



**Nathaniel Lichfield  
& Partners**

Planning. Design. Economics.

**Strategic Housing Market Assessment  
and Housing Needs Study**

**Final Report**

Staffordshire Moorlands District Council

10 June 2014

41306/02/MW

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## 1.0 Introduction

- 1.1 Nathaniel Lichfield & Partners [NLP] was appointed by High Peak Borough Council [HPBC] and Staffordshire Moorlands District Council [SMDC] to undertake a Strategic Housing Market Assessment [SHMA] and Local Housing Needs Study for their areas. The purpose of the study is to provide robust and up-to-date evidence on the potential scale of future housing need and demand in High Peak and Staffordshire Moorlands based upon a range of housing, economic and demographic factors, trends and forecasts. This will provide the Councils with evidence on the future housing requirements of the authority areas to help HPBC and SMDC plan for future growth and make informed policy choices through their emerging Local Plan process.
- 1.2 High Peak and Staffordshire Moorlands Councils operate a strategic alliance but do not form a discrete Housing Market Area. As such, although the reports were prepared simultaneously, they do not represent a Joint SHMA and Local Housing Needs Study. Separate SHMAs have therefore been prepared for each authority.

## Background to the Study

- 1.3 This work will replace HPBC's Peak Sub Region Housing Market Assessment, December 2008 [PSRHMA] and SMDC's West Midlands North Housing Market Area Strategic Housing Market Assessment [WMNSHMA] (April 2008). There have been significant economic and policy changes since the original SHMA's were adopted in 2008 and new population and household data from the 2011 Census is now available. Whilst the previous SHMAs will provide useful background information, a more robust and transparent methodology enabling High Peak and Staffordshire Moorlands to update their SHMA on a regular basis is required.
- 1.4 This report also summarises the outputs of the application of NLP's HEaDROOM work. HEaDROOM is NLP's bespoke framework for identifying locally generated housing requirements based upon an analysis on the housing, economic and demographic factors in the area.
- 1.5 This report will sit alongside (and subsequently inform) other evidence base documents such as Strategic Housing Land Availability Assessments [SHLAA] and Infrastructure Delivery Plans as well as other environmental and technical studies. It will assist the LPAs in formulating their spatial strategies and enable the Councils to make the informed policy choices required for a sound Local Plan.
- 1.6 The core outputs of this study cover the following:
- 1 Estimates of current dwellings in terms of size, type, condition, tenure, including the extent to which they are lacking or sharing basic amenities;

- 2 Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price/affordability;
- 3 Description of key drivers underpinning the housing market and an assessment of whether the relative housing market areas are self-contained or not;
- 4 Estimate of the number of houses in multiple occupation, households within them and the extent of shared facilities;
- 5 Estimate of total future number of households, broken down by age and type where possible;
- 6 Estimate of current number of households in housing need;
- 7 Estimate of future households that will require i) market housing and ii) affordable housing;
- 8 Estimate of the sizes, types and range of tenures of affordable housing and the size and types of market housing required;
- 9 Estimate of household groups who have particular housing requirements and may have access barriers to housing e.g. families, older people, key workers, black and minority ethnic groups, disabled people, young people, people in rural areas etc. and quantify this in terms of size, type, and range of tenure;
- 10 Advice in relation to the Affordable Rent model and intermediate housing products;
- 11 Advice with regard to translating housing need into policy, including a review of existing policy; and,
- 12 A framework to practically enable the future and regular up-date of Housing Needs information.

1.7 The study advises on all housing sectors, including the size and type of market housing that is required to reflect local demand. Results are disaggregated into four sub-areas where appropriate. The base date of the report is 2011 and in-depth analysis is provided to 2031.

1.8 The study provides a robust and credible evidence base to inform the Council's new Local Plan policies, is compliant with existing and emerging Government planning policy, and is robust in terms of EiPs or Planning Inquiries.

## **National Planning Policy Framework (The Framework)**

1.9 The Government's policy approach to planning has been focused on applying the principles of 'localism' to give Local Planning Authorities [LPAs] greater autonomy in planning for housing, and in particular setting local housing requirements in their local plans. This presents a major opportunity for local authorities to shape the agenda for their localities, but with it comes new responsibilities.

- 1.10 Following the revocation of Regional Strategies and the consequent removal of the housing requirements and job targets therein, it now falls upon LPAs to establish local development requirements.

## **Plan Making and Using a Proportional Evidence Base**

- 1.11 The Framework states that LPAs should:
- “Use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework ...”* [§47]
- 1.12 To deliver a wide choice of quality homes and widen opportunities for home ownership, LPAs should:
- 1 Plan for a mix of housing based current and future demographic trends, market trends and the needs of different groups in the community (such as families with children, the elderly and people with disabilities); and,
  - 2 Identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand [Framework §50].
- 1.13 The Framework [§159] outlines the evidence required to underpin a local housing target, and concludes that LPAs should:
- “Prepare a Strategic Housing Market Assessment [SHMA] to assess their full housing needs, working with neighbouring authorities where HMAs cross administrative boundaries. The SHMA should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:*
- *Meets household and population projections, taking account of migration and demographic change;*
  - *Addresses the needs for all types of housing, including affordable housing 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); and,*
  - *Cater for housing demand and the scale of housing supply necessary to meet this demand.”*
- 1.14 The starting point for plan-making is to use the evidence base to objectively assess the need for development within an area and then seek to meet that in full, where it is appropriate to do so. This is underlined in The Framework which identifies in respect of plan-making that local plans should, *“meet objectively assessed needs ... unless any adverse impacts of doing so would significantly and demonstrably outweigh the benefits...”* [§14] As such, it is clear that LPAs should plan to meet their full, properly assessed, housing needs for their area unless it can be properly considered that there is an overwhelming case to justify a lower level of provision, for example due to

insurmountable constraints on environmental and/or infrastructure capacity grounds.

- 1.15 The Framework also outlines the importance of LPAs promoting economic growth [§19 & §21]:
- “The Government is committed to ensuring that the planning system does everything it can to support sustainable economic growth. Planning should operate to encourage and not act as an impediment to sustainable growth. Therefore significant weight should be placed on the need to support economic growth through the planning system... Planning policies should recognise and seek to address potential barriers to investment, including... any lack of infrastructure, services or housing.”*
- 1.16 With the planning system expected to do ‘everything it can’ to support economic growth and strategic plans required to address any potential barriers to achieving this, Local Plans need to demonstrate how they are effectively and positively planning to support the economy in their local area, including delivering sufficient housing to ensure economic potential is realised.
- 1.17 Where objectively assessed housing needs [OAN] are not achievable within the boundaries of a Local Authority, the Framework sets out a requirement to plan positively across boundaries to meet unmet need elsewhere within the market area. This ensures that any shortfall in provision in one authority area is still met in other local authority area. This is practically achieved through the statutory ‘duty to cooperate’.

### **Localism Act and Duty to Cooperate**

- 1.18 The statutory duty to cooperate in respect of plan making is set out in Section 33A of the Localism Act (2011). The Framework [§178] sets out how public bodies have a duty to cooperate on planning issues that cross administrative boundaries, highlighting the strategic priorities of Local Plans which includes delivering the homes and jobs needed in the area. The Framework [§182] sets out the tests of soundness for Local Plans, crucially identifying that plans should be ‘positively prepared’ based on a strategy which seeks to meet OAN, including unmet requirements from neighbouring authorities.

### **SHMA Practice Guidance**

- 1.19 The Framework identifies that Strategic Housing Market Assessments [SHMAs] are the vehicle through which LPAs should put forward evidence on objectively assessed housing needs. In this respect the SHMA Practice Guidance (Version 2) published by CLG in August 2007, provides a framework, along with a step-by-step approach, to follow in assessing housing need and demand. Whilst this is now revoked following the Government’s adoption of the National Planning Practice Guidance [the Practice Guidance], it arguably remains a source of best practice.
- 1.20 The former guidance sets out a wide-ranging and holistic approach to assessing housing markets. It sets this out in a structure which broadly covers:



- 1 How to assess current housing markets, including existing housing demand;
- 2 How to estimate changes in household numbers to assess total future housing demand;
- 3 How to assess current and future levels of housing need; and
- 4 How to consider the requirements of particular household groups.

1.21 The SHMA Guidance identifies a range of core outputs that it is necessary for a SHMA to cover, along with a SHMA process checklist. In respect of these the SHMA Guidance states:

*“...a strategic housing market assessment should be considered robust and credible if, as a minimum, it provides all of the core outputs and meets the requirements of all of the process criteria in Figure 1.1 and Figure 1.2.”*

1.22 These core outputs and processes are identified in Figure 1.1.

Figure 1.1 SHMA Core Output and Process Checklist

Figure 1.1: Strategic Housing Market Assessment core outputs (further details are set out in Table 2.1, Chapter 2)	
1	Estimates of current dwellings in terms of size, type, condition, tenure
2	Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price/affordability. Description of key drivers underpinning the housing market
3	Estimate of total future number of households, broken down by age and type where possible
4	Estimate of current number of households in housing need
5	Estimate of future households that will require affordable housing
6	Estimate of future households requiring market housing
7	Estimate of the size of affordable housing required
8	Estimate of household groups who have particular housing requirements eg families, older people, key workers, black and minority ethnic groups, disabled people, young people, etc.

NB. Estimates of household numbers (3, 4, 5 and 6) may be expressed as a number or a range.

Figure 1.2: Strategic Housing Market Assessment process checklist	
1	Approach to identifying housing market area(s) is consistent with other approaches to identifying housing market areas within the region
2	Housing market conditions are assessed within the context of the housing market area
3	Involves key stakeholders, including house builders
4	Contains a full technical explanation of the methods employed, with any limitations noted
5	Assumptions, judgements and findings are fully justified and presented in an open and transparent manner
6	Uses and reports upon effective quality control mechanisms
7	Explains how the assessment findings have been monitored and updated (where appropriate) since it was originally undertaken

Source: CLG SHMA Guidance (2007)

## The Practice Guidance: Assessment of Housing and Economic Development Needs

1.23 The Government has recently adopted Practice Guidance on the Assessment of Housing and Economic Development Needs. The existing SHMA Practice

Guidance published in 2007 has now been cancelled. Although the new Practice Guidance is more succinct and provides less detail on the assessment of affordable housing need than the 2007 Guidance, the overall approach remains essentially the same.

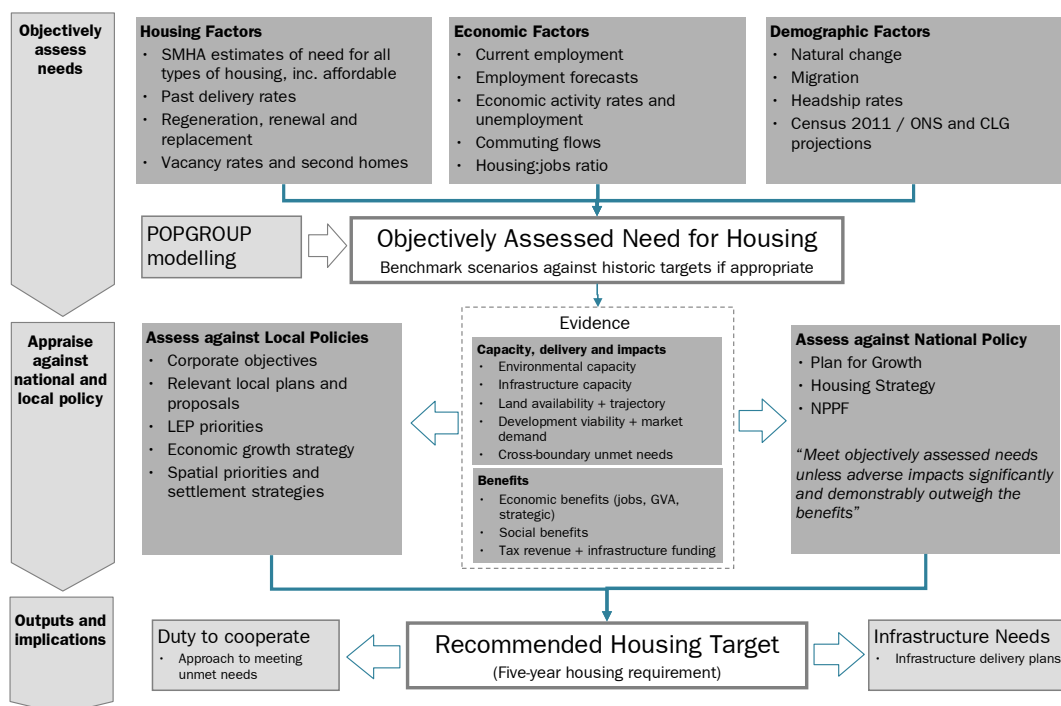
- 1.24 The Guidance states that an objective assessment of need must be based on facts and unbiased evidence. Plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under performance infrastructure or environmental constraints. However, these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans.
- 1.25 The Guidance advises that HMAs can be broadly defined by using three different sources of information as follows: house prices and rates of change in house prices; household migration and search patterns; and, contextual data (e.g. travel to work area boundaries, retail and school catchment areas).
- 1.26 The Guidance states that household projections published by CLG should provide the starting point estimate of overall housing need.
- 1.27 The Guidance advises that housing need, as suggested by household projections (the starting point), should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings. Relevant signals may include land prices, house prices, rents, affordability (the ratio between lower quartile house prices and the lower quartile income or earnings can be used to assess the relative affordability of housing), rate of development and, overcrowding.
- 1.28 In areas where an upward adjustment is required, plan makers should set this adjustment at a level that is reasonable. The more significant the affordability constraints (as reflected in rising prices and rents, and worsening affordability ratio) and the stronger other indicators of high demand (e.g. the differential between land prices), the larger the improvement in affordability needed and, therefore, the larger the additional supply response should be.
- 1.29 The Guidance recognises that market signals are affected by a number of economic factors, and plan makers should not attempt to estimate the precise impact of an increase in housing supply. Rather they should increase planned supply by an amount that, on reasonable assumptions and consistent with principles of sustainable development, could be expected to improve affordability, and monitor the response of the market over the plan period.
- 1.30 Against this background, the Framework [§159] provides the starting point for considering the key requirements of what SHMAs now need to cover, namely household and population projections taking account of migration, the need for all types housing including affordable and the housing needs of different groups. The Framework [§50] also identifies other relevant considerations that will need to be evidenced around housing market trends and size/type/tenure requirements by location.

## Approach to Undertaking the SHMA and Identifying Local Housing Needs

1.31

In response to the need to generate locally derived requirements for growth, NLP developed HEaDROOM, a conceptual framework for identifying local housing requirements providing a robust basis for planning through Local Plans. NLP’s HEaDROOM framework (so-called given its focus on the Housing, Economic and Demographic factors underpinning the need for housing in a locality) has been applied in this study (See Figure 1.2) to identify the OAN for Housing.

Figure 1.2 HEaDROOM Framework for Objective Assessment of Need for Housing



Source: NLP

1.32

The approach adopted is consistent with the requirements of the Practice Guidance, the former CLG SHMA Guidance; and the Framework, providing the necessary evidence and 'core outputs' to estimate future housing need and demand. The approach taken in arriving at a housing target for the Local Plan will need to consider relevant national and local policy factors at a high level; the deliverability of any target; and, the duty to cooperate. Although these are strictly factors outwith the remit of this SHMA, it will nevertheless have due regard to them.

## Overall Approach

### Objective Assessment of Housing Need

1.33

In essence, the approach adopted to identify the housing need element of the study is to derive a series of scenarios based on housing, economic and

demographic factors, and to identify the potential housing and employment growth needs arising within the parameters of any given scenario.

- 1.34 The key outputs of the study are presented for the period 2011 to 2031. This fits with the timescales of the proposed Local Plan Review for Staffordshire Moorlands which will extend to 2031. The 2011 base date also aligns with the point in time for which the most recent comprehensive base data is available (e.g. data, including a population base, derived from the Census).
- 1.35 HEaDROOM is dependent upon the availability of a wide range of existing data sources. Many of the modelled assumptions take account of datasets (particularly those demographically-driven) that are updated annually. It also relies on a number of older datasets which, due to reporting periods and data availability, represent the most recently available and/or most appropriate and robust data to use.
- 1.36 It will be important to keep the analysis under review and to take account of emerging information as it arises as part of the evidence base informing the Council's Local Plan Review.
- 1.37 The analysis of housing market factors, the outputs of each of the scenarios and much of the assessment is undertaken cognisant of the geography of the district. Results are disaggregated into four sub-areas that have been defined through the Local Plan preparation process. These are:
- 1 Leek
  - 2 Biddulph
  - 3 Cheadle
  - 4 Rural Areas
- 1.38 The Council has divided the district into these four broad Sub Areas encompassing the main settlements of the District, with the rural Sub Areas encapsulating the remainder. The parishes included in each of the Sub Areas are set out in Table 1.1 below.

Table 1.1 Locations within Each Settlement Area

Settlement Area:	Parishes Included
Settlement Area 1 – Leek	Leek within town development boundary
Settlement Area 2 – Biddulph	Biddulph within town development boundary
Settlement Area 3 – Cheadle	Cheadle within town development boundary
Settlement Area 4 – Rural Areas	Wards of Alton, Bagnall & Stanley, Biddulph Moor, Brown Edge & Endon, Caverswall, Cellerhead, Checkley, Cheddleton, Churnet, Dane, Forsbrook, Hamps Valley, Horton, Ipstones, Manifold, Werrington and the remainder of town wards outside town development boundaries

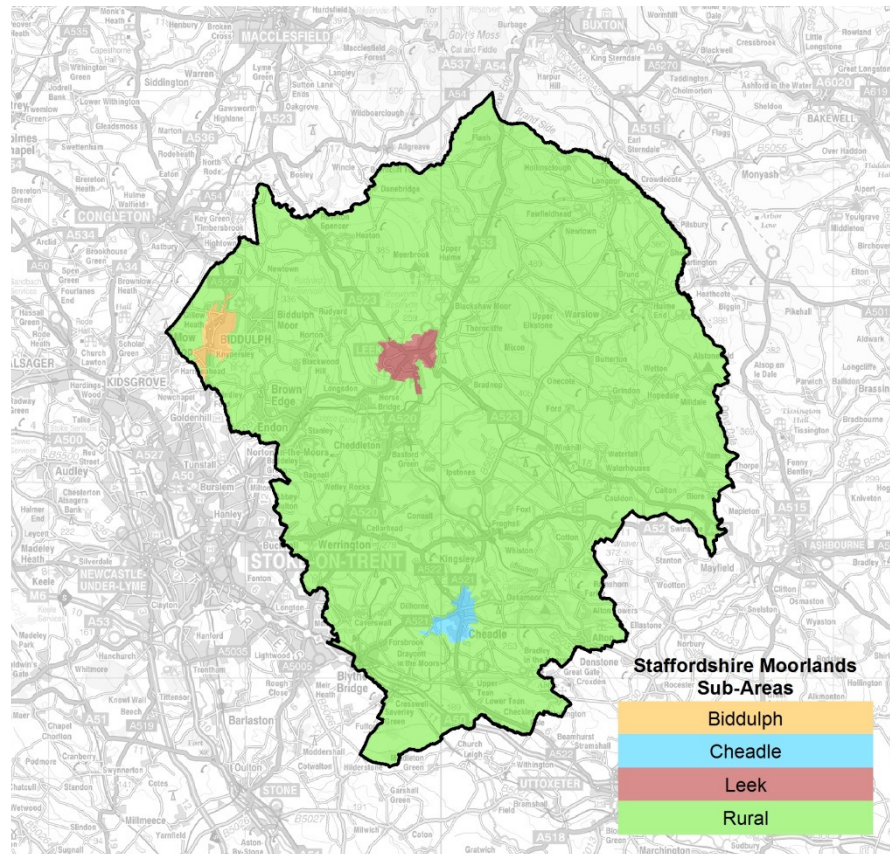
Source: NLP/Staffordshire Moorlands District Council

- 1.39 The area covered by each of the four Sub Areas is illustrated in Figure 1.3. The different coloured areas represent the boundaries of each settlement area.

1.40

Postcode boundaries within each of the Settlement Areas have informed the primary survey undertaken as part of the preparation of the SHMA. As local authority boundaries do not align exactly with postcode boundaries a ‘best fit’ approach has been used. In the majority of instances, this only encompasses countryside or undeveloped areas and hence does not result in any significant bias in the results. It should be noted that the Rural Area includes parts of the Peak District National Park which are outside SMDC’s Local Plan area.

Figure 1.3 Staffordshire Moorlands Sub-Area Boundaries



Source: NLP

## Affordable Housing

1.41

In addition, to establish the overall housing level associated with different scenarios, this study also seeks to assess the level of affordable housing need. This appraisal draws upon a wide range of existing sources of data relating to:

- 1 The local housing market;
- 2 Market Signals, including house process and affordability issues;
- 3 The existing stock of affordable housing;
- 4 Anticipated future changes in the affordable housing stock; and,
- 5 Current and anticipated future levels of need for affordable housing.

1.42

The affordable housing target will be broken down by tenure, size and type, for each sub-housing market area, and for special needs households.

- 1 Families with children;
- 2 Older people;
- 3 Households with specific needs (such as disabled people);
- 4 Minority and hard to reach households;
- 5 Rural communities;
- 6 First time buyers and young people; and,
- 7 Key workers and service personnel.

1.43 In setting this housing target by tenure, NLP also considered the affordable rent model and the ability of households across the district to pay up to 80% market rents. This required an analysis of the new affordable rent model and the identification of suitable rent thresholds for local authority and sub-areas having regard to local incomes, the mortgage market and the supply of private rented and affordable housing, including consideration of its likely impact on the supply and demand of social rented housing and its implication for households in need of affordable housing.

1.44 The appendices set out the relevant assumptions used for the demographic modelling and also provide a technical guide to the approach adopted.

## **Stakeholder Consultation**

1.45 Stakeholder consultation is vital for realistic and robust outputs, particularly when it must be defensible in EiPs and Planning Inquiries. In this situation, significant weight has been given to the views of neighbouring local authorities as per the duty to co-operate, Registered Providers [RPs] who operate in the area, local agents, developers and other key stakeholders.

1.46 A stakeholder meeting was held by NLP and Staffordshire Moorlands District Council at Moorlands House in December 2013. The meeting was conducted over the course of an afternoon and an extensive list of potential stakeholders were invited to attend. The workshop was split into two discrete elements: initial findings on housing requirement; and initial findings on the SHMA. Both stages involved representatives from NLP presenting the initial findings and a question and answers session was conducted in relation to the initial housing requirement findings. Following the second presentation, the participants were split and workshop discussions were conducted.

1.47 Stakeholders involved included representatives of Staffordshire Moorlands Housing and Planning Policy department, Registered Providers who operate in the area, neighbouring local authorities, developers, landowners and other key stakeholders. The local authorities invited to the Stakeholder Workshops were: Cheshire East, Newcastle-under-Lyme, Stoke-on-Trent, East Staffordshire, Stafford, High Peak, Peak District National Park, and Derbyshire Dales.

1.48 In addition to the Stakeholder Workshops mentioned above, questionnaires were also sent to RPs operating in the area to gain a more detailed view on the affordable housing requirements in the HMA, including any recent key changes

in the sector, the needs of specific groups, and the impact of the new Affordable Rent model. Questionnaires were also sent to local agents covering questions on the housing market and the private rental market. The questionnaire sought the views on a number of topics including the outlook for the local housing market in the future, the demand for sales and rental properties from different groups, the impacts of a lack of access to mortgage finance, and any perceived shortages in supply. The content of these questionnaires was agreed with Staffordshire Moorlands beforehand.

1.49

The feedback from stakeholders at the Workshop has assisted and informed NLP in assessing the assumptions in the SHMA and the assessment of housing requirement. Details of this feedback are set out in various sections of this report.

## 2.0 Defining the Housing Market Area

### Introduction

- 2.1 The Localism Act 2011 includes the statutory duty to cooperate on strategic planning for cross-boundary issues. This requirement is reiterated in the Framework in terms of addressing housing figures and job growth. In particular, the Framework states:

*“...LPAs should: use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area.” [§159]*

- 2.2 In recent months Inspectors<sup>1</sup> have taken the view that SHMAs must be undertaken for the whole Housing Market Area [HMA] and that objectively assessed housing needs should reflect such geographies. This section considers the appropriate HMA for Staffordshire Moorlands.

### CLG Guidance on Defining Housing Market Areas

- 2.3 The CLG’s guidance note ‘*Identifying sub-regional housing market areas*’ (March 2007) was revoked in March 2014. However, in the absence of any replacement detailed guidance, it provides a reasonable basis for defining HMAs. In this context, it notes that:

- 1 HMAs are inherently difficult to define. They are a geographic representation of people’s choices and preferences on the location of their home, accounting for live and work patterns. They can be defined at varying geographical scales from the national scale to sub-regional scale, down to local and settlement specific scales.
- 2 HMAs are not definitive. As well as a spatial hierarchy of different markets and sub-markets, they will inevitably overlap. However, CLG provides some advice in this regard.

- 2.4 The CLG Guidance recommends that a measure of migration flow patterns can identify the geographical relationships of where people move house within an area with a 70% containment rate of migratory activity typically representing a HMA. In particular:

*“The typical threshold for self-containment is around 70 per cent of all movers in a given time period. This threshold applies to both the supply side (70 per cent of all those moving out of a dwelling move within that same area) and the demand side (70 per cent of all those moving into a dwelling have moved from that same area). Some areas may be relatively more or less self-contained, and it may be desirable to explore different thresholds.”*

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<sup>1</sup> Waverley Borough Council Core Strategy Examination in Public, Letter from Inspector Hetherington June 2013; and Hart District Council Core Strategy Examination in Public, Letter from Inspector Ward July 2013



- 2.5 This level of self-containment is also recommended in the Practice Guidance (March 2014). This provides some guidance on defining housing market areas including consideration of household migration and search patterns. The Practice Guidance states:

*“Migration flows and housing search patterns reflect preferences and the trade-offs made when choosing housing with different characteristics. Analysis of migration flow patterns can help to identify these relationships and the extent to which people move house within an area. The findings can identify the areas within which a relatively high proportion of household moves (typically 70 per cent) are contained. This excludes long distance moves (e.g. those due to a change of lifestyle or retirement), reflecting the fact that most people move relatively short distances due to connections to families, friends, jobs, and schools.”*  
[§2a-011-20140306]

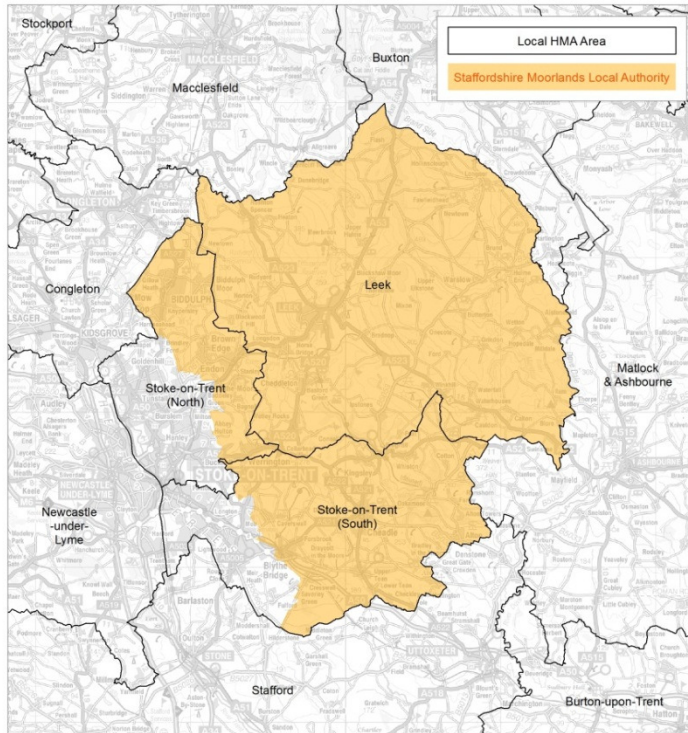
- 2.6 Migration flows and calculation of self-containment percentages within and between local authorities have been used by NLP to assist in defining the Staffordshire Moorlands HMA.

## **Previous SHMAs and Housing Market Area**

### **CLG Geography of HMAs Study (2010)**

- 2.7 Figure 2.1 presents the ‘Leek’ HMA as defined in the CLG publication ‘*Geography of HMAs: Final Report*’ (November 2010), mapped against the Staffordshire Moorlands Local Authority Boundary and those of adjoining districts.
- 2.8 This study defined wider strategic HMAs based on commuting flows and then subdivided these strategic areas into smaller local housing market areas. Staffordshire Moorlands was identified as being within 3 separate local HMAs – Leek, Stoke on Trent North, and Stoke on Trent South - which includes wards in Stoke on Trent. The Leek HMA is restricted to Staffordshire Moorlands District. Staffordshire Moorlands forms part of the wider ‘Stoke on Trent’ strategic HMA.
- 2.9 Self-containment within these local-level HMAs is around 60%, which is below the 70% requirement set out in the Practice Guidance. However these figures do not consider the impact of long distance moves. Furthermore, Staffordshire Moorlands is a rural local authority and it is generally accepted that rural areas have lower levels of self-containment.

Figure 2.1 Local HMAs



Source: NLP / CLG

## West Midlands North Sub-Region SHMA (2007)

2.10

In 2007 a Strategic Housing Market Assessment (SHMA) was carried out for the North HMA of the West Midlands, comprising Staffordshire Moorlands, East Staffordshire, Stafford, Stoke-on-Trent and Newcastle-under-Lyme. The SHMA (Figure 2.2) identifies the District as falling within 2 local housing market areas which have similar housing balance issues. Figure 2.2 presents the two distinct local housing market areas; the wards within them; and general housing market characteristics that group the areas.

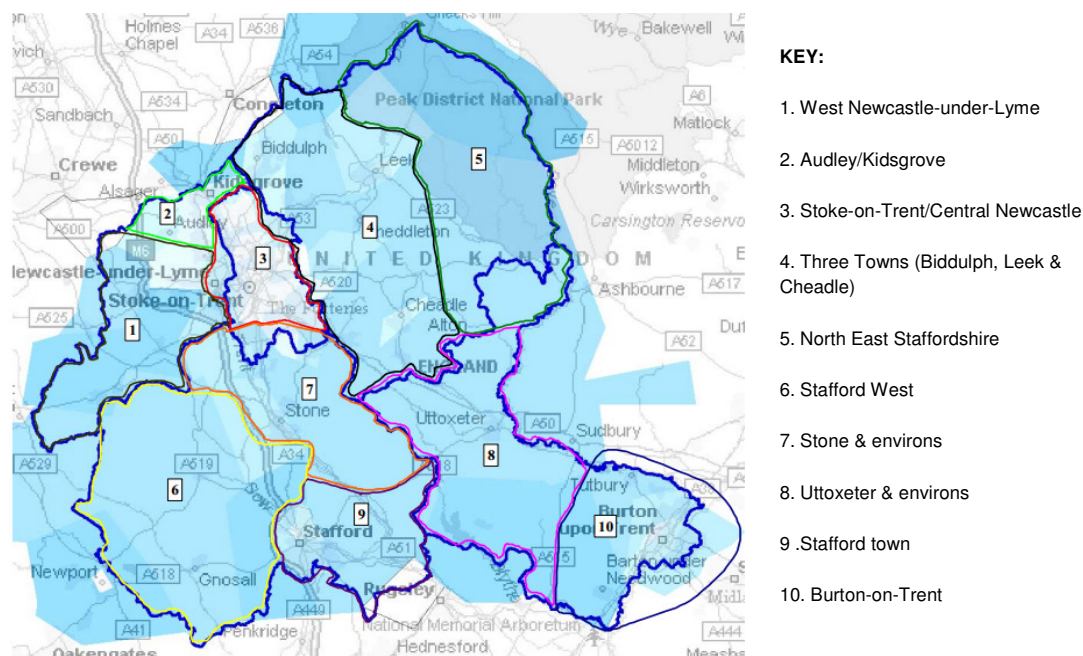
Figure 2.2 Local Housing Market Areas covering Staffordshire Moorlands Council

Local Housing Market Area	Wards	Housing Balance Issues
Three Towns (Biddulph, Leek & Cheadle)	Bagnall & Stanley, Biddulph East, Biddulph Moor, Biddulph North, Biddulph South, Biddulph West, Brown Edge & Endon, Caverswall, Cellarhead, Cheadle North East, Cheadle South East, Cheadle West, Checkley, Cheddleton, Forsbrook, Horton, Leek East, Leek North, Leek South, Leek West, Werrington	<ul style="list-style-type: none"> <li>A very high proportion of owner occupation and low proportions of social housing</li> <li>Low levels of private rented housing suggests scope for growth in this part of the market</li> <li>in terms of housing type, there is a shortfall of smaller properties both terraces and apartments</li> </ul>
North East Staffordshire	Alton, Churnet, Dane, Hamps Valley, Ipstones, Manifold	<ul style="list-style-type: none"> <li>A dominance of owner occupation over all other tenures</li> <li>A need for more affordable housing and social housing in particular</li> <li>An under supply of mid-sized units such as semi-detached and terraced dwellings and also need for more smaller apartments</li> <li>An over supply of detached properties</li> </ul>

Source: SHMA 2007

2.11 Figure 2.3 illustrates the spatial extent of each housing market area. Areas 4 and 5 below cover all of the geographic area of Staffordshire Moorlands District.

Figure 2.3 Spatial extent of Housing Market Areas



Source: SHMA 2007

2.12 The 2007 SHMA states that the housing needs of Staffordshire Moorlands are not constrained by local authority boundaries but exist as part of a wider housing market. Staffordshire Moorlands falls within the North HMA which also

includes East Staffordshire, Newcastle-under-Lyme, Stafford and Stoke-on-Trent. These sub-regional housing market areas were identified based on house prices, migration patterns and travel-to-work areas.

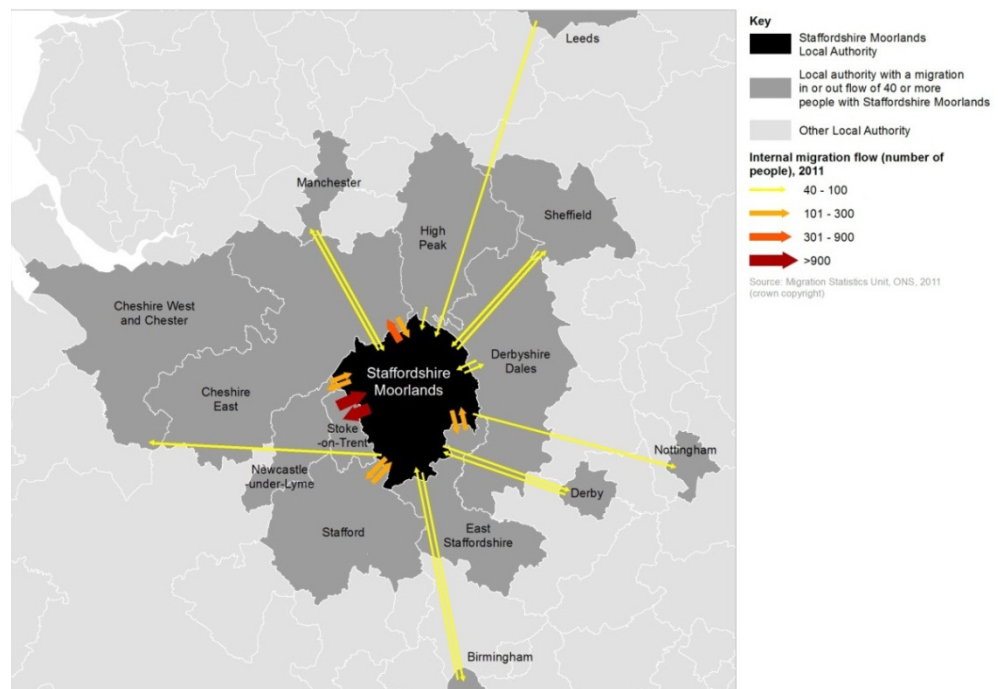
- 2.13 In conclusion, evidence demonstrates that Staffordshire Moorlands is in an area of overlapping HMAs. Previous work has not settled on a particular boundary or defined with absolute certainty the HMA in which Staffordshire Moorlands sits. This has influenced this study and must be taken into account by the LPA going forward.

## **Extent of the Staffordshire Moorlands HMA**

### **Migration & Travel to Work Patterns**

- 2.14 NLP has analysed the latest available data on commuting, migration and other relevant HMA indicators in line with the Practice Guidance. The most detailed data remains the migration and commuting statistics from the 2001 Census. Although some migratory data is available for 2011, this was obtained from the ONS's Migration Statistics Unit and not the 2011 Census (which remains unavailable at the time of writing), hence it does not provide the detailed internal migration or ward-based statistics necessary for an in-depth analysis.
- 2.15 As noted above, patterns of migration are a function of a range of housing market factors combined with household circumstances. Key factors which influence migration patterns and the geography of housing markets include affordability, which itself is influenced by a range of factors, and accessibility, particularly related to place of work and ease of commuting.
- 2.16 Figure 2.4 demonstrates that there is a relatively high level of inter-dependency between Staffordshire Moorlands and surrounding Local Authority areas. Most pronounced is the inward and outward migration illustrated between Stoke-on-Trent and Staffordshire Moorlands with 1,160 migrations out of Stoke-on-Trent to Staffordshire Moorlands and 910 to Stoke-on-Trent. This marks a significant link between the housing market in Stoke-on-Trent and Staffordshire Moorlands, demonstrating that they are unlikely to be independent housing market areas. The conclusions reached in the earlier SHMA for the West Midlands North HMA support these findings, as do the conclusions of the 2010 CLG Geography of Housing Market Areas Study.
- 2.17 There is also a relatively significant relationship between Newcastle-under-Lyme and Staffordshire Moorlands. There are more outward migrations to Newcastle-under-Lyme than there are inward migrations from Newcastle-under-Lyme to Staffordshire Moorlands. To a lesser extent there is interdependency between Staffordshire Moorlands and Cheshire East and Stafford. Out migration to Cheshire East (340) exceeds in migration from Cheshire East into Staffordshire Moorlands (220) by 120 migrations.

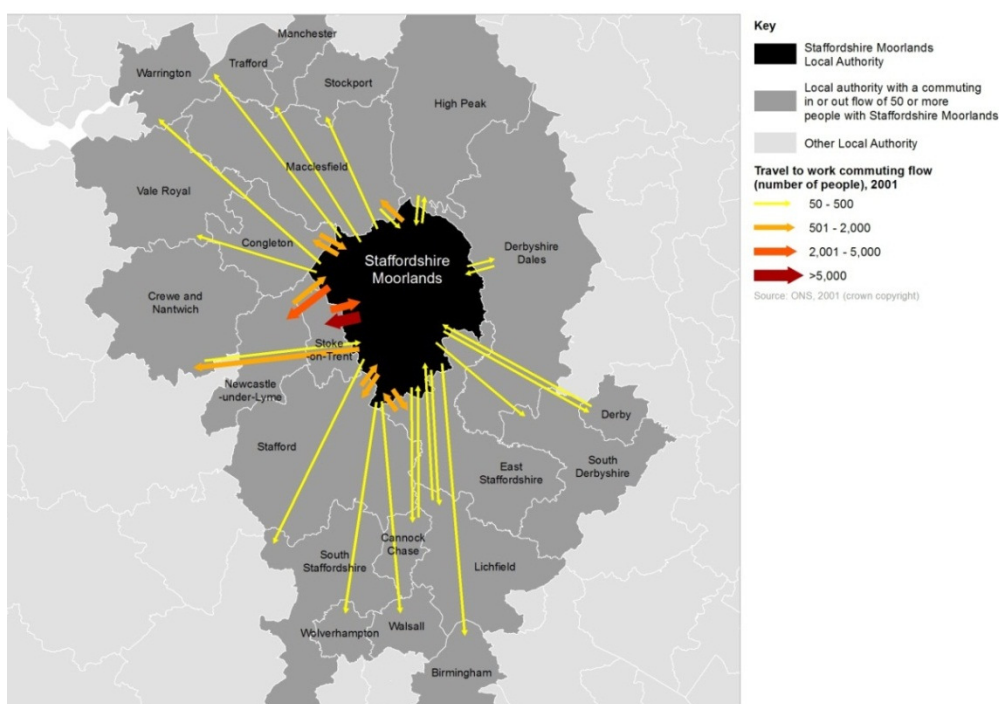
Figure 2.4 Internal Migration Flow



Source: ONS Migration Statistics Unit 2011

- 2.18 Both inward and outward migration is relatively high, but the resulting trend is that there is an equal level of in-migration as out migration, with 3,020 people choosing to migrate out of Staffordshire Moorlands compared to 3,010 moving in.
- 2.19 This is likely to be fuelled by the attractiveness of the District as a place to live and retire to, rather than specific economic reasons (job growth) as neighbouring Stoke on Trent is clearly the economic driver of the wider area (evidenced in Figure 2.5).
- 2.20 In terms of other HMA indicators, overall 48% of the population travel to work outside of Staffordshire Moorlands. Figure 2.5 illustrates high levels of commuting from Staffordshire Moorlands to Stoke-on-Trent, 10,154. This accounts for 22% of all travel to work movements. Significant outward commuting is also evident between Staffordshire Moorlands and the neighbouring authorities of Congleton, Macclesfield, East Staffordshire, Newcastle-under-Lyme and Stafford.
- 2.21 Although there is some commuting into Staffordshire Moorlands most noticeably from Stoke on Trent (4,002) other inward flows are less significant and none exceeding 1,000 people. There are 23,535 people who live in Staffordshire Moorlands and also work there. In total Staffordshire Moorlands has 13,956 more people commuting out to work than commuting in.

Figure 2.5 Travel to Work commuting flow 2001



Source: Census 2001 / NLP Analysis

## Implications for the Staffordshire Moorlands HMA

- 2.22 In accordance with the Practice Guidance’s approach to defining HMAs on the basis of migratory patterns at a lower level, NLP undertook a modelling exercise to ascertain the extent to which a 70% self-containment threshold could be said to apply to Staffordshire Moorlands. This involved a breakdown of the internal migratory relationships between wards both within and without Staffordshire Moorlands District, using the most detailed information currently available (specifically the 2001 Census).
- 2.23 Internal migrations within Staffordshire Moorlands account for 52% of all in migration and 57% of all out migration. This figure does not exclude long distance moves<sup>2</sup> nor take account of the rural character of Staffordshire Moorlands. Rural areas are commonly accepted to have lower levels of self-containment. Nevertheless the levels of self-containment are not considered substantial enough to consider Staffordshire Moorlands as a self-contained housing market area. Looking at Local Authority level Census migration data including migration to and from Stoke on Trent and Newcastle-under-Lyme migration between these three local authority areas accounts for 69% of all in migrations and 73% of all out migrations (including long distance moves).

<sup>2</sup> Long distance moves are all moves equal to or exceeding 100 miles as this is considered to be a change in lifestyle.

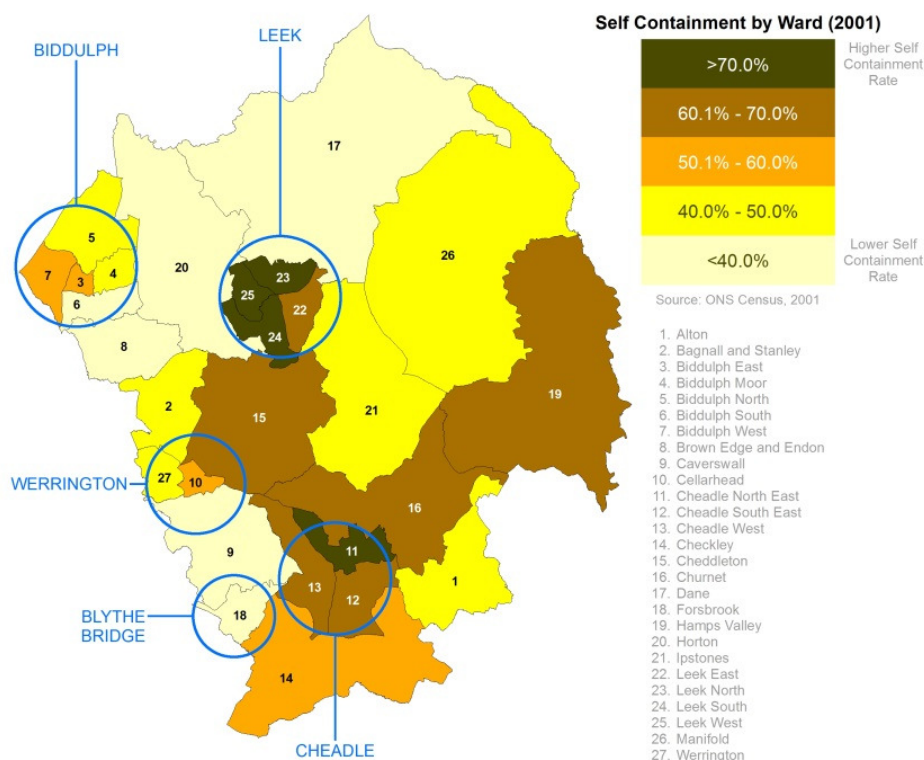
Table 2.1 Staffordshire Moorlands Ward Self-containment

Ward	Self-containment within Staffordshire Moorlands (%)	Ward	Self-containment within Staffordshire Moorlands (%)
Alton	47.4%	Cheddleton	61.9%
Bagnall and Stanley	48.0%	Churnet	65.3%
Biddulph East	51.8%	Dane	28.6%
Biddulph Moor	45.5%	Forsbrook	36.1%
Biddulph North	49.4%	Hamps Valley	62.1%
Biddulph South	32.0%	Horton	35.1%
Biddulph West	52.7%	Ipstones	48.8%
Brown Edge and Endon	28.8%	Leek East	69.1%
Caverswall	17.1%	Leek North	78.5%
Cellarhead	55.7%	Leek South	73.2%
Cheadle North East	78.6%	Leek West	74.6%
Cheadle South East	62.2%	Manifold	44.4%
Cheadle West	66.7%	Werrington	43.9%
Checkley	50.9%		

Source: 2001 Census / NLP

- 2.24 The Staffordshire Moorlands self-containment figure excluding long distance moves is 61% for outward migrations and 60% of all inward migration. Therefore, on the basis the Practice Guidance's definition Staffordshire Moorlands could not be seen as a self-contained HMA. The situation is clearly more complex and parts of the District have much stronger relationships with the adjoining district of Stoke on Trent than with other settlements in Staffordshire Moorlands.
- 2.25 For example, as can be seen in Table 2.1 and Figure 2.6, areas such as Biddulph West and Brown Edge and Endon to the west of the District have strong migratory relationships with the Stock on Trent wards of Chell and Packmoor and Norton and Bradeley. The wards that comprise Cheadle and Leek show high levels of self-containment, at c.70%.

Figure 2.6 Staffordshire Moorlands Wards – Migratory Self Containment 2001



Source: Census 2001 / NLP Analysis

2.26 However, other indicators, such as commuting, suggest stronger levels of self-containment. The 2001 Census commuting data suggests that around 74% of all residents of Staffordshire Moorlands in employment work elsewhere within the District. Of the 26% of residents commuting out of the District to work, the vast majority commute to Stock on Trent (13%).

2.27 Considering the extent of the inter-relationships between Staffordshire Moorlands and Stoke on Trent it is important to consider those neighbouring authorities when analysing Staffordshire Moorland's housing market. It is the view of NLP that Stoke on Trent has significant housing market relationships with Staffordshire Moorlands and therefore cannot be considered as an entirely independent HMA, but as a Local Authority within overlapping housing markets.

2.28 In this regard, the CLG publication '*Geography of housing market areas: Final Report*'<sup>3</sup> identified a series of local level HMAs, three of which included parts of Staffordshire Moorlands. This specifically comprises the 'Leek' local HMA, the Stoke on Trent (North) local HMA, and the Stoke on Trent (South) local HMA. The latter two HMAs encompass parts of Stoke on Trent. All of these local HMAs are within the wider Stoke on Trent strategic HMA.

2.29 Table 2.2 presents levels of self-containment within these local HMAs based on 2001 Migration statistics presented in the CLG 2010 Report. It demonstrates that on their own, none of these three local HMAs are above the

<sup>3</sup>CLG (November 2010): Geography of housing market areas: Final report



70% self-containment threshold and most are well below this level. It is clear that this approach is much looser and does not appear to result in a level of self-containment much higher than within Staffordshire Moorlands itself.

Table 2.2 Staffordshire Moorlands HMAs

HMA	Wards	Self-containment In %	Self-containment Out %
Leek	Staffordshire Moorlands: Cheddleton, Dane, Hamps Valley, Horton, Ipstones, Leek East, Leek North, Leek South, Leek West and Manifold	64.4	62.07
Stoke on Trent (South)	<b>Stoke on Trent:</b> Blurton, Fenton, Longton North, Longton South, Meir Park and Sandon and, Weston and Meir North <b>Stafford:</b> Fulford <b>Staffordshire Moorlands:</b> Alton, Caverswall, Cheadle North East, Cheadle South East, Cheadle West, Checkley, Churnet and, Forsbrook	60.53	60.69
Stoke on Trent (North)	<b>Stoke on Trent:</b> Abbey Green, Bentilee and Townsend, Berryhill and Hanley East, Burslem North, Burslem South, Chell and Packmoor East Valley, Hanley West and Shelton, Northwood and Birches Head, Norton and Bradeley and, Tunstall <b>Staffordshire Moorlands:</b> Bagnall and Stanley, Biddulph East, Biddulph Moor, Biddulph North, Biddulph South, Biddulph West, Brown Edge and Endon, Cellarhead and, Werrington	58.45	60.17

Source: CLG / NLP

2.30 Staffordshire Moorlands is therefore not a self-contained HMA and the exclusion of long distance moves still does not result in c.70% self-containment. When analysed individually, some wards have lower levels of containment which shows there is some overlap with adjoining wards and conversely some wards have high levels of self-containment.

2.31 As a consequence NLP emphasises that under the Duty to Co-operate Staffordshire Moorlands Council must continue to liaise with Stoke on Trent Council and other nearby authorities to ensure that housing needs are met in full at a strategic level.

## Summary

2.32 The assessment of the extent of the HMA for Staffordshire Moorlands demonstrates that the situation is complex and does not necessarily allow for a straightforward demarcation of the boundary, as there are considerable overlaps with the HMAs within the Stoke on Trent Strategic HMA (see Figure 2.1).

2.33

In summary:

- 1 The Practice Guidance defines an HMA as a geography at which 70% of local moves are contained, whilst the former CLG Guidance notes that the benchmark for self-containment may be lower in more rural areas.
- 2 Staffordshire Moorlands has previously been identified as lying across two separate housing market areas within the 2007 SHMA. Assessing Census 2001 data 57% of all migrations out of Staffordshire Moorlands move in to Staffordshire Moorlands and 52% of all migrations in to Staffordshire Moorlands move from Staffordshire Moorlands. This suggests that Staffordshire Moorlands is not a self-contained housing market.
- 3 On this basis the cross boundary relationships are considered with other authorities to consider the most appropriate HMA based on migration and commuting flows. Looking at Census 2001 data for migration and data for commuting in 2011 it is concluded that Staffordshire Moorlands and wards within Stoke on Trent combine to make one HMA. It is for the Council to establish housing need for the multi-authority HMA through the duty to cooperate.
- 4 Excluding long-distance movements, an assessment of 2001 Census data on migration suggests that the District has a self-containment of between 60% – 61%. Although the former CLG Guidance recognises that the level of self-containment in rural authorities is often lower than elsewhere, it could not be argued that Staffordshire Moorlands represents a self-contained HMA.
- 5 Staffordshire Moorlands has a clear relationship with Stoke on Trent, with the 2010 CLG analysis suggesting that the District is split between three separate Local HMAs (Leek, Stoke on Trent South and Stoke on Trent North), and at a more strategic scale, the wider HMA of Stoke on Trent. However, none of the three Local HMAs appear to have a self-containment level any higher than the 70% threshold.
- 6 The relationship with the bounding authority, Stoke on Trent, needs to be taken into account. The migration data was collected for the Census 2001 and the analysis should be refreshed once new Census 2011 data is released.

2.34

Meeting the full housing needs within these overlapping HMAs will therefore require co-operation between the various authorities in these adjoining Strategic HMA areas, and particularly Stoke-on-Trent Council. SMDC, through the duty to cooperate, should undertake further discussions to determine how this interdependence impacts upon housing requirements within the wider HMA, and how it will be addressed.

## 3.0 Market Signals

### Introduction

3.1 The Practice Guidance indicates that once an assessment of need based upon household projections is established, this should be adjusted to reflect appropriate market signals and indicators of the balance between the demand for and supply of housing. The Guidance explicitly sets out six market signals:

- 1 land prices;
- 2 house prices;
- 3 rents;
- 4 affordability;
- 5 rate of development; and
- 6 overcrowding.

3.2 It goes on to indicate that appropriate comparison of these should be made with upward adjustment made where such market signals indicate an imbalance in supply and demand, and the need to increase housing supply to meet demand and tackle affordability issues:

*“This includes comparison with longer term trends (both in absolute levels and rates of change) in the: housing market area; similar demographic and economic areas; and nationally. A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections. Volatility in some indicators requires care to be taken: in these cases rolling average comparisons may be helpful to identify persistent changes and trends.”*

*“In areas where an upward adjustment is required, plan makers should set this adjustment at a level that is reasonable. The more significant the affordability constraints (as reflected in rising prices and rents, and worsening affordability ratio) and the stronger other indicators of high demand (e.g. the differential between land prices), the larger the improvement in affordability needed and, therefore, the larger the additional supply response should be.” [§2a-020-20140306]*

3.3 The Guidance sets out a clear and logical ‘test’ for the circumstances in which objectively assessed needs (including meeting housing demand) will be in excess of demographic-led projections.

### Housing Market Indicators

3.4 Each of the housing market indicators is taken and applied to data for Staffordshire Moorlands local authority area. As detailed in Section 2.0, it could be argued that Staffordshire Moorlands is not a self-contained HMA and

as a result, when considering housing need for the defined HMA, the LPA may wish to examine the signals across the wider strategic HMA.

### Land Prices

- 3.5 There is no readily available and nationally consistent data on unequipped agricultural land values or residential building land prices from the VOA for Staffordshire Moorlands. This is because the VOA only covers major centres or areas which generate sufficient activity to determine a market pattern. The national average bulk residential building land prices were £1.77m per hectare in 2010 and data is available for areas such as Derby but this data is not useful to apply to Staffordshire Moorlands as the nearby areas are not considered sufficiently similar.

### House Prices

- 3.6 The Practice Guidance identifies that longer term changes in house prices may suggest an imbalance between the demand for and supply of housing. Although it suggests using mix-adjusted prices and/or House Price Indices, these are not available at local authority level on a consistent basis, and therefore for considering market signals in the Staffordshire Moorlands housing market area, price paid data is the most reasonable indicator.
- 3.7 Land registry price paid data suggests current (September 2013) prices in Staffordshire Moorlands are 25% lower than the national average and 6% lower than in Staffordshire County as a whole. These median average prices illustrate that the price paid for housing stock in Staffordshire Moorlands, is below average when compared to national price paid, and is slightly lower than the Staffordshire price paid data. The data represents the median average dwelling price across both new and old housing.

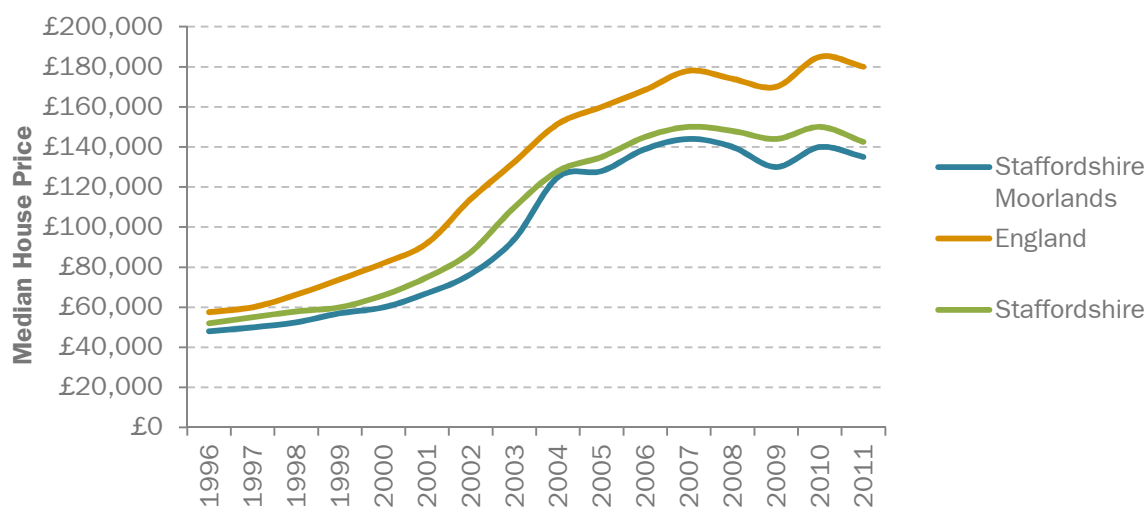
Table 3.1 Median Dwelling Prices, Staffordshire Moorlands (September 2013)

	Dwelling Price
Staffordshire Moorlands	£142,000
Staffordshire	£150,500
England	£190,000

Source: Land Registry Price Paid Data (September 2013)

- 3.8 CLG publish series data on median house prices based on the same Land Registry price paid data series. This currently runs from 1996 to 2011. This longitudinal analysis is illustrated in Figure 3.1, which indicates that Staffordshire Moorlands area has had consistently lower house prices than the country and has been slightly lower than the Staffordshire median across this period. The median house price for Staffordshire Moorlands has been increasing at a consistent rate to the Staffordshire Median since 1996. The general trend also tends to follow the national median house price with the exception of the more dramatic increase in house prices in Staffordshire Moorlands in 2004 as illustrated in Figure 3.1.

Figure 3.1 Median House Prices



Source: CLG Live Table 586

- 3.9 In 2011 median house prices in Staffordshire were 21% lower than the national average, whilst house prices in Staffordshire Moorlands were 25% lower than national average and it ranked the 84<sup>th</sup> cheapest place to live in England, just outside the cheapest 25%.
- 3.10 Over the previous 15 years (1996-2011), median house prices increased 174% in Staffordshire to £142,500 by 2011; and by 181% in Staffordshire Moorlands, to £135,000 in 2011. Using affordability ratios in 1997, the ratio of median house price to median earnings in Staffordshire Moorlands was 3.30, compared with 6.22 in 2012. Affordability has therefore almost halved over this period. This has contributed to worsening affordability in the Staffordshire Moorlands housing market area.
- 3.11 This could be attributed to a national decrease in real incomes as well as the relatively low incomes of residents in Staffordshire Moorlands. In 2011 69% of people in Staffordshire Moorlands earned less than £25,000 compared to 30% in England.
- 3.12 As set out in the Practice Guidance, higher house prices than comparator areas and long term rises tend to indicate an imbalance between the demand for housing and the supply.

## Rents

- 3.13 On a similar basis, high and increasing rents in an area are a further signal of stress in the housing market. Median rents in Staffordshire Moorlands are £450 per month, with median rents ranging from £375 per month for a 1 bed flat, to £675 per month for a 4+ bed house. The median rent paid in Staffordshire is slightly higher on average, at £500 per month. This ranges from £400 per month for a 1-bedroom dwelling, to £800 for a 4+ bed house and irrespective of the number of bedrooms median rent is cheaper in Staffordshire Moorlands than Staffordshire. The lower overall median rent

figure for Staffordshire Moorland is consistent with the median house prices (i.e. lower property values equal lower rents). Overall, rental values in Staffordshire Moorlands are 23% lower than the national average.

- 3.14 Series data for rents from VOA statistics is only available for Q2 2011 to Q1 2013. However, the VOA data demonstrates that median rents in Staffordshire Moorlands have stayed static since 2011, compared with growth of 2.6% nationally. This suggests that affordability within the private market rental sector has remained relatively stable in Staffordshire Moorlands indicating there has not a significantly greater demand for housing in this tenure than there has been supply during this period. However, both nationally and regionally, real incomes have declined, which worsens affordability of the private market sector even with relatively static prices. This is likely to result in an underrepresentation of the scale of the pressures on the private rental market in Staffordshire Moorlands.

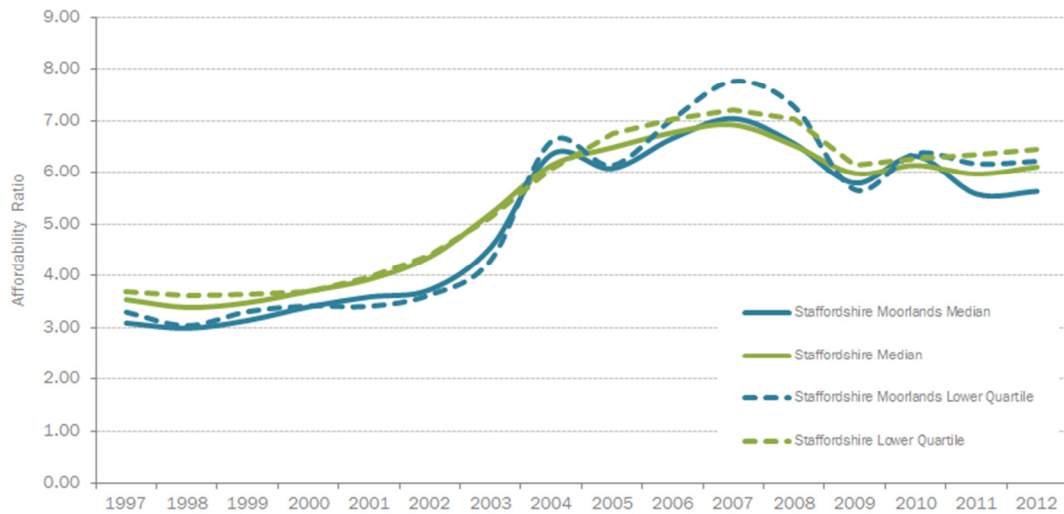
### **Affordability**

- 3.15 The former CLG SHMA Practice Guidance defines affordability as a '*measure of whether housing may be afforded by certain groups of households*'. The Practice Guidance concludes that assessing affordability involves comparing costs against the ability to pay, with the relevant indicator being the ratio between lower quartile house prices and lower quartile earnings.
- 3.16 Using CLG affordability ratios, Figure 3.2 illustrates that housing affordability declined dramatically between 2002 and 2004 and then again between 2005 and 2007 which was at a greater and more pronounced rate than Staffordshire County.
- 3.17 Lower quartile house prices peaked in 2007 at 7.76 times greater than lower quartile incomes in Staffordshire Moorlands<sup>4</sup>. This subsequently dropped considerably to 5.66 in 2009 before steadily increasing to 6.22 by 2012. A similar trend was experienced in median house prices in the District which peaked at 7.04 in 2007 before dropping to 5.58 in 2011 and 5.63 in 2012. This compares to an affordable ratio of 6.11 for Staffordshire County median house prices, and 6.45 for the County's Lower Quartile House Prices.
- 3.18 This illustrates that there is a slightly better level of affordability in the Staffordshire Moorlands area when compared to the national average. Staffordshire Moorlands is the 84<sup>th</sup> cheapest place to live in England out of 326; putting it just outside the cheapest 25%. Newcastle-under-Lyme is the 52<sup>nd</sup> cheapest place to live and Stoke on Trent is the 4<sup>th</sup> cheapest place to live.

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<sup>4</sup> CLG, Live Table 576

Figure 3.2 Affordability Ratio, Staffordshire Moorlands



Source: CLG Live Table 576

- 3.19 The affordability ratio highlights a constraint on people being able to access housing in Staffordshire Moorlands. However, housing is more affordable in Staffordshire Moorlands than Staffordshire as a whole. House price increases and rental costs are outstripping increases in earnings, albeit to a lesser degree than the England average. Whilst this relationship could suggest a shortfall in supply when compared with demand, there are few signs of it ‘diverging’ from either the County or national affordability ratios.

### Rate of Development

- 3.20 The rate of development is intended to be a supply-side indicator of previous under-delivery. The Practice Guidance states that:
- “if the historic rate of development shows that actual supply falls below planned supply, future supply should be increased to reflect the likelihood of under-delivery of a plan”.* [§2a-020-20140306]
- 3.21 The rate of development is therefore a market signal relating to the quantity of past under-supply, which will need to be made up. Against this there is one relevant ‘planned supply’ figure which could be considered: the target within the West Midlands Regional Strategy [WMRS].
- 3.22 The WMRS planned for 6,000 dwellings between 2006 and 2026 in Staffordshire Moorlands. This is equivalent to target of 300 dwellings per annum [dpa] over the period 2006 to 2026. By comparison, the delivery in Staffordshire Moorlands totalled just 1,219 in the period 2006/07-2012/13, which is an under-supply of 881 dwellings as illustrated in Table 3.2.

Table 3.2 Rate of delivery against the West Midlands RS [dpa]

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	Total
Net Completions	260	261	236	185	110	71	96	<b>1,219</b>
West Midlands RS 2006 – 2026 Target (300 dpa)	300	300	300	300	300	300	300	<b>2,100</b>
<b>Residual</b>	<b>-40</b>	<b>-39</b>	<b>-64</b>	<b>-115</b>	<b>-190</b>	<b>-229</b>	<b>-204</b>	<b>-881</b>

Source: WMRS and NLP Analysis

- 3.23 The implication is that the rate of delivery in Staffordshire Moorlands has fallen short of planned supply. This will have contributed in a small way towards the other housing market signals which indicate that there has been increasing stress in the housing market as a product of demand not being met. It may be reasonable to assume that the scale of previous under-supply should be added on to future supply in order to reverse trends in the housing market.

### Overcrowding

- 3.24 Indicators on overcrowding, sharing households and homelessness demonstrate unmet need for housing within an area. The Practice Guidance suggests that long-term increases in the number of such households may be a signal that planned housing requirements need to be increased.
- 3.25 The 2011 Census includes data on household occupancy. The occupancy rating provides a measure of whether a household's accommodation is overcrowded or under-occupied based upon the number of rooms in a household's accommodation. The ages of the household members and their relationships to each other are used to derive the number of rooms they require, based on a standard formula. The number of rooms required is subtracted from the number of rooms in the household's accommodation to obtain the occupancy rating. An occupancy rating of -1 implies that a household has one fewer room/bedroom than required, whereas +1 implies that they have one more room/bedroom than the standard requirement.
- 3.26 Table 3.3 illustrates that overcrowding against the occupancy rating in Staffordshire Moorlands is not considered to be severe, with just 3.1% of households living in a dwelling that is too small for their household size and composition. This compares to 8.7% nationally. However, it represents a slight increase on the 2.8% recorded in Staffordshire Moorlands a decade earlier (in 2001) which is less than the national trend, which had increased by 1.6% from 7.1% in 2011.



Table 3.3 Overcrowding: Household Room Occupancy Rating

	2001			2011		
	Total Households	-1 room occupancy or less	-1 room occupancy or less (%)	Total Households	-1 room occupancy or less	-1 room occupancy or less (%)
Staffordshire Moorlands	38,788	1,098	2.8%	41,772	1,283	3.1%
England	20,451,427	1,457,512	7.1%	22,063,368	1,928,596	8.7%

Source: Census 2001 / Census 2011

- 3.27 The levels of overcrowding are likely to be a symptom associated with affordability in Staffordshire Moorlands. Due to a slight shortfall in supply and relative demand, people are either willing to accept sub-optimal living conditions (e.g. living in smaller houses to manage costs) or are forced into accepting such housing outcomes (e.g. are priced out and have to share with friends/family). In such circumstances overcrowding is indicative of insufficient supply to meet demand. Although it has to be acknowledged that levels of overcrowding are increasing the rate is not as pronounced as national and other areas within the region. This relatively small rate of change is likely to be a function of low private rent when compared to high median house prices.

## Synthesis of Market Signals

- 3.28 Drawing together the individual market signals above begins to build a picture of the current housing market in and around Staffordshire Moorlands, the extent to which demand for housing is not being met and the outcomes that are occurring because of this.

### The Staffordshire Moorlands Housing Market

- 3.29 It is clear from this analysis that whilst the Staffordshire Moorlands housing market faces some challenges, they are not noticeably worse than nearby areas and there is limited evidence of a divergence from the County-wide and national signals. Staffordshire Moorlands shows very low levels of overcrowding, whilst private sector rents have also stayed stable showing limited change to the demand for rented properties. There has been worsening affordability in the past couple of years but this is at no greater rate than the Staffordshire and England average and could be accounted for by the decline in real incomes.
- 3.30 Delivery figures have been decreasing since 2007/08 which is likely due to the recession. The peak in supply in the years 2006/07 and 2007/08 and the decline since matches the trends identified in market signals such as worsening affordability. However, the spread of delivery over the period 2006 to 2011 may be causing problems of affordability, pushing up prices and generating adverse outcomes for people who still need to access the housing market, although it is possible that the relatively cheap (compared to the county average) rented sector is lessening the impact of other indicators.

- 3.31 In order to draw meaningful conclusions regarding the extent to which such market signals indicate housing market stress in Staffordshire Moorlands and a level of supply that is not meeting demand, the Practice Guidance suggests that comparison of both absolute levels and rates of change in such indicators should be made with similar areas and nationally. In this respect, Staffordshire Moorlands has been compared and ranked against other nearby Local Authorities and the overall indicators for England.
- 3.32 These comparator centres have been chosen as they constitute areas which border Staffordshire Moorlands and/or have some connection through migration and commuting as described in Section 2.0 of this report:
- 1 Stoke on Trent
  - 2 Newcastle-under-Lyme
  - 3 Stafford
  - 4 East Staffordshire
  - 5 High Peak
  - 6 Derbyshire Dales
  - 7 Cheshire East
- 3.33 The intention of using these 7 comparator centres is to provide a range of benchmark centres which will either compete economically with Staffordshire Moorlands for businesses or are similar in certain geographic, economic or demographic factors. The national average also compares how Staffordshire Moorland's housing market fares in comparison to overall trends across the country.
- 3.34 Table 3.4 sets out a comparison across the range of market signals.

Table 3.4 Comparison of Staffordshire Moorland's Housing Market Signals

Rank	House Prices		Rents		Affordability Ratio		Rate of Development	Overcrowding	
	Median (2011)	Change % (1996-2011)	Median Monthly Rent 2013	Change % (Q2 2011 – Q1 2013)	Ratio 2012	Change (1998-2012)	Shortfall of Supply (2011/2012)	% of Housing Over-Occupied	Change 2001 – 2011 (% Points)
1	Derbyshire Dales	Cheshire East UA	Derbyshire Dales	Derbyshire Dales	Derbyshire Dales	Cheshire East UA	Cheshire East	England	England
2	England	England	England	Stafford	Stafford	Staffordshire Moorlands	Stoke-on-Trent UA	Stoke-on-Trent UA	East Staffordshire
3	Cheshire East UA	Derbyshire Dales	Cheshire East UA	East Staffordshire	England	England	High Peak	East Staffordshire	Stoke-on-Trent UA
4	Stafford	East Staffordshire	Stafford	England	Cheshire East UA	Derbyshire Dales	Staffordshire Moorlands	High Peak	Stafford
5	High Peak	High Peak	East Staffordshire	Cheshire East UA	Staffordshire Moorlands	Newcastle-under-Lyme	Newcastle-under-Lyme	Newcastle-under-Lyme	High Peak
6	Staffordshire Moorlands	Staffordshire Moorlands	High Peak	High Peak	High Peak	East Staffordshire	Derbyshire Dales	Stafford	Cheshire East UA
7	East Staffordshire	Stafford	Staffordshire Moorlands	Staffordshire Moorlands	Newcastle-under-Lyme	Stafford	Stafford	Cheshire East UA	Newcastle-under-Lyme
8	Newcastle-under-Lyme	Newcastle-under-Lyme	Newcastle-under-Lyme	Stoke-on-Trent UA	East Staffordshire	Stoke-on-Trent UA	East Staffordshire	Derbyshire Dales	Staffordshire Moorlands
9	Stoke-on-Trent UA	Stoke-on-Trent UA	Stoke-on-Trent UA	Newcastle-under-Lyme	Stoke-on-Trent UA	High Peak	-	Staffordshire Moorlands	Derbyshire Dales
Source:	CLG Live Table 586	CLG Live Table 586	VOA Private Market Rental Statistics	VOA Private Market Rental Statistics	CLG Live Table 576	CLG Live Table 576	CLG Live Table 122 / Regional Strategy Target for 2003 – 2021/NLP Analysis	Census 2011 Room Occupancy	Census 2001/2011

Source: NLP analysis of VOA, CLG and ONS Statistics

- 3.35 The comparative assessment of market signals highlights the scale of housing market stress within Staffordshire Moorlands. Across the nine indicators, Staffordshire Moorlands is performing better than the national average on seven of them and worse on just one. The only indicator where Staffordshire Moorlands has performed worse than the national average is change in affordability, where it has the second highest rate of change of all the comparator areas. The change in affordability could be partly accounted for due to the decline in real incomes over the period, although there have been strong rises in the median house prices over the long term in the District in line with national trends. The affordability ratio remains below the national average.
- 3.36 Otherwise, there is limited evidence to demonstrate a degree of housing market stress within Staffordshire Moorlands that is significantly worse, or divergent, from the comparator areas. Median house prices and the rate of change are average and are below the national rate. Rents are low with no change over the period. Most notably over-crowding is the lowest out of all the comparator areas.
- 3.37 Overall, Staffordshire Moorlands is a mid to high-ranking authority which is performing better than the national average in all but one indicator. Although house prices and affordability have worsened over the period, this is to a lesser extent than some comparator areas. Levels of overcrowding particularly are good when compared with comparator areas and the national average.
- 3.38 Whilst market signals therefore provide an indication of demand and suggest that there needs to be some improvement in affordability within Staffordshire Moorlands and a requirement to stabilise the increasing house prices, this is likely to be relatively limited.
- 3.39 In this regard, the extent to which the demographic 'starting point' for identifying OAN for housing needs to be boosted to address market signals is necessarily an area of judgement, the Practice Guidance is clear that the more significant the affordability constraints and the stronger other indicators of high demand, the larger the improvement in affordability needed and, therefore the larger the additional supply response should be. Hence whilst it is considered that some upward adjustment could be necessary relative to adjoining areas, the scale of adjustment to housing supply over and above demographic-led projections at this time would not need to be substantial in line with the Practice Guidance.

## 4.0 The Current Housing Market

### Introduction

4.1 This local contextual review assesses the demographic, housing stock and supply/demand dynamics of Staffordshire Moorlands in order to provide an understanding of the key drivers that are underpinning the housing market within the District. In particular, long term trends have been considered to form the basis for what could occur in the future housing market.

### Challenges

4.2 The economic focus of Staffordshire Moorlands, for both geographical and historic reasons, is predominantly towards the west, focusing on the Stoke-on-Trent economic region and to a lesser extent the Cheshire economy. These areas have always had an integral role in the Staffordshire Moorlands economy and Housing Market Area. The presence of these strong and diverse economies contributes towards the significant levels of net out commuting from Staffordshire Moorlands.

4.3 Staffordshire Moorlands experiences very high levels of out-commuting particularly to the west and south which is a drain on the local economies potential. Furthermore, a high percentage of the jobs in Staffordshire Moorlands are in the manufacturing sector which are on average lower paid than some of the established business service sectors in Stoke and Cheshire.

4.4 The average earnings by resident in Staffordshire Moorlands are higher than the average earnings by workplace in Staffordshire Moorlands at £521 and £512 respectively<sup>5</sup>. This would appear to indicate that people commute out of the District for higher paid employment. That said, the average earnings by resident and workplace in Staffordshire Moorlands is higher than the West Midlands averages of £483 and £485.

4.5 In general, unemployment levels in Staffordshire Moorlands are generally quite low in the District with Job Seekers Allowance [JSA] claimants totalling 1.5% in December 2013 compared to 2.9% nationally. Furthermore, the total JSA claimant count in the District is 10.6% compared to 15.4% regionally and 13.9% nationally. However, these figures disguise the fact that not all areas in Staffordshire Moorlands are performing well. For example, Leek North is fairly relatively badly when compared with the area more widely. The total JSA claimant count for the ward is 18.2% which is almost double the Staffordshire Moorlands average. Furthermore, only 21.8% of employees work in Socio-Group 1 (Management, Professionals and Associate Professionals) compared with 47% for Staffordshire Moorlands.

4.6 Staffordshire Moorlands District comprises a high quality environment and as a consequence remains a very attractive place to live. A third of the District lies

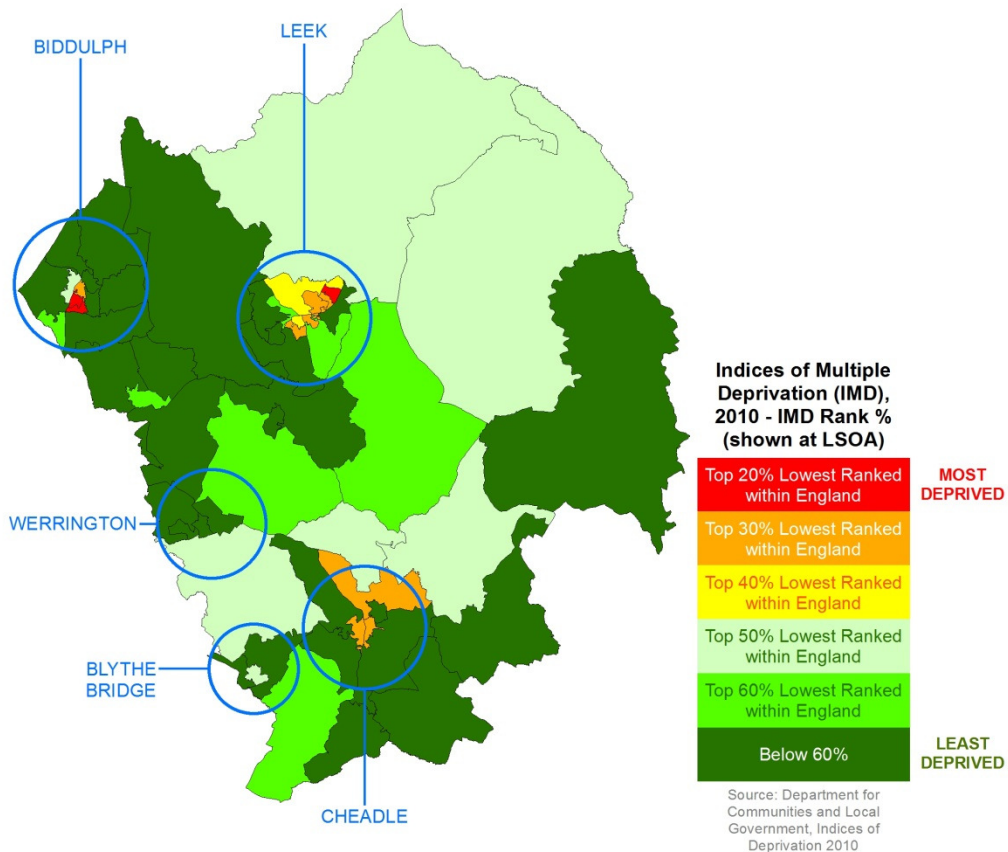
<sup>5</sup> ONS Annual Survey of Hours and Earnings – Workplace Analysis, 2013

in the Peak District National Park, whilst around 30% of the District is designated Green Belt which places severe practical constraints on development. Coupled with this, the District's topography varies considerably and this acts as a further barrier to development. The emerging planning policy in the authority area places significant weight on the preservation of the countryside, as well as the wider aspiration to maintain and enhance the Districts' natural environment.

4.7 Staffordshire Moorlands is ranked as being the 185<sup>th</sup> most deprived local authority area in England according to the 2010 Indices of Multiple Deprivation [IMD] (based on the rank of average scores). On average, the authority area falls within the top 60% least deprived Local Authorities in England. The previous IMD (2007) indicated that Staffordshire Moorlands was ranked at 192<sup>nd</sup> of 355 authorities and again fell within the top 60% least deprived Local Authorities in England.

4.8 However, Figure 4.1 demonstrates that there are localised pockets of severe deprivation in the District, notably in parts of Biddulph and Leek, which fall with the top 20% most deprived neighbourhoods in England.

Figure 4.1 Indices of Multiple Deprivation in Staffordshire Moorlands



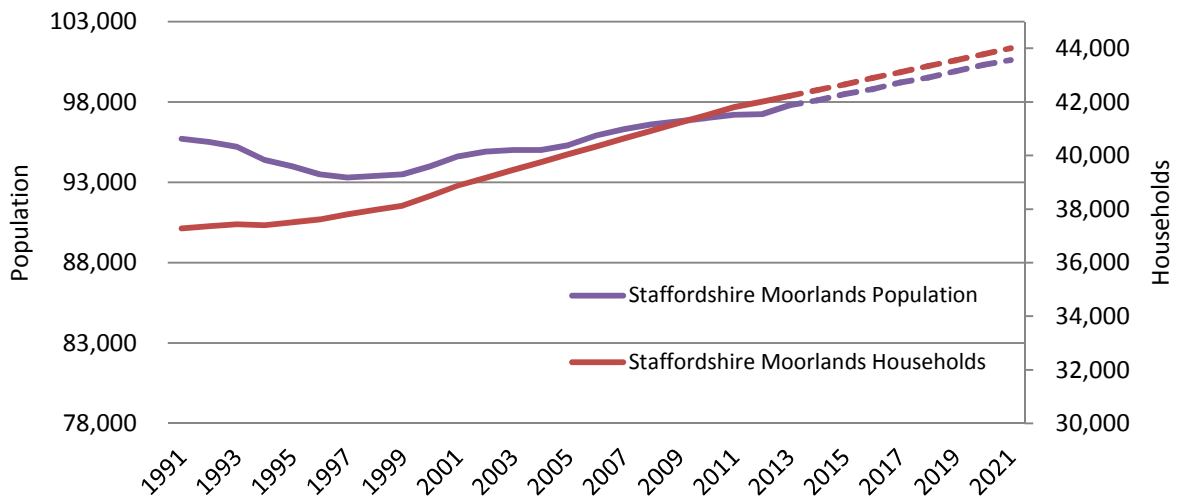
Source: CLG Indices of Multiple Deprivation 2010

## Demographic Context

4.9 Understanding the demographic context of an area is critical in order to set the foundations for a robust objective assessment of housing need. Up to date demographic evidence, informed by the 2011 Census and other nationally consistent data sources such as the Annual Population Survey [APS] and ONS Mid-Year Population Estimates, enables us to understand how a district’s population has evolved on the past; how the key components of change (notably births, deaths and migration) have influenced this and how they are likely to continue shaping population and household changes in the future.

4.10 The Census 2011 for Staffordshire Moorlands identifies that the population of the District comprised 97,106 residents in 2011. This represents a slight increase in population since 1991. However, this should not mask the significant population decline throughout the 1990s. In 2000, the population of Staffordshire Moorlands stood at 93,977, a decrease of almost 2%. In the intervening period to 2011, the population has risen steadily by over 3,000 people.

Figure 4.2 Population and Household Change in Staffordshire Moorlands



Source: ONS Mid-Year Populations and CLG Household Estimates (1991-2011)

4.11 In respect of the number of households in the District, these remained relatively constant in the period between 1991 and 2011 at around 38,000. The years subsequent have seen a steady growth in the number of households within the District to around 41,800 representing an overall increase in the period 2001 to 2011 of approximately 7.5%. Figure 4.2 shows a significant step change in the period between 2001 and 2011. The impact of a faster rate of household growth than population growth has been a trend towards smaller household sizes.

4.12 Looking forward, Figure 4.2 illustrates that Staffordshire Moorlands can expect continued growth over the coming years to 2021. The District’s population is

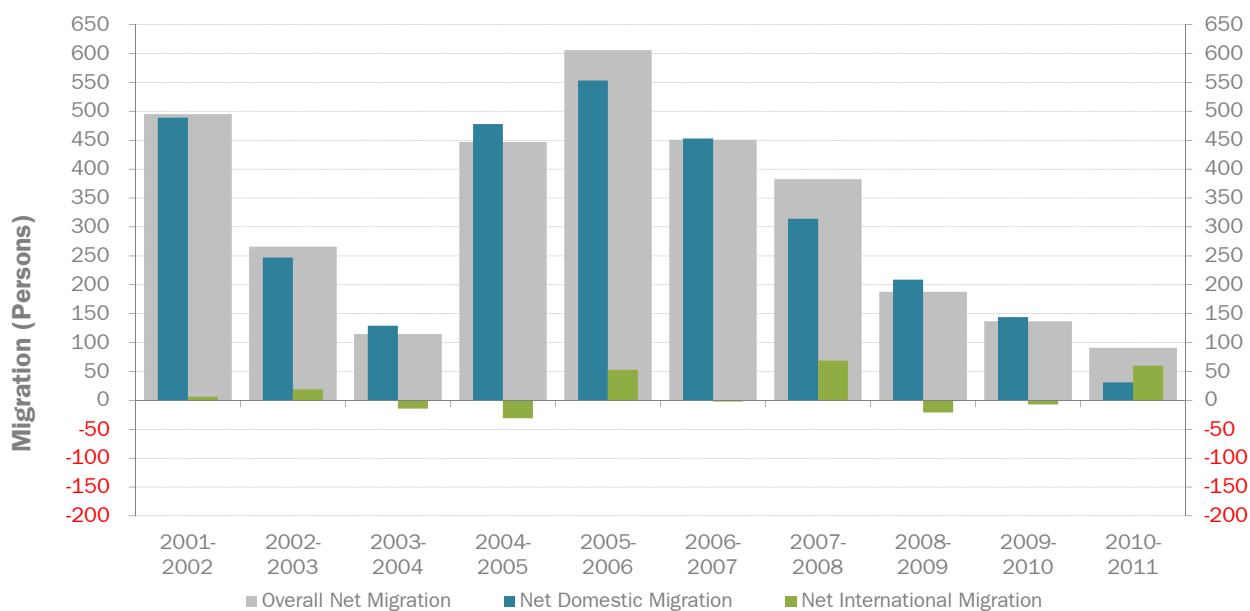
expected to increase by 3,400 people by 2021 (to 100,600). Furthermore, households are expected to increase by around 2,200 to over 44,000 between 2011 and 2021, averaging 220 net additional households per annum.

## Migration

4.13 The population growth since 2001 in Staffordshire Moorlands is attributable to migration (i.e. more people moving into the District than moving out) as natural change exerts a negative influence on the population. Between 2001 and 2011 the population grew by circa 1,600 people. Estimates of net in-migration totalled +3,200, whilst deaths outnumbered births by approximately 1,800.

4.14 As illustrated in Figure 4.3, net migration has been consistently inward over the period 2001 – 2011. Natural change has been a consistently negative figure since 2001 averaging -160 persons per annum. This is in direct contrast to migration which identifies an average of c320 people net people moving into the District from elsewhere (predominantly domestic areas) annually.

Figure 4.3 Net internal and international migrations for Staffordshire Moorlands 2001/02 – 2010/11



Source: ONS Migration Estimates – Revised Mid-Year Estimates Series following the Census 2011

## 2011-based Interim Household Projections and Household Formation

4.15 The 2011-based (interim) household projections produced by CLG represent the most up-to-date indication of household change currently available at a national, regional and local level. The projections incorporate the most up to date information from the 2011 Census, and supersede the 2008-based household projections.



- 4.16 It is important to note that there are a variety of limitations with the projections, not least the fact that these are demographic and trend-based only. They do not take into account any policy changes that may affect actual household formation in future.
- 4.17 The most obvious statistical shortcoming is that the projections only span a 10-year period, which presents difficulties for LPAs looking to plan for a minimum of 15 years into the future. Furthermore, although Census 2011 data was used where possible, where data was not available (for example, household representative rates by age and marital status) information was used from the Labour Force Survey data or from previous projections instead. In this regard:
- "The household projections are derived from the SNPP, so any limitations with the interim population projections would also need to be taken into account when interpreting household projections. For example, population projections generally update underlying demographic assumptions on fertility and migration in line with new available data, but for the 2011-based SNPP trends from the 2010-based projections were used."*<sup>6</sup>
- 4.18 The extent to which the associated trends in household formation will continue over the longer term is unclear. In their Quality Report accompanying the new household projections, CLG cautions against simply rolling forward the household growth projected for 2011 to 2021 over the longer term beyond 2021. Instead they identify:
- "There are also particular limitations in the use of the 2011-based interim household projections. The projections only span for a 10-year period so users that require a longer time span would need to judge whether recent household formation trends are likely to continue."*<sup>6</sup>
- 4.19 Looking at the headline household projections for Staffordshire Moorlands, household growth has decreased significantly from 275 households per annum (2011-2021) in the 2008-based projections, to 220 households per annum in the 2011-based (interim) projections over the same time period.
- 4.20 Recent household formation rates between 2001 and 2011 are likely to reflect constraints on housing availability and affordability (both through supply-side factors such as reduced house building and demand-side factors such as mortgage availability and household incomes, both associated with the recession). This will have placed constraints on new households forming in the same manner as observed in previous trends, potentially leading to higher rates of concealed households, higher rates of household sharing and factors such as young adults staying at their parental home for much longer than has been seen historically.
- 4.21 Figure 4.4 illustrates trends in household formation from 1991 to 2033. Interestingly, the trend is consistently towards smaller household size with only a slight deviation between 2002 and 2008. This trend is at variance with

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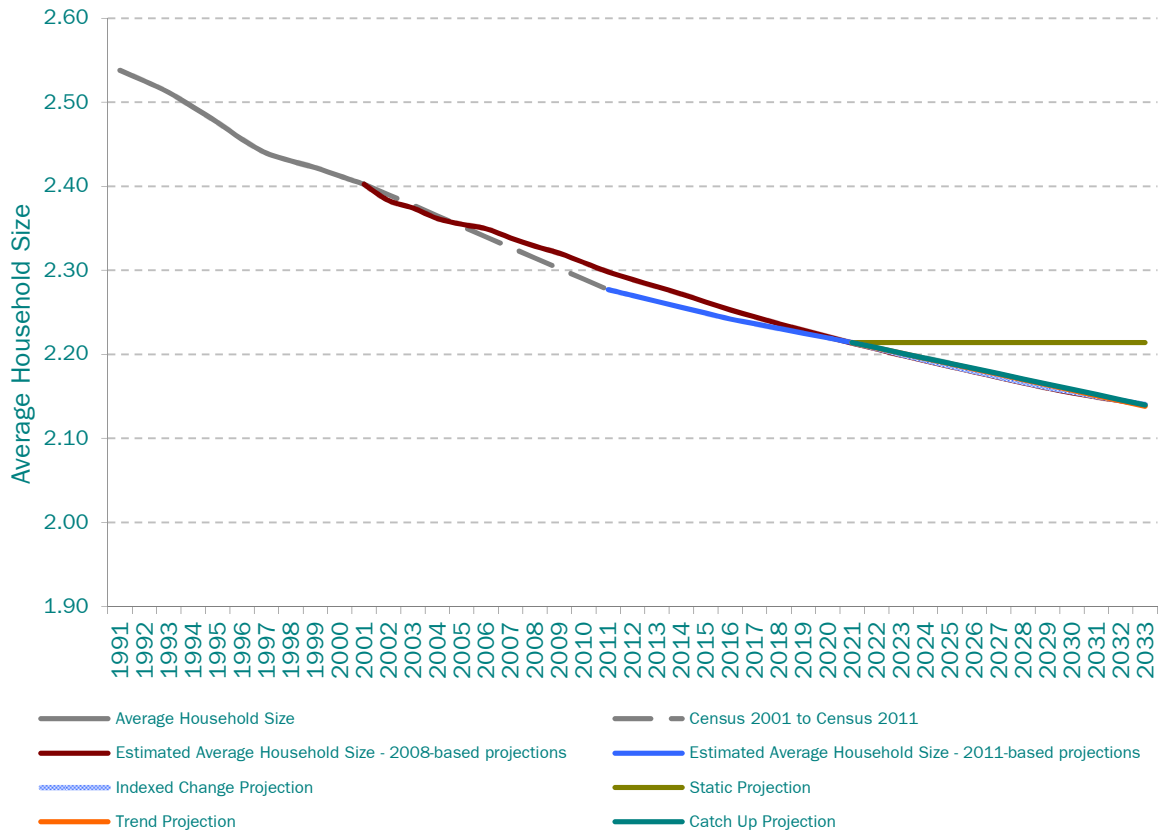
<sup>6</sup> CLG (2013): 2011-Based Interim Household Projections – Quality Report

experiences nationally where over the latter part of the decade between 2001 and 2011, reduction in household size stagnated due to constraints on housing availability and affordability.

4.22

In Staffordshire Moorlands, the 2011-based projections continue to project an increasing household formation rate for the authority area and a continuing decrease in household size, albeit at a relatively slower rate than projected in the previous 2008-based household projections.

Figure 4.4 Trend in Household Formation (Average Household Size in Staffordshire Moorlands (1991-2033))



Source: Census 2001, Census 2011 and ONS/CLG Population and Household Estimates and Projections

4.23

Considering Staffordshire Moorlands District has sustained a pattern of decreasing household size since 2001, including during the recession, it would be difficult to substantiate a plausible reason whereby average household size would not continue to decrease (with household formation rates increasing) post 2021.

4.24

For the purpose of this SHMA, NLP has considered which rates of household formation are appropriate for testing beyond 2021. Given long term trends, and the way the recession has impacted upon household formation, it is anticipated that formation rates will begin to increase again in the future reflecting change in line with long term trends. Over a longer period to 2031, it is considered likely that household formation will begin to accelerate, particularly as the wider economy returns to growth, peoples' circumstances

improve, household incomes increase and there is better access to mortgage finance. Such factors will improve peoples' confidence and their ability to form a new household. Notwithstanding this, an assumption could be that this increase in household formation will potentially not be to the same degree as previously assumed in the 2008-based projections.

- 4.25 NLP has projected forward a scenario for household formation beyond 2021, which indexes formation against the 2008 projections beyond 2021. The household formation rates within these projections are applied to the projected population in the Staffordshire Moorlands to arrive at an estimate of likely growth in households at the local level.
- 4.26 On the above basis, as a baseline position, NLP has assumed that beyond 2021, the rate of change in household formation for Staffordshire Moorlands will again move in line with the rate of change assumed for that period within the 2008- based household projection. This essentially indexes post-2021 change to the 2008 projections on the assumption that household formation will increase in line with long term trends. This is considered reasonable in that it does not perpetuate recession-based trends of suppressed household formation beyond 2021, whilst still being more conservative than some evidence may suggest.
- 4.27 For example, Cambridge Centre for Housing and Planning Research [CCHPR] reviewed work undertaken by NLP in relation to the Joint Core Strategy for Cheltenham Borough Council, Gloucester City Council and Tewkesbury Borough Council and concluded that the assumptions NLP made around indexing the 2011-based household projections post 2021 to the 2008 projections could be regarded as a cautious estimate in terms of a return to longer term household formation rates<sup>7</sup>. Notwithstanding this, NLP's baseline position on household formation represents a balanced projection which falls between merely trending forward suppressed household formation rates and assuming that household formation rates will fully recover to the rates projected in the 2008-based projections.
- 4.28 NLP considers that as the market recovers the suppressed demand resulting from the recessionary constraints on household formation will simply be unlocked. In particular, this will include people in the 25-44 age bracket (and in many cases seeking to start families) being able to get on the housing ladder and form new households.
- 4.29 The indexed projection beyond 2021 applies the rate of annual change in household formation from the 2008-based household projections, to reflect such long term trends and in the absence of other long term projections of household formation. This is illustrated for individual age cohorts in Figure 4.5 shows increasing headship rates (the proportion of population that will form a head of household) within Staffordshire Moorlands among the 85+ in particular (and to a less pronounced extent, 45-54 and 55-59 year olds) but a decreasing

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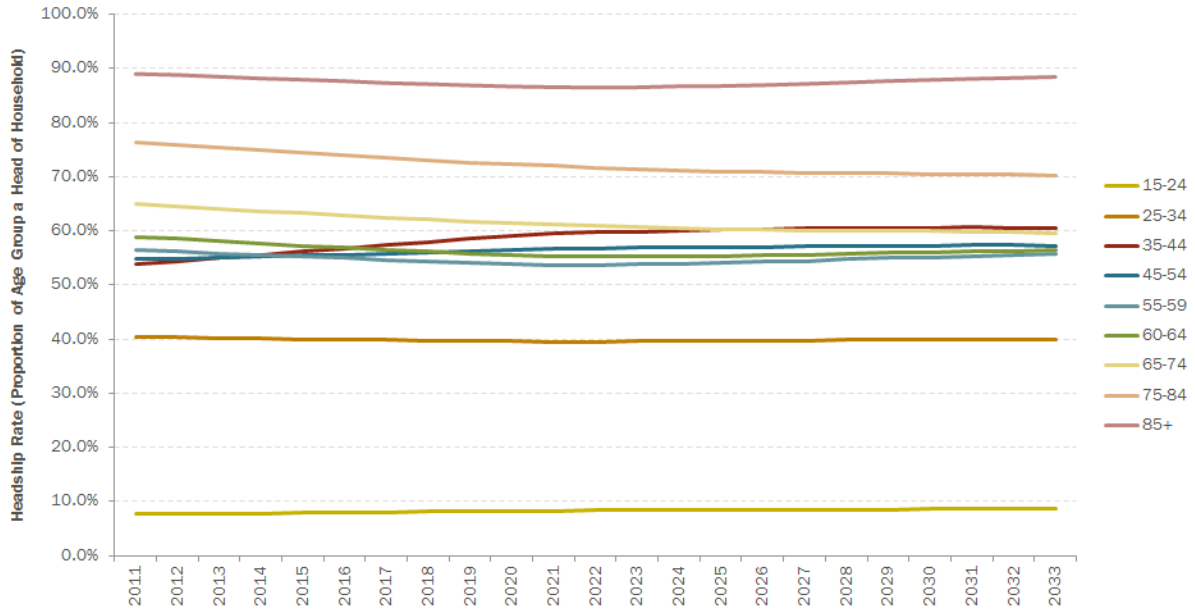
<sup>7</sup> <http://www.gct-jcs.org/Documents/EvidenceBase/CGT-JCS-Final-Report.pdf>

headship rates amongst most other age cohorts (albeit older cohorts continue to have significantly higher headship rates than younger groups).

4.30

These age specific projections of household ‘headship rates’<sup>8</sup> are applied to the projected population of Staffordshire Moorlands District to arrive at an estimate of the future number of households in the area.

Figure 4.5 Projected Household Headship Rates for Staffordshire Moorlands using indexed projections



Source: CLG 2011-based Interim Household Projections and NLP Analysis

### Current Demographic Profile

4.31

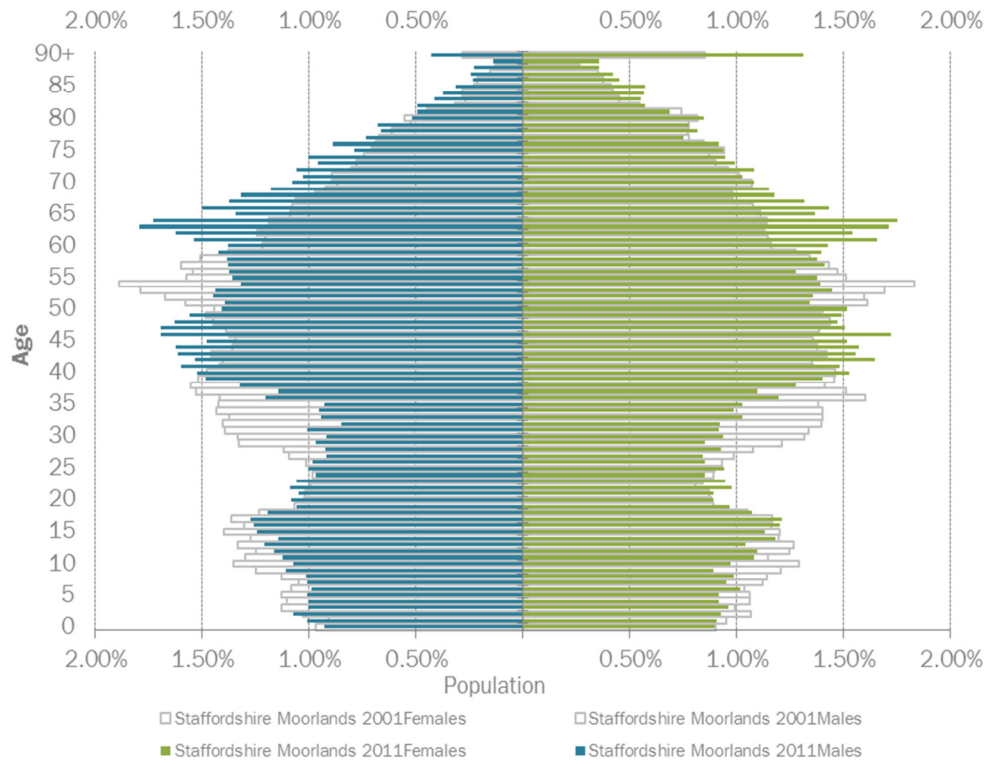
These demographic trends have led to a 2011 population profile in Staffordshire Moorlands as illustrated in Figure 4.6 and Figure 4.7. The 2011 population profile is compared to the 2001 population profile, illustrating the relative change in population for each age group over the previous 10 years. In particular, this highlights the severe contraction in the number of both males and females between the ages of 25 to 40. Furthermore, there has also been a contraction in the numbers aged 0-20. In contrast, the number of residents aged between 60 and 75 has grown steadily and this brings with it considerable challenges when assessing future housing requirements.

4.32

This figure demonstrates that the relatively low fertility rate experienced across Staffordshire Moorlands in recent years and the ageing population structure. A significant proportion of the population growth experienced has been in the age categories aged over 60.

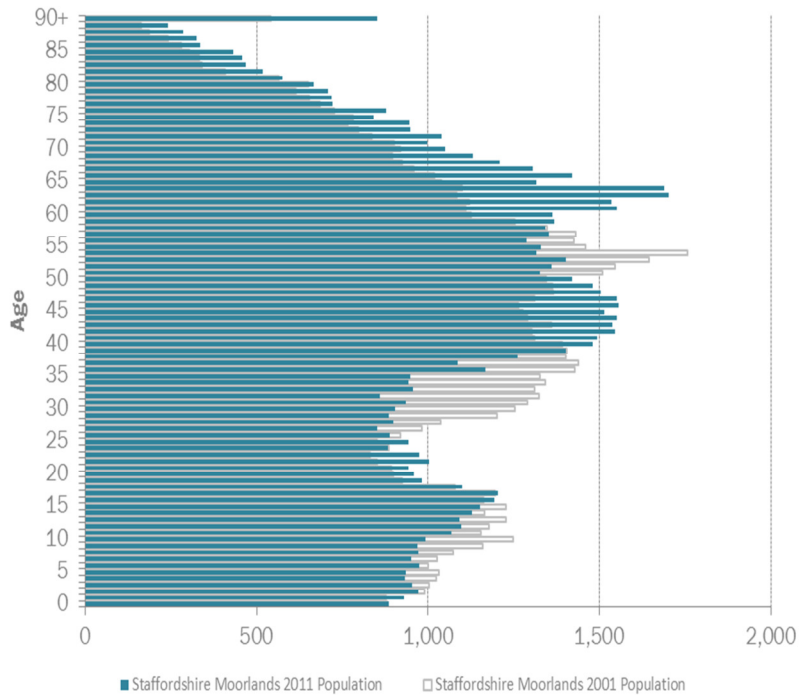
<sup>8</sup> Headship Rates are defined as the proportion of a population that will form a ‘head of a household’. Headship rates by age and sex are applied to the population by age and sex to derive a total number of households (by household type). As the eldest male in the household is classed as the head of the household, the older age male cohorts tend to have very high headship rates, whilst the headship rate for those under the age of 15 should be zero. Headship Rates and Household Representative Rates are inter-changeable terminology.

Figure 4.6 Census 2001 and Census 2011 population profile



Source: Staffordshire Moorlands Population Profile 2001 and 2011

Figure 4.7 Staffordshire Moorlands Population 2001 and 2011



Source: Census 2011 and Census 2011 Population

4.33

If such population trends continue, Staffordshire Moorlands will see an increasingly ageing population, with particular implications around delivering

housing for the retired and elderly. More broadly, population growth in general will drive need and demand for new houses, as will the changing household structure that changing population can bring along with them.

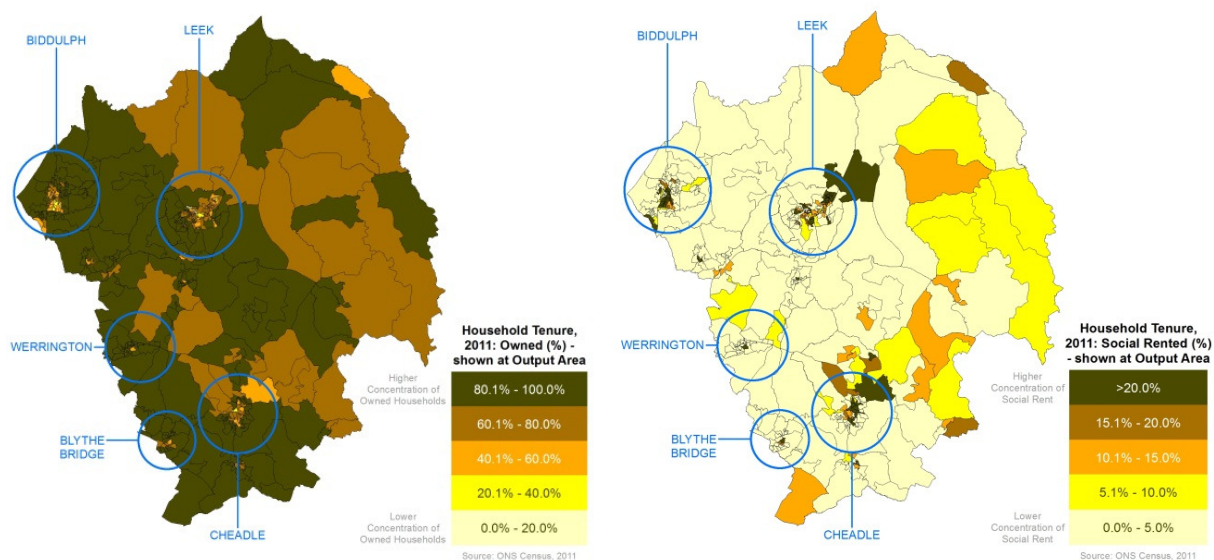
- 4.34 Figure 4.7 illustrates the changes in total population structure in the decade between 2001 and 2011. As one would expect, the greatest contraction in population was in the 25 to 40 age cohorts whilst the highest growth experienced was in the ages 60 to 75. This was particularly pronounced in those aged 63 and 64.

## The Housing Stock

### Existing Stock

- 4.35 The 2011 Census identifies that Staffordshire Moorlands had 41,772 dwellings. The tenure profile of households in Staffordshire Moorlands is shown in Table 4.1 and Figure 4.8. The proportion of households that own and occupy their accommodation (outright and mortgage) totals 79.7% in Staffordshire Moorlands which is considerably higher than the Staffordshire (72.3%) and West Midlands figure (64.9%).

Figure 4.8 Tenure Profile in Staffordshire Moorlands: Owner Occupation / Social Rented Rates (2011)



- 4.36 Households in affordable tenures totalled 9.1% in Staffordshire Moorlands in 2011. This is lower than the Staffordshire County (15.2%), regional (19.7%) and national (18.4%) averages. The proportion of households privately renting/living rent free in Staffordshire Moorlands is slightly higher than the Staffordshire equivalent (1.2%) but lower than the rates at a regional (1.5%) and national level (1.4%).

Table 4.1 Tenure Profile of Households in Staffordshire Moorlands, Staffordshire, West Midlands and England 2011

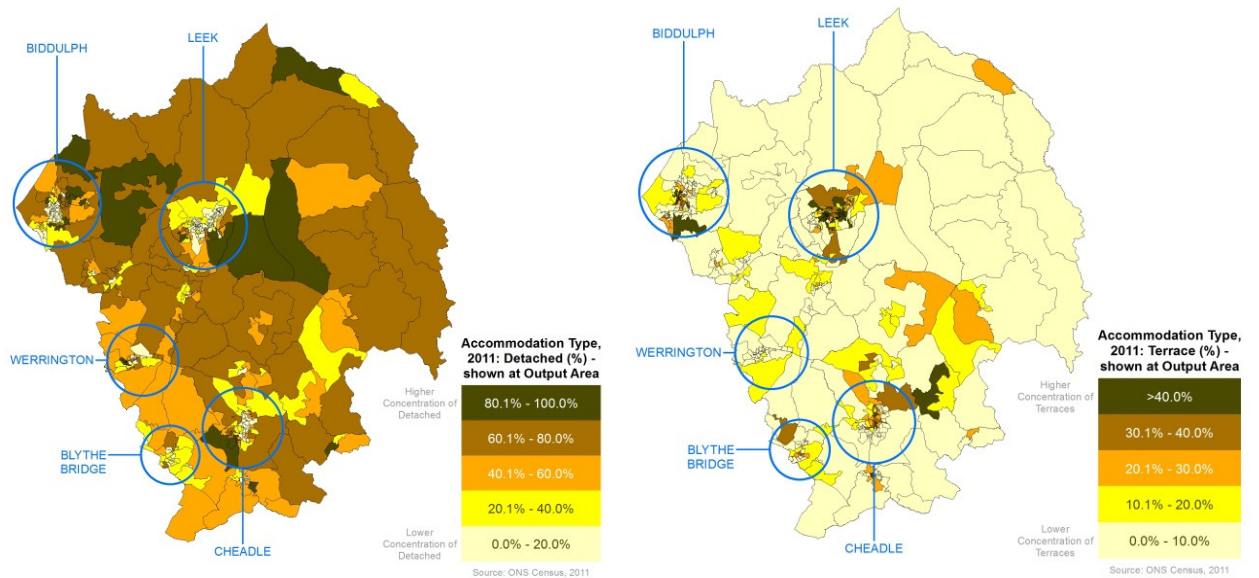
Tenure	Staffordshire Moorlands		Staffordshire		West Midlands		England
	#	%	#	%	#	%	%
Owned: Outright	18,413	44.1%	128,676	36.2%	740,899	32.3%	30.6%
Owned: With a mortgage or loan	14,875	35.6%	128,208	36.1%	748,195	32.6%	32.8%
Shared ownership (part owned & part rented)	127	0.3%	1,789	0.5%	15,230	0.7%	0.8%
Social rented: From Council (LA)	1,343	3.2%	20,213	5.7%	249,835	10.9%	9.4%
Social rented: Other	2,356	5.6%	31,938	9.0%	185,335	8.1%	8.2%
Private rented: landlord or letting agency	3,595	8.6%	35,797	10.1%	293,988	12.8%	15.3%
Private rented: Other	508	1.2%	4,293	1.2%	27,682	1.2%	1.4%
Living rent free	555	1.3%	4,349	1.2%	33,745	1.5%	1.4%
Total	41,772	100%	355,263	100%	2,294,909	100%	100%

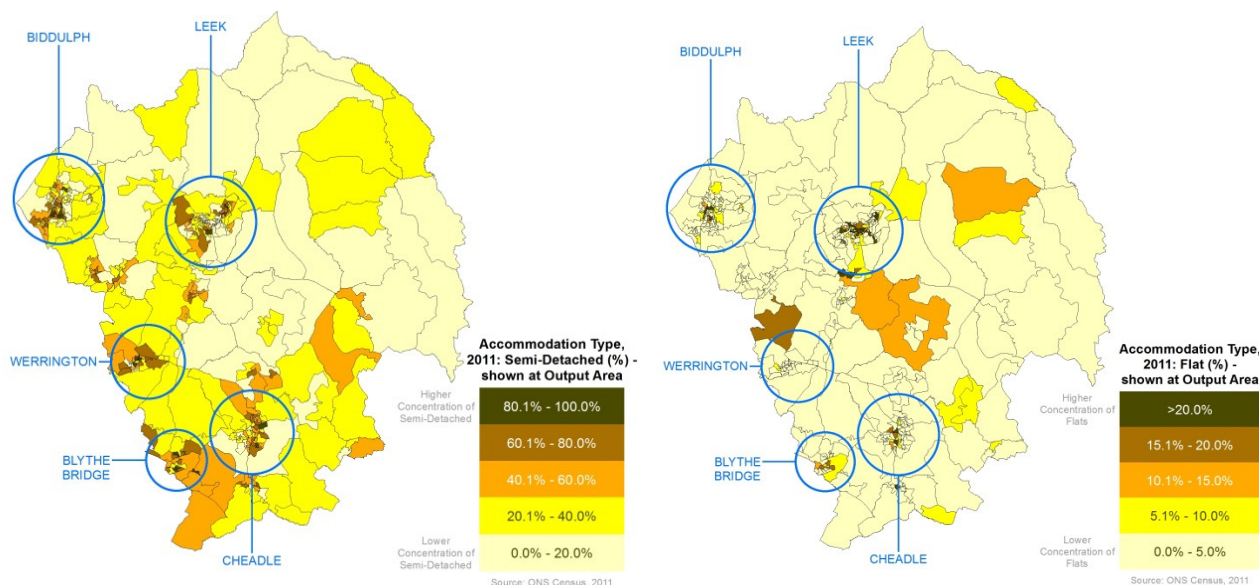
Source: 2011 Census: KS402EW Tenure, LAs in England and Wales

4.37

The type of housing stock in the District is illustrated in Figure 4.9.

Figure 4.9 Stock Profile in Staffordshire Moorlands: Detached/Semi Detached/Terraced/Flats % of Total Stock (2011)





4.38 Figure 4.9 and Table 4.2 indicate that the largest proportion of housing stock in Staffordshire Moorlands is detached properties (40.2%), which is almost double the West Midlands average. The proportion of semi-detached properties is also significantly high (37.5%) and the two combined make up over three-quarters of the housing type. Consequently, the proportion of terraced properties (16.6%) is lower than the Staffordshire (17.4%), West Midlands (22.9%) and England average (24.3%).

4.39 Staffordshire Moorlands has significantly fewer flats or tenements than nationally/regionally. The percentage of purpose-built flats (3.3%) is 5 times less than the national average (16.4%) and almost three times less than the Staffordshire average (9.1%).

Table 4.2 Types of Housing

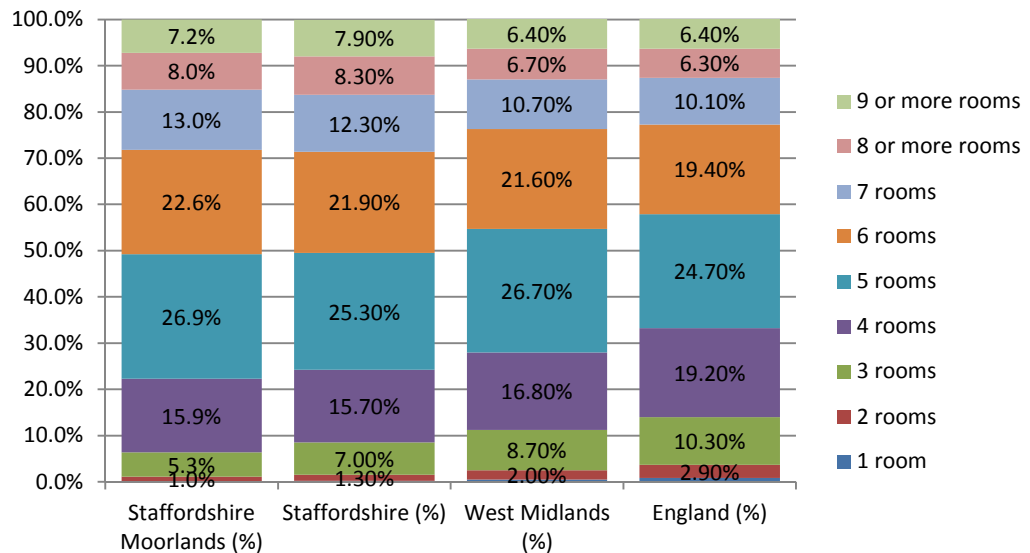
Type	Sub-Type	Census 2011						
		Staffordshire Moorlands		Staffordshire		West Midlands		England
		#	%	#	%	#	%	%
House or Bungalow	Detached	17,544	40.2%	122,067	33.2%	536,249	23.7%	22.3%
	Semi-detached	16,333	37.5%	139,170	37.9%	876,381	36.8%	31.0%
	Terraced	7,220	16.6%	63,797	17.4%	545,544	22.9%	24.3%
Flat, maisonette or apartment	Purpose-built block of flats	1,453	3.3%	33,294	9.1%	317,169	13.3%	16.4%
	Part of a converted or shared house	479	1.1%	4,301	1.2%	44,945	1.9%	3.8%
	In a commercial building	482	1.1%	2,935	0.8%	23,614	1%	1.0%
Other	Caravan or other mobile/temp. structure	81	0.2%	1,970	0.5%	10,015	0.4%	0.4%
<b>Total</b>	<b>All Occupied Household Spaces</b>	<b>43,592</b>	<b>100%</b>	<b>367,534</b>	<b>100%</b>	<b>2,380,917</b>	<b>100%</b>	<b>100%</b>

Source: 2011 Census: KS401EW Accommodation Type - Households



4.40 In respect of the size of accommodation, the most up-to-date and robust indication of the size of stock is the Census 2011. Figure 4.10 illustrates that in 2011 Staffordshire Moorlands had a level of 4, 5 and 6-room homes (65.4%) broadly similar to the national average (a size which broadly correlates to a 3 to 4 bed property assuming a kitchen and 1 or 2 reception rooms). Staffordshire Moorlands has a significantly higher proportion of 7, 8 or 9 room homes (28.2%) than the regional (23.8%) and national averages (22.8%).

Figure 4.10 Size of Accommodation 2011



Source: 2011 Census: QS407EW Number of rooms, local authorities in England and Wales (rooms excludes bathrooms, toilets, halls, landings and storage space).

4.41 The 2011 Census also measured occupancy rating in LA areas. Occupancy rates (rooms) provide a measure of whether a household’s accommodation is overcrowded or under occupied. The number of rooms required (based on a standard formula) is subtracted from the number of rooms present to obtain the occupancy rating. For example, an occupancy rating of -1 implies that a household has one less room than required, whereas +1 implies that they have one more room than the standard requirement.

4.42 The data indicates that as of 2011, Staffordshire Moorlands had 35,539 households with an occupancy rating of 1 or more, comprising 85.1% of all households in the District. This is significantly higher than the regional and national average, which could indicate that the District has a mismatch between the size of households and the size of dwellings they occupy.

4.43 This could become more of an issue following the Government’s well-published under-occupancy penalty ‘bedroom tax’, where for social tenants deemed to have one spare room relative to the size of the household, their housing benefit will be cut by 14%. If they have two or more spare rooms, the cut will be in the order of 25%. Whilst tenants can downsize, problems would arise if there are parts of Staffordshire Moorlands where there is a shortage of smaller social homes. Notwithstanding, the government policy will not have an effect on

owner occupied properties or the private rented sector and as such, under-occupation of properties could continue.

**Core Output: Estimates of current dwellings in terms of size, type, condition and tenure**

Staffordshire Moorlands has a significantly higher proportion of larger properties (in terms of the number of bedrooms) than the, West Midlands and national averages although the figures are broadly similar to the Staffordshire average.

Staffordshire Moorlands is characterised by a high degree of under-occupation of properties. The averages are higher than the regional and national average.

40.2% of the dwelling stock in Staffordshire Moorlands is made up of detached properties compared to just 22.3% nationally. As a result there are fewer terraced properties and significantly fewer flats might be expected.

The proportion of households that own and occupy (own outright or own with a mortgage) their accommodation totals 79.7% in Staffordshire Moorlands which is considerably higher than the West Midlands (64.9%) and national averages (63.4%).

Households in affordable tenures totalled 8.8% in Staffordshire Moorlands, which is considerably lower than the figured for Staffordshire, the West Midlands and England.

Again, the proportion of households in the private rented sector (9.8%) is considerably below the Staffordshire (11.3%), regional (14%) and national averages (16.7%).

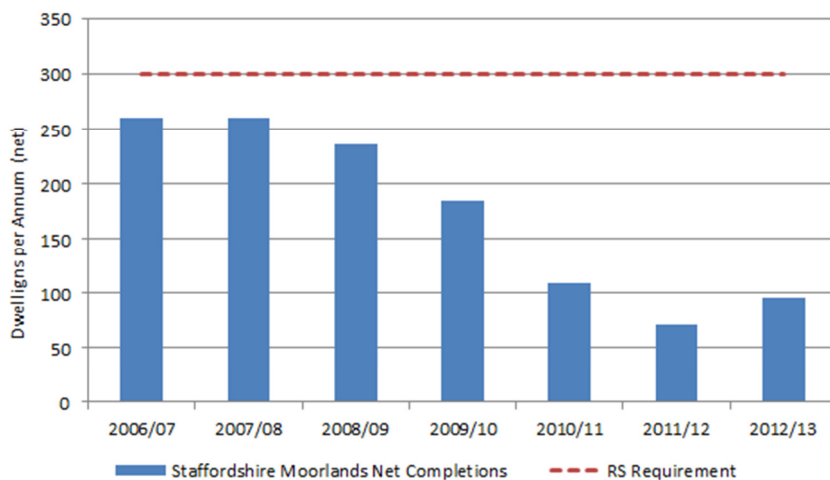
**The Active Market**

**Change in Stock**

4.44

Dwelling completions in Staffordshire Moorlands over the past decade have been varied and have been severely impacted by the recession. Completions have ranged from 384 net new dwellings in 2005/06 to 71 net new dwellings in 2011/12. Past completions have averaged 227 dpa (net) since 2001/02.

Figure 4.11 Dwelling Completions in Staffordshire Moorlands 2006/07 to 2012/13



Source: Staffordshire Moorlands District Council

4.45 Figure 4.11 illustrates the annual net completions in Staffordshire Moorlands since 2006 in comparison to the annual requirement (as was set out in the now revoked WMRS). It illustrates that completions in the District tailed off in the recessionary years and have not met their WMRS requirement since before 2006/07.

4.46 Although past housing delivery will have been influenced by previous planning policy and past economic conditions, over a long term period it provides an indicator of the ability of the market to bring forward development within the District. This is an important framing factor for considering the deliverability of housing to meet needs in the future. Although this data only goes back 7 years, it is useful when demonstrating the typical net delivery recently.

### Transactions and Prices in the Private Market

4.47 Pre-recession dwelling sales across Staffordshire Moorlands were between 1,500 and 1,950, representing c.4%-5% of stock. However, since 2008 transactions have almost halved, averaging c.965 per annum. This is equivalent to approximately 2.2% of the total stock in the District, which is a significant reduction from the pre-recession peak (Figure 4.12).

Figure 4.12 Property and Sales and Stock Turnover 2001-2011

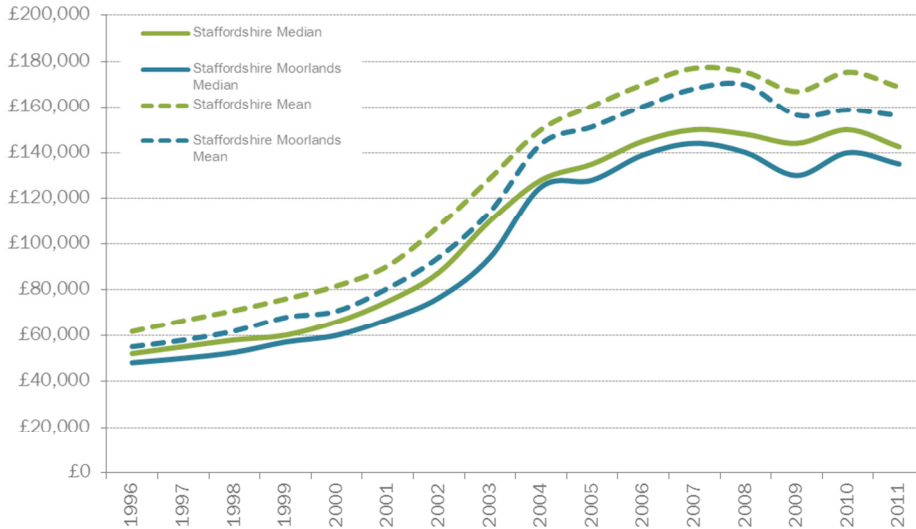


Source: CLG Live Tables 588: Property Sales based on land registry data, by District  
 CLG Live Tables 125: Dwelling Stock Estimates by Local Authority District

4.48 House prices between 1996 and 2007 increased rapidly within Staffordshire Moorlands and the wider County as a whole, albeit Staffordshire Moorlands has consistently exhibited lower average house prices. Looking at the change in average house prices for Staffordshire and Staffordshire Moorlands, it is apparent that the recession and subsequent economic downturn has had a

significant impact on the housing market. Figure 4.13 illustrates that Staffordshire Moorlands' house prices broadly follow the County pattern.

Figure 4.13 Average House Prices in Staffordshire Moorlands and Staffordshire 1996 to 2011

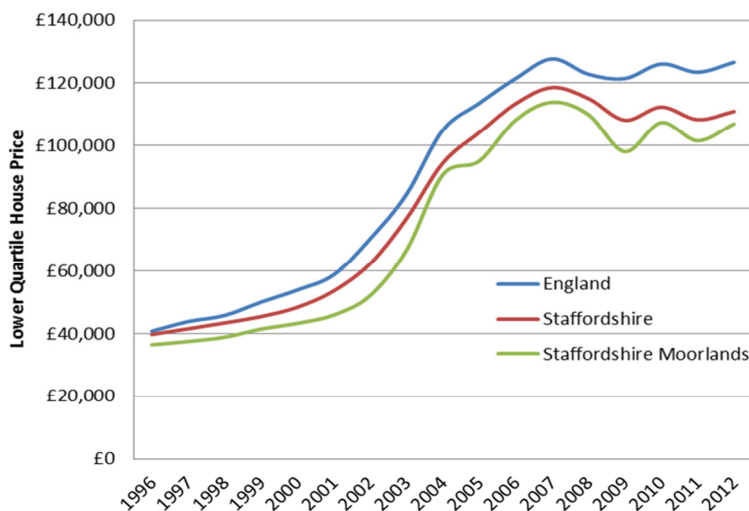


Source: CLG Live Table 585: Mean house prices based on land Registry data, by District and CLG Live Table 586: Median House Prices based on Land Registry data, by District

4.49

In the period 2000 to 2012, lower quartile house price in Staffordshire Moorlands has been significantly below the national and County-wide average, albeit the District has experienced similar patterns in peaks and troughs. In 2012, the average lower quartile house price in Staffordshire Moorlands was £107,000. This is below the comparable Lower Quartile house prices in Staffordshire and England of £111,000 and £126,000 respectively. Lower Quartile house prices climbed steadily in Staffordshire Moorlands from 1996 to 2007 and almost trebled over these years. Since 2007, lower quartile house prices declined slightly but appear to be starting to rise again.

Figure 4.14 Lower Quartile House Prices in Staffordshire Moorlands, Staffordshire and England



Source: CLG Live Table 583, Lower Quartile house Prices based on Land Registry Data by District

4.50 An internet search of current (November 2013) advertised private sector rent costs identified lower quartile rents of £425 for Staffordshire Moorlands. When the rents are looked at more closely, it would appear that the difference between the sub areas is considerable and the authority-wide average does not portray true picture for Staffordshire Moorlands as a whole.

4.51 Table 4.3 and Table 4.4 set out the relationship between property size and private sector rent levels in the four sub areas in Staffordshire Moorlands (based on a snapshot of advertised rents in November 2013). The search identified wide variations in private rent levels, with lower quartile rent levels varying from £395 in Leek to £533 in Cheadle. The variation in lower quartile rental levels is partly explained by variations in property size and the attractiveness of settlements. Furthermore, the demand and attractiveness of dwellings in rural areas also increases their rental value. These figures only provide a snapshot in time and do not portray rental values over a longer period.

Table 4.3 Private Sector Rent Levels (£ per month)

	Staffordshire Moorlands				
	Biddulph	Cheadle	Leek	Rural Areas	TOTAL
1-Bedroom entry level cost	340	470	399	553	<b>450</b>
2/3 Bedroom entry level cost	524	595	441	585	<b>537</b>
Lower Quartile cost (all sizes of property)	438	533	395	495	<b>425</b>
Mean (all sizes of property)	501	580	443	619	<b>552</b>

Source: Rightmove November 2013

Table 4.4 Private Sector Rent Levels - Range (£ per month)

	Staffordshire Moorlands			
	Biddulph	Cheadle	Leek	Rural Areas
1 – Bedroom	280-400	470	320-675	350-800
2/3 – Bedroom	395-695	595	360-550	370-1,000
4+ Bedrooms	N/A	675	425-675	695-1,300

Source: Rightmove November 2013

4.52 Table 4.5 and Figure 4.15 illustrate the significant difference between the average house price and the Lower Quartile house price in Staffordshire Moorlands.

4.53 Figure 4.15 demonstrates that the current median house price in Staffordshire Moorlands District is £136,000, with lower quartile house prices of £102,000, based upon Land Registry data for the 12 months to September 2013.

4.54 This ultimately affects the affordability of the housing stock in the District for many of its residents. In particular, it is notable that both Lower Quartile and

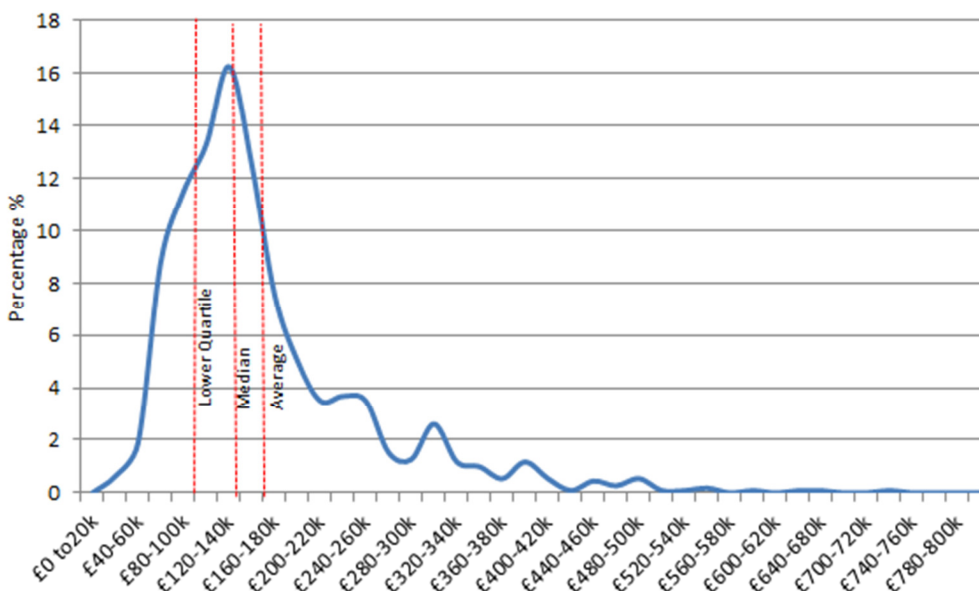
average house prices are significantly higher for the rural areas of Staffordshire Moorlands than the more urbanised locations, particularly Leek and Biddulph.

Table 4.5 House Price data for Staffordshire Moorlands, 2012/13

	Staffordshire Moorlands				
	Biddulph	Cheadle	Leek	Rural Areas	TOTAL
Lower Quartile House Price	£92,500	£106,250	£87,750	£120,000	<b>£102,000</b>
Median House Price	£120,000	£125,000	£119,725	£150,000	<b>£136,000</b>
Mean House Price	£130,673	£136,752	£139,377	£185,786	<b>£160,644</b>

Source: NLP Analysis from Land Registry Price Paid Data, year ending September 2013

Figure 4.15 Distribution of House Prices 2012/13

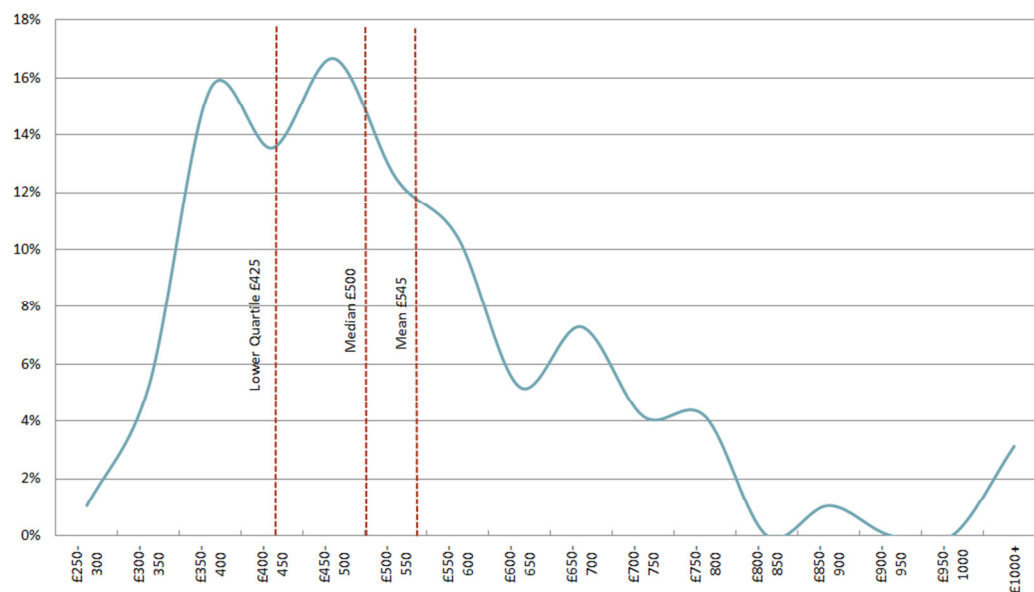


Source: NLP Analysis from Land Registry Price Paid Data

4.55

Figure 4.16 displays primary monthly private rental data for all types of property as at the fourth quarter of 2013. It is clear from the chart that the majority of private rental properties are towards the lower end of the monthly rental values; however, a fair proportion of more expensive properties have distorted the average private rental value. As such the lower quartile, mean and median data values have been displayed to address the skewed average. The lower quartile private rental value is £425 per month with the median reaching £500 per month. The mean rent is higher than the median in Staffordshire Moorlands and represents a monthly rent of £545.

Figure 4.16 Distribution of private market rents in Staffordshire Moorlands (£)



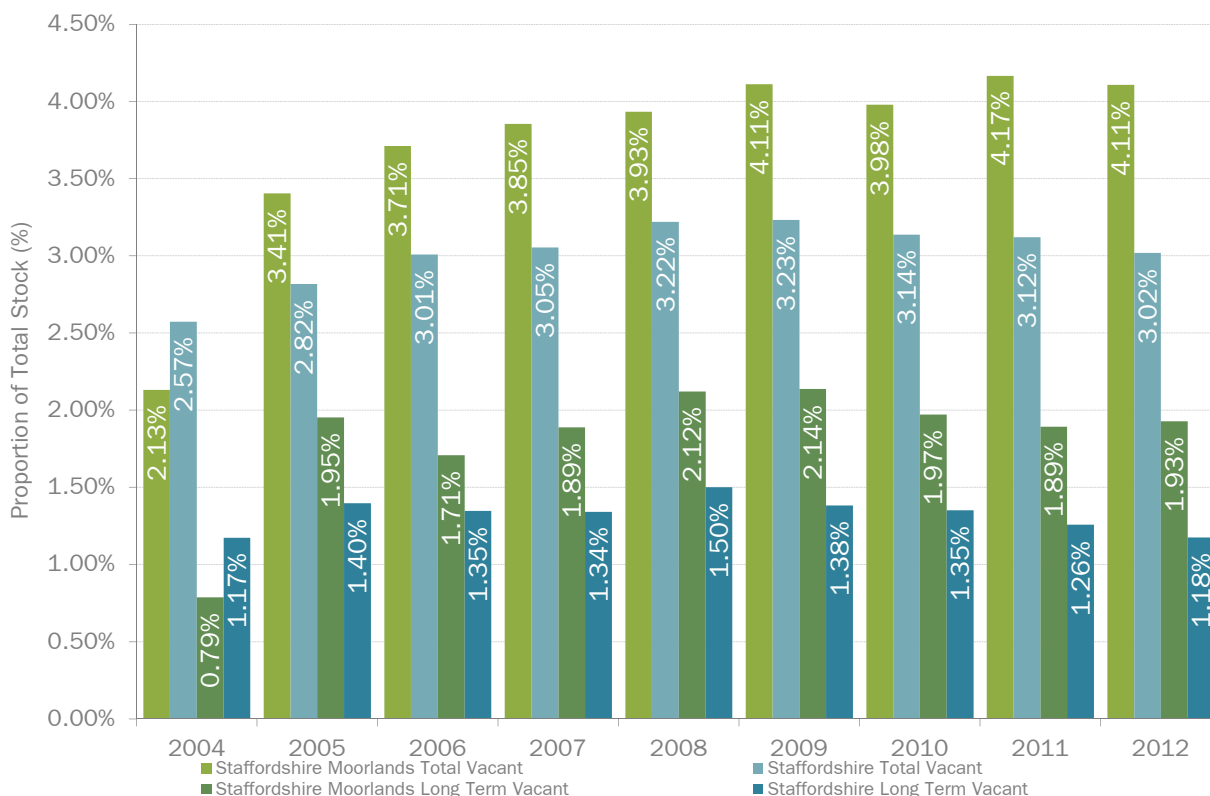
Source: NLP / Rightmove November 2013

## Vacancy

- 4.56 On 1<sup>st</sup> October 2012 CLG<sup>9</sup> recorded that there was a total of 1,982 vacant dwellings in Staffordshire Moorlands, representing 4.6% of the total stock. Of these dwellings, 842 were classified as being long term vacant (i.e. vacant for longer than 6 months). Homes become vacant for many reasons, including natural vacancy in the market (e.g. a void between tenancies or short term vacancies as people move home). However, long term vacancies may be an indication of either structural weaknesses in the housing market (e.g. low demand for a particular type of property) or may be reflective of problems with the stock of housing (e.g. condition or type).
- 4.57 Interestingly, almost 30% of the households paying Council Tax in Staffordshire Moorlands were claiming a 25% discount on their payment due to the fact that only one adult was living in the property. This high percentage could have been caused by a number of different factors but the most likely reasons for this percentage is down to personal choice, limited supply of smaller units or marital/relationship breakdown.
- 4.58 In Staffordshire Moorlands, overall vacancy rates have ranged between 2.13% and 4.17% over the period 2004 to 2012 (Figure 4.17). This indicates that vacancy levels across the District almost doubled in the 9-year period, although vacancy levels in 2004 were relatively low. By way of comparison, vacancy levels in Staffordshire County as a whole remained relatively stable. Long term vacancy rates in Staffordshire Moorlands remained steady between 2004 and 2012 at around 1.2% to 1.5%. The changes over time period have been very minor and long term vacancy would not appear to be a particular issue in the District.

<sup>9</sup> Calculation of Council Tax Base for Formula Grant Purposes, October 2012

Figure 4.17 Total and Long Term Vacancy Rates in Staffordshire Moorlands and Staffordshire



Source: CLG Live Table 615: Vacant Dwellings by Local Authority District and CLG Live Table 125: Dwelling Stock Estimates by Local Authority District

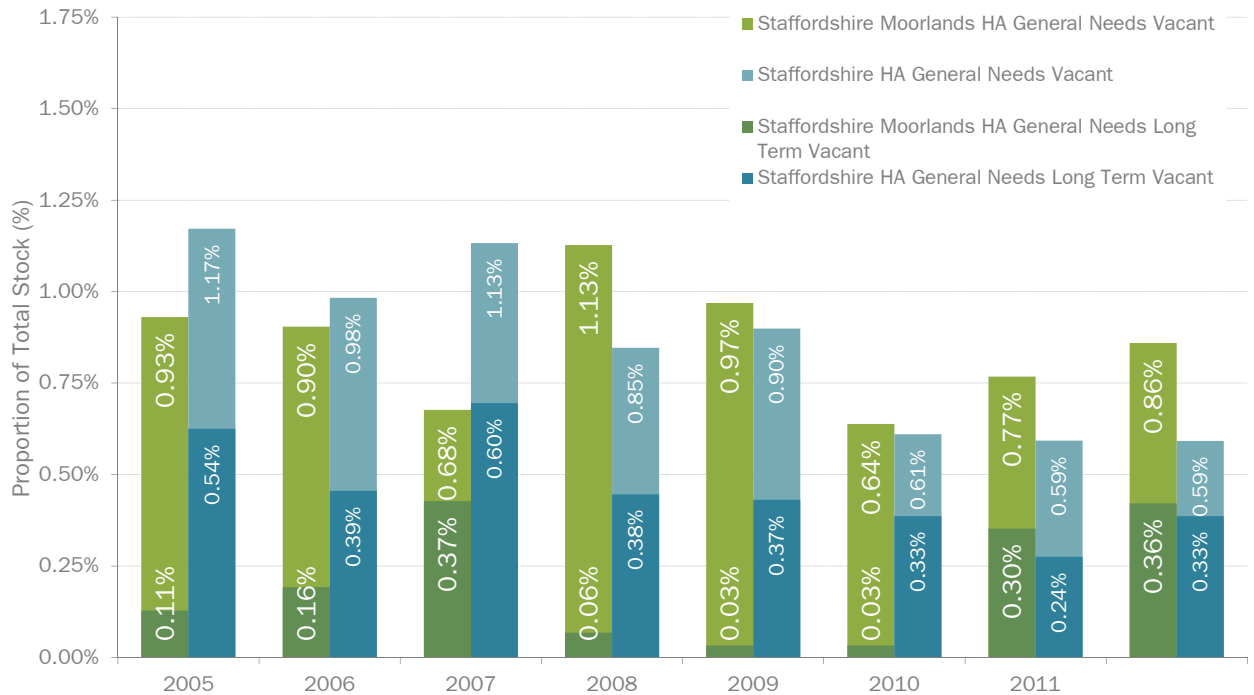
4.59 Figure 4.17 excludes vacant properties that comprise second homes. The proportion of all dwellings in Staffordshire Moorlands (0.4%) that are categorised as second homes are relatively low when compared to other similar districts across the country. This could be considered surprising given the attractiveness of the Staffordshire Moorlands and its proximity to the National Park.

4.60 In terms of the differences in tenure on vacant homes, CLG data for Staffordshire Moorlands shows that 31 public sector properties were vacant in 2012, with 13 of those being considered long term vacancies. This suggests a significantly lower level of total vacancy within affordable tenures than the private market and a lower level of long term vacancy also. This would indicate a significant demand for social housing in Staffordshire Moorlands.

4.61 Figure 4.18 illustrates the number of vacant social dwellings in Staffordshire Moorlands between 2004 and 2012. In 2012, the amount of vacant dwellings as a proportion of stock stood at 0.86% of the total stock with 0.3% of this being classified as long term vacant. This is a very low percentage and would appear to indicate a shortage of stock and significant demand for existing properties.



Figure 4.18 Staffordshire Moorlands and Staffordshire HA General Needs Vacancy and Long Term Vacancy Rates

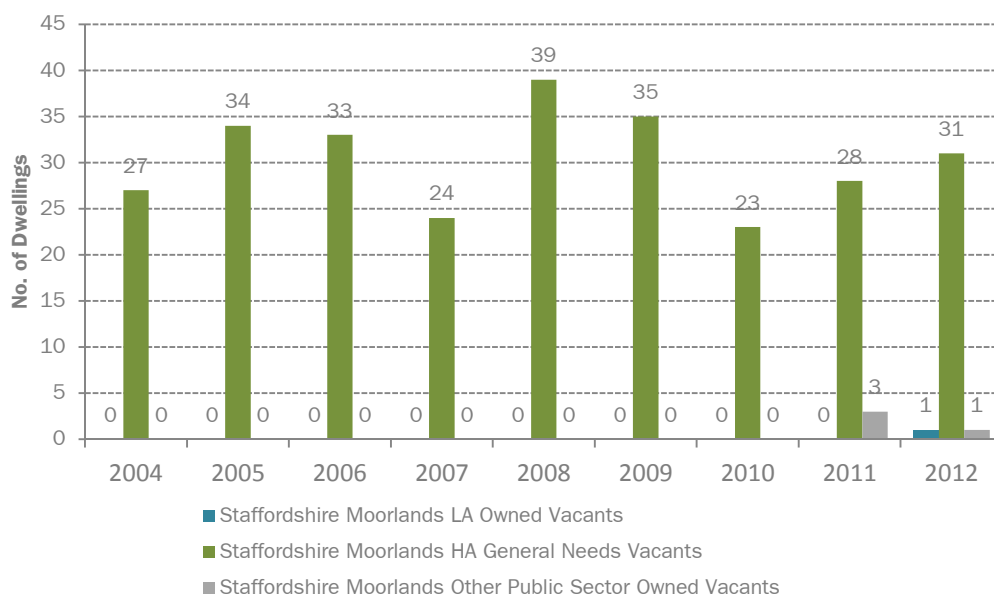


Source: CLG Live Tables 615, other Public Sector Vacant Dwellings by Local Authority District

4.62 Figure 4.19 illustrates, in numerical terms, the number of annual vacancies across Staffordshire Moorlands in Housing Association and Local Authority-owned properties. This emphasises the relatively small number of vacancies across the authority area.

4.63 However, it should be noted that the recording mechanisms for the CLG’s vacancy data has changed over time, with slightly different definitions as to what was recorded, hence the data referred to in the table above (Figure 4.18), and in Figure 4.19 should be treated with a degree of caution. In reality, the proportion of vacant social dwellings in Staffordshire Moorlands appears to be very low when compared with other authority areas. Discussions with RPs have verified this and they have indicated similar experiences across Staffordshire Moorlands.

Figure 4.19 Vacant Public Sector Dwellings in Staffordshire Moorlands 2004-2012



Source: CLG Table 615, Vacant Dwellings by District 2012

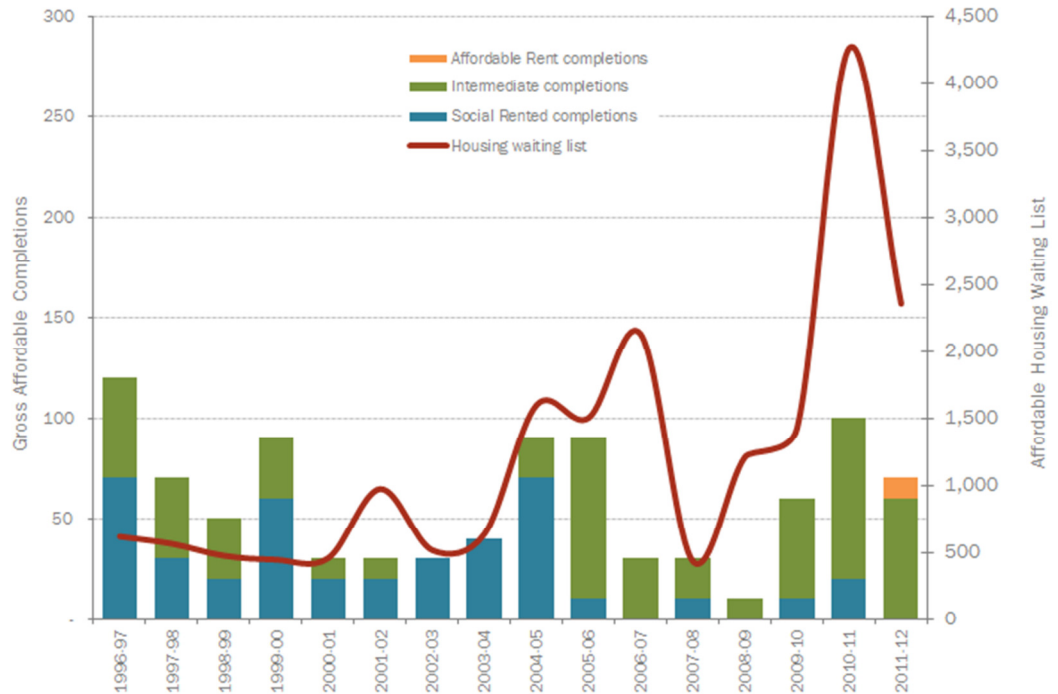
## Supply and Demand for Affordable Dwellings

- 4.64 The supply of new affordable housing has varied considerably since 1996/97. As illustrated in Figure 4.20, affordable housing completions in the District were at their highest in 1996/97, with 120 completions achieved. Rates have fluctuated substantially since then, with just 10 completions achieved in 2008/09 and 30 completions in both 2006/07 and 2007/08. Recent completion rates have increased since this period however, with a high of 100 completions in 2010/11. The average completion rate between 1996/97 and 2011/12 was 59 dpa.
- 4.65 The housing register and HSSA data shows that there has been a significant increase in the Housing Waiting List since 1996/97 and particularly since 2007/08. In 1997, the waiting list was 616. Since this time, it has risen dramatically to a high of 2,354 in 2012. Whilst affordable completions in Staffordshire Moorlands have increased since the low of 2008/09 the waiting list has also increased in this period illustrating that new affordable housing supply has not been able to keep pace with demand for affordable housing.
- 4.66 In recent years there has been a slight shift towards the provision of intermediate affordable units. Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing. In the period 1996/97 to 2003/04 intermediate affordable unit completions averaged approximately 33 dpa. In the period 2005/06 to 2011/12 this figure increased to approximately 47 dpa. The demand for this form of tenure is increasing across the country.

4.67

There were 10 affordable rent completions in 2011/12 following the introduction of the Affordable Rent model by the Government from May 2011 (where rent is around 80% of the cost of private rent).

Figure 4.20 Affordable Housing Completions and Waiting List in Staffordshire Moorlands 1996/97 - 2011/12



Source: CLG 2013

## Modelling Affordability

4.68

The former CLG SHMA Practice Guidance (2008) defines affordability as a “measure of whether housing may be afforded by certain groups of households” [Annex G]. In identifying affordability of housing there are two key elements: the amount of income a household has available to access housing, and the cost of accessing housing. Comparing house costs against the ability to pay provides indications of the relative affordability. In particular, looking at the minimum incomes required to access housing at lower quartile prices provides an indication of entry-level prices to the property market. This can then be compared with the income distribution of both households overall and for newly forming households. Households unable to afford entry level prices on the private housing market, either renting or purchasing, will find themselves needing affordable housing tenures.

## Incomes and Earnings

4.69

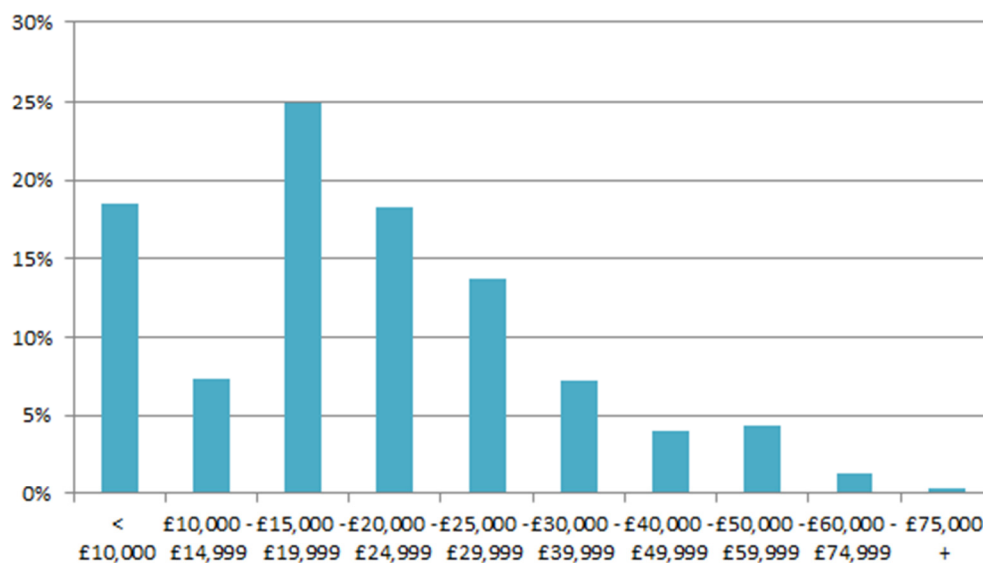
The income and earnings of households directly influences their relative ability to access housing. Information on household incomes at a local level is not widely published and crucially does not provide information on the number of households within different bands of income, although there is some information on personal incomes from the ONS Annual Survey of Hours and

Earnings (ASHE). In order to overcome this, NLP has drawn upon household income data which was purchased from Experian Business Strategies.

4.70

The resulting banded income data for 2011 is illustrated in Figure 4.21. This shows the proportion of households within each £5,000/£10,000 income band. It demonstrates that household incomes (i.e. the combined income of those contained within a household) in Staffordshire Moorlands have a distribution whereby 18% of all households have an annual income of less than £10,000 a year, whilst just over 50% of all households in the District have incomes below £20,000. Just 6% of all households in the District have an annual income over £50,000.

Figure 4.21 Distribution of Household Incomes in Staffordshire Moorlands



Source: Experian Household Income Data 2011

4.71

Table 4.6 presents the banded income data for households across the four sub-areas of Staffordshire Moorlands District. It demonstrates that there is a wide variety of incomes depending on where the household is resident, with the more affluent rural areas having a much higher level of income when compared to Biddulph and Leek in particular. As a result, the proportion of households with a gross household income of over £50,000 is more than double the equivalent proportion of households living in either Biddulph or Leek. However, the commensurate increase in house prices in these more affluent rural areas does not necessarily mean that it is more affordable for such residents to access the housing ladder.

Table 4.6 Banded Income data for Staffordshire Moorlands District, 2011

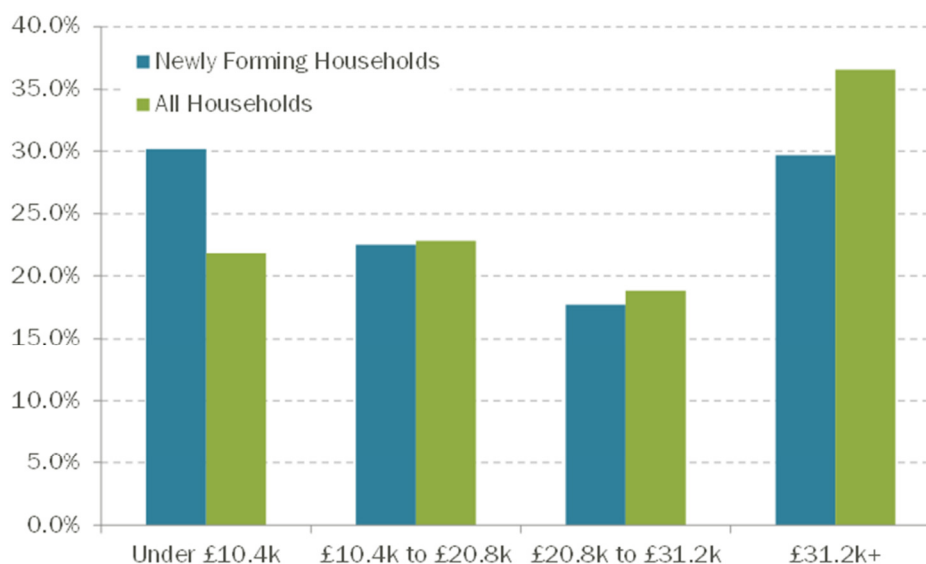
Percentage of Households with a Gross Income:	Staffordshire Moorlands				
	Biddulph	Cheadle	Leek	Rural Areas	TOTAL
Below £10,000	22%	22%	23%	15%	18%
Between £10,000 and £19,999	36%	36%	38%	28%	32%
Between £20,000 and £29,999	30%	29%	27%	35%	32%
Between £30,000 and £39,999	7%	6%	5%	9%	7%
Between £40,000 and £49,999	3%	3%	3%	5%	4%
Over £50,000	3%	4%	4%	8%	6%

Source: NLP Analysis from Experian Banded Income Data 2011

4.72

Furthermore, this income distribution is spread across all existing households within Staffordshire Moorlands District. Newly forming households are those that will typically drive the need for housing, whilst existing households will already occupy property. However, newly formed households typically have weaker incomes and therefore have lower purchasing power in the housing market. Evidence from the English Housing Survey (and its predecessors the Survey of English Housing – SEH) demonstrates that over the previous decade the incomes of newly forming households have been relatively consistently between 60% and 70% of existing households. Looking further at data from the English Housing Survey (EHS) shows a substantially different distribution if incomes between newly forming households and existing households are distinguished. This is illustrated in Figure 4.22.

Figure 4.22 Difference between Income Profile of Newly Forming Households and Existing Households



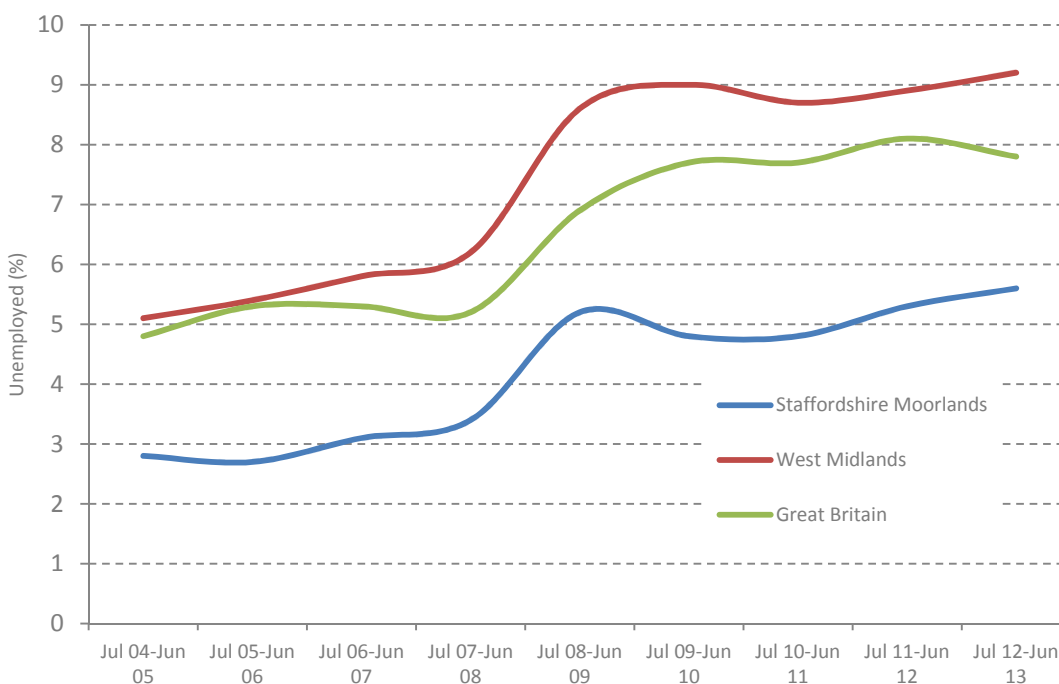
Source: CLG English Housing Survey 2011-2012, Table FA4211 (December 2012)

## Economic Background

4.73

The most up to date data indicates that the number of economically active people in Staffordshire Moorlands is 46,400, with 41,400 in employment (89.2% of the economically active population). The unemployment rate in the District is currently estimated by ONS at approximately 6% of the economically active population. Figure 4.23 illustrates the deviation in unemployment rate over time for Staffordshire Moorlands when compared to the West Midlands and Great Britain averages.

Figure 4.23 Unemployment in Staffordshire Moorlands, the West Midlands and Great Britain



Source: ONS Annual Population Survey 2013

4.74

Unemployment estimates in Staffordshire Moorlands range from an average of 888 claimant unemployed in December 2013 (based on JSA claimant count statistics) and 2,700 people (the ONS model-based unemployment estimate from the Annual Population Survey (Oct 2012- Sept 2013)). In reality, the unemployment rate is likely to be better reflected in the higher model based estimate, as only a portion of unemployed residents will be eligible or will sign on for job seekers allowance. On this basis, the unemployment rate is estimated to be approximately 5.6% of the economically active population. This is considerably below the national average rate of 7.8%.

## Bringing the Evidence Together

4.75

Overall, the evidence regarding Staffordshire Moorlands' demographic characteristics and the active housing market in the District provides a backdrop against which to consider future changes in Staffordshire Moorland's housing market and its economy. The evidence highlights that there have

been strong structural demographic drivers of the housing market, caused by declining household sizes and in-migration leading to a growing population for the District in recent years, although this trend masks an ageing population structure.

- 4.76 These factors have influenced the operation of the housing market in Staffordshire Moorlands and have directly affected the supply/demand balance. This has led to relative in-affordability in the private housing market, with median prices estimated to be 5.63 times median earnings in 2012, which is slightly below the Staffordshire average of 6.11, representing the lower cost of housing in Staffordshire Moorlands District in comparison to other parts of the County.
- 4.77 However, these affordability pressures nonetheless remain significant, and may have led to an increase in demand for affordable housing, with total waiting lists (rather than those just in a relevant priority banding) increasing over time.
- 4.78 This forms the basis for considering future projections of Staffordshire Moorland's economic performance and future projections of the District's population.

## 5.0 The Future Housing Market

### Introduction

- 5.1 Based on past trends and the baseline housing economic and demographic context of Staffordshire Moorlands, a number of scenarios were identified and agreed with the District Council. The various scenarios were carefully chosen to reflect the alternatives for future growth within the District. These have been identified to reflect what has occurred previously, as well as what might occur in the future given the range of factors which affect population and household growth within the District. These scenarios are introduced in this section and assessed in terms of how they relate to housing requirements.
- 5.2 The scenarios are designed to give 'book-end' estimates to illustrate what may happen in demographic and economic terms if a given set of conditions prevail and are intended to provide the basis for assessing (and if necessary planning) the implications. The scenarios demonstrate the extent to which the population of the District is likely to change over the Plan period, and how this growth would be translated into households, dwellings, numbers of economically active residents and the number of jobs that might be expected to support.
- 5.3 The number of households is translated into dwelling requirements through the application of an assumption regarding the proportion of vacant properties / second homes that are currently recorded in Staffordshire Moorlands.
- 5.4 NLP has modelled each of these scenarios using industry standard PopGroup demographic modelling software. More information on PopGroup, and the technical methodology of the model itself, is set out in further detail in Appendix 2 and can also be found online via the following weblink:  
[www.ccsr.ac.uk/popgroup](http://www.ccsr.ac.uk/popgroup).

### Scenarios – Assumptions and Approach

- 5.5 The scenarios adopted for testing fall into three broad groups, demographic led, economic-led and supply/policy led. The starting point remains the baseline scenario, with various data variables and assumptions applied for each other subsequent scenarios, for the Plan period 2011-2031, as follows:
- 1 Demographic-led – “How much development is required to meet projected levels of population change?”:
    - i **Scenario A: Baseline 2011** – A scenario utilising the latest ONS 2011-based sub-national population projections [SNPP] and the headship rates from the CLG 2011-based household projections. It has been assumed that post 2021, the 2008-based headship rates are applied (the ‘index’ approach);
 

*Sensitivity Tests:*

      - **Scenario Aa: Static Headship Rates** – A scenario which incorporates the ONS/CLG inputs of Scenario A to provide a



- projections to 2021; between 2022 and 2030, the 2021 headship rate are held constant;
- **Scenario Ab: Trend Headship Rates** – As above, although post-2021 the CLG 2011-based household projection trends are continued on a linear basis;
  - **Scenario Ac: Catch-Up Headship Rates** – As above; change post 2021 is targeted to achieve the CLG 2008-based Household Projections end-rates by 2033;
- ii **Scenario B: Natural Change** – Where in and out-migration is reduced to zero, hence growth is driven purely by natural change, or the interaction between births and deaths;
  - iii **Scenario C: Zero Net-Migration** – A theoretical demographic scenario whereby in and out migration is balanced, meaning there is only population ‘churn’ within each district and no growth from net in-migration;
  - iv **Scenario D: Short Term Migration Trends** – A scenario based upon migration trends observed for Staffordshire Moorlands over the previous 5 years;  
*Sensitivity Test:*
    - **Scenario Da: Short Term Migration Trends + 50% Unattributable Change** – A scenario based upon migration trends observed for Staffordshire Moorlands with a 50% allowance for ‘unattributable change’<sup>10</sup> over the previous 5 years;
  - v **Scenario E: Long Term Migration Trends** – A scenario based upon migration trends observed for Staffordshire Moorlands over the previous 10 years;  
*Sensitivity Test:*
    - **Scenario Ea: Long Term Migration Trends + 50% Unattributable Change** – A scenario based upon migration trends observed for Staffordshire Moorlands with a 50% allowance for unattributable change over the previous 10 years;
  - vi **Scenario F: CLG Household Projections** – annualising the CLG Household Projections (2011-2021) whilst making an allowance for vacancy rates (231 dpa for Staffordshire Moorlands);
- 2 Economic-led – *“How much development is required to ensure forecasts of future employment change are supported by the local labour supply?”:*

<sup>10</sup> Within the ONS’s revised Mid-Year Population Estimates rebased to the 2011 Census, an allowance is made for ‘other unattributable populations’. These comprise differences between the rolled forward MYE and the revised MYE, which ONS are unable to statistically account for (i.e. they are people that are definitively living in a particular area, but ONS cannot specifically account for how they got there). One explanation is that the level of migration estimated in the MYE, which is notoriously difficult to accurately register, was incorrect.

- i **Scenario G: Oxford Economics Job Growth** – A ‘policy-off’ trend-scenario based upon Oxford Economics local area-based econometric model. This provides potential unconstrained employment growth in Staffordshire Moorlands (+2,250 jobs 2013-2031) over the Plan period;
    - Sensitivity Test:*
      - **Scenario Ga: Oxford Economics Job Growth + 5% Reduction in Out-commuting** – This scenario applies the above assumptions whilst factoring in a 5% reduction in out-commuting;
  - ii **Scenario H: Policy On Job Growth** – A ‘Policy-on’ trend scenario based upon the Council’s economic aspirations whilst factoring in increased economic growth in the key sectors in line with the regional average. This provides potential unconstrained employment growth in Staffordshire Moorlands of 3,871 jobs over the course of the plan period;
    - Sensitivity Test:*
      - **Scenario Ha: Policy on Job Growth + 5% Reduction in Out-Commuting** – This scenario applies the above assumptions whilst factoring in a reduced commuting rate of 5%;
  - iii **Scenario I: Job Stabilisation** – taking forward a net total of zero job growth over the period 2013-31.
- 3 Policy/Supply led – “*What are the implications in terms of the number of people, households and jobs of delivering a certain amount of development?*”
- i **Scenario J: Average Past Delivery** – using past delivery trends to illustrate what the market has previously delivered and project these forward over the Plan periods (227 dpa for Staffordshire Moorlands net).

5.6

The above 10 main scenarios (one supply driven, three economic driven and six demographic driven) provide a wide range of outputs evidencing housing and employment development needs based upon different factors under different scenarios. All scenarios provide development requirements over a timeframe starting in 2011 and ending in 2031. There are a number of assumptions which NLP has adopted to form the basis for all modelled scenarios. These include:

- 1 A base population derived from 2011 Mid-Year Population Estimates by single year of age and gender which are based on the 2011 Census population counts. Equivalent 2012 Mid-Year Population Estimates by single year of age and gender are also factored into the model.
- 2 Fertility rates are applied to the population using projected Fertility Rates and differentials for Staffordshire Moorlands from the ONS 2010-based SNPP.

- 3 Mortality rates are applied to the population forecast using projected Mortality rates and differentials for Staffordshire Moorlands from the ONS 2010-based SNPP.
  - 4 Inputs on headship rates (using the CLG 2011-based household forecast headship rates up to 2021, and the 2008-based rates after this time).
  - 5 In Staffordshire Moorlands (as in any area), it is expected that housing vacancies and second homes will result in the number of dwellings exceeding the number of households. In establishing future projections, it is likewise expected that the dwelling requirement will exceed the household forecast. Hence a rate of 4.6% has been factored into the model, based upon the most recent vacancy data available for the District.
  - 6 To calculate the unemployment rate, NLP took the December 2010 NOMIS unemployment figure (4.6%) to equate to the 2010 rate; the December 2011 figure of 5.6% to equate to the 2011 rate; and the December 2012 figure (5.5%) to equate to 2012. NLP kept the former figure constant for 2013 and 2014 to reflect initial stabilisation at the current high rate, and then gradually reduced the rate on a linear basis to the 7-year average (05-12) over a five year time frame. This figure was then held constant to the end of the forecasting period on the grounds that this is a better reflection of the long term trend than the current high rate.
  - 7 It has been assumed that the commuting rate (1.45) remains static with no inferred increase or decrease in commuting levels for the majority of the scenarios (see below).
  - 8 Economic activity by age cohort is taken from ONS and NLP projections of future economic activity, which take account of shifting trends in economic activity and changes to pension ages.
- 5.7 There will also be an additional driver underpinning growth in household formation due to the strong trend towards smaller average household sizes nationally.
- 5.8 Where scenarios have been demographically modelled, a full schedule of the assumptions and inputs underpinning each one is contained within Appendix 1, and the outputs from the modelling are contained within Appendices 3 and 4.

## Modelling Results

### Demographic-led Scenarios

- 5.9 The demographic scenarios use components of population change (births, deaths and migration) to project how the future population, their household composition, and consequently their requirements for housing, will shift in the future. It also projects the proportion of the population who will be economically active and will support employment growth. The headline results for each scenario are outlined below.

## Scenario A – Baseline 2011

- 5.10 The baseline scenario is predicated upon the rates of projected migration, births and deaths in Staffordshire Moorlands identified within the ONS 2011-based (interim) sub-national population projections [SNPP] and the 2011-based (interim) household projections.
- 5.11 Under this scenario the population of Staffordshire Moorlands is projected to increase by 6,436 people over the period 2011 to 2031, consisting of 9,836 additional residents from inward migration countered by a decline in natural change by 3,400 people. The associated increase in households in Staffordshire Moorlands is projected to reach 4,534.
- 5.12 However, it is important to put this in context and to note that the baseline demonstrates that there will be a significant shift in the District's demographic profile if trends continue over the Plan period. This specifically relates to the ageing population and the steep decline in the number of residents of working age. Between 2011 and 2031, the number of residents aged between 18 and 59 (female) and 18-64 (Male) is forecast to fall by 5,653 residents, or -10.4%. In contrast, the number of residents of retirement age is projected to increase by a massive 10,972, or 44.7%.
- 5.13 As a result, despite the substantial increase in the population under this scenario, it would actually result in a reduction in the labour force, of 3,745 people. Furthermore, the scenario would, assuming current commuting rates, result in a loss of 101 jobs per annum (-2,011 in total). This scenario would lead to a demographic-led housing need of 4,752 additional dwellings, equivalent to 238 dpa.

### Scenario A:

- Staffordshire Moorlands: 238 dpa 2011-2031

## Scenario A – Sensitivity Tests

### Headship Rate Adjustments

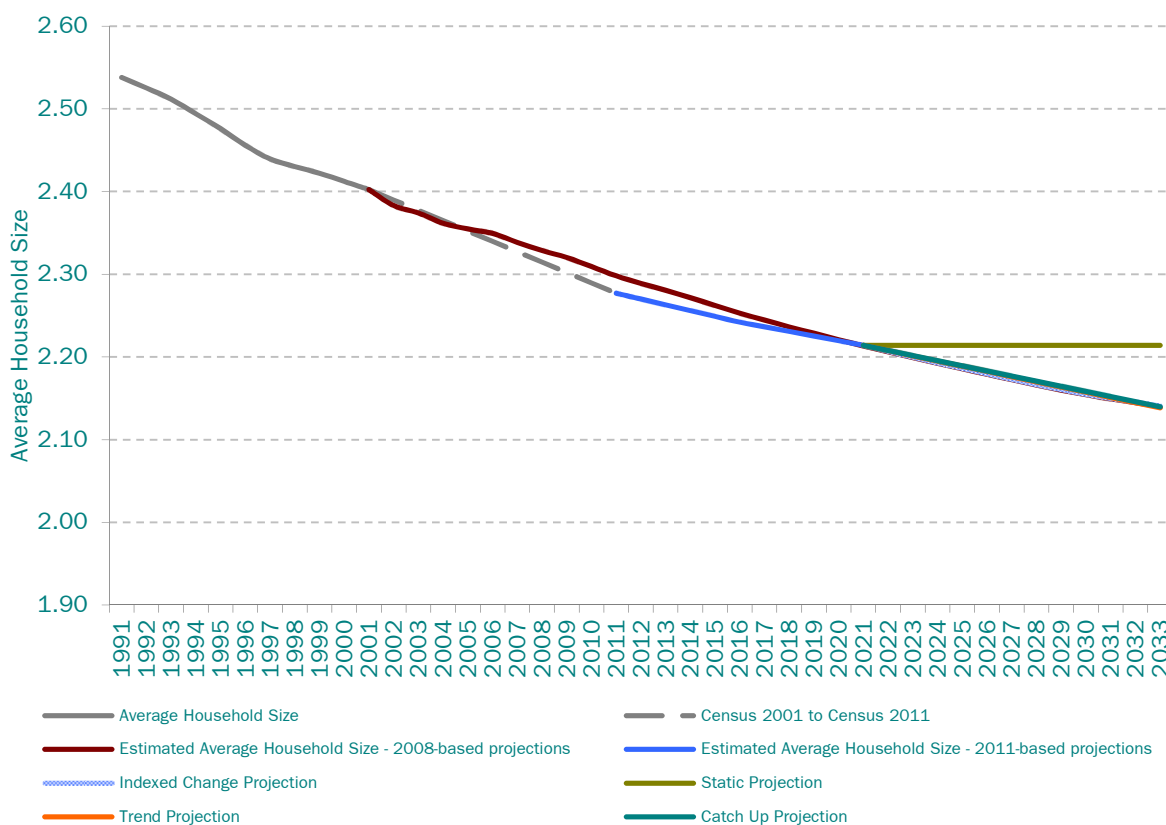
- 5.14 As noted earlier in Section 4.0, there are specific issues with regards the headship rates used to underpin the latest 2011-based (interim) household projections, not the least of which is the fact that headship rates are only provided over the period 2011-21. To demonstrate the extent to which NLP's 'index' approach that underpins Scenario A represents a reasonable compromise, a variety of sensitivity tests were modelled using higher/lower household representation post 2021 as illustrated in Table 5.1 and Figure 5.1. The data indicates that the indexed household representation rates scenario broadly aligns with the Catch Up headship scenario but is higher than the Trend and Static Scenarios.

Table 5.1 Modelling Scenarios Varying Household Representation Rate assumptions post 2021

Dwelling Change	2011-2031	dpa
PopGroup Baseline (Index)	4,752	238
Static Headship Rates	4,592	230
Trend Headship Rates	3,810	190
Catch Up Headship Rates	4,713	236

Source: NLP PopGroup Modelling  
**Index =** Annual change for 2021 to 2031 from CLG 2008-based Household Projections  
**Static =** Constant 2021 rate applied for each year post-2021  
**Trend =** CLG 2011-based household projection trend on a linear basis post 2021  
**Catch Up =** Change post 2021 is targeted to achieve CLG 2008-based Household Projections end rates by 2033 (High Rate)

Figure 5.1 Implications of applying different headship rates post 2021 to household size



Source: ONS/CLG & NLP Analysis

### Scenario B – Natural Change

5.15 This scenario examined the consequences of stripping out all the migration both in to and out of Staffordshire Moorlands over the period 2011-2031. As a consequence, the only population growth that can be generated results from the interaction of births and deaths (i.e. natural change).

5.16 By removing all migration inputs, the population is forecast to decrease significantly by 2,502 residents between 2011 and 2031. This equates to minimal household growth over the plan period of 312, or 16 per annum.

Under this scenario, the workforce will shrink significantly by 7,249 over the plan period whilst the number of resident population of retirement age will increase by 8,570 or 35%. In terms of dwelling requirement, this would equate to a need for just 327 dwellings, or 16 dpa.

- 5.17 Whilst this scenario is unrealistic, it provides a useful indication of the extent to which Staffordshire Moorlands housing need is not being driven by natural change as the District has relatively low levels of births.

#### Scenario B:

- Staffordshire Moorlands: 16 dpa 2011-2031

### Scenario C – Zero Net Migration

- 5.18 The zero net migration scenario represents the population impacts of equalising migration (i.e. ensuring that the number of international and domestic migrants coming into the District, equals the number moving out). Thus whilst in the short term the population is unchanged from the natural change scenario, the profile of the population changes over time due to the different profile of in-migrants and out-migrants.
- 5.19 This scenario would lead to a substantial population decrease of 5,393 people over the period 2011 to 2031. This equates to a minor increase of 315 new households in Staffordshire Moorlands. Zero net migration would result in a decrease of 9,339 (the largest of any of the scenarios) economically active people within Staffordshire Moorlands over this period, and decrease jobs by 284 per annum. This generates a requirement for 330 new dwellings over the 20 year plan period, or 17 dpa.
- 5.20 The commentary provided in Scenario B considering the realism of practically excluding net out-migration is also relevant here - thus the scenario presents a hypothetical 'what if' scenario that once again demonstrates the importance of migration to Staffordshire Moorlands' future economic growth prospects. It is interesting that this scenario would result in almost identical levels of housing need as was experienced in the natural change scenario.

#### Scenario C:

- Staffordshire Moorlands: 17 dpa 2011-2031

### Scenario D – Short Term Migration Trend

- 5.21 This scenario is based upon a continuation into the future of the average past migration trends observed in Staffordshire Moorlands over the short term and applies these to the ONS 2011-based (interim) SNPP. This draws upon ONS estimates of domestic and international migration over the previous 5 years for the District.

5.22 Under this scenario, and due to the modest levels of net in-migration in comparison to natural change over the past 5-years, the population in Staffordshire Moorlands is projected to decrease slightly, by 438 people. However, this would still lead to an increase in households of 2,053. The decline in labour force totals 6,663 people, resulting in a fall in the number of jobs by 3,928. The overall housing requirement for this scenario for Staffordshire Moorlands totals a net gain of 2,152 dwellings, equivalent to 108 dpa over the period 2011 to 2031.

***Scenario Da – Sensitivity: Short Term Migration Trend plus other unattributable populations***

5.23 Within the ONS's revised Mid-Year Population Estimates [MYE] rebased to the 2011 Census, an allowance is made for 'other unattributable populations'. These comprise differences between the rolled forward MYE and the revised MYE, which ONS are unable to statistically account for (i.e. they are people that are definitely living in a particular area, but ONS cannot specifically account for how they got there). One explanation is that the level of migration estimated in the MYE, which is notoriously difficult to accurately register, was incorrect. For Staffordshire Moorlands, the level of 'unattributable' residents is relatively modest, at 633 over the past 5 years.

5.24 On this basis, a sensitivity test was applied whereby half of these unattributable residents (i.e. 63 per annum) were included as immigrants on top of the level projected under Scenario D (above). Unsurprisingly, this has an impact on the population projections, with the number of residents increasing by 1,000 over the Plan period. This is equal to 2,603 households, or 2,729 dwellings (136 dpa).

**Scenario D:**

- Staffordshire Moorlands: 108 dpa 2011-2031

**Scenario Da:**

- Staffordshire Moorlands: 136 dpa 2011-2031

**Scenario E – Long Term Migration Trend**

5.25 This scenario is based upon continuation into the future of the average past migration trends observed in Staffordshire Moorlands over the longer term. This draws upon ONS estimates of domestic and international migration over the previous 10 years for the District. Given that the 10 years run from 2002 to 2011, and encompass a period of boom, recession and economic downturn, whereas the short term migration projections outlined in Scenario D above focus primarily on the recession and its aftermath, it could be argued that the former projections have a greater degree of validity when projected into the longer term.

5.26 Under this scenario the population of Staffordshire Moorlands is projected to increase by 870 people, comprising 5,221 less people via natural change and 6,091 more people as a result of net in-migration. This equates to an increase in households of 2,567 and an overall housing requirement of 2,690, or 135 dpa. This comprises the fourth most pessimistic scenario of all those modelled.

5.27 As above, a sensitivity test was run that made an allowance for 'other unattributable populations' (over ten years, this equated to 1,131 residents). Again, this has an impact on the population projections, with the number of residents increasing by 2,172 over the Plan period. This is equal to 3,064 households, or 3,212 dwellings (161 dpa).

**Scenario E:**

- Staffordshire Moorlands: 135 dpa 2011-2031

**Scenario Ea:**

- Staffordshire Moorlands: 161 dpa 2011-2031

### Scenario F – 2011 CLG (Interim) Household Projections

5.28 This scenario takes the latest national population and household projections at face value and does not incorporate these into PopGroup. As such, the requirement discussed below covers a ten year period of 2011-2021 to reflect the limitations of the Government's data.

5.29 The 2011-based (interim) SNPP indicates that the population of Staffordshire Moorlands will increase by 2,800 residents, to 100,600, between 2013 and 2021, equivalent to an increase of 462 people per annum. The interim 2011-based CLG household projections for the same base year translate this into an increase in households by 2,203 to 46,903 over the period 2011-21 (220.3 households per annum). Taking into consideration the vacant/second home rate (4.6%), this would result in a requirement of 231 dpa.

5.30 By way of comparison, the CLG 2008-based household projections indicated that Staffordshire Moorlands would experience household growth of 2,746 households over the period from 2011 – 2021, or 275 households per annum. The 2011-based (interim) household projections are therefore lower than the 2008 based projections.

**Scenario F:**

- Staffordshire Moorlands: 231 dpa 2011-2031

### Employment-led Scenarios

5.31 There are a complex set of issues involved in matching labour markets and housing markets (with different occupational groups having a greater or lesser



propensity to travel to work). However, there are some simple calculations that can explore the basic alignment of employment, demographic and housing change, notably the amount of housing needed to sustain a given labour force assuming certain characteristics of commuting and employment levels.

- 5.32 Ensuring a sufficient supply of homes within easy access of employment opportunities represents an important facet of an efficiently functioning economy and can help to minimise housing market pressures and unsustainable levels of commuting (and therefore congestion and carbon emissions). If the objective of employment growth is to be realised, then it will generally need to be supported by an adequate supply of suitable housing.
- 5.33 The economic-led scenarios are based upon an understanding of the relationship between employment and housing. These scenarios are demographically modelled using the number of jobs as the fixed variable, with the projected migration constrained or inflated to a level, which alongside the profile of migrants in and out and natural change within the population produces a labour force which is sufficient to support a given level of employment growth within the district. This assumes that the current commuting dynamic inferred by the balance of workers and jobs in Staffordshire Moorlands (the Labour Force ratio) will either remain static or shift based on the assumed outcomes of the scenarios.

### **Scenario G – Oxford Economics Job Growth**

- 5.34 This comprises a 'policy-off' trend based-scenario using Oxford Economics' [OE] local area based model. This modelling has also informed the District's ELR. This represents an unconstrained, 'policy off', estimate of how Staffordshire Moorlands' economy is expected to perform in the future. It therefore presents an objective forecast of how this part of the country could perform in economic terms in the future based on the nature of its economy and current expectations of future national and regional economic performance.
- 5.35 In the wake of job losses between 2011 and 2013 which have already happened, the job growth scenario has incorporated the 2011 and 2012 Mid-Year Population Estimates and used annual projected job growth figures thereafter. To sustain 2,250 additional jobs would require an increase in the number of economically active residents by 2,450, equating to 16,829 additional residents. This in turn would require an increase of 8,413 households and 8,819 dwellings.

### ***Scenario Ga – Sensitivity: reduced net out-commuting (5%)***

- 5.36 A sensitivity test was modelled on the above job projections, allowing for a reduction in the level of net out-commuting over the Plan period by 5%. Whilst recognising this would be challenging, it is understood that such a scenario is a long-term objective of the Council.

5.37 Such an outcome would have the effect of keeping the job growth the same, but reducing the number of in-migrants required to take up those job opportunities as they would be more effectively serviced by the existing resident population. As such, the number of new dwellings required would be significantly lower, at 6,977 over the Plan period (or 349 dpa).

**Scenario G:**

- Staffordshire Moorlands: 441 dpa 2011-2031

**Scenario Ga:**

- Staffordshire Moorlands: 349 dpa 2011-2031

**Scenario H – Policy On Job Growth**

5.38 A further job-based estimate of future needs was based upon the job creation estimated in the Council's ELR, applying the 'Policy On' level of job growth. This was derived based on the figures contained within the ELR, which set to increase growth in targeted industrial sectors in line with the regional average. This projection estimates that there may be a total (net additional) job growth of around 3,871 to 2031<sup>11</sup>, 1,621 higher than the Oxford Economics Baseline Job Growth Scenario.

5.39 This represents an unconstrained, 'policy on', estimate of how Staffordshire Moorlands' economy is expected to perform in the future. It therefore presents a relatively optimistic forecast of how this part of the country could perform in economic terms in the future based on the nature of its economy and current expectations of future national and regional economic performance.

5.40 To underpin this level of job growth in Staffordshire Moorlands, there would need to be an increase in the population by 21,395 and of households by 10,073. This would require a net additional dwelling requirement of 10,558, or 528 dpa.

***Scenario Ha – Sensitivity: reduced net out-commuting (5%)***

5.41 A further scenario was run based on the above but incorporating a reduction in net out-commuting by 5%. Such an outcome would result in job growth remaining as per Scenario H above, but reducing the number of in-migrants required to take-up those job opportunities as they would be more effectively serviced by the existing resident population. As such, the number of new dwellings required would be significantly lower, at 8,644 over the Plan period (or 432 dpa).

<sup>11</sup> Please note that to inform the projections, NLP have used the Jobs figure as opposed to the Full Time Equivalent Jobs which informed the ELR. Furthermore, the data from the Mid Year Estimates (2011 & 2012) have been incorporated into the model.

**Scenario H:**

- Staffordshire Moorlands: 528 dpa 2011-2031

**Scenario Ha:**

- Staffordshire Moorlands: 432 dpa 2011-2031

**Scenario I – Job Stabilisation**

5.42

A final employment-led scenario examined the number of dwellings necessary to sustain a broadly neutral level of job growth over the Plan period. Due to the declining number of economically active residents in the district, there would need to be a significant increase in the level of net in-migration than is projected under the baseline demographic scenario, with the resultant population increasing by 10,161 residents; the number of households by 5,969; and the number of dwellings by 6,257 (or 313 dpa).

**Scenario F:**

- Staffordshire Moorlands: 313 dpa 2011-2031

**Policy/Supply-Led Scenarios**

5.43

The policy/supply led scenarios test the implications of delivering a certain level of development (i.e. a set number of dwellings) based on the given parameters of the scenario. We recognise that the Objective Assessment of Need cannot be founded on supply led scenarios as per the National Planning Practice Guidance [Practice Guidance] but they are useful comparators.

**Scenario J – Past Delivery Rates**

5.44

The past rate of delivery of dwellings ostensibly provides a proxy for realisable demand for housing development in Staffordshire Moorlands. However, it should be noted that whilst past delivery may provide a guide, it may have been constrained by land availability and planning policy as well as any wider economic or market trends prevailing during that period (i.e. the recession and its aftermath reducing viability levels and hence depressing build rates). Consequently, the ‘predict and provide’ approach should be treated with a degree of caution when estimating what is likely to happen to the development market in the future.

5.45

For example, Staffordshire Moorlands is a predominantly rural and highly constrained authority area both in terms of geography and planning policy. As such, despite obvious demand for properties in the authority area and in particular, demand from households currently living outside the area, the supply of new housing has been constrained.

- 5.46 The level of past housing delivery between 2001/02 and 2011/12 varies considerably from a high of 384 dpa to 71 dpa. This time period covers the recent recessionary years and the strong economy earlier in the decade and it is considered to provide a holistic perspective on past trends in housing delivery. The total net housing completion in Staffordshire Moorlands in this 11 year period was 2,492, or 227 dpa.

**Scenario J:**

- Staffordshire Moorlands: 227 dpa 2011-2031

**Summary of Scenarios**

- 5.47 A summary of the dwelling requirements for each scenario between 2011 and 2031 is set out in Table 5.2. It demonstrates that there is considerable variation between the 12 scenarios, with requirements fluctuating from a low of 16 dpa under the Natural Change Scenario, to a high of 528 dpa under the Policy On Job Growth scenario. Alternative demographic-led scenarios, as well as each of the economic-led scenarios, fall between these two 'book-ends'.

Table 5.2 Summary of Scenarios 2011-2031

	Natural Change	Net Migration	Population Change	Dwelling Change p.a.	Dwelling 2011-2031	Job Growth
A. Baseline 2011 SNPP				238	4,752	
Aa. Baseline – Static	-3,400	9,836	6,436	230	4,592	-2,011
Ab. Baseline – Trend				190	3,810	
Ac. Baseline – Catch Up				236	4,713	
B. Natural Change	-3,105	603	-2,502	16	327	-4,313
C. Zero Net Migration	-5,996	603	-5,393	17	330	-5,686
D. Short Term Migration Trends	-5,275	4,837	-438	108	2,152	-3,928
Da. Short Term Migration Trends Sensitivity	-5,034	6,034	1,000	136	2,729	-3,316
E. Long Term Migration Trends	-5,221	6,091	870	135	2,690	-3,512
Ea. Long Term Migration Trends Sensitivity	-5,002	7,174	2,172	161	3,212	-2,956
F. CLG 2011 Household Projections				231	4,618	-
G. Oxford Economics Job Growth	-3,278	20,106	16,829	441	8,819	2,057
Ga. Oxford Economics Job Growth +5% Reduction in Commuting	-3,811	15,840	12,029	349	6,977	2,059
H. Policy On Job Growth	-2,930	24,325	21,395	528	10,558	3,677

	Natural Change	Net Migration	Population Change	Dwelling Change p.a.	Dwelling 2011-2031	Job Growth
Ha. Policy On Job Growth +5% Reduction in Commuting	-3,485	19,871	16,386	432	8,644	3,684
I. Job Stabilisation	-4,126	14,287	10,161	313	6,257	-197
J. Average Past Delivery				227	-	

Source: CLG Household Projections / NLP Analysis of PopGroup Outputs / SMDC

5.48 The wide variation in the demographic-led scenarios is primarily attributable to the different scales of net migration each one assumes. Each of these scenarios represents a different estimate of future migration, which is based upon observed past migration trends over different time periods. The issue of how these estimates of future need relate to ‘backlog’ of unmet need is considered in Section 6.0.

Figure 5.2 Net change in households in Staffordshire Moorlands 2011-2031



Source: NLP analysis - 2011 SNPP scenario

5.49 Whilst the above provides overall change, the SHMA guidance also requires housing assessments to break down estimates of future household growth into age and types where possible. Figure 5.2 illustrates the scale of net household change under the Baseline 2011 SNPP scenario, showing both change overall as well as change associated with retired and elderly households (aged 65+), as well as the change in the number of households headed by a resident of working age. This illustrates that the majority of net household growth is

projected to be associated with one person households and particularly elderly couples with no dependent children. In contrast, the number of households headed by a couple (with no children) of working age is expected to decline substantially, by 1,535.

- 5.50 Whilst the scale of household growth is variable depending on the scenario adopted, the above does represent broad trends in household formation for Staffordshire Moorlands which underpin all of the scenarios, with a rise in smaller households, largely driven by an ageing population and a substantial reduction in the number of economically active residents in the key 15-64 age cohorts.
- 5.51 A number of key themes are evident for all of these scenarios and are likely to be central to future housing provision in Staffordshire Moorlands District. Accordingly, it will be necessary for the LPA to pay due consideration to the following implications of these matters if the objective of ensuring and enhancing the social, economic and environmental well-being of the wider area is to be realised:
- 1 An Ageing Population;
  - 2 A substantial reduction in the number of residents of working age and economically active persons, with a particularly high proportion of residents aged between 15-64 moving out of the District;
  - 3 The reality that, regardless of the housing option that is ultimately selected by the LPA, migration will continue in the future; and,
  - 4 A clear migration pattern, whereby international migration has been neutralised over the plan period but domestic migration results in a net gain in population.
- 5.52 Furthermore, whilst it is useful to compare each of the scenarios in graphical and tabular form, careful regard should be given to the implications of each in terms of:
- 1 Their economic implications;
  - 2 Their impact upon the demographic structure of the wider area;
  - 3 The reliance upon natural change to achieve the necessary level of population change and the implications associated with this for services and infrastructure provision; and,
  - 4 Their deliverability, judged against past trend completions, land availability and challenging viability factors.
- 5.53 It is also important to note that the Oxford Economics job growth projections are founded on very different assumptions concerning population change over time, and for changes in unemployment and net commuting, compared to the PopGroup model and the results should therefore be treated with a high degree of caution. Taking account of all of these matters, we set out below an assessment of our recommendations regarding the most appropriate level of growth within the District over the Plan period 2011 to 2031.

**Core Output: Estimate of the total future number of dwellings**

The demographic-led projections illustrate that total dwelling change in Staffordshire Moorlands is projected to range from 16 dpa under the Natural Change Scenario, to as high as 258 dpa under the Baseline 'catch up' Scenario. The employment-led projections vary from a low of 313 dpa based on job stabilisation, to a high of 528 dpa based on the Policy On Job Growth Scenario. The past delivery rate of 227 dpa and WMRS figure of 300 dpa sit within the ranges identified in both the demographic-led and employment-led scenarios.

Net inward-migration is the major demographic factor underpinning population growth in the district, with natural change being a significant drag on growth.

The District is projected to experience an ageing population under the majority of the scenarios, combined with a substantial loss of a significant portion of its working age resident population.

**Bringing the Evidence Together**

- 5.54 The outputs from the modelling show a range of outcomes, but also highlight a number of common trends, particularly the ageing population. This will have implications for planning for an elderly population, including elderly housing and constraints on the labour supply, with lower economic activity associated with an older demographic profile. Natural Change is forecast to lead to a significant loss of population under most of the scenarios. The in-migration pressure in Staffordshire Moorlands is expected to counteract the losses through natural change. Net migration remains the key driver for population growth in the authority area.
- 5.55 It is important to note that it is implied within each of the scenarios where net in-migration is a component, that Staffordshire Moorlands will be meeting needs originating from outside of the District. Such migration flows are a key component of the existing, and varied, wider housing markets of which Staffordshire Moorlands is part. Key migratory relationships with areas where Staffordshire Moorlands receives net in-migration, such as Stoke-on-Trent and Newcastle-under-Lyne to the west, are integrated into the assessment of future needs, and therefore it is implicit that Staffordshire Moorlands will need to plan for such needs as a component of the housing requirements associated with each scenario, rather than adding needs from those areas on top (unless those areas, through the duty to co-operate, will have additional unmet needs that might be met within Staffordshire Moorlands and that are not already reflected in the relevant scenarios).
- 5.56 Simply put, this SHMA and the assessments of need for Staffordshire Moorlands District, takes full account of the migratory relationship of Staffordshire Moorlands with the rest of the wider sub-region. This is consistent with the Framework, which states that objective assessments of need should take account of migration.

5.57

These population projections form a core component of evidence for informing what an objective assessment of overall housing need and demand in Staffordshire Moorlands will be. Although they will have to be considered alongside other indications, including an assessment of affordable housing need, they provide 'book-end' scenarios of bottom-up, locally derived, estimates of future housing need based on structural demographic and economic drivers in the District.



## 6.0 **An Objective Assessment of Housing Need**

### **Introduction**

- 6.1 The Framework identifies that Local Authorities should use their evidence base to define the full, objectively assessed, need for both business and housing in their area, and then seek to ensure that their Local Plan meets these needs.
- 6.2 This SHMA and Housing Needs Study provides the necessary evidence for considering the scale of objectively assessed development needs.
- 6.3 It is important to note that this chapter of the SHMA focuses on the requirements of Staffordshire Moorlands District. However, it must be seen within the context of the wider HMA, which for Staffordshire Moorlands (on the basis of current patterns of migration and commuting as reported in Section 2.0 may include parts of Stoke-on-Trent and Newcastle-under-Lyme (predominantly but not exclusively). Meeting the full objectively assessed needs for these areas in concert will require discussions between the various authorities under the duty to co-operate. Depending upon the outcomes of those discussions, this may require a revision to the figures.

### **Addressing the Backlog**

- 6.4 The Practice Guidance has the following to say regarding how past under-delivery should be factored into the establishment of OAN:
- "Formation rates may have been suppressed historically by under-supply and worsening affordability of housing. The assessment will therefore need to reflect the consequences of past under-delivery of housing. As household projections do not reflect unmet housing need, LPAs should take a view based on available evidence of the extent to which household formation rates are or have been constrained by supply."*  
[§2a-016-20140306]
- 6.5 This is clarified further: *"If the historic rate of development shows that actual supply falls below planned supply, future supply should be increased to reflect the likelihood of under-delivery of a plan."* [§2a-020-20140306]
- 6.6 In respect of how this is practically achieved, the Planning Advisory Service [PAS] Guidance note on OAN (July 2013)<sup>12</sup> discusses the issue of backlog. It provides two views surrounding unmet need:
- 1 that household projections, if they are based on the most up to date data, take into account unmet need and as such does not need adding into a future housing target based on these projections;
  - 2 that both demand and supply side constraints on housing development in recent years has forced people into sub-optimal housing arrangements

<sup>12</sup> PAS (July 2013) Ten Key Principles for Owning your Housing Number – finding your objectively assessed need

which have manifested themselves in the household projections, with the PAS guidance stating this view is taken:

*"...because there has been a lack of suitable accommodation, households have not formed which means that the trends on which the projections are based do not reflect the real need. This creates a 'pent-up demand' for housing, which should be measured or estimated, and added on to household projections."*

- 6.7 Any calculation of affordable housing needs will inherently include allowance for backlog in affordable housing needs, with full account taken of the previous unmet needs as reflected by the Housing Register. In respect of the demographic led projections of future need, there is no definitive approach to dealing with the issue of backlog. The use of up-to-date data, and assumptions around how future household formation will change<sup>13</sup> means that to some extent, PAS's point a) has validity. However, the demographic led projections are trend based, and hence they do not make an explicit attempt to deal with unmet need over the period upon which the trend is based.
- 6.8 One way to overcome the difficulties of dealing with backlog needs is to compare past completions against the relevant housing requirement for that period; assuming that this housing requirement was a reasonable and fully tested basis for that period in order to meet development requirements. This provides an indicator of the extent to which there may have been previous unmet needs.
- 6.9 Table 6.1 presents the housing target for Staffordshire Moorlands as set out in the West Midlands RS 2006 – 2026 and outlines the actual level of (net) completions in the District between 2006 and 2011.
- 6.10 The level of housing under-delivery totals 448 units. Averaging the backlog across the proposed plan period 2011 to 2031 would mean there is a requirement for an additional 22 dpa on top of the outcomes of the demographic-led modelled scenarios in the Future Housing Market section in order to account for the backlog of unmet needs.
- 6.11 It should be noted that this 22dpa is spread across the full Plan period for illustrative purposes only. In terms of how and when this backlog should be practically addressed by SMDC, it is important to recognise that the Practice Guidance states that "*LPAs should aim to deal with any undersupply within the first 5 years of the plan period where possible*". [§3-036-20140306]

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<sup>13</sup> For example, NLP's approach does not seek to simply trend forward any recent suppressed household formation as outlined in Section 5.0 of this SHMA

Table 6.1 Backlog of unmet need in Staffordshire Moorlands since the introduction of the West Midlands RS, to the base date of the modelling (2011)

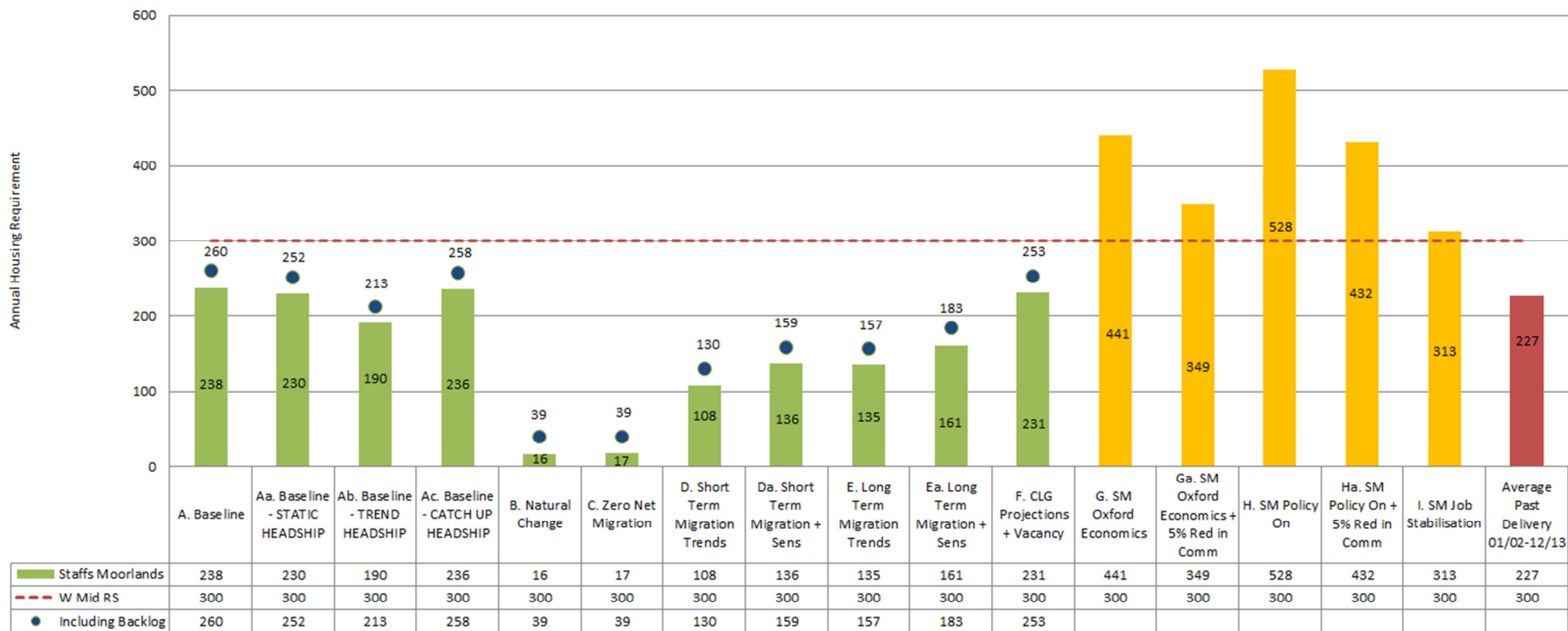
	2006/07	2007/08	2008/09	2009/10	2010/11	Total
Net Completions	260	261	236	185	110	1,052
West Midlands RS 2006 – 2026 Target (300 dpa)	300	300	300	300	300	1,500
<b>Residual</b>	<b>-40</b>	<b>-39</b>	<b>-64</b>	<b>-115</b>	<b>-190</b>	<b>-448</b>

Source: Staffordshire Moorlands Annual Monitoring Reports

## Future Housing Need

- 6.12 The backlog of housing need (22 dpa) has been included in the total dwelling requirement per annum of each demographically modelled scenario. It is assumed that the backlog element is necessary to meet needs that have been suppressed within the existing demographic characteristics of the District, and therefore would only meet change within the existing population such as allowing concealed households to 'emerge'.
- 6.13 An additional allowance for backlog of need has not been added to the economic scenarios. This is because the economic scenarios are modelled to a constrained job number and housing need is measured against this figure, hence adding on an additional backlog requirement would be unnecessary when the outcome of the scenario is solely linked to labour force jobs. Furthermore, it could be argued that the economic scenarios (particularly the more aspirational projections), are already planning for an upsurge in demand and levels of in-migration, which would eliminate a significant proportion of the outstanding backlog.
- 6.14 The overall quantum of OAN for housing including backlog for the period 2011 to 2031 varies considerably depending upon the demographic or economic scenarios adopted. As summarised in Figure 6.1, the need and demand, including an allowance for backlog varies from 39 dpa (based on Natural Change and Zero Net Migration Scenarios), up to 528 dpa under the Policy On Job Forecasting scenario, based on optimistic levels of job growth across the district. The low Natural Change and Zero Net Migration scenarios demonstrate that under normal circumstances the major influence on population growth is from migration.

Figure 6.1 Summary of Housing Need and Demand Scenarios for Staffordshire Moorlands District



Source: NLP Analysis

- 6.15 The main demographic scenarios (A, B, C, D, E, F) provide an objective assessment of demographic led needs, demonstrating that to meet projected demographic change (including migration), and to make up for backlog needs, would require the delivery of between 39 dpa and 260 dpa. The CLG 2011-based household projections are the most up to date central government household forecast at the time of writing and estimate future household growth totalling 231 dpa over the period 2011 to 2021. Incorporating an allowance for backlog, the resultant figure (253 dpa) falls within the upper end of the range of the demographic-led scenarios tested.
- 6.16 It would appear that the 2011-based interim SNPP are more optimistic than the 5-year/10-year migration trends incorporating an allowance for vacancies. The migration scenarios indicate a requirement for 108 dpa and 161 dpa respectively. Notwithstanding, it is expected that Staffordshire Moorlands OAN would need to meet the CLG 2011-based interim SNPP as an absolute minimum (including an allowance for past under-delivery).
- 6.17 A range of potential economic growth targets were considered to provide a holistic picture of future housing needs in Staffordshire Moorlands. At the lower end of the scale, the job stabilisation scenario (I) presents the lowest dwelling requirement of the economic scenarios, at 313 dpa. This would indicate that for Staffordshire Moorlands to maintain the number of employees, it would need to provide 313 per annum over the course of the plan period. This is assuming that commuting rates will remain constant for the area.
- 6.18 At the other end of the spectrum, the Oxford Economic job forecast scenario which derived the number of dwellings required to meet the economic forecasts for Staffordshire Moorlands suggest an annual requirement of 441 dwellings. Interestingly, if outward commuting was reduce by 5%, this annual housing requirement would be reduced to 349 dwellings.
- 6.19 The housing-led scenario (J) is included primarily as a comparator scenario.

## **Appropriateness of Scenarios**

### **Demographic scenarios (Scenarios A, Aa-Ac, D, E and F)**

- 6.20 The starting point for assessing an appropriate OAN is the latest Household Projections, but it is only one part of the considerations. The housing requirement figure for Staffordshire Moorlands should not solely rely on demographic data but (in accordance with The Framework and the Practice Guidance) should also be balanced against the economic aspirations for the area. Although the baseline (demographic-led) scenario (Scenario A) factors in an increase in household growth over time above and beyond the level forecast in the latest CLG (interim) 2011-based household projections, the ageing population and significant reduction in the labour force to 2031 would result in a negative job growth. As such, it falls short in terms of its ability to meet the more aspirational job growth scenarios.

- 6.21 The catch up headship rate sensitivity test (Scenario Ac) would usually increase the baseline dwelling requirement (Scenario A) for the District but in this case, it reduced the dwelling requirement marginally (2 dpa). This would appear to indicate that the indexed headship rates are marginally more optimistic than the headship rates applied in the CLG 2008 based household projections.
- 6.22 Two scenarios were run based on adjusting past migration trends (Scenarios D and E). As the level of domestic migration is expected to be significantly higher than experienced in recent years for Staffordshire Moorlands, projecting this forward would result in a more pessimistic dwelling requirement than for the baseline. Notwithstanding, if the sensitivity tests are applied to allow for the 'missing population' in the District between the two Census periods of 2001 and 2011, the difference is lessened.
- 6.23 The zero net migration and natural change scenarios project forward unsatisfactory trends, whereby people could not afford to move into the District and therefore should be excluded.
- 6.24 Recognising the importance of achieving a balanced strategy that is internally consistent and seeks to balance future housing and employment growth, it is evident that the objectively assessed housing requirement should balance both demographic and economic considerations.
- 6.25 Helping to stem the outflow of working age residents and achieving a more balanced community (in demographic terms at least) will ensure that the District avoids the economic difficulties associated with an ageing population whereby there is a greater demand for services but a more limited supply of labour to provide such services and a reduced income from taxation to fund them.
- 6.26 The demographic scenarios would result in a decrease in the working-age population and would not allow an increase in employment to be sustained. As such, all demographic projections fail to reflect the level of economic growth that is planned for and expected in Staffordshire Moorlands and as such, may compromise the deliverability of the economic vision for the wider area.

### **Excluding net in-migration (Scenarios B and C)**

- 6.27 The zero-migration and natural change scenarios are useful to demonstrate the future need that is generated by the existing resident population across the area. However, they do not offer realistic scenarios of what will happen in Staffordshire Moorlands in the years to come.
- 6.28 For example, it is not possible to prevent the movement of people into or out of the District and, following on from an understanding of what has happened in the past, it is evident that migration will continue to play an important part in demographic change in the future. Migration can be of considerable benefit for the social and economic well-being of an area. It ensures a good mix of people of all age groups, including those of working age that are able to work

within the local area. As such, it can contribute towards a more balanced and economically functional society. It is important to acknowledge these benefits and to respond to them by making adequate housing provision for the future needs of migrants in Staffordshire Moorlands.

- 6.29 Reliance only upon natural change would result in a significant change in the demographic profile of the area. The number of people of retirement age in the Staffordshire Moorlands is anticipated to increase by over almost 11,000 under this scenario (45% increase in people of retirement age), compared to an overall population decline of 2,502 between 2011 and 2031. The number of working age residents is anticipated to fall by over 7,250 over the 20 year plan period.
- 6.30 Without migration, the District would become stagnant and suffer serious economic decline. This would further undermine its attractiveness to potential investors and will also lead to an ageing population and increased dependency. The smaller pool of local workers will be required to bear the additional financial and other burdens associated with the demands placed on services by an increased number of retired people. This would affect the potential delivery of the LPA's vision for the area and would weaken significantly Staffordshire Moorlands' overall economic position.
- 6.31 As such, it is not considered to be either realistic or robust to pursue these forecasts further.

### **Employment-led Projections (Scenarios G-I)**

- 6.32 A number of scenarios have been modelled in an attempt to ensure that the Council's housing position supports anticipated economic growth levels and (by accommodating an increased number of economically active people) enhance the attractiveness of the area to encourage existing businesses to expand.
- 6.33 SMDC commissioned Oxford Economics to provide economic job forecasts for the District. As can be seen from the results in Figure 6.1, all economic driven scenarios are higher than the demographically driven scenarios. The lowest projection, Scenario I job stabilisation, indicates a requirement for 313 dpa. This would indicate that Staffordshire Moorlands would need to cater for at least 313 dpa simply to maintain the current number of employees in the authority area. This target would neither be aspirational nor desirable given the Council's growth aspirations.
- 6.34 The next group of scenarios comprised the scenarios relating to the Oxford Economic job forecasts Scenario G indicated that Staffordshire Moorlands should be planning for a housing requirement of 441 dpa. A sensitivity of this scenario was run whereby net commuting was reduced by 5% and this indicated a requirement for 349 dpa. Both scenarios are significantly above the baseline demographic projections and are aspirational requirements. It is considered that the Oxford Economics scenario should form the upper end of the range.

6.35 The baseline employment led scenario results in an annual requirement of 441 dpa whilst the Policy On employment scenario results in an annual requirement of 528 dpa. Although there is no direct causal relationship between employment and demographic there is nonetheless a link. The Policy On scenario appears to be an outlier, as it is more than double the baseline demographic scenario and average past delivery. Nevertheless, if the Council were to pursue a higher level of job growth, they would need to be mindful of the housing implications and potential increase in commuting.

## Conclusions on Full Objectively Assessed Needs

6.36 These housing needs are set out for the period 2011 to 2031 to match the horizon of the Staffordshire Moorlands Core Strategy Update. An allowance for previously unmet need when assessed against the requirements of the West Midlands RS has been included on the demographic Scenarios. This SHMA provides a forward looking objective assessment of future housing needs using a base date of 2011 up to 2031.

6.37 Due to the various factors and assumptions which feed into the assessment of future needs, there is not a single figure which can be definitively identified as Staffordshire Moorland's objectively assessed development needs. This is noted in the former CLG SHMA Guidance which identifies that estimates of need may be expressed either as a single number or as a range. On the above basis it is considered **an objective assessment of housing need and demand for Staffordshire Moorlands including backlog falls within the range 260 to 440 dpa**, equivalent to 5,200 to 8,800.

6.38 This range encompasses the baseline demographic-led needs for development at the lower end of the range (Scenarios A). At the top end of the range would at minimum deliver sufficient labour force to support the Experian Job Growth projections. The range would also encapsulate the Job Stabilisation scenario and the Policy On Job Growth + 5% Reduction in Commuting scenario (Scenario G, Ha and I).

6.39 In particular, 260 dpa to 440 dpa would:

- 1 At the lower end of the range, meet the '*starting point*' baseline demographic projections and broadly align with the CLG Household Projections (including an allowance for vacancy). It should be noted that, a target below 300 dpa would lead to a significant reduction in Staffordshire Moorlands' labour force and SMDC would need to consider whether this is an appropriate aspiration to be planning for.
- 2 At the higher end of the range allow for the economic potential of Staffordshire Moorlands to be realised. SMDC would need to consider whether a level significantly below 440 dpa would comprise a strategy that '*does everything it can*' (The Framework, §19) to support economic growth and whether lower levels of growth could act as a drag-anchor, placing significant risk to Staffordshire Moorlands achieving the clear economic growth potential that exists;



- 3 Deliver a level of housing delivery which would represent an 'upwards adjustment' to purely demographic-led needs in the context of the significant affordability challenges as indicated by market signals across the District (as will be discussed in the SHMA). This would help address the issue of worsening affordability within the current Staffordshire Moorlands' housing market;
- 4 Help to alleviate the housing needs of Staffordshire Moorlands and could reverse the trends of increasing house prices and worsening affordability if a housing requirement at the upper end of the range was chosen;
- 5 Help to meet a significant proportion of the acute need for affordable housing need in the District; and,
- 6 Represent a scale of delivery that helps to achieve SMDC's economic aspirations whilst catering for the shortfall in housing delivery against its previous target. Past under-delivery has created a backlog of demand, and is one factor that may have led to the negative outcomes experienced in the District. This means that additional supply over and above demographic-led needs may now be required to meet full needs and demand.

- 6.40 Whilst recognising that there is not a direct causal relationship between employment growth and dwelling requirements, clearly the two are fundamentally related. As such, the level of housing growth suggested by the top end of the range is aligned with the baseline job growth scenario. If SMDC were to deviate from this figure and, for example, pursued a target based on reducing commuting, it would need to clearly demonstrate how it intends to reduce net out-commuting over time in its Local Plan.
- 6.41 Due to the way in which the household projections are factored into the model, populations 'not in households' are excluded from the final dwelling requirement. As this includes certain residents who would be in C2 accommodation, such as care homes or student halls of residence, it should be noted that the OAN range quoted above does not allow for C2 needs, which would be additional.
- 6.42 It is considered that the Policy On Job Growth Scenario (528 dpa) is an outlier and would not be an appropriate housing requirement for Staffordshire Moorlands. Notwithstanding, to ensure that there is no disconnect between the housing requirement and the Council's job growth aspirations, in order to justify a figure below 440 dpa, SMDC would need to demonstrate how it would mitigate or avoid the adverse housing, economic and other outcomes that a lower-growth approach could give rise to. This may require SMDC to explore the extent to which any shortfall could be met in neighbouring authorities within the same HMA, as discussed in the section below.

## **Cross Boundary Housing Dynamics**

- 6.43 The Framework states that housing needs should be met across housing market areas. It also sets out that where needs go unmet in one Local

Authority area they should be met elsewhere in the housing market area (e.g. in a neighbouring local authority). There is a practical expectation that this should be substantiated through the duty-to-cooperate, albeit this must be undertaken in advance of submission of a Local Plan, with the duty-to-cooperate not able to be undertaken retrospectively (sections 20 (7B) and 33A of the Planning and Compensation Act 2004 refer, and the position is summarised in the recent Inspector's ruling in respect of the Selby Local Plan<sup>14</sup>.

- 6.44 Analysis of Staffordshire Moorlands' role within overlapping HMAs is reviewed in Section 2.0. Given that it could be argued that Staffordshire Moorlands is not a standalone HMA but instead is covered by a series of overlapping local and strategic HMAs, one must also consider the context of the neighbouring authorities which have a strong migratory/commuting linkages with Staffordshire Moorlands. An audit of the current position of their respective SHMAs and evidence on objectively assessed housing needs has been undertaken. This review seeks to factually capture the evidence available, the approach to arriving at a housing target being progressed by each authority and the degree of complementarity with the evidence presented as part of this SHMA. As part of this, NLP has consulted with Officers at each Local Authority to establish the position including inviting Officers to a stakeholder workshop in winter 2013.
- 6.45 Crucially this SHMA contains a range of demographic scenarios which assume particular levels of net migration with other areas, drawing primarily on past trends and central government projections within the ONS SNPP. Where those areas which have key migratory relationships with Staffordshire Moorlands adopt significantly different assumptions, it will be necessary to consider the impacts of doing so upon an assessment of future housing needs, and the extent to which any approach within any Local Authority meets the requirements of The Framework.
- 6.46 Against this backdrop, the purpose of this review is to give SMDC a platform for considering the housing needs of Staffordshire Moorlands in the context of its neighbours and consider the extent to which the various approaches adopted could indicate areas where unmet housing needs will arise (potentially creating pressures on Staffordshire Moorlands) or where unmet needs from Staffordshire Moorlands might be able to be accommodated. Notwithstanding, the extent to which this can be applied, will depend upon the current progress on preparation of the Development Plan. This review is set out in Table 6.2.

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<sup>14</sup> Report on the Examination into Selby District Core Strategy Local Plan, Martin Pike, 19<sup>th</sup> June 2013

Table 6.2 Position of Neighbouring Authorities on SHMA and Housing Strategy

Local Authority	CLG 2011 HH projections p.a.	LPA view on its objectively assessed housing need		Current Local Plan position and preferred/adopted target	
		Basis for evidence	Figure	Stage	Target
Stoke-on-Trent	458	<p>Stoke adopted their Core Strategy in 2009 and sought to plan for 11,400 net completions between 2006-26 (570 dpa). This was in line with the provisions of the West Midlands Regional Strategy.</p> <p>The plan was prepared in conjunction with Newcastle-under-Lyme and phased their requirement to provide a combined total of 900 dpa 2006-16 and 800 dpa 2016-26.</p>	570 dpa	Adopted Core Strategy October 2009. Joint Core Strategy prepared in conjunction with Newcastle-under-Lyme	570 dpa
Newcastle-under-Lyme	370	<p>Newcastle-under-Lyme adopted their Core Strategy in 2009 and sought to plan for 5,700 net completions between 2006-26 (285 dpa). This was in line with the provisions of the West Midlands Regional Strategy.</p> <p>The plan was prepared in conjunction Stoke-on-Trent and phased their requirement to provide a combined total of 900 dpa 2006-16 and 800 dpa 2016-26.</p>	285 dpa	Adopted Core Strategy October 2009. Joint Core Strategy prepared in conjunction with Stoke-on-Trent	285 dpa
Cheshire East	1,041	<p>Cheshire East Council has selected 1,350 dpa as an appropriate housing requirement which provides the closest match to the CLG household projections. It was considered that this target would provide a more balanced sustainable approach to support a job led strategy, better able to address the competing factors associated with the need for development and constraints to growth.</p> <p>Policy PG1 of the Cheshire East Local Plan Submission Version (March 2014) does, however, make allowance for meeting some of High Peak's needs:</p> <p><i>"In addition to meeting the full, objectively assessed needs of Cheshire East, provision will be made for up to 500 homes to assist with meeting the housing needs of High Peak Borough during the period 2020 to 2030. These will be delivered as follows:</i></p> <ul style="list-style-type: none"> <li><i>2020/21 to 2029/30 - an average of 50 homes each year (500 in total)"</i></li> </ul>	1,350 dpa	<p>Cheshire East Local Plan Submission Version (March 2014).</p> <p>It is anticipated that they will submit their Plan to the Inspectorate during 2014</p>	<p>1,350 dpa phased as follows:</p> <p>2010/11 to 2014/15 –average of 1,200 dpa;</p> <p>2015/16 to 2019/20 –average of 1,300 dpa;</p> <p>2020/21 to 2024/25 –average of 1,400 dpa;</p> <p>2025/26 to 2029/30 –average of 1,500 dpa.</p>

Local Authority	CLG 2011 HH projections p.a.	LPA view on its objectively assessed housing need		Current Local Plan position and preferred/adopted target	
		Basis for evidence	Figure	Stage	Target
East Staffordshire	485	<p>GVA Grimley prepared a SHMA – The Future Housing Market for East Staffordshire in June 2013.</p> <p>This examined 4 scenarios for household growth, 2 demographically based and 2 economically based.</p> <p>East Staffordshire Council have pursued a mid-point between the two economic scenarios, which are higher than both demographic scenarios. They indicate that this will enable East Staffordshire to fully meet its demographically derived housing requirement as well as supporting the projected growth of its economy and net employment gain.</p>	613 dpa 11,648 units (2012-2031)	East Staffordshire consulted on their Pre-submission Local Plan in November 2013. Submission is expected in April 2014 with an anticipated Examination date in October 2014 with Adoption in December 2014.	613 dpa
Peak District National Park	-	<p>The adopted Core Strategy carries forward the policy approach used in the Peak District National Park since 1994: that it is not appropriate to permit new housing simply in response to the significant open market demand to live in its sought after environment.</p> <p>Provision was not made for open market housing in the Development plan and furthermore, housing land was not allocated for in the Development Plan.</p> <p>The limited number of opportunities for new residential development emphasises the importance of concentrating on the eligible need within the National Park for affordable (intermediate) homes, rather than cater for a wider catchment area.</p>	N/A	The Peak District National Park adopted its Core Strategy in October 2011 and it covers the period 2011-26.	No housing target is adopted in the plan due to it being a National Park Authority

## 7.0 Affordable Housing Need

### Introduction

7.1 A calculation of affordable housing need, in line with the former CLG SHMA Guidance<sup>15</sup> and the Practice Guidance has been undertaken for the Staffordshire Moorlands SHMA. The basic approach to this is:

<b>Total Current Housing Need (gross) to be addressed</b>
Plus
<b>Total Newly Arising Housing Need (gross per annum)</b>
Less
<b>Annual Supply of Affordable Housing</b>
Equals
<b>Net Housing Need</b>

7.2 Current housing need seeks to identify those households in Staffordshire Moorlands who currently lack their own housing or live in unsuitable housing and cannot afford to meet their needs in the housing market. Components of housing need are not definitive and can encompass drawing together statistics from a wide range of sources. Although potentially not including all households in need of housing, and conversely including those who do not fall within the definition of being in need of affordable housing, the local Housing Register forms the starting point for estimating what the need and demand for affordable housing is. At the very least, if all of the households on the Housing Register were accommodated, it would be reasonable to assume that all demand for affordable housing would be met, even if there remain households in need which are not reflected in the Housing Register.

## Number of Current and Future Households in Need

### Data Sources for Stage 1 & 2

7.3 This section estimates the number of current and future households in need. Table 7.1 summarises the data sources used by Stage One and Two of the affordable housing model.

<sup>15</sup> Strategic Housing Market Assessment: Practice Guidance (August 2007)

Table 7.1 Summary of Data Required for Stage One and Two

Stage of the Model	Data Items
<b>Stage One: Current Housing Need (Chapter 6)</b>	
Affordability Test	Land Registry House Price Data (2013), Rightmove (October 2013), Experian Income Data (2011)
1.1: Homeless Households and those in temporary Accommodation	Estimate from P1e Quarterly Homeless Returns (CLG Data) – Annual average from past 3 years data (Q3 2010 to Q2 2013)
1.2 and 1.3: Households in Unsuitable Housing	Housing Register Bands A-C (November 2013), excluding those already in social housing
1.4: Total Current Housing Need (Gross)	Step 1.1 PLUS 1.2 PLUS others from Step 1.3.
<b>Stage Two: Future Housing Need (Chapter 6)</b>	
2.1: New Household Formulation	NLP PopGroup Modelling (Baseline Scenario)
2.2: Number of Newly Forming Households Unable to Buy or Rent in the Market (Annual)	Land Registry House Price Data (2013), Rightmove (September 2013), Experian Income Data (2011)
2.3: Existing Households Falling into Need	CORE data (2010/11-2012/13), Land Registry House Price Data (2012/2013), Rightmove (October 2013), Experian Income Data (2011)
2.4: Total newly arising housing need (gross per year)	Step 2.2 PLUS 2.3

## Affordability

- 7.4 Step 1.4, 2.2 and 2.3 of the affordable housing calculation refer to the results of an affordability test. Information in respect of local house prices, market rents and household income levels is set out as part of the contextual analysis in Section 2.0. This data has informed an affordability test which estimates the ability of households to afford market housing.
- 7.5 The affordability test has been calculated by identifying the costs of entry level market housing (including private rented). This utilised the following data:
- 1 Land Registry house price data. Banded house price data was obtained at a postcode sector level and amalgamated to reflect study's four sub areas. It is acknowledged that the geographical boundaries of postcodes and the sub areas do not accord exactly. However, a best-fit was made, by placing postcodes which cover more than one housing market area in the area in which the majority of the postcode is located. An assumption of 'entry level' house prices was then made using 'lower quartile' prices.
  - 2 Due to the lack of up-to-date sub-area data on private rents, an internet search of advertised private sector rental costs was undertaken to identify entry level (lower quartile) rents for each of the sub areas.
  - 3 Using the above information on market housing costs to estimate the minimum income required to access entry level market housing. The

- calculation assumes that households can afford a 3.5 x income multiplier to purchase a home or up to 25% of gross household income on rent. These assumptions are in accordance with the former CLG Guidance, which whilst no longer extant, still represents best practice.
- 4 Using the above data to compare entry-level house prices and rents with household incomes to calculate the proportion of households unable to afford access to market housing.
- 7.6 Separate affordability calculations have been carried out in respect of existing households (used in Step 1.4 and 2.3 of the model) and newly forming households (used in Step 2.2). This is because newly forming households generally have lower than average incomes. The Survey of English Homes [SEH] has been used, which shows that newly forming households have approximately 66% of the average income of all households. This proportion was applied to the income data provided by Experian, to enable a separate affordability calculation to be undertaken identifying the (higher) un-affordability levels of newly forming households.
- 7.7 The proportions of households estimated to be unable to afford lower quartile market housing are set out in Table 7.2 (for existing households) and Table 7.3 (for newly forming households). For Staffordshire Moorlands District as a whole, given the generally higher monthly costs of servicing a mortgage than renting mean that a higher proportion of households are unable to buy than are unable to rent. Therefore, it is assumed that all of those households who can afford to buy a market house could also afford to rent.
- 7.8 Table 7.2 and Table 7.3 show Staffordshire Moorlands Rural Areas and Cheadle are estimated to have the highest proportion of households unable to afford access to owner occupier market housing. Table 7.3 clearly demonstrates that even in the lower priced areas such as Leek, a reduction in income by a third would have severe consequences for the vast majority of local households being unable to access entry level housing, increasing from 75% to 92%.
- 7.9 In terms of market rents, a very different picture is presented, with higher rental levels in the more affluent rural areas compensated for by the commensurate increase in income levels of local residents in these areas. Hence Biddulph, with lower rental levels than the Rural Areas, fares comparatively worse when it comes to affordability.

Table 7.2 Affordability Test Results - Proportion of **Existing** Households Unable to Afford LQ Market Housing

Area	% Unable to Afford to Buy	% Unable to Afford to Rent
Area 1) Biddulph	78.1%	61.0%
Area 2) Cheadle	87.4%	76.8%
Area 3) Leek	75.4%	55.0%
Area 4) Staffordshire Moorlands Rural	81.5%	57.7%
<b>Staffordshire Moorlands District</b>	<b>80.3%</b>	<b>52.2%</b>

Source: Land Registry Data (2013), Rightmove (2013), Experian Income Data (2011)

Table 7.3 Affordability Test Results - Proportion of **Newly Forming** Households Unable to Afford LQ Market Housing

Area	% Unable to Afford to Buy	% Unable to Afford to Rent
Area 1) Biddulph	93.7%	88.4%
Area 2) Cheadle	94.9%	92.3%
Area 3) Leek	92.4%	85.4%
Area 4) Staffordshire Moorlands Rural	93.2%	83.2%
<b>Staffordshire Moorlands District</b>	<b>91.7%</b>	<b>83.5%</b>

Source: Land Registry Data (2013), Rightmove (2013), Experian Income Data (2011)

- 7.10 It is accepted that the figures in the Tables above are likely to over-estimate the proportion of households likely to be unable to afford to buy a property, as due to a lack of primary data sources, the analysis does not allow for any savings that households may have to put towards the purchase of their property. The analysis also does not allow for residents transferring equity from their existing property into the purchase of a new dwelling.
- 7.11 For example, there will also be many instances whereby households with comparatively low income levels (i.e. the elderly) are asset rich and may already own their own home, hence they would not necessarily be in housing need. However, given the lack of data available for the District and the complexity involved, it has not been possible to model the detailed quantitative implications of this.
- 7.12 As a sensitivity test therefore, an analysis was undertaken of the implications of reducing the average house price in Staffordshire Moorlands by factoring in an allowance for deposits. Based on the latest lending data from the Council of Mortgage Lenders [CML], it was estimated that the average loan-to-value for first time buyers is 80%, compared to 71% for existing home movers<sup>16</sup>. An assumption was made that these levels of deposits for new and existing households would be replicated in the Staffordshire Moorlands local authority area.

<sup>16</sup>Council of Mortgage Lenders (12/02/2014): "First Time Buyer lending up 37% year-on-year in December 2013".



Table 7.4 Sensitivity Test –Newly Forming Households Unable to Afford LQ Market Housing following application of 71%/80% Loan to Value Ratio

Area	% Existing Households Unable to Afford to Buy	% Newly Forming Households Unable to Afford to Buy
Area 1) Biddulph	50.8%	88.6%
Area 2) Cheadle	63.6%	91.2%
Area 3) Leek	48.3%	88.5%
Area 4) Staffordshire Moorlands Rural	60.1%	87.5%
<b>Staffordshire Moorlands District</b>	<b>53.2%</b>	<b>86.7%</b>

Source: Land Registry Data (2013), Rightmove (2013), Experian Income Data (2011) CML 2014

- 7.13 This approach would reduce the proportion of both existing and newly forming households unable to afford to buy, as set out in Table 7.4, with the difference being particularly pronounced for existing households. However, it is important to note that this actually has a far less pronounced impact on the calculations than might be expected, as in many instances the percentage is still higher than the proportion of households who are unable to rent, with the lowest figure used in the analysis. The data in red in Table 7.4 highlights those instances where the proportion of households who are unable to buy a house with an allowance for a deposit is lower than the proportion who cannot afford to rent.
- 7.14 Whilst this is the case for existing households living in three of the four sub-areas, as we have used the Housing Register as a proxy for households in need, the relevant data relates to newly forming households only. For this latter category, only Cheadle would be affected by this changed methodology. The overall percentage figure for Staffordshire Moorlands would remain the number of households who cannot afford to access the private rented sector, and as such this approach is likely to have only a very minimal impact on the overall affordable housing requirement figure, and limited to Cheadle.
- 7.15 Furthermore, it is acknowledged that this model does not fully allow for problems which households face in saving for a deposit (either a house purchase deposit or rental security deposit). It is also acknowledged that affordability is not just about being able to access the mortgage products in the first place and the deposit that is required. Assuming that all newly forming households (such as those moving out from their parents' house, or those currently living in the private or social rented sector) have access to a deposit of over £20,000 (i.e. 20% of the average house price in Staffordshire Moorlands District) would seem to us to over-state affordability. As such, it is considered that even with the aforementioned caveats, in this instance it would be appropriate to assume a worst case scenario regarding the availability of deposits and incorporate the data within Table 7.2 and Table 7.3 in the assessment<sup>17</sup>.

<sup>17</sup> It is also acknowledged that there can be instances of unsustainable home ownership in terms of people being able to afford to maintain their property. Hence whilst they may be able to theoretically afford the mortgage payment, they cannot afford the maintenance costs. This has further implications relating to the poor stock conditions in parts of Staffordshire Moorlands.

## Current Housing Need (Stage 1) Steps 1.1 to 1.4

- 7.16 The first stage of the assessment considers current (backlog) need. The Practice Guidance is clear that an estimate should be made of the number of households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the open market. The Practice Guidance provides an indication of the types of households that can be considered in housing need:
- 1 Homeless households or insecure tenure (e.g. housing that is too expensive compared to disposable income);
  - 2 Where there is a mismatch between the housing needed and the actual dwelling (e.g. overcrowded housing);
  - 3 Households containing people with social or physical impairment or other specific needs living in unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ;
  - 4 Households that lack basic facilities (e.g. a bathroom or kitchen) and those subject to major disrepair or that are unfit for habitation; and,
  - 5 Households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move.
- 7.17 Current housing need therefore seeks to identify those households in Staffordshire Moorlands who currently lack their own housing, or live in unsuitable housing and cannot afford to meet their own housing or live in unsuitable housing and cannot afford to meet their needs in the housing market. Components of housing need are not definitive and can encompass drawing together statistics from a wide range of sources. Although potentially not including all households in need of housing, and conversely including those who do not fall within the definition of being in need of affordable housing, the local Housing Register forms the starting point for estimating what the need and demand for affordable housing is. At the very least, if all of the households on the Housing Register were accommodated, it would be reasonable to assume that all demand for affordable housing would be met, even if there remain households in need which are not reflected in the Housing Register.
- 7.18 Therefore, we have considered the components of housing need as those in need and within a priority need banding (e.g. in need for affordable housing for a variety of reasons including homelessness, overcrowding etc.), currently concealed households and other groups in need, for which the existing Housing Register has been used as a best case proxy in the absence of alternative primary data such as a Housing Needs Survey.
- 7.19 As of November 2013, the Housing Register<sup>18</sup> for Staffordshire Moorlands indicates that there are currently 2,125 households seeking social housing. However, this includes all applicants across all bandings (bands A-D), and may

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<sup>18</sup> Note: Moorlands Homechoice CBL data has been used; however the individual housing associations have their own separate waiting lists. These have not been added on to the Homechoice data as the same household in need can appear on any number of Housing Registers, hence there would be a considerable risk of double counting.

include households whose circumstances do not fall within the criteria of housing needs, which would be restricted to those registered in bands A-C.

- 7.20 SMDC identified that as of November 2013, a total of 1,408 households were on the Register and within a priority band of A-C. These applicants have a clear priority need for housing in the District. Recent data from SMDC suggests that 398 of these households comprise transfers (i.e. they are existing social rented or affordable rent tenants seeking a move), meaning that the remaining 1,010 households are living in other tenures and in need.
- 7.21 To provide an estimate of those within key priority banding, data from CLG and the 2001/2011 Census has been utilised to illustrate the extent to which households identified as in need are either homeless or within concealed households. Whilst this is consistent with the Practice Guidance, given the potential for double counting and the recency of some of the concealed households data, the current Housing Register provides a more appropriate gross estimate of housing need.

Table 7.5 Current Backlog of Housing Need

	Households	Source
<b>Housing Register Priority Bands A-C</b>	<b>1,408</b>	<b>Housing Register November 2013</b>
...of which Homeless households (including those in temporary accommodation)	86	Estimate from P1E Quarterly Homeless Returns (CLG Data) – average past 3 years data (Q3 2010 to Q2 2013)
...of which Concealed households	384	Estimate from Census 2001 based upon Concealed Families & All households without sole use of bath/shower and toilet.
<b>Gross Estimate of Current Housing Need</b>	<b>1,408</b>	<b>Households in priority bandings</b>
...of which current occupiers of affordable housing	398	Housing Register November 2013
<b>Net Estimate of Current Housing Need (Backlog)</b>	<b>1,010</b>	

- 7.22 Whilst the former SHMA Practice Guidance suggested that transfers should be added in at the supply stage (i.e. units becoming available when existing tenants are re-housed), NLP has presented this in the 'need' stage to reflect the fact that some of those currently in need of affordable housing and on the Housing Register are current occupiers, and that the net backlog is reduced accordingly at this stage. This backlog will need to be factored into future provision in order to reduce the scale of those in need of housing.
- 7.23 Although existing households in need already occupying affordable housing are excluded from the affordable housing calculation, it is noted that they do still have a requirement for the right type of affordable housing to become available to meet their needs. If an appropriate unit does not become available

(e.g. due to shortage of supply of a specific type or size of unit) then these households will remain in need, despite not contributing to a net need requirement. New affordable housing provision provides the opportunity to focus on the size/type of provision to balance affordable housing mix, as explained at Section 8.0.

## Future Housing Need (Stage 2)

### New Household Formation (Step 2.1)

- 7.24 Newly forming households have been calculated using the demographic modelling noted previously. Each of the scenarios modelled provide outputs on estimates of household change by type and by age band.
- 7.25 The Practice Guidance recommends that gross household formation should be used as the measure of newly forming households (under 45 years of age), as opposed to net household growth which takes into account household dissolution<sup>19</sup>. This is required to ensure that household dissolution is not double-counted in the calculation, once as a net loss of households and potentially again as a re-let of the house they may have occupied. However, gross household formation is typically much higher than net rates, and may represent an overestimate of the amount of households seeking new housing in each year within the District.
- 7.26 Each of the different scenarios of future population growth identified in Section 5.0 of this report produces different estimates of household growth. The demographic-led Baseline Scenario has been used for the purposes of considering future newly forming households, as this represents a reasonable mid-point of the various scenarios tested. Naturally, if an alternative scenario with lower or higher rates of household growth is adopted for the purposes of assessing future need, the inferred newly arising need would also be commensurately different. Table 7.6 presents the number of newly forming households (gross) in the District.

Table 7.6 Number of Newly Forming Households Annually (Gross)

	No. Newly Forming Households Annually (gross)
<b>Staffordshire Moorlands</b>	774

Source: NLP

- 7.27 This output of future housing need should be treated with caution. By utilising gross household formation from a single scenario, it takes no account of potential population change under alternative scenarios, nor the balance of overall structural housing demand based upon demographic-led estimates, excluding as it does household dissolution. Such gross estimates may include people that form several different households over the period at different

<sup>19</sup> This occurs when a property is vacated following 'household dissolution' due to death or two or more existing households merging together to form one 'new' household. Effectively then, 'Net' household formation is the net growth in households resulting from new households forming less the number of existing households dissolving (e.g. through death or joining up with other households). 'Gross' household formation is the equivalent growth in household forming without removing dissolutions.

stages of their life, but does not account for their previous household no longer existing.

7.28 By way of comparison, if net household formation from the Baseline scenario was utilised, this would total only 227 additional households each year for the District, which is a significant reduction from the 774 presented in Table 7.6.

Table 7.7 Number of Newly Forming Households Annually (net) 2011-2031

	No. Newly Forming Households Annually (net)
<b>Staffordshire Moorlands</b>	227

Source: NLP

### Newly Forming Households Unable to Buy or Rent in the Market (Step 2.2)

7.29 This stage uses the figure for the number of newly forming households from Step 2.1 and estimates how many of these households are likely to be unable to afford to access market housing. This is done by applying the figure for newly forming households from the results of the affordability test.

7.30 As discussed above, newly forming households generally have lower than average incomes and hence an adjustment was made to the income data provided by Experian to enable a separate affordability test to be undertaken identifying the (higher) unaffordability levels of newly forming households.

7.31 This analysis estimated that 84% of newly-forming households in Staffordshire Moorlands District are likely to be unable to meet their housing needs in the private market. This is applied to the household formation to identify the likely scale of newly forming households that will fall below the minimum income threshold for market housing, and will therefore require affordable housing.

7.32 This enables the number of newly forming households unable to access market housing (per year) to be estimated, as shown in Table 7.8. In accordance with the Practice Guidance, the affordability test identifies the proportion of households unable to buy *or* rent in the market.

Table 7.8 Number of Newly Forming Households unable to buy or rent in the market (annual)

	Gross Household Formation Approach			Net Household Formation Approach		
	No. Newly Forming Households	% Unable to Buy or Rent Market Housing	No. Unable to access market housing	No. Newly Forming Households	% Unable to Buy or Rent Market Housing	No. Unable to access market housing
<b>Staffordshire Moorlands</b>	774	83.5%	<b>646</b>	227	83.5%	<b>189</b>

Source: Land Registry House Price Data (2013), Rightmove (October 2013), Experian Income Data (2011)

7.33 These calculations of future need, based upon gross household formation, must therefore be seen only as one factor in assessing and considering an

objective assessment of future housing need and demand. They also take no account of the deliverability of providing up to 84% of total dwellings as affordable tenures (as would be inferred by the Practice Guidance's methodology) with factors such as viability affecting the proportion of housing that will be able to be delivered as affordable.

- 7.34 In general, NLP considers that gross household formation is a relatively abstract concept in the identification of affordable housing needs. In not accounting for future dissolution of households it inevitably arrives at a need figure which is disproportionate to net household formation (as set out by the household projections, which are the starting point for identifying objectively assessed needs).
- 7.35 Furthermore, household dissolution is projected to increase in the future, with an ageing population, and this factor is not reflected in the SHMA's estimate of re-lets based on backwards looking trend data (i.e. leading to undercounting in supply, rather than double counting of dissolution). This is a further statistical limitation to applying gross household formation rates.
- 7.36 The outcome of using gross household formation and the higher levels of affordable (and overall) housing needs that such an approach invariably indicates, takes no account of the moderating effect that such high levels of supply would have upon prices and affordability. Whilst the analysis indicates that currently 84% of newly forming households in Staffordshire Moorlands may be unable to afford housing in the market (and this assumption is applied going forward), if housing were delivered at a rate above that indicated as structurally required to meet demographic-led needs (i.e. the household projections) then this, by virtue of supply and demand, would moderate affordability and reduce that proportion from 84%.
- 7.37 The extent to which this would occur is obviously difficult to assess and the Practice Guidance advises against doing so, stating that "*plan makers should not attempt to estimate the precise impact of an increase in housing supply.*" It stands, however, that in using gross household formation, there would be significant downward pressure on the 84%.

### **Existing Households Falling into Need (Step 2.3)**

- 7.38 Step 2.3 uses secondary data for the number of households who move house each year (based on past trends) to estimate the number of existing households falling into need annually. Using data for the number of people actually moving (from the Land Registry and CORE data) provides a good indicator of need, as it shows actual moves; whereas the Housing Register only provides an indication of intentions.
- 7.39 Existing households falling into need is therefore based upon an analysis of recent trends of movements from the private sector into the social sector as a proxy for existing households falling into need. These figures were averaged from CORE data. The resultant calculation is set out in Table 7.9.

Table 7.9 Existing Households Falling into Need in Staffordshire Moorlands

	Staffordshire Moorlands
<b>Fiscal Calendar 2010</b>	108
<b>Fiscal Calendar 2011</b>	95
<b>Fiscal Calendar 2012</b>	96
<b>Number of new lettings per year (identified from CORE data – average from past 3 years) – previous tenure in the private sector</b>	<b>100</b>

Source: CORE data 2010/11-2012/13

7.40 It is recognised that these figures only relate to those households who are successful at gaining entry to social housing. There will be a proportion of households in need and unable to afford market housing who either do not apply for affordable housing or are not successful in gaining entry, and as such the figures in Table 7.9 could be an underestimation.

### Total Newly Arising Housing Need (gross per year) (Step 2.4)

7.41 Step 2.4 simply adds together the number of newly forming households unable to access market housing (Step 2.1 and 2.2 above) to the number of existing households falling into need (Step 2.3). This provides an annual gross figure for future households in need. The resulting figures are set out in Table 7.10.

Table 7.10 Total Newly Arising Housing Need (Gross/Net per year)

	Staffordshire Moorlands
Newly forming households unable to access market housing gross (Steps 2.1/2.2)	646
Existing households falling into need (Step 2.3)	100
<b>Total Newly Arising Housing Need (Gross household formation approach per year)</b>	<b>746</b>
Newly forming households unable to access market housing net (Steps 2.1/2.2)	189
Existing households falling into need (Step 2.3)	100
<b>Total Newly Arising Housing Need (Net household formation comparison per year)</b>	<b>289</b>

Source: NLP Analysis

**Core Output: Estimate of Backlog and Newly Arising Households in Need**

It is estimated that there will be **746** newly arising households in need of affordable housing in Staffordshire Moorlands per annum based on the gross household formation approach (or 289 based on the net household formation approach).

This should be set alongside the existing backlog affordable housing need of **1,010** dwellings in Staffordshire Moorlands. This does not take into account existing and future likely supply of affordable housing, which is analysed in Section 8.0.



## 8.0 Supply of Affordable housing

### Introduction

8.1 This Section estimates the existing and forthcoming stock of affordable housing as per the Practice Guidance. Table 8.1 summarises the data sources used by Stage Three of the affordable housing model.

Table 8.1 Summary of Data Required for Stage Three

Stage of the Model	Data Items
<b>Stage Three: Affordable Housing Supply</b>	
3.1: Affordable Dwellings Occupied by Households in Need	None - already netted off at Stage 1 (Step 1.4)
3.2: Surplus Stock	CLG Data: Table 100 (2012) and Table 615 (2012)
3.3: Committed Supply of New Affordable Housing	Local Authority Information
3.4: Units to be taken out of management	Local Authority Information / RP information
3.5: Total Affordable Housing Stock Available	Step 3.1 PLUS 3.2 PLUS 3.3 MINUS 3.4
3.6: Future Annual Supply of Social re-lets (net)	CORE Data (2010/11-2012/13)
3.7: Future Annual Supply of Intermediate affordable housing available for re-let or resale at sub market levels	CORE Data (2010/11-2012/13)
3.8: Annual Supply of Affordable Housing	Step 3.6 PLUS 3.7

### Affordable Housing Supply (Stage 3)

8.2 This stage examines housing stock that can accommodate households in housing need. The information is required in order to calculate net affordable housing requirements.

8.3 The model considers both existing affordable housing stock (including how much of this is available) as well as the level of future annual new supply. This process is set out in Steps 3.1-3.8.

#### Affordable Dwellings Occupied by Households in Need (Step 3.1)

8.4 The purpose of Step 3.1 is to identify the number of affordable dwellings which become available but are occupied by households in housing need. Thus, this step considers transfers within the affordable housing stock. The movement of these households (within affordable housing) will have a nil effect overall in terms of housing need. These households have already been netted off at Stage 1 of the calculation and the figure for this step is therefore zero.

### Surplus Stock (Step 3.2)

- 8.5 A certain level of voids are normal and allow for transfers and works properties. The former CLG Guidance (page 48) notes that a vacancy rate in excess of 3% and properties which are vacant for considerable periods of time should be counted as surplus stock.
- 8.6 An analysis has been undertaken utilising vacancy level data for the last 3 years. This shows that social housing stock in the authority has a vacancy level of 0.9% in 2012<sup>20</sup> which is considered to be extremely low.
- 8.7 Therefore, as the current rate of vacancy is significantly below the 3% rate recommended by CLG, a surplus stock rate of zero has been included within the model.

### Committed Supply of New Affordable Housing (Step 3.3)

- 8.8 The former CLG Guidance stated that this step of the model should utilise information about new social rented and intermediate affordable dwellings which are committed at the point of assessment. The HSSA data no longer shows the number of planned and proposed affordable units. However, data on committed supply of affordable housing (annualised) has been provided by SMDC (Table 8.2) and suggests that a substantial amount of affordable housing is currently in the development pipeline.

Table 8.2 Supply of New Affordable Units

	Staffordshire Moorlands
Supply of New Affordable Housing (Committed Supply)	149

Source: SMDC (2013)

### Units to be taken out of Management (Step 3.4)

- 8.9 The former CLG Guidance states that this stage should “*estimate the number of social rented or intermediate affordable housing units that will be taken out of management.*” This includes properties which are planned to be demolished or redeveloped (with a net loss of stock). In accordance with advice received from the authority and RPs operating in this part of Staffordshire, a figure of zero has been used for this step.

### Total Affordable Housing Stock Available (Step 3.5)

- 8.10 This step calculates total housing stock available by simply adding together steps 3.1 (affordable dwellings occupied by households in need), 3.2 (surplus stock) and 3.3 (committed additional housing stock) and subtracting 3.4 (units to be taken out of management). This is presented in Table 8.3.

<sup>20</sup> CLG Data: Table 100 (2012) and Table 615 (2012)

Table 8.3 Current Supply of Affordable Housing

	Staffordshire Moorlands
Step 3.1 (Affordable Dwellings Occupied by households in need)	0 (already taken off need identified by Step 1.4)
PLUS Step 3.2 (Surplus Stock)	0
PLUS Step 3.3 (Committed Supply of New Affordable Housing)	149
MINUS Step 3.4 (Units to be taken out of management)	0
<b>EQUALS Step 3.5 Current Supply of Affordable Housing</b>	<b>149</b>

Source: CLG Data: Table 100 (2013) and Table 615 (2013) Local Authority Information

### Future Annual Supply of Social Re-Lets (Step 3.6)

- 8.11 Steps 3.6 and 3.7 focus on the future supply of affordable housing arising from existing stock. The former CLG Guidance recommends that the number of social re-lets per year should be assessed by looking at past trends over the previous 3 years.
- 8.12 CORE data in respect of the number of lettings by RPs in the last 3 years has therefore been assessed. This excludes transfers from other affordable dwellings as they were removed from the assessment of 'need' at Step 2.3. The average figure for the last 3 years has been used in the model (Table 8.4).

Table 8.4 Future Annual Supply of Social Re-lets

	Number of Social re-lets (excluding transfers)
	Staffordshire Moorlands
2010/11	216
2011/12	192
2012/13	223
<b>Average</b>	<b>210</b>

Source: CORE Data (2010/11-2012/13)

- 8.13 Whilst the level of re-lets appears relatively modest, discussions with several of the major RPs operating in this part of Staffordshire suggest that the figure does not appear to be unrealistic. However, it is possible that this trend may increase in the near future as more customers end their tenancy and move to a smaller home as part of their response to the Government's under-occupation penalty (the 'bedroom tax').
- 8.14 The level of stock turnover due to re-lets was around 9.5% in 2012. The former CLG SHMA Guidance states that for this stage of the SHMA assessment, in areas where the stock base of affordable housing is changing substantially (e.g. due to high levels of Right to Buy) it may be appropriate to take into account the changing stock base when predicting the future levels of

future voids. An assessment of the CORE database indicated that over the past three years, 24 social housing units have been 'lost' due to tenants exercising their 'Right to Buy'/Acquire. If the average stock re-let rate of 9.5% is applied to the average figure of 8 units per annum, this would equate to the loss of less than 1 dwelling per year, a negligible amount.

- 8.15 Whilst there has therefore been no substantive deductions from the annual supply of social re-lets to derive a total social re-lets figure moving forward of 210 per annum, it is possible that the Government's renewed endorsement of the scheme, and more specifically the provision of greater discounts being offered to social tenants to buy their property, could increase the level of RTB in Staffordshire Moorlands substantially over the next few years.
- 8.16 The Government decided, with effect from April 2012, to increase the maximum cap on the Right-to-Buy discount, to be determined by the length of a tenant's qualifying period or the maximum discount allowed (now up to £75,000 across England). The Government is seeking to achieve one-for-one replacement (for England as a whole) whilst ensuring value for money. The Government anticipates that some 20,000 additional Right to Buy sales would take place over the next 3 years as a result of the restoration and increase in the national maximum discount cap. There are no proposals to extend the RTB to housing association tenants who have the Right to Acquire or to housing association tenants without a right to purchase<sup>21</sup>.
- 8.17 This clearly has long-term implications for Staffordshire Moorlands District, which has a significant social housing stock and a considerable number of tenants that have retained their 'Preserved Right-To-Buy' following stock transfer. As such, it is possible that there will be an increase in the number of sales per annum in future, which could reduce the long-term capacity of Staffordshire Moorlands to meet its own housing needs. This would clearly need to be closely monitored by the Council and Registered Providers operating in the area.

### **Future Annual Supply of Intermediate Affordable Housing (Step 3.7)**

- 8.18 This step takes into account the very low number of shared ownership affordable homes which become available as a result of re-sales each year. CORE data on re-sales of intermediate (shared ownership) housing for the last 3 years is usually assessed. This has totalled just 5 over the past three years, equating to an annual average rate of just under **2 dpa**.

### **Future Supply of Affordable Housing (Step 3.8)**

- 8.19 This is simply the sum of Step 3.6 (social re-lets and Step 3.7 shared ownership re-sales). The results are shown in Table 8.5.

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<sup>21</sup> House of Commons Library Standard Note: Reforming the Right to Buy in 2012 & 2013 (July 2013)

Table 8.5 Annual Supply of Affordable Housing

	Staffordshire Moorlands
Step 3.6 (Future Annual Supply of Social re-lets)	209.6
PLUS Step 3.7 (Future Supply of Intermediate Affordable Housing)	1.7
<b>EQUALS Step 3.8 Annual Supply of Affordable Housing</b>	<b>211</b>

## 9.0 Affordable Housing Requirements

### Introduction

9.1 This section of the report draws together the analysis conducted as part of Sections 7.0 and 8.0 in order to provide an assessment of net affordable housing need for Staffordshire Moorlands. This section also examines the type of accommodation most appropriate to meet this need.

### Estimate of Net Affordable Housing Needs

9.2 The starting point in calculating the net affordable housing need is the Total Current Housing Need (Gross) established at Step 1.4. This figure takes account of any backlog in provision. By deducting the current available stock of affordable housing (step 3.5), this results in a backlog of 861 dwellings for Staffordshire Moorlands. Annualised over 5-years this equates to a backlog of 172 dwellings per annum.

9.3 In defining newly arising need, the future annual supply of affordable housing identified in Step 3.8 (211 dpa) is removed from the annual future housing need of 746 dpa gross/289 dpa net as set out in Table 9.1. When added to the backlog, this indicates that Staffordshire Moorlands has a net annual need of 707 dpa based on the gross household formation approach.

Table 9.1 Net Annual Housing Need

	Staffordshire Moorlands	
	Gross	Net
<b>Current Need (Including Backlog)</b>		
Total Current Need (Step 1.4)	1,010	
MINUS Total Available Stock of Affordable Housing (Step 3.5)	149	
Equates to Net Current Need	861	
<b>Net Backlog: Annualised (5 years) (A)</b>	<b>172</b>	
<b>Total Newly Arising Need</b>		
Newly Arising Housing Need (Annual) (Step 2.4)	746	289
MINUS Future Annual Supply of Affordable Housing (Step 3.8)	211	
<b>Equates to Net Newly Arising Need (net) (B)</b>	<b>534</b>	<b>78</b>
<b>NET ANNUAL NEED = A+B</b>	<b>707</b>	<b>250</b>

9.4 This largely reflects the high levels of gross household formation that are projected to occur. Such outputs are clearly outliers flowing from an affordable housing need methodology that is largely hypothetical and not related to any realistic estimate of household growth in Staffordshire Moorlands. Applying an alternative approach to household formation through the use of net household

projections for illustrative purposes would reduce the level of affordable housing need significantly, to 250 dpa.

- 9.5 By way of further comparison, a sensitivity test that factored in a Loan-to-Value-Ratio [LVR] of 71% for existing households and 80% for first-time buyers would have no effect on reducing the overall level of affordable housing need. This is because the proportion of households who cannot afford to rent privately remains lower than the adjusted proportion of households unable to buy, at least across the District as a whole.

### **Core Output: Estimate of Net Annual Affordable Housing Need**

Applying the current (backlog) affordable housing need to the newly arising housing need annually suggests that Staffordshire Moorlands has an affordable housing need of **707 dpa** over five years based on the use of gross affordable household projections (or **250 dpa** based on the use of net affordable household projections for illustrative purposes).

## **The Role of the Private Rented Sector in Meeting Affordable Housing Needs**

- 9.6 CLG's former SHMA Practice Guidance (2007) recognises that "*some households in need may choose to live in the private rented sector (possibly with the use of housing benefit) or housing that would be classified as unsuitable, even though they are eligible for affordable housing*" [p49]. As such, SHMAs are required to analyse how the private rented sector is being used to accommodate housing need in an HMA, even though it is not specifically identified as a potential source of affordable housing in the Practice Guidance.
- 9.7 Whilst it is not appropriate to simply 'net off' households in need living in private rented housing from the overall affordable housing requirement figure (due to a variety of reasons including the associated greater insecurity of tenure), in practice it makes an important contribution to filling the often sizeable gap between affordable housing supply and demand. The private rented sector has increased in size significantly in recent years and it is therefore necessary to review its role in any objective assessment of affordable housing requirements.
- 9.8 An analysis of the 2011 Census indicates that some 4,103 households rent privately in Staffordshire Moorlands, 9.82% of all households. This is well below the equivalent rates at regional (14.02%) and national (16.8%) levels. Nevertheless, this masks a substantial increase in the role of private rented accommodation in the District – the 2001 Census reported that just 2,934 households privately rented in Staffordshire Moorlands District, just 7.56% of the total –below the current rate. This broadly reflects the rate of increase in this form of tenure at a regional and national level between 2001 and 2011 and is likely to be indicative of the increasing affordability problems for prospective households purchasing their own home in the intervening period.

9.9 The former CLG SHMA Guidance suggests that turnover rates should be calculated, although they require careful interpretation. According to that document, turnover rates vary significantly depending upon the tenure – for example in the private rented sector, the average length of stay is 6-12 months reflecting the leasehold structure, whilst homeowners move on average every 3 to 7 years. *“In the social rented sector, high turnover can be created in part by the allocations system; social-rented properties can have high turnover rates where vulnerable households are placed in housing not suited to long term tenancies”* [page 32].

9.10 According to the 2012/13 English Housing Survey, the total turnover of the private rented stock at a national level is 34.3% annually, the highest of any form of tenure. Applying this figure to the number of households in private rented accommodation (as reported in the 2011 Census) implies an **annual turnover of 1,407 private rented dwellings**. This figure does not separate out the proportion of private rented properties that are likely to become available to households in receipt of housing benefit.

9.11 Table 9.2 presents data from the Department for Work and Pensions in respect of the number of Housing Benefit claimants in the Private Rented Sector. It indicates that over the past four years or so, there has been a consistent level in the number of housing benefits claimants who are meeting their needs in the private rental market, up from 1,220 in 2010 to 1,362 by 2013.

Table 9.2: Housing Benefit Claimants in Staffordshire Moorlands District

Year	No. of Housing Benefit Claimants in Private Rented Sector	Annual Increase
November 2010	1,220	-
November 2011	1,330	+110
November 2012	1,340	+10
November 2013*	1,362	+22
<b>Annual Average:</b>		<b>+47</b>

Source: DWP 2014

9.12 DWP data suggests that as at March 2011 there were 1,380 claimants in receipt of Housing Benefit living within the private rented sector in Staffordshire Moorlands District, out of 4,010 housing benefit recipients in total.

9.13 Again, based upon the 2011 Census this would imply that 33.6% of the 4,103 households living in private rented accommodation are reliant to a greater or lesser extent on housing benefit, although it is recognised that this is clearly an over-estimation given that there can be multiple claimants living in the same dwelling.

9.14 By comparing the English Housing Survey data with DWP data (2013) at a national level, it is suggested that the number of households claiming is



66.3%<sup>22</sup> of the total number of claimants at a national level, to reflect the issue of multiple claimants. Applying this rate to the 33.6% figure quoted above would suggest that **22.3%** of Staffordshire Moorlands households living in private rented accommodation are reliant to a greater or lesser extent on housing benefit.

- 9.15 By comparison, the British and Social Housing Foundation's report "*Who Lives in the Private Rented Sector*" (January 2013) indicates that on average 19% of the total stock of private rented dwellings is benefit supported. It does, however, accept that this is likely to be an underestimation and that typically the figure has been around a quarter [page 30]. However, taking this lower figure on a precautionary basis, it could be suggested that around **267** of the 1,407 annual private rented housing turnover (as at 2011) could be available as re-lets to households in receipt of Housing Benefit (314 based on the DWP data approach).
- 9.16 We are not suggesting that this figure of 267 should be 'netted off' the affordable housing requirements. For example, recent Government reforms to the benefits system, not least the payment of Universal Credit to the tenant rather than the landlord, may increase risk to the latter's portfolio and therefore slow the rapid increase of the private rented accommodation recorded in recent years. Furthermore, it is not a designated form of affordable housing and may not be suitable for many households in need.
- 9.17 Nevertheless, it is important to recognise that the private rented sector plays a very significant role in helping households in constrained circumstances to meet their housing needs independently, and for addressing the slack between affordable housing need and provision. This is likely to continue for the foreseeable future.
- 9.18 The extent to which SMDC wishes to see this situation continue over the course of the Plan period is a policy intervention issue for the Council to consider, and one that is outwith the scope of this study.

## Choices within Existing Affordable Housing Stock

- 9.19 Table 9.3 shows the number of bedrooms required by households on the Housing Register. Table 9.3 can be compared with which shows the number of bedrooms in affordable dwellings which were let during 2012/13. The table suggests that households requiring only 1 bedroom are being housed in properties with more bedrooms. Conversely, the proportion of households requiring 3+ bedrooms is significantly lower than the proportion of properties with 3 or more bedrooms. This would suggest that additional smaller properties are needed, particularly 1-bed, within the affordable housing stock.
- 9.20 Following the imposition of the under-occupancy penalty, discussions with local RPs have suggested that there is now a very strong increase in demand for

<sup>22</sup>Calculated on the basis of dividing the total number of households claiming housing benefits and living in the private rented sector (987,647 in England in 2012/13, according to the EHS Annex Table 5) by the total number of housing benefit claimants living in the private rented sector (1,489,254 according to the DWP April 2013).

smaller properties, and specifically for 1 and 2 bed units, although this can also be partly explained by the increasing number of elderly and newly forming households. The demand for 3 bed properties in Staffordshire Moorlands has declined substantially in recent months as a result of the potential financial penalties involved with under-occupation of social rented properties.

Table 9.3 Households on the Housing Register - Number of Bedrooms Required

No. of Bedrooms	Staffordshire Moorlands (%)
1-bed	53.9%
2-bed	25.0%
3-bed	12.1%
4-bed	5.7%
5+ bed	3.3%
Total	100.0%

Source: Housing Register Quarterly Monitoring 2013

Table 9.4 Affordable Housing General Needs Lettings in 2010-12 - Number of Bedrooms in Property

No. of Bedrooms	Staffordshire Moorlands (%) 2010	Staffordshire Moorlands (%) 2011	Staffordshire Moorlands (%) 2012
1-bed	37.0%	33.8%	36.0%
2-bed	31.5%	41.0%	39.6%
3-bed +	31.5%	25.2%	24.4%

Source: CORE Data 2010-12

## Housing Requirement of Specific Groups in Need

- 9.21 Overall housing requirements are useful for considering the scale of need but the composition of that need is a further important consideration. In particular, different household groups have different needs and demands from their housing and therefore influence the housing market in different ways.
- 9.22 Incorporating the latest Census 2011 data, this SHMA presents analysis of tenure by household type, including analysis of household age and factors such as disability. Using data from the current Housing Register, the PopGroup Baseline projections and the Census 2011 key statistics, updated analysis of the housing requirements of specific groups has been therefore been undertaken.
- 9.23 The brief for the study required consideration of the housing needs of the following groups (where the dataset is available):
- 1 Families with children;
  - 2 Older people;
  - 3 Households with specific needs such as disabled people;
  - 4 Minority and hard to reach households;

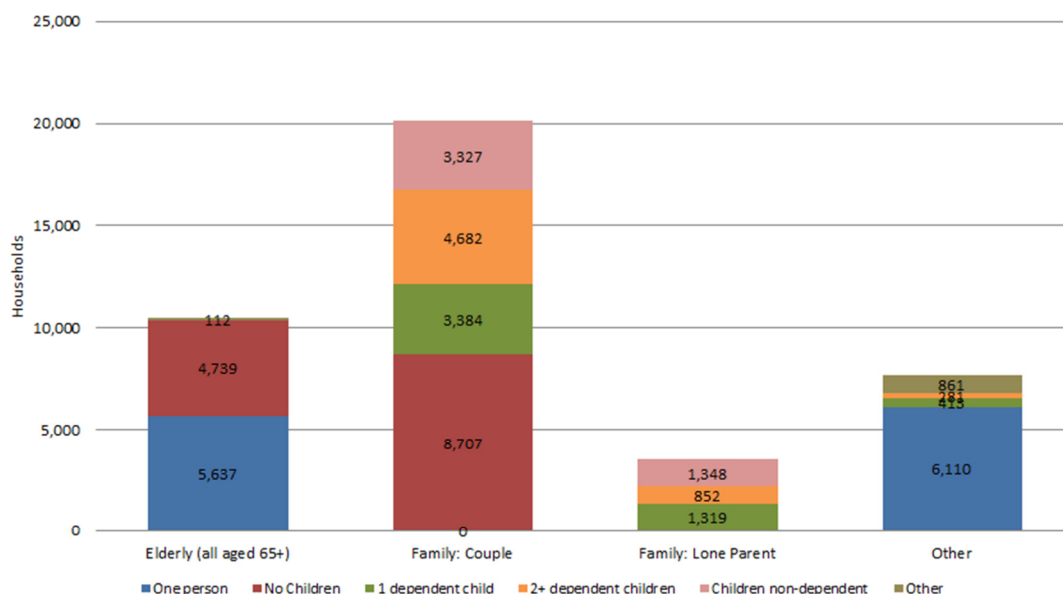
- 5 Rural communities;
- 6 First time buyers and young people; and,
- 7 Key workers.

9.24 The analysis includes reference to the results of a Survey of RPs, which was carried out as part of the data gathering element of the SHMA work. Questionnaires were completed by Allocations Managers and Development Managers at the RPs. The questionnaire was drafted and prepared in conjunction with local authority officers. It is emphasised that reference to the results of the Survey of RPs reflects the opinions of respondents of the Survey and not necessarily the opinion of the authors of this report or Staffordshire Moorlands District Council.

### Household Types

9.25 The 2011 Census provides a breakdown of household composition as illustrated Figure 9.1. This shows that the majority of households within Staffordshire Moorlands are defined by ONS as family units, predominantly couples (married, co-habiting or same sex civil partnerships). Elderly households (where all occupants are aged 65+), comprise 25% of all households in Staffordshire Moorlands.

Figure 9.1 Breakdown of Household Composition in Staffordshire Moorlands 2011



Source: Census 2011

9.26 Families with dependent children number almost 10,240 households in Staffordshire Moorlands (25% of all households), whilst families with non-dependent children total 4,675 households (11% of all households, higher than the national rate of 9.5%). Such families with non-dependent children will include young adults who still live at home with their parents and may be seeking to move out.

9.27 The remainder of this section of the SHMA analyses the future change and growth in different household types, demonstrating that smaller household types of one person/couple households (both younger and in elderly households) look set to account for the majority of future household growth in Staffordshire Moorlands.

## Families with Children

9.28 The National Planning Policy Framework recognises the importance of providing housing for families, especially those with children, in the context of creating mixed communities.

## Demographics

9.29 NLP's PopGroup Baseline analysis has provided an indicative estimate of the likely future numbers of families with children in Staffordshire Moorlands. This accords with the approach set out in the former CLG SHMA Guidance.

9.30 Table 9.5 shows the number (and proportion) of households with one or more children estimated to be living in Staffordshire Moorlands in 2011. Table 9.5 also demonstrates how the number and proportion of families with children is projected to change by 2030. The number of families with children is likely to remain stable in Staffordshire Moorlands, with growth of just 109 households with children over the next twenty years. However, as the number of households is projected to increase by 10.8% overall in the District over that time period, the proportion of households with children declines by 2031.

Table 9.5 Projected Change in the number of Households with Children 2011-2031

	2011		2031		Difference 2011-2031	
	Number	%	Number	%	Number	%
Staffordshire Moorlands	10,345	24.7%	10,454	22.6%	+109	-2.1%

Source: NLP PopGroup Baseline

9.31 Table 9.6 breaks the above figures down to identify how many of these households are expected to have 1 or 2 children, and how many 3 + children. It shows that the majority of households with children in 2031 are expected to have 1 or 2 children. The proportion of households comprising larger families (with 3 or more children) is projected to around 3% of all households, with the vast majority comprising smaller family units. This is slightly down from 3.3% in 2011.

Table 9.6 Projected Number of Families with Children in 2031

	Families with 1 or 2 Children		Families with 3 + Children	
	Number	%	Number	%
Staffordshire Moorlands	9,078	19.6%	1,375	3.0%

Source: NLP PopGroup Baseline

- 9.32 An analysis of the detailed figures suggests that although the number of families with children is expected to remain stable over the next 20 years or so, the social shift towards smaller family sizes and single parents bringing up children alone is expected to accelerate in Staffordshire Moorlands. For example, the number of lone parent families with 1 dependent child is expected to increase by 50% between 2011 and 2031 in Staffordshire Moorlands, whilst single parent families supporting 3 or more dependent children is expected to increase by a substantial 61% over the same time period. In contrast, the number of family households comprising of a couple and three or more children is projected to decline by 11% between 2011 and 2021.
- 9.33 In terms of policy implications, it is important that the housing needs of these families are met, through the provision of sufficient, good quality family accommodation in sustainable locations. However, the provision of family housing should be balanced against the requirement for smaller housing to meet the needs of an ageing population with increasing numbers of single person households (see Section 10.0).
- 9.34 Although larger families will form only a relatively small proportion of the population as a whole, policy will still need to ensure that housing is available to meet the requirements of these households (for larger houses). Hence there is a need for properties of all types, with the provision of bungalows and smaller 1-bed properties alongside continued provision for larger family properties, although the general trend is still towards smaller 1/2 bed properties overall.

### Housing Need Identified by the Housing Register

- 9.35 Table 9.7 presents the proportion of households with one or more children on Staffordshire Moorland's Housing Register. It should be noted that this does not take into account their ability to afford to access suitable market housing, due to the lack of available data.

Table 9.7 Staffordshire Moorlands Housing Register – Families with children

Applicant Household Type	Number of Households	% of Total on Register
Household with 1 child	387	18.2%
Households with 2 children	210	9.9%
Households with 3 children	85	4.0%
Households with 4 or more children	53	2.5%
No Children	1,390	65.4%
<b>TOTAL</b>	<b>2,125</b>	<b>100.0%</b>

Source: Housing Register SMDC 2013

- 9.36 It is evident from Table 9.7 that the proportion of families with children who are seeking social housing, at 34.6% of all households on the Housing Register, is higher than might be expected given their representation in the 2011 Census for the District (at 26.2%).

## Results of the Stakeholder Consultation

- 9.37 The results of the workshop, questionnaire and stakeholder meeting suggest that there is no apparent shortage of larger housing and housing suitable for families. Most three and four bed properties are occupied but the demand for such properties has tapered off. It was suggested that the recently introduced Government under occupation penalty commonly known as the 'bedroom' tax has highlighted that there is a mismatch between supply and demand.
- 9.38 The greatest demand is for smaller properties, although some RPs are conscious that a change in government could lead to the reversal of this trend. RP's operating in the area are now building smaller properties instead of previously coveted 3-bed properties. Notwithstanding this, it was noted that there remains a demand for larger family properties although to a lesser extent than has been experienced previously.

## Older Person Households (Aged 65+)

### Demographics

- 9.39 Table 9.8 presents the number of households headed by older people (aged 65+) estimated to be living in Staffordshire Moorlands in 2011 as a proportion of the entire population. Table 9.8 also shows how the number of households headed by older people is projected to change by 2031. This is based on NLP's PopGroup Baseline analysis of population projections, incorporating the headship rates with the CLG's 2011-based (interim) household projections.
- 9.40 It is evident that both the number and proportion of such households is expected to increase in the District over the period to 2031. Staffordshire Moorlands is projected to see a very significant proportionate increase in net additional elderly households, of 46% between 2011 and 2031 (+6,434).

Table 9.8 Projected Change in Number of Households headed by Older People (aged 65+) 2011-2031

	2011		2031		Difference 2011-2031	
	Number	%	Number	%	Number	%
<b>Staffordshire Moorlands</b>	13,980	33.4%	20,413	44.0%	6,434	46.0%

Source: NLP PopGroup Baseline

- 9.41 Table 9.9 breaks down the projected change in the number of households headed by a resident aged 65+ in 2031 to identify how many of these households are expected to be headed by a resident aged 65-84, and how many are headed by a resident aged 85 and over, who tend to need higher levels of care intervention and often have more specialised housing requirements as a consequence. It demonstrates that the proportion aged 85+ is likely to be significantly higher in Staffordshire Moorlands than at present.

Table 9.9 Projected Number of Households headed by Older People (aged 65+) in Staffordshire Moorlands District

Staffordshire Moorlands	Aged 65-84		Aged 85+	
	Number	% (of over 65s)	Number	% (of over 65s)
2011	12,185	87.2%	1,795	12.8%
2031	15,965	78.2%	4,448	21.8%

Source: NLP PopGroup Baseline

- 9.42 Furthermore, there is also the issue that the number of residents aged over 65 in the District is projected to rise at a much higher rate between 2011 and 2030 than for the rest of the population as a whole. In Staffordshire Moorlands, the number of residents aged 65 and over is projected to increase by 10,944, or 53.2%, which is in stark contrast to the overall population growth of 6,436 residents (+6.6%). Furthermore, the figures are even more extreme when one considers the increase in the population aged over 85, with a growth of 3,591 residents in this age category to 6,126 (more than double the 2,535 residents aged 85+ in 2011).
- 9.43 The projected increase in older people (both in absolute and relative terms) is therefore striking and has a number of severe housing, health and social care service implications which must be planned for accordingly.
- 9.44 Housing implications include increased demand for both specialist accommodation for older people and for services and home adaptations to enable older people to remain 'at home' living independently. There will be a requirement for additional sheltered housing to meet this need or, potentially, greater provision of bungalows.
- 9.45 There will be a particular need to adapt existing stock to lifetime homes standards; and providing appropriate opportunities for elderly households to downsize where they may be under-occupying larger homes. This latter point is not one which a change can be brought about in the private market through local policy intervention, with many elderly households likely to choose to stay within larger properties. However, providing good quality alternative accommodation (e.g. retirement style housing schemes and Extra Care facilities) may incentivise elderly households to release equity and down-size.
- 9.46 The issue of under-occupation remains; hence there is a need to enable/encourage older people to downsize if possible (recognising the inherent problems of this, given that many people tend to prefer to stay in the 'family home' even though they may be better suited to moving to a smaller property). In addition to population growth, demand for services will also be influenced by changing attitudes to what comprises an acceptable quality of life amongst older generations and changing service provision.

### Housing Need Identified by the Housing Register

- 9.47 Table 9.10 demonstrates that older households are less likely to consider that they are in need of moving into a social property than might be expected, given

their overall representation. The local choice-based Housing Register demonstrates a relatively modest level of housing need amongst the elderly in the District, where 26.8% of applicants in Bands A-D are aged over 55. This may indicate a lower level of dissatisfaction amongst older residents with their current accommodation, although it should be noted that the rate of elderly households in priority need (Bands A-C) rises slightly to 28.1% of the total.

Table 9.10 Staffordshire Moorlands Housing Register Bands A-D – Older People

Applicant Age Band	Number of Households	% of Total on Register
55 and under	1,528	71.9%
Over 55	570	26.8%
Age not given	27	1.3%
<b>TOTAL</b>	<b>2,125</b>	<b>100.0%</b>

Source: Housing Register SMDC 2013

### Results of the Stakeholder Consultation

- 9.48 The Stakeholder Consultation invoked noteworthy discussions and debate and ultimately led to some interesting findings in relation to the housing market in Staffordshire Moorlands. There is a perceived shortage of suitable accommodation for the elderly and in particular this is most prevalent in the rural parts of the District. There is a high demand for 1-bed properties which are suitable for the elderly although this relates primarily to independent living quarters – certain RPs were vociferous in their view that there was a surplus of sheltered accommodation in the District and demand for much of this type of accommodation was very weak.
- 9.49 SMDC and Staffordshire County Council [SCC] are supporting an Affordable Housing Programme [AHP] 2015/2018 bid with the HCA for grant funding to secure Extra Care provision within Biddulph.
- 9.50 SCC Officers commented that with an ageing population and projected increase in the numbers of lone households, the housing mix will need to adapt to meet an increased demand for Extra Care accommodation. This is likely to involve an increased focus on providing choice and encouraging people to be more independent and live in their own home, which requires consideration of the appropriate housing needed to enable this. This mix of housing may include smaller units of housing to cater for couples and single people, housing on one level to facilitate easy access, units with the necessary adaptations and technology to aid independent living and supported accommodation, with help and support close by.
- 9.51 SCC would like to see a housing policy in Staffordshire Moorlands that reflects the above and that all new residential dwellings should be built to a lifetime homes standard whereby they can be adapted to meet the needs of people with disabilities without major structural alterations. Proposals for conversions and changes of use to provide residential accommodation should demonstrate



that wherever it is practicable, Lifetime Homes criteria have been incorporated into the design. SCC also suggested that a proportion of all new dwellings on larger sites (of more than 10 new dwellings) should be built to a wheelchair accessible standard.

9.52 The comments below relate specifically to the need for Extra Care housing within Staffordshire Moorlands up to 2030 and are informed by the County Council's Flexicare Strategy<sup>23</sup>. This Strategy establishes an overall need for Extra Care provision in Staffordshire Moorlands District. According to SCC, in general, a suitable location for an Extra Care housing site would include the following criteria:

- 1 Minimum 0.5ha site area;
- 2 Within easy walking distance of a GP, Dentist, Shop, Post Office & Church (up to 600m ideally);
- 3 In an area with a higher density of people with care needs – which usually means a town.

9.53 Therefore, the need in Staffordshire Moorlands has been apportioned to the three main towns by SCC as shown in Table 9.11:

Table 9.11 Staffordshire Moorlands Housing Register Bands A-D – Older People

	Population	Extra Care Need by 2030	Existing / Identified	Balance of Units	Of which affordable
Leek	19,624 (40%)	474	82	392	27
Biddulph	17,669 (36%)	427	0	427	98
Cheadle	11,404 (24%)	284	0	284	65
<b>Staffordshire Moorlands District Total</b>	<b>48,697 (100%)</b>	<b>1,185</b>	<b>82</b>	<b>1,103</b>	<b>190</b>

Source: SCC 2014

9.54 It should be noted that the figures in Table 9.11 have been calculated independently by SCC and cannot simply be 'added on' to the affordable housing requirement identified elsewhere in this SHMA, or indeed the OAN.

9.55 The analysis nevertheless identifies a very high level of Extra Care housing need throughout the District. Particular gaps across the County are identified by SCC Officers in the following settlements:

- 1 Biddulph;
- 2 Kidsgrove;
- 3 Cheadle;
- 4 Burton upon Trent (North);
- 5 Rugeley;
- 6 Hednesford / Heath Hayes;

<sup>23</sup> SCC (August 2010): 'The Best of Both Worlds': Staffordshire FlexiCare Housing Strategy 2010-2015

- 7 Lichfield;
- 8 Burntwood;
- 9 Tamworth (South); and,
- 10 Codsall.

## **Households with Specific Needs**

- 9.56 Housing may need to be purpose built or adapted for households with specific needs, including people with disabilities.

### **Demographics**

- 9.57 ONS Census Data (2011) indicates that Staffordshire Moorlands District has levels of limiting long-term illness which are above the regional and national averages. 21.1% of Staffordshire Moorlands residents reported that their day-to-day activities were limited either 'a little' or 'a lot', compared to 9.0% at a regional, and 17.6% at a national level. Similarly, 5.9% of Staffordshire Moorlands residents reported themselves as being in 'bad' or 'very bad' health, which is broadly comparable with the West Midlands average, but above the national average (5.5%).
- 9.58 It is emphasised that older people are more likely than average to suffer limiting long-term illness and disability. The previous section relating to the housing requirements of older people detailed the increasing number of older residents projected for Staffordshire Moorlands. Thus, it is probable that the ageing population is likely to lead to greater rates of limiting long-term illness and disability, with associated requirements for appropriate housing provision and adaptations.

### **Results of the Stakeholder Consultation**

- 9.59 RPs were asked whether there was a shortage of homes for people in different categories of specific need (e.g. housing for the blind, physically disabled, mentally impaired etc.) No significant housing issues were raised by the stakeholders, although it was recognised that the provision of additional facilities would not be unwelcome. The provision of housing to meet the specific needs is generally adequate at present.

## **Minority and Hard to Reach Households**

### **Demographics**

- 9.60 Black and Minority Ethnic [BME] households may have particular requirements in relation to housing needs, often reflecting different social norms and family structures.
- 9.61 According to the 2011 Census (Table 9.12) in Staffordshire Moorlands, 98.7 % of the population is classified as being 'white' which is considerably higher than the equivalent figure at a regional (82.7%) and national (85.4%) level. The

remaining 1.3% of the population comprises a wide range of ethnicities with a particular concentration in the mixed/multiple ethnic group which accounts for almost half of the remaining population.

Table 9.12 Staffordshire Moorlands Population by Ethnicity

Ethnic Group		Ethnicity (Census 2011)	
White	English/Welsh/Scottish/ N. Irish/British	94,657	97.5%
	Irish	256	0.3%
	Gypsy or Irish Traveller	35	0.0%
	Other White	877	0.9%
Mixed/ multiple ethnic group	White & Black Caribbean	238	0.2%
	White & Black African	52	0.1%
	White & Asian	179	0.2%
	Other Mixed	133	0.1%
Asian/Asian British	Indian	136	0.1%
	Pakistani	87	0.1%
	Bangladeshi	2	0.0%
	Chinese	108	0.1%
	Other Asian	169	0.2%
Black/ African/ Caribbean/ Black British	African	52	0.1%
	Caribbean	60	0.1%
	Other Black	8	0.0%
Other ethnic group	Arab	19	0.0%
	Any other ethnic group	38	0.0%
<b>Total</b>		<b>97,106</b>	
Refused/Did Not Say		-	-

Source: Census 2011

## Results of the Stakeholder Consultation

- 9.62 The stakeholder consultation did not raise the housing needs of minority and hard-to-reach households as being a particular issue in Staffordshire Moorlands given the relatively small numbers of other ethnicities being present – as noted above, the vast majority of residents in Staffordshire Moorlands fall within the 'White' Ethnic Group (98.7%).

## Rural Communities

- 9.63 The Affordable Rural Housing Commission (ARHC) was set up in July 2005 to enquire into the scale, nature and implications of the shortage of affordable housing for rural communities in England and make recommendations to help address unmet need.
- 9.64 The ARHC identified a number of trends in rural communities:

1. Inward migration of commuters, retirees and owners of second or holiday homes contributing to demand-led house price inflation;
2. Right-to-buy has had a proportionally greater impact in reducing the stock of social housing in rural areas;
3. Fewer new homes have been built to replace those sold in rural areas;
4. Planning policies have prioritised the protection of the environment and limited the availability of land for market and affordable housing;
5. While average earnings in rural areas match those elsewhere, the affluence of commuters and others masks the fact that many of the lowest paid wage-earners are employed in the rural economy and often face the highest and least affordable house prices.

9.65 It is also noted that there is growing pressure nationally to assess the housing needs of rural communities, as a separate and distinct study from more broad based housing needs assessment. Rural communities and their housing needs are of particular importance in Staffordshire Moorlands given the Peak District National Park and the considerable area of the District that is rural in nature.

### **Results of the Stakeholder Consultation**

9.66 Participants at the Stakeholder Workshops raised concerns in relation to the provision of affordable housing in Staffordshire Moorlands. They identified that rural housing need was a pressing issue that needed to be addressed. Given the characteristics of the area and the fact that the vast majority of the District can be characterised as being rural, the provision of adequate rural housing to meet needs is understandable.

9.67 A number of stakeholders indicated that people in rural areas are under-represented on the Housing Register. The general perception is that due to the low numbers of social stock available in the rural areas of the District and the higher levels of demand for anything that does become available, there is a low likelihood of receiving a suitable dwelling in the rural villages/hamlets. As such, the Housing Register may not portray a realistic picture of the situation.

9.68 Stakeholders considered that existing residents living in the rural parts of the District invariably want to stay in these villages in order to be close to their family and social networks; however in many instances they are unable to afford suitable accommodation there. As has been demonstrated elsewhere in this report, the price of properties in the rural areas is usually higher than in the more urbanised areas of the District, and as such people from the locality are being priced out of the market.

### **First Time Buyers and Young People**

9.69 The number of family households with non-dependent children living at home in Staffordshire Moorlands highlights the difficulties faced by young people in accessing housing. Inability to access mortgage finance, ineligibility for social

housing, lack of suitable properties, low household incomes and the unaffordability of owner occupation for such groups are common factors that apply to Staffordshire Moorlands as they do elsewhere in England.

- 9.70 Earlier sections of this report focus on the affordability for households seeking to access market housing (to rent or buy). This identified that newly forming households generally have lower incomes than the average population (equating to around 66% of the total income for the average household according to the Survey of English Housing). A proportion of these newly forming households with lower incomes comprise young people seeking to leave their parental home to establish a new household. Younger people also have had less opportunities than older households (who may also have equity in their existing house) to accumulate the wealth required in order to afford a deposit for a house purchase.
- 9.71 The particular problems faced by young people with aspirations to access home ownership are a high-profile concern nationally and the Government has introduced various schemes with the aim of contributing to tackling the issue. Although house prices have reduced in recent years (compared to the peak in 2007-08), the requirements of mortgage providers have become more stringent, including less availability of mortgages at a high loan to value ratio.
- 9.72 Private sector renting provides a significant tenure for young people and provides particular benefits for this age group such as flexibility to move home relatively easily. However, private rented may be considered by some as a 'gateway tenure' for households with aspirations for home ownership and the associated benefits such as security of tenure. It is noted that the private rented sector forms a relatively low proportion of the housing stock in Staffordshire Moorlands (9.8%) in comparison to the regional (14%) and national average (16.7%)<sup>24</sup>.
- 9.73 Comments received from RPs (see below) suggest that some of the private sector stock available in the District is of a poor quality, with high turnover and a transient tenant base, with much of the stock comprising small 2-up, 2-down terraces in need of improvements. Data on private sector rented levels (Section 6.0) also points to wide variations in lower quartile rent levels between geographical sub-areas, with areas such as rural Pendle being particularly expensive. Thus, although private rented provides an important tenure for young people, obstacles such as the availability of appropriate accommodation and limited locational choice should be a consideration.

### Demographics

- 9.74 Table 9.13 presents the number of households headed by younger people (aged 24 and under) living in Staffordshire Moorlands as a proportion of the whole population, and how this is projected to change over the Plan period. It is evident that the proportion of households headed by a resident aged 24 or younger is reasonably low in the authority area (compared to the national rate

<sup>24</sup> Census 2011: Tenure – Households, 2011 (QS404E)

of 11.9% for the same age categories nationally<sup>25</sup>). Furthermore, the proportion of residents in the younger age categories is projected to decline over time as the population ages.

Table 9.13 Projected Change in Numbers of Younger People (aged 16-24) 2011-2031

	2011		2031		Difference 2011-2031	
	No.	%	No.	%	No.	%
Staffordshire Moorlands	9,266	9.5%	8,764	8.5%	-502	-1.0%

Source: NLP PopGroup Baseline

## Results of the Stakeholder Consultation

- 9.75 When asked whether there is a shortage of dwellings suitable for first time buyers/younger persons, more than one RP commented that there did not appear to be a shortage of dwellings per se although affordability is generally considered an issue for newly forming households. Stakeholder considered that the national trend of younger people staying at home for longer before purchasing their first home is also being seen across Staffordshire Moorlands, in both the rural and the urban areas of the District.
- 9.76 Participants indicated that very high numbers of young residents move out of the District to attend University and do not return for a number of years, if at all. This reduces the number of younger people seeking suitable accommodation in Staffordshire Moorlands.

## Key Workers

- 9.77 Feedback from stakeholders on Key Workers in Staffordshire Moorlands was very limited. Most RPs were not aware of any specific issues surrounding Key Workers.
- 9.78 The participants at the workshop indicated that the number of Key Workers in Staffordshire Moorlands is relatively low but is nonetheless an issue that needs to be considered. The supply of suitable accommodation is an issue in the District. Increasing the supply of housing suitable for Key Workers was considered important.

## Bringing the Evidence Together

- 9.79 There are a range of housing requirements which are specific to certain groups in Staffordshire Moorlands. In particular, the area faces significant growth in the number of elderly households and this will commensurately increase the need for both housing to accommodate such households, as well as potentially residential care solutions although paradoxically stakeholders took the view that there was limited need for additional support housing due to an over-supply of stock at present and a desire amongst tenants in the area to live in

<sup>25</sup> Census 2011: Age by Single Year, 2011 (QS103EW)

their own home for as long as possible before seeking accommodation offering higher levels of care.

9.80 Housing needs for households with specific needs suggests that there is a shortage of suitably adapted vacancies for people who have physical disabilities.

9.81 There also appears to be an issue relating to sufficient supply of housing for first time buyers and young people and there are considerable barriers to the market for these people in terms of lack of available mortgage finance and high prices in areas where people would like to live, particularly in the rural areas outside the urban areas of Biddulph and Leek.

Core Output: Household groups with particular housing requirements.

**Families with Children:**

Whilst the proportion of households which are families with children is expected to decline substantially, the number of households with children will remain significant. It will be important to ensure that the housing needs of these families are met, through the provision of sufficient, good quality family accommodation in sustainable locations. There is a need for properties of all types, although the general trend is still towards smaller 1/2 bed properties overall.

**Older People:**

The very considerable growth in the number of elderly households in Staffordshire Moorlands District will need particular consideration in the types of new housing brought forward. The demand for smaller properties and particularly bungalows is likely to increase substantially in the coming years, and analysis at a County-level has identified a need for around 1,185 Extra Care units by 2030, with a particular gap in provision in Biddulph.

**Households with specific needs such as disabled people:**

There is a clear need for properties that can be adapted to suit their occupant across the authority area.

**Minority and hard to reach households:**

The vast majority of the population in Staffordshire Moorlands classify themselves as 'white British', with a commensurately small percentage of ethnic groups. As such, there were no particular barriers to accessing the Staffordshire Moorlands housing market identified for minority groups.

**Rural Communities:**

Residents in rural areas were considered to be less likely to apply for a place on the Council's Housing Register given the limited supply of units becoming available in rural parts of the District. Stakeholders considered that there remained a strong demand for housing in rural areas and an overall shortage

of social rented stock, with much lower stock turnover compared to the urban areas of the District.

**First time buyers and young people:**

The proportion of households headed by a resident aged 24 or under is projected to fall over time in the District, although the current problems faced by young people with aspirations to access home ownership is likely to continue for the foreseeable future. At present, the private rented sector is a key tenure for young households looking to live independently, but the percentage of the stock being used for the purposes of private rent is lower than the regional and national average. This may also impact upon young people trying to establish a household. It is considered that the largest obstacle to young people remains the availability of mortgage finance and putting together an adequate deposit.

**Key Workers:**

It was generally considered that there were few specific issues surrounding Key Workers and their ability to access either social or market housing in the District.



## 10.0 **Key Issues for Future Policy**

### **Introduction**

10.1 This analysis draws upon what has proceeded and considers the implications of future policy changes on the delivery of affordable housing and particularly the impact of changes in housing costs. It also examines affordable housing requirement as a proportion of overall supply and the tenure mix.

### **Impact of Changes in House Prices and Market Rents**

10.2 This section of the report applies sensitivity testing to examine the impacts on affordability of an increase or decrease in housing costs. A range of scenarios are tested as follows:

- 1 Land Registry data on house prices (2012/2013);
- 2 Current (2013) market rents;
- 3 5% and 10% increase in house prices;
- 4 5% and 10% decrease in house prices;
- 5 5% and 10% increase in market rents, and,
- 6 5% and 10% decrease in market rents.

10.3 Table 10.1 and Table 10.2 show the proportions of households in each Sub-Area which are estimated to be unable to afford access to market housing. Table 10.1 shows the affordability of existing households (used in steps 1.4 and 2.3 of the affordable housing model) and Table 10.2 shows the affordability of newly forming households, who generally have lower incomes (used in Step 2.2 of the model). As outlined previously, the higher monthly costs of buying a property rather than renting in most areas means that a higher proportion of households are unable to buy than the proportion unable to rent in all of the areas. Housing affordability appears to be a particular problem in Cheadle and the surrounding rural areas of Staffordshire Moorlands.

10.4 As might be expected:

- 1 An increase in housing prices or rental levels results in a corresponding increase in the percentage of households unable to afford access to market housing; and,
- 2 A decrease in housing costs causes the percentage of households unable to afford access to market housing to decrease accordingly.

Table 10.1 Affordability Test Results – Proportion of **Existing** Households Unable to Afford LQ Market Housing

% Unable to Buy/Rent Lower Quartile House:	Staffordshire Moorlands District				
	ALL	Biddulph	Cheadle	Leek	Staffordshire Moorlands Rural
% Unable to BUY	<b>80.3%</b>	<b>78.1%</b>	<b>87.4%</b>	<b>75.4%</b>	<b>81.5%</b>
...with 5% increase	<b>83.1%</b>	81.5%	88.2%	78.7%	83.0%
...with 10% increase	<b>84.2%</b>	84.8%	89.1%	81.9%	84.6%
...with 5% decrease	<b>76.3%</b>	74.8%	84.4%	71.9%	80.0%
...with 10% decrease	<b>72.3%</b>	70.4%	80.9%	68.4%	78.5%
% Unable to RENT	<b>52.2%</b>	<b>61.0%</b>	<b>76.8%</b>	<b>55.0%</b>	<b>57.7%</b>
...with 5% increase	<b>55.9%</b>	64.5%	79.8%	60.5%	62.6%
...with 10% increase	<b>59.6%</b>	68.1%	82.8%	63.5%	66.2%
...with 5% decrease	<b>47.6%</b>	57.3%	73.0%	49.5%	52.8%
...with 10% decrease	<b>42.6%</b>	51.5%	68.6%	44.0%	47.9%

Source: Land Registry Data (2013), Rightmove (2013), Experian Income Data (2013)

Table 10.2 Affordability Test Results – Proportion of **Newly Forming** Households Unable to Afford LQ Market Housing

% Unable to Buy/Rent Lower Quartile House:	Staffordshire Moorlands District				
	ALL	Biddulph	Cheadle	Leek	Staffordshire Moorlands Rural
% Unable to BUY	<b>91.7%</b>	<b>93.7%</b>	<b>94.9%</b>	<b>92.4%</b>	<b>93.2%</b>
...with 5% increase	<b>92.6%</b>	94.3%	95.6%	93.4%	94.7%
...with 10% increase	<b>93.5%</b>	94.9%	96.3%	93.9%	96.2%
...with 5% decrease	<b>90.8%</b>	92.5%	94.2%	91.5%	91.7%
...with 10% decrease	<b>89.9%</b>	91.2%	93.5%	90.5%	90.3%
% Unable to RENT	<b>83.5%</b>	<b>88.4%</b>	<b>92.3%</b>	<b>85.4%</b>	<b>83.2%</b>
...with 5% increase	<b>84.6%</b>	89.5%	93.2%	88.4%	84.8%
...with 10% increase	<b>85.7%</b>	90.5%	93.8%	89.1%	86.4%
...with 5% decrease	<b>81.4%</b>	87.4%	91.2%	81.6%	81.6%
...with 10% decrease	<b>77.1%</b>	84.1%	90.1%	77.9%	80.0%

Source: Land Registry Data (2013), Experian Income Data (2013)

10.5 The results of the above affordability calculation (based upon higher and lower housing costs) have been inputted into the affordable housing model to enable an assessment to be made of the impact of changes in market rents on the net

affordable housing requirement. The findings are set out in Table 10.3, which demonstrates the significant impact which relatively minor changes in house prices/rental levels would have on affordable housing requirements.

Table 10.3 Net Annual Housing Need - with changes in market prices/rents

Staffordshire Moorlands	Net Household Formation Approach	Gross Household Formation Approach
<b>Current (2013) Lower Quartile House Prices</b>	<b>269</b>	<b>771</b>
...with 5% increase	271	778
...with 10% increase	273	785
...with 5% decrease	267	764
...with 10% decrease	265	757
<b>Current (2013) Lower Quartile Rents</b>	<b>250</b>	<b>707</b>
...with 5% increase	252	715
...with 10% increase	255	724
...with 5% decrease	245	691
...with 10% decrease	235	658

## Impact of ‘Help to Buy’ and SMDC’s Local Authority Mortgage Scheme [LAMS]

### Help to Buy

- 10.6 The Government’s ‘Help to Buy’ mortgage guarantee scheme has been hailed by both the development industry and the Coalition Government as being a key factor (alongside the gradual economic recovery) of stimulating the housing market. This helps to facilitate the provision of mortgage finance to households (often, but not exclusively, first time buyers) who might otherwise struggle to provide a sufficient deposit.
- 10.7 Under the Government’s **Help to Buy Equity Loan scheme**, a buyer is only required to put down a minimum 5% deposit on a new home (older homes are excluded), and the government provides an equity loan (through the HCA) of up to 20% of the property’s value up to a maximum price of £600,000. The remaining amount is then covered through a standard mortgage. At the end of the mortgage or when the property is sold, the household must repay the equity loan, which will be 20% of the value at the time of sale. There is no fee applied to the equity loan for the first 5 years, after which an annual fee of 1.75% is payable, rising by RPI plus 1% each year.
- 10.8 The Government’s **Help to Buy Mortgage Guarantee scheme** helps households to purchase a home with a deposit of just 5% of the purchase price. This is open to both first time buyers as well as existing home owners,

for both new build and older homes in the UK (again with a purchase price of up to £600,000). The government provides a guarantee to the mortgage lender. In general, bank lending rates are higher under this scheme than if a purchaser were to apply for a mortgage independently, with an initial interest rate of 5.2% for the first five years typical.

- 10.9 The latest figures provided by the Government<sup>26</sup> indicate that Help to Buy has helped more than 17,000 people to buy a new home so far, with over 80% of sales going to people taking their first step onto the housing ladder (89% Equity Loan and 82% Mortgage Guarantee).

## **LAMS**

- 10.10 SMDC's Local Authority Mortgage Scheme has many similar characteristics as Help to Buy, albeit there are specific locational criteria and the emphasis is very much on providing access to lower value, entry level properties. The scheme is aimed at first time buyers only who can afford mortgage payments but not the initial deposit.
- 10.11 SMDC can provide a mortgage deposit bond guarantee. A top-up indemnity to the value of the difference between a lower loan-to-value [LTV] mortgage (i.e. 75% - requiring a 25% deposit) and a 95% LTV mortgage. The potential buyer will thereby obtain a 95% mortgage on the same terms as a 75% mortgage, but without the need to provide the substantial deposit usually required. In this regard, it is similar to the HTB Equity Loan Scheme.
- 10.12 In addition to meeting the mortgage application criteria required by Leek United Building Society, applicants must also comply with the Authority's local criteria:
- i Maximum property value £125,000;
  - ii Property must be located within Staffordshire Moorlands District;
  - iii Applicants must either currently live or work within Staffordshire Moorlands District.

## **Analysis**

- 10.13 An analysis has been undertaken of the extent to which the advent of Help to Buy and LAMS allows both existing and newly forming households to purchase a new property. The analysis has looked at the Help to Buy Mortgage Guarantee Scheme, which assumes that households would have access to a 5% deposit; and the HTB Equity Loan Scheme, whereby the Government provides an additional equity loan (through the HCA) of 20% of the property's value; thus the total property value against which a mortgage is obtained is just 75%. This latter analysis is to an extent replicated by LAMS, albeit with further geographical and financial eligibility criteria.

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<sup>26</sup>"PM Hails Help to Buy Success" News Story, 23<sup>rd</sup> March 2014 <https://www.gov.uk/government/news/pm-hails-help-to-buy-success>

10.14 The same LQ house prices are factored into the equation as before, and similar assumptions have been made that newly forming households will have incomes approximate two-thirds the level of existing households. It should be noted that the analysis makes no allowance for any fees involved; nor does it analyse the implications of the household failing to sell the property (or reduce the size of the equity loan) within the first five years and incurring increasing interest charges on the outstanding equity loan.

10.15 The results are presented in Table 10.4. They indicate that the HTB LAMS Equity Loan schemes could have a dramatic effect on people's ability to purchase a new build property in Staffordshire Moorlands. For example, the number of existing households who in theory could not afford to buy a new build property in Staffordshire Moorlands could fall from 80% to 58%. This suggests that the true level of affordability for both new and existing households in Staffordshire Moorlands could be significantly lower than has been modelled in Sections 7.0 and 8.0, although this of course assumes that householders are able to afford a 5% deposit in the first place. The impact resulting from the HTB mortgage guarantee is less pronounced due to the lower deposit.

Table 10.4 Affordability Test Results – Implications of the Help to Buy / LAMS Schemes

% Unable to Buy/Rent Lower Quartile House:	SMDC
Currently (EXISTING HOUSEHOLDS)	80.3%
With HTB / LAMS Equity Loan (25%) deposit (EXISTING)	57.5%
With HTB mortgage guarantee (5%) deposit (EXISTING)	76.3%
Currently (NEW HOUSEHOLDS)	91.7%
With HTB / LAMS Equity Loan (25%) deposit (NEW)	85.1%
With HTB mortgage guarantee (5%) deposit (NEW)	90.8%

Source: Land Registry Data (2014), Rightmove (2014), Experian Income Data (2014)

## Impact of the Affordable Rents Model

10.16 The Government introduced a new Affordable Rent Model in April 2011 as part of its spending review. Affordable Rent offers shorter term tenancies at a rent higher than social rent. This is set at up to 80% of local market rent.

10.17 It is the Government's intention that the additional rental income will contribute to the delivery of 150,000 new affordable homes over the period 2011-15. However, the earlier October 2010 Spending Review also announced a reduction in the capital funding available to 2014/15 for the development of new social housing to £4.5bn (down from £8.4bn). Concerns have been expressed by some that the new arrangements could reduce the number of affordable homes that can be delivered. Concerns have also been expressed

over the affordability of the increased rents and the associated increased role of benefits to fill the gap created.

- 10.18 The Government's recommendations have been broadly welcomed by many RPs. There are new opportunities to better manage their assets and to tailor tenancies and rent levels to more accurately meet their needs. However, the structure of the new system also means that in areas where private rents are low, social housing currently offers close to - or greater than - 80% of market rents. For these places, there will be little or no increase in subsidy. This means that there will be very little additional money available with which to build new homes in some parts of the country.
- 10.19 The purpose of this section of the report is to examine the anticipated positive and negative impacts of the affordable rent model. This report only focuses on affordability aspects; it does not consider other impacts of the affordable rent model.
- 10.20 In addition, the potential opportunities for utilising affordable rent housing as part of a recommended tenure split for future affordable housing supply are explored later in this report (under the heading Suggested Affordable Housing Requirements).

## **Suggested Affordable Housing Requirements**

- 10.21 Table 10.5 shows the changes to rental levels by comparing current social rents with 80% of market rents. This does not take into account variations of income/rent levels in different locations within Staffordshire Moorlands. However, the calculation is useful in broadly demonstrating the extent to which affordable rent levels (on average) at 80% of market rent, compared with the cost of social rent. It shows insignificant differences between social and 80% market rents, with the latter less than 1% lower.
- 10.22 The Tables below compare the differences between current social rents and 80% market rents by property size. These tables show that although social rent is comparable with lower quartile affordable rents (80% market rent), this is not the case for the average market rents for smaller and particularly larger properties. For example, the analysis indicates that for 2/3 bedroom properties, average rents are around 20% higher than equivalent social rented properties in Staffordshire Moorlands, whilst the difference for 1-bedroom properties is only 13%.

Table 10.5 Difference between Current Social Rents and 80% Market Rent - Overall Average

Overall Average			
District	Social Rents (Average)	80% Market Rents (Lower Quartile)	Difference
Staffordshire Moorlands	£342	£340	-£2 (-0.6%)

Table 10.6 1 Bedroom Properties - Difference between Current Social Rent and 80% Market Rents

1-Bedroom Properties			
District	Social Rents (Average)	80% Market Rents (Average)	Difference
Staffordshire Moorlands	£320	£360	+£40 (12.5%)

Table 10.7 2/3 Bedroom Properties - Difference between Current Social Rents and 80% Market Rents

2/3-Bedroom Properties			
District	Social Rents (Average)	80% Market Rents (Average)	Difference
Staffordshire Moorlands	£358	£430	+£72 (20.1%)

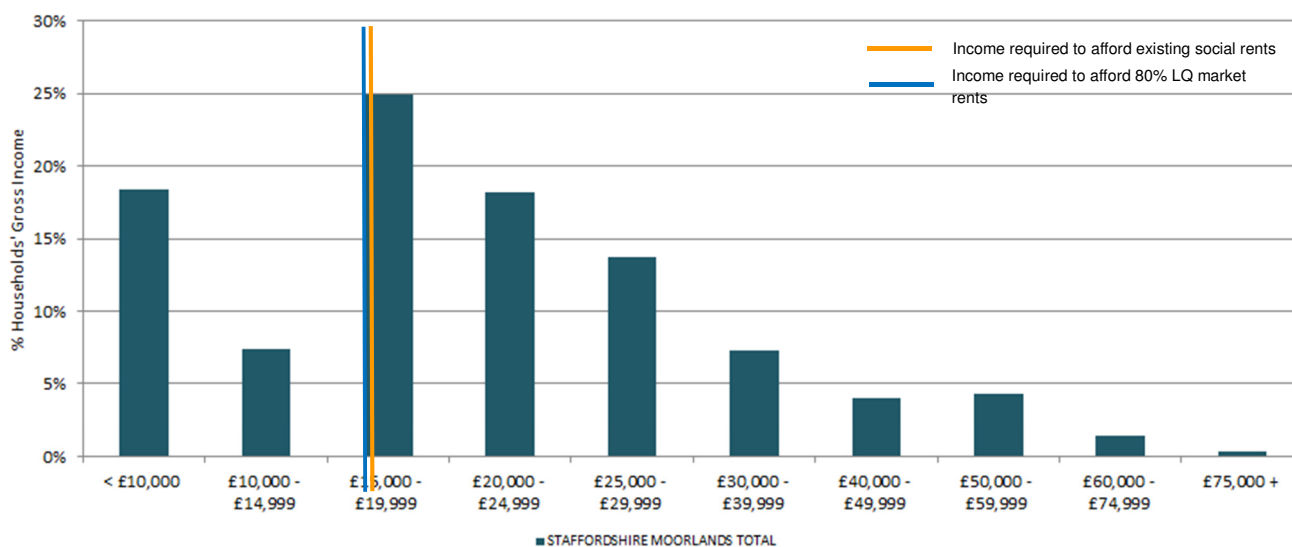
Source: CORE DATA (2013) and Rightmove (2013)

## Comparing Rent with Household Income

10.23

Figure 10.1 draws together the information on rent differences with Experian household income band data for the general population (i.e. all households who live in Staffordshire Moorlands). They show the number of households in each of the income bands within the Local Authority. The orange vertical line shows the income required to afford existing social rents (average: £16,410) and the blue vertical line shows the income required to afford 80% of lower quartile market rents (average: £16,320). This assumes that up to 25% of gross household income is spent on rent. Thus, any households to the left of the vertical lines would need to pay more than 25% of their income on rent or require the receipt of benefits.

Figure 10.1 Staffordshire Moorlands Affordability



Source: Experian (2013), CORE, Rightmove (2013)

### Affordability of existing and newly forming households

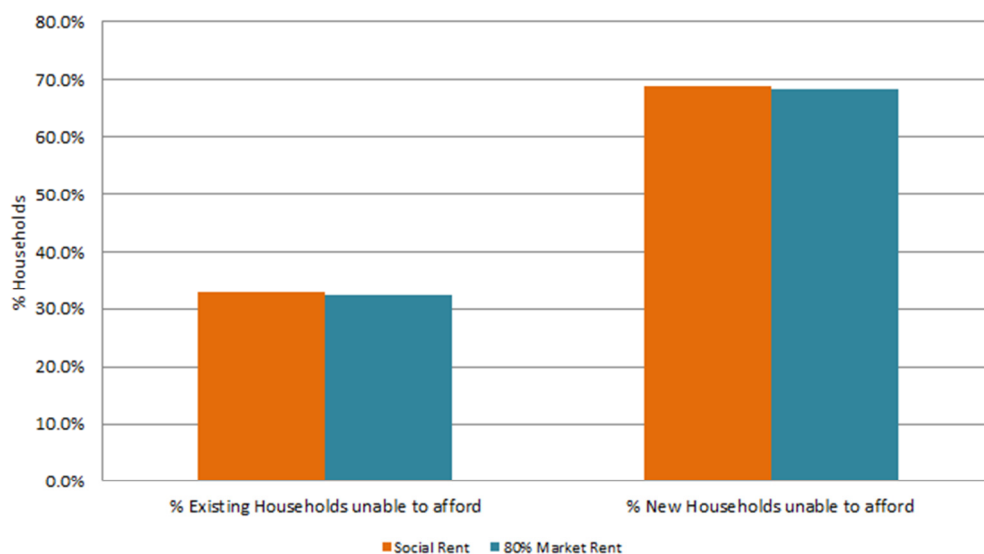
10.24 The above information relates to the general (existing) population. However, the affordable housing calculation (Section 7.0) explained how the incomes of newly forming households are generally lower than that of the general population. This is reflected in Figure 10.2, which contrasts the percentage of existing and newly forming households unable to afford existing social renting and 80% market rent. There is a huge difference between the number of existing and new households that can afford either affordable or social rented accommodation due to the substantial drop in income estimated for the latter group.

10.25 There remains a very substantial difference between the ability of existing and newly forming households to afford either social or affordable rent. Indeed, it appears that:

- 1 32.8% of existing households and 69.0% of newly forming households cannot afford existing social rent; and,
- 2 Some 32.4% of existing households and 68.5% of newly forming households in the District cannot afford 80% LQ market rent.



Figure 10.2 % of Existing/Newly Forming Households Unable to Afford Existing Social Rent or 80% LQ Market Rent



Source: Experian 2013, CORE 2013, Rightmove 2013

- 10.26 The income data used to inform this analysis does not take into account benefits received by households (including Housing Benefit). The analysis suggests that the proportion of households receiving Housing Benefit as part of the all-encompassing Universal Credit, could rise significantly with rents for new properties set at 80% of market rents, due to the relatively high price of the latter.

### Proportion of Housing to be Affordable

- 10.27 An overall housing requirement has been identified (Section 6.0) of **260-440 dpa for Staffordshire Moorlands District**, equivalent to 5,200 to 8,800 additional dwellings over the Plan period 2011 to 2031.
- 10.28 An affordable housing requirement has been identified (Section 9.0) of 707 dpa based on the gross household formation approach, or 250 dpa over five years based on the net household formation comparator approach.
- 10.29 An assessment of the amount of net annual affordable housing need identified for the District as a proportion of the total housing requirement suggests that, in quantitative terms at least, and based on the net household formation approach, theoretically Staffordshire Moorlands would need between 57%-96% of its total annual housing requirement to comprise social housing if it is to meet all of its affordable housing need (for the first five years).
- 10.30 The 707 dpa gross household formation calculation is higher than the figure quoted for the District in the previous 2008 SHMA covering the West Midlands North HMA<sup>27</sup>, which identified a requirement of 429 dpa. However, even at this lower level of need, the 2008 SHMA recognised that:

<sup>27</sup> Outside Consultants (April 2008): *West Midlands North Housing Market Area Strategic Housing Market Assessment 2007*

*“In Staffordshire Moorlands the housing needs model implies affordable housing targets of 100% on all developments. Whilst this may not be appropriate or desirable lower site size thresholds of ten dwellings in urban areas and three in villages should be considered with minimum targets appropriate to the housing market sector including 50% on sites in rural locations and 100% on sites of less than three dwellings”. [page 245]*

### **Policy Advice**

Ultimately, the affordable housing target to be established by Staffordshire Moorlands District Council is a decision to be made through the Local Plan. The Council will need to establish a balance between housing need requirements and viability of delivery. The study has demonstrated that the quantitative need for affordable housing is high, particularly using the gross household formation approach, at **707 dpa**. However, this does not take into account the continued ability of the Private Rented Sector to accommodate households in need, which in practice occurs through the payment of housing benefit.

The Government’s Practice Guidance states that the total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. *‘An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes.’* [§2a-029-20140306]

However, there remains a clear requirement to balance the need to boost the delivery of affordable housing against viability concerns for parts of Staffordshire Moorlands District.

The current adopted Core Strategy for Staffordshire Moorlands District (March 2014) no longer includes a target for the minimum number of affordable housing units to be provided between 2006 and 2026 because of the uncertainty with the level of affordable housing provision to be sought from market housing in the longer term. *“The current level of 33% affordable housing on market housing sites will be re-assessed after 2016 as part of the review of the Core Strategy in the light of more up-to-date evidence on the ability of sites to deliver affordable housing.”* [§8.1.15]

Due to the high level of affordable housing need identified in this SHMA, it is suggested that this 30% threshold should be the minimum sought on viable sites, and that a higher figure could be considered by the Council subject to viability testing on delivery.

This does not include any allowance for the private rented sector to make up some of the shortfall, although it is recognised that it plays a very significant

role in helping Staffordshire Moorlands households in constrained circumstances to meet their housing needs independently, and for addressing the slack between affordable housing need and provision. This is likely to continue for the foreseeable future.

It is stressed that the deliverability of the **indicative 30% minimum** target has not been tested in this SHMA, and it is recognised that such a level of affordable housing may be challenging to deliver on some sites in the District. It will be for **SMDC to undertake further housing viability work** to test the extent to which this target can realistically be achieved in the current economic climate, or the extent to which it aligns with other policy objectives.

### Suggested Affordable Housing Split

- 10.31 An assessment has also been undertaken to establish a suggested split between social rent, affordable rent and intermediate affordable housing. Again, the targets to be established are a policy decision for SMDC to make through its Local Plan early review process.
- 10.32 This assessment has been undertaken by examining the interaction between housing costs and household income. The suggested tenure split has been informed by our analysis of the ability of households with insufficient income to access market housing to afford different types of affordable housing.
- 10.33 Housing costs have been examined by looking at the following sources:
- 1 **Social rent levels:** CORE data.
  - 2 **Intermediate housing costs:** CORE data setting out the market value of shared-ownership purchases has been assessed. Indicative monthly housing costs have been identified using lower-quartile market values and based on the purchaser buying a 50% equity share in the property. Monthly mortgage costs are calculated based on 4% interest rate mortgage on the 50% equity. Rent levels are calculated on the basis that 3% of the equity retained by the RP is paid per year. For example, for a typical LQ property in Staffordshire Moorlands valued at £102,000, where 50% is rented, rental costs are assumed to be £4,795 per year, or £400 per month.
  - 3 **Private rent levels:** Rightmove data on advertised rents, cross-checked against VOA data.
  - 4 **Affordable Rent levels:** (assuming affordable rent is at 80% market rents): 80% of private rented costs.
- 10.34 This has identified average housing costs, which are set out in Table 10.8.

Table 10.8 Monthly Rents and Costs

	Intermediate shared ownership (50% equity)	Affordable Rent (80% market rent)	Social Rent (average)	Lower Quartile Private Rent	LQ Home Ownership (10% deposit) <sup>28</sup>
Staffordshire Moorlands	£400	£340	£342	£425	£490

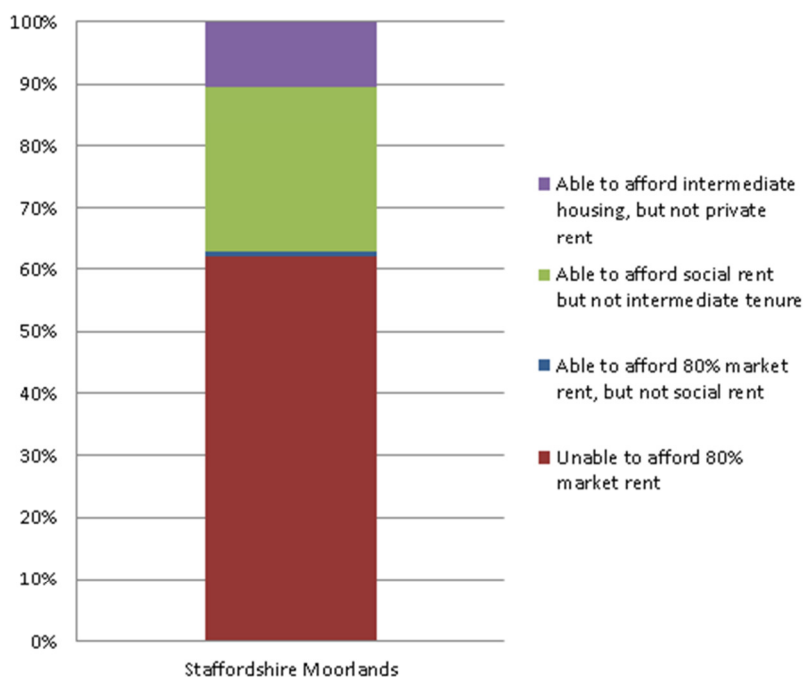
Source: CORE (2013), Land Registry 2013 and Rightmove (2013)

- 10.35 Information on household income has been obtained from Experian data, which estimates the number of households with a household income in each of ten different income bands. The income data used to inform this analysis does not take into account benefits received by households (including Housing Benefit).
- 10.36 The analysis then seeks to estimate the number of households unable to afford market housing. This assumes that a household does not spend more than 25% of their gross household income on rent<sup>29</sup> (or for intermediate properties, combined mortgage/rent payments). Thus, to afford a lower quartile private rented monthly rent of £425, a household would require a yearly income of £20,400, 80% market rent would require an income of £16,320; to afford intermediate a household income of £19,178 would be required; and to afford social rent, a household would need a household income of £16,410.
- 10.37 In total, it is estimated that around 22,465 households cannot afford private rent, which would equate to around 52% of all households in the District.
- 10.38 The analysis has enabled an estimate to be made of the proportion of households in each area with insufficient income to afford market rent and therefore requiring affordable housing. The analysis at Figure 10.3 relates specifically to households unable to afford to access the private-rented market housing (i.e. households in need of affordable housing). It shows the proportion of these households:
- 1 Unable to afford 80% of the cost of market housing;
  - 2 Able to afford affordable rent, but not social rent;
  - 3 Able to afford social rent, but not intermediate housing;
  - 4 Able to afford intermediate housing but not private rent without benefits.

<sup>28</sup> Calculated on the basis of a 10% deposit for a typical Lower Quartile house in Staffordshire Moorlands, at an interest rate of 4% over 25 years

<sup>29</sup> This assumption is in accordance with the former CLG SHMA Practice Guidance (2007), which, whilst no longer extant, still represents best practice

Figure 10.3 Existing Households Unable to Access Private Rented Accommodation – Affordability



Source: Experian, CORE, Rightmove 2013

10.39

The suggested percentage split at Table 10.9 reflects the ability of households requiring affordable housing to afford the different affordable housing tenures (social rent, affordable rent and intermediate) as identified by the affordability calculation. This is indicated by Figure 10.3, which shows:

- 1 Of the estimated 22,466 households in Staffordshire Moorlands District who cannot afford to enter the private market for housing without some form of subsidy, 62% have such low household incomes that they cannot even afford affordable rent, with a further 1% who cannot afford the basic level of social rented accommodation. These households cannot access even the most affordable type of housing without assistance from the state in the form of additional benefit payments to cover the difference. It is considered that these households are most appropriately housed in social/affordable rent housing with the support of benefit payments to cover the difference in rent.
- 2 Furthermore, an additional 26% of these households can afford affordable/social rent, but not intermediate housing;
- 3 The proportion of households in need of affordable housing who are able to afford intermediate housing (without benefits) but not private rented housing is 11%.

10.40

The recommended percentage split for social rent/affordable rent/intermediate affordable housing (based on the identified net requirements) is set out in Table 10.9.

10.41

This is based on the analysis above and the progressive move at a national level away from social rented towards affordable rented tenure provision.

- 10.42 For example, 62% of households cannot afford any form of housing (whether it is social rented or private) without any form of housing subsidy, whilst a further 1% can afford affordable rented properties but not any other form of tenure. In theory, therefore, almost two thirds of the affordable properties should be targeted towards meeting this need. A further 26% can afford affordable and social rent, but not intermediate housing.
- 10.43 As noted above, the Government has introduced measures to facilitate the provision of affordable rented properties at the expense of social rented dwellings. There is therefore a need to rebalance the stock to reflect this shift.
- 10.44 In addition, as 62% of these households cannot afford even social rented accommodation, a significant proportion will be reliant on housing benefit to meet their housing needs, which would be paid out to households whether they are in social rented or affordable rented properties. Hence it is considered that around 30% of the affordable properties should be social rented, with 50% affordable rented.
- 10.45 It is recognised that the financing of social rented accommodation is becoming increasingly difficult, as funding streams to RPs are more constrained for this form of tenure. In addition, social rented accommodation is the most expensive form of affordable tenure for housebuilders to provide as it requires a greater subsidy from the developer.
- 10.46 As a consequence, the Council will need to consider the delivery implications of the social/affordable renting tenure split in formulating their policy. If the provision of social rent adversely affects viability, and thereby the overall provision of affordable housing units, the proportion of social rented accommodation may need to be reduced accordingly. This is a policy choice which the Council will need to consider carefully.
- 10.47 Furthermore, it should be noted that the cost of private renting is particularly high in the rural areas of Staffordshire Moorlands (most notably in the Peak District National Park). As such, the application of affordable rents within these rural areas would need to be carefully considered and monitored alongside rental market fluctuations.

Table 10.9 Suggested Social Rent/Intermediate Affordable Housing Split

	Staffordshire Moorlands
Net Annual Affordable Housing Need (gross household formation approach)	707
Net Annual Affordable Housing Need (net household formation approach)	250
% Social Rented	30%
% Affordable Rented	50%
% Intermediate Tenure	20%

- 10.48 In justifying the remaining 20% of affordable housing to comprise intermediate tenure, it is recognised that this represents an uplift on the 11% identified in

Figure 10.3 as being the proportion who can afford intermediate housing, but not private rent. The above recommended split has been based upon an assessment of the affordability of households in need for different forms of affordable housing. Policy choices on the delivery of affordable housing will need to balance affordability against the deliverability of social rented, affordable rented and intermediate tenures (intermediate being generally cheaper to deliver per unit than social rented and affordable rent offering a new choice and opportunity for delivery).

- 10.49 It is accepted that there has been relatively limited use of intermediate tenure property in Staffordshire Moorlands. However, it is a relatively cheap form of affordable tenure (see Figure 10.3) and offers significant benefits to the occupants by providing them with a financial stake in the property. In addition, this tenure is often preferred by housebuilders as it is cheaper to deliver and does not have an impact on the marketability of the adjacent open market housing.
- 10.50 In these circumstances, it will require a shift in delivery and the Council/RPs to market this form of tenure to demonstrate its benefits to future residents but it has the potential of providing an attractive and more viable form of affordable housing to meet local needs.
- 10.51 The amount of income from affordable housing varies depending on the type of tenure proposed. This is not generally related to the costs of building the dwelling (although the specification may be slightly higher for intermediate rather than social rent) but to the sale price to Registered Providers [RPs]. RPs are generally able to pay more for intermediate stock because of they receive part of the purchase price and market rent from the future occupier. This means that housebuilders receive a premium for this type of tenure which assists the viability of the development as a whole. In addition, housebuilders are often able to make a greater provision of intermediate housing due to the reduced implications on market sales and the higher premium from RPs. This form of tenure also provides tenants part ownership of their property which helps first time buyers to enter the property market.
- 10.52 Housebuilders determine the affordable housing they prefer to provide based on the financial implications for the development. In particular, housebuilders prefer to provide intermediate housing because there is less market resistance amongst house purchasers to buy houses next to intermediate tenures; indeed much of the concern over social housing relates to the implications for house sales nearby. As a consequence, the plots adjacent to the affordable housing units are generally sold at a discount with the greatest discount reserved for those properties close to social rented accommodation.
- 10.53 It is noted that this analysis has been undertaken before all of the affordability and deliverability implications of the new affordable rent tenure have become apparent. It is of note that the analysis carried out for this report assumed affordable rents based on 80% of current market rents. The emerging role of affordable rent will require close monitoring and if new evidence emerges on the affordability impacts of affordable rent properties then the recommended

tenure split between social rent and affordable rent housing may require amendment. As mentioned above, policy decisions on the required split between social rent and affordable rent provision should also take into account the comparative deliverability of affordable rent and social rent housing.

## Conclusions

- 10.54 Sensitivity testing has been undertaken to examine the impacts on net affordable housing requirements of an increase or reduction in housing costs. It demonstrates the significant impact which a relatively minor change in rental levels would have on affordable housing requirements. This reinforces the importance of monitoring the situation and updating the affordable housing calculation if significant changes in the costs of market housing occur.
- 10.55 This section of the report has also examined affordable housing requirements as a proportion of overall supply. It notes that the housing needs model implies that in quantitative terms at least, theoretically affordable housing targets of over 100% would be needed if Staffordshire Moorlands were to meet all of its affordable housing need, which is clearly impractical.
- 10.56 The recommended range has sought to balance the need to boost the delivery of affordable housing set against viability concerns for parts of Staffordshire Moorlands in order to provide an ambitious, but ultimately realistic, level of affordable housing provision in the District.

### Policy Advice

An assessment has been undertaken of the split required between social rent, affordable rent and intermediate housing. Affordable housing targets are a policy decision to be made through the Local Plan early review. However, the following indicative percentage split for affordable housing has been identified by this report (bearing in mind that there is very limited difference between the cost of affordable rent and social rent in the District):

**- Staffordshire Moorlands: 30% Social Rented: 50% Affordable Rented: 20% Intermediate.**

It is recommended that SMDC takes a flexible approach to affordable housing requirements when dealing with housing applications in the District, as the lower level of housing viability in certain urban parts of the District could be compromised by an excessive affordable housing requirement. This applies not only to the amount of affordable housing to be provided, but also the tenure type, with social rented accommodation generally being less profitable for a volume house builder than intermediate, or shared, ownership. Therefore in weighing the amount of affordable housing to be provided, the LPA should treat each case on its merits.

- 10.57 It is acknowledged that levels of intermediate housing provision in Staffordshire Moorlands have been low to date. However, the provision of this tenure is



becoming increasingly popular across the Country as it offers developers a more profitable and lower risk affordable housing alternative to social rented properties. The provision of intermediate housing can thus assist in improving the viability of development, which is an important issue in Staffordshire Moorlands District. This form of tenure also provides tenants part ownership of their property which helps first time buyers to enter the property market. It is therefore considered that the popularity of the intermediate housing tenure will increase in Staffordshire Moorlands over time, hence the 20% recommendation for intermediate tenure provision.

## 11.0 Housing Requirements by Size and Type

### Introduction

11.1 The modelling undertaken for Staffordshire Moorlands, and discussed in detail in Section 5.0, has provided a range of housing requirements for the District. This section provides a more detailed analysis of the requirements split by size and type affordable/market housing combined.

### Housing Requirements Split by Size and Tenure

11.2 There is no exact formula for setting the approach to defining housing size and type requirements, and no way to 'model out' the need for judgement when balancing a range of different factors. The starting point for the analysis involves revisiting the outputs of the PopGroup model. This splits the population forecasts into various household groupings based on 17 ONS derived codes (i.e. single household, married couple with two children etc.).

11.3 It is possible to link the changes in household characteristics with the housing types/sizes they are likely to require, based on assumptions stated in the Government's Survey of English Housing (2008) and Housing Vision. The assumptions made are presented in Table 11.1.

Table 11.1 Estimated Housing Size required by Household Type, by Age of Head of Household

Age Range 2013	One Person	Married Couple / With 1/2 Children	Married Couple / With 3+ Children	Cohabiting Couple / With 1/2 Children	Cohabiting Couple / With 3+ Children	Lone Parent / With 1/2 Children	Lone Parent / With 3+ Children	Other Multi-Person
0-14	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
15-24	1 bed flat/house	2 bed flat/house	3 bed house	2 bed flat/house	3 bed flat/house	2 bed flat/house	3 bed house	1 bed flat
25-34	1 bed flat/house	3 bed house	3 bed house	3 bed house	3 bed house	3 bed house	3 bed house	1 bed flat
35-44	2 bed flat/house	3 bed house	4 bed house	3 bed house	4 bed house	3 bed house	4 bed house	2 bed flat
45-59	2 bed flat/house	3 bed house	4 bed house	3 bed house	4 bed house	3 bed house	4 bed house	2 bed flat
60-84	2 bed flat/bungalow <sup>30</sup>	2 bed flat/bungalow	3 bed bungalow	2 bed flat/bungalow	3 bed bungalow	2 bed flat/bungalow	3 bed bungalow	2 bed flat
85+	Housing with care	Housing with care	Housing with care	Housing with care	Housing with care	Housing with care	Housing with care	Housing with care

Source: NLP after Survey of English Housing and Housing Vision / Northern Peninsula Strategic Housing Market Assessment 2008

<sup>30</sup> Note – it is recognised that in many instances a single person over the age of 60 may only 'need' a 1-bed flat/bungalow. For the purposes of this very broad assessment, it has been assumed that a 2-bed dwelling is needed as it provides the flexibility for that household to accommodate carers /family visitors to provide the necessary care and support. Furthermore, this approach provides a very close match with the total number of 1-bed dwellings recorded in the 2011 Census.

- 11.4 This table has been defined on the basis of the following assumptions<sup>31</sup>:
- 1 Smaller apartments/flats or houses will be more suitable for meeting the initial requirements of married couples until the age they have a family. Those households without children could occupy either houses or flats of the appropriate size;
  - 2 Cohabiting couples and lone parents will want and require similar sizes of housing to married couples. Those households without children could occupy either houses or flats of the appropriate size;
  - 3 Smaller apartments/flats or houses will be more suitable to meeting the requirements of single person households;
  - 4 According to their composition, institutional accommodation such as a residential care home, hostel or purpose-built student accommodation will be more suitable for multi-person households;
  - 5 Further qualitative allowances will need to be made of households at retirement age who are likely to continue living in their previous home unless more manageable two bed flats, houses and bungalows are available; and,
  - 6 The requirement for housing with care, including supported housing and extra care provision, is likely to increase at 85 and above.
- 11.5 Applying the matrix to the PopGroup data allows an initial (and, due to the limitations of the data sources, an indicative) understanding of the composition of future dwelling type requirements in Staffordshire Moorlands.
- 11.6 Table 11.2 demonstrates that due to the high numbers of one-person households in the area by 2031, coupled with an ageing population, the need for smaller units exceeds the need for larger, family units for Staffordshire Moorlands, and that the trend is likely to become accentuated over time. For example, given the changing household characteristics, the proportion of households who could be adequately housed in 2-bed accommodation could increase from 51.2% in 2011, to 54.8% in 2031. The need for housing with care could increase substantially for Staffordshire Moorlands District over the 20-year time period, whilst conversely the need for larger 3 bed homes could fall significantly.

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<sup>31</sup> Northern Peninsula SHMA (December 2008)

Table 11.2 Estimated Housing Type and Size 'needed'

	Staffordshire Moorlands	
	2011	2031
1 bed flat	3.0%	2.9%
2 bed flat/house/bungalow	51.2%	54.8%
3 bed house/bungalow	38.8%	30.1%
4 bed house	2.8%	2.5%
Housing with Care	4.3%	9.6%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: NLP / PopGroup Baseline Model Run 2013

11.7

Table 11.3 presents the difference, in absolute terms, for each of the house types based on the PopGroup baseline model and demonstrates an increased 'need' for 1 and 2 bed properties and particularly housing with care (the 'need' for which could more than double in size), with a decline in the need for 3-bed houses. This requirement for smaller residential units<sup>32</sup> for Staffordshire Moorlands District would correlate with the national trend towards an ageing population and smaller household sizes generally.

Table 11.3 Change in House Size and Types, 2011-30

	Staffordshire Moorlands		
	2011	2031	Difference (%)
1 bed flat	1,242	1,364	+122 (10%)
2 bed flat/house/bungalow	21,404	25,403	+3,999 (+19%)
3 bed /house/bungalow	16,216	13,968	-2,248 (-14%)
4 bed house	1,150	1,157	+7 (+1%)
Housing with Care	1,795	4,448	+2,654 (+148%)
<b>TOTAL</b>	<b>41,808</b>	<b>46,341</b>	<b>+4,534 (+11%)</b>

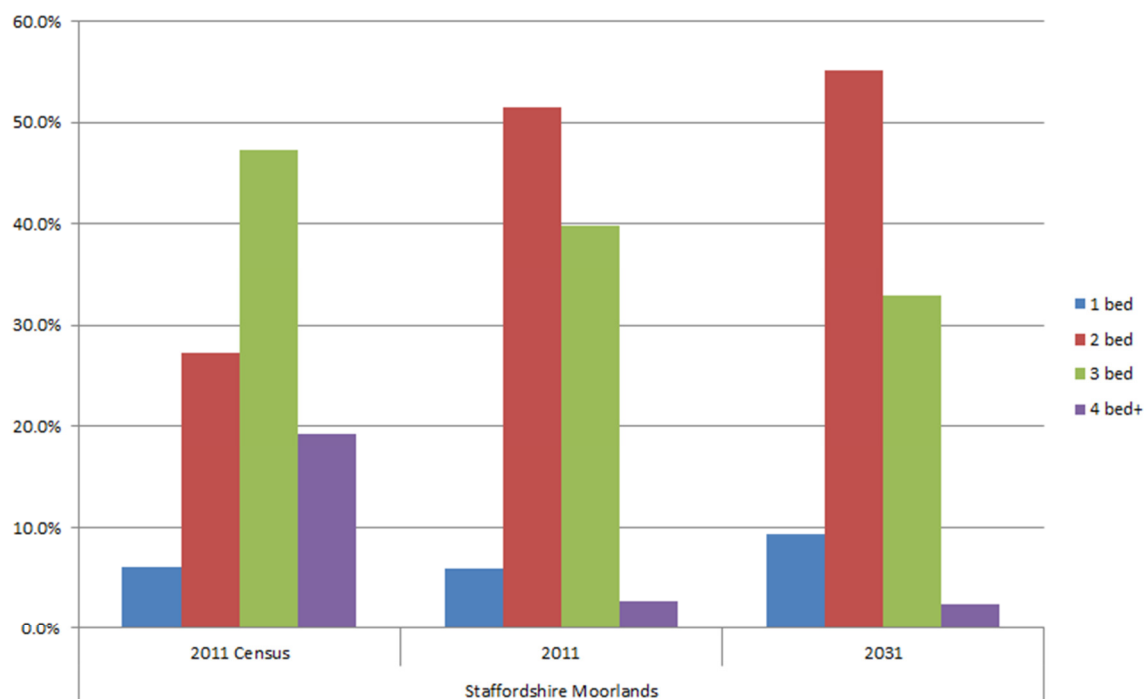
Source: NLP / PopGroup Baseline Model Run 2013

11.8

However, the figures are indicative and do not take into account a range of critical qualitative considerations. In particular, the modelling does not fully address people's aspirations and the viability of particular dwelling types. As a result, the modelling is a relatively weak match with the current 'stock' of house sizes in the District, as illustrated in Figure 11.1. For example, whilst the modelled **need** for 2-bed properties is very high in Staffordshire Moorlands District in 2011 (52%, redistributing housing with care), the **actual** stock of 2-bed homes recorded in the 2011 Census was just 27%. It is therefore important to recognise that in practice, providing a range of dwelling sizes specifically to match the quantitative need would not address people's aspirations and could discourage more affluent households from moving to/remaining in the District.

<sup>32</sup> It should be noted that the need for 'smaller' properties refers to 1/2 bed properties instead of 3/4 bed properties. This does not necessarily mean there is a need for properties with a smaller footprint.

Figure 11.1 Modelled 'need' compared with 2011 Census 'actual' stock (redistributing housing with care)



Source: NLP PopGroup Analysis / Census 2011

## Aspirations and Viability Considerations

- 11.9 Research by CABA shows that semi-detached and detached houses are the preferred house type for the majority of households, particularly families (but not limited to this household type). Older couples also aspire to live in detached houses. In terms of past supply, 1 and 2-bed flats have contributed significantly to supply over recent years. They are viewed as a short-term housing option for many households, with a large number of purchases resulting from their relative affordability and their being located primarily in central locations<sup>33</sup>.
- 11.10 Underlying trends in the wider economy - and particularly the ability of households to pay for 'more' housing than they strictly need - has resulted in increasing housing consumption (in terms of numbers of rooms for most household types), especially in owner occupation. This is accentuated by the generally progressive nature of housing aspirations.
- 11.11 Hence aspirations are generally for larger homes and the size of dwelling that people actually 'need' (as calculated in Table 11.2) is often significantly smaller than the size of dwelling they actually want, or can afford. Furthermore, at the current time (2014), viability challenges are presenting a barrier to policy makers seeking to influence size/mix. Many developers quite correctly cite squeezed development margins in a risk averse commercial market as a barrier to making amendments to the mix of dwellings where any such changes might be 'sub optimal' in terms of sales and marketing.

<sup>33</sup> CABA 2005, 'What home buyers want: attitudes and decision making among consumers'

- 11.12 In the public sector, changes to the benefits system (especially the advent of the Government's new fiscal penalty for under-occupancy) is incentivising households to move to smaller properties in order to avoid a reduction in the level of housing benefit they receive. Discussions with a number of RPs has indicated that the under-occupancy penalty has already started to have a significant impact on household's requirements (in the social sector), with a substantial increase in the number of respondents wanting 1 and 2-bed properties and a commensurate reduction in the number of households asking for 3-bed properties. This is at variance with what was experienced previously. This is presenting significant problems for RPs as there is insufficient 2-bed stock to meet this demand and RPs are concerned that another change in Government could lead to a reversal of these recent trends.
- 11.13 Equally, in the current property market, the assumption that high density apartment schemes will come forward in substantial numbers (particularly for market housing) must be tempered with the fact that there are many examples across the country of sites with extant planning permission for small apartments lying vacant. This is of particular interest to Staffordshire Moorlands where there is considerable potential to convert the numerous mill buildings in the authority area. Many informed industry sources suggest that due to saturation in supply, the apartment market may not pick up substantively for at least the next 2 years. As such, there is a risk in deliverability should SMDC be too prescriptive with regards an overly high requirement for small, high density 1 and 2-bed apartment schemes.

### **Housing Size and Type Summary and Qualitative Balancing**

- 11.14 In summary, the evidence base suggests that there is a need to encourage the development of smaller properties to provide choice in terms of both size and price, particularly in the social rented sector. Through the application of various assumptions on housing need by household type, the results suggest that, based on the characteristics of existing and new residents in Staffordshire Moorlands in the period up to 2031, there would be a need for the following:
- 1 An increased need for 1-bed apartments, in the order of 10%;
  - 2 An increased need for 2-bed apartments/houses/bungalows, in the order of 19% for Staffordshire Moorlands District;
  - 3 A decreased need for 3-bed apartments/houses/bungalows, in the order of -14%;
  - 4 An very slight increase in the need for 4-bed semi-detached and detached houses (+1%); and
  - 5 A substantial increased need for housing with care, at levels almost 150% higher than the 2011 position.
- 11.15 However, this level of 'need' does not factor in critical issues such as aspirations and viability. Realistically, although a couple aged 65+ living in the large former family home, may only 'need' a 1 or 2 bed dwelling, they are quite likely to remain and 'under-occupy' their existing, larger house (particularly if

they own their own home), or even move to a similarly sized property. Similarly, families will often seek a spare bedroom if affordability permits.

- 11.16 Furthermore, an over-representation of smaller 1/2 bed apartments could be detrimental to the viability of many proposed developments in the District. As such, a rational, balanced approach needs to be taken using the modelled approach to guide, rather than dictate, the proposed mix of units. The aspirations of local residents have been obtained following the stakeholder workshops and referencing the Housing Register.
- 11.17 The Housing Register and the SHMA modelling work discussed in Section 7.0, 8.0 and 9.0 suggests the following (summarised in Table 11.4):
- 1 The Housing Register data suggests a pronounced need for additional 1-bedroom properties, at a level significantly above current stock levels. The need for smaller properties in the social rented sector is also much greater than the aspirations of existing households who can afford market housing;
  - 2 The modelled need for 2-bedroomed properties is also significantly above the stock of properties according to the 2011 Census, suggesting a clear need for smaller dwellings;
  - 3 The greatest imbalance is in the 3 and particularly 4+ bed properties, which comprise two thirds of the total stock, but a much lower proportion of the modelled 'need' going forward. Whilst household's aspirations for the larger 4+ bed properties is greater than their specific need, again this sits at a level below the current representation of such properties in the District.

Table 11.4 Estimated Housing Size 'needed' / aspired towards

	Staffordshire Moorlands (%)			
	Stock (2011 Census)	'Need' (PopGroup Modelling, redistributing housing with care)		Required (Housing Register)*
	2011	2011	2031	2013
1 bed flat	6.0%	5.9%	9.3%	53.9%
2 bed flat / house / bungalow	27.3%	51.5%	55.3%	25.0%
3 bed house / bungalow	47.3%	39.8%	32.9%	12.1%
4 bed+ house	19.3%	2.8%	2.5%	9.0%
TOTAL	100%	100%	100%	100%

Source: Census 2011 / NLP / Housing Register 2013<sup>34</sup>  
 \*Excludes 'Don't knows' from responses

- 11.18 Table 11.5 brings together the quantitative analysis discussed above to provide an indicative forward requirement for house sizes between 2011 and 2031. The indicative requirement highlighted in the table represents a balanced

<sup>34</sup> Given the absence of data available on 'need' and aspirations for extra care housing, this house type has been excluded from the calculations. However, given the characteristics of those households requiring extra care accommodation, it seems reasonable to suppose that the majority will require smaller properties, and particularly 1/2 bed flats/bungalows.

judgement, based on the results of the stock, need, and aspirations categories. No specific weighting has been attached to any of these three categories.

Table 11.5 Policy Advice – Property Size and Type 2011-2031

	Staffordshire Moorlands (%)
1 bed flat	60%
2 bed flat / house / bungalow	
3 bed house / bungalow	40%
4 bed house	

Source: NLP

- 11.19 It should be noted that even if 440 dpa were delivered over the plan period, this would still only comprise a relatively small percentage of the total dwelling stock in the District by 2031 (17%), and as such, it would take a substantial amount of time to rebalance the stock to meet identified needs, as exemplified in the (indicative) Table 11.6.

Table 11.6 Indicative Changes to Dwelling Stock

	Staffordshire Moorlands			
	Current Stock	Recommended New Stock	Additional Housing (440 dpa)	Estimated Future Housing Stock
	2011	2011-2031	2011-2031	2031
1 bed flat	2,516 (6.0%)	60%	5,280	19,200 (38.0%)
2 bed flat / house / bungalow	11,404 (27.3%)			
3 bed house / bungalow	19,750 (47.3%)	40%	3,520	31,320 (62.0%)
4 bed + house	8,050 (19.3%)			
<b>TOTAL</b>	<b>41,720 (100%)</b>	<b>100%</b>	<b>8,800</b>	<b>50,520 (100%)</b>

- 11.20 The future requirement for Staffordshire Moorlands District is justified on the following grounds:
- 1 bed dwellings:** the proportion of the District's stock that comprises the smallest unit type is projected to be significantly below the identified need by 2031 and also household's requirements as specified on the Housing Register. Furthermore, in deriving an indicative figure for the amount of 1-bed properties that should be developed to 2031, consideration was given to the comments received from the stakeholder workshop, which indicated that although demand for smaller apartments had been weak, the changes to the benefits system was forcing more residents to consider smaller housing options than before to avoid losing part of their housing benefit. There is also a clear need emerging from the increasing elderly population;
  - 2 bed dwellings:** Around 27% of the current stock of properties in the District has 2-bedrooms, yet the modelled 'need' is over 50% in 2011 and is forecast to rise to 55% by 2031, whilst a quarter of applicants on the Housing Register expressed a need to live in such properties in future.



The stakeholder consultation did, however, reveal a relatively high and increasing demand for smaller 2-bed properties at present due to the under-occupancy penalty, and an under-supply in the social rented sector of such properties as a result. As a consequence, and bearing in mind viability considerations (which would need to be considered in greater detail by SMDC as this is outwith the scope of this SHMA), it is suggested that around 60% of new units in Staffordshire Moorlands could comprise 1-bed apartments/bungalows or 2-bed dwellings.

- 3 **3 bed dwellings:** this size of house has the greatest representation in the stock of the District, with almost half of the total stock comprising this size of dwelling. However, in terms of the physical 'need' for such properties, the trend over the study period is declining. For example despite comprising 47% of the total stock at present (according to the 2011 Census), it is estimated that Staffordshire Moorlands District would ultimately 'need' only around 33% of its total stock to comprise this house size by 2031. The stakeholder discussions also revealed there to be a serious imbalance in the social rented sector regarding supply and demand for these types of properties, which are becoming increasingly hard to let as a result of the fiscal penalties associated with under-occupation;
- 4 **4 bed houses:** this is the house size where there is a particularly high imbalance between identified 'need' and supply. Around a fifth of all housing stock in the District currently has at least 4 bedrooms, whilst the identified 'need' for these larger house sizes is low– less than 3%; this need is also forecast to decrease slightly going forward. However, there is very much a mismatch with this level of 'need'; the amount of stock available and people's aspirations, which unsurprisingly are for larger homes. Just under 10% of applicants on the Housing Register for Staffordshire Moorlands are seeking properties of this size. Allowing for the desires expressed in the Housing Register against the need to rebalance the stock towards smaller properties, it is suggested that the amount of 3/4-bed larger units be set around the 40% level in future.

### **Policy Advice**

An assessment has been undertaken of the split required between affordable/market housing type and size over the Plan period. Such housing targets are a policy decision to be made through the Local Plan. However, the following percentage targets are suggested for Staffordshire Moorlands, with the intention of rebalancing the stock away from small terraced properties and 3-bed accommodation, towards 2-bed dwellings and good quality accommodation designed specifically for the growing elderly population:

- **Property Sizes: 60% 1/2-bed; 40% 3/4-bed+ dwellings.**

It is recommended that SMDC Officers take a flexible approach to applying this advice when dealing with housing applications in their District, as relatively lower levels of housing viability in certain urbanised parts of the District, could be compromised by an unsuitable housing mix. This advice, which is primarily needs based, must be subjected to further detailed assessment through the Council's on-going housing viability work to test the deliverability of these rates.

## 12.0 Conclusions and Recommendations

### Introduction

12.1 This report has been prepared by NLP to advise Staffordshire Moorlands District Council on the housing requirements necessary for their Local Plan early review. The study advises on all housing sectors, including the size and type of dwellings required to reflect local demand.

12.2 The report also summarises the outputs of NLP's HEaDROOM work which forms an integral part of this report's findings. The HEaDROOM results will also be fed into Staffordshire Moorlands' Employment Land Review [ELR] Study which NLP is preparing concurrently.

### Housing Requirements

12.3 Taking into account the scenarios tested and the core constraints on development delivery as shown by current evidence, it is NLP's recommendation that a dwelling requirement of between **260 and 440 dpa** represents a sensible range for Staffordshire Moorlands, providing a realistic level of housing delivery which will aid economic growth aspirations, whilst recognising the demographic and environmental challenges that are present.

12.4 If the Council were to pursue a figure significantly lower than 440 dpa whilst also planning for annual job growth despite an ageing population, it would need to justify how it would mitigate or avoid the adverse housing, economic and other outcomes that a lower-growth approach would give rise to. It would also need to evidence how the adverse impacts of meeting housing need would *'significantly and demonstrably outweigh the benefits'* [Framework §14] as well as make provision, through the duty-to-cooperate, for those needs to be met in full elsewhere within the wider housing market area.

12.5 This range encompasses the most realistic demographic-led needs for development (Scenarios A and F). At the top end of the range this would deliver sufficient dwellings to meet the employment-led needs (Scenario G), uplifting the figure from the demographic starting point (Scenario F) to take into account worsening housing market indicators as prescribed by the Practice Guidance. This range would also surpass past delivery rates (227 dpa) and allow for sustained economic growth over and above a policy of job stabilisation (Scenario I).

12.6 Staffordshire Moorland's under-delivery against its past requirement is relatively small (22 dpa) but nonetheless an allowance has been made to meet this under provision in full over the course of the plan period.

12.7 Supply-side factors, such as development constraints, policy constraints, infrastructure and environmental capacity, land supply and development viability amongst other considerations, are beyond the remit of a SHMA, but may give an indication as to where a target may sit within the OAN range

defined above. Similarly, such factors may provide SMDC with the rationale to deliver more or less than an objective assessment of need, based upon the range of evidence supporting the Local Plan early review.

## Affordable Housing Need

- 12.8 The starting point in calculating the net affordable housing need is the Total Current Housing Need (Gross) established at Step 1.4. This figure takes account of any backlog in provision. By deducting the current available stock of affordable housing (Step 3.5), this results in a net backlog of 861 dwellings for Staffordshire Moorlands. Annualised over 5-years (page 52 in the former CLG Guidance) this equates to a backlog of 172 dwellings for Staffordshire Moorlands District.
- 12.9 In defining newly arising need, the future annual supply of affordable housing identified in Step 3.8 (211 dpa) is removed from the annual future housing need of 746 dpa gross/289 dpa net for Staffordshire Moorlands. When added to the backlog, this indicates that the District has a net annual need of 707 dpa based on the gross household formation approach. These figures make allowance for addressing the net backlog (annualised over 5 years) as indicated in Table 12.1.

Table 12.1 Annual Affordable Housing Need

	Staffordshire Moorlands	
	Gross	Net
<b>Current Need (Including Backlog)</b>		
Total Current Need (Step 1.4)	1,010	
MINUS Total Available Stock of Affordable Housing (Step 3.5)	149	
Equates to Net Current Need	861	
<b>Net Backlog: Annualised (5 years) (A)</b>	<b>172</b>	
<b>Total Newly Arising Need</b>		
Newly Arising Housing Need (Annual) (Step 2.4)	746	289
MINUS Future Annual Supply of Affordable Housing (Step 3.8)	211	
<b>Equates to Net Newly Arising Need (net) (B)</b>	<b>534</b>	<b>78</b>
<b>NET ANNUAL NEED = A+B</b>	<b>707</b>	<b>250</b>

- 12.10 This largely reflects the high levels of gross household formation that are projected to occur. Such outputs are clearly outliers flowing from an affordable housing need methodology that is largely hypothetical and not related to any realistic estimate of household growth in the Staffordshire Moorlands authority area. Applying an alternative (and arguably more realistic) approach to household formation through the use of net household projections would reduce the level of affordable housing need significantly, to 250 for Staffordshire Moorlands over the next 5 years. Despite this significant reduction, the affordable housing need is still considerable.

- 12.11 Based on the gross household formation approach, Staffordshire Moorlands would need to provide more than 100% of its total annual housing requirement to comprise affordable housing if it is to meet all of its need. This is neither achievable nor realistic.
- 12.12 The above calculations are higher than the previous 2008 SHMA covering the West Midlands North HMA suggested. This document concluded that the annual net affordable need was for 429 dpa, and considered that minimum targets appropriate to the housing market sector should include 50% on sites in rural locations and 100% on sites of less than three dwellings.
- 12.13 This does not include any allowance for the private rented sector to make up some of the shortfall, although it is recognised that it plays a very significant role in helping Staffordshire Moorlands households in constrained circumstances to meet their housing needs independently, and for addressing the slack between affordable housing need and provision. This is likely to continue for the foreseeable future.
- 12.14 Nor does it factor in the implications of incentives such as Help to Buy or the Local Authority Mortgage Scheme, which as has been demonstrated elsewhere in this report, would have a significant impact on both existing and first time buyers' ability to access the private sector housing market with relatively low deposits.
- 12.15 The current adopted Core Strategy for Staffordshire Moorlands District (March 2014) has a 33% target for the number of affordable housing units to be sought on market housing sites, although the relevant Policy (H2) states that this target *"will be re-assessed after 2016 as part of the review of the Core Strategy in the light of more up-to-date evidence on the ability of sites to deliver affordable housing."* [§8.1.15]
- 12.16 Due to the high level of affordable housing need identified in this 2014 SHMA, it is suggested that a **30% threshold should be the minimum** sought on viable sites, and that a higher figure should be considered by the Council subject to viability testing on delivery. This does not include any allowance for the private rented sector to make up some of the shortfall, although it is recognised that it plays a very significant role in helping Staffordshire Moorlands households in constrained circumstances to meet their housing needs independently, and for addressing the slack between affordable housing need and provision. This is likely to continue for the foreseeable future.
- 12.17 It is stressed that the deliverability of the **indicative** 30% minimum target has not been tested in this SHMA, and it is recognised that such a level of affordable housing may be challenging to deliver on some sites in the District. It will be for SMDC to **undertake further housing viability work** to test the extent to which this target can realistically be achieved in the current economic climate, or the extent to which it aligns with other policy objectives.
- 12.18 Ultimately, the affordable housing target to be established by SMDC is a decision to be made through the Local Plan early review. The Council will

need to establish a balance between housing need requirements and viability of delivery. This study has demonstrated that the quantitative need for affordable housing in Staffordshire Moorlands is considerable. In particular, affordability and the supply of both market and affordable housing must be tackled to prevent the problem from becoming more acute.

## Tenure Split and Property Sizes

- 12.19 This study assessed the implications of the Government's new Affordable Rent Model, focussing on the implications of the shorter term tenancies to be offered at a rent higher than social rent, to be set at a maximum of 80% of local market rent. The data indicates that the two rental levels are virtually identical for Staffordshire Moorlands District. As noted above, the cost of private renting is particularly high in the rural areas of Staffordshire Moorlands (most notably in the Peak District National Park). As such, the application of affordable rents within these rural areas would need to be carefully considered and monitored alongside rental market fluctuations.
- 12.20 The recommended percentage split for social rent/affordable rent/intermediate affordable housing (based on the identified net requirements) is set out in Table 12.2. This is based on the analysis above and the progressive move at a national level away from social rented towards affordable rented tenure provision.
- 12.21 Due to the recent introduction of the policy, the emerging role of affordable rent will require close monitoring. If new evidence emerges on the affordability impacts of affordable rent properties then the recommended tenure split between social rent and affordable rent housing may require amendment. As mentioned above, policy decisions on the required split between social rent and affordable rent provision should also take into account the comparative deliverability of affordable rent and social rent housing.

Table 12.2 Suggested Social Rent/Intermediate Affordable Housing Split

	Staffordshire Moorlands
Net Annual Affordable Housing Need (gross household formation approach)	707
Net Annual Affordable Housing Need (net household formation approach)	250
% Social Rented	30%
% Affordable Rented	50%
% Intermediate Tenure	20%

- 12.22 It is accepted that there has been relatively limited use of intermediate tenure property in Staffordshire Moorlands. However, it is a relatively cheap form of affordable tenure and offers significant benefits to the occupants by providing them with a financial stake in the property. In addition, this tenure is often preferred by housebuilders as it is cheaper to deliver and does not have an impact on the marketability of the adjacent open market housing.

12.23 An assessment has been undertaken of the split required between housing size over the Plan period. Such housing targets are a policy decision to be made through the Local Plan early review. However, the following indicative percentage targets are recommended for Staffordshire Moorlands, with the intention of rebalancing the stock away from 3-bed accommodation towards 1 and 2-bed dwellings and good quality accommodation designed specifically for the growing elderly population:

- **Property Sizes: 60% 1/2-bed; 40% 3/4-bed+ dwellings.**

12.24 It is recommended that SMDC Officers take a flexible approach to applying this advice when dealing with housing applications in their District, as relatively lower levels of housing viability in certain urbanised parts of the District could be compromised by an unsuitable housing mix. This advice, which is primarily needs based, must be subjected to further detailed assessment through the Council's housing viability work to test the deliverability of these rates.

## Housing Requirements of Specific Groups

12.25 NLP's PopGroup Baseline analysis and stakeholder consultation has enable an assessment to be made of the housing requirements of specific groups in need:

- 1 **Families with Children:** Whilst the proportion of households which are families with children is expected to decline substantially, the number of households with children will remain significant. It will be important to ensure that the housing needs of these families are met, through the provision of sufficient, good quality family accommodation in sustainable locations. There is a need for properties of all types, although the general trend is still towards smaller 1/2 bed properties overall;
- 2 **Older People:** The very considerable growth in the number of elderly households in Staffordshire Moorlands District will need particular consideration in the types of new housing brought forward. The projected increase in older people (both in absolute and relative terms) has a number of severe housing, health and social care service implications which must be planned for accordingly. Housing implications include increased demand for both specialist accommodation for older people and for services and home adaptations to enable older people to remain 'at home' living independently. There will be a requirement for additional Extra Care housing to meet this need or, potentially, greater provision of bungalows. This is likely to involve an increased focus on providing choice and encouraging people to be more independent and live in their own home, which requires consideration of the appropriate housing needed to enable this. This mix of housing may include smaller units of housing to cater for couples and single people, housing on one level to facilitate easy access, units with the necessary adaptations and technology to aid independent living and supported accommodation, with help and support close by.

- 3 There will be a particular need to adapt existing stock to lifetime homes standards; and providing appropriate opportunities for elderly households to downsize where they may be under-occupying larger homes. Providing good quality alternative accommodation (e.g. retirement style housing schemes, Extra Care facilities and/or dwellings being built to Lifetime Homes criteria whereby they can be adapted to meet the needs of people with disabilities without major structural alterations) may incentivise elderly households to release equity and down-size. There is a need to enable/encourage older people to downsize if possible (recognising the inherent problems of this, given that many people tend to prefer to stay in the 'family home' even though they may be better suited to moving to a smaller property);
- 4 **Households with specific needs such as disabled people:** It is probable that the ageing population is likely to lead to greater rates of limiting long-term illness and disability, with associated requirements for appropriate housing provision and adaptations. There is a clear need for properties that can be adapted to suit their occupant; whilst the need for this type of property across the authority area is expected to grow considerably in the coming years in line with the ageing population;
- 5 **Minority and hard to reach households:** The vast majority of the population in Staffordshire Moorlands classify themselves as 'white British', with a commensurately small percentage of ethnic groups. There were no particular barriers raised by stakeholders to accessing the Staffordshire Moorlands' housing market for minority groups;
- 6 **Rural Communities:** Residents in rural areas were considered to be less likely to apply for a place on the Council's Housing Register given the limited supply of units becoming available in rural parts of the District. Stakeholders considered that there remained a strong demand for housing in rural areas and an overall shortage of social rented stock, with much lower stock turnover compared to the urban areas of the District;
- 7 **First time buyers and young people:** The proportion of households headed by a resident aged 24 or under is projected to fall over time in the District, although the current problems faced by young people with aspirations to access home ownership is likely to continue for the foreseeable future. The number of family households with non-dependent children still living at home in Staffordshire Moorlands highlights the difficulties faced by young people in accessing housing. Ineligibility for social housing, lower household incomes and the unaffordability of owner occupation for such groups are common factors that apply to Staffordshire Moorlands as they do elsewhere in England.
- 8 At present, the private rented sector is a key tenure for young households looking to live independently. It provides a significant tenure for young people and provides particular benefits for this age group such as flexibility to move home relatively easily. However, the percentage of the stock being used for the purposes of private rent is lower than the regional and national average. This may also impact upon young people



trying to establish a household, although obstacles such as the availability of appropriate accommodation and limited locational choice should also be a consideration. It is considered that one of the largest obstacles to young people remains the availability of mortgage finance and putting together an adequate deposit;

- 9 **Key Workers:** It was generally considered that there were few specific issues surrounding Key Workers and their ability to access either social or market housing in the District.

12.26 There are a range of housing requirements which are specific to certain groups in Staffordshire Moorlands District. In particular, the area faces considerable growth in the number of elderly households and this will commensurately increase the need for housing to accommodate such households.

## Next Steps and Monitoring

12.27 This report provides the baseline evidence for the likely scale of housing need and demand that Staffordshire Moorlands will need to accommodate between 2011 and 2031. Whilst this report sets out a range of future potential scenarios, arriving at a final housing requirement will necessitate an iterative process utilising evidence contained within this report alongside other considerations material to the development of a spatial strategy. In this context necessary future work may include:

- 1 To continue to monitor and update existing evidence and consider the implications of any future evidence upon constraints or opportunities for housing growth which may alter the scale of housing considered to be deliverable. Monitoring data could include:
  - Housing land (current stock) database;
  - Housing completions/conversions/demolitions by sub-area;
  - Housing permissions granted, by type;
  - Housing land and premises available;
  - Housing premises enquiries;
  - Housing developer requirements for houses;
  - Housing waiting lists applications;
  - Market signals;
  - Dwelling vacancy levels, including the extent to which net vacancy levels can realistically be reduced in the future;
  - Changes to the unemployment rate;
  - Changes to the housing development pipeline by sub-area;
  - The provision of affordable housing by sub-area; and,
  - Domestic migration levels and trends at a sub-area level.
- 2 Potential to undertake the following further monitoring work:
  - Undertake an assessment of the extent to which net vacancy levels can be reduced over time. Clearly this will not just be about

- analysing the number of dwellings that are brought back into use, but also the extent to which the existing occupied stock is falling vacant – the ‘net’ figure is therefore the most important indicator, although even a significant reduction in net vacancy levels will only be likely to lead to a modest reduction in any housing requirement;
- Further evidence on housing need at a sub-area level to provide further context (but not sole determinant for) sub-area requirements;
  - Assessment of the deliverability of different types of affordable housing provision (particularly as further information on affordable rent deliverability becomes available);
  - On-going work on the evidence base for infrastructure, environmental and land supply constraints through on-going dialogue and annual updates/monitoring work;
  - On-going work on the evidence base in relation to site development viability issues;
  - An integrated infrastructure delivery plan that assesses the extent to which different scale and distribution of housing is able to deliver financial return (via CIL, New Homes Bonus, and other mechanisms) to address infrastructure requirements (site specific and area-wide, including specific CIL charging schedule);
  - Integrate this work into the economic base for Staffordshire Moorlands, including identifying the appropriate economic strategy going forward given the potential implications of demographic change for labour supply and what policy options are available for Staffordshire Moorlands, including on housing mix.

## Glossary

ASmigR (Age Specific Migration Rate)	Average number of migrants per 1,000 people by year of age.
Base Year	Starting year for assessment. Currently 2011 due to data availability.
Concealed Households	A household that neither owns nor rents the dwelling within which they reside <u>AND</u> which wants to move into their own accommodation and form a separate household.
Derived Forecast Model	<p>New development in the PopGroup suite of software that incorporates the previous features of HouseGroup and LabGroup. The DF model allows data to be entered for any variable that is closely related to the age-sex structure of the population as forecast by PopGroup or independently, including household structure, economic activity rates and disability projections, and to prepare projections from these data sources.</p> <p>In specific respect of this analysis, the DF model projects future household levels and resultant dwelling requirements and future economic activity and the number of jobs likely to be sustained in a particular area.</p>
Economic Activity Rate	The % of population (both employed and unemployed) that constitutes the manpower supply of the labour market.
HEaDROOM	NLP housing requirement framework which takes account of demographic, housing and economic factors as well as policy and delivery matters to set out future housing requirements.
Household Headship	Head of a household expressed as % of each age – sex population category. For married/cohabiting couples, males are taken as heads of household.
Household to Dwelling Conversion Factor	<p>Factor for conversion of number of households to the number of dwellings. It takes account of transactional and long term vacancies and 2<sup>nd</sup>/holiday homes.</p> <p>Expressed as 100 minus the vacant homes/2<sup>nd</sup> homes rate (%) Over time, an objective would be to move towards a 3% vacancy level – expressed as a household to dwelling factor of 97.</p>
Internal Migration	Migration to/from another part of UK.
International Migration	Migration to/from another country.
Labour Force / Employment Conversion Rate	Factor for conversion of number of workers to number of jobs in an area it takes account of economic activity and commuting levels calculated by # workers in area ÷ # jobs in area over time, an objective would be to move towards a ratio of 1 = self-containment
Natural Change	<p>The difference (in any given time period) between the number of births and the number of deaths.</p> <p>A natural change projection ignores migration and shows the future population where any births and deaths affect it.</p>
PopGroup	Forecasting model to project future population levels, based upon assumptions regarding fertility, mortality and migration when used in conjunction with HouseGroup and LabGroup it will also project the future dwelling requirements associated with the population change and the economic activity/job effects of change.
Sub-Groups	Individual areas to be tested that collectively form part of a broader study area.
Special Populations	Particular groups within the wider population that exhibit particular demographic characteristics (e.g. students/school boarders/armed forces/prisoners).
SMR (Standard Mortality Rate)	Number of deaths per 1,000 population per year.
TFR	Average number of children that would be born to a woman over her lifetime if she were to

(Total Fertility Rate)

experience the exact current age specific fertility rates (ASFR) through her lifetime and if she were to survive from birth to the end of her productive life.

## Appendix 1 Inputs and Assumptions

DEMOGRAPHIC	Scenario A: Baseline (Scenario Aa: Static Headship / Ab: Trend Headship / Ac Catch up Headship)	Scenario B – Natural Change	Scenario C – Zero Net Migration	Scenario D: Short Term Migration Trend / Scenario E: Long Term Migration Trend
<b>Population</b>				
<b>Baseline Population</b>	A 2010 baseline population is taken from the 2010 Mid-year population estimates for Staffordshire Moorlands District, split by age cohort and gender. The population for 2011-2021 is constrained to the 2011-based SNPP for the District, by age and sex.			
<b>Births</b>	Future change assumed in the Total Fertility Rate [TFR] uses the birth projections from the ONS 2010-based Interim SNPP. This in turn is used to derive future projected TFRs through PopGroup.			
<b>Deaths</b>	Future change assumed in the SMR uses the death projections from the ONS 2010-based Interim SNPP. This in turn is used to derive future projected SMRs through PopGroup.			
<b>Internal Migration</b>	Gross domestic in and out migration flows are adopted based on forecast migration in Staffordshire Moorlands District from the ONS 2010-based SNPP for 2010, and using the 2011-based Interim SNPP for the actual internal migration flows 2011-2021. This is the sum of internal migration (elsewhere in England) and cross-border migration (elsewhere in the UK) (SNPP Table 5). Internal migration includes moves to all other Local Authority areas, including to neighbouring areas (i.e. a move of two streets might be classed as internal migration if it involves a move to another LA area). Beyond 2021, a trend rate is applied.	Internal in and out migration is set at zero over the Plan period.	Gross domestic in and out migration flows are adopted based on forecast migration in the District from the ONS 2010-based SNPP for 2010, and using the 2011-based Interim SNPP for the actual internal migration flows 2011-2021. To achieve zero net migration the difference between in and out flows is split to equalise the in and out flows at the middle point of the two.	Gross domestic internal migration flows are adopted based on average gross past trends for the past 5/10 years.
<b>International Migration</b>	Gross international in and out migration flows are adopted based on forecast migration in Staffordshire Moorlands District from the ONS 2010-based SNPP for 2010, and using the 2011-based Interim SNPP for the actual internal migration flows 2011-2021. Beyond 2021, a trend rate is applied.	International in and out migration is set at zero over the Plan period.	As above, but for international rather than internal migration.	Gross international migration flows are adopted based on average gross past trends for the past 5/10 years.
<b>Propensity to Migrate (Age Specific Migration Rates)</b>	Age Specific Migration Rates (ASMigR) for both in and out domestic migration are based upon the age profile of migrants to and from Staffordshire Moorlands District in the 2010-based SNPP. These identify a migration rate for each age cohort within the District (for both in and out flows separately) which is applied to each individual age providing an Age Specific Migration Rate. This then drives the demographic profile of those people moving into and out of the District (but not the total numbers of migrants).			

DEMOGRAPHIC	Scenario A: Baseline (Scenario Aa: Static Headship / Ab: Trend Headship / Ac Catch up Headship)	Scenario B – Natural Change	Scenario C – Zero Net Migration	Scenario D: Short Term Migration Trend / Scenario E: Long Term Migration Trend
<b>Housing</b>				
<b>Headship Rates</b>	<p>Headship rates that are specific to Staffordshire Moorlands District and forecast over the period to 2021 were taken from the government data which was used to underpin the 2011-based CLG household forecasts and applied to the demographic forecasts for each year as output by the PopGroup model. These headship rates were split by age cohort and by household typology. These are the most up-to-date headship rates available at the time of writing. Beyond 2021 this is assumed to resume the long term trends identified within the 2008-based household projections with index trends from the 2008-based projections applied to the 2021 end point of the 2011-based household projections.</p> <p>For the Baseline sensitivity tests (Aa, Ab and Ac), a variety of headship rates has been modelled using higher/lower household representation rates post 2021:</p> <ul style="list-style-type: none"> <li>• <b>Static</b> = Constant 2021 rate applied for each year post-2021;</li> <li>• <b>Trend</b> = CLG 2011-based household projection trend continued on a linear basis post 2021;</li> <li>• <b>Catch Up</b> = Change post 2021 is targeted to achieve CLG 2008-based Household Projections end rates by 2028 (generally the High Rate).</li> </ul>			
<b>Population not in households</b>	<p>The number of population not in households (e.g. those in institutional care) is similarly taken from the assumptions used to underpin the 2011-based CLG household forecasts. No change is assumed to the rate of this from the CLG identified rate.</p>			
<b>Vacancy / 2nd Home Rate</b>	<p>A vacancy and second homes rate is applied to the number of households, representing the natural vacancies/not permanently occupied homes which occur within the housing market. This means that more dwellings than households are required to meet needs. The vacancy/second home rate in Staffordshire Moorlands District totals 4.6% (estimated using data from the Council Tax Base for Formula Grant Purposes (October 2012), held constant over the forecast period.</p>			
<b>Economic</b>				
<b>Economic Activity Rate</b>	<p>Age and gender specific economic activity rates are used. The basis for this is ONS 2006-based National Labour Force Projections. The economic activity annual growth rates for each age cohort from these national projections are applied to the Census 2001 economic activity profile for the District across the forecast period. At 2011 these have been rebased from their 2011 estimate using a uniform adjustment to all age cohorts to meet current total economic activity in the District from the Annual Population Survey (APS). These are assumed to remain the same as the projection with the exception of an adjustment to take account of changing pension ages beyond that already taken into account in the ONS 2006-based projections (i.e. to account for pension age increases for both men and women above age 65).</p> <p>In this regard, 1% has been added to the female 60-64 age cohort activity rates in 2011, 2% in 2012, 3% in 2013 and so forth up to 8% in 2018. This 2018 rate has then been held constant across the remainder of the forecasting period. Furthermore, 1% has been added to the Male 65-69 and Female 65-69 age cohorts' economic activity rates in 2019 and 2% in 2020. These 2020 rates were then held constant across the forecasting period.</p>			
<b>Commuting Rate</b>	<p>A standard net commuting rate is inferred through the modelling using a Labour Force Ratio which is worked out using the formula: (A) Number of employed workers living in area ÷ (B) Number of workers who work in the area (number of jobs).</p> <p>For Staffordshire Moorlands District, data from the 2012 APS and 2012 BRES identifies an LF ratio of 1.45 (41,800 employed people ÷ 28,668 jobs in Staffordshire Moorlands).</p> <p>This has not been flexed over the forecasting period with no assumed increase or reduction in net commuting rates.</p>			

DEMOGRAPHIC	Scenario A: Baseline (Scenario Aa: Static Headship / Ab: Trend Headship / Ac Catch up Headship)	Scenario B – Natural Change	Scenario C – Zero Net Migration	Scenario D: Short Term Migration Trend / Scenario E: Long Term Migration Trend
<b>Unemployment</b>	<p>To calculate the unemployment rate, NLP took the December 2010 NOMIS unemployment figure (4.6%) to equate to the 2010 rate for Staffordshire Moorlands; the December 2011 figure of 5.6% to equate to the 2011 rate; and the December 2012 figure (5.5%) to equate to 2012. NLP kept the former figure constant for 2013 and 2014 to reflect initial stabilisation at the current high rate, and then gradually reduced the rate on a linear basis to the 7-year average (05-12) over a five year time frame.</p> <p>This figure was then held constant to the end of the forecasting period on the grounds that this is a better reflection of the long term trend than the current high rate.</p>			

EMPLOYMENT FACTORS	Scenario G: OE Job Growth	Scenario H: HP Policy On Job Growth	Scenario I: Job Stabilisation
<b>Population</b>			
<b>Baseline Population</b>	A 2010 baseline population is taken from the 2010 Mid-year population estimates for Staffordshire Moorlands District, split by age cohort and gender. The population for 2011-2021 is constrained to the 2011-based SNPP for the District, by age and sex.		
<b>Births</b>	Future change assumed in the Total Fertility Rate [TFR] uses the birth projections from the ONS 2010-based Interim SNPP. This in turn is used to derive future projected TFRs through PopGroup.		
<b>Deaths</b>	Future change assumed in the SMR uses the death projections from the ONS 2010-based Interim SNPP. This in turn is used to derive future projected SMRs through PopGroup.		
<b>Internal Migration</b>	<p>Internal in-migration and outmigration is flexed (inflated or deflated) to achieve the necessary number of economically active people to underpin the economy in the District for this employment scenario.</p> <p>This was based on taking forward forecast job growth based on OE projections (+2,250 jobs 2013-2031 for Staffordshire Moorlands)</p>	<p>Internal in-migration and outmigration is flexed (inflated or deflated) to achieve the necessary number of economically active people to underpin the economy in the District for this employment scenario.</p> <p>This was based on taking forward forecast job growth based on policy on OE projections (+3,871 jobs 2013-2031 for Staffordshire Moorlands)</p>	<p>Internal in-migration and outmigration is flexed (inflated or deflated) to achieve the necessary number of economically active people to underpin the economy in the District in this employment scenario.</p> <p>This was based on job stabilisation between 2013 and 2031.</p>
<b>International Migration</b>	As above, but for international rather than internal migration.		
<b>Propensity to Migrate (Age Specific Migration Rates)</b>	Age Specific Migration Rates (ASmigR) for both in and out domestic migration are based upon the age profile of migrants to and from Staffordshire Moorlands District in the 2010-based SNPP. These identify a migration rate for each age cohort within the District (for both in and out flows separately) which is applied to each individual age providing an Age Specific Migration Rate. This then drives the demographic profile of those people moving into and out of the District (but not the total numbers of migrants).		



	EMPLOYMENT FACTORS	Scenario G: OE Job Growth	Scenario H: HP Policy On Job Growth	Scenario I: Job Stabilisation
<b>Housing</b>				
<b>Headship Rates</b>	Headship rates that are specific to Staffordshire Moorlands District and forecast over the period to 2021 were taken from the government data which was used to underpin the 2011-based CLG household forecasts and applied to the demographic forecasts for each year as output by the PopGroup model. These headship rates were split by age cohort and by household typology. These are the most up-to-date headship rates available at the time of writing. Beyond 2021 this is assumed to resume the long term trends identified within the 2008-based household projections with index trends from the 2008-based projections applied to the 2021 end point of the 2011-based household projections.			
<b>Population not in Households</b>	The number of population not in households (e.g. those in institutional care) is similarly taken from the assumptions used to underpin the 2011-based CLG household forecasts. No change is assumed to the rate of this from the CLG identified rate.			
<b>Vacancy / 2nd Home Rate</b>	A vacancy and second homes rate is applied to the number of households, representing the natural vacancies/not permanently occupied homes which occur within the housing market. This means that more dwellings than households are required to meet needs. The vacancy/second home rate in Staffordshire Moorlands District totals 4.6% (estimated using data from the Council Tax Base for Formula Grant Purposes (October 2012), held constant over the forecast period.			
<b>Economic</b>				
<b>Economic Activity Rate</b>	<p>Age and gender specific economic activity rates are used. The basis for this is ONS 2006-based National Labour Force Projections. The economic activity annual growth rates for each age cohort from these national projections are applied to the Census 2001 economic activity profile for the District across the forecast period. At 2011 these have been rebased from their 2011 estimate using a uniform adjustment to all age cohorts to meet current total economic activity in the District from the Annual Population Survey (APS). These are assumed to remain the same as the projection with the exception of an adjustment to take account of changing pension ages beyond that already taken into account in the ONS 2006-based projections (i.e. to account for pension age increases for both men and women above age 65).</p> <p>In this regard, 1% has been added to the female 60-64 age cohort activity rates in 2011, 2% in 2012, 3% in 2013 and so forth up to 8% in 2018. This 2018 rate has then been held constant across the remainder of the forecasting period. Furthermore, 1% has been added to the Male 65-69 and Female 65-69 age cohorts' economic activity rates in 2019 and 2% in 2020. These 2020 rates were then held constant across the forecasting period.</p>			
<b>Commuting Rate</b>	<p>A standard net commuting rate is inferred through the modelling using a Labour Force Ratio which is worked out using the formula: (A) Number of employed workers living in area ÷ (B) Number of workers who work in the area (number of jobs).</p> <p>For Staffordshire Moorlands District, data from the 2012 APS and 2012 BRES identifies an LF ratio of 1.45 (41,800 employed people ÷ 28,668 jobs in Staffordshire Moorlands).</p> <p>This has not been flexed over the forecasting period with no assumed increase or reduction in net commuting rates.</p>			
<b>Unemployment</b>	<p>To calculate the unemployment rate, NLP took the December 2010 NOMIS unemployment figure (4.6%) to equate to the 2010 rate for Staffordshire Moorlands; the December 2011 figure of 5.6% to equate to the 2011 rate; and the December 2012 figure (5.5%) to equate to 2012. NLP kept the former figure constant for 2013 and 2014 to reflect initial stabilisation at the current high rate, and then gradually reduced the rate on a linear basis to the 7-year average (05-12) over a five year time frame.</p> <p>This figure was then held constant to the end of the forecasting period on the grounds that this is a better reflection of the long term trend than the current high rate.</p>			



## Appendix 2 Introduction to PopGroup

For the employment land (labour supply) scenarios where demographic modelling is necessary, NLP has used specialist demographic modelling and forecasting tool **PopGroup** to model future trends in demography, household and dwelling estimates.

PopGroup was first developed at Bradford Council, supported by six Local Authorities: Shropshire, Worcestershire, Bradford, Derbyshire, Buckinghamshire and Staffordshire, and later by the Economic and Social Research Council (ESRC). It is now owned by the Local Government Association. Programming, support and promotion have been provided since 2009 by Edge Analytics Ltd, UK.

The PopGroup software uses a variety of inputs including ONS population projections and comparable CLG household forecasts. It is widely used by over 100 LA and private sector bodies including Sheffield and Leeds.

PopGroup is a family of software developed to forecast population, household and labour force for areas and social groups. Users develop alternative assumptions as scenarios. PopGroup replicates official projections in regular Data Modules for population and households, with plans for Data Modules for illness and disability, the labour force, ethnic groups and adult care. PopGroup incorporates a cohort component methodology for its population projection model, a headship rate model for its household projection model and an economic activity rate model for its labour-force projection model.

In the UK, PopGroup replicates official projections in regular Data Modules for population and households, with plans for Data Modules for illness and disability, the labour force, ethnic groups and adult care. The software adopts authoritative methods also used by national and United Nations agencies, uses single years of age for population, and has published two peer reviews

Historical data on population, births, deaths and migration flows provides the basis for the development of alternative population forecasts. PopGroup provides national fertility, mortality and migration schedules against which local profiles can be calibrated. For scenario development, users may choose a time horizon up to 50 years and may select a variety of demographic assumptions and constraints to which scenarios are linked, allowing comparisons of a variety of official projections, trend-based scenarios or policy-constrained forecasts.

More information on PopGroup, and the technical methodology of the model itself, can be found via the following weblink: [www.ccsr.ac.uk/popgroup](http://www.ccsr.ac.uk/popgroup)

## Appendix 3 PopGroup Summary

Table A12.3 Staffordshire Moorlands Population, Economic and Dwelling Implications (2011-31)

Staffordshire Moorlands	Demographic led										
	Scenario A: Baseline	Scenario Aa: Baseline STATIC Headship	Scenario Ab: TREND Headship	Scenario Ac: CATCH UP Headship	Scenario B: Natural Change	Scenario C: Zero Net Migration	Scenario D: Short Term Migration Trend	Scenario Da: Short Term Migration Trend Sensitivity	Scenario E: Long Term Migration Trends	Scenario Ea: Long Term Migration Trend Sensitivity	Scenario F: CLG 2011-based Household Projections (2011-21)
Population Change	6,436	6,436	6,436	6,436	-2,502	-5,393	-438	1,000	870	2,172	-
of which Natural Change	-3,400	-3,400	-3,400	-3,400	-3,105	-5,996	-5,275	-5,034	-5,221	-5,002	-
of which Net Migration	9,836	9,836	9,836	9,836	603	603	4,837	6,034	6,091	7,174	-
Household Change	4,534	4,380	3,634	4,496	312	315	2,053	2,603	2,567	3,064	-
Dwelling Change	4,752	4,592	3,810	4,713	327	330	2,152	2,729	2,690	3,212	-
<b>Dwellings p.a.</b>	<b>238</b>	<b>230</b>	<b>190</b>	<b>236</b>	<b>16</b>	<b>17</b>	<b>108</b>	<b>136</b>	<b>135</b>	<b>161</b>	<b>231</b>
Economic Activity	-3,745	-3,745	-3,745	-3,745	-7,249	-9,339	-6,663	-5,731	-6,029	-5,183	-
Jobs	-2,011	-2,011	-2,011	-2,011	-4,313	-5,686	-3,928	-3,316	-3,512	-2,956	-
Jobs p.a.	-101	-101	-101	-101	-216	-284	-196	-166	-176	-148	-

Staffordshire Moorlands	Employment led				
	Scenario G: OE Job Growth	Scenario Ga: OE Job Growth + 5% Reduction in Commuting	Scenario H: HP Policy On Job Growth	Scenario Ha: HP Policy On Job Growth + 5% Reduction in Commuting	Scenario I: Job Stabilisation
Population Change	16,829	12,029	21,395	16,386	10,161
of which Natural Change	-3,278	-3,811	-2,930	-3,485	-4,126
of which Net Migration	20,106	15,840	24,325	19,871	14,287
Household Change	8,413	6,656	10,073	8,246	5,969
Dwelling Change	8,819	6,977	10,558	8,644	6,257
<b>Dwellings p.a.</b>	<b>441</b>	<b>349</b>	<b>528</b>	<b>432</b>	<b>313</b>
Economic Activity	2,450	-66	4,916	2,283	-982
Jobs	2,057	2,059	3,677	3,684	-197
Jobs p.a.	103	103	184	184	-10



## Appendix 4 PopGroup Modelling Outputs



## **A. PopGroup Baseline Scenario**



## **Aa. PopGroup Baseline Static Headship Rates**



## **Ab. PopGroup Baseline Trend Headship Rates**



## **Ac. PopGroup Baseline Catch Up Headship Rates**





## **B. Natural Change Scenario**



## **C. Zero Net Migration**



## **D. Short Term Migration Trend Scenario**



## **Da. Short Term Migration Trend Sensitivity Scenario**





## **E. Long Term Migration Trend Scenario**



## **Ea. Long Term Migration Trend Sensitivity Scenario**



## **G. OE Job Growth**



## **Ga. OE Job Growth +5% Reduction in Commuting**





## **H. Policy On Job Growth**



## **Ha. Policy On Job Growth +5% Reduction in Commuting**

Population Estimates and Forecasts

SM Policy On + 5% Red in Comm

Components of Population Change

Staffs Moorlands

Table with columns for components of population change (Births, Deaths, Migration) and rows for years 2011-2034. Includes sub-sections like 'In-migration from the UK', 'Out-migration to the UK', and 'Migration - Net Flows'.

Summary of Population estimates/forecasts

Table showing population estimates/forecasts from 2011 to 2035, categorized by age groups (0-4, 5-10, etc.) and total population.

Population impact of constraint

Table showing population impact of constraint, including Labour Force and Households, with columns for years 2011-2034.

## **I. Job Stabilisation**

