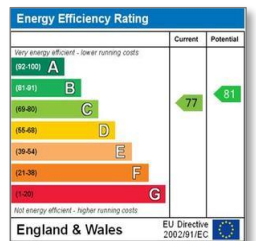




Cheshire East Residential Mix Assessment 2019

Report of Findings

June 2019





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Executive Summary

Introduction

1. Opinion Research Services (ORS) was commissioned by Cheshire East Council to prepare a Residential Mix Assessment for the local authority area.
2. The Cheshire East Local Plan Strategy was adopted on 27 July 2017 and its housing evidence was underwritten by the Cheshire East Housing Development Study 2015, produced by ORS. This identified a need for 36,000 homes over the period 2010-2030, including 7,100 affordable dwellings. Local Plan Strategy Policy SC4 (Residential Mix) sets out in broad terms, the need for residential developments to provide for a mix of housing tenures, types and sizes to create mixed, balanced and inclusive communities. This study seeks to provide evidence to support the policy in the Site Allocations and Development Policies document which sets out the specific expectations of the Council.
3. This current study aims to provide evidence for the size and tenure of dwellings required across Cheshire East and to consider the sub-groups in the population. The evidence is designed to help to underwrite the Cheshire East Site Allocations and Development Policies which will have a baseline of March 31st 2018. Therefore, the key results in this study run for the 12 years between 2018 and 2030.

Cheshire East Housing Development Study 2015

4. Figure 45 of the Cheshire East Housing Development Study 2015 contains details of the current unmet need for affordable housing and the projected future affordable housing need over the full 20-year period of the Cheshire East Local Plan 2010-30. Taken together the results identified that there is a need to provide additional affordable housing for 6,795 households over the period 2010-30. This is equivalent to 340 households per year and represents 26.1% of the overall housing need identified. However, it is also necessary to include an allowance for vacancies and second homes (assuming that 4.0% of dwellings will not have a usually resident household); this results in a total affordable housing need of 7,078 dwellings (6,795 plus 4.0% = 7,078) in addition to the current stock. This figure was rounded to 7,100 and provides for an affordable housing need of 355 dwellings per annum.

Size and Tenure Mix for Affordable Housing

5. Figure 1 brings together the information on housing need for market and affordable housing arising over the 12-year period 2018-30.
6. In summary, there is a need for:
- » Rented affordable housing = 3,398 dwellings which is almost entirely for households who need housing benefit support to cover social rents;
 - » Intermediate Housing which covers affordable home ownership = 890 dwellings; and
 - » Market housing = 22,156 dwellings;

Figure 1: Summary of Cheshire East Needs by Tenure and Size (Source: ORS Housing Model)

Dwellings	Market Housing	Intermediate Housing	Low Cost Rent	TOTAL
Cheshire East 2018-30				
1 bedroom	1,157	125	870	2,152
2 bedrooms	5,100	472	1,426	6,998
3 bedrooms	11,777	246	679	12,702
4 bedrooms	3,405	37	331	3,773
5+ bedrooms	718	10	93	821
Total	22,156	890	3,398	26,444
Cheshire East Annual Need				
1 bedroom	96	10	73	179
2 bedrooms	425	39	119	583
3 bedrooms	981	21	57	1,058
4 bedrooms	284	3	28	314
5+ bedrooms	60	1	8	68
Total	1,846	74	283	2,202

7. It will be a policy decision as to how much of the additional need for affordable housing is provided in the form of Affordable Rent and how much is provided in the form of shared ownership and other affordable to own housing products. The results set out above would represent an 80:20 split between affordable housing to rent and affordable housing with an ownership element. However, a higher proportion given over to affordable housing with an ownership element may be advisable given that the government wish to widen the opportunities for home ownership and this has already been incorporated in to Cheshire East's Local Plan of a 65:35 split between affordable housing to rent and affordable housing with an ownership element.

Housing for Older People

8. Britain's population is ageing, and people can expect to live longer healthier lives than previous generations. The older population is forecast to grow to 17.6m by 2035 for those aged 60 and above, and from 1.3m (2016) to 3.6m by 2035 for those aged 85 and above.¹
9. The table below identifies the potential requirement for new specialist housing using the ORS older people housing model. It is based on the growth of 22,250 Cheshire East persons aged 75+ forecast in ORS' 2015 Housing Development Study.

Figure 2: Modelled Demand for Older Person Housing in Cheshire East based on Housing LIN Toolkit

		Rate per 1,000 persons aged 75+	Gross need 2018	Existing supply 2015	Backlog at start of Plan period	Gross need 2030	New need 2018-30	Total need 2030
Sheltered Housing	Owned	120	4,651	1,195	+3,456	7,523	+2,665	+6,121
	Rented	60	2,326	955	+1,371	3,761	+1,332	+2,703
Extra Care	Owned	40	1,550	172	+1,378	2,508	+888	+2,266
	Rented	31	1,202	545	+657	1,943	+688	+1,345
TOTAL		251	9,729	2,867	+6,862	15,735	+5,573	+12,435

10. The analysis of the need for specialist older person housing identifies a backlog of 6,862 dwellings in 2018; this comprises a need for 4,834 owner occupied properties (3,456 leasehold sheltered housing units and 1,378 owner occupied extra care homes) and a need for 657 rented extra care homes along with a need for 1,371 conventional sheltered homes for rent.
11. Over the 12-year period 2018-30, this analysis identifies an increase in need of around 5,573 additional homes; yielding a total need of around 12,435 dwellings to be provided over the Plan period. All of these properties are already counted within the OAN identified in the Cheshire East Local Plan Strategy.
12. It is important that the delivery of specific schemes for specialist older person housing are considered in partnership with other agencies, in particular those responsible for older person support needs. It will also be essential to consider other factors and constraints in the market and to consider a wider set of options such as single storey accommodation, retirement villages with single storey included or properties which offer a suitable alternative.

Housing for People with Disabilities

13. The Government's reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. This was reflected in the recent changes to building regulations relating to adaptations and wheelchair accessible homes that were published in the Building Regulations 2010 Approved Document Part M: Access to and use of buildings (2015 edition incorporating 2016 amendments – for use in England).² Three standards are covered:
 - » M4(1) Category 1: VISIBLE dwellings – Mandatory, broadly about accessibility to ALL properties
 - » M4(2) Category 2: Accessible and adaptable dwellings – Optional, similar to Lifetime Homes

¹ 2016 Sub National Population Projections

² <https://www.gov.uk/government/publications/access-to-and-use-of-buildings-approved-document-m>

- » M4(3) Category 3: Wheelchair user dwellings – Optional, equivalent to wheelchair accessible standard.
14. There were around 50,700 households living in Cheshire East in 2018 with one or more persons with a limiting long-term illness or disability. This included around 16,100 households where their health problems affected their housing needs, however the majority of these households (around 13,500) were already living in a suitable home. In 2018, it is estimated that there were around 1,280 households needing to move to a more suitable home due to a disability or another long-term health problem. These households would represent an existing need for M4(2) housing, however some of these households would be wheelchair users needing M4(3) housing. A further 1,350 households needed adaptations to their current home.
15. Therefore, considering the needs of household's resident in 2018 together with the projected household growth and changing demographics (in particular the ageing population), there will be a total of 25,330 households either needing adaptations to their existing housing or suitable new housing to be provided. This is in addition to 1,280 households needing to move in 2018.

Figure 3: Households with a long-term illness or disability in Cheshire East in 2018 by effect on housing need (Source: ORS Housing Model)

	TOTAL
Existing need in 2018	
Households where an existing illness or disability affects their housing need and need to move in 2018	1,277
Projected future need 2018-30	
Additional households in 2030 where illness or disability affects their housing need or will develop within 10 years	25,328
Maximum need for adapted housing 2018-30 (households)	26,605
Less households living in dwellings adaptable to M4(1) standard	17,487
Minimum need for adapted housing 2018-30 (households)	9,118

16. To provide M4(2) housing for all of the identified need would require housing for up to 26,605 households to be provided. However, Disabled Facilities Grants and personal funding may allow many households to remain in their own home. On this basis, there is inevitably uncertainty about how many households will be able to meet their housing needs without moving and how many will move to existing homes rather than new housing. Nevertheless, the minimum of 10,395 households and maximum of 26,605 households provide an appropriate range for the local authority to consider.
17. Further analysis shows that the number of households likely to need wheelchair adapted housing in Cheshire East is likely to increase by 1,600 over the 12-year period, equivalent to around 6.2% of the remaining Local Plan housing target. The evidence supports the need for a target of 6.2% of all housing to meet M4(3) Category 3 requirements.

1. Introducing the Study

Background to the project and wider policy context

Introduction

- 1.1 Opinion Research Services (ORS) was commissioned by Cheshire East Council to prepare a Residential Mix Assessment for the local authority area.
- 1.8 The Cheshire East Local Plan Strategy was adopted on 27 July 2017 and its housing evidence was underwritten by the Cheshire East Housing Development Study 2015, produced by ORS. This identified a need for 36,000 homes over the period 2010-2030, including 7,100 affordable dwellings. Local Plan Strategy Policy SC4 (Residential Mix) sets out in broad terms, the need for residential developments to provide for a mix of housing tenures, types and sizes to create mixed, balanced and inclusive communities. This study seeks to provide evidence to support a specific policy in the Site Allocations and Development Policies document which sets out the specific expectations of the Council.
- 1.2 This current study aims to provide evidence for the size and tenure of dwellings required across the borough and also to consider the sub-groups in the population. The evidence is designed to help to underwrite the Cheshire East Site Allocations and Development Policies which will have a baseline of March 31st 2018. Therefore, the key results in this study run for the 12 years between 2018 and 2030.
- 1.3 Where appropriate, this study adheres to the requirements of the new National Planning Policy Framework (NPPF) published in Feb 2019 and the associated Planning Practice Guidance (PPG), in particular the section on housing needs assessment. However, it also draws upon previous work undertaken to underwrite the Cheshire East Local Plan Strategy.

Government Policy

- 1.4 The new NPPF (Feb. 2019) contains a number of changes to the original NPPF published in 2012. The underlying theme of sustainable development remains, but in relation to identifying and meeting housing needs several significant changes have been implemented.
- 1.5 These include:
 - » A new standard methodology to underwrite a local housing need assessment;
 - » No references to housing market areas;
 - » No mention of Strategic Housing Market Assessments;
 - » A new definition of affordable housing; and
 - » A housing delivery test to assess if a planning authority is meeting its housing needs.

60. To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.

61. Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes).

62. Where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless: a) off-site provision or an appropriate financial contribution in lieu can be robustly justified; and b) the agreed approach contributes to the objective of creating mixed and balanced communities.

National Planning Policy Framework 2019 (NPPF), paragraph 60-62

- 1.6 However, the evidence contained in this study seeks to build on that contained within the Cheshire East Local Plan Strategy and therefore does not need to consider many of the aspects of the updated NPPF 2019.

Cheshire East Housing Development Study 2015

- 1.7 Figure 45 of the Cheshire East Housing Development Study 2015 contains details of the current unmet need for affordable housing and the projected future affordable housing need over the full 20-year period of the Cheshire East Local Plan 2010-30. This has been reproduced below as Figure 4 for information.

Figure 4: Assessing total need for market and affordable housing (Source: ORS Housing Model)

	Housing Need (households)		Overall Housing Need
	Market housing	Affordable housing	
Current need for affordable housing			
Total unmet need for affordable housing	-	2,057	2,057
Supply of housing vacated	905	808	1,713
Overall impact of current affordable housing need	-905	+1,249	+344
Projected future housing need 2010-30			
Newly forming households	47,325	14,280	61,605
Household dissolutions following death	49,082	9,194	58,277
Net household growth within Cheshire East	-1,758	+5,086	+3,328
Impact of existing households falling into need	-6,900	+6,900	-
Impact of existing households climbing out of need	+10,844	-10,844	-
Impact of households migrating to/from the area	+17,980	+4,404	+22,384
Future need for market and affordable housing	+20,167	+5,546	+25,712
Total need for market and affordable housing			
Overall impact of current affordable housing need	-905	+1,249	+344
Future need for market and affordable housing 2010-30	+20,167	+5,546	+25,712

Total need for market and affordable housing	+19,262	+6,795	+26,056
Average annual need for housing	+963	+340	+1,303
Proportion of need for market and affordable housing	73.9%	26.1%	100.0%

- 1.8 Taken together the results identified that there is a need to provide additional affordable housing for 6,795 households over the period 2010-30. This is equivalent to 340 households per year and represents 26.1% of the overall housing need identified. However, it is also necessary to allow for vacancies and second homes (assuming that 4.0% of dwellings will not have a usually resident household); this identifies a total affordable housing need of 7,078 dwellings (6,795 plus 4.0% = 7,078) in addition to the current stock. This figure was rounded to 7,100 and provides for an affordable housing need of 355 dwellings per annum.
- 1.9 We would note at the outset that this study has not sought to measure affordable housing needs from a baseline of 2010 and instead has used a baseline of 2018. In March 2014, the government produced new guidance on conducting housing needs assessments in the form of *'Guidance for Housing and economic development needs assessments'* and it was this guidance which underwrote the Housing Demand Study 2015 and in turn the Cheshire East Local Plan Strategy. Paragraph 22-29 of this guidance covered affordable housing needs and it included a number of significant changes since the 2007 SHMA Practice Guidance which would have been in place in 2010.
- 1.10 In particular the 2007 SHMA Practice Guidance defined affordability as, *'A household can be considered able to afford market house renting in cases where the rent payable was up to 25 per cent of their gross household income.'*³
- 1.11 However, paragraph 22 of the 2014 PPG stated that plan makers should only count a household as being in need of affordable housing when they are *'...households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market.'*
- 1.12 There is a very clear distinction between these two definitions of affordability, with the 2007 SHMA practice guidance offering a very strict test of affordability based upon a fixed percentage of income spent on rents. Meanwhile, the 2014 PPG offered a much looser definition of affordability based upon not being able to afford market housing. In practice this change in emphasis led to fewer households being considered as being in housing need based upon affordability.
- 1.13 Added to this effect, the Localism Act 2011 provided new opportunities for local authorities to reconsider their local housing needs, in particular their housing registers. Since 2011, housing registers across the country have typically fallen as local authorities have re-evaluated their policies locally, but in Cheshire East it is the case that they have not restricted the waiting list. Instead the Council has sought to provide further opportunities for those in work to gain priority on first let on new developments to create mixed communities as well as meeting their priority need cases.
- 1.14 The combined impact of these changes was that households who may have appeared to be in affordable housing need in an area in 2010 will now not appear to require affordable housing. This doesn't necessarily reflect a change in their circumstances, simply that definitional changes imply that households who were previously counted as being in affordable housing need are no longer counted as such.

³ Department of Communities and Local Government, Strategic Housing Market Assessments Practice Guidance Version 2, page 42.

2. Affordable Housing Need

Identifying households who cannot afford market housing

Introduction

- 2.1 As noted in Chapter 1, the Cheshire East Local Plan Strategy outlines a need for 36,000 dwellings over the period 2010-30, including the need for 7,100 affordable homes. At this point in time, the plan is already nearing its halfway mark and many of the homes have already been built. Figure 5 shows the level of housing delivery between 2010 and 2018 when a total of 9,556 homes were built, including 2,812 affordable units.
- 2.2 This leaves a total of 26,444 homes to be built between 2018 and 2030, with 4,288 of these to be affordable.

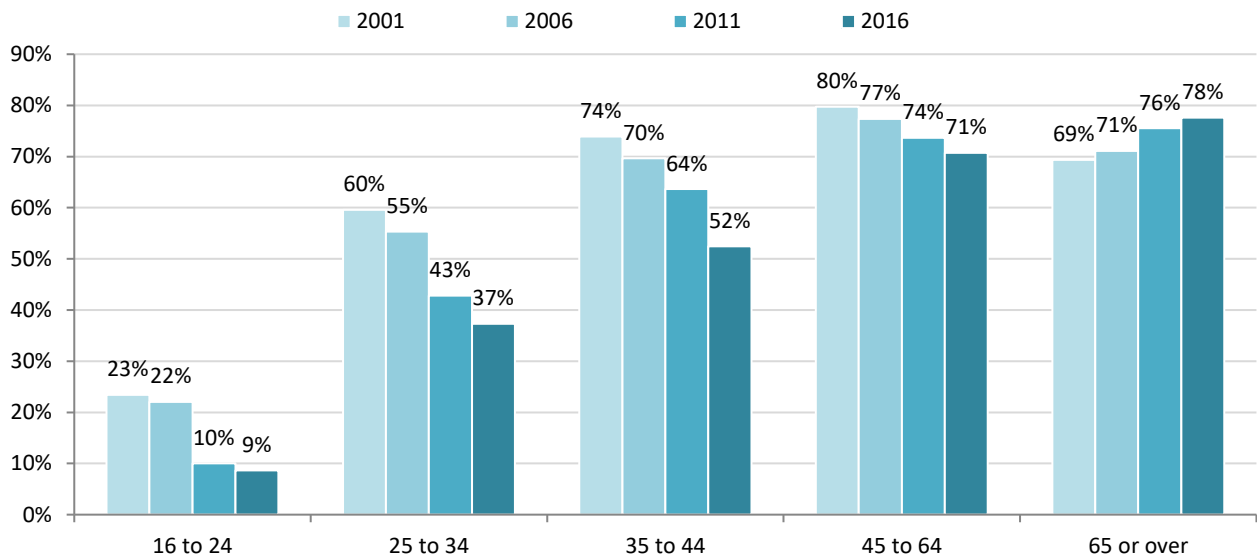
Figure 5: Cheshire East Dwelling Delivery 2010-2018 (Note: Cheshire East AMR)

	Market Housing	Affordable Housing	TOTAL
2010/11	489	170	659
2011/12	564	214	778
2012/13	430	184	614
2013/14	582	131	713
2014/15	598	638	1,236
2015/16	1,025	448	1,473
2016/17	1,390	372	1,762
2017/18	1,666	655	2,321
TOTAL	6,744	2,812	9,556

Home Ownership Trends

- 2.3 The emphasis on households that cannot afford to own their home reflects the Government's concerns about the proportion of owner occupiers having reduced nationally over the last ten to fifteen years. Estimates from the English Housing Survey suggest that the proportion of owner occupiers reduced from 68.3% in 2008 to 65.2% in 2013 and reduced yet further to 63.5% by 2018. Over the same period 2008-2018, the proportion of households renting from a social landlord also reduced from 17.7% to 17.0% whilst the proportion renting privately increased from 13.9% to 19.5%.
- 2.4 The proportion of owner occupiers also varies notably by age. Younger age groups have typically been less likely to own their home than older households; however, the proportions of younger households owning their homes has reduced at a faster pace. In contrast, the proportion of older households (aged 65 or over) owning their home has been increasing (Figure 6).

Figure 6: Percentage of Owner Occupiers by Age Group 2001-2016 (Source: English Housing Survey)



Local Tenure Trends

2.5 The national trends are evident in the local data for Cheshire East. Figure 7 to Figure 10 show that the proportion of owner occupiers increased from 68% in 1981 to 77% in 1991 (partly as a consequence of the Right to Buy programme); reducing marginally to 75% owning in 2011. The balance between social rent and private rent has also changed: 27% of tenants rented privately in 1981 (27% out of 32%) whereas 55% rented privately in 2011 (55% out of 25%).

Figure 7: Number of Households by Tenure 1981-2011 (Source: UK Census of Population)

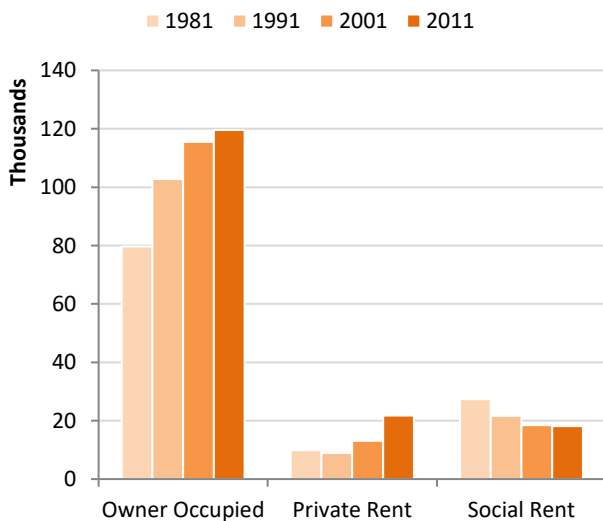


Figure 8: Percentage of Households by Tenure 1981-2011 (Source: UK Census of Population)

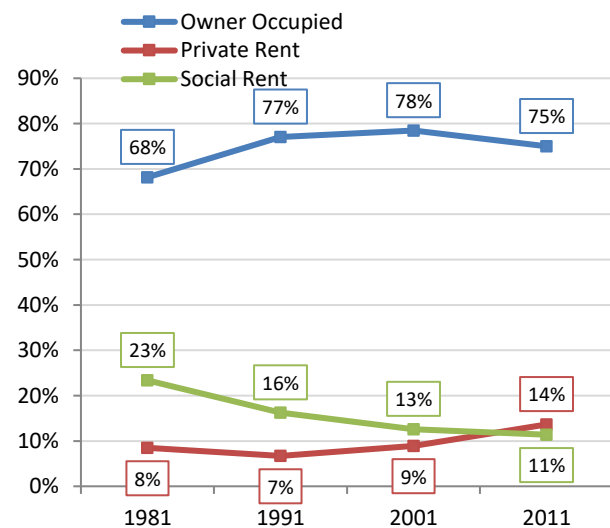


Figure 9: Number of Households by Tenure 1981-2011 (Source: UK Census of Population)

Tenure	Total Households				Net Change		
	1981	1991	2001	2011	1981-1991	1991-2001	2001-2011
Owner occupied	79,686	102,839	115,471	119,545	+23,153	+12,632	+4,074
Private rent	9,898	8,939	13,142	21,755	-959	+4,203	+8,613
Social rent	27,318	21,665	18,531	18,141	-5,653	-3,134	-390
TOTAL	116,902	133,443	147,144	159,441	+16,541	+13,701	+12,297

Figure 10: Percentage of Households by Tenure 1981-2011 (Source: UK Census of Population)

Tenure	Total Households				Net Change		
	1981	1991	2001	2011	1981-1991	1991-2001	2001-2011
Owner occupied	68.2%	77.1%	78.5%	75.0%	+140%	+92%	+33%
Private rent	8.5%	6.7%	8.9%	13.6%	-6%	+31%	+70%
Social rent	23.4%	16.2%	12.6%	11.4%	-34%	-23%	-3%

- 2.6 With this information as background, we can now proceed to estimate the need for affordable housing in Cheshire East.

Affordable Housing Tenure

- 2.7 Within the overall need of 4,952 affordable homes identified by the model between 2018-30, it is possible to consider the mix of different affordable housing products that would be appropriate based on the mix of households needing affordable housing.
- 2.8 Figure 11 sets out the weekly rents for different property sizes in Cheshire East adjusted to 2017-18 levels, the most recent data available. This includes:
- » Median private rent;
 - » Local Housing Allowance (LHA) maximum (previously based on the 30th percentile private rent, however more recent increases are based on Consumer Price index (CPI) and rates were frozen in the July 2015 Budget; and
 - » Affordable rent, based on 80% of the median private rent;

Figure 11: Weekly rent thresholds in Cheshire East (Source: Valuation Office Agency 2017-18; Homes and Communities Agency)

Weekly Rent £	Median Private Rent	Maximum Local Housing Allowance		Affordable Rent (80% of median)
		South Cheshire BRMA	East Cheshire BRMA	
1 bedroom	£109.32	£84.84	£103.56	£87.45
2 bedrooms	£136.93	£109.32	£130.03	£109.55
3 bedrooms	£172.60	£126.58	£168.00	£138.08
4+ bedrooms	£318.74	£172.60	£249.60	£254.99

- 2.9 It is evident that across all property sizes, the median private rent is the highest followed in turn by the maximum LHA and affordable rent. Affordable rent (at 80% of median private rent) is generally lower than the maximum LHA rate in the East Cheshire Broad Rental Market Area (BRMA), but higher than the maximum

LHA in the South Cheshire BRMA for the equivalent property size. Households would currently be able to claim housing benefit to cover the full cost of affordable rent (where they were entitled to do so based on their circumstances); although the relationship between these two rates could change in future.

- 2.10 Households claiming out-of-work benefits are also subject to a cap of £500 per week (for lone parents and couples) or £350 per week (for single people), which could affect the amount of housing benefit received by some households (especially those with larger families needing larger properties). These limits were reduced in the July 2015 Budget to a maximum of £20,000 per year (outside London) and this lower rate will affect more households. However, households that qualify for Working Tax Credit and those that receive various disability related benefits or armed forces pensions are exempt from the cap.

Low Cost Home Ownership

- 2.11 In addition to affordable housing for rent, a range of Low-Cost Home Ownership (LCHO) products have also been developed to assist households into homeownership. Figure 12 sets out the weekly costs associated with shared ownership properties of different sizes, taking account of the differential full market prices and based on the following assumptions:

- » 40% equity share purchased by the occupier;
- » 10% of the equity purchased is available as a deposit;
- » Mortgage costs based on a 25-year repayment mortgage at 6.25% interest;
- » Rent based on 2.75% of the retained equity paid each year; and
- » Service charge of £10 per week.

- 2.12 Based on this model, it is evident that the weekly costs are lower than the equivalent median private rent for all sizes.

Figure 12: Shared ownership costs (Note: Mortgage costs based on a 30-year repayment mortgage at 6.25% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £10 per week, property values calculated on new-build only at 2017/18 levels)

	Property Value	40% Equity Share	10% Deposit	Weekly Costs			
				Mortgage	Rent	Service Charge	TOTAL
1 bedroom	£107,996	£43,198	£4,320	£55.63	£34.17	£10.00	£99.80
2 bedrooms	£132,787	£53,115	£5,311	£68.39	£42.02	£10.00	£120.41
3 bedrooms	£168,995	£67,598	£6,760	£87.04	£53.48	£10.00	£150.52
4+ bedrooms	£264,995	£105,998	£10,600	£136.49	£83.85	£10.00	£230.34

- 2.13 Figure 13 shows the sensitivity of weekly costs to the equity share purchased and presents this relative to the equivalent local rents.

Figure 13: Total weekly costs for shared ownership based on different equity shares (Note: Mortgage costs based on a 30-year repayment mortgage at 6.25% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £10 per week. Cells highlighted in orange are above the equivalent median private rent. Cells which are green are lower than the equivalent maximum LHA)

Total Weekly Cost £	Property Value	Equity Share					
		25%	30%	35%	40%	45%	50%
1 bedroom	£107,996	£87.48	£91.59	£95.69	£99.80	£103.90	£108.01
2 bedrooms	£132,787	£105.27	£110.32	£115.37	£120.41	£125.46	£130.51
3 bedrooms	£168,995	£131.25	£137.67	£144.10	£150.52	£156.94	£163.37
4+ bedrooms	£264,995	£200.12	£210.20	£220.27	£230.34	£240.42	£250.49

Starter Home Initiative

- 2.14 The Housing and Planning Act 2016 furthers this policy of encouraging home ownership through promoting Starter Homes to provide properties that are more affordable for first time buyers. The Act includes clauses stating that local authorities will have a general duty to promote the supply of Starter Homes through planning.
- 2.15 Figure 14 sets out the weekly costs based on the same property values considered when analysing low cost home ownership housing options.

Figure 14: Starter Home Initiative (Note: Mortgage costs based on a 25-year repayment mortgage at 6.0% interest)

	Property Value	80% Equity Share	10% Deposit	Weekly Mortgage Costs
1 bedroom	£107,996	£86,397	£8,640	£116.65
2 bedrooms	£132,787	£106,230	£10,623	£143.43
3 bedrooms	£168,995	£135,196	£13,520	£182.54
4+ bedrooms	£264,995	£211,996	£21,200	£286.24

- 2.16 Summary of Housing Costs Figure 15 summarises the weekly costs for the range of different housing options discussed above for each property size adjusted to 2017-18 levels, the most recent data available.

Figure 15: Comparison of weekly housing costs by property size – Cheshire East (Source: VOA 2017-2018. Note: HMA figure derived using population weighted average of Local Authority data)

	Starter Home Initiative (80% equity)	Shared ownership (40% equity)	Median Private Rent	Maximum Local Housing Allowance		Affordable Rent (80% median)
				East Cheshire BRMA	South Cheshire BRMA	
1 bedroom	£116.65	£99.80	£109.32	£103.56	£84.84	£87.45
2 bedrooms	£143.43	£120.41	£136.93	£130.03	£109.32	£109.55
3 bedrooms	£182.54	£150.52	£172.60	£168.00	£126.58	£138.08
4+ bedrooms	£286.24	£230.34	£318.74	£249.60	£172.60	£254.99

- 2.17 The key point of this data is that cost of shared ownership is lower on a weekly basis than the cost of private rent. The cost of a starter home is cheaper than private rent for a 4-bedroom property and very similar for other property sizes. While owner occupiers would still require a deposit and access to a mortgage, the weekly cost of affordable home ownership in Cheshire East is lower for many properties than the cost of renting. On this basis there is no gap between those who can afford private rent and those who can afford to own outright.
- 2.18 However, it also implies that within Cheshire East as a whole there will be households who can afford to rent, but not buy. As was discussed in more detail in Figure 8, the private rented sector in Cheshire East rose from 7% of households in 2001 to 17% in 2011. Therefore, an increasing number of households in Cheshire East are having their housing needs met in the private rented sector, but many of these could potentially benefit from low cost home ownership schemes.
- 2.19 Much of this issue is location specific with private rented properties being found in more expensive locations, while some cheaper owner-occupied stock is in different locations. There may be location specific examples where households who are renting and wish to buy in the same location are unable to afford to do so, but they could find a property they can afford in the wider Cheshire East housing market.
- 2.20 If a policy was to be adopted which focused on affordable housing to rent at the exclusion of affordable housing to own, then these outcomes are likely to be exacerbated on new housing estates across Cheshire East. Newbuild housing costs are typically higher than the cheapest second-hand stock. If no intermediate housing were to be provided on newbuild housing estates, then there would be a considerable gap between those who require affordable housing to rent and those who can afford to own outright which would not be conducive to mixed and balanced communities.
- 2.21 A lack of intermediate housing would also have a considerable effect on the viability of delivery on many newbuild schemes, as the income received from the provision of intermediate housing will typically be more than is available for rented affordable housing especially when there is no grant funding available. Alongside the government stated objective to see 10% of new housing being delivered as affordable to own properties, this provides a strong case for a significant part of the affordable housing delivery in Cheshire East to be delivered as intermediate housing to comply with government expectations, to make sites viable and to help create mixed and balanced communities. It is already the case in Cheshire East that their policy is to provide 35% intermediate housing of the 30% affordable housing requirement and that this includes equity share/discounted for sale at a minimum of 30% discount.

Size and Tenure Mix

- 2.22 It is possible to calculate the affordability of properties to households who require affordable housing. The size mix takes account of both overcrowded households who require to move to a larger dwelling and also under-occupying households who require to downsize. While Government policies such as those relating to the Spare Room Subsidy or Bedroom Tax are leading to more households downsizing, not all households will do so. Instead, we have modelled a gradual decline in the amount of under-occupation in the affordable housing sector. We would note that these figures do not include the potential impact of increased right to buy sales due to Registered Providers now being subject to this scheme.
- 2.23 In Figure 16 we have made the following assumptions:
- » Households can spend up to 35% of their gross incomes on rents;

- » Affordable Rents are set at 80% of median market rents (this is their maximum level) which would also cover Build to Rent schemes;
- » Households who can afford Affordable Rents, but not 100% market rents effectively comprise the intermediate housing need, e.g. Low-Cost Home Ownership or Rent to Buy schemes.

2.24 The overall results clearly indicate that the vast majority of households who require affordable housing would need housing benefit support to afford housing at Affordable Rent levels.

2.25 A second category of need that can be identified is a group of just over 20% of households who require affordable housing and have sufficient income to afford to meet the costs of Affordable Rents. This group therefore can be considered as intermediate housing need and some of these households could meet their needs via Low Cost Home Ownership products such as shared ownership providing they are able to obtain a mortgage.

Figure 16: Affordability of Affordable Rent in Cheshire East (Source: ORS Housing Model)

Dwellings	Can't afford Affordable rent	Able to afford "Affordable rents"	TOTAL
Cheshire East 2018-30			
1 bedroom	870	125	995
2 bedrooms	1,426	472	1,898
3 bedrooms	679	246	925
4 bedrooms	331	37	368
5+ bedrooms	93	10	103
Total	3,398	890	4,288
Cheshire East Annual Need			
1 bedroom	73	10	83
2 bedrooms	119	39	158
3 bedrooms	57	21	77
4 bedrooms	28	3	31
5+ bedrooms	8	1	9
Total	283	74	357

2.26 Figure 17 summarises the needs by size and tenure including the need for market housing.

Figure 17: Summary of Cheshire East Needs by Tenure and Size (Source: ORS Housing Model)

Dwellings	Market Housing	Intermediate Housing	Low Cost Rent	TOTAL
Cheshire East 2018-30				
1 bedroom	1,157	125	870	2,152
2 bedrooms	5,100	472	1,426	6,998
3 bedrooms	11,777	246	679	12,702
4 bedrooms	3,405	37	331	3,773
5+ bedrooms	718	10	93	821
Total	22,156	890	3,398	26,444
Cheshire East Annual Need				
1 bedroom	96	10	73	179
2 bedrooms	425	39	119	583
3 bedrooms	981	21	57	1,058
4 bedrooms	284	3	28	314
5+ bedrooms	60	1	8	68
Total	1,846	74	283	2,204

Policy

- 2.27 The Cheshire East Housing Demand Study 2015 identified a substantial need for additional affordable housing: a total of 7,100 dwellings in Cheshire East over the 20-year period 2010-30. With 12 years of the Local Plan Strategy still remaining, the new Cheshire East Site Allocations and Development Policies document will commence with an outstanding level of affordable housing need of 4,288 dwellings.
- 2.28 Given the overall level of affordable housing need identified, it will be important to maximise the amount of affordable housing that can be delivered through market housing led developments throughout the 12-year period. Key to this is the economic viability of developments, as this will inevitably determine (and limit) the amount of affordable housing that schemes can deliver.
- 2.29 As part of their strategic planning and housing enabling functions, the Council will need to consider the most appropriate affordable housing target in order to provide as much affordable housing as possible without compromising overall housing delivery. This target should provide certainty to market housing developers about the level of affordable housing that will be required on schemes, and the Council should ensure that this target is achieved wherever possible in order to increase the effective rate of affordable housing delivery.
- 2.30 It will be a policy decision as to how much of the additional need for affordable housing is provided in the form of Affordable Rent and how much is provided in the form of shared ownership and other affordable to own housing products. The results set out in Figure 17 would represent a 80:20 split between affordable housing to rent and affordable housing with an ownership element. However, a higher proportion given over to affordable housing with an ownership element may be advisable given that the government wish to widen

the opportunities for home ownership which would be consistent with the current policy split of 65:35 between affordable housing to rent and affordable housing with an ownership element.

2.31 The contribution towards affordable housing delivery that can be achieved through market housing led developments shouldn't be considered in isolation. The Government has launched a series of new initiatives to attempt to boost the supply of homes, including affordable homes. The key Homes England investment programmes include:

- » **Affordable Homes Programme:** the flagship Home England 2018-22 investment programme(s) for new affordable homes which ends in 2022. A new Shared Ownership & Affordable Homes Programme 2016-21 was launched in April 2016 which will reflect the Housing and Planning Act 2016.
- » **Affordable Homes Guarantees Programme:** guaranteeing up to £10bn of housing providers' debt in order to bring schemes forward
- » **Care and Support Specialised Housing Fund:** first round funding used to accelerate the development of the specialised housing market such as Older People and those with disabilities
- » **Community Right to Build:** (Outside London) including some provision for affordable homes
- » **Empty Homes Programme** (now subsumed into the Affordable Homes Programme)
- » **Estate Regeneration Programme:** often creating mixed tenure communities
- » **Get Britain Building:** aiming to unlock locally backed stalled sites holding planning permission and including affordable homes
- » Housing Revenue Account borrowing launched in June 2018, with £0.5 billion for areas outside of London.

2.32 However, there are currently a number of constraints that are affecting the delivery of new affordable housing; although there is also a range of other initiatives that may help increase delivery in future.

Constraints affecting the delivery of new affordable housing	Other initiatives potentially increasing the delivery of new affordable housing
<p>Welfare reform Most stakeholders (including private landlords, house builders, local authorities and RPs) are concerned at the impact of benefit reform and the risk to their revenue. Credit rating agencies have also signalled concerns.</p> <p>Rent formula reform The change to rent increase formula for Registered Providers has constrained capacity for new affordable developments.</p> <p>Registered Providers Many RPs have become more risk averse in their approach to developing new homes in the light of grant rate reductions for affordable homes and the absence of grant post the 2015-18 HCA investment programme.</p> <p>Stock rationalisation by Registered Providers The new regulatory framework for RPs continues the emphasis on economic regulation. This could, potentially, reduce current supply of affordable housing. Already, sector trends indicate many associations are identifying under-performing stock with a view to rationalisation.</p> <p>Extension of Right to Buy (RTB) to Registered Providers The Government pledge to introduce an RTB for RP tenants</p>	<p>Starter Homes The Government has signalled its support for Home Ownership in general, and Starter Homes in particular. Broadening of the affordable housing definition to include Starter Homes may lead to an increase in affordable housing delivery if Starter Homes are also counted.</p> <p>Councils building more new homes Many Councils are now trying to bring new rental schemes forward following reform of the HRA system.</p> <p>New 'for profit' providers Over 30 'for profit' providers to deliver AHP homes have so far registered with Home England to help deliver Build to Rent, mainly in order to deliver non-grant affordable housing. There is arguably potential for increased supply of affordable homes for rent by 'for profit' providers.</p> <p>Co-operative Housing Given current delivery constraints, co-operative housing has been identified as a further alternative supply for households unable to access ownership or affordable housing. The Confederation of Co-operative Housing, working with RPs, is</p>

mean many associations will need to assess the risk to their Business Plans and this might also reduce appetite for new development.

Starter Homes

Including Starter Homes in the affordable housing definition may lead to fewer affordable homes for rent being developed.

currently trying to bring schemes forward. The HCA has held back funding for Co-operative Housing in the previous AHP.

- 2.33 The Government also sees the growth in the private rented sector as positive and is proposing new legislation which will create much more secure tenancies. Whilst private rented housing (with, or without, housing benefit) does not meet the definitions of affordable housing, it offers a flexible form of tenure and meets a wide range of housing needs. The sector also has an important role to play given that many tenants that rent from a private landlord can only afford their housing costs as they receive housing benefit. If there isn't sufficient private rented housing available at a price these households can afford, the need for affordable housing would be higher.
- 2.34 The Government also continues to encourage and support build-to-let investment⁴. Homes England has several investment programmes to help bring schemes forward including a £1 billion Build to Rent Fund, which will provide equity finance for purpose-built private rented housing, alongside a £10 billion debt guarantee scheme to support the provision of these new homes. New supply of private rented housing therefore seems likely from various sources, despite current volumes being relatively low:
- » **Registered Providers** are potential key players in the delivery of new PRS supply and recently several have begun to enter the market in significant scale⁵, particularly in response to the Build to Rent Fund, although other institutional funding is also being sought. Overall, although interest is high, it remains unclear as to the scale of development it may deliver.
 - » **Local Authorities** can also enable new PRS supply to come forward through investing in local authority land, providing financial support (such as loan guarantees), and joint ventures with housing associations, developers or private investors under the Localism Act. Whilst LA initiatives may contribute to new build PRS, these may take time to deliver significant numbers of units.
 - » **Local Enterprise Partnerships** are another potential source of new build PRS homes⁶. The Growing Places Fund provides £730m to support key infrastructure projects designed to unlock wider economic growth, create jobs and build houses in England. Any funding for housing, however, has to compete with other priorities e.g. skills and infrastructure. However, LEPs could potentially enable new PRS housing delivery and some attempts have been made in this regard to increase supply.
 - » **Insurance companies** and **pension funds** have been expanding into property lending in recent years and are an increasing alternative to banks (especially schemes in London).
- 2.35 National Government policy is also focussed on improving the quality of both management and stock in the private rented sector, and local councils have a range of enforcement powers. This is particularly important given the number of low-income households that rent from a private landlord.

⁴ <https://www.gov.uk/government/publications/2010-to-2015-government-policy-rented-housing-sector/2010-to-2015-government-policy-rented-housing-sector#appendix-9-private-rented-sector>

⁵ <http://www.insidehousing.co.uk/business/development/transactions/lq-to-launch-prs-subsidiary/7009701.article>

⁶ <https://www.gov.uk/government/publications/growing-places-fund-prospectus>

3. Housing for Different Groups

Housing for Older People

- 3.1 Britain's population is ageing, and people can expect to live longer healthier lives than previous generations. The older population is forecast to grow to 17.6m by 2035⁷ for those 60 years and over, and from 1.3m (2016) to 3.6m by 2035 for those 85 years and over. Given this context, PPG recognises the importance of providing housing for older people:

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

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- 3.2 The population projections used in the Cheshire East Housing Development Study ("HDS") 2015 identify that the population of Cheshire East is likely to increase from 383,600 persons to 431,700 persons over the 12-year period 2018-30; a 12-year increase of 48,100 persons. The population in older age groups is projected to increase substantially during this period, with an increase in the population aged 60 or over of 35,600 of which over 60% are projected to be 75+ (22,250 persons). This is particularly important when establishing the types of housing required and the need for housing specifically for older people. Whilst most of these older people will already live in the area and many will not move from their current homes, those that do move home are likely to be looking for suitable housing.
- 3.3 We would note that in August 2018, Cheshire East Council produced a study which assessed the needs of older persons and those with a disability. The report was entitled Housing Optional Technical Standards Report FD 49. This used prevalence rates for conditions from the POPPI and PANSI service to assess the likely changes to the needs of the population over time.
- 3.4 For this study, the Older People housing options considered in this section follow the definitions in the 2012 Housing Our Ageing Population report (HAPPI2)⁸. These focus upon the housing needs of older persons and define specialist provision as mainstream (including adapted and wheelchair homes), specialised housing (including Extra Care and sheltered housing) and Care Homes (including both Registered Nursing and Registered Care Homes). The specialist housing requirements here were modelled using the Housing Learning and Improvement Network (Housing LIN) methodology (2012)⁹. This forecasts future population and then applies a benchmark need for particular housing types per thousand people aged 75+.

⁷ 2016 Sub National Population Projections

⁸ [http://www.housinglin.org.uk/library/Resources/Housing/Support materials/Other reports and guidance/Housing our Ageing Population Plan for Implementation.pdf](http://www.housinglin.org.uk/library/Resources/Housing/Support%20materials/Other%20reports%20and%20guidance/Housing%20our%20Ageing%20Population%20Plan%20for%20Implementation.pdf)

⁹ www.housinglin.org.uk/housinginlaterlife_planningtool

Figure 18: Benchmark Figures for Specialist Accommodation based on Section A of the Strategic Housing for Older People Resource Pack (Housing LIN, ADASS, IPC) 2012¹⁰

	Demand per 1,000 persons aged 75+		
	Owned	Rented	TOTAL
Traditional sheltered (can be rented or owned)	-	-	60
Extra care	30	15	45
Sheltered 'plus' or 'Enhanced' Sheltered	10	10	20
Dementia	-	6	6
Leasehold Schemes for the Elderly (LSE)	120	-	120

- 3.5 These rates provide a useful framework for understanding the potential demand for different forms of older person housing, but neither publication provides any detail about the derivation of the figures. Please note, Sheltered housing is defined as accommodation for elderly or disabled people consisting of private independent units with some shared facilities and a warden and Extra-care is housing designed with the needs of frailer older people in mind and with varying levels of care and support available on site.
- 3.6 The More Choice, Greater Voice toolkit recognises that the suggested framework simply:
- "...represents an attempt to quantify matters with explicit numerical ratios and targets. It is contentious, but deliberately so, in challenging those who must develop local strategies to draw all the strands together in a way that quantifies their intentions."* (page 44)
- 3.7 Based on the growth in population aged 75+ identified (based on the population change implied by housebuilding rates derived from the standard methodology), the table below identifies the potential additional requirement for new specialist housing (using the Housing LIN Older People Resource Pack 2012) for the period 2018-2030. As can be seen, the Housing LIN approach shows a significant need for ownership schemes (e.g. LSE schemes, Extra care, Sheltered 'plus') in Cheshire East

Figure 19: Additional Modelled Demand for Older Person Housing 2018-30 (Source: Housing LIN Toolkit)

		Cheshire East
Population aged 75+		
	2018	40,440
	2030	62,690
Change 2018 – 30		22,250
Additional Modelled Demand for Older Person Housing		
Traditional sheltered		1,332
Extra care	Owned	666
	Rented	333
Sheltered 'plus' or 'Enhanced' Sheltered	Owned	222
	Rented	222
Dementia		134
Leasehold Schemes for the Elderly (LSE)		2,665
TOTAL		5,573

¹⁰ Definitions of the types of specialist older people housing schemes are given at Appendix C

- 3.8 The toolkit identifies future need for 5,573 specialist older person additional housing units of various types over the period 2018-30; however, as dictated by the Housing LIN benchmark figures, almost a half of this need (48%, 2,665 dwellings) is for LSE housing¹¹ and a total of 3,550 dwellings are for ownership.
- 3.9 Current supply indicates that there are presently around 2,867 specialist Older Person housing units in Cheshire East. Details are shown in Figure 20, where, broadly, 'housing with support' equates to traditional sheltered housing and 'housing with care' equates to extra care.

Figure 20: Cheshire East Supply of Older Persons Housing (Source: EAC 2015¹².)

Type of Accommodation	Tenure	Units	Units per thousand population aged 75+
Housing with support	Rent	955	
	Sale	1,195	
	Total	2,150	77.3
Housing with care	Rent	545	
	Sale	172	
	Total	717	25.8
TOTAL		2,867	103.1

- 3.10 While the Housing LIN model identifies future need, this is on the basis of existing types of provision (sheltered, extra care etc). It is unclear, at the present time, if Older People will aspire to these types of specialist housing in the future; indeed, demand for some types are already experiencing low demand, and other, newer types of provision may appear to meet changing aspirations in the market. Further, the policy aim of supporting people at home for longer could mean, for example, that floating support services and assistive technologies to older people, in their own homes, could sustain people there longer.
- 3.11 The table below identifies the potential requirement for new specialist housing using the ORS older people housing model. It is based on the growth of 22,250 persons aged 75+ cited in paragraph 3.2.

Figure 21: Modelled Demand for Older Person Housing (ORS Housing Model)

		Rate per 1,000 persons aged 75+	Gross need 2018	Existing supply 2015	Backlog at start of Plan period	Gross need 2030	New need 2018-30	Total need 2030
Sheltered Housing	Owned	120	4,651	1,195	+3,456	7,523	+2,665	+6,121
	Rented	60	2,326	955	+1,371	3,761	+1,332	+2,703
Extra Care	Owned	40	1,550	172	+1,378	2,508	+888	+2,266
	Rented	31	1,202	545	+657	1,943	+688	+1,345
TOTAL		251	9,729	2,867	+6,862	15,735	+5,573	+12,435

¹¹ The EAC advise: 'Leasehold Schemes for the Elderly (LSE) are run by a small number of housing associations and involve you buying a proportion (e.g. 70%) of the equity of the property, the remaining portion being owned by the RSL'. <http://www.firststopcareadvice.org.uk/jargon-leasehold-schemes-for-the-elderly.aspx>

¹² <http://www.housingcare.org/downloads/eac%20stats%20on%20housing%20for%20older%20people%20March%202015.pdf>

The EAC 'acknowledges both the rented and private sectors contain a wide range of housing types intended for older people. The social sector has traditionally distinguished these as Category 1, 2 etc., but the private sector tends to refer to them all simply as "retirement housing". This report looks only at schemes that fall within the following definition: "a group of dwellings intended for older people and served by a resident or non-resident warden/scheme manager with specific responsibility for the group". It is important to note that a considerable proportion of housing intended for older people falls outside this definition and is therefore excluded. Extra care, assisted living, and other forms of 'housing with care' are included.

- 3.12 The analysis of the need for specialist older person housing identifies a backlog of 6,862 dwellings at the start of the Plan period in 2018; this comprises a need for 4,834 owner occupied properties (3,456 leasehold sheltered housing units and 1,378 owner occupied extra care homes) and a need for 657 rented extra care homes, and 1,371 conventional sheltered homes for rent.
- 3.13 Over the 12-year Plan period 2018-30, the figures would represent a huge share of the total OAN (nearly 50%). It is important that the delivery of specific schemes for specialist older person housing are considered in partnership with other agencies, in particular those responsible for older person support needs. It will also be necessary to consider other factors and constraints in the market and to consider a wider set of options such as single storey accommodation, retirement villages with single storey included or properties which offer a suitable alternative as well as:
- » **Demographics:** the changing health, longevity and aspirations of Older People mean people will live increasingly healthy longer lives and their future housing needs may be different from current needs;
 - » **New supply:** development viability of schemes, and the availability of revenue funding for care and support services, need to be carefully considered before commissioning any new scheme. It will also be important for the Council and its partners to determine the most appropriate types of specialist older person housing to be provided in the area;
 - » **Existing supply:** while there is considerable existing specialist supply, this may be either inappropriate for future households or may already be approaching the end of its life. Nevertheless, other forms of specialist older person housing may be more appropriate than conventional sheltered housing to rent when considering future needs;
 - » **Other agencies:** any procurement of existing supply needs to be undertaken with other agencies who also plan for the future needs of Older People, particularly local authority Supporting People Teams and the Health Service; and
 - » **National strategy and its implications for Older People:** national strategy emphasises Older People being able to remain in their own homes for as long as possible rather than specialist provision, so future need may, again, be overstated.
- 3.14 In practice the figures for Cheshire East can be seen as an idealised situation where the number of homes suitable for older persons matches the need. The population of Cheshire East is ageing very rapidly and there is a limited amount of current supply of specialised accommodation. In the same way as the Housing Demand Study 2015 concluded that the identified demand for 2,280 Class C2 bed spaces was unlikely to be delivered and instead people would remain within their own homes, it is more likely that many households identified as needing specialist accommodation will instead choose to remain in their own homes with assistance from social care and adaptations, or downsize to more suitable accommodation.

Student Housing

3.15 PPG includes specific reference to identifying the needs of students:

Strategic policy-making authorities need to plan for sufficient student accommodation whether it consists of communal halls of residence or self-contained dwellings, and whether or not it is on campus. Encouraging more dedicated student accommodation may take pressure off the private rented sector and increases the overall housing stock. Strategic policy-making authorities are encouraged to consider options which would support both the needs of the student population as well as local residents before imposing caps or restrictions on students living outside university-provided accommodation. *They will also need to engage with universities and other higher educational establishments to ensure they understand their student accommodation requirements.*

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Student Accommodation: Need

3.16 In establishing the LHN for Cheshire East, students were included in the trend-based analysis; therefore, the needs of student households are counted as part of the overall OAN, not as an addition to it. The 2011 Census indicated that there were 173 private sector student households in Cheshire East and therefore, the net impact on the household projections will be extremely small.

3.17 However, in 2017 Manchester Metropolitan University took the decision to close its campus in Crewe where many of the students in Cheshire East study. Therefore, the number of student households in Cheshire East could be expected to fall. However, the Council has set up a taskforce¹³ to seek a new university to take over the campus vacated by Manchester Metropolitan University. Apollo Buckingham Health Science Consortium has announced an intention to open a health science campus on the site from September 2019. Any progress on the site should be the subject of future monitoring and review.

¹³https://www.cheshireeast.gov.uk/council_and_democracy/council_information/media_hub/media_releases/taskforce-aims-to-attract-new-university-to-crewe.aspx

Housing for People with Disabilities

- 3.18 Paragraph 61 of the NPPF identifies that local planning authorities should plan households with specific needs, and PPG states:

Households with specific needs

The provision of appropriate housing for people with disabilities, including specialist and supported housing, is crucial in ensuring that they live safe and independent lives. People with disabilities are defined for planning purposes in the National Planning Policy Framework. However, authorities may wish to consider groups outside of the scope of this definition in order to meet the specific needs of their community. *The Census provides information on the number of people with a long-term limiting illness and strategic policy-making authorities can access information from the Department for Work and Pensions on the numbers of Personal Independence Payment (replacing Disability Living Allowance) / Attendance Allowance benefit claimants. Whilst these data sources can provide a good indication of the number of disabled people, not all of the people included within these counts will require adaptations in the home. Applications for Disabled Facilities Grant will provide an indication of levels of expressed need, although this could underestimate total need. If necessary, policy-making authorities can engage with partners to better understand their housing requirements.*

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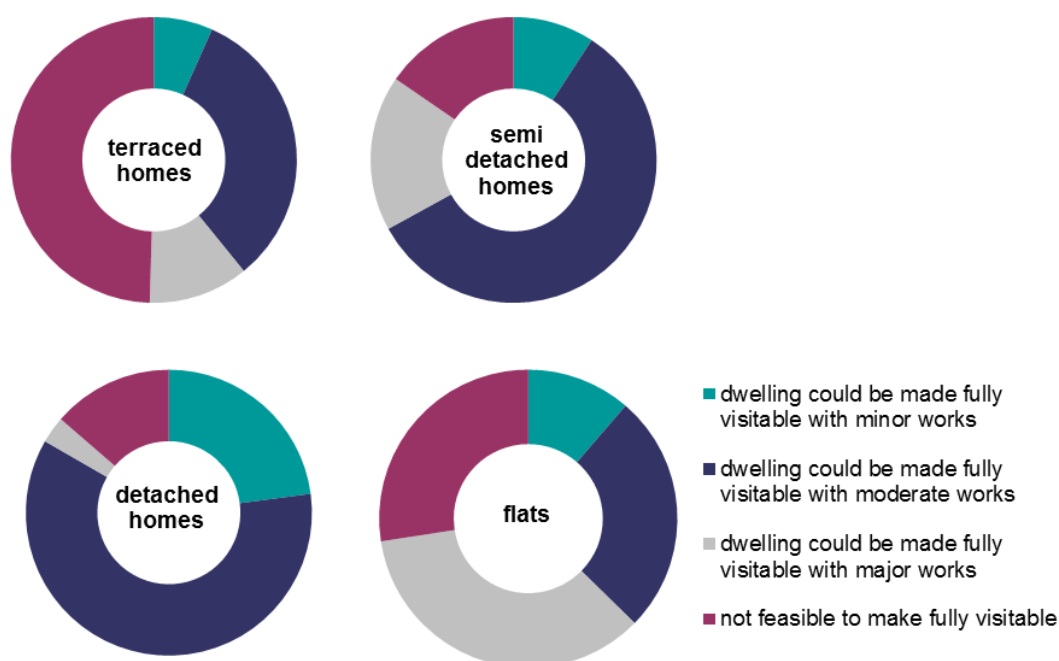
- 3.19 Personal Independence Payments (PIPs) started to replace the Disability Living Allowance from April 2013, and these are awarded to people aged under 65 years who incur extra costs due to disability (although there is no upper age limit once awarded, providing that applicants continue to satisfy either the care or mobility conditions). Attendance Allowance contributes to the cost of personal care for people who are physically or mentally disabled and who are aged 65 or over. Nevertheless, PPG recognises that neither of these sources provides information about the need for adapted homes as *“not all of the people included within these counts will require adaptations in the home”*.
- 3.20 Disabled Facilities Grants (DFG) are normally provided by Councils and housing associations to adapt properties for individuals with health and/or mobility needs who are owner occupiers, or renting from a private landlord, housing association or council. Grants cover a range of works, ranging from major building works, major adaptations to the property and minor adaptations. In the period 2010-2017, Cheshire East assisted 1,512 households at an average cost of £6,000 each.
- 3.21 However, PPG notes that whilst patterns of DFG applications *“provide an indication of expressed need”* it cautions that this could *“underestimate need”*. Of course, it is also important to recognise that DFGs typically relate to adaptations to the existing housing stock rather than new housing provision.
- 3.22 The Government’s reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. This was reflected in the recent changes to building regulations relating to adaptations and wheelchair accessible homes that were published in the Building Regulations 2010 Approved Document Part M: Access to and use of buildings (2015 edition incorporating 2016 amendments – for use in England).¹⁴ Three standards are covered:
- » M4(1) Category 1: VISIBLE dwellings – Mandatory, broadly about accessibility to ALL properties

¹⁴ <https://www.gov.uk/government/publications/access-to-and-use-of-buildings-approved-document-m>

- » M4(2) Category 2: Accessible and adaptable dwellings – Optional, similar to Lifetime Homes
- » M4(3) Category 3: Wheelchair user dwellings – Optional, equivalent to wheelchair accessible standard.

^{3.23} Given that the existing stock is considerably larger than projected new build, adapting existing stock through DFGs is likely to form part of the solution. However, the English Housing Survey identifies that approaching half of all existing dwellings could not be adapted or would require major works in order for them to be made fully visitable. On this basis, adapting existing stock alone is unlikely to provide sufficient properties to meet the needs of a growing older population.

Figure 22: Level of work required to create full visitability (Source: EHS 2014-15 Annex Figure 2.5)



^{3.24} In terms of new developments, Part M states that: “Where no condition is imposed, dwellings only need to meet requirements M4(1)” (Paragraph 0.3). Local authorities should identify the proportion of dwellings in new developments that should comply with the requirements for M4(2) Category 2 and M4(3) Category 3 as part of the Local Plan, based on the likely future need for housing for older and disabled people (including wheelchair user dwellings) and taking account of the overall impact on viability.

^{3.25} Planning Practice Guidance for Housing optional technical standards states:

Based on their housing needs assessment and other available datasets it will be for local planning authorities to set out how they intend to approach demonstrating the need for Requirement M4(2) (accessible and adaptable dwellings), and / or M4(3) (wheelchair user dwellings), of the Building Regulations.

To assist local planning authorities in appraising this data the Government has produced a summary data sheet. This sets out in one place useful data and sources of further information which planning authorities can draw from to inform their assessments. It will reduce the time needed for undertaking the assessment and thereby avoid replicating some elements of the work.

Planning Practice Guidance (March 2015), ID 56-007

- 3.26 Building Regulations for M4(2) Category 2: Accessible and adaptable dwellings states that reasonable provision should be made for people to gain access to and use the facilities of the dwelling and that:

“The provision made must be sufficient to-

(a) meet the needs of occupants with differing needs, including some older or disabled people, and;

(b) to allow adaptation of the dwelling to meet the changing needs of occupants over time.” (Page 10)

- 3.27 On this basis, in establishing the need for M4(2) Category 2 housing it is important to consider the population projections and health demographics of the area.
- 3.28 When considering the housing mix, it was identified that many households moving into new housing are likely to be younger at the time that they form. However, these will include some households with mobility problems. Furthermore, it is likely that the needs of these households will change over time – partly through progressive change as health deteriorates with households get older, but also immediate change following an accident or health condition impacting mobility. Some households may also gain additional members with existing conditions, including children born with disabilities.
- 3.29 It was also identified that there will be a substantial growth in older households, although many of these will not move from their current home and will make adaptations as required to meet their needs. However, a large number of older households will still choose to move to an accessible home and others may have to move where it is not viable for their current home to be adapted. Not all of these households want to live in specialist older person housing, so it is important to ensure that accessible general needs housing that is suitable for older people is also provided. This will often free up family housing occupied by older households.
- 3.30 Not all health problems will affect households’ housing needs. Data from the English Housing Survey identifies that 70.9% of households across all age ranges have no limiting long-term illness or disability with a further 20.3% where there is a household member with an illness or disability, but this does not affect their housing need. Nevertheless, around 8.8% of households (around 1 in every 12) have one or more persons with a health problem which requires adaptations to their home. The proportion is markedly higher in affordable housing than in market housing (19.8% and 6.5% respectively).
- 3.31 Within this group, the substantial majority of households (82.6%) live in a home that is suitable for their needs (either having already moved or adapted their existing home). Nevertheless, just over 17% of households with a disability that affects their housing need either require adaptations or need to move to a more suitable home, which equates to 1.5% of all households.

Figure 23: Households with a long-term illness or disability that affects their housing needs (Source: English Housing Survey)

	Market housing	Affordable housing	TOTAL
Households without limiting long-term illness or disability	75.2%	50.2%	70.9%
Households with one or more persons with a limiting long-term illness or disability			
Does not affect their housing need	18.3%	29.9%	20.3%
Current home suitable for needs	5.4%	16.2%	7.3%
Current home requires adaptation	0.6%	1.6%	0.8%
Need to move to a more suitable home	0.5%	2.0%	0.7%

Total households where a limiting long-term illness or disability affects their housing need:	6.5%	19.8%	8.8%
Of those households where a limiting long-term illness or disability affects their housing need:			
Current home suitable for needs	83.1%	81.9%	82.6%
Current home requires adaptation	9.4%	8.1%	8.9%
Need to move to a more suitable home	7.4%	10.0%	8.4%

- 3.32 Through combining the national data from the English Housing Survey with data about relative levels of limiting long-term illness and disability in Cheshire East, it is possible to estimate the number of households likely to require adaptations or needing to move to a more suitable home.
- 3.33 Figure 24 identifies that there were around 50,700 households living in Cheshire East in 2018 with one or more persons with a limiting long-term illness or disability. This included around 16,100 households where their health problems affected their housing needs, but the majority of these households (around 13,500) were already living in a suitable home. In 2018, it is estimated that there were around 1,280 households needing to move to a more suitable home due to a disability or another long-term health problem. These households would represent an existing need for M4(2) housing, however some of these households would be wheelchair users needing M4(3) housing. A further 1,350 households needed adaptations to their current home.

Figure 24: Households with a long-term illness or disability in Cheshire East in 2018 by effect on housing need (Source: ORS Housing Model)

	TOTAL
Households with one or more persons with a limiting long-term illness or disability	50,717
Does not affect their housing need	34,616
Current home suitable for needs	13,475
Current home requires adaptation	1,349
Need to move to a more suitable home	1,277
Total households where a limiting long-term illness or disability affects their housing need:	16,100

- 3.34 The identified need for 1,280 adapted homes at the start of the Plan period is based on households' current needs. The M4(2) standard also requires "*the changing needs of occupants over time*" to be considered. Therefore, even without any change to the number of households in Cheshire East, the number of households with one or more persons with a limiting long-term illness or disability will increase over time as people get older.
- 3.35 Whilst around 16,100 households living in Cheshire East in 2018 had a health problem that already affected their housing requirement, it is likely that a further 7,550 households would develop health problems within 10 years. These households would also require adaptations to their current home or would need to move to a more suitable home.
- 3.36 Based on the household projections we can establish the future need for adapted housing based on the projected household growth and the changing demographics of the area.
- 3.37 Further modelling of health needs suggests that by 2030 there will be an additional 17,750 households either already experiencing health problems or likely to develop health problems within 10 years. Some of these

will be new households, but many will be existing households' resident in 2018 whose health has deteriorated over the Plan period.

- 3.38 Therefore, considering the needs of household's resident at the start of the Plan period together with the projected household growth and changing demographics (in particular the ageing population), there will be a total of 25,320 households either needing adaptations to the existing housing or suitable new housing to be provided. This is in addition to the 1,280 households needing to move and the 1,350 households needing adaptations based on their current health at the start of the Plan period.

Figure 25: Households with a long-term illness or disability in Cheshire East in 2018 by effect on housing need (Source: ORS Housing Model)

	TOTAL
Households where an existing illness or disability affects their housing need in 2018	
Current home suitable for needs	13,475
Current home requires adaptation	1,349
Need to move to a more suitable home	1,277
Total households where a limiting long-term illness or disability affects their housing need in 2018	16,100
Existing households in 2018 likely to develop health problems that affect their housing need within 10 years	7,565
Additional households in 2030 projected to experience problems or likely to develop problems within 10 years	17,763
Additional households in 2030 where illness or disability affects their housing need or will develop within 10 years	25,328

- 3.39 To provide M4(2) housing for all of the identified need would require housing for over 26,600 households to be provided. However, not all households will want to move to new housing – some will adapt their current homes and others will move to another dwelling in the existing stock.
- 3.40 Although some households would prefer not to move, Figure 22 identified that many existing homes were not suitable for adaptation to meet the M4(1) Category 1 standard and others would require major works. Fewer dwellings would be adaptable to the M4(2) Category 2 standard given the additional requirements. Based on the housing mix in the housing market area, it is likely that around 64% of all dwellings could be converted to meet the M4(1) standard.
- 3.41 Whilst the proportion that could be converted to meet the M4(2) standard would be lower, this provides a reasonable upper estimate of the number of households likely to be able to adapt existing homes rather than move to new housing. On this basis, we could assume that at least 36% of the additional households where illness or disability affects their housing need would move to new housing: 9,100 households (25,328*0.36). Together with the 1,280 households identified as needing to move in 2018, this would represent a total of 10,400 households.

Figure 26: Households with a long-term illness or disability in Cheshire East in 2018 by effect on housing need (Source: ORS Housing Model)

	TOTAL
Existing need in 2018	
Households where an existing illness or disability affects their housing need and need to move in 2018	1,277
Projected future need 2018-30	
Additional households in 2030 where illness or disability affects their housing need or will develop within 10 years	25,328
Maximum need for adapted housing 2018-30 (households)	26,605
Less households living in dwellings adaptable to M4(1) standard	17,487
Minimum need for adapted housing 2018-30 (households)	9,118

- 3.42 There is inevitably uncertainty about how many households will be able to meet their housing needs without moving and how many will move to existing homes rather than new housing. Nevertheless, the maximum of 26,600 households and minimum of 10,400 households identified in Figure 26 provide an appropriate range for the local authority to consider. Even the lower figure amounts to 39% of the remaining housing target in the Cheshire East Local Plan Strategy 2010-2030.
- 3.43 It is important to recognise that this would represent the combined need for both M4(2) Category 2 and M4(3) Category 3 housing; for households with a wheelchair user would be included within those households counted as having a health problem or disability that affects their housing need.

Housing for Wheelchair Users

- 3.44 Building Regulations for M4(3) Category 3: Wheelchair user dwellings also states that reasonable provision should be made for people to gain access to and use the facilities of the dwelling and that:

“The provision made must be sufficient to-

(a) allow simple adaptation of the dwelling to meet the needs of occupants who use wheelchairs, or;

(b) to meet the needs of occupants who use wheelchairs.” (Page 23)

- 3.45 On this basis, in establishing the need for M4(3) Category 3 housing it is again important to consider the population projections and health demographics of the area, but with specific reference to households with wheelchair users.
- 3.46 The CLG guide to available disability data¹⁵ (referenced by PPG ID 56-007) shows that around one in thirty households in England (3.3%) currently have at least one wheelchair user, although the rate is notably higher for households living in affordable housing (7.1%). The rates are also higher for older households.
- 3.47 Figure 27 identifies the proportion of households in England with a wheelchair user currently living in market housing and affordable housing by age of household representative.

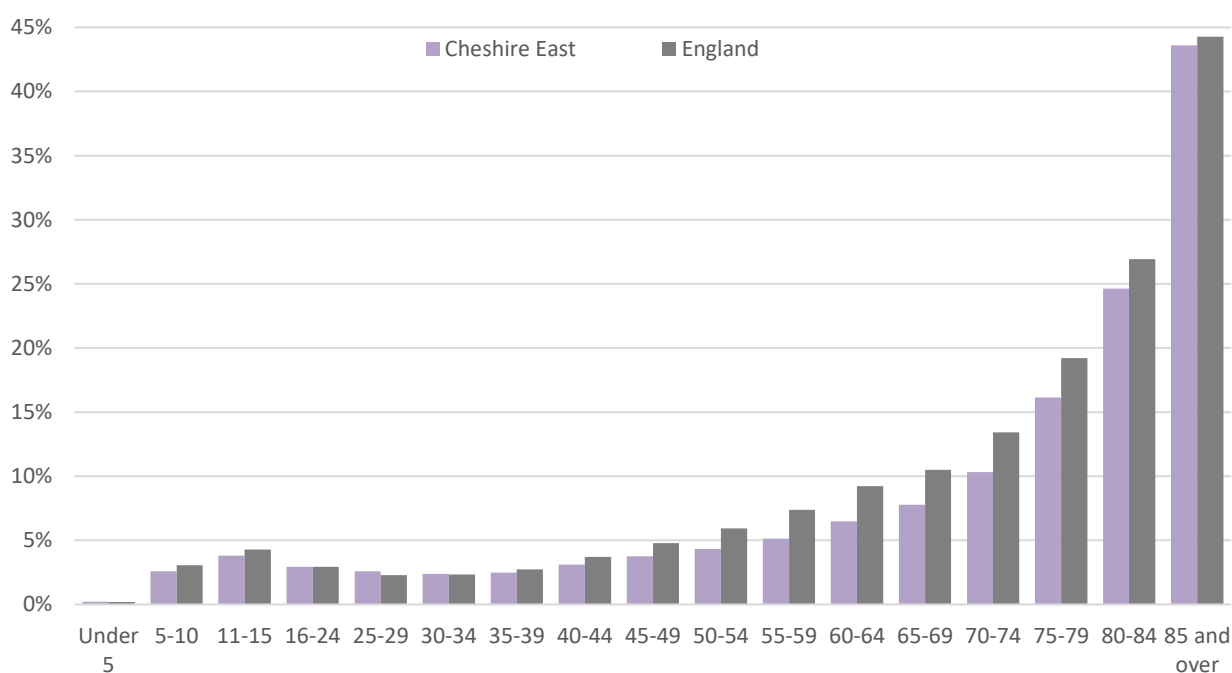
¹⁵ <https://www.gov.uk/government/publications/building-regulations-guide-to-available-disability-data>

Figure 27: Percentage of households with a wheelchair user by type of housing and age of household representative
(Source: English Housing Survey 2013-14)

Housing Type	Age of Household Representative							
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+
Housing type								
Market housing	< 0.1%	0.4%	1.0%	1.6%	3.0%	4.0%	6.1%	9.3%
Affordable housing	0.3%	2.0%	2.9%	6.0%	6.0%	10.3%	12.7%	19.9%

^{3.48} Figure 28 compares the proportion of disability benefit claimants in receipt of mobility award (the majority of whom will be wheelchair users) for Cheshire East against the figures for England.

Figure 28: Disability benefit claimants in receipt of mobility award by age (Source: DWP, May 2016)



^{3.49} Through combining the information on local rates with the national data, we can establish the proportion of households in Cheshire East likely to have a wheelchair user by the age of the household representative in market housing and affordable housing (Figure 29).

Figure 29: Percentage of households with a wheelchair user by type of housing and age of household representative

Housing Type	Age of Household Representative							
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+
Cheshire East								
Market housing	< 0.1%	0.4%	1.0%	1.6%	2.8%	3.8%	5.8%	9.1%
Affordable housing	0.3%	2.0%	2.9%	5.9%	5.8%	9.9%	12.2%	19.6%

^{3.50} Figure 30 identifies the net change in the number of households with a wheelchair user over the period 2018 to 2030. It is evident that the number of households likely to need wheelchair adapted housing in Cheshire East is likely to increase by 1,600 over the 12-year period, equivalent to around 6.2% of the OAN.

Figure 30: Households needing Wheelchair Adapted Housing (Source: ORS Housing Model. Note: Figures may not sum due to arithmetic rounding)

Modelled Need for Wheelchair Adapted Housing	Households aged under 75			Households aged 75+			Overall change 2018-30	% of OAN
	2018	2030	Net change 2018-30	2018	2030	Net change 2018-30		
Market housing	2,480	2,660	180	1,650	2,640	+990	+1,170	5.4%
Affordable housing	1,040	1,150	120	590	910	+320	+440	10.3%
Total	3,520	3,820	300	2,240	3,550	+1,310	+1,610	6.20%

- 3.51 **The evidence supports the need for a target of 6.2% of all housing to meet M4(3) Category 3 requirements.** Based on the earlier conclusion in paragraph 3.42 that at least 39% of all new housing should be suitable for the needs of households with health problems or disabilities that affect their housing requirement, we can therefore conclude that **the evidence also supports the need for a target of at least 33% of all housing to meet M4(2) Category 2 requirements.**
- 3.52 However, it is important to recognise that 80% of the identified growth in households with wheelchair users (1,310 households) are aged 75 or over, and it is likely that many of these households would also be identified as needing specialist housing for older persons. Whilst not all households needing wheelchair adapted housing will live in specialist older person housing, national data indicates that at any point in time it is likely that around a quarter of those living in specialist housing will need wheelchair adapted homes – but it is likely that some older households will start using a wheelchair whilst living in specialist housing if their health deteriorates. On this basis, it may be appropriate to adopt higher targets for specialist housing for older persons that is wheelchair accessible, and this could reduce the proportion of general needs housing that would need to meet the Category 3 requirements. **The evidence supports the need for a target of at least 25% and ideally 50% or more of specialist housing for older people to meet M4(3) Category 3 requirements; and all specialist housing for older people should meet M4(2) Category 2 requirements.**

Service Personnel

- 3.53 Paragraph 61 of the NPPF identifies that local planning authorities should plan for the needs of different groups in the community, including service families. Local planning authorities should:

Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes

National Planning Policy Framework (July 2018), Paragraph 61

- 3.54 There are no military bases in Cheshire East and at the time of the 2011 Census there was a total of 346 service personnel resident in the local authority area, which amounts to less than 0.1% of the total population. The population reside in private households, so while they are members of the armed forces they are based elsewhere. Therefore, service families have a very limited impact on the housing market of Cheshire East, and this is unlikely to change in the foreseeable future. It is still important that the housing register for Cheshire East considers the needs of services families and this has been implemented.

Gypsies and Travellers

- 3.55 Planning Policy for Traveller Sites (PPTS) came into force in March 2012 and was updated in August 2015. This document sets out the Government's policy for Gypsies and Travellers and represents the only policy for a particular household group which is not directly covered by the NPPF. However, at paragraph 1 PPTS notes that:

This document sets out the Government's planning policy for traveller sites. It should be read in conjunction with the National Planning Policy Framework.

Planning Policy for Traveller Sites, paragraph 1

- 3.56 Paragraph 61 of the revised NPPF states that:

'Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes'.

- 3.57 The footnote to this section states that 'Planning Policy for Traveller Sites sets out how travellers' housing needs should be assessed for those covered by the definition in Annex 1 of that document.' This essentially sets out that the needs of Traveller households that meet the planning definition should be addressed under the PPTS, and that the needs of households that are not found to meet the planning definition should be addressed as part of the wider housing needs of an area.
- 3.58 Following the publication of the revised NPPF and the Housing Delivery Test Measurement Rule Book in July 2018, the current position is that under the Housing Delivery Test, paragraph 10, the need for Travellers that meet the PPTS planning definition are not now included in the overall 5-year land supply.

10 Where applicable, the housing requirement for Gypsies and Travellers under the Planning Policy for Traveller Sites (PPTS) will be added to the housing requirement. Plan-making authorities should inform MHCLG of their housing requirement for Gypsies and Travellers under the PPTS through the annual Housing Delivery Test DELTA data collection.

- 3.59 However, PPG for Housing Needs states at paragraph 17 that:

The household projections that form the baseline of the standard method are inclusive of all households including travellers as defined in Planning Policy for Traveller Sites.

- 3.60 There therefore appears to be a fundamental inconsistency between the statement that Gypsies and Travellers who meet the PPTS definition are included in the LHN figures but should also be added to the housing requirement.
- 3.61 Cheshire East commissioned ORS to undertake a GTAA along with Cheshire West and Chester, Halton and Warrington Councils in 2018. This identified a need for 32 permanent pitches for Gypsies and Travellers that meet the current planning definition by 2030, a need for 20 pitches for households whose travelling status is unknown and also 3 pitches for Gypsies and Travellers that do not meet the current planning definition.

The Private Rented Sector

- 3.62 The English Housing Survey (EHS) 2016-17 identified that 20% (4.7 million) of households were renting from a private landlord, much higher than the rate of 12% a decade earlier in 2006-07. The EHS also shows that households aged 25-34 were more likely to be renting privately (46%) than buying a home, up from 27% in 2006-07. Owner occupation in this age group dropped from 55% to 37% over the same 10-year period. In Greater London, 30% of households rent privately compared to 25% outright ownership, 22% buying with a mortgage, and 22% renting in the social sector. Outside of London, private rented is the third largest tenure and is now larger than social rented; 36% outright ownership, 30% buying with a mortgage, 19% private renting, and 16% social renting.
- 3.63 Growth in the Sector seems likely to continue, driven by a combination of demand and supply factors:
- » Increasing demand from more households;
 - » Recent reductions in incomes (in real terms);
 - » Affordability of owner occupation reducing;
 - » Changing Bank lending practices;
 - » Pensions reform: pension drawdowns invested in BTL property.
- 3.64 The growth of the Sector has been acknowledged as both a growing and long-term option for meeting the nation's housing need. CLG (with the Intermediary Mortgage Lenders Association) forecast that the private rented sector will increase in size to 35% nationally by 2032¹⁶. On this basis, the number of households renting privately could double again over the next twenty years.
- 3.65 Given this context, PPG recognises the importance of understanding the likely future role of the private rented sector:

The private rented sector

Tenure data from the Office for National Statistics can be used to understand the future need for private rented sector housing. However, this will be based on past trends. Market signals reflecting the demand for private rented sector housing could be indicated from the level of changes in rents.

Planning Practice Guidance (February 2019), ID 2a-017-20190220

National Context

- 3.66 As the PRS expands and other sectors contract, it is clear that many households who would traditionally meet their housing needs in other sectors are now renting privately. This includes many households currently unable to afford their housing costs, which can be seen from the expansion of families receiving Housing Benefit in the sector, in particular since the start of the most recent recession.
- 3.67 The Office for Budget Responsibility analysis of the UK's public finances for Government explicitly recognises a likely growth in the share of housing benefit claimants in the private rented sector in its Economic and Fiscal Outlook (March 2014)¹⁷:

¹⁶ <http://news.rla.org.uk/rpi-rent-revolution/>

¹⁷ <http://cdn.budgetresponsibility.org.uk/37839-OBR-Cm-8820-accessible-web-v2.pdf>

“The share of [housing benefit] spending accounted for by the private rented sector is forecast to rise from 30 per cent in 2007-08 to 40 per cent by 2018-19. ... We expect the share of claimants in the private rented sector to continue rising over the forecast period, but for average awards to rise more slowly than nominal GDP per capita due to policy, including on uprating.” (paragraphs 4.152-154)

3.68 Importantly, the Government sees the PRS having an important and long-term role in meeting the housing need of the nation; and although the NPPF and PPG do not mention the current or future role of housing benefit, the policy to support low-income households in the private rented sector with housing benefit is long-standing and housing benefit is explicitly factored into the long-term forecasts for public spending.

3.69 Policy by both Government and Local Authorities is focused on improving Management and Maintenance in the sector (via licensing or self-regulation schemes) and expanding supply¹⁸ (including the Build to Rent investment scheme¹⁹). The Government published “Improving the Private Rented Sector and Tackling Bad Practice: A guide for local authorities” in March 2015²⁰, and the Foreword by the Minister stated:

“The private rented sector is an important and growing part of our housing market, housing 4.4 million households in England. The quality of housing in the sector has improved dramatically over the last decade. It is now the second largest tenure and this growth is forecast to continue growing. I am proud of this growth as it shows increasing choice, improving standards whilst helping to keep rents affordable. The Government supports a bigger and better private rented sector and wants to see this growth continue.”

3.70 Given this context, it is important for local authorities to recognise the role of the private rented sector at a local level. Assuming the release back into the market of many dwellings in the private rented sector currently occupied by tenants in receipt of housing benefit would have significant consequences for the wider housing market as more properties come on to the market; therefore it remains appropriate to recognise that the private rented sector will continue to make an important contribution towards providing housing options for households unable to afford their housing costs in future. The private rented sector also offers a more flexible tenure for the economically active to move to the area. Nevertheless, it is essential for local authorities to understand the full extent of the need for affordable housing in their areas and consider their policy responses accordingly.

The Role of HMOs

3.71 Figure 29 of the Housing Demand Study 2015 demonstrated that, of the household growth which occurred in Cheshire East between 2001 and 2011, there was a growth in the private rented sector of over 440 multi-adult households. Unlike other areas, this wasn’t driven by student households and instead reflects a growth in low income households sharing properties.

3.72 In the future there is a role for well managed HMOs in the housing market as they provide an option for single persons, particularly those on short-term contracts in the area. For example, many workers may move temporarily to Cheshire East as part of the building of the HS2 project. These workers will often be seeking low cost accommodation for the period they are in Cheshire East to maximise their net income after housing costs and HMOs represent a natural choice for many temporary workers.

¹⁸ <https://www.gov.uk/government/publications/private-rented-homes-review-of-the-barriers-to-institutional-investment>

¹⁹ <https://www.gov.uk/government/publications/build-to-rent-round-2-initial-due-diligence>

²⁰ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/412921/Improving_private_rented_sector.pdf

The Future Role of the Private Rented Sector

- 3.73 Clearly the PRS and HMOs are an important tenure that, as shown in Figure 8, have doubled since 1991 to house a significant proportion of households in Cheshire East. At the same time, young households have been less likely to meet their housing need in affordable housing given the various constraints in accessing local authority and housing association rented housing. Recent changes to letting policies and the reality of pressures on the housing stock make it less likely that single persons aged under 35 years will be allocated to a 1 bedroom social rented or affordable rented property.
- 3.74 Further, there have been other recently introduced policy changes (Starter Homes, Right to Buy for housing association tenants) which will influence the demand for Private Rented Sector accommodation. The Housing and Planning Act 2016 introduced changes to further the Government's policy of encouraging home ownership through promoting Starter Homes to provide affordable property for first time buyers. This duty to promote the supply of Starter Homes, alongside the changes to the definition of affordable housing introduced in the NPPF 2018, has led to speculation that the promotion of Starter Homes will restrict the supply of affordable housing for rent for reasons such as a preference among developers to develop Starter Home property for sale rather than affordable housing for rent.
- 3.75 Given that the new supply of affordable homes now includes Starter Homes, and if existing affordable supply in net terms reduces (i.e. if new affordable supply does not exceed stock sold under RTB), then demand for PRS stock may continue or increase further. This means that much of the increased demand for PRS property is likely to continue, driven by young households with few other options should they wish to establish their own household.

People Wishing to Build their Own Homes

- 3.76 Paragraph 61 of the NPPF identifies that local planning authorities should plan for people wishing to build their own homes, and PPG states:

Self-build and custom housebuilding

Most local planning authorities (including all district councils and National Park Authorities) are now required to keep a register of individuals and associations of individuals who are seeking to acquire serviced plots of land in their area in order to build their own home. The Self-build and Custom Housebuilding (Register) Regulations 2016 set out these requirements. For further details, see guidance on self-build and custom housebuilding registers.

In order to obtain a robust assessment of demand for this type of housing in their area, local planning authorities will need to assess and review the data held on registers. They can also supplement the data from the registers with secondary data sources such as: building plot search websites, 'Need-a-Plot' information available from the Self Build Portal, and enquiries for building plots from local estate agents.

Planning Practice Guidance (February 2019), ID 2a-017-20190220

- 3.77 It is important to recognise that anyone seeking to build their own property does not add to the Objectively Assessed Needs for an area. Instead, self-build represents a mechanism for helping to meet the identified need for market and affordable housing of an area.

- 3.78 Over half of the population (53%) say that they would consider building their own home²¹ (either directly or using the services of architects and contractors); but it's likely that this figure conflates aspiration with effective market demand. Self-build currently represents only around 10% of housing completions in the UK, compared with rates of around 40% in France and 70 to 80% elsewhere in Europe.
- 3.79 The attractiveness of self-build is primarily reduced costs; however, the Joseph Rowntree Foundation report *"The current state of the self-build housing market"* (2001) showed how the sector in the UK had moved away from those unable to afford mainstream housing towards those who want an individual property or a particular location.
- 3.80 *"Laying the Foundations – a Housing Strategy for England"* (HM Government, 2011)²² redefined self-build as 'Custom Build' and aimed to double the size of this market, creating up to 100,000 additional homes over the decade. *"Build-it-yourself? Understanding the changing landscape of the UK self-build market"* (University of York, 2013) subsequently set out the main challenges to self-build projects and made a number of recommendations for establishing self-build as a significant contributor to housing supply. The previous Government also established a network of 11 Right to Build 'Vanguards' to test how the 'Right to Build' could work in practice in a range of different circumstances.
- 3.81 In the Budget 2014, the Government announced an intention to consult on creating a new 'Right to Build', giving 'Custom Builders' a right to a plot from councils. The Self-Build and Custom Housebuilding Act²³ 2015 places a duty on local planning authorities to:
- » Keep a register (and publicise this) of eligible prospective 'custom' and self-build individuals, community groups and developers;
 - » Plan to bring forward sufficient serviced plots of land, probably with some form of planning permission, to meet the need on the register and offer these plots to those on the register at market value; and
 - » Allow developers working with a housing association to include self-build and custom-build as contributing to their affordable housing contribution.
- 3.82 The 2015 Act was amended by the Housing and Planning Act 2016²⁴ which placed a duty on local planning authorities to provide serviced sites which have planning permission that allows for self or custom build:
- An authority to which this section applies must give suitable development permission in respect of enough serviced plots of land to meet the demand for self-build and custom housebuilding in the authority's area arising in each base period. (Section 2(a)(2))*
- 3.83 Limited Government funding²⁵ is currently available via the HCA Custom Build Homes Fund programme (short-term project finance to help unlock group custom build or self-build schemes). The Government announced further measures in 2014 (Custom Build Serviced Plots Loan Fund) to encourage people to build their own homes, and to help make available 10,000 'shovel ready' sites with planning permission. Given this context, it is important to recognise that self-build could either be market housing or low-cost home ownership affordable housing products. Nevertheless, it is likely that the majority will be market homes.

²¹ Building Societies Association Survey of 2,051 UK consumers 2011

²² <https://www.gov.uk/government/publications/laying-the-foundations-a-housing-strategy-for-england--2>

²³ <http://services.parliament.uk/bills/2014-15/selfbuildandcustomhousebuilding.html>

²⁴ <http://services.parliament.uk/bills/2015-16/housingandplanning.html>

²⁵ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/364100/custom_build_homes_fund_prospectus_120712.pdf

- 3.84 Cheshire East Council launched its Self & Custom Build Register in April 2016 and there were 91 registrations over the period to March 2017, equivalent to an average of eight applications per month. However, during the second year of operation (from April 2017 to March 2018) the number of applicants reduced to under five per month, with a total of 54 applications over the year. As at the end of January 2019, there were 161 individuals and one association on the Register, with only 16 applications since March 2018.
- 3.85 If the number of new applications was to continue at the current rate of around 4 per quarter, the overall number of applicants would be around 350 over the Cheshire East Plan period to 2030. This would represent just over 1% of Cheshire East's overall housing need of 26,500 dwellings over the 12-year period 2018-2030. If the rate of applications was to return to the original rate of around 32 per quarter, the number of applications could be over 1,700 over the plan period, over 6% of the overall housing need identified.
- 3.86 Information provided by a number of existing applicants suggests that they are interested in sites across a wider geographic area. It is likely that these households would have registered their details with more than one local authority, and therefore their needs would be counted in more than one area; whereas they would only need one suitable plot in one location. Conversely, the existing register is unlikely to capture all demand for self-build and custom housebuilding, and if awareness of these housing options (and awareness of council registers for serviced land) were to increase over the Plan period then the rate of future applications could be higher than currently experienced. This may lead to demand from more applicants, which would help offset the impact of any double counting.
- 3.87 It is likely that self-build is already delivering homes across Cheshire East on small and windfall sites, beyond that sought for serviced plots. Based on the identified demand for self-build and custom housebuilding in the area, it seems likely that this delivery will continue. Whilst the provision of serviced sites with planning permission may reduce the amount of development on windfall sites, it is also likely to stimulate interest from households that previously wouldn't have pursued this housing option.
- 3.88 At this stage it remains unclear how many of the self-build register applicants will actually purchase those serviced sites with planning permission that the Council is able to offer. It is likely that some will find their own land on windfall sites whilst others may not continue with a self-build in the area. However, there is evidently demand for self-build and custom housing in Cheshire East, so the Council should put in place arrangements to meet their obligations under the Self-Build and Custom Housebuilding Act and monitor the take-up of serviced plots of land offered to those on the Register. The Council may also consider undertaking a survey of those leaving the register without having purchased a plot in order to better understand the reasons for any attrition, in particular the likely inter-relationships with windfall developments.

4. Conclusions

Overview

- 4.1 Figure 45 of the Cheshire East Housing Development Study 2015 contains details of the current unmet need for affordable housing and the projected future affordable housing need over the full 20-year period of the Cheshire East Local Plan 2010-30. This gave a total affordable housing need of 7,078 dwellings (in addition to the current stock. This figure was rounded to 7,100 and provides for an affordable housing need of 355 dwellings per annum.
- 4.2 Between 2010 and 2018 a total of 9,556 homes were built, including 2,812 affordable units. This leaves a total of 26,444 homes to be built between 2018 and 2030, with 4,288 of these to be affordable.

Size and Tenure Mix for Affordable Housing

- 4.3 Taking the outputs from Chapter 2 of this study, in summary, there is a need for:
 - » Rented affordable housing = 3,398 dwellings which is almost entirely for households who need housing benefit support to cover social rents;
 - » Intermediate Housing which covers affordable home ownership = 890 dwellings; and
 - » Market housing = 22,156 dwellings;
- 4.4 It will be a policy decision as to how much of the additional need for affordable housing is provided in the form of Affordable Rent and how much is provided in the form of shared ownership and other affordable to own housing products. The results set out above would represent an 80:20 split between affordable housing to rent and affordable housing with an ownership element. However, a higher proportion given over to affordable housing with an ownership element may be advisable given that the government wish to widen the opportunities for home ownership and this has already been incorporated in to Cheshire East's Local Plan of a 65:35 split between affordable housing to rent and affordable housing with an ownership element.
- 4.5 Within the Local Plan it will also be necessary to consider a number of other issues including:
 - » Sites of 10 units or fewer not delivering affordable housing;
 - » The impact of the ageing population of Cheshire East including those wishing to downsize;
 - » The need to provide plots for self-build and custom build dwellings;
 - » The role of the private rented sector and HMOs; and
 - » The impact of delivering affordable housing on viability.

Housing for Older People

- 4.6 The analysis of the need for specialist older person housing in Chapter 3 identifies a backlog of 6,862 dwellings in 2018. Over the 12-year period 2018-30, this analysis identifies an increase in need of around 5,573 additional homes; yielding a total need of around 12,435 dwellings to be provided over the Plan period. All of these properties are already counted within the OAN identified in the Cheshire East Local Plan Strategy.

- 4.7 It is unlikely that all of the identified need for older person housing will be delivered in Cheshire East. Instead, it is important that a range of housing options are made available and also that funding through DFGs are made available to allow households to remain in their own properties.
- 4.8 It is important that the delivery of specific schemes for specialist older person housing are considered in partnership with other agencies, in particular those responsible for older person support needs. It will also be essential to consider other factors and constraints in the market and to consider a wider set of options such as single storey accommodation, retirement villages with single storey included or properties which offer a suitable alternative.

Housing for People with Disabilities

- 4.9 There were around 50,700 households living in Cheshire East in 2018 with one or more persons with a limiting long-term illness or disability. In 2018, it is estimated that there were around 1,280 households needing to move to a more suitable home due to a disability or another long-term health problem. Considering the needs of household's resident in 2018 together with the projected household growth and changing demographics (in particular the ageing population), there will be a total of 25,330 households either needing adaptations to their existing housing or suitable new housing to be provided. This is in addition to 1,280 households needing to move in 2018.
- 4.10 However, Disabled Facilities Grants and personal funding may allow many households to remain in their own home. On this basis, there is inevitably uncertainty about how many households will be able to meet their housing needs without moving and how many will move to existing homes rather than new housing. Nevertheless, the minimum of 10,395 households and maximum of 26,605 households provide an appropriate range for the local authority to consider.
- 4.11 Again, in practice it will be very difficult for new dwellings in Cheshire East to meet this need, particularly in light of viability concerns. However, it is important that a range of suitable accommodation is provided to allow households to have their housing needs met.
- 4.12 Further analysis shows that the number of households likely to need wheelchair adapted housing in Cheshire East is likely to increase by 1,600 over the 12-year period, equivalent to around 6.2% of the remaining Local Plan housing target. It is particularly important that a high share of dedicated older person housing is suitable for wheelchair use.

The Role of the Private Rented Sector

- 4.13 The size of the private rented sector in Cheshire East has doubled since 1991 to house a significant proportion of households in Cheshire East. At the same time, young households have been less likely to meet their housing need in affordable housing.
- 4.14 Further, there have been other recently introduced policy changes (Starter Homes, Right to Buy for housing association tenants) which will influence the demand for Private Rented Sector accommodation. Given that the new supply of affordable homes now includes Starter Homes, and if existing affordable supply in net terms reduces (i.e. if new affordable supply does not exceed stock sold under RTB), then demand for PRS stock may continue or increase further. This means that much of the increased demand for PRS property is likely to continue, driven by young households with few other options should they wish to establish their own household.

The Role of HMOs

- 4.15 In the future there is a role for well managed HMOs in the housing market as they provide an option for single persons, particularly those on short-term contracts in the area. For example, many workers may move temporarily to Cheshire East as part of the building of the HS2 project. These workers will often be seeking low cost accommodation for the period they are in Cheshire East to maximise their net income after housing costs and HMOs represent a natural choice for many temporary workers.

People Wishing to Build their Own Homes

- 4.16 Cheshire East Council launched its Self & Custom Build Register in April 2016. If the number of new applications was to continue at the current rate of around 4 per quarter, the overall number of applicants would be around 350 over the Cheshire East Plan period to 2030. If the rate of applications was to return to the original rate of around 32 per quarter, the number of applications could be over 1,700 over the plan period, over 6% of the overall housing need identified.
- 4.17 It is likely that self-build is already delivering homes across Cheshire East on small and windfall sites, beyond that sought for serviced plots. Based on the identified demand for self-build and custom housebuilding in the area, it seems likely that this delivery will continue. Whilst the provision of serviced sites with planning permission may reduce the amount of development on windfall sites, it is also likely to stimulate interest from households that previously wouldn't have pursued this housing option.
- 4.18 There is evidently demand for self-build and custom housing in Cheshire East, so the Council should put in place arrangements to meet their obligations under the Self-Build and Custom Housebuilding Act and monitor the take-up of serviced plots of land offered to those on the Register.

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Appendix B

Glossary of Terms

Definitions

Affordability is a measure of whether housing may be afforded by certain groups of households.

Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. For the purpose of this report we have used the definition in the National Planning Policy Framework 2012

Category 2 and 3 are classifications of wheelchair accessible housing. They refer to building regulations Approved Document M (2015) which introduced three categories of accessible dwellings. Category 1 (visitable dwellings) relates to accessibility of all properties and, being mandatory, is not assessed in the report. Category 2 (accessible and adaptable dwellings) is optional and similar to the earlier concept of Lifetime Homes. Category 3 (wheelchair user dwellings) is optional and equivalent to wheelchair accessible standard.

Census Output Area is the smallest area for which UK Census of Population statistics are produced. Each Census Output Area had a population of around 250 people with around 100 dwellings at the time of the 2001 Census.

Concealed families are defined as; *“family units or single adults living within other households, who may be regarded as potential separate households which may wish to form given appropriate opportunity”*²⁶.

ECO underpins the Green Deal and places obligations on energy companies to facilitate installation of energy efficiency measures in homes. ECO fits within the Green Deal framework where Green Deal finance alone is not enough.

Equity is the difference between the selling price of a house and the value of the outstanding mortgage.

Green Deal is a market led framework that will allow individuals and businesses to make energy efficiency improvements to their buildings at no upfront cost. Finance needed for the improvements is repaid, in instalments, attached to an electricity bill.

Headship rates are defined by CLG as: *“the proportion of people in each age group and household type who are the ‘head’ of a household”*²⁷

A household is one person living alone, or two or more people living together at the same address who share at least one meal a day together or who share a living room.

²⁶ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6338/1776873.pdf

²⁷ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/182417/MethodologyFinalDraft.pdf

Household formation refers to the process whereby individuals in the population form separate households. 'Gross' or 'new' household formation refers to households that form over a period of time, conventionally one year. This is equal to the number of households existing at the end of the year that did not exist as separate households at the beginning of the year (not counting 'successor' households, when the former head of household dies or departs). 'Net' household formation is the net growth in households resulting from new households forming less the number of existing households dissolving (e.g. through death or joining up with other households).

A Housing Association or Registered Provider is an independent not-for-profit body that primarily provides low-cost "social or affordable housing" for people in housing need.

Housing demand is the quantity of housing that households are willing and able to buy or rent.

Household income includes all salaries, benefits and pensions, before deductions such as tax and National Insurance.

Homes in Multiple Occupation are currently defined by the Housing Act 2004 as:

- » an entire house or flat which is let to three or more tenants who form two or more households and who share a kitchen, bathroom or toilet;
- » a house which has been converted entirely into bedsits or other non-self-contained accommodation and which is let to three or more tenants who form two or more households and who share kitchen, bathroom or toilet facilities;
- » a converted house which contains one or more flats which are not wholly self-contained (i.e. the flat does not contain within it a kitchen, bathroom and toilet) and which is occupied by three or more tenants who form two or more households; and
- » a building which is converted entirely into self-contained flats if the conversion did not meet the standards of the 1991 Building Regulations and more than one-third of the flats are let on short-term tenancies.

Housing market areas are geographical areas in which a substantial majority of the employed population both live and work and where those moving house without changing employment choose to stay.

Housing need is the quantity of housing required for households who are unable to access suitable housing without financial assistance.

Housing requirements encompasses both housing demand and housing need, and is therefore the quantity of housing necessary for all households to have access to suitable housing, irrespective of their ability to pay.

Housing type refers to the type of dwelling, for example, flat, house, specialist accommodation.

Intermediate affordable housing is housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria for affordable housing set out above. These include shared equity products (e.g. HomeBuy), other low cost home ownership products and intermediate rent.

Lending multiplier is the number of times a household's gross annual income a mortgage lender will normally be willing to lend. The most common multipliers quoted are 3.5 times income for a one-income household and 2.9 times total income for dual income households.

Lifetime Homes Standard is a series of design criteria intended to make homes more easily adaptable for lifetime use at minimal cost.

Low cost home ownership or **Shared ownership** is intermediate affordable housing designed to help people who wish to buy their own home, but cannot afford to buy outright (with a mortgage). Through this type of scheme you buy a share in the property with a Housing Association or other organisation.

Lower quartile means the value below which one quarter of the cases falls. In relation to house prices, it means the price of the house that is one-quarter of the way up the ranking from the cheapest to the most expensive.

Lower Super Output Area is a group of around 5-6 Census Output Areas and is the smallest geography for many Government statistics. Each Lower Super Output Area had a population of around 1,250 people with around 500 dwellings at the time of the 2001 Census.

Market housing is private housing for rent or for sale, where the price is set in the open market.

Market signals are indicators that supply and demand are not in balance for a local housing market. Possible market signals are listed in PPG and the following are the most pertinent; house prices, private sector rents, affordability, rate of development and overcrowding.

Migration is the movement of people between geographical areas. In this context it could be either local authority districts, or wider housing market areas. The rate of migration is usually measured as an annual number of individuals, living in the defined area at a point in time, who were not resident there one year earlier. Gross migration refers to the number of individuals moving into or out of the authority. Net migration is the difference between gross in-migration and gross out-migration.

A projection of housing needs or requirements is a calculation of numbers expected in some future year or years based on the extrapolation of existing conditions and assumptions. For example, household projections calculate the number and composition of households expected at some future date(s) given the projected number of residents, broken down by age, sex and marital status, and an extrapolation of recent trends in the propensity of different groups to form separate households.

Registered Social Landlord/Registered Provider see Housing Association.

Secondary data is existing information that someone else has collected. Data from administrative systems and some research projects are made available for others to summarise and analyse for their own purposes (e.g. Census, national surveys).

Shared ownership see Low Cost Home Ownership.

Social rented housing is provided by social landlords and rented for less than would be paid if renting privately.

Specialised housing refers to specially designed housing (such as mobility or wheelchair accommodation, hostels or group homes) or housing specifically designated for particular groups (such as retirement housing).

Acronyms and Initials

ASHE	Annual Survey of Hours and Earnings
BME	Black and Minority Ethnic
BRMA	Broad Rental Market Area
CACI	Private sector company providing modelled data
CORE	The Continuous Recording System (for Housing Association and Local Authority lettings)
DEFRA	Department for Environment, Food and Rural Affairs
DWP	Department of Work and Pensions
GIS	Geographical Information Systems
HBF	Home Builders Federation
HMO	House in Multiple Occupation
IMD	Indices of Multiple Deprivation
LA	Local Authority
LDF	Local Development Framework
LDP	Local Development Plan
LHA	Local Housing Allowance
NHSCR	National Health Service Central Register
NPPF	National Planning Policy Framework
ONS	Office for National Statistics
ORS	Opinion Research Services
PANSI	Projecting Adult Needs and Service Information System
POPPI	Projecting Older Person Population Information
PPG	Planning Practice Guidance
REIT	Real Estate Investment Trust
RSL	Registered Social Landlord
SAR	Share Accommodation Rate
SHMA	Strategic Housing Market Assessment