Opinion Research Services

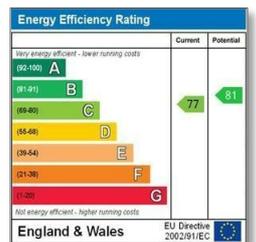*Excellent research for the public, voluntary and private sectors*

East Lindsey

Affordable Housing Needs Assessment Update 2016

Report of Findings

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1. Introducing the Study
Background to the project and wider policy context

1.1   Opinion Research Services (ORS) was commissioned by East Lindsey District Council to update the Strategic Housing Market Assessment (SHMA) from March 2014, which in turn was an update of the Coastal Lincolnshire SHMA 2011.

1.2   The 2011 SHMA and 2014 update were both based on 2007 SHMA practice Guidance, and the 2011 SHMA linked directly to the now abolished East Midlands Regional Spatial Strategy, which was superseded by the requirements of the National Planning Policy Framework (NPPF) in 2012.

1.3   The Affordable Housing Needs Update adheres to the requirements of the NPPF published in 2012 and Planning Practice Guidance (PPG) from March 2014. The study methodology was also mindful of Planning Inspector Decisions and Judgements, as well as emerging good practice, including the technical advice note about Objectively Assessed Need (OAN) and Housing Targets published by the Planning Advisory Service (PAS) in June 2014 with a second edition in July 2015[1].

1.4   This in turns implies that it is not possible to compare the results of this study with the Coastal Lincolnshire SHMA 2011 and its 2014 update. The change in guidance and the impact of case law outlined below also demonstrate that the modelling of affordable housing needs has changed significantly over the past 3 years.

1.5   The purpose of the study is to support the local authority in evidencing the need for housing (both market and affordable) and to provide other evidence to inform local policies, plans and decision making.

Affordable Housing Need and the NPPF

1.6   Paragraph 47 of the National Planning Policy Framework identifies that local planning authorities should meet "the full, objectively assessed needs for market and affordable housing". Furthermore, paragraph 159 of the Framework identifies that they should "prepare a Strategic Housing Market Assessment to assess their full housing needs" which identifies "the need for all types of housing, including affordable housing".

1.7   There have been a number of Judicial Reviews of Planning Inspector decisions which have helped to clarify the relationship between the Full Objectively Assessed Need for housing and the need for Affordable Housing:

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[1] http://www.pas.gov.uk/documents/332612/6549918/OANupdatedadvicenote/f1bfb748-11fc-4d93-834c-a32c0d2c984d

> » **Satnam Millennium v Warrington BC Judgement**
> Mr Justice Stewart surmised that *"The NPPF requires full affordable housing needs to be identified as part of the OAN"* before concluding that *"The assessed need for affordable housing was 477 dpa"* and *"This assessed need was never expressed or included as part of the OAN"* leading to the judgement that there had not been compliance with Policy.
>
> » **Oadby and Wigston v Bloor Homes Judgement**
> Mr Justice Hickinbottom concluded that *"on the basis of the SHMA, the Council was working to a purportedly policy off housing requirement figure of 80-100 dpa – but the SHMA itself assessed … the full affordable housing need alone at a net 160 dpa"* and therefore this was inevitably a *"policy on"* figure.
>
> » **Borough Council of Kings Lynn and West Norfolk v Elm Park Holdings Ltd Judgement**
> Mr Justice Dove stated *"At the second stage described by the second sub-bullet point in paragraph 159, the needs for types and tenures of housing should be addressed. That includes the assessment of the need for affordable housing … The Framework makes clear these needs should be addressed in determining the FOAN"*.

1.8   On this basis, it is clear that NPPF considers that the full, objectively assessed needs for housing will **include** the need for affordable housing and this is now supported by a series of High Court Judgements. Therefore, ORS' approach is to ensure that the affordable housing needs assessment is directly linked to the full objectively assessed needs in the Council's Local Plan to ensure compliance with the NPPF.

1.9   East Lindsey District Council has produced their own Objectively Assessed Needs study based upon demographic projections produced by Edge Analytics. We have adopted those same demographic projections, and OAN figures, for this study to ensure complete consistency in assumptions.

1.10   Therefore, the affordable housing needs calculated below represent the amount of affordable housing which is required by households who are projected to exist in East Lindsey over the period of its Local Plan 2016-31.

2. Affordable Housing Need
Identifying households who cannot afford market housing

2.1   Demographic projections provide the basis for identifying the Objectively Assessed Need for all types of housing, including both market housing and affordable housing.

2.2   PPG notes that affordable housing need is based on households *"who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market"* (paragraph 22) and identifies a number of different types of household which may be included:

> ***What types of households are considered in housing need?***
>
> *The types of households to be considered in housing need are:*
>
> » *Homeless households or insecure tenure (e.g. housing that is too expensive compared to disposable income)*
>
> » *Households where there is a mismatch between the housing needed and the actual dwelling (e.g. overcrowded households)*
>
> » *Households containing people with social or physical impairment or other specific needs living in unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ*
>
> » *Households that lack basic facilities (e.g. a bathroom or kitchen) and those subject to major disrepair or that are unfit for habitation*
>
> » *Households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move*
>
> **Planning Practice Guidance (March 2014), ID 2a-023**

2.3   PPG also suggests a number of data sources for assessing past trends and recording current estimates for establishing the need for affordable housing (paragraph 24):

» Local authorities will hold data on the number of homeless households, those in temporary accommodation and extent of overcrowding.

» The Census also provides data on concealed households and overcrowding which can be compared with trends contained in the English Housing Survey.

» Housing registers and local authority and registered social landlord transfer lists will also provide relevant information.

2.4   The following section considers each of these sources in turn, alongside other relevant statistics and information that is available.

Past Trends and Current Estimates of the Need for Affordable Housing

Local Authority Data: Homeless Households and Temporary Accommodation

2.5   Local authorities hold data on the number of homeless households and those in temporary accommodation. In East Lindsey, the annual number of households accepted as being **homeless and in priority need** has seen a downward trend over the period 2006 to 2016. There were 100 such households in 2006 which reduced to 60 households by 2016, a net reduction of 40 households (Figure 1). The current annual rate represents 1.0 presentation(s) per 1,000 households, which is lower than the equivalent rate for England (2.5 per 1,000).

2.6   There has also been a reduction in households living in **temporary accommodation** from Quarter 1 2006 to Quarter 1 2016 (net reduction of 51 households). Of the households in temporary accommodation in Quarter 1 2016, 22 were accommodated in hostels and a further 10 were in Local Authority or RSL stock. There were no households accepted as homeless without temporary accommodation provided.

Figure 1:   Households accepted as homeless and in priority need (Source: CLG P1E returns March 2006 and March 2016)

		East Lindsey			England 2016
		2006	**2016**	**Net change 2006-16**	
Number accepted homeless and in priority need during year		**100**	**60**	**-40**	**-**
Rate per 1,000 households		*1.7*	*1.0*	*-0.7*	*2.5*
Households in temporary accommodation	Bed and breakfast	1	-	-1	-
	Hostels	-	22	+22	-
	Local Authority or RSL stock	74	10	-64	-
	Private sector leased (by LA or RSL)	8	-	-8	-
	Other (including private landlord)	-	-	-	-
	TOTAL	**83**	32	**-51**	**-**
	Rate per 1,000 households	1.4	0.5	-0.9	3.1
Households accepted as homeless but without temporary accommodation provided		-	-	-	-

2.7   It is evident that homelessness has not become significantly worse in East Lindsey over the last decade, but this does not necessarily mean that fewer households risk becoming homeless. Housing advice services provided by the council limit the number of homeless presentations, through helping people threatened with homelessness find housing before they become homeless. Housing allocation policies can also avoid the need for temporary housing if permanent housing is available sooner; however, many households facing homelessness are now offered private rented housing.

2.8   The Localism Act 2011, which amended the Housing Act 1996, gave Councils the power to discharge their main homelessness duty through offering a private rented sector tenancy. Prior to this change, Local Authorities could offer private sector housing to homeless households (where they have accepted a housing duty under Part 7 of the Housing Act 1996) but the applicant was entitled to refuse it. The Localism Act 2011 means refusal is no longer possible providing the offer is suitable. While the change aims to reduce the pressures on the social housing stock, an indirect result is that there are further demands on the private rented sector as Councils seek to house homeless households.

Census Data: Concealed Households and Overcrowding

2.9   The Census provides detailed information about households and housing in the local area. This includes information about **concealed families** (i.e. couples or lone parents) and **sharing households**. These households lack the sole use of basic facilities (e.g. a bathroom or kitchen) and have to share these with their "host" household (in the case of concealed families) or with other households (for those sharing).

Concealed Families

2.10   The number of **concealed families** living with households in East Lindsey increased from 386 to 559 over the 10-year period 2001-11 (Figure 2), an increase of 173 households (45%).

2.11   Although many concealed families do not want separate housing (in particular where they have chosen to live together as extended families), others are forced to live together due to affordability difficulties or other constraints – and these concealed families will not be counted as part of the CLG household projections. Concealed families with older family representatives will often be living with another family in order to receive help or support due to poor health. Concealed families with younger family representatives are more likely to demonstrate un-met need for housing. When we consider the growth of 173 families over the period 2001-11, nearly six in ten families (102) have family representatives aged under 55, with substantial growth amongst those aged under 35 in particular (in line with national trends).

Figure 2:   Concealed families in East Lindsey by age of family representative (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Aged under 25	52	134	+82
Aged 25 to 34	117	120	+3
Aged 35 to 44	62	57	-5
Aged 45 to 54	32	56	+23
Sub-total aged under 55	**264**	**367**	**+102**
Aged 55 to 64	28	52	+25
Aged 65 to 74	59	89	+30
Aged 75 or over	35	51	+16
Sub-total aged 55 or over	**122**	**192**	**+71**
All Concealed Families	**386**	**559**	**+173**

Sharing Households

2.12   The number of **sharing households** increased from 75 to 122 over the 10-year period 2001-11 (Figure 3), an increase of 47 households (63%).

Figure 3:   Shared Dwellings and Sharing Households in East Lindsey (Source: Census 2001 and 2011)

	2001	2011	Net change
Number of shared dwellings	31	60	+29
Number of household spaces in shared dwellings	93	222	+129
All Sharing Households	**75**	**122**	**+47**
Household spaces in shared dwellings with no usual residents	18	100	+82

2.13   Figure 4 shows that the number of **multi-adult households** living in the area increased from 1,779 to 1,904 households over the same period, an increase of 125 (7%). These people also have to share basic facilities, but are considered to be a single household as they also share a living room, sitting room or dining area. This includes **Houses in Multiple Occupation (HMOs) with shared facilities,** as well as **single people living together as a group** and **individuals with lodgers**.

Figure 4:   Multi-adult Households in East Lindsey (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Owned	1,324	1,326	+2
Private rented	323	412	+89
Social rented	132	166	+34
All Households	**1,779**	**1,904**	**+125**

2.14   The growth in multi-adult households was focused particularly in the private rented sector, with an increase in single persons choosing to live with friends together with others living in HMOs. This growth accounts for 89 households (an increase from 323 to 412 households over the period).

2.15   Nevertheless, shared facilities is a characteristic of HMOs and many people living in this type of housing will only be able to afford shared accommodation (either with or without housing benefit support). Extending the Local Housing Allowance (LHA) Shared Accommodation Rate (SAR) allowance to cover all single persons up to 35 years of age has meant that many more young people will only be able to afford shared housing, and this has further increased demand for housing such as HMOs.

2.16   There is therefore likely to be a continued (and possibly growing) role for HMOs, with more of the existing housing stock possibly being converted. Given this context, it would not be appropriate to consider households to need affordable housing only on the basis of them currently sharing facilities (although there may be other reasons why they would be considered as an affordable housing need).

Overcrowding

2.17   The Census also provides detailed information about occupancy which provides a measure of whether a household's accommodation is **overcrowded or under occupied**:

"There are two measures of occupancy rating, one based on the number of rooms in a household's accommodation, and one based on the number of bedrooms. The ages of the household members and their relationships to each other are used to derive the number of rooms/bedrooms they require, based on a standard formula. The number of rooms/bedrooms required is subtracted from the number of rooms/bedrooms in the household's accommodation to obtain the occupancy rating. An occupancy rating of -1 implies that a household has one fewer room/bedroom than required, whereas +1 implies that they have one more room/bedroom than the standard requirement."

2.18   When considering the number of rooms required, the ONS use the following approach to calculate the room requirement:

»   A one person household is assumed to require three rooms (two common rooms and a bedroom); and

»   Where there are two or more residents it is assumed that they require a minimum of two common rooms plus one bedroom for:

- – each couple (as determined by the relationship question)
- – each lone parent
- – any other person aged 16 or over
- – each pair aged 10 to 15 of the same sex
- – each pair formed from any other person aged 10 to 15 with a child aged under 10 of the same sex
- – each pair of children aged under 10 remaining
- – each remaining person (either aged 10 to 15 or under 10).

2.19 For East Lindsey, **overcrowding** increased from 2,119 to 2,203 households (an increase of 84) over the 10-year period 2001-11 (Figure 5). This represents a percentage reduction of 5%, which is much lower than the national increase for England (23%).

2.20 When considered by tenure, overcrowding has reduced by 186 households in the owner occupied sector and reduced by 5 households in the social rented sector. However overcrowding in the private rented sector has increased from 812 to 1,087, a growth of 275 households over the 10-year period. The percentage of overcrowded households in the private rented sector has also increased but by less than 1%.

Figure 5: **Proportion of overcrowded households 2011 and change 2001-11 by tenure (Note: Overcrowded households are considered to have an occupancy rating of -1 or less. Source: UK Census of Population 2001 and 2011)**

	Occupancy rating (rooms)						Occupancy rating (bedrooms) 2011	
	2001		2011		Net change 2001-11			
	N	%	N	%	N	%	N	%
EAST LINDSEY								
Owned	734	1.8%	548	1.3%	-186	-28%	466	1.1%
Private rented	812	9.4%	1,087	9.4%	+275	+<1%	399	3.4%
Social rented	573	9.6%	568	8.5%	-5	-12%	307	4.6%
All Households	**2,119**	**3.8%**	**2,203**	**3.6%**	**+84**	**-5%**	**1,172**	**1.9%**
ENGLAND								
Owned	-	3.3%	-	3.3%	-	-3%	-	2.3%
Private rented	-	16.4%	-	20.2%	-	+23%	-	8.8%
Social rented	-	14.9%	-	16.9%	-	+14%	-	8.9%
All Households	**-**	**7.1%**	**-**	**8.7%**	**-**	**+23%**	**-**	**4.6%**

English Housing Survey Data

Overcrowding

2.21 The English Housing Survey (EHS) does not provide information about individual local authorities, but it does provide a useful context about these indicators in terms of national trends between Census years.

2.22 The measure of overcrowding used by the EHS provides a consistent measure over time **however the definition differs from both occupancy ratings provided by the Census**. The EHS approach[2] is based on a *"bedroom standard"* which assumes that adolescents aged 10-20 of the same sex will share a

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[2] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/284648/English_Housing_Survey_Headline_Report_2012-13.pdf

bedroom, and only those aged 21 or over are assumed to require a separate bedroom (whereas the approach used by the ONS for the Census assumes a separate room for those aged 16 or over):

> *"The 'bedroom standard' is used as an indicator of occupation density. A standard number of bedrooms is calculated for each household in accordance with its age/sex/marital status composition and the relationship of the members to one another. A separate bedroom is allowed for each married or cohabiting couple, any other person aged 21 or over, each pair of adolescents aged 10-20 of the same sex, and each pair of children under 10. Any unpaired person aged 10-20 is notionally paired, if possible, with a child under 10 of the same sex, or, if that is not possible, he or she is counted as requiring a separate bedroom, as is any unpaired child under 10.*

> *"Households are said to be overcrowded if they have fewer bedrooms available than the notional number needed. Households are said to be under-occupying if they have two or more bedrooms more than the notional needed."*

2.23   Nationally, overcrowding rates increased for households in both social and private rented housing, although the proportion of overcrowded households has declined in both sectors since 2011. Overcrowding rates for owner occupiers have remained relatively stable since 1995.

Figure 6:   Trend in overcrowding rates by tenure (Note: Based on three-year moving average, up to and including the labelled date. Source: Survey of English Housing 1995-96 to 2007-08; English Housing Survey 2008-09 onwards)
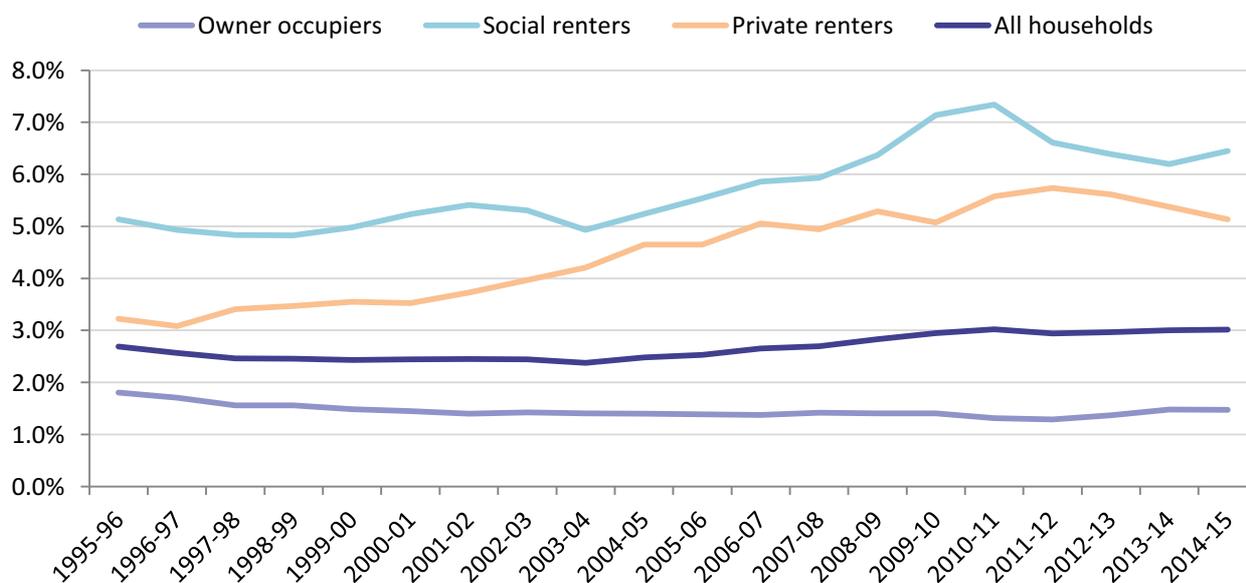
2.24   Whilst the EHS definition of overcrowding is more stringent than the Census, the measurement closer reflects the definition of statutory overcrowding that was set out by Part X of the Housing Act 1985 and is consistent with statutory Guidance[3] that was issued by CLG in 2012 to which authorities must have regard when exercising their functions under Part 6 of the 1996 Housing Act (as amended).

2.25   This Guidance, *"Allocation of accommodation: Guidance for local housing authorities in England"*, recommends that authorities should use the bedroom standard when assessing whether or not households are overcrowded for the purposes of assessing housing need:

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[3] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5918/2171391.pdf

4.8 The Secretary of State takes the view that the bedroom standard is an appropriate measure of overcrowding for allocation purposes, and recommends that all housing authorities should adopt this as a minimum. The bedroom standard allocates a separate bedroom to each:
– married or cohabiting couple
– adult aged 21 years or more
– pair of adolescents aged 10-20 years of the same sex
– pair of children aged under 10 years regardless of sex

2.26   **The bedroom standard therefore provides the most appropriate basis for assessing overcrowding**. By considering the Census and EHS data for England, together with the Census data for East Lindsey, we can estimate overcrowding using the bedroom standard. Figure 7 sets out this calculation based on the Census occupancy rating for both rooms and bedrooms. Based on the bedroom standard, it is estimated that **235 owner occupied, 233 private rented and 202 social rented households were overcrowded** in East Lindsey at the start of the Plan period. Student households in the private rented sector have been excluded from this calculation given that their needs are assumed to be transient.

Figure 7:   Estimate of the number of overcrowded households in East Lindsey by tenure based on the bedroom standard (Source: EHS; UK Census of Population 2011)

	Owned		Private Rented		Social Rented	
ENGLAND						
EHS bedroom standard 2011 Percentage of households overcrowded [A]		1.3%		5.6%		7.3%
Census occupancy rating Percentage of households overcrowded [B]	*Bedrooms* 2.3%	*Rooms* 3.3%	*Bedrooms* 8.8%	*Rooms* 20.2%	*Bedrooms* 8.9%	*Rooms* 16.9%
Proportion of these overcrowded households based on bedroom standard [C = A ÷ B]	57%	40%	64%	28%	83%	43%
EAST LINDSEY						
Census occupancy rating Number of overcrowded households [D]	*Bedrooms* 466	*Rooms* 548	*Bedrooms* 399	*Rooms* 1,087	*Bedrooms* 307	*Rooms* 568
Full-time student households [E]	74	62	54	67	31	29
Overcrowded households (excluding students) [F = D - E]	392	486	345	1,020	276	539
Estimate of overcrowded households based on the bedroom standard [G = C × F]	**223**	**194**	**221**	**286**	**229**	**232**
Estimate of overcrowded households in 2011 based on the bedroom standard (average)	**209**		**253**		**230**	
EHS bedroom standard Change in overcrowding from 2011 to 2015	+12%		-8%		-12%	
Estimate of overcrowded households in 2015 based on the bedroom standard	**235**		**233**		**202**	

Housing Condition and Disrepair

2.27   The EHS also provides useful information about **housing condition**. The Decent Homes Standard provides a broad measure which was intended to be a minimum standard that all housing should meet, and that to do so should be easy and affordable. It was determined that in order to meet the standard a dwelling must achieve all of the following:

» Be above the legal minimum standard for housing (currently the Housing Health and Safety Rating System, HHSRS); and

» Be in a reasonable state of repair; and

» Have reasonably modern facilities (such as kitchens and bathrooms) and services; and

» Provide a reasonable degree of thermal comfort (effective insulation and efficient heating).

2.28   If a dwelling fails any one of these criteria, it is considered to be "non-decent". A detailed definition of the criteria and their sub-categories are described in the ODPM guidance: "A Decent Home – The definition and guidance for implementation" June 2006.

2.29   Figure 8 shows the national trends in non-decent homes by tenure. It is evident that conditions have improved year-on-year (in particular due to energy efficiency initiatives), however whilst social rented properties are more likely to comply with the standard, over a quarter of the private rented sector (29.8%) currently remains non-decent. This is a trend that tends to be evident at a local level in most areas where there are concentrations of private rented housing, and there remains a need to improve the quality of housing provided for households living in the private rented sector.

Figure 8:   **Trend in non-decent homes by tenure (Source: English House Condition Survey 2006 to 2007; English Housing Survey 2008 onwards)**
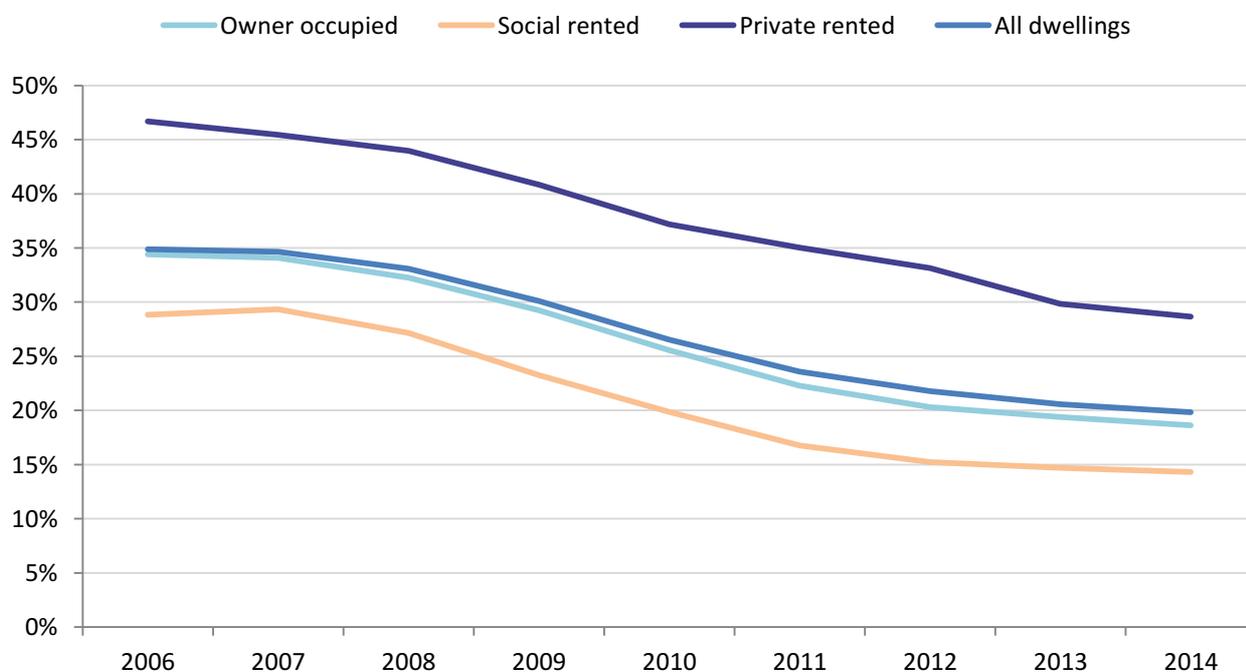
Housing Register Data

2.30   The local authority housing register and transfer lists are managed through a Choice Based Lettings scheme entitled Homes Direct (administered by Waterloo Housing Group). Households apply for a move via the scheme and 'bid' for homes along with applicants from various sources, including homeless households, housing register and transfer applicants.

2.31   Figure 9 shows the trend in households on the housing register over the period since 2001. Whilst the overall number of households on the housing register has varied over the period, following a review of the housing register in 2010, there were 5,130 applicants on the register, which had increased to 7,160 applicants by 2012.

Figure 9: **Number of households on the local authority housing register 2001-15 (Source: LAHS and HSSA returns to CLG)**

2.32   Figure 9 also shows the number recorded in a reasonable preference category since 2007. Reasonable preference categories are defined in the Housing Act 1996, which requires "reasonable preference" for housing to be given to people who are:

»   Legally homeless;

»   Living in unsatisfactory housing (as defined by the Housing Act 2004);

»   Need to move on medical/welfare grounds; or

»   Need to move to a particular area to avoid hardship.

2.33   The number of households in reasonable preference categories has also been subject to variations from year-to-year, although this has broadly followed the trends in the overall number of households on the register.

2.34   Figure 10 provides further detailed information for the last four years.

Figure 10: **Number of households on the local authority housing register at 1st April (Source: LAHS returns to CLG) (Note: * denotes data was unavailable)**

	2012	2013	2014	2015
Total households on the housing waiting list	6,133	4,564	3,170	1,782
Total households in a reasonable preference category	**3,617**	**2,535**	**2,156**	**698**
People currently living in temporary accommodation who have been accepted as being homeless (or threatened with homelessness)	*	*	19	23
Other people who are homeless within the meaning given in Part VII of the Housing Act (1996), regardless of whether there is a statutory duty to house them	*	*	*	0
People occupying insanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions	1,244	800	657	470
People who need to move on medical or welfare grounds, including grounds relating to a disability	2,319	2,057	1,583	319
People who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others)	*	30	250	3

2.35   The number of people recorded by the housing register as homeless or owed a duty under the Housing Act appears to be broadly consistent with local authority data on homelessness.

2.36   The number of people recorded as *"occupying insanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions"* reduced from 1,244 applicants in 2012 to 800 applicants in 2013, although this was due to a review of the criteria. The number of applicants further reduced to 470 people in 2015. We previously estimated that there were around 670 overcrowded households in East Lindsey, based on the bedroom standard (Figure 7) – therefore, there are likely to be households who are not registered for affordable housing despite being overcrowded. This will partly reflect their affordability (for example, most owner occupiers would not qualify for rented affordable housing due to the equity in their current home) whilst others may only be temporarily overcrowded and will have sufficient space available once a concealed family is able to leave and establish an independent household.

2.37   When considering the types of household to be considered in housing need, the PPG also identified *"households containing people with social or physical impairment or other specific needs living in unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ"* and *"households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move"*. It is only through the housing register that we are able to establish current estimates of need for these types of household, and not all would necessarily be counted within a reasonable preference category.

2.38   In 2015 there were 319 people registered *"who need to move on medical or welfare grounds, including grounds relating to a disability"* with 3 registered *"who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others)"*.

Households Unable to Afford their Housing Costs

2.39   The PPG emphasises in a number of paragraphs that affordable housing need should only include those households that are unable to afford their housing costs:

> *Plan makers … will need to estimate the number of households and projected households who lack their own housing or live in unsuitable housing and <u>who cannot afford to meet their housing needs in the market</u> (ID 2a-022, emphasis added)*
>
> *Plan makers should establish unmet (gross) need for affordable housing by assessing past trends and recording current estimates of … those that <u>cannot afford their own homes</u>. Care should be taken to avoid double-counting … and to <u>include only those households who cannot afford to access suitable housing in the market</u> (ID 2a-024, emphasis added)*
>
> *Projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households <u>unable to buy or rent in the market area</u> (ID 2a-025, emphasis added)*
>
> **Planning Practice Guidance (March 2014), ID 2a-022-025**

2.40   Housing benefit data from the Department for Work and Pensions (DWP) provides reliable, consistent and detailed information about the number of families that are unable to afford their housing costs in each local authority area. Data was published annually from 2001-02 to 2006-07 which identified the

total number of claimants in receipt of housing benefit, and more detailed information has been available since 2008-09 which includes more detailed information about claimants and the tenure of their home.

Housing Benefit Claimants in East Lindsey

2.41   Figure 11 shows the trend in the number of housing benefit claimants in East Lindsey.

Figure 11:   Number of claimants in receipt of housing benefit in East Lindsey by tenure (Source: DWP. Note: No breakdown by tenure is available for the period 2001-07 and data for 2007-08 was not published)
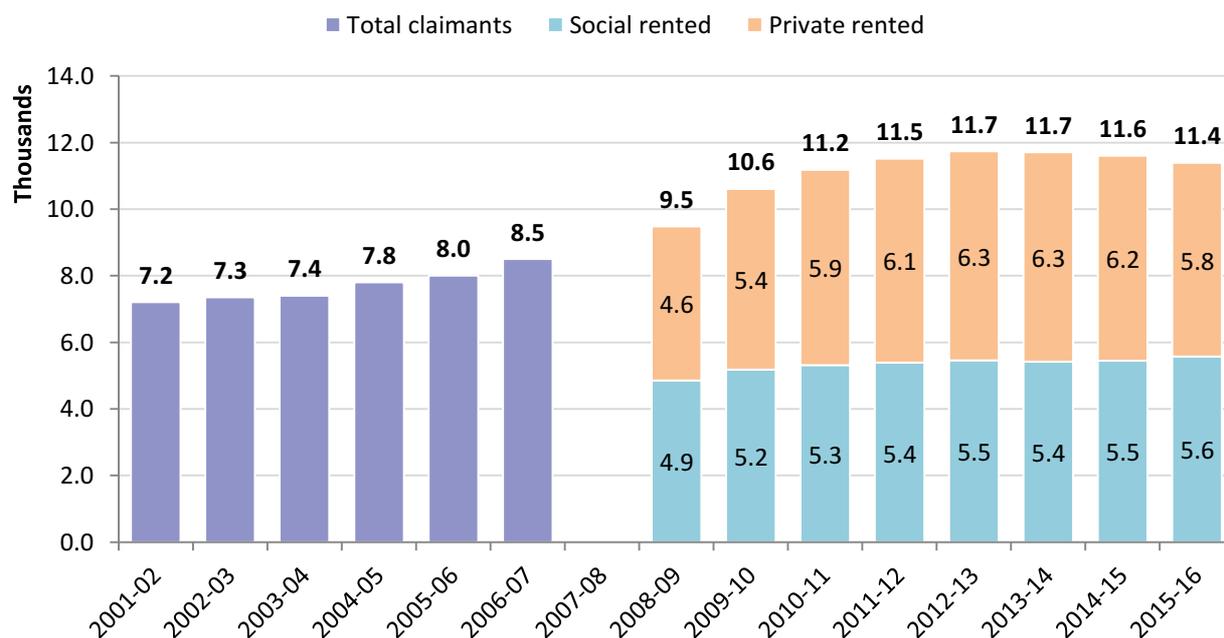
2.42   Considering the information on tenure, it is evident that the number of claimants in social rented housing increased from 4,900 to 5,600 over the period 2008-09 to 2015-16 – an increase of 100 families (15%).   Over the same period the number of claimants in private rented housing also increased from 4,600 to 5,800 families – an increase of 1,200 families (26%).

2.43   This increase in housing benefit claimants, in particular those living in private rented housing, coincides with the increases observed on the housing register in East Lindsey during the period 2008-09 to 2014-15.   Indeed, it is likely that many households applying for housing benefit would have also registered their interest in affordable housing.   Nevertheless, many of them will have secured appropriate housing in the private rented sector which housing benefit enabled them to afford.

2.44   The information published by DWP provides the detailed information needed for understanding the number of households unable to afford their housing costs. Of course, there will be other households occupying affordable housing who do not need housing benefit to pay discounted social or affordable rents but who would not be able to afford market rents.   Similarly there will be others who are not claiming housing benefit support as they have stayed living with parents or other family or friends and not formed independent households. However, providing that appropriate adjustments are made to take account of these exceptions, **the DWP data provides the most reliable basis for establishing the number of households unable to afford their housing costs and estimating affordable housing need.**

Establishing Affordable Housing Need

2.45   In establishing the Objectively Assessed Need for affordable housing, it is necessary to draw together the full range of information that has already been considered in this report.

2.46   PPG sets out the framework for this calculation, considering both the current unmet housing need and the projected future housing need in the context of the existing affordable housing stock:

How should affordable housing need be calculated?

This calculation involves adding together the current unmet housing need and the projected future housing need and then subtracting this from the current supply of affordable housing stock.

Planning Practice Guidance (March 2014), ID 2a-022

Current Unmet Need for Affordable Housing

2.47   In terms of establishing the **current** unmet need for affordable housing, the PPG draws attention again to those types of households considered to be in housing need; whilst also emphasising the need to avoid double-counting and including only those households unable to afford their own housing.

How should the current unmet gross need for affordable housing be calculated?

Plan makers should establish unmet (gross) need for affordable housing by assessing past trends and recording current estimates of:

» *the number of homeless households;*

» *the number of those in priority need who are currently housed in temporary accommodation;*

» *the number of households in overcrowded housing;*

» *the number of concealed households;*

» *the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings);*

» *the number of households from other tenures in need and those that cannot afford their own homes.*

Care should be taken to avoid double-counting, which may be brought about with the same households being identified on more than one transfer list, and to include only those households who cannot afford to access suitable housing in the market.

Planning Practice Guidance (March 2014), ID 2a-024

2.48   Earlier sections of this chapter set out the past trends and current estimates for relevant households based on the data sources identified by PPG (using the start of the Plan period in 2016 as a reference point where possible). Although this evidence does not provide the basis upon which to establish whether or not households can afford to access suitable housing, we believe that it is reasonable to assume that certain households will be unable to afford housing, otherwise they would have found a more suitable home.

Establishing the Current Unmet Need for Affordable Housing

2.49   Households assumed to be unable to afford housing include:

» All households that are currently **homeless**;

» All those currently housed in **temporary accommodation**; and

» People in a **reasonable preference category** on the housing register, where their needs have not already been counted.

2.50   Given this context, our analysis counts the needs of all of these households when establishing the Objectively Assessed Need for affordable housing at a base date of 2016.

2.51   Almost all of the households currently living in **overcrowded** housing (based on the bedroom standard) are registered in a reasonable preference category. It is likely that most owner occupiers would not qualify for rented affordable housing (due to the equity in their current home); but it is reasonable to assume that households living in overcrowded rented housing are unlikely to be able to afford housing, otherwise they would have found a more suitable home.

2.52   **Our analysis counts the needs of all households living in overcrowded rented housing** when establishing the OAN for affordable housing (which could marginally overstate the affordable housing need) **but it does not count the needs of owner occupiers living in overcrowded housing** (which can be offset against any previous over-counting). Student households living in private rented housing are also excluded, given that their needs are assumed to be transient and do not count towards the need for affordable housing in East Lindsey.

2.53   The analysis does not count people occupying insanitary housing or otherwise living in unsatisfactory housing conditions as a need for additional affordable housing. These dwellings would be unsuitable for any household, and enabling one household to move out would simply allow another to move in – so this would not reduce the overall number of households in housing need. This housing need should be resolved by improving the existing housing stock, and the Council has a range of statutory enforcement powers to improve housing conditions.

2.54   When considering **concealed families**, it is important to recognise that many do not want separate housing. Concealed families with older family representatives will often be living with another family, perhaps for cultural reasons or in order to receive help or support due to poor health. However, those with younger family representatives are more likely to experience affordability difficulties or other constraints (although not all will want to live independently).

2.55   **Concealed families in a reasonable preference category on the housing register will be counted regardless of age, but our analysis also considers the additional growth of concealed families with family representatives aged under 55** (even those not registered on the housing register) and assumes that all such households are unlikely to be able to afford housing (otherwise they would have found a more suitable home).

2.56   The needs of these households are counted when establishing the OAN for affordable housing and **they also add to the OAN for overall housing, as concealed families are not counted by the CLG household projections.**

2.57 Figure 12 sets out the assessment of current affordable housing need for East Lindsey.

Figure 12: Assessing current unmet gross need for affordable housing (Source: ORS Housing Model)

	Affordable Housing		Increase in Overall Housing Need
	Gross Need	**Supply**	
Homeless households in priority need (see Figure 1)			
Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	22		22
Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	0		
Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	10	10	
Households accepted as homeless but without temporary accommodation provided	0		0
Concealed households (see Figure 2)			
Growth in concealed families with family representatives aged under 55	102		102
Overcrowding based on the bedroom standard (see Figure 7)			
Households living in overcrowded private rented housing	233		
Households living in overcrowded social rented housing	202	202	
Other households living in unsuitable housing that cannot afford their own home (see Figure 10)			
People who need to move on medical or welfare grounds, including grounds relating to a disability	319	27	
People who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others)	3	0	
TOTAL	**891**	**239**	**124**

2.58 Based on a detailed analysis of the past trends and current estimates of households considered to be in housing need, our analysis has concluded that **891 households are in affordable housing need in East Lindsey and unable to afford their own housing**. This assessment is based on the criteria set out in the PPG and avoids double-counting (as far as possible).

2.59 Of these households, 239 currently occupy affordable housing that does not meet the households' current needs, mainly due to overcrowding. Providing suitable housing for these households will enable them to vacate their existing affordable housing, which can subsequently be allocated to another household in need of affordable housing. **There is, therefore, a net need from 652 households** (891 less 239 = 652) **who currently need affordable housing and do not currently occupy affordable housing in East Lindsey** (although a higher number of new homes may be needed to resolve all of the identified overcrowding).

Projected Future Affordable Housing Need

2.60 In terms of establishing future projections of affordable housing need, the PPG draws attention to new household formation (in particular the proportion of newly forming households unable to buy or rent in the market area) as well as the number of existing households falling into need;

> ***How should the number of newly arising households likely to be in housing need be calculated?***
>
> *Projections of affordable housing need will need to take into account <u>new household formation</u>, the proportion of <u>newly forming households unable to buy or rent</u> in the market area, and an <u>estimation of the number of existing households falling into need</u>. This process should identify the minimum household income required to access lower quartile (entry level) market housing (plan makers should use current cost in this process, but may wish to factor in changes in house prices and wages). It should then assess what proportion of newly-forming households will be unable to access market housing.*
>
> **Planning Practice Guidance (March 2014), ID 2a-025**

2.61   The ORS Housing Mix Model considers the need for market and affordable housing on a longer-term basis that is consistent with household projections and Objectively Assessed Need. The Model provides robust and credible evidence about the required mix of housing over the full planning period, and recognises how key housing market trends and drivers will impact on the appropriate housing mix.

2.62   The Model uses a wide range of secondary data sources to build on existing household projections and profile how the housing stock will need to change in order to accommodate the projected future population. A range of assumptions can be varied to enable effective sensitivity testing to be undertaken. In particular, the Model has been designed to help understand the key issues and provide insight into how different assumptions will impact on the required mix of housing over future planning periods.

2.63   The Housing Mix Model considers the future number and type of households based on the household projections alongside the existing dwelling stock. Whilst the Model considers the current unmet need for affordable housing (including the needs of homeless households, those in temporary accommodation, overcrowded households, concealed households, and established households in unsuitable dwellings or that cannot afford their own homes), it also provides a robust framework for projecting the future need for affordable housing.

Households Unable to Afford their Housing Costs

2.64   PPG identifies that "projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need" (ID 2a-025); **however, the Model recognises that the proportion of households unable to buy or rent in the market area will not be the same for all types of household, and that this will also differ between age cohorts**. Therefore, the appropriate proportion is determined separately for each household type and age group.

2.65   The affordability percentages in Figure 13 are calculated using data published by DWP about housing benefit claimants alongside detailed information from the 2011 Census.   There are several **assumptions** underpinning the Model:

   »   Where households are claiming housing benefit, it is assumed that they cannot afford market housing; and the Model also assumes that households occupying affordable housing will continue to do so;

   »   Households occupying owner occupied housing and those renting privately who aren't eligible for housing benefit are assumed to be able to afford market housing; so the Model only

allocates affordable housing to those established households that the Government deems eligible for housing support through the welfare system; and

» The Model separately considers the needs of concealed families and overcrowded households (both in market housing and affordable housing) which can contribute additional affordable housing need.

Figure 13: Assessing affordability by household type and age (Source: ORS Housing Model based on Census 2011 and DWP)

	Under 25	25-34	35-44	45-54	55-64	65+
Percentage unable to afford market housing						
Single person household	15%	13%	31%	31%	31%	26%
Couple family with no dependent children	19%	9%	10%	8%	9%	11%
Couple family with 1 or more dependent children	36%	31%	16%	13%	16%	24%
Lone parent family with 1 or more dependent children	81%	86%	52%	45%	54%	39%
Other household type	48%	147%	31%	24%	20%	12%

Components of Projected Household Growth

2.66 PPG identifies that the CLG household projections "should provide the starting point estimate for overall housing need" (ID 2a-015) and that "the 2012-2037 Household Projections … are the most up-to-date estimate of future household growth" (ID 2a-016). **However, when considering the number of newly arising households likely to be in affordable housing need**, the PPG recommends a "*gross annual estimate*" (ID 2a-025) suggesting that "*the total need for affordable housing should be converted into annual flows*" (ID 2a-029).

2.67 The demographic projections developed to inform the overall Objectively Assessed Need include annual figures for household growth, and these can therefore be considered on a year-by-year basis as suggested by the Guidance; but given that elements of the modelling are fundamentally based on 5-year age cohorts, it is appropriate to annualise the data using 5-year periods.

2.68 Figure 14 shows the individual components of annual household growth.

Figure 14: Components of average annual household growth by 5-year projection period (Source: ORS Housing Model)

	Annual average based on 5-year period			Annual average 2016-31
	2016-21	2021-26	2026-31	
New household formation	1,069	1,084	1,147	1,100
Household dissolution following death	1,307	1,355	1,443	1,368
Net household growth within East Lindsey	**-238**	**-271**	**-296**	**-269**
Household migration in	2,960	3,036	3,119	3,039
Household migration out	2,309	2,340	2,391	2,347
Net household migration	**+652**	**+696**	**+728**	**+692**
Total household growth	**+413**	**+425**	**+431**	**+423**

2.69 Over the initial 5-year period (2016-21) the model shows that:

» There are projected to be 1,069 new household formations each year; but this is offset against 1,307 household dissolutions following death – so there is an **average net household reduction of 238 households** locally in East Lindsey;

» There are also projected to be 2,960 households migrating to East Lindsey offset against 2,309 households migrating away from the area – which yields an **additional 652 households attributable to net migration;**

» The total household growth is therefore **projected to be 413** (652 minus 238 rounded) **households each year** over the initial 5-year period of the projection.

2.70 During the course of the full 15-year projection period, annual net household growth is projected to increase (from a gain of 413 households in 2016-21 to a gain of 431 households in 2026-31). This coincides with a larger number of household dissolutions in later years (consistent with a larger number of deaths). Net household migration is projected to rise stable over the full period.

2.71 **Over the 15-year Plan period 2016-31,** total household growth averages 692 households each year.

Change in Household Numbers by Age Cohort

2.72 To establish the proportion of newly forming households unable to buy or rent in the market area, it is necessary to consider the characteristics of the 1,069 new households projected to form in East Lindsey each year over the period 2016-21 (Figure 14) alongside the detailed information about household affordability (Figure 13).

2.73 Figure 15 shows the age structure of each of the components of household change. Note that this analysis is based on changes within each age cohort, so comparisons are based on households born in the same year and relate to their age at the end of the period. Therefore all new households are properly counted, rather than only counting the increase in the number of households in each age group.

Figure 15: Annual change in household numbers in each age cohort by age of HRP (Source: ORS Housing Model)
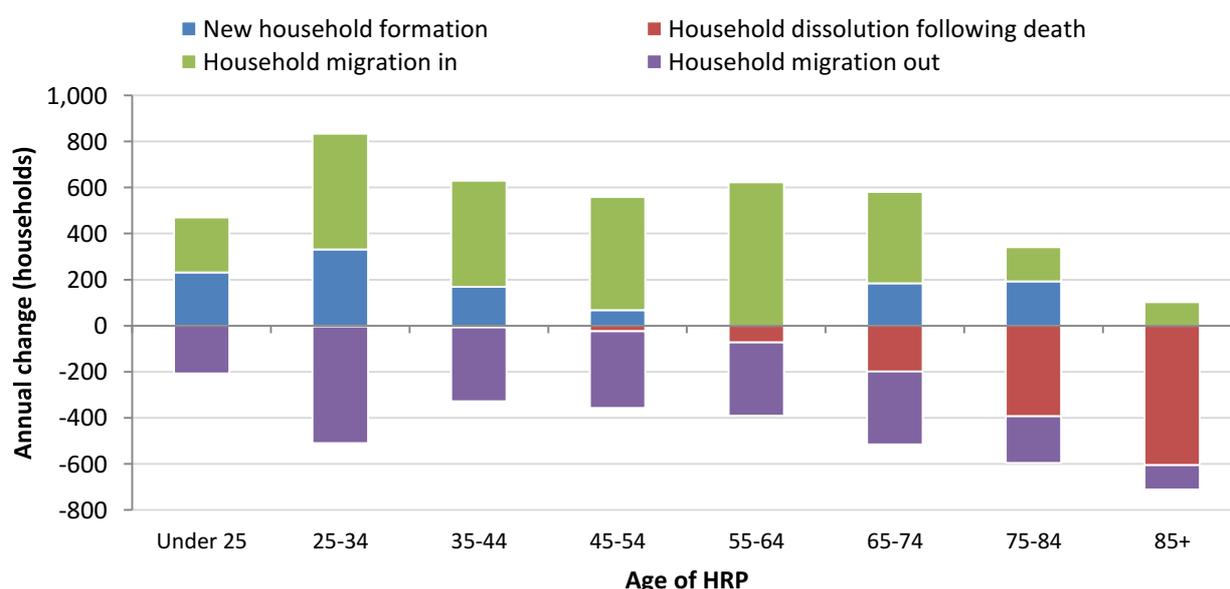
2.74 **Together with information on household type, this provides a framework for the Model to establish the proportion of households who are unable to afford their housing costs.**

2.75   The Model identifies that 28% of all newly forming households are unable to afford their housing costs, which represents 303 households each year (Figure 16). The Model shows that a lower proportion of households migrating to the area are unable to afford (23%), but this still represents 682 households moving in to the area. Some of these households will be moving to social rented housing, but many others will be renting housing in the private rented sector with housing benefit support. **Together, there are 985 new households each year who are unable to afford their housing costs.**

Figure 16:   Affordability of new households over the initial 5-year period 2016-21 (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	1,069	766	303	28%
Households migrating in to the area	2,960	2,278	682	23%
All new households	**4,029**	**3,045**	**985**	**24%**

2.76   Having established the need for affordable housing and the dwellings likely to be vacated, the PPG suggests that the total net need can be calculated by subtracting "*total available stock from total gross need*" (ID 2a-029), but this over-simplifies what is a very complex system.

2.77   It is essential to recognise that some households who are unable to buy or rent in the market area when they first form may become able to afford their housing costs at a later date – for example:

   » Two newly formed single person households may both be unable to afford housing, but together they might create a couple household that can afford suitable housing;

   » Similarly, not all households that are unable to afford housing are allocated affordable housing;

   » Some will choose to move to another housing market area and will therefore no longer require affordable housing.

2.78   In these cases, and others, the gross need will need adjusting.

2.79   The Model recognises these complexities, and through considering the need for affordable housing as part of a whole market analysis, it maintains consistency with the household projections and avoids any double counting.

2.80   Considering those components of household change which reduce the number of households resident in the area, the Model identifies 1,307 households are likely to dissolve following the death of all household members. Many of these households will own their homes outright; however 20% are unable to afford market housing: most living in social rented housing.

2.81   When considering households moving away from East Lindsey, the Model identifies that an average of 2,960 households will leave the area each year including 682 who are unable to afford their housing costs. Some will be leaving social rented housing, which will become available for another household needing affordable housing. Whilst others will not vacate a social rented property, those unable to afford their housing costs will have been counted in the estimate of current need for affordable housing or at the time they were a new household (either newly forming or migrating in to the area). Whilst some of these households might prefer to stay in the area if housing costs were less expensive or if more affordable housing was available, given that these households are likely to move from East Lindsey it is appropriate that their needs are discounted to ensure consistency with the household projections used to establish overall housing need.

2.82   Figure 17 summarises the total household growth. This includes the 985 new households on average each year who are unable to afford their housing costs, but offsets this against the 816 households who will either vacate existing affordable housing or who will no longer constitute a need for affordable housing in East Lindsey (as they have moved to live elsewhere).

Figure 17:   Components of average annual household growth 2016-21 (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	1,069	766	303	28%
Households migrating in to the area	2,960	2,278	682	23%
All new households	**4,029**	**3,045**	**985**	**24%**
Household dissolutions following death	1,307	1,049	258	20%
Households migrating out of the area	2,309	1,751	558	24%
All households no longer present	**3,616**	**2,800**	**816**	**23%**
Average annual household growth 2016-21	**+413**	**+245**	**+169**	**41%**

2.83   Overall, the Model projects that household growth will yield a net increase of 169 households on average each year (over the period 2016-21) that are unable to afford their housing, which represents 41% of the 413 overall annual household growth for this period.

Projecting Future Needs of Existing Households

2.84   PPG also identifies that in addition to the needs of new households, it is also important to estimate *"the number of existing households falling into need"* (ID 2a-025). Whilst established households that continue to live in East Lindsey will not contribute to household growth, changes in household circumstances (such as separating from a partner or the birth of a child) can lead to households who were previously able to afford housing falling into need. The needs of these households are counted by the Model, and it is estimated that an average of **224 established households fall into need each year** in East Lindsey. This represents a rate of 3.6 per 1,000 household falling into need each year.

2.85   Finally, whilst the PPG recognises that established households' circumstances can deteriorate such that they fall into need, it is also important to recognise that **established households' circumstances can improve**. For example:

   »   When two people living as single person households join together to form a couple, pooling their resources may enable them to jointly afford their housing costs (even if neither could afford separately). Figure 13 showed that 13% of single person households aged 25-34 years could not afford housing, compared to 9% of couples of the same age; and

   »   Households also tend to be more likely to afford housing as they get older, so young households forming in the early years of the projection may be able to afford later in the projection period. Figure 13 showed that 31% of couple families with dependent children aged 25 to 34 could not afford housing, compared to 16% of such households aged 35 to 44.

2.86   Given this context, it is clear that **we must also recognise these improved circumstances which can reduce the need for affordable housing over time**, as households that were previously counted no longer need financial support. The Model identifies that **the circumstances of 246 households**

improve each year such that they become able to afford their housing costs despite previously being unable to afford. This represents a rate of 4.0 per 1,000 household climbing out of need each year.

2.87   Therefore, considering the overall changing needs of existing households, **there is an average net reduction of 22 households** (246 less 224 = 22) **needing affordable housing each year**.

Projecting Future Affordable Housing Need (average annual estimate)

2.88   Figure 18 provides a comprehensive summary of all of the components of household change that contribute to the projected level of affordable housing need. **More detail on each is provided earlier in this Chapter.**

Figure 18:   Components of average annual household growth 2016-21 (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	1,069	766	303	28%
Households migrating in to the area	2,960	2,278	682	23%
All new households	**4,029**	**3,045**	**985**	**24%**
Household dissolutions following death	1,307	1,049	258	20%
Households migrating out of the area	2,309	1,751	558	24%
All households no longer present	**3,616**	**2,800**	**816**	**23%**
Average annual household growth 2016-21	**+413**	**+245**	**+169**	**41%**
Existing households falling into need	-	-224	+224	100%
Existing households climbing out of need	-	+246	-246	0%
Change in existing households	**-**	**22**	**-22**	**-**
Average annual future need for market and affordable housing 2016-21	**+413**	**+267**	**+146**	**35%**

2.89   Overall, there is a projected need from 985 new households who are unable to afford their housing costs (303 newly forming households and 682 households migrating to the area); however, 816 households will either vacate existing affordable housing or will no longer need affordable housing in East Lindsey (as they have moved to live elsewhere) thereby reducing the new need to a net total of 291 households.

2.90   Considering the needs of existing households, there are 224 households expected to fall into need each year (a rate of 3.6 per 1000 households) but this is offset against 246 households whose circumstances are projected to improve. There is, therefore, an **average net reduction of 22 existing households that need affordable housing each year.**

2.91   Based on the needs of new households and existing households, there is a projected increase of 146 households each year on average for the initial period 2016-21 who will need affordable housing (169 less 22 rounded).

2.92   Using the approach outlined above for the initial 5-year period of the projection, the Model considers the need for affordable housing over the full 15-year projection period 2016-21. The Model identifies that **the number of households in need of affordable housing will increase by 2,139 households over the period 2016-21**, equivalent to an annual average of 143 households per year. This represents 33.7% of the total household growth projected based on demographic trends.

Assessing the Overall Need for Affordable Housing

2.93　Figure 19 brings together the information on assessing the unmet need for affordable housing in 2016 and the future affordable housing need arising over the 15-year Plan period 2016-31.

Figure 19: Assessing total need for market and affordable housing (Source: ORS Housing Model)

	Housing Need (households)		Overall Housing Need
	Market housing	**Affordable housing**	
Unmet need for affordable housing in 2016 (see Figure 12)			
Total unmet need for affordable housing	-	891	891
Supply of housing vacated	528	239	767
Overall impact of current affordable housing need	**-528**	**652**	**124**
Projected future housing need 2016-31			
Newly forming households	11,859	4,638	16,497
Household dissolutions following death	16,443	4,083	20,526
Net household growth within East Lindsey	**-4,584**	**+555**	**-4,028**
Impact of existing households falling into need	-3,367	+3,367	-
Impact of existing households climbing out of need	+3,812	-3,812	-
Impact of households migrating to/from the area	+8,350	+2,028	+10,378
Future need for market and affordable housing 2016-31	**+4,211**	**+2,139**	**+6,349**
Total need for market and affordable housing			
Overall impact of current affordable housing need	-528	+652	+124
Future need for market and affordable housing 2016-31	+4,211	+2,139	+6,349
Total need for market and affordable housing	**+3,683**	**+2,791**	**+6,473**
Average annual need for housing	246	186	432
Proportion of overall need for market and affordable housing	56.89%	43.11%	100.00%

2.94　Figure 12 estimated there to be **891 households in need of affordable housing at the start of the Plan in 2016**. However, as 239 of these already occupied an affordable home, our previous conclusion was therefore a net need from 652 households (891 less 239 = 652) who need affordable housing and do not currently occupy affordable housing.

2.95　The 15-year projection period 2016-31 then adopts the approach that was previously outlined for the initial 5-year period of the projection. The Model identifies that **the number of households in need of affordable housing will increase by 2,139 households over the period 2016-31**, alongside an increase of 4,211 households able to afford market housing.

2.96　Overall, there will be a **need to provide additional affordable housing for 2,791 households** over the Plan period 2016-31 (43% of the projected household growth). This is equivalent to an average of **186 households per year.**

2.97　Data from the HCA Statistical Data Return identifies a vacancy rate of 1.2% for affordable housing in East Lindsey, therefore adding an additional allowance for vacancies this **identifies a total affordable housing need of 2,825 dwellings** in addition to the current stock, an average of 188 dwellings per year. Any losses from the current stock (such as demolition or clearance, or sales through Right to Buy) would increase the number of affordable dwellings needed by an equivalent amount.

Future Policy on Housing Benefit in the Private Rented Sector

2.98   The Model recognises **the importance of housing benefit and the role of the private rented sector**. The Model assumes that the level of housing benefit support provided to households living in the private rented sector will remain constant; however, this is a national policy decision which is not in the control of the Council.

2.99   It is important to note that private rented housing (with or without housing benefit) does not meet the definitions of affordable housing. However, many tenants who rent from a private landlord can only afford their housing costs as they receive housing benefit. These households aren't counted towards the need for affordable housing (as housing benefit enables them to afford their housing costs), but if housing benefit support was no longer provided (or if there wasn't sufficient private rented housing available at a price they could afford) then this would increase the need for affordable housing.

2.100   The model adopts a neutral position in relation to this housing benefit support, insofar as it assumes that the number of claimants in receipt of housing benefit in the private rented sector will remain constant. **The model does not count any dwellings in the private rented sector as affordable housing supply;** however it does assume that housing benefit will continue to help some households to afford their housing costs, and as a consequence these households will not need affordable housing.

2.101   To sensitivity test this position, Figure 20 shows the impact of reducing (or increasing) the number of households receiving housing benefit to enable them to live in the private rented sector.

2.102   If no households were to receive housing benefit support in the private rented sector, half of the growth in household numbers would need affordable housing. In this scenario, it is also important to recognise that the private rented housing currently occupied by households in receipt of housing benefit would be released back to the market, which is likely to have significant consequences on the housing market which are difficult to predict.

Figure 20:   **Theoretical impact of reducing or increasing Housing Benefit support for households living in private rented housing: Balance between households able to afford market housing and households needing affordable housing 2015-35 and associated number of affordable dwellings**
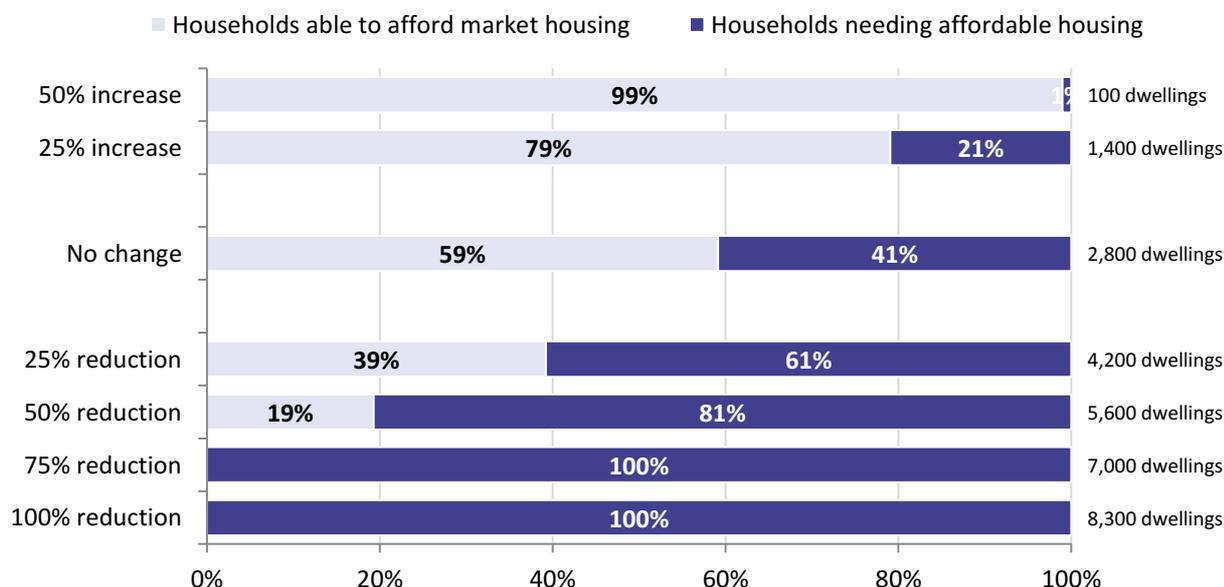
Conclusions

2.103 Based on the household projections previously established, we have established the balance between the need for market housing and the need for affordable housing. **The housing mix analysis identified a need to provide 2,825 additional affordable homes over the 15-year Plan period 2016-31 (an average of 188 dwellings per year).** This would provide for the current unmet needs for affordable housing in addition to the projected future growth in affordable housing need, but assumes that the level of housing benefit support provided to households living in the private rented sector remains constant.

2.104 Providing sufficient affordable housing for all households that would otherwise be living in the private rented sector with housing benefit support would increase the need to around 8,300 affordable homes over the Plan period (550 each year); but, again, it is important to recognise that, in this scenario, the private rented housing currently occupied by households in receipt of housing benefit would be released back to the market and this is likely to have significant consequences which would be difficult to predict.

3. Housing needs of different groups
Considering the need for all types of housing

3.1   The National Planning Policy Framework states that Local Plans should meet the *"full, objectively assessed needs for market and affordable housing in the housing market area"* (paragraph 47) and identifies that local planning authorities should seek to *"deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities"* and plan for the *"needs of different groups"*:

> *To deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities, local planning authorities should:*
>
> » *plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes);*
>
> » *identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand; and*
>
> » *where they have identified that affordable housing is needed, set policies for meeting this need on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example to improve or make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities. Such policies should be sufficiently flexible to take account of changing market conditions over time.*
>
> **National Planning Policy Framework (NPPF), paragraph 50**

3.2   On this basis, Planning Practice Guidance (PPG) sets out that:

> *Once an overall housing figure has been identified, plan makers will need to break this down by tenure, household type (singles, couples and families) and household size. Plan makers should therefore examine current and future trends of:*
>
> » *the proportion of the population of different age profile;*
>
> » *the types of household (e.g. singles, couples, families by age group, numbers of children and dependents);*
>
> » *the current housing stock size of dwellings (e.g. one, two+ bedrooms);*
>
> » *the tenure composition of housing.*
>
> *This information should be drawn together to understand how age profile and household mix relate to each other, and how this may change in the future. When considering future need for different types of housing, plan makers will need to consider whether they plan to attract a different age profile e.g. increasing the number of working age people.*
>
> **Planning Practice Guidance (March 2015), ID 2a-021**

Projected Population Age Profile

3.3   East Lindsey's population projection show that the population is likely to increase from 139,200 persons to 150,400 persons over the 15-year Plan period 2016-31; a 15-year increase of around 11,200 persons. Figure 21 shows the projected change in population by 5-year age band for the 15-year Plan period 2016-31 based on the detailed data previously presented.

3.4   The number of persons in almost all age groups is projected to increase. The population aged 20-59 is projected to decrease by 3,800 persons and an increase of 5,400 persons aged under 20 accounts for around another fifth (20%). Nevertheless, 85% of the overall population growth (9,600 persons) is projected to be aged 75 or over. This is particularly important when establishing the types of housing required and the need for housing specifically for older people.

Figure 21: East Lindsey population projections 2016-31 by 5-year age cohort based SHMA population projections
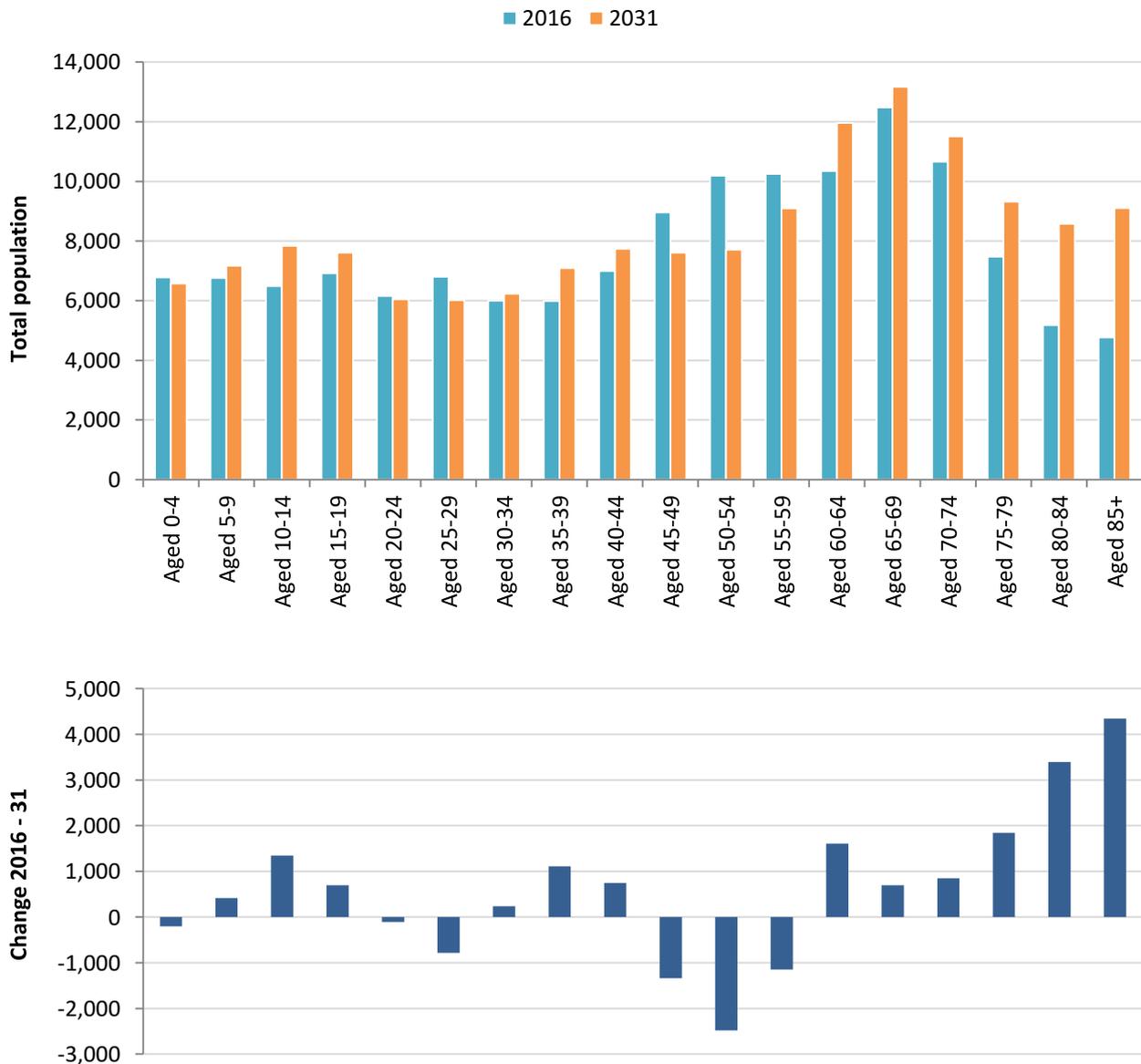
Household Projections

3.5 Figure 22 summarises the total number of households in 2016 and 2031 in terms of the age of household representatives, together with the change in the number of households in each category over the 15-year Plan period 2016-31.

3.6 The trend-based household projections identified a growth of around 6,300 households based on the population projections above, which yielded a housing need of around 6,800 dwellings.

Figure 22: Total projected households for 2016 and 2031 and summary of 15-year change by age of household representative (Note: Figures may not sum due to rounding)

	Age of Household Representative								TOTAL
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
TOTAL HOUSEHOLDS									
2016	1,500	5,300	7,100	10,800	11,500	14,100	9,000	3,300	62,600
2031	1,700	4,800	8,600	9,300	11,500	14,300	12,300	6,500	68,900
TOTAL CHANGE 2016-2031	+300	-500	+1,600	-1,500	+100	+100	+3,300	+3,100	6,300

3.7 Considering this growth in terms of the age of household representatives, it is evident that the increase in older people is also reflected in terms of household types. Whilst the increase in people aged 75+ represented 86% of the overall population growth, the increase in households aged 77+ represents over 100% of the total growth.

3.8 Many of these older households will already be established and living in existing homes in East Lindsey; they will simply get older during the Plan period. It is therefore also important to consider household growth in relation to age cohorts. Whilst all of the net overall increase in households is largely amongst those aged 65+, most of the new households seeking housing will actually be in their twenties and thirties at the time that they form.

Projected Household Types

3.9 When considering future need for different types of housing, it is important to recognise that households of different ages are likely to have different housing needs. Similarly, households of different types (singles, couples and families) within each age group will also have different housing needs.

3.10 Figure 23 shows the household numbers for 2016 and 2031 based on the trend-based projections by household type and age; together with the net change for each group. This is based on the number in each age category rather than the number in each age cohort, as it is assumed that the housing needs are more likely to be influenced by the actual age rather than the year of birth.

3.11 In summary:

» Single person households represent over a half of the overall household growth: an increase of 3,500 over the 15-year period, including 3,300 extra single person households aged 75 or over;

» Couples without dependent children are projected to fall by 300 households, which sees a growth in older couples offset by a reduction in younger couples;

» Families with dependent children represent just over a half (52%) of the overall growth: an increase of 1,900 lone parent households and 400 extra couples with dependent children; and

» "Other" households represent 8% of the total, with an increase of 800 households over the 15-year Plan period.

Figure 23: Total projected households for 2016 and 2031 and summary of 15-year change by household type and age of household representative (Note: Figures may not sum due to rounding)

Household Type	Age of Household Representative								TOTAL
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
Total Households 2016									
Single person	500	1,500	1,200	2,500	2,900	3,600	5,200	2,300	**19,600**
Couple without children	200	900	900	4,200	7,500	9,500	2,800	700	**26,800**
Couple with child(ren)	400	1,800	3,500	3,100	600	200	0	0	**9,600**
Lone parent	300	1,000	1,300	700	100	100	100	0	**3,700**
Other households	100	100	200	300	400	700	900	300	**3,000**
TOTAL	**1,500**	**5,300**	**7,100**	**10,800**	**11,500**	**14,100**	**9,000**	**3,300**	**62,600**
Total Households 2031									
Single person	500	1,600	1,500	2,500	3,200	3,100	6,500	4,200	**23,100**
Couple without children	200	500	700	2,500	7,100	10,000	4,000	1,500	**26,400**
Couple with child(ren)	500	1,300	3,900	3,200	700	300	100	0	**10,000**
Lone parent	500	1,300	2,300	900	200	100	100	100	**5,600**
Other households	200	0	100	200	300	800	1,600	700	**3,800**
TOTAL	**1,700**	**4,800**	**8,600**	**9,300**	**11,500**	**14,300**	**12,300**	**6,500**	**68,900**
Total Change 2016-2031									
Single person	0	+100	+300	0	+300	-500	+1,300	+2,000	**+3,500**
Couple without children	0	-400	-200	-1,600	-400	+400	+1,200	700	**-300**
Couple with child(ren)	+100	-500	+400	0	+200	+100	0	0	**+400**
Lone parent	+200	+300	+1,000	+200	+100	+100	+100	100	**+1,900**
Other households	0	0	0	-200	-100	0	+800	400	**+800**
TOTAL CHANGE	**+300**	**-500**	**+1,600**	**-1,500**	**+100**	**+100**	**+3,300**	**+3,100**	**+6,300**

Housing Mix: Size and Tenure

3.12   When considering future need for different types of housing, the model assumes that the housing mix needed by households of each household type and age will reflect current patters. For example, a growth in single person households aged 65-74 will lead to an increase in the need for the type of housing currently occupied by single person households of this age. On this basis, where such households continue to live in family housing despite no longer having a family living with them, this need for family housing will still be counted.

3.13   Figure 24 identifies the need for market housing and affordable housing of different types (in terms of flats and houses) and sizes (in terms of number of bedrooms). Whilst there is projected to be an increase of 3,500 extra single person households, only 400 extra dwellings have one bedroom (100 market homes and 300 affordable homes). This reflects that many single person households will continue to occupy family housing in which they already live.

3.14   Overall, most of the market housing need is for housing is for 3 bedrooms. The need for affordable housing is also predominantly for housing with 2 or 3 bedrooms. Whilst the need for affordable housing with four or more bedrooms is around 3% of the overall need, this represents a need for over

100 large affordable homes that need to be provided over the 15-year period 2016-31. Much of this need will be from existing households living in overcrowded accommodation.

Figure 24: Housing mix of OAN for market and affordable housing (Source: ORS Housing Model. Note: Figures may not sum exactly due to arithmetic rounding)

		Market Housing	Affordable Housing	TOTAL
Flat	1 bedroom	100	300	**400**
	2+ bedrooms	200	300	**500**
House	2 bedrooms	400	1,400	**1,800**
	3 bedrooms	2,800	700	**3,500**
	4 bedrooms	400	100	**500**
	5+ bedrooms	100	0	**100**
TOTAL		**4,000**	**2,800**	**6,800**

Affordable Housing Tenure

3.15 Within the overall need of 2,800 affordable homes identified by the model, it is possible to consider the mix of different affordable housing products that would be appropriate based on the mix of households needing affordable housing.

3.16 Figure 25 sets out the weekly rents for different property sizes in East Lindsey. This includes:

» Median private rent;

» Local Housing Allowance (LHA) maximum (previously based on the 30th percentile private rent, however more recent increases have based on CPI and rates were frozen in the July 2015 Budget); and

» Affordable rent, based on 80% of the median private rent.

Figure 25: Weekly rent thresholds (Source: Valuation Office Agency; Homes and Communities Agency)

Weekly Rent £	Median Private Rent	Maximum Local Housing Allowance	Affordable Rent (80% of median)
1 bedroom	84.40	75.00	67.52
2 bedrooms	105.33	93.23	84.26
3 bedrooms	125.34	110.72	100.27
4+ bedrooms	159.61	128.47	127.68

3.17 It is evident that across all property sizes, the median private rent is the highest followed in turn by the maximum LHA, and affordable rent. As affordable rent (at 80% of median private rent) is lower than the maximum LHA rate for the equivalent property size, households would currently be able to claim housing benefit to cover the full cost of affordable rent (where they were entitled to do so based on their circumstances); although the relationship between these two rates could change in future.

3.18 Households claiming out-of-work benefits are also subject to a cap of £500 per week (for lone parents and couples) or £350 per week (for single persons), which could affect the amount of housing benefit received by some households (especially those with larger families needing larger properties). These limits were reduced in the July 2015 Budget to a maximum of £20,000 per year (outside London) and

this lower rate will affect more households. Nevertheless, households that qualify for Working Tax Credit and those that receive various disability related benefits or armed forces pensions are exempt from the cap.

Household Affordability

3.19   In order to profile the affordability of the mix of households needing affordable housing, income data from the English Housing Survey, and ONS Survey of Personal Incomes, has been combined and modelled to establish the income distribution by household type and age in the area. This excludes any income from housing benefit, as the analysis seeks to determine to what extent housing benefit would be needed by households in each group.

3.20   Figure 26 illustrates the affordability of households needing affordable housing by property size in East Lindsey; identifying those able to afford affordable rent and target rent (all without housing benefit subsidy) and those that would need financial support to afford target rent. The analysis is based on two scenarios:

» Spending up to 25% of gross household income (excluding housing benefit) on housing costs; and

» Spending up to 35% of gross household income (excluding housing benefit) on housing costs.

Figure 26: Affordability of households needing affordable housing by property size and local authority area (Note: Weekly costs based on data in Figure 25)
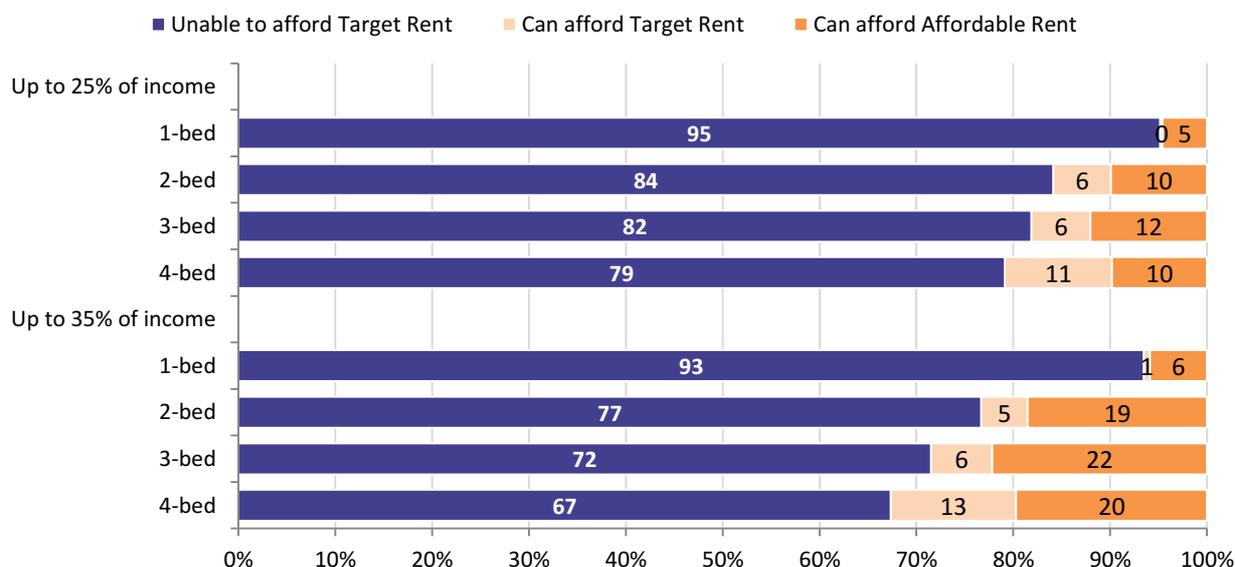
3.21   Figure 27 sets out the affordable housing mix broken down by the modelled household affordability for the two scenarios. In both scenarios, more than half of the households in need of affordable housing would not be able to afford the relevant Target Social Rent for a property of the size needed:

» 2,400 households (85%) based on up to 25% of income being spent on housing costs; and

» 2,200 households (79%) based on up to 35% of income being spent on housing costs.

3.22   Providing new affordable rented housing based on Target Social Rents would enable around 200 more households to pay their rent without housing benefit support than would be able to do so if new housing was provided as Affordable Rent. If new affordable rented housing was provided with Affordable Rents (based on 80% of median private rent), these households would continue to depend on housing benefit.

3.23 Between 300 and 500 households in need of affordable housing (depending on the proportion of income assumed) could afford Affordable Rent (without housing benefit support). Some of these households may also be able to afford shared equity or other forms of low cost home ownership, if this can be delivered based on a model where the weekly costs are similar to Affordable Rent.

Figure 27: Affordable housing mix by household affordability (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

		Unable to afford Target Rent	Can afford Target Rent	Can afford Affordable Rent	TOTAL
25% OF INCOME					
Flat	1 bedroom	290	0	10	300
	2+ bedrooms	250	20	30	300
House	2 bedrooms	1,180	80	140	1400
	3 bedrooms	570	40	80	700
	4+ bedrooms	80	10	10	100
TOTAL		**2,400**	**200**	**300**	**2800**
35% OF INCOME					
Flat	1 bedroom	280	0	20	300
	2+ bedrooms	230	10	60	300
House	2 bedrooms	1,070	70	260	1400
	3 bedrooms	500	40	160	700
	4+ bedrooms	70	10	20	100
TOTAL		**2,200**	**100**	**500**	**2800**

Low Cost Home Ownership

3.24 In addition to affordable housing for rent, a range of Low Cost Home Ownership (LCHO) products have also been developed to assist households into homeownership. Figure 28 sets out the weekly costs associated with shared ownership properties of different sizes, taking account of the differential full market prices. This illustration is based on a shared ownership model currently promoted in the HMA:

» 40% equity share purchased by the occupier;

» 5% of the equity purchased is available as a deposit;

» Mortgage costs base based on a 25-year repayment mortgage at 6.0% interest;

» Rent based on 2.75% of the retained equity paid each year; and

» Service charge of £10 per week.

3.25 Based on this model, it is evident that the weekly costs are higher than the equivalent median private rent and the maximum LHA.

Figure 28: **Shared ownership costs (Note: Mortgage costs based on a 25-year repayment mortgage at 6.0% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £10 per week)**

	Property Value	40% Equity Share	5% Deposit	Weekly Costs			
				Mortgage	Rent	Service Charge	TOTAL
1 bedroom	50,000	20,000	1,000	28.50	15.82	10.00	54.33
2 bedrooms	95,000	38,000	1,900	54.16	30.06	10.00	94.22
3 bedrooms	120,000	48,000	2,400	68.41	37.97	10.00	116.38
4+ bedrooms	230,000	92,000	4,600	131.12	72.78	10.00	213.90

3.26   Figure 29 shows the sensitivity of weekly costs to the equity share purchased and presents this relative to the equivalent local rents.

Figure 29: **Total weekly costs for shared ownership based on different equity shares (Note: Mortgage costs based on a 25-year repayment mortgage at 6.0% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £10 per week. Cells highlighted in brown are above the LHA rate but below median private rent, cells in red are above the equivalent median private rent. No cells are lower than the equivalent maximum LHA)**

Total Weekly Cost £	Property Value	Equity Share					
		25%	30%	35%	40%	45%	50%
1 bedroom	50,000	47.59	49.84	52.08	54.33	56.57	58.82
2 bedrooms	95,000	81.43	85.69	89.96	94.22	98.48	102.75
3 bedrooms	120,000	100.22	105.61	111.00	116.38	121.77	127.16
4+ bedrooms	230,000	182.93	193.25	203.58	213.90	224.23	234.55

Starter Home Initiative

3.27   The NPPF identifies that local authorities should seek to *"widen opportunities for home ownership"* (paragraph 50).   Given this context, the Housing and Planning Act 2016 furthers this policy of encouraging home ownership through promoting Starter Homes to provide properties that are more affordable for first time buyers.   The Act includes clauses stating that local authorities will have a general duty to promote the supply of Starter Homes through planning.

3.28   The Act defines a Starter Home as a new dwelling, only available for purchase by qualifying first-time buyers, which is to be sold at a discount of at least 20% of the market value and for less than the price cap (of £250,000 outside Greater London), and is subject to restrictions on sale or letting for the initial 5-year period of occupancy.   Figure 30 sets out the weekly costs based on the same property values considered when analysing low cost home ownership housing options.

Figure 30: **Starter Home Initiative (Note: Mortgage costs based on a 25-year repayment mortgage at 6.0% interest)**

	Property Value	80% Equity Share	10% Deposit	Weekly Costs		
				Mortgage	Service Charge	TOTAL
1 bedroom	50,000	40,000	4,000	54.01	10.00	69.28
2 bedrooms	95,000	76,000	7,600	102.62	10.00	122.64
3 bedrooms	120,000	96,000	9,600	129.62	10.00	152.28
4+ bedrooms	230,000	184,000	18,400	248.44	10.00	282.70

3.29   It is evident that the weekly costs associated with Starter Homes are notably higher than low cost home ownership and also much higher than median private sector rents, and therefore they are unlikely to be affordable to those households identified as being unable to afford market housing. Nevertheless, the initiative could to widen opportunities for homeownership for those households able to afford market rents but unable to afford to buy housing in the HMA.

Summary of Housing Costs

3.30   Figure 31 summarises the weekly costs for the range of different housing options discussed above for each property size.

Figure 31: Comparison of weekly housing costs by property size

	Starter Home Initiative (80% equity)	Shared ownership (40% equity)	Median Private Rent	Maximum Local Housing Allowance	Affordable Rent (80% median)
1 bedroom	69.28	54.33	84.4	75	67.52
2 bedrooms	122.64	94.22	105.33	93.23	84.26
3 bedrooms	152.28	116.38	125.34	110.72	100.27
4+ bedrooms	282.70	213.90	159.61	128.47	127.68

3.31   Based on the range of information available about tenants currently renting privately in East Lindsey, it is helpful to consider the mix of different types of household living in the area:

» 40 properties are rented by households that are students, although this is only 3% of the sector;

» 5,400 properties are rented by households in receipt of housing benefit;;

» A further 6,200 households are renting privately; however if the proportion of owner occupiers had not changed between 2001 and 2011, 2,300 of these households would have owned their home. This represents almost a third (20%) of all households renting privately; and

» 3,900 households are therefore renting privately through choice, due to their current personal, family, employment or other circumstances.

3.32   It is important to recognise that the 2,300 households identified as "would be" owner occupiers are not included within the need for affordable housing, as they are able to rent market housing without financial support through housing benefit even if they cannot afford to buy. As previously noted, the NPPF seeks to *"widen opportunities for home ownership"* (paragraph 50) and national schemes such as Help-to-Buy and the Starter Home Initiative aim to help people onto the housing ladder.

Figure 32: Mix of household types living in the private rented sector (Source: ORS Housing Model, DWP and Council Tax Base)

"Would be" owner occupiers 2,300

Student households 40

Households on housing benefit 5,400

Households choosing private rent 3,900

Table of Figures