Staffordshire Moorlands SHMA Update 2017

Staffordshire Moorlands District Council

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1.0 Introduction

Preamble

1.1 This report updates the Staffordshire Moorlands SHMA (November 2014) and subsequent Objectively Assessed Need [OAN] reviews as follows:

1 A contextual overview exploring the reasons behind any significant changes to the forecasts since the previous SHMA was undertaken in 2014;

2 An analysis of the latest demographic and population release for Staffordshire Moorlands District, specifically the 2014-based SNPP and 2014-based household projections and a review of whether the declining growth in households is due to comparatively fewer residents in the older age cohorts than before;

3 A re-run of the demographic PopGroup model, incorporating the 2014-based ONS SNPP forecasts and headship rates from the 2014-based SNHP, taking account of the latest travel to work and migration data;

4 Re-running employment-led scenarios to reflect the most up to date economic projections from Oxford Economics and Experian (see below). These will be post-Brexit and accord with those used for the ELR;

5 A review of market signals and affordability and the extent to which this would justify an uplift to the demographic starting point of housing need;

6 Updating the SHMA affordable housing model to incorporate the latest household and population projections, subject to prior agreement on the preferred Objectively Assessed Need scenario; and

7 Commentary on the need for Starter Homes and the revised tenure split for affordable homes to take into account the need for affordable rented, intermediate, and starter homes.

1.2 Staffordshire Moorlands District Council has committed to undertaking an early review of the Local Plan as recommended by the Inspector when the Staffordshire Moorlands Core Strategy was adopted. As such, it is vital that the housing evidence is up to date and robust for the emerging plan to be found sound.

Background to the Study

1.3 NLP produced a SHMA on behalf of High Peak Borough Council and Staffordshire Moorlands District Council in April 2014.

1.4 Since then, the following updates on housing needs have been produced:

- Housing Needs Study 2012-based SNPP Update (August 2014);

- Staffordshire Moorlands SHMA Update (July 2015) updated to reflect the 2012 sub-national CLG household projections[1] and 2011 census data; and
- Staffordshire Moorlands SHMA Update (January 2016) prepared to take into account the latest mid-year populations estimates as well as relevant case law[2] relating to the derivation of housing need.

Staffordshire Moorlands Core Strategy & Supporting Evidence Base

1.5 The adopted Staffordshire Moorlands Core Strategy (adopted March 2014) covers the period between 2006 and 2026. Policy SS2 (Future Provision of Development) indicates that the Council will make provision for an additional 6,000 dwellings at an average annual development rate of 300 dwellings, with this figure back-loaded towards the end of the plan period.

1.6 Table 1.1 indicates how the OAN figure has evolved since the adoption of the Core Strategy in light of regular data releases by CLG and ONS and the interpretation of OAN in the Courts.

Table 1.1 Evolving OAN Figures for Staffordshire Moorlands District

Title	Date	OAN Figure (dwellings per annum)
Core Strategy	March 2014	300 dpa
2014 SHMA	April 2014	260 – 440 dpa
Housing Needs Study 2012-based SNPP Update	August 2014	210 – 430 dpa
SHMA Update 2015	July 2015	220 – 460 dpa
SHMA Update 2016	January 2016	250 – 440 dpa

1.7 As discussed above, this Report will review the implications of the latest data releases, specifically the 2014-based household projections, the 2014-based SNPP and post-Brexit economic job growth forecasts, as well as assessing the latest policy changes ahead of the Council's Local Plan Review later in 2017. It will also dovetail with an updated Employment Land Review [ELR] given the synergies between job growth and housing need. The SHMA update starts in 2014 to fall in line with the 2014-based population and household projections.

1.8 This report also analyses updated market signals and revisits affordable housing need in the light of the latest evidence, including updated Housing Register statistics.

1.9 The plan period covers 2016 – 2031 and, in the longer term, to 2033.

[1] 2012-based Sub-National Household Projections [SNHP] were released in February 2015 and supersede the 2011-based (Interim) SNHP. The 2012-based SNHP incorporate the ONS 2012-based SNPP published on 28th May 2014 and further information from the Census 2011 where available.
[2] Oadby and Wigston District Council vs. SoS for Communities and Local Government and Bloor Homes Limited: [2015] EWHC 1879 (Admin), dated 03/07/15. Kings Lynn and West Norfolk District Council vs. SoS for Communities and Local Government and Elm Park Holdings Ltd: [2015] EWHC 2464 (Admin), dated 09/07/15

2.0 Implications of the Latest Projections for Staffordshire Moorlands District

Introduction

2.1 We have re-modelled a number of scenarios to establish the need for housing across Staffordshire Moorlands in line with our HEaDROOM framework. This is based on different demographic, economic and housing related factors which draw upon an analysis of context and past trends which is set out below.

Demographic Context

ONS 2014-based SNPP

2.2 The 2014-based SNPP was published in May 2016. It provides the latest estimate of population growth for all local authorities across England over the period 2014 to 2039. The SNPP is consistent with the 2014-based national population projections and takes account of information from the 2011 Census. It is also based on the assumption that the demographic trends (births, deaths and in/out migration) that were experienced between 2009 and 2014 will continue in the future[3]. As such, they draw upon trends that were experienced partly during a time of economic downturn.

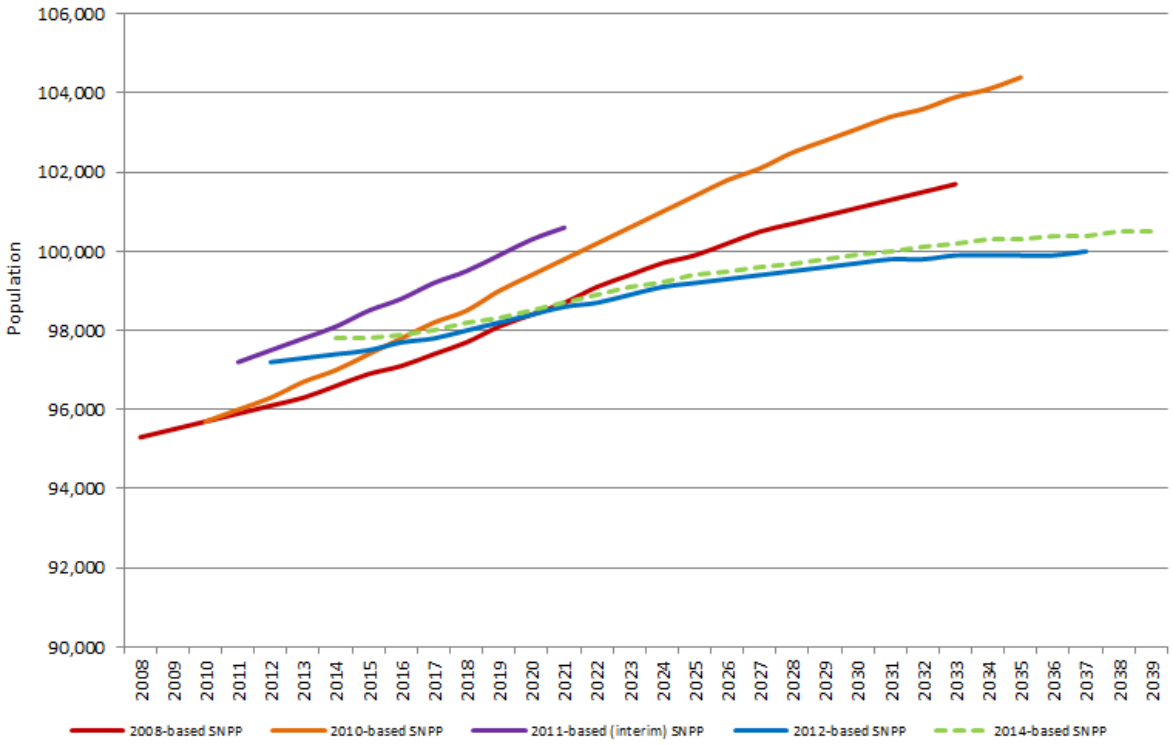
2.3 The projections do not take account of planned or emerging policies and no allowance is made for potential future improvements or deterioration in the national or local economy i.e. it is policy-off and unadjusted.

Historic Population Trends

2.4 Figure 2.1 shows that historically, Staffordshire Moorlands' population declined from 95,000 in 1991 to 92,000 in 1997, with the population only returning to 1991 levels by 2006. Since that time, the population has increased steadily, reaching 97,900 in 2015 (according to the latest MYE). The 2014-based SNPP project this increase to continue, with the District's population likely to reach 100,200 by 2033.

[3] The international migration component of change is based upon past trends between 2008 and 2014.

Figure 2.1 Historic and Projected Population Growth for Staffordshire Moorlands District



Source: ONS 2008/2010/2011/2012/2014-based Sub-National Population Projections

2.5 However, as can be seen in Figure 2.1, the latest projections indicate a level of growth significantly below most previous iterations. All of the projections are based on the preceding five / six year trends for births, deaths and migration, hence growth levels amongst the projections vary. The 2010-based SNPP projected a particularly high level of growth of 9.09% over 25 years, whilst the 2012-based SNPP forecast a 2.9% growth rate to 2037 which is only slightly above the 2.8% growth to 2039 projected by the 2014-based SNPP.

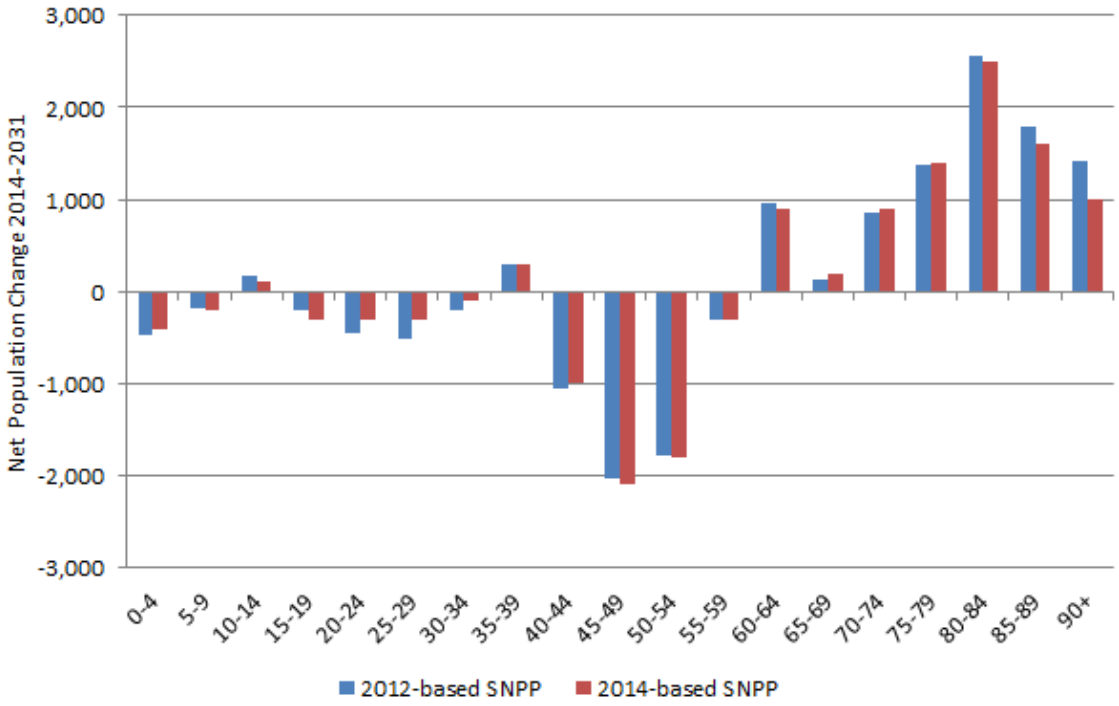
Projected SNPP Growth

2.6 The 2014-based SNPP anticipate that the population of Staffordshire Moorlands will increase by 2.3% between 2014 and 2031, which is equivalent to 132 net additional persons per annum (128 persons per annum to 2033).

2.7 As noted above, this is below the previous 2012-based SNPP, which projected growth of 2.7% to 2031, equivalent to 153 persons per annum.

2.8 Comparing and contrasting the 2014 and 2012–based SNPPs, Figure 2.2 indicates that the pattern of growth / contraction for individual age cohorts is similar between the two data sets – both reveal a reduction in the population within most of the 0-64 age groups and a sharp increase in the over 70 age groups ensuring that Staffordshire Moorlands District has an ageing population. In general, an ageing population tends to see a disproportionate increase in household growth (even when there is no population growth or even decline) as older households are more likely to form a head of household than younger age cohorts as household size declines.

Figure 2.2 Net population change by age cohort in Staffordshire Moorlands District, 2014-2031



Source: 2012-based SNPP vs. 2014-based SNPP

2.9 Figure 2.2 suggests that in terms of differences between the two datasets there is a less pronounced negative population change in 20 – 34 age groups; a greater increase in population change in the 70 – 79 age groups; and a decrease in the population estimates for the 80+ age ranges for the 2014 - based SNPP.

2.10 It is therefore unsurprising that both projections forecast a decline in the numbers of working age cohorts (generally those aged 20 – 64) and a large increase in residents of retirement age (over 65). This results in average household size reducing significantly, with smaller family units and more people living alone or in couples.

2.11 The population change in Staffordshire Moorlands District over the Local Plan period in the 2014-based SNPP is expected to be driven by both natural change and net migration from elsewhere in England. Natural change is expected to result in the loss of around 400 residents (net) over the period 2014 - 2031, whilst net inward migration is forecast to contribute 7,100 residents (net) over the same time period. International migration is expected to be broadly neutral, with around 2,000 immigrants being countered by a comparable level of emigration abroad.

Potential Implications of Brexit on the 2014-based SNPP

2.12 The full effect of Brexit is impossible to gauge at present as the UK will most likely remain a member of the EU for at least the next two years whilst the terms of any exit are negotiated. However, it is suggested that there is

currently no evidence base for arriving at an alternative set of assumptions about future expected migration until the terms of withdrawal are settled.

2.13 Furthermore, the ONS 2014-based National Population Projections, upon which the equivalent SNPP is derived, already assumes that net in-migration will reduce from current levels to 185,000 by 2021 and kept constant from then until 2037. According to ONS, net international migration to the UK in 2014/15 (at 336,000) had a virtual 50:50 split between EU and non-EU migration. Given that the share of net in-flows from non-EU countries is already capable of being controlled by the Government's migration policy (which since 2010 has sought to reduce it) it seems reasonable to assume no reduction to non-EU migration (i.e. c.168,000 net in-migration annually) post Brexit.

2.14 In theory therefore, in order for the ONS 2014-based National Population Projections' long term migration estimate (+185,000 net per annum) to be achieved, net flows from within the EU would have to fall to just 17,000 per annum, a reduction of 90%.

2.15 This supports the notion that the ONS National Population Projections, and by extension the 2014-based SNPP, have already adopted very cautious estimates of international migration. It is considered that there is limited evidence to support a notion that leaving the EU would see a reduction in migration of a scale that would be necessary for population estimates to fall below the 2014-based SNPP levels.

2015 Mid-Year Population Estimates

2.16 The 2015 MYE were published by ONS on 30th June 2016. They indicate that for Staffordshire Moorlands, the 2015 resident population was 97,881. This represents an increase of 118 residents (+0.12%) on the 2014 figure (97,763). The 2015 MYE population figure for Staffordshire Moorlands is slightly higher than was projected under the 2014 SNPP (97,800), although at only +81 this represents 0.08% of the total resident population and is unlikely to have any significant effects on the results of the data modelling. Nevertheless the 2015 MYE has been included in the modelling work as a sensitivity test to the 2014-based SNPP figures.

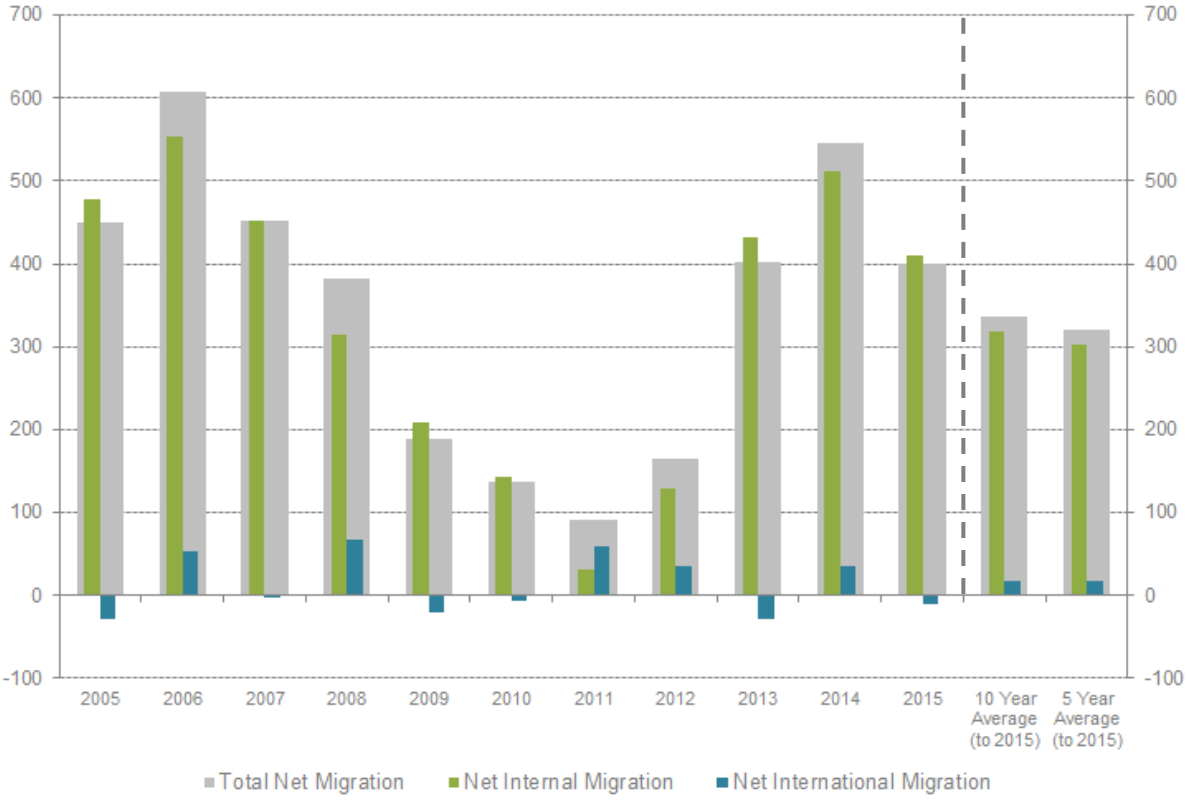
Migration

2.17 Historically, over the ten-year period to 2015, Staffordshire Moorlands District has seen average annual net in-migration of 338 people (consisting of 319 internal in migrants and 19 international in-migrants). The five year average is slightly lower, at +321 people per annum, of which net internal migration was also lower at 308 in migrants per annum, whilst net international migration was just 17 annually.

2.18 The migration patterns for Staffordshire Moorlands District over the last 10 years (along with five and ten year averages) are illustrated in Figure 2.3. Internal migration has been consistently high in six of the past ten years but dipped very significantly in 2008 – 2012 (during the recession and the

subsequent economic downturn). Net international migration has been more sporadic, fluctuating between a modest net gain to net loss year on year.

Figure 2.3 Migration in Staffordshire Moorlands, 2005-2015



Source: ONS Mid-Year Population Estimates

Unattributable Population Change

2.19 The ONS describes Unattributable Population Change [UPC] as follows:

"Following the 2011 Census, the inter-censal population estimates were rebased so that the midyear estimates (MYEs) for the period mid-2002 to mid-2011 were in line with the 2011 Census. After making allowances for methodological changes and estimated errors in the components during the decade, the remaining difference between the rolled forward 2011 MYEs and the 2011 Census based MYEs for England was 103,700. This is referred to as Unattributable Population Change [UPC]."[4]

2.20 The UPC was likely to result either from errors in population counts (in either census or the Mid-Year Population Estimates), in estimates of migration, or both. A review undertaken by ONS in 2014[5] stated that is likely to be due (in the main) to an under-estimation of immigration from abroad.

2.21 UPC is therefore at least partly a correction for failings in measuring and assigning international migrants at the local authority level. This correction has

[4] ONS (January 2014) 2012-based SNPP for England: Report on Unattributable Population Change, p.2
[5] ONS (2014): Quality of International Migration Estimates from 2001 to 2011

not been accounted for in either the 2012-based SNPP or the 2014 – based SNPP. ONS considers it to have even less of an effect on the 2014-based SNPP, since three years of trend data are not affected by UPC.

2.22 At the local level UPC is more complicated. Although the initial problem may have arisen from under-counting international migrants, further issues arise in relation to the correct assignment of these migrants to local authority areas when / if they move. In the case of Staffordshire Moorlands, UPC is positive, with the Mid-2011 Census based (official) estimate recording 1,174 more residents than was anticipated at the equivalent Mid-2011 rolled forward population estimate. This adjustment is of a relatively small magnitude compared with many other parts of the country. The mid-2011 Census based official estimate for Liverpool City for example, was 17,045 higher than the rolled-forward MYE had projected.

2.23 The ONS data presents limited evidence and justification for adopting UPC adjustments within the demographic modelling, other than to suggest that UPC for Staffordshire Moorlands is more likely to be due to:

- *The statistical process of rolling forward from 2001 had an impact on estimates for males aged 25-39, and females aged 80-84;*
- *The relative size of international emigration flows for males aged 25-29 and females aged 25-34; and*
- *Possible discrepancy due to international immigration amongst males aged 35-39.*

2.24 This indicates that, for Staffordshire Moorlands District, the cause is at least partly due to mis-recording of the population at the time of the 2001 Census, and to a certain extant issues in the recording of international migration. As such, this will have had limited effect on the 2014-based SNPP. Therefore, it is considered that the trend data used to inform the 2014-based SNPPs should provide a more accurate picture with no allowance being made for UPC.

2.25 NLP considers that in this instance, adding in the UPC (which for Staffordshire Moorlands is modest in any event) is likely to over-estimate future population growth in Staffordshire Moorlands District as a result and hence this has not been incorporated into the PopGroup modelling.

Housing Factors

Household Projections

2.26 The methodology for the 2014-based SNHP broadly follows that used for the 2012-, 2011- and 2008-based equivalents.

2.27 The household projections report the total number of households by age group and marital status over the period to 2039. The 2014-based projections include information from the 2011 Census which, together with data from the

Labour Force Survey[6] [LFS], have informed the household projections methodology at the national level.

2.28 The Practice Guidance states that up-to-date household projections published by CLG should provide the starting point estimate of overall housing need. The Practice Guidance goes on to state that "*plan makers may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates*"[7].

2.29 Therefore, the new household projections represent an important milestone in providing evidence to inform objective assessments of housing need.

2.30 However, they do not represent the whole picture, because:

a They are based upon applying headship rates (rates of household formation) to the already released ONS 2014-based SNPP. These underlying population projections are trend-based, reflecting migration patterns seen over the recession and may not be reliable in all areas.

b They reflect a long term and structural under-supply of housing, during periods of both recession and growth. Lack of dwellings amongst other factors constrains household formation and this historic and long term under-supply will have influenced what are firmly trend-based projections.

c They are influenced by recessionary trends since 2007, including mortgage rationing, financial instability and affordability constraints. Although the methodology for the household projections draws upon longer term trends since 1971, the methodology applied by CLG means that they have a greater reliance upon trends experienced over the last 10 years.

d The implication of this 'recency bias' is that the latest household projections continue to be affected by recently observed trends during the period of suppressed household formation associated with the impacts of the economic downturn, constrained mortgage finance and past housing under-supply, as well as the preceding time of increasing unaffordability which also served to suppress household formation[8].

e They do not take any account of the impact of future government or local policies, changing economic conditions or other factors that might have an impact upon demographic behaviour or household consumption.

2.31 The Government's population and household projections will continue to act as the starting point for considering evidence of housing need, and they provide a nationally consistent, robust starting point. However, caution should be exercised when applying them in evidence. They can, and should be, subject

[6] The Labour Force Survey (LFS) is a survey undertaken by ONS of the employment circumstances of the UK population. According to the ONS it is the largest household survey in the UK and provides the official measures of employment and unemployment.
[7] 2a-015-20140306
[8] This is explained on Page 19 of the *Household Projections 2012-based: Methodological Report*. Appendix 6

to adjustment where specific evidence justifies it. The advice contained in the Practice Guidance, that the projections may require adjustment to reflect local trends and circumstances, has been widely considered.

2.32 Many Planning Inspectors have taken the view that the 2011-based projections represented a suppression of household formation, particularly amongst younger age groups. This has been supported by analysis into the underlying projections such as the 'Holman Paper ', and whilst the 2014-based projections are more optimistic in household formation rates than their 2011-based predecessors, they remain lower than long term trends would indicate.

2.33 It is imperative to view the new projections through the prism of the Framework: this seeks to 'boost significantly' the supply of housing to meet housing demand (including demand arising from household formation) and address affordability. Were the planning system to treat the lower levels of household formation as a 'new normal' it would 'lock in' the implications of recent housing under-supply as a result of recession, impacting most of all on younger age groups, particularly those starting families. With the English Housing Survey having recently shown home ownership for younger age groups falling markedly, there are profoundly negative implications for economic and social well-being.

2.34 The potential implications for housing needs has been considered by NLP by modelling a scenario which assumes more optimistic household formation rates than currently used in the 2014-based projections.

2014-based SNHP for Staffordshire Moorlands District

2.35 Over the full 25-year period (2014-39) of the new projections, there is projected to be average growth of 137 households per annum. This rate of growth is lower than the level projected over comparable time periods for both the 2012-based and 2008-based household projections (as set out in Table 2.1 and Figure 2.4).

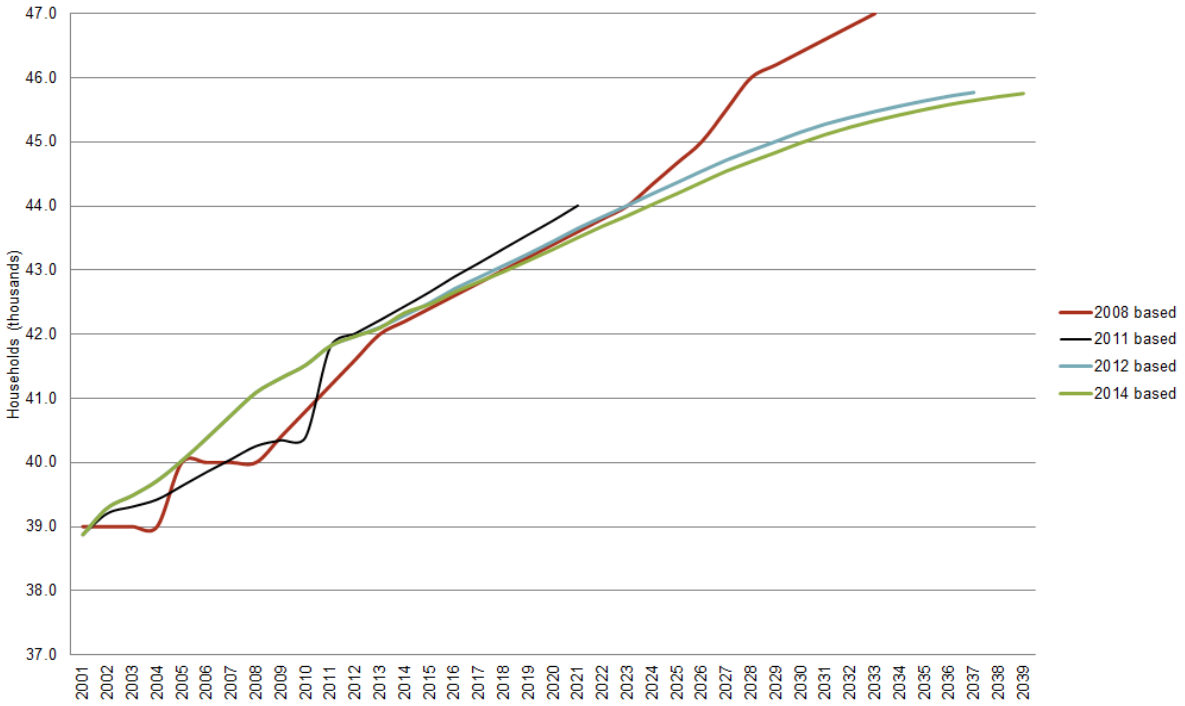
2.36 The Figure indicates that by 2033 the District will have around 45,331 households, 143 below the level suggested by the 2012-based household projections and around 1,669 below the level projected by the 2008-based SNHP.

Table 2.1 Projected Household Growth in Staffordshire Moorlands District

	2014-based Household Projections				2014-2037 annual H'Hold Growth		2014-2033 annual H'hold Growth	
	2014	2039	Total Growth	Annual H'holds	2014-SNHP	2012-SNHP	2014-SNHP	2008-SNHP
Staffordshire Moorlands	42,335	45,755	3,420	137	144	151	157	263

Source: CLG 2008/2012/2014-based Household Projections
Note: The time period have been adapted to align across the various SNHPs
Note: It is important to note that each of these household projections are based on their respective population projections. Hence applying household headship rates to different populations, (such as applying the 2008-based headship rates to the 2014-based population as in the 2016 update) will result in a different household growth figure than those presented above.

Figure 2.4 Household Growth Projections for Staffordshire Moorlands District



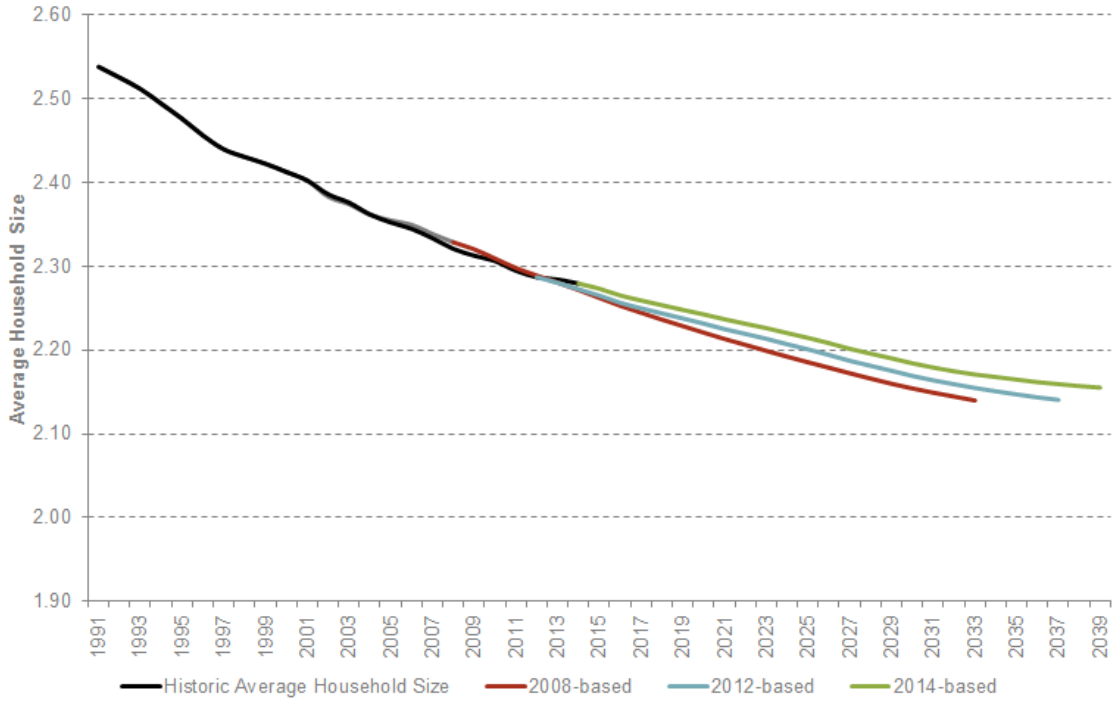
Source: CLG 2008/2011/2012/2014-based Household Projections

Household Formation

2.37 The 2014-based SNHP were, like their 2012-based predecessors (but unlike the earlier 2008-based SNHP), based on a period where household formation across England had slowed due to the impact of recessionary trends. This meant that many households which would otherwise have formed (namely younger households), were not able to. Household projections (and household formation rates) are heavily weighted towards recent trends and therefore trending forward supressed household formation rates might not be representative of the true need and demand for housing within an area, particularly as the economy improves and there is a return to pre-recession conditions.

2.38 Figure 2.5 illustrates how the average household size in Staffordshire Moorlands has shifted historically. There has been a steep decline in average household size, and the 2008-based projections projected this to continue. The 2012-based projections however, took into account data from the 2011 Census (which the 2008-based did not) and reflected a period of suppression in household formation, and as such projected household formation rates to slow, resulting in average household size changing trajectory slightly. The 2014-based SNHP have a slightly higher starting point in 2014 than was projected by the 2008-based projections, and project average household size to decline at a slightly lower rate to both the 2012-based and 2008-based SNHP.

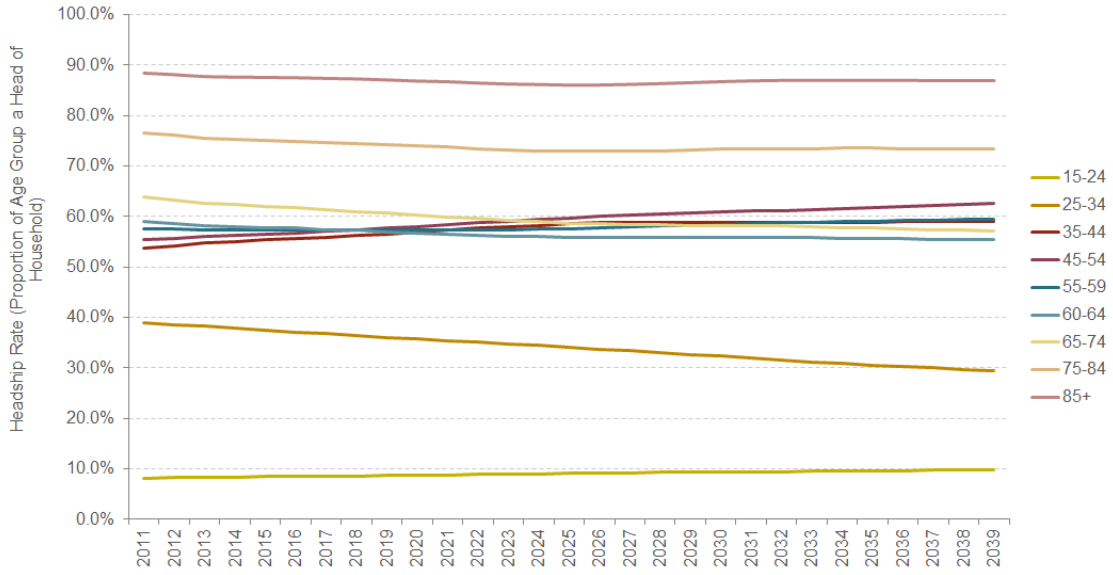
Figure 2.5 Historic and Projected Average Household Size



Source: NLP based on CLG 2008/2012/2014-based Household Projections

2.39 The 2014-based SNHP project forwards constrained levels of household formation. In order to assess how many new houses will actually be required in Staffordshire Moorlands over the Local Plan period (2014-2031/33), it is appropriate to consider the extent to which household formation rates might be expected to increase in the future. The 2014-based SNHP anticipates different levels of change in headship rates for different age cohorts, as set out in Figure 2.6.

Figure 2.6 Change in headship rate by age cohort – 2014-based SNHP



Source: CLG 2014-based SNHP for Staffordshire Moorlands

2.40 The different household formation rates by age cohort reflects the fact that few people aged between 15 and 24 are likely to be able to establish their own households and that the 25 to 34 age cohort is similarly (and increasingly) likely to face pressures in establishing households. The projection suggests that headship rates amongst 25-34 year olds are likely to decrease significantly over the plan period. By contrast, the headship rate is likely to be very high amongst older people (noting that these figures do not include those that live within institutions, such as nursing homes).

2.41 In accordance with the Practice Guidance, NLP has sought to test sensitivities to the 2014-based SNHP where local circumstances allow. To help rectify the impacts of supressed household formation, NLP has devised a sensitivity to the 2014 based SNHP. For the purposes of the OAHN, NLP has modelled a 'Partial Catch Up' scenario. Because young people have been disproportionately impacted by supressed household formation in recent years, the sensitivity focuses around those aged 15-34. Young people are having to live with parents for longer than seen historically or pay a significantly greater proportion of their earnings to rent, which leaves them unable to save for a deposit for a house.

2.42 The sensitivity test is based on the assumption that, post 2017 (to allow for a partial return to pre-recession trends) headship rates in the 15-34 age groups will return to an increase in line with longer term trends, such that by 2033, half of the difference between the 2012-based and 2008-based projections is made up. This results in average household size declining at a slightly faster rate than the 2014-based SNHP projection as a higher percent of young people form households.

2.43 Research by NHPAU[9] found that cohorts who are less able to access home ownership earlier in their adult lives due to 'boom' or 'recession' factors impacting on affordability are nevertheless able to 'catch-up' – 80% of the gap at the age of 30 is 'caught-up' by the age of 40. There is therefore every reason to believe this finding is broadly analogous to household formation, and supports the resumption of long term trends.

Potential Implications of Brexit on Household Formation

2.44 As stated earlier in this section, the full effect of Brexit on factors affecting household formation is impossible to gauge at present. As the sensitivity test applied has anticipated a partial (and not full) return to pre-recession trends already, it is not considered appropriate to 'roll back' this sensitivity testing to account for Brexit. This is in lieu of the fact that Practice Guidance suggests sensitivity testing should be undertaken to account for *local circumstances* and because such an approach would be counter intuitive to the aim to 'boost significantly' the supply of houses within the Framework.

[9] NHPAU (2010) How do Housing Price Booms and Busts Affect Home Ownership for Different Birth Cohorts?

Summary

2.45 Overall, it is considered that the most recent population and household projections for Staffordshire Moorlands (namely the 2014-based SNPP/SNHP) represent a reasonable assessment of likely future growth in the context of past trends and likely future change. The average household size in the 2014-based SNHP is projected to decline at a rate very similar to the 2012-based SNHP, although both are some way off the rate of decline projected in the 2008-based SNHP. It is likely that the ageing population is a key driver of household growth in the District, as it is with many other areas in the UK.

3.0 The Future Housing Scenarios

Introduction

3.1 A number of (previously agreed) scenarios, based upon demographic, economic and housing trends, have been updated to reflect the 2014- based data and the latest mid-year population estimates. The modelling work excludes any "policy-on" scenarios and includes the addition of a scenario which seeks to meet identified affordable housing needs.

3.2 These scenarios represent the alternatives for potential future growth within the District. They demonstrate the extent to which the population of the Staffordshire Moorlands District could change over the Plan period and how this change would be translated into households, dwellings, labour force and the number of jobs that might be supported by the local population.

3.3 NLP has modelled each of these scenarios using industry-standard PopGroup demographic modelling software.

Scenarios – Assumptions and Approach

3.4 The scenarios adopted for testing fall into three broad groups: demographic-led, economic-led and housing-led. The starting point remains the baseline scenario (A), with various data variables and assumptions applied for each of the subsequent scenarios, for the Plan period 2014-2031/33 as follows:

1. **Demographic-led** – *"How much development is required to meet projected levels of population change?"*:
    - **Scenario A: Baseline 2014 SNPP** – A scenario utilising the latest ONS 2014-based SNPP and the headship rates from the CLG 2014-based household projections;
    - **Scenario Aa: Sensitivity Test** – Applying the same assumptions as for Scenario A; however, starting post-2017, headship rates amongst 15-34 year olds will return half-way to the 2008-based projections by 2031/33. This is termed 'partial catch-up' [PCU];
    - **Scenario Ab: Sensitivity Test** – As Aa, but incorporating the latest 2015 mid-year population estimate;
    - **Scenario B: Natural Change** – This scenario sets all migration to 0, assuming that there is no movement into or out of the District over the Plan period. This provides an indication of the level of housing required were only current local residents' needs were catered for;

- **Scenario C: Zero Net-Migration** – A theoretical scenario whereby in and out migration (both internal and international) is balanced, meaning there is only population churn in the District and no growth from net in-migration, i.e. migrants continue to move into and out of the District, but on a one in, one out basis;
- **Scenario D: Long Term Migration Trends** – A scenario based upon migration trends observed for Staffordshire Moorlands over the previous 10 years (the period 2005/06 to 2014/15);
- **Scenario Da: Sensitivity Test** – Applying the same assumptions as for Scenario D; incorporating PCU headship rates;

2. **Economic-led –** *"How much development is required to ensure forecasts of future employment change are supported by the local labour supply?":*

- **Scenario E: Oxford Economics Job Growth** – based on (post-Brexit) policy off job growth as forecast by Oxford Economics (October 2016), based on the net additional workforce jobs over the period 2014-2031 or 2014-2033;
- **Scenario Ea: Sensitivity Test** – based on Oxford Economics job growth forecast but reduced to account for -5% out commuting;
- **Scenario Eb: Sensitivity Test** – based on Oxford Economics job growth forecast but incorporating PCU headship rates;
- **Scenario F: Job Stabilisation** – Constraining the number of net additional jobs over the 17-19-year plan period to zero, to assess the level of housing needed to maintain the current number of jobs;
- **Scenario Fa: Sensitivity Test** – based on zero net job growth but incorporating PCU headship rates;
- **Scenario G: Past Trends Job Growth** – Taking into account the past trends job growth for the 15-year period to 2015 derived from the Oxford Economics data (0.47% annually) this scenario assumes that this will continue over the plan period; and
- **Scenario Ga: Sensitivity Test** – based on Past Trends job growth but incorporating PCU headship rates;
- **Scenario H: Experian Job Growth** - based on policy off job growth as forecast by Experian (December 2016), using net additional workforce jobs over the period 2014-2031 / 2014-2033;
- **Scenario Ha: Sensitivity Test** – based on Experian job growth but incorporating PCU headship rates;
- **Scenario I: Combined Job Growth** - based on a combination of the Oxford Economics and Experian job growth projections over the period 2014-2031 / 2033;
- **Scenario Ia: Sensitivity Test** – based on the aforementioned combined job growth but incorporating PCU headship rates;

3. **Affordable Housing Need –** *"What are the implications - in terms of the number of people, households and jobs - of delivering a certain amount of development?":*

- **SHMA Affordable Housing Need:** based on the affordable housing needs identified in Section 6.0 of this SHMA.

3.5 The above scenarios with their respective sensitivity tests provide a wide range of outputs evidencing housing and employment development needs based upon different factors under different scenarios. All scenarios provide development needs over a timeframe starting in 2014 and ending in 2031/33. There are a number of assumptions which NLP has adopted to form the basis for all modelled scenarios.

3.6 These include:

a. A base population derived from the 2014 to 2015 Mid-Year Population Estimates by single year of age and gender is used (with the exception of the 2014-based SNPP starting point Scenario A, which uses the 2014 MYE only);

b. Fertility rates are applied to the population using the projected Total Fertility Rate for Staffordshire Moorlands derived from the ONS 2014-based SNPP;

c. Mortality rates are applied to the population forecast using projected Standardised Mortality Ratios for Staffordshire Moorlands from the ONS 2014-based SNPP;

d. Inputs on headship rates are based on the 2014-based SNHP, which provide data by 5-year age group and sex for Staffordshire Moorlands from 2012 to 2031 or 2012-2033, with the exception of the PCU sensitivity tests;

e. In Staffordshire Moorlands (as in any area) housing vacancies and second homes will result in the number of dwellings exceeding the number of resident households. In establishing future projections, it is likewise expected that the dwelling requirement will exceed the household forecast. Hence a rate of 4.02%[10] has been factored into the model, based upon the most recent vacancy data available for the District;

f. The unemployment rate is taken from the Annual Population Survey [APS] model-based estimates of unemployment for Staffordshire Moorlands. At 2014 (the base date of the modelling) this was 3.4%. It has been assumed that by 2020, the unemployment level will have fallen back to its pre-recession average (i.e. that observed over the period 2004-2008), which is 3.14%, on the basis that this better reflects the likely rate of unemployment in the area. Post 2020 this rate is held constant;

g. It has been assumed that the Labour Force Ratio (the ratio of employed workers in an area to jobs in an area, which takes into account commuting

[10] Council Tax Base for Formula Grant Purposes CTB (Average of 4.06% in 2014 and 3.97% in 2015). This has been used as it is considered that it represents a reasonably accurate reflection of the true level of vacant/second homes in the District, incorporating recent nationally-available data.

patterns and 'double-jobbing') remains static post 2015[11].

h. Economic activity rates by age and sex have been projected using the OBR Labour Market Participation Rate Projections[12]. These have been applied to the 2011 Census rates for Staffordshire Moorlands, and have been re-based to 2014 using the Annual Population Survey. These rates take into account changes projected in younger age groups, women and older people (associated with changes to State Pension Age).

3.7 An additional driver underpinning growth in household formation is the strong trend towards smaller average household sizes nationally. 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 Appendix 3.

Modelling Results

Demographic-Led Scenarios

3.8 The demographic scenarios use components of population change (births, deaths and migration) to project how the future population, household composition, and consequent need for housing, will support future employment growth. The headline results for each scenario are outlined below.

Scenario A: 2014-based SNHP

3.9 This scenario represents the demographic starting point for calculating housing OAN as set out in the Practice Guidance. It simply models the 2014-based SNPP and applies the headship rates within the 2014-based SNHP.

3.10 Under this scenario, the population of Staffordshire Moorlands is projected to increase by 2,239 by 2031 (and by 2,416 to 2033). Of this population growth, all is attributable to net in-migration which counteracts the significant decrease in population associated with natural change.

3.11 2,780 new households would form to 2031 (3,002 to 2033) which equates to a need for 170 dwellings per annum [dpa] (165 dpa to 2033). The disproportionately high rate of new household formation relative to population growth is due to wider trends concerning inward migration and an ageing population, as older residents tend to form smaller households over time.

3.12 However this ageing population contributes towards a declining labour force and job losses, which could undermine economic stability in the long term.

Scenario Aa: Sensitivity for Partial Catch-Up Headship Rates

3.13 This sensitivity test assumes that the 'pent-up' demand within the younger population (15-34 age groups) will be released over time, and household

[11] Commuting rate kept constant at 1.31 based on 50,600 economically active Staffordshire Moorlands residents in employment as of 2015 (ONS Annual Population Survey); 2.9% unemployed (ONS APS) and 37,300 jobs (Oxford Economics).
[12] Published November 2015.

formation will return to a level which is reflective of the true demand, as opposed to recent trends which have been supressed. This results in higher household formation in those younger cohorts (starting post-2017 to allow for a full return to pre-recessionary conditions).

3.14 As a result of accelerated household formation rates applied to the same population structure as set out in the 2014-based SNPP, this sensitivity test suggests a need for 192 dpa 2014-2031 (186 dpa to 2033).

Scenario Ab: MYE + Sensitivity for Partial Catch-Up Headship Rates

3.15 This sensitivity test effectively replicates Scenario Aa, but restricts the 2015 population to the latest MYE rather than the 2014-based SNPP figure for that year. The population was then re-based going forward applying the fertility, mortality and migration rates from the 2014 SNPP. Using this scenario, there would be a total dwelling need of 196 dpa to 2031 and 190 dpa to 2033.

3.16 The key outputs for Scenarios A, Aa and Ab are shown below.

Table 3.1 Summary of Population, Job and Dwelling Outputs - Scenarios A, Aa and Ab

		2014-2031	p.a.	2014-2033	p.a.
Population Change		2,239	132	2,416	127
of which natural change		*-4,893*	*-288*	*-5,769*	*-304*
of which net migration		*7,132*	*420*	*8,185*	*431*
Labour Force		-2,215	-130	-2,377	-125
Jobs		-1,637	-96	-1,764	-93
Scenario A: 2014 SNPP Baseline	Households	2,780	164	3,002	158
	Dwellings*	**2,896**	**170**	**3,127**	**165**
Scenario Aa: 2014 SNPP+ PCU	Households	3,125	184	3,383	178
	Dwellings*	**3,256**	**192**	**3,525**	**186**
Population Change		2,567	151	2,774	146
of which natural change		*-4,630*	*-272*	*-5,473*	*-288*
of which net migration		*7,197*	*423*	*8,247*	*434*
Labour Force		-2,141	-126	-2,300	-121
Jobs		-1,579	-93	-1,704	-90
Scenario Ab: MYE + PCU	Households	3,197	188	3,465	182
	Dwellings*	**3,331**	**196**	**3,610**	**190**

Source: NLP using PopGroup

*In Staffordshire Moorlands 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 4.02% has been factored into the model, based upon the most recent vacancy data available for the District.

Scenario B: Natural Change

3.17 This scenario excludes all inward and outward migration to/from Staffordshire Moorlands over the plan period, modelling the natural change within the

current local population only (arising from the interplay between births and deaths). This is a purely hypothetical scenario as a consequence.

3.18 Under this scenario it is likely that there would be a population decrease of 3,838 between 2014 and 2031, although there would still be a very modest increase in the number of newly forming households (+261) and dwellings (261, or 15 dpa). The equivalent dwelling figure up to 2033 would be a negligible 6 dpa.

Table 3.2 Summary of Population, Job and Dwelling Outputs - Scenario B

	2014-2031	p.a.	2014-2033	p.a.
Population Change	-3,838	-226	-4,461	-235
of which natural change	*-3,838*	*-226*	*-4,461*	*-235*
of which net migration	*0*	*0*	*0*	*0*
Labour Force	-4,975	-293	-5,741	-302
Jobs	-3,802	-224	-4,402	-232
Households	261	15	113	6
Dwellings	**272**	**16**	**118**	**6**

Source: NLP using PopGroup

Scenario C: Zero Net Migration

3.19 The zero net migration scenario represents the impacts of equalising migration (i.e. ensuring the number of internal and international migrants coming into the district equals the number moving out). Nevertheless, the profile of the population changes over time due to the different demographic profile of in-migrants and out-migrants. This has an impact on the labour force change as well as household growth.

3.20 This scenario would lead to a reduced population, labour force and job losses which would see a negative requirement for dwellings in the District of -22 dpa to 2031 and -29 dpa to 2033. This is not dissimilar to the +7dpa identified in the previous SHMA Update for this scenario.

Table 3.3 Summary of Population, Job and Dwelling Outputs - Scenario C

	2014-2031	p.a.	2014-2033	p.a.
Population Change	-2,493	-147	-2,896	-152
of which natural change	*-2,493*	*-147*	*-3,685*	*-194*
of which net migration	*0*	*0*	*0*	*0*
Labour Force	-3,564	-210	-3,955	-208
Jobs	-2,695	-159	-3,002	-158
Households	-359	-21	-533	-28
Dwellings	**-374**	**-22**	**-556**	**-29**

Source: NLP using PopGroup

Scenario D: Long Term Migration Trends

3.21 Over the longer term (the past ten years), net migration in Staffordshire Moorlands has been slightly lower than the level projected forward in the 2014-based SNPP. Projecting this level of migration over the plan period results in population growth, but at a lower rate; there remains a decrease in the size of the labour force, jobs losses and a dwelling need of 139 dpa to 2031 (129 dpa to 2033).

Scenario Da: Sensitivity Test

3.22 As with Scenario Aa, this sensitivity models the difference in housing need under the assumption of accelerated household formation rates in younger age groups, whilst incorporating the same population growth assumptions as per the long term migration trend (Scenario D). Such an approach would increase the dwelling requirement to 160 dpa (149 dpa to 2033).

3.23 The key scenario outputs for Scenarios D and Da are shown in Table 3.4.

Table 3.4 Summary of Population, Job and Dwelling Outputs – Scenarios D and Da

		2014-2031	p.a.	2014-2033	p.a.
Population Change		1,022	87	817	43
of which natural change		*-4,794*	*-282*	*-5683*	*-299*
of which net migration		*5,816*	*342*	*6,500*	*342*
Labour Force		-2,959	-174	-3,329	-175
Jobs		-2,220	-131	-2,511	-132
Scenario D: Long Term Migration	Households	2,274	134	2,352	124
	Dwellings	**2,369**	**139**	**2,450**	**129**
Scenario Da: Long Term Migration+ PCU	Households	2,612	154	2,724	143
	Dwellings	**2,721**	**160**	**2,838**	**149**

Source: NLP using PopGroup

3.24 Compared to the January 2016 SHMA Update, the previous Long Term Migration Scenario identified a need for 136 dpa, slightly below the 139 dpa identified above.

Employment-led Scenarios

3.25 A series of employment-led scenarios have been assessed to identify how much additional housing may be needed to take account of employment growth.

Scenario E: Oxford Economics Job Growth

3.26 This represents a 'policy-off' scenario using Oxford Economics projections of future employment growth in Staffordshire Moorlands District. This represents the 'unconstrained' potential of the area based on its existing business base, mix of sectors and inherent economic qualities. At a local level, past growth

trends (and in particular the performance of individual sectors in the local area relative to the regional performance) represent the key driver of determining future growth.

3.27 The projections indicate that for the period 2014-2031, Staffordshire Moorlands will grow by 339 jobs (20 annually). Although this seems low, this must be seen in the context of the number of jobs declining quite significantly under the 2014-based SNPP baseline. As such, to support this level of job growth there would need to be significant in-migration, necessary to support an increase in the size of the labour force sufficient to support the forecast job growth.

3.28 As summarised in Table 3.5, this would equate to population growth of +7,431 to 2031, household growth of 4,553 and a dwelling need of 4,744, or 279 dpa (falling to 263 dpa to 2033).

Scenario Ea: Oxford Economics Job Growth + 5% Reduction in Commuting

3.29 A sensitivity test was modelled, allowing for a reduction in the level of net out-commuting over the period 2014 – 2031/33 by 5%. Whilst recognising this would be challenging, this may be considered desirable in terms of delivering sustainable development.

3.30 Such an outcome would result in the level of job growth remaining the same as in Scenario E, 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 (i.e. fewer people commute out of the District for work, taking up more of the locally based jobs instead). Under this sensitivity test, the dwelling need would reduce to 180 dpa (173 dpa to 2033).

Scenario Eb: Oxford Economics Job Growth + PCU

3.31 A final sensitivity test analysed the housing implications of pursuing the same level of modest (but positive) job growth, but applying the PCU headship rates to the Scenario E population growth. As can be seen in Table 3.5, this would increase the number of homes required to 5,135, or 302 dpa (286 dpa to 2033).

Table 3.5 Summary of Population, Job and Dwelling Outputs – Scenarios E, Ea and Eb

		2014-2031	p.a	2014-2033	p.a.
Population Change		7,236	426	7,431	391
of which natural change		*-4,012*	*-236*	*-4,758*	*-250*
of which net migration		*11,249*	*662*	*12,189*	*642*
Labour Force		305	18	116	6
Jobs		339	20	191	10
Scenario E: OE Job Growth	Households	4,553	268	4,792	252
	Dwellings	**4,744**	**279**	**4,993**	**263**

		2014-2031	p.a	2014-2033	p.a.
Population Change		2,713	160	2,881	152
of which natural change		*-4,458*	*-262*	*-5,310*	*-279*
of which net migration		*7,171*	*422*	*8,191*	*431*
Labour Force		-2,083	-123	-2,263	-119
Jobs		339	20	191	10
Scenario Ea: OE Job Growth -5% in Commuting	Households	2,938	173	3,150	166
	Dwellings	**3,061**	**180**	**3,282**	**173**
Population Change		7,236	426	7,431	391
of which natural change		*-4,012*	*-236*	*-4,758*	*-250*
of which net migration		*11,249*	*662*	*12,189*	*642*
Labour Force		305	18	116	6
Jobs		339	20	191	10
Scenario Eb: OE Job Growth PCU	Households	4,929	290	5,207	274
	Dwellings	**5,135**	**302**	**5,425**	**286**

Source: NLP using PopGroup

3.32 Compared to the January 2016 Update, which identified a need for 398 dpa over the period 2012 to 2031, the equivalent Scenario E figure of 279 dpa appears to be a sizeable reduction. This is due to the big difference in the level of jobs forecast by Oxford Economics in the latest projections. The previous projections forecast a net job growth of +2,250 between 2012-2031, compared to +339 between 2014 and 2031.

Scenario F: Job Stabilisation

3.33 This scenario assumes that the number of jobs in Staffordshire Moorlands District remains at its 2014 level over the plan period; this means that due to the ageing population, there would be a need for growth in the labour force, in-migration and ultimately housing of 259 dpa to 2031 (and 251 dpa to 2033).

Scenario Fa: Job Stabilisation + PCU

3.34 Applying the same employment and demographic inputs as for Scenario F, but this time applying the PCU accelerated headship rates would generate a much higher level of housing need in the order of 282 dpa to 2031.

3.35 A comparison of the two scenarios is presented in Table 3.7.

Table 3.6 Scenario F: Job Stabilisation

		2014-31	p.a	2014-33	p.a.
Population Change		6,339	373	6,876	362
of which natural change		*-4,250*	*250*	*-5,006*	*263*
of which net migration		*10,588*	*623*	*11,882*	*625*
Labour Force		-127	-7	-127	-7
Jobs		0	0	0	0
Scenario F: Job Stabilisation	Households	4,222	248	4,582	241
	Dwellings	**4,398**	**259**	**4,774**	**251**
Scenario Fa: Job Stabilisation + PCU	Households	4,595	270	4,996	263
	Dwellings	**4,787**	**282**	**5,205**	**274**

Source: NLP PopGroup

Scenario G: Past Trends Job Growth

3.36 The past trends scenario indicates the level of housing needed were historic job growth trends set to continue over the plan period. Over the period examined (the 15 years to 2015) job growth in Staffordshire Moorlands was impressive, with Oxford Economics recording job growth of 0.47% annually over this time period. It should be noted that much of this growth has been recorded in the two years 2013-2015, hence the significant uplift in the figures when compared to previous versions of this scenario (which modelled the period 2000-2013).

3.37 Modelling this level of growth in PopGroup would result in very significant levels of net inward migration and would generate a need for 420 dpa to 2031, or 415 dpa to 2033[13].

Scenario Ga: Past Trends Job Growth + PCU

3.38 Applying the same employment and demographic inputs as for Scenario G, but this time applying the PCU accelerated headship rates would generate a much higher level of housing need in the order 446 dpa to 2031.

3.39 A comparison of the two scenarios is presented in Table 3.7.

[13] Please note that the level of growth is slightly different to the figure used in the ELR, as that report uses FTEs, whereas this uses total workforce jobs (which are higher).

Table 3.7 Summary of Population, Job and Dwelling Outputs – Scenarios G and Ga

		2014-31	p.a	2014-33	p.a.
Population Change		13,697	806	15,185	799
of which natural change		*-3,465*	*-204*	*-4,043*	*-213*
of which net migration		*17,161*	*1,009*	*19,227*	*1,012*
Labour Force		3,746	220	4,222	222
Jobs		3,038	179	3,411	180
Scenario G: Past Trends	Households	6,859	403	7,576	399
	Dwellings	**7,146**	**420**	**7,893**	**415**
Scenario Ga: Past Trends + PCU	Households	7,280	428	8,046	423
	Dwellings	**7,584**	**446**	**8,383**	**441**

Source: NLP using PopGroup

Scenario H: Experian Job Growth

3.40 This represents a 'policy-off' scenario using Experian's local area-based projections of future employment growth in Staffordshire Moorlands District.

3.41 The Experian econometric forecasts begin with UK-wide economic variables to create a core macro-economic forecast, indicating the national demand for labour. Regional forecasts of employment change are constrained to conform to these UK-wide employment figures, and local forecasts are constrained to match the regional totals. These forecasts set out the expected levels of growth across 12 broad sectors and 38 categories.

3.42 The latest projections indicate that for the period 2014-2031, Staffordshire Moorlands' economy will grow by 1,400 workforce jobs (82 annually). This is significantly higher than the Oxford Economics projections, primarily due to much stronger growth in certain manufacturing sectors. To support this level of job growth there would need to be even higher levels of in-migration necessary to support an increase in the size of the labour force to support the forecast job growth.

3.43 As summarised in Table 3.8, this would equate to population growth of +9,705 to 2031; household growth of 5,428; and a dwelling need of 5,655, or 333 dpa (falling to 328 dpa to 2033).

Scenario Ha: Experian Job Growth + PCU

3.44 This sensitivity test analysed the housing implications of pursuing the same level of job growth as per Scenario H, but applying the PCU headship rates. As can be seen in Table 3.8, this would increase the number of homes required to 6,067, or 357 dpa (352 dpa to 2033).

Table 3.8 Summary of Population, Job and Dwelling Outputs – Scenarios H and Ha

		2014-2031	p.a	2014-2033	p.a.
Population Change		9,705	571	10,752	566
of which natural change		*-3,933*	*-231*	*-4,602*	*-242*
of which net migration		*13,638*	*802*	*15,354*	*808*
Labour Force		1,658	98	1,913	101
Jobs		1,400	82	1,600	84
Scenario H: Experian Job Growth	Households	5,428	**319**	5,977	**315**
	Dwellings	**5,655**	**333**	**6,227**	**328**
Population Change		9,705	571	10,752	566
of which natural change		*-3,933*	*-231*	*-4,602*	*-271*
of which net migration		*13,638*	*802*	*15,354*	*903*
Labour Force		1,658	98	1,913	101
Jobs		1,400	82	1,600	84
Scenario Ha: Experian Job Growth PCU	Households	5,824	343	6,420	338
	Dwellings	**6,067**	**357**	**6,688**	**352**

Source: NLP using PopGroup

Scenario I: Combined Job Growth

3.45 It is important to note at the outset that the two forecasting houses referenced in this SHMA, namely Experian and Oxford Economics [OE], both produce credible and robust estimates of job growth at a local area level. However, there are methodological differences between them regarding how the various job projections are derived. This can mean that in certain circumstances and in certain spatial areas, one may produce a more realistic, or appropriate, level of job growth than another.

3.46 The 2017 Staffordshire Moorlands District Employment Land Review [ELR] analysed the differences between the two sets of projections in detail and found that although certain industrial sectors (particularly under the broad sector of manufacturing) displayed significant growth variations, no coding errors were apparent. It is important to recognise that there are inevitably uncertainties and limitations associated with modelling assumptions under any of the future labour demand scenarios considered. In particular, depending upon the methodology applied, there may be data anomalies in the source data used to build the forecasts, which then have the potential to become accentuated over time.

3.47 Whilst Experian and OE provide overall methodologies setting out their broad assumptions in defining their local area based econometric models, they do not disclose the many detailed assumptions they make concerning the local and regional economy, along with the adjustments made to the raw data in order to calculate such forecasts. Because of this, it is difficult to make robust decisions concerning the comparative weight to attach to each forecast for Staffordshire Moorlands District.

3.48 On this basis, it was considered reasonable to model a new scenario which takes an average level of job growth across the two econometric projections.

3.49 Hence Scenario I combines the job growth projected by Oxford Economics (+339) and Experian (+1,400) to plan for an average level of job growth equal to **+870 jobs (794 FTEs)** over the period 2014-2031, and 893 jobs (net) (819 FTEs) to 2033 for Staffordshire Moorlands District.

3.50 As summarised in Table 3.8, this would equate to population growth of +8,471 to 2031, household growth of 4,991 and a dwelling need of 5,199, or 306 dpa (falling to 295 dpa to 2033).

Scenario Ia: Combined Job Growth + PCU

3.51 This sensitivity test analysed the housing implications of pursuing the same level of job growth as per Scenario I, but applying the PCU headship rates. As can be seen in Table 3.8, this would increase the number of homes required to 5,601, or 329 dpa (319 dpa to 2033).

Table 3.9 Summary of Population, Job and Dwelling Outputs – Scenarios I and Ia

		2014-2031	p.a	2014-2033	p.a.
Population Change		8,471	498	9,084	478
of which natural change		*-3,972*	*-234*	*-4,680*	*-246*
of which net migration		*12,443*	*732*	*13,764*	*724*
Labour Force		981	58	1,011	53
Jobs		870	51	893	47
Scenario I: Combined Job Growth	Households	4,991	**294**	5,382	283
	Dwellings	**5,199**	**306**	**5,608**	**295**
Population Change		8,471	498	9,084	478
of which natural change		*-3,972*	*-234*	*-4,680*	*-246*
of which net migration		*12,443*	*732*	*13,764*	*724*
Labour Force		981	58	1,011	53
Jobs		870	51	893	47
Scenario Ia: Combined Job Growth PCU	Households	5,376	**316**	5,811	306
	Dwellings	**5,601**	**329**	**6,054**	**319**

Source: NLP using PopGroup

Affordable Housing Need

3.52 This SHMA has provided an in-depth analysis for affordable housing needs in Staffordshire Moorlands, based on a range of data and analysis. Subsequent sections of this report conclude that there was a net annual need of between 224 and 432 affordable dwellings[14], which, attributing an estimated delivery rate of 33% (Policy H2 of the adopted Core Strategy, March 2014) equates to a

[14] Note: as set out in Section 6.0, the 432 dpa figure relates to the gross affordable housing need figure based on the standard Practice Guidance/CLG Guidance approach; the lower 224 dpa figure makes allowances for a deposit and/or a greater proportion (35%) of income to be spent upon renting a property.

total need of at least 679 dpa and potentially as high as 1,309 dpa. This does not account for the existing backlog.

Summary

3.53 The scenarios present a wide range of housing need scenarios for the period 2014 to 2031/33 based upon different drivers of housing need in Staffordshire Moorlands District. These are summarised in Table 3.10.

Table 3.10 Comparison of Scenarios

	February 2017 SHMA						Previous January 2016 SHMA Update
	Population Change	Job Growth	Dwellings 2014-2031	p.a.	Dwellings 2014-2033	p.a	Dpa 2014-2031
A. Baseline	2,239	-1,637	2,896	170	3,127	165	181
Aa. Baseline + PCU			3,256	192	3,525	186	199
Ab MYE + PCU	2,567	-1,579	3,331	196	3,610	190	205
B. Natural Change	-3,838	-3,802	272	16	118	6	41
C. Zero Net Migration	-2,493	-2,695	-374	-22	-556	-29	7
D. Long Term Migration	1,022	-2,220	2,369	139	2,450	129	136
Da. Long Term Migration +PCU			2,721	160	2,838	149	-
E. OE Job Growth	7,236	339	4,744	279	4,993	263	398
Ea. OE + Reduced Commuting	2,713		3,061	180	3,282	173	329
Eb. OE + PCU	7,236		5,135	302	5,425	286	-
F. Job Stabilisation	6.339	0	4,398	259	4,774	251	290
Fa. Job Stabilisation +PCU			4,787	282	5,205	274	-
G. Past Trends	13,697	3,038	7,146	420	7,893	415	290
Ga. Past Trends +PCU			7,584	446	8,383	441	-
H. Experian Job Growth	9,705	1,400	5,655	333	6,227	328	-
Experian Job Growth + PCU			6,067	357	6,688	352	-
I Combined Job Growth	8,471	870	5,199	306	5,608	295	-
Ia. Combined Job Growth + PCU			5,601	329	6,054	319	-
Affordable Housing Needs				679 / 1,309		679 / 1,309	-

Source: NLP PopGroup

3.54 The dwelling needs range from -29 dpa under Scenario C: Net Zero Migration and up to 446 dpa under Scenario Ga: Past Trends Job Growth + PCU. To meet the full affordable housing need of 226/434 dpa, a step change of at least 679 dpa and possibly as high as 1,309 dpa would be required. Although the scenarios are broadly similar to those looked at previously, the use of updated SNPP, SNHP and headship rates (plus a number of other data updates) as well as the extension of the projection period to 2033 has resulted in some quite significant variation from the initial figures, with a general downward trend reflecting the lower household and employment growth forecast.

4.0 Market Signals

Introduction

4.1 The Practice Guidance states that the housing need suggested by the 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[15].

4.2 The Guidance sets out six key market signals[16]:

1 land prices;

2 house prices;

3 rents;

4 affordability;

5 rate of development; and,

6 overcrowding.

4.3 It goes on to indicate that an appropriate comparison of these should be made with an upward adjustment made to planned housing numbers where there is evidence of a worsening trend in any of these indicators:

"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. Divergence under any of these circumstances will require upwards adjustment to planned housing numbers compared to ones based solely on household projections".

"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"[17]

4.4 The Practice 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.

4.5 The Local Plan Expert Group [LPEG], in its Report to the Communities Secretary and to the Minister of Housing and Planning (March 2016), recommended various changes to the Practice Guidance concerning the assessment of housing market signals.

[15] 2a-018-20140306
[16] 2a-019-20140306
[17] 2a-020-130729

4.6 Instead of analysing 6 key market signals and considering whether an uplift is justified as the current Practice Guidance states (and which this Section will examine), the LPEG recommends examining just two indicators:

1 **House price affordability** – the ratio of median quartile house prices to median earnings ('The House Price Ratio' [HPR]); and,

2 **Rental affordability** – lower quartile rental costs as a percent of lower quartile earnings (The Rental Affordability Ratio' [RAR]).

4.7 An uplift would then be applied in line with the following benchmarks:

1 Where the HPR is less than 5.3 and RAR is less than 25%, no uplift is required

2 Where HPR is at or above 5.3 and less than 7.0, and/or the RAR is at or above 25% and less than 30%, a 10% uplift should be applied;

3 Where the HPR is at or above 7.0 and less than 8.7, and/or the RAR is at or above 30% and less than 9, a 20% uplift should be applied; and

4 Where the HPR is at or above 8.7, and/or the RAR is at or above 35%, a 25% uplift should be applied.

4.8 The LPEG report remains at the consultation stage and has no formal weight. Hence although limited weight can be given to the LPEG approach given that it is not policy or endorsed by Government, it is at least helpful in seeking to understand the general 'direction of travel' of defining housing OAN and what an appropriate response might be to define the influence of market signals and affordable housing. As such, we have applied the two indicators to Staffordshire Moorlands as part of the consideration of the requirements of the Practice Guidance.

Land Prices

4.9 There is no readily available and nationally-consistent data on unequipped agricultural land values or residential building land prices from the Valuation Office Agency [VOA] for Staffordshire Moorlands. However, CLG has published a document entitled '*Land value estimates for policy appraisal'* (February 2015) which contains post-permission residential land value estimates per hectare, for each Local Authority. For Staffordshire Moorlands this figure is £405,000 per hectare, significantly below the equivalent figure for England (excluding London) of £1,958,000.

House Prices

4.10 The Practice Guidance identifies that longer term changes in house prices may indicate an imbalance between the demand for and supply of housing. As mix-adjusted prices and/or House Price Indices are not available at local authority level, for Staffordshire Moorlands we consider price paid data is the most reasonable indicator.

4.11 Land registry price paid data displays the median prices in Staffordshire Moorlands, alongside Staffordshire and England as of 2015 (Table 4.1). These median prices illustrate lower prices in Staffordshire Moorlands compared to both the sub-region and national rates.

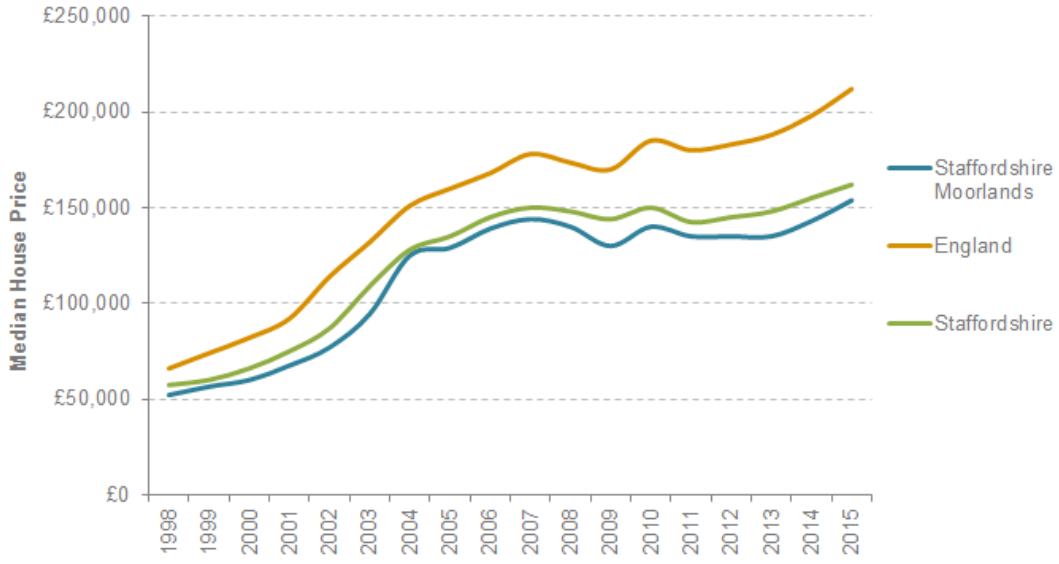
Table 4.1 Median Dwelling Price, Staffordshire Moorlands (2015)

	Median Dwelling Price
Staffordshire Moorlands	£153,750
Staffordshire	£162,000
England	£212,000

Source: Land Registry Price Paid Data

4.12 CLG publishes series data on median house prices based on the same Land Registry price paid data series. This currently runs from 1998 to 2015. This longitudinal analysis (Figure 4.1), indicates that Staffordshire Moorlands has achieved consistently lower house prices than both Staffordshire and England as a whole. The differences have remained relatively stable in recent years whilst the national median house price has generally continued to increase at a faster rate. This has resulted in an expanding gap between median house prices in Staffordshire Moorlands and the national median since 1999 (as illustrated in Figure 4.1).

Figure 4.1 Median House Prices Staffordshire Moorlands (2015)



Source: CLG Live Table 586

4.13 In 2015, median house prices in the District were 39% lower than the national average. As such, it is unsurprising that Staffordshire Moorlands ranked as being the 81st cheapest place to live in England out of 326 districts.

4.14 As set out in the Practice Guidance, higher house prices and long term rises (over an extended period) tend to indicate an imbalance between the demand for housing and the supply. In this instance, Staffordshire Moorlands' house

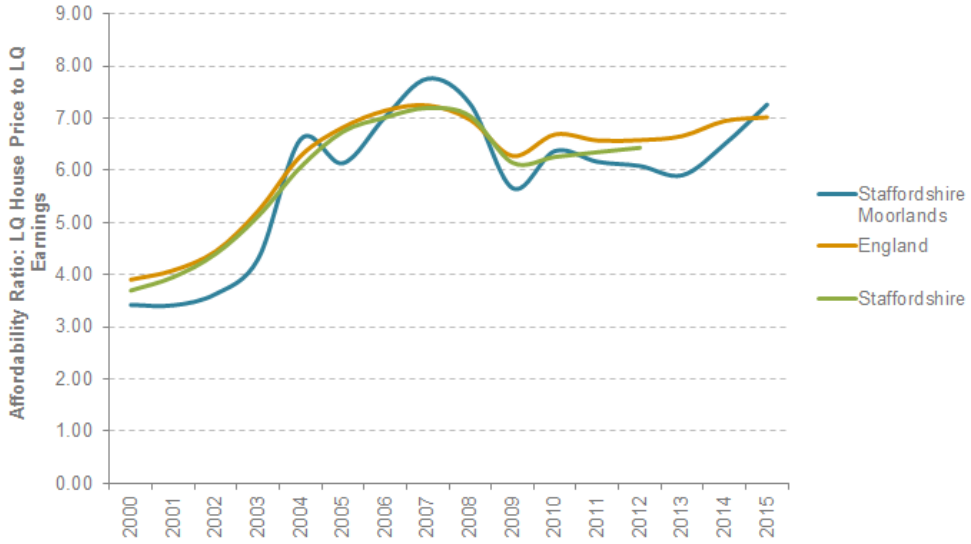
prices have been relatively stable, suggesting that the imbalance is not as severe as it has been elsewhere in the country.

4.15 It is important to note that there are significant differences in average house prices across the District, with the rural north east (i.e. those lying within the Peak District National Park) having significantly higher house prices than urban areas within Leek and Biddulph. Whilst the overall average fluctuates between the two extremes, it has the effect of masking significant disparities in the market.

Affordability

4.16 The Practice Guidance considers 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.

Figure 4.2 Ratio of Lower Quartile House Price to Lower Quartile Earnings in Staffordshire Moorlands



Source: CLG Live Table 576

4.17 It can be seen in Figure 4.2 that over the past 15 years, the ratio of lower quartile house prices to lower quartile earnings in Staffordshire Moorlands has oscillated significantly. The affordability ratio has been volatile in comparison to the national and county trends and is currently higher than the national average, having risen sharply over the past year. In 2015 Staffordshire Moorlands was the 210th most affordable place to live in England out of 326 districts behind Derbyshire Dales and only 11 places in front of Cheshire East, which incorporates some of the most affluent areas in the North of England.

4.18 The House Price Ratio, the measure used within the proposed changes to the Practice Guidance by the LPEG[18], equates to 5.20 for Staffordshire Moorlands District (based on NLP's analysis of median house prices set against median

[18] Revised Practice Guidance text on Housing and Economic Development Needs – Appendix 6 of Local Plan Expert Group Report [ID: 2a-020-20140306]

earnings, averaged over the past three years). This would in isolation suggest that no uplift is required (the threshold being 5.3), although the difference is marginal.

Rents

4.19 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 in 2016 were £475 per month, compared to £545 per month in Staffordshire. Hence median rents are cheaper in Staffordshire Moorlands than they are (on average) across Staffordshire. The lower overall median rent figure for Staffordshire Moorlands could be partly explained by the relatively cheap house prices in the District. Overall, rental values in Staffordshire Moorlands are 27% lower than the national average.

4.20 Series data for rents from VOA from Q2 2011 to Q1 2016 demonstrate that median rents in Staffordshire Moorlands have gone up by 5.6% since 2011, compared with growth of 14% nationally and 9% across Staffordshire. It could be inferred that affordability within the private market rental sector has therefore remained stable in Staffordshire Moorlands in recent years, indicating that there is a reasonable balance between demand and supply for private rented housing over this period.

4.21 This is perhaps a little surprising given that Staffordshire Moorlands has a relatively low proportion of households living in private rented accommodation. According to the 2011 Census, this sector accommodates 8.6% of all households, compared to 12.8% across the West Midlands and 15.3% nationally.

4.22 The Rental Affordability Ratio, the measure proposed to measure market signals within the LPEG's proposed changes to the Practice Guidance[19], is 21.0% for Staffordshire Moorlands (based on NLP's analysis of a 3-year average of LQ earnings against LQ 1-bedroom rental properties). According to the LPEG threshold based approach, this would not be sufficient to require an uplift to the demographic starting point.

Rate of Development

4.23 The rate of development is intended to be a supply-side indicator of previous under-delivery. The Practice Guidance sets out 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*"[20]

4.24 The rate of development is therefore a market signal relating to the quantity of past under-supply, which will need to be made up. The relevant 'planned

[19] Revised Practice Guidance text on Housing and Economic Development Needs – Appendix 6 of Local Plan Expert Group Report [2a-020-20140306]
[20] 2a-020-20140306

supply' figures are set out in Policy SS2 within the Staffordshire Moorlands Core Strategy (2014).

4.25 Policy SS2 within the Core Strategy plans for 6,000 dwellings between 2006 and 2026 in Staffordshire Moorlands. This was then subdivided as 220 dpa between 2006 and 2016, 360 dpa from 2016-2021 and 400 dpa between 2021-2026. When considering the Core Strategy the Inspector in his report agreed that previous under-delivery (2006 – 2012/13) should not be accounted for in the new housing target[21] as it would have a significant impact upon the regeneration objectives of the neighbouring conurbation. Therefore any under-delivery would be counted from 2016 (the start of the new plan period) against the housing requirement in the Core Strategy.

4.26 The approach set out in Table 4.2 for considering whether the District has been meeting its CS housing target, measures delivery against the 220 dpa target identified in Policy SS2 of the Council's Core Strategy.

4.27 Overall, against a five-year target of 1,100, the District delivered 622 (net), an under-delivery of 478 dwellings (phased policy requirement) or an under-delivery of 798 against the annual average target.

Table 4.2 Rate of delivery against the Core Strategy Target [dpa]

AMR Year	CS Target	Houses Built (net)	Under / Over Delivery	CS Target (un-phased)	Under / Over Delivery
2011/12	220	71	-149	300	-229
2012/13	220	96	-124	300	-124
2013/14	220	78	-142	300	-222
2014/15	220	278	+58	300	-22
2015/16	220	99	-121	300	-201
TOTAL	**1,100**	**622**	**-478**	**1,500**	**-798**

Source: SMDC and NLP Analysis

4.28 It is duly acknowledged that the Inspector did not seek to incorporate the existing backlog within the housing targets over the plan period. However, the Inspector did seek a commitment from the Council to undertake an early review in light of the delicate relationship between the need to meet the District's housing requirements and ensure that the regeneration objectives of the nearby Stoke conurbation were not unduly affected.

4.29 In these circumstances, NLP takes the view that under-delivery for the period 2011- 2016 should be considered because:

1 By back-loading the housing target, the under-lying 'need' for housing has not gone away. The Council has failed to deliver the 220 dpa identified since 2011 with the exception of 2014/15.

[21] Paragraph 25 of the Staffordshire Moorlands District Council Core Strategy, Inspector's Report, January 2014

2 The 220 dwelling target over the 3-year period is a supply-side response, that may be realistic, but which does not actively address existing needs in the short term.

4.30 The clear implication of this is that the rate of delivery in the Staffordshire Moorlands HMA is currently falling short of meeting the 6,000 net requirement over the plan period, with a backlog of 478 - 798 dwellings accrued over the past five years. Overall, therefore, NLP considers that the rate of housing delivery in Staffordshire Moorlands District has fallen short of planned supply. This may have contributed towards some of 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.

Overcrowding and Homelessness

4.31 Indicators on overcrowding, sharing households and homelessness demonstrate un-met 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.

4.32 The Guidance states that indicators on:

"…overcrowding, concealed and sharing households, homelessness and the number in temporary accommodation demonstrate unmet need for housing. Longer term increases in the number of such households may be a signal to consider increasing planned housing numbers…"[22]

4.33 Table 4.3 illustrates that overcrowding against the occupancy rating in Staffordshire Moorlands is not considered to be severe, with just 3.07% of households living in a dwelling that is too small for their household size and composition. This compares to 8.7% nationally. It represents a marginal increase from that recorded in Staffordshire Moorlands a decade earlier (in 2001) which is again below the national trend which increased from 7.1% to 8.7% in 2011.

Table 4.3 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	**2.83%**	41,772	1,283	**3.07%**
England	20,451,427	1,457,512	**7.1%**	22,063,368	1,928,596	**8.7%**

Source: Census 2001 / Census 2011
Note: the definition of the Census 'bedroom standard' is slightly different from the 'occupancy rating' that informs the Government's Under-Occupancy Charges, i.e. the Census states that 'two persons of the same sex aged between 10 and 20' can occupy one bedroom, whilst the Under Occupancy Charge changes this to 'any two children of the same sex aged under 16'. It is possible that if the Government's policy continues into the long term, then changes will be made to the categorisation of the Census's Occupancy Rating to bring the two datasets into line

[22] 2a-019-20140306

4.34 The Census also recorded the number of concealed families (i.e. where there is more than one family present in a household). Nationally, this rose significantly between 2001 and 2011, at least in part due to the impact of recession on younger household's ability to afford their own home. This meant that many younger people, including families, remained in the family home for longer than might have been expected in the past, either through choice (to save money) or through necessity.

4.35 At the time of the 2011 Census, 1.9% of all families in England were concealed; this represented 275,954 families. This is a rise compared to 2001 when 1.2% of families were concealed. In Staffordshire Moorlands, a lower percentage of families were concealed (1.17%) as nationally (1.9%). This represents a rise from 0.91% in 2001 as shown in Table 4.4.

Table 4.4 Concealed Families in Staffordshire Moorlands, North West and England 2001-2011

	Concealed Families	
	2001	2011
Staffordshire Moorlands	0.91%	1.17%
West Midlands	1.4%	2.2%
England	1.2%	1.9%

Source: Census 2001 / 2011

4.36 The levels of overcrowding and concealed households in Staffordshire Moorlands are low when compared with the national and regional averages and have increased at a much slower rate than in the West Midlands as a whole.

4.37 Those levels of overcrowding that exist are likely to be a symptom associated with restricted incomes in Staffordshire Moorlands, with people either willing to accept sub-optimal living conditions (e.g. living in smaller houses to manage costs) or forced into accepting such housing outcomes (e.g. are priced out and have to share with friends/family). For example, the gross median Weekly Earnings by Residence in Staffordshire Moorlands was £498.50 in 2015, compared to £492.50 across the West Midlands and £529.60 across Great Britain as a whole[23]. In such circumstances, overcrowding and concealed households may be indicative of insufficient supply to meet demand.

4.38 In terms of homelessness, CLG provides data on households in Local Authority area who are in 'priority need' and in temporary accommodation. For Staffordshire Moorlands, 2015/16 data on the homelessness incidence rate is 1.67 per 1,000 households, higher than the comparable Staffordshire rate of 1.24 and the fourth highest in Staffordshire. However, this is still below the national rate of 2.52. Since 2004/05, this represents a 67% decrease. By comparison, the equivalent rate in Staffordshire fell by 72%, whilst the national rate fell by 56%.

[23] Source: ONS annual survey of hours and earnings - resident analysis 2015

Table 4.5 Homelessness Incidence Rate

	Homelessness Incidence rate (per 1,000 households) 2015/16	Change in homelessness Incidence rate 2004/05 – 2015/16 (%)
Staffordshire Moorlands	1.67	67.4%
Staffordshire	1.24	72.3%
England	2.52	56.0%

Source: CLG Live Table 784 / P1e Returns

Synthesis of Market Signals

4.39 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.

4.40 It is clear from this analysis in Table 4.6 that whilst Staffordshire Moorlands' housing market faces some challenges, most are not noticeably worse than nearby areas and there is limited evidence of a divergence from the county-wide and national signals. Nevertheless, there is substantial variation across the District especially between the rural and Peak District National Park areas.

4.41 However, there has been a significant change in affordability between 2000 and 2015, and as house price levels remain relatively low, this could be indicative of fluctuations in real incomes. Affordability has worsened between 2014 and 2015 above the trend in house price growth and above both the county and national averages.

4.42 Whilst the Council over-delivered in respect of housing targets in 2014/15, this is partly due to Ascent, a joint venture between Staffordshire Moorlands District Housing and Your Housing Group, to build significant levels of affordable housing units across Staffordshire Moorlands District. This year aside, delivery figures have been historically low, and since 2011 have averaged less than half of the Core Strategy target.

4.43 As such, the spread of delivery over the period 2011 to 2015 may be exacerbating problems of affordability, 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 this.

Table 4.6 Summary of Staffordshire Moorlands' Market Signals against Staffordshire and England

Market Signal	Staffordshire		England	
	Absolute Figure	Rate of Change	Absolute Figure	Rate of Change
House Prices	Better	Worse	Better	Better
Private Rents	Better	Better	Better	Better
Affordability Ratios	~	~	Worse	Worse
Homelessness (Households in Temporary Accommodation)	Worse	Worse	Worse	Worse
Homelessness (Households in Priority Need)	Better	Worse	Better	Better
Overcrowding (Overcrowded Households)	Better	Better	Better	Better
Overcrowding (Concealed Families)	Better	Better	Better	Better

Source: NLP Analysis
Footnote: Worse = performing worse against the average
Better = performing the same or better against the average
~ = date not available

4.44 To draw meaningful conclusions regarding the extent to which these market signals indicate housing market stress within Staffordshire Moorlands, and a level of supply that is not meeting demand, the Practice Guidance suggests that comparisons of absolute levels and rates of change in such indicators should be made with similar areas and nationally. For this reason, Staffordshire Moorlands has been compared and ranked against other local authority areas, and England as a whole.

4.45 These comparator centres have been chosen on the following basis:

1 Other areas within Staffordshire and areas where high levels of migration and commuting have been identified:
- Derbyshire Dales
- Cheshire East UA
- Stafford
- High Peak
- East Staffordshire
- Newcastle-under-Lyme
- Stoke-on-Trent

2 The Practice Guidance also states that market signals must be compared with authorities which are not necessarily close geographically, but which share characteristics in terms of economic and demographic factors. These authorities have been chosen by examining the *'OAC Supergroup Area Classification Map'*, produced by the ONS in 2015, which groups each local authority into various socio-economic classifications. Staffordshire Moorlands, as a 'English and Welsh Countryside' authority, has been compared with other (inland) communities similarly classified

within this ranking and which share similar socio-economic characteristics:

- Amber Valley
- Hambleton
- Lichfield
- Shropshire UA
- Wyre Forest
- Eden
- North Kesteven
- Craven

4.46 England has been used as the final comparator for both sets of tables. A comparison across the range of housing market signals within the authorities identified above is presented in Table 4.7 to Table 4.10. A higher ranking in these tables suggests a worse, or comparatively poorer performing, housing market for that indicator.

Table 4.7 Staffordshire Moorlands Market Signals Comparator Table – Cost of Housing [Neighbouring Authorities]

Rank	House Prices			Affordability			Rents		
	Median (2015)	% Change (2000-2015)	Absolute Change (2000-2015)	Ratio (2015)	% Change (2000-2015)	Absolute Change (2000-2015)	Median (Q1 2016)	% Change (Q2 2011-Q1 2016)	Absolute Change (Q2 2011-Q1 2016)
1	Derbyshire Dales	Stoke-on-Trent	Derbyshire Dales	Derbyshire Dales	Derbyshire Dales	Derbyshire Dales	England	England	England
2	England	Derbyshire Dales	England	Stafford	Staffordshire Moorlands	Staffordshire Moorlands	Derbyshire Dales	Stafford	Stafford
3	Cheshire East UA	East Staffordshire	Cheshire East UA	Staffordshire Moorlands	Newcastle-under-Lyme	Stafford	Cheshire East UA	East Staffordshire	Derbyshire Dales
4	Stafford	England	Stafford	England	East Staffordshire	High Peak	Stafford	Derbyshire Dales	East Staffordshire
5	High Peak	Staffordshire Moorlands	High Peak	Cheshire East UA	High Peak	East Staffordshire	Staffordshire	Staffordshire	Staffordshire
6	Staffordshire	High Peak	East Staffordshire	High Peak	Stafford	England	East Staffordshire	Cheshire East UA	Cheshire East UA
7	East Staffordshire	Stafford	Staffordshire	East Staffordshire	England	Newcastle-under-Lyme	High Peak	Staffordshire Moorlands	Staffordshire Moorlands
8	Staffordshire Moorlands	Newcastle-under-Lyme	Staffordshire Moorlands	Newcastle-under-Lyme	Stoke-on-Trent	Stoke-on-Trent	Newcastle-under-Lyme	Newcastle-under-Lyme	Newcastle-under-Lyme
9	Newcastle-under-Lyme	Staffordshire	Newcastle-under-Lyme	Stoke-on-Trent	Staffordshire	Staffordshire	Staffordshire Moorlands	Stoke-on-Trent	Stoke-on-Trent
10	Stoke-on-Trent	Cheshire East	Stoke-on-Trent	~	~	~	Stoke-on-Trent	High Peak	High Peak
Source:	CLG Live Table 586/Land Registry	CLG Live Table 586/Land Registry	CLG Live Table 586/Land Registry	CLG Live Table 576/Land Registry/ASHE	CLG Live Table 576/Land Registry/ASHE	CLG Live Table 576/Land Registry/ASHE	VOA Private Rental Market Statistics	VOA Private Rental Market Statistics	VOA Private Rental Market Statistics

Table 4.8 Staffordshire Moorlands Market Signals Comparator Table - Overcrowding and Homelessness [Neighbouring Authorities]

Rank	Overcrowded Households			Households in Priority Need			Concealed Households		
	Overcrowded Households, % (2011)	Change (%) (2001-2011)	Change (percentage points) (2001-2011)	Households in Priority Need, per 1,000 Households (2014/15)	% Change (2004/05-2014/15)	Absolute Change (2004/05-2014/15)	Concealed Families, % (2011)	Change (%) (2001-2011)	Change (percentage points) (2001-2011)
1	England	East Staffordshire	England	England	East Staffordshire	East Staffordshire	England	East Staffordshire	East Staffordshire
2	Stoke-on-Trent UA	Stafford	East Staffordshire	East Staffordshire	Derbyshire Dales	Derbyshire Dales	East Staffordshire	Stafford	England
3	East Staffordshire	England	Stoke-on-Trent UA	Stoke-on-Trent UA	England	Cheshire East UA	Stoke-on-Trent UA	England	Stoke-on-Trent UA
4	High Peak	Stoke-on-Trent UA	Stafford	Derbyshire Dales	Staffordshire Moorlands	Newcastle-under-Lyme	Staffordshire	Staffordshire	Staffordshire
5	Newcastle-under-Lyme	Staffordshire	High Peak	Staffordshire Moorlands	Staffordshire	Staffordshire	Stafford	Stoke-on-Trent UA	Stafford
6	Staffordshire	High Peak	Staffordshire	Staffordshire	Stoke-on-Trent UA	England	Staffordshire Moorlands	Cheshire East UA	Cheshire East UA
7	Stafford	Cheshire East UA	Cheshire East UA	High Peak	Cheshire East UA	Staffordshire Moorlands	Newcastle-under-Lyme	Newcastle-under-Lyme	Newcastle-under-Lyme
8	Cheshire East UA	Staffordshire Moorlands	Newcastle-under-Lyme	Cheshire East UA	High Peak	Stafford	Cheshire East UA	Staffordshire Moorlands	Staffordshire Moorlands
9	Derbyshire Dales	Newcastle-under-Lyme	Staffordshire Moorlands	Stafford	Stafford	High Peak	Derbyshire Dales	High Peak	High Peak
10	Staffordshire Moorlands	Derbyshire Dales	Derbyshire Dales	Newcastle-under-Lyme	Newcastle-under-Lyme	Stoke-on-Trent UA	High Peak	Derbyshire Dales	Derbyshire Dales
Source:	Census 2011	Census 2001, Census 2011	Census 2001, Census 2011	CLG Live Table 784 (P1e Returns)	CLG Live Table 784 (P1e Returns)	CLG Live Table 784 (P1e Returns)	Census 2011	Census 2001, Census 2011	Census 2001, Census 2011

Table 4.9 Staffordshire Moorlands Market Signals Comparator Table – Cost of Housing ['English and Welsh Countryside' Authority Comparisons]

Rank	House Prices			Affordability			Rents		
	Median (2015)	% Change (2000-2015)	Absolute Change (2000-2015)	Ratio (2015)	% Change (2000-2015)	Absolute Change (2000-2015)	Median (Q1 2016)	% Change (Q2 2011-Q1 2016)	Absolute Change (Q2 2011-Q1 2016)
1	Hambleton	Amber Valley	Hambleton	Hambleton	Staffordshire Moorlands	Hambleton	England	England	England
2	England	Craven	England	Eden	Craven	Eden	Lichfield	Lichfield	Lichfield
3	Lichfield	Eden	Craven	Lichfield	Eden	Craven	Hambleton	Staffordshire Moorlands	Hambleton
4	Craven	England	Lichfield	Craven	Hambleton	Staffordshire Moorlands	Craven	Wyre Forest	Craven
5	Eden	North Kesteven	Eden	Shropshire UA	England	Lichfield	Shropshire UA	Eden	Shropshire UA
6	Shropshire UA	Staffordshire Moorlands	Shropshire UA	North Kesteven	North Kesteven	North Kesteven	North Kesteven	Craven	Wyre Forest
7	North Kesteven	Hambleton	North Kesteven	Staffordshire Moorlands	Wyre Forest	Shropshire UA	Wyre Forest	Shropshire UA	Eden
8	Wyre Forest	Shropshire UA	Amber Valley	Wyre Forest	Shropshire UA	England	Eden	North Kesteven	North Kesteven
9	Staffordshire Moorlands	Lichfield	Staffordshire Moorlands	England	Amber Valley	Wyre Forest	Amber Valley	Hambleton	Staffordshire Moorlands
10	Amber Valley	Wyre Forest	Wyre Forest	Amber Valley	Lichfield	Amber Valley	Staffordshire Moorlands	Amber Valley	Amber Valley
Source:	ONS HPSSA	ONS HPSSA	ONS HPSSA	CLG Live Table 576 (2016 Update)	CLG Live Table 576 (2016 Update)	CLG Live Table 576 (2016 Update)	VOA Private Rental Market Statistics	VOA Private Rental Market Statistics	VOA Private Rental Market Statistics

Table 4.10 Staffordshire Moorlands Market Signals Comparator Table – Overcrowding and Homelessness ['English and Welsh Countryside' Authority Comparisons]

Rank	Overcrowded Households			Households in Priority Need			Concealed Families		
	Overcrowded Households, % (2011)	Change (%) (2001-2011)	Change (percentage points) (2001-2011)	Households in Priority Need, per 1,000 Households (2014/15)	% Change (2004/05-2014/15)	Absolute Change (2004/05-2014/15)	Concealed Families, % (2011)	Change (%) (2001-2011)	Change (percentage points) (2001-2011)
1	England	Stafford	England	Wyre Forest	Wyre Forest	West Lindsey	England	England	England
2	Wyre Forest	England	Stafford	England	Derbyshire Dales	North Kesteven	Lichfield	North Kesteven	Lichfield
3	Shropshire UA	Lichfield	Shropshire UA	Derbyshire Dales	West Lindsey	Derbyshire Dales	Wyre Forest	Shropshire UA	Shropshire UA
4	Stafford	Shropshire UA	Lichfield	Shropshire UA	North Kesteven	Wyre Forest	Shropshire UA	Lichfield	Hambleton
5	Lichfield	Staffordshire Moorlands	Wyre Forest	Staffordshire Moorlands	England	Lichfield	Staffordshire Moorlands	Hambleton	Amber Valley
6	South Staffordshire	Wyre Forest	Staffordshire Moorlands	Lichfield	Staffordshire Moorlands	South Staffordshire	Hambleton	Amber Valley	North Kesteven
7	Derbyshire Dales	Derbyshire Dales	Derbyshire Dales	North Kesteven	Lichfield	England	Amber Valley	Craven	Craven
8	Staffordshire Moorlands	South Staffordshire	South Staffordshire	West Lindsey	Shropshire UA	Staffordshire Moorlands	Eden	Eden	Wyre Forest
9	North Kesteven	North Kesteven	North Kesteven	South Staffordshire	South Staffordshire	Shropshire UA	Craven	Wyre Forest	Eden
10	West Lindsey	West Lindsey	West Lindsey	Stafford	Stafford	Stafford	North Kesteven	Staffordshire Moorlands	Staffordshire Moorlands
Source:	Census 2011	Census 2001, Census 2011	Census 2001, Census 2011	CLG Live Table 784 (P1e Returns)	CLG Live Table 784 (P1e Returns)	CLG Live Table 784 (P1e Returns)	Census 2011	Census 2001, Census 2011	Census 2001, Census 2011

4.47 The comparative assessment of market signals highlights the moderate scale of housing market stress within Staffordshire Moorlands District. Overall, Staffordshire Moorlands is a mid-to low-ranking authority which is performing better than the national average under all of the indicators outlined in the Table 4.7 with the exception of the affordability ratio where Staffordshire Moorlands performs very poorly when compared to other areas.

4.48 Of note is the rate of development (Table 4.2), which has been below the required overall level compared against the adopted Core Strategy Policy SS2 and which could lead to the aforementioned market signals worsening over the coming years.

4.49 These 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 boost the past under-delivery of housing, if the Council is to meet the requirements within its Core Strategy over the plan period.

4.50 The extent to which the demographic 'starting point' for identifying OAN for housing needs to be boosted to address market signals at this point in time is 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. As such, it is considered that some upward adjustment could be necessary, particularly to address the affordability ratio. Whilst the LPEG approach would suggest a zero uplift, the situation is clearly worsening and the two indicators for Staffordshire Moorlands are only marginally below the thresholds identified by LPEG.

4.51 On this basis, NLP considers that the scale of adjustment to housing supply over and above demographic-led projections at this time would be moderate, in line with the Practice Guidance, and that 10% uplift would be justified for Staffordshire Moorlands District. This is consistent with the conclusion of the previous January 2016 Update. This approach may need to be revisited by SMDC depending upon the findings of the Government's consultation on identifying a consistent approach to defining housing need following the recommendations of the Housing White Paper (February 2017), which is anticipated to address the issue of market signals uplift.

5.0 An Objective Assessment of Housing Need

Introduction

5.1 In practice, applying the Framework requires a number of key steps to be followed in order to arrive at a robustly evidenced housing target:

The starting point for Local Plans is to meet the full objectively assessed development needs of an area, as far as consistent with the policies set out in NPPF as a whole [§§6, 47 & 156].

An objective assessment of housing need must be a level of housing delivery which meets the needs associated with population and household growth, addresses the need for all types of housing including affordable and caters for housing demand [§159].

Every effort should be made to meet objectively assessed needs for housing and other development, and there should be positive response to wider opportunities for growth. Market signals, including affordability should be taken into account when setting a clear strategy for allocating suitable and sufficient land for development [§17].

In choosing a housing requirement which would not meet objectively assessed development needs, it must be evidenced that the adverse impacts of meeting needs would significantly and demonstrably outweigh the benefits, when assessed against the policies within the Framework as a whole; unless specific policies indicate development should be restricted [§14].

Where an authority is unable to meet its objectively assessed development needs or it is not the most appropriate strategy to do so, e.g. due lack of physical capacity or harm arising through other policies, it must be demonstrated under the statutory duty-to-cooperate that the unmet need is to be met in another local authority area in order to fully meet development requirements across housing market areas [§179 & §182 bullet point 1].

5.2 It is against these requirements of the Framework which Staffordshire Moorlands District's housing need will be identified. This has been brought into sharp focus following the high court judgement *'(1) Gallagher Homes Limited and (2) Lioncourt Homes Limited v Solihull Metropolitan District Council [2014] EWHC 1283'* which reiterated that the imperative need to firstly identify full objectively assessed need for housing and then define a strategy which seeks to meet it, consistent with the Framework.

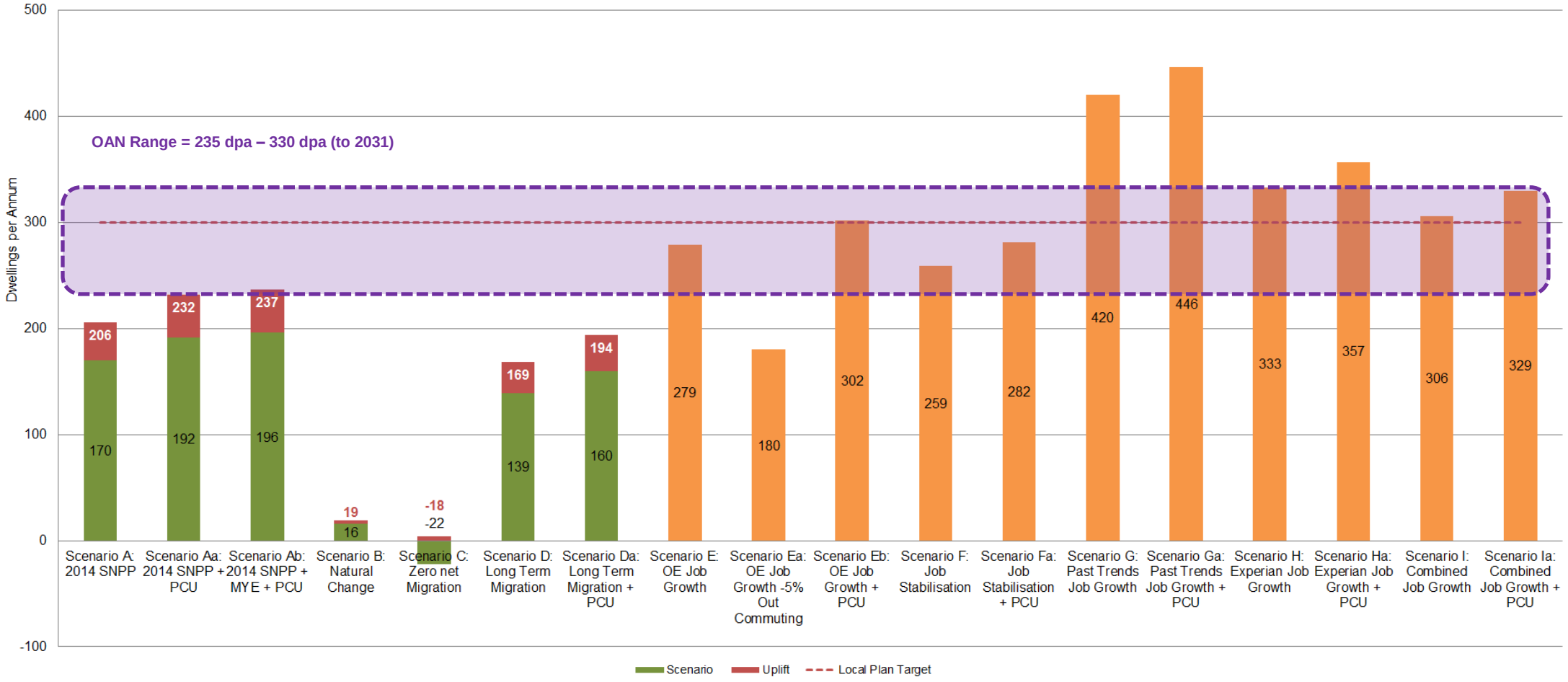
5.3 The Government's Practice Guidance states that '*household projections published by CLG should provide the starting point estimate of overall housing need*.' It also states that the household projection may require adjustment to reflect factors affecting local demography and household formation rates which are not necessarily captured in past trends[24]. To comply with the Practice Guidance, this 2017 SHMA has used the latest 2014-based SNHP to derive

[24] 2a-015-20140306

the baseline demographic need, which acts as the 'starting point' when determining the housing OAN. Thereafter, various assumptions, adjustments and sensitivities have been applied to take account of local factors and economic aspirations.

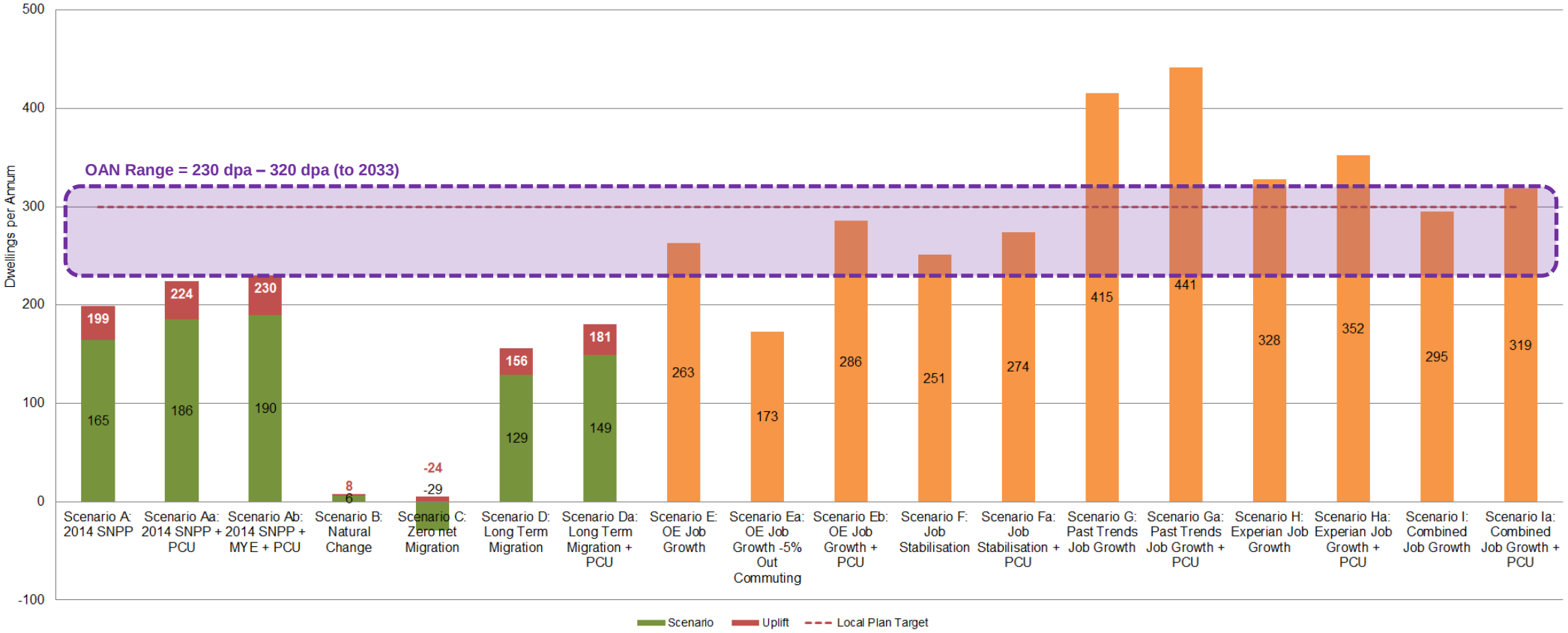
5.4 Figure 5.1 (2014-2031) and Figure 5.2 (2014-2033) set out the annual dwelling need under each scenario as identified by NLP's modelling work.

Figure 5.1 Model Outputs Staffordshire Moorlands: Dwellings per Annum 2014-2031



Source: NLP Analysis

Figure 5.2 Model Outputs Staffordshire Moorlands: Dwellings per Annum 2014-2033



Source: NLP Analysis

The Starting Point – Demographic Needs

5.5 The CLG 2014-based household projections indicate a need for 170 dpa in Staffordshire Moorlands between 2014 and 2031, falling slightly to 165 dpa to 2033. NLP's analysis suggests that the 2009/2010 recession and subsequent economic downturn, as experienced elsewhere, led to Staffordshire Moorlands' housing market becoming less affordable for first time buyers and younger households in general. A suitable adjustment to accelerate the headship rates for younger households under Scenario Aa (factoring in a partial catch up to longer term headship rates amongst 15-34 year olds) would increase the level of housing need to 192 dpa to 2031 (186 dpa to 2033). Factoring in the latest (higher) Mid-Year Population Estimates for 2015 (Scenario Ab) increases the need still further, to **196 dpa to 2031** and to 190 dpa to 2033. NLP considers that as long term migration rates (Scenarios B and Ba) would represent a lower rate of population growth in this instance, 196 dpa represents the appropriate demographic-led need for housing and would be the **minimum necessary** to meet the District's future housing needs to 2031 (190 dpa to 2033).

5.6 Both the 'zero net migration' and natural change scenarios are provided for illustrative purposes only and are considered to be unrealistic given that constraints cannot be placed on people moving into or out of an area.

Do Market Signals indicate a need for an upward adjustment to purely demographic-led needs?

5.7 The market signals analysis undertaken in Section 4.0 of this report indicates that some form of upwards adjustment to levels of housing provision (above purely demographic needs) may be needed in Staffordshire Moorlands. The picture is complicated, as on a number of indicators, Staffordshire Moorlands District appears to be relatively low risk. However, it has a very high and sharply rising LQ affordability ratio above the national average; has under-delivered housing in recent years compared to Development Plan targets, and is only marginally below the 10% threshold identified by the LPEG indicators.

5.8 As such, a further moderate upwards adjustment to the preferred demographic scenario (Ab) is considered reasonable. The Practice Guidance[25] states that in areas where an upward adjustment is required, plan makers should set this adjustment at a level that is 'reasonable', with the more significant the affordability constraints, the larger the improvement in affordability needed. Whilst an element of judgement is required, it is suggested that the level of uplift required should only be moderate, given that the area appears to be relatively low risk in terms of most of the market indicators.

5.9 In terms of what may constitute a 'moderate' uplift to the demographic starting point, a number of recent Inspector's Reports at Local Plan EiPs have helped

[25] 2a-020-20140306

to clarify the issue. For example, Preliminary Conclusions of the Inspector examining the Eastleigh District Local Plan concluded that overall, market signals justified an upward adjustment above the housing need derived from demographic projections only.[26]

"It is very difficult to judge the appropriate scale of such an uplift. I consider a cautious approach is reasonable bearing in mind that any practical benefit is likely to be very limited because Eastleigh is only a part of a much larger HMA. Exploration of an uplift of, say, 10% would be compatible with the "modest" pressure of market signals recognised in the SHMA itself." [§36]

5.10 In addition, the Inspector at the Examination of the Uttlesford Local Plan[27], also concluded that the application of a nominal **10% uplift** to the demographic projections to reflect market signals and affordable housing needs would be appropriate.

LPEG Market Signals Sensitivity Test

5.11 This analysis has been complicated by the more recent recommendations of the Local Plan Expert Group [LPEG], which includes a standardisation of the appraisal of market signals and the extent of any uplift to the demographic starting point. The LPEG Report suggests taking account of just two market indicators, namely house price affordability and rental affordability.

5.12 Whilst it provides a useful attempt to objectify the scale of market signals uplift, it is noted that the LPEG report is (at the time of writing) merely a consultation document and one that does not yet carry any formal weight.

5.13 Given that both the HPR and RAR indicators for Staffordshire Moorlands are only marginally below the 10% uplift threshold, and as on the basis of the existing Practice Guidance analysis of the 6 key market signals, there is evidence of worsening affordability at a rate greater than the national level and consistent under delivery, it is still recommended that an uplift be applied to the demographic projections in the order of 10%.

5.14 Applying a 10% uplift to the 196 dpa adjusted demographic starting point would generate a figure of **216 dpa** to 2031, or 209 dpa to 2033.

Economic/Employment Trend Scenarios

5.15 The Practice Guidance[28] requires plan-makers to assess likely employment growth based on past trends and/or economic forecasts. Where the labour force supply is projected to be less than the forecast job growth, the Practice Guidance states that this could result in unsustainable commuting patterns which could potentially reduce the resilience of local businesses.

[26] Preliminary Conclusions on Housing Needs and Supply and Economic Growth 28 November 2014.
[27] Examination of the Uttlesford Local Plan (ULP) Summarised conclusions of the Inspector after the hearing session on 3 December 2014
[28] 2a-018-20140306

5.16 A number of scenarios have been modelled to demonstrate the impact of a range of likely growth scenarios based on existing trends and forecasts. These scenarios also show the scale of change that would be required if demographic trends were to be reversed. Figure 5.1 and Figure 5.2 illustrate the clear divergence between the trend-based and forecast scenarios despite the fact that the Oxford Economics employment projections in particular are rather more pessimistic compared to those modelled in the January 2016 SHMA Update.

5.17 As all of the demographic led scenarios result in job losses, the (positive) economic forecasts for Staffordshire Moorlands indicate that additional housing above the demographic needs would be necessary in order to meet the District's future growth potential.

5.18 The project total job growth forecasts range from zero (Scenario F, Job Stabilisation), through to +339 (Scenario E: Oxford Economics), +1,400 (Scenario H: Experian), +870 (Scenario I: Combined) up to +3,038 (Scenario G: Past Trends). Planning for a stabilisation of the job market, whilst it may sound uninspiring, may actually be challenging for Staffordshire Moorlands District given that the 2014-based SNPP suggests that there will be a decline in the size of the labour force over the period to 2031. This scenario would suggest a need for 259 dpa, rising to 282 dpa if PCU headship rates are applied.

5.19 As for the Oxford Economics Scenarios, these suggest a need for between 180 dpa (reducing out commuting) up to 302 dpa if higher PCU headship rates are applied. The Experian Scenarios suggest that this need could be considerably higher, between 333 dpa and 327 dpa, whilst a Combination of the OE and Experian projections would indicate a need for between 306 dpa and 329 dpa. The Past Trends Scenarios result in by far the highest dwelling needs, from 420 dpa to 446 dpa depending upon whether the higher PCU headship rates are applied or not.

5.20 Whilst it is undesirable to plan for decline, at the same time there is a need to look at what is realistic and achievable, taking into account past performance. If job stabilisation was sought, (Scenario Fa), at least 282 dpa would be required to 2031 (274 dpa to 2033).

5.21 The latest Oxford Economics forecasts (Scenario E) indicate more pessimistic levels of job growth compared with past trends. However, even to support this level of job growth (+339), there would need to be a significant amount of in-migration into the District, in the order of +11,249 (net), which is more than 50% higher than the level of net migration forecast in the 2014-based SNPP. In contrast, the Experian projections would suggest that a figure of up to 357 dpa could be appropriate.

5.22 As noted above, in terms of commenting upon which of these two scenarios is likely to be most appropriate for Staffordshire Moorlands District, there are inevitably uncertainties and limitations associated with modelling assumptions under any of the future labour demand scenarios considered. Whilst Experian

and OE provide overall methodologies setting out their broad assumptions in defining their local area based econometric models, they do not disclose the many detailed assumptions they make concerning the local and regional economy, along with the adjustments made to the raw data in order to calculate such forecasts. Because of this, it is difficult to make robust decisions concerning the comparative weight to attach to each forecast for Staffordshire Moorlands.

5.23 Both forecasting houses produce credible and robust estimates of job growth at a local area level, and no obvious anomalies have been revealed from the analysis undertaken in the SMDC 2017 ELR, albeit the strong growth in some of the manufacturing sectors appeared optimistic in the light of past trends. On this basis, it would appear reasonable to attach greater weight to the Combined Job Growth Scenario Ia, which suggests a need for up to 329 dpa, once suitable allowances have been made for accelerated household formation rates.

5.24 This would be challenging enough in itself. However, to achieve the 420 dpa / 446 dpa that would be required based on a continuation of past job growth rates would require a 6-fold increase in net population growth compared to the 2014-based SNPP, and would require more than 10,000 additional migrants from elsewhere across the UK/abroad to move into the District.

5.25 Given that this scenario produces a level of housing need far in excess of any of the other scenarios, and would appear to be considerably at variance with the most recent job growth projections for the District, we consider that the Past Trends scenarios should be considered as outliers and excluded from the overall housing OAN range.

5.26 As such, we consider that in this instance, Scenario Ha, Combined Job Growth + PCU, which is equal to **329 dpa**, would be appropriate to inform the employment-led upper end of the housing OAN range.

Is there a need to increase housing supply to aid the delivery of affordable housing?

5.27 With regards to the incorporation of affordable housing needs into the total housing figures included in Local Plans, the Practice Guidance[29] sets out the following:

"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."

[29] 2a-029-20140306

5.28 The Practice Guidance states that *'the total housing figures'* are about much more than just demographic need and should consider increases towards meeting full affordable housing needs.

5.29 The importance of considering affordable housing needs in an objective assessment of housing need calculation has been recently (19/02/15) confirmed in the High Court judgment Satnam Millennium Ltd vs Warrington District Council[30]. It sets out the requirement for an objective assessment of housing need to cater for affordable housing needs within its calculation. The judgment found that the adopted objective assessment of housing need figure proposed in Warrington's Local Plan was not in compliance with policy because (para 43) "the assessed need was never expressed or included as part of the OAN". The decision found that the "proper exercise" had not been undertaken, namely:

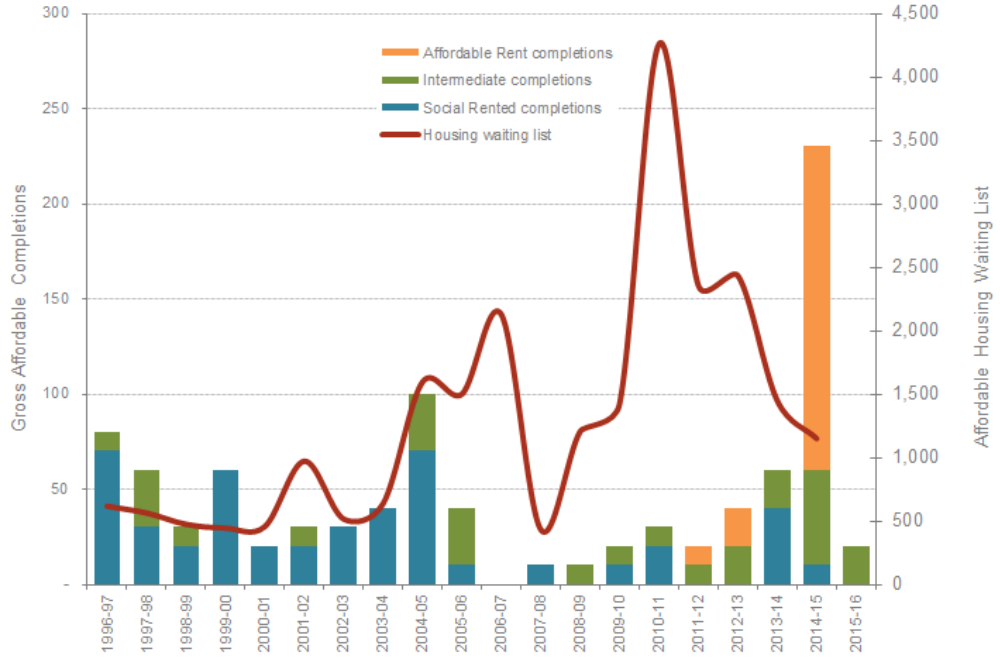
"(a) having identified the OAN for affordable housing, that should then be considered in the context of its likely delivery as a proportion of mixed market/affordable housing development; an increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes;

(b) the Local Plan should then meet the OAN for affordable housing, subject only to the constraints referred to in NPPF, §14 and 47."

5.30 It is evident that affordable housing needs may justify an upward adjustment to the overall OAN. On the basis that the economic-led needs, excluding affordable housing, amounts to 329 dpa to 2031 or 319 dpa to 2033, this could provide approximately 109 affordable dpa (to 2031) based on a delivery rate of 33% on all sites – at a rate of 20%, affordable housing delivery would fall to 66 dpa. The demographic-led need, at 237 dpa (to 2031), could deliver 78 affordable dpa (2031) (at 33% delivery).

[30] [2015] EWHC 370 (Admin) Case No: CO/4055/2014 http://www.bailii.org/ew/cases/EWHC/Admin/2015/370.html

Figure 5.3 Affordable Housing Completions and Waiting List in Staffordshire Moorlands 1996/97 - 2011/12



Source: CLG 2013

5.31 Even the lower level of delivery would be above the level achieved over the longer term (which has averaged 46 dpa since 1996/97), whilst at the upper end of the range this could potentially result in the provision of affordable housing at levels more than 50% above past delivery rates.

5.32 Even so, considering this against the high need for affordable housing identified in Section 6.0 of this report, there is a clear need to consider an uplift the figures to take account of the affordable housing need in Staffordshire Moorlands.

5.33 The full affordable housing OAN equates to between 224 - 432 dpa to 2031, which would require a total OAN of 679 - 1,309 dpa. In practice it is extremely unlikely that anywhere near this level of housing delivery will ever be achieved in Staffordshire Moorlands, which has yet to deliver more than 230 affordable dwellings (net) in any one year.

5.34 Nevertheless, an additional 10% uplift to the demographic-led OAN (in addition to the uplift accounting for market signals) would go some way towards meeting the high level of affordable housing need identified for Staffordshire Moorlands and therefore be representative of OAN.

5.35 Given the high level of affordable housing need it would be up to SMDC to exercise its policy choice to test whether the delivery of 224-432 affordable dpa would require a further uplift to the Local Plan housing requirement on the basis of whether this would be economically realistic; and also taking into account a variety of considerations including deliverability and viability as set out in the Framework.

Conclusions on Staffordshire Moorlands' Housing OAN

5.36 This SHMA provides a forward-looking objective assessment of future housing needs using a base date of 2014 up to 2031/33, to match the time horizon of the emerging Staffordshire Moorlands Local Plan.

5.37 The scale of objectively assessed need is a judgement and the different scenarios and outcomes set out within this report provide alternative levels of housing growth for Staffordshire Moorlands. NLP considers these to be as follows:

1 170 dpa (2031) / 165 dpa (2033) equates to the 2014-based household projections, rising to 196 dpa (2031) / 190 dpa (2033) dpa with necessary adjustments being made to headship rates in the younger age categories (and rebasing the figures to align with the latest 2015 MYE). In Staffordshire Moorlands a level below this would be unlikely to meet local demographic needs;

2 A worsening of some market signals suggests the need to improve affordability to stabilise the increasing house prices and affordability ratios. This would justify a modest uplift to the figures over and above the level suggested by the demographic projections. The Practice Guidance states that this should be set at a level which could be reasonably expected to improve affordability. A 10% uplift to the demographic starting point would indicate a minimum demographic OAN of 216 dpa (2031) / 209 dpa (2033);

3 259 dpa (2031) / 251 dpa (2033) represents the level at which the District's economy would stabilise, i.e. there would be zero job growth over the Plan period. Housing delivery below this figure would potentially result in a reduction in jobs which would conflict with the Framework's aspiration to ensure that the planning system '*does everything it can to support sustainable economic growth*' [§19];

4 329 dpa (2031) / 319 dpa (2033) represents the level of housing growth necessary to provide a sufficiently large labour force to support a combination of the latest Oxford Economics and Experian job growth forecasts for the District;

5 The scale of affordable housing needs, when considered as a proportion of market housing delivery, implies even higher estimates of total need, although whether such estimates will ever be realistically achievable is open to question. Nevertheless in light of the high level of affordable housing need identified, it is considered that this supports a further additional uplift of 10% above the level identified by demographic needs alone or a minimum OAN of 237 dpa (2031) or 230 dpa (2033).

6 **The resultant housing OAN range would therefore be in the order of 235 dpa – 330 dpa to 2031 (230 dpa – 320 dpa to 2033) (rounded).**

5.38 This process is summarised in Table 5.1.

Table 5.1 Approach to OAN for Staffordshire Moorlands 2014-2031/33

	Dwellings per annum (2014-2031)	Dwellings per annum (2014-2033)
Demographic Starting Point	170 dpa	165 dpa
Adjustments to Demographic-led Needs	196 dpa	190 dpa
Uplift for Market Signals	216 dpa	209 dpa
Employment Led Needs	329 dpa	319 dpa
Affordable Housing Needs (@33% delivery)	679 – 1,309 dpa	679 – 1,309 dpa
Uplift to demographic led needs for Affordable Housing (@10%)	238 dpa	230 dpa
Full Objectively Assessed Needs (rounded)	**235 dpa – 330 dpa**	**230 dpa – 320 dpa**

5.39 Any figure below this objective assessment of needs would require the Council to clearly demonstrate how the adverse housing, economic and other outcomes identified in this report would be avoided and mitigated and how "*any adverse impacts…would significantly and demonstrably outweigh the benefits when assessed against the policies in [the] Framework taken as a whole; or that specific policies in [the] Framework indicate development should be restricted*"[31]. It would also need to make provision, through the duty to co-operate, for any unmet needs to be met in full elsewhere within the wider strategic level housing market area, for example, within the land area of a relevant adjoining authority.

5.40 As an alternative to the high levels of in-migration necessary to provide the additional labour force needed to support the higher economic growth scenarios, Staffordshire Moorlands District Council could seek to:

- influence commuting patterns (beyond the 5% accounted for), to 'claw back' local residents currently commuting to jobs in adjoining Districts;
- increase economic activity rates;
- reduce unemployment and worklessness, assuming that people will then be able to take up jobs within Staffordshire Moorlands rather than within the surrounding area; and
- provide robust evidence setting out the measures that would be taken to actively deliver a reduction in net out commuting or to drive up economic activity, which may be beyond the scope of the Local Plan to control.

5.41 In considering whether the Council should align the Local Plan Housing Requirement with the upper end of the full objectively assessed need range, the Council will also need to consider Staffordshire Moorlands' economic role within the sub-region and whether there is a realistic prospect of this changing significantly over the plan period. This is particularly the case in the light of the comments made by Stoke on Trent at the Examination in Public for the adopted Core Strategy.

[31] The Framework, paragraph 14

5.42 A higher figure will be necessary were the Council to seek to significantly increase the workforce. However, as there is a highly complex relationship between job growth and housing need, were economic activity to accelerate in the older age categories at a higher rate than the OBR economic activity rate of increase suggests, then the existing residential population could sustain a significantly higher number of jobs without the need to accommodate higher numbers of in-migrants.

5.43 It is also worth recognising that were the Council able to robustly demonstrate that the proportion of vacant homes was going to fall by the end of the plan period as a result of programmes designed to bring empty homes back into use, then this could potentially justify a lower figure at the bottom end of the range. However, this is a policy response for the Council to consider in defining their housing requirement, rather than influencing the objectively assessed need for housing in this report.

5.44 Ultimately it is for the Council to consider how this objectively assessed need translates into their housing requirement and the extent to which it aligns with their economic objectives and the delivery of sufficient affordable housing to meet identified needs, in line with national policy and guidance.

5.45 In considering how to translate this OAN into a future housing 'requirement', to be included in the emerging Local Plan, Staffordshire Moorlands Council should therefore take the following into account:

a The need to support an appropriate level of economic growth;

b The need to provide for a better balance between jobs and population to reduce the need to travel;

c The impact that increasing in-migration to Staffordshire Moorlands could have on the surrounding areas;

d That a level below 260 dpa is likely to lead to a continued decline in the local economy;

e That delivery above purely demographic (196 dpa) is likely to be needed to ease the issues related to increasing house prices and worsening affordability identified in Section 4.0 of this report;

f The need for affordable and specialist housing identified in Section 6.0 of this report; and

g The ability of the District's housing market to support new housing delivery.

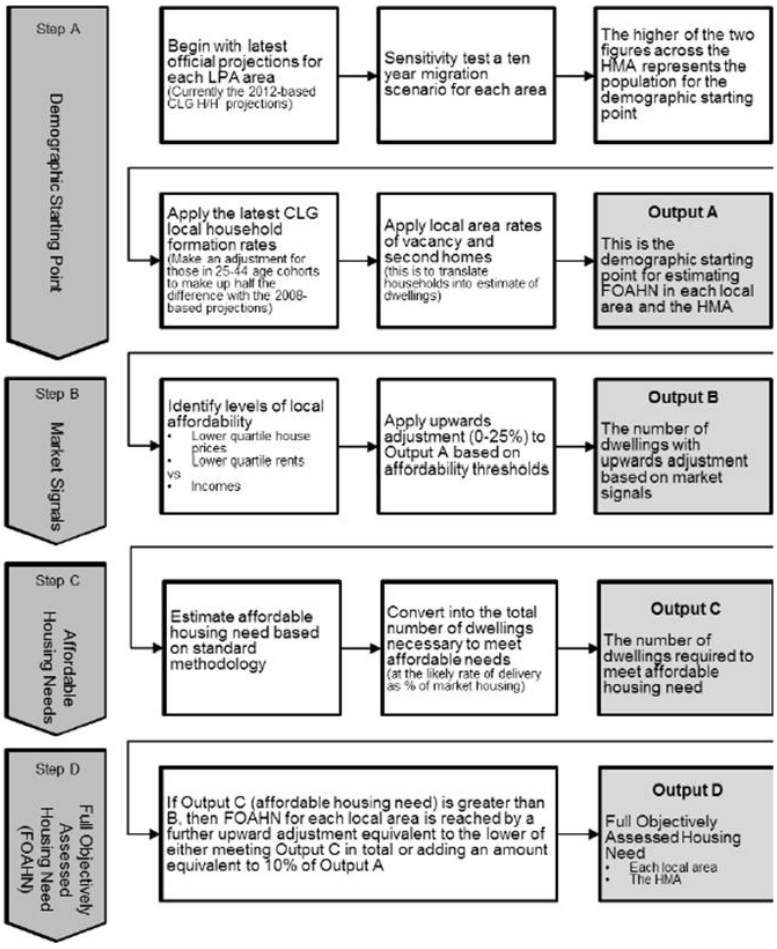
5.46 Further analysis outside the scope of this report, will also be needed, to take account of issues related to viability, environmental constraints, the capacity of existing infrastructure and any other constraints that may apply to future new development.

Comparison with LPEG Approach

5.47 Applying the LPEG approach should be treated with caution at this stage given that it is not policy nor endorsed by Government and it will only be justified once/if the Practice Guidance is updated. It must also be seen in the context of the whole LPEG methodology and its purpose.

5.48 As noted above, LPEG has recommended various changes to the Practice Guidance[32], which includes a standardisation and streamlining of SHMAs, and in particularly the approach taken to identifying the objectively assessed need for housing. To reduce the level of complexity and debate, LPEG recommends the approach to identify OAN set out in Figure 5.4.

Figure 5.4 LPEG recommended approach to identify Housing OAN



Source: LPEG 2016

5.49 This approach has broad similarities with the approach applied by NLP in identifying Staffordshire Moorlands' housing OAN in this SHMA:

a Both approaches begin with the latest 2014-based SNHP, which take into account the 2014 MYE (and subsequently the 2015 MYE);

[32] Local Plans Expert Group (March 2016): Local Plans Report to the Communities Secretary and to the Minister of Housing and Planning

b Both approaches sensitivity test a 10-year long term migration scenario and adopt the higher (2014-based SNHP) approach;

c Both utilise local vacancy/second home rates;

d Both adjust the CLG 2014-based household formation rates upwards for those in younger age cohorts to make up half the difference with the 2008-based SNHP; and,

e Both uplift the housing OAN by 10% to account for unmet affordable housing needs.

5.50 The LPEG suggests that where the total number of homes that would be necessary to meet affordable housing need is greater than the adjusted demographic-led housing OAN, then this figure should be uplifted by a further 10%. It should be noted that the 10% uplift is specifically intended to provide a streamlined approach that removes judgement and debate from the process of setting OAN (as opposed to what might be the most accurate under current Practice Guidance) and given the status of LPEG at present, this approach should be treated with caution.

5.51 The main differences relate to the interpretation of housing market signals (with the LPEG approach suggesting 0% uplift, and the NLP Practice Guidance-based approach indicating that an additional higher uplift of 10% could be justified) and the LPEG view that future employment growth is a 'policy on' housing requirement consideration rather than part of the OAN calculation.

5.52 Therefore, and whilst recognising that limited weight can be taken of its recommendations for now, based on the LPEG approach, the OAN is likely to be **towards the lower end of the 235 – 330 dpa identified range.**

5.53 We have set out our reasoning above as to why it is considered that an additional moderate upward adjustment for worsening market signals of 10% would be appropriate and recent case law supports NLP's view that for the present, economic forecasting remains a part of the housing OAN, rather than the housing requirement. Should the recommendations of the LPEG be adopted in full by CLG and incorporated into the Framework and Practice Guidance, then the OAN should be revisited accordingly.

6.0 Affordable Housing Needs

Introduction

6.1 In this section a calculation of affordable housing need, which fulfils all the requirements of the Practice Guidance (and for some more specific details the former CLG SHMA Guidance[33] 2007), has been undertaken for Staffordshire Moorlands to inform the assessment of the scale of housing affordability as well as arriving at an estimate of future housing need.

6.2 The basic approach to this is:

Total Current Housing Need (gross) to be addressed
Plus PPG ID 2a-025-20140306
Total Newly Arising Housing Need (gross per annum)
Less PPG ID 2a-026-20140306
Annual Supply of Affordable Housing
Equals PPG ID 2a-027-20140306
Net Housing Need

6.3 Current housing need seeks to identify those households in Staffordshire Moorlands who currently lack their own housing or live in unsuitable homes 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.

Number of Current and Future Households in Need

Data Sources for Stages 1 & 2

6.4 This Section estimates the number of current and future households in need (Stages 1 & 2 of the CLG Guidance). Table 6.1 summarises the data sources used by Stages One and Two of the affordable housing model.

[33] Strategic Housing Market Assessment: Practice Guidance (August 2007)

Table 6.1 Summary of Data Required for Stages 1 & 2

Stage of the Model	Data Items
Stage One: Current Housing Need (Chapter 6)	
Affordability Test	Land Registry House Price Data (2015/16), Rightmove (November 2016), Experian Income Data (base date 2011)
1.1: Homeless Households and those in temporary Accommodation	Estimate from P1e Quarterly Homeless Returns (CLG Data) (Question E1.1) - Average from past 3 years data (Q3 2013 to Q2 2016)
1.2 and 1.3: Households in Unsuitable Housing	Staffordshire Moorlands Housing Register (October 2016) Bands A-C
1.4: Total Current Housing Need (Gross)	Step 1.1 PLUS 1.2 PLUS 1.3. Divide total by results of the affordability test.
Stage Two: Future Housing Need (Chapter 6)	
2.1: New Household Formation	NLP PopGroup Modelling (Scenario Ab: 2014-based SNPP, adjusted for PCU and 2015 MYE)
2.2: Number of Newly Forming Households Unable to Buy or Rent in the Market (Annual)	Land Registry House Price Data (2015/16), Rightmove (November 2016), Experian Income Data (2011)
2.3: Existing Households Falling into Need	CORE data (2012/13-2014/15), Land Registry House Price Data (2015), Rightmove (November 2016) Experian Income Data (2011)
2.4: Total newly arising housing need (gross per year)	Step 2.1 PLUS Step 2.2 PLUS 2.3

Affordability

6.5 Steps 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.

6.6 In order to consider affordability of housing in the market, entry level prices must be utilised. In this regard the former CLG Practice Guidance[34] identifies that lower quartile prices provide the best proxy for entry level prices, with prices below that marker often associated with housing that is poor quality.

6.7 In order to understand what income would be required to sustain ownership or occupation of such properties, it is necessary to consider how much households can afford to spend on their housing. The CLG SHMA Practice Guidance sets out that a household can be considered able to afford to buy a home if it costs 3.5 times the gross household income for a single earner or 2.9 times the gross household income for a dual income household. However, the Practice Guidance does not prescribe exactly how affordability calculations should be undertaken other than to say that access to lower quartile (entry level) market housing is the relevant barometer.

6.8 The household income data utilised for Staffordshire Moorlands does not

[34] CLG (2007): Strategic Housing Market Assessments: Practice Guidance

differentiate between single earners and dual earners, and as such a 3.5 multiplier is considered appropriate in order to test best-case outcomes (although it is noted that the former Practice Guidance also states that where possible, allowance should be made for access to capital that could be used towards the cost of home ownership – this data is not presently available for Staffordshire Moorlands). NLP has complemented this with evidence from the Council of Mortgage Lenders, who identified that in Q1 2012, the median loan-to-value ratio for first time buyers was 80% with an income multiple of 3.3. Although there may be difficulties in newly forming households in being able to secure a 20% deposit, there are options available including Government initiatives such as Help to Buy, the much publicised Starter Homes initiative as well as traditional sources of deposits such as parents. On this basis it is considered a useful sensitivity to test.

6.9 In respect of renting, there is no official, or definitive, threshold for how much a household can spend on rent before it is unaffordable. The former CLG SHMA Practice Guidance (2007) sets out that a household can be considered able to afford renting on the private market in cases where the rent payable was up to 25% of their gross household income. These affordability criteria have been applied to the identified rental costs to arrive at an income threshold to support ownership/occupation of entry level market housing.

6.10 However, there is more up to date evidence which suggests that the proportion of gross income household spend on rent may be higher than 25%. For example, data released more recently than the former CLG SHMA Guidance estimates that the national average is 34.4% of gross household income (including state assistance) is spent on rent[35]. Other sources[36] also suggest broad rules of thumb between 25% and 35% gross income as being the appropriate threshold (equating to c.33%-45% of net income).

6.11 The affordability test has therefore 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. House price data was obtained at a local authority level and amalgamated to reflect the study's four sub areas (Biddulph, Cheadle, Leek and Rural areas) using postcodes. 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 settlement area into the settlement area in which the majority of the postcode is located. An assumption regarding average 'entry level' house prices (i.e. the average price households entering the housing ladder at the bottom rung have to pay) was then made using lower quartile house prices in the District as a proxy;

[35] CLG English Housing Survey 2010/11
[36] For example see: Shelter Private Rent Watch Report one: Analysis of local rent levels and affordability (October 2011), Shelter.

2 Due to the lack of up-to-date settlement 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 settlement 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 a useful guidance source that is still widely referenced by practitioners. Two sensitivity tests applying a 3.3 x income multiplier with a 20% deposit to purchase a home, or up to 35% of gross household income on rent have also been modelled;

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.

6.12 Separate affordability calculations have been carried out in respect of existing households (used in Steps 1.4 and 2.3 of the model) and newly forming households (used in Steps 2.2). This is because newly forming households generally have lower than average incomes. The English Housing Survey [EHS] has been used, which shows that newly forming households have approximately 83% of the average income of all households[37]. 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.

6.13 The proportions of households estimated to be unable to afford lower quartile marker housing are set out in Table 6.2 (for existing households) and Table 6.3 (for newly forming households). For Staffordshire Moorlands District as a whole, given the generally higher monthly costs of servicing a mortgage[38] 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.

6.14 Table 6.2 shows Biddulph and Leek as having the highest proportion of existing households unable to purchase or rent market housing. The highest proportion of newly forming households unable to rent are found in Biddulph (again) and Leek (Table 6.3). Table 6.2 and Table 6.3 demonstrate that (unsurprisingly) a change in income has a significant impact on the proportion unable to afford market housing, particularly in the private rental market.

[37] EHS 2014
[38] This is despite the current bank of England base rate of 0.25%.

Table 6.2 Affordability Test Results - Proportion of **Existing** Households Unable to Afford LQ Market Housing

Area	% Unable to Afford to Buy		% Unable to Afford to Rent	
	(assuming 3.5 income multiple)	20% deposit & 3.3 income multiple	(assuming 25% income)	(assuming 35% income)
Area 1) Biddulph	92.9%	88.4%	58.1%	29.0%
Area 2) Cheadle	88.9%	82.3%	54.1%	28.6%
Area 3) Leek	90.4%	85.9%	55.0%	29.3%
Area 4) Staffordshire Moorlands Rural	82.9%	78.1%	35.4%	25.8%
Staffordshire Moorlands	**85.8%**	**80.2%**	**51.3%**	**24.9%**

Source: Land Registry Data (2015/16), Rightmove 2016, Experian Income Data (2011)

Table 6.3 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	
	(assuming 3.5 income multiple)	20% deposit & 3.3 income multiple	(assuming 25% income)	(assuming 35% income)
Area 1) Biddulph	95.2%	92.7%	72.1%	43.0%
Area 2) Cheadle	92.7%	89.3%	69.2%	39.4%
Area 3) Leek	93.7%	90.8%	69.1%	39.7%
Area 4) Staffordshire Moorlands Rural	88.3%	83.6%	69.8%	40.3%
Staffordshire Moorlands	**90.5%**	**86.3%**	**66.3%**	**37.5%**

Source: Land Registry (2015/16), Rightmove (2016), Experian Income Data (2011)

6.15 It is accepted that the figures in Table 6.2 and Table 6.3 which strictly follow the former CLG approach (i.e. 3.5 x income multiple and 25% income spent on rent) 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, which is provided for in the sensitivity test.

6.16 There will also be many instances where households with comparatively low income levels (i.e. older residents) 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.

Current Housing Need (Stage 1) Steps 1.1 to 1.4

6.17 The first stage of the assessment considers current (backlog) affordable housing need. The Practice Guidance[39] is clear that an estimate should be made of the number of households who lack their own housing or live in

[39] 2a-022-20140306

unsuitable housing and who cannot afford to meet their housing needs in the open market.

6.18 The Practice Guidance provides an indication of the types of households that can be considered in housing need:

1 Homeless households;

2 Households in temporary accommodation;

3 Overcrowded housing;

4 Concealed households;

5 Existing affordable housing tenants in need; and,

6 Households from other tenures in need and those that cannot afford their own homes[40].

6.19 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 needs in the housing market. Components of housing need are not definitive and can draw together statistics from a wide range of sources.

6.20 The Housing Register for Staffordshire Moorlands contains households in Priority Bands A – D. For the purpose of this study, those in Priority Bands A – C are considered to be in affordable housing 'need' as defined by the Practice Guidance[41].

6.21 Therefore, NLP has 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.

6.22 As of October 2016, the local Housing Register indicates that there are currently 1,141 households seeking social housing in Staffordshire Moorlands. This comprises **729 in Bands A-C**. As per the Practice Guidance, those seeking transfers are netted off to avoid double counting as they themselves will free up an affordable home as they transfer. On this basis, recent data from Staffordshire Moorlands Council suggests that 24.2%, (or 177) of these households, are likely to comprise transfers (i.e. they are existing social rented or affordable rent tenants seeking a move), meaning that the remaining **552 households** are living in other tenures and in need across bands A-C.

6.23 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 being 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 age of some of the concealed households

[40] 2a-023-20140306
[41] 2a-023-20140306

data, the current Housing Register provides a more appropriate gross estimate of housing need in this instance.

Table 6.4 Current Backlog of Housing Need

	Households	Source
Housing Register Priority Bands A - C	**729**	**Housing Register October 2016**
…of which Homeless households (including those in temporary accommodation)	17	Estimate from P1E Quarterly Homeless Returns (CLG Data) – average past 3 years data (Q3 2013 to Q2 2016)
…of which Concealed households	349	Estimate from Census 2011 based upon Concealed Families
Gross Estimate of Current Housing Need	**729**	**Households in priority bandings**
…of which current occupiers of affordable housing	177	Housing Register October 2016
Net Estimate of Current Housing Need (Backlog)	**552**	

6.24 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.

6.25 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 set out in Section 7.0.

Future Housing Need (Stage 2)

6.26 Future housing need is split into two components. The Practice Guidance[42] sets out firstly that *"the process should identify the minimum household income required to access lower quartile (entry level) market housing".* This could be either through purchasing a dwelling or renting privately. The second element of forecasting likely future affordable housing needs involves estimating the number of existing households likely to fall into need.

[42] 2a-025-20140306

New Household Formation (Step 2.1)

6.27 The Practice Guidance[43] recommends that gross household formation (under 45 years of age) should be used as the measure of newly forming households, as opposed to net household growth which takes into account household dissolution. 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 Staffordshire Moorlands. For example, as referenced earlier in the document, the 2014-based SNHP indicates a net annual household growth of just 137 annually for the District, whilst the gross figure is several times higher than this (see Table below).

6.28 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. The demographic-led Scenario Ab: 2014-based SNPP, adjusted for PCU headship rates and the 2015 MYE (Scenario Ab) has been used for the purposes of considering future newly forming households, as this represents what NLP considers to be the most appropriate demographic starting point for identifying housing OAN. 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 6.5 presents the number of newly forming households (gross) in the District.

Table 6.5 Number of Newly Forming Households Annually (gross)

	No. Newly Forming Households Annually (gross)
Staffordshire Moorlands	722

Source: NLP / CLG 2014-based SNPP / Scenario Ab: 2014-based SNPP, adjusted for PCU and 2015 MYE

6.29 This output of future housing need should be treated with caution. Using gross household formation takes no account of 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 stages of their life, but does not account for their previous household no longer existing.

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

6.30 This stage of the assessment involves the affordability test. Information in respect of local house prices, market rents and household income levels has informed the test which estimates the ability of households to afford lower quartile market housing. The affordability test has been calculated by

[43] 2a-025-20140306

identifying the costs of entry level (lower quartile) market housing, the costs of which have been obtained from the Land Registry, as well as private rental costs obtained from Rightmove.

6.31 As discussed in detail 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.

6.32 As with Stage 1, the affordability test identifies the proportion of households unable to buy *or* rent in the market in accordance with the Practice Guidance.

6.33 This analysis estimated that 66.3% of newly-forming households in Staffordshire Moorlands are likely to be unable to meet their housing needs in the private market (although if more generous assumptions are made concerning the proportion of household income is spent on rent, this could fall to 37.5%). This is applied to the gross household formation identified in Table 6.5 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.

6.34 This enables the number of newly forming households unable to access market housing (per year) to be estimated, as shown in Table 6.6.

Table 6.6 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	
	(assuming 3.5 income multiple)	20% deposit & 3.3 income multiple	(assuming 25% income spent on rent)	(assuming 35% income spent on rent)
Staffordshire Moorlands	90.5%	86.3%	66.3%	37.5%

Source: Land Registry (2015-16), Rightmove (2016), Experian Income Data (2011)

6.35 Based upon the above, the calculation of future need based on gross household formation must therefore be seen only as one factor in assessing and considering an objective assessment of future housing need and demand. The calculation also takes no account of the viability of providing up to 66.3% (or 37.5% with a higher income contribution) 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.

6.36 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).

6.37 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.

6.38 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 66.3% 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 66.3%.

6.39 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."* [44] It stands, however, that in using gross household formation, there would be significant downward pressure on the 66.3%/37.5%.

6.40 Whilst NLP recognises the limitations set out above, the Practice Guidance[45] is clear that it is the gross household formation that should be applied.

Existing Households Falling into Need (Step 2.3)

6.41 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 to move.

6.42 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.

6.43 The resultant calculation is set out in Table 6.7.

[44] 2a-020-20140306
[45] 2a-024-20140306

Table 6.7 Existing Households Falling into Need in Staffordshire Moorlands

	Staffordshire Moorlands
Fiscal Calendar 2014/15	100
Fiscal Calendar 2013/14	146
Fiscal Calendar 2012/13	107
Number of new lettings per year (identified from CORE data – average from past 3 years) – previous tenure either owner occupation OR private rented sector	**118**

Source: CORE data 2012/13 - 2014/15

6.44 It is recognised that these figures only relate to those households who were successful at gaining entry to social housing and therefore under-estimates need. 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 6.7 could be an under-estimation.

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

6.45 Step 2.4 simply adds together the number of newly forming households unable to access market housing (Steps 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 6.8.

Table 6.8 Total Newly Arising Need (per year)

Staffordshire Moorlands	25% Gross Income on rent	35% Gross Income on rent
Newly forming households unable to access market housing net (Steps 2.1/2.2)	479	271
Existing households falling into need (Step 2.3)	118	118
Total Newly Arising Housing Need (per year)	**597**	**389**

Source: NLP Analysis

Core Output 3: Estimate of Backlog and Newly Arising Households in Need

It is estimated that there will be 597 newly arising households in need of affordable housing in Staffordshire Moorlands per annum based on the gross household formation approach, reduced to 389 if an allowance is made for a higher proportion of household income to be spent on rent every month.

This should be set alongside the existing backlog affordable housing need of 552 dwellings in Staffordshire Moorlands. This does not take into account the existing and future likely supply of affordable housing.

Supply of Affordable Housing (Stage 3)

6.46 This Section estimates the existing and forthcoming stock of affordable housing as per the Practice Guidance. This stage examines housing stock

that can accommodate households in housing need. The information is required in order to calculate net affordable housing requirements. The model considers both current affordable housing stock (including how much of this is available) as well as the level of future annual new supply.

6.47 The Practice Guidance[46] sets out the current components of housing stock used to accommodate current households in affordable housing need as well as future supply:

1 Affordable dwellings that are going to be vacated by current occupiers that are fit for use by other households;

2 Surplus stock (vacant dwellings);

3 Committed supply of new affordable units; and

4 Identifying units to be taken out of management (demolition or replacement).

6.48 Table 6.9 summarises the data sources used by Stage Three of the affordable housing model.

Table 6.9 Summary of Data Required for Stage Three

Stage of the Model	Data Items
Stage Three: Affordable Housing Supply	
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 (2015) and Table 615 (2015)
3.3: Committed Supply of New Affordable Housing	Local Authority Information
3.4: Units to be taken out of management	Local Authority 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 (2012/13-2014/15)
3.7: Future Annual Supply of Intermediate affordable housing available for re-let or resale at sub market levels	CORE Data (2012/13-2014/15)
3.8: Annual Supply of Affordable Housing	**Step 3.6 PLUS 3.7**

Affordable Dwellings occupied by Households in Need (Step 3.1)

6.49 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.

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Surplus Stock (Step 3.2)

6.50 A certain level of voids are normal and allow for transfers and works to properties. CLG's former SHMA Guidance (page 48) notes that a social housing vacancy rate in excess of 3%, and properties which are vacant for considerable periods of time, should be counted as surplus stock.

6.51 An analysis has been undertaken utilising vacancy level data for the last 3 years. This indicates a social housing vacancy level of 0.8% in 2015.[47]

6.52 Therefore, as the current vacancy rate is 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)

6.53 The CLG's former SHMA Guidance states 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 LAHS data no longer shows the number of planned and proposed affordable units. However, data on committed supply of affordable housing has been provided by Staffordshire Moorlands Council (Table 6.10) and suggests that a limited amount of affordable housing is currently in the development pipeline.

Table 6.10 Total Supply of New Affordable Units

	Staffordshire Moorlands
Supply of New Affordable Housing (Committed Supply) 2015/16-2017/18	**144**

Source: Local Authority Information (provided by Staffordshire Moorlands Council Officers in 2016), and includes units under construction after 30/03/16 and/or other undeveloped sites with full extant planning permission for affordable housing

Units to be taken out of Management (Step 3.4)

6.54 The former CLG SHMA Guidance states that this stage should *"estimate the numbers 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).

6.55 Staffordshire Moorlands Council provided information in 2016 that confirmed that no units were planned to be taken out of management; hence a figure of zero has been incorporated into the model.

Total Affordable Housing Stock Available (Step 3.5)

6.56 This step calculates total affordable 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 6.11.

[47] CLG Data: Table 100 (2015) and Table 615 (2015)

Table 6.11 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)	144
MINUS Step 3.4 (Units to be taken out of management)	0
EQUALS Step 3.5 Current Supply of Affordable Housing	**144**

Source: CLG Data Table (2015) and Table 615 (2015) Local Authority Information

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

6.57 The Practice Guidance[48] also requires the calculation of social re-lets and intermediate affordable housing (excluding transfers) to be assessed as future components of affordable housing supply:

"plan makers should calculate the level of likely future affordable housing supply taking into account future annual supply of social housing re-lets (net), calculated on the basis of past trends (generally the average number of re-lets over the previous three years should be taken as the predicted annual levels)".

6.58 Steps 3.6 and 3.7 therefore focus on the future supply of affordable housing arising from existing stock. The former CLG SHMA Guidance recommends that the number of social re-lets per year should be assessed by looking at past trends over the previous 3 years.

6.59 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 6.12).

Table 6.12 Future Annual Supply of Social Re-lets in Staffordshire Moorlands

	Number of Social Re-lets (excluding transfers)
2012/13	159
2013/14	234
2014/15	152
Average	**182**

Source: CORE Data (2012/13-2014/15)

6.60 The level of stock turnover due to re-lets was around 8% in 2015. 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

[48] 2a-027-20140306

account the changing stock base when predicting the future levels of future voids.

6.61 It is possible that the Government's renewed endorsement of the scheme[49], and more specifically the provision of greater discounts being offered to social tenants to buy their property, and the extension of the programme (albeit on a voluntary basis) to RPs, could increase the level of RTB in Staffordshire Moorlands substantially over the next few years.

6.62 From May 2015, the eligibility criteria for RTB has been reduced from five years public sector tenancy to three. This means you now have to be a tenant for three years instead of five before you can apply to buy your home. The Government also increased the discount; this is now up to £77,900 outside of London[50]. The Government is still seeking to achieve one-for-one replacement (for England as a whole) whilst ensuring value for money.

6.63 This clearly has long-term implications for Staffordshire Moorlands, which has significant social housing stock currently owned by RPs. 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 RPs and the Council.

Future Annual Supply of Intermediate Affordable Housing (Step 3.7)

6.64 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 2 years 2012/13 and 2013/14 has been assessed. This has totalled 14 over the past two years, equating to an annual average rate of 7 dpa.

Annual Supply of Affordable Housing (Step 3.8)

6.65 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 6.13.

[49] Recent Government announcements have confirmed plans to extend the RTB scheme although the housing minister has confirmed that RPs cannot be compelled by regulators to sell their homes under this Government's Right To Buy extension.
[50] www.righttobuy.gov.uk

Table 6.13 Annual Supply of Affordable Housing

	Staffordshire Moorlands
Step 3.6 (Future Annual Supply of Social re-lets)	182
PLUS Step 3.7 (Future Supply of Intermediate Affordable Housing)	7
EQUALS Step 3.8 Annual Supply of Affordable Housing	**189**

Affordable Housing Needs

6.66 This section provides 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 Need

6.67 The starting point in calculating the net affordable housing need is the Total Current Housing Need established at Step 1.4. This figure takes account of any backlog in provision. Deducting the current available stock of affordable housing (step 3.5) results in a net backlog of 552 dwellings for Staffordshire Moorlands (based on the Housing Register approach). Annualised over 17 years this equates to a backlog of 27 dpa.

6.68 In defining newly arising need, the future annual supply of affordable housing identified in Step 3.8 (189 dpa) is removed from the annual future housing need of 597/389 dpa gross as set out in Table 6.14. When added to the backlog, this indicates that Staffordshire Moorlands has a net annual need of 408 based on the Housing Register approach[51]. This reflects gross household formation and does not account for household dissolutions, with the implication that needs may be inflated under this approach. The sensitivity test reduces this need to 200 dwellings.

Table 6.14 Net Annual Housing Need

	Housing Register	
	25% income / 3.5 x income	35% income / 3.3 x income + 20% deposit
Current Need (Including Backlog)		
Total Current Need (Step 1.4)	552	
MINUS Total Available Stock of Affordable Housing (Step 3.5)	144	
Equates to Net Current Need	408	
Net Backlog: Annualised (17 years) (A)	**24**	
Total Newly Arising Need		
Newly Arising Housing Need (Annual) (Step 2.4)	597	389
MINUS Future Annual Supply of Affordable Housing (Step 3.8)	189	
Equates to Net Newly Arising Need (net) (B)	**408**	**200**
NET ANNUAL NEED = A+B	**432**	**224**

[51] Excluding the sensitivity test of assuming 3.3 x income and a 20% deposit

Core Output 6: 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 **432 dpa over 17 years** based on gross affordable household formation (using the Housing Register approach). This figure would reduce to 224 dpa if allowances are made for a deposit and/or a greater proportion (35%) of income is spent on renting a property.

Summary of Affordable Housing Requirements

6.69 Although it is not clear to what extent the outcomes of the above affordable housing need scenarios represent "*future scenarios that could be reasonably expected to occur*", [52] as is required by the Practice Guidance, it is clear that under either of the two main scenarios highlighted above, there is a high level of affordable housing need in Staffordshire Moorlands.

6.70 A strict interpretation of the Practice Guidance and former CLG Guidance would suggest that the **432 dpa** figure would be more policy compliant. However data released more recently than the former CLG SHMA Guidance estimates that the national average is 34.4% of gross household income (including state assistance) is spent on rent. Applying a 35% income threshold would lower the affordable housing need to **224 dpa**.

6.71 The 432 dpa is lower than the 707 dpa reported in the 2014 SHMA primarily due to the significant reduction in the number of applicants on the Housing Register, which has fallen from 1,408 to 729 Bands A-C, and the spreading of this backlog over the plan period (rather than the 5 years targeted previously).

6.72 Consideration of similar issues at Local Plan examinations has highlighted the care that should be applied to interpreting such scenarios. For example, in considering housing needs during the West Lancashire Local Plan Examination, the Inspector concluded:

"At the other end of the range is one scenario which seeks to meet the full level of affordable housing need by building at least twice the number of houses required to meet any of the population-based household projections. It appears to me that this approach would result in a substantial surplus of market houses and so would be economically unrealistic."[53]

6.73 Notwithstanding, in line with the Practice Guidance Staffordshire Moorlands District Council needs to consider if an uplift in overall housing delivery is required to meet these affordable housing needs.

[52] 2a-003-20140306
[53] West Lancashire Local Plan, Inspector's Report (September 2013) – §47

7.0 Key Issues for Future Policy

Introduction

7.1 This section of the report considers the implications of future policy changes on the delivery of affordable housing and particularly the impacts of changes in housing costs. It also examines affordable housing requirements as a proportion of overall supply and the tenure mix.

Implications of 'Help to Buy'

7.2 The Government's 'Help to Buy' mortgage guarantee scheme has been hailed by both the development industry and the 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.

7.3 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 purchase 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.

7.4 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 new build 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.

7.5 The Government has also instigated the **Help to Buy ISA**, by which the Government will boost savings into the account by 25%. The maximum Government bonus that can be received is £3,000 (and a minimum of £400), and is available to each first time buyer, not each household (meaning that a couple with two separate Help to Buy ISAs, each saving up to £12,000, could receive a £6,000 bonus from the Government to go towards buying your first home). As this can be used in conjunction with the other Help to Buy schemes, this could further increase the amount of deposit households can put down for their first home.

7.6 The latest figures [54]provided by the Government indicate that Help to Buy equity loans have helped more than 91,000 people to buy a new home so far, with over 80% of sales going to people taking their first step onto the housing ladder. 32 people were granted equity loans in Staffordshire Moorlands between October 2013 and June 2014.

7.7 An analysis has been undertaken of the extent to which the advent of Help to Buy allows both existing and newly forming households to purchase a new property. The analysis has looked at both 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%.

7.8 Using typical new build average house prices over the past year, and similar assumptions have been made that newly forming households will have incomes 83% of 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.

Table 7.1 Affordability Test Results – Implications of the Help to Buy Scheme

% Unable to Buy/Rent Lower Quartile House:	Staffordshire Moorlands
Currently (EXISTING HOUSEHOLDS)	36,938 (85.8%)
With 20% Deposit and 3.3 x income	34,515 (80.2%)
With HTB Equity Loan (25%) deposit	33,598 (78%)
With HTB mortgage guarantee (5%) deposit	37,435 (86.9%)
Currently (NEW HOUSEHOLDS)	38,960 (90.5%)
With 20% Deposit and 3.3 x income	37,178 (86.3%)
With HTB Equity Loan (25%) deposit	36,884 (85.7%)
With HTB mortgage guarantee (5%) deposit	39,291 (91.3%)

Source: Land Registry Data (2016), Rightmove (2016), Experian Income Data (2011)

7.9 The results are presented in Table 7.1. They suggest that the HTB Equity Loan scheme could have a positive 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 86% to 78%. This suggests that the true level of affordability for both new and existing households in Staffordshire Moorlands could be somewhat lower than has been modelled in preceding Sections, although this of course assumes that householders are able to afford a 5% deposit in the first place (the HTB ISA could of course go some way towards assisting new households in being able to provide the necessary deposit).

[54] www.opendatacommunities.org/data/housing-market/help-to-buy/num-loans/loan-type-postcode-dis

Starter Homes

7.10 The Housing and Planning Act 2016 introduced a statutory duty on local authorities to promote the delivery of Starter Homes, with a requirement for a proportion of starter homes to be provided on all 'reasonably sized' housing development sites.

7.11 The Act defines starter homes as comprising new dwellings available to first time buyers between the ages of 23 and 40, sold at a discount of at least 20% of market value. This is defined as below £450,000 in London and £250,000 elsewhere, with a minimum time limit on resale (5 years) before the discount can be removed.

7.12 The Government has made it clear that Annex 2 to the Framework (the Glossary) will be revised to include starter homes within the overall definition of Affordable Housing on the grounds that affordable housing is about supporting households to access home ownership.

7.13 A Technical Consultation was undertaken and ended on 30th June 2016 regarding the level at which this requirement should be set. However, secondary legislation has yet to be finalised. Whilst this secondary legislation is not strictly necessary for Councils to treat Starter Homes as affordable housing, NLP is aware of only two schemes[55] to date that have successfully negotiated an element of starter homes as an affordable housing element.

7.14 The Government announced in the Autumn Statement 2016 the launch of the Affordable Homes Programme, which will allow Local Authorities, RPs and developers to access a £4.7 billion fund to provide Affordable Homes. The Minister for Housing confirmed that this would be split equally between rent to buy, starter homes and affordable rented. As such, Starter Homes are no longer seen as the only mechanism available to promote low cost home ownership.

7.15 NLP has undertaken an analysis of the potential pool of households who may be eligible and able to purchase a starter home over the plan period 2016-2031. This process is summarised in Table 7.2.

[55] Bellway Homes, Sopley, Hampshire New Forest District Council and HCA, Wolverhampton City Centre, City of Wolverhampton Council.

Table 7.2 Potential Starter Homes Eligibility in Staffordshire Moorlands (2014-2031)

	Potential First Time Buyers 2014-31	% Who can afford to purchase a new property @20% discount	Number able to afford a starter home	
			Total	Annual
Existing Households with a HRP* under 40	2,597	17.2%	446	26
Newly Forming Households with a HRP+ under 40	7,695	12.7%	975	57
TOTAL	**10,292**	**-**	**1,421**	**83**

Source: 2011 Census Land Registry Data (2015), Rightmove (2016), Experian Income Data (2011), 2016 PopGroup PCU/Long Term Migration Scenario
+HRP: Household Reference Person

*Note: For existing households with a Household Reference Person [HRP] under the age of 40, it has been assumed that if they are currently living in rented accommodation then they would not previously have owned a home and would therefore be eligible for a starter home. Whilst this is likely to be true for the majority of cases, it will necessarily under-estimate the total number of households who have, for whatever reason, decided to rent having purchased a property in the past.

7.16 In the absence of any data on the likely purchase price of typical starter homes in Staffordshire Moorlands, it has been assumed that this is likely to equate to the typical (mean) sales price of new build properties in Staffordshire Moorlands. The price paid figure for such properties over the year to August 2016 (as recorded by HM Land Registry) was £132,142. Discounted by 20%, this would suggest a typical discounted price of £105,714 which would require a household income of at least £30,204 (assuming a standard 3.5 x income multiple).

7.17 Table 7.2 indicates that this would typically price out 83% of existing households with an HRP under 40, and 87% of newly forming households with an HRP under 40. Applied to the total number of households in this age bracket (23 – 39), this would suggest that there is potentially an total reservoir of **1,421 households** (both existing and emerging) over the next 17 years who would be eligible and theoretically able to purchase a starter home (83 annually).

7.18 It is of course noted that this figure is based on a number of assumptions regarding individuals' ability to pay and how the starter homes discount is likely to work in practice. We do not of course know how this will play out in Staffordshire Moorlands District, and whether given the comparatively low house prices generally, there will be substantial interest in this discounted product from either developers or potential occupiers.

7.19 For example, it is likely that the demand for starter homes will come from households who are either able to afford market or shared ownership properties, rather than affordable rented/social rented housing. It is unlikely therefore to have an impact on social housing, although it is possible that there will be some overlap with intermediate housing needs. This is examined in further detail below.

7.20 Clause 4 of the Housing and Planning Act states that an English planning authority "*must carry out its relevant planning functions with a view to*

promoting the supply of starter homes in England". Furthermore, Clause 5 - Planning permission: provision of starter homes, contains a new duty that applies to decisions on planning applications. The Explanatory Notes accompanying the Act suggest that the clause would enable the SoS, through regulations, to require that in relation to applications for residential development above a certain size there must be a s.106 planning obligation securing a certain proportion of starter homes on the site.

7.21 The regulations may also specify that certain types of residential development should be exempt, or that certain areas should have a higher starter home requirement, or that LPAs should have discretion about certain requirements. The requirements could include the provision of a particular number or proportion of starter homes on site or the payment of a commuted sum to the local planning authority for the provision of starter homes. The SoS will have flexibility to apply different requirements to different types of residential developments and to different areas, including conferring discretions on LPAs. It is understood that the Bill also gives the option to developers whether to build starter homes or affordable homes, including where there is a current s.106 agreement in place.

7.22 The Government has yet to provide a figure in the Practice Guidance / Framework regarding what the 'certain proportion of starter homes' provided on suitably-sized starter home schemes, is likely to be. Without this, it is very difficult to suggest the scale of need at this stage, or what proportion (if any) of the affordable housing requirement should be 'netted off' for the provision of starter homes. A figure of 20% has been suggested.

7.23 The CLG's "*Starter Homes Regulations Technical consultation*" (March 2016) is seeking views on a tapered approach which enables the starter home to be sold at an increasing proportion of market value, stepping up to 100% over time, for between 5 and 8 years. The Consultation also seeks views on whether there should be a minimum percentage requirement to be applied uniformly on all sites over 10 units to provide a single requirement across the country, and whether 20% represents a reasonable requirement for most areas.

7.24 Discussions with various RPs suggested that demand is likely to be limited for starter homes in eastern parts of Staffordshire Moorlands in particular due to the relatively low property prices in certain areas.

7.25 As such, the Council will need to monitor the situation and prepare suitable policy responses, based on viability assessments, to ensure that demand can be met without harming the wider property market (for either market or social rented properties).

Build to Rent

7.26 Build to Rent was launched by the Government in December 2012 in response to the Montague report on barriers to institutional investment in private rented homes. Its purpose is to stimulate investment in large-scale development of

homes built specifically for private rent by professional organisations. The initial Build to Rent budget of £200 million was increased to £1 billion in the Budget 2013. Whilst the build to rent fund has been withdrawn, it has been replaced by a Home Building Fund of £3 billion with the Housing Minister indicating that Build to Rent will be addressed shortly.

7.27 To date, approximately £300 million has been allocated to Round 1 projects, and contracts have been signed for 6 projects totalling £359 million in Round 2 (announced in July 2015), none of which are located in Staffordshire Moorlands.

7.28 Research published by EC Harris in November 2013 (Build to Rent –Pushing the Boundaries) indicates that Build to Rent is likely to be viable across more than half of England's local authority areas. Staffordshire Moorlands (in common with most of Staffordshire) is an area whereby build to rent is unlikely to be viable, even if delivery costs and unit sizes were reduced.

Self-Build

7.29 The Framework [§50] requires LPAs to plan for a mix of housing including for people wishing to build their own homes. The Government wants to enable more people to build their own home and wants to make this form of housing a mainstream housing option. There is strong industry evidence of significant demand for such housing, as supported by successive surveys. The Practice Guidance[56] states that LPAs should plan to meet the strong latent demand for such housing. A self-build project is defined as a situation whereby a house is designed and constructed to the specifications of the person who is going to live there.

7.30 At present around 10,000 self-build homes a year are built in the UK; the Housing Minister aims to double this figure to 20,000 a year or more. This would also qualify for the £3 billion Home Building Fund.

7.31 The first stage would involve self-builders formally registering for a new building plot with their local authorities (similar to the way people currently register on a council housing waiting list). Only people who had lived in a local authority area for two to three years would be eligible to register, and they might also need to prove they had the resources to buy a plot once the council makes them available.

7.32 Each council would need to take note of the level of demand there was in its area and facilitate suitable building plots to match the local demand. There is a statutory duty on LPAs to grant sufficient permissions to meet demand, however the Self-Build and Custom Housebuilding Regulations 2016 indicate that LPAs can apply for exemption to the statutory duty where LPAs have a legitimate housing shortage.

7.33 The Self-Build and Custom Housebuilding Act 2015 places a duty on councils to keep a register of individuals and community groups locally who want to

[56] 2a-021-20140306

acquire land for self-build homes and to have regard to these registers in carrying out its planning function. The Council is looking at gathering evidence to see if there is a demand for this type of development within Staffordshire Moorlands. If the Council then becomes aware of land that may be suitable for self-build it can highlight this information to relevant parties.

In terms of how this initiative relates to Staffordshire Moorlands Council, the Practice Guidance[57] advises that additional local demand over and above current levels of delivery can be identified from secondary data sources such as: building plot search websites; 'Need-a-Plot' information available from the Self Build Portal; and enquiries for building plots from local estate agents.

7.34 A review of the 'Need a Plot' information suggests that the level of demand for plots in Staffordshire Moorlands is low, with only **two** specific requests for a plot identified in Staffordshire Moorlands at the time of search.

7.35 Such data is unlikely on its own to provide reliable local information on the local demand for people wishing to build their own homes, particularly as neighbouring authorities Shropshire Council and Stoke on Trent Council were part of a flagship scheme and granted access to £550,000 worth of funding as part of the Right to Build consultation. This may have displaced possible demand.

Rent to Buy

7.36 Rent to Buy is a Government scheme designed to ease the transition from renting to buying a home by providing subsidised rent. With Rent to Buy, households rent a newly built home at approximately 20% below the market rate for up to five years. During that time period, households have the option to buy the property or to buy part of the property under a Shared Ownership scheme. When the end of the time period is reached, households either have to buy part of the property or leave.

7.37 Inside Housing reports that the Government is considering changing its Starter Homes policy to include rent to buy homes similar to the London Living Rent product recently announced by the Greater London Authority. Inside Housing understands that CLG could adopt a rent conversion model where part of a household's rent each month goes towards a deposit on a house.

Suggested Affordable Housing Need

Proportion of Housing to be Affordable

7.38 An overall housing OAN has been identified (Section 6.0) of **235 – 330 dpa** for Staffordshire Moorlands District, equivalent to 3,995 to 5,610 additional dwellings over the plan period 2014 to 2031.

[57] 2a-021-20140306

7.39 An affordable housing need has been identified (Section 6.0) of between 224 – 432 dpa based on the Housing Register Approach.

7.40 An assessment of the amount of net annual affordable housing need identified as a proportion of the total housing requirement suggests that, in quantitative terms at least, theoretically Staffordshire Moorlands would need between **68%-95%** of its total annual housing OAN to comprise affordable housing if it is to meet all of its affordable housing need (even using the most optimistic assumptions concerning the level of affordable housing need). 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.

7.41 The 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*.'[58]

7.42 However, the Practice Guidance also states that any assessment of need '*should be realistic in taking account the particular nature of that area'*. There may therefore be a need to balance delivery of affordable housing against the viability concerns of much of Staffordshire Moorlands.

7.43 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.

7.44 Ultimately, the affordable housing target to be established by SMDC is a decision to be made through the emerging Local Plan. The Council will need to establish a balance between housing need requirements and viability of delivery. 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.

7.45 This should be monitored given that the sector is in a state of flux at the time of writing, with the Housing White Paper and subsequent consultations, likely to have significant impacts on the sector with requirements to ensure the provision of a range of affordable homes including starter homes on all reasonably sized sites, as well as a host of other measures including Rent to Buy and the (voluntary) extension of Right to Buy for RP tenants.

Suggested Affordable Housing Split

7.46 An assessment has also been undertaken to establish a suggested split between social rent, affordable rent and intermediate affordable housing.

[58] 2a-029-20140306

Again, the targets to be established are a policy decision for Staffordshire Moorlands District Council to make through its Local Plan formulation process, subject to the Government's proposals for starter homes. This overview is therefore indicative.

7.47 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.

7.48 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 new build property in Staffordshire Moorlands valued at £132,142, where 50% is rented, rental costs are assumed to be £518 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% LQ market rents): 80% of private rented costs.

7.49 This has identified average housing costs, which are set out in Table 7.3. These only represent the situation at a particular point in time and Staffordshire Moorlands District Council should continue to review their housing evidence when new data sources become available.

Table 7.3 Monthly Rents and Costs

	Social Rent (average £359 pcm)	Affordable Rent (80% market rent = £336 pcm)	LQ Private Rent (£420 pcm)	LQ Home Ownership (£120,000)	Intermediate shared ownership (50% equity)*	Starter Homes*	New Home Ownership (10% deposit)*
Income required	£17,243	£16,128	£20,160	£34,286	£24,845	£30,204	£33,979
% of Existing Staffordshire Moorlands Residents who cannot afford	37.0%	31.4%	51.3%	85.8%	68.4%	82.8%	85.6%

Source: CORE (2016), Land Registry (2016) and Rightmove (2016)
*Note: HM Land Registry data for Staffordshire Moorlands District indicates that the median price paid for a new home in the Borough (excluding detached) was £132,142 for the year to August 2016

7.50 Information on household income has been obtained from Experian data, which estimates the number of households with a household income in ten different income bands. The income data used to inform this analysis does not take into account benefits received by households (such as Housing Benefit).

7.51 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 income on rent (or for intermediate properties, combined mortgage/rent payments). Thus, to afford a lower quartile private rented monthly rent of £420, a household would require a yearly income of £20,160; 80% market rent would require an income of £16,128; to afford intermediate housing, a household income of £24,845 would be required; to afford social rent, a household would need a household income of £17,243, whilst to (potentially) afford a starter home, a household would need an income of £33,979.

7.52 In total, it is estimated that around 37% (Table 7.3) of all households in the District cannot afford social rent, particularly as this is more expensive than affordable rent.

7.53 The analysis has enabled an estimate to be made of the proportion of households with insufficient income to afford market rent and therefore requiring affordable housing. The analysis at Figure 7.1 relates specifically to households unable to afford private-rented market housing (i.e. households in need of affordable housing). It shows the proportion of these households:

1 Unable to afford affordable rent;

2 Able to afford affordable rent, but not social rent;

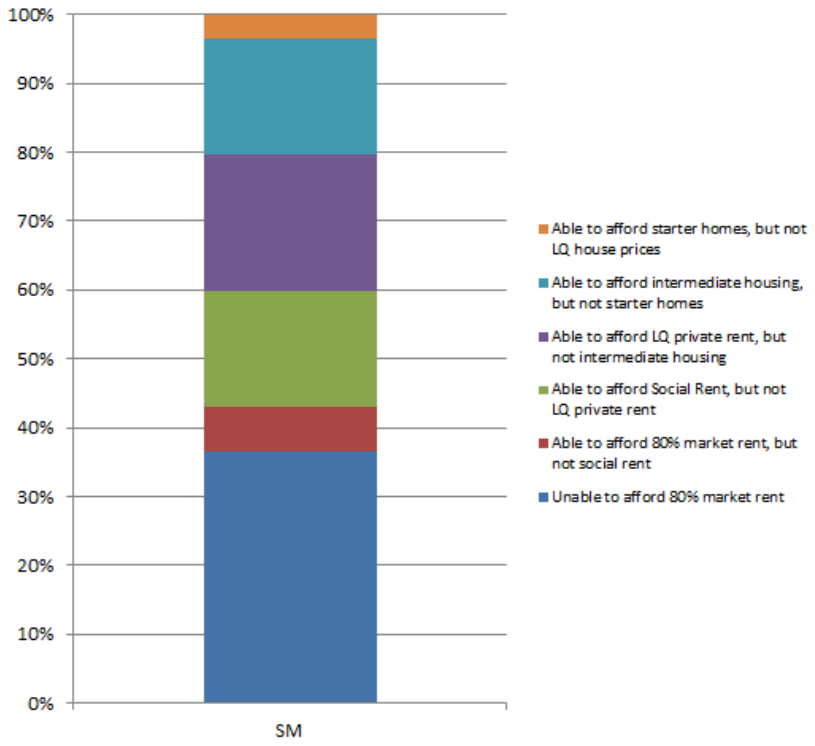
3 Able to afford social rent but not LQ private rent (without benefits);

4 Able to afford LQ private rent, but not intermediate housing;

5 Able to afford intermediate housing, but not starter homes;

6 Able to afford starter homes, but not an LQ market home.

Figure 7.1 Existing Households Unable to Access a New Home – Affordability



Source: Experian, CORE, Rightmove 2016

7.54 Figure 7.1 shows that in theory, all forms of social housing are more affordable than either starter or intermediate homes (unsupplemented by housing benefit/Universal Credit) in the District. However, clearly the situation is considerably more complicated than this; it presupposes that the remaining 57% of households who in theory can afford social rented housing, have an income source that would enable them to meet the monthly payments. In practice, there is very limited difference between affordable rented and social rented properties:

1 Of the 36,938 households in Staffordshire Moorlands District who cannot afford to purchase a LQ house on the open market without some form of subsidy, 37% have such low household incomes that they cannot even afford 'affordable rent', and a further 6% cannot afford social rent. Following on from the changes to the Local Housing Allowance Rates to the social sector from April 2018, it is anticipated that the difference between those that can afford social and / or affordable rent will reduce. 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 housing with the support of benefit payments to cover the difference in rent. In total, 17% of the 36,938 households can afford either social or affordable rented properties, but not LQ private rent;

2 Furthermore, an additional 17% of these 36,938 households can afford intermediate housing, but not starter homes;

3 A further 3% are likely to be able to afford starter homes but not lower quartile house prices.

7.55 In addition, it might ordinarily be supposed that there will be a noticeable overlap between households in need of a shared ownership property, and those eligible for/able to buy a starter home. Whilst it is impossible to estimate at present the likely extent of any 'switch' between intermediate and starter homes in Staffordshire Moorlands District due to the absence of any further information at this time from Government concerning costs and future requirements, it appears that for Staffordshire Moorlands at least the impact on affordable housing needs will be fairly modest.

7.56 The need for starter homes is likely to be particularly pressing in surrounding rural areas and those areas within Staffordshire Moorlands close to the Peak District National Park, given the higher house prices in these locations (although it is difficult to gauge the extent of this given the very low level of development outside the urban areas in recent years due to Green Belt restrictions.

7.57 The indicative percentage split for social rent/affordable rent/intermediate affordable housing (based on identified net requirements) is set out in Table 7.4.

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

Table 7.4 Suggested Social Rent/Intermediate/Starter Homes Split

	Staffordshire Moorlands
Net Annual Affordable Housing Need	224 – 432 dpa
% Social / Affordable Rented	*60%*
% Intermediate Tenure / Starter Homes / Rent to Buy	*40%*

7.59 It is accepted 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 and may have knock on effects on the sale value of other properties on the site.

7.60 In recognition of this, the Government unveiled within the Autumn Statement 2016 £4.7 billion to the 'Affordable Homes Programme' which the Housing Minister indicated would be split equally between rent to buy, starter homes and affordable rented properties. Notwithstanding this, SMDC will still 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.

7.61 It is emphasised that the above recommended split has been based upon an assessment of affordability of different forms of affordable housing for those in need. Policy choices on the delivery of affordable housing will need to balance affordability against the viability of delivering social rented, affordable rented and intermediate tenures (intermediate/starter homes being generally cheaper to deliver per unit than social rented and affordable rent offering a new choice and opportunity for delivery).

7.62 It is accepted that there has been relatively limited take up of intermediate tenure property in Staffordshire Moorlands. However, it is a relatively cheap form of affordable tenure (see Figure 7.1) and offers significant benefits to the occupants by providing them with a financial stake in the property, real or otherwise.

7.63 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.

7.64 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 RPs. RPs are generally able to pay more for intermediate stock because 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, and potentially, reduce pressures on the waiting list if these younger households have been unable to afford a property on the open market.

7.65 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; much of the concern over social housing relates to the implications for house sales nearby. As a consequence, the plots adjacent to affordable housing units are generally sold at a discount with the greatest discount reserved for those properties close to social rented accommodation.

7.66 It is noted that this analysis has been undertaken before the affordability and deliverability implications of the new starter homes tenure have become apparent. However, emerging decisions indicate that Starter Homes may be more viable than traditional forms of affordable housing. To date, NLP is only aware of two schemes where starter homes have been permitted. In one of

these instances, the level of starter home provision was negotiated in place of an element of affordable housing on viability grounds. This is likely to impact on affordable housing provision and will overlap (to an extent) with intermediate housing needs/provision.

7.67 This emerging role of starter homes will require close monitoring and if new evidence emerges on the affordability impacts of social rented and intermediate properties then the recommended tenure split may require amendment. Policy decisions on the required split should also take into account the comparative deliverability and viability of affordable rent, social rent, intermediate tenure and starter homes going forward.

7.68 Rent to Buy is unlikely to impact significantly upon affordability given that it will be managed by RPs and would fall within the definition of intermediate housing included in Annex 2 of the Framework.

Conclusions

7.69 Sensitivity testing has been undertaken to examine the impacts on net affordable housing requirements of an increase or reduction in housing costs, including making allowance for the Help to Buy initiative (see Table 7.1). It demonstrates the moderate 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.

Summary

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. However, the following indicative percentage split for affordable housing is recommended in this report (bearing in mind that there is very limited difference between the affordability of social rented and affordable rented homes in the District):

- 60% Social / Affordable Rented: 40% Intermediate / Starter Homes.

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 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.

There are considerable uncertainties as to what the new starter homes requirement is likely to mean for affordable housing provision and the extent to which this will overlap with intermediate housing provision in particular.

Therefore in weighing the amount of affordable housing to be provided, the LPA should treat each case on its merits.

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 a key issue in Staffordshire Moorlands. 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 intermediate housing will increase in Staffordshire Moorlands over time, hence the 40% recommendation, which may also include starter homes.

Housing Needs by Size and Type

7.70 The modelling undertaken for Staffordshire Moorlands, discussed in detail in Section 5.0, has provided a range of housing requirements for the District. This section provides a more detailed update on the requirements split by size and type, and by settlement area.

Housing Requirements Split by Size and Type

7.71 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 8 ONS derived codes (i.e. single household, married couple with two children etc.). This is significantly lower than the 17 codes that underpinned the previous CLG household projections, which makes it harder to break down the likely household composition than before.

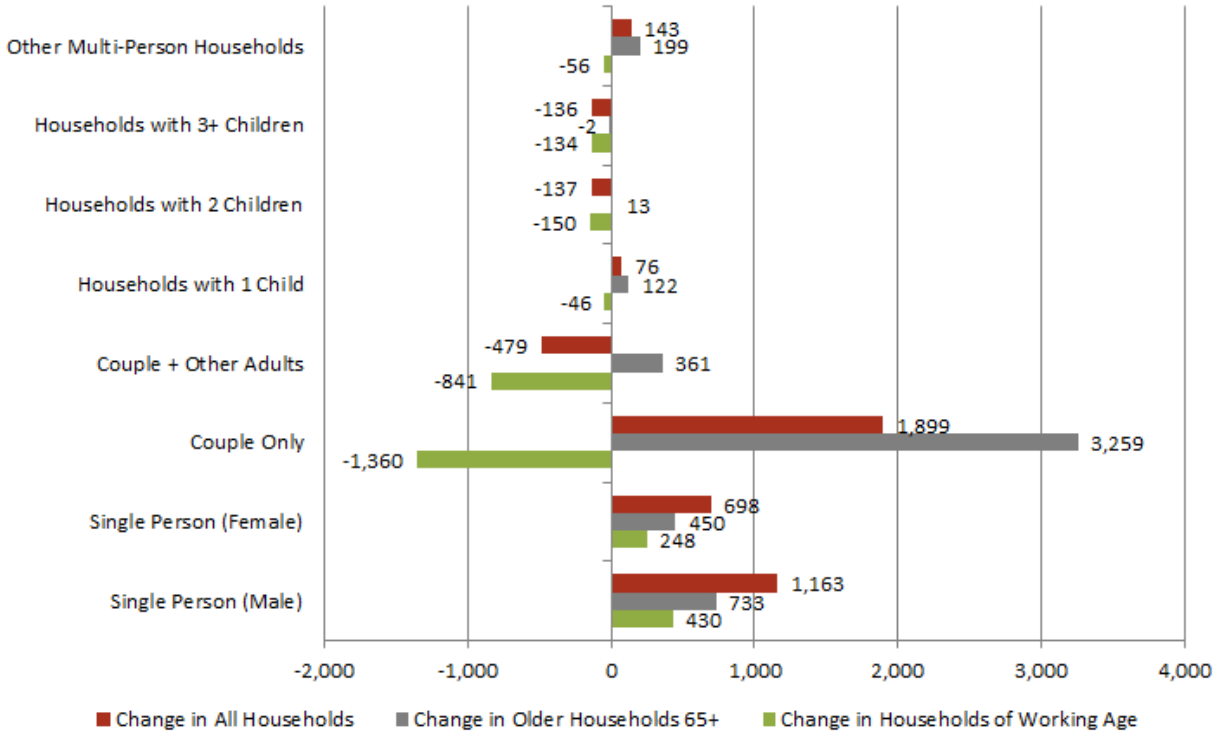
7.72 Table 7.5 indicates that 29% of all households in Staffordshire Moorlands are currently single people, with the number expected to increase by over 1,800 to 2031. The proportion that are couples is even higher, at around a third of all households, with the number expected to increase by almost 1,900 by 2031. Whilst the number of households with 1 child is set to increase slightly by 2031, the number of households with 2 or more children is expected to shrink by 274 households over the same time period.

Table 7.5 Estimated Household Type

	Staffordshire Moorlands	
	2014	2031
Single Person (Male or Female)	12,229 (29%)	14,090 (31%)
Couple Only	13,841 (33%)	15,739 (35%)
Couple + Other Adults	3,655 (9%)	3,176 (7%)
Households with 1 Child	5,086 (12%)	5,162 (11%)
Households with 2 Children	4,175 (10%)	4,038 (9%)
Households with 3+ Children	1,357 (3%)	1,220 (3%)
Other Multi-Person Households	1,925 (5%)	2,068 (5%)
TOTAL	**42,267 (100%)**	**45,493 (100%)**

Source: NLP / PopGroup Scenario Ab mid-year estimate and partial catch up Model Run 2016

Figure 7.2 Change in Household Type in Staffordshire Moorlands District, 2014-2031



Source: NLP / PopGroup Scenario Ab mid-year estimate and partial catch up Model Run 2016

7.73 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[59]. The very broad assumptions made are presented in Table 7.6.

Table 7.6 Estimated Housing Size required by Household Type, by Age of Head of Household

Age Range 2013	Single Person Male	Single Person Female	Couple Only	Couple + Other Adults	Households w/ 1 child	Households w/ 2 children	Households w/ 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	1 bed flat/house	2 bed flat/house	3 bed house	2 bed flat/house	3 bed house	4 bed house	3 bed house
25-34	1 bed flat/house	1 bed flat/house	2 bed flat/house	3 bed house	2 bed flat/house	3 bed house	4 bed house	3 bed house
35-44	2 bed flat/house	2 bed flat/house	2 bed flat/house	3 bed house	3 bed house	3 bed house	4 bed house	3 bed house
45-59	2 bed flat/house	2 bed flat/house	2 bed flat/house	3 bed house	3 bed house	3 bed house	4 bed house	3 bed house
60-84	1 bed flat/house	1 bed flat/house	2 bed flat/bungalow	3 bed flat/bungalow	3 bed house	3 bed house	4 bed house	3 bed house
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 2008

7.74 This table has been defined on the basis of the following assumptions:[59]

1. Smaller flatted accommodation 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 flatted accommodation or houses will be more suitable to meeting the requirements of single person households;
4. According to their composition, flatted provision such as a residential care home, hostel or houses in multiple occupation 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.

7.75 Applying the matrix to the PopGroup data allows an initial (and given the limitations of the data, very much indicative) understanding of the composition of future dwelling type needs (as opposed to aspirations) in Staffordshire Moorlands.

[59] Source: adapted from *Northern Peninsula SHMA (December 2008).*

7.76 Table 7.7 demonstrates that due to the high numbers of one-person households and couples in the area by 2031, together 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. The need for housing with care could increase substantially from 5% in 2014, to 9% in 2031.

Table 7.7 Estimated Housing Type and Size 'needed'

	Staffordshire Moorlands	
	2014	2031
1 bed flat	17%	16%
2 bed flat/house/bungalow	43%	44%
3 bed house/bungalow	32%	28%
4 bed house	3%	3%
Housing with Care	5%	9%
TOTAL	**100.0%**	**100.0%**

Source: NLP / PopGroup Scenario Ab 2014 SNPP + MYE and PCU Model Run 2016

7.77 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, individual needs (i.e. a spare room for carers, or visitors) or the viability of developing particular dwelling types. As a result, the modelling shows a relatively weak match with the current 'stock' of house sizes in the District.

7.78 For example, whilst the modelled need for 1-bed properties is high in Staffordshire Moorlands currently, the actual stock of 1-bed homes recorded in the 2011 Census was around 6 % (itself a small proportion of the stock when compared with the national average of 12%). There is also limited correlation between the need for 4-bed accommodation and the actual representation of larger properties in the District.

7.79 There is therefore a need to recognise that in practice, providing a range of dwelling sizes specifically to match the quantitative need may not address people's aspirations and could discourage more affluent households from moving to/remaining in the District.

7.80 It should be recognised as well that the data presented in the Census for this category does not provide a separate figure for Housing with Care.

7.81 In this regard, the Housing Learning and Improvement Network [LIN] was formerly responsible for managing the Department of Health's [DH] Extra Care Housing capital programme. LIN provides information from a network of housing, health and social care professionals in England involved in planning, commissioning, designing, funding, building and managing housing with care for older people.

7.82 The Strategic Housing for Older People [SHOP] tool produced by LIN provides estimates of current and future need for older person's housing across different Local Authority areas.

Table 7.8 Estimated Future Specialist Housing Need in Staffordshire Moorlands District

	Supply	Demand			
	2014	2014	2020	2030	2035
Sheltered Housing	**435**	1,238	1,550	2,088	2,263
Enhanced Sheltered	**51**	198	248	334	362
Extra Care	**88**	248	310	418	453
Residential Care	**262**	644	806	1,086	1,177
Nursing Care	**520**	446	558	752	815

Source: SHOP 2016

7.83 Table 7.8 demonstrates significant growth in demand for specialist housing is estimated for older people across Staffordshire Moorlands up to 2030, particularly for sheltered housing (with needs increasing by almost 60%), where there is already a very significant mismatch between demand and supply.

7.84 SHOP also projects that between 2014 and 2030 there will be an increase from 4,939 older people (75+) living alone to 8,067, an increase of 63%. These trends will have a significant impact on the type of housing required by Staffordshire Moorlands' residents over the plan period and suggest a clear need for specific elderly care provision going forward.

Aspirations and Viability Considerations

7.85 Research by CABE 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 generally more central locations[60].

7.86 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.

7.87 Aspirations are generally for larger homes and the size of dwelling that people actually 'need' (as calculated in Table 7.7) is often significantly smaller than the size of dwelling they actually want, or can afford. At the present time (2017), viability is also presenting a barrier to policy makers seeking to influence the size and mix of new housing developments. 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.

[60] CABE 2005, 'What home buyers want: attitudes and decision making among consumers'

7.88 Further uncertainties concerning any forthcoming starter homes requirement is further clouding matters in the District, as it is throughout the country.

7.89 In the public sector, changes to the benefits system (especially the Government's fiscal penalty for under-occupancy and changes to Local Housing Allowance [LHA] Rates from 2018) is incentivising households to move to smaller properties in order to avoid a reduction in the level of housing benefit they receive.

7.90 For example, the Government will apply the relevant Local Housing Allowance (LHA) rates as maxima for Housing Benefit paid in the social rented sector. This will include the Shared Accommodation Rate for single claimants aged under-35, pension age tenants and supported / specified accommodation. The cap will apply from April 2018 but only to tenancies signed less than two years earlier. Additional Discretionary Housing Payment funding will be available to Councils to protect vulnerable tenants including those in supported accommodation.

7.91 RPs and others have expressed serious concerns that this will result in a decrease in household's weekly entitlement in many areas, meaning that Housing Benefit will not cover the full amount of the eligible rent and service charge as it does currently. This would require some tenants to make up the shortfall from other sources of income. It is likely to have a particular impact upon the Shared Accommodation Rate for single claimants under the age of 35 without dependent children. This policy development may make RPs more reluctant to construct smaller 1-bedroomed properties as it could expose them to greater levels of risk as a result of tenants' increased inability to pay the weekly rent.

7.92 Discussions with a number of RPs has indicated that the under-occupancy penalty is having a significant impact on household's requirements (in the social sector), with a substantial increase in the number of respondents wanting 2-bed properties and a commensurate reduction in the number of households asking for 3-bed properties. This is presenting significant problems for RPs as there is insufficient 2-bed stock to meet this demand.

Housing Size and Type Summary and Qualitative Balancing

7.93 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 District in the period up to 2031, there would be a need for the following:

1 An increase in the need for 1 and 2-bed apartments / houses / bungalows, particularly in the social rented sector;

2 A static need for 4-bed semi-detached and detached houses/bungalows;

3 A very substantial increased need for housing with care, particularly

residential care; and also a need for more sheltered housing.

7.94 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.

7.95 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 from the Housing Register.

7.96 The Housing Register, suggests the following (summarised in Table 7.9):

All housing tenures:

1 The modelled need and aspirations for 2-bedroomed properties is significantly above the stock of properties according to the 2011 Census for Staffordshire Moorlands, suggesting a clear need for such properties;

2 In Staffordshire Moorlands the stock of 3-bed properties is currently in excess of the total need;

4 The greatest imbalance is in the 4+ bed properties, which comprise around 19% of the total stock in Staffordshire Moorlands, yet only a fraction of the modelled 'need' going forward.

Affordable Housing:

5 The Housing Register data suggests a pronounced need for additional 1-bedroom properties in Staffordshire Moorlands 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.

Table 7.9 Estimated Housing Size 'needed' / aspired to

Staffordshire Moorlands	All Stock (2011 Census)	Social Rented Stock (2011 Census	All Housing Tenures		Affordable Housing
			'Need' (PopGroup Modelling, redistributing housing with care)		Minimum Required (Housing Register)*
	2011	2011	2014	2031	2016
1 bed flat	6%	33%	20%	22%	57%
2 bed flat / house / bungalow	27%	29%	44%	46%	26%
3 bed house / bungalow	47%	36%	33%	29%	12%
4 bed+ house	19%	2%	3%	3%	6%

Source: Census 2011 / NLP / Housing Register 2016

7.97 Firstly it is recognised that the results in Table 7.9 are not dramatically different to those included in the 2014 SHMA. In addition, even if 235 – 330 dpa were delivered over the plan period this would still only comprise relatively small percentage of the total dwelling stock in the District by 2031. As such, it would

take a substantial amount of time to rebalance the stock to meet identified needs.

Table 7.10 Policy Advice – Property Size and Type 2014-2031

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

Source: NLP

7.98 The future requirements for Staffordshire Moorlands District are justified on the following grounds:

1 **Smaller 1 / 2 bed dwellings:** there is a need for continued provision of smaller housing in Staffordshire Moorlands District over the course of the plan period. This is as a result of a combination of social change, with more people living longer, and alone. Households' aspirations in the District (as identified in the Housing Register) tip towards smaller 1/2 bedroomed dwellings over larger 3/4 bed properties. However, this is set against the shift towards smaller properties as set out in the PopGroup 'need' based modelling. There is a very modest stock of small properties in the District. As a consequence, and bearing in mind viability considerations (which would need to be considered in greater detail by the Council as this is outside the scope of this SHMA Update), it is suggested that around 60% of all new units in Staffordshire Moorlands could comprise 1 / 2-bed units.

2 As regards affordable housing, the changes to the benefits system has forcing more residents to consider smaller housing options than before to avoid losing part of their housing benefit. This is supported by the Housing Register, with 83% of all applicants in Staffordshire Moorlands needing a 1/2 bed property.

3 **Larger 3/4 bed dwellings:** there is a higher proportion of larger properties in Staffordshire Moorlands than might be expected when compared to the regional and national averages, with 47% of Staffordshire Moorlands' total stock comprising 3 bed units in the 2011 Census, compared to 45% across the North West and 41% nationally. In terms of the physical 'need' for such properties, the trend over the study period is declining. For example, despite comprising 56% of the total stock at present (according to the 2011 Census), it is estimated that Staffordshire Moorlands District would ultimately 'need' only around 3% of its total stock to comprise this house size by 2031. However, there is a still a need to provide larger, better quality dwellings in the District and meet aspirational needs.

4 On this basis, it is suggested that the amount of larger units be set around the 40% level. As noted above, there is a clear need to reverse the current trends of high levels of net out-migration of the more affluent,

younger and aspirational residents elsewhere. This will help ensure that there remains a clearly defined housing ladder within the District.

5 As regards the need for **larger affordable housing**, larger properties in particular are becoming increasingly hard to let as a result of the fiscal penalties associated with under-occupation. Furthermore, the Housing Register clearly shows there to be a far greater need for smaller properties in the District. Adjusting the balance between 'need' and aspirations suggests that Staffordshire Moorlands should provide around 40% of the total affordable stock as 3/4-bed in future.

Summary

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 towards better quality, aspirational property types designed to reduce the high levels of net out-migration to adjoining areas. There is also a need for more good quality accommodation designed specifically for the growing elderly population.

Property Sizes: 60% 1/2-bed; 40% 3/4-bed dwellings overall

It is recommended that Officers take a flexible approach to applying this advice when dealing with housing applications in the District, as relatively lower levels of housing viability in 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.**

SMDC must also align these objectives with their economic objectives.

8.0 Conclusions and Recommendations

8.1 This report has been prepared by NLP to advise Staffordshire Moorlands District Council on the housing requirements necessary for its emerging Local Plan. It updates the previous SHMA undertaken by NLP in November 2014 and is restricted to advising on the scale of housing need for both market and affordable housing in the District in the light of new data, as well as a review of the size and type of market housing required.

Housing Needs

8.2 Taking into account the scenarios tested and the core constraints on development delivery as shown by current evidence, it is NLP's recommendation that the housing OAN range for Staffordshire Moorlands is between **235 and 330 dpa**. It provides a realistic level of housing provision which will address economic growth requirements, affordable housing need, worsening market signals and the demographic challenges that are present.

8.3 The latest available Census 2011 data on migration and commuting patterns suggests that Staffordshire Moorlands District in isolation does not comprise a self-contained Housing Market Area. The 235-330 dpa housing OAN therefore relates only to part of the wider HMA that Staffordshire Moorlands sits within (as it is based upon the population expected to be living within the District's administrative boundaries over the period to 2031). Through the Duty to Co-operate process SMDC must consider the housing issues of adjoining authorities, particularly Stoke on Trent, and assess any additional need required to be met. The target requirement is for the authorities within the HMA to judge based on the evidence provided to them.

8.4 Staffordshire Moorlands' range takes the CLG's most recent 2014-based household projections (170 dpa) as the starting point for identifying need as defined in the Practice Guidance. A judgement was made to accelerate household formation for the younger age groups to allow for the return to growth and their increased ability to form a household going forward, as well as making an adjustment for the latest Mid-Year Population Estimates, increases this starting point to 196 dpa (to 2031). In terms of whether an adjustment should be made to address worsening market signals it is considered that some upward adjustment could be necessary relative to adjoining areas.

8.5 This was due in part to the high rate of change in the affordability ratio and house price rises more generally, although it is recognised that there are substantial spatial discrepancies across the District and particularly between the rural areas and those outlying the Peak District National Park and the rest of the District. It was considered that the scale of adjustment to housing supply over and above demographic-led projections at this time should be moderate, in line with the Practice Guidance, and that a rate of 10% would be appropriate in this instance.

8.6 Whilst recognising that there is not a direct causal relationship between employment growth and dwelling requirements, clearly the two are fundamentally related. As such, at the top end of the range, the level of housing growth for Staffordshire Moorlands District is broadly aligned with Combined Job Growth Scenario + PCU, at 330 dpa (rounded).

8.7 Even if Staffordshire Moorlands were to deliver housing at the top end of this range, this would be well below the affordable housing need of 224 dpa / 432 dpa (based on the Housing Register approach). At a delivery rate of 33%, this would result in an affordable housing OAN of at least 679 dpa and potentially as high as 1,309 dpa which is very unlikely to be consistently achieved in Staffordshire Moorlands District.

8.8 It is considered that this could justify an uplift to the housing OAN range, with NLP's judgement suggesting that a 10% uplift to the figures would go some way towards meeting this affordable housing need (which is distinct from, and in addition to, the 10% market signals uplift). This would uplift the lower end of the range, to **between 235 dpa to 330 dpa (rounded)**.

8.9 Clearly if Staffordshire Moorlands District Council was to target a greater level of affordable housing provision then a higher overall housing target may be a reasonable policy choice open to them.

8.10 If the Council were to pursue a figure significantly lower than 330 dpa whilst also planning for a level of annual job growth or even job stabilisation, 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 HMA.

Affordable Housing Need

8.11 The starting point in calculating the net affordable housing need is the Total Current Housing Need established at step 1.4. This figure takes account of any backlog in provision. Deducting the current available stock of affordable housing (step 3.5), results in a net backlog of 408 dwellings for Staffordshire Moorlands (based on the Housing Register approach). Annualised over 17-years this equates to a backlog of 24 dpa.

8.12 In defining newly arising need, the future annual supply of affordable housing identified in Step 3.8 (189 dpa) is removed from the annual future housing need of 597/389 dpa gross. When added to the backlog, this indicates that Staffordshire Moorlands has a net annual need of between 224 dpa and 432 affordable dpa. This reflects gross household formation and does not account for household dissolutions, with the implication that needs may be inflated under this approach.

8.13 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; nevertheless, the affordable housing need will still be considerable.

8.14 Based on these figures, Staffordshire Moorlands would need to provide at least 75% of its total annual housing requirement to comprise affordable housing if it is to meet all of its need even under the most favourable assumptions. This is neither achievable nor realistic.

8.15 The above calculations produce a result below the 707 dpa affordable housing need suggested by the District's previous 2014 SHMA, primarily due to a significant fall in the number of people currently on the District's Housing Register. Even so, both figures are well beyond what can realistically be achieved in terms of delivery.

8.16 Ultimately, the affordable housing target to be established by SMDC is a decision to be made through the emerging Local Plan. 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

8.17 The recommended percentage split for social rent/affordable rent/intermediate/starter homes (based on the identified net requirements) is summarised in Table 8.1. This is based on the analysis in Section 7.0 and the progressive move at a national level away from social rented towards affordable rented and intermediate provision.

Table 8.1 Suggested Social Rent/Intermediate Affordable Housing Split

	Staffordshire Moorlands
Net Annual Affordable Housing Need	224 -432 dpa
% Social / Affordable Rented	*60%*
% Intermediate Tenure / Starter Homes	*40%*

8.18 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.

8.19 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 small terraced properties towards better quality, aspirational property types designed to reduce the high levels of net out-migration to adjoining areas. There is also a need for more good quality accommodation designed specifically for the growing elderly population:

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

8.20 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.

Appendix 1 Inputs and Assumptions

Demographic Scenarios	Scenario A: 2014-based SNPP/SNHP / Aa + PCU	Scenario Ab: 2014-SNPP re-based to 2015 MYE with PCU	Scenario B: Natural Change	Scenario C: Zero Net Migration	Scenario D: Long Term Migration	Scenario Da: Long Term Migration + PCU
Population						
Baseline Population	A 2014 baseline population is taken from the ONS 2014-based SNPP. This population is split by single year of age and gender.	A 2014 to 2015 baseline population is taken from the 2014/2015 MYEs. This population is split by single year of age and gender.				
Births	The number of projected births in Staffordshire Moorlands from the ONS 2014-based SNPP is used.	Fertility Rates derived from the 2014-based SNPP for Staffordshire Moorlands are used.				
Deaths	The number of projected deaths in Staffordshire Moorlands from the ONS 2014-based SNPP is used.	Standardised Mortality Ratios derived from the 2014-based SNPP for Staffordshire Moorlands are used.				
Internal Migration	Gross domestic in and out migration flows are adopted based on forecast migration in Staffordshire Moorlands from the ONS 2014-based SNPP are used.		All migration flows are set to 0.	Migration flows from the 2014-based SNPP for Staffordshire Moorlands are equalised to create a net flow of zero.	Migration flows for 2011/12 to 2014/15 are taken from the Mid-Year Estimates for Staffordshire Moorlands. Thereafter, a long term ten-year average for 2005/06 to 2014/15 is used.	
International Migration	As above but for international flows					
Propensity to Migrate (Age Specific Migration Rates)	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 in the 2014-based SNPP. These identify a migration rate for each age cohort (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-led Scenarios (and Supply-Led Scenarios)	Scenario E: OE Job Growth / Ea + PCU	Scenario F: Job Stabilisation / Fa + PCU	Scenario G: Past Trends / Ga + PCU	Scenario H: Experian Job Growth / Ha + PCU	Scenario I: Combined Job Growth / Ia + PCU
Population					
Baseline Population	A 2011 to 2015 baseline population is taken from the 2015 MYE. This population is split by single year of age and gender.				
Births	The Total Fertility Rate for Staffordshire Moorlands (as derived from the 2014-based SNPP) is applied.				
Deaths	The Standardised Mortality Ratios for Staffordshire Moorlands (as derived from the 2014-based SNPP) are applied.				
Internal Migration	Migration is inflated/constrained according the change in number of jobs (or homes for 'supply-led' scenarios) over the projection period.				
International Migration	As above but for international flows.				
Propensity to Migrate (Age Specific Migration Rates)	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 in the 2014-based SNPP. These identify a migration rate for each age cohort (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).				

	All Scenarios
Housing	
Headship Rates	Headship rates specific to Staffordshire Moorlands taken from the CLG 2014-based household projections are used. These are split by five year age group and sex. **Partial Catch Up Sensitivity** – as above, however rates in the 15-34 age groups are projected to make up 50% of the difference between the 2014-based and 2008-based projections by 2033.
Population Not in Households	The number of population not in households (e.g. those in institutional care) is similarly taken from the assumptions used to underpin the 2014-based CLG household forecasts. This is applied as a number below age 75 and a rate above age 75. No change is assumed in the rate of this from the CLG identified rate.
Vacancy / 2nd Home Rate	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 and mean that more dwellings than households are required to meet needs. The average rate of vacant/second homes in Staffordshire Moorlands over the 2014-15 period has averaged 4.02%. This has been taken from CLG Council Tax Base data.
Economic	
Economic Activity Rate	Economic activity rates by age and sex have been projected using the OBR Labour Market Participation Rate Projections. These have been applied to the 2011 Census rates for Staffordshire Moorlands, and have been re-based to 2014 using the Annual Population Survey. These rates take into account changes projected in younger age groups, women and older people (associated with changes to State Pension Age).
Labour Force Ratio	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). In Staffordshire Moorlands, APS and Experian data indicate that for 2015 the LF ratio equated to 1.31. This was applied and held constant over the projection period.
Unemployment	A model-based estimate of unemployment taken from the Annual Population Survey is used. For 2014 the figure for unemployment is 3.4%. It is assumed that by 2020, unemployment in Staffordshire Moorlands will reach its pre-recession level of 3.14%. From 2020 onwards this is held constant.

Appendix 2 PopGroup Output Sheets

Appendix 3 Data Tables

Table A.2 Historic and Projected Population growth for Staffordshire Moorlands District

	2008-based SNPP	2010-based SNPP	2011-based (interim) SNPP	2012-based SNPP	2014-based SNPP
2008	95,300				
2009	95,500				
2010	95,700	95,700			
2011	95,900	96,000	97,200		
2012	96,100	96,300	97,500	97,200	
2013	96,300	96,700	97,800	97,300	
2014	96,600	97,000	98,100	97,400	97,800
2015	96,900	97,400	98,500	97,500	97,800
2016	97,100	97,800	98,800	97,700	97,900
2017	97,400	98,200	99,200	97,800	98,000
2018	97,700	98,500	99,500	98,000	98,200
2019	98,100	99,000	99,900	98,200	98,300
2020	98,400	99,400	100,300	98,400	98,500
2021	98,700	99,800	100,600	98,600	98,700
2022	99,100	100,200		98,700	98,900
2023	99,400	100,600		98,900	99,100
2024	99,700	101,000		99,100	99,200
2025	99,900	101,400		99,200	99,400
2026	100,200	101,800		99,300	99,500
2027	100,500	102,100		99,400	99,600
2028	100,700	102,500		99,500	99,700
2029	100,900	102,800		99,600	99,800
2030	101,100	103,100		99,700	99,900
2031	101,300	103,400		99,800	100,000
2032	101,500	103,600		99,800	100,100
2033	101,700	103,900		99,900	100,200
2034		104,100		99,900	100,300
2035		104,400		99,900	100,300
2036				99,900	100,400
2037				100,000	100,400
2038					100,500
2039					100,500

Source: ONS 2008 / 2010 / 2012 / 2014-based SNPP

Table A.3 Net population change by age cohort in Staffordshire Moorlands District 2014-31

	2012-based SNPP	2014-based SNPP
0-4	-500	-400
5-9	-200	-200
10-14	100	100
15-19	-200	-300
20-24	-400	-300
25-29	-500	-300
30-34	-200	-100
35-39	300	300
40-44	-1,100	-1,000
45-49	-2,100	-2,100
50-54	-1,700	-1,800
55-59	-300	-300
60-64	1,000	900
65-69	100	200
70-74	800	900
75-79	1,300	1,400
80-84	2,600	2,500
85-89	1,800	1,600
90+	1,400	1,000
TOTAL	**2,400**	**2,200**

Source: ONS 2012 / 2014-based SNPP

Table A.4 Migration in Staffordshire Moorlands District 2005-2015

	Net Internal Migration	Net International Migration
2002	489	-24
2003	247	18
2004	129	-14
2005	478	-28
2006	553	54
2007	453	-1
2008	314	68
2009	209	-21
2010	144	-7
2011	31	60
2012	129	36
2013	432	-29
2014	511	35
2015	411	-10
10 Year Average (to 2015)	**319**	**19**
5 Year Average (to 2015)	**303**	**18**

Source: ONS Mid-Year Population Estimates

Table A.5 Projected Household Growth for Staffordshire Moorlands District

	2008-based SNHP	2011-based (interim) SNHP	2012-based SNHP	2014-based SNHP
2008	40,000	-	-	-
2009	-	-	-	-
2010	-	-	-	-
2011	-	41,804	-	-
2012	-	42,010	41,967	-
2013	42,000	42,218	42,109	-
2014	-	42,435	42,295	42,335
2015	-	42,655	42,485	42,464
2016	-	42,894	42,706	42,654
2017	-	43,109	42,886	42,816
2018	43,000	43,333	43,070	42,976
2019	-	43,554	43,253	43,148
2020	-	43,773	43,448	43,324
2021	-	44,007	43,651	43,508
2022	-	-	43,831	43,685
2023	44,000	-	44,007	43,848
2024	-	-	44,189	44,022
2025	-	-	44,364	44,191
2026	45,000	-	44,543	44,369
2027	-	-	44,715	44,544
2028	46,000	-	44,865	44,693
2029	-	-	45,007	44,835
2030	-	-	45,152	44,983
2031	-	-	45,277	45,114
2032	-	-	45,379	45,229
2033	47,000	-	45,474	45,331
2034	-	-	45,560	45,420
2035	-	-	45,640	45,504
2036	-	-	45,712	45,582
2037	-	-	45,771	45,645
2038	-	-	-	45,705
2039	-	-	-	45,755

Source: ONS 2008 / 2010 / 2012 / 2014-based SNHP

Table A.6 Change in Headship Rate by Age Cohort

	15-24	25-34	35-44	45-54	55-59	60-64	65-74	75-84	85+
2011	8.2%	39.0%	53.7%	55.5%	57.7%	59.0%	63.8%	76.5%	88.4%
2012	8.3%	38.6%	54.2%	55.7%	57.5%	58.7%	63.3%	76.1%	88.1%
2013	8.3%	38.3%	54.7%	56.0%	57.4%	58.3%	62.7%	75.6%	87.8%
2014	8.4%	37.9%	55.1%	56.3%	57.4%	58.1%	62.4%	75.3%	87.7%
2015	8.4%	37.5%	55.3%	56.6%	57.4%	57.9%	62.0%	75.2%	87.6%
2016	8.5%	37.1%	55.6%	56.8%	57.4%	57.7%	61.7%	75.0%	87.5%
2017	8.6%	36.8%	55.9%	57.1%	57.3%	57.4%	61.3%	74.7%	87.4%
2018	8.6%	36.4%	56.2%	57.3%	57.4%	57.2%	61.0%	74.5%	87.3%
2019	8.7%	36.1%	56.6%	57.7%	57.4%	57.0%	60.6%	74.2%	87.1%
2020	8.7%	35.7%	56.9%	58.0%	57.4%	56.8%	60.3%	74.0%	86.9%
2021	8.8%	35.4%	57.3%	58.4%	57.4%	56.6%	59.9%	73.8%	86.7%
2022	8.9%	35.1%	57.7%	58.7%	57.4%	56.3%	59.6%	73.4%	86.5%
2023	8.9%	34.7%	57.9%	59.0%	57.4%	56.1%	59.2%	73.2%	86.3%
2024	9.0%	34.4%	58.2%	59.4%	57.5%	56.0%	58.9%	73.1%	86.2%
2025	9.1%	34.1%	58.5%	59.7%	57.6%	55.8%	58.7%	72.9%	86.1%
2026	9.1%	33.8%	58.7%	60.0%	57.7%	55.8%	58.5%	72.9%	86.1%
2027	9.2%	33.4%	58.9%	60.3%	57.9%	55.8%	58.4%	73.0%	86.2%
2028	9.3%	33.0%	58.9%	60.5%	58.1%	55.8%	58.3%	73.1%	86.4%
2029	9.3%	32.7%	58.9%	60.7%	58.3%	55.8%	58.3%	73.2%	86.5%
2030	9.4%	32.3%	58.9%	60.9%	58.4%	55.8%	58.3%	73.3%	86.7%
2031	9.4%	31.9%	58.9%	61.1%	58.6%	55.8%	58.2%	73.4%	86.9%
2032	9.5%	31.6%	58.8%	61.2%	58.7%	55.8%	58.1%	73.5%	87.0%
2033	9.5%	31.2%	58.8%	61.4%	58.8%	55.8%	58.0%	73.5%	87.0%
2034	9.6%	30.9%	58.8%	61.5%	59.0%	55.7%	57.8%	73.5%	87.0%
2035	9.6%	30.6%	58.9%	61.7%	59.1%	55.6%	57.7%	73.5%	87.0%
2036	9.7%	30.3%	58.9%	62.0%	59.2%	55.6%	57.5%	73.5%	87.0%
2037	9.7%	30.0%	59.0%	62.2%	59.3%	55.5%	57.4%	73.5%	87.0%
2038	9.8%	29.7%	59.1%	62.4%	59.4%	55.5%	57.2%	73.5%	87.0%
2039	9.8%	29.4%	59.1%	62.5%	59.5%	55.4%	57.1%	73.5%	86.9%

Source: CLG 2014-based SNHP

Table A.7 Median House Prices for Staffordshire Moorlands

	Staffordshire Moorlands	Staffordshire	England
1998	£52,125	£57,350	£66,000
1999	£56,500	£60,000	£74,000
2000	£59,950	£66,000	£82,000
2001	£67,500	£74,950	£92,000
2002	£77,000	£87,000	£114,000
2003	£94,500	£109,000	£132,000
2004	£125,000	£128,000	£151,000
2005	£129,000	£135,000	£159,950
2006	£139,000	£145,000	£168,000
2007	£144,000	£150,000	£178,000
2008	£140,000	£148,000	£173,500
2009	£130,000	£144,000	£170,000
2010	£139,975	£149,995	£185,000
2011	£135,000	£142,500	£180,000
2012	£135,000	£145,000	£183,000
2013	£135,000	£148,000	£188,000
2014	£143,000	£155,000	£198,000
2015	£153,750	£162,000	£212,000

Source: CLG Live Table 586

Table A.8 Ratio of Lower Quartile House Price to Lower Quartile Earnings for Staffordshire Moorlands

	Staffordshire Moorlands	Staffordshire	England
1998	3.04	3.61	3.57
1999	3.31	3.63	3.68
2000	3.42	3.70	3.91
2001	3.41	3.96	4.08
2002	3.63	4.40	4.45
2003	4.30	5.12	5.23
2004	6.60	6.06	6.28
2005	6.14	6.74	6.82
2006	7.03	7.02	7.15
2007	7.76	7.20	7.25
2008	7.27	7.04	6.97
2009	5.66	6.15	6.28
2010	6.37	6.26	6.69
2011	6.17	6.35	6.57
2012	6.09	6.44	6.58
2013	5.91	~	6.66
2014	6.50	~	6.95
2015	7.26	~	7.02

Source: CLG Live Table 576