

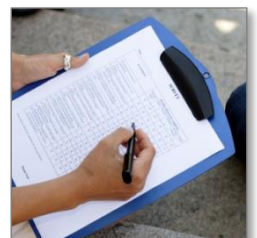
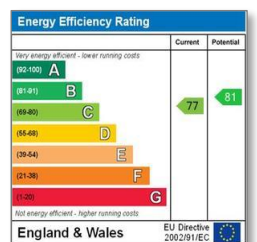


Wider Bristol HMA Strategic Housing Market Assessment

VOLUME II

Establishing the need for
all types of housing

January 2019





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1. Introducing the Study

Background to the project and wider policy context

- 1.1 Opinion Research Services (ORS) was jointly commissioned by the West of England local authorities (Bath and North East Somerset, Bristol, North Somerset and South Gloucestershire) to identify the functional Housing Market Areas (HMAs) covered by the four local authorities, in particular to establish the extent of the Wider Bristol HMA, and subsequently prepare a Strategic Housing Market Assessment (SHMA) for both Wider Bristol HMA and Bath HMA.
- 1.2 The original Wider Bristol SHMA was published in two volumes:
 - » Volume One – Defining the Housing Market Area and establishing Objectively Assessed Need (July 2015); and
 - » Volume Two – Establishing the need for all types of housing (November 2015).
- 1.3 The SHMA identified an Objectively Assessed Need (OAN) of 85,000 dwellings for the Wider Bristol HMA (the combined area of Bristol, North Somerset and South Gloucestershire) over the 20-year period 2016-36.
- 1.4 The Wider Bristol SHMA formed part of the evidence base for the West of England Joint Strategic Plan (JSP) which was first consulted on in early 2016. The consultation feedback received about the SHMA and the associated OAN for Wider Bristol HMA was considered by the local authorities and the LEP, and the issues raised were discussed with ORS. There was also a sequence of clarification meetings with objectors who provided their own alternative housing need assessments.
- 1.5 In response to the feedback received, the local authorities and the LEP decided to further develop the evidence base. ORS was commissioned to prepare an SHMA for Bath HMA (based on the area covered by Bath and North East Somerset) using the same methodological approach and assumptions used for the Wider Bristol SHMA.¹ On the basis of the two SHMAs and the consultation feedback received, ORS was also asked to set out independent recommendations for a West of England Housing Target which could be used as the basis for developing the JSP housing requirement.²
- 1.6 Both the Wider Bristol SHMA and Bath SHMA were informed by the 2012-based household projections published by the Department of Communities and Local Government (CLG) and considered projections based on the 24-year period 2012-36.³ These household projections were superseded by CLG 2014-based figures (published in July 2016) and the West of England Housing Target recommendations took account of the likely impact of this new data. However, the report proposed waiting for the ONS mid-2016 population estimates to be published in June 2017 before undertaking more detailed SHMA updates in Summer 2017, as this would enable population and household projections to be produced for the JSP period 2016-36 and avoid the need for any further updates prior to the JSP being submitted for examination.

¹ Bath HMA Strategic Housing Market Assessment: Establishing Objectively Assessed Need (ORS, June 2016)

² West of England Housing Target: The basis for the Housing Requirement in the Joint Spatial Plan (ORS, September 2016)

³ Initial outputs from the CLG 2012-based household projections were published in February 2015 with full outputs published in December 2015

- ^{1.7} Whilst the local authorities and the LEP considered it appropriate to update the SHMA evidence prior to the JSP being submitted for examination, they were conscious of potential changes to the assessment of housing need and the possible introduction of a “standardised methodology” announced in February 2017. On this basis, it was decided to wait until the outcome of the Government’s consultation “Planning for the right homes in the right places” (September 2017) was known before updating the SHMA evidence. However, in January 2018 it was confirmed that the Government’s response would form part of a draft revised National Planning Policy Framework (NPPF) which would not be published until Easter, with the ambition to publish a final revised Framework in the summer. Therefore, in the context of the JSP timetable, it was decided to go ahead with updating the Wider Bristol SHMA and the Bath SHMA evidence in the context of the then current NPPF and Planning Practice Guidance (PPG).
- ^{1.8} The West of England Joint Spatial Plan was submitted to the secretary of State for Housing, Communities and Local Government on 13th April 2018. In July 2018, the new NPPF guidance was published, containing transitional arrangements for plans submitted prior to 24th January 2019 in Annex 1 (para 214). The transitional arrangements state that the policies contained in the previous Framework will apply for purposes of examination.
- ^{1.9} The study adheres to the requirements of the National Planning Policy Framework published in 2012 and subsequent Planning Practice Guidance. The methodology also has regard to emerging good practice and outcomes from Examinations, as well as the Technical Advice Note about Objectively Assessed Need (OAN) and Housing Targets that was originally published by the Planning Advisory Service (PAS) in June 2014 with a second edition in July 2015.
- ^{1.10} The purpose of the study is to support the local authorities in objectively assessing and evidencing the overall housing mix required and the housing needs of different groups (including affordable housing) across the Wider Bristol HMA for the 20-year period 2016-36, and to provide other evidence to inform local policies, plans and decision making.
- ^{1.11} This document replaces the previous study “Wider Bristol HMA Strategic Housing Market Assessment Volume 2 (2015)”. The key difference between this and the previous study is the use of more recent data to inform all aspects of the report. This data indicates a larger change in both population and households over the 2016-36 period than the data informing the 2015 report. In addition, the data indicates a change in the mix of housing required, explored in full in the sections following.

Government Policy

- ^{1.12} The National Planning Policy Framework (NPPF) sets out that *“the purpose of the planning system is to contribute to the achievement of sustainable development”* (paragraph 6). The Framework subsequently identifies that social dimension of sustainable development should provide *“the supply of housing required to meet the needs of present and future generations”* and create *“a high quality built environment”*:

There are three dimensions to sustainable development: economic, social and environmental. These dimensions give rise to the need for the planning system to perform a number of roles:

- » **An economic role** – contributing to building a strong, responsive and competitive economy, by ensuring that sufficient land of the right type is available in the right places and at the right time to support growth and innovation; and by identifying and coordinating development requirements, including the provision of infrastructure;
- » **A social role** – supporting strong, vibrant and healthy communities, by providing the supply of housing required to meet the needs of present and future generations; and by creating a high quality built environment, with accessible local services that reflect the community’s needs and support its health, social and cultural well-being; and
- » **An environmental role** – contributing to protecting and enhancing our natural, built and historic environment; and, as part of this, helping to improve biodiversity, use natural resources prudently, minimise waste and pollution, and mitigate and adapt to climate change including moving to a low carbon economy.

National Planning Policy Framework (NPPF), paragraph 7

- ^{1.13} The Framework also identifies that sustainable development should lead to improvements in the quality of the built environment which contribute to *“improving the conditions in which people live”* and *“widening the choice of high quality homes”*.

Pursuing sustainable development involves seeking positive improvements in the quality of the built, natural and historic environment, as well as in people’s quality of life, including (but not limited to):

- » *Making it easier for jobs to be created in cities, towns and villages;*
- » *Moving from a net loss of bio-diversity to achieving net gains for nature;*
- » *Replacing poor design with better design;*
- » *Improving the conditions in which people live, work, travel and take leisure; and*
- » *Widening the choice of high quality homes.*

National Planning Policy Framework (NPPF), paragraph 9

- ^{1.14} Section 6 of the Framework (paragraphs 47-55) sets out the policies for *“Delivering a wide choice of high quality homes”*.

- ^{1.15} The 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

- ^{1.16} Planning Practice Guidance (PPG) on the assessment of housing and economic development needs was published in March 2014 and has been updated in March 2015. Previous SHMA Guidance (2007) and related documents were rescinded at that time, so the approach taken in preparation of this report is focused on meeting the requirements of PPG. In addition, it reflects emerging good practice and the PAS OAN technical advice note.

Overview of the SHMA

- ^{1.17} Volume I of the original Wider Bristol SHMA defined the functional housing market area(s) across the West of England. The analysis identified separate housing market areas for Bristol and Bath; and the “best fit” for Wider Bristol was based on the combined local authority areas of Bristol, North Somerset and South Gloucestershire. The Volume I report also established the OAN for housing (both market and affordable) in the Wider Bristol HMA, which helped inform the Joint Spatial Plan (JSP) for Wider Bristol for the period 2016-36.
- ^{1.18} On the 24th July 2018 a revised version of the NPPF (National Planning Policy Framework) was produced, followed by a revision to the housing need assessment section of the PPG (Planning Practice Guidance). The 2018 NPPF contained the following in Annex 1 (paragraph 214):

214. The policies in the previous Framework will apply for the purpose of examining plans, where those plans are submitted on or before 24 January 2019.

NPPF (2018) paragraph 214

- ^{1.19} The West of England JSP (Joint Spatial Plan) was submitted for examination in April 2018, and as such will be examined under the previous NPPF and PPG. Local plans will be prepared in conformity with the JSP, including housing requirements and their apportionment. As such, this document follows the previous NPPF and PPG framework to ensure consistency with the JSP.

^{1.20} This report supplements the key outputs from the SHMA presented in Volume I through providing further information about the needs for different types of housing, including the appropriate mix of market and affordable housing and the needs for all types of housing:

- » The private rented sector;
- » People wishing to build their own home;
- » Housing for older people;
- » Households with specific needs; and
- » Student housing.

^{1.21} It is important to recognise that the information from the SHMA should not be considered in isolation, but forms part of a wider evidence base to inform the development of housing and planning policies. The SHMA does not seek to determine rigid policy conclusions, but instead provides a key component of the evidence base required to develop and support a sound policy framework.

2. Needs of Different Groups

Identifying the need for different types of 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 Volume I of the SHMA established the Full Objectively Assessed Need for Housing in the Wider Bristol HMA to be 87,000 dwellings over the 20-year Plan period 2016-36. This included the need for affordable housing: a total of 26,900 dwellings across the Wider Bristol HMA, equivalent to an average of 1,345 dwellings per year.
- 2.3 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

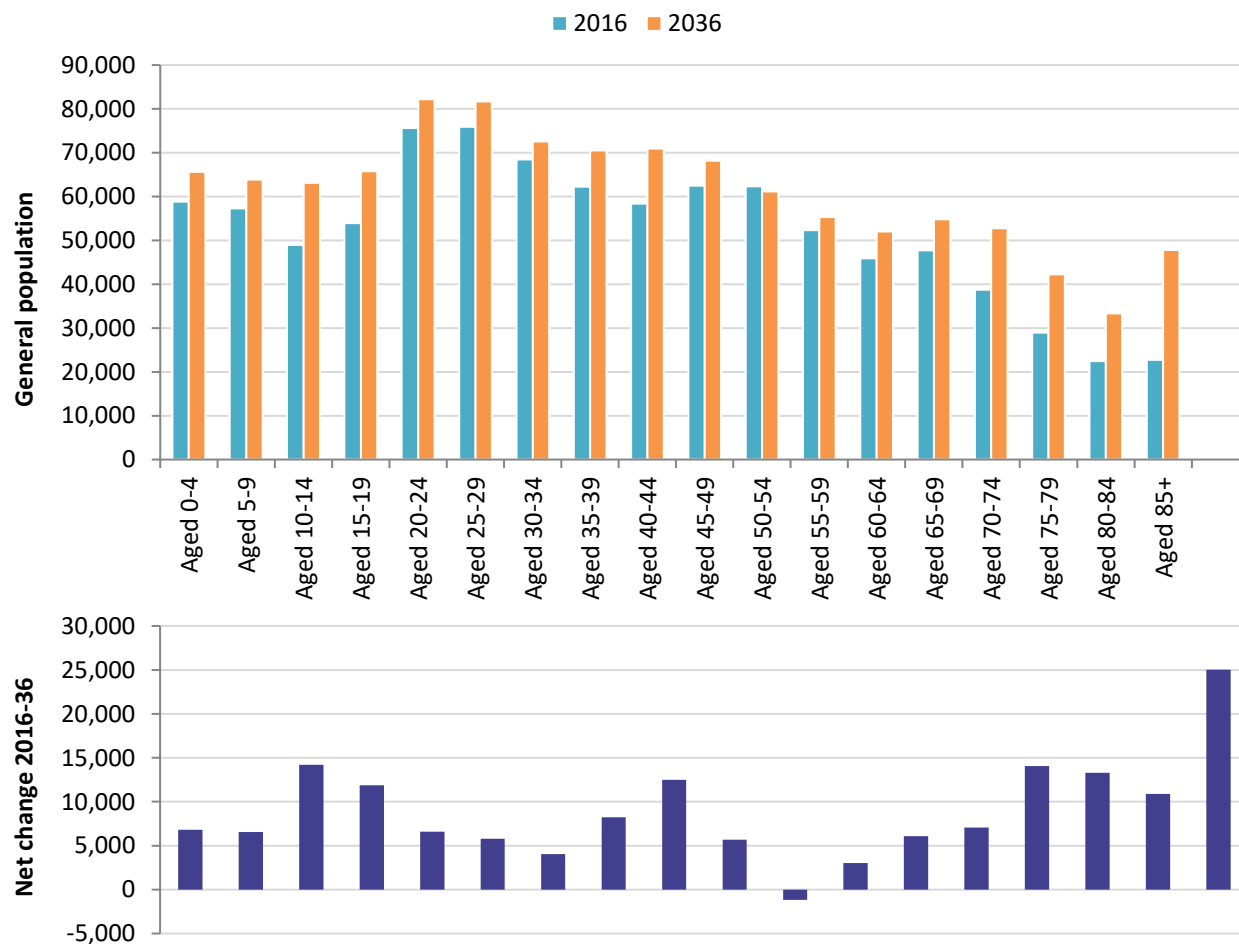
Projected Population Age Profile

- 2.4 The population projections based on long-term migration trends identified that the population was likely to increase from 943,500 persons to 1,104,000 persons over the 20-year period 2016-36; a 20-year increase of 160,500 persons, equivalent to an average of around 8,000 persons each year. Figure 1 and Figure 2 show the projected change in population by 5-year age band for the 20-year Plan period 2016-36.
- 2.5 The number of persons in almost all age groups is projected to increase. The population aged 15-44 is projected to increase by 49,000 persons, which accounts for 31% of the overall growth; however the population aged 45-64 is projected to increase by only 13,600 persons, 8% of the overall growth.
- 2.6 It is evident that the population in older age groups is projected to increase substantially during the Plan period, with 44% of the overall population growth (70,300 persons) projected to be aged 65 or over and 31% projected to be 75 or over (49,200 persons). This is particularly important when establishing the types of housing required and the need for housing specifically for older people.

Figure 1: Wider Bristol population projections 2016-36 by 5-year age cohort based on 10-year migration trend scenario
(Note: All figures presented unrounded for transparency)

Age	Total Population		Net change 2016-36	Percentage of net change
	2016	2036		
Aged 0-4	58,797	65,621	+6,824	4.3%
Aged 5-9	57,292	63,859	+6,567	4.1%
Aged 10-14	48,985	63,174	+14,189	8.8%
Aged 15-19	53,902	65,768	+11,866	7.4%
Aged 20-24	75,600	82,197	+6,597	4.1%
Aged 25-29	75,920	81,690	+5,770	3.6%
Aged 30-34	68,502	72,529	+4,027	2.5%
Aged 35-39	62,263	70,499	+8,236	5.1%
Aged 40-44	58,427	70,932	+12,505	7.8%
Aged 45-49	62,497	68,167	+5,670	3.5%
Aged 50-54	62,358	61,178	-1,180	-0.7%
Aged 55-59	52,350	55,350	+3,000	1.9%
Aged 60-64	45,938	52,022	+6,084	3.8%
Aged 65-69	47,733	54,790	+7,057	4.4%
Aged 70-74	38,719	52,776	+14,057	8.8%
Aged 75-79	28,983	42,276	+13,293	8.3%
Aged 80-84	22,480	33,371	+10,891	6.8%
Aged 85+	22,771	47,795	+25,024	15.6%
Total	943,517	1,103,997	+160,480	100.0%

Figure 2: Wider Bristol population projections 2016-36 by 5-year age cohort based on 10-year migration trend scenario



Household Projections

- 2.7 Figure 3 summarises the total number of households in 2016 and 2036 in terms of the age of household representatives, together with the change in the number of households in each category over the 20-year Plan period 2016-36. The trend-based household projections identified a growth of 76,900 households based on the previous population projections, which yielded a housing need of 79,100 dwellings. Nevertheless, the SHMA recommended that a higher number of dwellings should be provided to respond to market signals and address a likely backlog of housing provision prior to the start of the Plan period.
- 2.8 The Full Objectively Assessed Need (OAN) was established to be 87,000 dwellings over the 20-year Plan period 2016-36. Providing a larger number of homes will yield a higher number of households than suggested by the trend-based projections; an additional 7,000 households over the 20-year Plan period. Therefore, the total household growth is likely to be around 83,900 additional households.

Figure 3: Total projected households for 2016 and 2036 and summary of 20-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	17,430	65,600	70,350	75,680	61,010	56,320	37,140	16,630	400,170
2036	19,260	66,990	84,840	79,730	68,350	71,370	52,920	33,630	477,090
TREND-BASED CHANGE 2016-2036	+1,830	+1,400	+14,480	+4,050	+7,340	+15,050	+15,780	+17,010	+76,930
Impact of OAN Uplift	+380	+1,470	+1,850	+1,320	+760	+600	+360	+260	+7,000
TOTAL CHANGE 2016-2036	+2,210	+2,860	+16,340	+5,370	+8,100	+15,650	+16,140	+17,260	+83,930

- 2.9 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 65+ represented 44% of the overall population growth (excluding uplift), the increase in households aged 65+ represents almost two thirds (62%) of the trend-based growth: 47,800 households out of the 76,900 total. Taking account of the OAN uplift increases the likely growth of older households to 49,000, equivalent to 58% of the total.
- 2.10 Nevertheless, many of these older households will already be established and living in existing homes in the Wider Bristol HMA. They will simply get older during the Plan period. It is therefore also important to consider household growth in relation to age cohorts.
- 2.11 Figure 4 shows the projected number of households in each cohort, showing their age in both 2016 and 2036. For example, there were 65,600 households aged 25-34 in 2016 and these same households would be aged 45-54 by 2036. The trend-based projection identified that total number of households aged 45-54 in 2036 would be 79,700; therefore an extra 14,100 households. Together with a further 1,300 households following the OAN uplift, the total growth is likely to be around 15,400 households in this cohort; partly due to new household formations and partly due to net migration.
- 2.12 Based on the cohort analysis, it is apparent that around 172,800 extra households aged under 55 (in 2036) will be likely to form in Wider Bristol over the period 2016-36. This includes 68,500 households aged 25-34 and 69,300 households aged 35-44 (although many of those aged 35-44 in 2036 may have already formed households by 2026, at which time that they were also aged 25-34).

Figure 4: Total projected households for 2016 and 2036 and summary of 20-year change by age cohort of household representative (Note: Figures may not sum due to rounding)

	Age of Household Representative									TOTAL
	Age in 2016	< 5	5-14	15-24	25-34	35-44	45-54	55-64	65+	
	Age in 2036	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
TOTAL HOUSEHOLDS										
2016	-	-	17,430	65,600	70,350	75,680	61,010	110,090	400,170	
2036	19,260	66,990	84,840	79,730	68,350	71,370	52,920	33,630	477,090	
TREND-BASED CHANGE 2016-2036										
	+19,260	+66,990	+67,400	+14,130	-2,000	-4,310	-8,100	-76,460	+76,930	
Impact of OAN Uplift	380	1,470	1,850	1,320	760	600	360	260	+7,000	
TOTAL CHANGE 2016-2036										
	+19,650	+68,460	+69,260	+15,450	-1,240	-3,710	-7,740	-76,200	+83,930	

^{2.13} We previously noted that the overall growth was 83,900 households over the 20-year Plan period 2016-36, which is lower than the number of new households forming. Nevertheless, the 172,800 extra household aged under 55 are offset against a reduction of 88,900 households aged 55 or over (in 2036). Most of this reduction is due to household dissolution following death (although some may be due to net migration):

- » 110,100 households were aged 65+ in 2016, who would be aged 85+ in 2036 if they had survived;
- » The projected number of households aged 85+ in 2036 is 33,900, which represents a reduction of 75,900 households whose existing homes would be vacated.

^{2.14} Whilst the increase in overall households is largely amongst those aged 65+, we can therefore conclude that most of the new households seeking housing will actually be in their twenties and thirties at the time that they form. However, the total number of new households is likely to be more than double the overall household growth; so it is also important to recognise that many new households will buy or rent existing housing, and not all new housing will be occupied by new households.

Projected Household Types

^{2.15} 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.

^{2.16} Figure 5 shows the household numbers for 2016 and 2036 based on the trend-based based projections by household type and age; together with the net change (based on both the trend-based projections and the impact of the OAN uplift) 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.

^{2.17} In summary:

- » Single person households represent 40% of the overall household growth: an increase of 34,000 over the 20-year Plan period, including 9,300 extra single person households aged 85 or over;
- » Families with dependent children represent 27% of the overall growth: a projected increase of 15,100 lone parent households and 7,700 extra couples with dependent children; and
- » Couples without dependent children and “other” households both represent around 16% of the growth, with increases of 13,000 and 14,200 households respectively.

Figure 5: Total projected households for 2016 and 2036 and summary of 20-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	3,400	18,060	17,060	18,130	18,330	18,590	22,310	11,160	127,050
Couple without children	2,410	17,360	8,820	22,920	35,550	33,780	10,340	3,790	134,960
Couple with child(ren)	780	12,860	30,360	25,050	3,710	460	50	10	73,270
Lone parent	2,540	9,120	12,290	6,430	710	160	120	130	31,490
Other households	8,310	8,200	1,830	3,160	2,710	3,340	4,320	1,540	33,400
TOTAL	17,430	65,600	70,350	75,680	61,010	56,320	37,140	16,630	400,170
TOTAL HOUSEHOLDS 2036									
Single person	1,730	18,740	24,000	21,990	23,220	21,310	27,630	20,280	158,880
Couple without children	1,740	16,750	8,240	14,320	36,010	44,430	16,000	8,750	146,230
Couple with child(ren)	290	8,320	31,970	32,160	5,840	810	90	0	79,480
Lone parent	2,710	11,170	19,610	9,790	1,280	310	300	480	45,650
Other households	12,810	12,020	1,010	1,480	2,010	4,510	8,900	4,120	46,850
TOTAL	19,260	66,990	84,840	79,730	68,350	71,370	52,920	33,630	477,090
TREND-BASED CHANGE 2016-36									
Single person	-1,680	+670	+6,940	+3,860	+4,890	+2,720	+5,320	+9,120	+31,840
Couple without children	-670	-610	-570	-8,600	+450	+10,650	+5,660	+4,960	+11,270
Couple with child(ren)	-490	-4,540	+1,610	+7,100	+2,130	+360	+40	-10	+6,210
Lone parent	+170	+2,050	+7,330	+3,360	+570	+150	+180	+350	+14,160
Other households	+4,500	+3,810	-820	-1,670	-700	+1,170	+4,580	+2,580	+13,450
TOTAL CHANGE	+1,830	+1,400	+14,480	+4,050	+7,340	+15,050	+15,780	+17,010	+76,930
IMPACT OF OAN UPLIFT									
Single person	+30	+410	+530	+360	+260	+180	+190	+160	+2,120
Couple without children	+30	+370	+180	+240	+400	+370	+110	+70	+1,770
Couple with child(ren)	+10	+170	+690	+530	+70	+10	0	0	+1,480
Lone parent	+50	+240	+430	+160	+10	0	0	0	+900
Other households	+260	+270	+20	+20	+20	+40	+60	+30	+730
TOTAL IMPACT	+380	+1,470	+1,850	+1,320	+760	+600	+360	+260	+7,000
TOTAL CHANGE 2016-2036									
Single person	-1,640	+1,090	+7,460	+4,230	+5,140	+2,900	+5,510	+9,280	+33,960
Couple without children	-640	-230	-390	-8,370	+850	+11,030	+5,770	+5,020	+13,040
Couple with child(ren)	-490	-4,360	+2,300	+7,630	+2,200	+360	+40	-10	+7,680
Lone parent	+220	+2,290	+7,760	+3,520	+580	+150	+180	+360	+15,070
Other households	+4,760	+4,080	-800	-1,650	-680	+1,210	+4,640	+2,610	+14,180
TOTAL CHANGE	+2,210	+2,860	+16,340	+5,370	+8,100	+15,650	+16,140	+17,260	+83,930

Housing Mix: Size and Tenure

- ^{2.18} 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 patterns. 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. As the balance between flats and houses suggested by the Model is based on the future mix of households (by type and age) and housing currently occupied by each of these groups in each area, it may be necessary to take a judgement on this balance where the Model identifies a particularly high (or particularly low) proportion of flats (or houses).
- ^{2.19} Figure 6 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). This shows the overall need in 2016 and 2036 based on the mix of different household types and ages projected to be living in the Wider Bristol HMA, together with the net change (based on both the trend-based projections and the OAN uplift).
- ^{2.20} Whilst there is projected to be an increase of 34,000 extra single person households, only 14,600 extra dwellings have one bedroom (5,000 market homes and 9,600 affordable homes). This reflects that many single person households will continue to occupy family housing in which they already live.
- ^{2.21} Overall, housing need for market housing comprises almost 12,000 additional flats and just over 48,000 additional houses; mainly three-bedroom properties, but with a need identified for 7,600 houses with two bedrooms and 8,300 houses with four or more bedrooms. Housing need for affordable housing comprises 14,200 flats (around two thirds being one-bedroom flats and the other third having two or more bedrooms) and 12,700 houses (4,800 houses with two bedrooms, 5,800 houses with three bedrooms and 2,100 houses with four or more bedrooms).

Figure 6: Market and affordable housing mix for Wider Bristol 2016-36 (Note: Figures may not sum due to rounding)

		Housing Need		Net Change 2016-36	Impact of OAN Uplift	TOTAL CHANGE 2016-36
		2016	2036			
MARKET HOUSING						
Flat	1 bedroom	25,290	29,560	+4,270	+720	+4,990
	2+ bedrooms	34,390	40,590	+6,200	+760	+6,950
House	2 bedrooms	42,690	49,470	+6,780	+820	+7,600
	3 bedrooms	165,260	194,400	+29,140	+3,090	+32,220
	4 bedrooms	54,220	61,030	+6,810	+730	+7,540
	5+ bedrooms	8,220	8,930	+710	+90	+800
Total Market Housing		330,100	384,000	+53,900	+6,200	+60,100
AFFORDABLE HOUSING						
Flat	1 bedroom	19,030	28,050	+9,020	+610	+9,630
	2+ bedrooms	18,850	23,110	+4,260	+290	+4,550
House	2 bedrooms	13,620	18,070	+4,450	+300	+4,750
	3 bedrooms	26,870	32,290	+5,420	+370	+5,780
	4+ bedrooms	2,790	4,790	+2,000	+140	+2,130
Total Affordable Housing		81,200	106,300	+25,100	+1,700	+26,900
TOTAL		411,200	490,300	+79,100	+7,900	+87,000

The Private Rented Sector

- 2.22 As the private rented sector (PRS) expands and other sectors contract, it is clear that many households who would traditionally meet their housing needs in other sectors are now renting privately.
- 2.23 The English Housing Survey (EHS) 2016-17⁴ identified that 20% (4.7 million) of households were renting from a private landlord, much higher than the rate of 12% a decade earlier in 2006-07. The EHS also shows that households aged 25-34 were more likely to be renting privately (46%) than buying a home, up from 27% in 2006-07. Owner occupation in this age group dropped from 55% to 37% over the same 10-year period.
- 2.24 The Government sees the PRS having an important and long-term role in meeting the housing need of the nation; CLG (with the Intermediary Mortgage Lenders Association) forecast that the private rented sector will increase in size to 35% nationally by 2032⁵. On this basis, the number of households renting privately could double again over the next twenty years.
- 2.25 Given this context, PPG recognises the importance of understanding the likely future role of the private rented sector:

The private rented sector

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

Planning Practice Guidance (March 2014), ID 2a-021

- 2.26 Policy by both Government and Local Authorities is focused on improving Management and Maintenance in the sector (via licensing or self-regulation schemes) and expanding supply⁶ (including the Build to Rent investment scheme⁷). The Government published *“Improving the Private Rented Sector and Tackling Bad Practice: A guide for local authorities”* in March 2015⁸, and the Forward by the Minister stated:

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

- 2.27 The policy to support low-income households in the private rented sector with housing benefit is long-standing and housing benefit is explicitly factored into the long-term forecasts for public spending. However, there have been a number of legislative changes affecting the calculation and payment of housing benefit in the private rented sector, and these are set out below:

⁴ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/705821/2016-17_EHS_Headline_Report.pdf

⁵ <http://news.rla.org.uk/rpi-rent-revolution/>

⁶ <https://www.gov.uk/government/publications/private-rented-homes-review-of-the-barriers-to-institutional-investment>

⁷ <https://www.gov.uk/government/publications/build-to-rent-round-2-initial-due-diligence>

⁸ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/412921/Improving_private_rented_sector.pdf

Figure 7: Summary of legislative changes affecting private tenants' LHA (Source: HM Treasury, DWP)

Effective from	Change
April 2011	Introduction of absolute caps on the maximum rates that can be paid for each size of property
	Ending of the 5-bedroom rate – LHA restricted to 4 bedroom rate
	Stopping claimants being able to keep up to a £15 'excess' above their actual rent if it is below the LHA
	Increasing deductions for non-dependants living with HB claimants
	Increasing the Government's contribution to Discretionary Housing Payments
	Amending size criteria to allow an extra bedroom for disabled claimants with a non-resident carer
October 2011	Setting maximum LHA at the 30th percentile of local rents instead of the median
January 2012	Increasing age qualification for Shared Accommodation Rate from 25 to 35 years old
April 2013	Increasing LHA rates over time by the Consumer Price Index instead of referencing market rents – increase by 1% from April 2014 except in high rent areas
	Reducing LHA by 10% for those claiming JSA for over a year – not implemented
	Council Tax Benefit replaced by localised Council Tax Reduction schemes
	Parts of the Social Fund abolished, including Community Care grants and Crisis Loans
	Universal Credit implementation begins (with a pathfinder) to complete by 2017
	Spare room subsidy ('bedroom tax') introduced
June 2013	End of DLA, PIP begins for new claims
July 2013	Benefit cap implementation
	Universal Credit pathfinder expands
October 2013	Temporary Accommodation to have housing costs met in line with Local Housing Allowance rates
	Reassessment of existing Disability Living Allowance migration to Personal Independence Payment begins
	Universal Credit roll-out begins
	Incapacity benefit abolished; all claimants move to Employment Support Allowance (ESA) by late 2017
	Expansion of PIP/DLA reassessment for existing claimants
April 2014	Removal of access to Housing Benefit for EEA Jobseekers
	LHA uprating limited to 1 per cent
	Help to work scheme introduced for those unemployed 2 years +
April 2016	State Pensions Age increases begin
	Four-year freeze to certain working age benefits (pensioner benefits, DLA, PIP not frozen)
	Four-year freeze to local housing allowance rates
	Lowering the benefit cap to £23,000 in London and £20,000 elsewhere
	Universal credit claims will be limited to two children from April 2017 (with some exceptions)
	Removing entitlement to housing support for those aged 21 or under (with some exemptions)

^{2.28} It is therefore important for local authorities to consider the role of the private rented sector at a local level and recognise the way in which private rented housing will continue to provide housing options for households unable to afford their housing costs in future. Nevertheless, local authorities need to understand the range of different households in their areas that currently rent from private landlords and consider their policy responses accordingly.

Private Rented Sector in Wider Bristol HMA

^{2.29} Considering the trends of tenure mix for Wider Bristol over the last thirty years, it is evident that there have been some significant changes in the balance between owner occupiers and tenants renting their home.

- » **From 1981-1991:** the number of owner occupiers climbed significantly (increasing from 172K to 224K households, a gain of 52 thousand). This was partly as a consequence of the Right to Buy, which led to a decline in the number of social tenants (reducing from 76K to 60K households, a loss of 16 thousand); however there was no change in the number of private tenants (constant at 16K).
- » **From 1991-2001:** the number of owner occupiers continued to climb albeit at a slower pace (increasing from 224K to 247K households, a gain of 23 thousand); however this was alongside a growth of private tenants (increasing from 16K to 43K households, a gain of 27 thousand). The number of social tenants continued to decline (reducing from 60K to 51K households, a further loss of nine thousand).
- » **From 2001-2011:** the number of owner occupiers reduced fractionally (falling from 247K to 246K households, a loss of a thousand) whilst the number of private tenants increased substantially (from 43K to 77K households, a gain of 34 thousand). The number of social tenants also increased marginally (from 51K to 56K households, a gain of five thousand), though still remained below the number of social tenants recorded in 1991.

^{2.30} It is evident that the overall balance between owners and renters is similar in 2011 to the position in 1981, with just over a third renting and almost two thirds owning. Nevertheless, the balance between social rent and private rent has changed significantly: a quarter of tenants rented privately in 1981 (9% out of 37%) whereas more than half rented privately in 2011 (20% out of 35%).

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

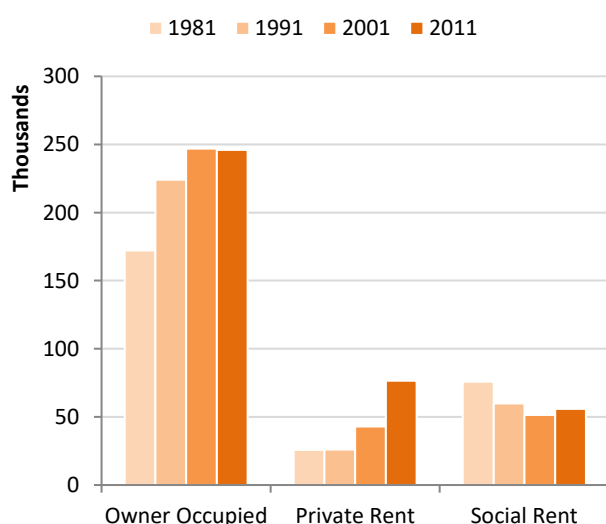


Figure 9: Percentage of Households by Tenure 1981-2011
(Source: UK Census of Population)

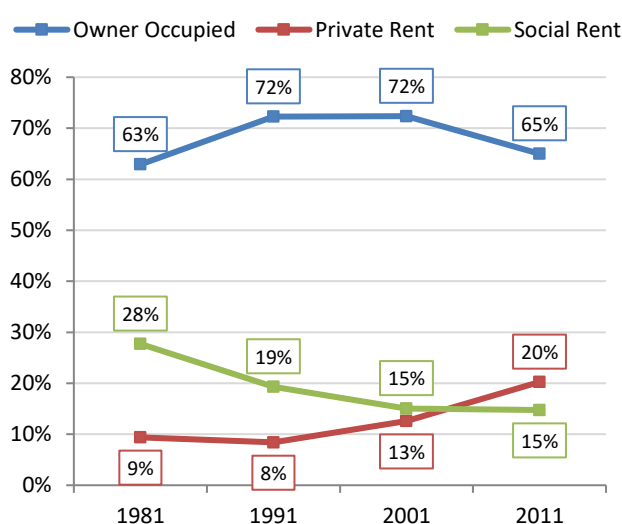


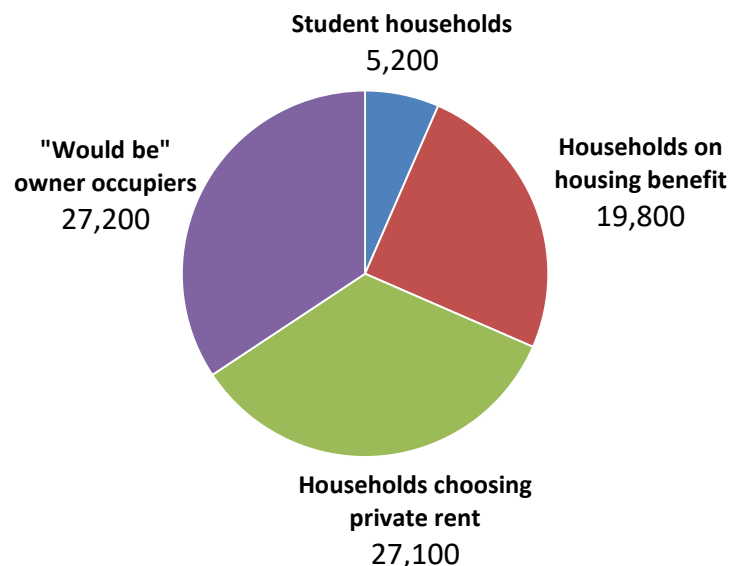
Figure 10: Households by Tenure 1981-2011 (Source: UK Census of Population)

Tenure	Total Households				Net Change		
	1981	1991	2001	2011	1981-1991	1991-2001	2001-2011
Owner occupied	172,300	224,100	246,800	246,100	+51,800	+22,800	-800
Private rent	25,800	26,100	42,900	76,600	+300	+16,800	+33,700
Social rent	75,900	59,900	51,300	55,800	-15,900	-8,600	+4,500
TOTAL	273,900	310,100	341,100	378,500	+36,200	+31,000	+37,400
Owner occupied	62.9%	72.3%	72.4%	65.0%	+143%	+73%	-2%
Private rent	9.4%	8.4%	12.6%	20.2%	+1%	+54%	+90%
Social rent	27.7%	19.3%	15.1%	14.7%	-44%	-28%	+12%

^{2.31} Based on the range of information available about tenants currently renting privately in Wider Bristol HMA, it is helpful to consider the mix of different types of household living in the area. Based on our estimate for the 2016 position:

- » 5,200 properties are rented by households that are students, this is 7% of the sector;
- » 19,800 properties are rented by households in receipt of housing benefit, a quarter (25%) of the sector;
- » A further 54,300 households renting privately; however if the proportion of households in owner occupation had not changed between 2001 and 2016, 27,200 of these households would have been owner occupiers. This represents over a third (34%) of all households renting privately; and
- » Around 27,100 households are therefore renting privately through choice, due to their current personal, family, employment or other circumstances.

^{2.32} It is important to recognise that the 27,200 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. **Given the number of “would be” owner occupiers in Wider Bristol HMA, the Councils may wish to consider any local options for extending home ownership to these households.** This action would be in addition to providing affordable housing.

Figure 11: Mix of household types living in the private rented sector (Source: ORS Housing Model and Council Tax Base)

Self-build and Custom Housebuilding

- 2.33 Paragraph 50 of the NPPF identifies that local planning authorities should plan for people wishing to build their own homes, and PPG states:

Self-build and custom housebuilding

The government wants to enable more people to build or commission their own home and wants to make this form of housing a mainstream housing option. From 1 April 2016, most local planning authorities (including all district councils and National Park Authorities) are required to keep a register of individuals and associations of individuals who are seeking to acquire serviced plots of land in their area in order to build homes for those individuals to occupy. The Self-build and Custom Housebuilding (Register) Regulations 2016 set out the requirements. See guidance on self-build and custom housebuilding registers. In order to obtain a robust assessment of demand for this type of housing in their area, local planning authorities should supplement the data from the registers with secondary data sources such as: building plot search websites, 'Need-a-Plot' information available from the Self Build Portal; and enquiries for building plots from local estate agents.

Planning Practice Guidance (March 2014, Updated April 2016), ID: 2a-021

- 2.34 It is important to recognise that anyone seeking to build their own property does not add to the Objectively Assessed Needs for an area. Instead, self-build represents a mechanism for helping to meet the identified need for market and affordable housing of an area. Anyone seeking to self-build a property will be counted in the OAN as part of the demographic projections or market signals. In the same way as someone needing an affordable dwelling also requires a dwelling in an area, if someone requires a self-build plot then they will also require a dwelling as part of the OAN.
- 2.35 Over half of the population (53%) say that they would consider building their own home⁹ (either directly or using the services of architects and contractors); but it's likely that this figure conflates aspiration with effective market demand. Recent surveys undertaken by ORS in Stockton on Tees and Rother have also identified a high level of interest in self and custom build, but again this may have been conflating an aspiration with effective demand. Self-build currently represents only around 10% of housing completions in the UK, compared to rates of around 40% in France and 70 to 80% elsewhere in Europe.
- 2.36 "*Laying the Foundations – a Housing Strategy for England*" (HM Government, 2011)¹⁰ redefined self-build as 'Custom Build' and aimed to double the size of this market, creating up to 100,000 additional homes over the decade. "*Build-it-yourself? Understanding the changing landscape of the UK self-build market*" (University of York, 2013) subsequently set out the main challenges to self-build projects and made a number of recommendations for establishing self-build as a significant contributor to housing supply. The previous Government also established a network of 11 Right to Build 'Vanguards' to test how the 'Right to Build' could work in practice in a range of different circumstances.
- 2.37 In the Budget 2014, the Government announced an intention to consult on creating a new 'Right to Build', giving 'Custom Builders' a right to a plot from councils. The Self-Build and Custom Housebuilding Act¹¹ 2015 places a duty on local planning authorities to:

⁹ Building Societies Association Survey of 2,051 UK consumers 2011

¹⁰ <https://www.gov.uk/government/publications/laying-the-foundations-a-housing-strategy-for-england--2>

¹¹ <http://services.parliament.uk/bills/2014-15/selfbuildandcustomhousebuilding.html>

- » Keep a register (and publicise this) of eligible prospective 'custom' and self-build individuals, community groups and developers;
- » Plan to bring forward sufficient serviced plots of land, probably with some form of planning permission, to meet the need on the register and offer these plots to those on the register at market value; and
- » Allow developers working with a housing association to include self-build and custom-build as contributing to their affordable housing contribution.

^{2.38} The 2015 Act was amended by the Housing and Planning Act 2016¹² which placed a duty on local planning authorities to provide serviced sites which have planning permission that allows for self or custom build:

An authority to which this section applies must give suitable development permission in respect of enough serviced plots of land to meet the demand for self-build and custom housebuilding in the authority's area arising in each base period. (Section 2(a)(2))

^{2.39} Limited Government funding¹³ is currently available via the Homes England "Home Building Fund" programme (short-term project finance to help unlock group custom build or self-build schemes). The Government announced further measures in 2014 (Custom Build Serviced Plots Loan Fund) to encourage people to build their own homes, and to help make available 10,000 'shovel ready' sites with planning permission. Given this context, it is important to recognise that self-build could either be market housing or low-cost home ownership affordable housing products. Nevertheless, it is likely that the majority will be market homes.

^{2.40} In May 2012 a Self-Build Portal¹⁴ run by the National Custom and Self Build Association (NaCSBA) was launched. Figure 12 shows the current registrations from groups and individuals looking for land in the Wider Bristol HMA on the 'Need-a-Plot' section of the portal.

¹² <http://services.parliament.uk/bills/2015-16/housingandplanning.html>

¹³ <https://homebuildingfund.campaign.gov.uk/>

¹⁴ <http://www.selfbuildportal.org.uk/>

Figure 12: Group and Individual Registrations currently looking for land in and around Wider Bristol HMA on the 'Need-a-Plot' Portal (Source: NCaSBA, September 2018 and Google Maps. Note: Green flags represent solo plots wanted, brown flags represent group plots wanted and blue flags represent group or solo plots wanted)



^{2.41} Given the historic low supply of self-build homes and the challenges in bringing schemes forward it seems unlikely that self-build will make a significant contribution locally to meeting housing need in its current form. Nevertheless, the authority should put arrangements in place to comply with the Self-Build and Custom Housebuilding Act (if they have not already done so).

^{2.42} Overall, the evidence supports limited demand for self-build. However, this may under-estimate actual demand.

Housing for Older People

- ^{2.43} Britain's population is ageing, and people can expect to live longer healthier lives than previous generations. The older population is forecast to grow to 21.8m by 2041¹⁵ for the over 60s (an increase of 6.5m), and from 1.6m (2016) to 3.6m by 2033 for the over 85s. Given this context, PPG recognises the importance of providing housing for older people:

Housing for older people

The need to provide housing for older people is critical given the projected increase in the number of households aged 65 and over ... Plan makers will need to consider the size, location and quality of dwellings needed in the future for older people in order to allow them to move. This could free up houses that are under occupied.

The future need for older persons housing broken down by tenure and type (e.g. sheltered, enhanced sheltered, extra care and, registered care) should be assessed and can be obtained from a number of online tool kits provided by the sector. The assessment should set out the level of need for residential institutions (Use Class C2). But identifying the need for particular types of general housing, such as bungalows, is equally important.

Planning Practice Guidance (March 2014), ID 2a-021

- ^{2.44} The population projections based on long-term migration trends uplifted by market signals identified that the population was likely to increase from 943,500 persons to 1,121,900 persons over the 20-year period 2016-36; a 20-year increase of 178,400 persons. The population in older age groups is projected to increase substantially during the Plan period, with 40% of the overall population growth (72,100 persons) projected to be aged 65 or over and 28% projected to be 75 or over (50,100 persons). This is particularly important when establishing the types of housing required and the need for housing specifically for older people. Whilst most of these older people will already live in the area and many will not move from their current homes; those that do move home are likely to need accessible housing.
- ^{2.45} The Housing Learning and Improvement Network (LIN) published "More Choice, Greater Voice: a toolkit for producing a strategy for accommodation with care for older people"¹⁶ in February 2008; and subsequently published the "Strategic Housing for Older People (SHOP)"¹⁷ resource pack in December 2011. Both the toolkit and the resource pack provide standardised rates for estimating the demand for a range of specialist older person housing products, based on the population aged 75 or over.

Figure 13: Benchmark Figures for Specialist Older Person Housing

Form of Provision	More Choice, Greater Voice toolkit			SHOP resource pack		
	Owned	Rented	TOTAL	Owned	Rented	TOTAL
Demand per 1,000 persons aged 75+						
Leasehold Schemes for the Elderly (LSE)	75	-	75	120	-	120
Conventional Sheltered Housing	-	50	50	-	60	60
Sheltered 'plus' or 'Enhanced' Sheltered	10	10	20	10	10	20
Extra care	12.5	12.5	25	30	15	45
Dementia	-	10	10	-	6	6
TOTAL	97.5	92.5	180	160	91	251

¹⁵ 2016 Sub National Population Projections - ONS

¹⁶ http://www.housinglin.org.uk/library/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf

¹⁷ <http://www.housinglin.org.uk/library/Resources/Housing/SHOP/SHOPResourcePack.pdf>

- 2.46 These rates provide a useful framework for understanding the potential demand for different forms of older person housing, but neither publication provides any detail about the derivation of the figures.
- 2.47 The More Choice, Greater Voice toolkit recognises that the suggested framework simply:
- “...represents an attempt to quantify matters with explicit numerical ratios and targets. It is contentious, but deliberately so, in challenging those who must develop local strategies to draw all the strands together in a way that quantifies their intentions.”* (page 44)
- 2.48 Similarly, the SHOP resource pack acknowledges that the framework simply provides a baseline, which extrapolates “...crude estimates of future demand from existing data” (page 36). There is no single correct answer when estimating the need for older person housing, however the rates provide a basis for identifying the potential levels of demand.
- 2.49 Based on the growth of 50,100 persons aged 75+, the table below identifies the potential requirement for new specialist housing (using the rates from the SHOP resource pack). Note that no Wider Bristol authority has adopted the Sheltered ‘plus’ or ‘Enhanced’ Sheltered models in the benchmark figures above, so these have been included under Extra Care in Figure 14. Dementia provision numbers are also subsumed into Extra Care. Each authority has an individual business case encompassing dementia needs outlined in its market position statement¹⁸.

Figure 14: Modelled Demand for Older Person Housing by Local Authority (Source: ORS Model, SHOP Resource Pack, EAC)

	Type of Housing	Rate per 1,000 persons aged 75+	Gross need 2016	Existing supply 2016	Backlog at Start of Plan Period	Gross need 2036	New Need 2016-36	Total Need 2016-36
Bristol								
Sheltered Housing	Owned	120	3,360	1,050	2,310	5,130	1,770	4,080
	Rented	60	1,680	2,600	-920	2,570	890	-40
Extra Care (Class Use C3 /C2)	Owned	40	1,120	190	930	1,710	590	1,520
	Rented	31	870	540	330	1,330	460	780
TOTAL		251	7,030	4,390	2,640	10,740	3,710	6,350
North Somerset								
Sheltered Housing	Owned	120	2,720	1,090	1,640	4,930	2,210	3,850
	Rented	60	1,360	1,420	-50	2,470	1,110	1,050
Extra Care (Class Use C3 /C2)	Owned	40	910	110	800	1,640	740	1,540
	Rented	31	700	190	520	1,270	570	1,090
TOTAL		251	5,690	2,800	2,900	10,320	4,630	7,530
South Gloucestershire								
Sheltered Housing	Owned	120	2,830	320	2,510	4,850	2,030	4,540
	Rented	60	1,410	1,520	-100	2,430	1,010	910
Extra Care (Class Use C3 /C2)	Owned	40	940	70	870	1,620	680	1,550
	Rented	31	730	260	470	1,250	520	1,000
TOTAL		251	5,910	2,160	3,750	10,150	4,240	7,990

¹⁸ <https://www.bristol.gov.uk/documents/20182/2678414/Market+Position+Statement/bdd21e05-0a76-94ae-4094-246ad9eb5739>
<https://www.n-somerset.gov.uk/wp-content/uploads/2018/09/housing-with-support-strategy-2017-27.pdf>
<http://edocs.southglos.gov.uk/cyp-mps/>

	Type of Housing	Rate per 1,000 persons aged 75+	Gross need 2016	Existing supply 2016	Backlog at Start of Plan Period	Gross need 2036	New Need 2016-36	Total Need 2016-36
Wider Bristol								
Sheltered Housing	Owned	120	8,910	2,450	6,460	14,920	6,010	12,470
	Rented	60	4,450	5,530	-1,080	7,460	3,010	1,930
Extra Care (Class Use C3 /C2)	Owned	40	2,970	370	2,600	4,970	2,000	4,600
	Rented	31	2,300	990	1,310	3,850	1,550	2,870
TOTAL		251	18,630	9,340	9,290	31,210	12,570	21,860

- ^{2.50} The analysis of the need for specialist older person housing identifies a backlog of 9,290 dwellings at the start of the Plan period in 2016; however, this comprises a need for 9,060 owner occupied properties (6,460 leasehold sheltered housing units and 2,600 owner occupied extra care homes) and a need for an additional 1,310 rented extra care homes, offset against a surplus of 1,080 conventional sheltered homes for rent (given a supply of 5,530 units set against a need for 4,450 units in 2016).
- ^{2.51} Over the 20-year Plan period 2016-36, the analysis identifies a need for 12,570 additional homes; yielding an overall need of around 21,860 specialist older person housing units of various types to be provided over the 20-year period 2016-36; which represents around 25% of the overall OAN. This includes around 12,500 leasehold sheltered homes and 1,900 sheltered homes to rent, together with around 7,500 extra care homes (4,600 owner occupied and 2,870 for rent). It is also important to recognise that although there isn't any backlog need identified for additional sheltered housing for rent at the start of the Plan period, some of the existing stock may not be suitable for the future and therefore it may be necessary to replace some of this stock.

- 2.52 PPG identifies that “assessments should set out the level of need for residential institutions (Use Class C2)” (ID 2a-021). Planning Practice Guidance for Housing and Economic Land Availability Assessment also states the following in relation to housing for older people:

How should local planning authorities deal with housing for older people?

Older people have a wide range of different housing needs, ranging from suitable and appropriately located market housing through to residential institutions (Use Class C2). Local planning authorities should count housing provided for older people, including residential institutions in Use Class C2, against their housing requirement. The approach taken, which may include site allocations, should be clearly set out in the Local Plan.

Planning Practice Guidance (March 2015), ID 3-037

- 2.53 It is important to recognise that the identified OAN of 87,000 dwellings does not include the projected increase of institutional population, which represents a growth of around 4,286 persons over the 20-year Plan period 2016-36. This increase in institutional population is a consequence of the CLG approach to establishing the household population¹⁹, which assumes “that the share of the institutional population stays at 2011 levels by age, sex and relationship status for the over 75s” on the basis that “ageing population will lead to greater level of population aged over 75 in residential care homes”. Student housing is considered below and the evidence is there will be limited growth in dedicated, institutional, housing for students.
- 2.54 The Councils will therefore need to consider the most appropriate way to count the supply of bedspaces in residential institutions (Use Class C2) as part of their overall housing monitoring; and decide whether this should form part of the overall housing supply. **If bedspaces in residential institutions in Use Class C2 are counted within the housing supply, then the increase in institutional population aged 75 or over would need to be counted as a component of the housing requirement (in addition to the assessed OAN).** If these bedspaces are not counted within the housing supply, then there is no need to include the increase in institutional population as part of the housing requirement.
- 2.55 Nevertheless, older people are living longer, healthier lives, and the specialist housing offered today may not be appropriate in future years and the Government’s reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. Therefore, despite the ageing population, current policy means that the number of care homes and nursing homes may actually decline, as people are supported to continue living in their own homes for longer.
- 2.56 Although the institutional population is projected to increase by around 4,286 persons over the Plan period 2016-36 (based on the CLG assumption that there will be a “greater level of population aged over 75 in residential care homes”), it does not necessarily follow that all of this need should be provided as additional bedspaces in residential institutions in Use Class C2 – but any reduction in the growth of institutional population aged 75 or over would need to be offset against higher growth for these age groups in the household population; which would yield more households than assumed when establishing the OAN.
- 2.57 As a consequence, if fewer older people are expected to live in communal establishments than is currently projected, the needs of any additional older people in the household population would need to be counted in addition to the assessed OAN.

¹⁹ Household Projections 2012-based: Methodological Report, Department for Communities and Local Government, February 2015

^{2.58} More generally, it is important that policies for specialist older person housing are considered in partnership with other agencies, in particular those responsible for older person support needs. It is also important to consider other factors and constraints in the market:

- » **Demographics:** the changing health, longevity and aspirations of Older People mean people will live increasingly healthy longer lives and their future housing needs may be different from current needs;
- » **New supply:** development viability of schemes, and the availability of revenue funding for care and support services, need to be carefully considered before commissioning any new scheme. It will also be important for the Councils and their partners to determine the most appropriate types of specialist older person housing to be provided in the area;
- » **Existing supply:** while there is considerable existing specialist supply, this may be either inappropriate for future households or may already be approaching the end of its life. Therefore, future need may be understated. Nevertheless, other forms of specialist older person housing may be more appropriate than conventional sheltered housing to rent when considering future needs;
- » **Other agencies:** any procurement of existing supply needs to be undertaken with other agencies who also plan for the future needs of Older People, particularly LA Supporting People Teams and the Health Service; and
- » **National strategy and its implications for Older People:** national strategy emphasises Older People being able to remain in their own homes for as long as possible rather than specialist provision, so future need may, again, be overstated.

Housing for People with Disabilities

- 2.59 Paragraph 50 of the NPPF identifies that local planning authorities should plan households with specific needs, and PPG states:

Households with specific needs

There is no one source of information about disabled people who require adaptations in the home, either now or in the future.

The Census provides information on the number of people with long-term limiting illness and plan makers can access information from the Department of Work and Pensions on the numbers of Disability Living Allowance/Attendance Allowance benefit claimants. Whilst these data can provide a good indication of the number of disabled people, not all of the people included within these counts will require adaptations in the home.

Applications for Disabled Facilities Grant will provide an indication of levels of expressed need, although this could underestimate total need. If necessary, plan makers can engage with partners to better understand their housing requirements.

Planning Practice Guidance (March 2015), ID 2a-021

- 2.60 Personal Independence Payments started to replace the Disability Living Allowance from April 2013, and these are awarded to people aged under 65 years who incur extra costs due to disability (although there is no upper age limit once awarded, providing that applicants continue to satisfy either the care or mobility conditions). Attendance Allowance contributes to the cost of personal care for people who are physically or mentally disabled and who are aged 65 or over. Nevertheless, PPG recognises that neither of these sources provides information about the need for adapted homes as *“not all of the people included within these counts will require adaptations in the home”*.
- 2.61 Disabled Facilities Grants (DFG) are normally provided by Councils and housing associations to adapt properties for individuals with health and/or mobility needs who are owner occupiers, or renting from a private landlord, housing association or council. Grants cover a range of works, ranging from major building works, major adaptations to the property and minor adaptations, such as:
- » Structural works such as a downstairs bathroom or extension;
 - » Improving access to rooms and facilities, for example Providing a hoist system or through floor lift, widening doors, installing ramps, and stair lifts;
 - » Providing a heating system suitable for needs;
 - » Adapting heating or lighting controls to make them easier to use;
 - » Stair rails and grab rails.
- 2.62 However, PPG notes that whilst patterns of DFG applications *“provide an indication of expressed need”* it cautions that this could *“underestimate need”*. Of course, it is also important to recognise that DFGs typically relate to adaptations to the existing housing stock rather than new housing provision.
- 2.63 As previously noted, the Government’s reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. This was reflected in the recent changes to building regulations relating to adaptations and wheelchair accessible homes that were published in the Building

Regulations 2010 Approved Document Part M: Access to and use of buildings (2015 edition incorporating 2016 amendments – for use in England).²⁰ Three standards are covered:

- » M4(1) Category 1: Visitable dwellings – Mandatory, broadly about accessibility to ALL properties
- » M4(2) Category 2: Accessible and adaptable dwellings – Optional, similar to Lifetime Homes
- » M4(3) Category 3: Wheelchair user dwellings – Optional, equivalent to wheelchair accessible standard.

^{2.64} Given that the existing stock is considerably larger than projected new build, adapting existing stock through DFGs is likely to form part of the solution. However, the English Housing Survey identifies that approaching half of all existing dwellings could not be adapted or would require major works in order for them to be made fully visitable. On this basis, adapting existing stock alone is unlikely to provide sufficient properties to meet the needs of a growing older population.

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



^{2.65} In terms of new developments, Part M states that: “Where no condition is imposed, dwellings only need to meet requirements M4(1)” (Paragraph 0.3). Local authorities should identify the proportion of dwellings in new developments that should comply with the requirements for M4(2) Category 2 and M4(3) Category 3 as part of the Local Plan, based on the likely future need for housing for older and disabled people (including wheelchair user dwellings) and taking account of the overall impact on viability.

²⁰ <https://www.gov.uk/government/publications/access-to-and-use-of-buildings-approved-document-m>

2.66 Planning Practice Guidance for Housing optional technical standards states:

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

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

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

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

“The provision made must be sufficient to-

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

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

2.68 On this basis, in establishing the need for M4(2) Category 2 housing it is important to consider the population projections and health demographics of the area.

2.69 When considering the housing mix, the SHMA identified that many households moving into new housing are likely to be younger at the time that they form. However, these will include some households with mobility problems. Furthermore, it is likely that the needs of these households will change over time – partly through progressive change as health deteriorates with households get older, but also immediate change following an accident or health condition impacting mobility. Some households may also gain additional members with existing conditions, including children born with disabilities.

2.70 The SHMA also identified a substantial growth in older households, although many of these will not move from their current home and will make adaptations as required to meet their needs. However, a large number of older households will still choose to move to an accessible home and others may have to move where it is not viable for their current home to be adapted. Not all of these households want to live in specialist older person housing, so it is important to ensure that accessible general needs housing that is suitable for older people is also provided. This will often free up family housing occupied by older households.

2.71 The Census provides details about residents with limiting long-term illnesses and disabilities, including details by age and tenure. Figure 16 illustrates the proportion of residents with limiting long-term illnesses in Bristol, North Somerset, South Gloucestershire and England. It is clear that the proportion of older residents with limiting illnesses is higher than the proportion for younger residents. Furthermore, within each age group the proportion of residents living in affordable housing is higher than the proportion who live in market housing. In terms of the local population, the proportions of residents with limiting illnesses across the Wider Bristol area are broadly comparable with the equivalent national rates.

Figure 16: Limiting long-term illness by age and tenure (Source: Census 2011)

^{2.72} The Public Health England (PHE) health profiles provide more up-to-date information on a range of health indicators. Figure 17 identifies some key indicators for Bristol, North Somerset and South Gloucestershire which demonstrate the health profile compared to England. It is evident that health indicators for South Gloucestershire and North Somerset are generally better than the national average whilst the indicators for Bristol are broadly in line with the national average.

Figure 17: Public Health England health profiles indicators 2017 (Source: Public Health England health profiles. Note: green cells are better than England, amber cells are similar to England and red cells are worse than England)

Indicator	Period	England	Bristol	North Somerset	South Glos
Deprivation score (IMD)	2015	21.8	27.2	15.8	11.4
Life expectancy at birth (Male)	2014-16	79.5	78.8	79.9	81.3
Life expectancy at birth (Female)	2014-16	83.1	82.8	83.6	85.0
Percentages					
Children in low income families (under 16s)	2015	16.8	20.1	12.1	10.1
Obese children (Year 6)	2016/17	20.0	19.8	14.7	14.1
Percentage of physically active adults	2016/17	66.0	74.3	73.3	70.2
Excess weight in adults	2016/17	61.3	55.2	55.1	60.1
Rates per 100,000 population					
Hip fractures in people aged 65 and over	2016/17	575	631	565	526
Under 75 mortality rate: cardiovascular	2014-16	73.5	76.6	61.0	61.0
Excess winter deaths	Aug 2013-Jul 2016	17.9	17.4	21.3	19.1

^{2.73} Not all health problems will affect households' housing needs. Data from the English Housing Survey identifies that 70.9% of households have no limiting long-term illness or disability with a further 20.3% where there is a household member with an illness or disability, but this does not affect their housing need. Nevertheless, around 8.8% of households (around 1 in every 12) have one or more persons with a health problem which requires adaptations to their home. The proportion is markedly higher in affordable housing than in market housing (19.8% and 6.5% respectively).

- 2.74 Within this group, the substantial majority of households (82.6%) live in a home that is suitable for their needs (either having already moved or adapted their existing home). Nevertheless, just over 17% of households with a disability that affects their housing need either require adaptations or need to move to a more suitable home, which equates to 1.5% of all households.

Figure 18: Households with a long-term illness or disability that affects their housing needs (Source: English Housing Survey)

	Market housing	Affordable housing	TOTAL
Households without limiting long-term illness or disability	75.2%	50.2%	70.9%
Households with one or more persons with a limiting long-term illness or disability			
Does not affect their housing need	18.3%	29.9%	20.3%
Current home suitable for needs	5.4%	16.2%	7.3%
Current home requires adaptation	0.6%	1.6%	0.8%
Need to move to a more suitable home	0.5%	2.0%	0.7%
Total households where a limiting long-term illness or disability affects their housing need:	6.5%	19.8%	8.8%
Of those households where a limiting long-term illness or disability affects their housing need:			
Current home suitable for needs	83.1%	81.9%	82.6%
Current home requires adaptation	9.4%	8.1%	8.9%
Need to move to a more suitable home	7.4%	10.0%	8.4%

- 2.75 Through combining the national data from the English Housing Survey with data about relative levels of limiting long-term illness and disability in Wider Bristol, it is possible to estimate the number of households likely to require adaptations or needing to move to a more suitable home in the housing market area.
- 2.76 Figure 19 identifies that there were around 118,300 households living in Wider Bristol in 2016 with one or more persons with a limiting long-term illness or disability. This included around 36,400 households where their health problems affected their housing needs, but the majority of these households (around 30,100) were already living in a suitable home. However, at the start of the Plan period in 2016, it is estimated that there were around 3,100 households needing to move to a more suitable home due to a disability or another long-term health problem. These households would represent an existing need for M4(2) housing, however some of these households would be wheelchair users needing M4(3) housing. A further 3,200 households needed adaptations to their current home.

Figure 19: Households with a long-term illness or disability Wider Bristol HMA in 2016 by effect on housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Bristol	North Somerset	South Gloucestershire	TOTAL
Households with one or more persons with a limiting long-term illness or disability	56,910	30,088	31,333	118,331
Does not affect their housing need	39,445	20,683	21,787	81,915
Current home suitable for needs	14,308	7,845	7,959	30,112
Current home requires adaptation	1,554	804	820	3,178
Need to move to a more suitable home	1,603	755	767	3,125
Total households where a limiting long-term illness or disability affects their housing need:	17,465	9,405	9,546	36,416

- 2.77 The identified need for 3,100 adapted homes at the start of the Plan period is based on households' current needs. The M4(2) standard also requires "*the changing needs of occupants over time*" to be considered. Figure 23 identified that older residents are more likely to experience health problems; therefore, even without any change to the number of households in the housing market area, the number of households with one or more persons with a limiting long-term illness or disability will increase over time as people get older.
- 2.78 Whilst around 36,400 households living in Wider Bristol in 2016 had a health problem that already affected their housing requirement, it is likely that a further 16,800 households would develop health problems within 10 years: 7,900 in Bristol, 4,200 in North Somerset and 4,600 in South Gloucestershire. These households would also require adaptations to their current home or would need to move to a more suitable home.
- 2.79 Based on the household projections and the overall housing need identified by the SHMA, we can establish the future need for adapted housing in the housing market area based on the projected household growth and the changing demographics of the area.
- 2.80 Given an OAN of 87,000 dwellings, Figure 3 identified a growth of 83,900 households. Further modelling of health needs suggests that by 2036 there will be an additional 42,100 households either already experiencing health problems or likely to develop health problems within 10 years: 19,300 in Bristol, 11,100 in North Somerset and 11,700 in South Gloucestershire. Some of these will be new households, but many will be existing households resident in 2016 whose health has deteriorated over the Plan period.
- 2.81 Therefore, considering the needs of households resident at the start of the Plan period together with the projected household growth and changing demographics (in particular the ageing population), there will be a total of 58,800 households either needing adaptations to the existing housing or suitable new housing to be provided. This is in addition to the 3,100 households needing to move and the 3,200 households needing adaptations based on their current health at the start of the Plan period.

Figure 20: Households with a long-term illness or disability in Wider Bristol HMA in 2016 by affect on housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Bristol	North Somerset	South Gloucestershire	TOTAL
Households where an existing illness or disability affects their housing need in 2016				
Current home suitable for needs	14,308	7,845	7,959	30,112
Current home requires adaptation	1,554	804	820	3,178
Need to move to a more suitable home	1,603	755	767	3,125
Total households where a limiting long-term illness or disability affects their housing need in 2016	17,465	9,405	9,546	36,416
Existing households in 2016 likely to develop health problems that affect their housing need within 10 years	7,918	4,211	4,625	16,754
Additional households in 2036 projected to experience problems or likely to develop problems within 10 years	19,306	11,055	11,706	42,067
Additional households in 2036 where illness or disability affects their housing need or will develop within 10 years	27,224	15,266	16,330	58,820

- 2.82 To provide M4(2) housing for all of the identified need would require housing for 61,900 households to be provided. However, not all households will want to move to new housing – some will adapt their current homes and others will move to another dwelling in the existing stock.

- 2.83 Although some households would prefer not to move, Figure 15 identified that many existing homes were not suitable for adaptation to meet the M4(1) Category 1 standard and others would require major works. Fewer dwellings would be adaptable to the M4(2) Category 2 standard given the additional requirements. Based on the housing mix in the housing market area, it is likely that around 55% of all dwellings could be converted to meet the M4(1) standard.
- 2.84 Whilst the proportion that could be converted to meet the M4(2) standard would be lower, this provides a reasonable upper estimate of the number of households likely to be able to adapt existing homes rather than move to new housing. On this basis, we could assume that at least 45% of the additional households where illness or disability affects their housing need would move to new housing: 26,400 households. Together with the 3,100 households identified as needing to move at the start of the Plan period, this would represent a total of 29,500 households.

Figure 21: Households with a long-term illness or disability in Wider Bristol HMA in 2016 by effect on housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Bristol	North Somerset	South Gloucestershire	TOTAL
Existing need in 2016				
Households where an existing illness or disability affects their housing need and need to move in 2016	1,603	755	767	3,125
Projected future need 2016-36				
Additional households in 2036 where illness or disability affects their housing need or will develop within 10 years	27,224	15,266	16,330	58,820
Maximum need for adapted housing 2016-36 (households)	28,827	16,022	17,098	61,947
Less households living in dwellings adaptable to M4(1) standard	13,197	9,457	9,836	32,490
Minimum need for adapted housing 2016-36 (households)	15,630	6,564	7,262	29,456

- 2.85 There is inevitably uncertainty about how many households will be able to meet their housing needs without moving and how many will move to existing homes rather than new housing. Nevertheless, the minimum of 29,500 households and maximum of 61,900 households identified in Figure 21 provide an appropriate range for the local authorities to consider. This would represent between 30,300 and 63,700 dwellings over the 20-year Plan period 2016-36, equivalent to a range from 35% to 73% of the overall housing need. **The mid-point of this range would represent around 54% of all new housing being suitable for the needs of households with health problems or disabilities that affect their housing requirement.**
- 2.86 Given the significantly higher prevalence (proportionally 3 times higher – see Figure 18) of health problems and disabilities affecting housing requirement in the affordable sector, the level of provision above would indicate a need for **all new affordable homes to meet the M4(2) or M4(3) standard.**
- 2.87 It is important to recognise that these levels represent the combined need for both M4(2) Category 2 and M4(3) Category 3 housing; for households with a wheelchair user would be included within those households counted as having a health problem or disability that affects their housing need.

Housing for Wheelchair Users

- ^{2.88} Building Regulations for M4(3) Category 3: Wheelchair user dwellings also states that reasonable provision should be made for people to gain access to and use the facilities of the dwelling and that:

“The provision made must be sufficient to-

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

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

- ^{2.89} On this basis, in establishing the need for M4(3) Category 3 housing it is again important to consider the population projections and health demographics of the area, but with specific reference to households with wheelchair users.

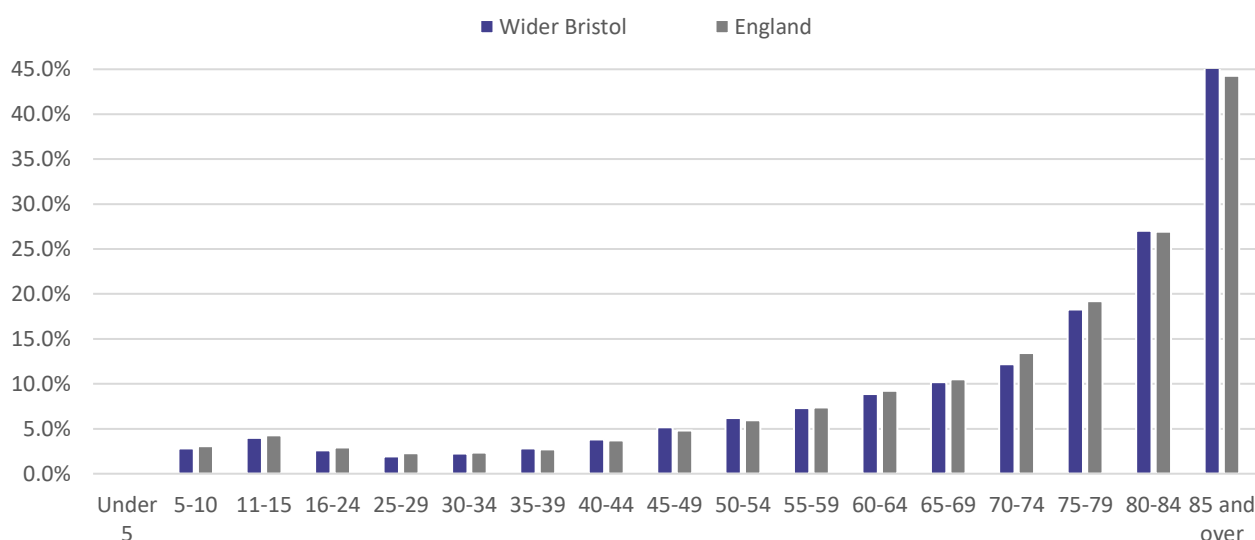
- ^{2.90} The CLG guide to available disability data²¹ (referenced by PPG ID 56-007) shows that around 1-in-30 households in England (3.3%) currently have at least one wheelchair user, although the rate is notably higher for households living in affordable housing (7.1%). The rates are also higher for older households. Figure 22 identifies the proportion of households in England with a wheelchair user currently living in market housing and affordable housing by age of household representative.

Figure 22: Percentage of households with a wheelchair user by type of housing and age of household representative
(Source: English Housing Survey 2013-14)

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

- ^{2.91} Figure 23 compares the proportion of disability benefit claimants in receipt of mobility award (the majority of whom will be wheelchair users) for Wider Bristol against the figures for England. Once again, it is evident that the rates are broadly in line with the national rates.

Figure 23: Disability benefit claimants in receipt of mobility award by age (Source: DWP, 2016)



²¹ <https://www.gov.uk/government/publications/building-regulations-guide-to-available-disability-data>

- 2.92 Through combining the information on local rates with the national data, we can establish the proportion of households in Wider Bristol likely to have a wheelchair user by the age of the household representative in market housing and affordable housing (Figure 24).

Figure 24: Percentage of households with a wheelchair user by type of housing and age of household representative

Housing Type	Age of Household Representative							
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+
Bristol								
Market housing	< 0.1%	0.4%	1.0%	1.7%	3.1%	4.2%	6.8%	11.1%
Affordable housing	0.3%	2.0%	3.0%	6.1%	6.3%	10.7%	13.9%	23.5%
North Somerset								
Market housing	< 0.1%	0.4%	1.0%	1.6%	2.9%	3.8%	5.6%	8.7%
Affordable housing	0.3%	2.0%	2.9%	5.9%	5.9%	9.9%	11.8%	18.9%
South Gloucestershire								
Market housing	< 0.1%	0.4%	1.0%	1.5%	2.8%	3.8%	5.8%	9.4%
Affordable housing	0.3%	2.0%	2.9%	5.8%	5.8%	9.9%	12.2%	20.2%

- 2.93 Figure 25 identifies the net change in the number of households with a wheelchair user over the period 2016 to 2036. It is evident that the number of households likely to need wheelchair adapted housing in Wider Bristol is likely to increase by almost 4,900 over the 20-year period, equivalent to around 6% of the overall OAN.

Figure 25: Households needing Wheelchair Adapted Housing (Source: ORS Housing Model. Note: Figures may not sum due to arithmetic rounding)

Modelled Need for Wheelchair Adapted Housing	Households aged under 75			Households aged 75+			Overall change 2016-36	% of OAN
	2016	2036	Net change 2016-36	2016	2036	Net change 2016-36		
Bristol								
Market	2,100	2,550	450	1,310	1,970	670	1,120	3.8%
Affordable	2,030	2,650	620	910	1,400	490	1,110	7.1%
N Somerset								
Market	1,370	1,510	140	880	1,630	750	880	6.9%
Affordable	630	740	110	300	570	270	380	8.4%
South Gloucestershire								
Market	1,590	1,800	210	980	1,710	730	940	6.0%
Affordable	610	780	170	340	630	290	460	7.9%
Wider Bristol HMA								
Market	5,060	5,860	800	3,170	5,310	2,150	2,940	5.0%
Affordable	3,270	4,170	900	1,550	2,600	1,050	1,950	7.5%
TOTAL	8,330	10,030	1,700	4,720	7,910	3,200	4,890	5.6%

- 2.94 **The evidence supports the need for a target of 6% of all housing to meet M4(3) Category 3 requirements.** This disaggregates into 5% of all market and 7.5% of all affordable housing. Based on the earlier conclusion that around 54% of all new housing should be suitable for the needs of households with health problems or disabilities that affect their housing requirement, we can therefore conclude that **the evidence also supports the need for a target of 48% of all housing to meet M4(2) Category 2 requirements.**

- ^{2.95} New housing meeting M4(3) standards falls into two categories: firstly, housing allowing simple adaptation to meet the needs of wheelchair occupants [M4(3)(2a)], and secondly housing that meets the needs of wheelchair occupants [M4(3)(2b)]. Requirement M4(3)(2b) applies only where the planning permission under which the work is carried out specifies that it shall be complied with.
- ^{2.96} PPG ID 56 (optional technical standards) defines “wheelchair accessible as “a home readily useable by a wheelchair user at the point of completion”, i.e. equivalent to M4(3)(2b). It goes on to state in paragraph 9 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.

Planning Practice Guidance (March 2015), ID 56-0091

- ^{2.97} Given that the local authority is responsible for allocating affordable homes, and that M4(3)(2b) needs to apply at planning permission stage, the above PPG quote suggests that policy requiring M4(3)(2b) to be met can only be applied to the 7.5% of affordable homes enumerated in Figure 25. Since this 7.5% (1,950 dwellings) reflects the overall modelled increase in wheelchair user households over the plan period, if all of these dwellings are completed meeting M4(3)(2b) the Council can ensure they are appropriately occupied through its allocation policy. The evidence supports at least 5% of market housing (2,940 dwellings) being completed to M4(3)(2a) standard.
- ^{2.98} North Somerset council identifies 50 wheelchair users currently on the housing register, South Gloucestershire 22 and Bristol 70. This total of 144 comprises an unmet backlog of need for affordable housing for wheelchair users. As such, to accommodate this backlog, **the identified need for affordable properties suitable for wheelchair users is increased from 1,950 to 2,094 properties**. This comprises 8% of the total affordable housing need. No comparable data on wheelchair users in unsuitable market properties is available at the time of writing, therefore it should be noted that the need for market properties that can meet the needs of wheelchair users may potentially be higher as a result.
- ^{2.99} However, it is important to recognise that almost two thirds of the identified growth in households with wheelchair users (3,200 households, equivalent to 65%) are aged 75 or over, and it is likely that many of these households would also be identified as needing specialist housing for older persons. The earlier analysis identified a need for around 22,000 specialist older person housing units for households aged 75 or over. Whilst not all households needing wheelchair adapted housing will live in specialist older person housing, at any point in time it is likely that around a quarter of those living in specialist housing will need wheelchair adapted homes – but it is likely that some older households will start using a wheelchair whilst living in specialist housing if their health deteriorates. On this basis, it is appropriate for at least 25% of specialist housing for older persons to be ready to meet the needs of wheelchair occupants, and for the remainder to be capable of simple adaptation to meet wheelchair needs. This could reduce the proportion of general needs housing that would need to meet the Category 3 requirements.
- ^{2.100} **The evidence supports the need for a target of 100% of specialist housing for older persons to meet M4(3) Category 3 requirements. Of this target at least 25% of specialist housing for older people should meet M4(3)(2b) requirements (housing meeting the needs of wheelchair occupants); and the remaining 75% should meet M4(3)(2a) requirements (housing allowing for simple adaptation to wheelchair needs).**

Student Housing

^{2.101} PPG was updated in March 2015 to include specific reference to identifying the needs of students:

Local planning authorities should plan for sufficient student accommodation whether it consists of communal halls of residence or self-contained dwellings, and whether or not it is on campus. Student housing provided by private landlords is often a lower-cost form of housing. Encouraging more dedicated student accommodation may provide low cost housing that takes pressure off the private rented sector and increases the overall housing stock. Plan makers are encouraged to consider options which would support both the needs of the student population as well as local residents before imposing caps or restrictions on students living outside of university-provided accommodation. Plan makers should engage with universities and other higher educational establishments to better understand their student accommodation requirements.

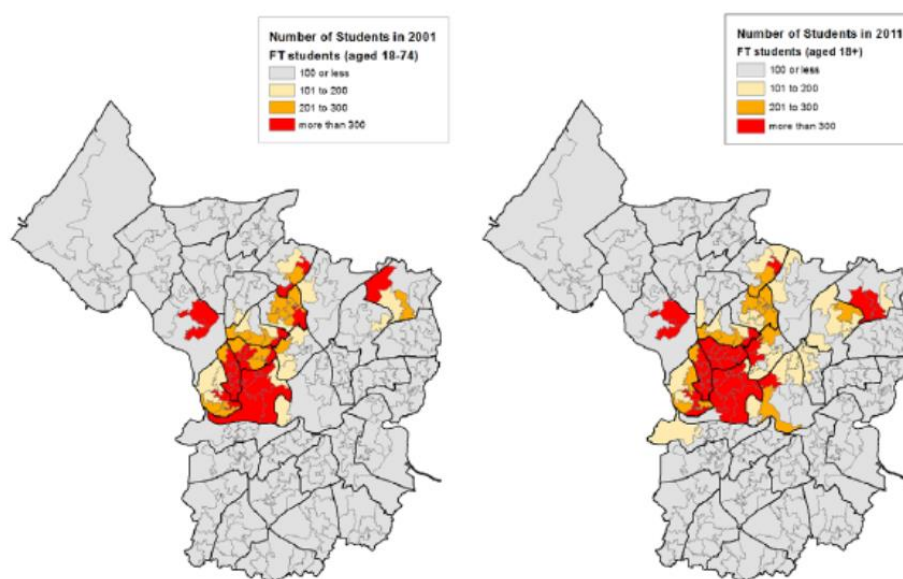
Planning Practice Guidance 2a 2014, paragraph 21

^{2.102} Wider Bristol has significant student numbers, mainly studying at two Higher Education Providers (HEPs) with a third possibility for the future:

- » University of Bristol had around 23,600 students in 2016/17. This number has remained relatively stable over time, with 20,200 students in 2000/01 and the same number in 2012/13.
- » University of the West of England (UWE) had around 27,900 students in 2016/17 of which around 20,000 are studying at sites within the Wider Bristol HMA. The total number of students at UWE has increased from around 23,600 in 2000/01 to the current levels, although some of this growth has been at facilities such as Hartpury, which are outside the HMA.
- » Weston College, Weston-Super-Mare provides university level courses, but does not as yet attract significant numbers of students from outside the area.

^{2.103} Most students resident in Wider Bristol HMA live in Bristol city, concentrated in the centre close to the Universities. Figure 26 illustrates the change in distribution of full-time students over the decade to 2011.

Figure 26: Student population distribution in Bristol (Source: Bristol City Council 2014)



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^{2.104} The trend between 2001 and 2011 shows how their market has changed; some inner-city wards now have more students living in them. Of course, the individual preferences and choices made by students can influence the shape of demand. However, in Bristol, the market seems established in certain locations. Bristol City Council carried out a study of students as part of preparation for the Local Plan in 2014²². That study identifies that there is an important role for specialist student housing in the city:

“The council considers that there is an important continuing role for specialist student accommodation providers. Supply of this type of accommodation, in appropriate locations within the city centre, will help with supply and demand issues and will help to relieve pressure on residential communities and the local housing stock. Both universities support in principle the delivery of this type of accommodation and may seek to expand their partnership agreements with private providers.

The council considers the city centre an appropriate location in principle for student accommodation, with most areas in reasonable walking distance of the UoB and having good public transport connections to UWE.”

^{2.105} In terms of future provision, the 2014 study goes on to say:

*“... the council have adopted a positive and flexible policy approach to the provision of specialist student accommodation within the city centre. This is set out through policy **DM2: Residential Sub-divisions, Shared and Specialist Housing within the Site Allocations and Development Management Policies**. Proposed policy **BCAP4: Specialist Student Housing in Bristol City Centre within the Bristol Central Area Plan** additionally provides for consideration of harmful impacts resulting from concentrations of student accommodation, identifying locations where such concentrations would and would not be appropriate.”*

^{2.106} Both HEPs provide student accommodation and there is a relatively healthy pipeline of new specialist schemes for students (2,489 units: an additional 32% supply) indicating continued demand for the product.

Figure 27: Student accommodation provided by HEPs in Bristol (Source: Bristol City Council 2014)

	University of Bristol	UWE
Hall or equivalent	6,057	1,607
Total current provision	7,664	-
Direct Let (Private rent accreditation scheme)	2,031	-
Pipeline schemes	2,489	-

^{2.107} Student growth is inherently accounted for in the household projections. Any increase in student numbers in the period 2006-16 is effectively treated as contributing to net migration (i.e. growth not due to births and deaths), and thus is projected forward across the plan period. As such, the assumption made is that higher education institutions will sustain the same rate of growth 2016-36 as was achieved in the prior decade.

²² http://www.bristol.gov.uk/sites/default/files/documents/planning_and_building_regulations/planning_policy/local_development_framework/CAP%2050%20SD%2031%20-%20Student%20Accommodation%20Topic%20Paper.pdf

^{2.108} The household projections did not assume any growth of students living in communal establishments, so any net increase in bedspaces provided in halls of residence (or other university accommodation) across the area would reduce the demand from student households. However, PPG highlights how encouraging more dedicated student accommodation may provide low cost housing that takes the pressure off the private rented sector and increases the overall housing stock.

^{2.109} **Overall, the evidence suggests that the Wider Bristol student housing market is well established and is unlikely to change significantly, as future HEP expansion will be relatively limited. However, demand exists for specialist student housing and both the market and the Council have responded by creating the necessary structures to enable significant new supply.**

Service Families

- ^{2.110} Paragraph 50 of the NPPF identifies that local planning authorities should plan for the needs of different groups in the community, including service families.
- ^{2.111} The Government made a commitment towards housing members of the armed forces in the Armed Forces Covenant (2011) and “*Laying the Foundations: A Housing Strategy for England 2011*” (HM Government). Subsequently, in June 2012, the Government revised Guidance regarding priority for access to social housing for former members of the armed forces above that offered to other people in housing need. Whereas Local authorities had been **expected** to give seriously injured service personnel “additional preference” (higher priority) for the allocation of social housing since 2009, this “additional preference” **should** now be given to applications from certain serving and ex-members of the armed forces who come within the reasonable preference categories defined in sub-section 166A (3) of the “*Housing Act 1996*” who have urgent housing needs.
- ^{2.112} “The Allocation of Housing (Qualification Criteria for Armed Forces Personnel) (England) Regulations 2012” and the “Housing Act 1996 (Additional Preference for Former Armed Forces Personnel) (England) Regulations 2012” both strengthened the position of some armed forces personnel in seeking to access social housing. There are a number of housing schemes that are available to the Service and Ex-Service community under the HomeBuy umbrella. HomeBuy enables social tenants, Ministry of Defence Personnel and other first-time buyers to buy a share of a home and get a first step on the housing ladder in England. In addition, the MOD Referral Scheme with Housing Associations in c.180 locations aims to provide low-cost, rented accommodation for people coming out of the Services.
- ^{2.113} Mandatory Disabled Facilities Grants (DFGs) are available from local authorities, subject to a means test, for essential adaptations to give disabled people better mobility at home and access to essential facilities. “*The Nation’s Commitment: Cross Government Support to our Armed Forces, their Families and Veterans*” (July 2008) made it clear that injured service personnel who bought a home through what was then the Key Worker Living Scheme might be eligible for a DFG to carry out necessary adaptation work.
- ^{2.114} Considering service families in the Wider Bristol HMA, Figure 28 shows the number of residents employed in the Armed Forces. There were a total of 1,668 service personnel living in the Wider Bristol HMA at the time of the 2011 Census. The majority of these lived in households, however 16 of those living in the Wider Bristol HMA were living in a communal establishment (such as barracks).

Figure 28: Wider Bristol HMA residents employed in the Armed Forces (Source: 2011 Census)

	Wider Bristol HMA
Usual residents employed in the Armed Forces	
Living in a household	1,652
Living in a communal establishment	16
TOTAL	1,668
Percentage of population aged 16+	0.2%

- ^{2.115} The overall number of service personnel represents only 0.2% of the population aged 16 or over, therefore service families are relatively small in number in the housing market area. The needs of these families are already included within the overall housing need identified for the Wider Bristol HMA.

3. Affordable Housing Need

Establishing the type and mix of affordable housing

Affordable Housing Tenures

- 3.1 Within the overall need of 26,900 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.

Rented Housing

- 3.2 Figure 29 sets out the weekly rents for different property sizes based on the BRMA. 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);
 - » Affordable rent, based on 80% of the median private rent²³; and
 - » Target social rent.

Figure 29: Weekly rent thresholds (Source: Valuation Office Agency; Homes and Communities Agency, 2016)

Weekly Rent £	Median Private Rent	Maximum Local Housing Allowance	Affordable Rent (80% of median)	Target Social Rent
BRISTOL				
1 bedroom	£166.15	£121.19	£132.92	£83.35
2 bedrooms	£207.69	£151.50	£166.15	£98.57
3 bedrooms	£253.85	£175.74	£203.08	£110.17
4+ bedrooms	£415.38	£242.33	£332.31	£123.90
NORTH SOMERSET				
1 bedroom	£115.38	£97.81	£92.31	£82.09
2 bedrooms	£144.23	£122.36	£115.38	£94.72
3 bedrooms	£173.08	£150.00	£138.46	£108.34
4+ bedrooms	£253.85	£184.11	£203.08	£121.57
SOUTH GLOUCESTERSHIRE				
1 bedroom	£137.31	£121.19	£109.85	£82.99
2 bedrooms	£167.31	£151.50	£133.85	£97.54
3 bedrooms	£196.15	£175.74	£156.92	£110.10
4+ bedrooms	£288.46	£242.33	£230.77	£133.14

²³ Throughout this document, Affordable Rents are shown inclusive of service charge. This is consistent with the HCA "2011-15 Affordable Homes Programme – Framework", which says:

"Gross market rents are generally expressed inclusive of any service charges." (para 3.3)

"Providers will be able to let a property at an Affordable Rent (inclusive of service charges, where applicable) of up to 80% of the gross market rent which reflects the property size and location" (para 3.4)

- 3.3 It is evident that for most property sizes in most local authority areas, the median private rent is the highest followed in turn by the maximum LHA, affordable rent and target social rent. The only exception to this is three-bedroom properties in Bristol and four-bedroom properties in Bristol and North Somerset, where the LHA limit is lower than affordable rent would be, assuming that it was set at 80% of median private rents.
- 3.4 Figure 29 identifies that affordable rents (at 80% of median private rent) are currently below the maximum LHA rate for most property sizes in each area, but this relationship could change in future. The Welfare Bill requires social landlords to reduce their rents by 1% every year for four years, whilst LHA rates generally increase in line with CPI (although they were updated by a fixed 1% in 2014/15 and 2015/16); so together these changes will typically increase the “gap” for existing Affordable Rent properties. However, the rent for new properties is based on market rents; so if market rents increase faster than the maximum LHA, it is possible that new Affordable Rent properties could have rents that are higher than the LHA.
- 3.5 The Local Housing Allowance Guidance Manual (April 2014)²⁴ confirms that “*the LHA arrangements apply to HB customers in the deregulated private sector only*”; so the LHA rate does not apply to Affordable Rent, and households are currently able claim housing benefit to cover the full cost of Affordable Rent (where they were entitled to do so based on their circumstances). However, whilst housing associations could set rents above the maximum LHA, many operate a rent policy where rent levels must be within the LHA for the area concerned – partly due to perceived risks of future welfare reforms (which could change the rules) but also to keep properties as affordable as possible.
- 3.6 This is particularly relevant as all households claiming out-of-work benefits are subject to a cap of £500 per week (for lone parents and couples) or £350 per week (for single persons) which affects 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. There is emerging evidence of significant numbers of households being affected by the cap on benefits with significant effects on their ability to pay for housing. A July 2015 report from Citizens Advice reported that between April 2013 and February 2015, 58,690 households had been affected nationally, and estimated that 110,000 households would be affected by lowering the cap to £23,000 (higher than the £20,000 announced in the July 2015 Budget)²⁵.

Low Cost Home Ownership

- 3.7 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 30 sets out the weekly costs associated with shared ownership properties of different sizes in each area, based on a variation of the shared ownership model currently promoted in the HMA:
- » 40% equity share purchased by the occupier;
 - » 10% of the equity purchased is available as a deposit;
 - » Mortgage costs based on a 30-year repayment mortgage at 5.5% interest;
 - » Rent based on 1.5% of the retained equity paid each year²⁶; and
 - » Service charge of £10 per week.

²⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/324708/lha-guidance-manual.pdf (para 1.070)

²⁵ <https://www.citizensadvice.org.uk/Global/CitizensAdvice/welfare%20publications/Benefit%20Cap%20Impact%20Assessment%20%281%29.pdf>

²⁶ In the shared ownership model currently promoted in the HMA, rent is based on 1.0% of the retained equity; however Registered Providers have identified that a higher rent is needed due to viability issues

- 3.8 Based on this model, it is evident that the weekly costs are generally lower than the equivalent median private rent and, for smaller properties, lower than the maximum LHA.

Figure 30: Shared ownership costs 2016 (Note: Mortgage costs based on a 30-year repayment mortgage at 5.5% interest. Rent based on 1.5% of the retained equity annually. Service charge assumed to be £10 per week)

	Property Value	40% Equity Share	10% Deposit	Weekly Costs			
				Mortgage	Rent	Service Charge	TOTAL
Bristol							
1 bedroom	£160,000	£64,000	£6,400	£76	£28	£10	£114
2 bedrooms	£212,500	£85,000	£8,500	£101	£37	£10	£148
3 bedrooms	£250,000	£100,000	£10,000	£119	£43	£10	£172
4+ bedrooms	£470,000	£188,000	£18,800	£223	£81	£10	£314
North Somerset							
1 bedroom	£117,000	£46,800	£4,680	£56	£20	£10	£86
2 bedrooms	£184,000	£73,600	£7,360	£87	£32	£10	£129
3 bedrooms	£232,000	£92,800	£9,280	£110	£40	£10	£160
4+ bedrooms	£370,000	£148,000	£14,800	£176	£64	£10	£250
South Gloucestershire							
1 bedroom	£143,000	£57,200	£5,720	£68	£25	£10	£103
2 bedrooms	£206,000	£82,400	£8,240	£98	£36	£10	£143
3 bedrooms	£245,000	£98,000	£9,800	£116	£42	£10	£169
4+ bedrooms	£377,500	£151,000	£15,100	£179	£65	£10	£254

- 3.9 Figure 31 shows the sensitivity of weekly costs to the equity share purchased and presents this relative to the equivalent local rents.

Figure 31: Total weekly costs for shared ownership 2016 based on different equity shares (Note: Mortgage costs based on a 30-year repayment mortgage at 5.5% interest. Rent based on 1.5% of the retained equity annually. Service charge assumed to be £10 per week. Cells highlighted in green are lower than the equivalent maximum LHA, cells in brown are above the LHA rate but below median private rent, cells in red are above the equivalent median private rent)

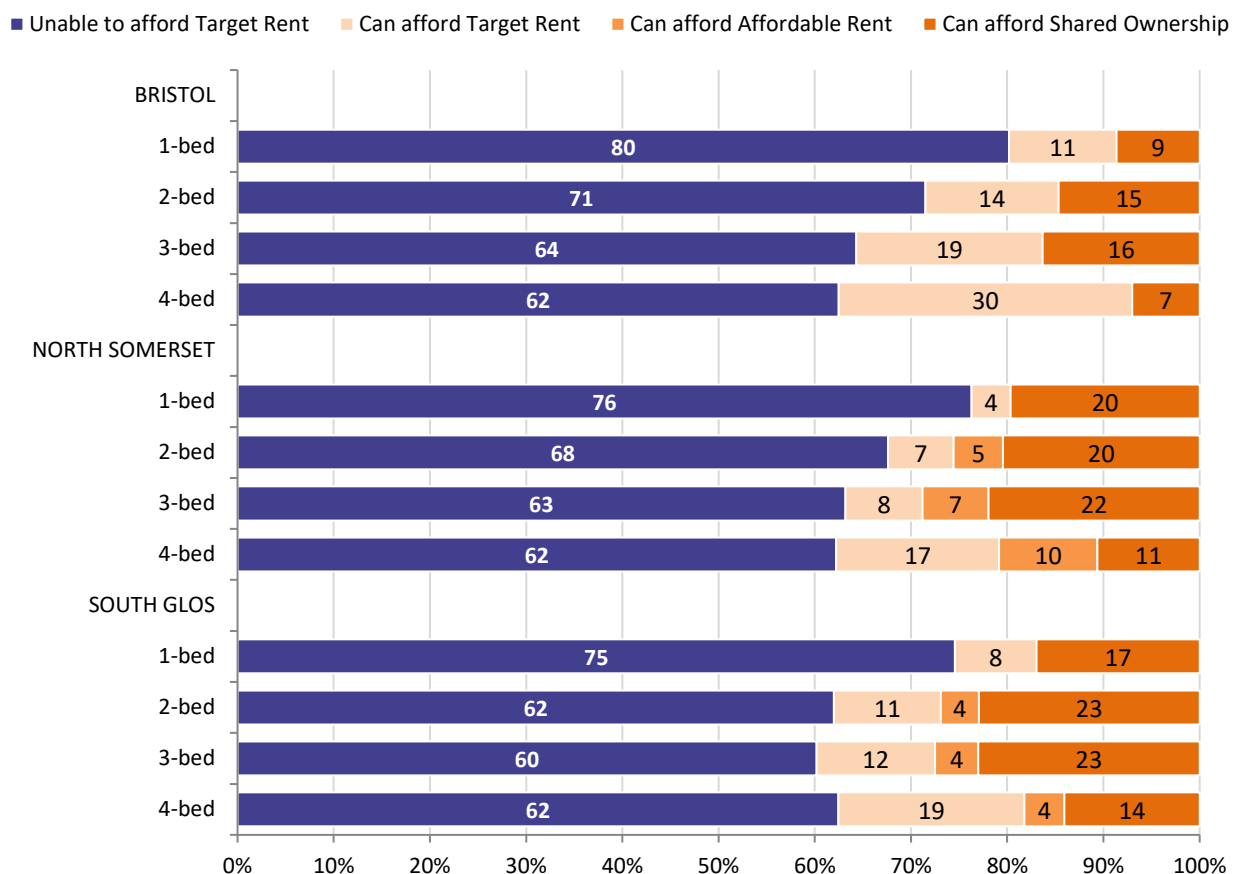
Total Weekly Cost £	Property Value	Equity Share					
		25%	30%	35%	40%	45%	50%
Bristol							
1 bedroom	£160,000	92.02	99.22	106.42	113.62	120.82	128.02
2 bedrooms	£212,500	118.94	128.50	138.06	147.62	157.19	166.75
3 bedrooms	£250,000	138.16	149.41	160.66	171.91	183.16	194.41
4+ bedrooms	£470,000	250.95	272.10	293.24	314.39	335.54	356.69
North Somerset							
1 bedroom	£117,000	69.98	75.25	80.51	85.77	91.04	96.30
2 bedrooms	£184,000	104.33	112.61	120.89	129.17	137.45	145.72
3 bedrooms	£232,000	128.94	139.37	149.81	160.25	170.69	181.13
4+ bedrooms	£370,000	199.68	216.33	232.98	249.63	266.28	282.93
South Gloucestershire							
1 bedroom	£143,000	83.31	89.74	96.18	102.61	109.05	115.48
2 bedrooms	£206,000	115.61	124.88	134.15	143.41	152.68	161.95
3 bedrooms	£245,000	135.60	146.62	157.65	168.67	179.70	190.72
4+ bedrooms	£377,500	203.53	220.51	237.50	254.49	271.47	288.46

- 3.10 It would appear that the model currently promoted (based on 40% equity share) remains appropriate for most homes in the wider area, with higher equity shares of 45% and 50% tending to yield weekly costs that are higher than private rent in North Somerset.
- 3.11 There may also be a role for LCHO products at higher equity shares targeted at households able to afford private rent but unable to afford home ownership. This would help “*widen opportunities for home ownership*” (NPPF paragraph 50); but would be in addition to the need to deliver 26,900 affordable homes in the Wider Bristol HMA over the 20-year Plan period 2016-36.

Household Affordability

- 3.12 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 each local authority 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.
- 3.13 Figure 32 illustrates the affordability of households needing affordable housing by property size in each local authority area based on the assumption that up to 35% of gross household income (excluding housing benefit) is available for housing costs. This identifies those able to afford shared ownership, affordable rent and target rent (all without housing benefit subsidy) and those that would need financial support to afford target rent.

Figure 32: Affordability of households needing affordable housing by property size and local authority area 2016 (Note: Weekly costs based on data in Figure 29 and Figure 30)



- 3.14 Figure 33 sets out the affordable housing mix, which identifies that more than two thirds 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: 18,800 households (70%) based on up to 35% of income being spent on housing costs. Note that the final row of figure 33 is rounded to the nearest hundred to avoid spurious accuracy.
- 3.15 Providing new affordable rented housing based on Target Social Rents would enable 3,500 households to pay their rent without housing benefit support that could not afford 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.
- 3.16 Around 4,500 households in need of affordable housing could afford either Affordable Rent (without housing benefit support) or the weekly costs of Shared Ownership (based on a 40% equity share). Most of these households could afford either of these products, given the similarities in the weekly costs identified.

Figure 33: Affordable housing mix by household affordability to 2016-2036 (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	Can afford Shared Ownership	TOTAL
Bristol						
Flat	1 bedroom	5,380	750	0	580	6,720
	2+ bedrooms	2,030	390	0	420	2,840
House	2 bedrooms	1,380	270	0	280	1,920
	3 bedrooms	2,010	630	0	520	3,160
	4+ bedrooms	980	510	0	100	1,600
TOTAL		11,770	2,560	0	1,900	16,230
North Somerset						
Flat	1 bedroom	1,320	70	0	340	1,730
	2+ bedrooms	500	50	40	150	740
House	2 bedrooms	690	70	50	210	1,020
	3 bedrooms	540	70	60	190	850
	4+ bedrooms	180	50	30	30	290
TOTAL		3,240	310	170	930	4,640
South Gloucestershire						
Flat	1 bedroom	880	100	0	200	1,180
	2+ bedrooms	610	110	40	220	970
House	2 bedrooms	1,120	200	70	420	1,810
	3 bedrooms	1,070	220	80	410	1,780
	4+ bedrooms	150	50	10	30	250
TOTAL		3,830	680	200	1,280	5,990
Wider Bristol						
Flat	1 bedroom	7,580	920	0	1,120	9,630
	2+ bedrooms	3,140	540	70	800	4,550
House	2 bedrooms	3,190	530	120	910	4,750
	3 bedrooms	3,610	930	130	1,110	5,780
	4+ bedrooms	1,310	620	40	170	2,130
TOTAL		18,830	3,540	370	4,110	26,850
ROUNDED TOTAL		18,800	3,500	400	4,100	26,900

Affordable Home Ownership

- 3.17 The assessment of affordable housing need in the SHMA reflected the PPG and was based on those households unable to afford to buy or rent market housing. Where households could afford to rent privately without Housing Benefit (HB) support, they were not counted as part of the affordable housing need; **only households unable to afford market rent were assessed to need affordable housing**. Households able to afford market rent were counted within the need for market housing, regardless of whether or not they wanted to own or rent or whether they could or could not afford home ownership.
- 3.18 The SHMA considered the affordability of the 26,900 households assessed to need rented affordable housing. This identified that 18,800 of these households (70%) could not afford rents any higher than Target Social Rent, and many of these households would still need housing benefit support to pay their rent. A small proportion of those households needing rented affordable housing (17%; equivalent to a total of 4,500 households over the 20-year period 2016-36) were assessed as being able to afford “intermediate” housing at rents above Affordable Rent.
- 3.19 The NPPF identifies that local authorities should seek to “*widen opportunities for home ownership*” (paragraph 50) and the Housing and Planning Act 2016 further encourages home ownership through promoting Starter Homes to provide properties that are more affordable for first time buyers. The SHMA identified that Affordable Home Ownership (AHO) products were unlikely to help meet most of the affordable housing need identified in Chapter 3 of the Volume I report; but such options could widen opportunities for home ownership and could contribute to meeting overall housing need.

Identifying the Gap for Affordable Home Ownership

- 3.20 When identifying the need for Affordable Home Ownership (AHO) including Starter Homes, it is necessary to consider the housing costs for both renting and buying market housing in order to understand the relative incomes required and establish the appropriate income range for AHO products and the associated purchase costs.
- 3.21 The cost of AHO products would need to be less than the purchase cost for market housing; however, the income needed to buy an AHO product may be higher than the income needed for market rent. This recognises that some households who could afford market rent would prefer to own their own home, and the NPPF encourages local authorities to widen opportunities for home ownership.
- 3.22 The costs associated with AHO products can be notably higher than private sector rents, and therefore they are unlikely to be affordable to those households that the SHMA identified as being unable to afford market housing. On this basis, the provision of AHO should be considered as being additional to (and not part of) the affordable housing need identified by the SHMA. Nevertheless, such products could still help to widen opportunities for homeownership for those households able to afford market rents but unable to afford to buy housing in the HMA, and the local authorities would need to consider this when establishing their affordable housing policies.

Market Rent Costs in the Wider Bristol HMA

- 3.23 The lowest quartile market rent in 2015-16 was £625 per month in Bristol, £550 in North Somerset and £605 in South Gloucestershire.

Figure 34: Lower quartile and median monthly rents (April 2015 to March 2016) by property size (Source: Private Rental Market Statistics, Valuation Office Agency. Note: Rent data excludes housing benefit funded tenancies)

Property Size	Bristol		North Somerset		South Gloucestershire	
	Lower Quartile	Median	Lower Quartile	Median	Lower Quartile	Median
Room only	£350	£379	£350	£400	£358	£364
Studio	£495	£575	£365	£395	£478	£495
One bedroom	£625	£720	£450	£500	£550	£595
Two bedrooms	£795	£900	£575	£625	£660	£725
Three bedrooms	£895	£1,100	£700	£750	£750	£850
Four or more bedrooms	£1,500	£1,800	£950	£1,100	£1,000	£1,250
ALL DWELLINGS	£625	£825	£550	£650	£605	£725

- 3.24 The income required to rent market housing will depend on the monthly rent together with the income multiplier allowed for housing costs. The previous CLG Strategic Housing Market Assessments Practice Guidance (Version 2, August 2007)²⁷ stated:

*“A household can be considered able to afford market house renting in cases where the rent payable was up to 25 per cent of their **gross** household income”* (page 42)

- 3.25 However, this previous Guidance was rescinded in March 2014 following the publication of the NPPF and the launch of the new Planning Practice Guidance (PPG). The PPG does not propose a specific multiplier for assessing housing costs; however, it notes that *“care should be taken ... to include **only those households who cannot afford** to access suitable housing in the market”* (ID 2a-024, emphasis added).

- 3.26 Results from the English Housing Survey (EHS) 2015-16²⁸ provides information about the percentage of gross household income that households currently spend on their housing costs²⁹:

- » For the total gross income (excluding housing benefit) of the Household Reference Person and partner, households renting privately spent on average 48% of their income on rent, whilst the average was 40% for households in social rent; and
- » For the total gross income (excluding housing benefit) from all income earners in the household, irrespective of whether they contribute to the housing cost, households renting privately spent on average 41% of their income on rent, whilst the average was 37% for those in social rent.

- 3.27 The EHS demonstrates that many households in both private and social rented properties currently pay considerably more than 25% of gross household income on their housing costs. Whilst it is arguable that some households currently pay too much for their rent, it is unrealistic to suggest that all households paying more than 25% are unable to afford suitable housing in the market.

²⁷ <https://www.gov.uk/government/publications/strategic-housing-market-assessments-practice-guidance>

²⁸ <https://www.gov.uk/government/statistics/english-housing-survey-2015-to-2016-headline-report>

²⁹ “Annex Table 1.13: Mortgage/rent as a proportion of household income (including and excluding housing benefit), by tenure, 2010-11 to 2015-16”

- 3.28 The proportion of household income allocated to housing costs is necessarily based on a judgement. At the lower end of the range, the previous CLG Practice Guidance sets out a percentage of 25%. However, as the EHS identifies that households renting privately currently spend 41% of their gross income on average, there must be many households currently spending more than 41% of their income on housing costs (which will be offset against others spending lower proportions).
- 3.29 On this basis, it would be reasonable to assume that the proportion of household income allocated to housing costs was at least 25% but no more than 45% of gross income. This leads to our judgement that **35% of income** provides a reasonable basis for assessing the maximum that households should reasonably expect to pay for their housing costs. Whilst this is notably higher than the 25% proposed by the previous guidance, it is still lower than the 41% average that households renting privately actually pay.
- 3.30 As an example, we can establish the income needed for a 1-bedroom property in Bristol based on a 35% income multiplier:
- » The lower quartile monthly rent recorded was £625;
 - » Based on a 35% income multiplier, a monthly income of £1,786 would be needed which equates to a gross annual income of £21,429.
- 3.31 To rent the same property based on a 25% income multiplier would increase the gross income required to £30,000 per year whereas households with an annual income of £16,667 per year could afford the rent if 45% of their income was allocated to housing costs. Therefore, to rent a self-contained 1-bedroom property in Bristol at an overall cost of £625 per month is likely to require an annual income of at least £21,429 (assuming a 35% multiplier); although it is evident that the required income is very sensitive to the multiplier used.
- 3.32 Given this context, although some households will choose to pay a higher proportion of their income to rent their home (and others might be forced to do so due to the lack of any other housing options), taking the initial assumption of a 35% income multiplier provides a reasonable benchmark for the income needed to afford market rent. Based on this assumption, Figure 35 shows the gross household incomes needed to afford the lower quartile rent in the Wider Bristol HMA.

Figure 35: Annual income required to afford to rent properties at the lower quartile and median price based on 35% income multiplier by property size (Source: ORS based on Valuation Office Agency data April 2015 to March 2016)

Property Size	Bristol		North Somerset		South Gloucestershire	
	Lower Quartile	Median	Lower Quartile	Median	Lower Quartile	Median
Room only	£ 12,000	£ 12,994	£ 12,000	£ 13,714	£ 12,274	£ 12,480
Studio	£ 16,971	£ 19,714	£ 12,514	£ 13,543	£ 16,389	£ 16,971
One bedroom	£ 21,429	£ 24,686	£ 15,429	£ 17,143	£ 18,857	£ 20,400
Two bedrooms	£ 27,257	£ 30,857	£ 19,714	£ 21,429	£ 22,629	£ 24,857
Three bedrooms	£ 30,686	£ 37,714	£ 24,000	£ 25,714	£ 25,714	£ 29,143
Four or more bedrooms	£ 51,429	£ 61,714	£ 32,571	£ 37,714	£ 34,286	£ 42,857

- 3.33 Although a rental income multiplier is helpful for benchmark purposes, it does not take account of the disposable income available to households after their housing costs have been paid; and it is “housing that is too expensive compared to **disposable** income” that the PPG references in the context of assessing the need for affordable housing (ID 2a-023).

3.34 Considering some examples of disposable income:

- » A single person household with a gross income of £20,000 from employment would have £16,880 (£324 per week) after income tax and national insurance contributions. Therefore, housing costs at 35% of gross income would represent 41.4% of their net income, which would leave £9,880 (£189 per week) as disposable income to cover their other living expenses. The maximum amount of weekly income that a single person household can receive before their income starts to affect their housing benefit is currently £73.10 for those aged 25 or over and £57.90 for those aged 16-24; so, on this basis, this household could afford to pay at least 35% of their income on housing costs and still have sufficient disposable income;
- » A couple with two children with a gross income of £20,000 from employment would have up to £19,559 (£375 per week) after income tax and national insurance contributions (assuming both earned £10,000). Therefore, housing costs at 35% of gross income would represent 35.8% of their net income, which would leave £12,559 (£241 per week) as disposable income to cover their other living expenses. The maximum amount of weekly income that a couple with two children can receive before their income starts to affect their housing benefit is currently £248.65 (if one or both are aged 18 or over); so this household could not afford to pay 35% of their income on housing costs as it would not leave them with sufficient disposable income.

3.35 The affordable housing need assessment undertaken by the SHMA was not based on a simplistic income multiplier; but was instead based on current housing benefit eligibility criteria set by the Department for Work and Pensions. This takes full account of the different amounts of disposable income for different types of household on different incomes, based on the rents for suitable housing in terms of the number of bedrooms needed.

3.36 Figure 36 shows the Local Housing Allowance (LHA) across Wider Bristol HMA, which is the maximum payment for claimants in receipt of housing benefit. The amount is determined based on Broad Rental Market Areas (BRMAs), and although these areas do not align with local authority boundaries, the Bristol BRMA predominantly covers Bristol, South Gloucestershire and approximately half of North Somerset, whilst the Weston-Super-Mare BRMA covers the remainder of North Somerset.

Figure 36: Local Housing Allowance weekly and monthly rates (April 2016) for Bristol BRMA and Weston-Super-Mare BRMA
(Source: Valuation Office Agency)

Property Size	Bristol BRMA		Weston-Super-Mare BRMA	
	Weekly	Monthly	Weekly	Monthly
Room only	£67	£293	£67	£289
One bedroom	£121	£527	£98	£425
Two bedrooms	£152	£659	£122	£532
Three bedrooms	£176	£764	£150	£652
Four or more bedrooms	£242	£1,054	£184	£801

3.37 The LHA rates are below the lower quartile rents for each property size; although it is important to note that the rent figures exclude housing benefit funded tenancies. Therefore, there would appear to be limited opportunity for an increase in the number of households in receipt of housing benefit given that lower quartile rents are higher than the maximum housing benefit.

- 3.38 Eligibility for housing benefit will differ based on the type of household and the number of bedrooms needed. Figure 37 sets out the incomes for housing benefit eligibility for different types of households.

Figure 37: Maximum annual income for households in receipt of housing benefit support by household type (Source: ORS based on Department for Work and Pensions data)

Maximum Annual Income for HB support	Bristol BRMA	Weston-Super-Mare BRMA
ROOM ONLY		
Single person aged 16-24	£8,394	£8,394
Single person aged 25-34	£9,186	£9,186
1 BEDROOM PROPERTIES		
Single person aged 35+	£13,518	£11,673
Couple (both aged under 18)	£14,269	£12,424
Couple (one or both aged 18 or over)	£15,695	£13,850
2 BEDROOM PROPERTIES		
Lone parent (aged 18 or over) with 1 child	£19,493	£17,087
Lone parent (aged 18 or over) with 2 children	£22,982	£20,575
Couple (aged 18 or over) with 1 child	£21,670	£19,264
Couple (aged 18 or over) with 2 children	£25,159	£22,752

Home Ownership Costs in Wider Bristol

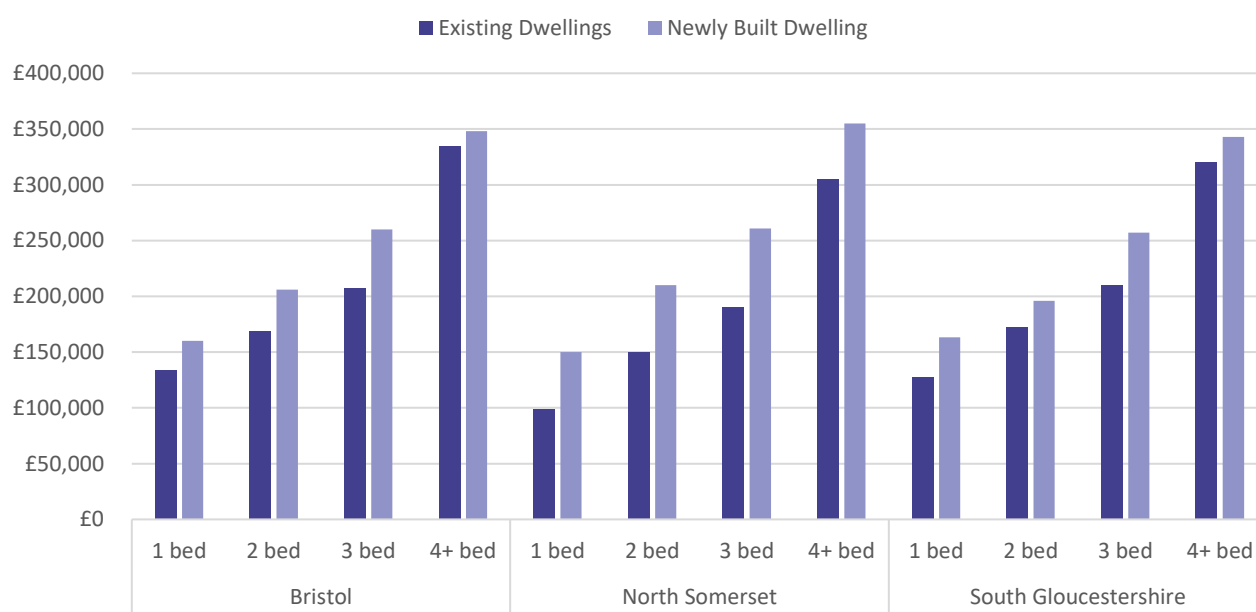
- 3.39 Figure 38 shows the lower quartile house prices by bedroom size for the Wider Bristol HMA. The data shows both the lower quartile price for existing properties and also new build dwellings. For Starter Homes in particular, many of the purchasers are likely to be newly forming households seeking one and two bed properties.

Figure 38: Lower quartile prices for existing dwellings and newly built dwellings (2016) by property size and local authority area (Source: ORS based on ONS House Price Statistics, Valuation Office Agency and Land Registry Price Paid Data)

Lower Quartile Prices	Existing dwellings	Newly built dwellings
BRISTOL		
One bedroom	£133,500	£160,000
Two bedrooms	£168,950	£206,000
Three bedrooms	£207,000	£260,000
Four or more bedrooms	£334,995	£348,000
NORTH SOMERSET		
One bedroom	£99,000	£150,000
Two bedrooms	£150,000	£210,000
Three bedrooms	£190,000	£260,995
Four or more bedrooms	£305,000	£355,000
SOUTH GLOUCESTERSHIRE		
One bedroom	£127,250	£163,340
Two bedrooms	£172,500	£195,995
Three bedrooms	£210,000	£257,000
Four or more bedrooms	£320,000	£342,995

- 3.40 The degree to which new build properties are more expensive than existing homes varies considerably across the local authorities and also across the size of dwellings. This is likely to be down to a range of factors which include the location of newbuild housing, the relative size of properties, gardens and the availability of parking, comparative quality and condition of existing stock, and other intangible issues such as character.

Figure 39: Summary of lower quartile prices for existing dwellings and newly built dwellings by local authority area



- 3.41 The income required to purchase market housing will depend on the house price together with the mortgage income multiplier and the available deposit (or percentage loan to value).

- 3.42 For example, taking an existing 1-bedroom property in North Somerset:

- » The lower quartile price recorded was £99,000;
- » Based on a 90% loan-to-value mortgage, a deposit of £9,900 would be needed (equivalent to 10% of the overall price) with the mortgage covering the remaining £89,100;
- » Using a mortgage income multiplier of 3.5x would therefore need an annual income of £25,500.

- 3.43 To purchase the same property with a 95% loan-to-value mortgage would reduce the deposit needed to £4,950 (equivalent to 5% of the overall price) but the income required would increase to £26,900 per year. Borrowing at a 4.0x income multiplier would reduce the income needed; but households would still need an income of between £22,300 and £23,500 based on a 5-10% deposit. Therefore, to purchase an existing 1-bedroom property in North Somerset at an overall cost of £99,000 is likely to require an annual income of at least £22,300 (assuming a 10% deposit and a 4.0x multiplier); but with less deposit and a lower income multiplier an income of up to £26,900 per year could be needed.

- 3.44 Whilst some households will have higher deposits available and others will seek to extend their borrowing as far as possible, taking the initial assumptions of a 10% deposit and a 3.5x mortgage multiplier provides a reasonable indication of the income that first-time buyer households are likely to need in order to afford home ownership. Based on these assumptions, Figure 41 shows the household income levels needed to buy 1 and 2 bedrooms properties in terms of both existing dwellings and newly built dwellings in the three local authority areas.

Figure 40: Annual income required to afford properties based on a 10% deposit and 3.5 times income mortgage by property size and local authority area (Source: ORS based on ONS House Price Statistics, Valuation Office Agency and Land Registry Price Paid Data)

Annual Income Needed to Own at Lower Quartile Prices	Bristol	North Somerset	South Gloucestershire
1 BEDROOM PROPERTIES			
Existing dwelling	£34,300	£25,500	£32,700
Newly built dwelling	£41,100	£38,600	£42,000
2 BEDROOM PROPERTIES			
Existing dwelling	£43,400	£38,600	£44,400
Newly built dwelling	£53,000	£54,000	£50,400

- 3.45 Given that newly built dwellings are typically more expensive than existing dwellings, it is apparent that households would normally need a higher income in order to purchase a new property.

Summary of Income Thresholds for Different Housing Options

- 3.46 Figure 41 summarises the income thresholds for the range of different housing options based on the costs for home ownership and market rent in Wider Bristol.

Figure 41: Annual income thresholds for different housing options in single bedroom and two bedroom properties by local authority area (Source: ORS based on ONS House Price Statistics, Department for Work and Pensions, Valuation Office Agency and Land Registry Price Paid Data. Note: All figures rounded to nearest £100)

Annual Income Needed to Own at Lower Quartile Prices		Bristol	North Somerset	South Gloucestershire
SINGLE BEDROOM PROPERTIES				
Maximum income for HB support		£15,700	£13,900	£15,700
Income for LQ rent at 35%	Studio	£17,000	£12,500	£16,400
	One bedroom	£21,400	£15,400	£18,900
Income to buy existing dwelling		£34,300	£25,500	£32,700
Income to buy newly built dwelling		£41,100	£38,600	£42,000
TWO BEDROOM PROPERTIES				
Maximum income for HB support		£25,200	£22,800	£25,200
Income for LQ rent at 35%		£27,300	£19,700	£22,600
Income to buy existing dwelling		£43,400	£38,600	£44,400
Income to buy newly built dwelling		£53,000	£54,000	£50,400

- 3.47 It is evident that the maximum income for housing benefit support is similar to the minimum income to afford lower quartile rents when 35% of income is allocated to housing costs (though those households needing a single bedroom may only be able to afford a studio).

- 3.48 There is a clear income gap between being able to afford market rent and being able to afford home ownership in all of the local authority areas, though this is particularly the case when considering 2-bed housing. Households in North Somerset and South Gloucestershire with incomes around £20,000-22,000 can afford to rent a 2-bed property in the local authority area; but require incomes of double these amounts to afford to buy an existing dwelling in the same area. Higher incomes are needed to afford rents in Bristol (around £27,000) but homeownership is likely to need an income in excess of £43,000 for a 2-bed home.
- 3.49 On this basis, there is a wide income range that could benefit from Affordable Home Ownership products if these could be provided at an appropriate price.

Assessing the Need for Affordable Home Ownership

- 3.50 Figure 11 identified that there were already around 27,200 households living in private rented housing who would have been owner occupiers in 2011 had the rate of ownership amongst younger households not reduced over the decade 2001-11. It is likely that this number will have already increased since 2011; and based on the average increase of 2,720 households each year being sustained there would have been 40,800 households by 2016 and without suitable housing options being provided it is likely that this number will increase yet further over the 20-year period 2016-36. This is consistent with the income gap between market rent and homeownership identified above.
- 3.51 If we were to assume a backlog of 40,800 households in need of affordable home ownership products at the start of the OAN period, and a growth of 2,720 households per year being sustained over the 20-year period, the overall need could be as high as 95,200 households; thereby indicating a substantial demand for affordable home ownership products. This is in addition to the identified need for 26,900 rented affordable homes; and would suggest that affordable housing need could exceed the overall housing need if both rented affordable housing (22%) and affordable home ownership (78%) were counted.
- 3.52 Nevertheless, whilst paragraph 50 of the NPPF seeks to widen opportunities for home ownership, the PPG is clear that affordable housing should be for those unable to afford to rent or buy market housing. Therefore, in areas where market rent is less expensive than affordable home ownership, those households seeking affordable home ownership will not form part of the need for affordable housing under the Guidance.
- 3.53 On the basis of the evidence, the Council will need to consider the possible role of affordable home ownership when developing their affordable housing policies; as there is clearly an income “gap” for affordable home ownership products in the Wider Bristol HMA with a significant number of households likely to benefit from such housing.

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