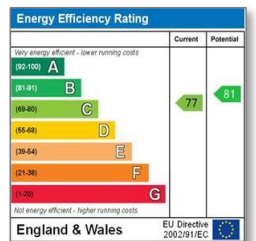




Middlesbrough Local Housing Needs Assessment

Report of Findings

January 2021





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1. Introducing the Study

Background to the project

Introduction

- 1.1 Opinion Research Services (ORS) was commissioned by Middlesbrough Borough Council to prepare a Local Housing Needs Assessment. The Council wanted to understand more about the nature and make-up of current and future housing needs across Middlesbrough through all stages of life.
- 1.2 This study was primarily addressed by the use, and interrogation of, secondary data including population projections, house prices and local incomes.
- 1.3 This work adheres to the requirements of the new National Planning Policy Framework (NPPF) published in July 2018 (and updated in February 2019) and the associated Planning Practice Guidance (PPG), in particular the section on housing and economic needs assessment.

Government Policy

- 1.4 The Government published the National Planning Policy Framework (the Original NPPF) in 2012. This set out the planning policies for England and how these were expected to be applied.
- 1.5 The Original NPPF had a presumption in favour of sustainable development, and paragraph 47 stated that Local Plans should meet *“the full, objectively assessed needs for market and affordable housing in the housing market area”*. The responsibility for establishing housing need rested with the local planning authority and Paragraph 159 of the Original NPPF set out that they *“should prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries”*.
- 1.6 A revised version of the National Planning Policy Framework (the Revised NPPF) was published in July 2018. Whilst the Revised NPPF maintains the underlying theme of sustainable development, several significant changes have been introduced in relation to identifying and meeting housing needs. The Revised NPPF was updated in February 2019 to incorporate a number of detailed changes following a technical consultation. Whilst most of the changes appear relatively minor, they may have a substantial impact on identifying and meeting housing needs in some areas. The results of the consultation were summarised in the document *“Government response to the technical consultation on updates to national planning policy and guidance”*.
- 1.7 Under the Revised NPPF, local planning authorities are still responsible for assessing their local housing needs; however, Paragraph 60 identifies that *“strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach”*. This represents a significant change, as the standard method sets out a formulaic approach to determine the minimum Local Housing Need (LHN) figure and prescribes the use of specific data for the calculation. Therefore, whilst the responsibility for establishing housing need continues to rest with the local planning authority, this is now constrained to a minimum figure that is determined centrally by the Government.
- 1.8 This focus on local area has led to a change in the Duty to Cooperate, where neighbouring authorities now have to produce Statements of Common Ground. Whilst Housing Market Areas (HMAs) are no longer

mentioned explicitly in the Revised NPPF, Paragraph 60 identifies that *“any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for”*; and PPG identifies that HMAs are still one of the factors which must be considered when determining the relevant cross-boundary areas for plan-making [ID 61-010-20180913].

- 1.9 The Revised NPPF has also introduced a new definition for affordable housing. Whilst the Original NPPF identified (in the Glossary at Annex 2) that affordable housing should be provided for households *“whose needs are not met by the market”*, the Revised NPPF adds that this includes *“housing that provides a subsidised route to home ownership and/or is for essential local workers”*. This has led to a specific change in the Planning Practice Guidance (PPG) for assessing affordable housing need.
- 1.10 Under the Original NPPF, affordable housing need was based on those who could not afford to buy *or* rent in the market. Households who could afford market rent were not counted as in affordable housing need even if they would have preferred to buy and couldn't afford to do so. However, the latest PPG states that assessments must now include the needs of *“those that cannot afford their own homes, either to rent, or to own, where that is their aspiration”* [ID 2a-020-20190220]. On this basis, households able to afford market rent who aspire to but are unable to afford homeownership must now be counted as being in affordable housing need.

The Standard Method for Local Housing Need Assessment

- 1.11 The Original NPPF and associated PPG set out a methodology for establishing an Objectively Assessed Need for housing in a defined HMA. This methodology required that *“Household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need”*, but allowed for adjustment based on local factors: *“The household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends.”* Adjustments could therefore be made if there were concerns around the quality of local data (e.g. inaccurate migration estimates), along with evidence-based judgements on other need elements such as market signals uplift and alignment of jobs and workers based on local circumstances.
- 1.12 On 14 September 2017, the Department of Communities and Local Government (CLG) published a consultation on potential revisions to the NPPF, including a standardised methodology for calculating the Local Housing Needs (LHN). This included a number of key proposals:

- » The starting point for calculating the LHN for any area should be the most up to date household projections published by CLG;
- » While, deviation from this starting point can be considered, the consultation proposals note that; There should be very limited grounds for adopting an alternative method which results in a lower need; and
- » The household projections published by CLG should be uplifted by a fixed affordability relationship based upon the ratio of house prices to earnings. The maximum uplift for a local authority area will be 40% above its CLG household projections or current Local plan housing target.

- 1.13 CLG produced a spreadsheet of indicative housing needs figures which covered every local authority area in England based on the most up to date data at the time, the 2014 based household projections.
- 1.14 The Revised NPPF confirms that planning authorities should use the standard methodology for plan-making, though alternative methodologies which result in a higher housing need figure may still be deemed appropriate. Therefore, the standard method identifies the minimum number of homes expected to be planned for. It does not produce a housing requirement figure. The LHN figure represents a minimum overall housing need, but local authorities can consider a higher figure for plan making if, for example, this reflects growth potential, or unmet need from elsewhere. This is confirmed by PPG, which states:

When might it be appropriate to plan for a higher housing need figure than the standard method?

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

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

- » *growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);*
- » *strategic infrastructure improvements that are likely to drive an increase in the homes needed locally; or*
- » *an authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground;*

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

PPG Reference ID: 2a-010-20190220

- 1.15 PPG also suggests that local planning authorities will need to calculate their local housing need figure at the start of the plan-making process but that this number should be kept under review and revised where appropriate. This assessment is produced in line with this approach. The housing need figure may change as the inputs are variable, it may therefore be prudent to consider a number that is higher than the minimum LHN to provide a buffer against possible future changes while reviewing local plans.

Changes to the Standard Method

- 1.16 Since the publication of the figures in September 2017 a range of new data has been released which allows for the calculation to be updated. This includes:

- » New affordability data released in March 2018;
- » New 2016-based sub-national population projections (SNPP) released in May 2018;
- » A new methodology for calculating household projections released by the Office for National Statistics in June 2018; and
- » New 2016-based household projections released in September 2018.

^{1.17} The national housing need produced using these new data is lower than previous estimates, falling short of the Governments stated 300,000 dwelling per year target. As a consequence, the Ministry for Housing, Communities and Local Government (MHCLG) consulted on changes to the standard method approach, and on 26 October 2018 published “Technical consultation on updates to national planning policy and guidance October 2018”.

^{1.18} At paragraph 19 of the document, MHCLG set out their planned changes to the standard method, explicitly stating that the lower housing numbers that are derived from application of the standard method to the ONS produced 2016-based household projections should not be used, and that these do not qualify as an exceptional circumstance to warrant deviation from the standard method outputs using the CLG 2014-based projections:

19. The Government considers that the best way of responding to the new ONS household projections and delivering on the three principles in paragraph 18 above is to make three changes:

- » *1. For the short-term, to specify that the 2014-based data will provide the demographic baseline for assessment of local housing need.*
- » *2. To make clear in national planning practice guidance that lower numbers through the 2016-based projections do not qualify as an exceptional circumstance that justifies a departure from the standard methodology; and*
- » *3. In the longer term, to review the formula with a view to establishing a new method that meets the principles in paragraph 18 above by the time the next projections are issued.*

^{1.19} The “**Government response to the technical consultation on updates to national planning policy and guidance**” was published on 19 February 2019. Despite a majority of consultees disagreeing with the proposal at Question 1, the Government still considers that its proposed approach is the most appropriate in the short-term.

^{1.20} On this basis, it would appear that any deviation from the standard methodology should only be considered if exceptional circumstances can be demonstrated. Nevertheless, the revisions to PPG [ID 2a-015-20190220] clarify that an alternative approach that identifies a need higher than using the standard method will be considered sound, providing that it adequately reflects current and future demographic trends and market signals, given that it will have exceeded the minimum starting point. Any figure lower than that identified using the standard method will need to be justified through exceptional local circumstances.

^{1.21} The Government’s response goes on to say:

Over the next 18 months we will review the formula and the way it is set using National Statistics data with a view to establish a new approach that balances the need for clarity, simplicity and transparency for local communities with the Government’s aspirations for the housing market.

A key consideration of the standard method is to provide a degree of continuity between assessments of housing need over time. The changes to underlying assumptions in the population projections and methodological improvements to the household projections had led to significant variations in housing need at a local level, something that needs addressing in the short term.

- 1.22 The end of the 18-month period that the Government ran to August 2020 has coincided with the consultation on a new standard method for LHN.
- 1.23 The Government has made it clear that it does not doubt the accuracy of the ONS 2016-based projections, as stated in the consultation. However, the Government has also made it clear that the existence of the lower 2016-based projections is not a justification for a lower local housing need assessment, despite further disagreement from respondents to the consultation.
- 1.24 It seems likely that the concerns about not using the latest evidence will ultimately be tested in the courts. Whilst there are some uncertainties about the new method for calculating household formation that ONS has introduced for the 2016-based household projections, the 2016-based sub national population projections are based on a method that is largely consistent with that used for the 2014-based population projection but using more up-to-date data and based on improved mid-year population estimates. As part of the 2016-based household projections publication, the ONS included an output which applied the previous CLG 2014-based household formation rates to the new 2016-based population projection (variant output 2) which provides up-to-date figures using the previous method.
- 1.25 It is also notable that the ONS published variant outputs for the 2016-based sub-national population projections in April 2019 and has recently consulted users on possible variants to the household projections. It seems likely that comparable variant scenarios will be included as part of the 2018-based projections which will enable the Government to propose an alternative scenario when the standard method is fully revised.
- 1.26 This report therefore follows the standard method, using 2014-based household projections as the minimum LHN, before exploring the size, type and tenure of housing needed for the community.

Assessing Housing Needs

- 1.27 The Revised NPPF no longer requires local planning authorities to produce an SHMA to establish housing need for HMAs, but instead requires local planning authorities:

60. To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.

61. Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes.

62. Where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless:

a) off-site provision or an appropriate financial contribution in lieu can be robustly justified; and

b) the agreed approach contributes to the objective of creating mixed and balanced communities

National Planning Policy Framework, February 2019

- 1.28 The new NPPF does not contain any explicit reference to SHMAs and housing needs are to be established at a local authority level. However, a Local Housing Needs Assessment (LHNA) must now be prepared which will establish a minimum Local Housing Need (LHN) figure using the standard method set out in PPG [ID 2a-004-20190220]. In addition, the LHNA will need to identify the size, type and tenure of housing needed for a range of different groups in the community, which is largely consistent with the scope for SHMAs that the Original NPPF identified.
- 1.29 Whilst the Original NPPF expected SHMAs to be undertaken to assess needs across Housing Market Areas (HMAs), the focus of the Revised NPPF is on the needs of individual Local Planning Authorities without any mention of HMAs.
- 1.30 In terms of plan-making, PPG has retained the concept of the HMA [ID 61-010-20180913] within the Duty to Co-operate context, where joint working continues to be required.

Duty to Co-operate

- 1.31 The Duty to Co-operate was introduced in the 2011 Localism Act and is a legal obligation.
- 1.32 The NPPF sets out an expectation that public bodies will co-operate with others on issues with any cross-boundary impact, in particular in relation to strategic priorities such as *“the homes and jobs needed in the area”*.

Maintaining effective cooperation

24. Local planning authorities and county councils (in two-tier areas) are under a duty to cooperate with each other, and with other prescribed bodies, on strategic matters that cross administrative boundaries.

25. Strategic policy-making authorities should collaborate to identify the relevant strategic matters which they need to address in their plans. They should also engage with their local communities and relevant bodies including Local Enterprise Partnerships, Local Nature Partnerships, the Marine Management Organisation, county councils, infrastructure providers, elected Mayors and combined authorities (in cases where Mayors or combined authorities do not have plan-making powers).

26. Effective and on-going joint working between strategic policy-making authorities and relevant bodies is integral to the production of a positively prepared and justified strategy. In particular, joint working should help to determine where additional infrastructure is necessary, and whether development needs that cannot be met wholly within a particular plan area could be met elsewhere.

27. In order to demonstrate effective and on-going joint working, strategic policymaking authorities should prepare and maintain one or more statements of common ground, documenting the cross-boundary matters being addressed and progress in cooperating to address these. These should be produced using the approach set out in national planning guidance and be made publicly available throughout the plan-making process to provide transparency.

National Planning Policy Framework, February 2019

- 1.33 The manner in which councils have complied with their legal requirements under the Duty to Co-operate will be considered when plans are submitted for examination. One key issue is how any unmet development and infrastructure requirements can be provided by co-operating with adjoining authorities (subject to tests of reasonableness and sustainability).
- 1.34 The PPG elaborates further on the requirement for a statement of common ground (in the section on Plan-Making, updated 23 July 2019):

Maintaining effective cooperation

How are plan-making bodies expected to cooperate?

Strategic policy-making authorities are required to cooperate with each other, and other bodies, when preparing, or supporting the preparation of policies which address strategic matters. This includes those policies contained in local plans (including minerals and waste plans), spatial development strategies, and marine plans.

The National Planning Policy Framework sets out that these authorities should produce, maintain, and update one or more statement(s) of common ground, throughout the plan-making process. Local planning authorities are also bound by the statutory duty to cooperate. Neighbourhood Planning bodies are not bound by the duty to cooperate, nor are they required to produce or be involved in a statement of common ground.

PPG Reference ID: 61-009-20190315

- 1.35 In paragraph 61-017 entitled “Which geographical area does a statement of common ground need to cover?”, PPG explicitly discusses the appropriate functional geography to which the Statement of Common ground should apply: “For example, housing market and travel to work areas, river catchments, or landscape areas

may be a more appropriate basis on which to plan than individual local planning authority, county, or combined authority areas". It goes on to define housing market areas:

How can housing market areas be defined?

A housing market area is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. These can be broadly defined by analysing:

The relationship between housing demand and supply across different locations, using house prices and rates of change in house prices. This should identify areas which have clearly different price levels compared to surrounding areas.

Migration flow and housing search patterns. This can help identify the extent to which people move to a new house within an area, in particular where a relatively high proportion of short household moves are contained, (due to connections to families, jobs, and schools).

Contextual data such as travel to work areas, retail and school catchment areas. These can provide information about the areas within which people move without changing other aspects of their lives (e.g. work or service use).

Suggested data sources: Office for National Statistics (internal migration and travel to work areas statistics); Land Registry House Price Index and Price Paid data (including sales); data from estate agents and local newspapers about geographical coverage of houses advertised for sale and rent; Ministry of Housing, Communities and Local Government statistics including live tables on affordability (lower quartile house prices/lower quartile earnings); and neighbourhood data from the Census.

PPG Reference ID: 61-018-20190315

- 1.36 This definition of an HMA is almost identical to that in the original PPG relating to housing need.
- 1.37 For Middlesbrough, the issue of the HMA has already been explored in detail in the SHMA 2017 and also in the Stockton on Tees SHMA 2017 and Stockton on Tees Local plan. We do not consider it necessary to revisit our view that the HMA covering Middlesbrough also includes Stockton on Tees and Redcar and Cleveland.

Planning Reforms Consultation 2020

- 1.38 In August 2020, the government opened the consultation process for a series of wide-ranging reforms to the planning system in England. In line with their commitment made in April 2019, the government are consulting on a new standard method which would significantly change the level of housing need for most local authorities across England. This includes Middlesbrough where the new methodology would generate a need of 354 dwellings per annum, compared to the current figure of 256 dwellings per annum. The changes proposed would also remove the Duty to Cooperate. However, the changes are currently only a consultation which does not close until October 2020, so we have not utilised the proposed figures in this study.

Middlesbrough SHMA 2016

- 1.39 In 2016, ORS was commissioned by Middlesbrough Borough Council to carry out a Strategic Housing Market Assessment (SHMA) to establish the Objectively Assessed Need (OAN) for housing based on the most up-to-date information now available. This report was published in March 2017 and was therefore produced under the NPPF 2012.

- 1.40 The SHMA calculated the Objectively Assessed Need based on demographic projections and assessed these against Market Signals to determine if a higher rate of housing delivery was necessary to address housing market problems. It took account of household growth based on CLG 2014-based projections (the starting point); adjusted for long-term migration trends; responded to suppressed household formation (through providing for the growth of concealed families); and took account of vacant and second homes in line with the 2011 Census vacancy rate of 4.9%. Figure 1 summarises each of the stages for establishing the Full Objectively Assessed Need for Housing.

Figure 1: Full Objectively Assessed Need for Housing for Middlesbrough 2016-34

Stage		Households	Dwellings
Demographic starting point CLG household projections 2016-34		4,481	4,713
Adjustment for local demographic factors and migration trends Correcting issues in the trend-based data and adopting 10-year migration trends		+2,373	+2,495
Baseline household projections taking account of local circumstances		6,854	7,208
Adjustment for suppressed household formation rates Concealed families and homeless households		+332	+341
Baseline housing need based on demographic projections		7,186	7,549
Further adjustments needed...	In response to balancing jobs and workers Projected growth in workers exceeds forecast jobs growth and planned jobs growth therefore no further adjustment needed	0	0
	In response to market signals No uplift to dwellings needed in addition to the 341 dwellings for concealed families and homeless households	0	0
Combined impact of the identified adjustments		7,186	0
Full Objectively Assessed Need for Housing 2016-34		7,186	7,549

- 1.41 CLG Household projections suggested a growth of 4,481 households in Middlesbrough over the 18-year Plan period 2016-34; however, this was based on short-term migration trends and also assumed that the mid-year population estimates for Middlesbrough were accurate. However, the SHMA 2017 identified serious issues with the population figures for Middlesbrough and also utilised 10-year migration trends. Demographic projections based on 10-year migration trends provide a more reliable and appropriate basis for establishing future housing need. The SHMA identified an increase of 6,854 households over the 18-year Plan period 2016-34.
- 1.42 The evidence from planned jobs and workers identified that there would be sufficient extra workers for the forecast increase in jobs, so there is no need to increase housing delivery to provide any additional workers.
- 1.43 The SHMA therefore identified the Full Objective Assessed Need for Housing in Middlesbrough to be 7,600 dwellings over the 18-year period 2016-34, equivalent to an average of 422 dwellings per year.

Middlesbrough Strategic Housing Market Assessment: Update 2018 to Consider Jobs Uplift

- 1.44 In 2018, ORS were asked to review the situation in Middlesbrough in light of the government introducing the standard method for Local Housing Needs, which gave a figure of 267 dwellings per annum for Middlesbrough. However, planning authorities are allowed to consider a higher LHN figure if it accords with

the wider economic strategy. Therefore, for example, they will be allowed to identify a greater housing need if more homes are required to balance jobs and workers.

^{1.45} On this basis, Middlesbrough considered two scenarios for their future employment growth, namely:

Baseline Scenario

This scenario is based on an econometric forecast supplied by Oxford Economics (September 2016) and projects that the number of jobs in Middlesbrough will increase by 540 between 2016 and 2034.

Growth Scenario

This scenario is based on the Tees Valley Strategic Economic Plan (SEP). The SEP sets a target of 25,000 additional jobs in Tees Valley between 2016 and 2026. The Employment Land Study estimates that 6,325 of these jobs will be within Middlesbrough. The SEP target is aspirational and, as such, it is considered appropriate to use a growth scenario of 6,325 jobs spread across the full plan period 2016 to 2034.

Jobs and Workers Balance

^{1.46} Figure 25 of the Middlesbrough SHMA 2016 identified that the economically active population of Middlesbrough is likely to increase by 6,246 persons over the 18-year period 2016-34. However, this figure specifically relates to the demographic projections which underwrite the OAN of 422 dwellings per annum, or 7,600 dwelling over 18 years. However, the standardised methodology from CLG proposes to use the data for Middlesbrough from the sub-national population projections (SNPP) 2014 based and from CLG household projections 2014 based.

^{1.47} Using SNPP 2014 based figures for Middlesbrough on the same economic activity rates as were applied in the Middlesbrough SHMA 2016 provides for a total 1,761 additional workers in the local authority area. Therefore, if the Council were to provide a total of 267 dwellings per annum, it is estimated that this will generate an additional 1,761 extra workers. Therefore, while the number of dwellings has fallen from the SHMA figure of 422 per annum to the CLG consultation figure of 267 per annum, the number of projected workers has dropped dramatically from 6,246 to 1,761.

^{1.48} There are two main explanations for this. Firstly, if no additional dwellings were to be provided at all then the economically active population of Middlesbrough would be projected to drop as the effects of the ageing population see more people leave the labour force than join it. The second factor in the change is that the population adjustments which underwrote the Middlesbrough SHMA 2016 included a disproportionate increase in the working age population. Therefore, the Middlesbrough SHMA 2016 not only included a larger assumed population than SNPP 2014, but this population was also younger.

^{1.49} A figure of 1,761 additional workers would clearly be more than sufficient to fill the baseline scenario figure of 540 jobs over the period 2016-34, but represents nowhere near enough workers to fill the Tees Valley Strategic Economic Plan (SEP) target of 6,325 additional jobs over the same period.

^{1.50} In line with the requirements of the CLG standard method it is therefore necessary to assess how many homes will be needed in Middlesbrough to accommodate workers to fill 6,325 additional jobs.

^{1.51} As shown above, it should be remembered that there isn't a straightforward relationship between dwelling provision and workers as the provision of no additional dwellings would see the economically active population fall. It is also important to recognise that the target of 6,325 additional jobs includes full-time and part-time work, and some workers may have more than one job. Allowing for a 4.3% double jobbing rate,

consistent with the figures used by Oxford Economics and the Middlesbrough Employment Land Review 2016, it would require 6,053 extra workers to fill 6,325 more jobs [$6325 = 6,053/(1-0.043)$]. There are also a number of factors which should be considered when relating jobs to workers, particularly the issue of commuting:

In-commuting: at the time of the 2011 Census, 48.3% of jobs in Middlesbrough were filled by people travelling in from other authorities. Therefore, a growth of 6,053 additional workers over the period 2016-34 is likely to draw in 2,924 (48.3%) additional in-commuters; leaving 3,129 extra jobs that need to be filled by workers living in the area (again assuming no change in commuting patterns).

Out-commuting: Based on 2011 Census commuting flows, 60.5% of working residents in Middlesbrough are also employed in the local area. This implies that 39.5% commute to jobs outside the area. Therefore, on the basis of 3,129 additional workers being required to work locally, this would require a total of 5,172 additional workers to allow 2,043 workers (39.5%) to out-commute from Middlesbrough. On this basis, we have assumed that the number of workers that out-commute from Middlesbrough will increase by 2,043 over the 18-year period 2016-34.

- ^{1.52} Overall, this leaves Middlesbrough with a need for 5,172 additional resident workers over the period 2016-34 if it is to fill the 6,325 additional jobs. If all of the additional workers were to be met by increased net migration to attract or retain more workers to live in Middlesbrough an additional 7,207 dwellings or 400 dwellings per annum would be required over the period 2016-34. While this figure is slightly lower than the SHMA 2016 figure of 7,600 dwellings over the period 2016-34 or 422 dwellings per annum it is much closer to that figure than the CLG Standardised methodology consultation proposes.
- ^{1.53} It is important to recognise that the 400 dwellings per annum and 422 dwellings per annum were arrived at by two different routes. The 400 dwellings per annum worked directly with the 2014 based SNPP and assumes that more workers will move to Middlesbrough, or fewer will out-migrate. Therefore, many of the new homes are to provide for additional workers in the area.
- ^{1.54} Meanwhile, the figure of 422 dwellings per annum was calculated on the basis of a need to correct underlying problems with the population figures for Middlesbrough. Therefore, the additional dwellings are much more to meet the needs of existing residents of Middlesbrough, so the size and tenure mix will be different to the 400 dwellings per annum figure.
- ^{1.55} For the purposes of this current study, we have taken the need for 400 dwellings per annum from the Middlesbrough Strategic Housing Market Assessment: Update 2018 to Consider Jobs Uplift forward as the basis of the housing need in Middlesbrough. This figure is associated with an average growth in jobs of 351 per annum over the period 2019-37. The standard method LHN figure which is now 256 dwellings per annum is clearly too low to support the economic aspirations of Middlesbrough, so the higher figure of 400 dwellings per annum will be used as the central estimate in this study.
- ^{1.56} We would note that Middlesbrough Council have an aspirational jobs growth target of 500 per annum. However, this assumes that economic activity rates in Middlesbrough will converge on those of England as a whole over time. This will see more workers in the population of Middlesbrough, without the need for more migrants to fill jobs. In an extreme scenario of economic activity rates in Middlesbrough reaching the English national average, a dwelling target of 400 per annum would be able to support up to 840 extra jobs per annum. While this scenario is unrealistic, any growth in economic activity rates above trend for Middlesbrough will allow more jobs to be supported without additional population being required.

^{1.57} We would also note that the 351 jobs per annum are an average over the period 2019-37. It is likely that the impact of the Covid 19 pandemic on the economy will see job losses in Middlesbrough in the period 2019-21. If for example, there was a reduction in job numbers of 1,200 between 2019-21, then to achieve a jobs growth of 351 per annum on average between 2019-37 would require a jobs growth of 500 per annum between 2022-37.

2. Local Housing Market

Housing trends and cost of housing in Middlesbrough

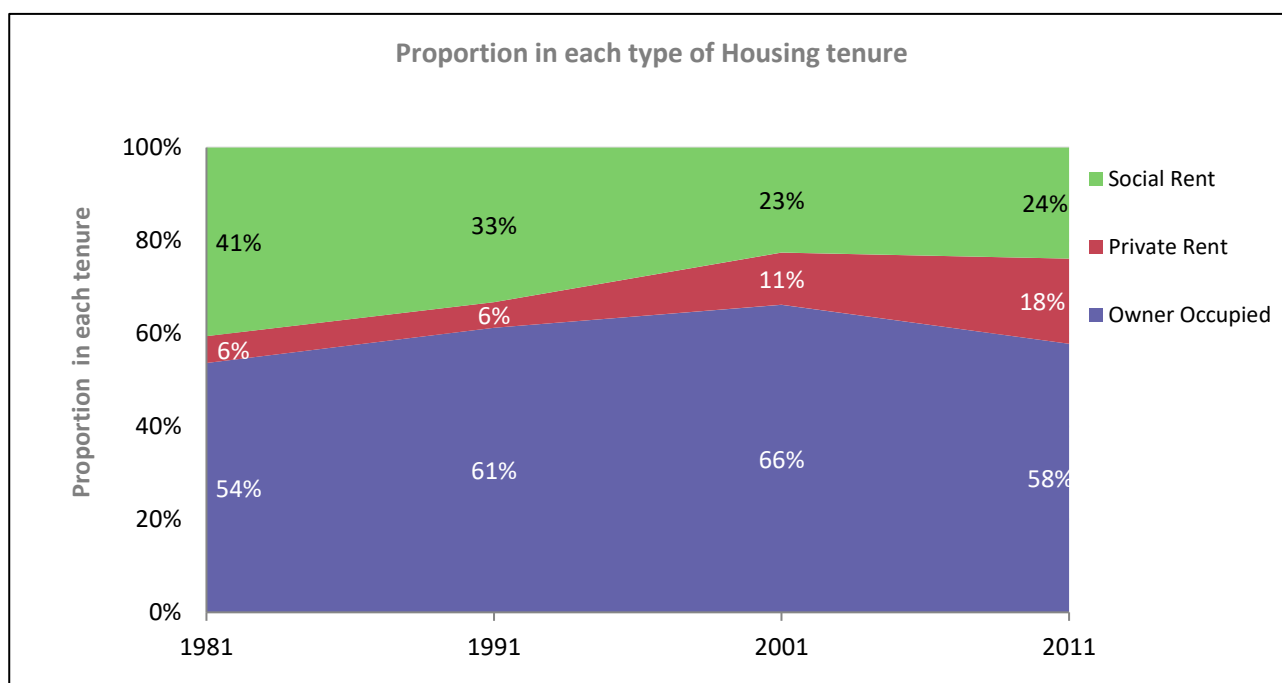
Introduction

- 2.1 This chapter explores the cost of housing in Middlesbrough and the incomes needed to rent or buy at market prices.
- 2.2 It highlights the potential income gaps and identifies where and how people may fall into affordable housing need. This includes consideration of social and affordable rent and access to housing benefit for those in the rental sector as well as the potential impact of help-to-buy policies.

Housing Tenure Trends

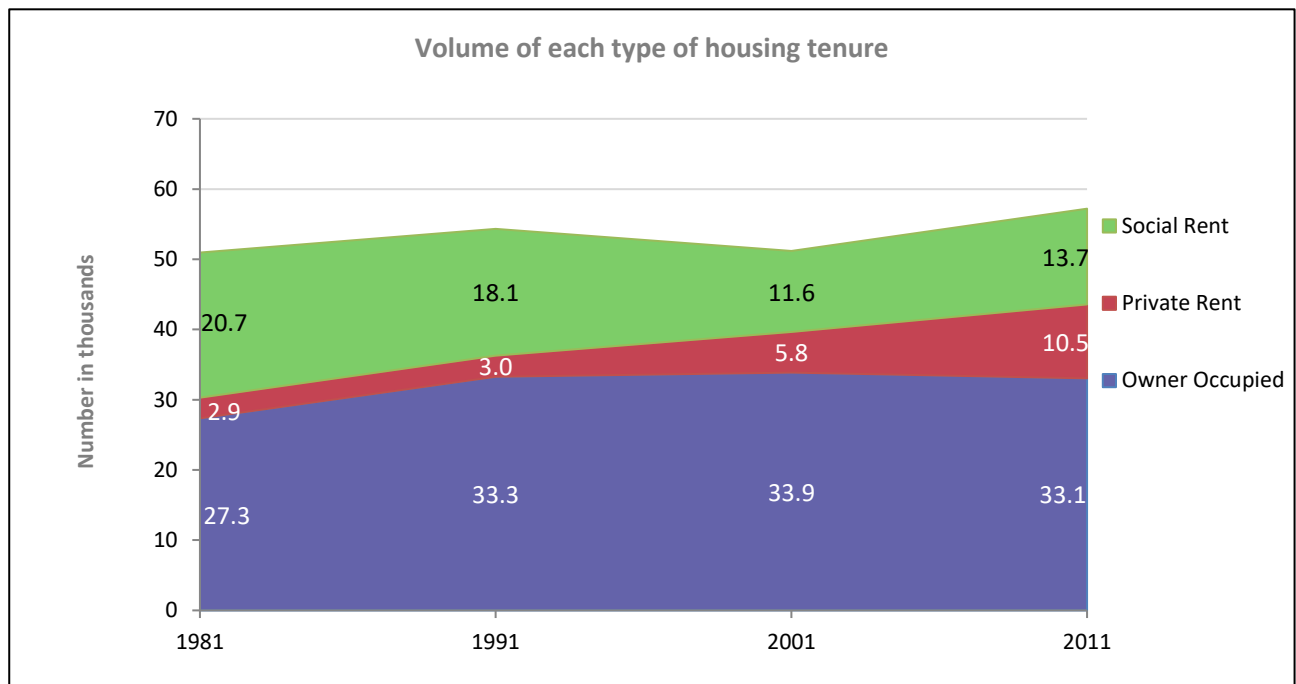
- 2.3 When considering the local housing market, it is worth noting the changes to tenure over the past forty years.
- 2.4 The chart below shows how the most notable change has been the decline in the proportion of people in social rent, this has fallen during the period (from 41% to 24%). In contrast, private rent has seen a growth from 6% to 18%. Between 1981 and 1991 there was a strong growth in owner occupiers, partly as a consequence of the introduction of right to buy policies. This peaked at 66% and is now falling sharply.

Figure 2: Housing tenure trends (1981 – 2011). Source: UK Census of Population



- 2.5 During the same period the actual volume of housing in Middlesbrough has risen from 51,000 to 57,200 households. Importantly, the volume of households in social rent is now 7,000 units lower than in 1981, but there was a growth of 2,100 units between 2001 and 2011.

Figure 3: Housing tenure trends (1981 - 2011)



2.6 The table below provides the detailed data for the period.

Figure 4: Number of Households by Tenure 1981-2011 (Source: UK Census of Population)

	Number of Households				Net Change		
	1981	1991	2001	2011	1981-1991	1991-2001	2001-2011
Owner occupied	27,348	33,271	33,877	33,059	+5,923	+606	-818
Private rent	2,942	3,000	5,751	10,490	+58	+2,751	+4,739
Social rent	20,686	18,068	11,572	13,654	-2,618	-6,496	+2,082
TOTAL	50,976	54,339	51,200	57,203	+3,363	-3,139	+6,003

2.7 The growth in the private rented sector (PRS) in Middlesbrough is consistent with national trends, with the English Housing Survey (EHS) 2016-17 identifying 20% (4.7 million) households renting from a private landlord, much higher than the 13% recorded 10 years ago in 2006-07. Outside of London, private rented is the third largest tenure and is now larger than social rented; 36% outright ownership, 29% buying with a mortgage, 19% private renting, and 16% social renting.

2.8 Given this context, PPG recognises the importance of understanding the likely future role of the private rented sector.

Tenure data from the Office for National Statistics can be used to understand the future need for private rented sector housing. However, this will be based on past trends. The level of changes in rents, (known as “market signals”), may reflect the demand in the area for private rented sector housing. Evidence can also be sourced from the English Housing Survey, Office for National Statistics Private Rental Index, the Valuation Office Agency, HomeLet Rental Index and other commercial sources.

Planning Practice Guidance, ID 67-002-20190722

2.9 Growth in the sector seems likely to continue, driven by a combination of demand and supply factors:

- » Increasing demand from more households;
 - » Recent reductions in incomes (in real terms);
 - » Affordability of owner occupation reducing;
 - » Changing Bank lending practices;
 - » Pensions reform: pension drawdowns invested in BTL property.
- 2.10 The growth of the Sector has been acknowledged as both a growing and long-term option for meeting the nation's housing need. CLG (with the Intermediary Mortgage Lenders Association forecast) that the private rented sector will increase in size to 35% nationally by 2032.¹ On this basis, the number of households renting privately could double again over the next twenty years.
- 2.11 As the PRS expands and other sectors contract, it is clear that many households who would traditionally meet their housing needs in other sectors are now renting privately. This includes many households currently unable to afford their housing costs, which can be seen from the expansion of families receiving Housing Benefit in the sector, in particular since the start of the most recent recession.
- 2.12 The Office for Budget Responsibility analysis of the UK's public finances for Government explicitly recognises a likely growth in the share of housing benefit claimants in the private rented sector in its Economic and Fiscal Outlook (March 2014)²:

"The share of [housing benefit] spending accounted for by the private rented sector is forecast to rise from 30 per cent in 2007-08 to 40 per cent by 2018-19... We expect the share of claimants in the private rented sector to continue rising over the forecast period, but for average awards to rise more slowly than nominal GDP per capita due to policy, including on uprating." (paragraphs 4.152-154)

- 2.13 The Government sees the PRS having an important and long-term role in meeting the housing need of the nation; and although the NPPF and PPG do not mention the current or future role of housing benefit, the policy to support low-income households in the private rented sector with housing benefit is long-standing and housing benefit is explicitly factored into the long-term forecasts for public spending.
- 2.14 Policy by both Government and Local Authorities is focused on improving Management and Maintenance in the sector (via licensing or self-regulation schemes) and expanding supply³ (including the Build to Rent investment scheme⁴). The Government published *"Improving the Private Rented Sector and Tackling Bad Practice: A guide for local authorities"* in March 2019⁵, and the Foreword by the Minister stated:

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

¹ <http://news.rla.org.uk/rpi-rent-revolution/>

² <http://cdn.budgetresponsibility.org.uk/37839-OBR-Cm-8820-accessible-web-v2.pdf>

³ <https://www.gov.uk/government/publications/private-rented-homes-review-of-the-barriers-to-institutional-investment>

⁴ <https://www.gov.uk/government/publications/build-to-rent-round-2-initial-due-diligence>

⁵ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/412921/Improving_private_rented_sector.pdf

- 2.15 It is important for local authorities to recognise the role of the private rented sector at a local level. Recent changes to letting policies and the reality of pressures on the housing stock make it less likely that single persons aged under 35 years will be allocated to a 1 bedroom social rented or affordable rented property. The private rented sector makes an important contribution towards providing affordable housing options.
- 2.16 It is essential for local authorities to understand the full extent of the need for affordable housing in their areas.
- 2.17 The Housing and Planning Act 2016 contains proposals to further the Government's policy of encouraging home ownership through promoting Starter Homes. These Starter Homes are intended to provide affordable housing for first time buyers. There are many households residing in the private rented sector in Middlesbrough who aspire to home ownership and if affordable Starter Homes could be provided for this group it would, potentially, reduce the size of the private rented sector.
- 2.18 However, Starter Homes regulations that would enable these to be built have not been published. As a result, no Starter Homes have been built, and the Government are now pursuing an alternative policy entitled First Homes⁶.
- 2.19 The consultation for First Homes ran from February to May 2020 and indicates that they will be newbuild properties built as part of wider housing developments which will be sold with a discount of at least 30%, but this could be higher. First Homes will be prioritised for first-time buyers, serving members and veterans of the Armed Forces, and key workers, such as nurses, police and teachers. The reduction of at least 30% will be in perpetuity, so the buyer will not own more than 70% of the property. When they wish to sell their property, the home will be independently valued and sold to someone from a waiting list held by the local authority with the discount being applied, so the property always remains below local house prices. There will be restrictions on the use of First Homes so that they cannot be used as buy to let or holiday homes.
- 2.20 There are many households residing in the private rented sector in Middlesbrough who aspire to home ownership and if affordable First Homes be provided for this group it would, potentially, reduce the size of the private rented sector. However, the funding for First Homes is likely to be drawn from the same Section 106 funds which help to provide affordable rented homes. Developers would be expected to provide a proportion all properties on larger new developments and sell these at a discount of at least 30%, with the remaining 30% or more to be held by the local authority. The local authority would then arrange to allocate the sale of these properties through a waiting list of first-time buyers and key workers. By taking part of the funding for affordable rented across in to the First Homes scheme, this could reduce the supply of social rented or affordable rented homes. If this happens, then young households, for whom First Homes remain out of reach, will have few other options than to enter the private rented sector.

Cost of Renting

- 2.21 When considering renting in Middlesbrough it is important to reflect on the range of rental options available together with the impact of the housing benefit levels in the area. There are a number of rates to consider. There are four key definitions to consider when looking at the cost of renting in Middlesbrough. This includes:
- » Median and lower quartile private rent;

⁶ <https://www.gov.uk/government/consultations/first-homes>

- » Local Housing Allowance (LHA) for Teesside BRMA⁷;
- » Affordable rent; based on average rents charged for existing dwellings.

- 2.22 The Local Housing Allowance (LHA) is the maximum payment for claimants in receipt of housing benefit. These are based on broad rental market areas (BRMAs). The LHA was previously calculated on the 30th percentile private rent, however more recent increases have been based on CPI and rates were frozen in the July 2015 budget.
- 2.23 Figure 5 sets out the median weekly rents for different property sizes in Middlesbrough together with the local housing allowances and the calculated affordable rent rates.

Figure 5: Weekly rent thresholds in Middlesbrough (Source: Valuation Office Agency 2018-19; SDR 2019)

Weekly Rent £	Median Private Rent	Lower Quartile Private Rent	Local Housing Allowance Teesside BRMA	Affordable Rent	Social Rent
1 bedroom	£97.74	£89.69	£83.78	£81.25	£73.26
2 bedrooms	£109.24	£97.74	£97.81	£90.05	£83.32
3 bedrooms	£126.49	£109.24	£114.00	£102.48	£91.55
4+ bedrooms	£172.48	£156.39	£149.59	£121.87	£100.35

- 2.24 Across all property sizes, the median private rent is higher than the maximum LHA in Middlesbrough
- 2.25 Affordable rent is generally lower than the maximum LHA rate for the equivalent property. This means that households would currently be able to claim sufficient housing benefit to cover the full cost of affordable rent (where they were entitled to do so).
- 2.26 Households claiming out-of-work benefits are subject to a cap of £384 per week for lone parents and couples or £257 per week for single people. This could affect the amount of housing benefit received by some households (especially those with larger families needing larger properties). However, it is important to recognise that the benefit cap does not apply to working households (i.e. those eligible for Working Tax Credit, even if the eligibility amount is £0; and those on Universal Credit with monthly earnings varying from £291 to £542 or more, depending on age) or to households that receive various disability related benefits or armed forces pensions. Given that these households are exempt from the cap, they would be able to claim housing benefit up to the Local Housing Allowance for the size of property that they need in their BRMA.

Income Needed to Rent Housing

- 2.27 The income needed to rent housing will depend on the monthly rent together with the income multiplier allowed for housing costs. The previous CLG Strategic Housing Market Assessments Practice Guidance (Version 2, August 2007)⁸ stated:

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

⁷ This represents the maximum amount of housing benefit that can be claimed. Previously based on the 30th percentile private rent, however more recent increases are based on Consumer Price index (CPI) and rates were frozen in the July 2015 Budget.

⁸ <https://www.gov.uk/government/publications/strategic-housing-market-assessments-practice-guidance>

- 2.28 However, this previous Guidance was rescinded in March 2014 following the publication of the NPPF and the launch of the new Planning Practice Guidance (PPG). The PPG does not propose a specific multiplier for assessing housing costs; however, it notes that “care should be taken ... to include only those households who cannot afford to access suitable housing in the market” (ID 2a-024, emphasis added).
- 2.29 The English Housing Survey (EHS) 2015-16⁹ provides information about the percentage of gross household income that households currently spend on their housing costs¹⁰:
- » For the total gross income (excluding housing benefit) of the Household Reference Person and partner, households renting privately spent on average 48% of their income on rent, whilst the average was 40% for households in social rent; and
 - » For the total gross income (excluding housing benefit) from all income earners in the household, irrespective of whether they contribute to the housing cost, households renting privately spent on average 41% of their income on rent, whilst the average was 37% for those in social rent.
- 2.30 The EHS thus demonstrates that many households, in both private and social rented properties, currently pay considerably more than 25% of gross household income on their housing costs. On this basis, it would be reasonable to assume that the proportion of household income allocated to housing costs should be at least 25% but no more than 45% of gross income. This leads to our judgement that 35% of income provides a reasonable basis for calculating what households should reasonably expect to pay for their housing costs. Whilst this is notably higher than the 25% proposed by the previous guidance, it is still lower than the 41% average that households renting privately actually pay.
- 2.31 As an example, we can establish the income needed to rent a 1-bedroom property in the private rented sector based on a 35% income multiplier:
- » The median weekly rent recorded was £82.79;
 - » Based on a 35% income multiplier, a weekly income of £236.54 would be needed which equates to a gross annual income of £12,343.
- 2.32 To rent the same property based on a 25% income multiplier would increase the gross income required to £17,220 per year whereas households with an annual income of £9,567 per year could afford the rent if 45% of their income was allocated to housing costs.
- 2.33 Figure 6 shows the gross household incomes needed to afford median and lower quartile private rent, affordable rent and social rent if 35% is spent on housing.

Figure 6: Annual income required to afford to rent properties at the lower quartile and median price based on 35% income multiplier by property size in Middlesbrough (Source: ORS based on Valuation Office Agency data April 2018 to March 2019)

Annual Income £	Private Rent		Affordable Rent (SDR 2019)	Social Rent
	Median	Lower Quartile		
1 bedroom	£14,571	£13,371	£12,113	£10,922
2 bedrooms	£16,286	£14,571	£13,425	£12,421
3 bedrooms	£18,857	£16,286	£15,278	£13,648
4+ bedrooms	£25,714	£23,314	£18,169	£14,960

⁹ <https://www.gov.uk/government/statistics/english-housing-survey-2015-to-2016-headline-report>

¹⁰ “Annex Table 1.13: Mortgage/rent as a proportion of household income (including and excluding housing benefit) by tenure, 2010-11 to 2015-16”

- 2.34 Although a rental income multiplier is helpful for benchmark purposes, it does not take account of the disposable income available to households after their housing costs have been paid; and it is “*housing that is too expensive compared to disposable income*” that the PPG references in the context of assessing the need for affordable housing (ID 2a-023).
- 2.35 Considering some examples of disposable income:
- » A single person household with a gross income of £20,000 from employment would have £16,880 (£324 per week) after income tax and national insurance contributions. Housing costs at 35% of gross income would represent 41.4% of their net income and would leave £189 per week as disposable income to cover their other living expenses.
 - » A couple with two children with a gross income of £20,000 from employment would have up to £19,559 (£375 per week) after income tax and national insurance contributions (assuming both earned £10,000). Therefore, housing costs at 35% of gross income would represent 35.8% of their net income and would leave £241 per week as disposable income to cover their other living expenses.
- 2.36 We should also consider the differing potential levels of housing benefit.
- » The maximum amount of weekly income that a single person household can receive before their income starts to affect their housing benefit is currently £73.10 for those aged 25 or over and £57.90 for those aged 16-24.
 - » The maximum amount of weekly income that a couple with two children can receive before their income starts to affect their housing benefit is currently £248.65 (if one or both are aged 18 or over).
- 2.37 When assessing affordable housing need, it is not appropriate to adopt a simplistic income multiplier as this does not take into account different household circumstances. It is better to consider housing benefit eligibility criteria set by the Department for Work and Pensions, which take full account of the different amounts of disposable income for various types of household on different incomes, based on the rents for suitable housing.
- 2.38 Eligibility for housing benefit will differ based on the type of household and the number of bedrooms needed. Figure 7 sets out the incomes for housing benefit eligibility for different types of households.

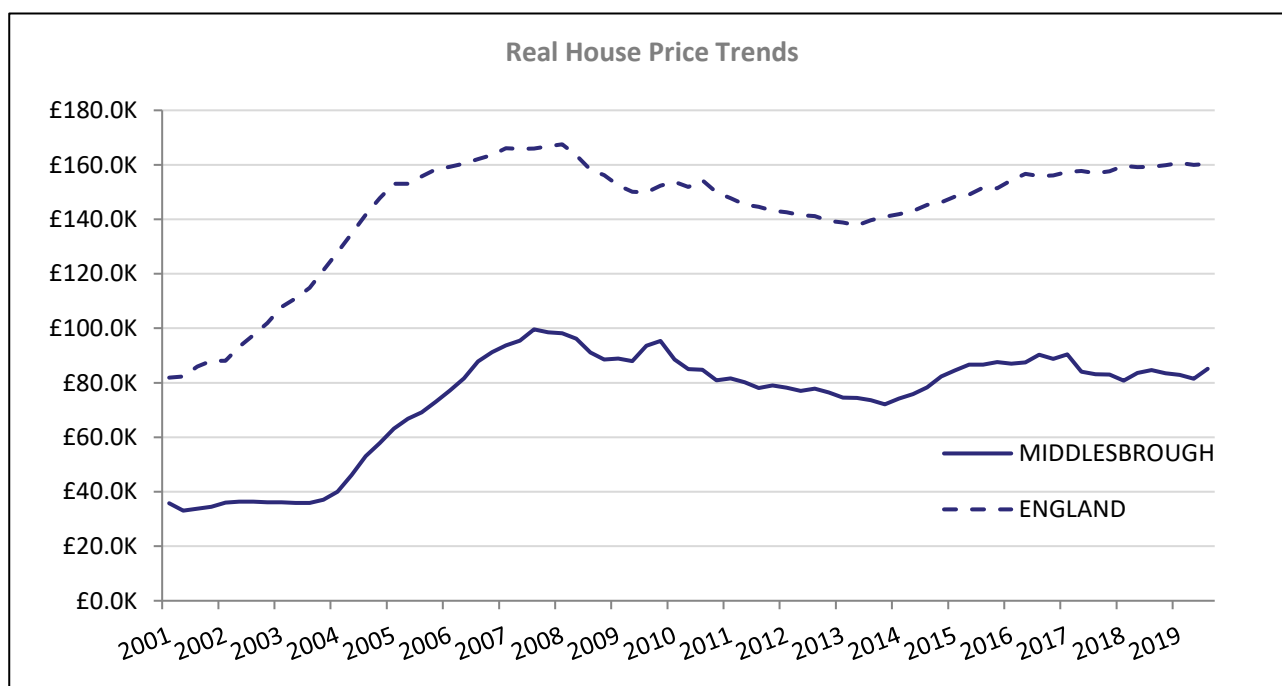
Figure 7: Maximum income for households in receipt of housing benefit support by household type
(Source: ORS based on Department for Work and Pensions data)

		Teesside BRMA
ROOM ONLY	Single person aged 16-24	£7,624
	Single person aged 25-34	£8,417
1 BEDROOM PROPERTIES	Single person aged 35+	£10,540
	Couple (both aged under 18)	£11,291
	Couple (one or both aged 18 or over)	£12,718
2 BEDROOM PROPERTIES	Lone parent (aged 18 or over) with 1 child	£15,157
	Lone parent (aged 18 or over) with 2 children	£18,647
	Couple (aged 18 or over) with 1 child	£17,335
	Couple (aged 18 or over) with 2 children	£20,826

Cost of Home Ownership

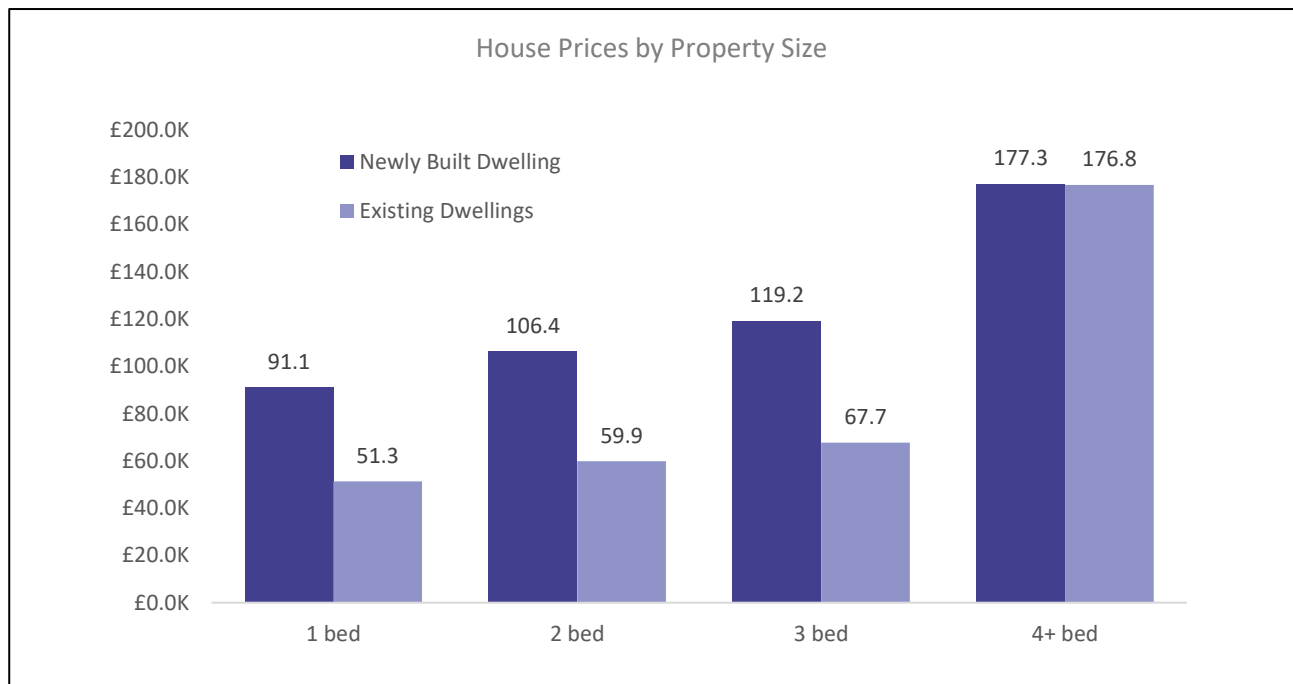
- 2.39 When considering home ownership, it is worth reflecting on house prices during the past twenty years. House price trends (2001-2019) are shown in Figure 8. This is based on lower quartile prices and data is adjusted for inflation so that values reflect real changes in house prices since 2001.
- 2.40 Real house prices in Middlesbrough, whilst much lower, have mirrored those in England as a whole. Overall prices increased substantially in the period 2001-2008 (from £33,000 to £100,000 at 2019 values). Values then reduced from the beginning of 2008 and fell to a low of £72,000 in 2014 since which they have grown steadily to £85,000 (Q4 2019).

Figure 8: Real House Price Trends: Lower Quartile Prices adjusted to 2019 values using CPI (Source: ONS; Bank of England)



- 2.41 House prices clearly vary in accordance with a range of factors. An important component is the size of the property, with the number of bedrooms being key. Figure 9 shows lower quartile house prices in Middlesbrough by bedroom size.
- 2.42 There is also a difference between existing properties and new build dwellings. New build dwellings generally attract a premium – except at the largest end of the property market. This difference is most marked for one-bedroom dwellings.

Figure 9: Lower quartile prices (adjusted by CPI) (2018-19) by property size (Source: ORS based on ONS House Price Statistics, Bank of England, Valuation Office Agency and Land Registry Price Paid Data)



- 2.43 The difference in values between new build and existing properties is likely to be down to a range of factors which include the location of newbuild housing, the relative size of properties, gardens, the availability of parking, comparative quality and condition of existing stock, and other intangible issues such as character.
- 2.44 These differences in value are relevant if we are considering the affordability of the overall housing stock alongside the affordability of new build estates. First time buyers are particularly likely to be newly forming households and seeking one and two bed properties.

Income Needed for Home Ownership

- 2.45 The income needed to purchase market housing will depend on the house price together with the mortgage income multiplier and the available deposit (or percentage loan to value).
- 2.46 For example, if we consider a property costing £150,000, and assume the buyer could afford a deposit of 10%. The outstanding mortgage requirement would be £135,000. Using a typical income multiple of 3.5 we can calculate an income of £38,600 would be needed ($38,600 \times 3.5 = £135,100$). If the buyer could only afford a 5% deposit (£7,500) then a larger mortgage and larger income would be needed.
- 2.47 Whilst some households will have higher deposits available and others will seek to extend their borrowing as far as possible, the initial assumptions of a 10% deposit and a 3.5 x mortgage multiplier provides a reasonable indication of the income that first-time buyer households are likely to need in order to buy a home in the area.
- 2.48 Based on these assumptions, Figure 10 shows the household income levels needed to buy 1 and 2-bedroom properties in terms of both existing and newly built properties. When purchasing larger homes, households will typically have larger deposits available, often include equity from the sale of another property. On this basis, it is relatively artificial to consider incomes in isolation for larger properties.

Figure 10: Annual income needed for 1 and 2-bedroom properties at lower quartile prices (assuming 10% deposit and 3.5x mortgage multiplier) (Source: ORS based on ONS House Price Statistics, Valuation Office Agency and Land Registry Price Paid Data)



Identifying the Gap for Affordable Home Ownership

- 2.49 The NPPF encourages local authorities to widen opportunities for home ownership
- 2.50 When identifying the need for Affordable Home Ownership (AHO) including potentially First Homes, it is necessary to consider the housing costs for both renting and buying market housing in order to understand the relative incomes required and establish the appropriate income range for AHO products and the associated purchase costs.
- 2.51 Figure 11 summarises the income thresholds for the range of different housing options based on the costs for home ownership and rents in Middlesbrough which emphasises that owner occupation is much less affordable than renting.

Figure 11: Annual income thresholds for different housing options, single bedroom and two bedroom (Source: ORS based on ONS House Price Statistics, Department for Work and Pensions, Valuation Office Agency and Land Registry Price Paid Data. Note: All figures rounded to nearest £100)

Annual Income Needed to Own at Lower Quartile Prices		Single Bedroom Properties	Two Bedroom Properties
Minimum income needed to own with 10% deposit and 3.5x mortgage	Newly built dwelling	£23,400	£27,300
	Existing dwelling	£13,200	£15,400
Minimum income needed for rent to be less than 35% in Middlesbrough	Median private rent	£14,600	£16,300
	Lower quartile private rent	£13,400	£14,600
	Affordable rent	£12,100	£13,400
	Social rent	£10,900	£12,400
Maximum income for Housing Benefit support in Middlesbrough	Upper end of range	£12,700	£20,800
	Lower end of range	£10,500	£15,200

- 2.52 Similar levels of income are required to afford market rent and home ownership of an existing dwelling. The income required to afford a one bedroom lower quartile private rented property (£13,400) is slightly above that required for ownership of a one bedroom existing property (£13,200), though the situation is reversed for two bedroom properties; private rent is more affordable. However, there is a large gap between the

incomes required for private rent (£13,400) and being able to afford home ownership of newly built dwellings (£23,400). As there will be a limited supply of existing properties available at lower prices, this, in theory, leaves a gap for affordable home ownership housing products (AHO's) on new build sites. The gap is even wider for two-bedroom properties (£14,600 - £27,300).

^{2.53} AHO products need to be aimed at this income gap, recognising that some households who could afford market rent would prefer to own their own home.

Low Cost Home Ownership

^{2.54} A range of Low-Cost Home Ownership (LCHO) products have also been developed to assist households into homeownership.

^{2.55} Figure 12 sets out the weekly costs associated with shared ownership properties of different sizes, taking account of the differential full market prices and based on the following assumptions:

- » 40% equity share purchased by the occupier;
- » 10% of the equity purchased is available as a deposit;
- » Mortgage costs based on a 30-year repayment mortgage at 4.0% interest;
- » Rent based on 2.75% of the retained equity paid each year; and
- » Service charge of £10 per week.

^{2.56} This calculation demonstrates that the weekly costs for shared ownership are lower than the equivalent median private rent for all property sizes.

Figure 12: Shared ownership costs (Note: Mortgage costs based on a 30-year repayment mortgage at 4.0% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £10 per week)

	Property Value	40% Equity Share	10% Deposit	Weekly Costs			
				Mortgage	Rent	Service Charge	TOTAL
1 bedroom	£91,094	£36,438	£3,644	£36.37	£28.83	£10.00	£75.20
2 bedrooms	£106,355	£42,542	£4,254	£42.46	£33.65	£10.00	£86.12
3 bedrooms	£119,195	£47,678	£4,768	£47.59	£37.72	£10.00	£95.31
4+ bedrooms	£177,262	£70,905	£7,090	£70.77	£56.09	£10.00	£136.87

^{2.57} Figure 13 shows the sensitivity of weekly costs to the equity share purchased. This model uses a 4% interest rate for modelling purposes, if rates are lower in the future then shared ownership will be more affordable, conversely higher rates make it less affordable.

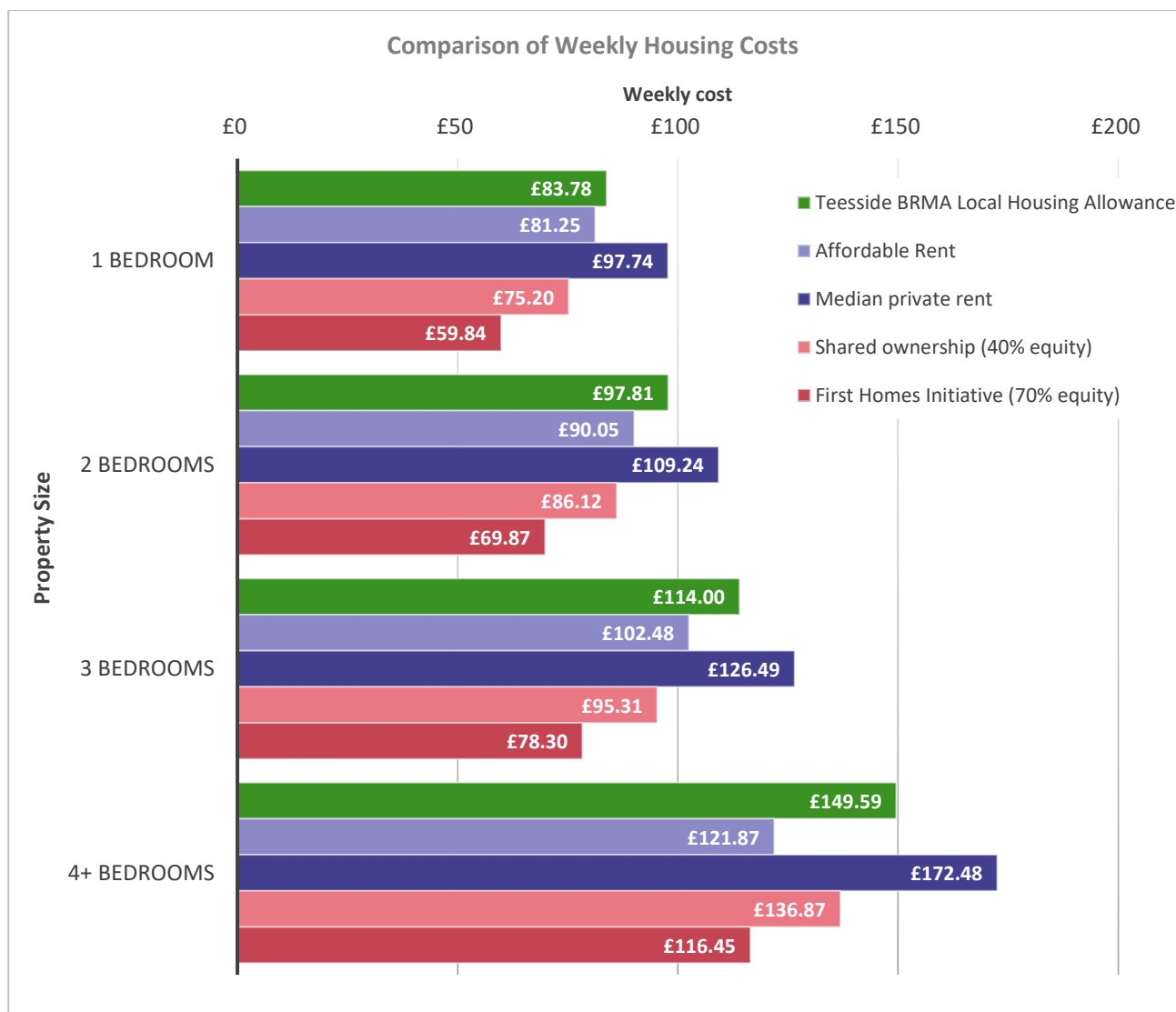
Figure 13: Total weekly costs for shared ownership based on different equity shares (Note: Mortgage costs based on a 30-year repayment mortgage at 4.0% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £10 per week.)

Total Weekly Cost £	Property Value	Equity Share					
		25%	30%	35%	40%	45%	50%
1 bedroom	£91,094	£68.76	£70.91	£73.05	£75.20	£77.34	£79.48
2 bedrooms	£106,355	£78.61	£81.11	£83.62	£86.12	£88.62	£91.13
3 bedrooms	£119,195	£86.89	£89.70	£92.50	£95.31	£98.11	£100.92
4+ bedrooms	£177,262	£124.35	£128.52	£132.69	£136.87	£141.04	£145.21

Summary of Housing Costs

^{2.58} This chapter has considered in some detail the cost of housing depending on tenure type and property size. Figure 14 summarises these costs for each property size (all costs are adjusted to 2019 levels, using the most recent data available).

Figure 14: Comparison of weekly housing costs by property size (Source: Valuation Office Agency and Land Registry Price Paid Data)



3. Demographic Projections

The baseline for establishing housing need

Introduction

- 3.1 This chapter uses the available population projections for Middlesbrough to explain the predicted growth of households during the plan period.

Official Household Projections

- 3.2 Planning Practice Guidance revised in February 2019 identifies that the 2014-based Household Projections provide the baseline for determining the minimum Local Housing Needs figure.

Why are 2014-based household projections used as the baseline for the standard method?

The 2014-based household projections are used within the standard method to provide stability for planning authorities and communities, ensure that historic under-delivery and declining affordability are reflected, and to be consistent with the Government's objective of significantly boosting the supply of homes.

PPG ID 2a-005-20190220

- 3.3 Figure 15 sets out a range of the various household projections from both CLG and ONS methodologies. For clarity none of the data in Figure 15 is used as the basis for calculating the overall housing need figure, which is instead a figure of 400 dwellings per annum derived from the need to accommodate more workers in Middlesbrough.

Figure 15: Household projections 2020-30 (Source: CLG, ONS, ORS; Note: All figures presented unrounded for transparency)

	Migration trends	Change in Households 2020-2030	
		10-year change	Annual average
CLG Household Projections			
2014-based projection: 2014-based population and CLG 2014-based HH formation	2009-14	+2,395	+240
2012-based projection: 2012-based population and CLG 2012-based HH formation	2007-12	+2,378	+238
ONS 2016-based Projections			
Principal projection: 2016-based population and ONS 2016-based HH formation	2011-16	+777	+78
Sensitivity analysis 1: 2014-based population and ONS 2016-based HH formation	2009-14	+2,140	+214
Sensitivity analysis 2: 2016-based population and CLG 2014-based HH formation	2011-16	+1,066	+107
ONS 2018-based Projections			
Principal projection: 2018-based population and ONS 2018-based HH formation	2016-18 ¹¹	+253	+25

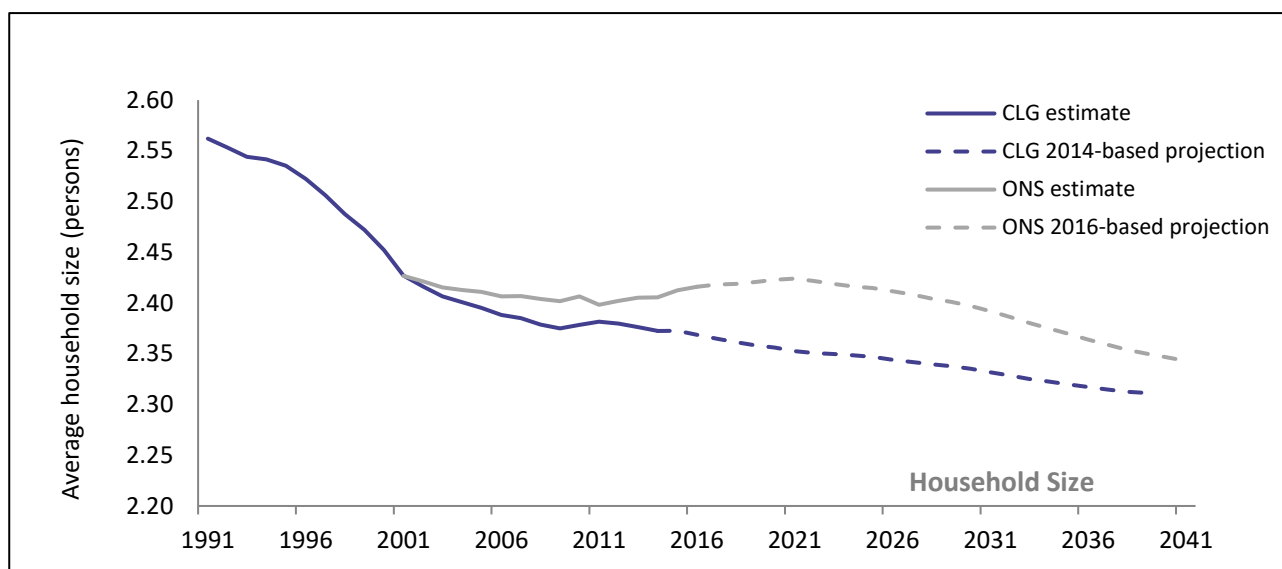
¹¹ The methodology changed from 2016, therefore allowing only 2 years of data to 2018:

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/methodologies/2016basedhouseholdprojectionsforenglandchangestomethodology>

Projected Household Size

- 3.4 The projected household size is calculated using the population and household projections rather than being a variable used to create them. The data (Figure 16) divides the population in the area by the associated household projection.

Figure 16: Average household size estimates and projections for Middlesbrough for the period 1991-2041 (Source: CLG 2014 based projections; ONS 2016 is 2016-based projections)



- 3.5 As the chart shows, average household sizes have been rising in Middlesbrough in recent years. This is in part due to a relatively low rate of net dwelling delivery (demolitions have reduced the stock of homes in Middlesbrough in some years). Therefore, there clearly is a case for more homes being needed in the area.
- 3.6 The ONS projection suggests that household sizes will remain larger than previously projected by CLG. This difference in household sizes is the reason for the different projected household growth that the ONS 2016-based projections identify in “Sensitivity analysis 1” which uses the 2014 based population projections and 2016 based headship rates and produces a lower rate of projected household growth than the 2014 based household projections.

Population and Household Projections for Affordable Housing Need

- 3.7 Although the overall LHN figures of 400 dwellings per annum are informed by the trend-based household projections, the final figure is driven by the need to provide sufficient homes to accommodate the workforce of Middlesbrough in the future. It is also the case that the needs of those who require Class C2 bedspaces must be included in the overall figure and there must also be an allowance for vacant homes.
- 3.8 Given this context, delivering the 400 dwellings per annum required to balance the need for jobs and workers will yield a different population and household growth to that projected using past trends alone. In assessing the appropriate mix of housing, it is necessary to establish demographic projections to align with the number of homes identified. Therefore, we are not taking forward the official household projections for Middlesbrough and instead we utilise bespoke population and household projections for the area which yield a need for 400 dwellings per annum.

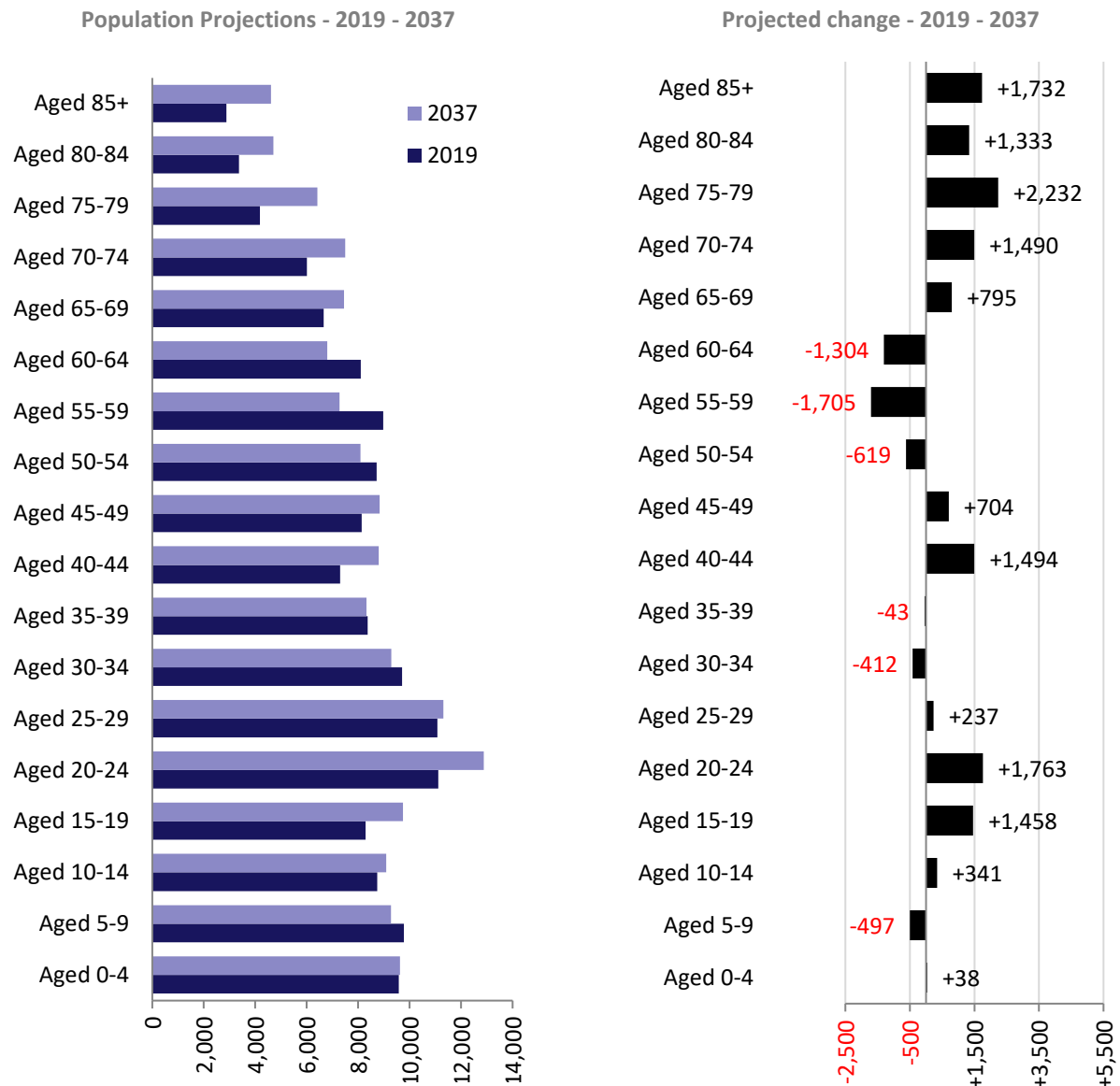
3.9 To generate a figure target of 400 dwellings per annum to accommodate the worker force of Middlesbrough in the future, yields a household growth over the period 2019-2037 of 6,633 households (368 per annum). This is then reconciled with the LHN dwelling figure of 400 dwellings per annum in Chapter 5 when the need to include Class C2 bedspaces and vacant homes is included. Until Chapter 5, all the data in this report refers to households, not dwellings, so the figures are based upon a household growth of 368 per annum.

Projected Population Age Profile

3.10 Within the population projection, the overall population is projected to grow by 9,000 from 140,980 people to 150,000 people.

3.11 The growth is associated with the older population, with over 65s projected to increase by 7,600, but adults aged between 25 and 65 years projected to fall by 1,650. This is a particularly important consideration when establishing the types of housing required and the need for housing specifically for older people.

Figure 17: Population projections 2019-37 by 5-year age cohort for Middlesbrough (Source: 2019 MYE adjusted ONS sub-national projections 2016)



Household Projections by Age

- 3.12 An important point to understand in both the population and household growth is the extent to which growth is focused on older people and older households particularly amongst those over 65. The table below considers household projections categorised by the age of the household representative (HRP). Please note that throughout this section figures in the tables are rounded to the nearest 100 to simplify interpretation although all calculations are made using unrounded data.

Figure 18: Total projected households in Middlesbrough for 2019 and 2037 (Note: Figures may not sum due to rounding)

	Age of Household Representative								TOTAL
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
2019	2,400	9,100	9,300	10,600	10,400	7,900	5,600	2,100	57,400
2037	3,800	9,900	10,300	10,700	8,600	9,100	8,200	3,500	64,100
CHANGE	+1,400	+800	+1,000	+100	-1,800	+1,300	+2,600	+1,300	+6,600

- 3.13 The table shows an overall increase of 6,600 households over the 18-year period 2019-2037 with 5,200 this increase being households headed by somebody over the age of 65. Many of these older households will already be established and living in existing homes, they simply get older during the 18-year period.
- 3.14 It is important to consider household growth in relation to age cohorts. Figure 19 shows the projected number of households in each cohort, showing their age in both 2019 and 2037. Clearly, no household representatives are aged under 7 (in 2019), but children aged under 7 in 2019, or born before 2021, will be aged 15-24 in 2037, and thus will be potentially heads of a household.

Figure 19: Total projected households for 2019 and 2037 by age cohort of household representative (Note: Figures may not sum due to rounding)

Age in 2019	Age of Household Representative								TOTAL
	<7	7-16	17-26	27-36	37-46	47-56	57-66	67+	
Age in 2037	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
2019	-	-	2,400	9,100	9,300	10,600	10,400	15,600	57,400
2037	3,800	9,900	10,300	10,700	8,600	9,100	8,200	3,500	64,100
CHANGE	+3,800	+9,900	+7,900	+1,700	-700	-1,500	-2,200	-12,200	+6,600

- 3.15 For example, there were 9,100 households aged 27-36 in 2019 and these same households would be aged 45-54 in 2037. The trend-based projection identified that the total number of households aged 45-54 in 2037 would be 10,700. The projection shows, an extra 1,700 households: partly due to new household formations and partly due to net migration.
- 3.16 Based on the cohort analysis, around 23,300 extra households will be formed over the 18-year period 2019-37 by those who will be aged under 55 in 2037. These extra households are offset against a reduction of 16,600 households aged 55 or over. Most of this reduction is due to household dissolution following death (although some may be due to net migration):
- 3.17 Whilst the overall volume increase in households is largely due to a growing older population most of the newly forming households looking for housing will be in their twenties and thirties at the time that they form. Many of these households will buy or rent existing housing, perhaps vacated by an older existing household. New housing stock is not necessarily occupied by newly formed households.

Projected Household Types

- 3.18 When considering future need for different types of housing, it is important to understand that households of different ages are likely to have different needs. Similarly, households of different types (singles, couples and families) within each age group will also have different housing requirements.
- 3.19 Figure 20 shows the household numbers and net change for Middlesbrough from 2019 to 2037 separated out by the age of the household representative person (HRP). This is calculated using the trend-based projections by household type and age.

Figure 20: Total projected households for 2019 and 2037 and change by household type and age of household representative
(Note: Figures rounded to nearest 10; total figures rounded to nearest 100. All calculations based on unrounded data. Figures may not sum due to rounding)

Household Type	Age of Household Representative								TOTAL
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
Households 2019									
Single person	500	2,400	1,800	2,700	2,500	2,900	3,300	1,600	17,700
Couple without children	100	1,200	700	3,300	6,400	4,100	1,400	400	17,600
Families with child(ren)	700	4,800	6,500	4,200	800	100	100	0	17,100
Other households	1,000	600	300	400	800	800	900	200	5,100
TOTAL	2,400	9,100	9,300	10,600	10,400	7,900	5,600	2,100	57,400
Households 2037									
Single person	600	2,900	2,000	2,800	1,400	2,900	3,800	2,500	19,000
Couple without children	100	1,000	400	2,600	5,600	5,000	2,500	600	17,800
Families with child(ren)	800	5,100	7,600	5,200	800	100	100	0	19,800
Other households	2,400	900	300	100	700	1,100	1,700	300	7,500
TOTAL	3,800	9,900	10,300	10,700	8,600	9,100	8,200	3,500	64,100
Change 2019-2037									
Single person	+100	+400	+200	+100	-1,100	+0	+600	+900	+1,300
Couple without children	-100	-200	-300	-800	-700	+900	+1,100	+200	+200
Families with child(ren)	+100	+300	+1,200	+1,100	+0	+0	+100	+0	+2,700
Other households	+1,300	+300	+0	-300	-100	+300	+800	+100	+2,400
TOTAL CHANGE	+1,400	+800	+1,000	+100	-1,800	+1,300	+2,600	+1,300	+6,600

- 3.20 In summary over the 18-year period:
- » Single person households are over 20% of the overall household growth: an increase of 1,300, including 1,500 with a household representative aged over 75;
 - » Families with dependent children make up 40% of the overall household growth: an increase of 2,700 households;
 - » Couples without dependent children are projected to rise by 200 households, but with an increase of 2,200 households all with a household representative aged over 65
 - » The increase in “Other” households represents 2,400 households.¹²

¹² Other Households can be defined as: “multi-person households including unrelated adults sharing, student households, multi-family households and households of one family and other unrelated adults”

4. Housing Need

Identifying households who cannot afford market housing

Introduction

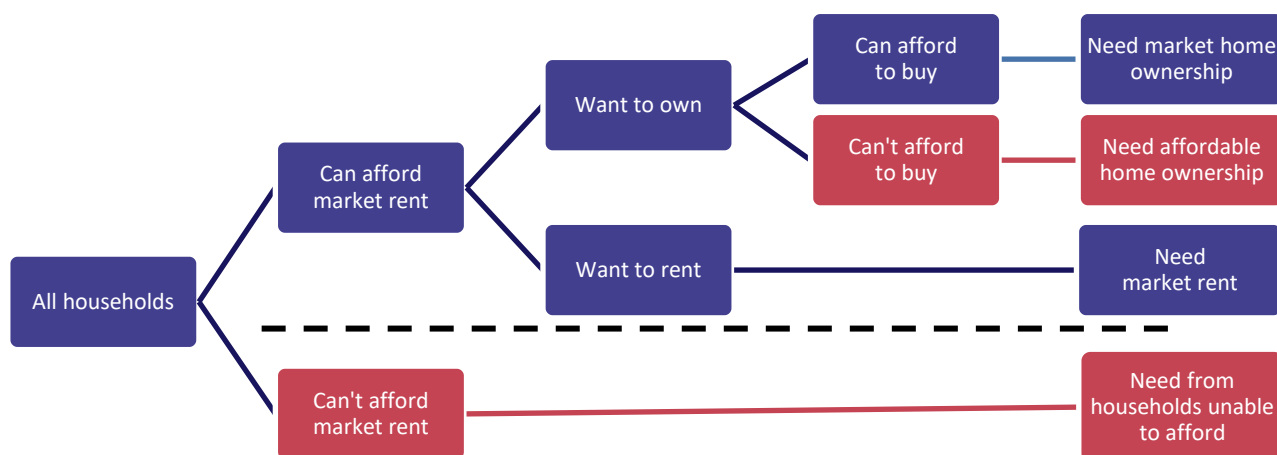
- 4.1 This section represents a technical exercise to comply with the requirements of the NPPF and the PPG. Demographic projections provide the basis for identifying the housing needs for all types of housing, including both market and affordable housing.
- 4.2 The definition of affordable housing was changed by the new National Planning Policy Framework (2018), with a specific emphasis now placed on affordable homeownership. Annex 2 of the Framework now defines affordable housing as being:

Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers)

National Planning Policy Framework 2018, Annex 2

- 4.3 To reflect this change, relevant paragraphs of PPG have also been updated to confirm that the types of household to be considered in housing need should include *“those that cannot afford their own homes, either to rent, or to own, where that is their aspiration”* [PPG ID 2a-020-20190220].
- 4.4 The assessment of affordable housing need therefore needs to consider both those who cannot afford to rent and those households who can afford to rent but would like to buy.

Figure 21: Establishing the need for market and affordable housing



- 4.5 There is a well-established method for assessing the needs of households who cannot afford to own or rent suitable market housing. However, PPG provides no guidance on how the needs of households who can afford to rent but would prefer to own, should be assessed.

Assessing Affordable Housing Needs

- 4.6 The ORS Housing Mix Model considers the need for market and affordable housing on a long-term basis that is consistent with household projections. The model uses a range of secondary data sources to build on existing household projections and profile how the housing stock will need to change in order to accommodate the projected future population.
- 4.7 The model provides robust and credible evidence about the required mix of housing over the full planning period and recognises how key housing market trends and drivers will impact on the appropriate housing mix.
- 4.8 The PPG identifies that “projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need” (ID 2a-021). **The ORS Model recognises that the proportion of households unable to buy or rent in the market area will not be the same for all types of household, and that this will also differ by age.** Therefore, the appropriate proportion is determined separately for each household type and age group.
- 4.9 The affordability percentages in Figure 22 are calculated using detailed information from the 2011 Census alongside data published by DWP about housing benefit claimants. For each type of household in each age group, the table identifies the percentage of households unable to afford their housing costs. This is the proportion of households in each group that either occupy affordable housing or receive housing benefit to enable them to afford market housing.

Figure 22: Assessing affordability by household type and age (Source: Census 2011 and DWP)

Percentage unable to afford market housing	Under 25	25-34	35-44	45-54	55-64	65+
Single person household	33%	23%	50%	54%	52%	36%
Couple family with no dependent children	21%	10%	16%	14%	14%	17%
Couple family with 1 or more dependent children	39%	27%	19%	16%	24%	47%
Lone parent family with 1 or more dependent children	69%	67%	57%	44%	62%	68%
Other household type	15%	29%	34%	35%	29%	18%

Current Unmet Needs of Households Unable to Afford

- 4.10 Any exploration of housing need in an area must first give consideration to existing unmet needs. The PPG states:

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

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

- » *the number of homeless households;*
- » *the number of those in priority need who are currently housed in temporary accommodation;*
- » *the number of households in overcrowded housing;*
- » *the number of concealed households;*

- » *the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings);*
- » *the number of households from other tenures in need and those that cannot afford their own homes.*

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

Planning Practice Guidance (February 2019), ID 2a-020-20190220

- 4.11 Households assumed to be unable to afford housing include:
- » All households that are currently **homeless**;
 - » All those currently housed in **temporary accommodation**; and
 - » People in a **reasonable preference category** on the housing register, where their needs have not already been counted.
- 4.12 Given this context, the model includes the needs of all these households when establishing the need for affordable housing at a base date of 2019.
- 4.13 The analysis counts the needs of all households living in overcrowded rented housing when establishing the affordable housing need (which could marginally overstate the requirements) but it does not count the needs of owner occupiers living in overcrowded housing (which can be offset against any previous over-counting). Student households are also excluded, given that their needs are assumed to be transient and do not count towards the need for affordable housing in Middlesbrough.
- 4.14 **Concealed families** are an important part of unmet housing need. However, not all concealed families want separate housing. Those with older family representatives will often be living with another family, perhaps for cultural reasons or in order to receive help or support due to poor health. However, those with younger family representatives are more likely to be experiencing affordability difficulties or other constraints (although even here not all will want to live independently).
- 4.15 Any concealed families in a reasonable preference category on the housing register will be counted regardless of age. The analysis also considers the additional growth of concealed families with family representatives aged under 55 (even when not on the housing register) and assumes that all such households are unlikely to be able to afford housing (otherwise they would have found a more suitable home).
- 4.16 The analysis does not count people occupying insanitary housing or otherwise living in unsatisfactory housing conditions as a need for additional affordable housing. These dwellings would be unsuitable for any household and enabling one household to move out would simply allow another to move in – so this would not reduce the overall number of households in housing need. This housing need should be resolved by improving the existing housing stock, and the Council have a range of statutory enforcement powers to improve housing conditions.

4.17 Figure 23 sets out the assessment of current affordable housing need for Middlesbrough:

Figure 23: Assessing current unmet gross need for affordable housing (Source: ORS Housing Model)

	Affordable Housing			Current unmet Housing Need
	Gross Need	Supply	Net Need	
Homeless households in priority need [Source: CLG P1E returns 2019]				
Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	14		14	14
Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	0		0	
Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	0	0	0	
Households accepted as homeless but without temporary accommodation provided	1		1	1
Concealed households [Source: Census 2001 and 2011]				
Growth in concealed families with family representatives aged under 55	287		287	287
Overcrowding based on the bedroom standard [Source: Census 2011 and English Housing Survey]				
Households living in overcrowded private rented housing	351		351	
Households living in overcrowded social rented housing	640	640	0	
Reduction in spare rooms [Source: DWP Housing Benefit Claimant Statistics 2019]				
Households likely to move from under-occupied social rented housing	398	398	0	
Other households living in unsuitable housing that cannot afford their own home [Source: CLG Local Authority Housing Statistics 2019]				
People who need to move on medical or welfare grounds, including grounds relating to a disability	225	33	192	
People who need to move to a particular locality in the Borough of the authority, where failure to meet that need would cause hardship (to themselves or to others)	24	4	20	
TOTAL	1,940	1,075	865	302

4.18 Based on a detailed review of both the past trends and current estimates our analysis has concluded that 1,940 households are currently living in unsuitable housing and are unable to afford their own housing. This assessment is based on the criteria set out in the PPG and avoids double-counting, as far as possible.

4.19 Of these households, 1,075 currently occupy affordable housing that does not meet the current householders' needs, mainly due to overcrowding. Providing more suitable housing for these households will enable them to vacate their existing affordable housing property, which can subsequently be allocated to another (smaller) household in need of affordable housing.

4.20 There is, therefore, a net affordable housing need of 865 households (1,940 less 1,075 = 865). However, depending on property types and size of households in need, a higher number of new homes *may* be needed to ensure there is no overcrowding.

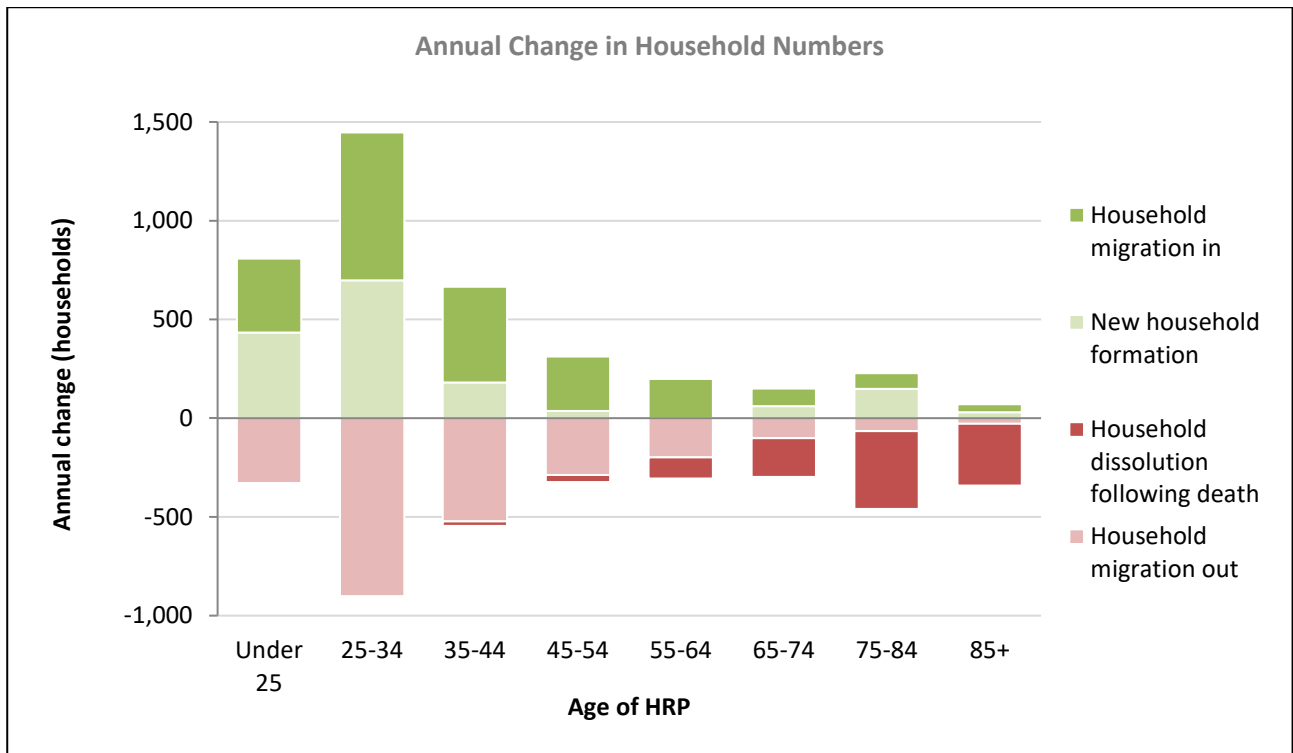
4.21 Providing the net affordable housing need for 865 households will release back into the market (mainly in the private rented sector) the dwellings currently occupied by a total of 563 households (865 less the 302 households which are homeless or concealed and thus do not release dwellings).

Projected Future Need of Households Unable to Afford

4.22 When considering the number of newly arising households likely to be in affordable housing need, the PPG recommends a “gross annual estimate” (ID 2a-021) suggesting that “the total need for affordable housing should be converted into annual flows” (ID 2a-024).

4.23 Figure 24 shows the age structure of each of the components of household change. This analysis is based on changes within each age cohort. Comparisons are based on households born in the same year and relate to their age at the end of the period. Therefore, all new households are properly counted, rather than only counting the increase in the number of households in each age group.

Figure 24: Annual change in household numbers in each age cohort by age of HRP in Middlesbrough (Source: ORS Housing Model)



- 4.24 Together with information on household type, this provides a framework for the model to establish the proportion of households who are unable to afford their housing costs. The following tables look at the impact of different types of household.
- 4.25 The ORS Model identifies 1,673 new households projected to form in Middlesbrough each year, of which 33% will be unable to afford their housing costs. This amounts to 551 households each year.
- 4.26 The model also considers new households migrating to the area. The projection is for 2,292 households per annum of which 33% (752 households) will be unable to afford their housing costs.
- 4.27 **This results in a total of 1,304 new households in need of affordable housing.** (Figure 25)

Figure 25: Annual components of Household Growth 2019-37 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	1,673	1,122	551	33%
Households migrating in to the area	2,292	1,540	752	33%
All new households	3,965	2,661	1,304	33%

- 4.28 PPG identifies that “there will be a current supply of housing stock that can be used to accommodate households in affordable housing need” and that it is necessary to establish “the number of affordable dwellings that are going to be vacated by current occupiers that are fit for use by other households in need” (ID 2a-022).
- 4.29 The model identifies 1,112 households are likely to dissolve following the death of all household members. Many of these households will own their homes outright however, 319 of these are likely to have been unable to afford market housing and will mostly be living in social rented housing.
- 4.30 In addition, some households that are unable to afford housing will migrate away from the area, so their needs should be discounted to ensure consistency with the household projections. The model identifies that 2,484 households will migrate out of the area each year, including 826 households who are unable to afford their housing costs. A proportion of these will vacate rented affordable housing (which will become available for another household) whereas others that have not yet been allocated an affordable home will reduce the number of households waiting.
- 4.31 **Altogether, there are 1,145 households who will vacate affordable dwellings or will no longer be waiting for a home.** (Figure 26).

Figure 26: Annual components of Household Growth 2019-37 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Household dissolutions following death	1,112	793	319	29%
Households migrating <u>out</u> of the area	2,484	1,658	826	33%
All households no longer present	3,596	2,451	1,145	32%

- 4.32 PPG also identifies that it is important to estimate “the number of existing households falling into need” (ID 2a-021). Whilst established households that continue to live in Middlesbrough will not contribute to household growth, changes in household circumstances (such as separating from a partner or the birth of a child) can lead to households who were previously able to afford housing falling into need. The needs of these households are counted by the model, and it is estimated that 343 established households will fall into need in Middlesbrough each year.
- 4.33 However, established households’ circumstances can also improve. For example:
- » When two single person households join together to form a couple, pooling their resources may enable them to jointly afford their housing costs (even if neither could afford separately).
 - » Households also tend to be more likely to afford housing as they get older, so young households forming in the early years of the projection may be able to afford later in the projection period.
- 4.34 These improved circumstances can therefore reduce the need for affordable housing over time. The model identifies that the circumstances of 383 households will improve such that they become able to afford their housing costs having previously being unable to afford.
- 4.35 Therefore, considering the changing needs of existing households overall, **there is a net decrease of 40 existing households needing affordable housing each year.** (Figure 27).

Figure 27: Annual components of Household Growth 2019-37 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Existing households falling into need	-	-343	+343	100%
Existing households climbing out of need	-	+383	-383	0%
Change in existing households	-	40	-40	-

- 4.36 The following table (Figure 28) summarises the overall impact of
- » new households adding to housing need,
 - » the households no longer present reducing housing need and
 - » the changes in circumstances impacting existing households.

Figure 28: Annual components of Household Growth 2019-37 (Source: ORS Housing Model)

	All households	Households able to afford housing costs	Households unable to afford housing costs
All new households	3,965	2,661	1,304
All households no longer present	3,596	2,451	1,145
Change in existing households	-	40	-40
Future affordable housing need 2019-37	Annual average	368	250
	18-year Total	6,633	4,506
			2,126

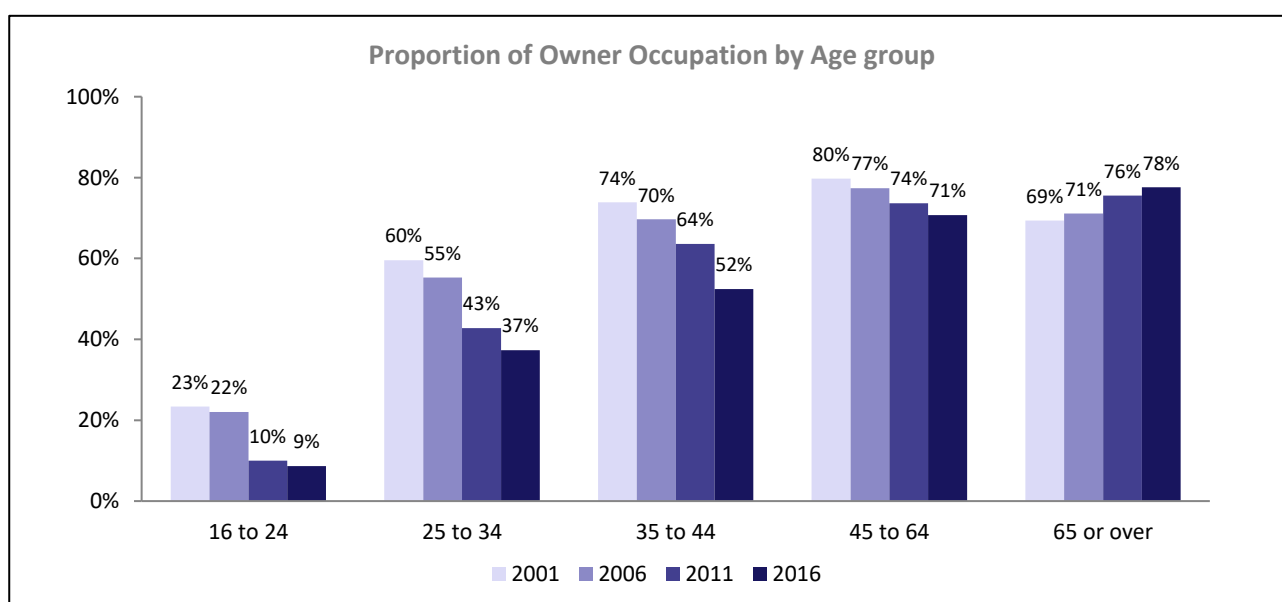
- 4.37 Overall reviewing the contribution of each element amounts **to an additional 2,126 households needing affordable housing over the 18-year period 2019-37.**

Needs of Households Aspiring to Homeownership

Home Ownership Trends

- 4.38 The new emphasis on households that cannot afford to own their home reflects Government concerns that the proportion of owner occupiers has reduced nationally over the last ten to fifteen years. Estimates from the English Housing Survey suggest that the proportion of owner occupiers reduced from around 69% in 2006 to 65% in 2011 and to 63% by 2016. Over the same period the proportion of households renting from a social landlord also reduced from 19% to 17% whilst the proportion renting privately increased from 12% to 20%.
- 4.39 The proportion of owner occupiers varies by age with younger age groups less likely to own their home than older households. The real change is in the extent to which younger age groups owning their property has fallen over recent years whilst at the upper end of the age scale (aged 65 or over) home ownership has been increasing (Figure 29).

Figure 29: Percentage of Owner Occupiers by Age Group 2001-2016 (Source: English Housing Survey)



Establishing the number of households aspiring to home ownership

- 4.40 English Housing Survey data shows that, unsurprisingly, 96% of households who currently own their property wish to stay as owner occupiers in the long term. In terms of potential demand over half (54%) of households who rent privately and almost a fifth (18%) of those in social rented housing aspire to homeownership.

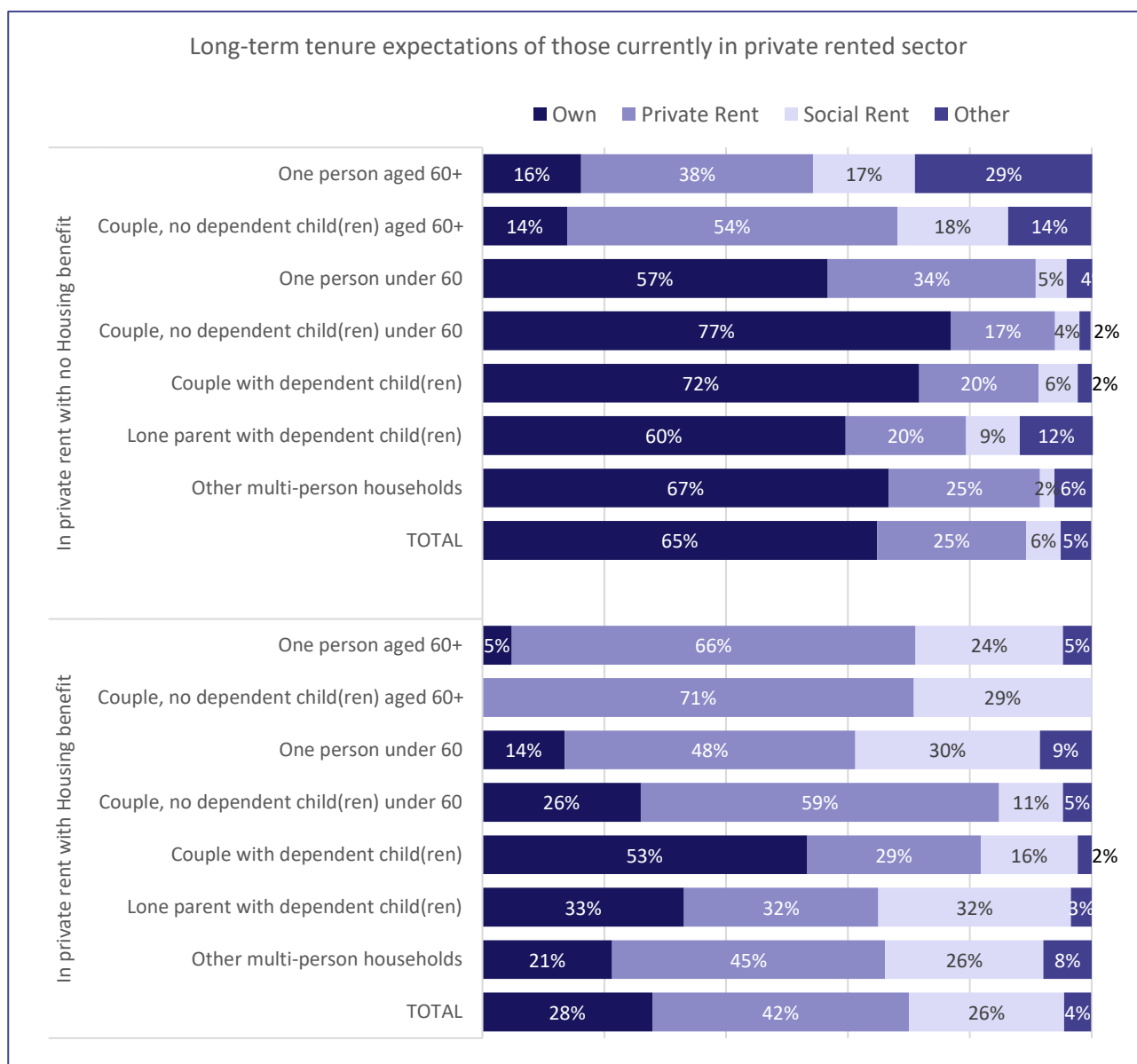
Figure 30: Long-term aspirations (Source: English Housing Survey 2013/4)

Current Tenure	Long-term Tenure Plan				
	Owner Occupier	Shared Ownership	Rent from Private Landlord	Rent from Social Landlord	Other
Owner occupied	96.1%	0.4%	0.7%	1.1%	1.6%
Private rent	53.5%	2.6%	28.8%	11.4%	3.8%
Social rent	18.1%	1.8%	1.9%	77.0%	1.1%

- 4.41 These figures relate to aspirations only and there is no test within the data as to whether this aspiration is affordable. It is therefore worth considering the responses of those currently in private rent in more detail with a view to understanding the types of household aspiring to buy.

- 4.42 The following chart (Figure 31) shows long-term tenure aspirations of those in private rent by household type as well as whether they are currently in receipt of housing benefit.
- 4.43 Almost two in three (65%) of those who are currently renting privately and NOT receiving housing benefit wish to buy their own home in the future. The proportion is much lower for those households with an HRP over 60 (averaging 15%) and slightly higher amongst couples under 60 (77% and 72% depending on whether or not there are dependent children in the household).
- 4.44 Just under three in ten (28%) of those households in the private rented sector and in receipt of housing benefit wish to buy their own home in the future. This increases to 53% of couples with dependent children.

Figure 31: Long-term Tenure Expectation for those in the Private Rented Sector with and without Housing Benefit support
 (Source: English Housing Survey 2013-14. Note: Own includes shared ownership)



Additional Need for Affordable Homeownership

- 4.45 Through combining data on the number of households of each type in each age group living in private rented housing and paying their own rent with the aspiration data from the EHS 2013-14, Figure 32 establishes the number of existing households likely to aspire to home ownership that have not been counted in the affordable housing need.

Figure 32: Households currently living in the Private Rented Sector and paying their own rent that aspire to home ownership
(Note: Figures may not sum due to rounding)

Household Type	Age of Household Representative						TOTAL
	15-24	25-34	35-44	45-54	55-64	65+	
Single person	101	389	92	27	0	39	649
Couple without children	40	240	53	49	33	22	437
Families with child(ren)	42	389	242	52	0	0	725
Other households	303	148	0	0	0	0	451
Total	486	1,167	388	128	33	61	2,263
<i>Percentage of households</i>	21%	52%	17%	6%	1%	3%	100%

- 4.46 Based on this analysis, we can estimate that there is a total of around 2,263 households currently resident in Middlesbrough who cannot afford to own their own home but would aspire to do so. Three quarters of these households (73%) are aged 15-34 with the substantial majority (92%) aged under 45.
- 4.47 As previously reported (Figure 4), Census data identified 5,751 households renting privately in 2001 compared to 10,490 households in 2011 – an increase of around 4,739 households over the decade, equivalent to an average of 474 households per year. More recent EHS data shows that the private rented sector has continued to grow over the years since the Census. On this basis, the number of households identified as currently renting privately that aspire to homeownership is consistent with there being growth of the private rented sector over a 16-17 year period.
- 4.48 In addition to the current need, it is also important to consider new households that are projected to form over the period 2019-2037. Through combining this data with the aspiration data from the EHS, we can conclude that it is likely that there would be a further 3,224 households that form over the 18-year period who will be able to afford to pay market rent but unable to afford to own, despite that being their aspiration. **Overall, there are likely to be 5,507 households who aspire to homeownership but who cannot afford to buy their own home over the period 2019-37, a net annual need of 306 per year.**
- 4.49 When identifying the need for Affordable Home Ownership (AHO) including First Homes, it is necessary to consider the housing costs for both renting and buying market housing in order to understand the relative incomes required and establish the appropriate income range for AHO products and the associated purchase costs.

Identifying the Overall Affordable Housing Need

4.50 Figure 33 brings together the information on assessing the unmet need for affordable housing in 2019 together with the future need for affordable housing and those aspiring to home ownership arising over the 18-year period 2019-37. It can be noted that this assessment has no regard for whether those aspiring can access affordable home ownership options.

Figure 33: Assessing total need for affordable housing 2019-37 (Source: ORS Housing Model)

	Affordable Housing Need		Overall Affordable Housing Need
	Households unable to afford	Households aspiring to home ownership	
Current housing need in 2019	865	2,263	3,128
Future housing need 2019-37	2,127	3,244	5,371
TOTAL HOUSING NEED	2,992	5,507	8,499

4.51 On this basis, we can conclude that the overall need for affordable housing would comprise a total of 8,499 households over the 18-year period 2019-2037, equivalent to an average of 472 per annum.

4.52 This represents more than the annual growth of 400 dwellings per annum overall housing need figure (Figure 15). This is due to a large proportion of this need being associated with the whole population as opposed to the projected new households, which is recognised by the PPG:

How does the housing need of particular groups relate to overall housing need calculated using the standard method?

The standard method for assessing local housing need identifies an overall minimum average annual housing need figure but does not break this down into the housing need of individual groups. This guidance sets out advice on how plan-making authorities should identify and plan for the housing needs of particular groups of people.

This need may well exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method. This is because the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline as opposed to the projected new households which form the baseline for the standard method. How can needs of different groups be planned for?

Strategic policy-making authorities will need to consider the extent to which the identified needs of specific groups can be addressed in the area, taking into account:

- » *the overall level of need identified using the standard method (and whether the evidence suggests that a higher level of need ought to be considered);*
- » *the extent to which the overall housing need can be translated into a housing requirement figure for the plan period; and*
- » *the anticipated deliverability of different forms of provision, having regard to viability.*

Planning Practice Guidance, ID 67-001-20190722

- 4.53 The size, type and tenure of homes also needs to be calculated separately from the standard method. PPG February 2019 states:

How does the housing need of particular groups relate to overall housing need calculated using the standard method?

The standard method for assessing housing need does not break down the overall figure into different types of housing. Therefore the need for particular sizes, types and tenures of homes as well as the housing needs of particular groups should be considered separately.

Planning Practice Guidance, ID 2a-017-20190220

- 4.54 Given that the need for affordable housing and affordable home ownership in particular is very high, it is necessary to consider how this need can be addressed within the overall need established.
- 4.55 It will be important for the local authority to plan for the needs of **all** households unable to afford to rent or own market housing if they are going to avoid the number of housing benefit claimants living in private rented housing increasing. This represents a need from 2,421 households.
- 4.56 It is important to recognise that the figures for those who aspire to home ownership are based upon those households who currently can afford market rent. But these households would not necessarily choose new build Affordable Home Ownership if it was available, as some may prefer to secure full ownership in the less expensive second-hand housing market. Similarly, some households may not ultimately need affordable home ownership if their circumstances change to such a degree that they are eventually able to buy without financial assistance. It is also important to recognise that the identified demand could only be realised if Affordable Home Ownership products can be delivered at prices that are truly affordable in the area, in line with local house prices and incomes.
- 4.57 Neither the NPPF or PPG identify that any affordability criteria should be applied to those households who aspire to homeownership but cannot afford to buy their own home. However, it is appropriate to consider the extent to which these households could plausibly afford affordable homeownership products if they were provided. Whilst a range of affordable homeownership products are available, each with different costs and eligibility criteria, it is unlikely that housing would be delivered at values below 60% of newbuild prices.¹³ While 70% of market house prices is the maximum price suggested for a First Home in the consultation, a larger discount can be applied. However, if too large a discount is applied then this will significantly affect the viability of many schemes and lead to a reduction in the level of affordable housing which can be provided. Therefore, we have assumed a maximum discount of 40% on open market prices for properties which are compatible with the First Homes scheme.
- 4.58 Given this context, Figure 34 identifies those households with income that would be insufficient to afford 60% of newbuild prices at the lower quartile for the local area, and those households with savings of less than £5,000. This is based on further analysis of the EHS data which considers the income distribution and savings data for households that rent privately but aspire to homeownership. This data has been updated to reflect current income levels and scaled for each local area using indices from the ONS gross disposable household income (GDHI) tables.
- 4.59 Of the 5,507 households who can afford to rent but who aspire to homeownership and cannot afford to buy, there would be 1,185 where the household had insufficient income to have a realistic prospect of being able

¹³ Developers will typically receive 50-60% of open market value when delivering Affordable Rented units

to afford at 60% of open market values (Figure 34). Of the remaining dwellings for households with incomes above the minimum threshold, there would be 2,882 where the household had savings of less than £5,000 and were therefore unable to afford the assumed deposit in the local area.

Figure 34: Affordable homeownership housing mix by household affordability to 2019-2037 (Source: ORS Housing Model)

	All households aspiring to home ownership	MINUS households unable to afford 60% of newbuild LQ	Households able to afford 60% of newbuild LQ	MINUS households with savings of less than £5,000	Households able to afford and have savings of £5,000 or more
1 bedroom	447	119	328	189	139
2 bedrooms	2,292	478	1,813	1,173	640
3 bedrooms	2,556	508	2,048	1,451	598
4+ bedrooms	212	80	132	70	62
TOTAL	5,507	1,185	4,322	2,882	1,440

^{4.60} On this basis, only 1,440 dwellings are needed for households that aspire to homeownership who have at least £5,000 in savings and incomes above the relevant threshold. This is a quarter of the total that was originally identified.

^{4.61} Whilst it will be a policy decision as to how much of the additional need for affordable homeownership from households able to afford market rent should be provided, it would seem appropriate to only plan for the needs of those 1,440 households likely to form an effective demand (i.e. those able to afford the various products that will be available) in addition to the 2,992 households unable to afford. Figure 35 provides a breakdown of the planned affordable housing on this basis.

Figure 35: Overall need for Affordable Housing, including aspiring households able to access affordable home ownership, by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Affordable Housing Need		Planned Affordable Housing
	Households unable to afford	Households aspiring to home ownership	
1 bedroom	272	139	411
2 bedrooms	940	640	1,580
3 bedrooms	1,417	598	2,014
4+ bedrooms	363	62	425
TOTAL HOUSING NEED	2,992	1,440	4,432

^{4.62} The SHMA identifies an overall affordable housing need from 4,432 households over the 18-year period 2019-37 (246 per annum). This includes the needs from all households unable to afford to rent or own market housing and also provide for those households who aspire to homeownership but who cannot afford to buy, where there is a realistic prospect of those households being able to purchase an affordable homeownership product. Again, we would stress it is important to remember that the figures set out above refer to households, not dwellings and that the data from Chapter 5 onwards refers to dwellings.

Future Policy on Housing Benefit in the Private Rented Sector

- 4.63 The analysis recognises **the importance of housing benefit and the role of the private rented sector**. It is assumed that the number of households in receipt of housing benefit in the private rented sector will remain constant; however, this is a national policy decision which is not within the Council's control.
- 4.64 It is important to note that private rented housing (with or without housing benefit) does not meet the NPPF definition of affordable housing. However, many tenants that rent from a private landlord can only afford their housing costs as they receive housing benefit. These households aren't counted towards the need for affordable housing (as housing benefit enables them to afford their housing costs), but if housing benefit support was no longer provided (or if there wasn't sufficient private rented housing available at a price they could afford) then this would increase the need for affordable housing.
- 4.65 The analysis adopts a neutral position in relation to this housing benefit support, insofar as it assumes that the number of claimants in receipt of housing benefit in the private rented sector will remain constant. **The assessment does not count any dwellings in the private rented sector as affordable housing supply;** however, it does assume that housing benefit will continue to help some households to afford their housing costs, and as a consequence these households will not need affordable housing.
- 4.66 The baseline analysis identified 2,992 households that would be unable to afford housing costs. This assumed no change in the number of households receiving housing benefit to enable them to live in the private rented sector. There are likely to be around 3,750 households renting privately with housing benefit support at the start of the Plan period in 2019, and to also provide affordable housing for these households would increase the overall affordable housing need to around 6,742 households (this excludes those aspiring to home ownership). In this scenario, it is also important to recognise that the private rented housing currently occupied by households in receipt of housing benefit would be released back to the market, which is likely to have significant consequences on the housing market which are difficult to predict.
- 4.67 PPG (both the current version and the previous version) states that *"care should be taken to ... include only those households who cannot afford to access suitable housing in the market"* [ID 2a-020-20190220]. Given that households in receipt of housing benefit receive a specific payment to enable them to afford suitable housing in the market, these households should only be counted as part of the affordable housing need if that payment was withdrawn. That would be a policy decision, albeit at a national level.
- 4.68 It is well-established that housing need should be established leaving aside policy considerations,¹⁴ so it would be wrong to assume housing benefit was to be withdrawn from households renting privately when assessing the level of affordable housing need. The approach taken by the LHNA is policy neutral, assuming no change in the number of claimants. Evidently, it would be a policy-on position to assume that the position was going to radically change, so that could not form part of the assessment of need. However, when establishing the affordable housing requirement – i.e. a figure which also reflects any policy considerations – a local planning authority could seek to reduce the number of households rented privately in receipt of housing benefit as a policy aspiration. That wouldn't change the need, but it could influence the affordable housing policy target.

¹⁴ Gallagher Homes v Solihull MBC; [2014] EWHC 1283 (Admin)

Establishing the Affordable Housing Policy Target

- 4.69 Further work will be needed to establish the appropriate policy target which will only become available later in the plan-making process. This will need to take account of the overall housing supply to be included in any future plan and establish which sites would not be subject to the affordable housing policy – predominantly small sites below the threshold (including any allowance for future windfall), but also conversions and any other sites that would be exempt. It would also be necessary to make allowance for any completions within the plan period and housing on sites with existing permissions, both in terms of the overall number of homes and any affordable housing that this includes.
- 4.70 The information on supply would need to be considered alongside any Duty-to-Cooperate discussions and/or agreements relating to meeting unmet needs. Any losses from the current stock (such as demolition or clearance, or sales through Right to Buy) would also increase the number of affordable dwellings needed by an equivalent amount. Only then is it possible to consider how the number of homes identified within the affordable housing need can be delivered on qualifying sites to establish the relevant percentage. The policy target would need to be higher than the identified percentage as some qualifying sites will not deliver at the policy target due to their specific constraints.
- 4.71 The affordable housing policy target would need to be considered in the context of economic viability. Local viability assessments are likely to determine the actual affordable housing target (as a proportion of market housing sites) and should help in providing a view on the deliverability of such a tenure mix, based upon local market evidence.
- 4.72 If the identified policy target is higher than the maximum identified by the viability work it would have to be reduced, which is likely to result in unmet affordable housing need. Given this position, the Council would need to consider whether an uplift to the LHN could be justified when establishing the housing requirement, but this is unlikely to be effective in Middlesbrough. However, as the LHN itself already incorporates a significant uplift beyond the household projection-based housing need, a further uplift to market housing may prove difficult to sustain.
- 4.73 The appropriate balance between rented affordable housing and affordable home ownership will also need to be considered in the context of economic viability; though it will be important to ensure that the identified affordable housing need for households unable to afford market housing is met as fully as possible. It will also be necessary to consider the target for affordable home ownership in the context of the Government's target of at least 10% of new housing to be provided in this way, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups.

5. Overall Housing Need

Local Housing Need based on the Standard Method

Introduction

- 5.1 The NPPF confirms that planning authorities should normally use the standard methodology to establish a minimum Local Housing Need (LHN) figure. Using the process set out in Planning Practice Guidance for Housing Need Assessment [ID 2a-004-20190220] the minimum annual Local Housing Need figure for 2020 can be established as follows:

Figure 36: Establishing the minimum LHN figure for Middlesbrough (Source: CLG, ORS; Note: All figures rounded to the nearest whole number)

	Middlesbrough
Step 1: Setting the baseline	
Total households 2020	59,388
Total households 2030	61,783
10-year change 2020-2030	2,395
Annual average	240
Step 2: An adjustment to take account of affordability	
Median workplace-based affordability ratio	5.08
Adjustment factor	6.75%
Affordability uplift	16
Uncapped housing need	256
Step 3: Capping the increase	
Adoption date of most recent Local Plan	Nov-14
Annual requirement	410
Annual requirement with 40% uplift applied	574
Household projection with 40% uplift applied	335
Local Housing Need	256

- 5.2 Based on these calculations, the minimum Local Housing Need figure is 256 dwellings per annum. This translates to 4,600 dwellings (256 x 18) across the 18-year period. This figure is very similar to the 267 dwellings per annum set out in the September 2017 consultation for the standard method.
- 5.3 Since the uncapped housing need figure is lower than both Cap A and Cap B the capping policy will have no influence in Middlesbrough at this stage. Technically, the LHN figure is capped at 40% above the annual requirement in the latest Middlesbrough Local Plan, which would give a capped figure of 574 dwellings per annum.

- 5.4 It is important to recognise that the Government has opened a consultation to comprehensively review the standard method over the next few months. It may therefore be necessary to update the LHNA if the Government chooses to adopt a different methodology following the proposed review of the formula.

Establishing the Housing Target

- 5.5 The LHN provides the starting point for establishing the final housing requirement which will be planned for through strategic policies. This is confirmed by PPG at the outset of the section on assessing housing and economic development needs:

Housing need is an unconstrained assessment of the number of homes needed in an area. Assessing housing need is the first step in the process of deciding how many homes need to be planned for. It should be undertaken separately from assessing land availability, establishing a housing requirement figure and preparing policies to address this such as site allocations.

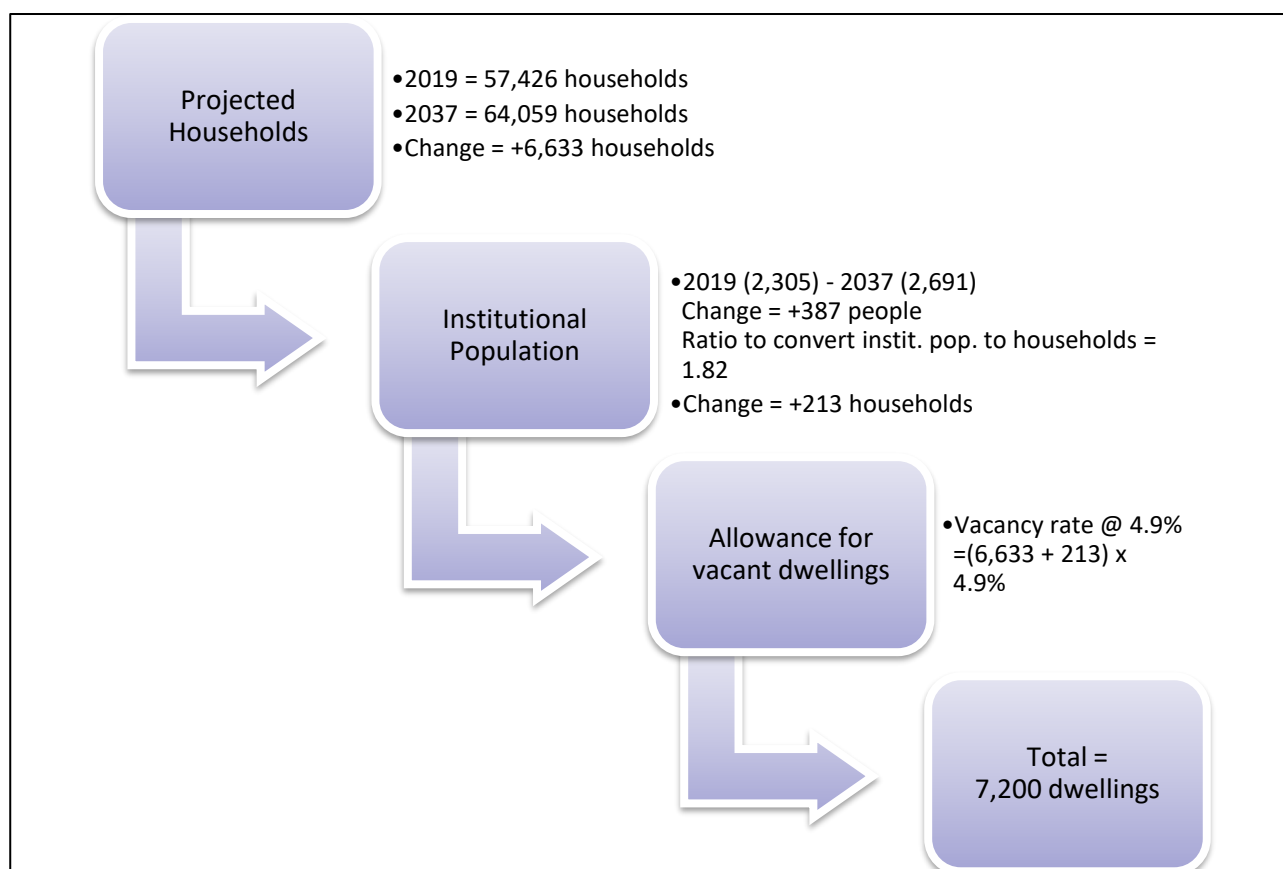
Planning Practice Guidance, ID 2a-001-20190220

- 5.6 As noted throughout this report, the overall housing needs figures in this study have been based upon the findings of the Middlesbrough Strategic Housing Market Assessment: Update 2018 to Consider Jobs Uplift. This demonstrated that the LHN figure at the time of 267 dwellings per annum (now 256 dwellings per annum) would be insufficient to accommodate the projected workforce of Middlesbrough in 2034. Instead, a dwelling figure of 400 per annum, would be required.

Disaggregating the minimum Local Housing Need figure

- 5.7 Figure 37 sets out the separate elements that will contribute to the housing need of 400 dwellings per annum. These include:
- » Households growth over the 18-year plan period calculated on trend-based projections which gives a figure of 368 households per annum;
 - » Institutional population growth over the 18-year plan period needing communal accommodation which gives a figure of 12 per annum; and
 - » Dwellings without a usually resident household (either vacant homes or second homes) which gives a figure of 20 per annum;

Figure 37: Elements of housing need (Source: CLG, ONS, ORS; Note: All figures presented unrounded for transparency)



- 5.8 At this point in our reporting we are referring to dwellings rather than households. A dwelling is usually occupied by a single household although in some cases two households may share a dwelling (see glossary). Importantly, we need to make an allowance for an inevitable base level of vacant properties and the word household becomes misleading.
- 5.9 Thus, the number of dwellings needed to deal with the projected household and institutional population growth is 6,846. However, if we assume that just under 5%¹⁵ of dwellings will be unoccupied at any one time this means that a total of 7,200 dwellings are required.

Size and Tenure Mix for LHN

- 5.10 Figure 38 provides a breakdown of the minimum LHN of 7,200 dwellings between market and affordable housing on this basis. This expands on the data set out in Figure 35 and converts these from households to dwellings. In summary, there is a need for:

Social rented housing = 1,470 dwellings (20.4%) for households unable to afford affordable rent;

Affordable Rent = 1,582 dwellings (22.0%) for households that can afford affordable rent but unable to afford market rent;

Affordable home ownership = 1,468 dwellings (20.4%), for households that can afford market rent but aspire to homeownership and have reasonable prospect of being able to afford this;

Market housing = 2,680 dwellings (37.2%); and

¹⁵ Based on 2011 Census data at a local authority level

Allowance for C2 provision within the total housing need of 7,200 = equivalent to 224 dwellings that would be counted against the minimum LHN target; which represents almost 400 bedspaces.

Figure 38 Planned overall need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Affordable Housing			Total Affordable Housing	Total Market Housing	Total
	Dwellings Unable to afford		Aspiring to Home Ownership			
	Social rent	Affordable Rent				
1 bedroom	232	45	142	420	160	580
2 bedrooms	188	771	653	1,612	435	2,047
3 bedrooms	802	643	610	2,055	1,799	3,854
4+ bedrooms	248	123	64	434	62	496
DWELLINGS	1,470	1,582	1,468	4,520	2,456	6,976
C2 Dwellings	-	-	-	-	224	224
Dwelling target	1,470	1,582	1,468	4,520	2,680	7,200

Comparison with the 2016 SHMA

- 5.11 It is possible to compare the Middlesbrough SHMA 2016 with the figures set out above. Figure 66 of the SHMA 2016 (reproduced here as Figure 39) set out the size and tenure mix for the period 2016-34 for Middlesbrough.

Figure 39: Housing mix of OAN for market and affordable housing (Source: Middlesbrough SHMA 2016. Note: Figures may not sum exactly due to arithmetic rounding)

		Market Housing	Affordable Housing	TOTAL
Flat	1 bedroom	200	600	800
	2+ bedrooms	100	300	400
House	2 bedrooms	700	700	1,400
	3 bedrooms	2,500	1,700	4,200
	4 bedrooms	500	200	700
	5+ bedrooms	0	100	100
TOTAL		4,000	3,600	7,600

- 5.12 The SHMA 2016 assumed an overall annual housing growth rate of 422 dwellings per annum, with annual affordable housing need of 200 dwellings per annum which covered the need for affordable to rent and shared ownership properties. This represents 47% of the overall need.
- 5.13 This current study has an affordable housing need figure of 251 dwellings per annum which is 63% of the overall need. However, this includes the additional need from those who aspire to own, but who can afford to meet their own private rents. Therefore, the figures are not directly comparable, but clearly there is a high degree of consistency with the previous findings in the current study where the need for affordable to rent equates to 42% of the total need. We would now note that the size mix also remains fairly consistent.

6. Needs of Different Groups

An exploration of need for target groups

Introduction

- 6.1 Paragraph 61 of the Revised NPPF requires that local planning authorities consider the needs of a range of groups within the population and this chapter considers the specific groups in turn. However, the needs of families with children and those who rent their homes have already been considered within earlier chapters and are therefore not repeated.

61. Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes.

Revised NPPF, paragraph 61

Housing for Older People

- 6.2 The UK population is ageing, and people can expect to live longer healthier lives than previous generations. The older population is forecast to grow to 17.6m by 2035 for the over 60s, and from 1.3m (2016) to 3.6m by 2035 for the over 85s.¹⁶
- 6.3 Given this context, PPG recognises the importance of providing housing for older people. Additional PPG “Housing for older and disabled people” was published on 26th June 2019, which states:

The future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector ... Evidence from Joint Strategic Needs Assessments prepared by Health and Wellbeing Boards can also be useful. The assessment of need can also set out the level of need for residential care homes.

Planning Practice Guidance, ID 63-004-20190626

- 6.4 It is important to plan housing which is suitable for this increase in older people within the population with a key requirement being to predict the type of housing which will best meet their needs. Whilst most will remain living in the same area and many will not move from their current homes; those that do move in their later years are likely to be looking for housing suitable for older people.
- 6.5 This housing comes in a number of different forms and the distribution between these different types needs to be explored. The Older People housing options considered in this section follow the definitions in the

¹⁶ ONS 2016-based sub-national population projections

- 2012 “Housing Our Ageing Population” report (HAPPI2).¹⁷ This defines specialist provision as mainstream (including adapted and wheelchair homes), specialised housing (including Extra Care and sheltered housing) and Care Homes (including both Registered Nursing and Registered Care Homes).
- 6.6 The Housing Learning and Improvement Network (LIN) published “More Choice, Greater Voice: a toolkit for producing a strategy for accommodation with care for older people”¹⁸ (see Appendix B) in February 2008; and subsequently published the “Strategic Housing for Older People (SHOP)”¹⁹ resource pack in December 2011. Both the toolkit and the resource pack provide standardised rates for estimating the demand for specialist older person housing products per 1,000 people aged 75 or over. These toolkits these have informed the evidence base for many adopted Local Plans.
- 6.7 These rates provide a useful framework for understanding the potential demand for different forms of older person housing, but neither publication provides any detail about the derivation of the figures. There is no single correct answer when estimating the need for older person housing, however the rates provide a basis for identifying the potential levels of demand.
- 6.8 In this report we have chosen to use the Housing Learning and Improvement Network (Housing LIN) SHOP resource pack methodology (2012).²⁰ This forecasts the population and then applies a benchmark need for particular housing types per thousand people aged 75+).

Figure 40: Benchmark Figures for Specialist Older Person Housing

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

- 6.9 The 2014-based population projections underlying the Local Housing Need figure for Middlesbrough show a substantial increase in the older population during the period 2019-2037. The population aged 75+ is likely to increase by around 5,297 persons based on providing the number of homes needed to meet the local housing need.

Figure 41: Projected population aged 75+ (Source: LHN dwelling-led population projections)

	75-84	85+	TOTAL
2019	7,552	2,885	10,437
2037	11,117	4,617	15,734
CHANGE	+3,565	+1,732	+5,297

¹⁷http://www.housinglin.org.uk/library/Resources/Housing/Support_materials/Other_reports_and_guidance/Housing_our_Ageing_Population_Plan_for_Implementation.pdf

¹⁸http://www.housinglin.org.uk/library/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf

¹⁹<http://www.housinglin.org.uk/library/Resources/Housing/SHOP/SHOPResourcePack.pdf>

²⁰www.housinglin.org.uk/housinginlaterlife_planningtool

- 6.10 The data published by the Elderly Accommodation Counsel (EAC)²¹ identifies that there is currently a total of 1,883 specialist Older Person homes across Middlesbrough.

Figure 42: Existing Stock of Specialist Older Person Housing for Middlesbrough (Source: EAC 2015)

Property Type	Owned	Rented	TOTAL
Housing with support	177	1,664	1,841
Housing with care	0	42	42
TOTAL	177	1,706	1,883

- 6.11 The SHOP model can be used to assess that there is already a shortfall in the provision of housing for elderly people. The current population of 10,400 people aged 75+ requires 2,620 specialist homes whilst data shows that just 1,883 exist, resulting in an unmet need of nearly 737 homes already in the area.
- 6.12 If we then consider the increase in need by 2037 by applying the SHOP formula (per 1,000) to the 5,297 additional people aged 75+ that are projected to exist in Middlesbrough by 2037 we can calculate the additional need for elderly housing by 2037.

Figure 43: Modelled Demand for Additional Specialist Older Person Housing 2019-37 (Source: Housing LIN Toolkit)

		SHOP FORMULA rate per 1,000 persons			MIDDLESBROUGH ADDITIONAL NEED (x 5,297)		
		Owned	Rented	Total	Owned	Rented	Total
SHELTERED	Leasehold schemes for the Elderly (LSE)	120	0	120	636	-	636
	Conventional Sheltered housing	0	60	60	-	318	318
EXTRA CARE	Sheltered 'Plus' or 'Enhanced'	10	10	20	53	53	106
	Extra care	30	15	45	159	79	238
	Dementia	0	6	6	-	32	32
Total		160	91	251	847	482	1,329

- 6.13 The toolkit identifies future need for over 1,300 specialist older person additional housing units over the period 2019-2037.
- 6.14 The table below summarises the potential requirement for new specialist housing, taking account of the current stock, unmet demand and population growth for the period.

Figure 44: Modelled Demand for Older Person Housing in Middlesbrough based on Housing LIN Toolkit

		Rate per 1,000 persons aged 75+	Gross need 2019	Existing supply	Unmet need in 2019	Additional need 2019-37	Overall need
Sheltered Housing	Owned	120	1,252	177	1,075	636	+1,711
	Rented	60	626	1,664	-1,038	318	-720
Extra Care	Owned	40	417	0	417	212	+629
	Rented	31	324	42	282	164	+446

²¹ <http://www.housingcare.org/downloads/eac%20stats%20on%20housing%20for%20older%20people%20March%202015.pdf>

The EAC 'acknowledges both the rented and private sectors contain a wide range of housing types intended for older people. The social sector has traditionally distinguished these as Category 1, 2 etc., but the private sector tends to refer to them all simply as "retirement housing". This report looks only at schemes that fall within the following definition: "a group of dwellings intended for older people and served by a resident or non-resident warden/scheme manager with specific responsibility for the group". It is important to note that a considerable proportion of housing intended for older people falls outside this definition and is therefore excluded. Extra care, assisted living, and other forms of 'housing with care' are included.

TOTAL	251	2,620	1,883	737	1,329	2,066
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- 6.15 The model assumes a continuation of current types of housing although it is unclear, if Older People will aspire to these types of specialist housing in the future. Demand for some types of housing are already experiencing low demand, and other, newer types of provision may appear to meet changing aspirations. The policy aim of supporting people at home for longer along with assistive technology could also reduce or alter demand.
- 6.16 In practice, the level of delivery identified as being required is likely to be unachievable given that it represents almost half of the overall local housing need based on the standard method. However, it is important to recognise that the provision of dedicated older person housing schemes will form an important part of the overall housing mix.
- 6.17 The delivery of specific schemes for specialist older person housing need should be considered in partnership with other agencies, in particular those responsible for older person support needs. It will be important to consider other factors and constraints in the market:
- » **Demographics:** the changing health, longevity and aspirations of Older People mean people will live increasingly healthy longer lives and their future housing needs may be different from current needs;
 - » **New supply:** development viability of schemes, and the availability of revenue funding for care and support services, need to be carefully considered before commissioning any new scheme. It will also be important for the Council and its partners to determine the most appropriate types of specialist older person housing to be provided in the area;
 - » **Existing supply:** this may be either inappropriate for future households or may already be approaching the end of its life. Other forms of specialist older person housing may be more appropriate than conventional sheltered housing to rent when considering future needs;
 - » **Other agencies:** any procurement of existing supply needs to be undertaken with other agencies who also plan for the future needs of Older People, particularly local authority Supporting People Teams and the Health Service; and
 - » **National strategy and its implications for Older People:** national strategy emphasises Older People being able to remain in their own homes for as long as possible rather than specialist provision, so future need may, again, be overstated.

Housing for People with Disabilities

- 6.18 The Government's reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. This was reflected in the recent changes to building regulations relating to adaptations and wheelchair accessible homes that were published in the Building Regulations 2010 Approved Document Part M: Access to and use of buildings (2015 edition incorporating 2016 amendments – for use in England).²²
- 6.19 Three standards are covered:
- » M4(1) Category 1: VISIBLE dwellings – Mandatory, broadly about accessibility to ALL properties
 - » M4(2) Category 2: Accessible and adaptable dwellings – Optional, similar to Lifetime Homes
 - » M4(3) Category 3: Wheelchair user dwellings – Optional, equivalent to wheelchair accessible standard.
- 6.20 In terms of new developments, Part M states that: *“Where no condition is imposed, dwellings only need to meet requirements M4(1)”* (Paragraph 0.3). Local authorities should identify the proportion of dwellings in new developments that should comply with the requirements for M4(2) Category 2 and M4(3) Category 3 as part of the Local Plan, based on the likely future need for housing for older and disabled people (including wheelchair user dwellings) and taking account of the overall impact on viability.
- 6.21 Planning Practice Guidance for Housing explains that local authorities are expected to plan for households with specific needs and therefore need to be able to quantify the volume of demand. It provides a summary of the data sources which should be used to inform any calculations, and this forms the basis of the approach used in this report:

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

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

Planning Practice Guidance, ID 56-007-20150327

- 6.22 Local planning authorities are expected to plan for households with specific needs and therefore need to be able to quantify the volume of demand. However, the PPG recognises that there is no single source of information by which to assess demand and some limitations to the available data. Not all of those in receipt of PIPs or Attendance Allowance necessarily require home adaptations whilst DFG applications may underestimate need.

²² <https://www.gov.uk/government/publications/access-to-and-use-of-buildings-approved-document-m>

6.23 The PPG states:

Multiple sources of information may need to be considered in relation to disabled people who require adaptations in the home, either now or in the future. The Census provides information on the number of people with a long-term limiting illness and plan-makers can access information from the Department for Work and Pensions on the numbers of Personal Independence Payment²³ (replacing Disability Living Allowance) / Attendance Allowance²⁴ benefit claimants. Whilst these data sources can provide an indication of the number of disabled people, not all of the people included within these counts will require adaptations in the home. Applications for Disabled Facilities Grant²⁵ (DFG) will provide an indication of levels of expressed need, although this will underestimate total need, as there may be a large number of people who would want or need an adaptation but would not have applied to the DFG.

Engagement at all levels can help plan-makers identify the housing needs of people with disabilities. This could include with occupational therapists and specialist access or inclusive design officers. Discussions with disabled people and disabled people's groups can also provide insights into the types of impairments and number of people likely to require accessible homes in the future.

Planning Practice Guidance, ID 63-005-20190626

Assessing need for M4(2) Category 2: Accessible and adaptable dwellings

- 6.24 In establishing the need for M4(2) Category 2 housing it is important to consider the population projections and health demographics of the area.
- 6.25 Building Regulations for M4(2) Category 2: Accessible and adaptable dwellings states that reasonable provision should be made for people to gain access to and use the facilities of the dwelling and that:

“The provision made must be sufficient to-
(a) meet the needs of occupants with differing needs, including some older or disabled people, and;
(b) to allow adaptation of the dwelling to meet the changing needs of occupants over time.”

Access to and use of buildings: Approved Document M v1, Page 10

- 6.26 The English Housing Survey explores the number of households which contain someone with a limiting long-term illness (LLTI) or disability which impacts their housing need. This identifies that most (71%) of households have no limiting long-term illness (LLTI) or disability and a further fifth (20%) where illness or disability does not affect their housing need.
- 6.27 Overall 8.8% of households (around 1 in every 12) have one or more persons with a health problem which requires adaptations to their home. This proportion is markedly higher in affordable housing than in market housing (19.8% and 6.5% respectively - Figure 45).

²³ Personal Independence Payments (PIPs) started to replace the Disability Living Allowance from April 2013. They are awarded to people aged under 65 years who incur extra costs due to disability (although there is no upper age limit once awarded, providing that applicants continue to satisfy either the care or mobility conditions).

²⁴ Attendance Allowance contributes to the cost of personal care for people who are physically or mentally disabled and who are aged 65 or over.

²⁵ Disabled Facilities Grants (DFG) are normally provided by Councils and housing associations to adapt properties for individuals with health and/or mobility needs who are owner occupiers, or renting from a private landlord, housing association or council. Grants cover a range of works, ranging from major building works, major adaptations to the property and minor adaptations. It should be noted that DFGs typically relate to adaptations to the existing housing stock rather than new housing provision.

Figure 45: Households with a long-term illness or disability that affects their housing needs (Source: English Housing Survey)

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

- 6.28 Within this group, the substantial majority of households live in a home that is suitable for their needs (either having already moved or adapted their existing home). This leaves 1.5% of households either requiring adaptations or needing to move to a more suitable home.
- 6.29 The ORS model uses the national English Housing Survey together with data about relative levels of limiting long-term illness and disability in Middlesbrough to estimate the number of households likely to require adaptations or needing to move to a more suitable home in the housing market area.

Figure 46: Households with a long-term illness or disability in Middlesbrough in 2019 by effect on housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	TOTAL
Households with one or more persons with a limiting long-term illness or disability	21,330
Does not affect their housing need	14,618
Current home suitable for needs	5,499
Current home requires adaptation	596
Need to move to a more suitable home	617
Total households where a limiting long-term illness or disability affects their housing need:	6,712

- 6.30 The model (Figure 46) identifies that there were around 21,300 households living in Middlesbrough in 2019 with one or more persons with a limiting long-term illness or disability. In 14,600 of these households, this does not affect their housing need, but in 6,700 households an illness or disability does impact on housing need.
- 6.31 Amongst those households where it does affect housing needs 5,500 households are already living in a suitable home (having moved or made adaptations). This leaves 596 households needing adaptations to their current home and 617 households needing to move to a more suitable home. The 617 households needing to move represent an existing **unmet need** for M4(2) housing and some may actually be wheelchair users needing M4(3) housing.
- 6.32 The identified need for 617 adapted homes at the start of the Plan period is based on households' current needs. The M4(2) standard also requires "the changing needs of occupants over time" to be considered. Therefore, even without any change to the number of households in Middlesbrough, the number of households with one or more persons with a limiting long-term illness or disability will increase over time as people get older.

- 6.33 Whilst around 6,700 households living in Middlesbrough in 2019 had a health problem that already affected their housing requirement, it is likely that a further 2,772 households would develop health problems within 10 years. These households would also require adaptations to their current home or would need to move to a more suitable home.
- 6.34 Based on the household projections and the overall housing need, we can establish the future need for adapted housing in the housing market area based on the projected household growth and the changing demographics of the area.
- 6.35 Further modelling of health needs suggests that by 2037 there will be an additional 6,454 households either already experiencing health problems or likely to develop health problems within 10 years. Some of these will be new households, but many will be existing households resident in 2019 whose health has deteriorated over the Plan period.
- 6.36 Therefore, considering the needs of households resident at the start of the Plan period together with the projected household growth and changing demographics (in particular the ageing population), there will be a total of 9,225 households either needing adaptations to their existing housing or suitable new housing to be provided. This is in addition to the 617 households needing to move and the 596 households needing adaptations based on their current health at the start of the Plan period.

Figure 47: Households with a long-term illness or disability in Middlesbrough in 2019 by effect on housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	TOTAL
Households where an existing illness or disability affects their housing need in 2019	
Current home suitable for needs	5,499
Current home requires adaptation	596
Need to move to a more suitable home	617
Total households where a limiting long-term illness or disability affects their housing need in 2019	6,712
Existing households in 2019 likely to develop health problems that affect their housing need within 10 years	2,772
Additional households in 2037 projected to experience problems or likely to develop problems within 10 years	6,454
Additional households in 2037 where illness or disability affects their housing need or will develop within 10 years	9,225

- 6.37 To provide M4(2) housing for all of the identified need would require housing for up to 9,843 households to be provided. However, not all households will want to move to new housing – some will adapt their current homes and others will move to another dwelling in the existing stock.
- 6.38 Although some households would prefer not to move, many existing homes are not suitable for adaptation to meet the M4(1) Category 1 standard and others would require major works. Fewer dwellings would be adaptable to the M4(2) Category 2 standard given the additional requirements. Based on the housing mix in Middlesbrough, it is likely that around 56% will live in dwellings that could be converted to meet the M4(1) standard.
- 6.39 Whilst the proportion that could be converted to meet the M4(2) standard would be lower, this provides a reasonable upper estimate of the number of households likely to be able to adapt existing homes rather than move to new housing.

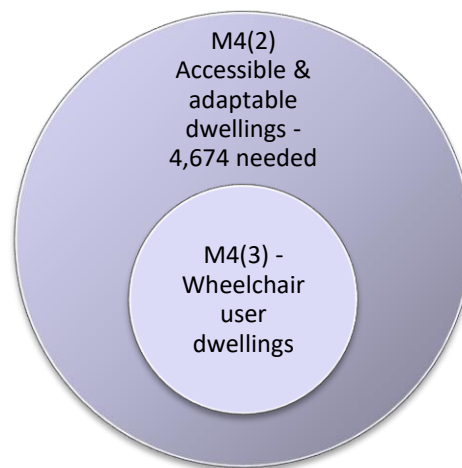
Figure 48: Households with a long-term illness or disability in Middlesbrough in 2019 by effect on housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	TOTAL
Existing need in 2019	
Households where an existing illness or disability affects their housing need and need to move in 2019	617
Projected future need 2019-37	
Additional households in 2037 where illness or disability affects their housing need or will develop within 10 years	9,225
Maximum need for adapted housing 2019-37 (households)	9,843
Less households living in dwellings adaptable to M4(1) standard	5,169
Minimum need for adapted housing 2019-37 (households)	4,674

- 6.40 There is inevitably uncertainty about how many households will be able to meet their housing needs without moving and how many will move to existing homes rather than new housing. Nevertheless, the minimum of 4,674 households and maximum of 9,843 households identified in Figure 48 provide an appropriate range for the local authority to consider.
- 6.41 It is important to recognise that this would represent the combined need for both M4(2) Category 2 and M4(3) Category 3 housing; for households with a wheelchair user would be included within those households counted as having a health problem or disability that affects their housing need.

Housing for Wheelchair Users

- 6.42 The overall need calculated in the previous section represents the combined need for both M4(2) Category 2 and M4(3) Category 3 housing. Households with a wheelchair user are included within the definition of households having a health problem or disability that affects their housing need.
- 6.43 Building Regulations for M4(3) Category 3: Wheelchair user dwellings also states that reasonable provision should be made for people to gain access to and use the facilities of the dwelling and that:



“The provision made must be sufficient to-
(a) allow simple adaptation of the dwelling to meet the needs of occupants who use wheelchairs, or;
(b) to meet the needs of occupants who use wheelchairs.” (Page 23)

- 6.44 In establishing the need for M4(3) Category 3 housing it is again important to consider the population projections and health demographics of the area, but with specific reference to households with wheelchair users.

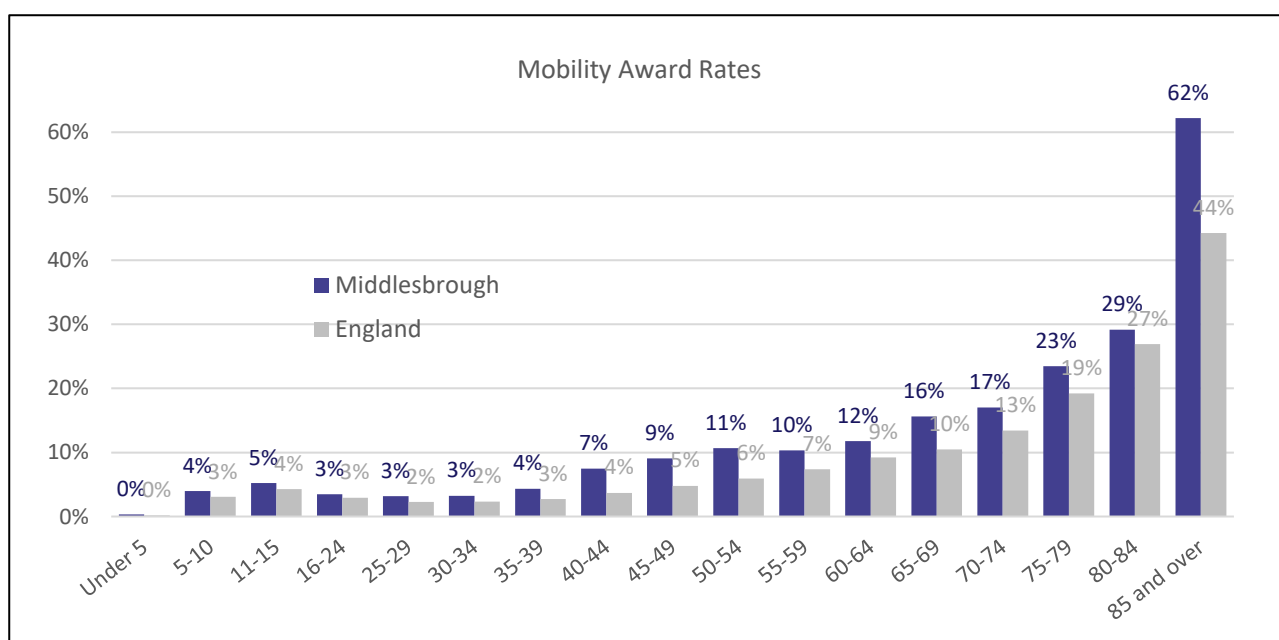
- 6.45 The CLG guide to available disability data²⁶ referenced by PPG [ID 56-007-20150327] shows that around one in thirty households in England (3.3%) currently has at least one wheelchair user, although the rate is notably higher for households living in affordable housing (7.1%). The rates are also higher for older households. Figure 49 identifies the proportion of households in England with a wheelchair user currently living in market housing and affordable housing by age of household representative.

Figure 49: Percentage of households with a wheelchair user by type of housing and age of household representative
(Source: English Housing Survey 2013-14)

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

- 6.46 To get a better understanding of the local Middlesbrough data, Figure 50 compares the proportion of disability benefit claimants in receipt of mobility award (the majority of whom will be wheelchair users) for Middlesbrough against the figures for England.

Figure 50: Disability benefit claimants in receipt of mobility award by age (Source: DWP, May 2019)



- 6.47 Through combining the information on local rates with the national data, we can establish the proportion of households in Middlesbrough likely to have a wheelchair user by the age of the household representative in market housing and affordable housing (Figure 51).

Figure 51: Percentage of households with a wheelchair user by type of housing and age of household representative

Housing Type	Age of Household Representative							
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+
Market housing	< 0.1%	0.4%	1.0%	1.7%	3.2%	4.3%	6.5%	13.8%
Affordable housing	0.3%	2.1%	3.1%	6.4%	6.3%	11.0%	13.5%	30.8%

²⁶ <https://www.gov.uk/government/publications/building-regulations-guide-to-available-disability-data>

- 6.48 If we apply these proportions to the population and household data for the area then we can identify the net change in the number of households with a wheelchair user over the period 2019 to 2037 (Figure 52). Using this approach we calculate the number of households likely to need wheelchair adapted housing in Middlesbrough is likely to increase by 500 over the 18-year period.

Figure 52: Households needing Wheelchair Adapted Housing
(Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Modelled Need for Wheelchair Adapted Housing	2019	2037	Net change 2019-37
Market housing	1,200	1,460	+260
Affordable housing	1,140	1,380	+240
Total	2,340	2,840	+500

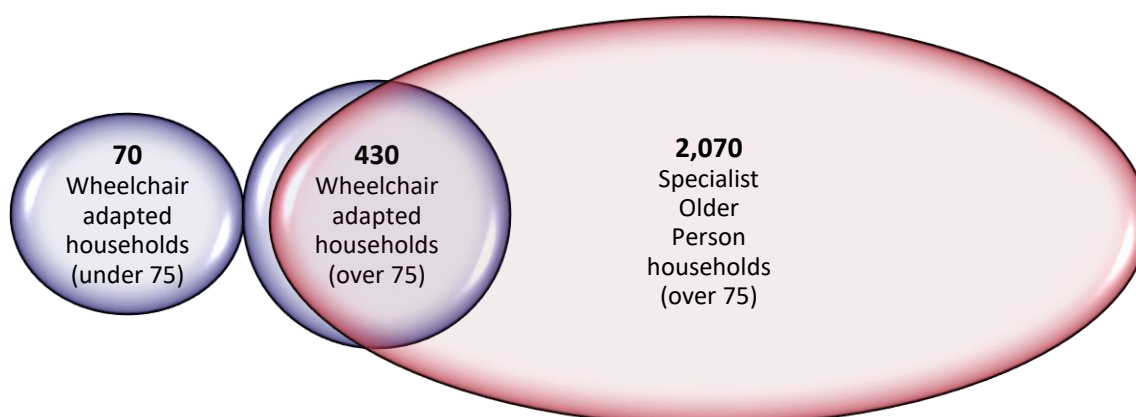
- 6.49 Importantly, as the model has included household age, it is possible to identify that a significant proportion of this growth (86%) comes from households which are aged over 75. This can be seen in Figure 53.

Figure 53: Households needing Wheelchair Adapted Housing by age (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Modelled Need for Wheelchair Adapted Housing	Households aged under 75			Households aged 75+		
	2019	2037	Net change 2019-37	2019	2037	Net change 2019-37
Market housing	710	690	-20	490	770	+290
Affordable housing	760	860	+100	380	520	+140
Total	1,480	1,550	+70	860	1,290	+430

- 6.50 This means that there are likely to be some people who are identified in both categories – Wheelchair adapted housing and specialist older person housing.
- 6.51 Earlier analysis of housing for older people identified a need for 2,070 specialist older person housing units for households aged 75 or over in Middlesbrough. Whilst not all over 75 households needing wheelchair adapted housing will live in specialist older person housing, it is likely that around a tenth of those living in specialist older housing will need wheelchair adapted homes. It is also likely that some older households will progress to using a wheelchair whilst living in specialist housing due to a deterioration in their health.

Figure 54: Relationship between households needing Wheelchair Adapted Housing and Specialist Older Person Housing Need
(Source: ORS Housing Model)



- 6.52 On this basis, it may be appropriate to adopt higher targets for specialist accommodation for older people that is also wheelchair accessible. This could reduce the proportion of general needs housing that would need to meet the M4(3) Category 3 requirements.

Student Housing

- 6.53 PPG includes specific reference to identifying the needs of students:

Strategic policy-making authorities need to plan for sufficient student accommodation whether it consists of communal halls of residence or self-contained dwellings, and whether or not it is on campus ... They will also need to engage with universities and other higher educational establishments to ensure they understand their student accommodation requirements.

Planning Practice Guidance, ID 2a-017-20190220

- 6.54 The key Higher Education Provider (HEP) in Middlesbrough is Teesside University. The University has a campus in Middlesbrough and a total of nearly 18,700 full and part time students.
- 6.55 In establishing the LHN, students were included in the trend-based analysis; therefore the needs of student households are counted as part of the overall LHN. In practice this has almost no impact on the LHN for Middlesbrough because student numbers remained relatively constant in the period 2005-2017. The household projections assume that the number of students living in communal establishments (including university halls of residence and student housing provided by private sector providers) remains constant over the Plan period 2019-37, so any delivery of dedicated student bedspaces can count towards the total supply of dwellings.

Service Families

- 6.56 Paragraph 61 of the Revised NPPF identifies that local planning authorities should plan for the needs of different groups in the community, including service families. Local planning authorities should:

Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes

National Planning Policy Framework February 2019, Paragraph 61

- 6.57 There are no military bases in Middlesbrough, so the armed forces have no impact on the housing market of the area.

People Wishing to Build their Own Homes

- 6.58 People wishing to build their own homes are required to be considered and PPG states:

How can self-build and custom housebuilding needs be assessed?

Most local planning authorities (including all Borough councils and National Park Authorities) are now required to keep a register of individuals and associations of individuals who are seeking to acquire serviced plots of land in their area in order to build their own home. The Self-build and Custom Housebuilding (Register) Regulations 2016 set out these requirements. For further details, see guidance on self-build and custom housebuilding registers.

To obtain a robust assessment of demand for this type of housing in their area, local planning authorities should assess and review the data held on registers. This assessment can be supplemented with the use of existing secondary data sources such as building plot search websites, 'Need-a-Plot' information available from the Self Build Portal and enquiries for building plots from local estate agents.

Planning Practice Guidance, ID: 67-003-20190722

- ^{6.59} Over half of the population (53%) say that they would consider building their own home²⁷ (either directly or using the services of architects and contractors); but it's likely that this figure conflates aspiration with effective market demand. Self-build currently represents only around 10% of housing completions in the UK, compared with rates of around 40% in France and 70 to 80% elsewhere in Europe.
- ^{6.60} The attractiveness of self-build is primarily reduced costs; however, the Joseph Rowntree Foundation report "The current state of the self-build housing market" (2001) showed how the sector in the UK had moved away from those unable to afford mainstream housing towards those who want an individual property or a particular location.
- ^{6.61} "Laying the Foundations – a Housing Strategy for England" (HM Government, 2011)²⁸ redefined self-build as 'Custom Build' and aimed to double the size of this market, creating up to 100,000 additional homes over the decade. "Build-it-yourself? Understanding the changing landscape of the UK self-build market" (University of York, 2013) subsequently set out the main challenges to self-build projects and made a number of recommendations for establishing self-build as a significant contributor to housing supply. The previous Government also established a network of 11 Right to Build 'Vanguards' to test how the 'Right to Build' could work in practice in a range of different circumstances.
- ^{6.62} In the Budget 2014, the Government announced an intention to consult on creating a new 'Right to Build', giving 'Custom Builders' a right to a plot from councils. The Self-Build and Custom Housebuilding Act²⁹ 2015 places a duty on local planning authorities to:
- » Keep a register (and publicise this) of eligible prospective 'custom' and self-build individuals, community groups and developers;
 - » Plan to bring forward sufficient serviced plots of land, probably with some form of planning permission, to meet the need on the register and offer these plots to those on the register at market value; and
 - » Allow developers working with a housing association to include self-build and custom-build as contributing to their affordable housing contribution.

²⁷ Building Societies Association Survey of 2,051 UK consumers 2011

²⁸ <https://www.gov.uk/government/publications/laying-the-foundations-a-housing-strategy-for-england--2>

²⁹ <http://services.parliament.uk/bills/2014-15/selfbuildandcustomhousebuilding.html>

- 6.63 The 2015 Act was amended by the Housing and Planning Act 2016³⁰ which placed a duty on local planning authorities to provide serviced sites which have planning permission that allows for self or custom build:

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

Housing and Planning Act 2016 Section 2(a)(2)

- 6.64 Limited Government funding³¹ is currently available via the HCA Custom Build Homes Fund programme (short-term project finance to help unlock group custom build or self-build schemes). The Government announced further measures in 2014 (Custom Build Serviced Plots Loan Fund) to encourage people to build their own homes, and to help make available 10,000 'shovel ready' sites with planning permission. Given this context, it is important to recognise that self-build could either be market housing or low-cost home ownership affordable housing products. Nevertheless, it is likely that the majority will be market homes.
- 6.65 The Council launched its Self & Custom Build Register in April 2016 and there is currently only 1 active registration.

Essential Local Workers

- 6.66 Annex 2 of the Revised NPPF also includes the needs of essential local workers:

Essential local workers: Public sector employees who provide frontline services in areas including health, education and community safety and can include NHS staff, teachers, police, firefighters and military personnel, social care and childcare workers.

NPPF – Annex 2

- 6.67 It is notable that the definition provided by the revised NPPF is similar to the definition of Key Workers which was utilised prior to the adoption of the original 2012 NPPF. Under this definition, being classified as an essential worker in need correlates directly with being unable to afford home ownership
- 6.68 Therefore, these households will already be counted in the affordable housing need because they cannot afford market rents, or because they wish to own their own property but cannot afford to do so. Because of this, the needs from this group will not add to the total need for affordable housing, but they are likely to require separate consideration on the housing register and it may be appropriate to consider whether or not some affordable properties should be set aside solely for essential local workers.

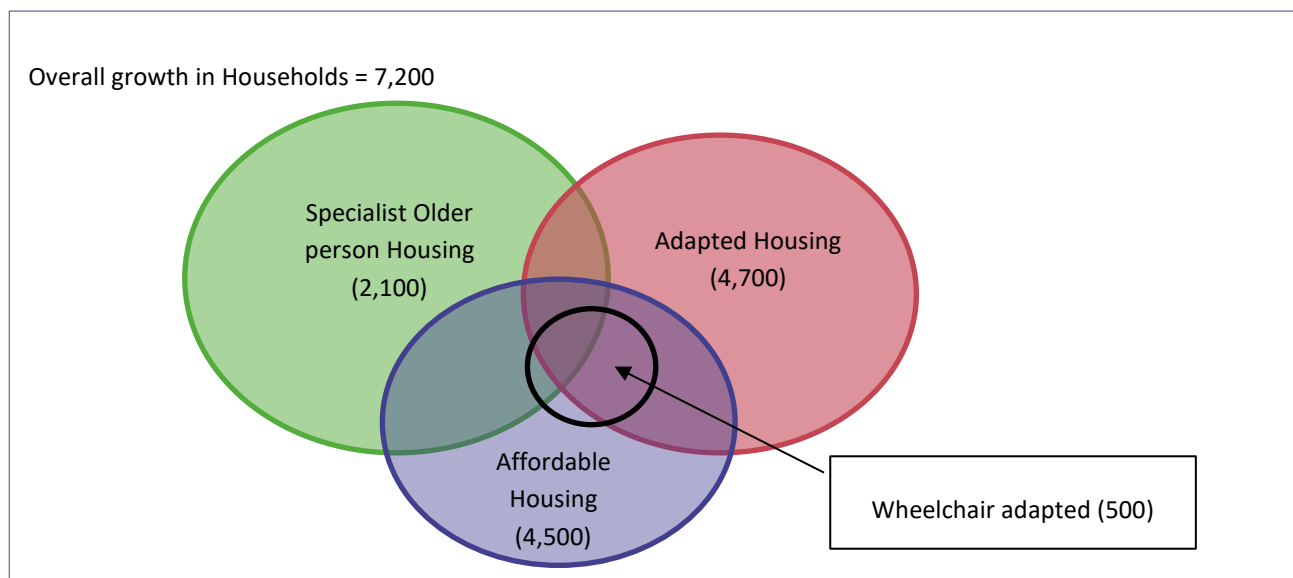
³⁰ <http://services.parliament.uk/bills/2015-16/housingandplanning.html>

³¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/364100/custom_build_homes_fund_prospectus_120712.pdf

Summary of Housing Needs

- 6.69 The 7,200 dwellings (400 per annum) local housing need is sufficient to cover all the projected household growth and needs of special groups discussed in earlier chapters using the ORS housing model and takes account of balancing jobs and workers with the conclusion that there is no uplift for jobs and workers. This consists of 11,300 additional households which should include an overlapping combination of 2,100 specialist older persons households, 4,700 adapted homes and 4,500 affordable homes.
- 6.70 As has been highlighted these specialist groups overlap with much of the adapted housing need falling amongst the over 75s and thus part of the older person housing need. Wheelchair adapted housing is a subset of the overall adapted housing figure and also has high levels of overlap with specialist older person housing.
- 6.71 Affordable housing is required within all sectors.

Figure 55: Venn Diagram of Housing Need



Appendix A

Glossary of Terms

Definitions

Affordability is a measure of whether housing may be afforded by certain groups of households.

Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. For the purpose of this report we have used the definition in the National Planning Policy Framework 2012

Category 2 and 3 are classifications of wheelchair accessible housing. They refer to building regulations Approved Document M (2015) which introduced three categories of accessible dwellings. Category 1 (visitable dwellings) relates to accessibility of all properties and, being mandatory, is not assessed in the SHMA. Category 2 (accessible and adaptable dwellings) is optional and similar to Lifetime Homes. Category 3 (wheelchair user dwellings) is optional and equivalent to wheelchair accessible standard.

Census Output Area is the smallest area for which UK Census of Population statistics are produced. Each Census Output Area had a population of around 250 people with around 100 dwellings at the time of the 2001 Census.

Concealed families are defined as; "family units or single adults living within other households, who may be regarded as potential separate households which may wish to form given appropriate opportunity"³².

A Dwelling as a single self-contained household space (an unshared dwelling) or two or more household spaces at the same address that are not self-contained, but combine to form a shared dwelling that is self-contained. In most cases, a single household space will be an unshared dwelling.

Equity is the difference between the selling price of a house and the value of the outstanding mortgage.

Headship rates are defined by CLG as: "the proportion of people in each age group and household type who are the 'head' of a household"³³

A household is one person living alone, or two or more people living together at the same address who share at least one meal a day together or who share a living room.

Household formation refers to the process whereby individuals in the population form separate households. 'Gross' or 'new' household formation refers to households that form over a period of time, conventionally one year. This is equal to the number of households existing at the end of the year that did not exist as separate households at the beginning of the year (not counting 'successor' households, when the former head of household dies or departs). 'Net' household formation is the net growth in households resulting from new households forming less the number of existing households dissolving (e.g. through death or joining up with other households).

A Housing Association or Registered Provider is an independent not-for-profit body that primarily provides low-cost "social or affordable housing" for people in housing need.

Housing demand is the quantity of housing that households are willing and able to buy or rent.

³² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6338/1776873.pdf

³³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/182417/MethodologyFinalDraft.pdf

Household income includes all salaries, benefits and pensions, before deductions such as tax and National Insurance.

Household Representative (HRP) is a person chosen for statistical reasons by virtue of economic activity, age and/or sex as the representative of a household

House in Multiple Occupation are currently defined by the Housing Act 2004 as:

- » an entire house or flat which is let to three or more tenants who form two or more households and who share a kitchen, bathroom or toilet;
- » a house which has been converted entirely into bedsits or other non-self-contained accommodation and which is let to three or more tenants who form two or more households and who share kitchen, bathroom or toilet facilities;
- » a converted house which contains one or more flats which are not wholly self-contained (i.e. the flat does not contain within it a kitchen, bathroom and toilet) and which is occupied by three or more tenants who form two or more households; and
- » a building which is converted entirely into self-contained flats if the conversion did not meet the standards of the 1991 Building Regulations and more than one-third of the flats are let on short-term tenancies.

Housing market areas are geographical areas in which a substantial majority of the employed population both live and work and where those moving to a new house without changing employment choose to stay.

Housing need is the quantity of housing required for households who are unable to access suitable housing without financial assistance.

Housing requirements encompasses both housing demand and housing need and is therefore the quantity of housing necessary for all households to have access to suitable housing, irrespective of their ability to pay.

Housing type refers to the type of dwelling, for example, flat, house, specialist accommodation.

Intermediate affordable housing is housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria for affordable housing set out above. These include shared equity products (e.g. HomeBuy), other low cost home ownership products and intermediate rent.

Lending multiplier is the number of times a household's gross annual income a mortgage lender will normally be willing to lend. The most common multipliers quoted are 3.5 times income for a one-income household and 2.9 times total income for dual income households.

Low cost home ownership or **Shared ownership** is intermediate affordable housing designed to help people who wish to buy their own home but cannot afford to buy outright (with a mortgage). Through this type of scheme, you buy a share in the property with a Housing Association or other organisation.

Lower quartile means the value below which one quarter of the cases falls. In relation to house prices, it means the price of the house that is one-quarter of the way up the ranking from the cheapest to the most expensive.

Lower Super Output Area is a group of around 5-6 Census Output Areas and is the smallest geography for many Government statistics. Each Lower Super Output Area had a population of around 1,250 people with around 500 dwellings at the time of the 2001 Census.

Market housing is private housing for rent or for sale, where the price is set in the open market.

Market signals are indicators that supply and demand are not in balance for a local housing market. Possible market signals are listed in PPG and the following are the most pertinent; house prices, private sector rents, affordability, rate of development and overcrowding.

Migration is the movement of people between geographical areas. In this context it could be either local authority Boroughs, or wider housing market areas. The rate of migration is usually measured as an annual number of individuals, living in the defined area at a point in time, who were not resident there one year earlier. Gross migration refers to the number of individuals moving into or out of the authority. Net migration is the difference between gross in-migration and gross out-migration.

A projection of housing needs or requirements is a calculation of numbers expected in some future year or years based on the extrapolation of existing conditions and assumptions. For example, household projections calculate the number and composition of households expected at some future date(s) given the projected number of residents, broken down by age, sex and marital status, and an extrapolation of recent trends in the propensity of different groups to form separate households.

Registered Social Landlord/Registered Provider see Housing Association.

Secondary data is existing information that someone else has collected. Data from administrative systems and some research projects are made available for others to summarise and analyse for their own purposes (e.g. Census, national surveys).

Shared ownership see Low Cost Home Ownership.

Social rented housing is provided by social landlords and rented for less than would be paid if renting privately.

Specialised housing refers to specially designed housing (such as mobility or wheelchair accommodation, hostels or group homes) or housing specifically designated for particular groups (such as retirement housing).

Acronyms and Initials

AHC	Affordable Housing Commission
AHO	Affordable Homeownership
BRMA	Broad Rental Market Area
CLG	Department for Communities and Local Government (now MHCLG)
CPI	Consumer Prices Index
DFG	Disable Facilities Grant
DWP	Department of Work and Pensions
EHS	English Housing Survey
HB	Housing Benefit
HMA	Housing Market Area
HPSSA	House Price Statistics for Small Areas
LA	Local Authority
LHA	Local Housing Allowance
LHN	Local Housing Need
LHNA	Local Housing Needs Assessment
LLTI	Limiting Long-Term Illness
LPA	Local Planning Authority
LQ	Lower Quartile
LRR	Local Reference Rent
LSE	Leashold Schemes for the Elderly
MHCLG	Ministry for Housing, Communities and Local Government
MSOA	Middle-layer Super Output Area
NPPF	National Planning Policy Framework
OAN	Objectively Assessed [Housing] Need
OBR	Office for Budget Responsibility
ONS	Office for National Statistics
ORS	Opinion Research Services
PPG	Planning Practice Guidance
PPTS	Planning Policy for Traveller Sites
PRS	Private Rental Sector
RSL	Registered Social Landlord
SHMA	Strategic Housing Market Assessment
VOA	Valuation Office Agency

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