

# Local Housing Needs Assessment

**Warrington Borough Council**

March 2019

**Prepared by**

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## Quality Standards Control

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

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

DATE	ORIGINATORS	APPROVED
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### Limitations

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

## 1 INTRODUCTION

- 1.1 GL Hearn was commissioned by Warrington Borough Council (WBC) to carry out a Local Housing Needs Assessment (LHNA) in light of the publication of the National Planning Policy Framework (NPPF (2018 and subsequently 2019)) together with further work relating to housing to inform the emerging Local Plan.
- 1.2 Following the Preferred Options consultation in July-September 2017, the Council is working towards the publication of its local plan in early 2019, and submission therefore to the Secretary of State in 2019. For the purposes of this report, this means that the Government's standard OAN methodology will be in place.
- 1.3 The Emerging Local Plan has a plan period of 2017-37. This document reflects the need within that period including using the latest mid-year population estimates to rebase it to 2017.
- 1.4 This work updates and adds to previous work assessing housing need in Warrington. The most recent of which was set out in the Liverpool City Region Strategic Housing and Employment Land Market Assessment (SHELMA) in March 2018. To ensure consistency with this work we have used where possible the same assumptions as the SHELMA.
- 1.5 Prior to this, the Council had produced a Strategic Housing Market Assessment for the Mid Mersey authorities (Halton and St Helens) in January 2016. This was subsequently updated in May 2017 but focussed only on Warrington Borough.

### NPPF (2019) and PPG

- 1.6 The methodology used in this report responds to the NPPF (2019) at the time of publication which sets out the Government's objective to significantly boost housing supply, and the current Planning Practice Guidance (PPG) on *Housing and Economic Needs Assessments*.
- 1.7 Chapter 5 of the NPPF (2019) relates to delivering a sufficient supply of homes. with Paragraph 60 setting out that "To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard methodology" which is this report. However, in exceptional circumstances, an alternative approach could be justified.
- 1.8 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. This, however, would be the housing requirement rather than the housing need.

- 1.9 Paragraph 61 of the NPPF (2019) sets out that “Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed”. It adds these specific groups include but are not limited to:

*“those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes”.*

- 1.10 It is clear from the NPPF (2019) and the PPG that the OAN derived from the standard methodology is to act as a minimum and there is ample scope and indeed it is encouraged for local authorities to provide housing in excess of this.

- 1.11 Paragraph 10 of the PPG<sup>1</sup> sets out the circumstances when a higher figure than the standard method needs to be considered include but are not limited to:

*“growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);*

*strategic infrastructure improvements that are likely to drive an increase in the homes needed locally; or*

*an authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground;*

*There may, occasionally, also be situations where previous levels of housing delivery in an area, or previous assessments of need (such as a recently-produced Strategic Housing Market Assessment) are significantly greater than the outcome from the standard method. Authorities will need to take this into account when considering whether it is appropriate to plan for a higher level of need than the standard model suggests.”*

- 1.12 There is, therefore, a clear allowance for Warrington to align and maintain the identified employment growth within the Strategic Economic Plan, should that be above the standard methodology OAN with the latter acting as the minimum level of need.

- 1.13 It should be emphasised that this report does not set housing targets. It provides an assessment of housing need, based on Government guidance at the time of writing, which is intended to provide an input to plan-making alongside wider evidence including on land availability, environmental and other development constraints and infrastructure.

## Geographies

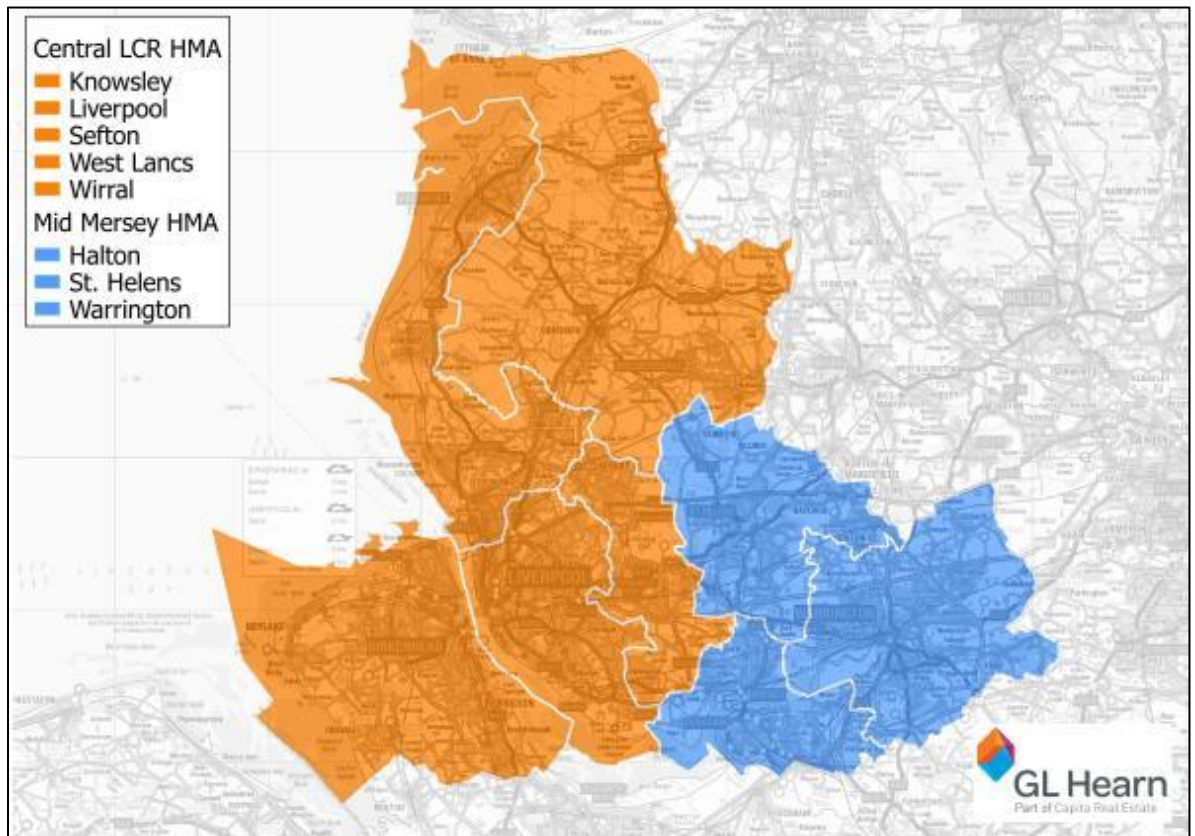
- 1.14 Following on from previous work this study uses the HMA as defined in the Liverpool SHELMA and previous versions of the Mid Mersey SHMA. These are shown in the Figure below. However, as the local authorities are at different stages of their local plan preparation the study’s results are focused

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<sup>1</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/687239/Draft\\_planning\\_practice\\_guidance.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/687239/Draft_planning_practice_guidance.pdf)

only on Warrington. Reference to these broader strategies is helpful to ensure consistency of approach across the Mid Mersey HMA.

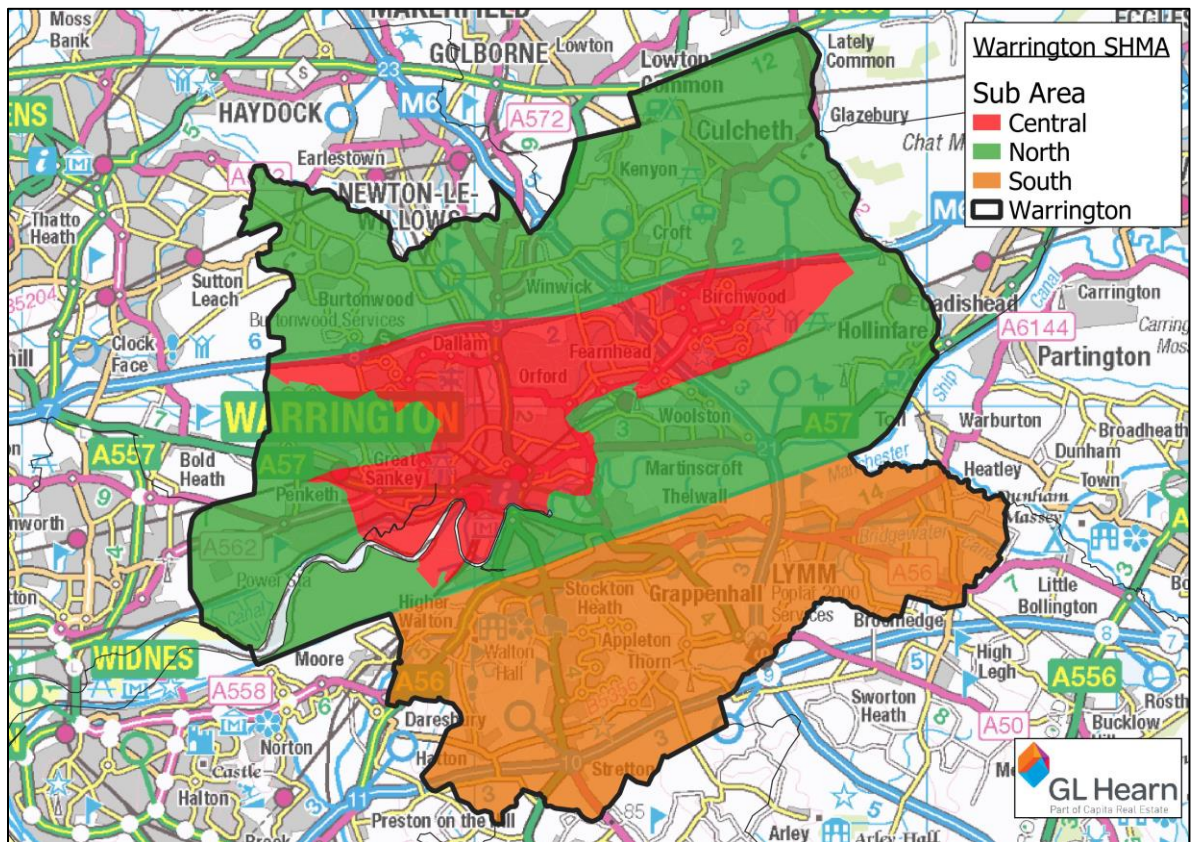
**Figure 1: Housing Market Areas**



Source: GL Hearn, 2017

- 1.15 Where appropriate we have also provided sub-area outputs for Warrington. This relates to the sub-areas identified for the Community Infrastructure Levy (CIL). As shown in figure 2 there are three distinct sub-areas.
- 1.16 The South Sub-area covers the area south of the canal and includes Grappenhall and Lymm. The Central sub-area covers the main town of Warrington. The North Sub-area includes Culcheth but also a number of other Warrington suburban areas such as Penketh and Woolston.

**Figure 2: Warrington Sub-Areas**



Source: GL Hearn

## Report Structure

1.17 Following this introductory section, the remainder of the report is structured as follows:

- Section 2: Housing need
- Section 3: Economic growth and housing need
- Section 4: Affordable housing need
- Section 5: Affordable home ownership
- Section 6: Housing mix
- Section 7: Needs of specific groups
- Section 8: Summary and conclusions

**2 HOUSING NEED**

- 2.1 The Planning Practice Guidance (PPG) in relation to Housing Need Assessment was revised in July 2018, again in September 2018 and most recently in February 2019.
- 2.2 The revised PPG at paragraph 4 sets out the standard methodology for assessing housing need. Paragraph 214 of the revised NPPF (2019) states that any plans submitted after the 24<sup>th</sup> of January 2019 should be based on the 2019 version of the NPPF including the standard methodology.
- 2.3 As Warrington Borough Council is currently timetabled to consult on the Submission Draft of their Local Plan in early 2019 then the revised framework applies. In assessing housing need and deriving a housing target that means adopting the three-stage standard methodology.
- 2.4 The PPG advises that “the projected average annual household growth over a 10-year period (this should be 10 consecutive years, with the current year being the first year)” should be used. We have interpreted the “current year” as 2017 to align with the start of the plan period.
- 2.5 Our approach below sets out the standard method OAN using the worked example set out in the PPG.

**Step 1 - Setting the baseline**

- 2.6 Warrington’s household projections (2014-based projections) are:
  - 90,647 households in 2017
  - 98,566 households in 2027
- 2.7 This is a total of 7,919 new households over the 10-year period, equivalent to an average household growth of 792 per year.

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

- 2.8 The authority’s workplace-based affordability ratio is 6.36. The adjustment is calculated as below:

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

$$Adjustment\ factor = \left( \frac{6.36 - 4}{4} \right) \times 0.25 = \left( \frac{2.36}{4} \right) \times 0.25 = 0.59 \times 0.25 = 0.1475$$



2.9 The adjustment factor is therefore 0.1475 and is used as below:

- Minimum annual local housing need figure = (1 + adjustment factor) x projected household growth
- Minimum annual local housing need figure = (1 + 0.1475) x 792 = 1.1475 x 792
- The resulting figure is 909.

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

2.10 The cap depends on the current status of relevant strategic policies for housing. We have treated Warrington as having no local plan:

- There is no average annual housing requirement figure in the existing relevant policies as these were revoked by the High Court
- Average annual household growth over 10 years is 792 (as per step 1)
- The minimum annual local housing need figure is 909 (as per step 2)
- The cap is set at 40% above the higher of the most recent average annual housing requirement figure or household growth:
- Cap =  $792 + (40\% \times 792) = 792 + 317 = 1,109$

2.11 **The capped figure is greater than minimum annual local housing need figure and therefore the minimum OAN figure for this local authority is 909 dpa.**

2.12 Paragraph 12 of the PPG sets out that “The method provides authorities with an annual number, based on a 10-year baseline, which can be applied to the whole plan period.”

2.13 In order to input into later parts of this study, we have translated this level of household growth (909 dpa) into a population projection. This shows a growth of 28,600 people over the 2017-37 period. The methodology for this calculation is set out in appendix A.

### Exceeding the Standard Methodology

2.14 As set out in paragraph 2 of the PPG it is clear that “The standard method uses a formula to identify the **minimum number** of homes expected to be planned for” adding that “It does not produce a housing requirement”.

2.15 Paragraph 10 of the PPG sets out that:

*“The government is committed to ensuring that more homes are built and supports ambitious authorities who want to plan for growth. The standard method for assessing local housing need provides a minimum starting point in determining the number of homes needed in an area. It does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore, there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates.”*

*This will need to be assessed prior to, and separate from, considering how much of the overall need can be accommodated (and then translated into a housing requirement figure for the strategic policies in the plan). Circumstances where this may be appropriate include, but are not limited to situations where increases in housing need are likely to exceed past trends because of:*

- *growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);”*

2.16 In the case of Warrington, the Council is committed to working with the Local Enterprise Partnership to deliver the Strategic Economic Plan which constitutes such a growth strategy. This growth strategy will result in more job opportunities for local people and affordable and appropriate housing to meet a wide range of needs for communities. The impact of this on housing need is examined more closely in the following chapter.

#### **Housing Need and Population Growth: Summary Points**

- The Standard Method housing need for Warrington results in 909 dpa based on the 2014-based household projections.
- Using our modelled approach to population growth we have ensured that household formation rates are improved and population growth through migration is increased. Our modelling shows a growth of 26,300 or 12.5% over the 2017-2037 period.
- However, the standard methodology only calculates the minimum need and there may be reasons for the Council to adopt a housing requirement in excess of this.

### 3 ECONOMIC GROWTH AND HOUSING NEED

- 3.1 In this section, consideration is given to economic growth and how this may influence the level of housing need. It draws on a number of documents including the updated Economic Development Needs Assessment, the Strategic Economic Plan, the Liverpool City Region SHELMA and the Mid Mersey SHMA and Update.
- 3.2 While that standard methodology removes any consideration of economic growth within the OAN, there is still a requirement for local authorities to align their economic and housing strategies. By failing to do so they would either struggle to meet their economic growth aspirations or draw on a greater level of workforce outside the borough thus creating unsustainable commuting patterns.
- 3.3 The PPG is also clear that the standard methodology is also a minimum and that where growth strategies are in place this might entail the actual housing need being higher than the figure identified by the standard method. This section of the report seeks to understand the housing need required to meet the borough's economic ambition.

#### Previous Studies

- 3.4 In the SHMA (May 2017) the housing need associated with the 2015 Oxford Economics baseline forecast of 964 jobs was assessed. This was also complemented by an assessment of housing need resulting from the growth strategy in the Strategic Economic Plan (1,240 jobs).
- 3.5 The Strategic Economic Plan figures were reviewed in the Review of Warrington Employment Targets to 2040 produced by Metro-Dynamics in June 2017<sup>2</sup>. That report provided “a high-level review of the employment target for Warrington in the SEP, to ensure that this is reasonable and in line with what might be expected given current knowledge of future investments and an analysis of historic employment growth.”
- 3.6 The Review states that there is good reason to expect that a portion of the investment and regeneration plans and significant proposals will be advanced and that additional employment over and above the forecast level can and will be achieved.
- 3.7 It also acknowledges that there are “major uncertainties around the future path of growth in the UK as a result of Brexit and that the employment targets across CWLEP should be reviewed at regular intervals to ensure they remain realistic.”

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<sup>2</sup> [http://www.871candwep.co.uk/content/uploads/2017/07/Employment-Forecasts-Report\\_Final-002.pdf](http://www.871candwep.co.uk/content/uploads/2017/07/Employment-Forecasts-Report_Final-002.pdf)

- 3.8 However, it concludes that at that the SEP employment targets for Warrington are a sound and reasonable basis on which both the LEP and the Borough Council can proceed, plan and invest.
- 3.9 The SHMA also identified housing need associated with past employment trends and the Northern Powerhouse. However, we have not sought to replicate these as the past trend scenario is unlikely to be repeated. This is justified on the basis that the Borough experienced unprecedented growth in the period feeding into trends. The Northern Powerhouse has also not been repeated as the scale of growth resulting from this scenario (755 jobs) was lower than the baseline forecast.

**Oxford Economic Forecasts**

- 3.10 The March 2018 SHELMA was also based on the baseline growth albeit from a different version of the same source, Oxford Economics 2016. This calculated a slightly higher baseline of 942 jobs per annum (14-37) and growth scenario of 989 jobs per annum.
- 3.11 In January 2018 Oxford Economics produced revised employment forecasts (2017-based). These informed the Borough’s as yet unpublished updated assessment of employment land need. The baseline forecast calculated that 635 new jobs per annum will be created in Warrington for 2017-37.

**Table 1: Comparison of OE Forecasts for Warrington**

	2017	2037	Change	Change Per Annum	Difference	Difference %
OE 2018	142.2	154.9	12.7	635	-286	-31%
OE 2016	137.6	156.1	18.4	921		

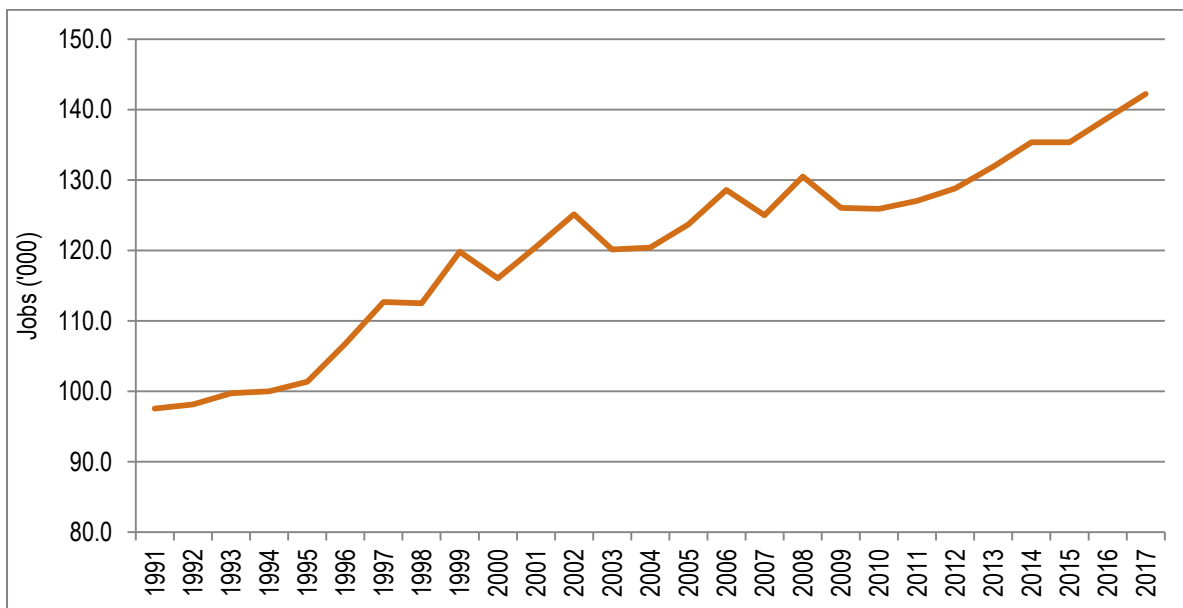
Source: OE

- 3.12 This is a 31% decrease in anticipated baseline jobs growth from the 2016 equivalent. This is a substantial reduction on previous baseline assessments and takes into account such things as a general slowing of the economy as well as wider factors such as Brexit which have resulted in a deterioration in the outlook for many sectors.

**Past Trends**

- 3.13 The former planning policy guidance also suggested that economic growth can be based on projecting past trends. To do this we have sought to extrapolate growth based on the last full business cycle.
- 3.14 The full business cycle is used in order to avoid using any period of high or low growth which could skew the projections. It is often characterised as a peak to peak period (before a crash) or trough to trough (after a crash). As shown in the figure below such periods were seen in Warrington over the 1997-2008 and 1998-2010 respectively.

**Figure 3: Historic Employment Growth (1991-2017)- Warrington**



Source: Oxford Economics, 2018

3.15 These peak to peak and trough to trough periods calculated a compound annual growth rate of between 0.9% per annum and 1.3% per annum. Extrapolating these trends forward from the base date shows a considerable rate of growth. The peak to peak trend results in an annual jobs growth of over 2,100.

**Table 2: Trend-Based Projections - Warrington**

	2017	2037	CAGR	Change (17-37)	Change Per Annum
1997 - 2008 Trends (P2P)	142,231	185,724	1.3%	43,493	2,175
1998 - 2010 Trends (T2T)	142,231	171,547	0.9%	29,316	1,466

Source: GL Hearn based on Oxford Economics, 2018

3.16 However, the 1997-2010 period was one of very strong growth connected to the digital economy, internet shopping, the expanding public sector under the previous Labour Government. More locally strategic growth in Warrington including the development of Birchwood Park and the significant amount of jobs brought with it. It also includes other strategic growth including University Campus, a new intensive care unit and hospital wing at Warrington Hospital and Warrington Interchange.

3.17 More widely changes in the world economy (slowing of Chinese Economy, American isolation policies) and national economy (Brexit and continued austerity) are likely to slow the future rate of growth in comparison to historic rate. Extrapolating these levels of growth is there not reflective of a realistic level of growth a view shared by the leading economic forecasters.

## “Policy on” Economic Growth

- 3.18 In the previous SHMA, we examined the Economic Led Housing need eventually adopted by the Local Enterprise Partnership in their Strategic Economic Plan. The basis of the level of growth identified was reflective of specific local investment in the area. Although it should be noted that the SEP has also been designed to be a flexible document that can adapt as the post-Brexit landscape as it becomes clearer.
- 3.19 The SEP set out a range of investments in Warrington which were intended to improve the performance of the local economy above baseline growth. These investments included the following key areas:
- Transport Investment
  - Skills and Education
  - Energy
  - Quality of Place
- 3.20 While these investments have not gone away it is clear from the analysis above that the baseline on which the sit upon have substantially reduced out with the control of the LEP. We have therefore sought to isolate the growth within the SEP forecast resulting from the investment and apply that level of growth to the revised baseline. This is particularly relevant given that some of the reduced sectors include those which are likely to see investment including:
- Land transport and transport via pipe
  - Telecommunications
  - Other professional, scientific
- 3.21 We have created a sensitivity to the former SEP level of growth recognising the reduction in the OE baseline forecasts. Our approach has been to apply an uplift of 319 jobs per annum to the new, lower OE baseline (635 jobs per annum).
- 3.22 This is the level of increase (319 jobs per annum) is the level of growth the SEP forecasts were above the previous OE forecasts, the uplift being a reflection of the intended consequence of the investment. That is the older, higher OE baseline (921 jobs per annum) were 319 jobs lower than the SEP target of 1,240 per annum which the investment would result in.
- 3.23 This approach suggests a total increase of 954 jobs per year (19,080 additional jobs over 20 years), 6,380 more jobs over the 2018 Oxford Forecast. The steps in the calculation are set out in the table below.

**Table 3: Updating the Strategic Economic Plan (job growth estimates)**

	Total 2017-37	Per annum
Old OE Baseline	18,420	921
Original SEP	24,800	1,240
Difference	6,380	319
New OE Baseline	12,700	635
+ Uplift	+6380	+319
<b>Revised SEP</b>	<b>19,080</b>	<b>954</b>

Source: OE January 2018 and GL Hearn

3.24 The table below shows the overall forecast jobs for 2017-37 periods under this scenario. A total of 19,100 jobs are forecasted for the next 20 years.

**Table 4: Employment forecasts (jobs)**

	Change 2017-37
Baseline	12,698
SEP Uplift	19,078

Source: OE January 2018

### Peer Review

3.25 This approach has been examined in the "Update to the Economic Development Needs Assessment" produced by the BE Group and Mickledore in January 2019. The report confirms that this approach is justified on the basis that the baseline (Policy Off) forecast underestimates the likely ongoing growth of distribution, transport and storage uses in Warrington based on:

- Market evidence of strong ongoing demand for larger B8 uses shown in this study
- The continuing take-up of land at Omega for B8 uses which is showing no signs of slowing
- Developer aspirations, reflected in the Local Plan PDO, for further strategic B2/B8 developments at Port Warrington and the M6/M56 Junction
- The identified growth potential of the Port of Liverpool, generating land needs 400 ha of land for logistics uses (plus commodities land) across a wider sub-region including Warrington. This is against the comparatively modest range of sites in the City Region being brought forward to specifically meet this need
- Related growth aspirations in Greater Manchester, particularly extending along the Ship Canal.

3.26 The report states that this scenario "balances the baseline forecast's apparent view that jobs growth will slow in the future with the wider findings of this study (and EDNA 2016) of a strong ongoing need for economic development land."

3.27 The report concludes that "The more general long-term reduction in rates of jobs growth for Warrington, forecast in the Oxford Baseline to 2037, also run counter to the broader study findings and wider policy aspirations for the Warrington New City. The Policy-On SEP Scenarios (as set out

above) added to the Oxford Baseline, are thus a more realistic indications of the numbers of jobs likely to be created.”

**Alternative Forecasts**

3.28 We have also examined the forecast growth from Cambridge Econometrics to ensure any reduction in outlook is not confined to Oxford Economics. To do this we have examined the CE forecasts from January 2015 which underpinned the Cheshire Wide Jobs Model as well as more recent forecasts (Jan 2018). As the table below shows CE predict an even starker downgrading of forecasts with a 41% reduction in the outlook for Warrington.

**Table 5: Comparison of CE Forecasts in Warrington**

	2017	2037	Change	Change Per Annum	Difference	Difference %
2018 Forecasts	137.1	147.4	10.3	516	-360	-41%
2015 Forecasts	145.3	162.8	17.5	876		

Source: CE

3.29 The fall in the CE forecasts illustrates a consistency of thought across the main forecasting houses that economic growth will decline. As the BE work confirmed the OE baseline forecasts were too pessimistic given local investment. Given that the CE forecasts show an even lower level of growth then they have not been taken forward for further consideration.

**Number of Jobs Supported by the Standard Method**

3.30 It is possible to also consider what level of jobs growth the Standard Method housing need (for 909 dwellings per annum) would support. This essentially works the same methodology set out in the later stages of this chapter but in reverse.

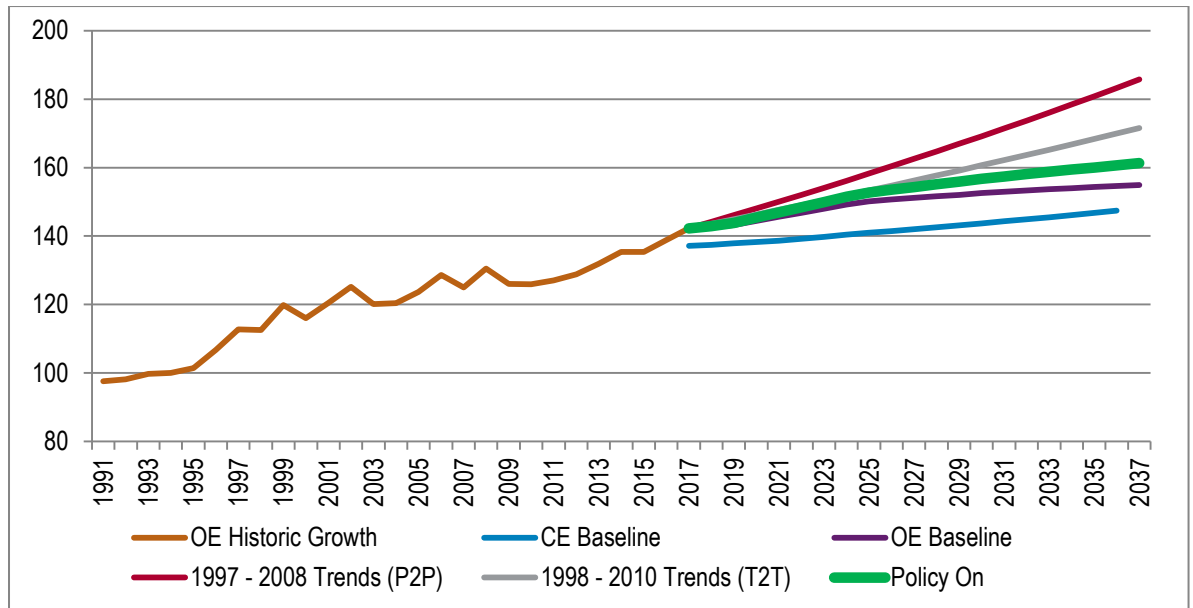
3.31 Between 2017 and 2037, the Standard Method’s population projection shows an increase in economically active residents of about 15,152; given the double-jobbing ratio (0.969) and the commuting ratio (0.877) this could potentially support 17,800 additional jobs. Whilst this is a notable increase in jobs, it does fall short of the 19,100 figure derived above. On that basis, it is suggested that the Borough would need to see some additional migration to support a sufficient labour supply for future job growth.



## Collated Forecasts

3.32 The figure below combines each of the baseline, trend based and policy on forecasts examined in Warrington. This clearly shows that the policy on forecast as being in the middle of the baseline forecasts and trend-based forecasts.

**Figure 4: Comparison of Economic Forecasts in Warrington (1991-2037)**



Source: OE, CE and GL Hearn, 2018

3.33 By focussing on the central variant, i.e. the “policy on” forecast, this further illustrates that we are neither unduly stifling nor exaggerating the likely growth in the Borough.

## Translating Economic Growth to Housing Need

3.34 In the following sub-section, the analysis is carried out to consider what level of household growth (and hence housing need) would be required for the job forecasts to be met. However, the relationship between economic growth and housing need is complex, influenced by a number of factors including:

- The inter-relationship between jobs and people, recognising that some people hold down more than one job;
- Levels of economic participation, with employment rates a function of a number of factors including the availability of jobs and skills;
- Commuting patterns and ratios, which can influence the balance between residents in employment and jobs in an area. These are influenced by transport connections, investment, the availability of employment opportunities and earnings levels.

3.35 The complexity of these factors, coupled with the inevitable uncertainties associated with predicting long-term economic performance, makes accurate modelling of the numbers of homes needed to

support future economic growth inherently difficult to accurately predict. However, Planning Practice Guidance requires consideration of the relationship between jobs growth and housing need.

- 3.36 The analysis takes account of commuting patterns. Where an area sees more people out-commute for work than in-commute it may be the case that a higher level of increase in the economically active/working population would be required to provide a sufficient workforce for a given number of jobs (and vice versa where there is net in-commuting).
- 3.37 We have assumed that the 'commuting ratio' is held constant. This means that the balance between the number of people living and working in an area remains constant. For Warrington, the commuting ratio has been held at 0.88. This assumes that 88% of the jobs in Warrington will be taken up by local residents.
- 3.38 In reality, there are likely to have been changes to commuting patterns since 2011 and there are likely to be further changes as a result of the level of growth set out herein. However, there is no robust dataset between the Census which establish this.
- 3.39 Furthermore, if changes were to be made to seek greater retention of employed residents who currently commute out this would have an impact outside of the Borough. For example, neighbouring authorities would be planning on the basis of retaining that labour force. If they can no longer rely on this group, then they would need to increase their housing need to attract more migrant labour.
- 3.40 As the impact of such a policy has wider consequences it becomes a duty to cooperate issue. If an agreement to change these patterns is put in place, then that can be modelled. However, there are no current agreements in place, therefore, the Census based approach is reasonable and robust.
- 3.41 The assumed rate of double jobbing for Warrington is 3.1%. This was based on the proportion of people with more than one job – using data from the Annual Population Survey. We have averaged data over the 2004-16 period to take account of the higher error margin associated with individual years' data at local authority level.
- 3.42 Combining the double jobbing and commuting ratio information allows us to calculate a multiplier of 0.85 which can then be used against the total jobs growth to calculate the growth in residents in employment. This reflects the assumptions set out in the SHMA as well as the SHELMA. The results of this calculation are shown in the table below.

**Table 6: Change in Employed Residents (Rounded)**

	Change in Jobs 2017-37	Change in Residents in employment 17-37
Updated SEP	19,100	16,200

Source: OE and GL Hearn

3.43 For Warrington, the jobs growth of 19,100 over the 2017-37 period results in an increase in residents in employment of 16,235. However, not all of the population will be employed and to understand the impact on overall population growth (and thus housing need) we have applied economic activity rates.

**Economic Activity Rates for the Baseline Scenario**

3.44 In order to ensure continuity with the SHELMA, we have applied the same assumptions on Economic Activity Rates. For Warrington, this means utilising the baseline rate as the growth scenario did not apply to areas which had activity rates above the national rates.

3.45 The rates of change for economic activity were based on data provided by Experian at a national level, which has been modelled locally based on activity rate data shown in the 2011 Census. It was considered that the activity rate changes forecast by Experian are fairly realistic when set against other factors (such as projected population growth and job forecasts at a national level) and sat in the middle of the alternatives tested (OBR and OE rates).

3.46 The baseline scenario modelled changes to employment rates which take account of the expected impact of increasing state pension ages over the forecast period along with some modest changes in other age groups.

3.47 Overall, the economic activity rates assumed in the Baseline Scenario show a very slight decline from 2012 to 2037 – this is due to demographic change and an increasing proportion of older people in the population. Whilst, the activity rates of older people are forecast to increase; it remains the case that these will remain below those seen in other (younger) age groups.

**Unemployment Rates**

3.48 The SHELMA did not make any specific assumptions about unemployment. By definition, the methodology assumes that the number of people unemployed in 2017 (the base date for the economic forecasts) remains the same moving forward to 2037.

3.49 The methodology employed looks at changes to the number of people who are economically active, and it is therefore assumed that all of any increase is equivalent to the number of additional people who are working.

3.50 In terms of an unemployment rate, this means that the proportion of people who are unemployed (e.g. as a proportion of those who are economically active) would be projected to decrease very slightly over the forecast period.

**Housing Need linked to Job-Growth Forecasts**

3.51 Having studied the various issues above, the analysis moves on to consider what level of housing might be required for forecasts to be met. This analysis is predominantly designed to see if there is either a clear workforce shortage or a workforce surplus.

3.52 The changes to migration have been applied on a proportionate basis; the methodology assumes that the age/sex profile of both in- and out-migrants is the same as underpins the SNPP with adjustments being consistently applied to both internal (domestic) and international migration. Adjustments are made to both in- and out-migration.

3.53 Once the level of working (economically active) population matches the job growth forecast the population (and its age structure) is modelled against headship rates. However, as set out in Appendix A these need to be considered in the context of the goals of the standard methodology.

3.54 Given the historic and projected suppression set out in the 2014-based projections, it would be reasonable to consider a further adjustment, as otherwise, local residents in these younger age groups would not be able to form in the way in which they would perhaps like or had done so historically (see Appendix A for more details).

3.55 We have therefore calculated the household output using both the 2014-based household formation rates and the ‘part-return-to-trend’ rates. The table below shows that the economic growth in the Borough, based on the revised SEP jobs growth will require 907 dwellings per annum to support it. This is very close to the 909 dwellings per annum required by the standard methodology but below the SHELMA (949 dpa). This also includes an adjustment to translate households in to housing which is based on vacancy rates.

**Table 7: Estimated housing need associated with job growth forecast – Warrington**

	Households 2017	Households 2037	Change in households	Per annum	Dwellings per annum
2014-based HRR	90,416	108,144	17,728	886	907
Part Return to Trend	90,499	108,978	18,479	924	945

Source: Demographic projections

3.56 However, the analysis of household formation rates makes it is clear that an adjustment is reasonable, which is the approach we have adopted, and which increases the housing need to 945 dpa.

3.57 Again, this also includes an adjustment to translate households into housing which is based on vacancy rates. This is higher than the housing need shown by the Standard Method and broadly in line with the SHELMA (949 dpa).

3.58 Given the increase beyond the standard methodology, we would envisage that paragraph 15 would apply. That states that:

*“Where a strategic policy-making authority can show that an alternative approach identifies a need higher than using the standard method and that it adequately reflects current and future demographic trends and market signals, the approach can be considered sound as it will have exceeded the minimum starting point.”*

### Population Outputs

3.59 We have also calculated the overall population as a result of the economic-led need (949 dpa). As the table below shows the resultant population growth over the twenty year period is around 30,350 or 14.5%.

	Population 2017	Population 2037	Change in population	% change from 2017
Under 5	12,206	13,002	796	6.5%
5-9	13,107	13,435	328	2.5%
10-14	12,076	13,725	1,649	13.7%
15-19	11,612	12,951	1,339	11.5%
20-24	10,927	11,783	856	7.8%
25-29	13,091	14,041	950	7.3%
30-34	13,480	13,775	295	2.2%
35-39	13,491	14,612	1,121	8.3%
40-44	13,472	15,660	2,188	16.2%
45-49	15,856	16,347	491	3.1%
50-54	16,607	15,297	-1,310	-7.9%
55-59	13,963	13,991	28	0.2%
60-64	11,513	13,085	1,572	13.7%
65-69	11,022	14,526	3,504	31.8%
70-74	10,317	14,431	4,114	39.9%
75-79	7,506	11,449	3,943	52.5%
80-84	5,099	8,219	3,120	61.2%
85+	4,359	9,717	5,358	122.9%
Total	209,704	240,050	30,346	14.5%

Source: GL Hearn modelling based on ONS data.

3.60 There is expected to be growth in all of the age categories with the exception of those aged 50-54. There is a particularly large increase in those in retirement age.

### **Economic Growth and Housing Need: Summary Points**

- We have examined the potential employment growth in Warrington drawing on a range of datasets and reports.
- The broad conclusions are that the OE baseline growth is likely to be too low (12,700 jobs over the 2017-37 period) and the SEP growth is likely to be too high (24,800 over the 2017-37 period).
- The adjusted SEP growth taking into account the lower baseline growth calculates an adjusted growth of 19,100 jobs over the 2017-37 period. It is estimated that the Standard Method housing need figure could support around 16,200 jobs.
- Translating this into housing need we have made a number of assumptions relating to double-jobbing, commuting, economic activity rates, and household formation rates. The core analysis identifies a housing need of 945 dpa.
- As this is above the standard methodology the Council should consider this level of growth in order to ensure the borough meets its economic potential while still improving local household formation rates.

## 4 AFFORDABLE HOUSING NEED

### Introduction

- 4.1 Affordable housing is defined in Annex 2 of the NPPF (2019). The new definition is slightly wider than the previous NPPF (2012) definition; in particular, a series of 'affordable home ownership' options are considered to be affordable housing.
- 4.2 The Planning Practice Guidance relating to the measurement of affordable housing need was updated in February 2019, although it is similar to that set out in draft in March 2018. The PPG describes the calculation of affordable housing need as relating to *'the current number of households and projected number of households who lack their own housing or who cannot afford to meet their housing needs in the market'*.
- 4.3 A methodology is set out in the PPG to look at affordable need, this is largely the same as the previous PPG method and does not really address the additional (affordable home ownership) definition other than to identify "the number of households from other tenures in need and those that cannot afford their own homes, either to rent or to own, where that is their aspiration".
- 4.4 Due to the lack of any detailed guidance the analysis below is therefore split between the current definition of affordable need and the additional definition. This section of the report below deals with the existing definition of affordable need with the following section considering the revised/expanded NPPF definition.

### Affordable Housing Need (established definition)

- 4.5 The method for studying the need for affordable housing has been enshrined in Strategic Housing Market Assessment (SHMA) guidance for many years, with an established approach to look at the number of households who are unable to afford market housing (to either rent or buy). The analysis below follows the methodology and key data sources in guidance and can be summarised as:
- Current need (an estimate of the number of households who have a need now and based on a range of data modeled from local information);
  - Projected newly forming households in need (based on projections developed for this project along with an affordability test to estimate numbers unable to afford the market);
  - Existing households falling into need (based on studying the types of households who have needed to access social/affordable rented housing and based on study past lettings data);
  - These three bullet points added together provide an indication of the gross need (the current need is divided by 20 so as to meet the need over the 2017-37 period);

- Supply of affordable housing (an estimate of the likely number of letting that will become available from the existing social housing stock – drawing on data from CoRe<sup>3</sup>); and
- Subtracting the supply from the gross need provides an estimate of the overall (annual) need for affordable housing

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

### Local Prices and Rents

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

4.8 For the purposes of establishing affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes). Later in the report, this information is expanded on in more detail to present a consideration of the types of affordable housing that might meet local needs. This section focuses on establishing, in numerical terms, the overall need for affordable housing.

4.9 The analysis below considers the entry-level costs of housing to both buy and rent across the Council area. The approach has been to analyse Land Registry and Valuation Office Agency (VOA) data to establish lower quartile prices and rents – using a lower quartile figure is consistent with the PPG and reflects the entry-level point into the market.

4.10 Data from the Land Registry for the year to March 2018 (i.e. Q2-Q4 of 2017 and Q1 of 2018) shows estimated lower quartile property prices in the Borough by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £85,000 for a flat and rising to over £200,000 for a detached home. Looking at the lower quartile price across all dwelling types the analysis shows a lower quartile ‘average’ price of £120,300.

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<sup>3</sup> The continuous recording of lettings and sales in social housing in England (referred to as CoRe) is a national information source that records information on the characteristics of both private registered providers and local authority new social housing tenants and the homes they rent



**Table 8: Lower quartile cost of housing to buy – year to March 2018 – Warrington**

	Lower quartile price
Flat/maisonette	£85,200
Terraced	£92,500
Semi-detached	£138,300
Detached	£223,400
All dwellings	£120,300

Source: Land Registry

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

**Table 9: Lower Quartile Market Rents, year to March 2018 – Warrington**

	Lower Quartile rent, pcm
Room only	£347
Studio	£340
1-bedroom	£425
2-bedrooms	£500
3-bedrooms	£625
4-bedrooms	£895
All properties	£495

Source: Valuation Office Agency

- 4.12 A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than a particular percentage of gross income. The choice of an appropriate threshold is an important aspect of the analysis, CLG guidance (of 2007) suggested that 25% of income is a reasonable start point but also notes that a different figure could be used. Analysis of current letting practice suggests that letting agents typically work on a multiple of 40%. Government policy (through Housing Benefit payment thresholds) would also suggest a figure of 40%+ (depending on household characteristics).
- 4.13 The threshold of income to be spent on housing should be set by asking the question ‘what level of income is expected to be required for a household to be able to access market housing without the need for a subsidy (e.g. through Housing Benefit)?’ The choice of an appropriate threshold will to some degree be arbitrary and will be linked to the cost of housing rather than income. Income levels are only relevant in determining the number (or proportion) of households who fail to meet the threshold. It would be feasible to find an area with very low incomes and therefore conclude that no households can afford housing, alternatively, an area with very high incomes might show the

opposite output. The key here is that local income levels are not setting the threshold but are simply being used to assess how many can or can't afford market housing.

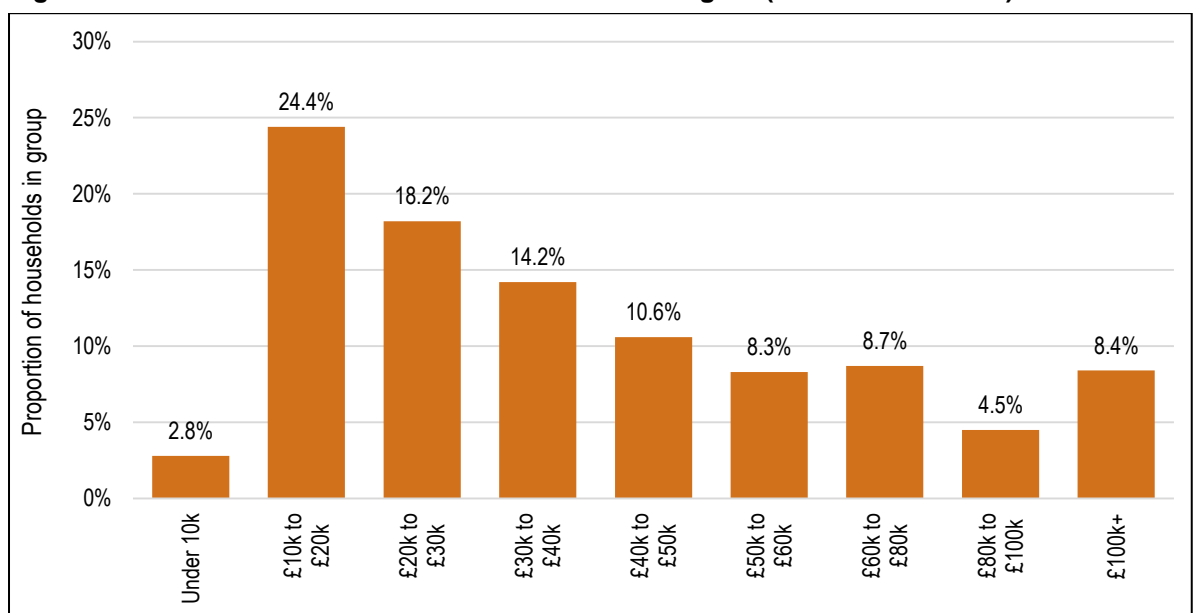
4.14 Rent levels in Warrington are generally low in comparison to those seen nationally (a lower quartile rent of £520 per month across England). This would suggest that a proportion of income to be spent on housing would be at the bottom end of the range. In the previous SHMA a threshold of 25% was used; given that there has been only a modest change in overall private rental housing costs over the past three years it seems prudent for consistency to continue using this figure.

### Income Levels and Affordability

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

4.16 Drawing all of this data together an income distribution has been constructed for the whole Council area for 2017. The figure below shows that around a quarter (27%) of households have incomes below £20,000 with a further third in the range of £20,000 to £40,000. Overall the average (mean) income is estimated to be around £43,300, with a median income of £32,900; the lower quartile income of all households is estimated to be £19,100.

**Figure 5: Distribution of Household Income in Warrington (mid-2017 estimate)**



Source: Derived from EHS and ONS data

- 4.17 The incomes levels estimated in this report are higher than the previous assessment (up 16%). This difference will in part reflect a higher estimate of income from the new ONS source, as well as any wage increases seen over the period studied.
- 4.18 To assess affordability, a household's ability to afford private rented housing without financial support has been studied. The distribution of household incomes is then used to estimate the likely proportion of households who are unable to afford to meet their needs in the private sector without support, on the basis of existing incomes. This analysis brings together the data on household incomes with the estimated incomes required to access private sector housing.
- 4.19 Different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households (this has consistently been shown to be the case in the English Housing Survey and the Survey of English Housing)). Assumptions about income levels for specific elements of the modelling are the same as in previous assessments of affordable need.

### Current Affordable Housing Need

- 4.20 In line with PPG paragraph 20, the current need for affordable housing has been based on considering the likely number of households with one or more housing problems. The table below sets out the categories in the PPG and the sources of data being used to establish numbers. The PPG also includes a category where households cannot afford to own despite it being their aspiration – this category is considered separately in this report (under the title of the additional definition of affordable housing need).

**Table 10: Main sources for assessing the current unmet need for affordable housing**

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

Source: PPG [2a-023]

4.21 It should be noted that there may be some overlap between categories (such as overcrowding and concealed households, whereby the overcrowding would be remedied if the concealed household moved). The data available does not enable analysis to be undertaken to study the impact of this and so it is possible that the figures presented include a small element of double counting. Additionally, some of the concealed households may be older people who have moved back in with their families and might not be considered as in need.

4.22 The table below shows the initial estimate of the number of households within the Borough with a current housing need. These figures are before any consideration of affordability has been made and has been termed ‘the number of households in unsuitable housing’. Overall, the analysis suggests that there are currently some 4,700 households living in unsuitable housing (or without housing).

**Table 11: Estimated number of households living in unsuitable housing**

Category of ‘need’	Households
Homeless households	103
Households in overcrowded housing	2,057
Concealed households	669
Existing affordable housing tenants in need	279
Households from other tenures in need	1,579
Total	4,686

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

4.23 In taking this estimate forward, the data modelling estimates housing unsuitability by tenure. From the overall number in unsuitable housing, households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise). The analysis also excludes 90% of owner-occupiers under the assumption (which is supported by analysis of survey data) that the vast majority will be able to afford housing once savings and equity are taken into account.

4.24 A final adjustment is to slightly reduce the unsuitability figures in the private rented sector to take account of student-only households – such households could technically be overcrowded/living in unsuitable housing but would be unlikely to be considered as being in affordable housing need (student households rarely qualify for affordable housing). Once these households are removed from the analysis, the remainder are taken forward for affordability testing.

4.25 The table below shows it is estimated that there were 2,279 households living in unsuitable housing (excluding current social tenants and the majority (90%) of owner-occupiers).

**Table 12: Unsuitable housing by tenure and numbers to take forward into affordability modelling**

	In unsuitable housing	Number to take forward for affordability testing
Owner-occupied	1,524	152
Affordable housing	1,028	0
Private rented	1,363	1,355
No housing (homeless/concealed)	772	772
Total	4,686	2,279

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

- 4.26 Having established this figure, it needs to be considered that a number of these households might be able to afford market housing without the need for subsidy. For an affordability test the income data has been used, with the distribution adjusted to reflect a lower average income amongst households living in unsuitable housing – for the purposes of the modelling an income distribution that reduces the level of income to 88% of the figure for all households has been used to identify the proportion of households whose needs could not be met within the market (for households currently living in housing). A lower figure (of 42%) has been used to apply an affordability test for the concealed/homeless households who do not currently occupy housing. These two percentage figures have been based on a consideration of typical income levels of households who are in unsuitable housing (based mainly on estimates in the private rented sector) along with typical income levels of households accessing social rented housing (for those without accommodation). These figures are considered to be best estimates, and likely to approximately reflect the different income levels of different groups with a current housing problem.
- 4.27 Overall, around half of households with a current need are estimated to be likely to have insufficient income to afford market housing and so the estimate of the total current need is reduced to about 1,200 households in the Borough.

**Table 13: Estimated Current Affordable Housing Need**

	In unsuitable housing (taken forward for affordability test)	% Unable to Afford Market Housing (without subsidy)	Revised Gross Need (including Affordability)
Warrington	2,279	52.6%	1,198

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

### Newly-Forming Households

- 4.28 The number of newly-forming households has been estimated through demographic modelling with an affordability test also being applied. This has been undertaken by considering the changes in

households in specific 5-year age bands relative to numbers in the age band below, 5 years previously, to provide an estimate of gross household formation.

- 4.29 The numbers of newly-forming households are limited to households forming who are aged under 45 – this is consistent with CLG guidance (from 2007) which notes after age 45 that headship (household formation) rates ‘plateau’. There may be a small number of household formations beyond age 45 (e.g. due to relationship breakdown) although the number is expected to be fairly small when compared with the formation of younger households.
- 4.30 In looking at the likely affordability of newly-forming households, data has been drawn from previous surveys. This establishes that the average income of newly-forming households is around 84% of the figure for all households. This figure is remarkably consistent across areas (and is also consistent with the analysis of English Housing Survey data at a national level).
- 4.31 The analysis has therefore adjusted the overall household income data to reflect the lower average income for newly-forming households. The adjustments have been made by changing the distribution of income by bands such that the average income level is 84% of the all household average. In doing this it is possible to calculate the proportion of households unable to afford market housing without any form of subsidy (such as LHA/HB). The assessment suggests that overall around two-fifths of newly-forming households will be unable to afford market housing (to rent) and that a total of 784 new households will have a need on average in each year to 2037.

**Table 14: Estimated Level of Affordable Housing Need from Newly Forming Households (per annum)**

	No. of new households	% unable to afford	Total in need
Warrington	1,840	42.6%	784

Source: Projection Modelling/affordability analysis

### Existing Households Falling into Affordable Housing Need

- 4.32 The second element of newly arising need is existing households falling into need. To assess this, information from CoRe has been used. This looked at households who have been housed over the past three years – this group will represent the flow of households onto the Housing Register over this period.
- 4.33 From this newly forming households (e.g. those currently living with family) have been discounted as well as households who have transferred from another social/affordable rented property. An affordability test has also been applied.

- 4.34 This method for assessing existing households falling into need is consistent with the 2007 SHMA guide which says on page 46 that *'Partnerships should estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless household applicants)'*.
- 4.35 Following the analysis through suggests a need arising from 342 existing households each year from 2017 to 2037.

### Supply of Affordable Housing Through Relets

- 4.36 The future supply of affordable housing is the flow of affordable housing arising from the existing stock that is available to meet future need. This focusses on the annual supply of social/affordable rent relets.
- 4.37 The Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. Information from the CoRe system has been used to establish past patterns of social housing turnover. The figures include general needs and supported lettings but exclude lettings of new properties and also exclude an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock.
- 4.38 Overall the table suggests a potential future supply of 809 homes per annum, somewhat lower than the equivalent figure in the SHMA of 1,027 homes per annum.

**Table 15: Analysis of past social/affordable rented housing supply (per annum – based on data for the 2014-17 period) – Warrington**

	General needs	Supported housing	Total
Total lettings	1,141	278	1,420
% as non-new build	95.4%	91.4%	94.6%
Lettings in existing stock	1,089	254	1,343
% non-transfers	57.0%	74.0%	60.2%
Total lettings to new tenants	621	188	809

Source: CoRe

- 4.39 The PPG model also includes the bringing back of vacant homes into use and the pipeline of affordable housing as part of the supply calculation. These have however not been included within the modelling in this report. Firstly, there is no evidence of any substantial stock of vacant homes (over and above a level that might be expected to allow movement in the stock) – as of 2017, CLG data shows 94 vacant general needs homes in the Borough.

- 4.40 Secondly, with the pipeline supply, it is not considered appropriate to include this as to net off new housing would be to fail to show the full extent of the need, although in monitoring it will be important to net off these dwellings as they are completed.

### Net Affordable Housing Need

- 4.41 The table below shows the overall calculation of affordable housing need. This excludes supply arising from sites with planning permission (the 'development pipeline') to allow for a comparison with the demographic projections set out in the report. The analysis has been based on meeting affordable housing need over the 20-year period from 2017 to 2037. Whilst most of the data in the model are annual figures the current need has been divided by 20 to make an equivalent annual figure.
- 4.42 As the table sets out, the analysis calculates an overall need for affordable housing of 377 units per annum over the 20-years to 2037 in Warrington. The net need is calculated as follows:

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

**Table 16: Estimated Annual Level of Affordable Housing Need – Warrington (2017-37)**

	Per annum	2017-37
Current need	60	1,198
Newly forming households	784	15,677
Existing households falling into need	342	6,849
Total Gross Need	1,186	23,724
Supply	809	16,180
Net Need	377	7,544

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

### Comparison with Previous Assessment of Affordable Housing Need

- 4.43 The analysis above can be compared with the previous assessment undertaken in the SHMA (which had a base date of 2014). The table below shows a summary of the key outputs from each of these assessments (note that some of the old SHMA data has been adjusted to be consistent with the analysis in this report, this is mainly in terms of excluding the pipeline supply from the assessment).
- 4.44 The analysis seems to be showing that the affordable need has increased slightly over time; however, the reality is that figures can vary and are specific to the point at which the analysis is undertaken.



- 4.45 Given that the net need is a function of two large numbers (gross need and gross supply) it can be seen that small changes to either can have quite a notable impact on the bottom-line needs estimate.
- 4.46 Overall, the analysis suggests that gross need has fallen slightly but gross supply has fallen more significantly, with the net impact being an increase in need.

**Table 17: Comparing assessments of affordable housing need in Warrington**

	SHMA (2014-base)	This study (2017-base)
Current need	61	60
Newly forming households	830	784
Existing households falling into need	386	342
Total Need	1,277	1,186
Supply from existing stock	1,027	809
Net Need	250	377

Source: This study and 2017 SHMA (Table 27)

### Affordable Housing Need and the Link to the Housing Requirement

- 4.47 Paragraph 24 of the PPG states:
- “The total affordable housing need can then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, taking into account the probable percentage of affordable housing to be delivered by eligible market housing led developments. An increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes.”*
- 4.48 There is a clear distinction between the plan and the OAN at this point. So, while the OAN should not be impacted by the need for affordable housing the local authority could **consider** a higher housing requirement when developing a Local Plan.
- 4.49 However, it should be recognised that this is really just a calculated number based on the series of steps above and does not directly correlate to the OAN. For example, the calculation doesn’t reflect the fact that some of the identified households in affordable housing need already occupy property which would be released for other households should they vacate it. In such circumstances, there would be no need for a net additional property.
- 4.50 Nor is it a dynamic calculation which responds to future improvements to affordability resulting from the intended consequence of step 2 of the standard methodology (or any number above this including the economic led growth) i.e. to make housing more affordable.

- 4.51 The calculation also does it take into account the additional future provision of affordable housing from developer contributions in line with the Local Plan Policy. These additional homes would also increase the supply through re-lets, thus addressing the need further.
- 4.52 That said the Council could be justified in increasing overall housing delivery to ensure the affordable housing need is met as best as possible. Indeed, any number above the standard methodology will also be delivering more affordable housing through developer contributions thus addressing this need sooner.

#### **Affordable Housing Need: Key Messages**

- Analysis has been undertaken to estimate the need for affordable housing in the 2017-37 period. The analysis is split between a 'traditional' need (which is mainly for social/affordable rented accommodation) and is based on households unable to buy or rent in the market and the 'additional' category of need introduced by the revised NPPF/PPG (which includes housing for those who can afford to rent privately but cannot afford to buy a home). This is dealt with in the following section.
- The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, consideration is given to household projections and estimates of the supply of social/affordable rented housing through relets.
- Using the traditional method, the analysis suggests a need for 377 affordable homes per annum to be provided over the 20-year period to 2037. This figure is higher than previously estimated in the SHMA and is driven by an apparent reduction in the supply of affordable housing coming through relets. The Council is therefore justified in seeking to secure additional affordable housing.
- Overall, the analysis identifies a notable need for affordable housing, and it is clear that the provision of new affordable housing continues to be an important and pressing issue in the Borough.
- It does, however, need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided.
- The evidence does, however, suggest that affordable housing delivery should be maximised where opportunities arise, particularly of affordable housing to rent.

## 5 AFFORDABLE HOME OWNERSHIP

### Introduction

- 5.1 As set out in the previous chapter using the previously established method to look at affordable need, it was estimated that there is a need for around 377 units per annum – this is for subsidised housing at a cost below that to access the private rented sector (i.e. for households unable to access any form of market housing without some form of subsidy). It would be expected that this housing would be delivered primarily as social/affordable rented housing.
- 5.2 The NPPF (2018) introduced a new category of household in affordable housing need and widens the definition of affordable housing (as found in the NPPF (2018 and 2019) – Annex 2). It is considered that households falling into the definition would be suitable for Starter Homes or Discounted market sales housing, although other forms of affordable home ownership (such as shared ownership) might also be appropriate.
- 5.3 This section considers the level of need for these types of dwellings in Warrington. The NPPF (2019) states *“Where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups.”* (NPPF (2019), paragraph 64).

### Establishing a Need for Affordable Home Ownership

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

- 5.7 Just by looking at the relative costs of housing to buy and to rent it is clear that there will be households in Warrington who can currently rent but who may be unable to buy. In the year to March 2018, the 'average' lower quartile private rent is shown by VOA to cost £495 a month, assuming a household spends no more than 25% of income on housing, this would equate to an income requirement of about £23,800. For the same period, Land Registry data records a lower quartile price in the Borough of about £120,000, which (assuming a 10% deposit and 4 times mortgage multiple) would equate to an income requirement of approaching £27,000.
- 5.8 Therefore, on the basis of these costings, it is reasonable to suggest that affordable home ownership products would be pitched at households with an income between £23,800 (i.e. able to afford to privately rent) and £27,000 (the figure above which a household might reasonably be able to buy). This is actually quite a narrow gap, and whilst there will be households in this band, it would not be expected that the numbers are substantial.
- 5.9 Using the income distributions developed for use in the previous section it has been estimated that of all households living in the private rented sector, around 54% already have sufficient income to buy a lower quartile home (i.e. have an income above £27,000), with 6% falling in the rent/buy gap (income between £23,800 and £27,000). The final 41% are estimated to have an income below £23,800 and therefore cannot even afford to rent privately without the need to claim subsidy or spend more than 25% of their income on housing.
- 5.10 These figures have been based on an assumption that incomes in the private rented sector are around 12% less than the typical household (a proportion derived from the English Housing Survey). This assumption is used as it is clear that affordable home ownership products are likely to be targeted at households currently living in PRS or who might be expected to access it (e.g. newly forming households).
- 5.11 The finding that over half of households are likely to have an income that would allow them to buy a home is also noteworthy and suggests that for many households, barriers to accessing owner-occupation are less about income and more about other factors (which could, for example, include the lack of a deposit or difficulties obtaining a mortgage (for example due to a poor credit rating or insecure employment). These barriers are discussed further below.
- 5.12 To study the current need, an estimate of the number of households living in the private rented sector (PRS) has been established, along with the same (rent/buy gap) affordability test described above. The start point is the number of households living in private rented accommodation; as of the 2011 Census, there were some 9,549 households living in the sector. Data from the Survey of English Housing (EHS) suggests that since 2011, the number of households in the PRS has risen

by about 26% - if the same proportion is relevant to Warrington then the number of households in the sector would now be around 12,032.

- 5.13 Additional data from the EHS suggests that 60% of all PRS households expect to become an owner at some point (7,219 households if applied to Warrington) and of these some 25% (1,805 households) would expect this to happen in the next 2-years. The figure of 1,805 is therefore taken as the number of households potentially with a current need for affordable home ownership before any affordability testing.
- 5.14 As noted above, on the basis of income it is estimated that around 6% of the private rented sector sit in the gap between renting and buying; applying this proportion to the 1,805 figure would suggest a current need for around 110 affordable home ownership products (6 per annum if annualised over a 20-year period).
- 5.15 In projecting forward, the analysis can consider newly forming households and also the remaining existing households who expect to become owners further into the future. Applying the same affordability test (albeit on a very slightly different income assumption for newly forming households) suggests an annual need from these two groups of around 133 dwellings (116 from newly forming households and 17 from existing households in the private rented sector).
- 5.16 Bringing together all of this analysis suggests that there is a need for around 140 affordable home ownership homes (priced for households able to afford to rent but not buy) per annum in the 2017-37 period.

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

- 5.17 As with assessing the need for affordable home ownership, it is the case that at present the PPG does not include any suggestions about how the supply of housing to meet these needs should be calculated. The analysis below, therefore, provides a general discussion.
- 5.18 As noted previously, the lower quartile cost of a home to buy in Warrington is around £120,000. By definition, a quarter of all homes sold (noting that the data is for the year to March 2018) will be priced at or below this level. According to the Land Registry source, there were a total of 3,246 sales in this period and therefore over 800 would be priced below the lower quartile. This is 800 homes that would potentially be affordable to the target group for affordable home ownership products and is a potential supply that is clearly in excess of the level of need calculated.
- 5.19 An alternative way to look at the supply is to estimate how much housing is available at an equivalent price (in income terms) to access the private rented sector. If the rental figure is worked backwards into an equivalent purchase price, then this gives an affordable price to buy of about

£106,000 (calculated as  $(23,800 \times 4) \div 0.9$ ). Any home sold at a price at or below £106,000 would (in income terms) be available to all households currently in the rent/buy gap. In the year to March 2018, there were 568 sales in Warrington at or below £106,000, a figure which is again above the estimated level of need.

- 5.20 These figures should be used to demonstrate the scale of potential supply for households in the rent/buy gap and it should be noted that this stock is not necessarily available to those households in need (i.e. market housing is not allocated and so theoretically all of the sales could go to households who could afford a more expensive home or potentially to investment buyers). There may also be issues with the quality of the stock at the very bottom end of the market. That said there is clearly a reasonable level of stock that is potentially affordable to those households falling into the Government's revised definition of affordable housing need.

### Implications of the Analysis

- 5.21 Given the analysis above, it would be reasonable to conclude that there is no need to provide housing under the new definition of 'affordable home ownership' – whilst there are clearly some households in the gap between renting and buying, there is also a potential supply of homes within the existing stock that can make a contribution to this need.
- 5.22 However, it does seem that there are many households in Warrington who are being excluded from the owner-occupied sector. This can be seen by analysis of tenure change, which saw the number of households living in private rented accommodation increasing by 164% from 2001 to 2011 (with the likelihood that there have been further increases since). Over the same period, the number of owners with a mortgage dropped slightly (by 5%).
- 5.23 On this basis, it seems likely in Warrington that access to owner-occupation is being restricted by access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially some mortgage restrictions (e.g. where employment is temporary) rather than being due to the availability of housing.
- 5.24 Hence, whilst the NPPF gives a clear steer that 10% of all new housing (on larger sites) should be for affordable home ownership, it is not clear that this is the best solution in the Borough. If possible, it would be more appropriate for the Council to seek for 10% of housing to be made available with some initial upfront capital payment (such as a deposit contribution), rather than as a discount to OMV. Such a payment could cover the deposit and other initial costs and would potentially need to be protected in some way so that the money is not lost if a household chooses to sell their property (i.e. to ensure that any subsidy is held in perpetuity). Schemes such as Help-to-Buy could form part of such a package. This would still be targeted at the same group of households (likely to mainly be

those currently privately renting but who would like to buy). If this could be achieved, then it may be reasonable for up to 10% of homes to fall into the affordable home ownership category.

- 5.25 If the Council does seek to provide 10% of housing as affordable home ownership, then it is likely that shared ownership is the most appropriate option. This is due to the lower deposit requirements and lower overall costs (given that the rent would also be subsidised). In promoting shared ownership, the Council should consider the equity share and also the overall cost once the rent and any service charges are included – this will be necessary to ensure that such homes are meeting the target group of households (i.e. those with an income in the gap between renting and buying).
- 5.26 It may be that equity shares as low as 25% would be needed to make shared ownership affordable (although this does have the additional advantage of a lower deposit), given that such homes would need to use Open Market Value as a start point. This is something that should be monitored on a case by case basis and could vary by location and property type/size.
- 5.27 Overall, the evidence suggests there is no basis to increase the provision of affordable home ownership above the 10% figure currently suggested in the NPPF, and that in addition to 10% of affordable home ownership (or some alternative measure such as capital payments), the Council should be seeking to provide additional rented housing. Such housing is cheaper than that available in the open market and can be accessed by many more households (some of whom may be supported by benefit payments).

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

- 5.28 The analysis and discussion above suggest that there are a number of households likely to fall under the new PPG definition of affordable housing need (i.e. in the gap between renting and buying) but that the potential supply of housing to buy makes it difficult to fully quantify this need. However, given the NPPF, it seems likely that the Council will need to seek 10% of additional homes on larger sites as some form of home ownership.
- 5.29 This report recommends shared ownership as the most appropriate form of affordable home ownership; however, it is possible that some housing would come forward as other forms of housing such as Starter Homes or discounted market sale. If this is the case, it will be important for the Council to ensure that such homes are sold at a price that is genuinely affordable for the intended target group.
- 5.30 Essentially, it will also be important to set these at a price point where there is a likelihood that a reasonable number of households will be able to afford (subject to issues around access to capital for example).

5.31 The table below sets out a suggested purchase price for affordable home ownership in the Borough. The figures are based on trying to roughly equate a sale price with an equivalent access point to the private rental market. This shows a one-bedroom home ‘affordable’ price of £91,000, rising to £191,000 for homes with 4 or more bedrooms.

5.32 The method for calculating these prices has been to establish (for each property size) the income level needed to access the private rented sector. This income is then translated back into an equivalent house price (assuming a 10% deposit and 4 times income multiple). The house price (as shown below) therefore equates to the price at which a household who is able to afford to rent (but not buy) could afford to access affordable home ownership. Prices above these levels would not be available to all households in the rent/buy gap, and potentially (if set too high) would fall outside being affordable to any household in the target group.

**Table 18: Warrington affordable home ownership prices (aligned with the cost of accessing private rented sector) – data for the year to March 2018**

Size	Sale price
1-bedroom	£91,000
2-bedroom	£107,000
3-bedroom	£133,000
4+-bedroom	£191,000

Source: derived from VOA data

5.33 If the Council do seek for some additional housing to be in the affordable home ownership sector, it is additionally recommended that they set up a register of people interested in these products (in a similar way to the current Housing Register). This will enable any properties to be ‘allocated’ to households whose circumstances best meet the property on offer.

### Sub-Areas

5.34 The main analysis of affordable housing has looked at need across the whole Borough. The general conclusion is that there is a clear need to provide additional subsidised housing (e.g. social/affordable rented) but the case to provide affordable home ownership (AHO) options is less clear-cut.

5.35 However, it is the case that the Government is setting out an expectation that 10% of all homes (on larger schemes) should be for AHO and it therefore seems likely that Warrington Council will be expected to provide some housing within this tenure. The NPPF (2019) Glossary (Annex 2) sets out that AHO options would be expected to be at least 20% below local market value. The difficulty with this is that it is possible (quite likely) that in some instances a 20% discount on Open Market Value



(OMV) would still not bring the cost of housing down to a level where it would be affordable to the target group (i.e. those who can afford to rent but not buy).

5.36 This section therefore briefly sets out the costs of housing considered to be affordable in the local context. This analysis develops that for the Borough as a whole (in the previous sub-section) to look at three different sub-areas (Central, North, and South). It is clear that the pricing of housing does vary by area and therefore an 'affordable' price will also differ by location. In more expensive areas it is reasonable to expect that AHO options will cost more as the threshold to be able to access market housing will be higher; the typical incomes of households in the 'gap' between buying and renting would be higher.

5.37 To set out a view of an affordable cost for AHO products the analysis has sought to estimate typical lower quartile private rents by the size of property. This draws on Valuation Office data for the whole Borough and also a local level study using internet portals such as Rightmove. The analysis has also used differences in pricing (as informed by Land Registry data) to assist in providing a view about rental costs. The table below sets out estimated private rental costs by sub-area; this shows the lowest rents in the Central area and a higher figure in the South of the Borough.

**Table 19: Estimated lower quartile private rent by size – Warrington Sub Areas**

	Central	North	South
1-bedroom	£375	£450	£600
2-bedrooms	£450	£550	£700
3-bedrooms	£550	£675	£850
4+-bedrooms	£800	£950	£1,250

Source: Range of sources as discussed

5.38 Using the rental data, it is possible to work backwards to see what an equivalent AHO price would be. The prices are set to be equivalent to accessing the PRS as anything higher would mean that some households in the rent/buy gap would be excluded from being able to access housing. If prices were lower than those calculated, then some additional households (who are currently shown as having a social/affordable rented need) would potentially be able to access the purchase market.

5.39 To show how figures have been worked by to a house price a worked example is provided based on a rent of £500 per month and assuming that 25% of income can be spent on housing – this is the base assumption used in the affordability analysis, although it is arguable that a higher percentage might be appropriate in more expensive locations; using a higher percentage would reduce the cost of housing needed to make it affordable. With a rent of £500 per month, there would need to be a household income of £2,000 per month or £24,000 per annum. This could support a mortgage of £96,000 (assuming a 4 times multiple) and if it is also assumed that a 10%

deposit would be paid (a standard assumption for this type of analysis) then the equivalent purchase price will be around £107,000 (£96,000/0.9).

- 5.40 Working the same assumptions through for all dwelling sizes and locations the table below provides an indication of the cost at which housing should be made available for it to reasonably provide an AHO option. This analysis shows figures ranging from about £80,000 for a 1-bedroom home in the Central area, up to £267,000 for homes with four or more bedrooms in the South.

**Table 20: Estimated price for affordable home ownership options by size and location**

	Central	North	South
1-bedroom	£80,000	£96,000	£128,000
2-bedrooms	£96,000	£117,000	£149,000
3-bedrooms	£117,000	£144,000	£181,000
4+-bedrooms	£171,000	£203,000	£267,000

Source: Range of sources as discussed

- 5.41 It should, however, be noted that for some types of properties (mainly one bed) the cost of renting exceeds the theoretical cost of buying. The council, therefore, may seek a discount to be sufficient to enable those renting in the area (based on lower quartile rents for a given property size) to be able to afford a home or alternatively seek a minimum discount of 20% - whichever has the lowest overall price.
- 5.42 This would likely, based on the broad trends, see a heavier discount in larger homes and in more expensive areas. It would also suggest that the Council should seek as few as possible 1-bedroom affordable home ownership properties in the Central and Northern sub-areas.

### **Affordable Home Ownership: Key Messages**

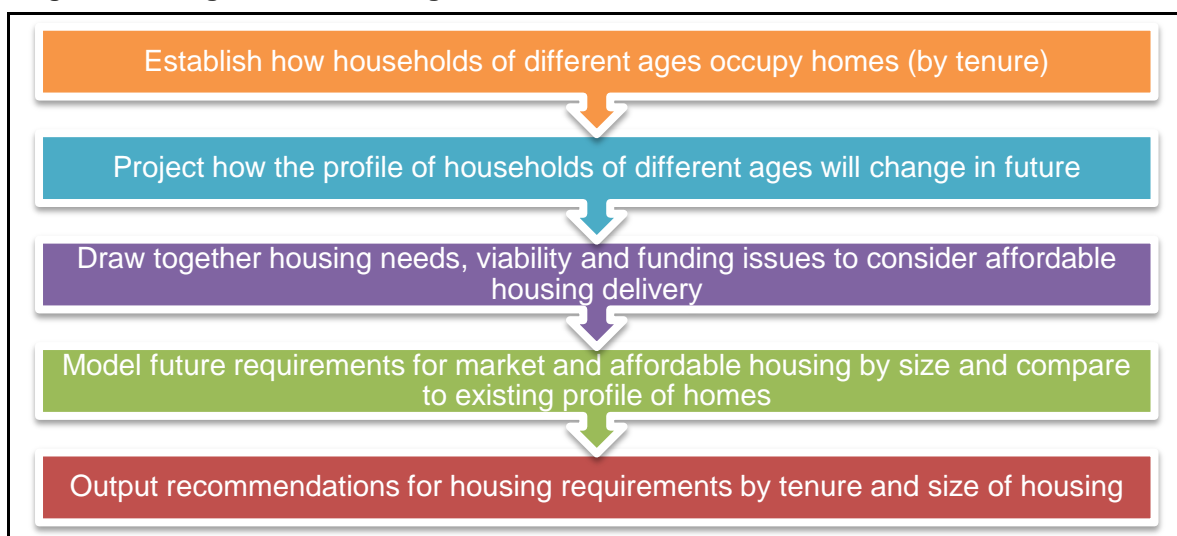
- When looking at the need for affordable home ownership products (i.e. the expanded definition of affordable housing in the NPPF) it is clear that there are a number of households likely to be able to afford to rent privately but who cannot afford to buy a suitable home. However, there is also a potential supply of homes within the existing stock that can make a contribution to this need. It is therefore difficult to robustly identify an overall need for affordable home ownership products.
- However, it does seem that there are many households in Warrington who are being excluded from the owner-occupied sector. This can be seen by analysis of tenure change, which saw the number of households living in private rented accommodation increasing by 164% from 2001 to 2011 (with the likelihood that there have been further increases since). Over the same period, the number of owners with a mortgage dropped slightly (by 5%).
- The analysis would, therefore, suggest that a key issue in the Borough is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary).
- Hence, whilst the NPPF suggests a clear policy direction to provide 10% of all new housing as affordable home ownership, it is not clear that this is the best solution in the Borough. If possible, it may be more appropriate for the Council to seek for 10% of housing to be made available with some initial upfront capital payment (such as a deposit contribution), rather than as a discount to OMV. Such a payment could cover the deposit and other initial costs and would potentially need to be protected in some way so that the money is not lost if a household chooses to sell their property (i.e. to ensure that any subsidy is held in perpetuity). Schemes such as Help-to-Buy could form part of such a package. This would still be targeted at the same group of households (likely to mainly be those currently privately renting but who would like to buy).
- If the Council does seek to provide 10% of housing as affordable home ownership, then it is suggested that shared ownership is the most appropriate option. This is due to the lower deposit requirements and lower overall costs (given that the rent would also be subsidised). In promoting shared ownership, the Council should consider the equity share and also the overall cost once the rent and any service charges are included – this will be necessary to ensure that such homes are meeting the target group of households (i.e. those with an income in the gap between renting and buying).
- Where other forms of affordable home ownership are provided (e.g. Starter Homes or discounted market), it is recommended that the Council considers setting prices at a level which (in income terms) are equivalent to the levels needed to access private rented housing. This would ensure that households targeted by the new definition could potentially afford housing – this might mean greater than 20% discounts from Open Market Value for some types/sizes of homes in some locations.
- Overall, the evidence does not show any basis to increase the provision of affordable home ownership above the 10% figure currently suggested in the NPPF.

## 6 HOUSING MIX

### Introduction

- 6.1 There are a range of factors which influence housing demand. These factors play out at different spatial scales and influence both the level of housing demand (in terms of aggregate household growth) and the nature of demand for different types, tenures, and sizes of homes. It is important to understand that the housing market is influenced by macro-economic factors, as well as the housing market conditions at a regional and local level.
- 6.2 This section assesses the need for different sizes of homes in the future, modelling the implications of demographic drivers on need/demand for different sizes of homes in different tenures. The assessment is intended to provide an understanding of the implications of demographic dynamics on need and demand for different sizes of homes.
- 6.3 The analysis in this section seeks to use the information available about the size and structure of the population and household structures; and consider what impact this may have on the sizes of housing required in the future. The analysis assumes population and household growth in line with the job growth scenarios previously discussed including the uplift to HRRs.
- 6.4 These projections indicate dwellings growth of between about 11,600 (580 dpa) and 18,500 (945 dpa) across the Borough between 2017 and 2037. It should be noted that these projections will not necessarily be translated into policy but have been used to indicate the likely need for different sizes of homes moving forward.
- 6.5 The figure below describes the broad methodology employed in the housing market model which is used to consider the need for different sizes of market and affordable homes. Data is drawn from a range of sources including the 2011 Census and demographic projections.

**Figure 6: Stages in the Housing Market Model**



6.6 It should be noted that the current stock of housing (by size) can have a notable impact on the outputs of the modelling. The table below shows a comparison of the size profile of accommodation in a range of areas in three broad tenure groups.

**Table 21: Number of bedrooms by tenure and a range of areas**

		Warrington	North West	England
Owner-occupied	1-bedroom	2%	2%	4%
	2-bedrooms	20%	24%	23%
	3-bedrooms	52%	52%	48%
	4+-bedrooms	26%	22%	25%
	Total	100%	100%	100%
Social rented	1-bedroom	37%	29%	31%
	2-bedrooms	25%	32%	34%
	3-bedrooms	35%	34%	31%
	4+-bedrooms	4%	4%	4%
	Total	100%	100%	100%
Private rented	1-bedroom	16%	18%	23%
	2-bedrooms	43%	43%	39%
	3-bedrooms	33%	30%	28%
	4+-bedrooms	8%	9%	10%
	Total	100%	100%	100%

Source: Census 2011

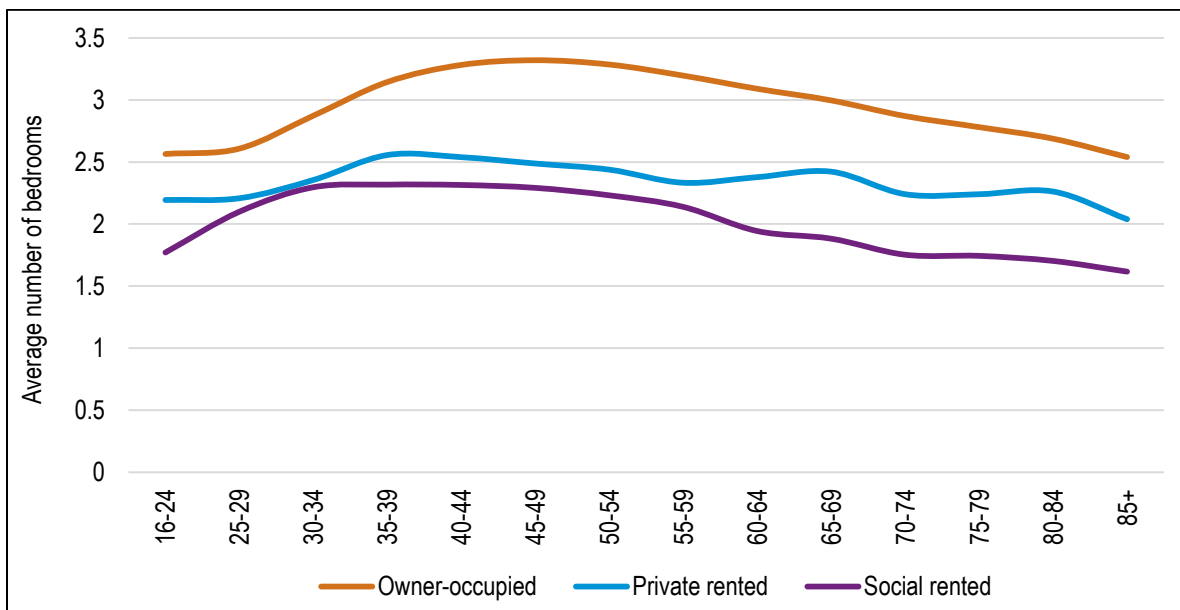
6.7 The table identifies that the profile of housing in Warrington is broadly similar to that seen in other areas. Arguably the main difference is in the social rented sector where there is a relatively high proportion of 1-bedroom homes and relatively few homes with 2-bedrooms – this is taken into account in drawing conclusions.

- 6.8 Additionally, the role and function of different areas are considered; for example, the higher proportion of 1-bedroom private rented homes nationally is influenced by the housing market in London and so differences between that and Warrington are given less weight.

### Understanding how Households Occupy Homes

- 6.9 Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households in to a suggested profile for additional housing to be provided.
- 6.10 The main reason for this is that in the market sector households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.
- 6.11 The size of housing which households occupy relates more to their wealth and age than the number of people which they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a four-bedroom home as long as they can afford it and hence projecting an increase in single person households does not automatically translate in to a need for smaller units.
- 6.12 This issue is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) although there will still be some level of under-occupation moving forward with regard to older persons and working households who may be able to under-occupy housing.
- 6.13 The approach used is to interrogate information derived in the projections about the number of household reference persons (HRPs) in each age group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS (Table CT0621 which provides relevant data for all local authorities in England and Wales from the 2011 Census).
- 6.14 The figure below shows an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group. In the owner-occupied sector, the average size of accommodation rises over time to typically reach a peak around the age of 45; a similar pattern (but with smaller dwelling sizes and an earlier 'peak') is seen in the social and private rented sectors. After this peak, the average dwelling size decreases – as typically some households downsize as they get older. It is also notable that the average size for rented dwellings is lower than those for owner-occupied housing for all age groups.

**Figure 7: Average Bedrooms by Age and Tenure – Warrington**



Source: Derived from ONS Commissioned Table CT0621

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

### Tenure Assumptions

6.16 The housing market model has been used to estimate the future need for different sizes of property over the 20-year period from 2017 to 2037. The model works by looking at the types and sizes of accommodation occupied by different ages of residents and attaching projected changes in the population to this to project need and demand for different sizes of homes. However, the way households of different ages occupy homes differs between the market and affordable sectors (as shown earlier). Thus, it is necessary to consider what the mix of future housing will be in the market and affordable sectors.

6.17 It is necessary on this basis to make some judgement for modelling purposes on what proportion of net completions might be of market and affordable housing. For modelling purposes only, the analysis assumes that 30% of net completions are either “affordable” housing (rented) or affordable home ownership and therefore that 70% are market housing (designed to be sold for owner-

occupation). Within the 30% affordable category, a split of two-thirds to one third between affordable housing (rented) (20%) and affordable home ownership (10%) has been modelled.

- 6.18 It should be stressed that these figures are not policy targets. Policy targets for affordable housing on new development schemes in some cases are above this, but not all sites deliver policy-compliant affordable housing provision, whilst some delivery is on sites below affordable housing policy thresholds.
- 6.19 Equally, some housing development is brought forward by Registered Providers and local authorities and may deliver higher proportions of affordable housing than in current policy. **The figures used are not a policy position and has been applied simply for the purposes of providing outputs from the modelling process.**
- 6.20 To confirm, it has been assumed that the following proportions of different tenures will be provided moving forward:
- 70% market
  - 10% affordable home ownership
  - 20% social/affordable rented
- 6.21 The analysis below only looks at the economic-based figures. This is mainly because these are the figures suggested in this report to best reflect OAN and also because in reality, the difference in outputs in the two models was not significant.

### Key Findings: Market Housing

- 6.22 There are a range of factors which can influence demand for market housing in different locations. The focus of this analysis is on considering long-term needs, where changing demographics are expected to be a key influence. It uses a demographic-driven approach to quantify demand for different sizes of properties over the 20-year period to 2037.
- 6.23 Looking at market housing, the analysis shows that an increase of 12,900 additional households is modelled. The majority of these need two- and three-bed homes. The data suggests that housing need can be expected to reinforce the existing profile, but with a shift towards a requirement for smaller dwellings relative to the distribution of existing housing (particularly towards a need for 2-bedroom homes).
- 6.24 This is understandable given the fact that household sizes are expected to fall slightly in the future – particularly as a result of a growing older population living in smaller households. The analysis also suggests a low need for 4+-bedroom homes (relative to the current stock), this finding is driven by



the ageing population (and a relative lack of growth in the population of 'working-age) along with earlier evidence showing some degree of downsizing amongst the older population.

**Table 22: Estimated Size of Dwellings Needed 2017 to 2037 – Market Housing – linked to 945 dpa**

	2017	2037	Additional households 2017-2037	% of additional households
1-bedroom	1,469	1,854	385	3.0%
2-bedrooms	13,535	16,607	3,072	23.7%
3-bedrooms	34,558	41,376	6,818	52.7%
4+-bedrooms	16,627	19,288	2,661	20.6%
Total	66,189	79,124	12,935	100.0%

Source: Housing Market Model

6.25 The statistics are based upon the modelling of demographic trends. As has been identified, it should be recognised that a range of factors including affordability pressures and market signals will continue to be important in understanding market demand; this may include an increased demand in the private rented sector for rooms in a shared house due to changes in housing benefit for single people. In determining policies for the housing mix, policy aspirations are also relevant.

6.26 At the strategic level, a local authority in considering which sites to allocate can consider what type of development would likely be delivered on these sites. It can also provide guidance on housing mix implicitly through policies on development densities.

### Key Findings: Affordable home ownership

6.27 The table below shows an estimate of the need for different sizes of affordable home ownership based on the analysis of demographic trends. The data suggests in the period between 2017 and 2037 that the main need is again for homes with two- or three-bedrooms, although the proportions in the 1-bedroom category are higher than for market housing.

**Table 23: Estimated Size of Dwellings Needed 2017 to 2037 – affordable home ownership – linked to 945 dpa**

	2017	2037	Additional households 2017-2037	% of additional households
1-bedroom	1,612	1,919	308	16.7%
2-bedrooms	4,475	5,271	796	43.1%
3-bedrooms	3,391	3,993	601	32.6%
4+-bedrooms	839	981	142	7.7%
Total	10,316	12,164	1,848	100.0%

Source: Housing Market Model

6.28 Unlike other intermediate properties, we have to be mindful that as an emerging product the number of lenders for affordable home ownership properties is quite low. The Council, therefore, may wish to consider some flexibility of tenure if such sites remain unsold.

### Key Findings: Affordable Housing (rented)

6.29 The table below shows an estimate of the need for different sizes of affordable homes (rented) based on the analysis of demographic trends. The data suggests in the period between 2015 and 2037 that the main need is for homes with one- or two-bedrooms.

6.30 The relatively low need for 2-bedroom homes is also notable, and as previously mentioned, this will be influenced by the current stock of housing of this size. In drawing conclusions (later in this section) it is suggested that some shift from 1-bedroom homes to the 2-bedroom category would be appropriate to address the current stock imbalance.

6.31 This analysis provides a longer-term view of the need for different sizes of affordable housing and does not reflect any specific priorities such as for family households in need rather than single people.

**Table 24: Estimated Size of Dwellings Needed 2017 to 2037 – affordable housing (rented) – linked to 945 dpa**

	2017	2037	Additional households 2017-2037	% of additional households
1-bedroom	5,272	6,830	1,558	42.2%
2-bedrooms	3,432	4,321	889	24.1%
3-bedrooms	4,776	5,907	1,131	30.6%
4+-bedrooms	514	632	118	3.2%
Total	13,994	17,690	3,696	100.0%

Source: Housing Market Model

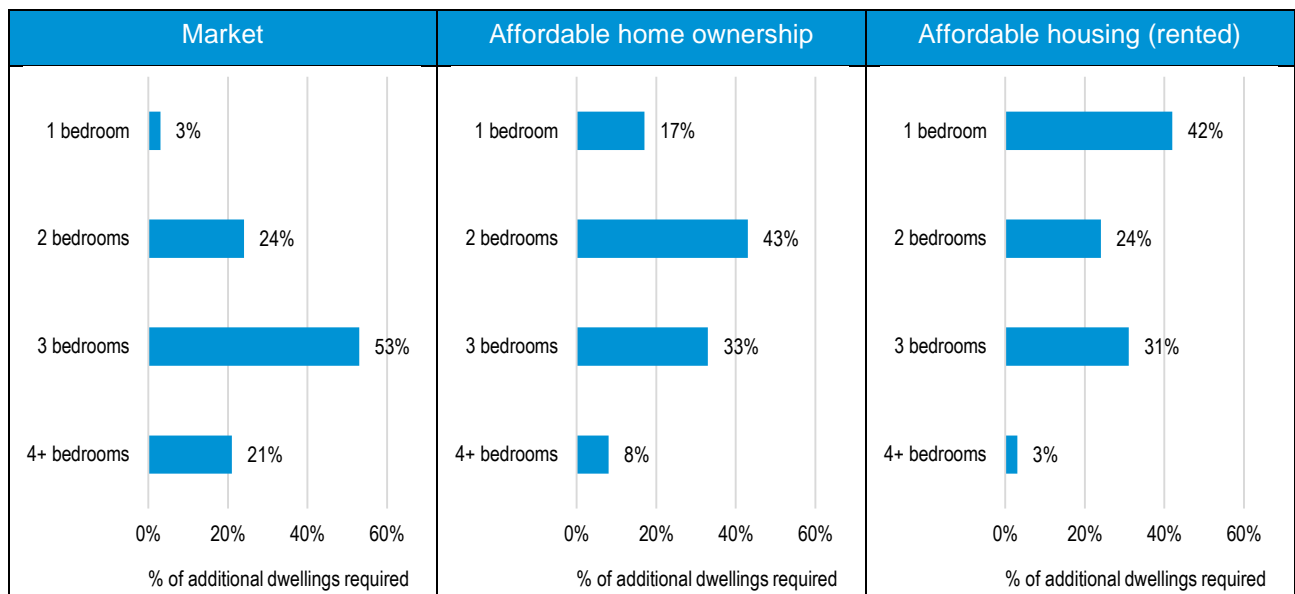
6.32 In addition, it should be noted that smaller properties (i.e. one-bedroom homes) typically offer limited flexibility in accommodating the changing needs of households, whilst delivery of larger properties can help to meet the needs of households in high priority and to manage the housing stock by releasing supply of smaller properties.

6.33 As with market housing, the data again shows that relative to the current profile there is a slight move towards a greater proportion of smaller homes being needed (again related to the ageing population and the observation that older person households are more likely to occupy smaller dwellings).

### Indicative Targets by Tenure

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

**Figure 8: Size of housing required 2017 to 2037**



Source: Housing Market Model

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

6.36 This is particularly the case in the affordable sector where there are typically issues around the demand for and turnover of one-bedroom homes (as well as allocations to older person households) – e.g. one bedroom homes provide limited flexibility for households (e.g. a couple household expecting to start a family) and as a result can see relatively high levels of turnover – therefore, it may not be appropriate to provide as much one-bedroom stock as is suggested by the modelling exercise.

6.37 At the other end of the scale, conclusions also need to consider that the stock of four-bedroom affordable housing is very limited and tends to have a very low turnover. As a result, whilst the number of households coming forward for four or more-bedroom homes is typically quite small the ability for these needs to be met is even more limited. There are also localised issues about the

stock of different sizes of homes which need to be considered in conclusions (the relative lack of 2-bedroom affordable accommodation).

6.38 For these reasons, it is suggested in converting the long-term modelled outputs into a profile of housing to be provided (in the affordable sector) that the proportion of one-bedroom homes required is reduced slightly from these outputs with a commensurate increase in four or more-bedroom homes also being appropriate.

6.39 There are thus a range of factors which are relevant in considering policies for the mix of affordable housing (rented) sought through development schemes. At a Borough-wide level, the analysis would support policies for the mix of affordable housing (rented) of:

- 1-bed properties: 30-35%
- 2-bed properties: 30-35%
- 3-bed properties: 25-30%
- 4-bed properties: 5-10%

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

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

6.42 In the affordable home ownership and market sectors, a profile of housing that more closely matches the outputs of the modelling is suggested, although some consideration of the current stock profile is also relevant.

6.43 On the basis of these factors, it is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households. On this basis the following mix of affordable home ownership is suggested:

- 1-bed properties: 15-20%
- 2-bed properties: 40-45%
- 3-bed properties: 30-35%
- 4-bed properties: 5-10%

6.44 Finally, in the market sector, a balance of dwellings is suggested that takes account of the demand for homes and the changing demographic profile. The conclusions see a slightly larger

recommended profile compared with other tenure groups. The following mix of market housing is suggested:

- 1-bed properties: 0 - 5%
- 2-bed properties: 20-25%
- 3-bed properties: 50-55%
- 4-bed properties: 20-25%

6.45 Although the analysis has quantified this on the basis of the market modelling and an understanding of the current housing market, it does not necessarily follow that such prescriptive figures should be included in the plan making process.

6.46 The 'market' is to some degree a better judge of what is the most appropriate profile of homes to deliver at any point in time, and demand can change over time linked to macro-economic factors and local supply. The figures can however be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by the demographic change in the area.

### Need/demand for Bungalows

6.47 The sources used for analysis in this report makes it difficult to quantify a need/demand for bungalows in the Borough as Census data (which is used to look at occupancy profiles) does not separately identify this type of accommodation. However, it is typical (where discussions are undertaken with local estate agents) to find that there is a demand for this type of accommodation.

6.48 Bungalows are often the first choice for older people seeking suitable accommodation in later life and there is generally a high demand for such accommodation when it becomes available. As a new build option, it is however the case that bungalow accommodation is often not be supported by either house builders or planners (due to potential plot sizes).

6.49 There may however be instances where bungalows are the most suitable house type for a particular site; for example, to overcome objections about dwellings overlooking existing dwellings or preserving sight lines.

6.50 There is also the possibility of a need/demand for retirement accommodation more widely. Retirement apartments can prove very popular if they are well located in terms of access to facilities and services, and environmentally attractive (e.g. have a good view). However, some potential purchasers may find high service charges unacceptable or unaffordable and new build units may not retain their value on resale.

6.51 Overall, the Council should consider the potential role of bungalows as part of the future mix of housing. Such housing may be particularly attractive to older owner-occupiers which may assist in

encouraging households to downsize. However, the downside to providing bungalows is that they are relatively land intensive for the amount of floorspace created.

- 6.52 That said there is a still case for delivery such units to provide accessible dwellings. Chapter 8 of this report considers the need for M4(2) (accessible and adaptable dwellings), and/or M4(3) (wheelchair user dwellings) in Warrington.

### Sub-Area Variation

- 6.53 The analysis around housing mix has focussed on the Borough as a whole; the analysis below looks at some smaller-area statistics to see if there is a case to suggest a different mix in different parts of the Borough. The analysis separately considers the three tenure groups used in the analysis with reference made to owner-occupiers when looking at market housing, to the private rented sector when looking at affordable home ownership and social rented housing for the social/affordable rented sector.

#### Owner-occupation (market housing mix)

- 6.54 The table below shows the size of owner-occupied homes in each area. From this, it can be seen that dwelling sizes are typically smaller in the Central area and larger in the South. A total of 28% of owner-occupied homes in Central have 1- or 2-bedrooms compared with 17% of homes in the South. Additionally, the South has a substantially higher proportion of homes with 4-or more bedrooms (39% compared with 17% in the Central area).

**Table 25: Size of owner-occupied housing by sub-area (2011)**

	Central	North	South
1-bedroom	2.8%	1.6%	2.2%
2-bedrooms	25.3%	18.7%	14.4%
3-bedrooms	54.4%	54.0%	44.7%
4+-bedrooms	17.4%	25.8%	38.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: 2011 Census

- 6.55 Arguably, it could be concluded from this data that the Central area lacks larger homes and the South lacks smaller units, and therefore the mix might be adjusted accordingly. However, it is important to also understand the role and function of areas.
- 6.56 The Central area is a more urban location and an area where higher density development would be expected (i.e. more flats). It is also an area likely to be attractive to smaller, younger households with more limited affordability, this would point towards a need for smaller dwellings (i.e. to reinforce the current mix).

6.57 The South area is more rural and would be expected to attract older households and families with children. Given that such households may have better affordability and/or need larger homes for children it is arguable that a larger mix is reasonable.

6.58 The issue of pricing can be seen by looking at how housing costs vary in different areas. The analysis below draws on Land Registry data for the whole of 2017 (calendar year). This analysis confirms that housing is generally more expensive in the South, with the cheapest housing to be found in the Central area. This again could influence the type of prospective buyers in an area, and potentially points towards a need for smaller units in the Central area, whilst recognising that this area already has a higher than average proportion of such homes.

**Table 26: Median cost of housing by location and type (2017) – Warrington**

	Detached	Semi-Detached	Terrace	Flat	Overall
Central	£227,000	£135,000	£96,000	£87,000	£125,000
North	£279,500	£165,000	£135,000	£119,500	£175,000
South	£465,000	£270,000	£225,000	£133,000	£274,500
<b>Overall</b>	<b>£280,000</b>	<b>£174,000</b>	<b>£118,000</b>	<b>£104,000</b>	<b>£170,000</b>

Source: Land Registry

6.59 A final analysis looks at the ages of owner-occupiers in different locations. The information is again from the 2011 Census and is based on the age of the household reference person (HRP – often called the head of household).

6.60 This analysis shows that owner-occupiers in the Central area are younger than in other areas, with the South having a generally older profile of owners. This profile is to be expected given the discussion above about the likely role and function of different locations.

**Table 27: Age of household reference person by age – owner-occupiers**

	Central	North	South
Age 24 and under	1.3%	0.7%	0.3%
Age 25 to 49	45.3%	40.6%	37.3%
Age 50 to 64	30.6%	29.1%	31.2%
Age 65 and over	22.7%	29.6%	31.3%
Total	100.0%	100.0%	100.0%

Source: 2011 Census

6.61 Overall, when taking account of the current mix of housing and a brief understanding of the role and function of different areas, there is nothing in the data to suggest that a policy setting out a specific mix of housing should be proposed in each area of the Borough.

6.62 In short, there are arguments in different areas for the mix to be either larger or smaller than shown in Borough-wide analysis, on that basis the Borough-wide figures are probably reasonable to use at the local area.

**Private rented sector (affordable home ownership)**

6.63 The analysis below looks at a similar set of information for households living in private rented accommodation. The PRS is used as a benchmark for the potential need for affordable home ownership products, as it seems logical that this type of housing is to be targeted at households living in this sector, but unable to buy a home.

6.64 The table below shows the size of homes in the PRS. As with the owner-occupied sector, the analysis tends to show a slightly smaller profile of homes in the Central area and a larger profile in the South. Arguably the differences in the profile of the PRS are not as marked as in the owner-occupied sector.

**Table 28: Size of private rented housing by sub-area (2011)**

	Central	North	South
1-bedroom	18.6%	12.6%	11.1%
2-bedrooms	44.5%	43.0%	40.8%
3-bedrooms	30.5%	34.8%	36.4%
4+-bedrooms	6.3%	9.5%	11.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: 2011 Census

6.65 The table below shows the age of household reference persons by sub-area in the PRS. This shows private tenants to be slightly older in the South area than Central (with North sitting somewhere in between). This is a similar pattern to that seen for owner-occupied housing, although again the differences between areas are not as acute in the PRS.

**Table 29: Age of household reference person by age – private tenants**

	Central	North	South
Age 24 and under	15.3%	11.0%	4.4%
Age 25 to 49	63.8%	65.8%	64.9%
Age 50 to 64	13.5%	13.9%	18.7%
Age 65 and over	7.4%	9.4%	12.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: 2011 Census

6.66 As with market housing, the analysis above does not really point to there being any need to seek a different mix of housing in different areas when compared with Borough-wide figures. The Central



area does show signs of having a need for smaller homes (based on the age structure of tenants). However, as the area already has a higher proportion of smaller homes, there is no obvious need to increase the supply above the Borough-wide figures.

### Social rented sector (social/affordable rented housing)

- 6.67 In the social rented sector, analysis of the current stock (see Table below) does not show any major difference between areas. Interestingly, the stock profile in the South is one of slightly smaller homes – this being the opposite of that seen in the owner-occupied and private rented sectors. However, the differences are not so stark as to suggest a different mix of social/affordable rented housing as being appropriate in different areas.

**Table 30: Size of social rented housing by sub-area (2011)**

	Central	North	South
1-bedroom	37.4%	34.6%	38.6%
2-bedrooms	24.2%	26.2%	27.1%
3-bedrooms	34.5%	35.6%	31.3%
4+-bedrooms	3.9%	3.6%	3.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: 2011 Census

- 6.68 When looking at the age of social housing tenants, the analysis suggests that households living in the South are generally older than those in the Central area (with the North again sitting in the middle).
- 6.69 When it comes to social/affordable rented tenants, this analysis would probably point to a need for larger homes in the Central area (as the ages are more likely to imply family households). However, as the size of homes is already slightly larger in the Central area, there is again no obvious reason to suggest a different mix form that set out for the whole Borough.

**Table 31: Age of household reference person by age – social housing tenants**

	Central	North	South
Age 24 and under	10.0%	6.7%	3.9%
Age 25 to 49	44.9%	42.4%	41.6%
Age 50 to 64	21.8%	22.7%	20.3%
Age 65 and over	23.3%	28.3%	34.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: 2011 Census

### Small-area housing mix conclusions

- 6.70 A fairly brief analysis has looked at the stock profile (by tenure) in different parts of the Borough, along with an analysis of the age of households by tenure and location. Although there are some differences between locations in terms of the current stock and who occupies it, there was nothing in the analysis to strongly suggest that the mix of housing set out for the whole Borough would not be broadly appropriate for each of the smaller areas.
- 6.71 As a broad generalisation, areas such as the central sub-area where land is scarcer it would manifest in higher density housing, which typically results in a proliferation of smaller 1- and 2-bedroom properties.
- 6.72 The opposite could also be true in the suburban and rural areas of the borough where it would be expected to have less flatted properties than in the urban areas and conversely more detached and semi-detached properties.
- 6.73 These are likely to over time balance the supply but to ensure delivery matches the need at a strategic level delivery should be monitored and kept in check across the plan period.

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

- There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The analysis linked to long-term (20-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes:

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

- The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing in the Borough (by tenure).
- The mix identified above should inform strategic policies. In applying these to individual development sites regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.
- Based on the evidence, it is expected that the focus of new market housing provision will be on two- and three-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.
- The Council should also consider the potential role of bungalows as part of the future mix of housing. Such housing may be particularly attractive to older owner-occupiers which may assist in encouraging households to downsize. However, the downside to providing bungalows is that they are relatively land intensive for the amount of floorspace created, although they do provide wheelchair accessible homes.
- The analysis of an appropriate mix of dwellings should also inform the 'portfolio' of sites which are considered by the local authority through its local plan process. Equally, it will be of relevance to affordable housing negotiations.

## 7 NEEDS OF SPECIFIC GROUPS

### Introduction

- 7.1 This Chapter of the report examines the housing needs for specific groups in Warrington. In particular, it focusses on the need for older persons and directly linked to this those with disabilities.
- 7.2 The PPG sets out that the reason for the approach to setting standards is designed to '*rationalise the many differing existing standards into a simpler, streamlined system which will reduce burdens and help bring forward much needed new homes*' (56-001) and that '*local planning authorities will need to gather evidence to determine whether there is a need for additional standards in their area*' (56-002).
- 7.3 The PPG sets out that local authorities should be using their assessment of housing need (and other sources) to consider the need for M4(2) (accessible and adaptable dwellings), and/or M4(3) (wheelchair user dwellings), of the Building Regulations. It sets out that there are a range of published statistics which can be considered, including:
- the likely future need for housing for older and disabled people (including wheelchair user dwellings);
  - size, location, type and quality of dwellings needed to meet specifically evidenced needs (for example retirement homes, sheltered homes or care homes);
  - the accessibility and adaptability of existing housing stock;
  - how needs vary across different housing tenures; and
  - the overall impact on viability.
- 7.4 This section of the report draws on a range of statistics, including those suggested in the PPG (for which the Government has provided a summary data sheet 'Guide to available disability data') – termed the Guide in the analysis to follow. The discussion below begins by looking at older persons' needs.

### Older Persons' Housing Needs

- 7.5 Planning Practice Guidance note 56 (Housing: optional technical standards) sets out how local authorities can gather evidence to set requirements on a range of issues (including accessibility and wheelchair housing standards, water efficiency standards and internal space standards). This section looks at the first two of these (i.e. accessibility and wheelchair housing) as well as considering the specific needs of older people.
- 7.6 The PPG sets out that the reason for the approach to setting standards is designed to '*rationalise the many differing existing standards into a simpler, streamlined system which will reduce burdens*

and help bring forward much needed new homes' (56-001) and that 'local planning authorities will need to gather evidence to determine whether there is a need for additional standards in their area' (56-002).

7.7 The PPG sets out that local authorities should be using their assessment of housing need (and other sources) to consider the need for M4(2) (accessible and adaptable dwellings), and/or M4(3) (wheelchair user dwellings), of the Building Regulations. It sets out that there are a range of published statistics which can be considered, including:

- the likely future need for housing for older and disabled people (including wheelchair user dwellings);
- size, location, type and quality of dwellings needed to meet specifically evidenced needs (for example retirement homes, sheltered homes or care homes);
- the accessibility and adaptability of existing housing stock;
- how needs vary across different housing tenures; and
- the overall impact on viability.

7.8 This section of the report draws on a range of statistics, including those suggested in the PPG (for which the Government has provided a summary data sheet 'Guide to available disability data' – termed as the Guide in the analysis to follow. The discussion below begins by looking at older persons' needs.

7.9 Additionally, for some analysis, it is necessary to project the population forward. Reference for this is made to the demographic projections developed in this study (linking to an OAN of 945 dwellings per annum based on aligning housing and economic growth).

### Current Population of Older People (2017 base-date)

7.10 The table below provides baseline population data about older persons and compares this with other areas. The data for has been taken from the published ONS mid-year population estimates and is provided for age groups from 65 and upwards; the data is for 2017 to reflect the latest published data for local authority areas and above.

**Table 32: Older Person Population (2017)**

	Warrington		North West	England
	Population	% of population	% of population	% of population
Under 65	171,401	81.7%	81.6%	82.0%
65-74	21,339	10.2%	10.2%	9.9%
75-84	12,605	6.0%	5.9%	5.7%
85+	4,359	2.1%	2.3%	2.4%
Total	209,704	100.0%	100.0%	100.0%
Total 65+	38,303	18.3%	18.4%	18.0%

Source: ONS 2017 Mid-Year Population Estimates

- 7.11 The data shows that Warrington has a similar proportion of older population to those of England and North West. It is estimated that 18.3% of the population of the Borough area was 65+ years old in 2017, which is similar to 18.4% regionally and 18.0% nationally. Even the detailed distribution of the age groups are similar across all the comparators.

### Future Change in the Population of Older Persons

- 7.12 As well as providing a baseline position for the proportion of older persons in the Borough, population projections can be used to provide an indication of how the numbers might change in the future compared with other areas. The data presented below uses the 2016-based SNPP for consistency across areas and runs from 2017 to 2037 to be consistent with other analysis developed in this report.
- 7.13 The data shows that the Borough is expected to see a notable increase in the older person population with the total number of people aged 65 and over expected to increase by 49% over the 20-years from 2017; this compares with overall population growth of 7.5% and a decrease in the Under 65 population of 1.8%. The proportionate increase in the number of older people in the Borough is higher than projected for the region and England.

**Table 33: Projected Change in Population of Older Persons (2017 to 2037) – 2016-based SNPP**

	Warrington	North West	England
Under 65	-1.8%	-2.0%	2.2%
65-74	32.1%	21.6%	28.0%
75-84	53.5%	47.3%	54.7%
85+	121.0%	85.1%	90.2%
Total	7.5%	5.4%	9.9%
Total 65+	49.2%	37.8%	44.9%

Source: ONS subnational population projections (2016-based)

- 7.14 In total population terms, the projections show an increase in the population aged 65 and over of 18,800 people, this is against a backdrop of an overall increase of 15,700 and a decrease in the population aged under 65 of 3,200.

**Table 34: Projected Change in Population of Older Persons (2017 to 2037) – 2016-based SNPP – Warrington**

	2017 population	2037 population	Change in population	% change
Under 65	171,675	168,523	-3,152	-1.8%
65-74	21,383	28,240	6,857	32.1%
75-84	12,558	19,279	6,721	53.5%
85+	4,333	9,578	5,245	121.0%
Total	209,949	225,620	15,671	7.5%
Total 65+	38,274	57,097	18,823	49.2%

Source: ONS subnational population projections (2016-based)

7.15 The figures above are all based on the latest (2016-based) SNPP. It is possible to also show how the outputs would be expected to change under different scenarios. The table below shows a similar analysis when linked to the economic-based projection scenario. In this case, there is still significant ageing of the population but there is now an increase in the population aged under 65.

7.16 The large change in the under 65 age group relative to older groups reflects the migration assumptions, migration being largely concentrated in typical working-age groups (and their associated children).

**Table 35: Projected Change in Population of Older Persons (2017 to 2037) – economic-based projection scenario – Warrington**

	2017 population	2037 population	Change in population	% change
Under 65	171,401	181,707	10,306	6.0%
65-74	21,339	28,957	7,618	35.7%
75-84	12,605	19,669	7,064	56.0%
85+	4,359	9,717	5,358	122.9%
Total	209,704	240,050	30,346	14.5%
Total 65+	38,303	58,343	20,040	52.3%

Source: Demographic Projections

## Health-Related Population Projections

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

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

7.19 The table below shows that both of the illnesses/disabilities are expected to increase significantly in the future although this would be expected given the increasing population. In particular, there is projected to be a large rise in the number of people with dementia (up 79-81%) along with a 64-67% increase in the number with mobility problems.

**Table 36: Estimated Population Change for a range of Health Issues (2017 to 2037) - Warrington**

	Type of illness/ disability	2017	2037	Change	% increase
2016-based SNPP	Dementia	2,484	4,447	1,963	79.0%
	Mobility problems	6,727	11,043	4,317	64.2%
Linked to economic growth	Dementia	2,498	4,529	2,031	81.3%
	Mobility problems	6,748	11,259	4,512	66.9%

Source: Data from POPPI and demographic projections

7.20 When related back to the total projected change to the population, the increase of 4,300 people with a mobility problem represents 28% of the total population growth projected by the 2016-based SNPP, although a lower proportion would be expected if planning for a higher need/requirement (and hence a higher level of population growth); linked to the economic growth scenario, the increase is estimated to represent about 15% of population growth.

7.21 The housing officers in the Council have also highlighted a lack of supported housing in the Borough. This is particularly related to those with mental health issues as well as being directly linked to the ageing population.

### People with Disabilities

7.22 The CLG Disability data guide provides data about households with a long-term illness or disability from the English Housing Survey. Whilst this provides a national perspective, the source cannot provide more localised data. Hence the analysis below has drawn on the 2011 Census (which has a definition of long-term health problem or disability (LTHPD)).

7.23 The table below shows the proportion of people with a long-term health problem or disability (LTHPD) and the proportion of households where at least one person has a LTHPD. The data suggests that across the Borough some 32% of households contain someone with a LTHPD.



7.24 This figure is lower than seen across the region and broadly in-line with the national average. The figures for the population with a LTHPD again show a similar pattern in comparison with other areas (an estimated 17% of the population of the Borough have a LTHPD).

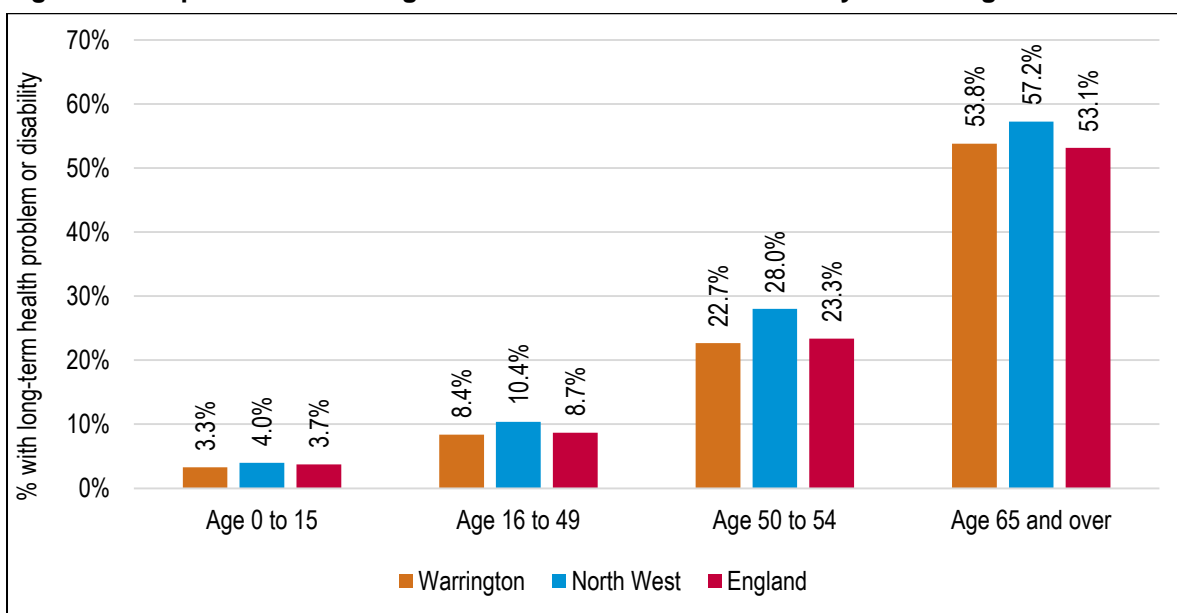
**Table 37: Households and people with Long-Term Health Problem or Disability (2011)**

	Households containing someone with health problem		Population with health problem	
	Number	%	Number	%
Warrington	26,940	31.6%	34,997	17.3%
North West	1,100,812	36.6%	1,426,805	20.2%
England	7,217,905	32.7%	9,352,586	17.6%

Source: 2011 Census

7.25 It is likely that the age profile will impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. Therefore, the figure below shows the age bands of people with a LTHPD. It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD.

**Figure 9: Population with Long-Term Health Problem or Disability in each Age Band**



Source: 2011 Census

7.26 The age-specific prevalence rates shown above can be applied to the demographic data to estimate the likely increase over time of the number of people with a LTHPD. In applying this information to the demographic projections, it is estimated that the number of people with a LTHPD will increase by around 9,700-11,500 (a 25-30% increase).

7.27 Across the Borough, virtually all of this increase is expected to be in age groups aged 65 and over. The population increase of people with a LTHPD represents at least 38% of the total increase in the population estimated by the projections (a higher figure of 62% if compared against the 2016-based SNPP).

**Table 38: Estimated change in population with LTHPD (2017-2037) – Warrington**

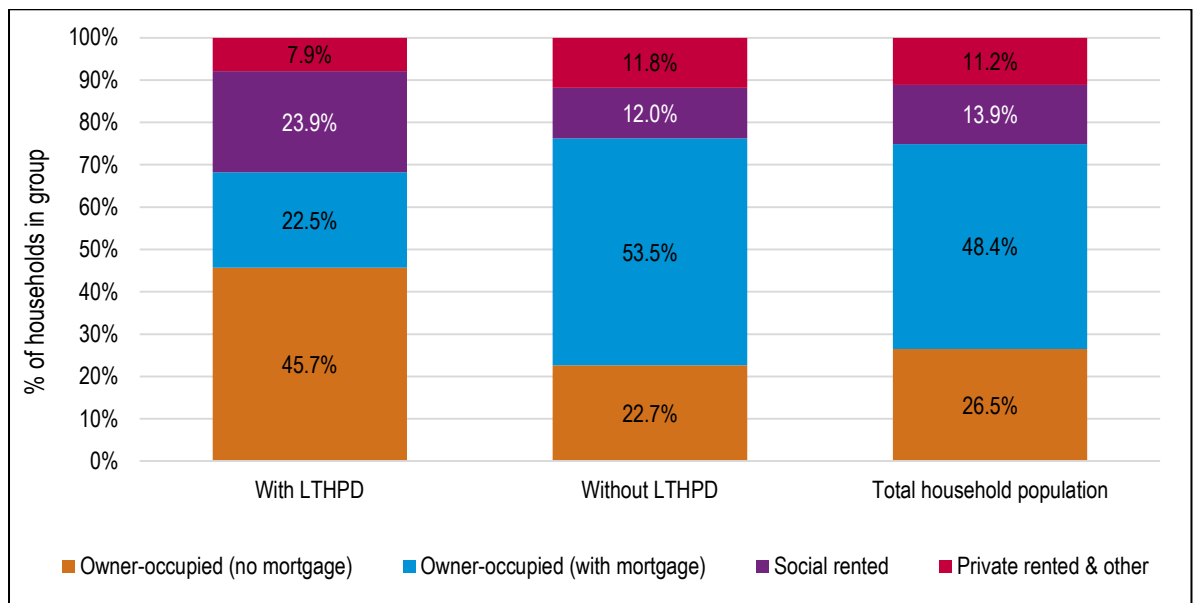
	Population with LTHPD		Change (2017-37)	% change from 2017
	2017	2037		
2016-based SNPP	38,932	48,629	9,697	24.9%
Linked to economic growth	38,942	50,472	11,529	29.6%

Source: Derived from demographic modelling and Census (2011)

7.28 The figure below shows the tenures of people with a LTHPD – it should be noted that the data is for the population living in households rather than households. The analysis clearly shows that people with a LTHPD are more likely to live in social rented housing and are also more likely to be outright owners (this will be linked to the age profile of the population with a disability).

7.29 Given that typically the lowest incomes are found in the social rented sector and to a lesser extent for outright owners, the analysis would suggest that the population/households with a disability are likely to be relatively disadvantaged when compared to the rest of the population.

**Figure 10: Tenure of people with LTHPD**



Source: 2011 Census

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

**Table 39: Tenure of people with a LTHPD**

	% of social rent with LTHPD	% of other tenures with LTHPD
Warrington	28.6%	14.8%

Source: Derived from demographic modelling and Census (2011)

### Older Persons' Housing Needs

- 7.31 Given the ageing population and higher levels of disability and health problems amongst older people, there is likely to be an increased requirement for specialist housing options moving forward. The analysis in this section draws on data from the Housing Learning and Information Network (Housing LIN) along with demographic projections to provide an indication of the potential level of additional specialist housing that might be required for older people in the future.
- 7.32 The data for need is calculated by applying prevalence rates to the population aged 75+ and as projected forward. The prevalence rates have been taken from a toolkit developed by Housing LIN, in association with the Elderly Accommodation Council and endorsed by the Department of Health.
- 7.33 This database includes the need across the following categories (discussed in more detail below): sheltered housing, enhanced sheltered housing, extra care, residential care and nursing care. Additionally, the analysis draws on current supply estimates from HOPSR (Housing for Older People Supply Recommendations) – a database developed by Sheffield Hallam University along with data from the Elderly Accommodation Counsel (EAC) which provides an indication of the current tenure mix of such accommodation.

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

***Retirement/sheltered housing:***

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

***Enhanced sheltered housing:***

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

***Extra care housing:***

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

***Care beds:***

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

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

Source: HOPSR

- 7.34 As well as setting out overall prevalence rates for different types of housing, the Housing LIN provides some suggestions for the tenure split between rented and leasehold accommodation (essentially public vs. private provision), this varies depending on an area's level of deprivation. In Warrington data from the 2015 Index of Multiple Deprivation has been used and it is suggested that just under half of supply should be rented accommodation and just over half leasehold (there is no tenure split for care beds). Consideration has also been given to overall levels of disability in the older person population; given that these are slightly higher than the national average a small upwards adjustment has been made.
- 7.35 In the table below two categories of accommodation are used (in addition to care beds). These are a) Housing with Support (which covers retirement/sheltered housing) and b) Housing with Care (which includes the enhanced sheltered and extra-care housing). The analysis suggests that there may currently be an oversupply of rented (public/affordable) extra-care housing but a notable shortfall of other types/tenures. Projecting forward, the data suggests a shortfall in all sectors (a total shortfall of 3,400 homes – 171 per annum, excluding care home bedspaces (C2 use class). Using these prevalence rates, the analysis identifies a potential need for an additional 1,500 care beds over the 20-years to 2037.

- 7.36 The tenure mix is given as a broad split between rented and leasehold. Rental accommodation can be used as a proxy for social/affordable rental. For leasehold accommodation, this includes both short and long leasehold homes i.e. market housing.
- 7.37 The second table below links to the economic-based projection – this shows slightly higher levels of need, although overall the difference between the two scenarios is not substantial.

**Table 40: Older Persons' Dwelling Requirements 2017 to 2037 (linked to 2016-based SNPP) – Warrington**

		Housing demand per 1,000 75+	Current supply	2017 demand	2037 demand	Change to 2037 (demand-supply)
Housing with support	Rented	57	620	971	1,658	1,038
	Leasehold	69	428	1,168	1,995	1,567
Housing with care	Rented	21	475	357	610	135
	Leasehold	24	18	413	705	687
Care beds	-	111	1,677	1,882	3,215	1,538

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

**Table 41: Older Persons' Dwelling Requirements 2017 to 2037 (linked to economic-based projection) – Warrington**

		Housing demand per 1,000 75+	Current supply	2017 demand	2037 demand	Change to 2037 (demand-supply)
Housing with support	Rented	57	620	975	1,689	1,069
	Leasehold	69	428	1,173	2,032	1,604
Housing with care	Rented	21	475	359	622	147
	Leasehold	24	18	414	718	700
Care beds	-	111	1,677	1,890	3,274	1,597

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

### Current Provision

- 7.38 According to the Council's Housing Strategy,<sup>4</sup> there are 435 Extra Care units in Warrington which the Council has an annual contract for. The vast majority of this is in flatted accommodation with the largest scheme at Ryfields providing 56% of all extra care accommodation.

<sup>4</sup> <https://www.warrington.gov.uk/downloads/file/16542/housing-strategy-2018-28>

**Table 42: Current Supply of Extra Care Accommodation**

Scheme	Sub-Area	Flats	Bungalows	Total
Ryfields	Central	226	17	243
Broomfields	South	20	37	57
Sankey Manor	North	24	29	53
Mosslands	Central	0	49	49
Woolston Hall	North	27	6	33

Source: Warrington Borough Council

- 7.39 All of this accommodation is for rent, except for 70 leaseholder units at Ryfields Retirement Village which are shared ownership or owned by the residents. However, the Housing Strategy also notes that Warrington has experienced a significant increase in Private Leaseholder development schemes.
- 7.40 These developments are often developed by McCarthy and Stone with apartments to purchase with onsite scheme management and access to 24-hour advice & assistance through a community alarm service.
- 7.41 There is only one extra care scheme in the south sub area with two in each of the Central and North Sub-Areas. Perhaps notable is the lack of schemes outside of the Warrington Urban Area i.e. in Culcheth and Lymm.
- 7.42 There are currently 18 sheltered housing schemes providing 607 units with the Council funding eligible individuals. In addition, there are 29 homes party to the Residential and Nursing Framework in Warrington of which 17 offer nursing.

### Learning Disability Supported Housing

- 7.43 As part of the Housing Strategy, the Council also undertook a review of all learning disability supported accommodation was undertaken by the Council. As at January 2017, the review identified that there were 63 properties with a total of 201 rooms, accommodating 185 service users.
- 7.44 This review identified a significant gap in the provision for young people and suitability of accommodation as existing people with disabilities grow older. Work is now underway to identify suitable housing options to meet these needs.

### Wheelchair User Housing

- 7.45 Information about the need for housing for wheelchair users is difficult to obtain (particularly at a local level) and so some brief analysis has been carried out based on national data within a research report by Habinteg Housing Association and London South Bank University (Supported by

the Homes and Communities Agency) - *Mind the Step: An estimation of housing need among wheelchair users in England*. This report provides information at a national and regional level although there are some doubts about the validity even of the regional figures; hence the focus is on national data.

- 7.46 The report identifies that around 84% of homes in England do not allow someone using a wheelchair to get to and through the front door without difficulty and that once inside, it gets even more restrictive.
- 7.47 Furthermore, it is estimated (based on English House Condition Survey data) that just 0.5% of homes meet criteria for 'accessible and adaptable', while 3.4% are 'visitable' by someone with mobility problems (data from the CLG Guide to available disability (taken from the English Housing Survey) puts the proportion of 'visitable' properties at a slightly higher 5.3%).
- 7.48 Overall, the report estimates that there is an unmet need for wheelchair user dwellings equivalent to 3.5 per 1,000 households (this is described in the Habinteg report as the *number of wheelchair user households with unmet housing need*). In Warrington, as of 2017, this would represent a current need for about 317 wheelchair user dwellings.
- 7.49 Moving forward, the report estimates a wheelchair user need from around 3% of households. If 3% is applied to the household growth in the demographic projections (2017-37) then there would be an additional need for around 358-554 adapted homes. If this figure is brought together with the estimated current need then the total wheelchair user need would be for around 674-871 homes – this is about 5-6% of the total household growth in the projections.

**Table 43: Estimated need for wheelchair user homes (2017-2037) – Warrington**

	Current need	Projected need (2017-37)	Total	Total household growth	% wheelchair user
2016-based SNPP	317	358	674	11,918	5.7%
Linked to economic growth	317	554	871	18,479	4.7%

Source: Derived from demographic projections and Habinteg prevalence rates

- 7.50 Information in the CLG Guide to available disability data also provides some historical national data about wheelchair users by tenure (data from the 2007/8 English Housing Survey). This showed around 7.1% of social tenants to be wheelchair users, compared with 2.3% of owner-occupiers (there was insufficient data for private renting, suggesting that the number is low).
- 7.51 This may impact on the proportion of different tenures that should be developed to be for wheelchair users (although it should be noted that the PPG (56-009) states that 'Local Plan policies

for wheelchair accessible homes should be applied only to those dwellings where the local authority is responsible for allocating or nominating a person to live in that dwelling’).

- 7.52 In relation to lifetime homes, it may also be worthwhile for the Council to consider implementing a policy stipulating the level of life-time homes to be delivered. The City of Manchester, for example, has set itself the goal of becoming an ‘Age-Friendly City’ by 2020 through the creation of lifetime homes and neighbourhoods.

### **Disabled Facilities Grant**

- 7.53 A Disabled Facilities Grant (DFG) is a mandatory means-tested grant to help towards the costs of adapting a person’s home to enable them to continue to live there. A grant is paid when the Council considers that changes are necessary to meet a person’s needs and that the work is reasonable and practical.
- 7.54 Under the provisions of the Regulatory Reform Order 2002 the Council is obliged to develop a private sector housing policy which is appropriate to the needs of residents in their area, offering financial support to those on low incomes, as appropriate.
- 7.55 Within Warrington, a total of 879 grants have been given over the last six years. In total, these provided over £6.3 million pounds of funding at an average of £7,195 per grant

### **Families with Children**

- 7.56 The analysis below looks at projected changes to households by household type. Most of the analysis in this report has been based on Stage 1 household representative rates in the 2014-based household projections (with or without a part-return to trend HRR analysis); Stage 1 figures are used as these are the main figures driving the projections. The projections do also contain Stage 2 figures which provide an indication of household types.
- 7.57 The analysis below therefore looks at applying the Stage 2 figures to projections developed. Because Stage 1 and 2 projections are to some extent independent from each other it will be noted that projected household growth does differ slightly (albeit by a pretty modest amount).
- 7.58 The CLG household projections use a range of household typologies with three categories for dependent children depending on the number of children – these figures can give an indication of the number of family households. Unfortunately, the CLG projections no longer look at projecting lone parent households separately from couples.



7.59 The table below looks at a change to the number of households based on the 2016-based SNPP. This shows that the number of households with dependent children is projected to increase by about 2,600 (10%) – this includes a 20% increase in households with one dependent child and reductions in the numbers with two or more children.

7.60 The change in the number of households with dependent children is projected to be lower than the change in all households (13%). The increase in the number of households with dependent children represents 21% of all projected household growth.

**Table 44: Change in household types 2017-37 (2016-based SNPP) – Warrington**

	2017	2037	Change	% change
One-person household (aged 65 and over)	11,364	14,711	3,347	29.5%
One-person household (aged under 65)	15,201	16,695	1,494	9.8%
Couple (aged 65 and over)	11,316	18,028	6,712	59.3%
Couple (aged under 65)	13,674	11,124	-2,550	-18.6%
A couple and one or more other adults: No dependent children	6,690	6,239	-452	-6.8%
Households with one dependent child	13,490	16,148	2,658	19.7%
Households with two dependent children	10,294	10,128	-166	-1.6%
Households with three dependent children	3,380	3,086	-294	-8.7%
Other households	5,159	6,422	1,263	24.5%
<b>Total</b>	<b>90,568</b>	<b>102,580</b>	<b>12,012</b>	<b>13.3%</b>
Total households with dependent children	26,805	29,362	2,557	9.5%

Source: 2016-based SNPP and 2014-based CLG household projections

7.61 As well as looking at the latest official projections, analysis has been undertaken to consider what the profile of households might be with the projection linked to economic growth – this is shown in the table below and it should be noted that the figures do not include any uplift to HRRs as such an analysis is only reasonably possible when looking at Stage 1 household formation data.

7.62 This shows a slightly higher change in the number of households with dependent children, and that households with dependent children make up a greater proportion of the total change (26% of the increase in households). In this instance, there is projected to be an increase in the number of households with 2 dependent children, but households with three or more are still projected to fall.

**Table 45: Change in household types 2017-37 (linked to the provision of 945 dwellings per annum) – Warrington**

	2017	2037	Change	% change
One-person household (aged 65 and over)	11,379	15,019	3,640	32.0%
One-person household (aged under 65)	15,182	17,861	2,680	17.7%
Couple (aged 65 and over)	11,321	18,424	7,103	62.7%
Couple (aged under 65)	13,661	11,862	-1,799	-13.2%
A couple and one or more other adults: No dependent children	6,691	6,496	-194	-2.9%
Households with one dependent child	13,464	17,417	3,954	29.4%
Households with two dependent children	10,270	10,952	682	6.6%
Households with three dependent children	3,371	3,357	-14	-0.4%
Other households	5,158	6,748	1,590	30.8%
<b>Total</b>	<b>90,494</b>	<b>108,137</b>	<b>17,642</b>	<b>19.5%</b>
Total households with dependent children	27,104	31,726	4,622	17.1%

Source: Demographic projections

### Self- and Custom-build

7.63 Housing Needs Assessments should investigate the contribution that self-build makes toward the local supply. Laying the Foundations – a Housing Strategy for England 2010 sets out that only one in 10 new homes in Britain was self-built in 2010 – a lower level than in other parts of Europe. It identifies barriers to self or custom-build development as including:

- A lack of land;
- Limited finance and mortgage products;
- Restrictive regulation; and
- A lack of impartial information for potential custom home builders.

7.64 Government aspires to make self-build a 'mainstream housing option' by making funding available to support self-builders and by asking local authorities to champion the sector. Up to £30m of funding has been made available via the Custom Build programme administered by the HCA to provide short-term project finance to help unlock group custom build or self-build schemes. The fund can be used to cover eligible costs such as land acquisition, site preparation, infrastructure, S106 planning obligations etc.

7.65 Warrington Borough Council, as all local authorities are required to do, manage a register for those interested in Self and Custom Build Housing in the Borough. At present (since October 2017) there are 23 persons on the register. Custom build accounts for 6% of these while self-build accounts for 77%.

7.66 Of these, 87% are local to the North West region with the remaining 12% comprised of a single individual residing in the South East, London and Wales. Of those residing in the North West 75%

are already residing in Warrington, two are in Cheshire West and Chester and one in each of Manchester, Salford and St. Helens.

7.67 Around 17% of those on the register are interested in building homes in more than one local authority. The reason given for wanting a self- or custom build plot is asked of all those on the register in Warrington:

- 47% want a home of my own design and specifications
- 18% want an environmentally friendly home
- 18% want a home they can afford
- 12% want to physically build their own home
- 6% want to be part of building a community

7.68 From a development point of view, key issues with this market are associated with skills and risk: whilst there may be a notable number of people with an 'interest' in self-build, there is in some circumstances a significant financial outlay, risk and time-cost associated with self-build. Just over 30% of the register suggested that they could bring £500,000 of finance to their project while 10% could only bring £10,000.

7.69 We would expect most new delivery to be on small windfall sites; although there is some potential through policy to encourage developers of larger schemes to designate parts of these as plots available for custom build. However, it is likely to be difficult to demonstrate concrete evidence of demand at a local level; albeit those local authorities are required and maintain registers of those with an interest in doing so.

7.70 In our experience, any attempt to quantify demand and the nature of demand should be focused on the planning system rather than sales and marketing i.e. it should not be market driven but policy driven.

### Private Rented Sector

7.71 This section looks at a range of statistics in relation to the private rented sector (PRS) in Warrington. Where possible, comparisons are made with other tenures (i.e. owner-occupied and social rented) as well as contrasting data with other areas. The aim is to bring together a range of information to inform the need for additional private rented housing in the Borough.

#### Size of the Private Rented Sector

7.72 The table below shows the tenure split of housing in 2011 in Warrington and a range of other areas. This shows a total of 9,549 households living in private rented housing in Warrington – 11.2% of all households. This proportion is notably lower than seen across the region and nationally. The vast

majority of households in the PRS are living in housing rented from a landlord or through a letting agency, although 265 (0.7% of all households) are recorded as living in 'other' PRS accommodation, this is likely to mainly be housing that is linked to employment.

**Table 46: Tenure (2011)**

	Warrington	North West	England
Owns outright	27,206	934,101	6,745,584
Owns with mortgage/loan	34,346	1,023,250	7,403,200
Social rented	13,318	550,481	3,903,550
Private rented	9,549	462,899	3,715,924
Other	721	38,818	295,110
Total	85,140	3,009,549	22,063,368
% private rented	11.2%	15.4%	16.8%

Source: Census (2011)

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

**Table 47: Change in tenure (2001-11) – Warrington**

	2001 households	2011 households	Change	% change
Owns outright	23,134	27,206	4,072	17.6%
Owns with mortgage/loan	36,166	34,346	-1,820	-5.0%
Social rented	13,723	13,318	-405	-3.0%
Private rented	3,774	9,549	5,775	153.0%
Other	1,233	721	-512	-41.5%
<b>Total</b>	<b>78,030</b>	<b>85,140</b>	<b>7,110</b>	<b>9.1%</b>

Source: 2001 and 2011 Census

7.74 The tenure changes in Warrington are broadly similar to that seen in other areas (as shown in the table below). All areas have seen an increase in outright owners, a decrease in owners with a mortgage and substantial increases in the private rented sector. That said, the proportionate increase in the number of households in the PRS is more notable in Warrington than other locations (more than doubling over ten years).

**Table 48: Change in tenure (2001-11) – Warrington and other areas**

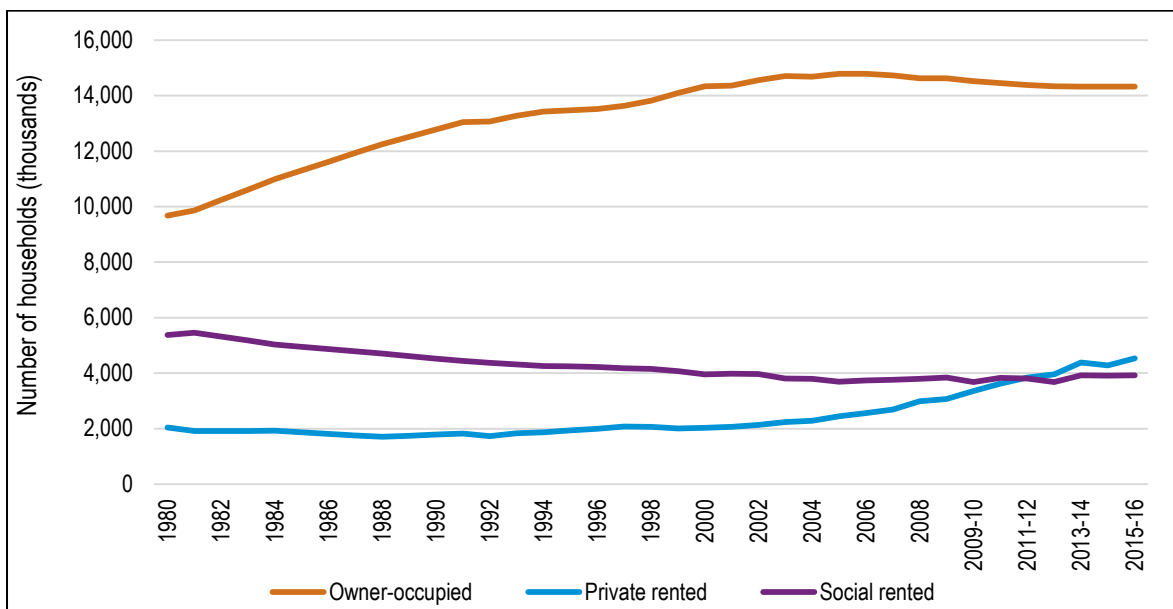
	Warrington	North West	England
Owns outright	17.6%	11.5%	13.0%
Owns with mortgage/loan	-5.0%	-7.8%	-8.4%
Social rented	-3.0%	-2.5%	-0.9%
Private rented	153.0%	92.8%	82.4%
Other	-41.5%	-35.5%	-29.6%
<b>Total</b>	<b>9.1%</b>	<b>7.0%</b>	<b>7.9%</b>

Source: 2001 and 2011 Census

7.75 The PRS has clearly been growing rapidly over time, in Warrington and other locations; it is also worth considering what further changes may have occurred since 2011. Unfortunately, robust local data on this topic is not available, however, a national perspective can be drawn from the English Housing Survey (EHS) which has data up to 2016. The figure below shows changes in three main tenures back to 1980.

7.76 This clearly shows the increase in the number of households living in private rented accommodation from about 2001 and also a slight decrease in the number of owners. Since 2011, the EHS data shows that that PRS has risen by a further 25% and if Warrington has seen a similar level of increase then this would imply about 2,400 additional households in the sector.

**Figure 11: Trends in tenure, 1980 to 2015-16 – England**



Source: English Housing Survey

7.77 The data above shows information for all households and it is of interest to study this information for younger households. Interrogating changes for a full range of age groups is difficult as the two Census (2001 and 2011) use different age bandings. It is, however, possible to provide an

indication of the change in tenure by looking at households aged under 35 and this is shown in the table below.

- 7.78 For the Under 35 age group, the analysis again shows a sharp increase in the number of households living in private rented accommodation. The analysis also highlights a significant decrease in the number of owner-occupiers (decreasing by over 35% in just 10-years) and little change in the number of young people in social rented accommodation.

**Table 49: Change in tenure 2001-11 (all households aged under 35) – Warrington**

	2001	2011	Change	% change
Owned	9,487	6,140	-3,347	-35.3%
Social rented	3,398	3,367	-31	-0.9%
Private rented	2,006	4,719	2,713	135.2%
Total	14,891	14,226	-665	-4.5%

Source: Census (2001 and 2011)

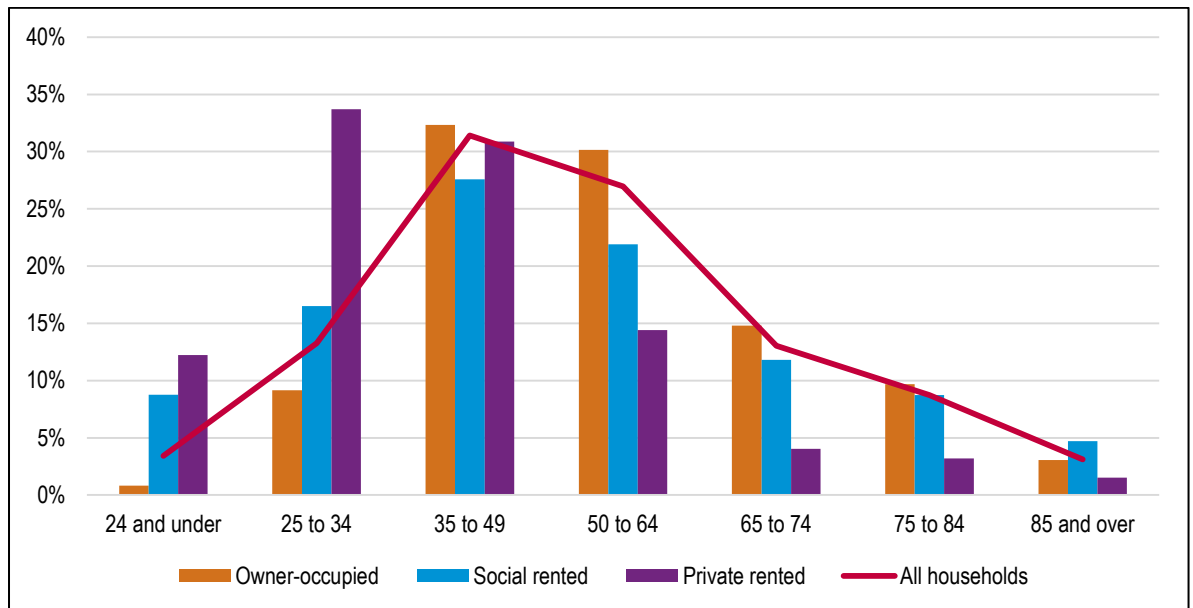
#### **Profile of Private Renters**

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

#### Age

- 7.80 Private renters are younger than social renters and owner-occupiers. In 2011, the average age of household reference persons (HRPs) in the private rented sector was 41 years (compared with 51 years for social renters and 55 years for owner occupiers). About three-quarters (77%) of private rented sector HRPs were aged under 50 compared with 53% of social renters and 42% of owner-occupiers.

**Figure 12: Age of household reference person by tenure (2011) – Warrington**



Source: Census (2011)

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

Household type

7.82 The table below shows the composition of households living in the private rented sector (and compared with other tenures). This shows a relatively high proportion of households with dependent children, making up 34% of the PRS. The sector also sees a relatively high proportion of households in the ‘other’ category. Many of these households are likely to be multi-adult households living in shared accommodation (i.e. houses in multiple occupation (HMOs)).

7.83 Between 2001 and 2011, Census data shows that the number of households with dependent children in the PRS rose from 1,364 to 3,451 – more than doubling; the proportion of the sector made up of households with dependent children rose from 27% to 34%. The EHS also shows a similar pattern nationally.

**Table 50: Household composition by tenure (2011) – Warrington**

	Owner-occupied		Social rented		Private rented		Total	
	Hhs	% of hhs	Hhs	% of hhs	Hhs	% of hhs	Hhs	% of hhs
Single person aged 65+	6,961	11.3%	2,324	17.5%	577	5.6%	9,862	11.6%
Single person aged <65	7,927	12.9%	3,734	28.0%	3,011	29.3%	14,672	17.2%
Couple aged 65+	6,398	10.4%	513	3.9%	166	1.6%	7,077	8.3%
Couple, no children	13,116	21.3%	1,114	8.4%	1,867	18.2%	16,097	18.9%
Couple, dependent children	15,019	24.4%	1,802	13.5%	1,747	17.0%	18,568	21.8%
Couple, all children non-dependent	5,165	8.4%	439	3.3%	173	1.7%	5,777	6.8%
Lone parent, dependent children	2,480	4.0%	2,291	17.2%	1,449	14.1%	6,220	7.3%
Lone parent, all children non-dependent	2,070	3.4%	613	4.6%	220	2.1%	2,903	3.4%
Other households with dependent children	998	1.6%	236	1.8%	255	2.5%	1,489	1.7%
Other households	1,418	2.3%	252	1.9%	805	7.8%	2,475	2.9%
Total	61,552	100.0%	13,318	100.0%	10,270	100.0%	85,140	100.0%
Total dependent children	18,497	30.1%	4,329	32.5%	3,451	33.6%	26,277	30.9%

Source: Census (2011)

Size and type of accommodation

7.84 The tables below show the size and type of accommodation in the PRS compared with other sectors. From this it can be seen that the PRS has a high proportion of flatted accommodation, making up nearly 30% of all homes; less than a tenth of homes in the sector are detached.

7.85 When looking at the size of accommodation, it is clear that the PRS is strongly focussed on 2- and 3-bedroom homes (making up 76% of all households in this tenure). The owner-occupied sector, in contrast, is dominated by 3+-bedroom homes (78% of the total in this tenure) whilst social renting is focussed on 1- and 2-bedroom accommodation (62% of the total).

**Table 51: Accommodation type by tenure (households) – Warrington**

	Owner-occupied	Social rented	Private rented	Total
Detached	30.9%	3.1%	9.4%	24.0%
Semi-detached	46.0%	29.9%	27.8%	41.3%
Terraced	20.3%	33.2%	33.2%	23.9%
Flat/other	2.8%	33.8%	29.6%	10.9%
Total	100.0%	100.0%	100.0%	100.0%
	61,552	13,318	10,270	85,140

Source: Census (2011)



**Table 52: Accommodation size by tenure (households) – Warrington**

	Owner-occupied	Social rented	Private rented	Total
1-bedroom	2.2%	36.9%	15.5%	9.2%
2-bedrooms	20.1%	24.9%	43.5%	23.6%
3-bedrooms	51.9%	34.5%	32.8%	46.9%
4-bedrooms	20.9%	3.2%	6.4%	16.4%
5+-bedrooms	4.9%	0.5%	1.8%	3.9%
Total	100.0%	100.0%	100.0%	100.0%
	61,552	13,318	10,270	85,140

Source: Census (2011)

Overcrowding and under-occupation

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

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

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

7.87 The analysis shows that levels of overcrowding in the PRS are substantially higher than in the owner-occupied sector, with 4.4% of households being overcrowded in 2011 (compared with 5.8% in the social rented sector and 1.3% of owner-occupiers). Levels of under-occupation are also relatively low, with around 18% of households having two or more spare bedrooms – the equivalent figure for owners is 50%.

**Table 53: Overcrowding and under-occupation by tenure (households) – Warrington**

	Owner-occupied	Social rented	Private rented	Total
+2 or more	49.5%	12.5%	17.9%	39.9%
+1 or more	36.2%	25.4%	41.9%	35.2%
0	12.9%	56.2%	35.8%	22.5%
-1 or less	1.3%	5.8%	4.4%	2.4%
Total	100.0%	100.0%	100.0%	100.0%
	61,552	13,318	10,270	85,140

Source: Census (2011)

Economic activity

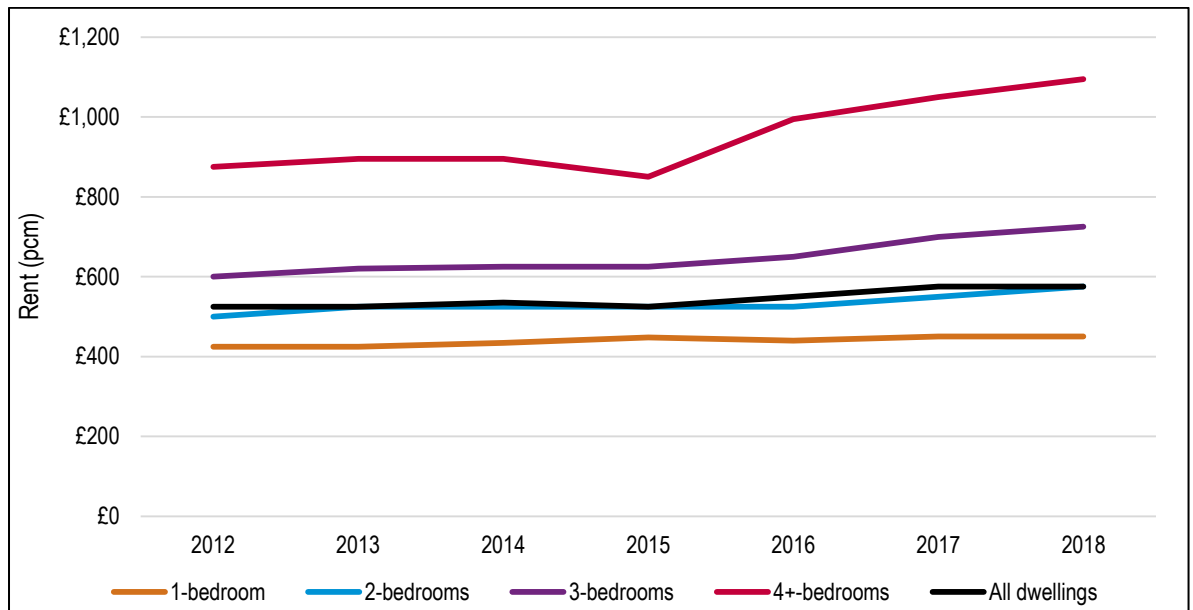
7.88 Data from the 2011 Census shows that 76% of private renters in Warrington were working, this is higher than the proportion of owner-occupiers (70%) and somewhat higher than the proportion of social renters in work (42%). Smaller proportions of private renters were retired (9%) compared with over a quarter in each of the owner-occupied and social rented sectors.

**Housing Costs**

7.89 The cost of private rented housing has previously been discussed when looking at affordable housing need. Below, an analysis is carried out to look at how costs have changed over time. This draws on data from the Valuation Office Agency (VOA) which has a time series back to 2011 – unless otherwise specified, the data provided in this section looks at the year to the end of March (for any given year).

7.90 The figure below shows a time-series of average (median) rents by dwelling size from 2011/12 to 2017/18; this shows that there have been some increases in rent levels in the Borough. The table below shows that the overall average rent in Warrington rose by £50 per month from 2012 to 2018 (a 10% increase). In comparison, rents increased by 11% in the North West and 17% nationally.

**Figure 13: Average (median) private sector rent (per month) 2012-18 – Warrington**



Source: Valuation Office Agency

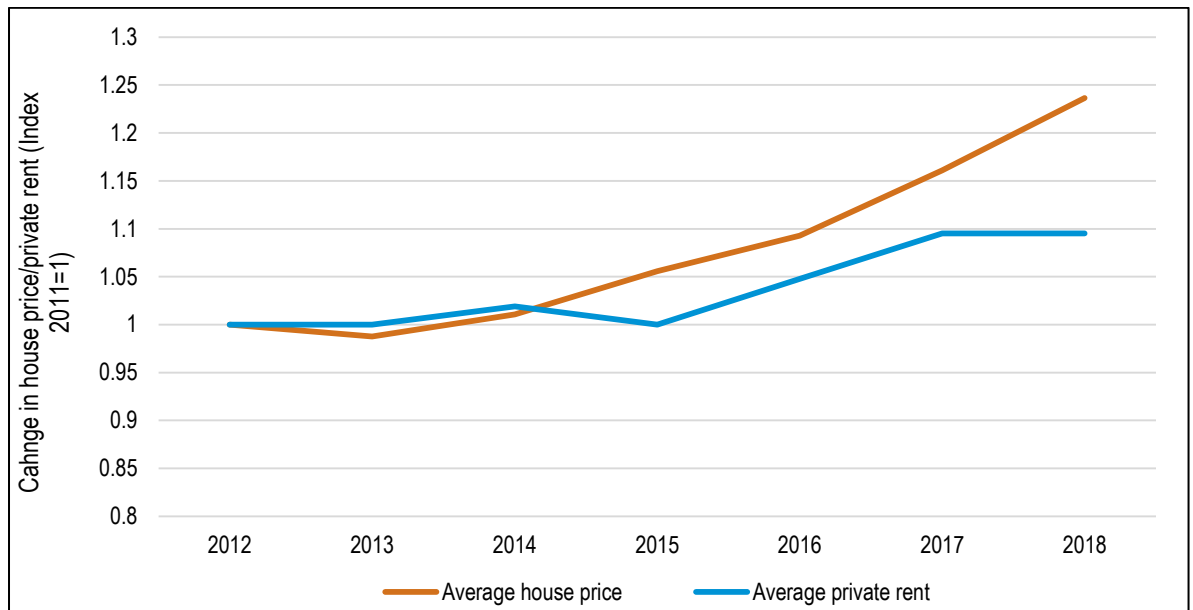
**Figure 14: Average (median) private sector rent (per month) 2012 and 2018 – Warrington**

	2012	2018	Change	% change
1-bedroom	£425	£450	£25	6%
2-bedrooms	£500	£575	£75	15%
3-bedrooms	£600	£725	£125	21%
4+-bedrooms	£875	£1,095	£220	25%
All dwellings	£525	£575	£50	10%

Source: Valuation Office Agency

7.91 The figure below shows despite the increase in private sector rents in the 2012-18 period, that house prices (to buy) have increased at an even faster rate. Using data from Land Registry, it is estimated that the average (mean) property price in the Borough over the same period rose by 24%.

**Figure 15: Change in house prices and private rents (2012-18) – Warrington**



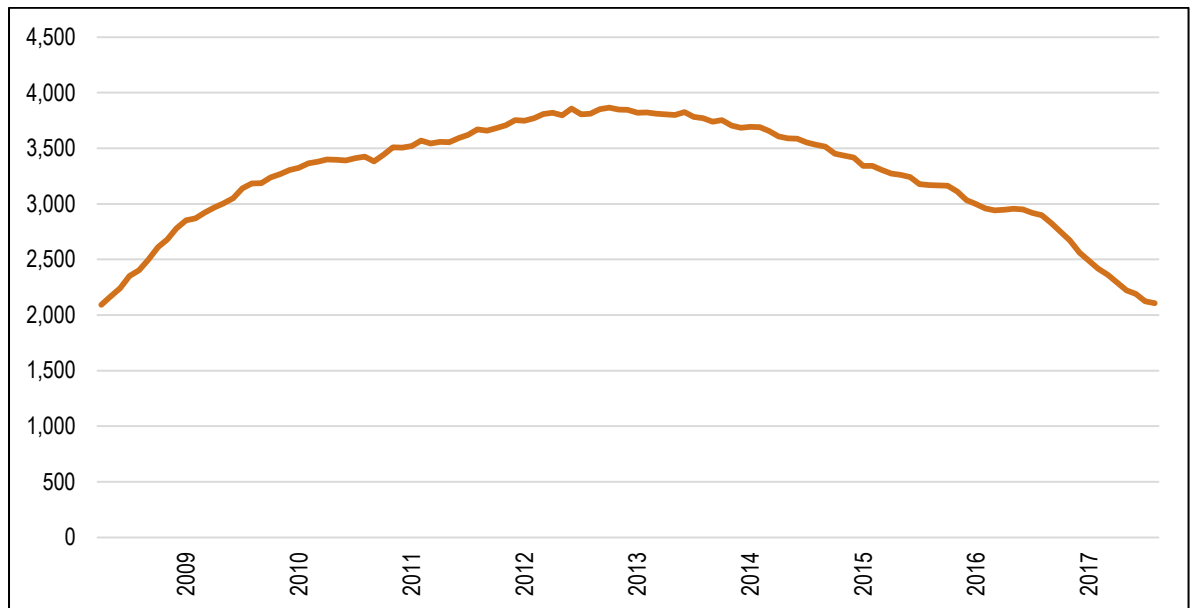
Source: Valuation Office Agency and Land Registry

Housing Benefit Claimants

7.92 Further analysis has been carried out to look at the number of housing benefit claimants in the sector. This provides an indication of the number of people who are using the sector as a form of affordable housing, and in many cases will be living in private rented accommodation due to a lack to affordable housing (e.g. in the social rented sector). It should, however, be noted that some of these households may also be in the sector through choice, although there may also be cases where households see a shortfall in benefits compared to rent.

7.93 The analysis shows that from 2008, the number of claimants in the PRS rose steadily to peak at around 3,800 in 2012/13. Since then the number of claimants has fallen, with the number currently standing at about 2,100. It is clear that the PRS still has a significant role in proving accommodation for those who cannot afford the market, but that this is reducing over time. The change is likely to be mainly due to economic improvements (e.g. reducing unemployment), although the relative unaffordability of the sector may also be playing a role – with some households seeking to move into the social rented sector.

**Figure 16: Number of Housing Benefit claimants in the private rented sector – Warrington**



Source: Department of Work and Pensions

### **Build-to-Rent**

- 7.94 As noted, the size of the PRS has grown substantially in Warrington since 2011 and this has been the main growth sector in the market. Nationally and regionally there has also been a substantial increase in the size of the PRS.
- 7.95 Linked in part to this, there is an increased (national) interest from developers in “Build to Rent” housing, which is specifically built not for open market sale but for the Private Rented Sector. Arguably, the sector provides the opportunity for good quality, well-managed rental accommodation which is purpose-built. Additionally, the sector provides the opportunity to boost overall housing delivery, as it does not compete directly with traditional housing development schemes which are built for sale.
- 7.96 The Government has been promoting Build-to-Rent housing. It has set up a Private Rented Sector Taskforce, and supported delivery through other measures – including a Build to Rent Fund which provides Government-backed loans to support new development. The sector is currently relatively small but is one with growth potential.
- 7.97 The Housing White Paper (HWP) notes the desire to change the NPPF (2012) so that local authorities ‘should *plan proactively for Build to Rent where there is a need, and to make it easier for Build to Rent developers to offer affordable private rental homes instead of other types of affordable housing*’.

- 7.98 In Warrington, there is currently modest evidence of demand for Build to Rent through limited activity in the sector. This includes the granting of two schemes in the town centre<sup>5</sup>.
- 7.99 Nationally, Build to Rent schemes are mainly coming forward in major urban areas (notably London) and are focused on young professionals in locations close to transport hubs. Given private sector rent levels in Warrington, there would only be a modest investment in this sector at present. However, if schemes were to come forward, the Council should consider them on merit, including taking account of any affordable housing offer (such as rent levels and the security of tenure).
- 7.100 If Warrington Council were to seek or promote Build-to-Rent housing, the draft London Plan (Policy H13<sup>6</sup>) provides some indication of the sort of criteria that could be used. In particular Policy H13 would require housing to be provided at a 'genuinely affordable rent' and preferably at a Living Rent; the housing should also be secured in perpetuity.
- 7.101 Policy H13 also contains a number of other suggested clauses which it is considered would be relevant to Warrington. This includes a covenant (to ensure that homes remain as Build-to-Rent for a set period of time), longer tenancies (suggested at least 3-years), a clear basis for rent increases and no upfront fees for prospective tenants.

#### **The need for additional private rental accommodation**

- 7.102 This study has not attempted to estimate the need for additional private rented housing. It is likely that the decision of households as to whether to buy or rent a home in the open market is dependent on a number of factors which mean that demand can fluctuate over time; this would include mortgage lending practices, the cost of housing, quality of accommodation, security of tenure and the availability of Housing Benefit.
- 7.103 The worsening shortage of housing and affordability of it regionally and nationally is also likely to have driven some of the growth in the private rented sector, including an increase in the number of families with dependent children living in this sector.
- 7.104 This implies that addressing the overall shortage of homes, by increased delivery, should enable more households to buy who would otherwise be renting. Therefore, there is no evidence to suggest that the Council should have a target for additional private rental accommodation.
- 7.105 That said should a build to rent proposal be presented to the Council, this should be considered on its merits and in particular the affordable rental accommodation it would provide.

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<sup>5</sup> App ref 2017/31148 and 2017/31394.

<sup>6</sup> <https://www.london.gov.uk/what-we-do/planning/london-plan/new-london-plan/draft-new-london-plan/chapter-4-housing/policy-h13-build-rent>

## Homelessness

- 7.106 The impact of benefit changes (largely Universal Credit) has resulted in a greater number of homeless presentations to the Council. This tends to come at the end of tenancy agreements rather than part way through, but it does pose a longer-term risk to council resources should the trend persist. This could be avoided by further use of deposit or rental guarantee schemes.

## Students

- 7.107 The University of Chester's Warrington Campus is the only higher education facilities in the Borough. This was built in 2002, therefore, the impact of the facility can be assessed using the difference between the 2001 and 2011 census.
- 7.108 In 2001 there were only 14 all student households in Warrington but by 2011 this had quadrupled to 57 all student households. These numbers, however, are relatively low (0.07% of all households), and it appears that campus accommodation is sufficient to meet the majority of need in the Borough.
- 7.109 However, this situation should be monitored particularly in the Central (Fairfield and Howley) and Northern sub-areas (Poulton North) where the impact of student growth has been most notable thus far.
- 7.110 The University of Chester has the ambition to grow student numbers by 25% across its Campuses. However, it does not include the Warrington Campus in its main development framework strategy.
- 7.111 The University was not able to give a precise number of the students studying at the Warrington campus but thought this was in the region of 2,000. This includes all full- and part-time students as well as under- and post-graduate students. Many of whom will not require accommodation.
- 7.112 From discussions with the University there are at present around 200 students living in halls of residence at the Warrington campus although they have a capacity of more than 340 units. These are left vacant partly because the University has moved some courses between the campuses and also there is also a general lack of demand.
- 7.113 A number of students do take up private accommodation in town and the University runs an accredited landlord system. However, the students tend to be put off by the cost of this accommodation and the quality of stock in non-accredited schemes.
- 7.114 Due to the scale of vacancy within the existing halls of residence (41%), there is some ability for the Warrington Campus to grow without significantly impacting the wider housing stock.

## Gypsies and Travellers

- 7.115 This assessment does not deal with the needs of Gypsies and Travellers. An assessment of demand for this group can be found in the Cheshire East, Cheshire West and Chester, Halton and Warrington Gypsy, Traveller and Travelling Showpeople Accommodation Assessment (August 2018).

## Service Families

- 7.116 As of April 2018, there were 10 military personnel (army) located in Warrington. This has been a consistent figure since 2012. In addition, there are 40 civilian personnel in the Borough. Although there have been fluctuations (+/- 10) the figure is identical to that in 2012.



### Needs of Specific Groups: Key Messages

- PPG note 56 (Housing: optional technical standards) sets out how local authorities can gather evidence to set requirements on a range of issues, this study considered the first two of these (i.e. accessibility and wheelchair housing) as well as considering the specific needs of older people.
- A range of data sources are considered, as suggested by CLG and others such as from Housing LIN. This is to consider the need for Building Regulations M4(2) (accessible and adaptable dwellings), and M4(3) (wheelchair user dwellings).
- The data shows that in general, Warrington has a similar level of disability when compared with the national position and that an ageing population means that the number of people with disabilities is expected to increase substantially in the future. Key findings include:
  - 49-52% increase in the population aged 65+ (accounting for at least two-thirds of total population growth);
  - 64-67% increase in the number of older people with mobility problems (representing at least 15% of all population growth);
  - 25-30% increase in the number of people with a long-term health problem or disability (LTHPD) (representing at least 38% of all population growth);
  - concentrations of LTHPD in the social rented sector;
  - a need for specialist housing for older persons in all sectors/tenures; and
  - a need for around 5-6% of dwellings to be for wheelchair users (M4(3))
- This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings. Given the evidence, the Council could consider (as a start point) requiring all dwellings to meet the M4(2) standards (which are similar to the Lifetime Homes Standards) and at least 5% meeting M4(3). It should, however, be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.
- In seeking M4(2) compliant homes the Council should also be mindful that such homes could be considered as 'homes for life' and would be suitable for any occupant, regardless of whether or not they have a disability at the time of initial occupation.
- There is no evidence of a need for Build to Rent housing (i.e. developments specifically for private rent). However, given the current Government push for such schemes, the Council should consider any proposals on their merit, taking account of any affordable housing offer.
- This study has not attempted to estimate the need for additional private rented housing. It is likely that the decision of households as to whether to buy or rent a home in the open market is dependent on a number of factors which mean that demand can fluctuate over time; this would include mortgage lending practices and the availability of Housing Benefit.

## 8 SUMMARY AND CONCLUSIONS

8.1 The Warrington LHNA follows the approach to housing need using the standard methodology as set out by the Government in the NPPF (February 2019). For plan-making, Councils, such as Warrington, which will be submitting local plans for examination after 24<sup>th</sup> of January 2019 will need to use the Government's standard methodology for assessing housing need.

### Standard Methodology

8.2 The new methodology seeks to simplify the approach to housing need and has three components:

- Starting Point or Baseline;
- Market Signals Adjustment; and
- Cap.

8.3 The starting point are the 2014-based household projections and we have examined the growth in the period 2017-27. As set out in the table below over this period the 2014-based projections show a household growth of 792 households per annum.

8.4 The standard methodology then seeks to adjust the demographic baseline on the basis of market signals. In 2017 the median workplace affordability ratio in Warrington was 6.36 (published in May 2018). This equates to an adjustment of 14.75%.

**Table 54: Housing Need Derived from Baseline and Affordability Adjustment**

	Household Change	OAN
2017-2027	792	909

Source: ONS and DHCLG, 2016 and 2018

8.5 **Applying this to the 2014-based household projections over the 2017-27 period would take the housing need to 909 dwellings per annum.**

8.6 The final stage of the proposed methodology is to cap the OAN to a level which is deliverable. However, this is not applicable to Warrington as it does not have a housing target and secondly, the market signals adjustment is less than 40%.

8.7 While this figure constitutes the policy off OAN the Council may wish to take a policy on approach to housing whereby they adopt a housing requirement which allows for a greater level of jobs growth with more sustainable commuting patterns and will also boost the supply of affordable housing.

### Economic Led Housing Need

- 8.8 This Local Housing Needs Assessment also examined the housing required to meet the economic growth in the Borough. As set out herein we have examined recent economic forecasts from Cambridge Econometrics, Oxford Economics and Past Trends alongside a policy on scenario linked to growth through investment as set out in the Strategic Economic Plan.
- 8.9 The focus for assessing economic led need has been the adjusted SEP jobs growth of 954 jobs per annum over the 17-37 period. This scenario took into account potential investment in the area while recognising a reduced baseline level of growth.
- 8.10 The relationship between economic growth and housing need is complex, influenced by a number of factors. We are therefore required to make assumptions on certain factors. Where we have done this, we have sought to maintain consistency with the SHELMA to ensure consistency with authorities in the Mid Mersey HMA.
- 8.11 The updated SEP jobs growth requires a change in residents in employment over the 2017 to 2037 period of 16,235 persons. However, not all of the population will be employed and to understand the impact on overall population growth (and thus housing need) we have applied economic activity rates.
- 8.12 Again, to maintain consistency we have used the same rates as the SHELMA. For Warrington, this means utilising the baseline rate as the growth scenario did not apply to areas which had activity rates above the national rates.
- 8.13 The SHELMA did not make any specific assumptions about unemployment. By definition, the methodology assumes that the number of people unemployed in 2017 (the base date for the economic forecasts) remains the same moving forward to 2037.
- 8.14 Having studied the various issues above, the analysis moved on to consider what level of housing might be required for forecast economic growth to be met. This analysis is predominantly designed to see if there is a clear workforce shortage and adjusts migration to the point that the level of working (economically active) population matches the job growth forecast.
- 8.15 The amended population (and its age structure) is then modelled against CLG headship rates as set out in the 2014-based household forecasts as well as modelling a part return to trend whereby household formation rates among younger households are improved halfway back to the 2008-based projections. This approach is justified as otherwise local residents would not be able to form in the way in which they would perhaps like.

- 8.16 The data shows that the economic growth in the Borough, based on the revised SEP will require 907 dwellings per annum to support it. This increases to 945 dpa once improvements to household formation rates are applied.

**Table 55: Estimated housing need associated with job growth forecast – Warrington**

	Households 2017	Households 2037	Change in households	Per annum	Dwellings per annum
Updated – SEP – 2014-based HRR	90,416	108,144	17,728	886	907
Updated SEP – PRT HRR	90,499	108,978	18,479	924	945

Source: Demographic projections

- 8.17 The latter is 3.9% above the 909 dwellings per annum required by the standard methodology over the 2017-27 but slightly below the SHELMA (949 dpa).

### **Affordable Housing Need**

- 8.18 The report has considered the need for affordable housing; using the Basic Needs Assessment Model recommended in the PPG. The analysis calculates an overall need for affordable housing of 377 units per annum over the 20-years to 2037 in Warrington.
- 8.19 The analysis was compared with the previous assessment undertaken in the SHMA (which had a base date of 2014 and showed that the affordable need has increased slightly over time, primarily due to a reduction in supply).
- 8.20 In line with the Planning Practice Guidance, the LHNA also examines whether an uplift to the housing requirement (note not the OAN) could be justified based on the need for increased delivery of affordable housing.
- 8.21 It is concluded that the Council could be justified in increasing overall housing delivery to ensure the affordable housing need is met as best as possible should it choose to do so. However, any number above the standard methodology, for example, that based on economic-led need will also be delivering more affordable housing through developer contributions thus addressing this need sooner.

### **Conclusion**

- 8.22 Drawing this information together we conclude that the **housing need** in Warrington based on the standard methodology would be 909 dpa over the 2017-27 period however this is to be applied the whole of the plan period.
- 8.23 However, the 909 dpa would not be able to support the anticipated jobs growth in the Borough. For this to be achieved a **housing requirement** of 945 dpa should be considered. This figure includes an adjustment to ensure there are improvements to household representation in younger age groups.
- 8.24 The Council could also consider further uplifts to the housing requirement to address affordable housing need more quickly but in this case, the uplift for economic growth will already accommodate this. Paragraph 24 of the PPG (Reference ID: 2a-024-20190220) states that:
- “The total affordable housing need can then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, taking into account the probable percentage of affordable housing to be delivered by eligible market housing led developments. An increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes”*
- 8.25 In the case of Warrington, the affordable housing need is 377 dwellings per annum delivered at a rate of 25% of all delivery would require a total delivery of 1,508 dpa. However, this is not likely to be a deliverable or realistic level of growth given that there is no indication of demand being that high and therefore unlikely to be built out.
- 8.26 Furthermore, it is not an appropriate comparison as demonstrated by a number of high court judgments. Most notable is arguably Jelson/Hinckley & Bosworth (CO/2673/2016) where Justice Green said of such a calculation that *‘this is not a figure based upon demographic, trend-based, projections indicating the likely number and type of future households. It is a much looser and imprecise calculation premised upon affordable need and as such is not calculated according to the methodology identified in paragraph [159] NPPF and in the relevant Guidance’*.
- 8.27 It should also be noted that the OAN also includes all of the new households falling into need, therefore, there would be no need to increase the OAN further for this group (i.e. newly forming households are part of the affordable needs model but are already captured in demographic projections).
- 8.28 The affordable housing need also includes households in unsuitable but affordable dwellings which if re-homed would release their current property for another household in need and would thus not generate a need for an additional home, never mind another 3 market homes to subsidise it.

- 8.29 However, the Council could still consider an increase to the OAN as per the PPG to deliver more affordable homes. There is no set methodology for how to do this, but other areas have used a nominal 5% or 10% uplift to the OAN when developing their housing requirement.
- 8.30 Given the affordable housing requirement in Warrington we have given consideration for such an uplift in Warrington if the 5% is applied to the OAN of 909 then we would arrive at a housing requirement of 955 dpa.
- 8.31 Ultimately this uplift above the standard methodology is a choice for the Council but a requirement of around 950 dpa would seem reasonable to examine and also aligns with the economic-led need. Both of these would cover off demographic, economic and affordable housing need by delivering more homes overall.
- 8.32 It would, therefore, seem 'on balance' that an OAN and housing requirement broadly in the 909 - 950 dpa range would seem a reasonable target for Warrington and consistent with the PPG.

### Need for Different Types of Homes

- 8.33 The Local Housing Needs Assessment identifies a range of factors which influence the need for different types of homes. This includes demographic trends and in particular a growing older population; market dynamics and affordability; the Government's ambitions and initiatives to boost home-ownership and self/custom-build development; as well as growth in student numbers and accommodation.

#### **Affordable Housing Need**

- 8.34 As set out above the report considered the need for affordable housing; using the Basic Needs Assessment Model recommended in the PPG. The analysis calculates an overall need for affordable housing of 377 units per annum over the 20-years to 2037 in Warrington. An increase on the previous assessment.

#### **Affordable Home Ownership**

- 8.35 When looking at the need for affordable home ownership products (i.e. the expanded definition of affordable housing in the NPPF) it is clear that there are a number of households likely to be able to afford to rent privately but who cannot afford to buy a suitable home. However, there is also a potential supply of homes within the existing stock that can make a contribution to this need. It is therefore difficult to robustly identify an overall need for affordable home ownership products.

- 8.36 However, it does seem that there are many households in Warrington who are being excluded from the owner-occupied sector. This can be seen by analysis of tenure change, which saw the number of households living in private rented accommodation increasing by 164% from 2001 to 2011 (with the likelihood that there have been further increases since). Over the same period, the number of owners with a mortgage dropped slightly (by 5%).
- 8.37 The analysis would, therefore, suggest that a key issue in the Borough is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary).
- 8.38 Hence, whilst the NPPF suggests a clear policy direction to provide 10% of all new housing as affordable home ownership, it is not clear that this is the best solution in the Borough. If possible, it may be more appropriate for the Council to seek for 10% of housing to be made available with some initial upfront capital payment (such as a deposit contribution), rather than as a discount to OMV. Such a payment could cover the deposit and other initial costs and would potentially need to be protected in some way so that the money is not lost if a household chooses to sell their property (i.e. to ensure that any subsidy is held in perpetuity). Schemes such as Help-to-Buy could form part of such a package. This would still be targeted at the same group of households (likely to mainly be those currently privately renting but who would like to buy).
- 8.39 If the Council does seek to provide 10% of housing as affordable home ownership, then it is suggested that shared ownership is the most appropriate option. This is due to the lower deposit requirements and lower overall costs (given that the rent would also be subsidised). In promoting shared ownership, the Council should consider the equity share and also the overall cost once the rent and any service charges are included – this will be necessary to ensure that such homes are meeting the target group of households (i.e. those with an income in the gap between renting and buying).
- 8.40 Where other forms of affordable home ownership are provided (e.g. Starter Homes or discounted market), it is recommended that the Council considers setting prices at a level which (in income terms) are equivalent to the levels needed to access private rented housing. This would ensure that households targeted by the new definition could potentially afford housing – this might mean greater than 20% discounts from Open Market Value for some types/sizes of homes in some locations.
- 8.41 Overall, the evidence does not show any basis to increase the provision of affordable home ownership above the 10% figure currently suggested in the NPPF.

## Tenure Mix

- 8.42 In analysing the need for housing of different tenures it needs to be recognised that there are a series of choices to be made with regard to the provision of new affordable housing; essentially a trade-off between the affordability of accommodation and the number of homes that can viably be provided. Hence the analysis in this report can only provide a guide to the types of affordable housing that should be provided.
- 8.43 In order to aid the decision-making process regarding these choices, the following breakdown of tenure could be used as a starting point.
- 70% market
  - 10% affordable home ownership
  - 20% social/affordable rented
- 8.44 However, this comes with a series of caveats including the viability of providing different types of affordable housing. Furthermore, the cost of affordable home ownership properties can sometimes exceed those of lower cost market homes and thus cannot be truly considered as “affordable”, albeit they might be recognised as such by the government.

### **Need for Different Types and Sizes of Homes**

- 8.45 The modelling outputs provide an estimate of the proportion of homes of different sizes that are needed, there are a range of factors which should be taken into account in setting policies for provision. The mix of affordable rented housing sought through development at a borough-wide level should be as follows:
- 1-bed properties: 30-35%
  - 2-bed properties: 30-35%
  - 3-bed properties: 25-30%
  - 4-bed properties: 5-10%
- 8.46 The strategic conclusions recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues and the issue of single people under 35 years old only being eligible to claim benefits for a room in a shared house.



- 8.47 The provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households. On this basis the following mix of affordable home ownership housing is suggested:
- 1-bed properties: 15-20%
  - 2-bed properties: 40-45%
  - 3-bed properties: 30-35%
  - 4-bed properties: 5-10%
- 8.48 In the market sector, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographic profile. The following mix of market housing is suggested:
- 1-bed properties: 0-5%
  - 2-bed properties: 20-25%
  - 3-bed properties: 50-55%
  - 4-bed properties: 20-25%
- 8.49 The figures can, however, be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by the demographic change in the area or linked to macro-economic factors and local supply.
- 8.50 The need for affordable housing of different sizes will vary by area (at a more localised level) and over time. In considering the mix of homes to be provided within specific development schemes, the information herein should be brought together with details of households currently on the Housing Register in the local area and the stock and turnover of existing properties.
- 8.51 Within Chapter 7 we have set out localised mix conclusions. This shows that need varies slightly in different areas.
- 8.52 The mix identified above should inform strategic planning and housing policies. In applying recommended housing mix to individual development sites, regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.

### Older Persons Housing Need

- 8.53 The Housing Needs Assessment indicates that the number of residents aged over 65 across Borough is projected to increase by 52% over the period to 2037 based on the economic led need. As a result of a growing older population and increasing life expectancy, the official projections would result in an increase in people with mobility problems of around 67% by 2037 and an increase of 81% in persons with dementia.

- 8.54 Some of these households will require adaptations to properties to meet their changing needs whilst others may require more specialist accommodation or support. There is clear evidence of need for properties which are capable of accommodating people's changing needs.
- 8.55 Based principally on the expected growth in the population of older persons, the data suggests a shortfall in all sectors (a total shortfall of 3,400 homes – 171 per annum, excluding care home bedspaces). Using these prevalence rates, the analysis identifies a potential need for an additional 1,500 care beds over the 20-years to 2037.

**Table 56: Need for Specialist Housing for Older People, 2017-37 – Warrington**

		Housing demand per 1,000 75+	Current supply	2017 demand	2037 demand	Change to 2037 (demand-supply)
Housing with support	Rented	57	620	975	1,689	1,069
	Leasehold	69	428	1,173	2,032	1,604
Housing with care	Rented	21	475	359	622	147
	Leasehold	24	18	414	718	700
Care beds	-	111	1,677	1,890	3,274	1,597

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

- 8.56 Registered care provision falls within a C2 use class, with households who live in care homes counted as part of the institutional rather than the household population. As such provision of residential care is treated in the analysis of housing need separately in this report from that for C3 dwellings (and is separate to the C3 housing OAN).
- 8.57 The economic led population growth would result in a net need for 1,597 C2 bedspaces for older persons in the HMA over the 2017-37 period (80 per annum). The assessment, however, should be treated as indicative and does not seek to set policies for how older persons with care needs should be accommodated.
- 8.58 The economic led need is identified for around 871 wheelchair adapted homes (2017-37), equivalent to 4.7% of new housing provision.
- 8.59 Decisions about the appropriate mix of specialist housing should take account of the current stock, other local needs evidence as appropriate, and policies regarding accommodation and care for older persons.
- 8.60 GL Hearn recommends that councils should give consideration to how best to deliver the identified specialist housing need, including, for instance, the potential to identify sites in accessible locations for specialist housing or to require the provision of specialist housing for older people as part of larger strategic development schemes.

## **APPENDIX A: Developing a Standard Method Population Projection**

A1.1 Earlier in this report, it has been calculated that the Standard Method would lead to a housing need of 909 dwellings per annum. However, the guidance does not provide any indication of how this then translates into population growth.

A1.2 While the population projections give us an indication for step 1, how the additional 111 dpa translate into population growth is unclear. An indication of how this should be tackled is set out in Paragraph 6 of the PPG which relates to the affordability adjustment:

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

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

A1.3 In other words, the additional homes are to be filled and to address the issues set out above then a combination of reasonable improvements to household formation and increases to migration have to occur.

A1.4 To allow for additional modelling to be undertaken in this report, a scenario has been developed which increases migration to the Borough and builds in an improvement to the household formation of younger people such that there are sufficient households for 909 additional homes each year.

A1.5 To be clear, the view taken in this report is that in moving from household growth in the official projections to the household growth likely to be associated with the Standard Method, increases in both migration and household formation can be expected.

### **Household Formation Rates**

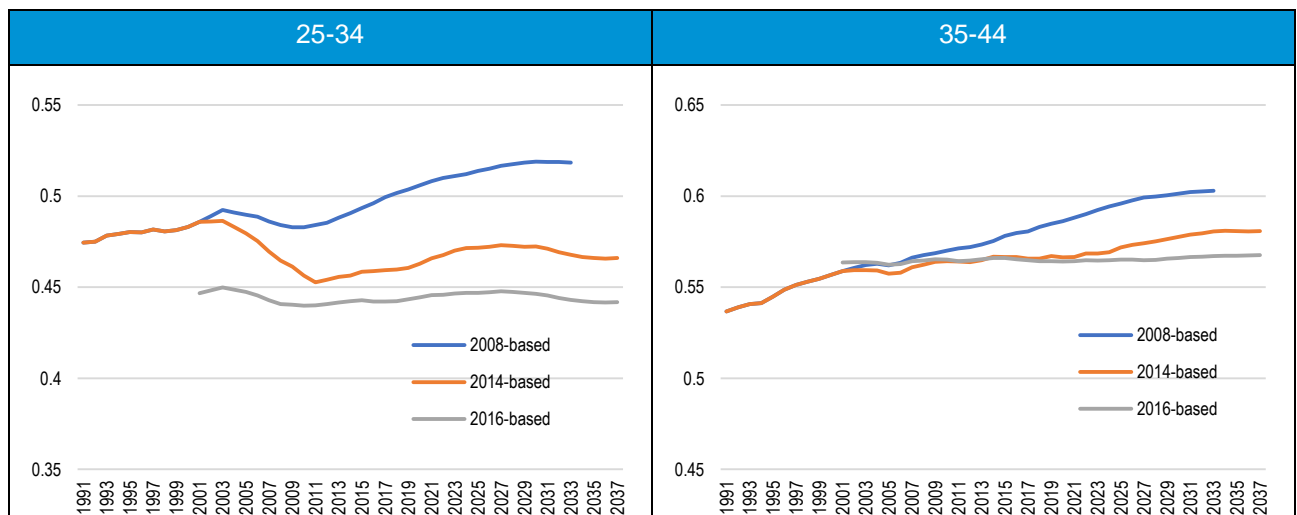
A1.6 We have first sought to establish what a reasonable improvement to household formation rates entails. The latest HRRs are contained in the ONS 2016-based sub-national household projections (SNHP) published in September 2018.

A1.7 The 2016-based SNHP have come under some heavy criticism, this is largely because they are based only on data in the 2001-11 Census period and arguably build in the suppression of household formation experienced in that time. The criticism of the 2016-Based HRR resulted in the consultation methodology employed in this report.

A1.8 The previous (2014-based) projections used a longer time-series (all Census points back to 1971) and therefore do cover a wider housing market cycle. However, as the figure below shows while the 2014- based projections are more positive than the 2016-based projections for those aged 25-34 there is still a clear and considerable deterioration in the ability to form a household since 1991 but particularly 2001 which is projected to continue. In addition, when compared to the pre-recession 2008-based HRRs both the 25-34 and 35-44 age groups are much lower.

A1.9 By using such figures, it would be clear that the objective of the affordability adjustment would not be met as households in these age groups would still not be able to form in the way that they once did and arguably should.

**Figure 17: Projected Household Representative Rates by age of head of household (selected age groups) – Warrington**



Source: Derived from ONS and CLG data

A1.10 For both age groups, there has also been a considerable reduction in comparison to the 2008-based projections. These were based on pre-recession trends and are therefore reflective of a more positive housing environment.

A1.11 The reduction in the 2014-based projection between 2001 and 2011 is likely to have increased the number of non-dependent children living with their parents and households sharing accommodation and concealed households.

A1.12 In such circumstances, it would be reasonable to consider a further adjustment to HRR, as otherwise, local residents in these younger age groups would not be able to form in the way in which they would perhaps like to or had done so historically.

A1.13 A sensitivity test has thus been developed to model an increase in the household formation rates of the population aged 25-44. This links back to the 2014-based SNHP and can be termed a 'part-

return-to-trend', where the rate of household formation sits somewhere between figures in the 2014-based projections and those in an older 2008-based version. This approach was suggested by the Local Plans Expert Group (LPEG).

- A1.14 However, this amended HRR applied to the population projections is still well short of the Standard Method figure of 909 dpa. For information, applying a part-return to trend method to the 2016-based SNPP gives a housing need of 644 dwellings per annum, with a figure of 756 dwellings per annum if linked to the older (2014-based) projections. On this basis, the (second stage) migration assumptions have been changed so that across the Borough the increase in households matches the Standard Method housing need (including a vacancy allowance).

### **Migration**

- A1.15 The changes to migration have been applied on a proportionate basis; the methodology assumes that the age/sex profile of both in- and out-migrants is the same as underpins the 2016-based SNPP with adjustments being consistently applied to both internal (domestic) and international migration. Adjustments are made to both in- and out-migration (e.g. if in-migration is increased by 1% then out-migration is reduced by 1%). In summary, the method includes the following assumptions:

- Base population in 2017 from the latest mid-year population estimates;
- Household representative rates from the 2014-based SNHP with an adjustment for a part-return to 2008-based trends; and
- The migration profile (by age and sex) in the same proportions as the 2016-based SNPP

- A1.16 In developing this projection, a notably higher level of population growth is derived (28,600 additional people compared with 15,700 in the 2016-based SNPP (as published)). The age structure of the two projections is also somewhat different, with the projection linked to the Standard Method showing much stronger growth in what might be considered as 'working-age' groups.

**Table 57: Population change 2017 to 2037 by five-year age bands – Warrington (linked to the delivery of 909 dwellings per annum)**

	Population 2017	Population 2037	Change in population	% change from 2017
Under 5	12,206	12,849	643	5.3%
5-9	13,107	13,296	189	1.4%
10-14	12,076	13,614	1,538	12.7%
15-19	11,612	12,868	1,256	10.8%
20-24	10,927	11,667	740	6.8%
25-29	13,091	13,889	798	6.1%
30-34	13,480	13,607	127	0.9%
35-39	13,491	14,430	939	7.0%
40-44	13,472	15,500	2,028	15.1%
45-49	15,856	16,216	360	2.3%
50-54	16,607	15,202	-1,405	-8.5%
55-59	13,963	13,922	-41	-0.3%
60-64	11,513	13,033	1,520	13.2%
65-69	11,022	14,477	3,455	31.4%
70-74	10,317	14,392	4,075	39.5%
75-79	7,506	11,423	3,917	52.2%
80-84	5,099	8,203	3,104	60.9%
85+	4,359	9,697	5,338	122.4%
Total	209,704	238,287	28,583	13.6%

Source: Demographic projections

A1.17 This arises due to the fact that ONS data shows that migrants are heavily concentrated in those age groups (along with their associated children). The table above shows the age structure of the population projected to be consistent with the delivery of 909 dwellings per annum over the 20-years to 2037.

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