surplus stock	0
Committed supply of affordable housing	583
Units to be taken out of management	6
<b>Total affordable housing stock available</b>	<b>3,428</b>

**Stage 4: Future housing supply of social re-lets and intermediate affordable housing**

- 5.24 The future supply of affordable housing is the flow of affordable housing arising from the existing stock that is available to meet future need. It is split between the annual supply of social re-lets and the annual supply of re-lets within the intermediate sector.

*The future supply of social/Affordable Rented housing*

- 5.25 This is an estimate of likely future re-lets from the affordable stock. The PPG suggests that the estimate should be based on past trend data over the last three years. CORE data provides an indication of the number of lettings in the Social Rented / Affordable Rented sector and the results for the last three years are presented in the table below. The average number of lettings across the social and Affordable Rented sector over the three-year period was 1,687 per annum in the HMA.

<b>Table 5.7 Analysis of past housing supply (Social Rented/Affordable Rented sector)</b>				
<i>Year</i>	<i>Plymouth</i>	<i>South Hams</i>	<i>West Devon</i>	<i>HMA</i>
2013/14	1,444	279	199	1,922
2014/15	1,218	259	163	1,640
2015/16	1,176	194	130	1,500
<b>Average</b>	<b>1,279</b>	<b>244</b>	<b>164</b>	<b>1,687</b>

Source: CORE LA Area Lettings Report 2013/2014, 2014/2015, 2015/2016

#### *Supply of intermediate housing*

- 5.26 In most local authorities the amount of intermediate housing (mostly shared ownership) available in the stock is fairly limited (as is the case across the HMA). However, it is still important to consider to what extent the supply may be able to help those in need of affordable housing. Therefore we include an estimate of the number of intermediate units that become available each year, based on applying the estimated re-let rate for the Social Rented sector<sup>11</sup> (5.8% in Plymouth, 5.6% in South Hams and 7.0% in West Devon) to the estimated stock for each form of intermediate housing in each Local Authority. This is set out in the table below. It is estimated that around 96 units of intermediate housing will become available to meet housing needs from the existing stock each year in the HMA.

<b>Table 5.8 Estimated intermediate supply</b>		
<i>Intermediate tenure</i>	<i>Stock</i>	<i>Annual re-lets</i>
Discount home ownership	137	8
Shared ownership	1,517	87
<b>All intermediate lettings</b>	<b>-</b>	<b>96</b>

Source: HCA's Statistical Data Return 2015, Council LAHS 2015

#### *Annual future supply of affordable housing*

- 5.27 The total future supply of affordable housing is the sum of the Social Rented supply and the intermediate supply as set out in the table below.

<sup>11</sup> This is calculated by dividing the total number of relets as set out in Table 5.7 by the total stock of social and affordable housing as set out in the HCA's Statistical Data Return, 2016 and the Council's LAHS return, 2016.

<b>Table 5.9 Stage 4 Future supply of all affordable housing (per annum)</b>	
<i>Component</i>	
Annual supply of social/Affordable Rented re-lets	1,687
Annual supply of intermediate housing available for re-let or resale at sub-market levels	96
<b>Annual supply of all affordable housing</b>	<b>1,783</b>

### **Estimate of net annual housing need**

- 5.28 The PPG states that the figures in the model need to be converted to annual flows to establish the total need for affordable housing. The first step in this process is to calculate the total net current need. This is derived by subtracting the estimated current affordable housing supply (Stage 3) from the current unmet gross need for affordable housing (Stage 1).
- 5.29 The second step is to convert this total net current need figure into an annual flow. The PPG is not specific as to how this should be done. For the purposes of this study the period of 18 years will be used to fit in with the remaining timeframe of the Local Plans (through to 2034)<sup>12</sup> The final step is to sum the annualised net current need with the total newly arising affordable housing need (Stage 2) and subtract the future annual supply of affordable housing (Stage 4). The table below sets out this process. It leads to a total need for affordable housing of 344 per year in the HMA. The summary results set out below alongside the subsequent analysis of households in need is presented for the constituent authorities of the HMA in the appendices to this report.

<sup>12</sup> The base date for this model is 2016 as this is when the data on households in current need, provided by the Housing Register, is available from.

<b>Table 5.10 Results of the affordable housing needs model</b>	
<i>Stage in calculation</i>	<i>the HMA</i>
Stage 1: Current unmet gross need for affordable housing (Total) (Table 5.3)	5,451
Stage 2: Newly arising affordable housing need (Annual) (Table 5.5)	2,015
Stage 3: Current affordable housing supply (Total) (Table 5.6)	3,428
Stage 4: Future housing supply (Annual) (Table 5.9)	1,783
Stage 5.1 Net current need (Stage 1- Stage 3) (Total)	2,024
Stage 5.2 Annualise net current need (Stage 5.1/20) (Annual)	112
<b>Stage 5.3 Total need for affordable housing (Stage 2+ Stage 5.2 – Stage 4) (Annual)</b>	<b>344</b>
Total gross annual need (Stage 1/20 + Stage 2) (Annual)	2,318
Total gross annual supply (Stage 3/20 + Stage 4) (Annual)	1,974

### Overall households in affordable housing need by type (gross)

- 5.30 The table below gives a breakdown of the gross annual households in need, by household type in the HMA. The table shows that some 4.1% of 'other' households are in housing need compared to 0.7% of single person households. Overall, other households comprise 23.3% of all households in need.

<b>Table 5.11 Annual need requirement by household type</b>					
<i>Household type</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
One person	361	53,249	53,611	0.7%	15.6%
Couple with no children	506	49,835	50,341	1.0%	21.8%
Couple with child/children	505	39,961	40,466	1.2%	21.8%
Lone parent	405	16,106	16,512	2.5%	17.5%
Other	540	12,579	13,119	4.1%	23.3%
<b>Total</b>	<b>2,318</b>	<b>171,730</b>	<b>174,048</b>	<b>1.3%</b>	<b>100.0%</b>

### Size of accommodation required

- 5.31 The table below shows the size of accommodation required by households in housing need in the HMA. The supply distribution for Social Rented and intermediate homes is derived from average profile of re-lets of affordable accommodation over the last three years as supplied from the Councils. The last column in the table presents the supply as a percentage of need. This is calculated by dividing the estimated supply of the property size

by the derived need for that dwelling size. The lower the figure produced, the more acute the need for affordable accommodation in the area, as the current supply is unlikely to meet the identified need.

- 5.32 The table suggests that there is a net need for all sizes of affordable accommodation other than two bedroom homes for which a surplus is recorded (reflecting the relatively large supply of homes of this size). The largest net need is for four bedroom homes, followed by one bedroom accommodation. The final column shows that the need relative to supply is the greatest for four bedroom homes. Households in need requiring two bedroom accommodation are most likely to have their need met from the current supply.

<b>Table 5.12 Size of additional units required to meet housing need</b>					
<i>Size of home</i>	<i>Need requirement</i>				
	<i>Gross annual need</i>	<i>Gross annual supply</i>	<i>Net annual need</i>	<i>As a % of total net annual need</i>	<i>Supply as a % of gross need</i>
One bedroom	867	690	178	39.2%	79.5%
Two bedrooms	736	845	-109	0.0%	114.9%
Three bedrooms	453	393	59	13.0%	86.9%
Four or more bedrooms	263	46	217	47.8%	17.4%
<b>Total</b>	2,318	1,974	344	100.0%	85.1%

### **Type of affordable home required**

- 5.33 As discussed in Chapter 3, a range of affordable products is available to meet affordable housing need in the HMA. This section will consider the suitability of these different products for meeting affordable housing need.

#### *Gross requirement*

- 5.34 As the products are not linear in terms of their cost (for example in some instances shared ownership housing with a 50% equity share is more expensive than Rentplus, but in other cases the reverse is true) each product is tested individually. The table below illustrates how many households in affordable housing need in the HMA are able to afford the different affordable products. Several intermediate options are affordable to some households so the table presents the maximum number of households able to afford each product. Households can therefore be included in more than one row. The only exception is the final row which includes only households unable to afford a product more expensive than Social Rent. The Social Rented group also includes those unable to afford any accommodation without support from HB/LHA, as this is the tenure in which these households are most likely to reside.



- 5.35 The table shows that of the 2,318 households in gross need each year in the HMA, 4.3% could afford shared ownership with a 50% share, 26.1% could afford shared ownership with a 25% share, 8.7% could afford Rentplus and 33.7% could afford Affordable Rent. Overall some 59.2% of households in affordable housing need can only afford Social Rent or require support. These figures are based on the products being available at the costs set out in Chapter 3.

<b>Table 5.13 Size and type of affordable home required by those in need (cumulative per annum)</b>						
<i>Product</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>	<i>Total (number)</i>	<i>Total (%)</i>
Shared ownership – 50% equity share	54	34	12	0	100	4.3%
Shared ownership – 25% equity share	275	206	96	27	604	26.1%
Rentplus	85	67	35	15	202	8.7%
Affordable Rent	195	242	198	146	781	33.7%
Social Rent/requires assistance	548	453	255	117	1,372	59.2%
<b>All households</b>	<b>867</b>	<b>736</b>	<b>453</b>	<b>263</b>	<b>2,318</b>	<b>100.0%</b>

#### **Sensitivity analysis - affordability threshold**

- 5.36 The results presented this chapter are based on using an affordability test where the cost of housing can constitute up to 35% of gross income and still be affordable. The impact of adjusting this affordability threshold is considered in the table below, which details the results of the PPG affordable housing need model across the HMA where the cost of housing could constitute no more than 25% and 30% of gross household income, rather than 35% used in the standard model.



<b>Table 5.14 Impact of different affordability assumptions on affordable housing requirement in the HMA</b>			
	<i>Rent payable constitutes no more than:</i>		
	<i>35% of gross household income</i>	<i>30% of gross household income</i>	<i>25% of gross household income</i>
Stage 1: Current gross need	5,451	6,249	7,488
Stage 2: Newly arising need	2,015	2,329	2,652
Stage 3: Current supply	3,428	3,576	3,680
Stage 4: Future supply	1,783	1,783	1,783
Stage 5.1 Net current need	2,024	2,673	3,808
Stage 5.2 Annual net current need	112	149	212
<b>Stage 5.3 Total annual need</b>	<b>344</b>	<b>694</b>	<b>1,080</b>

5.37 The table indicates that the net requirement would increase from 344 to 694 affordable homes per year in the HMA if 30% of gross household income could be spent on housing costs. This would increase further to 1,080 affordable homes per year if 25% of income could be spent on housing costs.



## 6. Requirements of specific groups of the population

### Introduction

6.1 The NPPF indicates that a SHMA should ensure all subgroups of the population are addressed. Whilst the LTBHM considers all household groups within the model, the results can be broken down to show the accommodation requirements of certain household groups of interest. This chapter considers the specific profiles of the following groups of the population, which are suggested in the PPG and have an appreciable impact on the housing market within the HMA:

- Older persons
- People with disabilities
- Family households
- Students
- Service Families

6.2 This chapter will also examine the private rented sector in more detail and comment on the level of demand from people wishing to build their own homes.

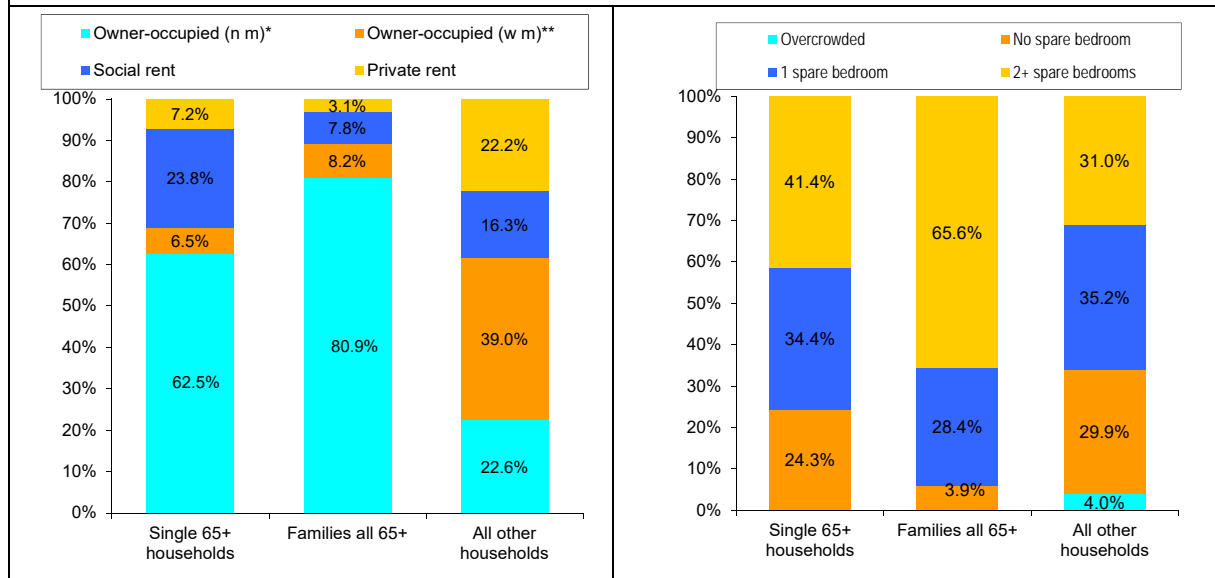
### Housing Needs of Older People

#### *Current situation*

6.3 The SHMA Guidance recognises the need to provide housing for older people as part of achieving a good mix of housing. The Census indicates that 23.2% of households in the HMA were older person only households (households where all members are 65 or over), compared to 24.3% regionally and 20.5% nationally. Within the HMA, South Hams records the largest proportion of older persons only households (28.7%) followed by West Devon (27.2%) and Plymouth (20.5%). Of these older person only households in the HMA in 2011, 58.0% contained only one person, a higher proportion than that recorded in the South West region (57.0%) but lower than the national average (60.0%).

6.4 The figure below shows the tenure profile of older person only households in the HMA in 2011 compared to the remainder of the household population. The figure also sets out the occupancy level of these groups. The results show that both of the older person groups show a higher level of owner-occupation than other households. Older person households were also more likely than average to have multiple spare bedrooms in their home.

**Figure 6.1 Profile of accommodation for older person households in the HMA**



Source: 2011 Census \*Owner-occupied no mortgage \*\* Owner-occupied with mortgage, includes shared ownership.

### Future requirement

- 6.5 The Objectively Assessed Need projections indicate that the population aged 65 or over is going to increase dramatically over the plan period from 81,778 in 2014 to 115,571 in 2034, a rise of 41.3%.
- 6.6 The Projecting Older People Information System (POPPI) website uses information on recent trends in the health and occupation patterns of those age 65, and applies them to the latest sub-national population projections to provide an indication of the potential future profile of older persons in each authority in the country. This source suggests that the proportion of older persons living alone in the HMA will increase from 36.2% in 2015 to 37.7% in 2030 (the furthest date that the POPPI website projects to).
- 6.7 The results of the LTBHM model can be disaggregated into different household groups within the whole population. The table below shows the projected accommodation profile for older person households in the HMA in 2034 arising from that model.

<i>Dwelling size</i>	<i>Owner-occupation</i>	<i>Private rented</i>	<i>Shared ownership</i>	<i>Social Rent/ Affordable Rented</i>	<i>Total</i>
One bedroom	9.1%	2.4%	0.6%	11.5%	23.5%
Two bedrooms	17.4%	4.4%	0.1%	4.1%	26.0%
Three bedrooms	37.0%	0.6%	0.0%	0.8%	38.4%
Four or more bedrooms	12.1%	0.1%	0.0%	0.0%	12.1%
<b>Total</b>	<b>75.5%</b>	<b>7.4%</b>	<b>0.7%</b>	<b>16.4%</b>	<b>100.0%</b>

### *Specialist accommodation*

- 6.8 Given the dramatic growth in the older population and the higher levels of disability and health problems amongst older people there is likely to be an increased requirement for specialist housing options moving forward. It is therefore useful to consider the ability of specialist accommodation to meet the requirements of this group. To do this we use the Strategic Housing for Older People tool developed by the Housing Learning and Improvement Network<sup>13</sup>. It should be noted that this tool is only driven by demographic changes and does not take into account peoples' aspirations as to what form of accommodation they would prefer.
- 6.9 The table below shows the current supply of specialist housing for older people. At present it is estimated that there are 3,897 units in the HMA (including Extra Care Housing builds in the pipeline); this is equivalent to 106 units per 1,000 people aged 75 and over. The Strategic Housing for Older People tool uses this ratio (the number of units per 1,000 people 75 and over) as the key variant when modelling future demand so it is important to establish the current level. Within the HMA, the ratio varies, from, 119 per 1,000 in Plymouth and 90 in South Hams to 86 in West Devon. It is also worth noting that some 68.3% of this accommodation is in the affordable sector, despite the overwhelming propensity of older persons only households to be owner-occupiers.
- 6.10 Table 6.2 also shows the amount of specialist accommodation that will be required by the population in 2034 if the current rate of occupation across the HMA is maintained (106 units per 1,000 people aged 75 and over). The total additional units required to increase the current provision to this level is also presented. As the current rate of provision is notably lower than the base recommended within the Strategic Housing for Older People tool (170 units per 1,000 people) it is useful to also to consider a scenario where the rate of use of this form of accommodation increases to this level. The fifth and sixth column of the table therefore show the total and net requirement for specialist accommodation if the

<sup>13</sup> <http://www.housinglin.org.uk/>

usage rate increases to 170 per 1,000 people. Lastly the final two columns of the table present a mid-point scenario (based on a usage rate of 138 per 1,000 people), which represents a balance between current and growing expectations; a drive for people to remain at home with appropriate equipment/adaptations and support; and an increasing need from the younger population supported in large through health funds.

**Table 6.2 Specialist accommodation required in the HMA over the next 20 years**

Type and tenure of specialist accommodation		Current profile (2014)	Future requirement based on usage ratio of 106 per 1,000 people aged 75+		Future requirement based on usage ratio of 170 per 1,000 people aged 75+		Future requirement based on usage ratio of 138 per 1,000 people aged 75+	
			Profile 2034	Additional units required	Profile 2034	Additional units required	Profile 2034	Additional units required
Sheltered housing	Market	1,168	2,378	1,210	3,368	2,200	2,873	1,705
	Affordable	2,191	3,716	1,525	5,761	3,570	4,739	2,548
Extracare housing	Market	69	125	56	301	232	213	144
	Affordable	469	529	60	1,274	805	901	432
<b>Total</b>		<b>3,897</b>	<b>6,748</b>	<b>2,851</b>	<b>10,704</b>	<b>6,807</b>	<b>8,726</b>	<b>4,829</b>

Source: The Housing Learning and Improvement Network's Strategic Housing for Older People tool, 2016. This table is replicated for the constituent authorities of the HMA within the Appendices to this report.

- 6.11 If it is presumed that occupation patterns remain at current levels then there is a requirement for 2,851 additional specialist units of which 2,735 should be sheltered housing and 116 extracare housing. The requirement for 2,851 additional specialist units for older people represents 11.1% of the total household growth for the period 2014 to 2034. If it is assumed that occupation rates increase to 170 per 1,000 people 75 or over then 6,807 additional specialist units are required which constitutes 26.5% of the total household growth. Finally, if it is assumed that occupation rates rise to 130 per 1,000 people 75 or over then 4,829 additional specialist units are required which constitutes 18.8% of the total household growth. As varying the occupation rate has such a dramatic effect on the overall requirement, it may be appropriate for the Councils to pursue the mid-point figures and monitor how usage patterns develop over time. South Hams and West Devon Councils have indicated that there are no particular types of specialist accommodation or locations in which there is an unusually high level of vacancies currently.
- 6.12 The model identifies that some 61.7% of this additional specialist accommodation should be affordable with the remainder market housing. However, the Census indicates that over three-quarters of all older person households in the HMA in 2011 were owner-occupiers and it would be expected that the majority of these households would be able to afford specialist accommodation in the market sector if it was required. In addition the LTBHM model indicates that over 80% of older person households in 2034 would be most suitably housed in market accommodation.

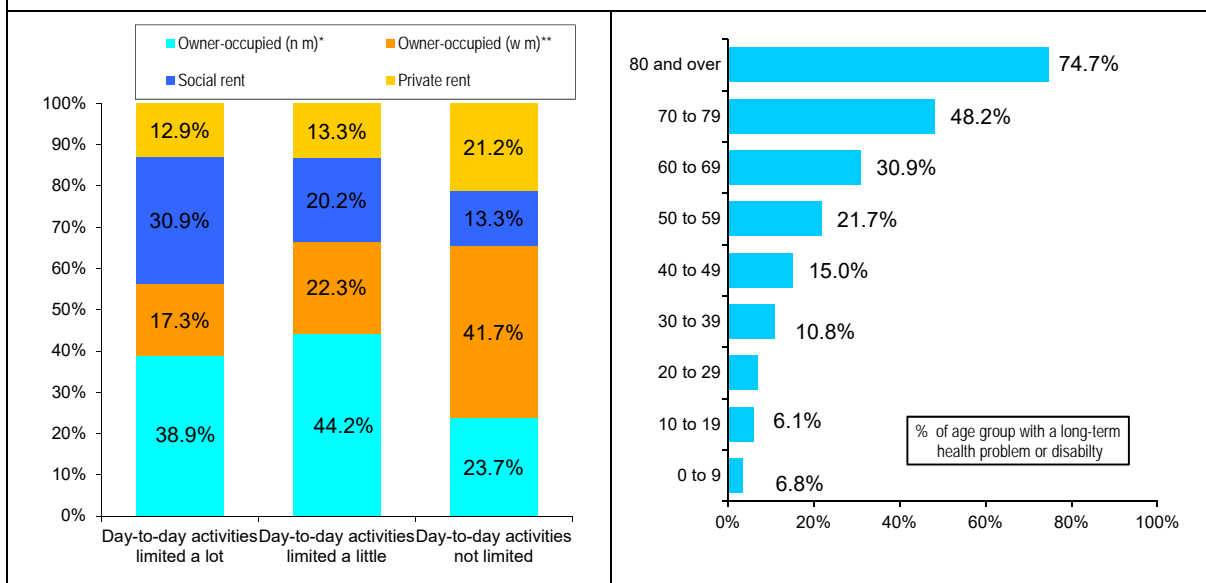
- 6.13 It is therefore suggested that the market/affordable ratio for total specialist accommodation in 2034 derived from the Strategic Housing for Older People tool (based on the usage rate of 138 per 1,000 people 75 or over) be averaged with the overall market/affordable ratio for all housing for older persons in 2034 derived from the LTBHM model. This leads to a recommended split of 40% of new specialist accommodation as affordable and 60% within the market sector. It should be noted that this requirement for 1,904 affordable and 2,925 market specialist units forms part of the overall Objectively Assessed Need required over the Local Plan period in the HMA. Any new provision needs to be accessible for a range of needs to enable to older people to remain independent in the community. In particular provision must be physically accessible as much of the current Sheltered Housing buildings have steps.
- 6.14 As well as the need for specialist housing for older people there will also be an additional requirement for Registered Care. According to the Strategic Housing for Older People tool there are around 4,154 spaces in nursing and residential care homes in the HMA currently. Presuming the current occupation rate by age in the HMA is continued forward, the Strategic Housing for Older People tool indicates there will be a requirement for 7,115 spaces in the HMA in 2034, suggesting an additional 2,961 spaces will be required over the next 20 years. This additional accommodation is required to meet the future institutional population and therefore does not form part of the new housing to meet the Objectively Assessed Need. (On a practical point it would not be appropriate to increase the housing requirement to meet this need (as it is not housing) – although it may be appropriate to plan for the provision of this need separately).

### **Households with specific needs**

#### *Current situation*

- 6.15 Paragraph 2.6 indicates that, in 2011, some 20.1% of the resident population in the HMA had a long-term health problem or disability. Within the HMA the proportion of the population with a long-term health problem or disability is, 20.4% in Plymouth, 19.2% in South Hams and 20.1% in West Devon. Further analysis shows some 46.8% of all residents with a long-term health problem or disability in the HMA had a condition that limited day-to-day activities a lot, with 53.2% having a condition that limited activities a little.
- 6.16 The figure below shows the tenure profile of people with a long-term health problem or disability in the HMA in 2011 compared to the remainder of the population. The figure also sets out the prevalence of a long-term health problem or disability in the different age groups of the population. The results show that whilst people with a long-term health problem or disability are more likely than average to be owner-occupiers with no mortgage, they are also more likely than average to reside in the Social Rented sector. The analysis also reveals a strong correlation between age and long-term health problem or disability.

**Figure 6.2 Tenure and age profile of people with a long-term problem or disability in the HMA**



Source: 2011 Census \*Owner-occupied no mortgage \*\* Owner-occupied with mortgage, includes shared ownership.

### *Projected health of the future population*

- 6.17 The Projecting Older People Information System (POPPI) website and the parallel Projecting Adult Needs and Service Information (PANSI) model the likely future incidence of a range of health issues for each authority in England. The table below sets out the number of people projected to have one of four health issues over the next fifteen years in the HMA. The four issues chosen are broad health categories presented to provide the most useful general information for this report. The data from PANSI and POPPI is based on current and recent prevalence rates and whilst these may vary in the future, the figures provide a useful baseline estimate.
- 6.18 The table shows that the number of those aged 65 or over with a limiting long-term illness that limits them a lot is expected to increase by 40.4% between 2015 and 2030 across the HMA. This compares to a decrease of 2.6% in the number of people aged 18-64 with a serious physical disability, a decrease of 3.0% in the number of people aged 18-64 with a common mental health disorder and an increase of 2.5% in the number of people with a moderate or severe learning disability.

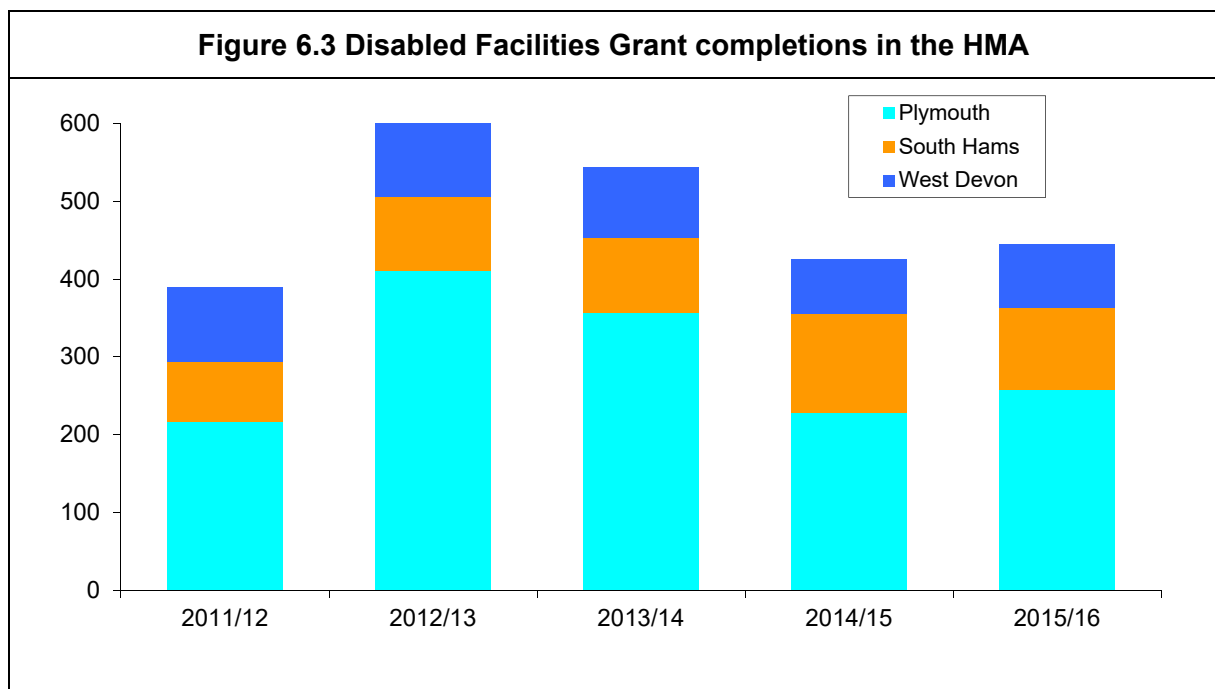


<b>Table 6.3 Number of people with particular health issues projected in the HMA over the next 15 years</b>				
<b>People aged 65 and over with an illness*</b>				
	2015	2020	2025	2030
Plymouth	12,269	13,368	14,980	16,538
South Hams	3,974	4,453	5,129	5,784
West Devon	2,659	3,120	3,622	4,210
<b>HMA</b>	<b>18,902</b>	<b>20,941</b>	<b>23,731</b>	<b>26,532</b>
<b>People aged 18-64 with a serious physical disability</b>				
	2015	2020	2025	2030
Plymouth	3,528	3,596	3,553	3,443
South Hams	1,304	1,297	1,283	1,215
West Devon	843	879	902	872
<b>HMA</b>	<b>5,675</b>	<b>5,772</b>	<b>5,738</b>	<b>5,530</b>
<b>People aged 18-64 with a common mental health disorder</b>				
	2015	2020	2025	2030
Plymouth	7,464	7,283	7,083	6,877
South Hams	4,948	5,013	5,032	4,986
West Devon	38,694	38,284	37,762	37,533
<b>HMA</b>	<b>26,282</b>	<b>25,988</b>	<b>25,647</b>	<b>25,670</b>
<b>People with a moderate or severe learning disability (all ages)</b>				
	2015	2020	2025	2030
Plymouth	315	313	312	314
South Hams	208	215	220	225
West Devon	1,569	1,572	1,578	1,608
<b>HMA</b>	<b>1,046</b>	<b>1,044</b>	<b>1,046</b>	<b>1,069</b>

\*A limiting long-term illness that limits them a lot. Source: The Projecting Older People Information System and Projecting Adult Needs and Service Information, 2015

### *Adaptations and support*

- 6.19 In addition to specialist accommodation, the Councils help people to remain in their current home by providing support and assistance. The figure below shows the number of Disabled Facilities Grants that have been completed between 2011/12 and 2015/16 in each authority within the HMA. The figure shows that the requirement for these services has increased notably over this period in South Hams and Plymouth, and decreased notably in West Devon



Source: HMA Councils, 2016

*Current provision and future provision required*

- 6.20 Plymouth Council have provided some detail on the current provision of housing for those with specific needs and also the current shortages of housing for these groups.
- 6.21 Plymouth has 446 people using supported living services (predominately people with learning difficulties, also including mental health, physical & sensory disability and Acquired Brain Injury) of those 158 people are living in 52 shared houses. There are limited options for people with learning disabilities who can't cope or don't want to live in shared accommodation for long periods of time and who can't progress into individual flats. There is 1 specialist extra care facility for people with learning disabilities and the Council is seeking to increase this housing option in the city so that people with learning disabilities with moderate to high levels of need have the opportunity to live in their own flat with onsite support.
- 6.22 There is a need for both general and bespoke individual units in the community for people with more complex needs due to the direction of travel to support people closer to home.
- 6.23 There are over 2,000 people in the city with autism of varying degrees of severity. Particular housing shortages for people with autism include:
- Families with children on the spectrum requiring additional space or enhanced facilities due to sensory issues/behaviours etc.
  - More bespoke housing to meet the needs of people with complex autism and or learning disabilities due to extreme challenging behaviours/sensory/communication difficulties.

- Discreet adjusted housing (flats/end of terrace) set away from neighbours/low level noise/sensory stimulation for people with high functioning autism.

6.24 In the 'The Housing Needs of Physically Disabled People in Plymouth City Council report' it is identified that at 330 additional wheelchair accessible homes are required between 2014 and 2024 to address Plymouth's unmet wheelchair accessible disabled housing needs, although this figure is being reviewed.

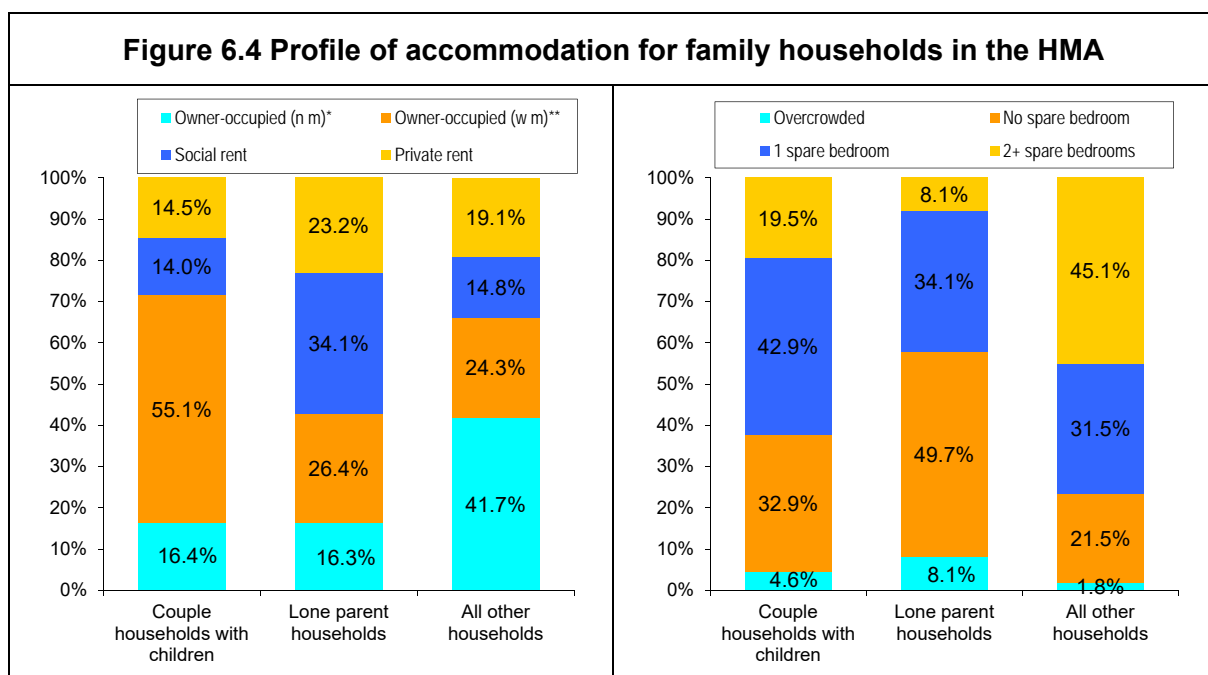
6.25 The tenure breakdown of the target disabled housing programme is focussed on the affordable housing sector (including intermediate tenures for shared ownership), but also include an element of private sector provision requirement. The suggested indicative wheelchair accessible/adaptable housing dwelling size profile for delivery is; 50% one bedroom, 25% two bedroom, 15% three bedroom and 10% four bedroom.

### **Families with children**

#### *Current situation*

6.26 Figure 2.3 showed the household composition recorded at the time of the Census. This indicated that 33.0% of the household population were families with children, a figure lower than the regional figure (33.1%) and the national average (36.0%). Within the HMA, Plymouth records the largest proportion of family households (34.1%), followed by South Hams (31.6%) and finally West Devon (30.6%).

6.27 The figure below shows the tenure profile of the two main types of 'family with children' households in the HMA in 2011 compared to the remainder of the household population. The figure also sets out the occupancy level of these groups. The data shows that whilst there are notably fewer owner-occupiers with no-mortgage amongst couple households with children than amongst other households in the HMA, the proportion of this group in the social and private rented sector is lower than recorded for other households. Lone parents however are notably more likely than other households to be in both Social Rented and private rented accommodation. Family households with children are also more likely to be overcrowded and less likely to be under-occupied than other households in the HMA.



\*Owner-occupied no mortgage \*\* Owner-occupied with mortgage, includes shared ownership. Source: 2011 Census

### Future requirement

6.28 The (temporary) Objectively Assessed Need projections indicate that the total population of families with children in the HMA is going to rise from 56,247 in 2014 to 63,558 by 2034 and the proportion of lone parent families within this group will grow from 28.9% in 2014 to 42.0% in 2034. The table below shows the projected accommodation profile for family households in the HMA in 2034 derived from the LTBHM model, presuming that households do not have to reside in overcrowded accommodation.

**Table 6.4 Type of accommodation required for households with dependent children in 2034**

Dwelling size	Owner-occupation	Private rented	Shared ownership	Social Rent/ Affordable Rented	Total
One bedroom	0.0%	0.0%	0.0%	0.0%	0.0%
Two bedrooms	8.2%	7.5%	0.6%	8.5%	24.8%
Three bedrooms	29.1%	9.1%	0.7%	12.0%	50.9%
Four or more bedrooms	18.4%	3.7%	0.5%	1.7%	24.4%
<b>Total</b>	<b>55.8%</b>	<b>20.2%</b>	<b>1.8%</b>	<b>22.2%</b>	<b>100.0%</b>

### Students

6.29 All of the higher education establishments in the HMA are located in Plymouth, which has a significant student population. There are four main institutions specialising in further or

higher education in Plymouth; Plymouth University, the University of St Mark and St John, City College Plymouth and Plymouth College of Art. Each institution was contacted and asked about the current accommodation provision for its students, what expectations they have for future growth and where this growth will be accommodated. The response received is summarised below.

*Plymouth University*

- 6.30 For the 2015/16 academic year there were 18,578 students studying at Plymouth University. Of these 16,918 were full time students and the assumption is that only full time students are looking for accommodation options. Most first year and some postgraduate students live in the University's halls of residence (some 2,700 beds). A number of first year students live in private purpose built halls (around 5,000 beds) and a smaller number of first year students are likely to be in student housing (flats and HMOs). The majority of the remaining undergraduate students (including international) will be in private accommodation sourced either privately in the city or through the student union letting agency or the University's accredited lists. Postgraduate students are more likely to be in private housing or purpose built private halls.
- 6.31 Although 50 – 60% of the student population base are from the South West region, relatively few are thought to be remaining living at their parents' home whilst studying - even students from Plymouth look to live amongst other students in an attempt to be part of the student experience.
- 6.32 The University's halls of residence are mostly centred on or around the campus perimeter. The private rented housing occupied by students is located in the following areas: Greenbank, Hyde Park, Lipson, Mutley, North Hill, North Road East, Pennycomequick, Peverell and St Judes. Lower concentrations can be found in North Road West, Barbican, Coxside, Mannamead, Milehouse, Millbridge, Mount Gould, Prince Rock, Stonehouse and the Hoe. To a lesser extent there will be some students living around Derriford.
- 6.33 The current housing problems experienced by the students of the University relate to contract lengths not matching student's needs, high and unclear fees from letting agents, high upfront costs, poor stock condition and a lack of pastoral/welfare support as students don't fully realise where they can go to get support if something goes wrong. The University currently helps accredit and manage some of the lettings offered but would like to expand this so they are working with all of the private student halls and more of the landlords operating in the private rented sector, to ensure a more harmonious experience for all involved.
- 6.34 There is no current plan to increase the size of the University and the aim is to maintain the current student population size for the next five years.

*University of St Mark and St John*

- 6.35 There are currently 1806 on-campus students at the University of St Mark and St John. In total there are 353 students currently resident in halls of residence on campus, notably fewer than the total capacity within such accommodation (456 rooms). Principally it is first year students in this accommodation, but postgraduates also commonly live here. All students who apply to live on campus are accommodated.
- 6.36 There are an additional 800 students resident either in private built halls of residence (mainly first years) or sharing in the private rented sector (mainly second and third year students). All of these students reside within 5 miles of the campus, usually in the Mutley area of Plymouth. As was also noted by the Plymouth University respondent, the increase in the amount of private purpose built student accommodation in the city has reduced the demand for private rented accommodation and there are fewer specialist (student-only) landlords operating in the sector. However shared houses are generally more popular with second and third year students.
- 6.37 Finally there are around 500 students that come from the local area and remain in their parents' homes whilst they are studying.
- 6.38 The University of St Mark and St John plans to grow by 100% over the next 10 years. Whilst the University is considering accommodation needs on-site, it would prefer local options to be available to students. Assuming that the University is able to achieve an increase in its student numbers of 1,800 over the next 10 years and that it provides no further specialist accommodation itself, we can consider the potential additional requirement that will result in the private rented sector in Plymouth. Presuming around 500 of the additional students also come from the local area and remain in their parents' homes whilst they are studying, it means that there will be an additional 1,300 students attending University of St Mark and St John without accommodation. If it is assumed that a third of these are first year students that are accommodated in a halls of residence (either within the existing additional capacity on campus or in private hall elsewhere in the City), then there will be around 870 additional students looking for accommodation within the private rented sector. Typical occupation levels amongst students in private sector multiple occupancy housing would suggest that this would equate to around 220 new dwellings within the private rented sector.

*Plymouth College of Art*

- 6.39 There are currently 1,800 students currently attending Plymouth College of Art. The students primarily live in Plymouth and the surrounding local areas in Devon/Cornwall although some students do travel from slightly further afield.
- 6.40 Roughly 700-800 students live at home either as 16-19 year old teenagers undertaking Further Education courses or as Higher Education students whose home address is local (including both young (18-21) and older students). This implies that there are around 1,000 students at the College that have acquired accommodation in the area to study there.

Plymouth College of Art have indicated that their students in the private rented sector are located in postcodes PL1-4

- 6.41 Although subject to potential change, it is planned that the Plymouth College of Art will grow by roughly 400-500 Higher Education students over the next 5 years. It is planned that these additional students will be accommodated in Plymouth (there are no current plans for further specialist provision to be provided by the College). If it is presumed that 40% of these students reside at home, then there will be approximately 300 additional students looking for accommodation within the private rented sector. Typical occupation levels amongst students in private sector multiple occupancy housing would suggest that this would equate to around 75 new dwellings within the private rented sector over the next five years.

*City College Plymouth*

- 6.42 City College Plymouth is effectively a school, so draws its students from the local community, many of whom live with their parents. In addition they place around 200 international students each year with host families, again within the local community. This institution therefore places no additional pressure on the housing market.

*Potential impact of student growth on the housing market*

- 6.43 Based on the assumptions around the accommodation patterns of the additional student population that is hoped to be achieved there will be a requirement for around 220 additional private rented dwellings over ten years from the University of St Mark and St John and a further 75 private rented homes over five years from the Plymouth College of Art. This would equate to an average annual growth of 37 additional private rented homes for the first 5 years and 22 for the next five years.
- 6.44 It is estimated that there are currently 25,054 private rented households in Plymouth. Whilst a growth of 37 private rented households per year in Plymouth appears notable, the increase would represent an average annual growth of the private rented sector of just 0.2%. As implied in Figure 2.12, the average annual increase in the private rented sector between 2001 and 2011 was 6.5% in Plymouth, which suggests that the housing market should be able to absorb the growth required in the private rented sector to house the expanding student population comfortably.
- 6.45 It is therefore recommended that whilst Plymouth City Council should monitor the level of rents charged to determine whether increased demand from students is driving rent levels up quicker than is experienced elsewhere locally, it does not appear necessary to adjust the OAN to account for student growth.

**Service Families**

- 6.46 There is a significant military presence in Plymouth. We have contacted the Ministry of Defence locally to try and understand the current accommodation provision, their plans for

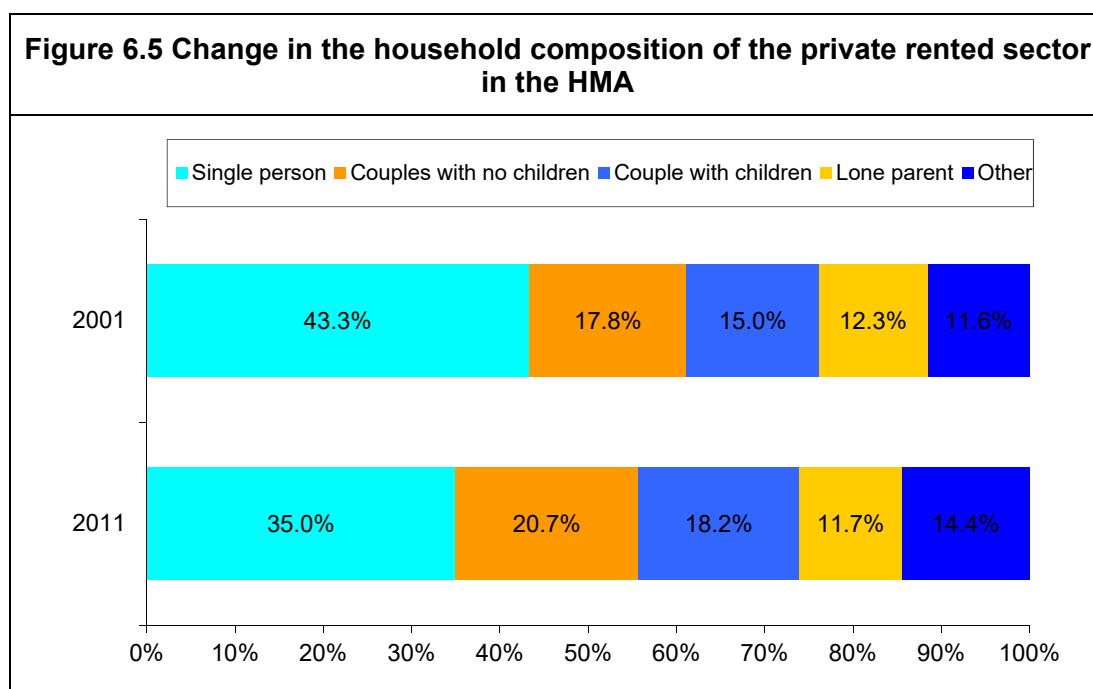


the site and whether any additional accommodation is required for their personnel. We have not as yet received a formal response from them, however it is our understanding that there are no plans in place to change the number of personnel on site and therefore the impact on the market of the base is likely to remain the same. It can also be noted that 66 people on the South Hams housing register are either currently serving or have served in the UK armed forces.

### The Private Rented Sector

#### Growth

6.47 The current tenure profile in the HMA was modelled as part of the LTBHM model. This estimated that there are 34,521 private rented households in the HMA in 2014, which represents 20.1% of households in the HMA. The private rented sector is becoming increasingly important in the HMA; as shown in Figure 2.12, the Census indicates that it increased by 56.8% in the HMA between 2001 and 2011. The figure below compares the household composition of the private rented sector in the HMA in 2001 to the profile of households resident in this tenure in the HMA in 2011. The data shows that not only has the private rented sector expanded, but the households in it have diversified.



#### Current trends

6.48 To assess the stability of the sector currently it is useful to consider how the private rent levels charged vary over time. The table below shows the change in private rents over the last four years at both the median and lower quartile level. This data is disaggregated by accommodation size and location. The table shows for example that between 2011/12 and 2015/16 two bedroom lower quartile rents increased by 4.8% in Plymouth.



- 6.49 Overall the data suggests that the private rented sector is under notable pressure in South Hams, as rent levels have risen at a notably greater rate than recorded nationally for all bedroom sizes other than one bedroom homes. The data also suggests that one bedroom rents are the most pressurised in West Devon, whilst in Plymouth three bedroom homes have recorded the largest increase.

<b>Table 6.5 Change in private rents charged in the HMA, the South West and England between 2011/12 and 2015/16</b>				
<b>Lower quartile prices</b>				
Area	One bedroom	Two bedrooms	Three bedrooms	Four+ bedroom
Plymouth	7.7%	4.8%	8.9%	3.8%
South Hams	5.9%	10.5%	16.0%	7.4%
West Devon	6.7%	5.0%	6.8%	6.3%
South West	5.9%	4.5%	5.4%	8.8%
England	8.7%	4.2%	6.9%	6.9%
<b>Median prices</b>				
Area	One bedroom	Two bedrooms	Three bedrooms	Four+ bedroom
Plymouth	5.6%	9.1%	10.8%	3.4%
South Hams	4.2%	13.0%	15.1%	15.8%
West Devon	12.5%	2.8%	4.2%	11.7%
South West	9.4%	9.2%	10.7%	9.1%
England	11.1%	6.2%	6.9%	13.6%

Source: Valuation Office Agency, 2012-16

*The benefit-supported private rented sector*

- 6.50 The report 'Who Lives in the Private Rented Sector' published in January 2013 by the British and Social Housing Foundation estimates that nationally around a quarter of private tenants are in receipt of Local Housing Allowance. In the HMA the figure is 34.5%, with variation between the constituent authorities (35.5% in Plymouth, 28.3% in South Hams and 36.9% in West Devon). Further analysis shows that the number of private rented tenants in receipt of Local Housing Allowance across the HMA has decreased by 10.9% between August 2012 and August 2016, with all component authorities recording only a marginal change (a decrease of 9.7% in Plymouth, a fall of 16.2% in South Hams and a drop of 11.7% in West Devon).
- 6.51 It is important to recognise the role of the benefit-supported private rented sector plays in alleviating the pressure on the affordable housing stock, by housing some households that would otherwise be resident within the sector; however, it is not an official form of affordable housing as defined by the NPPF. Similarly, not all households living in the benefit-supported private rented sector are automatically in housing need, they can however be in housing need for one of the other PPG defined reasons. The model that we

set out in this report (in Chapter 5) conforms to these two assumptions (which also comply with the NPPF).

### People wishing to build their own homes

- 6.52 It should be noted that the NPPF specifically refers to *people wishing to build their own homes* within the examples cited in paragraph 159. All the HMA Councils have launched a list for people interested in undertaking a self-build development to register themselves. There is a joint register for South Hams and West Devon, on which there are 82 households from South Hams registered alongside 15 households from West Devon and 30 households from outside the area. In Plymouth there are currently 115 households on the Right to Build Register and 282 on the mailing list. Following the initial rush when the Register was released on 1 April, on average of 2 households are joining the register each week.

### Gypsies and Travellers

- 6.53 The SHMA does not extend to a Gypsy and Traveller Accommodation Assessment (GTAA). 2017 Plymouth and South Devon Gypsy and Traveller Accommodation Assessment (GTAA) considered the needs of these groups in detail. The report concluded:

#### *Gypsy and Traveller Need - Plymouth*

- 6.54 There were no Gypsy or Traveller households that meet the planning definition so there is no current or future accommodation need identified in the area, however the GTAA did identify the following need for Gypsy and Traveller households in Plymouth that do not meet the Planning Definition

Years	0-5	6-10	11-15	
	2016-21	2021-26	2026-31	Total
	2	2	2	6

Source: 2017 Plymouth and South Devon GTAA

- 6.55 Should further information be made available to the Council that will allow for the planning definition to be applied to the unknown households, the overall level of need could rise by up to 1 from new household formation (this uses a base of the 3 households and a net growth rate of 1.50%<sup>14</sup>). Therefore additional need *could* increase by up to a further 1 pitch,

<sup>14</sup> The ORS *Technical Note on Population and Household Growth (2015)* has identified a national growth rate of 1.50% for Gypsies and Travellers which has been applied in the absence of further demographic information about these households.

plus any concealed adult households or 5 year need arising from older teenagers living in these households (if all 3 unknown pitches are deemed to meet the planning definition). However, as an illustration, if the national average of 10% were to be applied this could be as few as no additional pitches.

*Travelling Showpeople - Plymouth*

- 6.56 Analysis of the interviews with the 5 Travelling Showpeople households who meet the planning definition identified a need for 1 additional pitch from a concealed adult household, and a further need for 2 additional pitches from new household formation (based on household demographics). The overall level of additional need for those households who meet the planning definition of a Travelling Showperson is for 3 additional plots over the GTAA period.

<b>Table 6.7 Additional need for Travelling Showperson households in Plymouth that meet the Planning Definition by 5 year periods</b>				
<b>Years</b>	<b>0-5</b>	<b>6-10</b>	<b>11-15</b>	
	<b>2016-21</b>	<b>2021-26</b>	<b>2026-31</b>	<b>Total</b>
	1	1	1	3

Source: 2017 Plymouth and South Devon GTAA

- 6.57 The GTAA identifies no further need from unknown Travelling Showpeople or Travelling Showpeople that do not meet the Planning Definition.

*Gypsy and Travellers – South Hams*

- 6.58 The GTAA identifies 5 households who meet the planning definition of Travelling on a private site, a tolerated site and 2 unauthorised sites. Analysis of the household interviews indicated that there is a current need for 1 additional pitch to meet the needs of concealed households or adults, 2 unauthorised pitches, and 2 additional pitches as a result of new household formation (based on the demographics of the residents).
- 6.59 The overall level of additional need for those households who meet the planning definition of a Gypsy or Traveller is for 5 additional pitches over the GTAA period.

<b>Table 6.8 Additional need for Gypsy and Traveller households in South Hams that meet the Planning Definition by 5 year periods</b>				
<b>Years</b>	<b>0-5</b>	<b>6-10</b>	<b>11-15</b>	
	<b>2016-21</b>	<b>2021-26</b>	<b>2026-31</b>	<b>Total</b>
	3	1	1	5

Source: 2017 Plymouth and South Devon GTAA

Years	0-5	6-10	11-15	
	2016-21	2021-26	2026-31	Total
	6	1	2	9

Source: 2017 Plymouth and South Devon GTAA

- 6.60 Should further information allow for the planning definition to be applied to the unknown households, the overall level of need could rise by up to 12 pitches from unauthorised pitches, and by up to 7 pitches from new household formation (from a base of the 29 households and a net growth rate of 1.50%<sup>14</sup>). Therefore additional need could increase by up to a further 19 pitches, plus any concealed adult households or 5 year need arising from older teenagers living in these households (if all 29 unknown pitches are deemed to meet the planning definition). However, as an illustration, if the national average of 10% were to be applied this could be as few as 2 additional pitches.

*Travelling Showpeople – South Hams*

- 6.61 There is no current need for Travelling Showpeople plots in South Hams.

*Gypsy and Travellers – West Devon*

- 6.62 There is no identified need for Gypsy or Traveller households that meet the planning definition as no interviews were able to be carried out. There were no households identified in West Devon that do not meet the planning definition.

- 6.63 Should further information be made available to the Council that will allow for the planning definition to be applied to the unknown households, the overall level of need could rise by up to 1 pitch that is unauthorised, and by up to 1 pitch from new household formation (this uses a base of the 3 households and a net growth rate of 1.50%<sup>14</sup>). Therefore additional need could increase by up to a further 2 pitches, plus any concealed adult households or 5 year need arising from older teenagers living in these households (if all 3 unknown pitches are deemed to meet the planning definition). However, as an illustration, if the national average of 10% were to be applied this could be as few as no additional pitches.

*Travelling Showpeople – West Devon*

- 6.64 There is no identified need from Travelling Showpeople in West Devon as there are no identified Travelling Showpeople.

- 6.65 In terms of overall housing provision, it is important to note that the gypsy and traveller population is included within the ONS population projections and the DCLG household projections. It is therefore not appropriate to adjust the OAN to meet the specific needs of this group, although the Councils may need to make specific housing provision within the Plan.

## 7. Conclusion

- 7.1 On completion of the calculation of the need for affordable housing the PPG says at Reference ID: 2a-029-20140306:

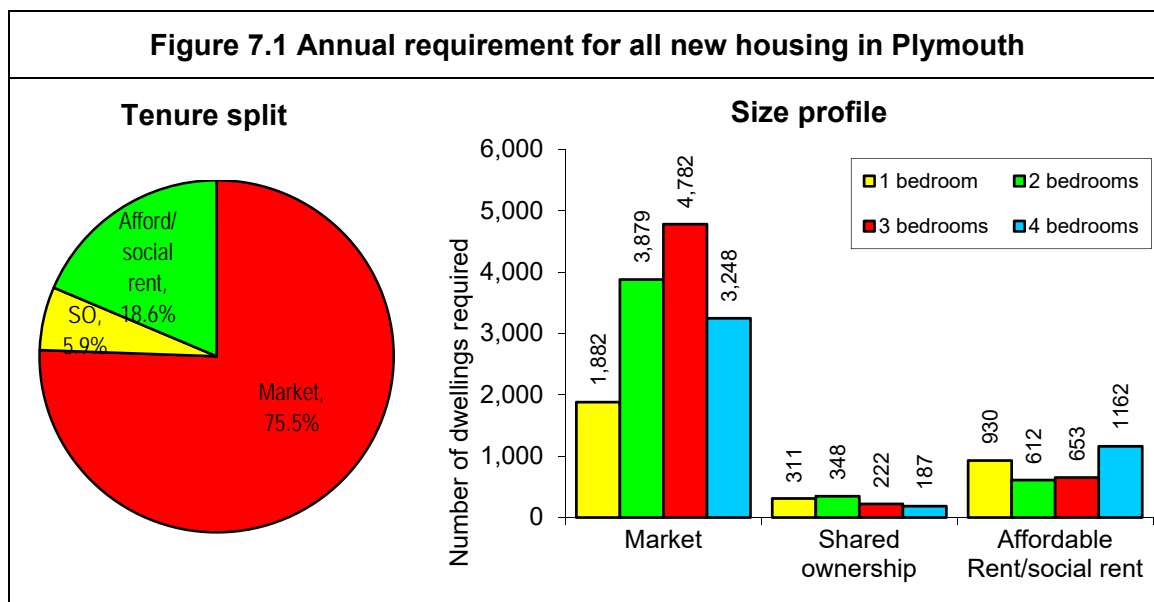
*The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes.*

- 7.2 It is clear that Planning Authorities should consider whether or not the housing target in the Local Plan should be increased to assist with meeting the need for affordable housing.

### **Plymouth**

- 7.3 The total annual affordable housing need in Plymouth of 189 households per year (as set out in Appendix 5) represents 21.5% of the annual projected household growth in the City between 2014 and 2034 (881 households per year as identified within the full OAN calculations). This proportion of new housing as affordable appears achievable to deliver in Plymouth. It is clear that the Council can be confident that the affordable housing requirement can be met by the OAN identified and no adjustment is required to this figure. The figure of 21.5% is similar to the proportion of new affordable housing required within the LTBHM model, 24.5% as indicated in Table 4.3a, providing further evidence that the assumptions reflect the realities of the current housing market locally.
- 7.4 Chapter 6 considered the impact of subgroups of the population on the housing target. The analysis indicated that the expansion of both the University of St Mark and St John and Plymouth College of Art would be absorbed quite comfortably within the current housing market as the annual scale of growth is likely to be small. In terms of specialist dwellings for older persons (Class C3b), as set out in Appendix A6, it is evidenced that in Plymouth an additional 2,178 sheltered and extracare housing units should be provided over the plan period within the identified OAN.
- 7.5 To determine the size and tenure of the new housing required within the OAN to accord with paragraph 21 of the PPG, the LTBHM model outputs are used. This model provides the profile of housing appropriate to meet the population over the plan period and is directly derived from the calculations used to determine the OAN. In comparison, it is not appropriate to base the recommended housing mix on the results of the affordable housing need model as this is an unconstrained figure with the sole purpose of determining whether an uplift to the OAN is required – it does not form a component of the OAN.
- 7.6 Before the suggested housing mix is presented, it is necessary to convert the household totals presented in this report to dwelling figures by applying the vacancy rate of 3.3% (the difference between the household growth total of 881 per year between 2014 and 2034 and the total OAN for Plymouth over the plan period of 911 per year).

7.7 **Error! Reference source not found.** sets out the size and tenure requirement for the 18,217 dwellings (911 per annum) required over the plan period (between 2014 and 2034). The profile set out is a guide to the overall mix of accommodation required in the City and it is acknowledged that the Council may wish to divert away from this profile in individual locations depending on the characteristics of the particular sites and market conditions for particular products at different points in time.



### South Hams

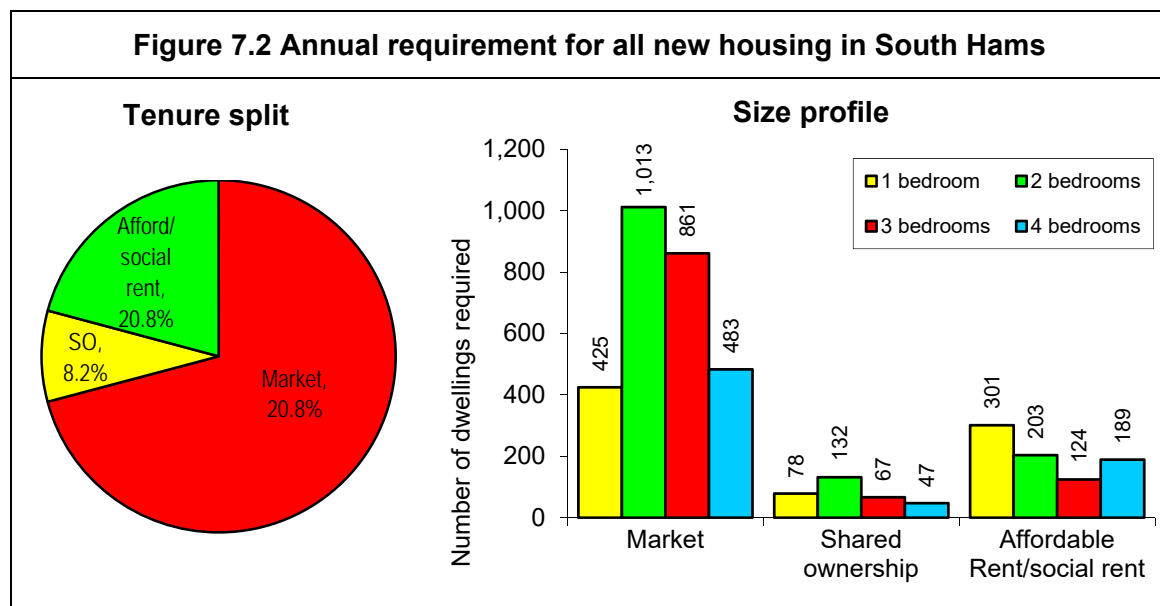
7.8 The total annual affordable housing need in South Hams of 98 households per year (as set out in Appendix 5) represents 58.6% of the annual projected household growth in the District between 2014 and 2034 (167 households per year as identified within the full OAN calculations). This proportion of new housing as affordable appears difficult to deliver in South Hams, so the Council may want to consider an uplift to the OAN to help provide more affordable housing. However it is important to consider the conclusions of the report into the Stroud Local Plan where the inspector said<sup>15</sup>

7.9 *'The need for affordable housing is certainly a policy consideration that could influence housing targets, particularly in view of affordability issues, but it is distinct from the overall objective assessment of housing need, since the methodology and numbers are not compatible. Although a modest increase in the overall housing requirement could be considered, to seek to deliver all the affordable housing needed through the provision of market housing would result in unrealistic and undeliverable rates of housing development.'* (para 48)

<sup>15</sup> Report to Stroud District Council by Stephen J Pratt BA (Hons) MRTPI, 2nd November 2015.

- 7.10 The proportion of new affordable housing required within the LTBHM model, 29.1% as indicated in Table 4.3c, also indicates the relative affordability pressure that exists on the market. When setting an affordable housing target in the Plan the Council will need to consider the full range of evidence (including the viability assessment) and allowance will need to be taken of the fact that some sites may not deliver affordable housing (for example due to policy thresholds).
- 7.11 Chapter 6 considered the impact of subgroups of the population on the housing target. There are no significant Ministry of Defence sites or universities in the District that have an impact on the housing market. In terms of specialist dwellings for older persons (Class C3b), as set out in Appendix A6, it is evidenced that in South Hams an additional 1,468 sheltered and extracare housing units should be provided over the plan period within the identified OAN.
- 7.12 To determine the size and tenure of the new housing required within the OAN to accord with paragraph 21 of the PPG, the LTBHM model outputs are used. This model provides the profile of housing appropriate to meet the population over the plan period and is directly derived from the calculations used to determine the OAN. In comparison, it is not appropriate to base the recommended housing mix on the results of the affordable housing need model as this is an unconstrained figure with the sole purpose of determining whether an uplift to the OAN is required – it does not form a component of the OAN.
- 7.13 Before the suggested housing mix is presented, it is necessary to convert the household totals presented in this report to dwelling figures by applying the vacancy rate of 14.8% (the difference between the household growth total of 167 per year between 2014 and 2034 and the total OAN for South Hams over the plan period of 196 per year).
- 7.14 **Error! Reference source not found.** 7.2 sets out the size and tenure requirement for the 3,924 dwellings (196 per annum) required over the plan period (between 2014 and 2034). The profile set out is a guide to the overall mix of accommodation required in the District and it is acknowledged that the Council may wish to divert away from this profile in individual locations depending on the characteristics of the particular sites and market conditions for particular products at different points in time.





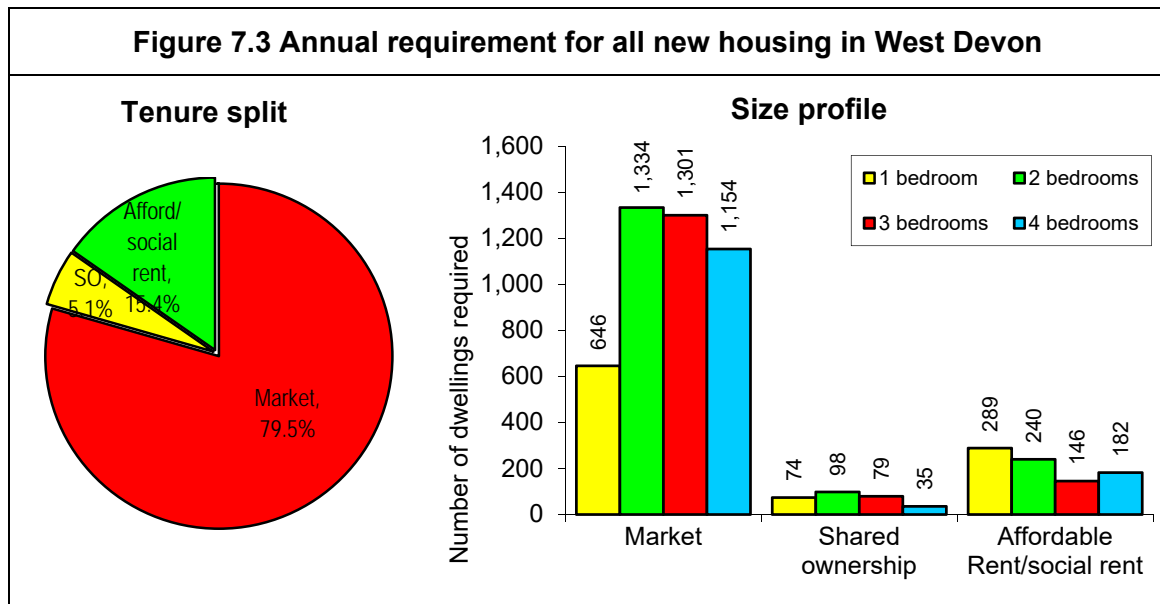
### West Devon

- 7.15 The total annual affordable housing need in West Devon of 57 households per year (as set out in Appendix 5) represents 24.0% of the annual projected household growth in the Borough between 2014 and 2034 (238 households per year as identified within the full OAN calculations). This proportion of new housing as affordable appears achievable to deliver in West Devon. It is clear that the Council can be confident that the affordable housing requirement can be met by the OAN identified and no adjustment is required to this figure. The figure of 24.0% is similar to the proportion of new affordable housing required within the LTBHM model, 20.5% as indicated in Table 4.3c, providing further evidence that the assumptions reflect the realities of the current housing market locally.
- 7.16 Chapter 6 considered the impact of subgroups of the population on the housing target. There are no significant Ministry of Defence sites or universities in the Borough that have an impact on the housing market. In terms of specialist dwellings for older persons (Class C3b), as set out in Appendix A6, it is evidenced that in West Devon an additional 1,183 sheltered and extracare housing units should be provided over the plan period within the identified OAN.
- 7.17 To determine the size and tenure of the new housing required within the OAN to accord with paragraph 21 of the PPG, the LTBHM model outputs are used. This model provides the profile of housing appropriate to meet the population over the plan period and is directly derived from the calculations used to determine the OAN. In comparison, it is not appropriate to base the recommended housing mix on the results of the affordable housing need model as this is an unconstrained figure with the sole purpose of determining whether an uplift to the OAN is required – it does not form a component of the OAN.
- 7.18 Before the suggested housing mix is presented, it is necessary to convert the household totals presented in this report to dwelling figures by applying the vacancy rate of 7.9% (the



difference between the household growth total of 238 per year between 2014 and 2034 and the total OAN for West Devon over the plan period of 258 per year).

7.19 Figure 7.3 sets out the size and tenure requirement for the 5,162 dwellings (258 per annum) required over the plan period (between 2014 and 2034). The profile set out is a guide to the overall mix of accommodation required in the Borough and it is acknowledged that the Council may wish to divert away from this profile in individual locations depending on the characteristics of the particular sites and market conditions for particular products at different points in time.





# Appendix 1. Stakeholder consultation process

## Introduction

Due to the tight timescales for this project it was not possible to undertake an extensive engagement with stakeholders. However the Councils did consult with the members of the Plymouth Housing Development Partnership, who were given information on the emerging results. The Plymouth Housing Development Partnership includes the following organisations:

- Aster Homes
- Bournemouth Churches
- Clarion (Affinity Sutton)
- DCH
- Guinness Trust
- Homes & Communities Agencies
- Plymouth Community Homes
- Rent plus
- Sanctuary Housing
- Sovereign Housing
- Tamar Housing
- Westward Housing

The Plymouth Housing Development Partnership were sent a copy of this Executive Summary of the draft report and asked for feedback:

## Draft Executive Summary sent to stakeholders

## Executive Summary

### Report purpose

The Plymouth Housing Market Area (HMA) is made up of Plymouth, South Hams and West Devon Local Authority areas, including the part of Dartmoor National Park which is within those local authorities area as established in the PBA report “Testing and Establishing the Plymouth Housing Market Area”.

This report follows from the Part 1 Study<sup>16</sup> for the Plymouth HMA. The Part 1 Study calculates the Objectively Assessed Need for housing (the OAN) across the HMA using the latest demographic and housing market data. This report forms Part 2 of the Strategic Housing Market Report. It is a Strategic Housing Market Assessment (SHMA) that focuses, principally, on the calculation of the level of affordable housing need (referred to as Affordable Need in this report), the size and tenure of all dwellings required within the overall OAN calculated in Part 1 of the SHMA and understanding the housing requirements arising from specific groups of the population.

### Government Guidance

This report forms a component of an SHMA alongside the Part 1 Study. National Planning Policy is set out in the National Planning Policy Framework (NPPF). Paragraph 159 of the NPPF (March 2012) sets out the role of a SHMA.

*Local planning authorities should have a clear understanding of housing requirements in their area. They should:*

- *Prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to require over the plan period which:*
  - *meets household and population projections, taking account of migration and demographic change*
  - *addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as families with children, older people, disabled people, service families and people wishing to build their own homes); and*
  - *caters for housing demand and the scale of housing supply necessary to meet this demand (para 28)*

The NPPF outlines how a SHMA fits into the wider housing policy framework and the Planning Practice Guidance (PPG) sets out how the various elements of a SHMA should be undertaken, including detailing a comprehensive model for the assessment of affordable housing need.

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<sup>16</sup> Peter Brett Associates, reference to be completed when report finalised.

### *Affordable Housing Need*

The affordable housing need figure produced by following the approach set out in the PPG is an unconstrained figure set in the current housing market situation. It is not a component of the Objectively Assessed Need, but is entirely independent, calculated using a different approach and different data sources.

It has only one purpose which is to determine whether it is necessary to increase the housing target over and above the OAN to deliver more affordable homes to help address the identified affordable housing need.

Paragraph: 029 of the PPG says: *'The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes.'*

### *Mix and type*

Paragraph 021 of the PPG is clear that *'once an overall housing figure has been identified, plan makers will need to break this down by tenure, household type (singles, couples and families) and household size'*. The report uses the Long Term Balancing Housing Markets (LTBHM) model which, following the guidance set out in paragraph 021 of the PPG, breaks down the overall Objectively Assessed Need into the component household typology (tenure and size) of housing required.

The model uses secondary data to determine the future demand for housing by size and tenure based on the profile of households resident in the HMA in 2034. This is then compared to the current housing stock and a profile of new accommodation required is estimated. A more detailed explanation of the model is set out below.

### *Specific Groups*

The NPPF and Paragraph 022 of the PPG indicates that a SHMA should ensure the needs of all subgroups of the population are addressed. The report considers the specific profiles of the following groups of the population, which are suggested in the PPG and have an appreciable impact on the housing market within the HMA:

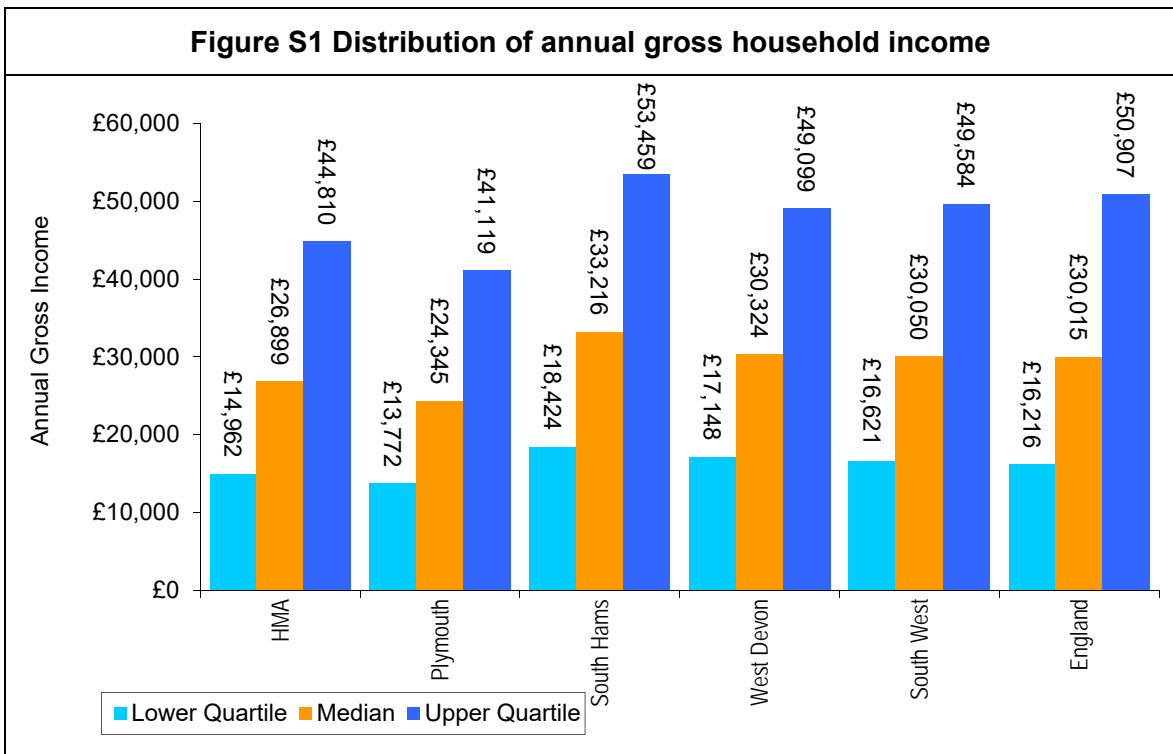
- Older persons
- People with disabilities
- Family households
- Students
- Service Families
- The private rented sector
- People wishing to build their own homes

**Socio-economic context**

A full socio-economic profile of the population in the HMA is presented in the main report. This contextual information will not be discussed in depth within this executive summary other than a profile of local household incomes - income has a core effect on the level of choice a household has when determining their future accommodation.

Full income profiles for each authority in the HMA have been purchased from CACI Paycheck. These profile indicate that the mean gross annual household income in the HMA is £33,509, which is 9.8% below the regional equivalent (£37,168 for the South West) and 12.0% below the figure for England (£38,077). The same data source indicates that the mean gross annual household income in Plymouth is £30,627, whilst it is £39,902 in South Hams and £36,905 in West Devon.

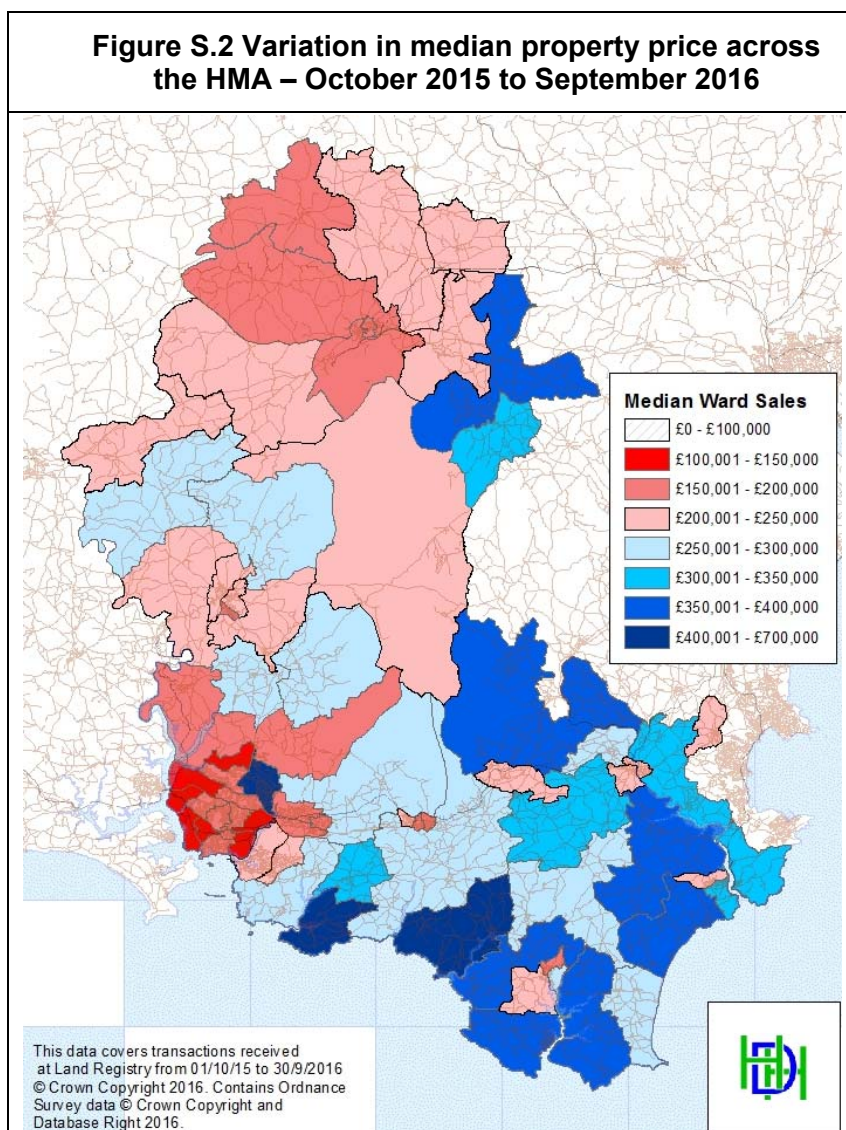
The figure shows how household income at various points on the income distribution for each local authority and the HMA itself compares with the region-wide and national equivalents. The data indicates that households in Plymouth are the least affluent in the HMA, followed by households in West Devon with households in South Hams the most affluent. Household incomes in South Hams are not only notably higher than the other two authorities in the HMA but also higher than the national and regional averages.



Source: CACI Paycheck, 2016

### The cost of housing

An effective SHMA is founded on a thorough understanding of local housing – what it costs and how this varies. To fully understand the affordability of housing within an area, it is necessary to collect data on the cost of housing by number of bedrooms. This ensures that it is possible to assess the ability of households to afford market housing of the size required by that particular household. However, no secondary data contains this information. As part of this study we have therefore undertaken a price survey to assess the current cost of market (owner-occupied and private rented) and affordable housing in the HMA. The figure below shows the variations in the cost of housing across the HMA and illustrates that there are clear distinctions, with the prices in the outskirts of the city of Plymouth the cheapest and parts of the north of West Devon district around Oakhampton also notably lower than average. Prices along the coast of South Hams district as well as the most eastern part of West Devon are the most expensive.



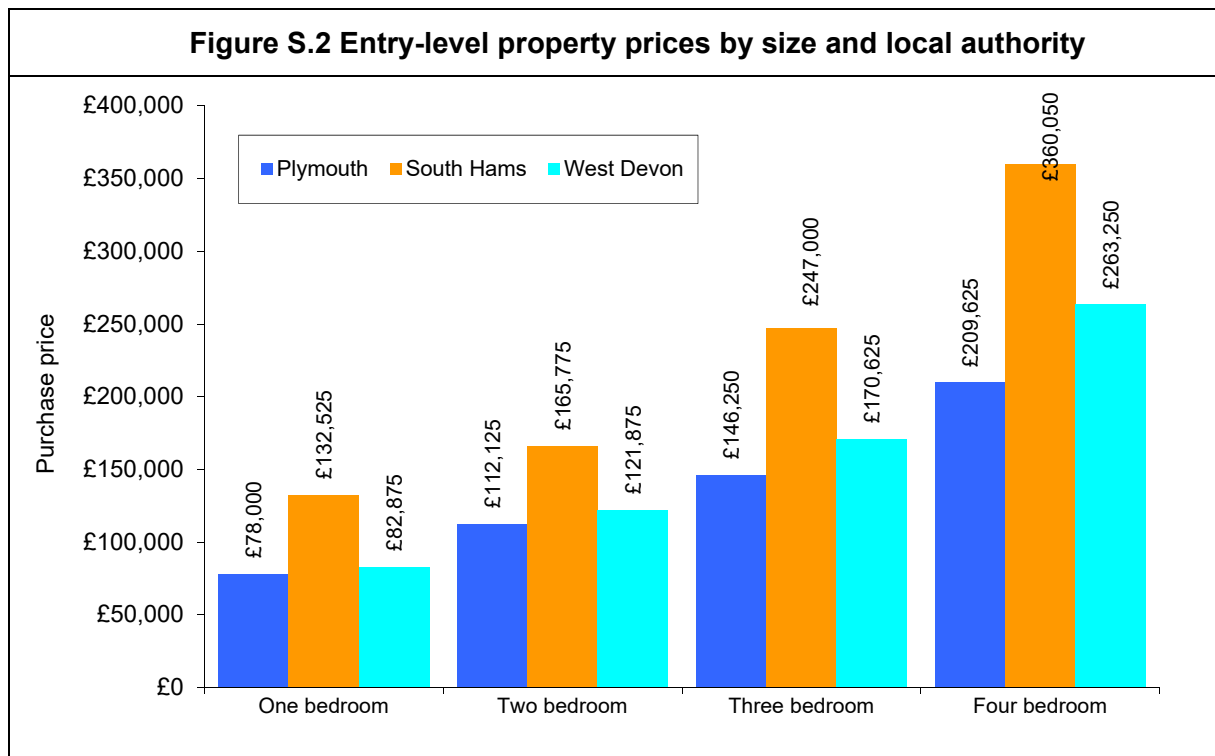
Source: Land Registry, 2016



*Owner-occupation*

Median and lower quartile property prices by number of bedrooms were obtained in each local authority area via an online search of properties advertised for sale during November 2016. Entry-level property prices for each price market are presented in the figure below. In accordance with the PPG, entry-level prices are based on lower quartile prices (paragraph 025 Reference ID: 2a-025-20140306). Properties for sale for less than the lower quartile level often require substantial work to bring the up to a suitable standard and therefore do not reflect the true cost of these homes.

The prices recorded include a discount to reflect that the full asking price is not usually achieved (with sales values typically 2.5% lower in Plymouth and West Devon and 5% lower in South Hams). The figure shows that prices are highest in South Hams and lowest in Plymouth. Overall entry-level prices in the HMA range from £78,000 for a one bedroom home in Plymouth up to £360,050 for a four bedroom property in South Hams.



Source: Online estate agents survey November 2016

**Feedback required: Do these prices reflect your knowledge of the market? Do you agree with the use of the lower-quartile as the entry-point?**

*Private rents*

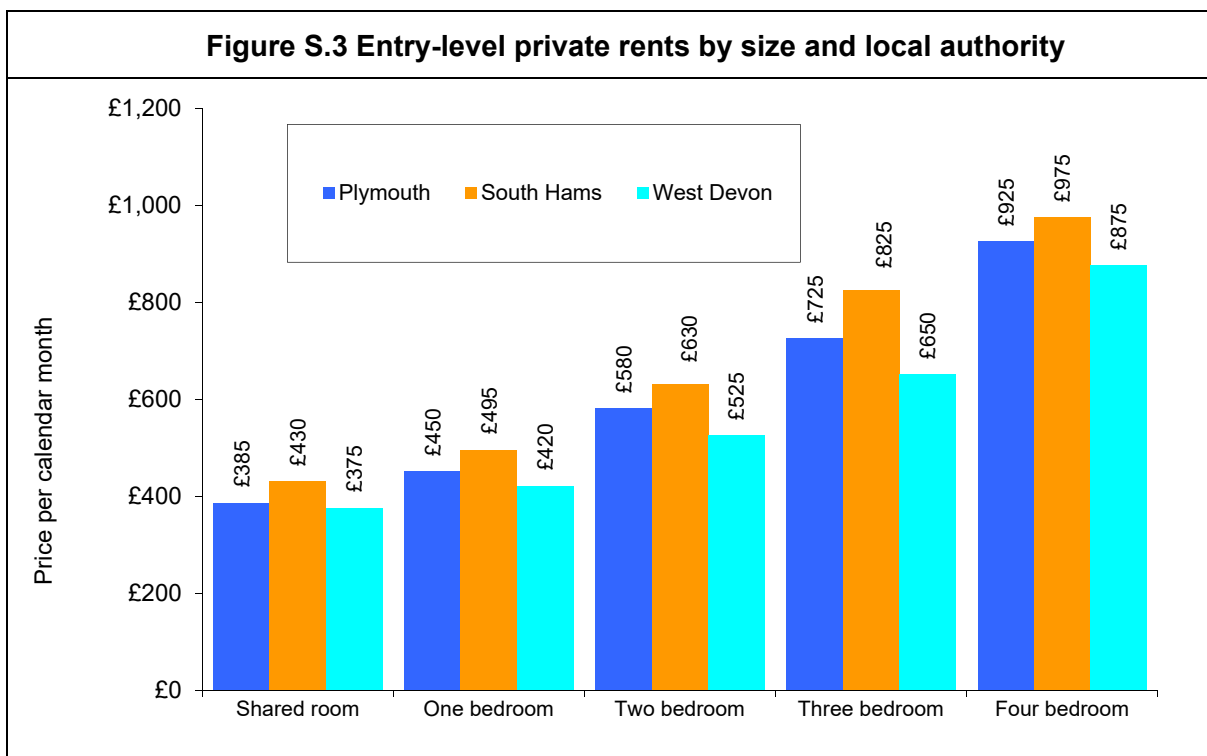
Whilst private rent levels vary across the HMA, the distinction between the areas is less marked than with owner-occupation, reflecting that location is not as important a determinant in rent levels as the quality of the property. The lower quartile (entry-level) price for private rented accommodation by property size in each local authority is presented



in the figure below. The figure also includes the cost of a shared room within the private rented sector. The Local Housing Allowance regulations, which indicates that single people 35 or under are only entitled to the shared accommodation rate rather than the rate for a one bedroom home, imply that these individuals are deemed suitable to meet their housing needs within the market in this way. The cost of a room within shared accommodation is therefore included as it represents appropriate accommodation for single persons 35 or under and this group will be tested against their ability to afford this in the affordable housing needs model.

It is important also that the results presented in this study are ‘policy off’, which means that the assumptions used should reflect the workings of the market as it operates currently. The assumption that single persons 35 or under can be suitably accommodated within shared accommodation reflects the market reality in the HMA currently. The Census indicates that 7.3% of adults aged 34 or under in the HMA in 2011 lived as a single person household – 92.7% form part of a larger household with other people. Therefore, the assumption that it is reasonable to expect those 35 or under that can afford to share a home to actually do this corresponds with the current behaviour of this group and that the appropriate market boundary for single people 35 or under is shared accommodation rather than a one-bedroom home.

The data indicates that there is a different pattern with regard to the relative cost of housing with South Hams clearly the most expensive authority, followed by Plymouth and West Devon. The figure indicates that entry-level rents in the HMA range from £375 per month for a one bedroom home in West Devon up to £975 per month for a four bedroom property in South Hams.



Source: Online letting agents survey November 2016

**Feedback required: Do these rents reflect your knowledge of the market?**

**Do you agree with the assumption that single persons 35 or under are likely to live in shared accommodation in the private rented sector?**

*Social Rents and Affordable Rents*

The table below illustrates the cost of Social Rented dwellings across each local authority in the HMA. As can be seen, the costs are significantly below those for private rented housing, particularly for larger homes, indicating a significant potential gap between the Social Rented and market sectors.

<b>Table S.1 Social Rented costs (per month)</b>			
<i>Bedrooms</i>	<i>Plymouth</i>	<i>South Hams</i>	<i>West Devon</i>
One bedroom	£278	£359	£320
Two bedrooms	£328	£406	£380
Three bedrooms	£366	£454	£427
Four bedrooms	£423	£502	£516

Source: HCA's Statistical Data Return 2016, Council LAHS 2016

The Homes & Communities Agency (HCA)'s Statistical Data Return details the Affordable Rent levels charged in the HMA and these are set out in the table below. A comparison with median market rents indicates that Affordable Rent levels are around 65% to 75% of median market rents, although one bedroom Affordable Rents in West Devon are priced at over 80% of current median private rent levels.

<b>Table S.2 Affordable Rented costs (per month)</b>			
<i>Bedrooms</i>	<i>Plymouth</i>	<i>South Hams</i>	<i>West Devon</i>
One bedroom	£366	£380	£400
Two bedrooms	£450	£501	£456
Three bedrooms	£529	£595	£561
Four bedrooms	£610	£726	£760

Source: HCA's Statistical Data Return 2016

*Intermediate products*

A range of intermediate options are available for households in the HMA, the costs of these are profiled below.

*Rent-to-buy/Rentplus*

Rentplus is an intermediate housing model aimed at aspirant first-time buyers that has been developed in Plymouth. It is a rent-to-buy model funded through institutional

investment. Households are ‘supported’ into home ownership in five year tranches with the aim for the home to be fully owned after 20 years. Rentplus homes are let to households at an intermediate rent to give them the opportunity to save for a deposit to buy their first home. It is planned that by landlords providing a discounted rent for tenants, they will have sufficient time to acquire a deposit so that they may purchase the home. In addition Rentplus properties will be available for sale to the tenant at 90% of the property’s market value when the tenant is able to purchase the home. It is set out that the intermediate rent must not exceed 80% of the current market rent (inclusive of service charge), however the product is distinct from Affordable Rent which is available with a range of tenancy options and was made available to tenants on the same basis as Social Rent.

The table below sets out the modelled costs of Rentplus in the HMA, presuming that the intermediate rent is set as 80% of median market rents. The table shows that in all instances Rentplus rent is cheaper than market entry rent and can be considered an affordable product. In all cases, other than one bedroom homes in West Devon, it is also more expensive than the Affordable Rent currently charged within the area.

<b>Table S.3 Estimated cost of Rentplus in the HMA (monthly cost)</b>			
<i>Bedrooms</i>	<i>Plymouth</i>		
	<i>Rentplus rent</i>	<i>Entry-level private rent</i>	<i>Affordable Rent</i>
One bedroom	£400	£450	£366
Two bedrooms	£520	£580	£450
Three bedrooms	£660	£725	£529
Four bedrooms	£920	£925	£610
<i>Bedrooms</i>	<i>South Hams</i>		
	<i>Rentplus rent</i>	<i>Entry-level private rent</i>	<i>Affordable Rent</i>
One bedroom	£432	£495	£380
Two bedrooms	£556	£630	£501
Three bedrooms	£740	£825	£595
Four bedrooms	£960	£975	£726
<i>Bedrooms</i>	<i>West Devon</i>		
	<i>Rentplus rent</i>	<i>Entry-level private rent</i>	<i>Affordable Rent</i>
One bedroom	£380	£420	£400
Two bedrooms	£460	£525	£456
Three bedrooms	£580	£650	£561
Four bedrooms	£840	£875	£760

Source: Online survey of property prices November 2016; HCA’s Statistical Data Return 2016.

### *Shared ownership*

The table below (S.4) presents the estimated costs of shared ownership housing in the HMA as obtained from the online estate agent survey. The open market values are based on new build prices at the time of the estate agent survey. The monthly costs of purchasing the property with a 50% equity share and 25% equity share are both presented as these

are the most commonly available options. The monthly costs are based on a 25-year repayment mortgage with an interest rate of 3.94% paid on the equity share owned and a rent payable at 3% on the remaining equity. The table shows that 25% equity share shared ownership is cheaper than market entry rent in all instances other than for three and four bedroom homes in South Hams and four bedroom homes in West Devon and can be considered an affordable product. The only instances in which 50% equity share shared ownership is cheaper than market entry is for one, two and three bedroom accommodation in Plymouth and one bedroom homes in West Devon. In all other instances it is more expensive than entry-level market accommodation either to rent or buy.

#### *Discounted home ownership / Starter Homes*

Discounted home ownership is based on selling a home for a proportion of the market value with no residual rent to pay. However, the equity level owned is capped and any future re-sale will be at the same proportion of the agreed price. In the HMA the typical proportion of market value sold is 80%. The Government has recently announced its Starter Homes initiative whereby the Government is offering concessions for housebuilders who construct new homes specifically to be sold as discount market houses (with a discount of at least 20%) for first-time buyers under 40 years old. The discounted price of these homes should be no more than £250,000 outside the London area.

The table below presents the estimated costs of discounted home ownership in the HMA. These are based on the same open market values as were used for shared ownership. The monthly costs are based on a 25-year repayment mortgage with an interest rate of 3.94% paid on the equity share owned.

Discounted home ownership with an 80% share is more expensive than entry-level market accommodation other than for one, two and three bedroom homes in Plymouth. It is also more expensive than shared ownership accommodation. It is however cheaper than entry-level home ownership in all instances. It is also worth noting that the price at which discounted home ownership properties would be for sale (at 80% the value of newbuild home ownership) would be under the cap of £250,000 for all dwelling sizes in the HMA with the exception of four bedroom homes in South Hams.

<b>Table S.4 Estimated cost of intermediate housing in the HMA (monthly cost)</b>						
<i>Bedrooms</i>	<i>Plymouth</i>					
	<i>Open market value</i>	<i>Shared ownership – 50% equity</i>	<i>Shared ownership – 25% equity</i>	<i>Discount home ownership</i>	<i>Entry-level private rent</i>	<i>Entry-level owner-occupation*</i>
One bedroom	£105,000	£395	£329	£423	£450	£442
Two bedrooms	£135,000	£508	£423	£543	£580	£564
Three bedrooms	£180,000	£678	£564	£724	£725	£736
Four bedrooms	£255,000	£960	£799	£1,026	£925	£1,055
<i>Bedrooms</i>	<i>South Hams</i>					
	<i>Open market value</i>	<i>Shared ownership – 50% equity</i>	<i>Shared ownership – 25% equity</i>	<i>Discount home ownership</i>	<i>Entry-level private rent</i>	<i>Entry-level owner-occupation*</i>
One bedroom	£155,000	£584	£486	£624	£495	£791
Two bedrooms	£200,000	£753	£627	£805	£630	£834
Three bedrooms	£305,000	£1,148	£955	£1,227	£825	£1,243
Four bedrooms	£425,000	£1,600	£1,331	£1,710	£975	£1,811
<i>Bedrooms</i>	<i>West Devon</i>					
	<i>Open market value</i>	<i>Shared ownership – 50% equity</i>	<i>Shared ownership – 25% equity</i>	<i>Discount home ownership</i>	<i>Entry-level private rent</i>	<i>Entry-level owner-occupation*</i>
One bedroom	£110,000	£414	£345	£443	£420	£470
Two bedrooms	£150,000	£565	£470	£604	£525	£613
Three bedrooms	£205,000	£772	£642	£825	£650	£858
Four bedrooms	£305,000	£1,148	£955	£1,227	£875	£1,324

\*The monthly cost of entry-level owner-occupation presuming a 25-year repayment mortgage with an interest rate of 3.94%. Source: Online estate agents survey November 2016

**Feedback required: Considering your knowledge of the local housing market are these models accurately priced?**

## Affordable housing need

It is necessary to undertake a separate calculation of affordable housing need. Paragraph 22 (Reference ID: 2a-022-20140306) to Paragraph 29 (Reference ID: 2a-029-20140306) of the *Housing and economic development needs assessments* section of the PPG details how affordable housing need should be calculated. It defines affordable housing need as *'number of households and projected households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market'*.

The PPG goes on to set out the types of households to be considered in housing need:

- *'homeless households or insecure tenure (e.g. housing that is too expensive compared to disposable income);*
- *households where there is a mismatch between the housing needed and the actual dwelling (e.g. overcrowded households);*
- *households containing people with social or physical impairment or other specific needs living in unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ*
- *households that lack basic facilities (e.g. a bathroom or kitchen) and those subject to major disrepair or that are unfit for habitation;*
- *households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move.'*

This section presents the results of the four broad stages of the model used to calculate affordable housing need. This section presents a summary of how each of these stages is calculated using locally available data for each individual local authority. An annual estimate of the affordable housing need in the HMA is calculated and the tenure of accommodation most appropriate to meet this need is discussed.

### *Stage 1: Current unmet gross need for affordable housing*

The PPG sets out four particular categories of unsuitable housing that should be specifically identified. These are presented in the table below, which also indicates the number of households in each category and the source of the data. The final column represents the revised total for each of these categories once any double-counting between them has been taken into account. Households can be unsuitably housed for more than one reason so it is important that they are only counted once. The table shows that there are 9,928 households currently in unsuitable housing or lacking their own housing in the HMA and the most common reason for unsuitability is overcrowding. This figure of 9,928 represents 5.7% of all households in the HMA.

<b>Table S.5 Current households who lack their own housing or live in unsuitable housing in the HMA</b>			
<i>Element</i>	<i>Source</i>	<i>Number of households</i>	<i>Revised number of households</i>
Homeless households	Each individual Council's housing register as of July 2016.	1,051	565
Households in temporary accommodation	Section E6 of the Council's P1(E) return for 2 <sup>nd</sup> quarter of 2016 from each Council.	44	0
Overcrowded households	2011 Census modelled to Summer 2016. This was done by calculating the annual change in the number of overcrowded households (in terms of rooms not bedrooms as bedrooms were not included in the 2001 Census) in the HMA recorded in each authority between the 2001 and 2011 Census (set out in tables S053 Household composition by tenure and occupancy rating and table DC4104EW1a Tenure by occupancy rating (rooms) by household composition). The five-year change for each tenure recorded from this source was averaged against the latest five-year change for each tenure recorded nationally by the English Housing Survey (set out in table FA1421 Trend in overcrowding rates by tenure). This average five-year change was applied to the 2011 Census figures for overcrowding in each tenure to derive an estimate for 2016 (set out in table DC4105EW1a - Tenure by occupancy rating (bedrooms) by household composition).	5,712	5,712
Concealed households*	Each individual Council's housing register as of July 2016.	2,706	1,834
Other groups	Each individual Council's housing register as of July 2016. Only households that are on the register due to a category of unsuitable housing are included (excluding overcrowded, temporary, concealed and homeless households accounted for above).	1,817	1,817
<b>Total</b>		<b>11,330</b>	<b>9,928</b>

Source: 2011 Census data modelled to 2016, the HMA Council's Housing Register \*According to the Practice Guidance, concealed households include couples, people with young children and single adults over 25 sharing a kitchen, bathroom or WC with another household.

Some of these households in unsuitable housing are likely to be able to afford alternative accommodation in the market sector without requiring subsidy. The ability of these households to afford the cost of entry-level market housing of the appropriate size is therefore tested. These households are therefore tested for their ability to afford market housing in their authority using an affordability test where the cost of housing can constitute up to 35% of gross income and still be affordable.

As noted earlier, the study is seeking to make a 'policy off' assessment of the housing market, which means that the assumptions used should reflect the workings of the market as it operates currently. A comparison of the median private rent across each authority within the HMA as ascertained from the housing market price survey (set out above) with the median household income in the private rented sector within each authority (using the CACI income profiles summarised above) shows that the on average households in the tenure in Plymouth spend 37.9% of the household income on rent, with households in the tenure in South Hams spending 36.9% on average and those in West Devon spending



36.0% on average. When lower quartile household incomes in the private rented sector are compared to lower quartile rents it can be seen that households at this level in Plymouth typically spend 47.7% of their income on rent, with equivalent households in South Hams spending 51.5% and these households in West Devon spending 48.4%. This suggests that the use of the 35% threshold in fact reflects current typical market practice in the area, rather than being a figure that perpetuates the financial difficulty currently occurring at the lower end of the market. The figure of 35% has also been substantiated through discussions with letting agents and mortgage brokers about the workings of the LOCAL market.

**Feedback required: Do you agree with the use of the threshold of up to 35% of gross income can be spent on rent for it to be still affordable? If you do not is there evidence to use a different threshold – bearing in mind this is a policy off assessment to report the current operation of the housing markets.**

Overall 54.9% (5,451 households) of unsuitably housed households or households lacking their own housing in the HMA are unable to afford market housing and are in current need. For the purposes of the housing needs assessment, households considered to be in housing need have been split into two categories: current occupiers of affordable housing in need that would make the property available when they move (this includes occupiers of Social Rented and shared ownership accommodation that are not living with another household currently), and other households. It is estimated that some 2,851 households in need currently live in affordable housing that would become available for reuse. The table below summarises the first stage of the assessment of affordable housing need as set out by PPG.

<b>Table S.6 Stage 1: Current unmet gross need</b>	
<i>Component</i>	
Homeless households and those in temporary accommodation	1,022
Overcrowded and concealed households	3,367
Other groups	1,062
<b>Total current housing need (gross)</b>	<b>5,451</b>

*Stage 2: Newly arising affordable housing need*

In addition to Current Need, there will also be Newly Arising (ongoing) Need. This forms the second stage of the affordable housing need model. This is split, as per the PPG, into two categories:

- new household formation (× proportion unable to buy or rent in market).
- existing households falling into need.



It is estimated that 3,246 new households will form per year in the HMA. This represents a household formation rate of 1.9%, higher than the figure of 1.7% recorded nationally by the English Housing Survey. The ability of these households to afford the cost of entry-level market housing of the appropriate size is then tested. These households are tested for their ability to afford market housing in their authority using an affordability test where the cost of housing can constitute up to 35% of gross income and still be affordable.

The table below shows details of the derivation of newly arising need from newly forming households. The table shows that 28.5% of newly forming households will be unable to afford market housing in the HMA, which means that there will be an annual affordable housing requirement from 923 newly forming households.

<b>Table S.7 Newly arising need from new household formation (per annum)</b>	
<i>Component</i>	
Number of newly forming households	3,246
Proportion unable to afford entry-level market housing	28.5%
<b>Number of newly forming households requiring affordable accommodation</b>	<b>923</b>

The PPG recommends that the figure for existing households falling into need is derived by looking at recent trends in households applying for affordable housing. Analysis of the re-lets of affordable accommodation within each Council area over the last three years (Summer 2013 to Summer 2016) indicates that 4,290 of the 5,035 approaches in the HMA were from households in housing need. Annualised this is 1,430 (4,290/3) households per year in affordable housing need. Once newly forming households, which have featured in the previous step, have been excluded the resultant number of existing households falling into need in the HMA is 1,092 households per annum.

The table below summarises the second stage of the assessment of affordable housing need as set out by the PPG. It indicates that 2,015 (923+1,092) households will be in newly arising need per annum in the HMA.

<b>Table S.8 Stage 2 Newly arising need (per annum)</b>	
<i>Component</i>	
New household formation (gross per year)	3,246
Proportion of new households unable to buy or rent in the market	28.5%
Existing households falling into need	1,092
<b>Total newly arising housing need (gross per year)</b>	<b>2,015</b>

*Stage 3: Current affordable housing supply*

The PPG indicates that the stock available to offset the current need includes stock from current occupiers of affordable housing in need (2,851 households as indicated above), surplus stock from vacant properties (0 as all Councils record a vacancy rate in the affordable stock that reflects usual turnover in the sector rather than structural problems) and the committed supply of new affordable units (there are 583 new affordable homes currently committed across the HMA). Units to be taken out of management are removed from the calculation, although none apply in this HMA. The table below summarises this stage and shows that there are an estimated 3,484 affordable homes currently available in the HMA area.

<b>Table S.9 Stage 3 Current affordable housing supply</b>	
<i>Component</i>	
Affordable dwellings occupied by households in need	2,851
Surplus stock	0
Committed supply of affordable housing	583
Units to be taken out of management	0
<b>Total affordable housing stock available</b>	<b>3,484</b>

*Stage 4: Future housing supply of social re-lets and intermediate affordable housing*

The future supply of affordable housing is the flow of affordable housing arising from the existing stock that is available to meet future need. It is split between the annual supply of social re-lets and the annual supply of re-lets within the intermediate sector.

The PPG suggests that the annual supply of social re-lets should be based on past trend data over the last three years. CORE data provides an indication of the number of lettings in the Social Rented / Affordable Rented sector. This data source shows that the average number of lettings over the most recent three-year period was 1,670 per annum in the HMA.

Although the amount of intermediate housing available in the stock in the HMA is fairly limited, it is still important to consider to what extent the supply may be able to help those in need of affordable housing. Therefore we include an estimate of the number of intermediate units that become available each year based on applying the re-let rate in the affordable rented sector to the size of the intermediate stock. Our analysis indicates that 96 units of intermediate housing will become available to meet housing needs from the existing stock each year in the HMA.

The total future supply of affordable housing is the sum of the Social Rented supply and the intermediate supply as set out in the table below.

<b>Table S.10 Stage 4 Future supply of all affordable housing (per annum)</b>	
<i>Component</i>	
Annual supply of social/Affordable Rented re-lets	1,670
Annual supply of intermediate housing available for re-let or resale at sub-market levels	96
<b>Annual supply of all affordable housing</b>	<b>1,766</b>

*Estimate of net annual housing need*

The PPG states that the figures in the model need to be converted to annual flows to establish the total need for affordable housing. The first step in this process is to calculate the total net current need. This is derived by subtracting the estimated current affordable housing supply (Stage 3) from the current unmet gross need for affordable housing (Stage 1).

The second step is to convert this total net current need figure into an annual flow. The PPG is not specific as to how this should be done. For the purposes of this study the period of 18 years will be used to fit in with the remaining timeframe of the Local Plans (through to 2034). The final step is to sum the annualised net current need with the total newly arising affordable housing need (Stage 2) and subtract the future annual supply of affordable housing (Stage 4). The table below sets out this process. It leads to a total need for affordable housing of 362 per year in the HMA.

<b>Table S.11 Results of the affordable housing needs model</b>	
<i>Stage in calculation</i>	<i>the HMA</i>
Stage 1: Current unmet gross need for affordable housing (Total) (Table 5.3)	5,451
Stage 2: Newly arising affordable housing need (Annual) (Table 5.5)	2,015
Stage 3: Current affordable housing supply (Total) (Table 5.6)	3,434
Stage 4: Future housing supply (Annual) (Table 5.9)	1,766
Stage 5.1 Net current need (Stage 1- Stage 3) (Total)	2,018
Stage 5.2 Annualise net current need (Stage 5.1/20) (Annual)	112
<b>Stage 5.3 Total need for affordable housing (Stage 2+ Stage 5.2 – Stage 4) (Annual)</b>	<b>362</b>
Total gross annual need (Stage 1/20 + Stage 2) (Annual)	2,318
Total gross annual supply (Stage 3/20 + Stage 4) (Annual)	1,957

*Type of affordable home required*

As discussed above, a range of affordable products is available to meet affordable housing need in the HMA. This analysis will consider the suitability of these different products for meeting affordable housing need. As the products are not linear in terms of their cost (for

example in some instances shared ownership housing with a 50% equity share is more expensive than Rentplus, but in other cases the reverse is true) each product is tested individually. The table below illustrates how many households in affordable housing need in the HMA are able to afford the different affordable products. Several intermediate options are affordable to some households so the table presents the maximum number of households able to afford each product. Households can therefore be included in more than one row. The only exception is the final row which includes only households unable to afford a product more expensive than Social Rent. The Social Rented group also includes those unable to afford any accommodation without support from HB/LHA, as this is the tenure in which these households are most likely to reside.

The table shows that of the 2,318 households in gross need each year in the HMA, 4.3% could afford shared ownership with a 50% share, 26.1% could afford shared ownership with a 25% share, 8.7% could afford Rentplus and 33.7% could afford Affordable Rent. Overall some 59.2% of households in affordable housing need can only afford Social Rent or require support. These figures are based on the products being available at the costs set out in Chapter 3.

<b>Table S.12 Size and type of affordable home required by those in need (cumulative per annum)</b>						
<i>Product</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>	<i>Total (number)</i>	<i>Total (%)</i>
Shared ownership – 50% equity share	54	34	12	0	100	4.3%
Shared ownership – 25% equity share	275	206	96	27	604	26.1%
Rentplus	85	67	35	15	202	8.7%
Affordable Rent	195	242	198	146	781	33.7%
Social Rent/requires assistance	548	453	255	117	1,372	59.2%
<b>All households</b>	<b>867</b>	<b>736</b>	<b>453</b>	<b>263</b>	<b>2,318</b>	<b>100.0%</b>

#### *Sensitivity analysis - affordability threshold*

The results presented are based on using an affordability test where the cost of housing can constitute up to 35% of gross income and still be affordable. The impact of adjusting this affordability threshold is considered in the table below, which details the results of the PPG affordable housing need model across the HMA where the cost of housing could constitute no more than 25% and 30% of gross household income, rather than 35% used in the standard model.

The table indicates that the net requirement would increase from 362 to 711 affordable homes per year in the HMA if 30% of gross household income could be spent on housing

costs. This would increase further to 1,097 affordable homes per year if 25% of income could be spent on housing costs.

<b>Table S.13 Impact of different affordability assumptions on affordable housing requirement in the HMA</b>			
	<i>Rent payable constitutes no more than:</i>		
	<i>35% of gross household income</i>	<i>30% of gross household income</i>	<i>25% of gross household income</i>
Stage 1: Current gross need	5,451	6,249	7,488
Stage 2: Newly arising need	2,015	2,329	2,652
Stage 3: Current supply	3,434	3,582	3,686
Stage 4: Future supply	1,766	1,766	1,766
Stage 5.1 Net current need	2,018	2,667	3,802
Stage 5.2 Annual net current need	112	148	211
<b>Stage 5.3 Total annual need</b>	<b>362</b>	<b>711</b>	<b>1,097</b>

*The private rented sector – a note*

It is important to recognise the role of the benefit-supported private rented sector plays in alleviating the pressure on the affordable housing stock, by housing some households that would otherwise be resident within the sector; however, it is not an official form of affordable housing as defined by the NPPF and should therefore not be considered as part of the supply of affordable housing. Similarly, not all households living in the benefit-supported private rented sector are automatically in housing need, they can however be in housing need for one of the other PPG defined reasons set out above. The model that we set out conforms to these two assumptions (which also comply with the NPPF).

**Feedback required: Do you agree with our assumptions around the private rented sector?**

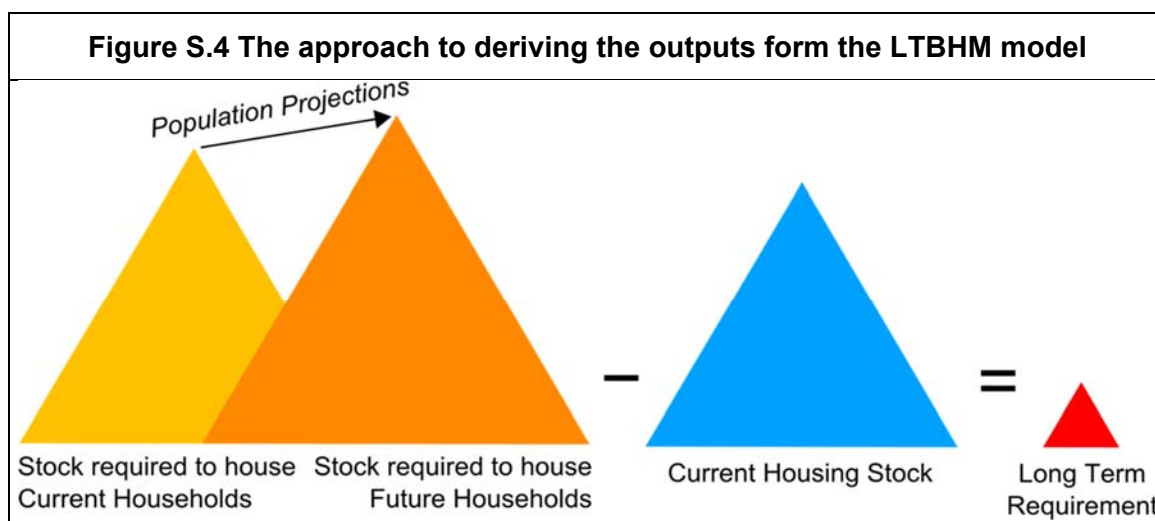
- 1: The private rented sector should not be considered as part of the affordable housing supply within the housing need model.**
- 2: Not all households living in the benefit-supported private rented sector are automatically in housing need, they can however be in housing need for one of the other PPG defined reasons set out above.**

## **Type and tenure of future housing needed**

### *The model*

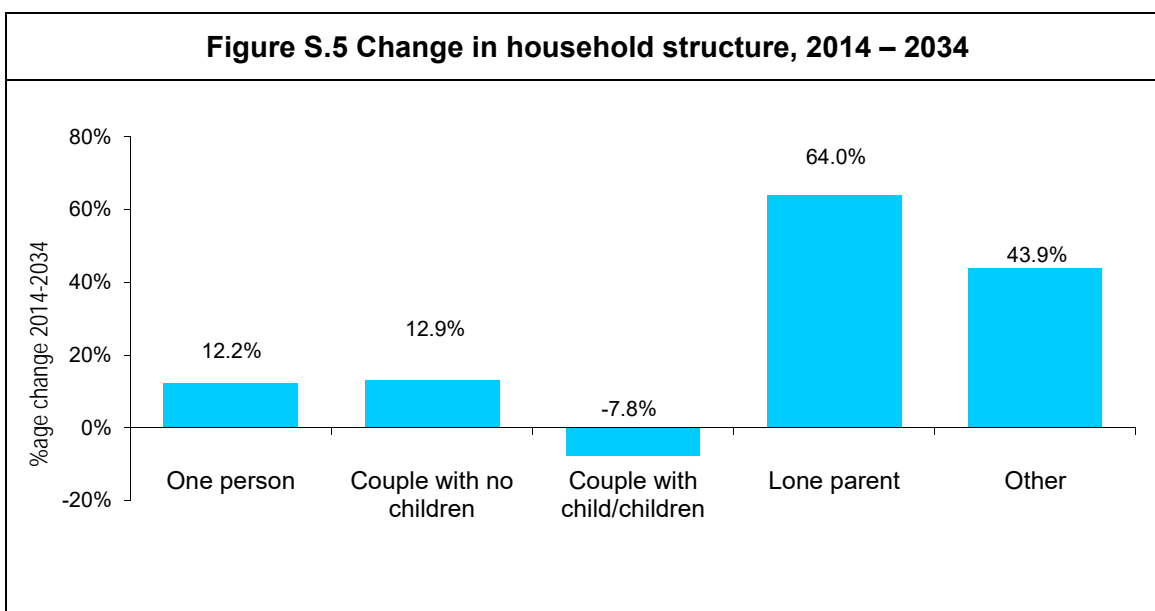
The LTBHM model is used to produce the outputs required by paragraph 021 of the PPG. A step-by-step guide to the model is set out below. The approach is summarised in the following figure.

- The model is based on an understanding of the current stock and how it is occupied currently - to know what to build you need to know what stock there is and how it is used.
  - This means initially determining the existing stock of homes in terms of dwelling size, type and tenure.
  - It is then necessary to gather a profile of the range of accommodation occupied by different household groups currently, which reflects that there is diversity within each household group (for example 25% of pensioner couple households may reside in a three bedroom owner-occupied home and 8% live in a one bedroom social rented dwelling, however this variation reflects the functioning of the market currently).
- Rather than assuming the current usage patterns for each household type will apply to the future population of that household group, the model assesses the current trends in occupation patterns and models their continuation through to the end of the Local Plan period. In addition, a further adjustment is made to counter the existence of overcrowding, which the PPG indicates should be addressed. Households currently overcrowded will therefore be housed in adequately sized accommodation within the model. This means that the future housing stock will better reflect the requirements of the future population in the area.
- This profile of the use of accommodation for each household group can be applied to the size of the household group at the end of the Local Plan period as indicated within the population and household composition set out in the OAN. The model can then identify the profile of accommodation required to adequately house the profile of future households within the OAN.
- Lastly, the difference between this and the current stock profile indicates the additional dwellings required. Therefore the current stock is deducted from the future requirement and the total number of new dwellings required is disaggregated by tenure firstly and then by size and type within each tenure.



### Demographic projections

The household and population projections associated with the Objectively Assessed Need calculation presented in the Part 1 Study have been further disaggregated into different household groups. The figure below indicates the change in these household types that will occur between 2014 and 2034. The figure indicates that the number of lone parent households are expected to increase the most in the HMA, followed by other households. Couples with children are projected to decrease in number.



### Tenure of housing required

The table below shows the tenure profile required by households resident in the HMA in 20 years' time in comparison to the tenure profile recorded currently. The difference between these two distributions is the change required to the housing stock over this



period. The results show that 53.1% of new housing should be owner-occupied, 22.5% private rented, 6.1% should be shared ownership and 18.3% Social Rent/Affordable Rent.

<b>Table S.14 Tenure of new accommodation required in the HMA over the next 20 years</b>				
<i>Tenure</i>	<i>Current tenure profile (2014)</i>	<i>Tenure profile 2034</i>	<i>Change required</i>	<i>% of change required</i>
Owner-occupied	106,770	120,412	13,642	53.1%
Private rent	34,521	40,317	5,797	22.5%
Shared ownership	1,635	3,200	1,565	6.1%
Social Rent/Affordable Rent	28,552	33,263	4,711	18.3%
Total	171,478	197,192	25,714	100.0%

*Size of housing required within each tenure*

The table below presents the size of owner-occupied accommodation required in the HMA in 20 years' time in comparison to the size profile recorded in the sector currently. The implied change to the housing stock is also presented. The table shows that some 34.7% of new owner-occupied dwellings should be three bedroom homes, with 31.0% being two bedroom units, 23.0% should have four or more bedrooms and 11.2% one bedroom accommodation.

<b>Table S.15 Size of new owner-occupied accommodation required in the HMA over the next 20 years</b>				
<i>Dwelling size</i>	<i>Current size profile (2014)</i>	<i>Size profile 2034</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	4,277	5,809	1,531	11.2%
Two bedroom	24,846	29,078	4,233	31.0%
Three bedroom	50,214	54,948	4,734	34.7%
Four or more bedrooms	27,433	30,577	3,144	23.0%
Total	106,770	120,412	13,642	100.0%

This analysis can be repeated for private rented housing and is presented in Table 4.5. The data indicates that of the 5,997 private rented dwellings required within the HMA, 29.8% should be three bedroom properties with a further 26.0% should be two bedroom homes. Some 20.4% of dwellings should be single bedroom accommodation and 23.8% should have four or more bedrooms.



**Table S.16 Size of new private rented accommodation required in the HMA over the next 20 years**

<i>Dwelling size</i>	<i>Current size profile (2014)</i>	<i>Size profile 2034</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	9,106	10,328	1,222	20.4%
Two bedroom	12,382	13,943	1,561	26.0%
Three bedroom	8,749	10,535	1,786	29.8%
Four or more bedrooms	4,284	5,711	1,428	23.8%
Total	34,521	40,517	5,997	100.0%

Table 4.6 sets out the equivalent analysis for shared ownership. The data indicates that of the 1,565 shared ownership dwellings required within the HMA, 34.3% should be two bedroom properties with a further 27.7% one bedroom accommodation. Some 21.8% should have three bedrooms and 16.2% should have four or more bedrooms.

**Table S.17 Size of new shared ownership accommodation required in the HMA over the next 20 years**

<i>Dwelling size</i>	<i>Current size profile (2014)</i>	<i>Size profile 2034</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	333	767	434	27.7%
Two bedroom	541	1,077	536	34.3%
Three bedroom	536	878	342	21.8%
Four or more bedrooms	225	478	253	16.2%
Total	1,635	3,200	1,565	100.0%

The table below shows the size of accommodation required in the Affordable Rented/Social Rented sector. The table shows that of the 4,711 additional Affordable Rented units required within the HMA over the next 20 years, 30.8% should have four bedrooms, 30.0% one bedroom, 20.7% two bedrooms and 18.5% three bedrooms.

<b>Table S.18 Size of new Social Rent/Affordable Rent required in the HMA over the next 20 years</b>				
<i>Dwelling size</i>	<i>Current size profile (2014)</i>	<i>Size profile 2034</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	9,056	10,469	1,412	30.0%
Two bedroom	10,527	11,504	977	20.7%
Three bedroom	8,310	9,179	869	18.5%
Four or more bedrooms	659	2,111	1,453	30.8%
Total	28,552	33,263	4,711	100.0%

### **Requirements of specific groups of the population**

The NPPF indicates that a SHMA should ensure all subgroups of the population are addressed.

#### *Housing Needs of Older People*

The Objectively Assessed Need projections indicate that the population aged 65 or over is going to increase dramatically over the plan period from 81,778 in 2014 to 115,571 in 2034, a rise of 41.3%. Given the dramatic growth in the older population and the higher levels of disability and health problems amongst older people there is likely to be an increased requirement for specialist housing options moving forward. To consider the ability of specialist accommodation to meet the requirements of this group we have used the Strategic Housing for Older People tool developed by the Housing Learning and Improvement Network. It should be noted that this tool is only driven by demographic changes and does not take into account peoples' aspirations as to what form of accommodation they would prefer.

This tool indicates that if the current rate of occupation across the HMA is maintained an additional 2,462 units of sheltered and extracare housing will be required between 2014 and 2034. Considering both the current tenure split within this sector and the most appropriate tenure to accommodate older person households generally a requirement for 790 affordable and 1,672 market specialist units is identified. This requirement forms part of the overall Objectively Assessed Need required over the Local Plan period in the HMA.

As well as the need for specialist housing for older people there will also be an additional requirement for Registered Care. The Strategic Housing for Older People tool indicates there will be a requirement for 2,992 additional spaces in this accommodation between 2014 and 2034 if current occupation patterns continue. This additional accommodation is required to meet the future institutional population and therefore does not form part of the new housing to meet the Objectively Assessed Need.

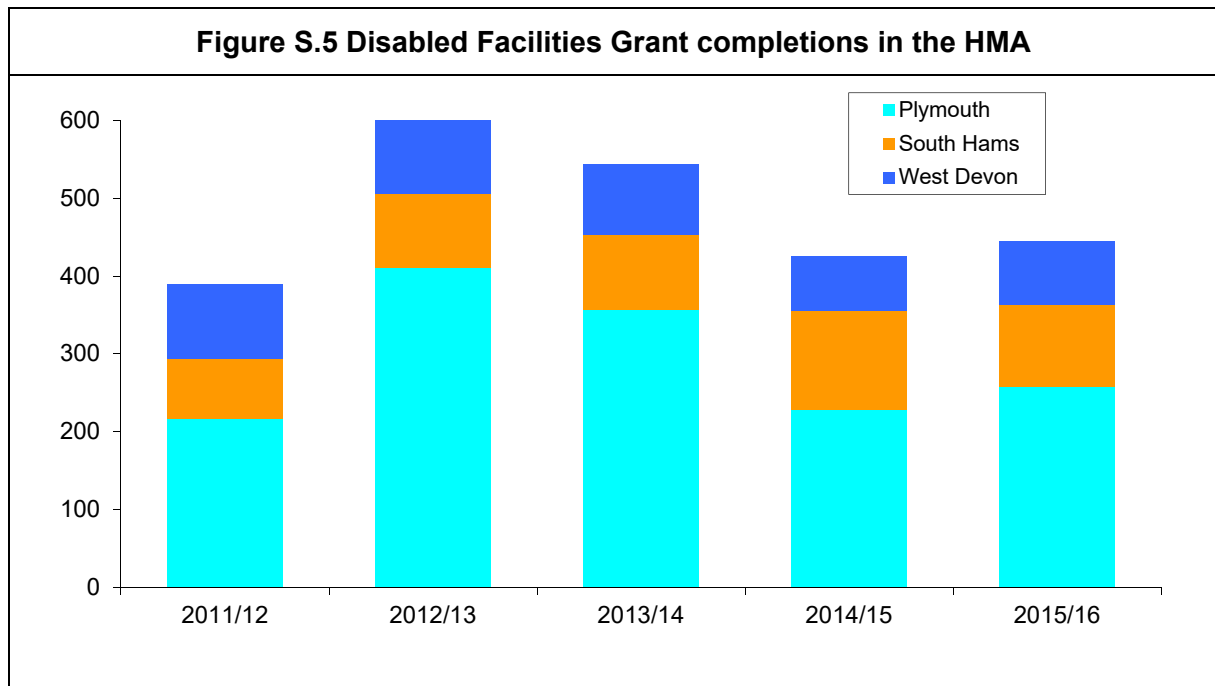
### *Households with specific needs*

The Census indicates that, in 2011, some 20.1% of the resident population in the HMA had a long-term health problem or disability. Further analysis shows some 46.8% of all residents with a long-term health problem or disability in the HMA had a condition that limited day-to-day activities a lot, with 53.2% having a condition that limited activities a little.

The Projecting Older People Information System (POPPI) website and the parallel Projecting Adult Needs and Service Information (PANSI) model the likely future incidence of a range of health issues for each authority in England. The number of people projected to have one of four health issues over the next fifteen years in the HMA has been derived from this source. The four issues chosen are broad health categories presented to provide the most useful general information for this report. The data from PANSI and POPPI is based on current and recent prevalence rates and whilst these may vary in the future, the figures provide a useful baseline estimate.

The data shows that the number of those aged 65 or over with a limiting long-term illness that limits them a lot is expected to increase by 40.4% between 2015 and 2030 across the HMA. This compares to a decrease of 2.6% in the number of people aged 18-64 with a serious physical disability, a decrease of 3.0% in the number of people aged 18-64 with a common mental health disorder and an increase of 2.5% in the number of people with a moderate or severe learning disability.

In addition to specialist accommodation, the Councils help people to remain in their current home by providing support and assistance. The figure below shows the number of Disabled Facilities Grants that have been completed between 2011/12 and 2015/16 in each authority within the HMA. The figure shows that the requirement for these services has increased notably over this period in South Hams and Plymouth, and decreased notably in West Devon



Source: HMA Councils, 2016

#### *Families with children*

The Census indicates that 33.0% of the household population were families with children, a figure lower than the regional figure (33.1%) and the national average (36.0%). Within the HMA, Plymouth records the largest proportion of family households (34.1%), followed by South Hams (31.6%) and finally West Devon (30.6%).

The Objectively Assessed Need projections indicate that the total population of families with children in the HMA is going to rise from 56,247 in 2014 to 63,558 by 2034 and the proportion of lone parent families within this group will grow from 28.9% in 2014 to 42.0% in 2034. The table below shows the projected accommodation profile for family households in the HMA in 2034 derived from the LTBHM model, presuming that households do not have to reside in overcrowded accommodation.

Dwelling size	Owner-occupation	Private rented	Shared ownership	Social Rent/ Affordable Rented	Total
One bedroom	0.0%	0.0%	0.0%	0.0%	0.0%
Two bedrooms	8.2%	7.5%	0.6%	8.5%	24.8%
Three bedrooms	29.1%	9.1%	0.7%	12.0%	50.9%
Four or more bedrooms	18.4%	3.7%	0.5%	1.7%	24.4%
<b>Total</b>	<b>55.8%</b>	<b>20.2%</b>	<b>1.8%</b>	<b>22.2%</b>	<b>100.0%</b>

### *Students*

All of the higher education establishments in the HMA are located in Plymouth, which has a significant student population. There are four main institutions specialising in further or higher education in Plymouth; Plymouth University, the University of St Mark and St John, City College Plymouth and Plymouth College of Art. Each institution was contacted and asked about the current accommodation provision for its students, what expectations they have for future growth and where this growth will be accommodated.

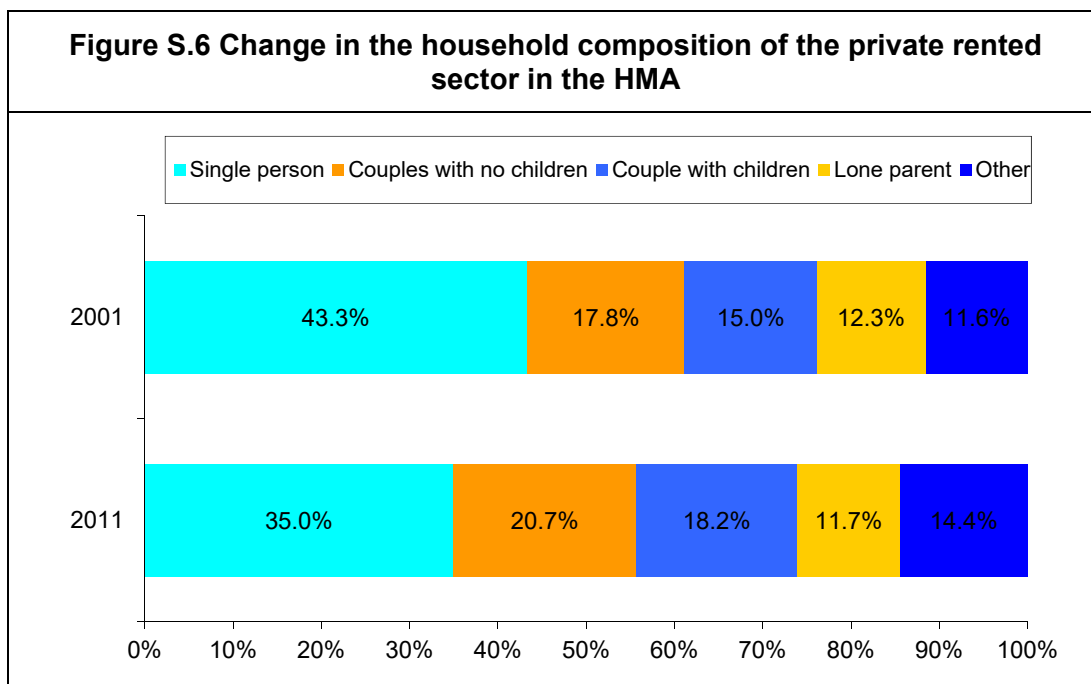
Both the University of St Mark and St John and the Plymouth College of Art have plans to expand, which could have an impact on the housing market. Based on the assumptions around the accommodation patterns of the additional student population that is hoped to be achieved there will be a requirement for around 220 additional private rented dwellings over ten years from the University of St Mark and St John and a further 75 private rented homes over five years from the Plymouth College of Art. This would equate to an average annual growth of 37 additional private rented homes for the first 5 years and 22 for the next five years. Whilst a growth of 37 private rented households per year in Plymouth appears notable, the increase would represent an average annual growth of the private rented sector of just 0.2%. The average annual increase in the private rented sector between 2001 and 2011 was 6.5% in Plymouth, which suggests that the housing market should be able to absorb the growth required in the private rented sector to house the expanding student population comfortably.

### *Service Families*

There is a significant military presence in Plymouth and we are awaiting a response from them to determine the potential impact on the market.

### *The Private Rented Sector*

The private rented sector is becoming increasingly important in the HMA, the Census indicates that it increased by 56.8% in the HMA between 2001 and 2011. The figure below compares the household composition of the private rented sector in the HMA in 2001 to the profile of households resident in this tenure in the HMA in 2011. The data shows that not only has the private rented sector expanded, but the households in it have diversified.



Source: 2001 and 2011 Census

The report *'Who Lives in the Private Rented Sector'* published in January 2013 by the British and Social Housing Foundation estimates that nationally around a quarter of private tenants are in receipt of Local Housing Allowance. In the HMA the figure is 34.5%, with variation between the constituent authorities (35.5% in Plymouth, 28.3% in South Hams and 36.9% in West Devon). Further analysis shows that the number of private rented tenants in receipt of Local Housing Allowance across the HMA has decreased by 10.9% between August 2012 and August 2016, with all component authorities recording only a marginal change (a decrease of 9.7% in Plymouth, a fall of 16.2% in South Hams and a drop of 11.7% in West Devon).

#### *People wishing to build their own homes*

It should be noted that the NPPF specifically refers to *people wishing to build their own homes* within the examples cited in paragraph 159. All the individual HMA Councils have launched a list for people interested in undertaking a self-build development to register themselves. Currently there are six households signed-up across South Hams and West Devon, however a more formal register is planned to go live as this report is being prepared. In Plymouth there are currently 61 households on the Right to Build Register and 269 on the mailing list. Following the initial rush when the Register was released on 1 April, on average of 2 households are joining the register each week.

#### **Consultation response**

As indicated in the bullet points at the start of the executive summary, the report is at draft stage only and as part of the development of the study we are seeking to consult with key stakeholders to ascertain feedback on both the findings so far, but more importantly the assumptions that have been used to achieve them. We would therefore welcome a

response from all participants to the consultation process, particularly around their specific areas of knowledge. The key assumptions that we would most welcome feedback on are set out below but all comments would be useful.

1. Do the house prices set out in figure S.2 reflect your knowledge of the market? Do you agree with the use of the lower-quartile as the entry-point?
2. Do the rents set out in figure S.3 reflect your knowledge of the market? Do you agree with the assumption that single persons 35 or under are likely to live in shared accommodation in the private rented sector?
3. Considering your knowledge of the local housing market are the intermediate housing models set out in table S.3 and S.4 accurately priced?
4. Do you agree with the use of the threshold of up to 35% of gross income can be spent on rent for it to be still affordable within the affordable housing needs model? If you do not is there evidence to use a different threshold – bearing in mind this is a policy off assessment to report the current operation of the housing markets.
5. Do you agree that the private rented sector should not be considered as part of the affordable housing supply within the housing need model?
6. Do you agree that not all households living in the benefit-supported private rented sector are automatically in housing need, they can however be in housing need for one of the other PPG defined reasons.

Please return your feedback to... by... and it will be incorporated into the report – all responses will be summarised in the appendices to the report and the consequences of the feedback to the reports development will also be set out.

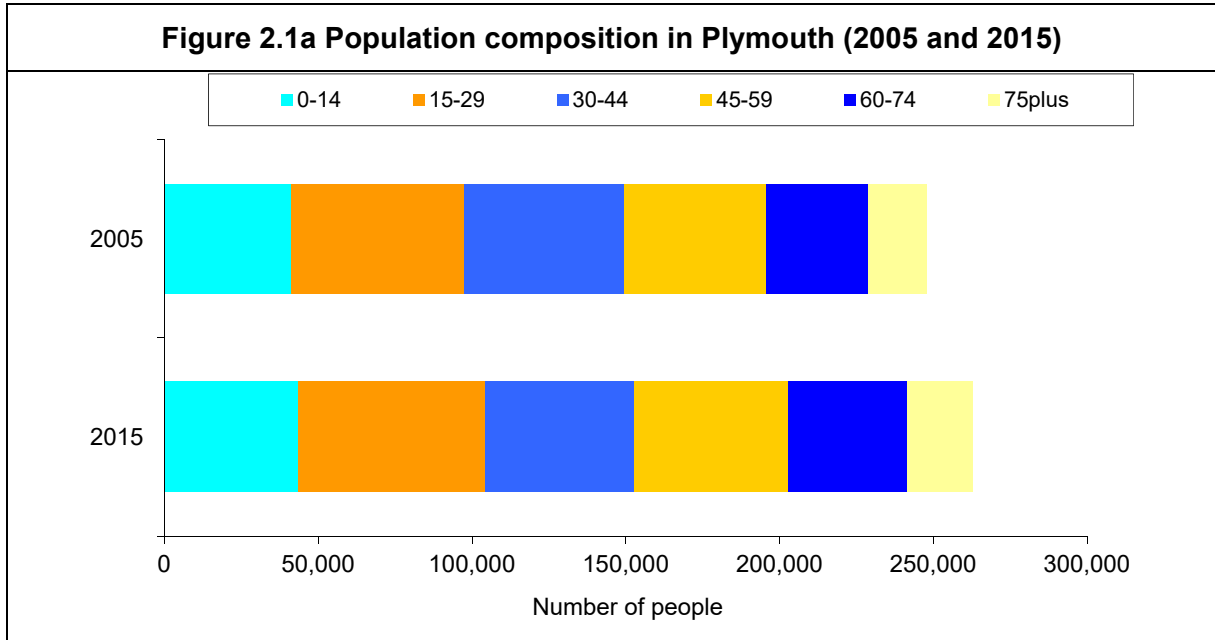
Please send your responses to #####

Thank you in advance for your help.

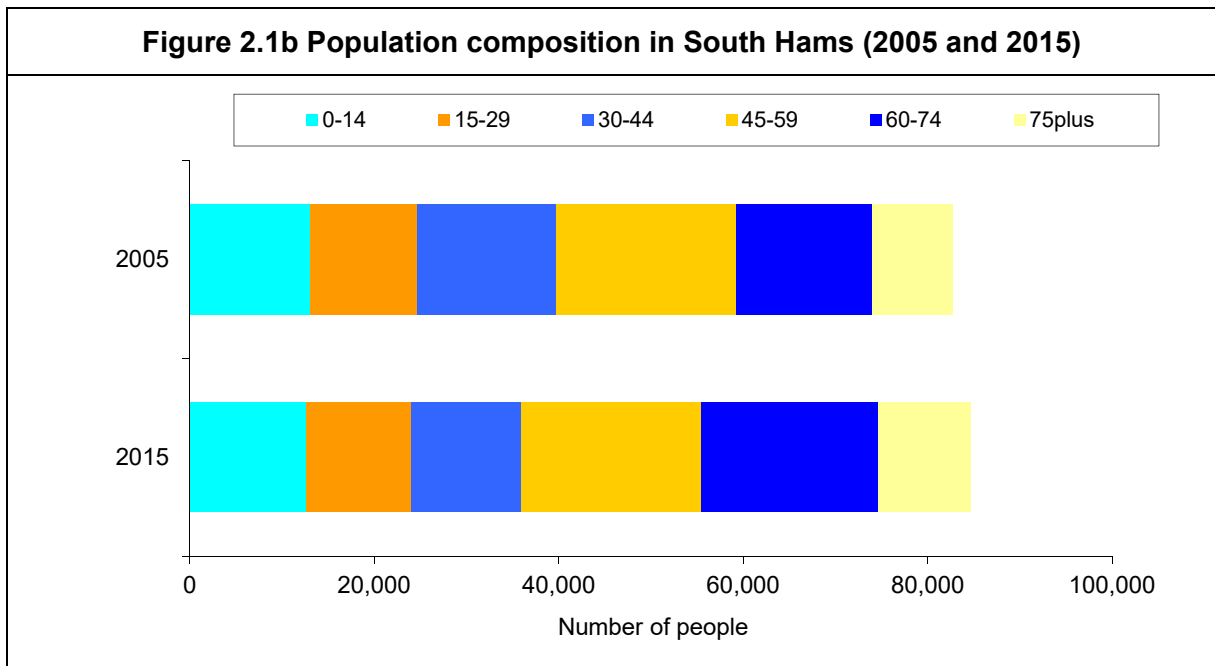




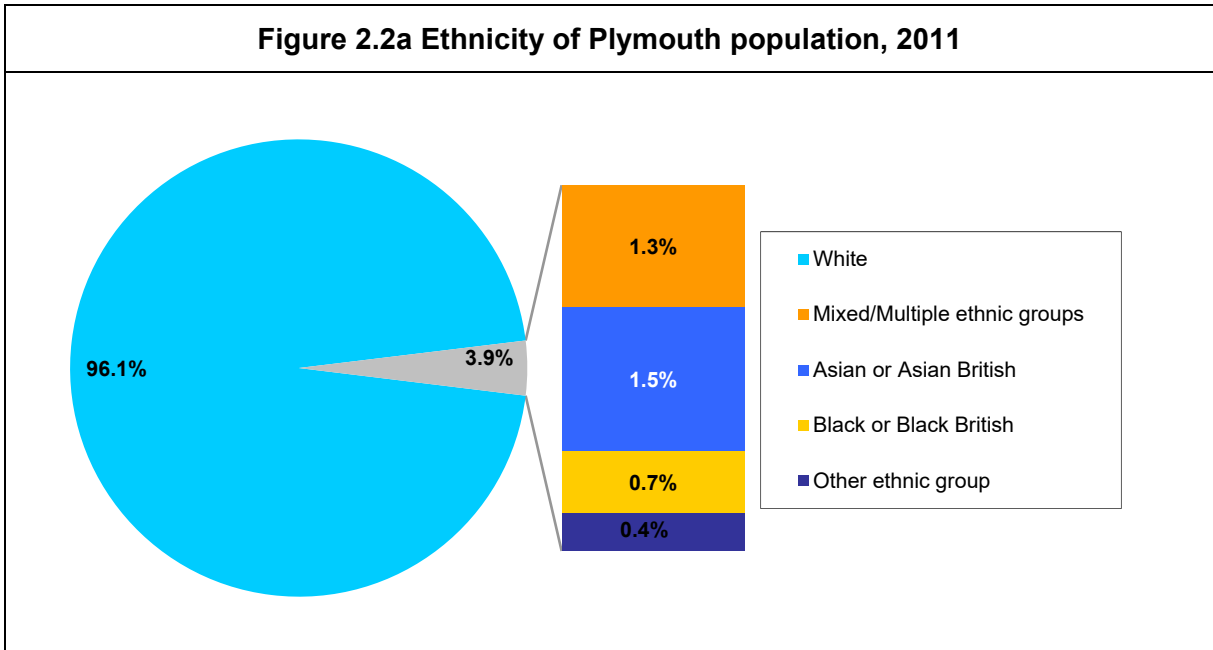
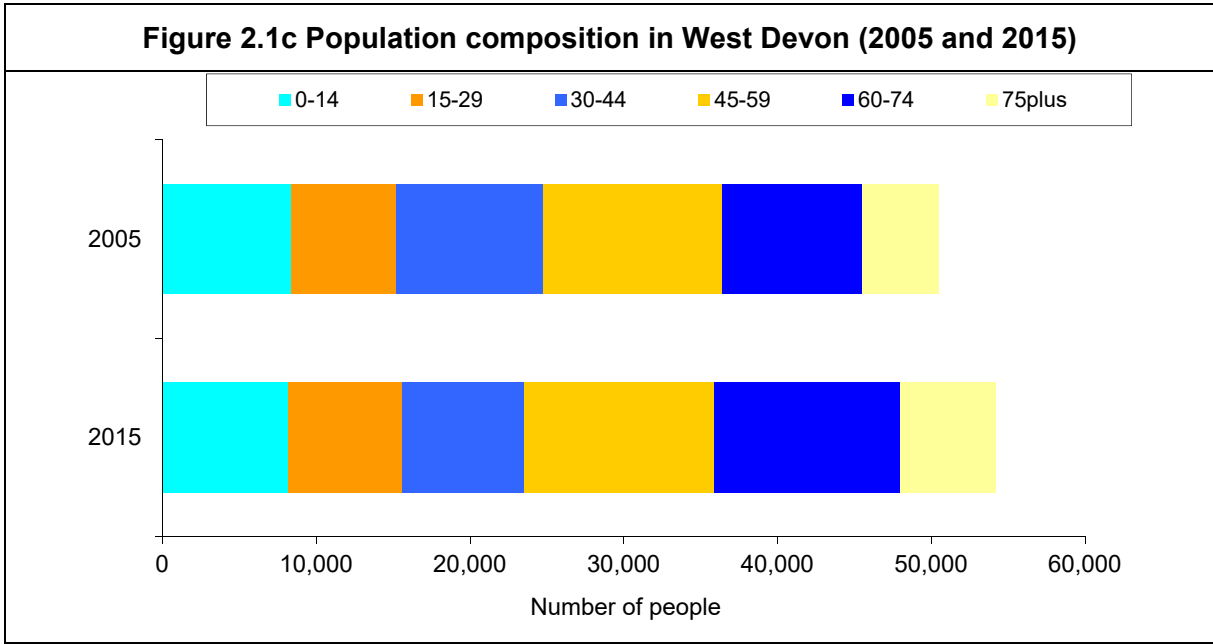
## Appendix 2. Further local authority-level detail on socio-economic situation



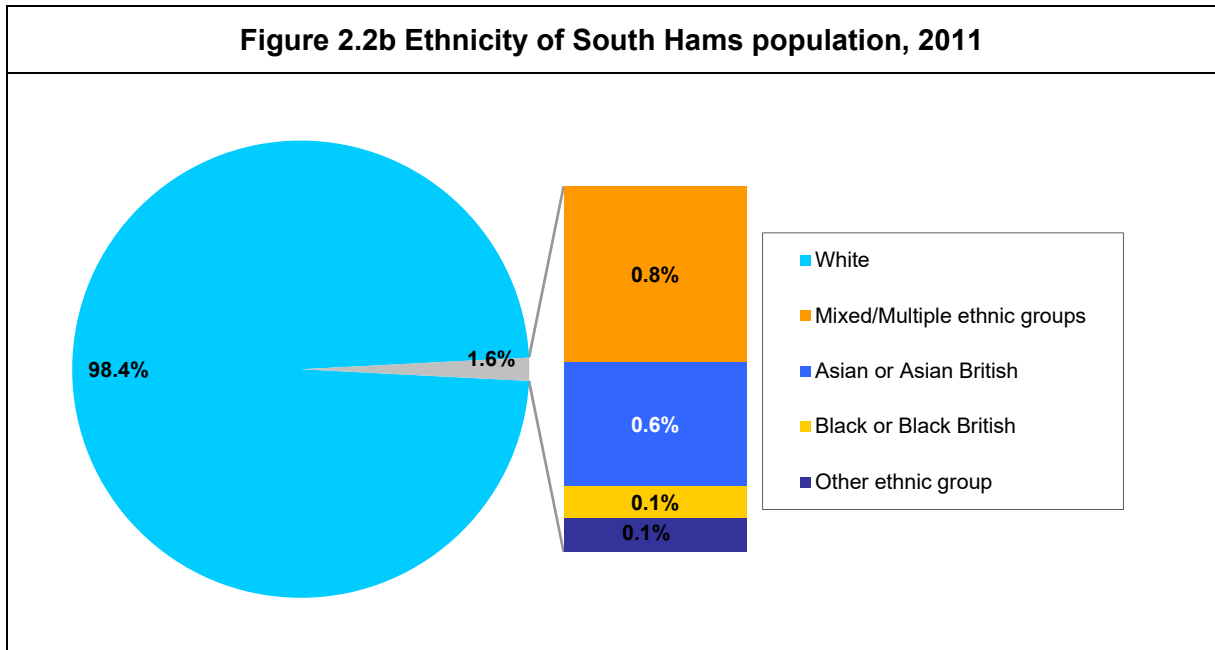
Source: ONS Population estimates, 2016



Source: ONS Population estimates, 2016

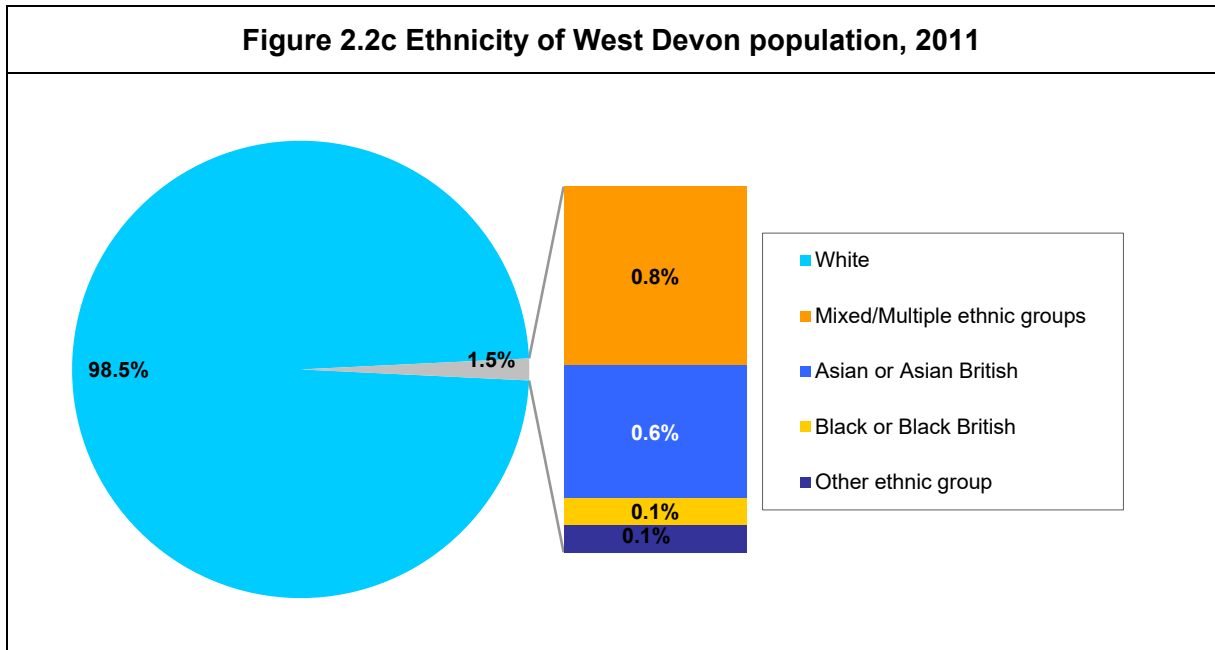


**Figure 2.2b Ethnicity of South Hams population, 2011**



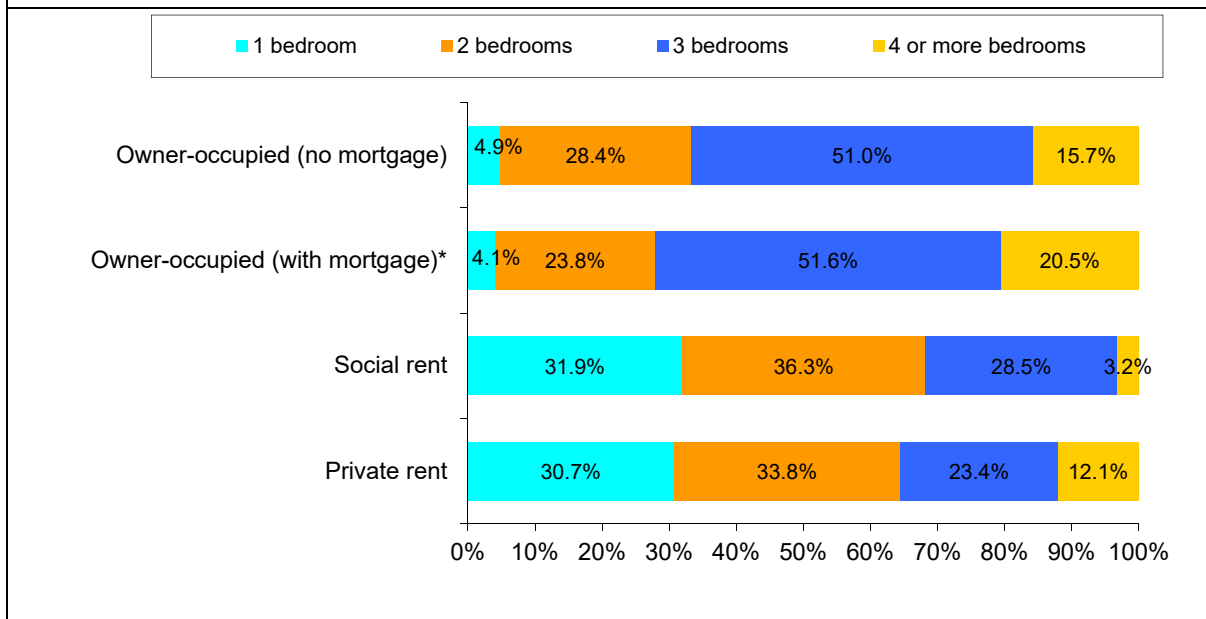
Source: 2011 Census

**Figure 2.2c Ethnicity of West Devon population, 2011**



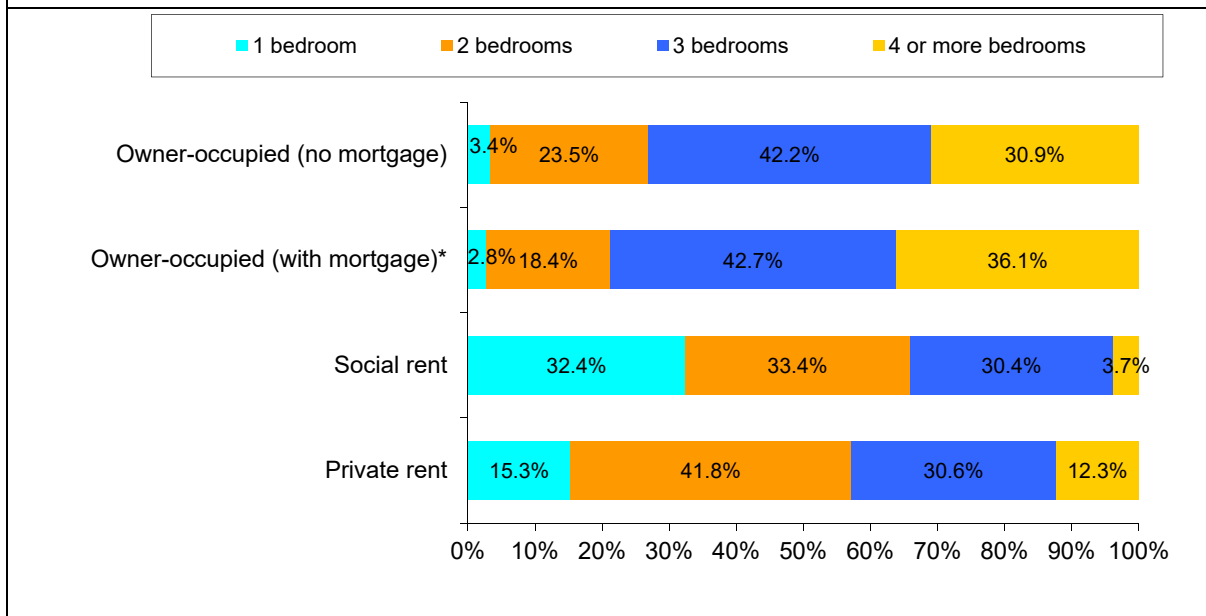
Source: 2011 Census

**Figure 2.13a Dwelling size within each tenure in Plymouth, 2011**

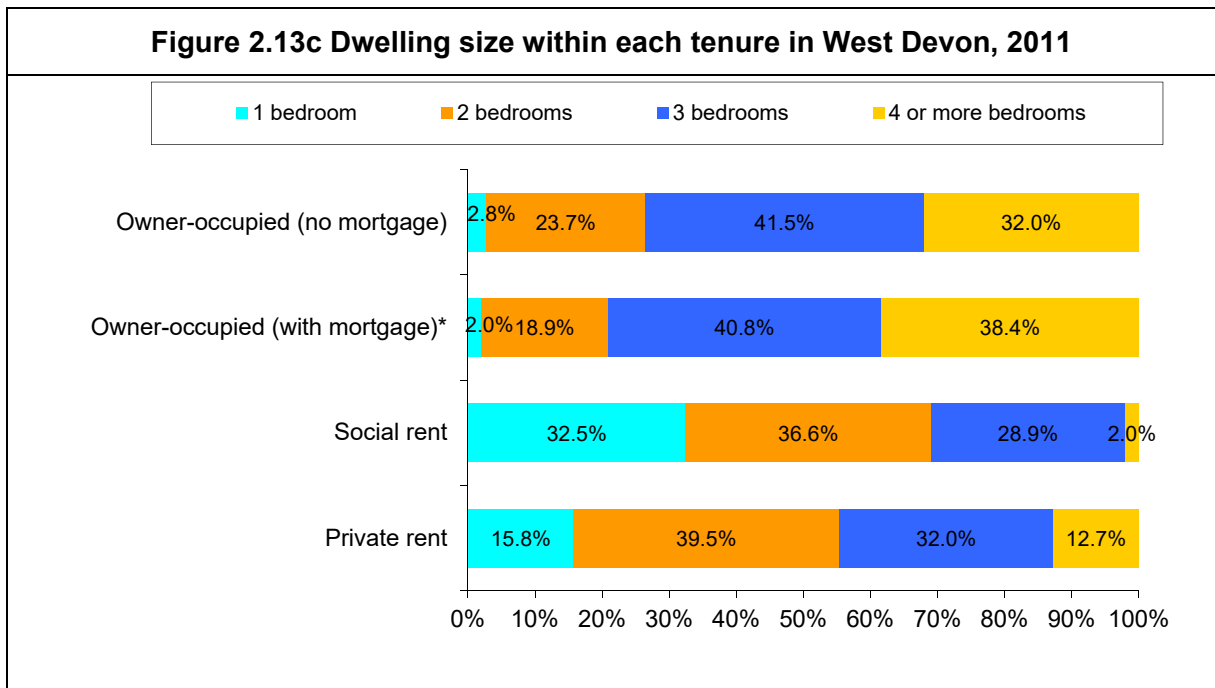


Source: 2011 Census \*Includes shared ownership

**Figure 2.13b Dwelling size within each tenure in South Hams, 2011**



Source: 2011 Census \*Includes shared ownership



Source: 2011 Census \*Includes shared ownership



## Appendix 3. Evidence to support assumptions used in report

### *Under 35s*

Paragraph 3.11 of the report indicates that shared accommodation is considered as appropriate accommodation for single person household 35 or under. This reflects the market reality in the HMA currently. The Census (Table LC1109EW - Household composition by age by sex) indicates that 7.3% of adults aged 34 or under in the HMA in 2011 lived as a single person household – 92.7% form part of a larger household with other people. Therefore, the assumption that it is reasonable to expect those under 35 that can afford to share a home to actually do this corresponds with the current behaviour of this group and that the appropriate market boundary for under 35s is shared accommodation rather than a one-bedroom home.

In the SHMA we have in effect presumed that 35.4% of single people under 35 can form part of a shared household. The overwhelming majority of these people are newly forming households. The English Housing Survey (EHS) (table FA211) indicates that of all single person newly forming households (including those aged over 35) 34.0% form part of a shared household. Were it possible to interrogate those just under 35 it is very likely that this proportion would be even higher as older single person households are more likely to live alone. The data from the EHS indicates that the assumptions are in line with national occupational behaviours.

Lastly, the vast majority of single persons under 35 in the model are newly forming households. CORE data indicates that over the last two years an average of 479 newly forming households have been housed within affordable accommodation each year. Our model indicates that there are 924 newly forming households that will need affordable housing each year (once those suitable for shared accommodation have been deducted). It is clear therefore that the need arising from this group has not been artificially reduced.

### *The affordability threshold*

Paragraph 5.8 of the report indicates that the affordability test in the affordable housing need model is based on the cost of housing constituting no more than 35% of gross household income.

A comparison of the median private rent across each authority within the HMA as ascertained from the housing market price survey (set out in figure 3.9 and 3.10) with the median household income in the private rented sector within each authority (using the CACI income profiles summarised in figure 2.9) shows that the on average households in the tenure in Plymouth spend 37.9% of the household income on rent, with households in the tenure in South Hams spending 36.9% on average and those in West Devon spending 36.0% on average. When lower quartile household incomes in the private rented sector

are compared to lower quartile rents it can be seen that households at this level in Plymouth typically spend 47.7% of their income on rent, with equivalent households in South Hams spending 51.5% and these households in West Devon spending 48.4%. This suggests that the use of the 35% threshold in fact reflects current typical market practice in the area, rather than being a figure that perpetuates the financial difficulty currently occurring at the lower end of the market.

The figure of 35% has also been substantiated through discussions with letting agents and mortgage brokers about the workings of the LOCAL market. Landlords want to let property at a rent that the tenant can afford so to avoid the expense of recovering rent arrears, evictions and re-letting and lenders want to avoid the expensive repossession process. Both go to some length to ensure properties are affordable to the tenants or occupiers. Letting agents use credit reference agencies (such as Experian) and lenders require potential borrowers to fill out very detailed forms on all aspects of a household's expenditure.

The comments from letting agents were varied (some did not wish to engage). It was clear that multi person households (either living as couples or just together) spend a relatively greater proportion of their income on housing and that for larger properties this may be over 50%. The letting agents considered that this to be affordable – because the household afforded it (as evidenced by the fact that they do not fall into arrears). Lower down the market, at the level we are considering (i.e. the lower quartile point) the general feedback was in the range of 30% to 40% of gross household income - although it was stressed that references are also important.

In addition, there are a range of secondary sources that support the approach taken:

- According to Social Housing (How to assess the affordability of rents, 26 August 2015), 30%-35% of gross income, or 40%-45% of net income, is common.
- We have reviewed the Retail Price Index (RPI) Basket – this is the basket of goods that the ONS base the RPI on. The weighting for rent has increased from 47 in 2001 to 83 in 2016. This is a 57% increase, meaning (in broad terms) that people are generally spending more of their income on rent than they used to. Over the same period the cost of nearly everything else has fallen. The rental weight includes all rents – including social, affordable and market rents. The RPI includes all households in all tenures so is averaged across all – so each basket not only contains rent, but also mortgages and recognises some households own their houses outright.
- The Government's Money Advice Service suggests that on average families require a minimum income of £18,180 including a housing cost component of £8,028 or 44% of total costs.
- According to the English Housing Survey (EHS) 2014/15, on average, those buying their home with a mortgage spend 19% of their income on mortgage payments, whereas rent payments were (on average) 31% of income for Social Renters, and



43% of income for private renters. Excluding housing benefit, the average proportion of income spent on rent was 42% for Social Renters and 52% for private renters.

All of these data sources indicate that taking 35% as the threshold for our work is robust.



## Appendix 4. Local authority-level results for the type and tenure of future housing needed

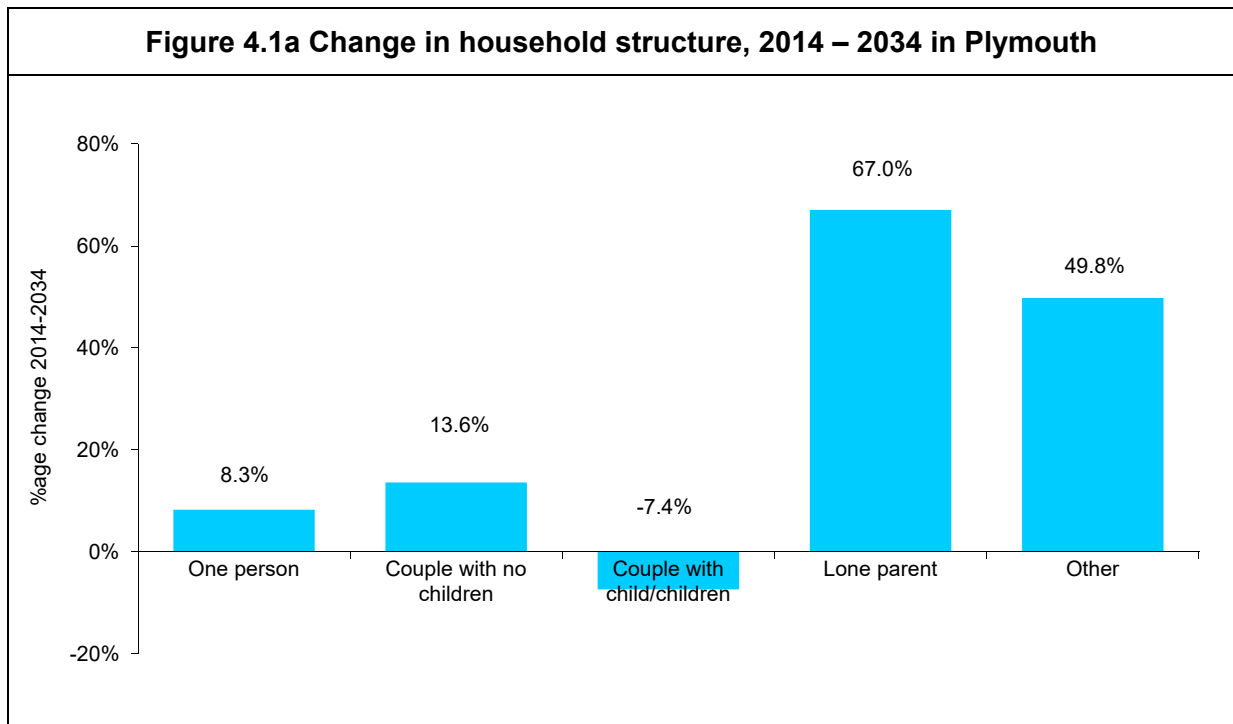
### Plymouth

#### *Demographic projections*

The household and population projections associated with the Objectively Assessed Need calculation presented in the Part 1 Study have been further disaggregated into different household groups. The table below sets out the number of households that will be resident in Plymouth in 2034 disaggregated by broad household type. The current (2014) household profile is also presented as a reference point.

<i>Household type</i>	<i>2014 Number</i>	<i>2034 Number</i>	<i>2034 Percentage</i>
One person	34,622	37,481	29.1%
Couple with no children	29,247	33,228	25.8%
Couple with child/children	25,793	23,894	18.6%
Lone parent	11,684	19,518	15.2%
Other	9,723	14,564	11.3%
Total	111,070	128,685	100.0%

The figure below indicates the change in these household types that will occur between 2014 and 2034. The figure indicates that the number of lone parent households are expected to increase the most in Plymouth (albeit from a low base), followed by 'other' households. Couples with children are projected to fall in number.



*Tenure of housing required*

The table below shows the projected tenure profile for Plymouth in 20 years' time. The data shows that in 2034 the housing stock in Plymouth should comprise 56.0% owner-occupied dwellings, 22.8% private rented homes, 1.6% shared ownership properties and 19.6% Social Rented/Affordable Rented accommodation.

**Table 4.2a Projected tenure profile in 2034 in Plymouth**

Tenure	Number	Percentage
Owner-occupied	72,052	56.0%
Private rented	29,353	22.8%
Shared Ownership	2,117	1.6%
Social Rent/Affordable Rent	25,164	19.6%
Total	128,685	100.0%

The table below shows the tenure profile required by households resident in Plymouth in 20 years' time in comparison to the tenure profile recorded currently. The difference between these two distributions is the change required to the housing stock over this period. The results show that 51.0% of new housing should be owner-occupied, 24.4% private rented, 5.9% should be shared ownership and 18.6% Social Rent/Affordable Rent.

<i>Tenure</i>	<i>Current tenure profile</i>	<i>Tenure profile 2034</i>	<i>Change required</i>	<i>% of change required</i>
Owner-occupied	63,063	72,052	8,989	51.0%
Private rent	25,054	29,353	4,298	24.4%
Shared ownership	1,072	2,117	1,045	5.9%
Social Rent/Affordable Rented	21,881	25,164	3,283	18.6%
Total	111,070	128,685	17,615	100.0%

The model is able to also provide detail on the size of new dwellings required within each tenure, as is set out in the section below.

*Size of housing required within each market tenure*

The table below presents the size of owner-occupied accommodation required in Plymouth in 20 years' time in comparison to the size profile recorded in the sector currently. The implied change to the housing stock is also presented.

<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2034</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	3,003	3,938	935	10.4%
Two bedrooms	15,924	18,672	2,748	30.6%
Three bedrooms	32,097	35,392	3,296	36.7%
Four or more bedrooms	12,039	14,050	2,011	22.4%
Total	63,063	72,052	8,989	100.0%

This analysis can be repeated for private rented housing and is presented in the table below.

<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2034</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	7,674	8,579	906	20.1%
Two bedrooms	8,423	9,469	1,046	23.2%
Three bedrooms	5,845	7,226	1,381	30.7%
Four or more bedrooms	3,112	4,278	1,166	25.9%
Total	25,054	29,553	4,498	100.0%

The table below sets out the equivalent analysis for shared ownership housing.

<i>Dwelling size</i>	<i>Current size profile (2014)</i>	<i>Size profile 2034</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	221	525	304	29.1%
Two bedroom	358	698	340	32.6%
Three bedroom	323	540	217	20.8%
Four or more bedrooms	170	353	183	17.5%
Total	1,072	2,117	1,045	100.0%

The table below shows the size of accommodation required in the Affordable Rented/Social Rented sector.

<i>Dwelling size</i>	<i>Current size profile (2014)</i>	<i>Size profile 2034</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	6,900	7,809	909	27.7%
Two bedroom	8,181	8,780	598	18.2%
Three bedroom	6,271	6,910	639	19.5%
Four or more bedrooms	529	1,665	1,136	34.6%
Total	21,881	25,164	3,283	100.0%

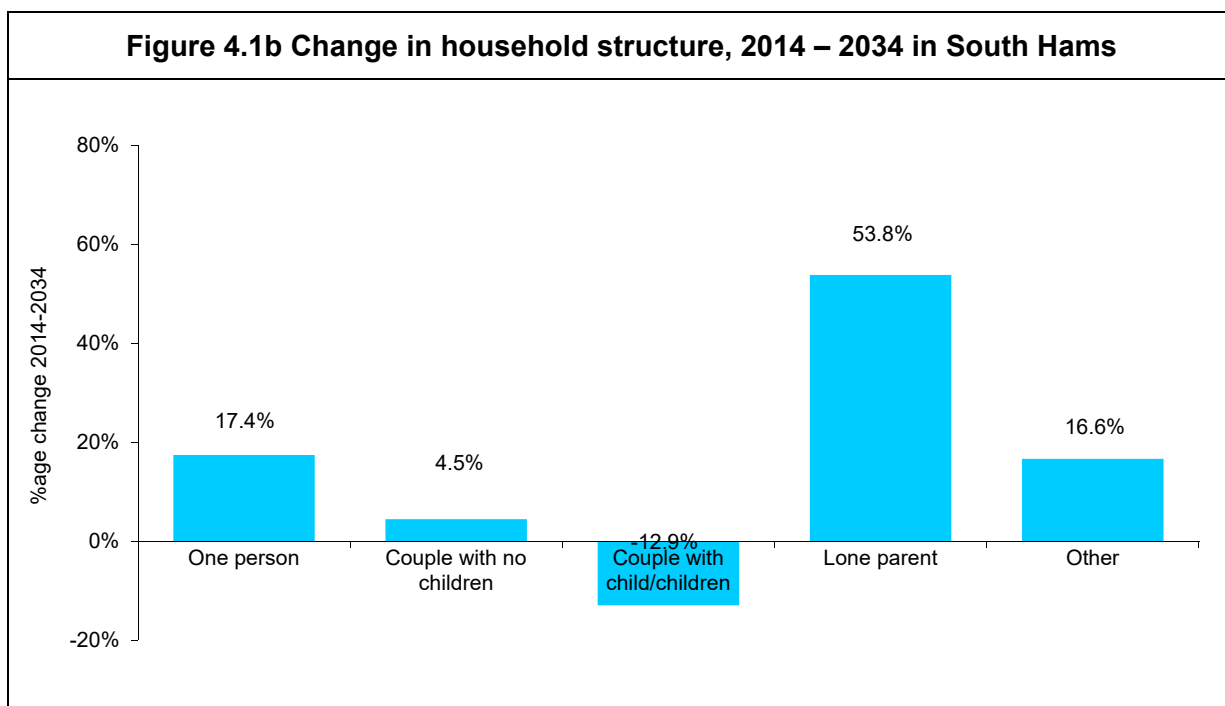
## South Hams

### Demographic projections

The household and population projections associated with the Objectively Assessed Need calculation presented in the Part 1 Study have been further disaggregated into different household groups. The table below sets out the number of households that will be resident in South Hams in 2034 disaggregated by broad household type. The current (2014) household profile is also presented as a reference point.

Household type	2014 Number	2034 Number	2034 Percentage
One person	11,672	13,708	33.6%
Couple with no children	12,431	12,985	31.8%
Couple with child/children	8,625	7,508	18.4%
Lone parent	2,928	4,505	11.0%
Other	1,771	2,066	5.1%
Total	37,428	40,772	100.0%

The figure below indicates the change in these household types that will occur between 2014 and 2034. The figure indicates that the number of lone parent households are expected to increase the most in South Hams, followed by 'other' households. Couples with children are projected to fall in number.



### *Tenure of housing required*

The table below shows the projected tenure profile for South Hams in 20 years' time. The data shows that in 2034 the housing stock in South Hams should comprise 70.2% owner-occupied dwellings, 15.8% private rented homes, 1.7% shared ownership properties and 12.3% Social Rented/Affordable Rented accommodation.

<i>Tenure</i>	<i>Number</i>	<i>Percentage</i>
Owner-occupied	28,603	70.2%
Private rented	6,436	15.8%
Shared Ownership	710	1.7%
Social Rent/Affordable Rent	5,023	12.3%
Total	40,772	100.0%

The table below shows the tenure profile required by households resident in South Hams in 20 years' time in comparison to the tenure profile recorded currently. The difference between these two distributions is the change required to the housing stock over this period. The results show that 52.1% of new housing should be owner-occupied, 18.8% private rented, 8.2% should be shared ownership and 20.8% Social Rent/Affordable Rent.

<i>Tenure</i>	<i>Current tenure profile</i>	<i>Tenure profile 2034</i>	<i>Change required</i>	<i>% of change required</i>
Owner-occupied	26,860	28,603	1,743	52.1%
Private rent	5,808	6,436	628	18.8%
Shared ownership	434	710	276	8.2%
Social Rent/Affordable Rented	4,326	5,023	697	20.8%
Total	37,428	40,772	3,344	100.0%

The model is able to also provide detail on the size of new dwellings required within each tenure, as is set out in the section below.

### *Size of housing required within each market tenure*

The table below presents the size of owner-occupied accommodation required in South Hams in 20 years' time in comparison to the size profile recorded in the sector currently. The implied change to the housing stock is also presented.



<b>Table 4.4b Size of new owner-occupied accommodation required in South Hams over the next 20 years</b>				
<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2034</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	861	1,090	229	13.2%
Two bedrooms	5,445	6,074	629	36.1%
Three bedrooms	11,227	11,794	568	32.6%
Four or more bedrooms	9,328	9,645	316	18.2%
Total	26,860	28,603	1,743	100.0%

This analysis can be repeated for private rented housing and is presented in the table below.

<b>Table 4.5b Size of new private rented accommodation required in South Hams over the next 20 years</b>				
<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2034</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	850	983	133	21.1%
Two bedrooms	2,457	2,691	234	37.2%
Three bedrooms	1,777	1,944	166	26.5%
Four or more bedrooms	723	818	95	15.2%
Total	5,808	6,436	628	100.0%

The table below sets out the equivalent analysis for shared ownership housing.

<b>Table 4.6b Size of new shared ownership accommodation required in South Hams over the next 20 years</b>				
<i>Dwelling size</i>	<i>Current size profile (2014)</i>	<i>Size profile 2034</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	86	153	67	24.2%
Two bedroom	141	253	112	40.7%
Three bedroom	163	220	57	20.6%
Four or more bedrooms	44	84	40	14.5%
Total	434	710	276	100.0%

The table below shows the size of accommodation required in the Affordable Rented/Social Rented sector.

<i>Dwelling size</i>	<i>Current size profile (2014)</i>	<i>Size profile 2034</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	1,406	1,663	257	36.8%
Two bedroom	1,481	1,654	173	24.9%
Three bedroom	1,344	1,450	106	15.2%
Four or more bedrooms	96	257	161	23.1%
Total	4,326	5,023	697	100.0%

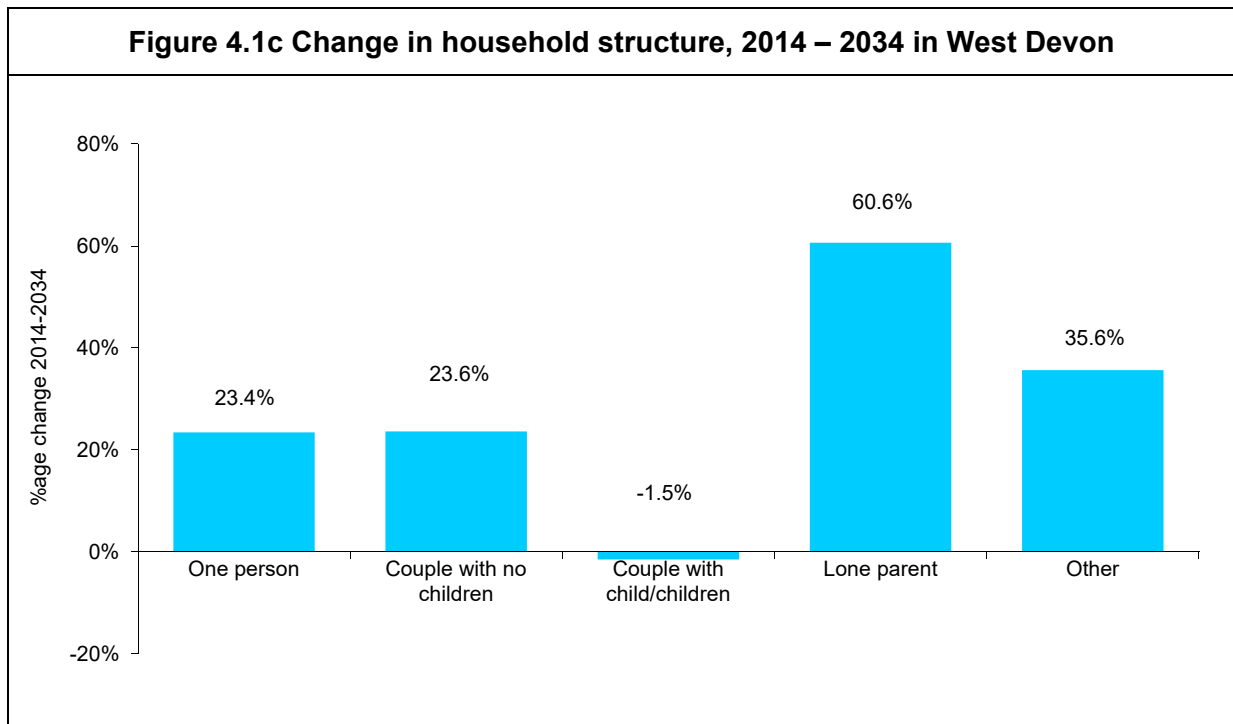
## **West Devon**

### *Demographic projections*

The household and population projections associated with the Objectively Assessed Need calculation presented in the Part 1 Study have been further disaggregated into different household groups. The table below sets out the number of households that will be resident in West Devon in 2034 disaggregated by broad household type. The current (2014) household profile is also presented as a reference point.

<i>Household type</i>	<i>2014 Number</i>	<i>2034 Number</i>	<i>2034 Percentage</i>
One person	6,671	8,233	29.7%
Couple with no children	8,020	9,914	35.7%
Couple with child/children	5,565	5,481	19.8%
Lone parent	1,651	2,652	9.6%
Other	1,073	1,455	5.2%
Total	22,980	27,735	100.0%

The figure below indicates the change in these household types that will occur between 2014 and 2034. The figure indicates that the number of lone parent households are expected to increase the most in West Devon, followed by 'other' households. Couples with children are projected to fall in number.



*Tenure of housing required*

The table below shows the projected tenure profile for West Devon in 20 years' time. The data shows that in 2034 the housing stock in West Devon should comprise 71.2% owner-occupied dwellings, 16.3% private rented homes, 1.3% shared ownership properties and 11.1% Social Rented/Affordable Rented accommodation.

**Table 4.2c Projected tenure profile in 2034 in West Devon**

Tenure	Number	Percentage
Owner-occupied	19,757	71.2%
Private rented	4,529	16.3%
Shared Ownership	373	1.3%
Social Rent/Affordable Rent	3,076	11.1%
Total	27,735	100.0%

The table below shows the tenure profile required by households resident in West Devon in 20 years' time in comparison to the tenure profile recorded currently. The difference between these two distributions is the change required to the housing stock over this period. The results show that 61.2% of new housing should be owner-occupied, 18.3% private rented, 5.1% should be shared ownership and 15.4% Social Rent/Affordable Rent.

<i>Tenure</i>	<i>Current tenure profile</i>	<i>Tenure profile 2034</i>	<i>Change required</i>	<i>% of change required</i>
Owner-occupied	16,847	19,757	2,910	61.2%
Private rent	3,659	4,529	870	18.3%
Shared ownership	129	373	244	5.1%
Social Rent/Affordable Rented	2,345	3,076	731	15.4%
Total	22,980	27,735	4,755	100.0%

The model is able to also provide detail on the size of new dwellings required within each tenure, as is set out in the section below.

*Size of housing required within each market tenure*

The table below presents the size of owner-occupied accommodation required in West Devon in 20 years' time in comparison to the size profile recorded in the sector currently. The implied change to the housing stock is also presented.

<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2034</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	414	781	367	12.6%
Two bedrooms	3,477	4,332	855	29.4%
Three bedrooms	6,891	7,761	870	29.9%
Four or more bedrooms	6,066	6,883	817	28.1%
Total	16,847	19,757	2,910	100.0%

This analysis can be repeated for private rented housing and is presented in the table below.

**Table 4.5c Size of new private rented accommodation required in West Devon over the next 20 years**

<i>Dwelling size</i>	<i>Current size profile</i>	<i>Size profile 2034</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	582	766	184	21.1%
Two bedrooms	1,502	1,784	282	32.4%
Three bedrooms	1,126	1,364	238	27.4%
Four or more bedrooms	449	615	166	19.1%
Total	3,659	4,529	870	100.0%

The table below sets out the equivalent analysis for shared ownership housing.

**Table 4.6c Size of new shared ownership accommodation required in West Devon over the next 20 years**

<i>Dwelling size</i>	<i>Current size profile (2014)</i>	<i>Size profile 2034</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	26	89	63	25.8%
Two bedroom	42	126	84	34.2%
Three bedroom	50	117	67	27.6%
Four or more bedrooms	11	41	30	12.3%
Total	129	373	244	100.0%

The table below shows the size of accommodation required in the Affordable Rented/Social Rented sector.

**Table 4.7c Size of new Social Rent/Affordable Rent required in the HMA over the next 20 years**

<i>Dwelling size</i>	<i>Current size profile (2014)</i>	<i>Size profile 2034</i>	<i>Change required</i>	<i>% of change required</i>
One bedroom	751	997	246	33.7%
Two bedroom	865	1,070	205	28.0%
Three bedroom	695	819	124	17.0%
Four or more bedrooms	35	190	155	21.3%
Total	2,345	3,076	731	100.0%



## Appendix 5. Local authority-level results for affordable housing need model

### Plymouth

*Estimate of net annual housing need*

Table 5.10a sets out the total need for affordable housing of 189 per year across Plymouth.

<b>Table 5.10a Results of the affordable housing needs model in Plymouth</b>	
Stage in calculation	
Stage 1: Current unmet gross need for affordable housing (Total)	4,470
Stage 2: Newly arising affordable housing need (Annual)	1,433
Stage 3: Current affordable housing supply (Total)	2,707
Stage 4: Future housing supply (Annual)	1,342
Stage 5.1 Net current need (Stage 1- Stage 3) (Total)	1,763
Stage 5.2 Annualise net current need (Stage 5.1/22) (Annual)	98
<b>Stage 5.3 Total need for affordable housing (Stage 2+ Stage 5.2 – Stage 4) (Annual)</b>	<b>189</b>
Total gross annual need (Stage 1/20 + Stage 2) (Annual)	1,682
Total gross annual supply (Stage 3/20 + Stage 4) (Annual)	1,492

### *Overall households in affordable housing need by type (gross)*

The table below gives a breakdown of the gross annual households in need, by household type in Plymouth. The table shows that some 3.8% of 'other' households are in housing need compared to 0.7% of one person households. Overall, other households comprise 22.8% of all households in need.

Household type	Need requirement				
	No. of h'holds in need (gross)	Not in need	Total Number of h'holds	% of h'hold type in need	As a % of those in need
One person	255	34,653	34,908	0.7%	15.2%
Couple with no children	360	29,285	29,645	1.2%	21.4%
Couple with child/children	373	25,820	26,193	1.4%	22.2%
Lone parent	310	11,567	11,877	2.6%	18.4%
Other	383	9,824	10,207	3.8%	22.8%
<b>Total</b>	<b>1,682</b>	<b>111,148</b>	<b>112,830</b>	<b>1.5%</b>	<b>100.0%</b>

*Size of accommodation required*

The table below shows the size of accommodation required by households in housing need in Plymouth. The last column in the table presents the supply as a percentage of need. This is calculated by dividing the estimated supply of the property size by the derived need for that dwelling size. The lower the figure produced, the more acute the need for affordable accommodation in the area, as the current supply is unlikely to meet the identified need.

The table suggests that there is a net need for all sizes of accommodation other than two bedroom homes for which a surplus is recorded (reflecting the relatively large supply of homes of this size). The biggest requirement for four bedroom dwellings. The final column shows that the need relative to supply is the greatest for four bedroom homes. Households in need requiring two bedroom accommodation are most likely to have their need met from the current supply.

Size of home	Need requirement				
	Gross annual need	Gross annual supply	Net annual need	As a % of total net annual need	Supply as a % of gross need
One bedroom	615	537	78	29.9%	87.4%
Two bedrooms	551	622	-71	0.0%	112.9%
Three bedrooms	329	298	32	12.2%	90.3%
Four or more bedrooms	187	36	151	57.9%	19.2%
<b>Total</b>	<b>1,682</b>	<b>1,492</b>	<b>189</b>	<b>100.0%</b>	<b>88.7%</b>



### Type of affordable home required

As discussed in Chapter 3, a range of affordable products is available to meet affordable housing need in Plymouth. As the products are not linear in terms of their cost (for example in some instances shared ownership housing with a 50% equity share is more expensive than Rentplus, but in other cases the reverse is true) each product is tested individually. The table below illustrates how many households in affordable housing need in the HMA are able to afford the different affordable products. Several intermediate options are affordable to some households so the table presents the maximum number of households able to afford each product. Households can therefore be included in more than one row. The only exception is the final row which includes only households unable to afford a product more expensive than Social Rent. The Social Rented group also includes those unable to afford any accommodation without support from HB/LHA, as this is the tenure in which these households are most likely to reside.

The table shows that of the 1,682 households in gross need each year in Plymouth, 5.5% could afford shared ownership with a 50% share, 31.8% could afford shared ownership with a 25% share, 5.2% could afford Rentplus and 30.7% could afford Affordable Rent. Overall some 61.4% of households in affordable housing need can only afford Social Rent or require support. These figures are based on the products being available at the costs set out in chapter 3.

<i>Product</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>	<i>Total (number)</i>	<i>Total (%)</i>
Shared ownership – 40% equity share	47	34	12	0	93	5.5%
Shared ownership – 25% equity share	226	188	94	27	535	31.8%
Rentplus	41	26	17	3	87	5.2%
Affordable Rent	134	147	142	93	516	30.7%
Social Rent/requires assistance	389	363	187	94	1,033	61.4%
<b>All households</b>	<b>615</b>	<b>551</b>	<b>329</b>	<b>187</b>	<b>1,682</b>	<b>100.0%</b>

### Sensitivity analysis - affordability threshold

The results presented this chapter are based on using an affordability test where the cost of housing can constitute up to 35% of gross income and still be affordable. The impact of adjusting this affordability threshold is considered in the table below, which details the results of the PPG affordable housing need model across Plymouth where the cost of housing could constitute no more than 25% and 30% of gross household income, rather than 35% used in the standard model.

<b>Table 5.14a Impact of different affordability assumptions on affordable housing requirement in Plymouth</b>			
	<i>Rent payable constitutes no more than:</i>		
	<i>35% of gross household income</i>	<i>30% of gross household income</i>	<i>25% of gross household income</i>
Stage 1: Current gross need	4,470	5,096	6,213
Stage 2: Newly arising need	1,433	1,605	1,792
Stage 3: Current supply	2,707	2,800	2,881
Stage 4: Future supply	1,342	1,342	1,342
Stage 5.1 Net current need	1,763	2,295	3,332
Stage 5.2 Annual net current need	98	128	185
<b>Stage 5.3 Total annual need</b>	<b>189</b>	<b>391</b>	<b>635</b>

The table indicates that the net requirement would increase from 189 to 391 affordable homes per year in Plymouth if 30% of gross household income could be spent on housing costs. This would increase further to 635 affordable homes per year if 25% of income could be spent on housing costs.

### South Hams

#### *Estimate of net annual housing need*

Table 5.10b sets out the total need for affordable housing of 98 per year across South Hams.

<b>Table 5.10b Results of the affordable housing needs model in South Hams</b>	
Stage in calculation	
Stage 1: Current unmet gross need for affordable housing (Total)	687
Stage 2: Newly arising affordable housing need (Annual)	353
Stage 3: Current affordable housing supply (Total)	451
Stage 4: Future housing supply (Annual)	268
Stage 5.1 Net current need (Stage 1- Stage 3) (Total)	236
Stage 5.2 Annualise net current need (Stage 5.1/20) (Annual)	13
<b>Stage 5.3 Total need for affordable housing (Stage 2+ Stage 5.2 – Stage 4) (Annual)</b>	<b>98</b>
Total gross annual need (Stage 1/20 + Stage 2) (Annual)	391
Total gross annual supply (Stage 3/20 + Stage 4) (Annual)	293

*Overall households in affordable housing need by type (gross)*

The table below gives a breakdown of the gross annual households in need, by household type in South Hams. The table shows that some 5.6% of other households are in housing need compared to 0.6% one person households. Overall, other households comprise 25.6% of all households in need.

<b>Table 5.11b Annual need requirement by household type in South Hams</b>					
<i>Household type</i>	<i>Need requirement</i>				
	<i>No. of h'holds in need (gross)</i>	<i>Not in need</i>	<i>Total Number of h'holds</i>	<i>% of h'hold type in need</i>	<i>As a % of those in need</i>
One person	67	11,809	11,876	0.6%	17.1%
Couple with no children	83	12,404	12,487	0.7%	21.1%
Couple with child/children	87	8,541	8,628	1.0%	22.3%
Lone parent	54	2,917	2,971	1.8%	13.9%
Other	100	1,701	1,801	5.6%	25.6%
<b>Total</b>	<b>391</b>	<b>37,372</b>	<b>37,763</b>	<b>1.0%</b>	<b>100.0%</b>

*Size of accommodation required*

The table below shows the size of accommodation required by households in housing need in South Hams. The last column in the table presents the supply as a percentage of need. This is calculated by dividing the estimated supply of the property size by the derived need for that dwelling size. The lower the figure produced, the more acute the need for affordable accommodation in the area, as the current supply is unlikely to meet the identified need.

The table suggests that there is a net need for all sizes of accommodation other than two bedroom homes for which a surplus is recorded (reflecting the relatively large supply of homes of this size). The biggest requirement for one bedroom dwellings. The final column shows that the need relative to supply is the greatest for four bedroom homes. Households in need requiring two bedroom accommodation are most likely to have their need met from the current supply.

Size of home	Need requirement				
	Gross annual need	Gross annual supply	Net annual need	As a % of total net annual need	Supply as a % of gross need
One bedroom	150	91	59	50.9%	60.6%
Two bedrooms	117	134	-18	0.0%	115.4%
Three bedrooms	79	62	16	14.0%	79.3%
Four or more bedrooms	47	6	41	35.1%	13.1%
<b>Total</b>	<b>391</b>	293	98	100.0%	75.0%

### Type of affordable home required

As discussed in Chapter 3, a range of affordable products is available to meet affordable housing need in South Hams. As the products are not linear in terms of their cost (for example in some instances shared ownership housing with a 50% equity share is more expensive than Rentplus, but in other cases the reverse is true) each product is tested individually. The table below illustrates how many households in affordable housing need in the HMA are able to afford the different affordable products. Several intermediate options are affordable to some households so the table presents the maximum number of households able to afford each product. Households can therefore be included in more than one row. The only exception is the final row which includes only households unable to afford a product more expensive than Social Rent. The Social Rented group also includes those unable to afford any accommodation without support from HB/LHA, as this is the tenure in which these households are most likely to reside.

The table shows that of the 391 households in gross need each year in South Hams, 1.8% could afford shared ownership with a 25% share, 12.3% could afford Rentplus and 45.7% could afford Affordable Rent. Overall some 54.3% of households in affordable housing need can only afford Social Rent or require support. These figures are based on the products being available at the costs set out in chapter 3.

<i>Product</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>	<i>Total (number)</i>	<i>Total (%)</i>
Shared ownership – 40% equity share	0	0	0	0	0	0.0%
Shared ownership – 25% equity share	5	2	0	0	7	1.8%
Rentplus	18	17	9	4	48	12.3%
Affordable Rent	49	66	36	28	179	45.7%
Social Rent/requires assistance	101	51	43	19	212	54.3%
<b>All households</b>	<b>150</b>	<b>117</b>	<b>79</b>	<b>47</b>	<b>391</b>	<b>100.0%</b>

#### **Sensitivity analysis - affordability threshold**

The results presented this chapter are based on using an affordability test where the cost of housing can constitute up to 35% of gross income and still be affordable. The impact of adjusting this affordability threshold is considered in the table below, which details the results of the PPG affordable housing need model across South Hams where the cost of housing could constitute no more than 25% and 30% of gross household income, rather than 35% used in the standard model.

	<i>Rent payable constitutes no more than:</i>		
	<i>35% of gross household income</i>	<i>30% of gross household income</i>	<i>25% of gross household income</i>
Stage 1: Current gross need	687	776	845
Stage 2: Newly arising need	353	410	466
Stage 3: Current supply	451	455	463
Stage 4: Future supply	268	268	268
Stage 5.1 Net current need	236	321	382
Stage 5.2 Annual net current need	13	18	21
<b>Stage 5.3 Total annual need</b>	<b>98</b>	<b>159</b>	<b>219</b>

The table indicates that the net requirement would increase from 98 to 155 affordable homes per year in South Hams if 30% of gross household income could be spent on housing costs. This would increase further to 219 affordable homes per year if 25% of income could be spent on housing costs.

## West Devon

### *Estimate of net annual housing need*

Table 5.10c sets out the total need for affordable housing of 57 per year across West Devon.

Stage in calculation	
Stage 1: Current unmet gross need for affordable housing (Total)	295
Stage 2: Newly arising affordable housing need (Annual)	229
Stage 3: Current affordable housing supply (Total)	271
Stage 4: Future housing supply (Annual)	173
Stage 5.1 Net current need (Stage 1- Stage 3) (Total)	24
Stage 5.2 Annualise net current need (Stage 5.1/20) (Annual)	1
<b>Stage 5.3 Total need for affordable housing (Stage 2+ Stage 5.2 – Stage 4) (Annual)</b>	<b>57</b>
Total gross annual need (Stage 1/20 + Stage 2) (Annual)	245
Total gross annual supply (Stage 3/20 + Stage 4) (Annual)	188

### *Overall households in affordable housing need by type (gross)*

The table below gives a breakdown of the gross annual households in need, by household type in West Devon. The table shows that some 5.1% of 'other' households are in housing need compared to 0.6% of one person households. Overall, couple only households comprise 25.8% of all households in need.

Household type	Need requirement				
	No. of h'holds in need (gross)	Not in need	Total Number of h'holds	% of h'hold type in need	As a % of those in need
One person	39	6,788	6,827	0.6%	16.1%
Couple with no children	63	8,146	8,209	0.8%	25.8%
Couple with child/children	45	5,600	5,644	0.8%	18.2%
Lone parent	41	1,622	1,663	2.5%	16.8%
Other	57	1,054	1,111	5.1%	23.1%
<b>Total</b>	<b>245</b>	<b>23,210</b>	<b>23,455</b>	<b>1.0%</b>	<b>100.0%</b>

### *Size of accommodation required*

The table below shows the size of accommodation required by households in housing need in West Devon. The last column in the table presents the supply as a percentage of need. This is calculated by dividing the estimated supply of the property size by the derived need for that dwelling size. The lower the figure produced, the more acute the need for affordable accommodation in the area, as the current supply is unlikely to meet the identified need.

The table suggests that there is a net need for all sizes of accommodation other than two bedroom homes for which a surplus is recorded (reflecting the relatively large supply of homes of this size). The biggest requirement for one bedroom dwellings. The final column shows that the need relative to supply is the greatest for four bedroom homes. Households in need requiring two bedroom accommodation are most likely to have their need met from the current supply.

<i>Size of home</i>	<i>Need requirement</i>				
	<i>Gross annual need</i>	<i>Gross annual supply</i>	<i>Net annual need</i>	<i>As a % of total net annual need</i>	<i>Supply as a % of gross need</i>
One bedroom	103	62	41	52.7%	60.2%
Two bedrooms	68	89	-20	0.0%	130.0%
Three bedrooms	45	34	11	14.2%	75.2%
Four or more bedrooms	30	4	26	33.1%	13.0%
<b>Total</b>	<b>245</b>	<b>188</b>	<b>57</b>	<b>100.0%</b>	<b>76.7%</b>

### **Type of affordable home required**

As discussed in Chapter 3, a range of affordable products is available to meet affordable housing need in West Devon. As the products are not linear in terms of their cost (for example in some instances shared ownership housing with a 50% equity share is more expensive than Rentplus, but in other cases the reverse is true) each product is tested individually. The table below illustrates how many households in affordable housing need in the HMA are able to afford the different affordable products. Several intermediate options are affordable to some households so the table presents the maximum number of households able to afford each product. Households can therefore be included in more than one row. The only exception is the final row which includes only households unable to afford a product more expensive than Social Rent. The Social Rented group also includes those unable to afford any accommodation without support from HB/LHA, as this is the tenure in which these households are most likely to reside.

The table shows that of the 245 households in gross need each year in West Devon, 2.9% could afford shared ownership with a 50% share, 25.3% could afford shared ownership with a 25% share, 27.3% could afford Rentplus and 35.1% could afford Affordable Rent. Overall some 51.9% of households in affordable housing need can only afford Social Rent or require support. These figures are based on the products being available at the costs set out in chapter 3.

<i>Product</i>	<i>One bed</i>	<i>Two bed</i>	<i>Three bed</i>	<i>Four bed</i>	<i>Total (number)</i>	<i>Total (%)</i>
Shared ownership – 40% equity share	7	0	0	0	7	2.9%
Shared ownership – 25% equity share	44	16	2	0	62	25.3%
Rentplus	26	24	9	8	67	27.3%
Affordable Rent	12	29	20	25	86	35.1%
Social Rent/requires assistance	59	39	25	5	127	51.9%
<b>All households</b>	103	68	45	30	245	100.0%

### **Sensitivity analysis - affordability threshold**

The results presented this chapter are based on using an affordability test where the cost of housing can constitute up to 35% of gross income and still be affordable. The impact of adjusting this affordability threshold is considered in the table below, which details the results of the PPG affordable housing need model across West Devon where the cost of housing could constitute no more than 25% and 30% of gross household income, rather than 35% used in the standard model.



<b>Table 5.14c Impact of different affordability assumptions on affordable housing requirement in West Devon</b>			
	<i>Rent payable constitutes no more than:</i>		
	<i>35% of gross household income</i>	<i>30% of gross household income</i>	<i>25% of gross household income</i>
Stage 1: Current gross need	295	377	430
Stage 2: Newly arising need	229	314	394
Stage 3: Current supply	271	320	336
Stage 4: Future supply	173	173	173
Stage 5.1 Net current need	24	57	94
Stage 5.2 Annual net current need	1	3	5
<b>Stage 5.3 Total annual need</b>	<b>57</b>	<b>144</b>	<b>226</b>

The table indicates that the net requirement would increase from 57 to 144 affordable homes per year in West Devon if 30% of gross household income could be spent on housing costs. This would increase further to 226 affordable homes per year if 25% of income could be spent on housing costs.



## Appendix 6. Specialist accommodation required in each local authority

### Plymouth

Table 6.2a shows the current supply of specialist housing for older people, including Extra Care Housing builds in the pipeline. At present it is estimated that there are 2,485 units in Plymouth built or being built; this is equivalent to 119 units per 1,000 people aged 75 and over. The Strategic Housing for Older People tool uses this ratio (the number of units per 1,000 people 75 and over) as the key variant when modelling future demand so it is important to establish the current level.

Table 6.2a also shows the amount of specialist accommodation that will be required by the population in 2034 if the current HMA-wide rate of occupation is maintained (106 units per 1,000 people aged 75 and over). The total additional units required to increase the current provision to this level is also presented. As the current rate of provision is lower than the base recommended within the Strategic Housing for Older People tool (170 units per 1,000 people) it is useful to also consider a scenario where the rate of use of this form of accommodation increases to this level. The fifth and sixth columns of the table therefore show the total and net requirement for specialist accommodation if the usage rate increases to 170 per 1,000 people. Lastly the final two columns of the table present a mid-point scenario (based on a usage rate of 138 per 1,000 people), which represents a balance between current and growing expectations; a drive for people to remain at home with appropriate equipment/adaptations and support; and an increasing need from the younger population supported in large through health funds.

Type and tenure of specialist accommodation		Current profile (2014)	Future requirement based on usage ratio of 106 per 1,000 people aged 75+		Future requirement based on usage ratio of 170 per 1,000 people aged 75+		Future requirement based on usage ratio of 138 per 1,000 people aged 75+	
			Profile 2034	Additional units required	Profile 2034	Additional units required	Profile 2034	Additional units required
Sheltered housing	Market	783	1,270	487	1,801	1,018	1,535	752
	Affordable	1,244	1,986	742	3,078	1,834	2,532	1,288
Extracare housing	Market	69	67	-2	161	92	114	45
	Affordable	389	282	-107	681	292	481	92
<b>Total</b>		<b>2,485</b>	<b>3,606</b>	<b>1,121</b>	<b>5,720</b>	<b>3,235</b>	<b>4,663</b>	<b>2,178</b>

Source: The Housing Learning and Improvement Network' Strategic Housing for Older People tool, 2016

If it is presumed that occupation patterns remain at current levels then there is a requirement for 1,121 additional specialist units. If it is assumed that occupation rates

increase to 170 per 1,000 people 75 or over then 3,235 additional specialist units are required. Finally, if occupation rates rise to 138 per 1,000 people 75 or over then 2,178 additional specialist units are required. As varying the occupation rate has such a dramatic effect on the overall requirement, it appears appropriate for the Council to pursue the mid-point scenario and monitor how usage patterns develop over time.

Any new provision needs to be accessible for a range of needs to enable to older people to remain independent in the community. In particular provision must be physically accessible as much of the current Sheltered Housing buildings have steps.

As well as the need for specialist housing for older people there will also be an additional requirement for Registered Care. According to CQC there are around 2,613 spaces in nursing and residential care homes in Plymouth currently, including both long term and short term placements. This figure is broken down into client group as follows:

- Residential & Nursing for people aged 65+yrs: 2,229
- Learning Disability: 255
- Other (Mental Health/Physical Disability/Acquired Brain Injury): 129

Presuming the current occupation rate by age across the HMA is continued forward, the Strategic Housing for Older People tool indicates there will be a requirement for 3,801 spaces in Plymouth in 2034, suggesting an additional 1,188 spaces will be required over the next 20 years. However, given the national and local agendas to support people in the community within their own homes or extra care housing, it is expected that the future requirement in Plymouth will be less than that projected.

Smaller residential and nursing homes have better outcomes for the clients and CQC inspection results so would be encouraged over larger scale builds. In Plymouth nursing home beds are more in demand than residential homes which are able to meet the current level of need.

In addition, the need for individual and bespoke units for people with more complex needs is required to enable people to remain independent in the community and facilitate the policy of supporting people closer to home (as opposed to moving out of area).

### **South Hams**

Table 6.2b shows the current supply of specialist housing for older people. At present it is estimated that there are 882 units in South Hams; this is equivalent to 90 units per 1,000 people aged 75 and over. The Strategic Housing for Older People tool uses this ratio (the number of units per 1,000 people 75 and over) as the key variant when modelling future demand so it is important to establish the current level.

Table 6.2b also shows the amount of specialist accommodation that will be required by the population in 2034 if the current HMA-wide rate of occupation is maintained (106 units per 1,000 people aged 75 and over). The total additional units required to increase the current

provision to this level is also presented. As the current rate of provision is lower than the base recommended within the Strategic Housing for Older People tool (170 units per 1,000 people) it is useful to also consider a scenario where the rate of use of this form of accommodation increases to this level. The fifth and sixth columns of the table therefore show the total and net requirement for specialist accommodation if the usage rate increases to 170 per 1,000 people. Lastly the final two columns of the table present a mid-point scenario (based on a usage rate of 138 per 1,000 people), which represents a balance between current and growing expectations; a drive for people to remain at home with appropriate equipment/adaptations and support; and an increasing need from the younger population supported in large through health funds.

Type and tenure of specialist accommodation		Current profile (2014)	Future requirement based on usage ratio of 106 per 1,000 people aged 75+		Future requirement based on usage ratio of 170 per 1,000 people aged 75+		Future requirement based on usage ratio of 138 per 1,000 people aged 75+	
			Profile 2034	Additional units required	Profile 2034	Additional units required	Profile 2034	Additional units required
Sheltered housing	Market	202	636	434	897	695	767	565
	Affordable	650	1,005	355	1,562	912	1,284	634
Extracare housing	Market	0	34	34	81	81	57	57
	Affordable	30	142	112	343	313	243	213
<b>Total</b>		<b>882</b>	<b>1,818</b>	<b>936</b>	<b>2,883</b>	<b>2,001</b>	<b>2,350</b>	<b>1,468</b>

Source: The Housing Learning and Improvement Network' Strategic Housing for Older People tool, 2016

If it is presumed that occupation patterns remain at current levels then there is a requirement for 936 additional specialist units. If it is assumed that occupation rates increase to a rate of 170 per 1,000 people 75 or over then 2,001 additional specialist units are required. Finally, if occupation rates rise to 138 per 1,000 people 75 or over then 1,468 additional specialist units are required. As varying the occupation rate has such a dramatic effect on the overall requirement, it appears appropriate for the Council to pursue the mid-point scenario and monitor how usage patterns develop over time.

Any new provision needs to be accessible for a range of needs to enable to older people to remain independent in the community. In particular provision must be physically accessible as much of the current Sheltered Housing buildings have steps.

As well as the need for specialist housing for older people there will also be an additional requirement for Registered Care. According to the Strategic Housing for Older People tool there are around 868 spaces in nursing and residential care homes in South Hams currently. Presuming the current occupation rate by age across the HMA is continued forward, the Strategic Housing for Older People tool indicates there will be a requirement

for 1,917 spaces in South Hams in 2034, suggesting an additional 1,042 spaces will be required over the next 20 years.

### West Devon

Table 6.2c shows the current supply of specialist housing for older people. At present it is estimated that there are 530 units in West Devon; this is equivalent to 86 units per 1,000 people aged 75 and over. The Strategic Housing for Older People tool uses this ratio (the number of units per 1,000 people 75 and over) as the key variant when modelling future demand so it is important to establish the current level.

Table 6.2c also shows the amount of specialist accommodation that will be required by the population in 2034 if the current HMA-wide rate of occupation is maintained (106 units per 1,000 people aged 75 and over). The total additional units required to increase the current provision to this level is also presented. As the current rate of provision is lower than the base recommended within the Strategic Housing for Older People tool (170 units per 1,000 people) it is useful to also consider a scenario where the rate of use of this form of accommodation increases to this level. The fifth and sixth columns of the table therefore show the total and net requirement for specialist accommodation if the usage rate increases to 170 per 1,000 people. Lastly the final two columns of the table present a mid-point scenario (based on a usage rate of 138 per 1,000 people), which represents a balance between current and growing expectations; a drive for people to remain at home with appropriate equipment/adaptations and support; and an increasing need from the younger population supported in large through health funds.

Type and tenure of specialist accommodation		Current profile (2014)	Future requirement based on usage ratio of 106 per 1,000 people aged 75+		Future requirement based on usage ratio of 170 per 1,000 people aged 75+		Future requirement based on usage ratio of 138 per 1,000 people aged 75+	
			Profile 2034	Additional units required	Profile 2034	Additional units required	Profile 2034	Additional units required
Sheltered housing	Market	183	471	288	671	488	571	388
	Affordable	297	725	428	1,121	824	923	626
Extracare housing	Market	0	25	25	59	59	42	42
	Affordable	50	104	54	250	200	177	127
<b>Total</b>		<b>530</b>	<b>1,325</b>	<b>795</b>	<b>2,101</b>	<b>1,571</b>	<b>1,713</b>	<b>1,183</b>

Source: The Housing Learning and Improvement Network' Strategic Housing for Older People tool, 2016

If it is presumed that occupation patterns remain at current levels then there is a requirement for 795 additional specialist units. If it is assumed that occupation rates increase to a rate of 170 per 1,000 people 75 or over then 1,571 additional specialist units are required. Finally, if occupation rates rise to 138 per 1,000 people 75 or over then 1,183

additional specialist units are required. As varying the occupation rate has such a dramatic effect on the overall requirement, it appears appropriate for the Council to pursue the mid-point scenario and monitor how usage patterns develop over time.

Any new provision needs to be accessible for a range of needs to enable to older people to remain independent in the community. In particular provision must be physically accessible as much of the current Sheltered Housing buildings have steps.

As well as the need for specialist housing for older people there will also be an additional requirement for Registered Care. According to the Strategic Housing for Older People tool there are around 673 spaces in nursing and residential care homes in West Devon currently. Presuming the current occupation rate by age across the HMA is continued forward, the Strategic Housing for Older People tool indicates there will be a requirement for 1,397 spaces in West Devon in 2034, suggesting an additional 724 spaces will be required over the next 20 years.

**HDH Planning and Development Ltd** is a specialist planning consultancy providing evidence to support planning authorities, land owners and developers.

The firm is led by Simon Drummond-Hay who is a Chartered Surveyor, Associate of Chartered Institute of Housing and senior development professional with a wide experience of both development and professional practice. The firm is regulated by the RICS.

The main areas of expertise are:

- Community Infrastructure Levy (CIL)
- District wide and site specific Viability Analysis
- Local and Strategic Housing Market Assessments and Housing Needs Assessments
- Future Housing Numbers Analysis (post RSS target setting)

HDH Planning and Development have clients throughout England and Wales.

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