

Appendix H



Wokingham Borough Council:

Local Housing Needs Assessment 2022

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Executive Summary

Summary of Key Findings and Conclusions

Introduction

1. Opinion Research Services (ORS) was commissioned by Wokingham Borough Council to prepare a Local Housing Needs Assessment (LHNA) for the period 2018-2040 to identify the size, type and tenure of homes that will be needed in the future, and the housing needs of different groups, including affordable housing.

Government Policy

2. The Government published the original National Planning Policy Framework (the Original NPPF) in 2012. A revised version of the National Planning Policy Framework (the Revised NPPF) was published in July 2018 and was updated in February 2019 to incorporate a number of detailed changes. The Revised NPPF introduced a new definition for affordable housing. Whilst the Original NPPF identified 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”*. On this basis, the needs of households able to afford market rent who aspire to but are unable to afford homeownership must now be counted.
3. The 2019 NPPF requires local planning authorities to inform strategic policy making with a local housing needs assessment. The Local Housing Needs Assessment (LHNA) must be prepared within the context of minimum number of homes required under the standard method for calculating local housing need (LHN) set out in Planning Practice Guidance (PPG). As of 2022, this gives a figure of 781 dwellings per annum for Wokingham Borough. In addition, the LHNA explores the size, type and tenure of housing needed for a range of different groups in the community.

Establishing Current Unmet Need for Affordable Housing

4. To assess the current need for affordable housing, we initially calculated the number of households in Wokingham Borough who are not suitably housed and who are unable to afford market housing. These include; all households that are currently homeless, those who are housed in temporary accommodation, concealed families living as part of another household, households overcrowded in social or private rent, and people otherwise not counted who are in a reasonable preference category on the housing register.
5. Based on a detailed analysis of the past trends and current estimates of households considered to be in housing need, our analysis has concluded that an estimated 674 households in Wokingham Borough are currently living in unsuitable housing and are unable to afford their own housing. Of these households, 296 currently occupy affordable housing that does not meet the households' current needs, mainly due to the number of bedrooms. Providing suitable housing for these households will enable them to vacate their existing affordable housing, which can subsequently be allocated to another household in need of affordable housing. There is, therefore, a net need from 378 households in Wokingham Borough (674 less 296 = 378) that currently need affordable housing and do not currently occupy affordable housing.

Future Need for Affordable Housing

6. In addition to those who cannot currently afford market housing, it is also necessary to consider those households who will arise in the future; and households that can afford market rents but aspire to home ownership. The following table (Figure 1) summarises the overall impact for those who cannot afford market rents of:
- » new households adding to housing need,
 - » the households no longer present (having left Wokingham Borough or through death), reducing housing need and
 - » the changes in circumstances impacting existing households.

Figure 1: Summary annual components of Household Growth in Wokingham Borough 2021-40 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Wokingham	All households	Households able to afford housing costs	Households unable to afford housing costs
All new households	4,967	4,356	611
All households no longer present	4,524	3,984	539
Change in existing households	-	+11	-11
Future affordable housing need 2021-40 (Annual average)	+443	+383	+61

7. Overall reviewing the contribution of each element amounts to an additional 61 households needing affordable housing in Wokingham Borough annually over the 19-year period 2021-40.

Needs of Households Aspiring to Homeownership

8. 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 (EHS) suggest that the proportion of owner occupiers reduced from around 69% in 2006 to 65% in 2011 and to 63% by 2016.
9. Based on an analysis of EHS and local level household data, we can estimate that there is a total of around 3,012 households currently residing in Wokingham Borough who cannot afford to own their own home but would aspire to do so. In addition to the current need, it is also important to consider new households that are projected to form over the period 2021-2040. Through combining this data with the aspiration data from the EHS, we can conclude that it is likely that there would be a further 2,146 households in Wokingham Borough that form over the 19-year period who will be able to afford to pay market rent but unable to afford to own, despite that being their aspiration.
10. Figure 2 brings together the information on assessing the unmet need for affordable housing in 2021 together with the future need for affordable housing and those aspiring to home ownership arising over the 19-year period 2021-2040. It can be noted that this assessment has no regard for whether those aspiring can access affordable home ownership options.

Figure 2: Assessing total need for affordable housing 2021-2040 – Wokingham Borough (Source: ORS Housing Model)

Wokingham	Affordable Housing Need Households unable to afford	Affordable Housing Need Households aspiring to home ownership	Overall Affordable Housing Need
Current housing need in 2021	378	3,012	3,390
Future housing need 2021-40	1,151	2,146	3,298
TOTAL HOUSING NEED	1,529	5,159	6,689

11. Neither the NPPF or Planning Practice Guidance (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 afford affordable homeownership products.
12. Given this context, we assessed affordability for households that both have sufficient income and savings to purchase an open market property but nonetheless choose to rent, those households with income that would be insufficient to afford 50% of newbuild prices at the lower quartile for the local area, and those households with savings of less than £5,000. After all these households have been discounted from the 5,159 initially identified as aspiring to home ownership there were only 352 households in Wokingham Borough who:
 - » Aspire to homeownership but cannot afford to purchase on the open market;
 - » Have incomes sufficient to afford a property at 50% of market value;
 - » Have at least £5,000 in savings.
13. Figure 3 provides a breakdown of the total affordable housing on this basis.

Figure 3: Overall need for Affordable Housing 2021-40 in Wokingham Borough, including aspiring households able to access affordable home ownership, by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Wokingham	Affordable Housing Need Households unable to afford	Affordable Housing Need Households aspiring to home ownership	Affordable Housing (Households)
1 bedroom	228	87	316
2 bedrooms	555	164	719
3 bedrooms	545	73	619
4+ bedrooms	200	28	228
TOTAL HOUSING NEED	1,529	352	1,881

14. The LHNA identifies an overall affordable housing need from 1,881 households over the 19-year period 2021-2040 (99 per annum). This includes the needs from all households unable to afford to rent or own market housing and also provides 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 access a 50% First Homes property.
15. The important point to note about the above analysis is that all 5,159 households are assumed to aspire to home ownership, but First Homes will only offer a route to home ownership for a very small group. Most of the remaining households are not able to access First Homes because they lack the income to cover a mortgage, or lack savings. It is a little understood quirk of the First Homes policy that a household may be able to afford private rent, but not a First Home and will therefore be allocated to market housing need.

However, if their income rises, they can then afford a First Home and will move to being an affordable housing need. Therefore, an increase in income can move a household from market to affordable housing need. If suitable alternative affordable schemes can be developed such as Rent to Buy, then these households who can afford market rents could potentially access them as affordable housing. However, they cannot access First Homes and are assumed within the model to have their needs met in market housing.

Local Housing Need

16. Using the process set out in the Planning Practice Guidance “Housing and economic needs assessment” the minimum annual Local Housing Need (LHN) figure for 2022 can be calculated to be 781 dwellings per annum for Wokingham Borough. However, the assessment period we have been asked to consider is from 2018-2040. For the first four years of the plan period, we have used the standard method LHN figure for that year which were, 864 dpa in 2018, 804 dpa in 2019, 789 dpa in 2020 and 768 dpa in 2021. For the period 2022-2040 we have used the current LHN figure of 781 dpa. This yields a total number of dwellings over the period 2018-2040 of 17,283. An additional need is potentially made up from two elements:
 - » Enabling more households to form¹ from the pent-up housing demand;
 - » Enabling more net inward migration².
17. Figure 4 below shows the result of applying the vacancy rate of 3.5% to the overall household need figures. Note that the 494 dwellings needed to reconcile population and household estimate derives from the way in which institutional population is treated within the household projection. The household projections exclude population in institutional settings and assume that the same ratio of over 75 year olds will be in institutional housing in the future as is currently the case. Therefore, not all people are assumed to be in households. However, the standard method LHN encompasses the entire population of the borough, so it is necessary to reconcile the total population and the number of dwellings to be provided.

Figure 4: Overall need for Market and Affordable Dwellings (including affordable home ownership products) by property size in Wokingham Borough 2021-2040 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Unable to afford market rents	Unable to afford market ownership and Unable to afford 70% First Homes	Unable to afford market ownership but able to afford 70% First Homes	Affordable Housing	Total Market Housing	Total Housing
1 bedroom	231	6	92	329	515	843
2 bedrooms	562	100	83	745	1,399	2,142
3 bedrooms	552	82	0	634	5,041	5,675
4+ bedrooms	203	31	0	234	3,890	4,124
DWELLINGS	1,548	220	175	1,943	10,845	12,783
Additional need to reconcile population and households	-	-	-	-	494	494
LHN	1,548	220	175	1,943	11,339	13,277

¹ Based on the assumption that household formation rates for all age groups under 45 are currently constrained and allowing them to return to the equivalent rates recorded in 2001

² Once household formation rates reach the 2001 level any additional uplift is assumed to provide housing for an additional population based on increased net migration

Sensitivity Testing

18. The figures set out above assume that the number of households in receipt of housing benefit in the private rented sector remains constant over time. In 2021 the figure for households in receipt of housing benefit was 2,378 households in Wokingham Borough. Given sufficient viability then these figures can be reduced in an area. The chart below shows the impact of the assuming that all households in receipt of housing benefit have their needs meet in affordable housing. The impact is to increase the need for affordable housing from 15% to 33%.

Figure 5: Overall need for Market and Affordable Dwellings (including social and affordable renting) in Wokingham 2018-40 for LHN with Housing Benefit in PRS added to Affordable Need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Unable to afford Social rent	Unable to afford Affordable rent	First Homes	Total Affordable Housing	Total Market Housing	Total Housing
LHN	1,192	356	395	1,943	11,334	13,277
LHN Including HB in PRS as Affordable need	3,570	356	395	4,321	8,956	13,277

19. As an overall conclusion, the study identifies a need for 33% affordable housing in Wokingham Borough. However, this figure includes many provisos. The affordable housing needs figures calculated in this study would address all current and potential future affordable housing needs, including the needs of those who aspire to own and are able to access First Homes. However, they do not include nearly 4,500 households who aspire to own, but who cannot access First Homes because they lack savings or cannot get a mortgage to cover the cost of a First Home. Many of these households could potentially benefit from Shared Ownership or similar housing products, where the initial purchase cost is lower. Therefore, there is a clear case to continue providing shared ownership alongside any provision of First Homes, with a more balanced overall mix between affordable to own and affordable to rent. Should Shared Ownership or a similar housing product be provided for all these 4,500 households then the total affordable housing would constitute 66% of the total housing (see Figure 55).
20. The figures set out show a very large potential need for affordable housing to rent, with the vast majority of this required for households who will require support with their housing costs in the form of housing benefit. Social Rent has lower weekly rents than Affordable Rent, but for most households the cost of either will be supported by housing benefit and the delivery of Social Rent compared to Affordable Rent has adverse impacts upon viability. While on a single site it should be the case that only Social Rent or Affordable Rent are provided, across the entire housing mix both could have a role to play because their funding streams do tend to be different.
21. More generally, First Homes are shown to make up a relatively low proportion of need in Wokingham. Government policy suggests that 25% of all affordable delivery should be First Homes. If this is implemented, there is still room for additional support for home ownership coming from Shared Ownership and rent to buy schemes.

The Needs of Different Groups

22. Paragraph 62 of the NPPF requires that councils consider the needs of an eclectic mix of groups.

Housing for Older People

23. Older persons housing need is based on the Wokingham Borough Council Adult Social Care Market Position Statement 2022- 2023, which indicates that there is zero need as at 2021. Modelling of demography and maintaining the current number of units per thousand population forecasts that between 2021 to 2040 a total of 923 units of sheltered and extra care housing will be required; 311 sheltered units for sale and 348 for rent, along with 66 extra care units for sale and 198 for rent.
24. Wokingham Borough Council pursue a policy of care at home (domiciliary care) to enable older people to remain in their own homes. Increasing domiciliary care could lower the need for sheltered and extra care.

Wheelchair adapted and accessible housing

25. At least 18% of the new dwellings target should be accessible or adaptable; M4(2), and a minimum 5% should be wheelchair adapted³; M4(3). The Government now intend for all new build dwellings to meet M4(2) standard unless there is a strong justification for this not to be the case. More of each may be required to ensure there is a buffer for open market buyers who purchase an accessible adapted dwelling without requiring it. There is also a general benefit in developing more of both to promote choice and support disabled people to live where they are close to family, friends and services.

Mental Health and Learning Disabilities

26. There are currently between 155 and 180 households with mental health problems and around 520 people with a learning disability at risk of falling into housing need in Wokingham Borough and who may require supported accommodation or accommodation with support.

Student Housing

27. Based on data from the University of Reading, Wokingham Borough has a current need for 250 Purpose Built Student Accommodation (PBSA) bed spaces for first year students and 1,000 other student accommodation bed spaces, such as shared houses in the Private Rented Sector, plus up to 750 PBSA bed spaces for first year students and 2,466 other student accommodation bed places by 2028.

Self Build and Custom Build

At October 2021, Wokingham Borough Council had 44 registrations on the self build register requiring plots. Wokingham Borough Council has a record of providing plots following registration. Draft Policy H8 of the emerging Local Plan Update proposes to introduce a new approach including a summary development code and an emerging policy that supports self and custom housebuilding. It should also be noted that few opportunities for self-build and custom build housebuilding have been promoted in response to Call for Site exercises or separately. Those options that have been promoted are not considered to be in suitable locations for housing development.

³ These are Planning Regulations M4(2) - accessible or adaptable, and M4(3) - wheelchair adapted dwellings

1. Introducing the Study

Background to the project and wider policy context

Introduction

- ^{1.1} Opinion Research Services (ORS) was commissioned by Wokingham Borough Council to prepare a Local Housing Needs Assessment (LHNA) for the period 2018-2040 to identify the size, type and tenure of homes that will be needed in the future, and the housing needs of different groups, including affordable housing. This is within the context of minimum number of homes required under the standard method for calculating local housing need (LHN) set out in Planning Practice Guidance (PPG). This LHNA adheres to the requirements of the National Planning Policy Framework (NPPF) published in July 2018 (last updated in July 2021) and the associated Planning Practice Guidance (PPG), in particular the section on housing and economic needs assessment (last updated December 2020).

Government Policy

- ^{1.2} The Government published the National Planning Policy Framework (the Original NPPF) in 2012. This sets out the planning policies for England and how these were expected to be applied. Revised versions of the NPPF were published in 2018, 2019 and 2021.
- ^{1.3} 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”.
- ^{1.4} While it maintains the underlying theme of sustainable development, several significant changes have been introduced in relation to identifying and meeting housing needs. Local planning authorities are still responsible for assessing their local housing needs; however, Paragraph 61 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”. The standard method sets out a formulaic approach to determine the minimum 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.
- ^{1.5} 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 NPPF, Paragraph 61 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, as stated in the PPG on Housing and economic land availability assessment:

Who can plan makers work with?

The assessment needs to be undertaken and regularly reviewed working with other local planning authorities in the relevant housing market area or functional economic market area, in line with the duty to cooperate and need to maintain statements of common ground.

PPG Reference ID: 3-007-20190722

- ^{1.6} In 2019, amendments to the NPPF introduced an important change in the 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 NPPF amendment added that this includes *“housing that provides a subsidised route to home ownership and/or is for essential local workers”*.
- ^{1.7} 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 could not 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

- ^{1.8} 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.
- ^{1.9} 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.

- 1.10 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.
- 1.11 The NPPF 2018 implicitly and 2019 explicitly confirm that local 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 planning 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

- 1.12 PPG also suggests that local planning authorities will need to calculate their LHN figure at the start of the plan-making process but that this number should be kept under review and revised where appropriate [ID: 2a-008-20190220]. This assessment is produced in line with this approach. While the housing need figure will tend to remain relatively stable under the standard method it will change

marginally over time for most local authorities. It is also the case that many local authorities consider providing a land supply which is higher than the minimum LHN to provide a buffer against possible under-supply of dwellings.

Changes to the Standard Method

^{1.13} Since the publication of the figures in September 2017 a range of new data has been released, including:

- » New affordability data released each year;
- » New 2016-based and 2018-based sub-national population projections (SNPP); and

^{1.14} New 2016-based and 2018-based household projections. The national housing need produced using these new data sets is lower than previous estimates, falling short of the Government's stated 300,000 dwelling per year target. As a consequence, the Ministry for Housing, Communities and Local Government (MHCLG) published "*Technical consultation on updates to national planning policy and guidance October 2018*".

^{1.15} The Government has made it clear that it does not doubt the accuracy of the ONS 2016-based and 2018-based projections, as stated in the consultation. Nevertheless, at paragraph 19 of the consultation document, MHCLG explicitly states 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; they do not qualify as an exceptional circumstance to warrant deviation from the standard method outputs using the CLG 2014-based projections.

^{1.16} Instead, the Government made three changes:

For the short-term, to specify that the 2014-based data will provide the demographic baseline for assessment of local housing need.

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

In the longer term, to review the formula with a view to establishing a new method by the time the next projections are issued.

^{1.17} The Government considers that its proposed approach is the most appropriate in the short-term.

^{1.18} On this basis, it would appear that any deviation from the standard methodology should only be considered if exceptional local 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.

^{1.19} 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 establishing 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.

- 1.20 In August 2020 the Government consulted on a new standard method, but decided to leave the existing method in place, except for a modification to increase the number in the 20 largest cities by 35%.
- 1.21 It seems likely that the concerns about not using the latest evidence will ultimately be tested in the courts. The concept of being able to deviate from the standard method has already been tested in the courts in the context of planning appeals and this is allowed if there is sufficient evidence to justify the deviation, most notably in Central Bedfordshire.⁴ However, the concept of replacing the 2014 based projections with the 2018 based projections has not been tested.
- 1.22 Whilst there are some uncertainties about the new method for calculating household formation that ONS has introduced for the 2016-based in the 2018-based household projections, the 2016-based and 2018-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.
- 1.23 This report therefore follows the standard method, using 2014-based household projections as the minimum LHN from 2022 onwards, while using the figures for each individual year from 2018-2022, before exploring the size, type and tenure of housing needed for the community. A Government consultation ending in March 2023 proposed retaining the standard method, but to adjust future housing need to account for past over delivery⁵.

Assessing Housing Needs

- 1.24 The NPPF (2021) requires local planning authorities:

61. 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.

⁴ [Francis Taylor Building \(ftbchambers.co.uk\)](https://www.ftbchambers.co.uk), [Francis Taylor Building \(ftbchambers.co.uk\)](https://www.ftbchambers.co.uk)

⁵ [Levelling-up and Regeneration Bill: reforms to national planning policy - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

62. 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.

63. 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, July 2021

- 1.25 The NPPF (2021) does not contain any explicit reference to SHMAs. However, a Housing Needs Assessment must now be prepared which will establish a minimum LHN figure at a local authority level using the standard method set out in PPG [ID 2a-004-20190220]. In addition, the Local Housing Needs Assessment 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.

Summary of the ORS Approach to Modelling Housing Need

- 1.26 As noted above, the government have stipulated that all local planning authorities should follow the standard method for assessing LHN, unless exceptional circumstances require an alternative figure to be calculated. This represents the total number of dwellings required in the area.
- 1.27 For Wokingham Borough, the last Local Plan consultation was based at 2018 and is now likely to look towards 2040. For the first four years of this period we have used the standard method LHN figure for that year which were, 864 dpa in 2018, 804 dpa in 2019, 789 dpa in 2020 and 768 dpa in 2021. For the period 2022-2040 we have used the LHN figure at 1 April 2022 of 781 dpa. This yields a total number of dwellings over the period 2018-2040 of 17,283. The figure of 781dpa is appropriate at present, and in line with other recent figures, but it could change over the plan period due to changing circumstances.
- 1.28 However, dwelling completions for Wokingham Borough in 2018-2021 have already been confirmed and amount to 4,006 dwellings in total⁶. Therefore for the period 2021-2040 a total of 13,277 dwellings remain to be delivered. It is this residual delivery which we focus upon in this study, and the delivery of 4,006 dwellings in the period 2018-2021 can be added to this figure to provide the need over the whole period.
- 1.29 We would also note that the standard method is underwritten by the 2014 based household projections and a significant amount of more recent demographic information is now available. While the final outputs of this study are based upon the standard method based LHN, we achieve these outputs through a series of stages.
- 1.30 In Chapter 2, we consider the demographic profile of the population and households. The demographic projections for this LHNA are based on the latest official projections and cover the 19-

⁶ Authority Monitoring Report 1 April 2020 - 31 March 2021

year period 2021-2040. They are informed by the latest ONS mid-year estimates,⁷ and take account of the most up-to-date fertility and mortality rates and the latest migration trends. In particular, we focus upon the 2018 based 10-year migration trends variant population and household projections. We consider that these projections best reflect long-term migration trends and household formations in Wokingham Borough. The data within these projections is then adjusted in light of the mid-year population estimates 2019 and 2020. The reason for choosing this set of projections is that they represent the best and most up to date information available for population and household growth trends currently published.

- 1.31 The estimates for affordable housing need in Chapter 5 are therefore based upon adjusted 2018 based population and household projections. The figures contained within this chapter therefore reflect the need for affordable housing based upon much more recent trends than the data underwriting the LHN.
- 1.32 However, delivering the number of dwellings required by the standard method will require a different population and household growth than the trend-based population and household growth. This issue is reconciled in Chapter 6. To move from the household growth in Chapter 5 to the total need for dwellings in Chapter 6 requires a series of additional elements. These include:
- » The need to include the impact of vacant and second homes to uplift the household projection to become the need for dwellings;
 - » The need to include an allowance to reconcile persons not included in the household projections who are included within the overall LHN such as those who the household projections assign to institutional populations;
 - » The standard method seeks to address housing market pressures, so the ORS model adjusts household formation rates for younger households on the basis that the Government's objective of providing more homes will enable more households to form. The analysis assumes that household formation rates for all age groups under 45 will progressively increase towards the equivalent rate that was recorded in 2001; and
 - » Where household formation rates for all age groups under 45 have returned to the levels recorded in 2001, the rate of net inward migration is increased to align the overall household growth with the number of dwellings identified by the LHN target.
- 1.33 When all relevant factors have been added, the outputs produced in Chapters 4 and 5 are consistent with the LHN in Chapter 6. Therefore, the figures produced in Chapter 6 are the overall conclusions for housing need based upon the standard method LHN over the period 2021-2040. The outputs are net changes in housing need.

UK Census of Population 2021

- 1.34 We would note the initial results from the Census of Population 2021 were released in June 2022 and these show a population of 177,503 for Wokingham Borough compared to a Mid-Year Population Estimate for 2020 of 173,945. Given that the data was collected 9 months apart during the height of the Covid pandemic, this is not a large discrepancy.

⁷ The ONS reissued the official estimates for mid-2012 to mid-2016 in March 2018 following methodological improvements.

- ^{1.35} There does seem to be some under-counting of students at term-time addresses in the 2021 Census, so this explains some of the variation. While there is a population undercount from the University of Reading on the border of Wokingham Borough, it is likely that there is a larger overcount from students who would otherwise have been at their university term-time address living at their family homes.
- ^{1.36} This current report was largely prepared before the release of the detailed Census 2021 data in the winter of 2022. However, the consistency of the Mid-Year Population Estimate for 2020 and the Census 2021 data gives confidence that the underlying data in the study remains robust. Therefore, the findings in this report have not considered the outputs of the Census 2021 in detail.

2. Demographic Projections

The starting point for establishing Local Housing Need

Official Projections

- 2.1 Planning Practice Guidance (PPG) identifies that 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.

Planning Practice Guidance, ID 2a-005-20190220

- 2.2 Given this context, Figure 6 sets out the 2014-based household projections for Wokingham Borough over the period 2022-2032, which is the period covered by the Standard Method and therefore allows for sensitivity testing. However, household projections can vary considerably at a local level which introduces a risk to the LHN figure. Therefore, Figure 6 also sets out the previous household projections that CLG produced for the area together with the 2016-based and 2018 based ONS household projections, including the associated outputs from the sensitivity analysis undertaken.

Figure 6: Household projections 2022-2032 for Wokingham Borough (Source: CLG, ONS; Note: All figures presented unrounded for transparency)

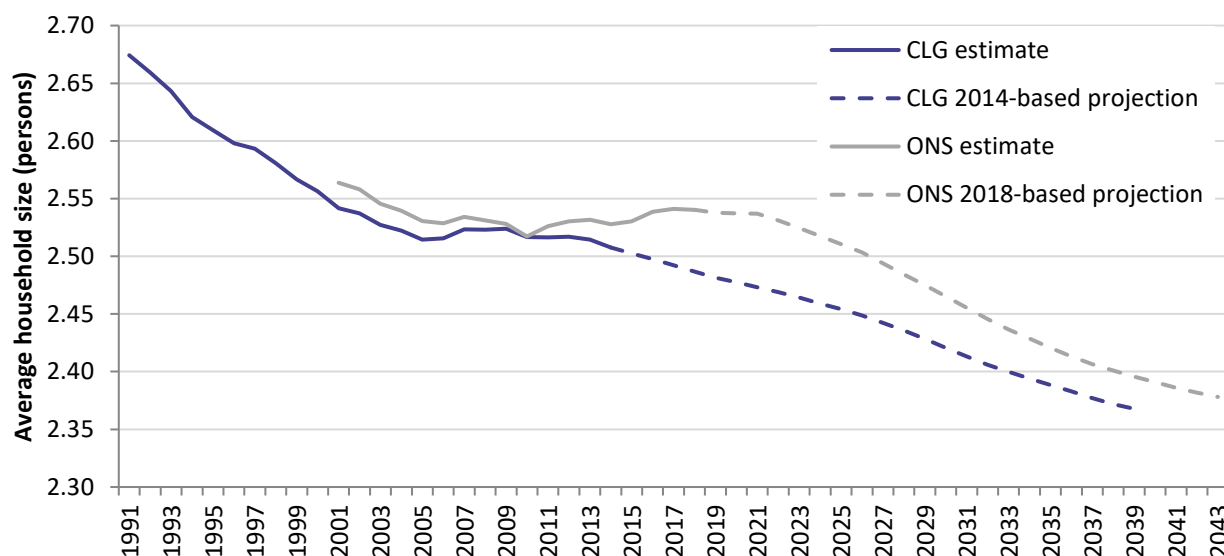
		Migration Trend	10-year Change in Households 2022-32
CLG Household Projections	2014-based projection: 2014-based population and CLG 2014-based HH formation	2009-14	+5,240
ONS 2016-based Projections	Principal projection: 2016-based population and ONS 2016-based HH formation	2011-16	+4,626
ONS 2016-based Projections	Sensitivity analysis 1: 2014-based population and ONS 2016-based HH formation	2009-14	+5,355
ONS 2016-based Projections	Sensitivity analysis 2: 2016-based population and CLG 2014-based HH formation	2011-16	+4,435
ONS 2018-based Projections	Principal projection: 2018-based population and ONS 2018-based HH formation	2016-16	+6,201
ONS 2018-based Projections	Sensitivity analysis 1: 2018-based population with 5 year migration trends	2013-18	+5,137
ONS 2018-based Projections	Sensitivity analysis 2: 2018-based population with 10 year migration trends	2008-18	+5,033

- ^{2.3} For Wokingham Borough, the CLG 2014-based household projections identify a growth of 5,240 households over the 10-year period 2022-2032; notably higher than the ONS 2016-based projections which identified the growth of 4,626 households and lower than the ONS 2018 based principle projections which identified a growth of 6,201 households. However, if we use sensitivity analysis 2 (using 2016-based population, but 2014-based HH), this shows that the 2016 based population figures yield 4,435 households (based on 2014 formation rates), 805 fewer households. Sensitivity analysis 1 however (using 2014-based population, but 2016-based HH), shows 115 more households, which demonstrates the impact of the change in household formation rates. This analysis shows that the majority of the change in Wokingham Borough's household figures between the 2014 based projections and ONS 2016 and 2018 based projections are as a result of the different migration trend period used in the projections, not the different method used to calculate household projections. This report 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.

Projected Household Size

- ^{2.4} When considering household projections, it is often helpful to review changes to the average household size. Household size is a *product* of the population and household projections, and not a variable used to create them. The data set out in Figure 7 divides the household populations in Wokingham Borough by the associated household projection.
- ^{2.5} As can be seen average household sizes steadily declined in Wokingham Borough until 2006, after which the ONS estimate shows them rising until about 2020, while the CLG estimate shows a fall up to 2015. Nevertheless, both sources project household sizes to fall in future. This can largely be ascribed to an ageing population, given that older persons tend to live in smaller households (typically single persons or couples without children living in the household). If there was a high degree of suppressed household formation in the area from natural growth within Wokingham Borough, then this would typically show up as a growing average household size which is not what is projected. Where growing average household size is evidence, this may also be an outcome of other factors such as more families moving into the areas.

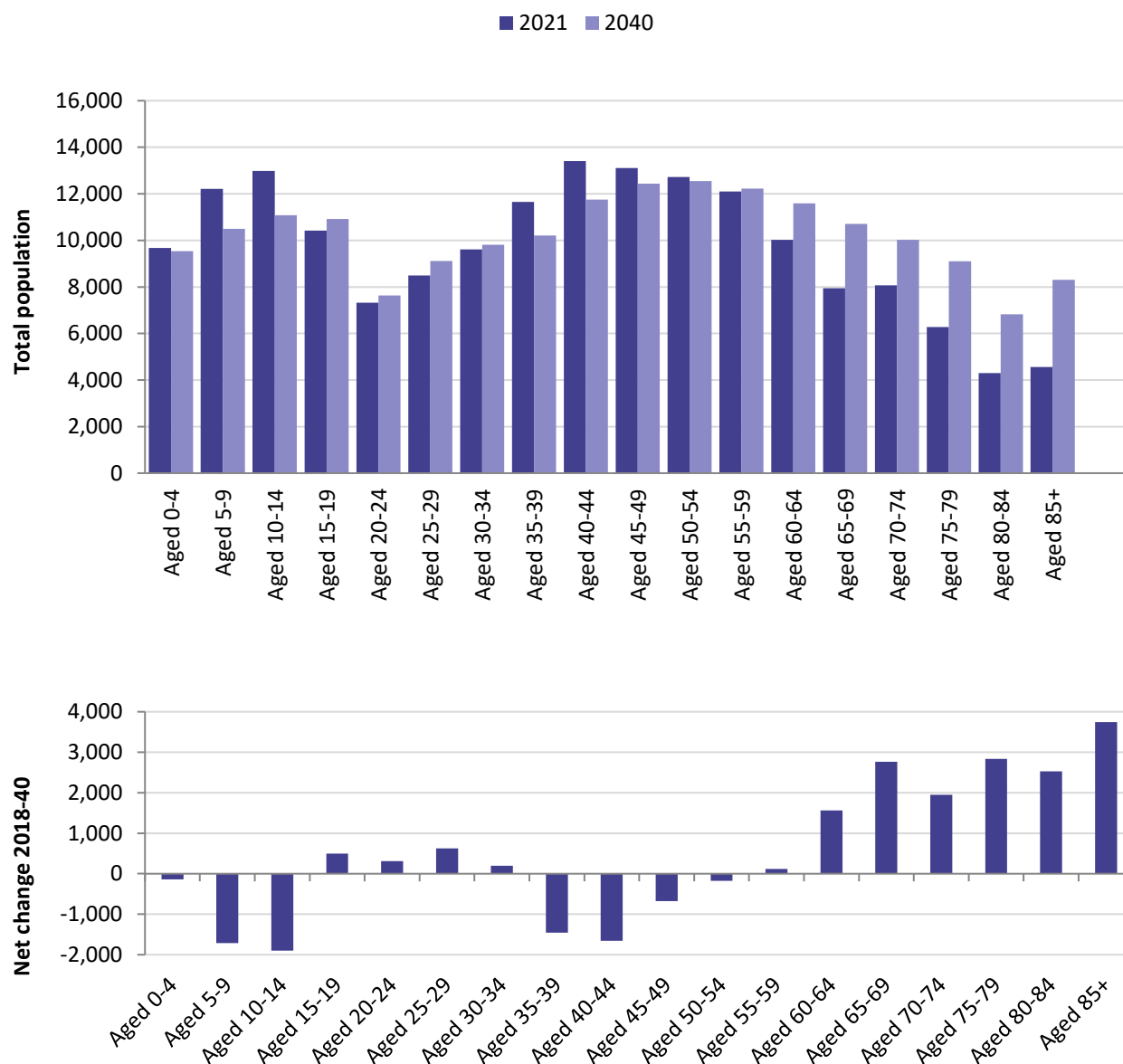
Figure 7: Average household size estimates and projections for Wokingham Borough for the period 1991-2043 (Source: CLG estimates 1991-2011; ONS)



Projected Population Age Profile

- ^{2.6} The 2018-based ONS household projections represent the most up-to-date household projections at the time of writing, however since their publication a further set of Mid-Year Estimates (MYE) of population data have been released. By applying the 2018 household formation rates to the latest MYE, a more up-to-date estimate of household numbers for 2021 can be derived. The projections presented below take account of these newly released figures by replacing the 2021 data in the household projections with these newly derived household numbers. The projection is then run based on this updated data to derive projected household change 2021-2040 in Wokingham Borough.
- ^{2.7} The below Figure 8 shows the projected change in Wokingham Borough population by 5-year age band for the 19-year period 2021-2040.
- ^{2.8} The total projected population growth for Wokingham Borough is 9,411 persons. There are two main factors to consider in this total. The growth in the older person (65+) population is 13,819. While this is higher than the total growth, it is offset by a reduction of 4,408 younger persons (under 65); 13,819 minus 4,408 = 9,411. There is an increase of 3,741 persons aged 85 or over. This is particularly important when establishing the types of housing required and the need for housing specifically for older people.
- ^{2.9} There are decreases in the size of many age groups under 65, particularly for younger persons aged 5-14 years and 35-49 years, but these have considerably less effect on the net population growth of 9,411 persons than the increase in age groups over 65s.

Figure 8: Population projections 2021-40 by 5-year age cohort for Wokingham Borough (Source: ONS 2018 based sub-national projections)



Household Projections by Age

^{2.10} Below, Figure 9 summarises the total number of households in Wokingham Borough in 2021 and 2040 in terms of the age of household representatives, together with the change in the number of households in each category over the period 2021-2040 in 5-year age bands using the 2018-based ONS household projections and 2019 MYEs. A household representative is the eldest economically active person in the household.

Figure 9: Total projected households in Wokingham Borough for 2021 and 2040 and summary of 19-year change by age of household representative (Note: Figures may not sum due to rounding. Source: ORS Model)

Age of Household Representative	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	TOTAL
2021	900	6,000	12,900	15,200	12,900	9,100	7,300	3,200	67,500
2040	900	6,300	11,500	14,700	13,800	11,800	11,100	5,900	75,900
TOTAL CHANGE 2021-2040	+0	+300	-1,400	-500	+800	+2,700	+3,800	+2,600	+8,400

2.11 Considering this growth in terms of the age of household representatives, it is evident that the increase in older people is also reflected in terms of household types. As with the population, the growth in households has two contributory factors; the large growth in the older person households (65+) and a reduction in younger age groups (under 65). The total increase in households is around 8,400, consisting of an increase of 9,100 older person households and a decrease of 800 in younger households; 9,100 minus 800 = 8,300 (these figures do not sum exactly because they are rounded). Many of these older households will already be established and living in existing homes; they will simply get older during the 19-year period. It is therefore also important to consider household growth in relation to age cohorts.

2.12 Below, Figure 10 shows the projected number of households in each cohort, showing their age in both 2021 and 2040. The households in this table are aged to model the real world situation. There are no households aged 15 or under in 2021, but a 6 year old in 2021 will be 25 in 2040 and a 15 year old will be 34. A projected number of people in these age groups will have formed households by 2040. At the other end of life, mortality and other data indicates that many households aged 66+ in 2021 will have dissolved by 2040, mostly because of death.

Figure 10: Total projected households in Wokingham Borough for 2021 and 2040 and summary of 19-year change by age cohort of household representative (Note: Figures may not sum due to rounding. Source: ORS Model)

Age in 2021	<6	6-15	16-25	26-35	36-45	46-55	56-65	66+	
Age in 2040	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	TOTAL
2021	-	-	1,500	6,700	13,100	15,000	12,600	18,700	67,500
2040	900	6,300	11,500	14,700	13,800	11,800	11,100	5,900	75,900
TOTAL CHANGE 2021-2040	+900	+6,300	+10,000	+8,000	+600	-3,200	-1,400	-12,800	+8,400

2.13 The data shows a total of 6,700 households aged 26-35 in 2021. The same households would be aged 45-54 by 2040. The trend-based projection identified that total number of households aged 45-54 in 2040 would total 14,700; therefore, an extra 8,000 households: partly due to new household formations and partly due to net migration.

2.14 Based on the cohort analysis, it is apparent that around 21,200 extra households aged under 85 (in 2040) are projected to form in Wokingham Borough over the 19-year period 2021-2040, including a decrease in the 65 to 84 (in 2040) age groups. This is against a total growth of 8,400 households. The 21,200 extra households aged under 85 are offset against a reduction of 12,800 households aged 85 or over (in 2040). Most of this reduction is due to household dissolution following death (although some may be due to net migration):

- » A total of approximately 18,700 households were aged 66+ in 2021, who would be aged 85+ in 2040 if they had survived;

- » The projected number of households aged 85+ in 2040 is approximately 5,900, which represents a reduction of 12,900 households whose existing homes would be vacated.

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

Projected Household Types

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

2.17 Figure 11 shows the household numbers for Wokingham Borough for 2021 and 2040 based on the trend-based projections by household type and age; together with the net change for each group. This is based on the number in each age category rather than the number in each age cohort, as it is assumed that housing needs are more likely to be influenced by the actual age rather than the year of birth.

Figure 11: Total projected households for 2021 and 2040 and summary of 19-year change by household type and age of household representative for Wokingham Borough (Note: Figures may not sum due to rounding. Source: ORS Model)

Year	Household Type	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	TOTAL
2021	Single person	100	1,310	2,200	2,120	2,280	1,760	3,740	2,340	15,900
2021	Couple without children	100	1,940	1,680	3,900	8,640	6,900	2,620	610	26,400
2021	Families with child(ren)	330	2,280	8,900	8,770	1,290	70	70	30	21,700
2021	Other households	330	470	120	400	730	350	870	260	3,500
2021	TOTAL	900	6,000	12,900	15,200	12,900	9,100	7,300	3,200	67,500
2040	Single person	0	1,270	2,050	1,950	2,140	1,310	4,210	4,310	17,200
2040	Couple without children	0	1,930	1,220	1,840	8,830	10,030	4,860	990	29,700
2040	Families with child(ren)	480	2,540	8,190	10,790	1,890	110	190	70	24,300
2040	Other households	430	570	0	110	900	350	1,880	510	4,800
2040	TOTAL	900	6,300	11,500	14,700	13,800	11,800	11,100	5,900	75,900
Change	Single person	-100	-40	-150	-170	-140	-450	+470	+1,960	+1,400
Change	Couple without children	-100	-10	-450	-2,060	+190	+3,130	+2,240	+380	+3,300
Change	Families with child(ren)	+150	+260	-710	+2,020	+600	+40	+110	+40	+2,500
Change	Other households	+100	+100	-120	-290	+170	+0	+1,000	+250	+1,200
Change	TOTAL	+0	+300	-1,400	-500	+800	+2,700	+3,800	+2,600	+8,400

In summary:

- » Families with dependent children represent 30% of the overall household growth: an increase of 2,500 households over the 19-year period;
- » Single person households represent 17% of the overall 2021-40 household growth in Wokingham Borough. This includes a growth of 2,430 aged over 75 years and a reduction of 1,050 for those aged under 75 years;

- » Couples without dependent children represent almost 40% of the household growth. This does refer only to dependent children, and any household with only non-dependent children living at home will be included in the “Other” group set out below. In Wokingham Borough, this is an increase of 3,300 households; formed of 5,940 households aged 55+ (including 5,750 aged 65+), offset against a reduction of 2,620 younger couples without children.
 - » The increase in “Other” households represents 14% of the growth. Other households include multi-generation living, student households and Houses in Multiple Occupation (HMOs).
- ^{2.18} Therefore, 56% of the household growth is associated with households such as single persons and couples without children who generally require smaller dwellings.

3. Jobs and Workers

Alignment of Future Jobs Growth with Resident Workers

Considering the Basis for Adjusting the Local Housing Need

- 3.1 Whilst the PPG sets out a standard approach for establishing local housing need [ID 2a-004-20190220], this is a minimum figure and the PPG also provides examples of a number of circumstances where it may be more appropriate to use a higher figure for plan-making [ID 2a-010-20190220].

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

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;*

Planning Practice Guidance, ID 2a-010-20190220

- 3.2 The PPG is clear that only in exceptional circumstances should an alternative to the standard method that results in a lower figure should be used [ID 2a-015-20190220]; therefore, preparing plans that have the flexibility within the land supply to deliver a greater number of new homes than the current LHN will help to ensure that fluctuations in the LHN in future years are more likely to be accommodated without changes being needed, given that the housing requirement is only fixed for 2 years from the point at which plans are submitted.
- 3.3 The PPG refers to previous SHMAs as a reason for building more homes than the standard method. The Berkshire SHMA 2016 concluded the borough's contribution to OAN was 856 dpa, but a series of planning appeals saw 894 dpa being accepted by planning inspectors. The LPAs comprising the West of Berks HMA LPAs undertook a subsequent OAN Sensitivity Testing exercise following the release of the 2014-based household projections. This concluded OAN was 801 dpa which is very similar to LHN.

- 3.4 Also when considering the factors that could justify an uplift to the LHN, one of the most important is ensuring that the number of new homes takes account of changes that are anticipated in the local economy as well as population trends. This section therefore looks at whether a housing number that is higher than the LHN may need to be considered, and what alternative figure may be justified for the next steps of plan preparation. Ultimately, it will be for Wokingham Borough Council to determine the extent of any increase, if any, when establishing the housing requirement. This will involve evidence-based judgements over a range of different factors.

Future Growth in Worker Numbers

- 3.5 For this study we have modelled future economic activity rates based upon localising the rates used nationally by the Office for Budget Responsibility. These take account of the projected growth in older persons in the labour market as pension ages change and also growing rates of women in the labour market.
- 3.6 The above Figure 8 shows that the working age population of Wokingham Borough is projected to fall between 2021-2040. However, this does not imply that the number of workers will fall. Changes to pension age are likely to see more people working for longer in their lives. It is also the case that for every generation the proportion of females who are active in the labour market has risen and this is likely to continue into the future. The standard method produces a minimum LHN of 13,277 dwellings over the period 2021-2040 in Wokingham Borough. Based upon the population associated with the LHN of 13,277 dwellings, we identify that an extra 6,000 workers will be available to work within Wokingham Borough. This does not imply that an extra 6,000 jobs will be supported by workers living in Wokingham Borough. Workers commute in and out of areas and some hold more than one job.
- 3.7 During the lockdowns associated with the Covid-19 pandemic from 2020 onwards, home working with video meetings and other communication became the norm for a large proportion of the workforce. There is evidence that home working will continue in the future, particularly hybrid working divided between home working and attendance in the office. The ONS published a discussion paper *“Is hybrid working here to stay?”* in May 2022, which extracted the following evidence from Census and Opinion and lifestyle survey data:
- » Almost half of working adults were working from home at times during the coronavirus (COVID-19) pandemic.
 - » In February 2022, 84% of workers who had to work from home because of the coronavirus pandemic said they planned to carry out a mix of working at home and in their place of work in the future.
 - » The proportion of workers hybrid working has risen from 13% in early February 2022 to 24% in May 2022. The percentage working exclusively from home has fallen from 22% to 14% in the same period.
 - » The proportion who planned to return to their place of work permanently fell from 11% in April 2021 to 8% in February 2022.
- 3.8 Based on this evidence, it appears likely that fewer workers will be commuting into a place of work every day. This increases the possibility of workers living outside of Wokingham Borough filling jobs that are based within the Borough and good local transport connections support this possibility. However, only a minority expect to work exclusively from home. The most common practice for those

who worked at home during lockdowns is hybrid working involving visiting the place of work two or three times a week; sufficient commitment for many of these workers to expect to live within the Borough.

- ^{3.9} In conclusion, while there are significant shifts in working patterns, it is too early to predict the effect of working from home permanently and hybrid working on the number of workers who will both live and work in Wokingham Borough.

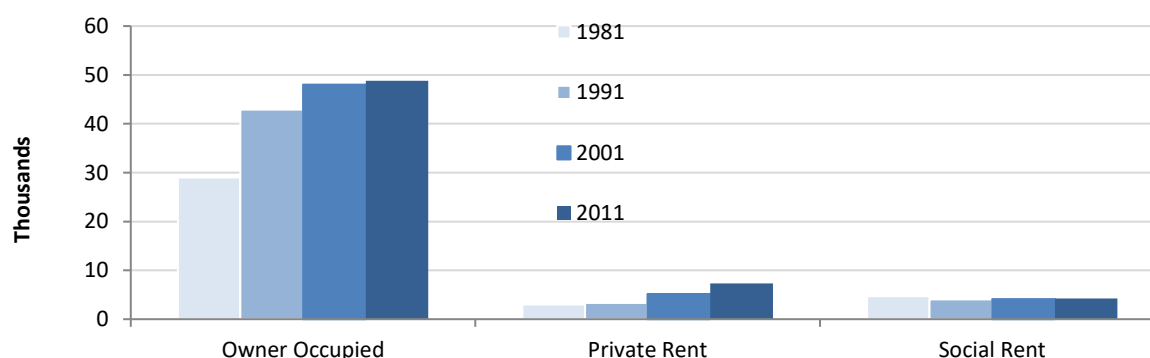
4. Local Housing Market

Housing options and cost of housing in Wokingham Borough

Housing Tenure Trends

- ^{4.1} Clear trends are evident in the local data for Wokingham Borough, even while recognising that the 2011 Census is now over 10 years old⁸. Figure 12 to Figure 14 show that there has been a steady increase in the overall number of owner occupiers since 1981, though the proportion in owner occupation fell from 85% in 1991 to 81% in 2011. Similarly, the absolute numbers of social renters decreased only slightly between 1981 and 2011, but the proportion of social renters decreased from 13% to 7% (likely in part as a result of the introduction of the Right-to-Buy in 1980). More recent products such as Affordable Rent had not been introduced in 2011. The number and proportion of private renters has increased, from 8% to 12%.

Figure 12: Number of Households by Tenure in Wokingham Borough 1981-2011 (Source: UK Census of Population)



⁸ The first phase release of Census 2021 data started in June 2022 including population and households at local authority level.

Figure 13: Percentage of Households by Tenure in Wokingham Borough 1981-2011 (Source: UK Census of Population)

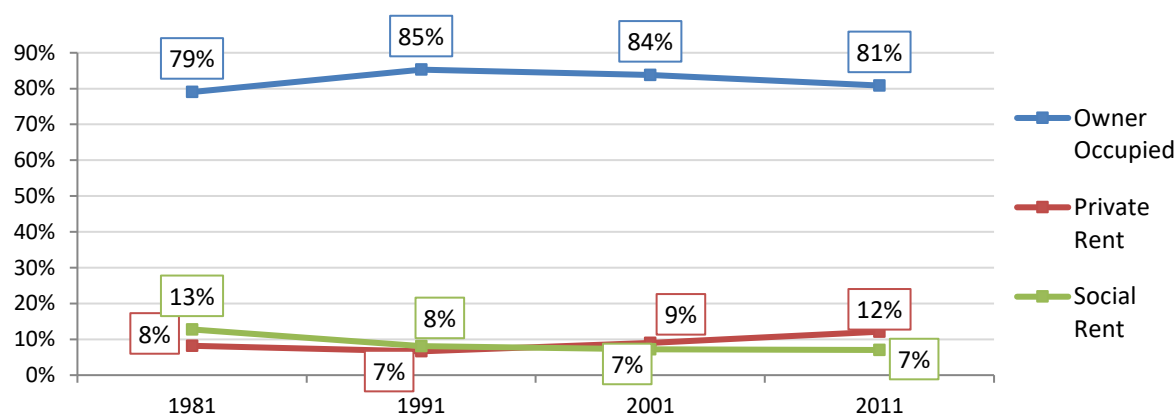


Figure 14: Households by Tenure for Wokingham Borough 1981-2011 (Source: UK Census of Population)

Tenure	Total Households 1981	Total Households 1991	Total Households 2001	Total Households 2011	Net Change 1981-1991	Net Change 1991-2001	Net Change 2001-2011
Owner occupied	29,034	42,917	47,993	48,782	+13,883	+5,076	+789
Private rent	3,018	3,340	5,148	7,314	+322	+1,808	+2,166
Social rent	4,685	4,065	4,131	4,236	-620	+66	+105
TOTAL	36,737	50,322	57,272	60,332	+13,585	+6,950	+3,060
Owner occupied as a %	79.0%	85.3%	83.8%	80.9%	6.3%	-1.5%	-2.9%
Private rent as a %	8.2%	6.6%	9.0%	12.1%	-1.6%	2.4%	3.1%
Social rent as a %	12.8%	8.1%	7.2%	7.0%	-4.7%	-0.9%	-0.2%

Housing Stock by Size

- 4.2 Figure 15 shows the housing stock of Wokingham Borough by tenure and number of bedrooms. In general, the owner-occupied stock is dominated by 3-bedroom and 4-bedroom properties.
- 4.3 Two bedrooms are the most common private rented property size followed by 3-bedroom then 1-bedroom. In social rent there is a broad three-way split between 1, 2 and 3-bedroom properties, with slightly more 2-bedroom properties than other sizes.

Figure 15: Dwelling stock by tenure and number of bedrooms in Wokingham Borough (Source: UK Census of Population 2011)

Property Type	Owner Occupied	Private Rent	Social Rent	TOTAL
1 bedroom	1,565	1,324	1,203	4,092
2 bedrooms	7,093	2,684	1,483	11,260
3 bedrooms	18,949	2,176	1,378	22,503
4 bedrooms	16,410	835	145	17,390
5+bedrooms	4,765	295	27	5,087

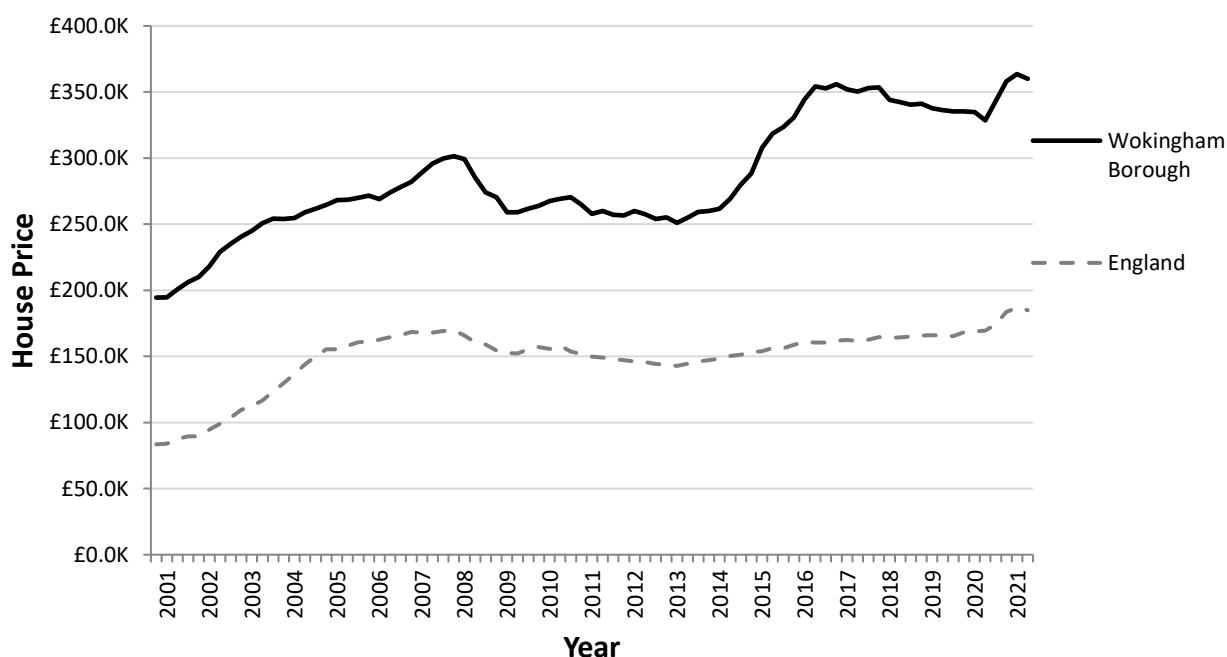
Cost of Home Ownership

- 4.4 House price trends (2001-2021) are shown in Figure 16 based on lower quartile house prices. Lower quartile prices are used to consider the entry level price for home ownership. As the value of money

has also changed during this period, the data is adjusted to take account of and remove the impact of inflation; therefore, the values reflect real changes in house prices since 2001.

- 4.5 It is evident that real house prices in Wokingham Borough increased substantially in the period 2001-2008 from £188,000 to around £300,000. Values reduced during the economic downturn to around £260,000 by mid-2009 and continued to decline over the period to 2013, but have since increased to £360,000 in 2021. For most of the time since 2021, movement in Wokingham Borough house prices has broadly mirrored changes in England though being higher than England as a whole. There are several interacting factors that lead to increasing house prices across the UK market. Two factors that may affect prices in Wokingham Borough are the suppression of new households, including those in migrating from outside Wokingham Borough and, statistically, new house building because of the new build premium.

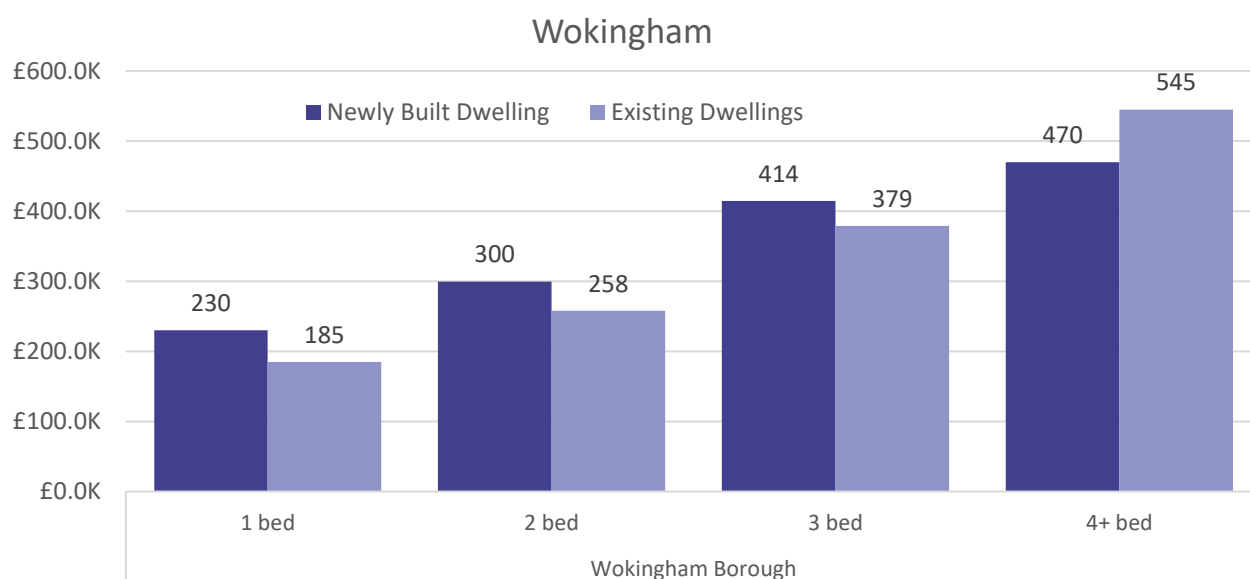
Figure 16: Real House Price Trends: Lower Quartile Prices adjusted to 2021 values using CPI (Source: ONS; Bank of England)



- 4.6 Overleaf, Figure 17 shows the lower quartile house prices by bedroom size for Wokingham Borough. The data shows both the lower quartile price for existing properties and new build dwellings, with prices taken from the Land Registry records for the sales prices of individual properties. When considering first time buyers in particular, many of the purchasers are likely to be newly forming households seeking one and two bed properties, although some will seek larger properties. As discussed below, schemes such as the new First Homes product which sells new homes at a 30% or more discount compared to market prices to local first-time buyers may make home ownership more accessible for this group.
- 4.7 The degree to which new build properties are more expensive than existing homes varies considerably by size of dwelling. This is likely to be down to a range of factors which include the location of newbuild housing, the relative size of properties, gardens and the availability of parking, comparative quality and condition of existing stock, and other intangible factors such as character. In general, new

build properties are more expensive than existing dwellings, with the exception of larger, 4+ bedroom, properties. Given the price of new build properties, a higher level of delivery will make affordability worse in the short-term by increasing median property prices (and other averages), thus leading to a higher uplift in the Standard Method. The provision of First Homes at a 30% discount may not mitigate this increase as they are only marginally cheaper than existing properties.

Figure 17: Lower quartile prices (adjusted to 2021 values using CPI) for existing dwellings and newly built dwellings (2021-2022) by property size in Wokingham Borough (Source: ORS based on ONS House Price Statistics, Valuation Office Agency and Land Registry Price Paid Data)



Income Needed for Home Ownership

- 4.8 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).
- 4.9 Below is an illustrative example based on Wokingham Borough prices, for an existing 1-bedroom property. As this example is purely for illustration purposes and not used in any calculation, it does not take account of some of the complexities of the market such as any increased borrowing rates for Affordable Home Ownership:
- » The lower quartile price recorded was £185,000;
 - » Based on a 90% loan-to-value mortgage, a deposit of £18,500 would be needed (equivalent to 10% of the overall price) with the mortgage covering the remaining £166,500;
 - » Using a mortgage income multiplier of 3.5x would therefore need an annual income of £47,600.
- 4.10 To purchase the same property with a 95% loan-to-value mortgage would reduce the deposit needed to £9,250 (equivalent to 5% of the overall price) but the income required using the same 3.5x mortgage income multiplier would increase to £50,200 per year. Borrowing at a 4.0x income multiplier would reduce the income needed; but households would still need an income of between £41,600 and £43,900 based on a 5-10% deposit. Therefore, to purchase an existing 1-bedroom property at an overall cost of £185,000 is likely to require an annual income of at least £41,600 (assuming a 10% deposit and a 4.0x multiplier); but with a lower deposit and a lower income multiplier an income of up to £50,200 per year could be needed.

- 4.11 Whilst some households will have higher deposits available and others will seek to extend their borrowing as far as possible, taking the initial assumptions of a 10% deposit and a 3.5x mortgage multiplier provides a reasonable indication of the income that first-time buyer households are likely to need in order to afford home ownership.
- 4.12 Based on these assumptions, Figure 18 shows the household income levels needed to buy 1-bedroom and 2-bedroom properties in terms of both existing dwellings and newly built dwellings in Wokingham Borough. To place these figures in context, the Annual Survey of Hours and Earnings showed the lower quartile full-time earnings of a worker resident in Wokingham Borough was £30,500 and the median earnings were £42,350. When purchasing larger homes, households will typically have larger deposits available which often include equity from the sale of a smaller property. Householders are also more likely to consist of more than one earner. On this basis, it is relatively artificial to consider incomes in isolation. Nor do these figures take account of the variation in price across Wokingham Borough, in particular between some of the rural areas and villages which have substantially higher house prices than the more urban areas such as Earley and Winnersh.

Figure 18: Annual income required to afford properties based on a 10% deposit and 3.5 times income mortgage by property size
(Source: ORS based on ONS House Price Statistics, Valuation Office Agency and Land Registry Price Paid Data)

Property Age	Property Size	Annual Household Income Needed to Own at Lower Quartile Prices: Wokingham
NEWLY BUILT DWELLINGS	1 bedroom	£59,100
NEWLY BUILT DWELLINGS	2 bedrooms	£77,100
NEWLY BUILT DWELLINGS	3 bedrooms	£106,600
NEWLY BUILT DWELLINGS	4+ bedrooms	£120,900
EXISTING DWELLINGS	1 bedroom	£47,600
EXISTING DWELLINGS	2 bedrooms	£66,300
EXISTING DWELLINGS	3 bedrooms	£97,500
EXISTING DWELLINGS	4+ bedrooms	£140,100

Cost of Renting

- 4.13 Figure 19 sets out the weekly rents for different property sizes and tenures. This includes:
- » Median and lower quartile private rent;
 - » Affordable rent; and
 - » Social rent based on existing average rents.

Figure 19: Weekly rent thresholds in Wokingham Borough 2022 (Source: Private Rental Market Statistics, Valuation Office Agency; Regulator of Social Housing Statistical Data Returns. Note: Private rent data excludes housing benefit funded tenancies)

Weekly Rent £	Median Private Rent	Lower Quartile Private Rent	Affordable Rent	Social Rent
1 bedroom	£189.73	£178.23	£142.48	£99.91
2 bedrooms	£229.98	£206.98	£179.85	£117.95
3 bedrooms	£287.47	£235.73	£210.61	£131.79
4+ bedrooms	£379.47	£333.47	£240.34	£153.41

- 4.14 It is evident that for all property sizes, the median private rent is the highest followed in turn by the lower quartile private rent, affordable rent and target social rent. While the Local Housing Allowance (LHA) rates are higher than the equivalent lower quartile private rents, it is important to note that the private rent figures exclude housing benefit funded tenancies. Therefore, there would appear to be only limited opportunity for an increase in the number of households in receipt of housing benefit given that lower quartile rents are already close to the maximum housing benefit. This analysis does not take differentials in prices in different areas of Wokingham Borough; the market and affordable housing needs by four sub-areas are shown below in Figure 50 onwards.
- 4.15 Many private rental properties outside of the urban area are likely to be higher cost and urban areas likely to be lower cost.
- 4.16 Local Housing Allowance (LHA) is the maximum payment for claimants in receipt of housing benefit based on Broad Rental Market Areas (BRMAs). The LHA was previously based on the 30th percentile private rent, however more recent increases have been based on Consumer Price Index (CPI) and rates were frozen in the July 2015 Budget before being increased in 2020.
- 4.17 Whilst BRMAs do not align with local authority boundaries, the Reading BRMA covers the whole of Wokingham Borough.
- 4.18 Figure 20 sets out the maximum local housing allowance by size of property in each of the BRMA:

Figure 20: Maximum Local Housing Allowance thresholds 2022 (Source: Valuation Office Agency)

Property type	Weekly Rent £ Reading BRMA
Room only	£89.75
1 bedroom	£182.96
2 bedrooms	£218.63
3 bedrooms	£264.66
4+ bedrooms	£356.71

Income Needed to Rent Housing

- 4.19 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)⁹ 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)
- 4.20 However, this previous Guidance was rescinded in March 2014 following the publication of the Original 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-020-20190220] (emphasis added).

⁹ <https://www.gov.uk/government/publications/strategic-housing-market-assessments-practice-guidance>

- 4.21 Results from the English Housing Survey (EHS) 2015-16¹⁰ provides information about the percentage of gross household income that households currently spend on their housing costs¹¹:
- » 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.
- 4.22 The EHS demonstrates that many households in both private and social rented properties currently pay considerably more than 25% of gross household income on their housing costs. Whilst it is arguable that some households currently pay too much for their rent, it is unrealistic to suggest that all households paying more than 25% are unable to afford suitable housing in the market.
- 4.23 The proportion of household income allocated to housing costs is necessarily based on a judgement. At the lower end of the range, the previous CLG Practice Guidance sets out a percentage of 25%. However, as the EHS identifies that households renting privately currently spend 41% of their gross income on average, there must be many households currently spending more than 41% of their income on housing costs (which will be offset against others spending lower proportions).
- 4.24 On this basis, it would be reasonable to assume that the proportion of household income allocated to housing costs was at least 25% but no more than 45% of gross income. This leads to our judgement that **35% of income** provides a reasonable basis for assessing the maximum that households should reasonably expect to pay for their housing costs. Whilst this is notably higher than the 25% proposed by the previous guidance, it is still lower than the 41% average that households renting privately actually pay.
- 4.25 As an illustrative example, we can establish the income needed to rent a 1-bedroom property in Wokingham Borough based on a 35% income multiplier:
- » The lower quartile weekly rent recorded was £178.23;
 - » Based on a 35% income multiplier, a weekly income of £509.23 would be needed which equates to a gross annual income of £26,479
- 4.26 To rent the same property based on a 25% income multiplier would increase the gross income required to £37,070 per year. Therefore, to rent a self-contained 1-bedroom property in Wokingham Borough, at a lower quartile rent overall cost of £178.23 per week is likely to require an annual income of at least £26,479 (assuming a 35% multiplier); although it is evident that the required income is very sensitive to the multiplier used.
- 4.27 Given this context, although some households will choose to pay a higher proportion of their income to rent their home (and others might be forced to do so due to the lack of any other housing options), taking the initial assumption of a 35% income multiplier provides a reasonable benchmark to establish the rental income needed. Based on this assumption, Figure 21 shows the gross household incomes needed to afford median and lower quartile private rent, affordable rent and social rent.

¹⁰ <https://www.gov.uk/government/statistics/english-housing-survey-2015-to-2016-headline-report>

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

Figure 21: Annual income required to afford to rent properties at the lower quartile and median price based on 35% income multiplier by property size in Wokingham Borough (Source: ORS based on Valuation Office Agency data Oct 2020 to Sep 2021)

Annual Income £	Median Private Rent	Lower Quartile Private Rent	Affordable Rent	Social Rent
1 bedroom	£28,286	£26,571	£21,241	£14,895
2 bedrooms	£34,286	£30,857	£26,812	£17,584
3 bedrooms	£42,857	£35,143	£31,398	£19,647
4+ bedrooms	£56,571	£49,714	£35,830	£22,870

- 4.28 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.
- 4.29 Considering some examples of disposable income:
- » A single person household with a gross income of £20,000 from employment would have £16,880 (£324 per week) after income tax and national insurance contributions. Therefore, housing costs at 35% of gross income would represent 41.4% of their net income, which would leave £9,880 (£189 per week) as disposable income to cover their other living expenses, including Council Tax and any maintenance contracts not included in the rent. The maximum amount of weekly income that a single person household can receive before their income starts to affect their housing benefit is currently £73.10 for those aged 25 or over and £57.90 for those aged 16-24; so, on this basis, this household could afford to pay at least 35% of their income on housing costs and still have sufficient disposable income;
 - » A couple with two children with a gross income of £20,000 from employment would have up to £19,559 (£375 per week) after income tax and national insurance contributions (assuming both earned £10,000). Therefore, housing costs at 35% of gross income would represent 35.8% of their net income, which would leave £12,559 (£241 per week) as disposable income to cover their other living expenses, including Council Tax and any maintenance contracts not included in the rent. The maximum amount of weekly income that a couple with two children can receive before their income starts to affect their housing benefit is currently £248.65 (if one or both are aged 18 or over); so this household could not afford to pay 35% of their income on housing costs as it would not leave them with sufficient disposable income.
- 4.30 When assessing affordable housing need, it is not appropriate to adopt a simplistic income multiplier as this does not take account of different household circumstances. It is better to consider housing benefit eligibility criteria set by the Department for Work and Pensions (DWP), which takes full account of the different amounts of disposable income for different types of household on different incomes, based on the rents for suitable housing in terms of the number of bedrooms needed.
- 4.31 Eligibility for housing benefit will differ based on the type of household and the number of bedrooms needed. Figure 22 sets out the incomes for housing benefit eligibility for different types of households.

Figure 22: Maximum annual income for households in receipt of housing benefit support by household type in Wokingham
(Source: ORS based on Department for Work and Pensions data)

Property type	Household type	Maximum Annual Income for HB support
ROOM ONLY	Single person aged 16-24	£10,390
ROOM ONLY	Single person aged 25-34	£11,222
1 BEDROOM PROPERTIES	Single person aged 35+	£18,705
1 BEDROOM PROPERTIES	Couple (both aged under 18)	£19,498
1 BEDROOM PROPERTIES	Couple (one or both aged 18 or over)	£21,003
2 BEDROOM PROPERTIES	Lone parent (aged 18 or over) with 1 child	£25,262
2 BEDROOM PROPERTIES	Lone parent (aged 18 or over) with 2 children	£28,957
2 BEDROOM PROPERTIES	Couple (aged 18 or over) with 1 child	£27,561
2 BEDROOM PROPERTIES	Couple (aged 18 or over) with 2 children	£31,255

Income Needed for Other Types of Housing

- ^{4.32} Another housing option that could be made available in Wokingham Borough, thereby increasing the variety of products available, is Build to Rent. Build to Rent is defined by the NPPF Glossary as:

Build to Rent: purpose-built housing that is typically 100% rented out.

Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control.

NPPF 2021 (Glossary)

- ^{4.33} Build to Rent housing tends to be somewhat more expensive than median rents (typically more comparable to upper quartile rents). Occupants tend to be those that can afford these higher rents, but are not currently seeking to own a property, since the income required to service such rents is typically in excess of that required to get onto the housing ladder through Low Cost Home Ownership options.
- ^{4.34} The NPPF states that affordable housing on build to rent schemes should be provided in the form of affordable private rent. The PPG offers a “generally suitable” benchmark that 20% of any given build to rent scheme should be provided as affordable rent (maintained in perpetuity). In terms of setting affordable rent levels, national affordable housing policy requires a rent discount of at least 20% for affordable private rent homes relative to local market rents (inclusive of service charges).
- ^{4.35} However, the affordability of these affordable Build to Rent options is highly dependent on the rent being discounted. Research by JLL¹² shows that the average Build to Rent option is 9.3% more expensive than the median rent. If it is assumed that these rent levels were to be the case in Wokingham Borough, and a discount of 20% were to be applied to these rents (as is suggested by the NPPF) for the affordable units, then the range of rental costs available would be as Figure 23:

¹² <https://www.jll.co.uk/content/dam/jll-com/documents/pdf/research/emea/uk/jll-residential-insight-build-to-rent.pdf>

Figure 23: Weekly rent thresholds in Wokingham Borough (Source: Valuation Office Agency 2020-21; SDR 2021, JLL)

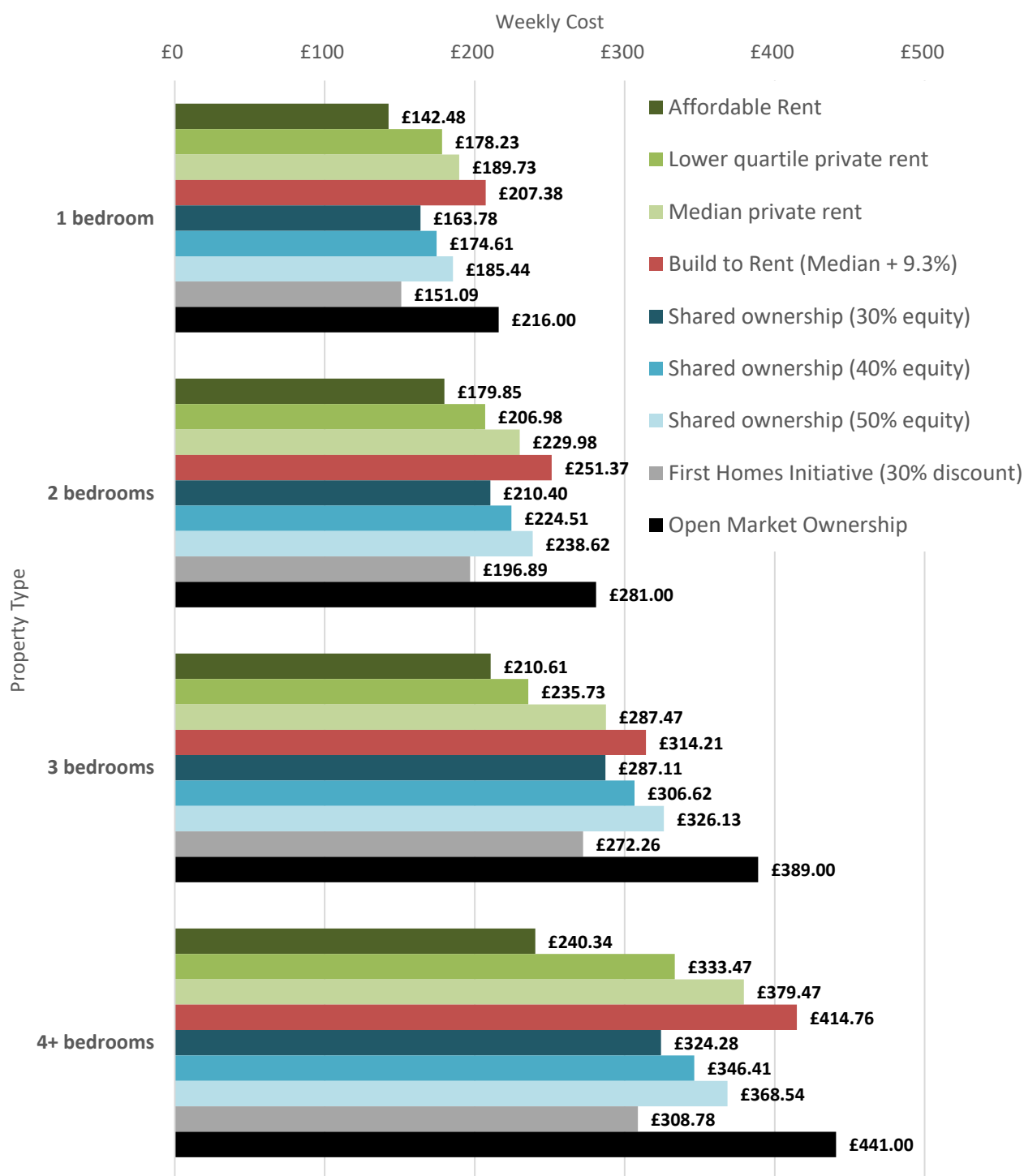
Weekly Rent £	Upper Quartile Private Rent	Build to Rent (Median + 9.3%)	Median Private Rent	Local Housing Allowance	Lower Quartile Private Rent	Affordable Build to Rent (20% discount)	Affordable Rent	Social Rent
1 bedroom	£197.78	£207.38	£189.73	£182.96	£178.23	£165.90	£142.48	£99.91
2 bedrooms	£258.73	£251.37	£229.98	£218.63	£206.98	£201.09	£179.85	£117.95
3 bedrooms	£320.82	£314.21	£287.47	£264.66	£235.73	£251.37	£210.61	£131.79
4+ bedrooms	£455.36	£414.76	£379.47	£356.71	£333.47	£331.81	£240.34	£153.41

^{4.36} The local housing allowance would be sufficient to cover the costs of affordable Build to Rent units for all dwelling types. As such, the promotion of build to rent with a substantial discount, such as 20%, could be a potentially useful mechanism for bringing forward affordable housing options, particularly on smaller properties. In practice, the experience of Wokingham Borough Council is that Build to Rent is not viable.

Summary of Housing Costs

^{4.37} This chapter has considered in some detail the cost of housing depending on tenure type and property size. Figure 24 summarises these costs for each property size using the same assumptions as throughout the report; assuming a 10% deposit for example.

Figure 24: Comparison of weekly housing costs by property size in Wokingham Borough (Source: VOA 2020-2021, Land Registry, ORS model)



^{4.38} Open market ownership for each property size is the most expensive in terms of weekly costs, followed by Build to Rent then median private rent and shared ownership at 50% and 40%, depending on the size of property. Lower quartile market rent is more expensive than a 70% First Homes mortgage in every property size apart from 3-bedrooms. A First Homes mortgage is cheaper than median rent for all property sizes.

- 4.39 The cost of shared ownership predictably varies depending on the equity size purchased, however the fact that it is more expensive on a weekly basis than First Homes for all three equity levels illustrated is evidence of the significance of the rent payable on the equity retained and service charges on weekly costs. Nonetheless, weekly costs for 40% shared ownership are below median rents for all but 3-bedroom properties. It is also much more flexible than First Homes for reasons such as not being restricted to first time buyers and being able to 'ladder up' the equity share, and therefore may meet the needs of different households. Therefore, while a First Homes property may include a lower weekly cost, it is often the case that a shared ownership property often represents a more accessible point to enter the owner occupation sector because it requires lower upfront costs.
- 4.40 For properties of 2-bedrooms and over, the cost of occupying a Build-to-Rent property is more expensive than all forms of affordable home ownership shown other than 50% equity shared ownership on 3-bedroom properties; and is comparable to open market ownership apart from 3-bedroom properties. This underscores that occupants of Build-to-Rent typically have sufficient income to access home ownership options; yet choose not to.
- 4.41 Overall, compared to rental options, the range of affordable home ownership products shown appear to be relatively accessible, however it should be noted that the chart (Figure 24) takes no account of the initial cost of a deposit on a property, which is a barrier to many households that seek to get onto the housing ladder. Furthermore, despite the weekly costs being cheaper, the underlying income necessary to obtain a mortgage on a First Home will be meaningfully higher than the underlying income required to rent a property due to the constraint of mortgage income multipliers discussed previously.
- 4.42 At the time of writing, interest rates are expected to rise. This will impact mortgaged properties first, which would be followed quite quickly by a growing number of private rents as individual fixed terms reach renewal. At the same time, Figure 24 demonstrates that affordable home ownership properties such as shared ownership and First Homes are cheaper on a monthly basis than private renting and therefore would be an attractive option for some households. In general across the Country, shared ownership demands a smaller deposit with higher monthly costs than First Homes because of the rental element, but is more flexible in allowing households to staircase up, while concerns have been raised that the First Homes model may cause affordability problems for owners wishing to sell their First Homes property and move to a larger property because of the in perpetuity discount.

5. Affordable Housing Need

Identifying households who cannot afford market housing

Introduction

- 5.1 The definition of affordable housing was changed through a revision to the NPPF in 2019, with a specific emphasis placed on affordable homeownership. This was retained in the NPPF 2021 update and does not explicitly include First Homes. Annex 2 of the NPPF now defines affordable housing as being:

Affordable housing

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)

NPPF 2021, Annex 2

- 5.2 To reflect this change, paragraphs of PPG were updated in February 2019. These were further updated with a new set of guidance on “Housing needs of different groups” published on 22nd July 2019¹³.
- 5.3 Further guidance to reflect the need to consider First Homes was then added on May 24th 2021. The changes between the archived PPG and the current revision are highlighted below:

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

Strategic policy-making authorities will need to estimate the current number of households and projected number of households who lack their own housing or who cannot afford to meet their housing needs in the market.

The unmet (gross) need for affordable housing by assessing (sic) past trends and 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 over-crowded housing;*
- » *the number of concealed households;*
- » *the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings); and*
- » *the number of households from other tenures in need and those that cannot afford their own homes, **either to rent, or to own, where that is their aspiration.***

Planning Practice Guidance, ID: 2a-020-20190220

Emphasis added shows change first introduced in September 2018

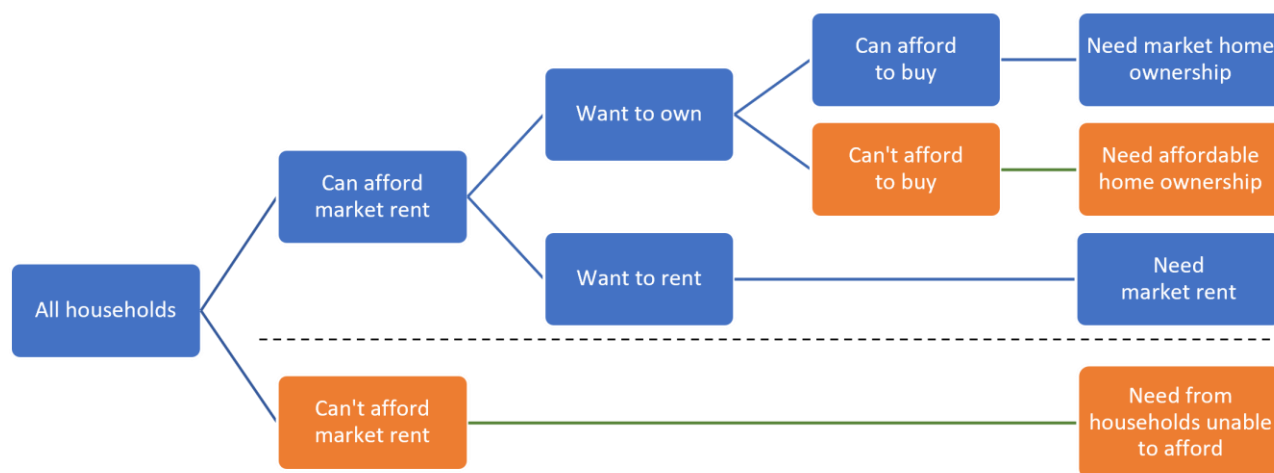
¹³ <https://www.gov.uk/guidance/housing-needs-of-different-groups#affordable-housing>

- 5.4 On this basis, it is clear that the assessment of affordable housing need must consider those households who would like to own but are unable to do so, in addition to those households unable to afford to own or rent which have formed the longstanding basis for assessing affordable housing needs.

Establishing the Need for Affordable Housing to Rent and to Own

- 5.5 Demographic projections provide the basis for identifying the need for all types of housing, including both market housing and affordable housing. There is a well-established method for assessing the needs of households who cannot afford to own or rent suitable market housing; however, when considering the needs of households who can afford to rent but would prefer to own, it is necessary to further develop the existing methods given that PPG provides no additional guidance on how this need should be assessed.
- 5.6 Below, Figure 25 illustrates the different groups of households that must be considered when assessing the need for affordable housing. The needs of those households that cannot afford market rent need to be added to the needs of those that can afford market rent but who want to own but cannot afford to buy.

Figure 25: Establishing the need for market and affordable housing



Affordable Housing Need: Households Unable to Afford

- 5.7 The PPG notes that affordable housing need is based on households “who lack their own housing or who cannot afford to meet their housing needs in the market” [ID 67-006-20190722]; though goes on to say that this should include the needs of those that can afford market rent but who want to own but cannot afford to buy. Given this context, the following section firstly considers the needs of those households who cannot afford to meet their housing needs, either through buying or renting. The additional needs of those who can afford to rent but who want to own is then considered in the next section.

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

How is the total annual need for affordable housing calculated?

The total need for affordable housing will need to be converted into annual flows by calculating the total net need (subtract total available stock from total gross need) and then converting total net need into an annual flow based on the plan period.

Planning Practice Guidance, ID 67-008-20190722

Current Unmet Need for Affordable Housing

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

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

Strategic policy-making authorities will need to estimate the current number of households and projected number of households who lack their own housing or who cannot afford to meet their housing needs in the market.

The unmet (gross) need for affordable housing by assessing (sic) past trends and 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 over-crowded housing;*
- » *the number of concealed households;*
- » *the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings); and*
- » *the number of households from other tenures in need and those that cannot afford their own homes, either to rent, or to own, where that is their aspiration.*

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, ID 67-006-20190722

Establishing Current Unmet Need for Affordable Housing for Households Unable to Afford

- 5.10 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.

- 5.11 Given this context, our analysis counts the needs of all these households when establishing the need for affordable housing at a base date of March 31st 2021.
- 5.12 The analysis counts the needs of all households living in overcrowded rented housing when establishing the need for affordable housing, (which could marginally overstate the affordable housing need) but it does not count the needs of owner occupiers living in overcrowded housing (which can be offset against any previous over-counting). Student households are also excluded, given that their needs are assumed to be transient and do not count towards the need for affordable housing in Wokingham Borough.
- 5.13 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 Wokingham Borough Council has a range of statutory enforcement powers to improve housing conditions.
- 5.14 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”¹⁴. When considering **concealed families**, it is important to recognise that many do not want separate housing. Concealed families with older family representatives will often be living with another family, perhaps for cultural reasons or in order to receive help or support due to poor health. However, those with younger family representatives are more likely to experience affordability difficulties or other constraints (although not all will want to live independently).
- 5.15 Concealed families in a reasonable preference category on the housing register will be counted regardless of age, but our analysis also considers the additional growth of concealed families with family representatives aged 18-54 years (even those not registered on the housing register) and assumes that all such households are unlikely to be able to afford housing (otherwise they would have found a more suitable home). The needs of these households are counted when establishing the need for affordable housing.
- 5.16 Overleaf, Figure 26 sets out the assessment of current affordable housing need for Wokingham Borough. The ‘increase in overall need’ shows the number of households who will not be counted by the household projections because of being homeless or concealed households. Because of this, these households should be added to the total housing need.

¹⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6338/1776873.pdf

Figure 26: Assessing current unmet gross need for affordable housing – Wokingham Borough in 2021 (Sources: CLG P1E returns; Census 2001 and 2011; English Housing Survey 2021; DWP Housing Benefit; CLG Local Authority Housing Statistics)

Current unmet need classification	Current status	Affordable Housing Gross Need	Affordable Housing Supply	Affordable Housing Net Need	Increase in Overall Need
Homeless households in priority need [Source: CLG P1E returns]	Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	4		4	4
Homeless households in priority need [Source: CLG P1E returns]	Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	13		13	
Homeless households in priority need [Source: CLG P1E returns]	Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	28	28	0	
Homeless households in priority need [Source: CLG P1E returns]	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	126		126	126
Overcrowding based on the bedroom standard [Source: Census 2011 and English Housing Survey]	Households living in overcrowded private rented housing	170		170	
Overcrowding based on the bedroom standard [Source: Census 2011 and English Housing Survey]	Households living in overcrowded social rented housing	266	266	0	
Other households living in unsuitable housing that cannot afford their own home [Source: CLG LAHS]	People who need to move on medical or welfare grounds, including grounds relating to a disability	66	2	64	
Other households living in unsuitable housing that cannot afford their own home [Source: CLG LAHS]	People who need to move to a particular locality in the borough of the authority, where failure to meet that need would cause hardship	0	0	0	
TOTAL	TOTAL	674	296	378	131

^{5.17} Based on a detailed analysis of the past trends and current estimates of households considered to be in housing need, our analysis has concluded that an estimated **674 households in Wokingham Borough 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), but does use estimated data for issues such as overcrowding, so is not an exact figure.

^{5.18} Of these households, 296 currently occupy affordable housing that does not meet the households' current needs, mainly due to the number of bedrooms. Providing suitable housing for these

households will enable them to vacate their existing affordable housing, which can subsequently be allocated to another household in need of affordable housing. **There is, therefore, a net need from 378 households in Wokingham Borough** (674 less 296 = 378) **that currently need affordable housing and do not currently occupy affordable housing** (although a higher number of new homes may be needed to resolve all the identified overcrowding).

- 5.19 These numbers include a total of 131 households that would not be counted by the household projections because of them either being homeless or a concealed household. Therefore, a total of 247 (378 households in need not in affordable housing minus 131 who are not counted as being in housing) market homes will be released if the backlog of affordable housing need is addressed.

Projected Future Affordable Housing Need

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

How can the number of newly arising households likely to be in affordable housing need be calculated (gross annual estimate)?

Projections of affordable housing need will have to reflect new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimate of the number of existing households falling into need. This process will need to identify the minimum household income required to access lower quartile (entry level) market housing (strategic policy-making authorities can use current costs in this process, but may wish to factor in anticipated changes in house prices and wages). It can then assess what proportion of newly forming households will be unable to access market housing.

Planning Practice Guidance, ID 2a-021-20190220

- 5.21 The ORS Housing Mix Model considers the need for market and affordable housing on a longer-term basis that is consistent with household projections and Local Housing Need (LHN). 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.¹⁵ The Model provides robust and credible evidence about the required mix of housing over the full assessment period, and recognises how key housing market trends and drivers will impact on the appropriate housing mix.
- 5.22 Whilst the PPG identifies that “Projections of affordable housing need will have to reflect new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimate of the number of existing households falling into need.” [ID: 2a-021-20190220], **the Model recognises that the proportion of households unable to buy or rent in the market area will not be the same for all types of household, and that this will also differ by age.** Therefore, the appropriate proportion is determined separately for each household type and age group.
- 5.23 The affordability percentages in Figure 27 are calculated using detailed information on existing households living in Wokingham Borough 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

¹⁵ Detailed data from CLG 2014-based household projections and sources identified in Figure 19, Figure 26 and Figure 27

the percentage of households unable to afford their housing costs. The defining factor here is whether a household can pay for their housing without requiring affordable housing or housing benefit. Therefore, this is the proportion of households in each age and household composition group that either occupy affordable housing or receive housing benefit to enable them to afford market housing.

Figure 27: Assessing affordability by household type and age for Wokingham Borough (Source: Census 2011 and DWP)

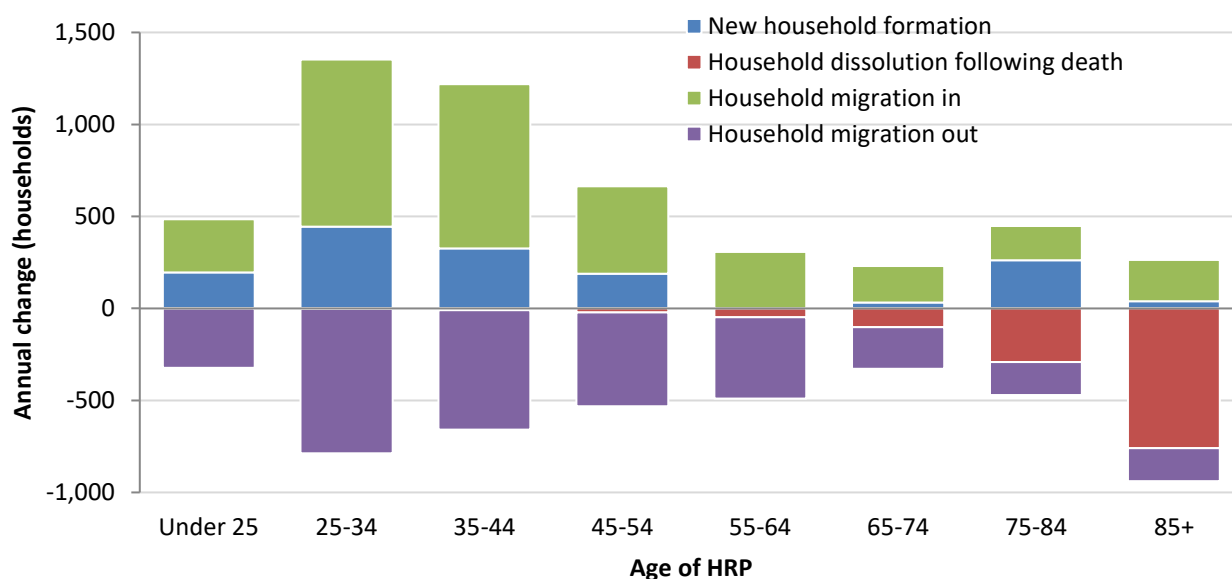
Percentage unable to afford market housing in Wokingham	Under 25	25-34	35-44	45-54	55-64	65+
Single person household	18%	6%	12%	17%	16%	22%
Couple family with no dependent children	13%	2%	3%	4%	4%	7%
Couple family with 1 or more dependent children	41%	16%	7%	4%	5%	26%
Lone parent family with 1 or more dependent children	76%	84%	41%	23%	26%	47%
Other household type	12%	16%	19%	15%	12%	8%

Establishing the Future Affordable Housing Need for Households Unable to Afford

5.24 When considering the number of newly arising households likely to be in affordable housing need, the PPG recommends a “*gross annual estimate*” [ID 2a-021-20190220] suggesting that “*the total need for affordable housing should be converted into annual flows*” [ID 2a-024-20190220].

5.25 Below, Figure 28 shows the age structure of each of the components of household change for 2021 to 2040. Note that this analysis is based on changes within each age cohort, so comparisons are based on households born in the same year and relate to their age at the end of the period. Therefore, all new households are properly counted, rather than only counting the increase in the number of households in each age group.

Figure 28: Annual change in Wokingham Borough household numbers in each age cohort by age of Household Representative Person for 2021-2040 (Source: ORS Housing Model, ONS 2018 based sub-national projections and CLG 2014 based sub-national projections)



- 5.26 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.

Figure 29: Newly forming and in-migration: Annual components of Household Growth for each year between 2021-40 in Wokingham Borough (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Wokingham	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households annually	1,487	1,284	204	14%
Households migrating into the area annually	3,480	3,072	408	12%
All new households	4,967	4,356	611	12%

- 5.27 The ORS Model identifies 1,487 new households projected to form in Wokingham Borough each year, of which 14% will be unable to afford their housing costs. This amounts to 204 households each year.
- 5.28 The model also considers new households migrating to the area. The projection is for 3,480 households per year, of which 12% (408 households) will be unable to afford their housing costs. Migrating households are less likely to be in housing need because they typically have higher incomes and equity from property elsewhere.
- 5.29 This results in a total of 611 new households in need of affordable housing per annum in Wokingham Borough.
- 5.30 The 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).

Figure 30: Dissolution and out-migration: Annual components of Household Growth in Wokingham Borough 2021-40 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Wokingham	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Household dissolutions following death	1,232	1,076	156	13%
Households migrating <u>out</u> of the area	3,291	2,908	383	12%
All households no longer present	4,524	3,984	539	12%

- 5.31 In Wokingham Borough, the model identifies that 1,232 households are likely to dissolve following the death of all household members. Many of these households will own their homes outright however, 156 of these are likely to have been unable to afford market housing and will mostly be living in social rented housing.
- 5.32 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 in Wokingham Borough, 3,291 households will migrate out of the area each year, including 383 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.

(It should be noted that some might have chosen to stay if housing costs were cheaper or more affordable housing was available).

5.33 Altogether, there are 539 households per annum who will vacate affordable dwellings or will no longer be waiting for a home in Wokingham Borough.

5.34 The 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 the local authorities 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 by considering changes in affordable housing and housing benefit uptake between cohorts in the population, and it is estimated that 167 established households in Wokingham Borough will fall into need each year.

5.35 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.

5.36 These improved circumstances can therefore reduce the need for affordable housing over time. The model identifies that the circumstances of 178 households in Wokingham Borough will improve such that they become able to afford their housing costs having previously being unable to afford. The 178 figure is derived by multiplying the ratios set out in Figure 27 with the household numbers set out in Figure 28 for household type changes by age to calculate how many households will see their circumstances improve.

5.37 Therefore, considering the changing needs of existing households overall, there is a net decrease of 11 existing households needing affordable housing each year in Wokingham Borough (Figure 31).

Figure 31: Existing households: Annual components of Household Growth in Wokingham Borough 2021-40 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Wokingham	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Existing households falling into need	-	-167	+167	100%
Existing households climbing out of need	-	+178	-178	0%
Change in existing households	-	+11	-11	-

5.38 The following table (Figure 32) 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 32: Summary annual components of Household Growth in Wokingham Borough 2021-40 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Wokingham	All households	Households able to afford housing costs	Households unable to afford housing costs
All new households	4,967	4,356	611
All households no longer present	4,524	3,984	539
Change in existing households	-	+11	-11
Future affordable housing need 2021-40 (Annual average)	+443	+383	+61

^{5.39} Overall reviewing the contribution of each element amounts to an additional 61 households needing affordable housing in Wokingham Borough annually over the 19-year period 2021-2040.

Overall Affordable Housing Need for Households Unable to Afford

^{5.40} Below, Figure 33 brings together the information on assessing the unmet need for affordable housing in 2021 and the associated impact on market housing, together with the future need for market and affordable housing arising over the 19-year period 2021-2040.

Figure 33: Assessing total need for market and affordable housing for Wokingham Borough 2021-2040 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Wokingham	Housing Need (households) Market housing	Housing Need (households) Affordable housing	Overall Housing Need
Unmet need for affordable housing in 2021 (see Figure 26)			
Total unmet need for affordable housing (a)	-	674	674
Supply of housing vacated (b)	247	296	543
Current housing need (c) = (a) - (b)	-247	+378	+131
Projected future housing need 2021-40 (see Figure 32)			
Average annual housing need (d)	+383	+61	+450
Future housing need (e) = (d) x 19	7,274	1,151	8,426
Total need for market and affordable housing (f) = (c) + (e)	7,027	1,530	8,557
Average annual household growth (g) = (f) / 19	+370	+81	+450
Proportion of overall need for market and affordable housing	82.1%	17.9%	100.0%

^{5.41} Overall, in Wokingham Borough, there is a need to provide affordable housing for 1,530 households unable to afford to rent or buy over the assessment period 2021-2040 (46% of the projected growth) which equates to 81 households per year.

Summary for Households Unable to Afford Market Housing

^{5.42} In Wokingham Borough, the housing mix analysis identified a need to provide additional affordable housing for 1,530 households over the 19-year period 2021-2040. This is equivalent to 81 households per year.

^{5.43} These levels would provide for the current unmet needs for affordable housing in addition to the projected future growth in affordable housing need, but any future losses from the current stock (such

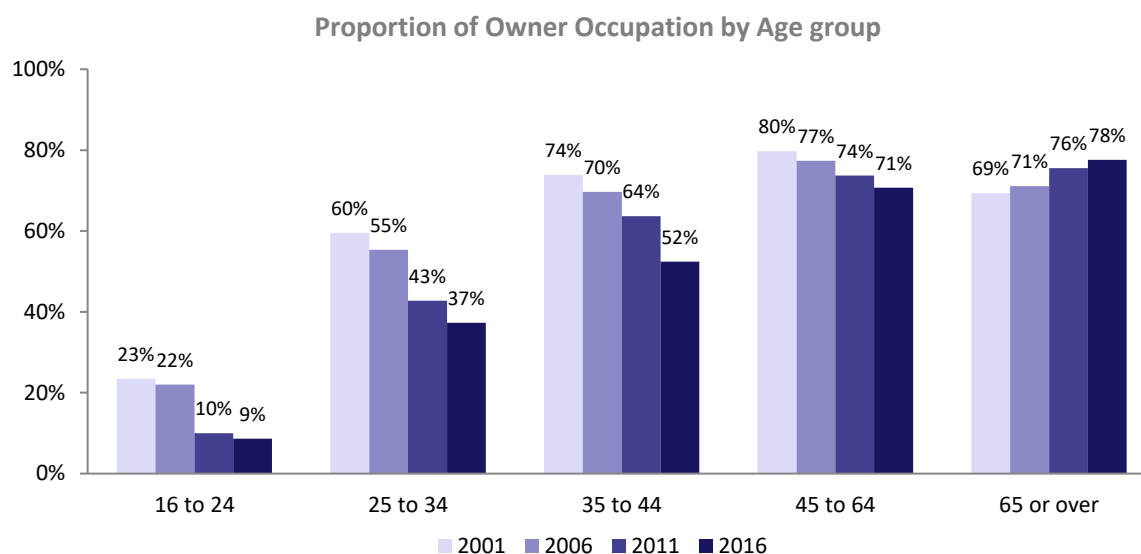
as demolition, or sales through Right to Buy) would increase the number of affordable dwellings needed by an equivalent amount.

- 5.44 The analysis also assumes that the level of housing benefit support provided to households living in the private rented sector remains constant. Private rented housing (with or without housing benefit) does not meet the definitions of affordable housing and is not counted as affordable housing supply; however households in receipt of housing benefit are assumed to be able to afford their housing costs, so they are not counted towards the need for affordable housing. Nevertheless, if housing benefit support was no longer provided (or if there was not sufficient private rented housing available at a price they could afford) then this would increase the need for affordable housing.
- 5.45 As policy decisions about housing benefit support provided to households living in the private rented sector are determined by the Government, it will be necessary for the local planning authorities to consider the possible impact of any changes when determining the most appropriate affordable housing targets for the area. This will also need to take account of the latest information from the local authority housing registers. Furthermore, given the net unmet need from 378 households needing affordable housing at the start of the Plan period, it will be appropriate to maximise affordable housing delivery in the early years of the Plan, providing that this does not unduly compromise overall levels of housing delivery in the area.

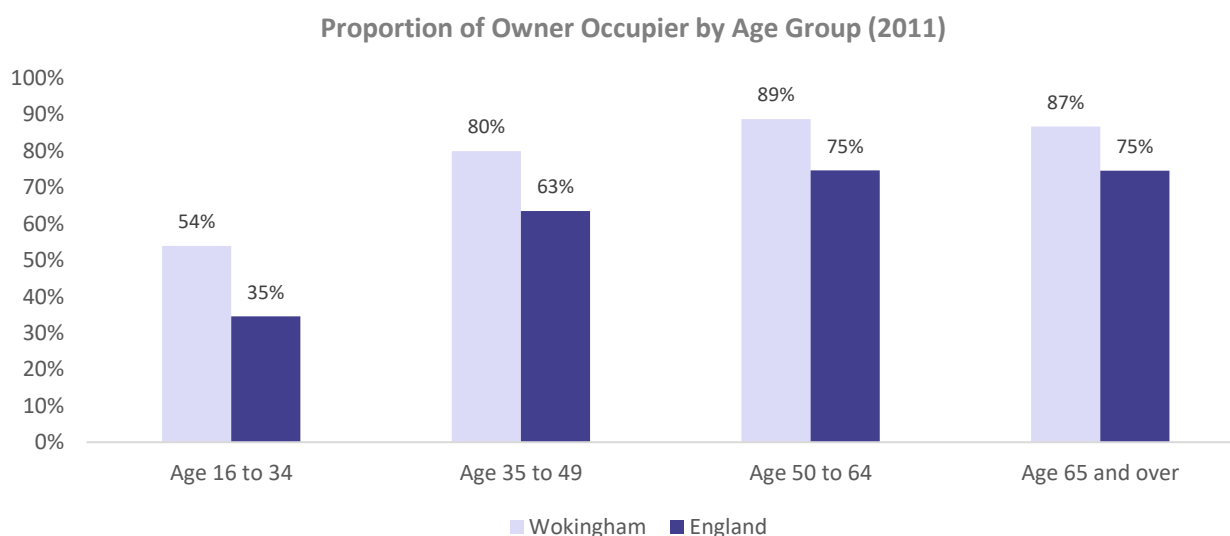
Needs of Households Aspiring to Homeownership

Home Ownership Trends

- 5.46 The new emphasis on households that can afford to rent but 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%. The changing proportions do not in themselves indicate that households are not suitably housed; information such as affordability, overcrowding and so on would be required to indicate unsuitable housing.
- 5.47 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 34).

Figure 34: Percentage of Owner Occupiers in England by Age Group 2001-2016 (Source: English Housing Survey)

5.48 The English Housing Survey does not contain robust data on owner occupation by age group at the local level, however an indication of the comparison between owner occupation levels by age in Wokingham Borough versus the national average can be gathered from the 2011 Census (Figure 35).

Figure 35: Proportion of Owner Occupation by age group 2011 (Source: Census 2011)

5.49 It can be seen from Figure 35 that there are higher rates of owner occupation in Wokingham Borough than the national average in all age groups reported on by the Census 2011.

Establishing the number of households aspiring to home ownership

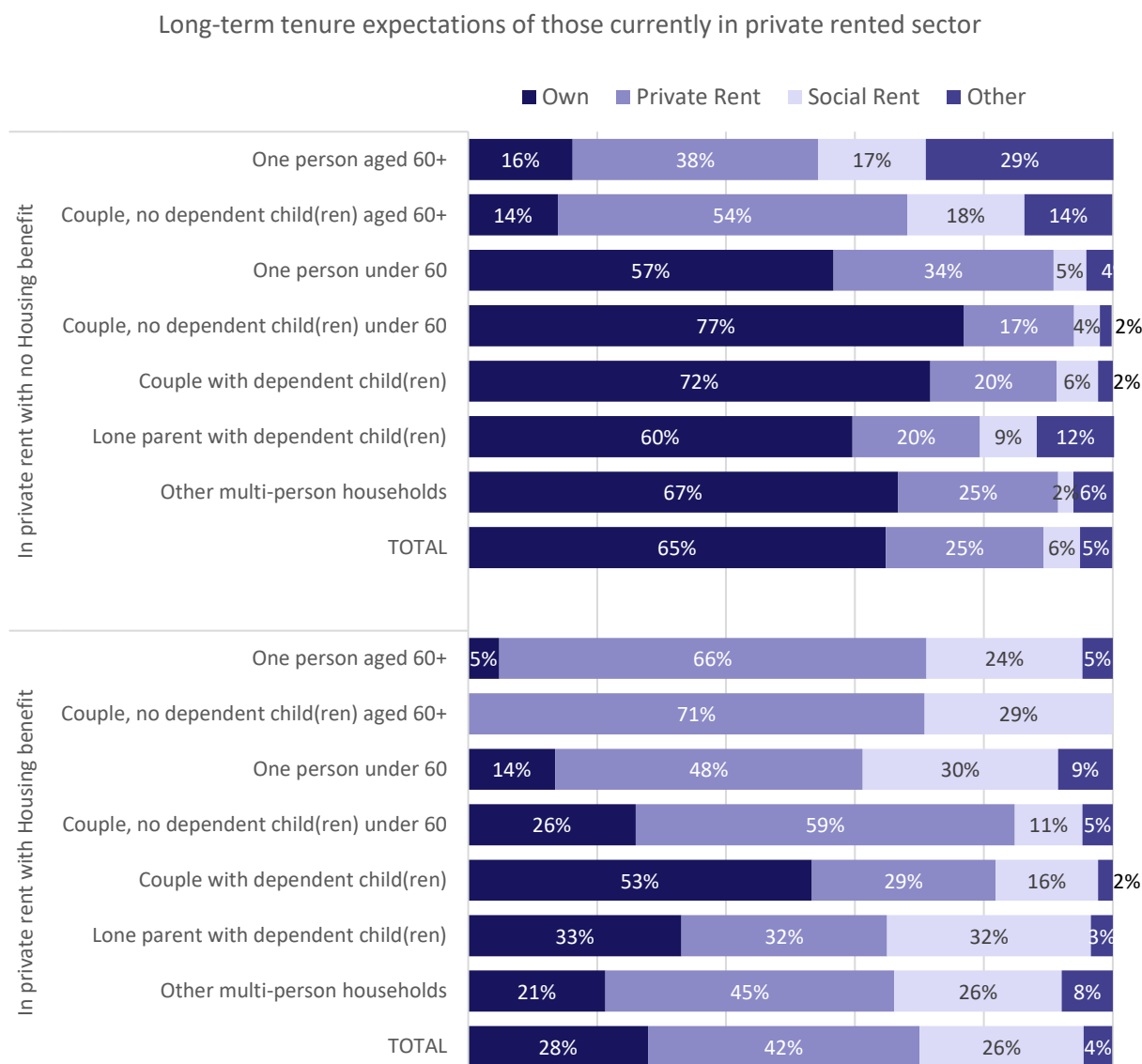
5.50 English Housing Survey data shows that, unsurprisingly, 96% of householders who currently own their property wish to stay as owner occupiers in the long term. In terms of potential demand over half (54%) of householders who rent privately and almost a fifth (18%) of those in social rented housing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

Figure 36: Long-term aspirations for England (Source: English Housing Survey 2013/4)

Current Tenure	Long-term Tenure Plan to be Owner Occupier	Long-term Tenure Plan for Shared Ownership	Long-term Tenure Plan to Rent from Private Landlord	Long-term Tenure Plan to Rent from Social Landlord	Long-term Tenure Plan is 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%

- ^{5.51} 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.
- ^{5.52} The following chart (Figure 37) 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.
- ^{5.53} 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 a Household Representative Person (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).
- ^{5.54} 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 37: 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

- 5.55 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 38 establishes the number of existing households likely to aspire to home ownership that have not been counted in the affordable housing need. **It is important to recognise that all of these households are able to meet their own housing costs in the private rented sector, when they find a dwelling that suits them, so would typically not be considered for social or Affordable Rent.**

Figure 38: Households currently living in the Private Rented Sector in Wokingham Borough and paying their own rent that aspire to home ownership by Age of Household Representative (Note: Figures may not sum due to rounding)

Household Type	15-24	25-34	35-44	45-54	55-64	65+	TOTAL
Single person	30	287	294	74	17	0	702
Couple without children	47	573	188	141	72	15	1,037
Families with child(ren)	31	216	533	201	0	0	980
Other households	142	116	9	12	14	0	293
Total Volume	251	1,192	1,023	428	103	16	3,012
<i>Percentage of households</i>	<i>8%</i>	<i>40%</i>	<i>34%</i>	<i>14%</i>	<i>3%</i>	<i>1%</i>	<i>100%</i>

^{5.56} Based on this analysis, we can estimate that there is a total of around 3,012 households currently residing in rented accommodation in Wokingham Borough who cannot afford to own their own home but would aspire to do so. Of these households, 40% are aged 25-34 with the substantial majority (82%) aged under 45.

^{5.57} In addition to the current need, it is also important to consider new households that are projected to form over the period 2021-2040. Through combining this data with the aspiration data from the EHS, we can conclude that it is likely that there would be a further 2,146 households that form over the 19-year period who will be able to afford to pay market rent but unable to afford to own, despite that being their aspiration. **Overall, in Wokingham Borough there are likely to be 5,159 households¹⁶ who aspire to homeownership but who cannot afford to buy their own home over the period 2021-2040, a net annual need of 272 households per year.** The vast majority of this group of private renters can be assumed to be potential first-time buyers, as it is far more common for a renter to become a homeowner (i.e. as a first-time buyer) than the reverse (i.e. entering the rental market having previously owned a home). Figure 40 below assesses how many of these 5,159 households in Wokingham Borough may be able to afford affordable home ownership, taking account of incomes and savings.

^{5.58} As noted earlier in Chapter 4, the government has recently introduced a new housing product entitled First Homes, which are properties to be sold with at least a 30% discount to first-time buyers. While the figure of 5,159 households who aspire to homeownership in Wokingham Borough sets an upper threshold for the number who could seek to access First Homes, it would still be the case that these households would require a deposit and to be able to afford to service the cost of a mortgage. We explore the importance of this point below.

Identifying the Overall Affordable Housing Need

^{5.59} Below, Figure 39 brings together the information on assessing the unmet need for affordable housing in 2021 together with the future need for affordable housing and those aspiring to home ownership arising over the 19-year period 2021-2040. All data relates to households and this will be converted to dwellings when we add a vacancy rate in the next chapter. It can be noted that this assessment has no regard for whether those aspiring to own a home can access affordable home ownership options; some may be able to afford home ownership but have not found a suitable property yet.

¹⁶ While $3,012 + 2,146 = 5,158$, the presented figures are rounded. The actual total is 5,159.

Figure 39: Assessing total need for affordable housing 2021-2040 – Wokingham Borough (Source: ORS Housing Model)

Wokingham	Affordable Housing Need Households unable to afford	Affordable Housing Need Households aspiring to home ownership	Overall Affordable Housing Need
Current housing need in 2021	378	3,012	3,390
Future housing need 2021-40	1,151	2,146	3,298
TOTAL HOUSING NEED	1,529	5,159	6,689
Average annual housing need including current and future need	80	272	352

^{5.60} On this basis, in Wokingham Borough we can conclude that the overall need for affordable housing would comprise a total of 6,689 households over the 19-year period 2021-2040, equivalent to an average of 352 per annum (45% of the 781 LHN). Therefore, potentially there is a very high demand for affordable housing in Wokingham Borough, particularly those aspiring to home ownership which constitutes 77% of the demand. Figure 40 below shows that the number of households who can afford affordable home ownership at 50% discount is far lower, suggesting the need for an alternative product.

^{5.61} In Wokingham Borough, this level of demand represents a similar level of growth to that identified by the ONS 2018-based household principal projection for the LHN period 2022-2032 (10-year variant, Figure 6). This is due to a large proportion of this need being associated with the whole population as opposed to the projected new households. In very broad terms, much of the new market housing will be owner occupied and private rented by new households, while a much greater proportion of the new affordable housing need is for existing households. The differences between groups 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

- 5.62 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

- 5.63 Given that the need for affordable housing and affordable home ownership, in particular, is high, it is necessary to consider how this need can be addressed within the overall housing need established by the standard method.
- 5.64 It will be important 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.
- 5.65 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 second-hand housing market, which is generally less expensive. 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.
- 5.66 Neither the NPPF nor the 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, the PPG for First Homes states at paragraph 2 that:

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

The First Homes criteria are the minimum requirements a housing unit must meet in order to qualify as a First Home. Affordable Housing Update Written Ministerial Statement published on 24 May 2021, the national standards for a First Home are that:

- a) a First Home must be discounted by a minimum of 30% against the market value;*
- b) after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London); and,*
- c) the home is sold to a person who meets the First Homes eligibility criteria, as set out in first 2 paragraphs under First Homes eligibility criteria.*

^{5.67} It continues at paragraph 4 to outline that:

Can the required minimum discount be changed?

In order to qualify as a First Home, a property must be sold at least 30% below the open market value. Therefore, the required minimum discount cannot be below 30%.

However, the First Homes Written Ministerial Statement does give local authorities and neighbourhood planning groups the discretion to require a higher minimum discount of either 40% or 50% if they can demonstrate a need for this. As part of their plan-making process, local planning authorities should undertake a housing need assessment to take into account the need for a range of housing types and tenures, including various affordable housing tenures (such as First Homes). Specific demographic data is available on open data communities which can be used to inform this process. The assessment will enable an evidence-based planning judgement to be made about the need for a higher minimum discount level in the area, and how it can meet the needs of different demographic and social groups.

In such circumstances, the minimum discount level should be fixed at either 40% or 50% below market value and should not be set at any other value. In each case, these percentages represent the minimum discount required for a home to qualify as a First Home. Developers who are able to offer higher discounts within their contributions should be free to do so but the local authority cannot require this. In such cases, whatever discount (as a percentage of market value) is given at the first disposal should be the same at each subsequent sale. These minimum discounts should apply to the entire local plan area (except if Neighbourhood Plans are in place in certain areas) and should not be changed on a site-by-site basis.

If local authorities or neighbourhood planning groups choose to revise their required minimum discounts in any future alterations to their plans, this should not affect the minimum discounts required for previously sold First Homes when they come to be resold, as these will be bound by the section 106 agreements entered into at the time of their first sale.

^{5.68} Previously, Figure 17 shows that the current lower quartile newbuild prices for a 4-bedroom property in Wokingham Borough is around £470,000, so 70% of this price would be above the cap limit. It would be necessary to apply a 50% discount to bring these properties within the First Homes maximum value of £250,000 value. While 1-bedroom to 3-bedroom properties would come in below the £250,000 with a lower discount, it is still the case that a property discounted by 50% will be much more affordable than one discounted by 30%. Therefore, for the purpose of establishing the plausibility of low-cost home ownership access, we have assumed a maximum discount of 50% on open market prices for properties which are compatible with the First Homes scheme in this assessment. However, we then assess how many of these households can also afford at a 30% discount.

^{5.69} Given this context, Figure 40 identifies those households with income that would be insufficient to afford 50% of newbuild prices at the lower quartile for the local area, those households with savings of less than £5,000, and those households that both have sufficient income and savings to purchase an open market property but nonetheless choose to rent. It should be remembered that, as set out in Figure 24, First Homes are typically more affordable than shared ownership in Wokingham Borough,

but of course shared ownership does often require a lower deposit and, as noted earlier in the report, its often an easier entry point for home ownership as it requires lower upfront costs. 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.

- ^{5.70} In Wokingham Borough, of the 5,159 households who can afford to rent but who aspire to homeownership, there would be 816 households that would be able to afford market home ownership but choose not to (but aspire to do so at some point in the future). There would be a further 1,900 households with insufficient income to have a realistic prospect of being able to afford a property at 50% of open market values (Figure 40). Of the remaining dwellings for households with incomes above the minimum threshold, there would be 2,091 households who have savings of less than £5,000 and were therefore unable to afford the assumed deposit (nor the assorted up-front costs) of purchasing a home in the local area.

Figure 40: Affordable homeownership housing mix by household affordability in Wokingham Borough 2021-2040 (Source: ORS Housing Model)

Wokingham	All households aspiring to home ownership	MINUS households able to afford market home ownership	Households unable to afford market home ownership	MINUS households unable to afford 50% of newbuild LQ	Households able to afford 50% of newbuild LQ	MINUS households with savings of less than £5,000	Households able to afford 50% of newbuild LQ and have savings of £5,000 or more
1 bedroom	581	113	467	151	316	229	87
2 bedrooms	2,147	387	1,761	602	1,159	995	164
3 bedrooms	1,717	205	1,511	753	758	685	73
4+ bedrooms	715	110	604	394	211	183	28
TOTAL	5,159	816	4,343	1,900	2,444	2,091	352

- ^{5.71} On this basis, 352 dwellings are needed for households that aspire to homeownership but cannot afford it, who also have at least £5,000 in savings and incomes above the relevant threshold. This is 6% of the total 5,159 households that was originally identified (Figure 38). As previously noted, it is likely that the vast majority of these households would be first-time buyers.

- ^{5.72} On this basis, 352 dwellings are needed for First Homes for households that aspire to homeownership but cannot afford it in Wokingham. As previously noted, it is likely that the vast majority of these households would be first-time buyers. However, we would note that the households who have been excluded from this calculation because they do not sufficient savings or who cannot afford the mortgage on a First Home do still have a potential affordable housing need. It is just the case that they will not be able to access First Homes.

- ^{5.73} We consider that it is appropriate to exclude the households who can afford to buy, but for those who lack income or savings for a First Homes alternative housing products may be more suitable. In Wokingham this amounts to 3,991 households. Instead, if a suitably priced Rent to Buy, or Shared Ownership product can be developed then they may move from a market need for private rent to an affordable housing need. We will return to this point in Chapter 6.

- 5.74 The important point to note about the above analysis is that all 5,159 households are assumed to aspire to be home owners, but First Homes will only offer a route to home ownership for a very small group. Most of the remaining households are not able to access First Homes because they lack the income to cover a mortgage or lack savings. It is a little understood quirk of the First Homes policy that a household may be able to afford private rent, but not a First Home, and will therefore be allocated to market housing need and not as having an affordable housing need. However, if their income rises, they can then afford a First Home and will move to being in affordable housing need. Therefore, an increase in income can move a household from market to affordable housing need. If suitable alternative affordable schemes can be developed, such as Rent to Buy or Discounted Market Rents, then these households who can afford market rents could potentially access them as affordable housing. However, they cannot access First Homes and are assumed within the model to have their needs met in the market housing sector through private rent.
- 5.75 Figure 41, below shows the total number of households that are able to afford 50% of newbuild Lower Quartile and have savings of £5,000 or more broken down by the minimum level of discount that they can afford; 30%, 40% or 50%. All of those who households can afford to buy at a 30% discount can also afford 40% and 50% and all those who can afford to buy at 40% discount can also afford to buy at 50%, but not at 30%. Once the discount falls to 40%, only three households can afford a 3-bedroom or larger property, though a significantly higher number can afford 1-bedroom or 2-bedroom properties.
- 5.76 Considering the discounted home ownership market as a whole, 3-bedroom and 4-bedroom properties are only affordable to this group of potential buyers at a 50% discount. While a large proportion of First Homes buyers will be younger households with many not yet having children, it is likely that at least some of these will be looking for properties with three or more bedrooms. **There is strong evidence that a 50% discount is required to make First Homes a viable policy in Wokingham.**

Figure 41: The number of households able to afford to buy through affordable home ownership at different levels of discount by housing mix in Wokingham Borough 2021-2040 (Source: ORS Housing Model)

	Households renting privately, able to afford to buy at a discount and have savings of £5,000 or more			
	Can afford at 50% but not 60% of market price	Can afford at 60% but not 70% of market price	Can afford at 70% of market price	Total Households
1 bedroom	17	17	54	87
2 bedrooms	54	37	72	164
3 bedrooms	70	3	0	73
4+ bedrooms	28	0	0	28
TOTAL	170	56	126	352

- 5.77 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, in Wokingham Borough, it would seem appropriate to only plan for the needs of those 352 households likely to form an effective

demand (i.e. those able to afford the various products that will potentially be available) in addition to the 1,529 households unable to afford to rent or own market housing. Figure 42 provides a breakdown of the planned affordable housing on this basis.

Figure 42: Overall need for Affordable Housing 2021-40 in Wokingham, including households unable to afford to rent or own market housing and aspiring households able to access affordable home ownership, by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Wokingham	Affordable Housing Need Households unable to afford	Affordable Housing Need Households aspiring to home ownership	Affordable Housing (Households)
1 bedroom	228	87	316
2 bedrooms	555	164	719
3 bedrooms	545	73	619
4+ bedrooms	200	28	228
TOTAL HOUSING NEED	1,529	352	1,881

- ^{5.78} For Wokingham Borough, the LHNA identifies an overall affordable housing need from 1,881 households over the 19-year period 2021-2040 ($1,881/19 = 99$ per annum). This includes the needs from all households unable to afford to rent or own market housing and also provides 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 access a First Homes property at 50% discount of the open market value
- ^{5.79} As noted earlier in the report, potentially up to 352 households per year could require affordable housing, but removing those who can afford to rent, but who cannot afford First Homes, removes 253 per annum of these households. If a suitable product can be designed to allow households who can afford to rent, but who cannot afford First Homes to access affordable housing then the need will be much higher.
- ^{5.80} However, it is important to recognise that there are many more households who aspire to homeownership who either do not have sufficient income or savings that would enable them to realise their aspiration. There are significant price differences across the borough, with some areas being much more affordable than other. It is also important to recognise that these figures assume that the number of households in receipt of housing benefit to enable them to afford market housing in the private rented sector does not change.

6. Overall Housing Need

Local Housing Need based on the Standard Method

Introduction

- 6.1 The NPPF confirms that local planning authorities should normally use the standard methodology to establish a minimum Local Housing Need (LHN) figure.
- 6.2 Using the process set out in the Planning Practice Guidance for Housing Need Assessment [ID 2a-004-20190220] the minimum annual Local Housing Need figure for 2022 can be established as follows:

Figure 43: Establishing the minimum LHN figure for Wokingham Borough (Source: CLG, ORS; Note: All figures rounded to the nearest whole number)

Steps	Key data	Wokingham
Step 1: Setting the baseline	Total households 2022	67,542
Step 1: Setting the baseline	Total households 2032	72,782
Step 1: Setting the baseline	10-year change (2022-2032)	5,240
Step 1: Setting the baseline	Annual average	524
Step 2: An adjustment to take account of affordability	Median workplace-based affordability ratio	11.84
Step 2: An adjustment to take account of affordability	Adjustment factor	49.0%
Step 2: An adjustment to take account of affordability	Affordability uplift	257
Step 2: An adjustment to take account of affordability	Uncapped housing need	781
Step 3: Capping the increase	Adoption date of most recent Local Plan	29/01/2010
Step 3: Capping the increase	Annual requirement	662
Step 3: Capping the increase	Annual requirement with 40% uplift applied (Cap A)	979
Step 3: Capping the increase	Household projection with 40% uplift applied (Cap B)	734
FINAL	Local Housing Need	781

- 6.3 Based on these calculations, the minimum Local Housing Need figure for Wokingham Borough at 31 March 2022 is 781 dwellings per annum when adding the unrounded household projections and uplift. However, the last consultation was based at 2018 and it is now likely to look towards 2040. For the first four years of this period we have used the standard method LHN figure for that year which were, 864 dpa in 2018, 804 dpa in 2019, 789 dpa in 2020 and 768 dpa in 2021. For the period 2022-2040 we have used the LHN figure at 1 April 2022 of 781 dpa. This yields a total number of dwellings over the period 2018-40 of 17,283.

- 6.4 However, dwelling completions for Wokingham Borough in 2018-2021 have already been confirmed and amount to 4,006 dwellings in total¹⁷. Therefore for the period 2021-2040 a total of 13,277 dwellings remain to be delivered. It is this residual delivery which we focus upon for now.

Establishing the Housing Target

- 6.5 The LHN provides the starting point for establishing the final housing requirement which will be planned for through strategic policies in a local plan. This is confirmed by the 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

- 6.6 In determining the local plan housing target, it will be necessary for the local planning authorities to consider whether, or not, the LHN could be met within their area, taking account of any policy constraints on land availability.
- 6.7 Where local planning authorities are unable to meet their LHN in full, it will be necessary for them to engage with neighbouring authorities through the Duty to Cooperate discussion. This should establish if any of the identified housing need that is not able to be delivered locally (the “unmet need”) could be provided for in other areas.

Disaggregating the Minimum Local Housing Need figure

- 6.8 Although the LHN figures are informed by the trend-based household projections, the affordability adjustments (49.0%) mean that the LHN figures are higher than the household projection-based estimate of housing need. This increase is designed to help respond to housing market pressures which may have suppressed past rates of household formation.
- 6.9 Given this context, delivering the number of homes that the minimum LHN identifies 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 by the standard method. This analysis assesses need and does not consider viability of supply.
- 6.10 The demographic projections for this LHNA are based on the latest official projections and cover the 19-year period 2021-2040. They are informed by the latest ONS mid-year estimates,¹⁸ and take account of the most up-to-date fertility and mortality rates and the latest migration trends. Whilst recent trends provide the starting point, the model aligns household growth with the LHN through aggregating key assumptions:
- » Households growth over the 19-year period calculated on trend-based projections;

¹⁷ Source - Authority Monitoring Report - 1 April 2020 to 31 March 2021

¹⁸ The ONS reissued the official estimates for mid-2012 to mid-2016 in March 2018 following methodological improvements.

- » Institutional population growth over the 19-year period needing communal accommodation;
- » Dwellings without a usually resident household either vacant homes, second homes or holiday lets (drawn from the 2011 Census). This includes any properties which are temporarily vacant due to households moving out before a new household moves in, as well as properties which have no usual resident due to them being second homes or holiday lets;
- » Household formation rates for younger households are adjusted on the basis that the Government's objective of providing more homes will enable more households to form. The analysis assumes that household formation rates for all age groups under 45 will progressively increase towards the equivalent rate that was recorded in 2001. The period 2001 has been chosen because it represents a point in time when the housing market was much less constrained and younger households could form more easily; and
- » Where household formation rates for all age groups under 45 have returned to the levels recorded in 2001, the rate of net inward migration is increased to align the overall household growth with the number of dwellings identified by the LHN target.

6.11 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 or more households may share a dwelling. Importantly, we need to make an allowance for an inevitable base level of vacant properties and the word household becomes misleading. The inclusion of an allowance for vacant and second homes and holiday lets also allows any newbuild holiday lets to be counted as part of the overall housing supply.

6.12 Thus, the number of dwellings needed to deal with the projected household and institutional population growth is 13,277 in Wokingham Borough for the period 2021-2040.

6.13 These 13,277 overall dwellings can be separated into market and affordable housing. A component of affordable housing as outlined in Chapter 5 is affordable home ownership for those that aspire to own. Some of the extra dwellings for pent-up demand and in-migration to meet the LHN beyond projected growth will inevitably be occupied by residents that aspire to home ownership, and the impact of this group on the affordable housing numbers calculated in Chapter 5 is calculated below. These same households should not add to the need for affordable housing to rent because they will have already been counted in the needs set out in Chapter 5 of this report as part of the backlog or new need.

Figure 44: Extra households from pent-up demand and in-migration beyond projected (LHN scenario): Affordable homeownership housing mix by household affordability 2021-2040 (Source: ORS Housing Model)

	All households aspiring to home ownership	MINUS households able to afford market ownership	Households unable to afford market home ownership	MINUS households unable to afford 50% of newbuild LQ	Households able to afford 50% 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	62	12	50	16	34	24	9
2 bedrooms	229	41	188	64	124	106	17
3 bedrooms	183	22	161	80	81	73	8
4+ bedrooms	76	12	64	42	22	19	3
TOTAL	550	87	463	203	261	223	38

- 6.14 The above Figure 44 applies the same calculation to the extra residents as was presented in Figure 40 for households that formed projected growth. Dwellings suitable for 38 extra households are needed to accommodate those that aspire to homeownership that have at least £5,000 in savings and have incomes above the relevant threshold. Another 426 households will lack sufficient savings or income to be able to access First Homes.
- 6.15 The previous analysis (Figure 40) identified 352 households that could afford an affordable homeownership option and had savings of £5,000 or more. Combining this with the 38 extra households identified, this totals 390 households that will aspire to homeownership and have the financial means to be able to afford First Homes at a 50% discount. Application of the affordable vacancy rate¹⁹ yields 395 affordable homeownership dwellings (Figure 45).

Figure 45: Summary of households likely to be able to access affordable home ownership in LHN scenario 2021-40 (Source ORS Housing Model, Census)

	Households able to afford and have savings of £5,000 or more (Base Scenario)	Households able to afford and have savings of £5,000 or more (Uplift for LHN)	Households	Dwellings (including a vacancy rate)
1 bedroom	87	9	97	98
2 bedrooms	164	17	181	183
3 bedrooms	73	8	81	82
4+ bedrooms	28	3	31	31
TOTAL	352	38	390	395

- 6.16 Overleaf Figure 46 shows the result of applying the vacancy rate for affordable homes to the summary of households in Figure 42, and further disaggregating aspire to homeownership into those that can afford First Homes with a 30% discount and those that can afford First Homes with a 50% discount, but not with a 30% discount. This latter group will therefore require the provision of a more accessible product than 70% First Homes (e.g., a form of shared ownership, First Homes with a larger discount, or similar). These affordable homes are subtracted from the overall dwelling need calculated above, disaggregating the number of market homes from the LHN. The category labelled '*unable to afford market rent*' includes both Social Rent and Affordable Rent.
- 6.17 Note that the 494 dwellings needed to reconcile population and household estimate derives from the way in which institutional population is treated within the household projections. The household projections exclude population in institutional settings and assume that the same ratio of over 75 year olds will be in institutional housing in the future as is currently the case. Therefore, not all people are assumed to be in households. However, the standard method LHN encompasses the entire population of the local authority, so it is necessary to reconcile the household projections with the total population and the number of dwellings to be provided.

¹⁹ Affordable vacancy rate data from Regulator of Social Housing - Statistical Data Return 2019

Figure 46: Overall need for Market and Affordable Dwellings (including affordable home ownership products) by property size in Wokingham 2021-40 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Unable to afford market rents	Unable to afford market ownership and Unable to afford 70% First Homes	Unable to afford market ownership but able to afford 70% First Homes	Affordable Housing	Total Market Housing	Total Housing
1 bedroom	231	6	92	329	515	843
2 bedrooms	562	100	83	745	1,399	2,142
3 bedrooms	552	82	0	634	5,041	5,675
4+ bedrooms	203	31	0	234	3,890	4,124
DWELLINGS	1,548	220	175	1,943	10,845	12,783
Additional need to reconcile population and households	-	-	-	-	494	494
LHN	1,548	220	175	1,943	11,339	13,277

^{6.18} Figure 47 below shows the components of housing need presented in Figure 46 as percentages of the 13,277 overall dwelling need calculated with the proposed standard method in Figure 43.

Figure 47: Overall need for Market and Affordable Dwellings as percentages of the LHN (including affordable home ownership products) by property size in Wokingham 2021-40 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Unable to afford market rents	Unable to afford market ownership and Unable to afford 70% First Homes	Unable to afford market ownership but able to afford 70% First Homes	Affordable Housing	Total Market Housing	Total Housing
1 bedroom	1.7%	0.0%	0.7%	2.5%	3.9%	6.3%
2 bedrooms	4.2%	0.8%	0.6%	5.6%	10.5%	16.1%
3 bedrooms	4.2%	0.6%	0.0%	4.8%	38.0%	42.7%
4+ bedrooms	1.5%	0.2%	0.0%	1.8%	29.3%	31.1%
DWELLINGS	11.7%	1.7%	1.3%	14.6%	81.7%	96.3%
Additional need to reconcile population and households					3.7%	3.7%
LHN	11.7%	1.7%	1.3%	14.6%	85.4%	100.0%

^{6.19} Overleaf Figure 48 shows the components of housing need with a breakdown of affordable rented between social rent and affordable rent and shows a need for 1,192 social rented dwellings and 358 affordable rented dwellings. The key factors in this calculation is the household income profile of those in need and whether they receive housing benefit. If a household is unable to afford Social Rent then it is assumed that housing benefit will cover the cost of their rent.

Figure 48: Overall need for Market and Affordable Dwellings (including social and affordable renting) by property size in Wokingham 2021-40 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Unable to afford Social rent	Unable to afford Affordable rent	Affordable Home Ownership	Total Affordable Housing	Total Market Housing	Total Housing
1 bedroom	206	25	98	329	514	843
2 bedrooms	415	148	183	745	1,396	2,142
3 bedrooms	414	138	82	634	5,040	5,675
4+ bedrooms	158	45	31	234	3,890	4,124
DWELLINGS	1,192	356	395	1,943	10,840	12,783
Additional need to reconcile population and households	-	-	-	-	494	494
LHN	1,192	356	395	1,943	11,334	13,277

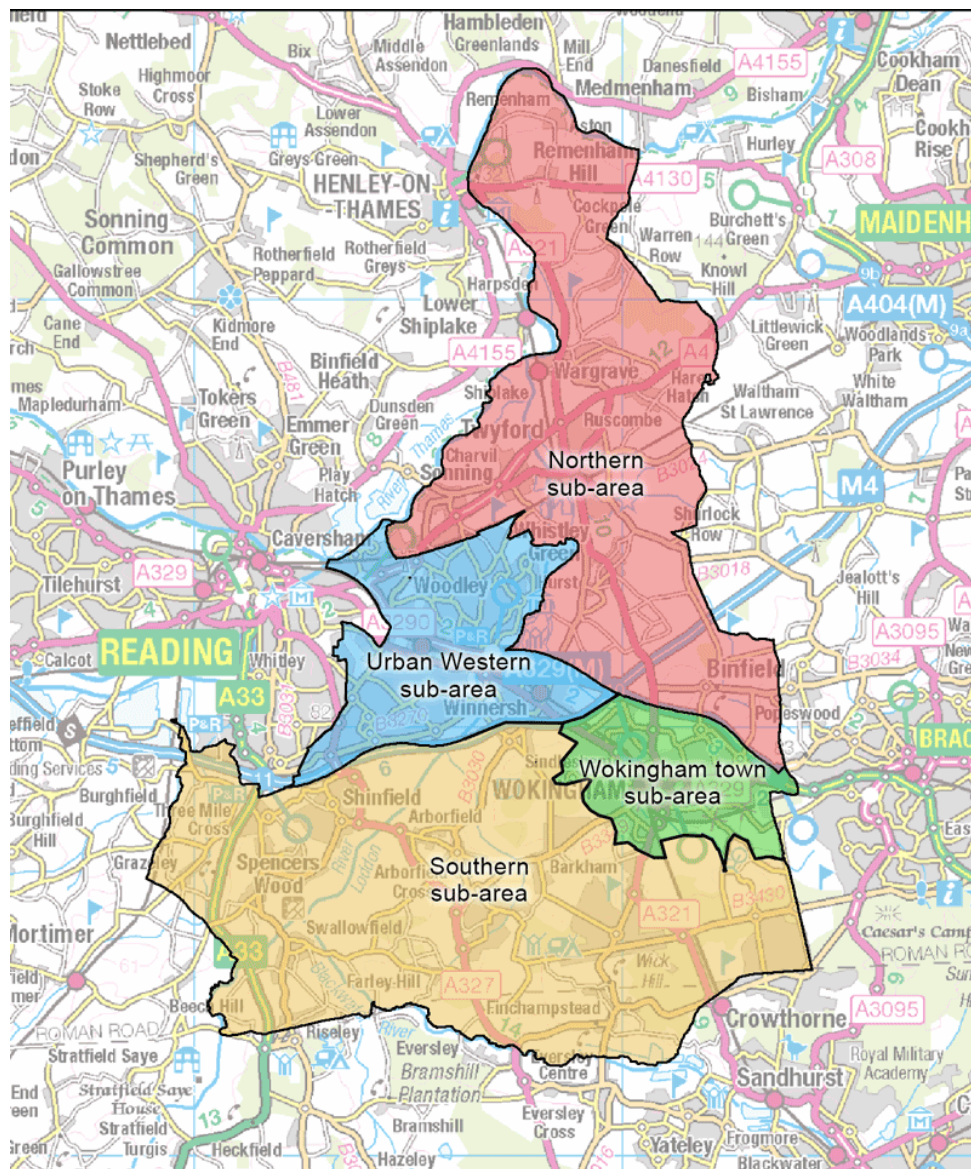
Sub-areas of Wokingham

^{6.20} To this point, the figures for the sub-areas of Wokingham Borough have been subsumed as part of the Wokingham figures. However, it is possible to provide an abbreviated housing model for this portion of the sub-areas based on available evidence. This splits the 12,784²⁰ dwellings in to the 4 sub-areas based upon recent trends.

^{6.21} Discussion with the Wokingham Borough Council Officers identified the following four sub-areas: Wokingham Town, Northern, Southern and Urban Western. The precise boundaries of the sub-areas were defined based on LSOAs as they are statistical areas, and account taken of some of the geographical features which are a distinctive feature of Wokingham Borough. The precise boundaries are shown on the map below.

²⁰ The difference between 12,783 in the table above and 12,784 here is due to rounding. The precise number is 12,784

Figure 49: Sub-areas of Wokingham Borough



6.22 To undertake this exercise, we utilised the following modelling approach:

- » Identify the number of current people, households and dwellings in each sub-area. This includes considering the age profile of the population and also the household types;
- » Trends for population change in the sub-areas are then considered which allow us to develop a projection of migration for each area;
- » The demography of each area is then considered to develop a projection of births and deaths;
- » This allows for a projection of population change in each sub-area based upon recent trends;
- » The data is then reconciled with the overall target to 12,784 dwellings to ensure consistency between the sub-area analysis and the overall housing need for Wokingham Borough.
- » The analysis process set out in Chapter 5 is then followed for each sub-area to model their overall and affordable housing needs based upon their demographic projections.

6.23 The important point about the figures set out below is that they are trend based and are driven by the demographics and affordability for each sub-area. The overall figures are not based upon building capacity or any measure of planned delivery. Therefore, the need for the Northern sub-area is driven by the fact there are relatively few dwellings contained in that area currently.

6.24 The key factor driving the results is the relative relationship between income and housing costs. It is almost always the case that those with lower incomes on average move to areas which have lower housing costs. Therefore, those who reside in more expensive areas do so because they are more likely to be able to afford to be there. The consequences of this is that it is typical that affordable housing needs are higher in lower housing cost areas. This often appears counter-intuitive, but reflects relative levels of affordability. On this basis, the Western Urban sub-area has the highest level of need for affordable to rent, but Wokingham Town has more potential for affordable to own.

Figure 50: Northern Sub-area. Overall need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size by sub-area (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

North	Unable to afford market rents	Unable to afford market ownership and Unable to afford 70% First Homes	Unable to afford market ownership but able to afford 70% First Homes	Affordable Housing	Total Market Housing	Total Housing	Total as percent of LHN (rounded)
1 bedroom	22	0	0	22	23	45	5.5%
2 bedrooms	30	0	0	31	45	75	3.5%
3 bedrooms	21	-	0	20	157	177	3.0%
4+ bedrooms	7	-	2	5	-	19	0.5%
DWELLINGS	79	-	2	78	206	283	2.0%

Figure 51: Wokingham Town Sub-area. Overall need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size by sub-area (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Wokingham Town	Unable to afford market rents	Unable to afford market ownership and Unable to afford 70% First Homes	Unable to afford market ownership but able to afford 70% First Homes	Affordable Housing	Total Market Housing	Total Housing	Total as percent of LHN (rounded)
1 bedroom	68	3	47	118	228	347	41.0%
2 bedrooms	172	42	35	249	515	763	35.5%
3 bedrooms	186	35	-	221	1,829	2,050	36.0%
4+ bedrooms	62	14	-	76	1,534	1,610	39.0%
DWELLINGS	488	94	83	664	4,106	4,771	37.5%

Figure 52: Urban Western Sub-area. Overall need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size by sub-area (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Urban Western	Unable to afford market rents	Unable to afford market ownership and Unable to afford 70% First Homes	Unable to afford market ownership but able to afford 70% First Homes	Affordable Housing	Total Market Housing	Total Housing	Total as percent of LHN (rounded)
1 bedroom	89	1	22	112	140	252	30.0%
2 bedrooms	214	28	24	266	439	705	33.0%
3 bedrooms	212	26	-	239	1,752	1,990	35.0%
4+ bedrooms	93	12	-	104	1,453	1,558	38.0%
DWELLINGS	608	67	46	721	3,785	4,506	35.0%

Figure 53: Southern Sub-area. Overall need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size by sub-area (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

South	Unable to afford market rents	Unable to afford market ownership and Unable to afford 70% First Homes	Unable to afford market ownership but able to afford 70% First Homes	Affordable Housing	Total Market Housing	Total Housing	Total as percent of LHN (rounded)
1 bedroom	52	1	23	76	123	199	23.5%
2 bedrooms	147	28	23	198	401	599	28.0%
3 bedrooms	133	20	-	153	1,303	1,456	25.5%
4+ bedrooms	42	7	-	49	921	970	23.5%
DWELLINGS	374	55	46	475	2,749	3,224	25.0%

Sensitivity Testing

^{6.25} As noted in the introduction, all the figures set out above are for net changes in the housing stock. Factors which can cause the net outputs to vary from the gross need include:

- » Right to buy sales which must be added to the net affordable housing needs figures on a one for one basis;
- » Housing benefit in the private rented sector. As noted in Chapter 4, the ORS Model assumes that the number of households in receipt of housing benefit in the private rented sector remains constant. As noted in Chapter 3, relatively 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. In 2021 the figure for households in receipt of housing benefit was 2,378 households in Wokingham. Given sufficient viability then these figures can be reduced in an area;
- » Households who can afford to rent, but who aspire to own, but who cannot access First Homes. In Wokingham they amount to 4,417 (3,991 + 426) households. Therefore, with vacancy rates added, there is a potential need for 4,470 dwellings for households who aspire to own in Wokingham

- 6.26 Wokingham stock transferred their affordable housing more than 20 years ago, so no household currently has Right to Buy, but a small number will have Right to Acquire or Protected Right to Buy. However, this issue generates very small numbers.
- 6.27 The chart below shows the impact of the assuming that all households in receipt of housing benefit have their needs met in affordable housing. The impact is to increase the need for affordable housing from 15% to 33% in Wokingham.

Figure 54: Overall need for Market and Affordable Dwellings (including social and affordable renting) in Wokingham 2018-40 for LHN with Housing Benefit in PRS added to Affordable Need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Unable to afford Social rent	Unable to afford Affordable rent	First Homes	Total Affordable Housing	Total Market Housing	Total Housing
LHN	1,192	356	395	1,943	11,334	13,277
LHN Including HB in PRS as Affordable need	3,570	356	395	4,321	8,956	13,277

- 6.28 Taking the modelling a stage further again, if we consider all households who aspire to own, but cannot access First Homes then there is a very large potential need for affordable home ownership as set out in Figure 55.
- 6.29 For clarity, this is the most extreme case scenario. In practice, not only does First Homes not meet the needs of many of the households who aspire to own, there is not alternative product currently in Wokingham which would do so either. Therefore, many of the households are likely to remain in private rent. This however does not rule out Shared Ownership or rent to buy schemes from meeting the needs of some households and therefore, there is likely to be a role for these housing products in Wokingham.

Figure 55: Overall need for Market and Affordable Dwellings (including social and affordable renting) in Wokingham 2018-40 for LHN with Housing Benefit in PRS and Other Aspiring to Own Need added to Affordable Need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Unable to afford Social rent	Unable to afford Affordable rent	First Homes	Others Aspiring to Own, but unable to access First Homes	Total Affordable Housing	Total Market Housing	Total Housing
LHN	1,943	356	395	-	1,943	11,334	13,277
LHN Including HB in PRS as Affordable need and other aspiring to own need	3,570	356	395	4,470	8,791	4,486	13,277

Conclusions and Recommendations

- 6.30 This document represents a technical analysis for the housing needs of Wokingham in the context of a new Local Plan up to the period 2040. As noted in the introduction, we do not consider that it should set firm

policies for the Council, but should instead be seen as underwriting the evidence of policies which will be developed. However, we are able to make a series of recommendations.

- 6.31 As an overall conclusion, the study identifies a need for 33% affordable housing in Wokingham. However, this figure includes many provisos. The affordable housing needs figures calculated in this study would address all current and potential future affordable housing needs in Wokingham, including the needs of those who aspire to own and are able to access First Homes. However, they do not include nearly 4,500 households who aspire to own, but who cannot access First Homes because they lack savings or cannot get a mortgage to cover the cost of a First Home. Many of these households could potentially benefit from Shared Ownership or similar housing products, where the initial purchase cost is lower. Therefore, there is a clear case to continue providing shared ownership alongside any provision of First Homes, with a more balanced overall mix between affordable to own and affordable to rent.
- 6.32 The figures set out show a very large potential need for affordable housing to rent, with the vast majority of this required for households who will require support with their housing costs in the form of housing benefit. Social Rent has lower weekly rents than Affordable Rent, but for most households the cost of either will be supported by housing benefit and the delivery of Social Rent compared to Affordable Rent has adverse impacts upon viability. While on a single site it should be the case that only Social Rent or Affordable Rent are provided, across the entire housing mix both could have a role to play because their funding streams do tend to be different.
- 6.33 More generally, First Homes are shown to make up a relatively low proportion of need in Wokingham. Government policy suggests that 25% of all affordable delivery should be First Homes. If this is implemented, there is still room for additional support for home ownership coming from Shared Ownership and rent to buy schemes.
- 6.34 In terms of the discounts on First Homes, house prices in Wokingham are generally higher and this would support using the 50% discount to allow more households to be able to afford First Homes.
- 6.35 The overall need for housing also requires to be set in the context of other policy objectives. For example, there is the need to meet the needs of older persons, those seeking shared accommodation and those seeking to build their own homes. All of these would contribute to the overall delivery of dwellings in Wokingham and are considered below.

7. Needs of Different Groups

Identifying the need for different types of housing

Introduction

- 7.1 Paragraph 62 of the NPPF requires that local planning authorities consider the needs of a range of groups within the population and this chapter considers each group in turn.

62. 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.

NPPF, July 2021

Housing for Older People

- 7.2 This assessment of the need for older people has the following structure:
- » A general introduction
 - » Modelling of need for sheltered and extra care housing based on the Housing Learning and Improvement Network (LIN) Strategic Housing for Older People (SHOP) resource pack as identified in the PPG²¹ and critique of this model, notably that the numbers produced are not realistic.
 - » Alternative modelling based on the existing provision and need.
 - » Review of wider evidence of the need for specialist older peoples housing, such as health data.
 - » Note on the LHN identified additional need for care for older people.
 - » Summary and Conclusions
- 7.3 It is important to note that similar care to that provided in sheltered and extra care housing can be provided in a person's own home.
- 7.4 There is a confusing mix of terminology used to describe specialist older persons housing. We assume that in practice:
- » the terms *sheltered housing* and *housing with support* both refer to a broad range of models of housing that provide independent living in individual dwellings with some support available but no care based on site;
 - » the terms *extra care* and *housing with care* both refer to a broad range of models of housing that provide independent living in individual dwellings with some care based on site.

²¹ [Housing for older and disabled people - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/housing-for-older-and-disabled-people) Paragraph: 004 Reference ID: 63-004-20190626

Introduction

- ^{7.5} The UK population is ageing, and people can expect to live longer healthier lives than previous generations. The older population is forecast to be 17.6m by 2035 for the over 60s, and to grow from 1.3m (2016) to 3.6m by 2035 for the over 85s.²²
- ^{7.6} Given this context, the PPG: Housing for older and disabled people recognises the importance of providing housing for older people. Additional PPG “Housing for older and disabled people” was published on 26th June 2019, which states²³:

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

- ^{7.7} It is important to consider the need for 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 older people 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 which is suitable for their needs.
- ^{7.8} 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 2012 “Housing Our Ageing Population” report (HAPPI2).²⁴ 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).
- ^{7.9} There is no single correct answer when estimating the need for older person housing. The Housing LIN model has been widely used because it is referenced in the PPG. However, this model often produces results which are unfeasibly high and very unlikely to be deliverable; Wokingham Borough Council evidence suggests that there is little demand shown by the waiting list for sheltered and extra care and there is available capacity in care homes. Therefore it is important to consider other models, particularly when based on local information. In this report, the Housing LIN model is presented first for information, followed by a model based on local information which provides the final assessed need for sheltered and extra care housing.

Housing LIN Model

- ^{7.10} 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”²⁵ in February 2008; and subsequently published the “Strategic Housing for Older People (SHOP)”²⁶ resource pack in

²² ONS 2016-based sub-national population projections

²³ [Housing for older and disabled people - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/414444/Housing_for_older_and_disabled_people_-_GOV.UK_(www.gov.uk).pdf)

²⁴ http://www.housinglin.org.uk/library/Resources/Housing/Support_materials/Other_reports_and_guidance/Housing_our_Ageing_Population_Plan_for_Implementation.pdf

²⁵ http://www.housinglin.org.uk/library/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf

²⁶ <http://www.housinglin.org.uk/library/Resources/Housing/SHOP/SHOPResourcePack.pdf>

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 have informed the evidence base for many adopted local plans, though they are commonly criticised by local authorities and specialist researchers for producing very high numbers based on benchmark rates which are very high, particularly as a percentage of the over housing need. For this reason it is beneficial to consider them alongside other data and information, particularly local information, that can produce more realistic results.

- 7.11 Putting the voiced criticisms aside, the Toolkit and SHOP benchmark rates provide a framework for understanding the potential demand for different forms of older person housing, though neither publication provides any detail about the derivation of the figures. The rates provide a basis for identifying the potential levels of demand, but at a local level the market can be different than is recognised in the models. Notably, where there is significant provision of care at home such as Domiciliary Care and Live in Care that allow people to remain in their home until those who need nursing or dementia care are at that stage, the rates can show a higher rate of take up of extra care than actually happens – that is the model overestimates future need.
- 7.12 In this report, of the two options, we have chosen to use the Housing Learning and Improvement Network (Housing LIN) SHOP resource pack methodology (2012) as a starting point²⁷. This forecasts the population and then applies a benchmark need for particular housing types per thousand people aged 75+.

Figure 56: Benchmark Figures for Specialist Older Person Housing (Sources: Housing LIN and SHOP Resource Pack)

Form of Provision	Housing LIN: 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

- 7.13 Data published by the Elderly Accommodation Counsel (EAC) in 2015²⁸ suggests that on average, local authorities have just under 140 units per thousand population aged 75 and over; considerably lower than the 180 and 251 per thousand benchmark figures. While the EAC data is for supply and the Housing LIN benchmarks are for demand, it is also important that the EAC data does not account for any oversupply such as some long term vacancies²⁹.
- 7.14 The population projections underlying the Local Housing Need (LHN) for Wokingham Borough show a substantial increase in the older population during the period 2021-2040. The projections suggest the

²⁷ www.housinglin.org.uk/housinginlaterlife_planningtool

²⁸ <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.

²⁹ Some long term vacancies will be caused by outdated accommodation.

population aged 75+ will increase by around 9,418 persons based on providing the number of homes needed to meet the local housing need.

Figure 57: Projected population aged 75+ (Source: LHN dwelling-led population projections)

	75-84	85+	TOTAL
2021	10,570	4,564	15,134
2040	16,119	8,434	24,553
CHANGE	+5,549	+3,870	+9,418

7.15 If we then consider the increase in need by 2040 by applying the SHOP formula (per 1,000) to the 9,418 additional people aged 75+ that are projected to exist in Wokingham Borough by 2040, we can calculate the additional need for older people accommodation by 2040 according to this model.

7.16 The toolkit suggests future need for 2,364 specialist older person additional housing units over the period 2021-2040 on top of the existing need.

Figure 58: Modelled Demand for Additional Specialist Older Person Housing 2021-40 (Source: Housing LIN Toolkit)

		SHOP FORMULA rate per 1,000 persons			WOKINGHAM ADDITIONAL NEED (x 9,418)		
		Owned	Rented	Total	Owned	Rented	Total
SHELTERED	Leasehold schemes for the Elderly (LSE)	120	0	120	1,130	-	1,130
	Conventional Sheltered housing	0	60	60	-	565	565
EXTRA CARE	Sheltered 'Plus' or 'Enhanced'	10	10	20	94	94	188
	Extra care	30	15	45	283	141	424
	Dementia	0	6	6	-	57	57
Total		160	91	251	1,507	857	2,364

7.17 Data published by the Elderly Accommodation Counsel (EAC)³⁰ identifies that there was a total of 1,016 specialist older person units across Wokingham Borough in 2015. The split between owned and rented properties provides a percentage breakdown of each tenure and type.

Figure 59: Percentages of stock of Specialist Older Person Housing for Wokingham Borough 2015 (Source: EAC 2015)

Property Type	Owned		Rented		TOTAL
	Number	Percent	Number	Percent	Number
Housing with support	396	47%	451	53%	847
Housing with care	44	26%	125	74%	169
EAC TOTAL	440	43%	576	57%	1,016

7.18 The EAC property type percentages can be used to estimate the breakdown of owned and rented properties in Wokingham Borough from the Market Position Statement total of 1,471 properties³¹.

³⁰ <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.

³¹ [ASC MPS 2022 - 25 November 2022 \(4\).pdf](#)

Figure 60: Existing Stock of Specialist Older Person Housing for Wokingham Borough (Source: Market Position Statement 2022, EAC 2015)

Property Type	Owned	Rented	Market Position Statement TOTAL
Housing with support (including 11 in a retirement village)	492	555	1,047
Housing with care (including 11 'Close Care Housing')	110	314	424
TOTAL	633	838	1,471

7.19 The table below summarises the potential requirement for new specialist housing according to the SHOP modelling, taking account of the current stock from the Market Position Statement, unmet demand, and population growth for the period based on the rates per 1,000 population from the Housing LIN toolkit and the Wokingham Borough Council Social Care Market Position Statement (for existing supply). The conclusions are:

- » A current need for 2,327 additional sheltered and extra care dwellings as of 2021;
- » an additional forecast need for 2,364 sheltered and extra care dwellings between 2021 and 2040, and therefore;
- » a total need for 4,691 sheltered and extra care dwellings by 2040; over one third of the total LHN.

7.20 **This number of additional dwellings is clearly excessive given that it is over one third of the total LHN. Wokingham Borough Council low waiting list numbers evidence that there is sufficient Extra Care and Sheltered stock at present.**

Figure 61: Modelled Demand for Older Person Housing in Wokingham based on Housing LIN Toolkit and WBC Market Position Statement

		Rate per 1,000 persons aged 75+	Gross need 2021	Existing supply	Unmet need in 2021	Additional need 2021-40	Overall need
Sheltered Housing	Owned	120	1,816	492	+1,324	+1,130	+2,454
	Rented	60	908	555	+353	+565	+918
Extra Care	Owned	40	605	110	+495	+377	+872
	Rented	31	469	314	+155	+292	+447
TOTAL		251	3,799	1,471	+2,327	+2,364	+4,691

7.21 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 practice of supporting people at home for longer along with assistive technology also reduces demand.

7.22 As noted above, the Housing LIN Toolkit and SHOP approach is commonly criticised by local authorities and specialist researchers for producing very high numbers based on high benchmark rates. In practice, the level of delivery identified as being required using SHOP and existing supply in Wokingham Borough is likely to be unachievable given that it represents over one third of the overall local housing need based on the standard method and Wokingham Borough Council evidence

suggests that there is little demand shown by the low waiting list numbers for sheltered and extra care. It is important to recognise that the provision of dedicated older person housing schemes will form an important part of the overall housing mix and other approaches are possible, such as building and adapting homes to lifetime standard and providing care at home.

Modelling based on actual existing provision and need

- 7.23 An alternative approach to assessing future need is to base the modelling on existing provision, where this is feasible. The Wokingham Borough Council Adult Social Care Market Position Statement 2022-25³² identifies that there is currently a total of 1,471 specialist older person units across Wokingham Borough. At the same time there is evidence of low levels of additional demand.
- 7.24 The breakdown of the existing stock of 'housing with support' and 'housing with care' from the Market Position Statement in Figure 60 is used in the table below, both in itself and as the basis of the rates of housing types and tenures required per 1,000 population. In this model, the current gross need is assumed to be same as the existing stock as there is evidence of little or no need beyond that stock at present. The result is zero additional need at present.
- 7.25 The Wokingham Borough-based rates of housing types and tenures are then applied to the change in the relevant population between 2021-2040 (9,418) to forecast the additional need up to 2040. The conclusions are:
- » A current need for no additional sheltered and extra care dwellings as of 2021;
 - » an additional forecast need for 923 sheltered and extra care dwellings between 2021 and 2040, and therefore;
 - » a total need for 923 sheltered and extra care dwellings by 2040.
- 7.26 This model indicates a much more deliverable number of dwellings and the evidence from Wokingham Borough Council suggests that it is more realistic than the Housing LIN benchmark approach. It is however predicated on other forms of provision such as care at home keeping pace with the existing provision; that is, the demand can be dealt with through providing care at home in place of some or all sheltered and extra care.

Figure 62: Modelled Demand for Older Person Housing in Wokingham based on WBC Market Position Statement data

		Rate per 1,000 persons aged 75+	Gross need 2021	Existing supply	Unmet need in 2021	Additional need 2021-40	Overall need
Sheltered Housing	Owned	33	492	492	0	+311	+311
	Rented	37	555	555	0	+348	+348
Extra Care	Owned	7	110	110	0	+66	+66
	Rented	21	314	314	0	+198	+198
TOTAL		97	1,471	1,471	0	+923	+923

- 7.27 This model is more likely to match older people's aspiration for housing, including whether they will look to these types of specialist housing in the future. Care at home is increasing in Wokingham Borough and planned to increase further (see below). The type and age of housing stock in

³² [ASC MPS 2022 - 25 November 2022 \(4\).pdf](#)

Wokingham Borough supports this as much of the stock is adaptable³³. The Market Position Statement (Table 15) shows the number of older people with domiciliary care packages increasing from 300 in April 2016 to 335 in April 2019. The policy aim of supporting people at home for longer along with assistive technology could also further reduce or alter demand.

- 7.28 Domiciliary Care commissioned by Wokingham Borough Council is increasing. This has been a marked trend since the Covid-19 pandemic as people choose to stay in their own homes for as long as possible. This is helped by the housing stock across the borough including a large proportion of detached and semi-detached housing that can be adapted for downstairs living, stair lifts or other types of lifts, and adaptation of bathrooms. The majority of borough residents are relatively wealthy homeowners who can afford to retain and adapt their home, rather than needing to release equity and move as they age.
- 7.29 Comparing the month of December each year as a baseline, these are the increases in Wokingham Borough Council funded care at home compared to the previous December. The level of increase outstrips the increases in older age population.
- » Dec-23: 5% increase
 - » Dec-22: 9% increase
 - » Dec-21: 11% increase
- 7.30 Wokingham Borough Council evidence suggests that there is little demand shown by the waiting list for sheltered and extra care. However, feedback from prospective tenants is that some of the flats are too small, and certain areas are hard to let, one site can reach 8 or more nominations before a flat is accepted.
- 7.31 In the year from January 2022 to January 2023 there were 18 vacant sheltered properties. Seventeen of these had been accepted and one was on offer at the time of writing. 21 prospective tenants had offers refused on the 18 properties.
- 7.32 In addition, Wokingham Borough's Senior Homelessness and Housing Needs Manager notes that there is a short waiting list, to the extent that sheltered accommodation is often let to people from outside of Wokingham Borough or to those who are very low on the housing allocation banding. The council is currently working on a plan to either reduce or repurpose the current portfolio.
- 7.33 While there is a waiting list for Extra Care housing, split equally between shared ownership and rented, Wokingham Borough Council does not receive enough applications from people with appropriate care needs to fit the user group for extra care to the extent that some applicants on the waiting list may not be within the target group for extra care. Wokingham Borough Council's Housing Needs team have *low confidence that a 60+ extra care scheme could be filled*.
- 7.34 In the year from January 2022 to January 2023 there were 27 vacant extra care properties. Twenty of these had been accepted and 8 were on offer at the time of writing³⁴. Twenty-seven prospective tenants had declined offers on the 27 properties. The Housing Associations involved refused to accept 12 nominations because of the individuals being unsuitable for extra care.

³³ Source: Wokingham Borough Council

³⁴ One of the properties is nominated to two people.

- 7.35 From this, Wokingham Borough Council consider that caution is required when developing further sheltered accommodation and extra care provision so as not to produce over-provision, though opportunities should be sought to improve sheltered facilities such as providing larger properties to accommodate couples rather than single person households. However, this is less desirable in rural areas.

Review of wider evidence for older persons housing

- 7.36 In this short section we consider the wider evidence of need in Wokingham Borough for specialist accommodation for older people including sheltered and extra care, residential care and nursing care.
- 7.37 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 Wokingham Borough 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, but the modelling based on rates per thousand population of actual existing provision in Wokingham Borough provides a more realistic number than the Housing LIN SHOP model.
- 7.38 Evidence for how some of these factors could affect the need for all specialist housing for older people are considered in this section.
- 7.39 The Wokingham Adult Social Care Strategy 2020-25 includes the following analysis from Projecting Older People Population Information (POPPI) and Projecting Adult Needs and Service Information (PANSI) for health and social care in Wokingham by 2025:
- » • 42% increase in (2,245) people whose day to day activities are limited a little or a lot
 - » • 23% Increase in (223) people living in care homes, particularly those (143) aged 85 and over
 - » • 20.6% increase in (435) people who are 65 and over and have dementia, other mental health related conditions are expected to increase across Wokingham Borough but at a slower rate
 - » • 13% increase in (3,800) people aged 65 and over
 - » • 15.6% increase in (1,516) people aged 65 and over living alone

- » • 15% increase in (1,061) people aged 65 and over unable to manage at least one mobility issue on their own

7.40 However, a February 2023 projection from POPPI suggests that Wokingham Borough will have an oversupply until 2030 and need 174 additional care home places by 2035.

Figure 63: Projected need for additional care home places to 2035 (POPPI February 2023)

	Actual	Projected		
Property Type	2023	2025	2030	2035
Adjusted projections	819	886	1,016	1,198
Current supply	1024	1024	1024	1024
Over/under supply	205	138	8	(174)

7.41 The POPPI figures suggest that there is a need to increase the number of care home places by around 174 by 2035, particularly for people with dementia and probably to cater for an increased number of older people who are unable to manage at least one mobility issue, though most mobility issues can probably be managed at home through adaptations and home care. The Adult Social Care Strategy reflects this and points to the Wokingham Borough Council's aim to provide support in the community over the use of residential and care homes as a first option:

Whilst the number of residential and nursing placements has gone up slightly over the last three years, the evidence shows that the number of older people expected to require a residential or nursing placement (either Council or self-funded) are expected to increase.

Our aim is to have a range of services which offer people choice and control by increasing the opportunities for all vulnerable adults to live independently within the community. The aspiration is for residential and nursing care to only be an appropriate solution for some people because of their complex or specialist needs.

7.42 The Adult Social Care Strategy also notes that extra care is not a practical option for some older people:

People with more advanced forms of dementia or high levels of nursing care needs, may require a level of support or care that it would be impractical to provide in an extra care scheme. When people need to move onto residential (or nursing) care they are likely to have a shorter period of residency and enter with a higher need level than they would previously have done, had they entered a care home from other forms of accommodation.

7.43 The Market Position Statement identifies 958 existing places for older people age 65+ in residential and care homes:

- » 148 residential beds
- » 324 residential and dementia beds
- » 382 residential, dementia and nursing beds
- » 54 nursing beds
- » 50 residential and nursing beds

7.44 As at March 2022, the average occupancy across the care homes in Wokingham Borough was 82.8%.

- 7.45 In February 2023, Wokingham Borough Council report that there were 23 care homes based in the borough that were actively reporting their capacity information regularly. There were 1,024 beds across these 23 locations. The Feb-23 NHS Capacity Tracker showed that 80% of this capacity was occupied in February 2023, compared to 90% on average before the Covid-19 pandemic. The 80% figure has stayed constant for the previous two years following a dip during Covid-19 in 2020. This would mean that 205 care beds were vacant. Wokingham Borough Council commissions 26% of these occupied care home beds.
- 7.46 As of February 2023, Wokingham Borough Council report no problem placing people discharged from hospital.
- 7.47 Considering the homes individually, only four had 100% occupancy. The majority had at least 10% vacancies, with two fifths having at least 25% vacancies and the higher rates reaching 40%, to 75%.
- 7.48 There is some evidence that the number of residents in care homes is decreasing. In May 2022, the ONS published 'An estimation of the size of the self-funding population in care homes in England', which provides data covering the period 1 March 2021 to 28 February 2022³⁵ and stated that:
- From 1 March 2021 to 28 February 2022, there were an estimated 360,792 care home residents in England, which is a 7.9% reduction from before the coronavirus (COVID-19) pandemic (2019 to 2020; 391,927); of these, 34.9% (125,954) were self-funders, which is a 12.4% drop compared with pre-coronavirus pandemic (143,774; 36.7% of the total).*
- 7.49 Importantly, it is not possible to separate the effects of the coronavirus pandemic from any other factors which may have led to this decline in numbers. But equally importantly, the decrease in funding is a challenge for at least some providers, with the risk of care home failures, as noted by agencies speaking on behalf of, or to, the care home sector³⁶.
- 7.50 Data from the Adult Social Care Outcomes Framework (ASCOF) shows that the rate of admissions to residential and nursing care in Wokingham Borough has decreased from 436 in 2016-17 to 353 in 2020-21:

Figure 64: Long-term support needs of adults aged 65 and over met by admission to residential and nursing care homes in Wokingham (Source: ASCOF)

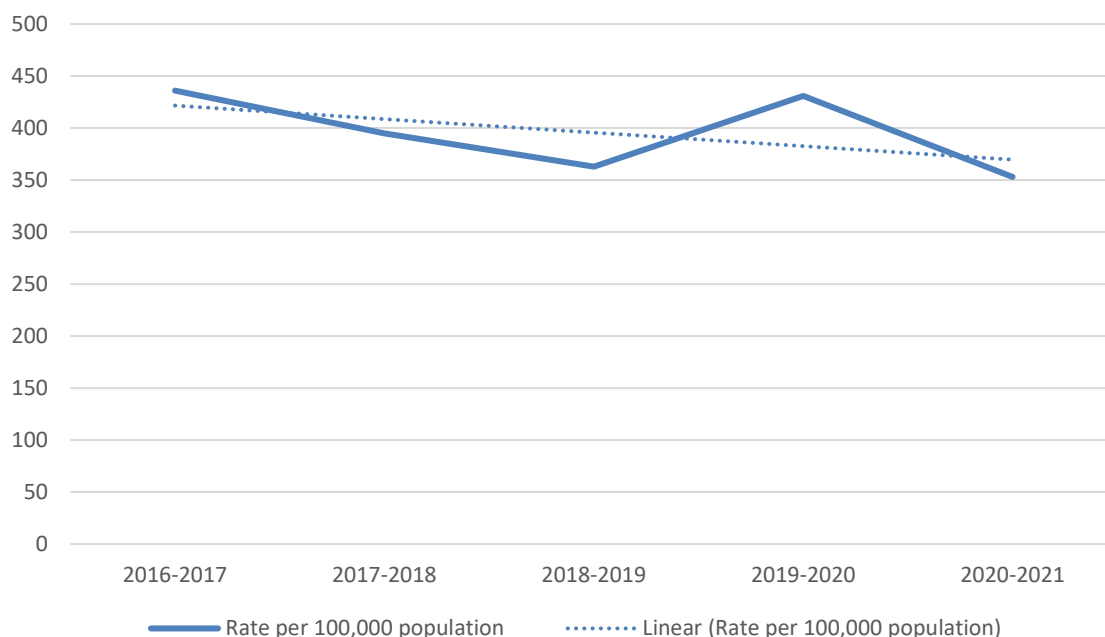
	Rate per 100,000
2016-2017	436
2017-2018	395
2018-2019	363
2019-2020	431
2020-2021	353

- 7.51 The rate of admissions decreased from 436 per 100,000 persons in 2016-17 to 363 per 1000 persons in 2018-19, then increased again in 2019-20 before decreasing to a low of 353 per 100,000 persons in 2020-21.
- 7.52 The underlying trend in rate of admissions since 2016-17 is downwards:

³⁵ [Care homes and estimating the self-funding population, England - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/peopleandpopulation/careandhealth/conditions/carehomes)

³⁶ [Care homes in England see number of residents fall by 8%, with fifth of beds empty](#)

Figure 65: Long-term support needs of adults aged 65 and over met by admission to residential and nursing care homes in Wokingham (Source: ASCOF)



7.53 The lowering of admissions to residential and nursing care could be taken as suggesting that the level of dependency is decreasing, but it is more likely that other factors are responsible such as that there is over provision of residential and nursing care, or residential and nursing care prices are high and deter self-funders from moving, or it could be evidence that the Wokingham Borough strategy of caring for people at home is working.

7.54 Life expectancy at age 65 in Wokingham Borough is 22.8 years for females and 20.6 years for males, both of which are higher than the region and England as a whole³⁷. In considering the need for specialist housing for older people, particularly residential and nursing care, it is important to compare life expectancy against healthy life expectancy.

Figure 66: Life expectancy at 65 in Wokingham based on three year range (Source: NHS Digital, Fingertips Profiles)

Measure	Wokingham Value	Region Value	England Value	Data from
Male	20.6	19.4	18.7	2018-20
Female	22.8	21.8	21.1	2018-20

7.55 In Wokingham Borough, healthy life expectancy at age 65 has increased over time. The data is shown in Figure 67 and reproduced as a chart in Figure 68.

7.56 **For females**, there is evidence that the increase in healthy life expectancy is slowing and possibly even reversing. There was a steep increase in healthy life expectancy between 2013-15 and 2014-16. The rate of increase slowed between 2014-16 and 2015-17, and slowed again between 2015-17 and 2017-19 to reach a peak of 14.57 years. Healthy life expectancy decreased between 2017-19 and 2018-20 to 13.99 years. The coronavirus pandemic could have been a factor in the 2018-20 period, but it is not

³⁷ [Public health profiles - OHID \(phe.org.uk\)](https://publichealthprofiles.org.uk/)

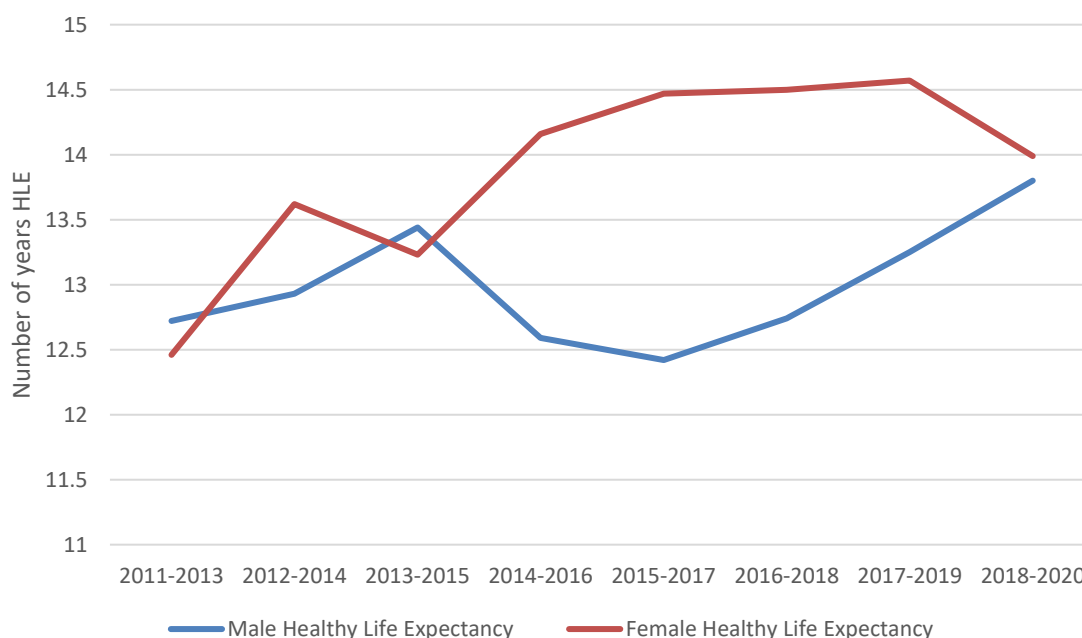
possible to confirm or eliminate this. Given that the rate of increase was slowing over time, a reverse could have been possible irrespective of the pandemic.

^{7.57} **For males**, the curve shown in Figure 68 approximates to a mirror image of the curve for females. Healthy life expectancy declined from 2013-15 to a low of 12.74 years in 2015-2017, then increased, with the rate of increase accelerating to reach a high of 13.8 years in 2018-20. If the decrease in female healthy life expectancy was caused at least partly by the pandemic, then we might expect a decline or at least a deceleration in the rate of increase for males between 2017-19 and 2018-20. The data does not show a deceleration, but until the effects of coronavirus are better understood this cannot be confirmed.

Figure 67: Healthy Life Expectancy at age 65 in Wokingham based on a three year range (Source: ONS, 2021)

	Male	Female
2011-2013	12.72	12.46
2012-2014	12.93	13.62
2013-2015	13.44	13.23
2014-2016	12.59	14.16
2015-2017	12.42	14.47
2016-2018	12.74	14.5
2017-2019	13.25	14.57
2018-2020	13.80	13.99

Figure 68: Healthy Life Expectancy at age 65 in Wokingham based on a three year range (Source: ONS, 2021)



^{7.58} It is useful to compare life expectancy in 2018-20 to healthy life expectancy in the 2018-20 period, and also the 2017-19 period in case the 2018-20 period for females is an anomaly.

Figure 69: Comparison of Life Expectancy and Healthy Life Expectancy at age 65 in Wokingham (Source: ONS, 2021)

	Male	Female
Life expectancy 2018-20 (years)	20.60	22.80
Healthy life expectancy 2018-20 (years)	13.80	13.99
Difference (years)	6.80	8.81
Life expectancy 2018-20 (years)	20.60	22.80
Healthy life expectancy 2017-19 (years)	13.25	14.57
Difference (years)	7.35	8.23

- ^{7.59} Broadly speaking, life expectancy for a female aged 65 is around 8.5 years greater than healthy life expectancy. For a male, the difference is around 7 years. These years beyond healthy life expectancy support the need for all kinds of specialist housing for older people alongside support to live at or remain in their own home. Of course, some people will experience more years of healthy lives than this and some will experience fewer healthy years. Also, many conditions will begin as a minor issue and deteriorate over time.
- ^{7.60} In conclusion, the health and support needs data does not support a large increase in residential and nursing home care. The Market Position Statement demonstrates that a number of vacancies exist in residential and nursing homes across the Wokingham Borough. There is a decreasing rate per 100,000 persons for long term support needs met in residential and nursing care in Wokingham Borough. The need for residential and nursing care is governed by the difference between life expectancy and healthy life expectancy along with population increase. The LHN deals with population while the health data focusses on health within the population and says nothing about population increase. The situation regarding life expectancy and healthy life expectancy is less clear than supports needs; the difference between life expectancy and healthy life expectancy supports the need to provide some housing for older people, but it does not suggest that there will be a large increase in the proportion of people needing residential and nursing care. Life expectancy at age 65 is higher in Wokingham Borough than in England. Healthy life expectancy has increased for men, and while it has decreased slightly for women in recent years that decrease does not at present indicate a need for increasing residential and nursing home care.

The LHN identified additional need for older people

- ^{7.61} The LHN assesses the need for provision for 494 (see paragraph 6.17 that explains where this figure is derived) net additional dwellings related to moves by older people aged 75+ between 2021 and 2040. This number demands some explanation. The household projections assume that the percentage of persons aged 75 years and over who will require care and will move from their current home remains constant over time. The calculation assumes that this would release the equivalent of 494 households for relet. In practice, a large and increasing number of these households will not move; the properties will remain occupied and the households will look towards receiving care at home. The consequence is that care will need to be provided for individuals in 494 households over the 19 years between 2021 and 2040. Adult Social Care reforms aimed at supporting people to live in their own homes for longer are likely to be able to provide care for the, on average, 26 households each year over the 19 years.

Summary and Conclusions⁷

^{7.62} Sheltered and extra care housing

- » The overall current unmet need from the Housing LIN Toolkit and Market Position Statement data is 2,327 and the overall need to 2040 is 4,691. This Toolkit has been criticised for producing very large numbers. In the case of Wokingham Borough, the total modelled need is over one third of the overall LHN.
- » Given that Wokingham Borough Council evidence suggests that there is little demand shown by the waiting list for sheltered and extra care, it is possible to take a different approach using local data. The overall current unmet need from the Market Position Statement data is 0 (zero) and the overall need to 2040 is modelled to be 923 bed spaces/housing places/units as detailed in Figure 62.
- » The number of older people with domiciliary care packages has increased and the intention is to continue that trend in Wokingham Borough. Care at home is a preferred alternative to sheltered and extra care housing for many people.
- » Health and social care data does not support a large increase in sheltered and extra care.

^{7.63} **In conclusion, based mainly on the projected increase in the older population, Wokingham Borough Council would be justified in considering planning for a total of around 925 supported housing places over the period 2021-2040, provided through a mix of sheltered and extra care dwellings and domiciliary care to minimise the number of people who need to move to sheltered and extra care.**

^{7.64} Care at Home

- » The LHN assesses the need for provision for 494 net additional dwellings related to moves by older people aged 75+ between 2021 and 2040.
- » The Wokingham Borough Council POPPI projections in February 2023 indicates a need for around 174 additional care home and residential care beds to 2035.
- » Wokingham Borough Council are supporting an increasing number of older people through Care at Home in place of alternatives such as residential care, and aim to continue to increase the number of people supported in their own homes.
- » Health and social care data does not support a large increase in residential and nursing care beds. The decline in admission to residential and nursing homes will need to be monitored, but suggests that caution is required and Wokingham Borough Council should be wary of committing to excessive development of residential and nursing care homes. The evidenced number of vacancies across Wokingham Borough supports this statement. Along with being a responsible approach to planning, this approach will help support existing providers.

^{7.65} **Conclusions: As up to 494 older people who are currently living with family and other supporting environments could move out to require some form of housing and support between 2021 and 2040, alternatively provision of domiciliary care will have to be increased if it is to meet this potential need.**

^{7.66} **Caveat: As is clear from the analysis above, this is a general analysis and should be taken as a guide rather than a sophisticated and robust assessment of need.**

Housing for People with Disabilities

^{7.68} 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).³⁸

^{7.69} Three standards are covered:

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

^{7.70} In July 2022, the government issued their response to a consultation that ran in 2020 on the future of accessibility standards.³⁹ Paragraph 73 of the response concluded that:

73. Government proposes that the most appropriate way forward is to mandate the current M4(2) (Category 2: Accessible and adaptable dwellings) requirement in Building Regulations as a minimum standard for all new homes – option 2 in the consultation. M4(1) will apply by exception only, where M4(2) is impractical and unachievable (as detailed below). Subject to a further consultation on the draft technical details, we will implement this change in due course with a change to building regulations.

^{7.71} Previously, local authorities were required to assess the need to M4(2) accessible homes in their local area and develop policies to deliver these properties. The government are now proposing that all homes be delivered to M4(2) standard and therefore this evidence will no longer need to be provided.

^{7.72} Local authorities are however still required to assess the need for the higher M4(3) standard which covers the need for wheelchair adapted and adaptable home.

^{7.73} Given that a further consultation on the technical changes required to the Building Regulations before M4(2) standards are made compulsory, we have proceeded to seek to apply the current policy and guidance⁴⁰.

^{7.74} 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.

^{7.75} Planning Practice Guidance for Housing: optional technical standards explains that local authorities are expected to plan for households with specific needs and therefore need to be able to quantify the

³⁸ <https://www.gov.uk/government/publications/access-to-and-use-of-buildings-approved-document-m>

³⁹ <https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes/outcome/raising-accessibility-standards-for-new-homes-summary-of-consultation-responses-and-government-response#government-response>

⁴⁰ [Raising accessibility standards for new homes: summary of consultation responses and government response - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes/outcome/raising-accessibility-standards-for-new-homes-summary-of-consultation-responses-and-government-response#government-response)

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

7.76 Local planning authorities are expected to consider in their planning 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 Personal Independence Payments (PIPs) or Attendance Allowance necessarily require home adaptations whilst Disabled Facilities Grant (DFG) applications may underestimate need because of the eligibility criteria and people simply not applying because of lack of knowledge.

7.77 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 Payment⁴¹ (replacing Disability Living Allowance) / Attendance Allowance⁴² 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 Grant⁴³ (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

⁴¹ 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).

⁴² Attendance Allowance contributes to the cost of personal care for people who are physically or mentally disabled and who are aged 65 or over.

⁴³ 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.

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

7.78 In establishing the need for M4(2) Category 2 housing it is important to consider the population projections and health demographics of the area.

7.79 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

7.80 This section models the need for the number of households requiring new adapted or adaptable dwellings at the start of the assessment period to the end of the assessment period (2040) working through the following steps:

- » Results of the English Housing Survey are used to identify the percentage of households across England with at least one member having a limiting long-term illness which requires adaptations to their home.
- » Different housing types and ages are more or less easy to adapt. The English Housing Survey also provides the percentages of dwellings by type and age across England which can be adapted. These percentages are applied to the Wokingham Borough housing stock profile. The percentage of adaptable properties is applied to identify the number of households with a Limiting Long Term Illness (LLTI) whose current home is not adaptable.
- » The percent of households with LLTI across England who already live in a home that meets their needs, such adaptations already being in place is applied. The remaining households require adaptations to be made to their existing home or to move.
- » The national percentages are converted to numbers for Wokingham Borough. The basic approach to this is to multiply the number of households in Wokingham Borough including a member with a LLTI by the national percentage of households where the LLTI does not affect the households housing need, households whose current home is suitable for their need such as already being adapted, those whose current home requires adaptation and those who need to move because their current home is not suitable for the required adaptation, calculated through the previous stages.
- » Health data is applied to project the number of households who will move into need for adaptations by 2040 because of LLTI and a similar process used to identify households whose current home is suitable for their needs, and so on.
- » The existing need and projected future need is brought together. The two are summed to give a maximum need for new adapted housing in 2021-2040. (8,685 households to 2040.)
- » The number of households who are living in dwellings which are adaptable to their needs now and the projected number of households with LLTI who will live in households which are adaptable to their needs are summed. (5,569 households to 2040)

- » The number of adaptable dwellings is subtracted from the maximum need to give a minimum need for new adapted housing to 2040. (8,685 – 5,569 = 3,116 households minimum to 2040.)

- 7.81 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 households across England (71%) have no limiting long-term illness (LLTI) or disability and in a further fifth (20%) there is illness or disability that does not affect their housing need. Note that the Census never includes the combined information of LLTI and the effect of that LLTI on need for adapted or accessible housing.
- 7.82 Overall 8.8% of households across England (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 70).

Figure 70: Households in England with a long-term illness or disability that affects their housing needs (Source: English Housing Survey 2018-19)

	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%

- 7.83 Within this group, the substantial majority of households live in a home that is suitable for their needs; their home already met their needs, they have moved to a home that meets their needs or they have adapted their existing home. This leaves 1.5% of households either requiring adaptations or needing to move to a more suitable home.
- 7.84 In essence, the ORS model applies the percentages from the English Housing Survey to the relative levels of limiting long-term illness and disability in Wokingham Borough to estimate the number of households likely to require adaptations or needing to move to a more suitable home in the housing market area. The results are shown below:

Figure 71: Households with a long-term illness or disability in Wokingham in 2021 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	15,374
Does not affect their housing need	10,565
Current home suitable for needs	4,040
Current home requires adaptation	398
Need to move to a more suitable home	370
Total households where a limiting long-term illness or disability affects their housing need:	4,809

- 7.85 The model (Figure 71) identifies that there were around 15,375 households living in Wokingham Borough in 2021 with one or more persons with a limiting long-term illness or disability. In nearly 10,600 of these households, this does not affect their housing need, but in 4,809 households an illness or disability does impact on housing need.
- 7.86 Amongst those households where it does affect housing needs 4,040 households are already living in a suitable home (having moved or made adaptations). This leaves 398 households needing adaptations to their current home and 370 households needing to move to a more suitable home. The 370 households needing to move represent an existing **unmet need** for M4(2) housing and some may actually be wheelchair users needing M4(3) housing.
- 7.87 The identified need for 370 adapted homes at the start of the assessment 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 Wokingham Borough, 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.
- 7.88 Whilst around 4,809 households living in Wokingham Borough in 2021 have a health problem that already affected their requirements for housing, it is likely that a further 2,347 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.
- 7.89 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.
- 7.90 Applying health data such as the rates of Long Term Limiting Illness to the increase in population suggests that by 2040 there will be an additional 8,315 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 2021 whose health has deteriorated over the period to 2040.
- 7.91 Therefore, considering the needs of households residing in 2021 together with the projected household growth and changing demographics (in particular the ageing population) to 2040, there will be a total of 13,124 households either needing adaptations to their existing home or suitable new homes to be provided. This is in addition to the 370 households needing to move and the 398 households needing adaptations based on their health in 2021.

Figure 72: Households with a long-term illness or disability in Wokingham Borough in 2021 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 2021	
Current home suitable for needs	4,040
Current home requires adaptation	398
Need to move to a more suitable home	370
Total households where a limiting long-term illness or disability affects their housing need in 2021	4,809
Existing households in 2021 likely to develop health problems that affect their housing need within 10 years	2,347
Additional households in 2040 projected to experience problems or likely to develop problems within 10 years	5,969
Additional households in 2040 where illness or disability affects their housing need or will develop within 10 years	8,315

^{7.92} To provide M4(2) housing for all of the identified need would require housing for up to 13,124 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.

^{7.93} 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. In general, older properties and some property types are more difficult to adapt than newer properties in the housing mix. The number of households living in the different types and ages of property is available from the Census and EHS. Based on the housing mix in Wokingham Borough, it is likely that 5,569 households (64%) will live in dwellings that could be converted to meet the M4(1) standard. 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.

^{7.94} The numbers are brought together in Figure 73; the existing households in need (370) plus the projected households in need to 2040, minus the households who already live in dwellings that can be adapted to meet their need. From this, we could assume that at least 3,116 households (36% of the households in need of home adaptations now or to 2040) need to move to adapted or adaptable housing in the period 2021-2040.

Figure 73: Households with a long-term illness or disability in Wokingham Borough in 2021 by effect on housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

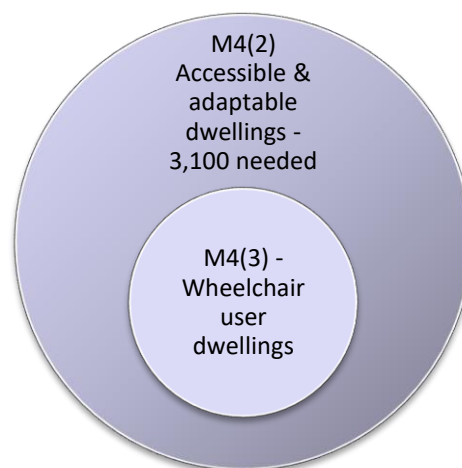
	TOTAL
Existing need in 2021	
Households where an existing illness or disability affects their housing need and need to move in 2021	370
Projected future need 2021-40	
Additional households in 2040 where illness or disability affects their housing need or will develop within 10 years	8,315
Maximum need for adapted housing 2021-40 (households)	8,685
Less households living in dwellings adaptable to M4(1) standard	5,569
Minimum need for adapted housing 2021-40 (households)	3,116

^{7.95} 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 3,116 households and maximum of 8,685 households identified in Figure 73 provide an appropriate range for the local authority to consider. In practice, the need is likely to be higher than the minimum as some dwellings that are adaptable to M4(1) standard will not be adaptable enough for the households needs. In practice, providing more M4(2) dwellings as some may be taken by other households such as through buying on the open market. It would enable choice in the market more generally and help disadvantaged households.

Housing for Wheelchair Users

^{7.96} 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.

^{7.97} 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)

^{7.98} 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.

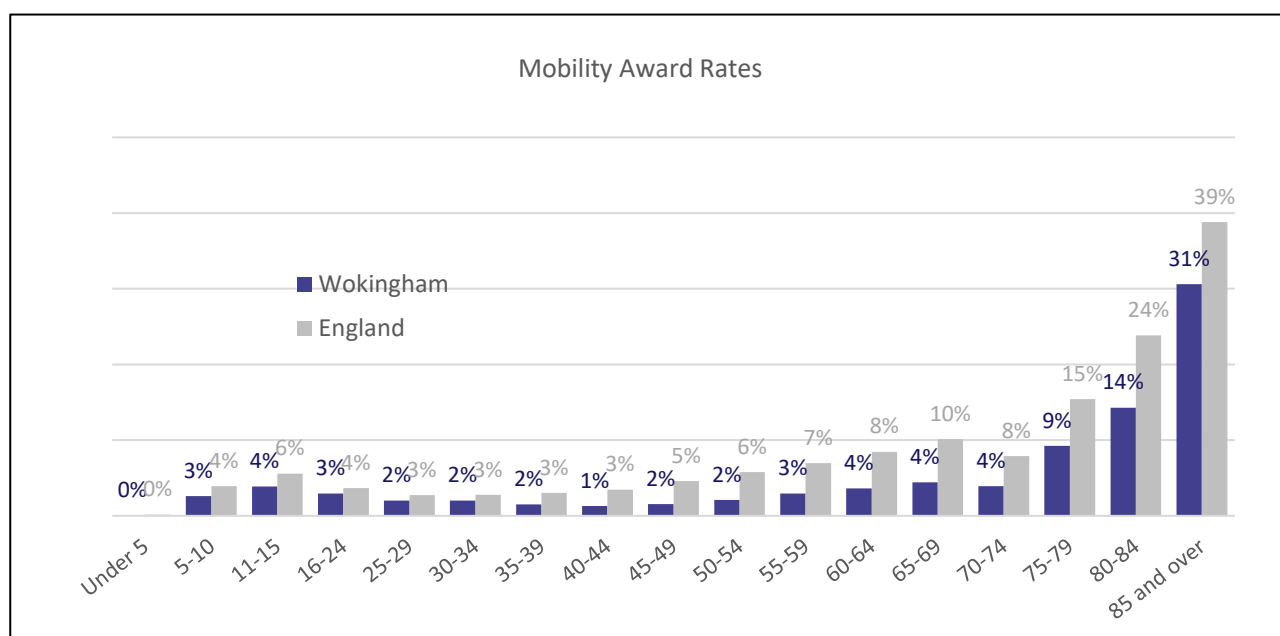
^{7.99} The CLG guide to available disability data⁴⁴ referenced by PPG [ID 56-007-20150327] shows that around one in thirty households in England (3.3%) currently have at least one wheelchair user, although the rate is notably higher for households living in affordable housing (7.1%). The rates are also higher for older households. Figure 74 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 74: Percentage of households with a wheelchair user by type of housing and age of household representative
(Source: English Housing Survey 2013-14)

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

^{7.100} To get a better understanding of Wokingham Borough, Figure 75 compares the proportion of disability benefit claimants in receipt of mobility award (the majority of whom will be wheelchair users) for Wokingham Borough against the figures for England. The percentage of Wokingham Borough residents in receipt of mobility award is lower than for England for all age groups, though follows the same pattern across the age groups as for England.

Figure 75: Disability benefit claimants in receipt of mobility award by age (Source: DWP, Aug 2021)



^{7.101} Through combining the information on local rates with the national data, we can establish the proportion of households in Wokingham Borough likely to have a wheelchair user by the age of the household representative in market housing and affordable housing (Figure 76).

⁴⁴ <https://www.gov.uk/government/publications/building-regulations-guide-to-available-disability-data>

Figure 76: Modelled percentage of households in Wokingham Borough with a wheelchair user by type of housing and age of household representative (Source: DWP, Census and English Housing Survey)

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%	0.9%	1.5%	2.7%	3.6%	5.4%	7.9%
Affordable housing	0.3%	2.0%	2.8%	5.6%	5.7%	9.6%	11.4%	17.3%

^{7.102} 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 2021 to 2040. (Figure 77). Using this approach, we calculate the number of households likely to need wheelchair adapted housing in Wokingham Borough is likely to increase by 670 over the 19-year period. This amounts to 5% of the dwelling target over the same time period, so would suggest a minimum need for 5% of new dwellings to be built to M4(3) standard. In practice, more than 5% may be needed to ensure that there are enough M4(3) dwellings for all the households who need it, as some may be taken by other households such as through buying on the open market, and to enable choice in the market more generally.

Figure 77: Households needing Wheelchair Adapted Housing (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Modelled Need for Wheelchair Adapted Housing	2021	2040	Net change 2021-40	% of housing need
Market housing	1,520	2,040	+520	4.6%
Affordable housing	480	620	+150	9.8%
Total	1,990	2,660	+670	5.2%

^{7.103} Importantly, as the model has included household age, it is possible to identify that a significant proportion of this growth (75%) comes from households which are aged over 75. This can be seen in Figure 78.

Figure 78: 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+		
	2021	2040	Net change 2021-40	2021	2040	Net change 2021-40
Market housing	950	1,080	+130	560	960	+400
Affordable housing	290	330	+40	190	290	+110
Total	1,240	1,410	+170	750	1,250	+500

^{7.104} This means that there are likely to be some people who are identified in both categories – Wheelchair adapted housing and specialist older person housing.

^{7.105} Earlier analysis of housing for older people identified a need for 1,777 specialist older person housing units for households aged 75 or over in Wokingham. 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, as shown by the data in Figure 76. 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.

- ^{7.106} On this basis, it may be appropriate to adopt higher targets for specialist accommodation for older people that is also wheelchair accessible. This could be balanced against the proportion of general needs housing that would need to meet the M4(3) Category 3 requirements. However, in balancing the provision it should be remembered that a higher percentage than the minimum of general needs housing may be required to account for the purchase of M3(3) properties by households who do not require it because of disability.
- ^{7.107} For reference: the Wokingham LHNA 2019 states that *‘The evidence supports the need for a target of at least 25% and ideally 50% or more of specialist housing for older people to meet M4(3) Category 3 requirements; and all specialist housing for older people should meet M4(2) Category 2 requirements.’* Following from this, the Wokingham BC Draft Local Plan Update (February 2020) Policy H9, relating to accommodation for Older People and Vulnerable Communities proposes a requirement *‘a minimum 25% of dwellings to be constructed to Category M4(3) standard’*.
- ^{7.108} The modelled need for new M4(2) and M4(3) dwellings is 3,100 dwellings (Figure 73). The modelled need for M4(3) dwellings is 670 (Figure 77). Therefore, the need for M4(2) dwellings is $3,100 - 670 = 2,430$ dwellings; 18% of the dwellings target. However, as noted earlier, the government now intend for all new build dwellings to meet M4(2) standard unless there is a strong justification for this not to be the case.
- ^{7.109} **The evidence supports the minimum need for a target of 5% of all housing to meet M4(3) Category 3 requirements.**

Conclusions

- ^{7.110} The data indicates a minimum need for:
- ^{7.111} A minimum of 5% of all new dwellings to be built to M4(3) standard. More may be required to ensure there is a buffer for open market buyers who purchase an M4(3) dwelling without requiring it because of disability.
- ^{7.112} A minimum of 18% of all new dwellings to be built to M4(2) standard, but if the government follows up its intention to deliver all new homes to M4(2) standard then this figure may not be required to be applied.

Specialist and supported housing in Wokingham

Mental Health

- ^{7.113} There are three stages to the modelling of accommodation needs for people with mental health problems.
- ^{7.114} Stage 1 is to estimate the total number of adults within the Wokingham Borough population with some mental health problem. Many of these people will be functioning with low level or no medical or social care intervention. An example would be a person with depression which is controlled by medication or talking therapy and who is in secure employment and family and social relationships. These people are in little or no risk of their mental health problem leading to their needing supported or independent accommodation.

- ^{7.115} Stage 2 is to estimate the total number of adults with a mental health problem which is potentially serious enough to cause them to be at risk of needing supported or independent accommodation, with or without support. These will often be people who are in touch with health or social care services, though that may still be low level of support. They will often be diagnosed with conditions such as severe depression, schizophrenia or bipolar disorder; the type of conditions which may involve psychotic episodes.
- ^{7.116} Stage 3 is to estimate how many people identified in stage 2 are at risk of having or developing housing need. It is important to note that the modelling does not need to take account of current supply of supported accommodation and independent accommodation with or without support because it is based on the number of people who currently do not have secure accommodation.
- ^{7.117} Figure 79 shows the prevalence of mental health problems and learning disability in the Wokingham Borough population as measured by recorded cases on the NHS Digital Quality and Outcomes Framework (QOF) dashboards for all GP surgeries that operate within Wokingham Borough⁴⁵.
- ^{7.118} Depression is the most prevalent mental health problem by a considerable margin. The QOF data shows a prevalence of depression of 10.90% of people in Wokingham Borough and 12.29% nationally, alongside a prevalence for other mental health problems of 0.59% of people in Wokingham Borough and 0.95% nationally. Wokingham Borough is below the national prevalence rate for both. In total there are 15,695 people with depression and other mental health problems recorded on the 2020-21 QOF; it is important to note that this sum assumes no double counting, the real number may be smaller. At this point, dementia and learning disabilities are excluded because we are considering the number of adults with a mental health problem that may lead to a housing problem; dementia is primarily experienced with age and specialist housing for older people is considered above, while learning disability is considered below.

Figure 79: QOF recorded cases of mental health problems and learning disability for all GP practices serving Wokingham
(Source: NHS Digital, QOF analysis 2020/21)

Indicator Group Code	Indicator Group Name	Register	Patient List Size	Prevalence %	England Prevalence %
DEM	Dementia	1,145	173,298	0.66%	0.71%
DEP	Depression	14,673	134,585	10.90%	12.29%
MH	Mental Health	1,022	173,298	0.59%	0.95%
LD	Learning Disability	681	173,298	0.39%	0.53%

- ^{7.119} While the QOF only includes people who are known to GP services, it can be expected that the QOF data is unlikely to show a significant under estimate as most people will be included in GP records. This will include those with chaotic lifestyles because their being treated through other Health and social care services, including acute hospital admissions will ensure they are recorded. GP practices do not have well defined geographies; patients from outside of Wokingham Borough may be registered with Wokingham Borough GPs and Wokingham Borough residents registered with practices outside of Wokingham Borough. While this may lead to an over or under estimate, it is unlikely to be significant.

⁴⁵ [Microsoft Power BI](#)

^{7.120} A sensitivity analysis of the QOF results can be performed by triangulating QOF against the Public Health England (PHE) 'Fingertips' profiling tool⁴⁶. The Fingertips tool does itself use QOF data but in conjunction with other sources.

Figure 80 shows the estimated prevalence of what is referred to on Fingertips as 'common mental disorders' across the population for the population of 16 and over, and for the older age group of 65 and over. Self-reported wellbeing scores for four key indicators are also included for completeness.

Figure 80: Fingertips Profiling Indicators for mental health in Wokingham (Source: NHS Digital, Fingertips Profiles)

Measure	Wokingham Count	Wokingham Value	Region Value	England Value	Data from
Estimated prevalence of common mental disorders: % of population aged 16 & over	15,168	11.6%	14.8%	16.9%	2017
Estimated prevalence of common mental disorders: % of population aged 65 & over	2,116	7.3%	9.2%	10.2%	2017
Self-reported wellbeing - people with a low satisfaction score	-	5.3%	5.9%	6.1%	2020/21
Self-reported wellbeing - people with a low worthwhile score	-	*	4.3%	4.4%	2020/21
Self-reported wellbeing - people with a low happiness score	-	7.8%	8.7%	9.2%	2020/21
Self-reported wellbeing - people with a high anxiety score	-	26.2%	23.6%	24.2%	2020/21

^{7.121} The Fingertips profiling tool shows an estimated prevalence of 15,168 people with common mental disorders aged 16 and over in Wokingham in 2017. This is comparable to the 15,695 on the QOF in 2020/21. The percentages in the two sources is also similar; 11.6% from Fingertips 2017 compared to 11.49% on QOF 2020/21. However, comparing the prevalence for England shows 16.9% for England on Fingertips 2017 compared to 13.24% on QOF in 2020/21. This demonstrates that the two sources do not produce identical estimates, adding weight to the reliability of comparing the two Wokingham Borough values.

^{7.122} Other data is available but is dated. The Fingertips profiling tool includes the incidence of psychosis at local authority level, but is not included as it is based on data from 2011 and is presented with a note that there are concerns about the data quality. The percentage of the population aged 18-74 in contact with Secondary Mental Health Services is available from the Berkshire Observatory, which uses the Fingertips tool to show data from 2014/15.

^{7.123} In conclusion, we can say that there are around 15,500 people in Wokingham Borough with a mental health problem that is serious enough to **consider** in assessing the need for supported housing or independent housing with support. However, most of these will not be serious enough to lead to a need for supported housing or housing with support.

^{7.124} A study for the NHS, 'Mental Health and Wellbeing in England: Adult Psychiatric Morbidity Survey 2014' defines Common Mental Disorders and places them in the context of a financial and social cost, though that is not an essential consideration in assessing the housing need⁴⁷:

Common mental disorders (CMDs) comprise different types of depression and anxiety. They cause marked emotional distress and interfere with daily function, but do not usually affect

⁴⁶ [Common Mental Health Disorders - OHID \(phe.org.uk\)](https://phe.org.uk/common-mental-health-disorders)

⁴⁷ [apms-2014-full-rpt.pdf \(nationalarchives.gov.uk\)](https://nationalarchives.gov.uk/apms-2014-full-rpt.pdf)

insight or cognition. Although usually less disabling than major psychiatric disorders, their higher prevalence means the cumulative cost of CMDs to society is great.

^{7.125} The relevant group to consider for housing need are people with severe mental illness (SMI), people who will suffer the disabling effects of a major psychiatric disorder which is likely to affect insight or cognition. In October 2017, Public Health England (PHE) published their 'Psychosis Data Report'⁴⁸ showing the number of people with psychosis and their access to care and support across England and smaller geographies, including Clinical Commissioning Groups (CCG). The relevant CCG at the time was the Wokingham CCG, which was replaced by the NHS Berkshire West CCG from 1st April 2018. While this data was collected in 2014/15 and published in 2017, it has two advantages. The first advantage is that the data is based on the QOF Severe Mental Illness (SMI) register, which covers schizophrenia, bipolar affective disorder and other psychosis. The second advantage is that the Wokingham CCG, was co-terminus with the Wokingham Borough area. Therefore, it is based on the same data source used above and same geography as in Figure 79. The results are shown below, including the lower and higher confidence intervals to allow the results to be sensitivity checked:

Figure 81: Recorded number of people with severe mental illness – Wokingham CCG (Source: QoF SMI register, 2014/15)

Wokingham CCG published results	Value % of total GP registers	Lower CI % of total GP registers	Upper CI % of total GP registers	Count	Denominator
	0.51	0.47	0.54	802	158,339
Wokingham CCG lower and upper CI expressed as numbers	Number on total GP registers	Lower CI as a number on total GP registers	Upper CI as a number on total GP registers	-	Denominator
	802	744	855	-	158,339

^{7.126} From this we can see that somewhere between 744 and 855 people have a mental health condition which is serious enough to cause or seriously threaten their housing and may require supported housing or housing with support.

^{7.127} It is important to consider the lower and upper numbers because of the uncertainty which is introduced at the final stage of the modelling. The available data on housing need is based on people on the Care Programme Approach (CPA), but it is necessary to use the QOF SMI register to estimate the number of people in need or potential need as Fingertips notes data quality concerns about the available data for the number of people on the CPA. The Community Mental Health Framework replaced the Care Programme Approach for community mental health services in July 2021.

^{7.128} The most likely people to require supported housing or housing with support are those who have a severe mental health problem and are in insecure or inappropriate accommodation.

^{7.129} Figure 82 shows the percentage of adults aged 18 to 69 in Wokingham Borough who are in contact with secondary mental health services and who live in stable and appropriate accommodation⁴⁹. In 2020/21 79% of adults in the borough lived in stable and appropriate accommodation compared to almost 90% in 2014/15. The reasons for this change are unclear; it could be due purely to the increase

⁴⁸ [Psychosis data report - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/648881/psychosis-data-report-2017.pdf)

⁴⁹ [Adults in contact with secondary mental health services who live in stable and appropriate accommodation - Persons - 18-69 yrs | Berkshire Observatory – Wokingham – Data Explorer](https://www.berkshireobservatory.org.uk/data-explorer/adults-in-contact-with-secondary-mental-health-services-who-live-in-stable-and-appropriate-accommodation-persons-18-69-yrs/)

in population, or could involve other factors, but it suggests that there is a growing problem of adults with mental health problems who are not in stable and appropriate accommodation.

Figure 82: Adults aged 18 to 69 in contact with secondary mental health services who live in stable and appropriate accommodation - Wokingham (Source: Fingertips via Berkshire Observatory; numbers reported as recorded, rounded numbers only are recorded from 2016/17)

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Wokingham BC	89.8%	84.4%	63%	78%	72%	72%	79%

^{7.130} Taking the results from Figure 81 and Figure 82 together gives a range of accommodation need as shown in Figure 83:

Figure 83: Adults with SMI at risk of requiring supported housing of housing with support - Wokingham 2020/21

	Sum	Persons in potential need
Percent not in stable and appropriate accommodation	21%	-
Range of need - lower end	744 x 21%	156
Range of need – upper end	855 x 21%	180

^{7.131} Each person at risk of losing their accommodation can be counted as a household, be that a single person household or a family or other household. In general, if that person loses their accommodation then the rest of their household loses their accommodation. This is not because they are always the head of household, but for a range of other reasons which have a similar pattern. For example, in the case of owner occupiers, if the person is responsible for paying the mortgage then the risk of foreclosure is clear; if the person is not responsible for paying the mortgage then the risk is small or non-existent. The exception to this is cases where the person loses their accommodation due to family breaking up, in which case they become a single person household.

^{7.132} In conclusion, there are currently between 155 and 180 households at risk of falling into housing need in Wokingham Borough and who may require supported accommodation or accommodation with support. Many of these are likely to be single person households. Many will have drug or alcohol dependency.

^{7.133} The Berkshire Care directory for Wokingham Borough shows a total of 8 beds in one scheme solely for mental health while Supported Living Services record a further 5 beds, again in one scheme. The Transform Housing and Support also provide housing, with around 50% of their total tenant base having a mental health condition. A recent scheme including 8 units for people with mental health problems had trouble finding enough people to fill the accommodation. The current accommodation provision falls short of the number of households who are **at risk** of losing their accommodation. In practice, not all of those at risk will require accommodation at all and there is likely to be a small flow of those that do require it from when an individual crisis occurs, rather than needing it immediately.

^{7.134} How many units of accommodation to provide for households at risk is a policy decision that is related to the strategic approach taken. The report on the Wokingham Mental Health Consultation 2021 states that:

There will be a clear focus on the prevention, early intervention, health promotion and the continued development of more resilient communities that can support people with mental health issues.

^{7.135} This focus on prevention is a pragmatic way to address the needs of the 155 to 180 households at risk of losing their accommodation. Wokingham Borough Council could also consider increasing the amount of supported housing available, particularly through housing with support as opposed to dedicated supported housing for people with mental health problems. An incremental approach would be necessary to avoid provision being under used. However, the most effective approach is to support people to maintain their tenancy or as homeowners through episodes of mental ill health. Such preventative work can help identify the need for specialist accommodation. Wokingham Borough Council do this through a contract with Transform Housing and Support.

Learning Disabilities and Autism Spectrum

^{7.136} There are three stages to the modelling of accommodation needs for people with learning disabilities or autism. These are similar to the stages used above for assessing the need for people mental health problems and so are not set out in detail here. In summary:

^{7.137} Stage 1 is to estimate the total number of adults within the Wokingham Borough population with a learning disability or autism.

^{7.138} Stage 2 is to estimate the total number of adults with a learning disability or autism which is potentially serious enough to cause them to be at risk of falling in to need of supported accommodation or independent accommodation, with support.

^{7.139} Stage 3 is to estimate how many people identified in stage 2 are at risk of having or developing housing need. It is important to note that the modelling does not need to take account of current supply of supported accommodation and independent accommodation with or without support because it is based on the number of people who currently do not have secure accommodation.

^{7.140} The Public Health England (PHE) 'Fingertips' profiling tool provides information on the number of children and adults in Wokingham Borough who are known to services. Because children with a moderate learning disability or autism are highly likely to be identified in school, the number of children is likely to be a robust estimate of children and young people.

Figure 84: Fingertips Learning Disability Profile for Wokingham (Source: NHS Digital, Fingertips Profiles)

Measure	Wokingham Count	Wokingham Value	Region Value	England Value	Data from
Children		PER 1,000 PUPILS OF SCHOOL AGE			
Children with Moderate Learning Difficulties known to schools	317	11.6	26.6	29.1	2020
Children with Severe Learning Difficulties known to schools	147	5.4	3.7	4.0	2020
Children with Profound and Multiple Learning Difficulty known to schools	28	1.03	1.11	1.29	2020
All Children with Learning Difficulties known to schools	492	18.0	31.4	34.4	2020
Children with Autism known to schools	511	18.7	19.3	18.0	2020
Adults (18+ years)		Per 1,000 adults			
Adults (18+ years) with learning disability receiving long-term support from local authorities	525	4.02	3.32	3.46	2019/20
QOF (all ages)		Percent			
Learning disability: QOF prevalence	633	0.4%	0.5%	0.5%	2019/20

^{7.141} Public Health England (PHE) Learning Disabilities Observatory published a report 'People with learning disabilities in England' in 2015⁵⁰ which estimated the prevalence of learning disabilities among children across England as 2.5% of the under 18 population. The estimated prevalence among adults across England is 2.16% of the adult population. Importantly, these rates include learning difficulties and autism.

^{7.142} The estimate of 2.16% of the adult population is based on several sources including: the number of people using learning disabilities services, the number of people known to learning disabilities services or known to GPs, and the estimated number of people with learning disabilities in the population. Again, this rate includes autism.

^{7.143} A lower proportion of people on GP learning disability registers have a learning disability than the PHE estimate of 2.16% of adults. 'People with learning disabilities in England' states that:

The most recent published count gives the numbers at the end of March 2015. At this point there were 252,446 people of all ages on learning disability registers. This is equivalent to 4.4 people per 1,000 population registered with a GP

^{7.144} PHE conclude that the rates of 2.5% for children and 2.16% for adults are the more robust than using the GP registers alone.

^{7.145} The NHS Information Centre for health and social care published a report in 2007 of the 'Adult Psychiatric Morbidity Survey of Autism Spectrum Disorders in Adults Living in Households Throughout England'.⁵¹ The authors estimated that 1.0% of the adult population had Autism Spectrum Disorders (ASD) and states that *The rate was higher in men (1.8%) than women (0.2%), which fits with the profile found in childhood population studies.* While this survey is from 2007, the British Medical Association

⁵⁰ [People with learning disabilities in England 2015: Main report \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

⁵¹ [Autism Spectrum Disorders in Adults Living in Households Throughout England - 2007, Report from the Adult Psychiatric Morbidity Survey - NHS Digital](#)

(BMA) state on its website that *One in 100 children in the UK have a diagnosis of autism spectrum disorder*⁵²; or 1% of children.

7.146 These national prevalence rates can be used to give an estimate of the total number of people in the Wokingham Borough population with a learning disability, and with Autism, with the caveat that rates of learning disability vary across the country:

Figure 85: Estimates of Children and Adults with a learning disability or Autism in Wokingham (Source: 2015 national rates for learning difficulties; 2007 Adult Psychiatric Morbidity Survey of Autism Spectrum Disorders; population estimates 2021)

Age group	Population 2021 (Figure 8)	Rate (%)	Persons in Wokingham with a Learning Disability or Autism
Children (aged under 18)	45,279	2.5%	1,132
Adults (aged 18+)	129,599	2.16%	2,799
All ages	174,878		3,931
Autism Spectrum Disorder	Population 2021 (Figure 8)	Rate (%)	Persons in Wokingham with Autism Spectrum Disorder
Children (aged under 18)	45,279	1%	452
Adults (aged 18+)	129,599	1%	1,296
All ages	174,878		1,748

7.147 It should be noted that these population-based estimates will include people with a mild learning disability who may not be recorded in the numbers based on contact with services above. This is particularly so for children as schools are likely to identify almost all children and young people with a moderate or more severe learning disability or autism.

7.148 The working age population is the relevant age group to assess current need for housing. The Fingertips Learning Disability Profile for Wokingham in Figure 84 suggests 525 adults are receiving long term support, while the 2015 national rates shown in Figure 85 suggest that 2,799 adults in Wokingham Borough have a learning disability, including people with autism. The benefit of using this figure that includes autism is that there is less likelihood of any double counting such as from people who have both a learning disability and autism.

7.149 Figure 86 shows the percentage of working-age learning disabled clients who are living in their own home as a percentage of working-age learning disabled clients (aged 18-64)⁵³.

Figure 86: Adults with a learning disability who live in stable and appropriate accommodation - Wokingham (aged 18+) (Source: Fingertips 2020/21)

	Wokingham Count	Wokingham Value	Region Value	England Value
Wokingham BC	397	81.5%	75.6%	78.3%

7.150 The Adult Psychiatric Morbidity Survey of Autism Spectrum Disorders also states that:

Likelihood of a positive assessment for ASD varied with the tenure status of people's homes. Those living in accommodation which was rented from a social landlord were the most likely

⁵² [Autism spectrum disorder \(bma.org.uk\)](https://www.bma.org.uk/autism-spectrum-disorder)

⁵³ [Learning Disability Profiles - Data - OHID \(phe.org.uk\)](https://www.phe.org.uk/data/learning-disability-profiles)

to have ASD. This was evident among men: 8.0% of men in social housing were identified with ASD.

7.151 The number of people in Wokingham Borough at risk of falling into accommodation need are shown in Figure 87:

Figure 87: Adults with a learning disability at risk of requiring supported housing or housing with support - Wokingham 2020/21

	Sum	Persons at risk of falling into need
Percent not in stable and appropriate accommodation	18.5%	-
Number at risk	2,799 x 18.5%	518

7.152 In conclusion, there are currently around 520 people with a learning disability who are at risk of falling into housing need in Wokingham Borough and who may require supported accommodation or accommodation with support. Many of those who are in stable and appropriate accommodation will be living independently, but many will live with family. However, those people in either independent living or living with family could also fall into need for reasons such as the individual or family not coping.

7.153 Wokingham Borough Council supports around 517 people with learning disabilities or autism (WBC Learning Disability Strategy).

7.154 Supported living data shows around 140 to 150 units for people with learning disabilities and autism, while the Berkshire Care Directory for Wokingham shows a total of 223 beds in care homes. The Wokingham Borough Council Learning Disability Strategy states that:

180 of our residents live in housing for people with a learning disability where support and care is provided with their home, of which 79% need help with everyday living tasks and 29% have complex or substantial needs.

7.155 And continues...

Most people living in a supported living services have a tenancy and pay rent. A support and care service is often attached to where they live to help them maintain and develop their independence, as well as helping them manage their day to day living tasks.

7.156 How many units of accommodation to provide for households at risk is a policy decision that is related to the strategic approach taken. The potential number of people at risk of falling into need is higher than the number of places available. However, Wokingham Borough Council are already supporting more people than the number of existing places. Overall, the data supports continuing the approach set out in the Learning Disability Strategy; one of prevention and support, though possibly combined with a small and incremental building development programme.

7.157 Finally, children are unlikely to require accommodation themselves until adulthood; in most cases any need will be for the whole household rather than the individual child (leaving aside child protection issues). The estimates of 492 children with at least a moderate learning disability and 511 with autism shown in Figure 84 gives a picture of future need over the next 10 or 15 years. The division into moderate, severe and profound learning disabilities suggests the different type of housing and support which may be required, such as people with moderate learning difficulties being more likely

to be supported in independent living while people with profound and multiple learning difficulty being more likely to need a higher level of care and support.

The Private Rented Sector

^{7.158} The growth in the private rented sector in Wokingham Borough has been considered as part of the housing trends section (Figure 12) which showed the sharp growth in the sector over recent years. This is consistent with national trends, with the English Housing Survey (EHS) 2016-2017 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. 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.

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^{7.159} 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;
- » The impact of inheritance – renting out either by choice or because of difficulties involved in selling properties;
- » Pensions reform: pension drawdowns invested in Buy To Let property.

^{7.160} The growth of the PRS has been acknowledged as both a growing and long-term option for meeting the nation’s housing need. The then Ministry for Communities and Local Government with the Intermediary Mortgage Lenders Association forecast that the private rented sector will increase in size to 35% nationally by 2032.⁵⁴ On this basis, the number of households renting privately could double again over the next twenty years.

^{7.161} 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.

⁵⁴ <http://news.rla.org.uk/rpi-rent-revolution/>

7.162 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)⁵⁵:

"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)

7.163 Importantly, 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.

7.164 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 supply⁵⁶ (including the Build to Rent investment scheme⁵⁷). The Government published "Improving the Private Rented Sector and Tackling Bad Practice: A guide for local authorities" in March 2015⁵⁸, 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."

7.165 Given this context, it is important for local authorities to recognise the role of the private rented sector at a local level. Assuming the release back into the market of many dwellings in the private rented sector currently occupied by tenants in receipt of housing benefit would have significant consequences for the wider housing market as more properties come on to the market; therefore it remains appropriate to recognise that the private rented sector will continue to make an important contribution towards providing housing options for households unable to afford their housing costs in future. Nevertheless, it is essential for local authorities to understand the full extent of the need for affordable housing in their areas and consider their policy responses accordingly.

The Future Role of the Private Rented Sector

7.166 PRS is an important tenure that has grown since 1991 to house a significant proportion of households in the area. At the same time, young households have been less likely to meet their housing need in affordable housing given the various constraints in accessing local authority and housing association rented housing. Recent changes to letting policies and the reality of pressures on the housing stock

⁵⁵ <http://cdn.budgetresponsibility.org.uk/37839-OBR-Cm-8820-accessible-web-v2.pdf>

⁵⁶ <https://www.gov.uk/government/publications/private-rented-homes-review-of-the-barriers-to-institutional-investment>

⁵⁷ <https://www.gov.uk/government/publications/build-to-rent-round-2-initial-due-diligence>

⁵⁸ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/412921/Improving_private_rented_sector.pdf

make it less likely that single persons aged under 35 years will be allocated to a 1 bedroom social rented or affordable rented property.

7.167 Further, there have been other changes announced (Right to Buy for housing association tenants and the new First Homes scheme) which may influence the demand for Private Rented Sector accommodation. The Housing and Planning Act 2016 contains proposals to further the Government's policy of encouraging home ownership through promoting Starter Homes to provide affordable property for first-time buyers. This duty has been updated to supporting the new First Homes scheme.

7.168 As is shown in Figure 46 there are many households residing in the private rented sector in Wokingham Borough who aspire to home ownership. If affordable to own homes could be provided for this group, it would help to reduce the size of the private rented sector.

7.169 However, If the new supply of affordable homes changes to include a large proportion of First Homes or other affordable to own properties, and if existing affordable supply in net terms reduces (i.e. if new affordable supply does not exceed stock sold under RTB), then demand for PRS stock may continue or increase further. This means that much of the increased demand for PRS property is likely to continue, driven by young households with few other options should they wish to establish their own household.

7.170 In practice this implies that unless current trends are reversed there will be a further growth in the private rented sector.

Student Housing

7.171 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 ... Local Planning Authorities will also need to engage with universities and other higher educational establishments to ensure they understand their student accommodation requirements.

Planning Practice Guidance, ID 67-004-20190722

7.172 The University of Reading main Whiteknights campus straddles the border of Reading Borough and Wokingham Borough. The University responded to the draft Reading Borough Local Plan in February 2020 and provided the following information:

7.173 The University identifies a shortfall of up to 3,000 bed spaces for first year students by 2028 and up to 12,865 bed spaces across all years by 2028.

7.174 The current shortfall is around 1,000 bed spaces for first year students and 5,000 bed spaces across all years.

7.175 The 2011 Census showed a total of 11,991 students aged 18+ in Reading and 3,882 in Wokingham; roughly 3:1 in Reading. Given that a large proportion of students were not living at their term time address during the 2021 Census, this is the most accurate data we have. However, it is likely that the majority of students will be drawn to Reading rather the more rural areas of Wokingham Borough.

7.176 The following calculation is based on these assumptions:

- » Around three quarters of Reading University students will live in Reading and one quarter in Wokingham Borough.
- » It is desirable for all first year students to be housed in Purpose Built Student Accommodation and preferably provided by the University.
- » It is not feasible to project the need beyond the current University of Reading strategy to 2028.

7.177 This would result in the needs laid out in Figure 88.

Figure 88: Need for student accommodation in Wokingham Borough and Reading (calculation above)

	Current need	Need to 2028
Wokingham Borough		
PBSA (First years)	250	750
Other (total minus first years)	1,000	2,466
Total	1,250	3,216
Reading		
PBSA (First years)	750	2,250
Other (total minus first years)	3,000	7399
Total	3,750	9,649

7.178 By this calculation, Wokingham Borough has a current need for 250 PBSA bed spaces and 1,000 other student accommodation bed spaces, such as shared houses in the Private Rented Sector. Wokingham Borough Council should plan for up to 750 PBSA bed spaces and 2,466 other student accommodation bed places such as shared houses in the private rented sector.

7.179 Students are included in the population estimates and therefore the total LHN.

Service Families

7.180 The Ministry of Defence (MoD) publish annual location statistics of service personnel, and the most recent iteration indicates that no service personnel are deployed in Wokingham Borough.

7.181 Given that the lack of MOD personnel deployed in Wokingham Borough has remained relatively constant over time, there is no identifiable housing need for service families. The Army have vacated the Arborfield Garrison site and this site will now be redeveloped as a new Strategic Development Location for up to 2,000 houses plus schools and other services⁵⁹.

People Wishing to Build their Own Homes

7.182 Planning Practice Guidance requires that people wishing to build their own homes are considered. There are two broad categories. Self-build, is where a person directly organises the construction, either themselves, or through hiring an architect and builder. Custom-build tends to be where the person works with a developer who designs and builds the property which may be an off the shelf design amended to the persons specification.

⁵⁹ [Arborfield Garrison major development \(wokingham.gov.uk\)](https://www.wokingham.gov.uk)

7.183 PPG states:

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

Most local planning authorities (including all district 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

7.184 Over half of the population (53%) say that they would consider building their own home⁶⁰ (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 7-10% of housing completions in the UK⁶¹, compared with rates of around 40% in France and 70 to 80% elsewhere in Europe.

7.185 The attractiveness of self-build is primarily the potential for 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.

7.186 "Laying the Foundations – a Housing Strategy for England" (HM Government, 2011)⁶² 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' in 2014 to test how the 'Right to Build' could work in practice in a range of different circumstances. Individual local authorities produced their own reviews of their experiences⁶³, but no detailed review of all 11 Vanguards was produced.

7.187 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 Act⁶⁴ 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;

⁶⁰ Building Societies Association Survey of 2,051 UK consumers 2011

⁶¹ Self-build and custom build housing (England) House of Commons Brief Paper March 2017

⁶² <https://www.gov.uk/government/publications/laying-the-foundations-a-housing-strategy-for-england--2>

⁶³ [Right to Build Vanguard.pdf](#) and [Version-02-APPG-Enquiry-SCDC-response-to-circ.pdf \(cambridgeshireinsight.org.uk\)](#)

⁶⁴ <http://services.parliament.uk/bills/2014-15/selfbuildandcustomhousebuilding.html>

- » 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.

^{7.188} The 2015 Act was amended by the Housing and Planning Act 2016⁶⁵ which placed a duty on local planning authorities to provide serviced plots which have planning permission that allows for self-build or custom housebuilding:

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)

February 2021 Policy Update

^{7.189} In February 2021 the Government updated Planning Practice Guidance in the form of, Self-build and custom housebuilding⁶⁶. The new guidance offers an updated definition of self-build and custom-housebuilding and also seeks to set out how the need can be assessed and met. The new guidance defines self-build and custom housebuilding as:

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.

Self-build and custom housebuilding covers a wide spectrum, from projects where individuals are involved in building or managing the construction of their home from beginning to end, to projects where individuals commission their home, making key design and layout decisions, but the home is built ready for occupation ('turnkey')

The Self-build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016) provides a legal definition of self-build and custom housebuilding. The Act does not distinguish between self-build and custom housebuilding and provides that both are where an individual, an association of individuals, or persons working with or for individuals or associations of individuals, build or complete houses to be occupied as homes by those individuals.

When reading this guidance, reference should be made to the:

[Self-build and Custom Housebuilding Act 2015 \(as amended by the Housing and Planning Act 2016\)](#)

[Self-build and Custom Housebuilding Regulations 2016](#)

[Self-build and Custom Housebuilding \(Time for Compliance and Fees\) Regulations 2016](#)

In considering whether a home is a self-build or custom build home, relevant authorities must be satisfied that the initial owner of the home will have primary input into its final design and layout.

⁶⁵ <http://services.parliament.uk/bills/2015-16/housingandplanning.html>

⁶⁶ [Self-build and custom housebuilding - GOV.UK \(www.gov.uk\)](#)

Off-plan housing, homes purchased at the plan stage prior to construction and without input into the design and layout from the buyer, are not considered to meet the definition of self-build and custom housing.

Self-build and Custom Housebuilding Guidance

Paragraph: 016 Reference ID: 57-016-20210208

- ^{7.190} Within this definition, it is clear that conversions can be counted as self-build and custom housebuilding if they involve the first occupant developing them, but homes bought directly off-plan cannot. However, it does seem to leave a situation where the buyer can choose from a range of options before building commences as being custom build. If this is the case, this will make comparisons with an area such as Germany more valid, because of the 70%-80% of German homes considered to be self-build and custom housebuilding, many are bought off plan to individual specifications and built by small builders.
- ^{7.191} Alongside the updated guidance, the MHCLG published detailed data from the registers for the period 2016 to 2019, with 10,700 new entries being recorded in 2018/19. However, the number of households joining the registers varies across the country and household can appear on more than one register. However, it is also likely that the figures do not fully reflect the demand for self-build and custom housebuilding as many households will address their own needs without appearing on any register.
- ^{7.192} As noted above, it is already considered that by 2017 around 7%-10% of housing delivery occurs via allocated and windfall self-build and custom housebuilding schemes. This would represent around 15,000-22,000 dwellings, but MHCLG statistics indicate that only around 10,100 plots were given planning permission in 2018/19. Therefore, alongside registers potentially underestimating the demand for self-build and custom housebuilding plots, it may also be the case that in some local authority areas, only those schemes which were explicitly granted planning permissions as self-build and custom housebuilding plots are being counted. The guidance also confirms that the uses of the self-build and custom housebuilding registers include:

Relevant authorities must give suitable development permission to enough suitable serviced plots of land to meet the demand for self-build and custom housebuilding in their area. There is no duty on a relevant authority to permission land which specifically meets the requirements expressed by those on the register. Relevant authorities should use preferences expressed by those on the register to guide their decisions when looking at how to meet the duty to grant planning permission etc. This will help ensure that relevant authorities permission land suitable for self-build and custom housebuilding which people are actually keen to develop.

Self-build and Custom Housebuilding Guidance

Paragraph: 028 Reference ID: 57-028-20210208

What does having a 'duty to grant planning permission etc' mean?

Relevant authorities must give suitable development permission to enough suitable serviced plots of land to meet the demand for self-build and custom housebuilding in their area. The level of demand is established by reference to the number of entries added to an authority's register during a base period.

The first base period begins on the day on which the register (which meets the requirement of the 2015 Act) is established and ends on 30 October 2016. Each subsequent base period is the period of 12 months beginning immediately after the end of the previous base period. Subsequent base periods will therefore run from 31 October to 30 October each year.

At the end of each base period, relevant authorities have 3 years in which to permission an equivalent number of plots of land, which are suitable for self-build and custom housebuilding, as there are entries for that base period.

Self-build and Custom Housebuilding Guidance

Paragraph: 023 Reference ID: 57-023-20210208

^{7.193} Therefore, there is an expectation that planning authorities must grant enough permissions to meet the numbers on their register with a 3-year time lag. A failure to deliver sufficient plots can be considered as a material consideration in planning appeals. The level of demand is measured in 'base periods' that run from 31st of October until 30th of October in the following year; and local authorities have three years from the end of each base period to permission enough serviced plots to meet the demand shown in the respective base periods.

^{7.194} The plots granted planning permission do not have to explicitly be for those who are on the register, so plots could be granted and then sold to households not on the register. This is recognised in the guidance which states that:

What is the relationship between the register and the Strategic Housing Market Assessment?

Assessment of local housing need as a whole should be conducted using the standard method in national planning guidance. Within this context, the size, type and tenure of housing needed for different groups should be assessed including people wishing to self-build or custom-build their own homes.

Local planning authorities should use the demand data from the registers in their area, supported as necessary by additional data from secondary sources (as outlined in the housing and economic development needs guidance), to understand and consider future need for this type of housing in their area. Secondary sources can include data from building plot search websites, enquiries for building plots recorded by local estate agents and surveys of local residents. Demand assessment tools can also be utilised.

Plan-makers will need to make reasonable assumptions using the data on their register to avoid double-counting households.

Self-build and Custom Housebuilding Guidance

Paragraph: 011 Reference ID: 57-011-20210208

^{7.195} The guidance is clear that planning authorities should meet the demand for plots from their register, but also should consider a different level of provision if it is clear that there is a demand for this.

April 2021 Self and Custom Build Action Plan

^{7.196} In April 2021, the MHCLG produce a new action plan to further support the development of the self-build and custom housebuilding sector.⁶⁷ This focused upon four key areas:

- » **Mortgage finance:** – a multi-year funding for ‘Help to Build’ was announced at the 2020 Spending Review. In April the government confirmed an initial £150 million over 4 years to support the scheme to deliver low deposit mortgages and improve affordability of home ownership for self and custom builders similar to Help to Buy.
- » **Developer finance:** The Home Building Fund, offers £2.5 billion in short term loan finance targeted at small and medium sized builders, innovation and custom build. Funding is available to custom build developers bringing forward serviced plots on sites of 5 units or more.
- » **Access to land:** As part of the 2020 Spending Review, the government announced additional funding for local authorities to release their surplus brownfield land through the Brownfield Land Release Fund (BLRF). The £75 million BLRF will allocate up to £25 million to local authorities to enable them to bring forward serviced plots for self and custom build on public sector land. The ‘Planning for the Future’ White Paper also included specific proposals that allow local authorities to identify sites for self-build and custom housebuilding and community-led housing in their local plan, including ensuring sufficient provision to meet requirements identified in their self-build register, and proposals to explore how publicly owned land disposal can support SMEs and the self-build sector.
- » **Expertise/knowledge gap:** The National Custom and Self Build Association’s (NaCSBA) Right to Build Task Force was established to help local authorities, community groups and other organisations help deliver self and custom build housing projects across the UK. Since 2020 it has been funded by government to provide expertise and support to local authorities on the implementation of the Right to Build and how to secure self and custom build delivery.

Review into Scaling Up Self and Custom Housebuilding

^{7.197} As part of the April 2021 Action Plan, the government commissioned an independent review into the scaling up of self and custom housebuilding. This report was published in August 2021⁶⁸ and the government responded to this review in June 2022⁶⁹.

^{7.198} The review focuses primarily on supply side factors limiting the delivery of self and custom housebuilding and produced 6 key recommendations which were broadly supported by the government:

- » Greater role for Homes England;
- » Raise awareness of the Right to Build;
- » Support community-led Housing, diversity of supply and Levelling Up;
- » Promote greener homes and more use of advanced manufacturing;
- » Support custom and self-build housebuilding through the planning reforms; **and**

⁶⁷ [Self and custom build action plan - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/94444/self-and-custom-build-action-plan)

⁶⁸ [Independent review into scaling up self-build and custom housebuilding: report - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/94444/independent-review-into-scaling-up-self-build-and-custom-housebuilding-report)

⁶⁹ [Government response to the independent review into scaling up self-build and custom housebuilding - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/94444/government-response-to-the-independent-review-into-scaling-up-self-build-and-custom-housebuilding)

- » Iron out any tax creases.

Evidence for Wokingham Borough

^{7.199} Wokingham Borough have put arrangements in place to comply with the Self-Build and Custom Housebuilding Act, including providing a self-build and custom housebuilding register. A local connection test was introduced on 1st June 2018. There is no financial viability test and no charge for joining the register.

^{7.200} Figure 89 shows that as of October 2021, Wokingham Borough Council has enabled 216 self and custom housebuilding plots against 260 registrations.

Figure 89: Self-build and Custom Housebuilding Register and Plot Provision (Source: Wokingham Borough Council)

Start Date	End Date	New Registrations	Cumulative Registrations	Delivered	Cumulative Delivery
01/04/2016	30/10/2016	63	63	19	19
31/10/2016	30/10/2017	106	169	33	52
31/10/2017	30/10/2018	10	179	35	87
31/10/2018	30/10/2019	18	197	35	122
31/10/2019	30/10/2020	15	212	39	161
31/10/2020	30/10/2021	39	251	34	195
31/10/2021	30/10/2022	9	260	21	216

Future Need for Self-build and Custom Housebuilding

^{7.201} As at October 2021, Wokingham Borough Council had 44 registrations still requiring plots, but had a record of providing plots for the majority of registrations; the remaining registration may have some complex reason why plots have not been delivered. While the adopted Wokingham development plan was adopted some years in advance of the Self-Build and Custom Housebuilding Act coming into play, Draft Policy H8 of the emerging Local Plan Update proposes to introduce a new approach including a summary development code and an emerging policy that supports self and custom housebuilding. It should also be noted that few opportunities for self-build and custom build housebuilding have been promoted in response to Call for Site exercises or separately. Those options that have been promoted are not considered to be in suitable locations for housing development.

^{7.202} As noted earlier, PPG recommends that alternative sources of data beyond the register, such as Need a Plot, can be considered to highlight the need for self and custom housebuilding plots. However, this now reverts back to council registers, so the only recorded information on the demand for self and custom housebuilding is the housing register and the actual up take of plots.

^{7.203} The evidence from areas like Germany indicate that small and medium size builders deliver many of the custom housebuilding plots. It is these supply constraints that much of government policy is now focused towards addressing.

^{7.204} We would note that our experience across the country has been that the self-build and custom housebuilding sector works relatively well for households who are seeking to build bespoke properties on single plot sites and as part of multi-plot sites. There is less evidence that those with lower budgets are having their needs met because the price of plots remains high. This in turn can be taken as a

reflection that the market for self and custom housebuilding is supply constrained and that suitable plots attract a premium which is offsetting a reductions from CIL exemptions. Within this group there are likely to be some households who are seeking to help design their own house, often from customising the interior of a set exterior. Meanwhile, other households will be seeking affordable homeownership dwellings where they can be heavily involved in the building of their final property. The government's new help to build scheme may help to make self and custom housebuilding more accessible and affordable.

^{7.205} It is for these two groups that Wokingham Borough Council could seek to work more proactively. There is potential for builders to deliver market homes which can either be customised at the outset, or which could be built as exteriors with the interior to be completed by the final occupant. Both of these approaches can be considered to fit within the definition of custom-built housing; and could both be encouraged with the provision of small and larger sites.

^{7.206} Meanwhile, Wokingham Borough Council could also seek to work with developers and Registered Providers to assess the potential demand for affordable to own self-build and custom housebuilding. This would be in lieu of providing completed affordable housing; but would allow households to help deliver their own affordable home ownership properties. This element could range from providing serviced plots at cost or partially completed dwellings which are sold to Registered Providers at cost.

Essential Local Workers

^{7.207} Annex 2 of the 2019-NPPF also mentions the needs of essential local workers in its definition of affordable housing:

Affordable housing: 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);

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 2019 – Annex 2

^{7.208} It is notable that the definition provided by the 2019 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.

^{7.209} 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 in need. The Government visa scheme for essential workers coming from outside the UK will increase the number of essential workers.

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Appendix B

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 NPPF, which specifies the main categories of affordable housing to be: affordable housing for rent; starter homes; discounted market sales housing (sold at a discount of at least 20% below market value); shared ownership, relevant equity loans, other low cost homes for sale and rent to buy.

Affordable Rent is provided by social landlords and rented for less than would be paid if renting privately. It must be at least 20% cheaper than the equivalent private rent in the area and must also be below the value of the Local Housing Allowance in the area.

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 HNA. 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 and adaptable 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 2011 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”*⁷⁰.

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

First Homes are discounted market sale units which must be sold with either a 30%, 40% or 50% discount in perpetuity to a person or persons meeting the First Homes eligibility criteria.

Green Deal is a market led framework that will allow individuals and businesses to make energy efficiency improvements to their buildings at no upfront cost. Finance needed for the improvements is repaid, in instalments, attached to an electricity bill.

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”*⁷¹

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

⁷⁰ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6338/1776873.pdf

⁷¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/182417/MethodologyFinalDraft.pdf

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.

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

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 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 districts, 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.

Pent up demand is unfulfilled demand or need for housing from households within the existing population, such as hidden households.

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. It typically has lower rents than Affordable Rent.

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

BRMA	Broad Rental Market Area
CLG	Department for Communities and Local Government (now MHCLG)
DWP	Department of Work and Pensions
LA	Local Authority
LHA	Local Housing Allowance
LHN	Local Housing Need
LHNA	Local Housing Needs Assessment
LLTI	Limiting Long Term Illness
MHCLG	Ministry for Housing, Communities and Local Government
NPPF	National Planning Policy Framework
ONS	Office for National Statistics
ORS	Opinion Research Services
PANSI	Projecting Adult Needs and Service Information
POPPI	Projecting Older People Population Information
PPG	Planning Practice Guidance
RSL	Registered Social Landlord
SHMA	Strategic Housing Market Assessment