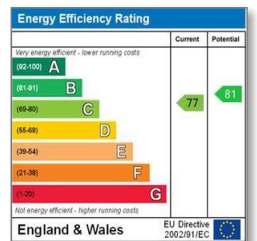




Wokingham Borough Local Housing Needs Assessment 2019

Report of Findings

January 2020





Opinion Research Services | The Strand, Swansea SA1 1AF
Jonathan Lee | Trevor Baker | Belinda Herbert
Nigel Moore | Scott Lawrence | Hugo Marchant
enquiries: 01792 535300 · info@ors.org.uk · www.ors.org.uk

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Contents

Executive Summary.....	6
Summary of Key Findings and Conclusions	6
Introduction.....	6
Local Housing Needs	6
Housing Tenure	7
House Prices	7
Income Needed for Housing Costs	7
Affordable Housing Need	8
Overall Affordable Housing Need for Households Unable to Afford.....	9
Household Aspiring to Home Ownership	9
Older Peoples Housing Need.....	10
1. Introducing the Study	11
Background to the project and wider policy context	11
Introduction.....	11
Government Policy	11
The Standard Method for Local Housing Need Assessment	12
Changes to the Standard Method.....	14
Assessing Housing Needs	17
Duty to Co-operate	17
2. Demographic Projections	20
The starting point for establishing Local Housing Need	20
Official Projections	20
Projected Household Size.....	21
3. Local Housing Need	23
Establishing the Minimum Local Housing Need figure	23
Local Housing Need based on standard methodology.....	23
4. Jobs and Workers	24
Alignment of Future Jobs Growth with Resident Workers	24
Considering the basis for Adjusting the Local Housing Need.....	24
Future Jobs Growth	25
5. Household Growth	26
The starting point for establishing Housing Tenure and Size	26
Projected Population Age Profile	26
Household Projections by Age	27

Projected Household Types.....	28
6. Local Housing Market	30
Housing options and cost of housing in Wokingham Borough	30
Housing Tenure Trends	30
Housing Stock by Size	30
Cost of Home Ownership	31
Income Needed for Home Ownership	32
Cost of Renting	33
Income Needed to Rent Housing	35
Identifying the Gap for Affordable Home Ownership	37
7. Affordable Housing Need	39
Identifying households who cannot afford market housing	39
Introduction.....	39
Establishing the Need for Affordable Housing to Rent and to Own	40
Home Ownership Trends	40
Affordable Housing Need: Households Unable to Afford	41
Current Unmet Need for Affordable Housing.....	42
Projected Future Affordable Housing Need	45
Overall Affordable Housing Need for Households Unable to Afford.....	48
Future Policy on Housing Benefit in the Private Rented Sector	50
Summary for Households Unable to Afford Market Housing.....	51
Affordable Housing Need: Households Aspiring to Homeownership	52
Additional Need for Affordable Homeownership.....	53
Overall Housing Need	56
Essential Local Workers.....	57
8. Needs of Different Groups.....	58
Identifying the need for different types of housing	58
Introduction.....	58
The Private Rented Sector	58
The Future Role of the Private Rented Sector	60
Student Housing	60
Service Families	61
People Wishing to Build their Own Homes	61
Housing for Older People	63
People with Learning Disabilities	68
Housing for People with Disabilities.....	69
Housing for Wheelchair Users	74
Gypsies and Travellers.....	77

Appendix A.....79

Table of figures79

Appendix B.....81

Glossary of Terms81

Definitions 81

Acronyms and Initials 84

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 2018-2036 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.

Local Housing Needs

2. The NPPF 2019 confirms that planning authorities should normally use the Standard Method to establish a minimum Local Housing Need (LHN) figure. Using the process set out in Planning Practice Guidance for Housing Need Assessment the minimum annual Local Housing Need figure for 2019 can be established as.

Figure 1: Establishing the minimum LHN figure for Wokingham Borough (Source: CLG, ORS; Note: All figures rounded to the nearest whole number)

	Wokingham Borough
Step 1: Setting the baseline	
Total households 2019	65,737
Total households 2029	71,291
10-year change 2019-2029	5,554
Annual average	555
Step 2: An adjustment to take account of affordability	
Median workplace-based affordability ratio	11.17
Adjustment factor	44.8%
Affordability uplift	249
Uncapped housing need	804
Step 3: Capping the increase	
Adoption date of most recent Local Plan	Jan-10
Annual requirement	662
Annual requirement with 40% uplift applied	927
Household projection with 40% uplift applied	778
Local Housing Need	804

3. Due to the Wokingham Borough Core Strategy being adopted more than 5 years ago, the LHN is not capped at 40% above its household projections. Instead, the figure is 44.8% higher than the 10 year average household growth figure of 555 households per annum, which gives a total of 804 dwellings per annum.

Housing Tenure

4. The overall balance between owners and renters has not changed in 2011 from the position in 1981, with 79% owning in 1981 and 81% owning in 2011, though the proportion of owners is less in 2011 than in 1991 and 2001. The balance between social rent and private rent has also changed significantly: only 39% of tenants rented privately in 1981 (8.2% of 21%) whereas 63% rented privately in 2011 (12.1% of 19.1%).

House Prices

5. In general, new build properties are more expensive than existing dwellings, with the uplift ranging from 6% for larger dwellings to 33% for 1 bedroom properties. Given the price of new build properties in Wokingham Borough, a higher level of delivery will make affordability worse in the short-term by increasing median property prices, thus leading to a higher uplift in the Standard Method.

Income Needed for Housing Costs

6. Figure 3 summarises the income thresholds for the range of different housing options based on the costs for home ownership and rents across Wokingham Borough. There is a clear income gap between being able to afford market rent and being able to afford home ownership in every dwelling size, though this is particularly the case when considering 2-bed housing.

Figure 2: Annual income thresholds for different housing options in single bedroom and two bedroom (Source: ORS based on ONS House Price Statistics, Department for Work and Pensions, Valuation Office Agency and Land Registry Price Paid Data. Note: All figures rounded to nearest £100)

Annual Income Needed to Own or Rent at Lower Quartile Prices		Local Authority
		Wokingham Borough
SINGLE BEDROOM PROPERTIES		
Minimum income to own with 10% deposit and 3.5x mortgage	Newly built dwelling	£58,900
	Existing dwelling	£44,200
Minimum income needed for rent to be less than 35%	Median private rent	£27,400
	LQ private rent	£25,700
	Affordable rent	£20,800
	Social rent	£15,500
Maximum income for HB support	Upper end of range	£18,645
	Lower end of range	£16,466
TWO BEDROOM PROPERTIES		
Minimum income to own with 10% deposit and 3.5x mortgage	Newly built dwelling	£74,200
	Existing dwelling	£63,600
Minimum income needed for rent to be less than 35%	Median private rent	£34,300
	LQ private rent	£32,600
	Affordable rent	£25,200
	Social rent	£18,600
Maximum income for HB support	Upper end of range	£29,013
	Lower end of range	£23,344

Affordable Housing Need

7. Households assumed to be unable to afford suitable 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.
8. 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 **901 households are currently living in unsuitable housing in Wokingham Borough and unable to afford their own housing.**
9. Of these households, 555 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 346 households (901 less 555= 346) who currently need affordable housing and do not currently occupy affordable housing in Wokingham Borough.**

Figure 3: Assessing current unmet gross need for affordable housing (Sources: CLG P1E returns; Census 2001 and 2011; English Housing Survey; DWP Housing Benefit; CLG Local Authority Housing Statistics)

	Affordable Housing			Increase in Overall Need
	Gross Need	Supply	Net Need	
Homeless households in priority need [Source: CLG P1E returns]				
Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	6		6	6
Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	10		10	
Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	13	13	0	
Households accepted as homeless but without temporary accommodation provided	9		9	9
Concealed households [Source: Census 2001 and 2011]				
Growth in concealed families with family representatives aged under 55	125		125	125
Overcrowding based on the bedroom standard [Source: Census 2011 and English Housing Survey]				
Households living in overcrowded private rented housing	173		173	
Households living in overcrowded social rented housing	259	259	0	
Reduction in spare rooms [Source: DWP Housing Benefit]				
Households likely to move from under-occupied social rented housing	282	282	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	24	1	24	
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	901	555	346	140

Overall Affordable Housing Need for Households Unable to Afford

10. Figure 4 brings together the information on assessing the unmet need for affordable housing in 2018 and the associated impact on market housing, together with the future need for market and affordable housing arising over the 18-year period 2018-36, for those who cannot afford market housing.

Figure 4: Assessing total need for market and affordable housing (Source: ORS Housing Model)

	Housing Need (households)		Overall Housing Need
	Market housing	Affordable housing	
Unmet need for affordable housing in 2018			
Total unmet need for affordable housing (a)	-	901	901
Supply of housing vacated (b)	206	555	761
Current housing need (c) = (a) - (b)	-206	346	140
Projected future housing need 2018-36			
Average annual housing need (d)	376	79	455
Future housing need (e) = (d) x 18	6,762	1,423	8,185
Total need for market and affordable housing (f) = (c) + (e)	+6,556	+1,769	+8,325
Average annual household growth (g) = (f) / 18	+364	+98	+462
Proportion of overall need for market and affordable housing	79%	21%	100%

11. Overall, there is a need to provide affordable housing for 1,769 households unable to afford to rent or buy over the Plan period 2018-36 (21% of the projected growth) which equates to 98 households per year. Adding an allowance for vacancies (based on Census 2011 rates for dwellings without a usually resident household) to take account of transactional voids and also longer-term voids associated with major works across the stock, this **identifies a total affordable housing need of 1,787 dwellings in addition to the current stock, a net annual need of 100 dwellings per year**. Any losses from the current stock (such as demolition or clearance, or sales through Right to Buy) would increase the number of affordable dwellings needed by an equivalent amount.

Household Aspiring to Home Ownership

12. Based on further analysis, we can estimate that there is a total of around 3,322 households currently resident in Wokingham Borough who cannot afford to own their own home but would aspire to do so. Over one-third of these households are aged 25-34 with the substantial majority (80%) aged under 45. While some of these households will eventually become owner occupiers as their incomes and savings grow, many will remain in the private rented sector.
13. In addition to the current need, it is also important to consider the 2014-based household projections for the period 2018-2036. Through combining this data with the aspiration data from the EHS, we can conclude that it is likely that there would be a further 2,164 households that form over the 18-year period who will be able to afford to pay market rent but unable to afford to own, despite that being their aspiration.
14. **We can therefore conclude that the overall need for affordable housing would comprise a total of 7,255 dwellings (1,769+3,322 +2,164) or 7,329 dwellings over the 18-year period 2018-2036, equivalent to an average of 403 households or 407 dwellings per annum**. This represents a substantial proportion of the minimum LHN figure of 804 dwellings (51%).

15. The identified housing need would need to be considered in the context of economic viability when establishing appropriate targets for affordable housing. Local viability assessments are likely to determine the actual affordable housing target (as a proportion of market housing sites) in the area and should help in providing a view on the deliverability of such a tenure mix, based upon local market evidence. However, in the context of the housing needs evidence it would be appropriate to maximise the amount of affordable housing that is delivered. Figure 5 identifies a potential size and tenure mix for Wokingham Borough, but this will clearly vary on a site by site basis.

Figure 5: Potential Size and Tenure Mix (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Affordable Housing	Market Housing	All Dwellings
1 bedroom	20-25%	5-10%	10%
2 bedrooms	45-50%	5-10%	10%
3 bedrooms	20-25%	40-50%	45%
4+ bedrooms	5-10%	35-40%	35%

Older Peoples Housing Need

16. The table below identifies the potential requirement for new specialist housing, taking account of the current population and existing stock together with the additional demand for the period 2018-2036 based on the projected change in population aged 75+. If current patterns of provision were to continue, then a total of 676 additional units would be required.
17. We would note that the Council's own records indicate that there is no backlog currently for council extra care rented schemes. They are already housing many people who have low needs of support (and who are more suited to sheltered housing). Local analysis is likely to be more robust within the context of Wokingham Borough than the use of standard toolkits.

Figure 6: Modelled Demand for Older Person Housing in Wokingham Borough based on Current Provision

		Rate per 1,000 persons aged 75+	Gross need 2018	Existing supply	Backlog at start of period	Gross need 2036	New need 2018-36	Overall need
Current Pattern of Provision								
Sheltered Housing	Owned	29	396	396	0	+661	+265	+265
	Rented	33	451	451	0	+752	+301	+301
Extra Care	Owned	3	44	44	0	+71	+27	+27
	Rented	9	125	125	0	+207	+82	+82
TOTAL		751	3,385	1,016	0	+1,692	+676	+676

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 2018-2036 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) using the standard method set out in Planning Practice Guidance (PPG). This LHNA adheres to the requirements of the new National Planning Policy Framework (NPPF) published in July 2018 (last updated in February 2019) and the associated Planning Practice Guidance (PPG), in particular the section on housing and economic needs assessment (last updated 20th February 2019).

Government Policy

- 1.2 The Government published the original National Policy Planning Framework in 2012. This set out the planning policies for England and how these were expected to be applied.
- 1.3 The NPPF 2012 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 2012 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 A revised version of the NPPF was published in July 2018. Whilst the NPPF 2018 maintained the underlying theme of sustainable development, several significant changes have been introduced in relation to identifying and meeting housing needs. The NPPF was further updated in February 2019 to incorporate a number of detailed changes following a technical consultation. Whilst most of the changes appear relatively minor, they may have a substantial impact on identifying and meeting housing needs in some areas. The results of the consultation were summarised in the document *“Government response to the technical consultation on updates to national planning policy and guidance”*.
- 1.5 Under the NPPF 2019, local planning authorities are still responsible for assessing their local housing needs; however, Paragraph 60 identifies that *“strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach”*. This represents a significant change, as the standard method sets out a formulaic approach to determine the minimum Local Housing Need (LHN) figure and prescribes the use of specific data for the calculation. Therefore, whilst the responsibility for establishing housing need continues to rest with the local planning authority, this is now constrained to a minimum figure that is determined centrally by the Government, unless exceptional circumstances justify an alternative approach.
- 1.6 Local planning authorities no longer have to prepare a Strategic Housing Market Assessment (SHMA) for the Housing Market Area (HMA), but they are now expected to produce a Local Housing Need Assessment (LHNA)

for their local area in order to assess the size, type and tenure of housing needed for different groups in the community.

- 1.7 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 HMAs are no longer mentioned explicitly in the NPPF 2019, Paragraph 60 identifies that *“any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for”*; and PPG identifies that HMAs are still one of the factors which must be considered when determining the relevant cross-boundary areas for plan-making [ID 61-010-20180913].
- 1.8 The NPPF 2019 has also introduced a new definition for affordable housing. Whilst the NPPF 2012 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 2019 adds that this includes *“housing that provides a subsidised route to home ownership and/or is for essential local workers”*. This has led to a specific change in the Planning Practice Guidance (PPG) for assessing affordable housing need.
- 1.9 Under the NPPF 2012, the need for affordable housing was based on those who could not afford to either buy or rent in the market – so households able to afford market rent would not be counted as part of the affordable housing need, even if they could not afford homeownership. 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, the needs of households able to afford market rent who aspire to but are unable to afford homeownership must now be counted.

The Standard Method for Local Housing Need Assessment

- 1.10 The NPPF 2012 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 adjustments such as market signals uplift and alignment of jobs and workers based on local circumstances.
- 1.11 On 14 September 2017, the Department of Communities and Local Government (CLG) published a consultation on potential revisions to the NPPF 2012, 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 median house prices to median earnings. The maximum uplift for a local authority area will be whichever is the higher of 40% above its CLG household projections or 40% above the adopted Local plan housing target.

- ^{1.12} 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.
- ^{1.13} The NPPF 2019 confirms that planning authorities should use the standard methodology for plan-making, though alternative methodologies which result in a higher housing need figure may still be deemed appropriate. Therefore, the standard method identifies the minimum number of homes expected to be planned for. It does not produce a housing requirement figure. The LHN figure represents a minimum overall housing need, but local authorities can consider a higher figure for plan making if, for example, this reflects growth potential, or unmet need from elsewhere. This is confirmed by PPG, which states:

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

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

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

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

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

Paragraph: 010 Reference ID: 2a-010-20190220

- ^{1.14} PPG also suggests that local planning authorities will need to calculate their local housing need figure at the start of the plan-making process but that this number should be kept under review and revised where appropriate.
- ^{1.15} The housing need figure may change as the inputs are variable and this should be taken into consideration. It may therefore be prudent to consider a number that is higher than the minimum LHN to provide a buffer against possible future changes when testing different alternatives while reviewing local plans.

Changes to the Standard Method

- ^{1.16} Since the publication of the figures in September 2017 a range of new data has been released which allows for the calculation to be updated. This includes:
- » New affordability data released in March 2018;
 - » New 2016-based sub-national population projections (SNPP) released in May 2018;
 - » A new methodology for calculating household projections released by the Office for National Statistics in June 2018; and
 - » New 2016-based household projections released in September 2018.
- ^{1.17} The national housing need produced using these new data is lower than previous estimates, falling short of the Governments stated 300,000 dwelling per year target. As a consequence, the Ministry for Housing, Communities and Local Government (MHCLG) consulted on changes to the standard method approach, and on 26 October 2018 published “Technical consultation on updates to national planning policy and guidance October 2018”.
- ^{1.18} At paragraph 19 of the document, MHCLG set out their planned changes to the standard method, explicitly stating that the lower housing numbers that are derived from application of the standard method to the ONS produced 2016-based household projections should not be used, and that these do not qualify as an exceptional circumstance to warrant deviation from the standard method outputs using the CLG 2014-based projections:

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

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

- 1.19 Following on from this general context, the consultation asked the following specific questions:

Question 1

Do you agree that planning practice guidance should be amended to specify that 2014- based projections will provide the demographic baseline for the standard method for a time limited period?

Question 2

Do you agree with the proposed approach to not allowing 2016-based household projections to be used as a reason to justify lower housing need?

- 1.20 After considering the consultation responses received, the “Government response to the technical consultation on updates to national planning policy and guidance” was published on 19 February 2019.
- 1.21 Despite a majority of consultees disagreeing with the proposal at Question 1, the Government still considers that its proposed approach is the most appropriate in the short-term.

Government response to Question 1

Having taken the responses into account, the Government considers that its proposed approach to providing the demographic baseline for the standard method is the most appropriate approach for providing stability and certainty to the planning system in the short-term. This decision has been taken in the context that the standard method does not represent a mandatory target for local authorities to plan for, but the starting point for the planning process. Local planning authorities may decide that exceptional circumstances justify the use of an alternative method, but they will need to identify these reasons and can expect them to be tested by the Planning Inspectorate during the examination of their plans. Local authorities may also not be able to meet their identified housing need in full, for example because of land constraints (such as Green Belt) in their area and it may be that need is better met elsewhere. The proposed approach does not change this.

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

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

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

- ^{1.24} The end of the 18-month period that the Government cites (August 2020) will be shortly after the release of the 2018-based Sub National Population Projections which are likely to be published in May 2020, and likely to coincide with the publication of the associated 2018-based Household Projections.¹
- ^{1.25} The Government has made it clear that it does not doubt the accuracy of the ONS 2016-based projections, as stated in the consultation: *“the Government is clear that this does not mean that it doubts the methodological basis of the 2016-based household projections.”* (again from the Question 1 response).
- ^{1.26} However, in its response to Question 2, the Government has made it clear that the existence of the lower 2016-based projections is not a justification for a lower local housing need assessment, despite further disagreement from respondents to the consultation.

Government response to Question 2

Taking into account these responses, the Government continues to think that the 2016-based household projections should not be used as a reason to justify lower housing need. We understand respondents' concerns about not using the latest evidence, but for the reasons set out in the consultation document we consider the consultation proposals to be the most appropriate approach in the short-term. We are specifying in planning guidance that using the 2016-based household projections will not be considered to be an exceptional circumstance that justifies identifying minimum need levels lower than those identified by the standard method.

- ^{1.27} It seems likely that the concerns about not using the latest evidence will ultimately be tested in the courts. Whilst there are some uncertainties about the new method for calculating household formation that ONS has introduced for the 2016-based household projections, the 2016-based sub national population projections are based on a method that is largely consistent with that used for the 2014-based population projection but using more up-to-date data and based on improved mid-year population estimates. As part of the 2016-based household projections publication, the ONS included an output which applied the previous CLG 2014-based household formation rates to the new 2016-based population projection (variant output 2) which provides up-to-date figures using the previous method.
- ^{1.28} It is also notable that the ONS published variant outputs for the 2016-based sub-national population projections in April 2019, and has recently consulted users on possible variants to the household projections. It seems likely that comparable variant scenarios will be included as part of the 2018-based projections which will enable the Government to propose an alternative scenario when the standard method is fully revised.

¹ National population projections are published every two years, with the 2018-based projections expected to be released on October 21st 2019. Sub National Population Projections are now expected to be released in March 2020, and household projections later that same year.

Assessing Housing Needs

- 1.29 The NPPF 2019 no longer requires local planning authorities to produce an SHMA to establish housing need for HMAs, but instead requires local planning authorities:

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

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

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

- a) off-site provision or an appropriate financial contribution in lieu can be robustly justified; and*
- b) the agreed approach contributes to the objective of creating mixed and balanced communities*

National Planning Policy Framework 2019 (NPPF), paragraph 60-62

- 1.30 Therefore, the NPPF 2019 does not contain any explicit reference to SHMAs and housing needs are to be established at a local authority level. However, a Local Housing Needs Assessment (LHNA) must now be prepared which will establish a minimum Local Housing Need (LHN) figure using the standard method set out in PPG [ID 2a-004-20190220]. In addition, the LHNA will need to identify the size, type and tenure of housing needed for a range of different groups in the community, which is largely consistent with the scope for SHMAs that the NPPF 2012 identified.
- 1.31 However, whilst the NPPF 2012 expected SHMAs to be undertaken to assess needs across Housing Market Areas (HMAs), the focus of the NPPF 2019 is on the needs of individual Local Planning Authorities without any mention of HMAs. Nevertheless, in terms of plan-making, PPG has retained the concept of the HMA [ID 61-010-20180913] within the Duty to Co-operate context, where joint working continues to be required.

Duty to Co-operate

- 1.32 The Duty to Co-operate was introduced in the 2011 Localism Act and is a legal obligation.
- 1.33 The NPPF 2019 sets out an expectation that public bodies will co-operate with others on issues with any cross-boundary impact, in particular in relation to strategic priorities such as “*the homes and jobs needed in the area*”.

Maintaining effective cooperation

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

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

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

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

National Planning Policy Framework (NPPF 2018), paragraphs 24-27

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

Maintaining effective cooperation

How are plan-making bodies expected to cooperate?

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

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

Reference ID: 61-009-20190315

- ^{1.36} In paragraph 61-017 entitled “Which geographical area does a statement of common ground need to cover?”, PPG explicitly discusses the appropriate functional geography to which the Statement of Common ground should apply: “For example, housing market and travel to work areas, river catchments, or landscape areas may be a more appropriate basis on which to plan than individual local planning authority, county, or combined authority areas”. It goes on to define housing market areas:

How can housing market areas be defined?

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

These can be broadly defined by analysing:

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

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

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

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

Reference ID: 61-018-20190315

- ^{1.37} This definition of a HMA is almost identical to that in the original PPG relating to housing need.

2. Demographic Projections

The starting point for establishing Local Housing Need

Official Projections

- 2.1 Planning Practice Guidance revised in February 2019 identifies that **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 7 sets out the 2014-based household projections over the period 2019-29, 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 7 also sets out the previous household projections that CLG produced for the area together with the 2016-based ONS household projections, including the associated outputs from the sensitivity analysis undertaken.

Figure 7: Household projections 2019-29 (Source: CLG, ONS; Note: All figures presented unrounded for transparency)

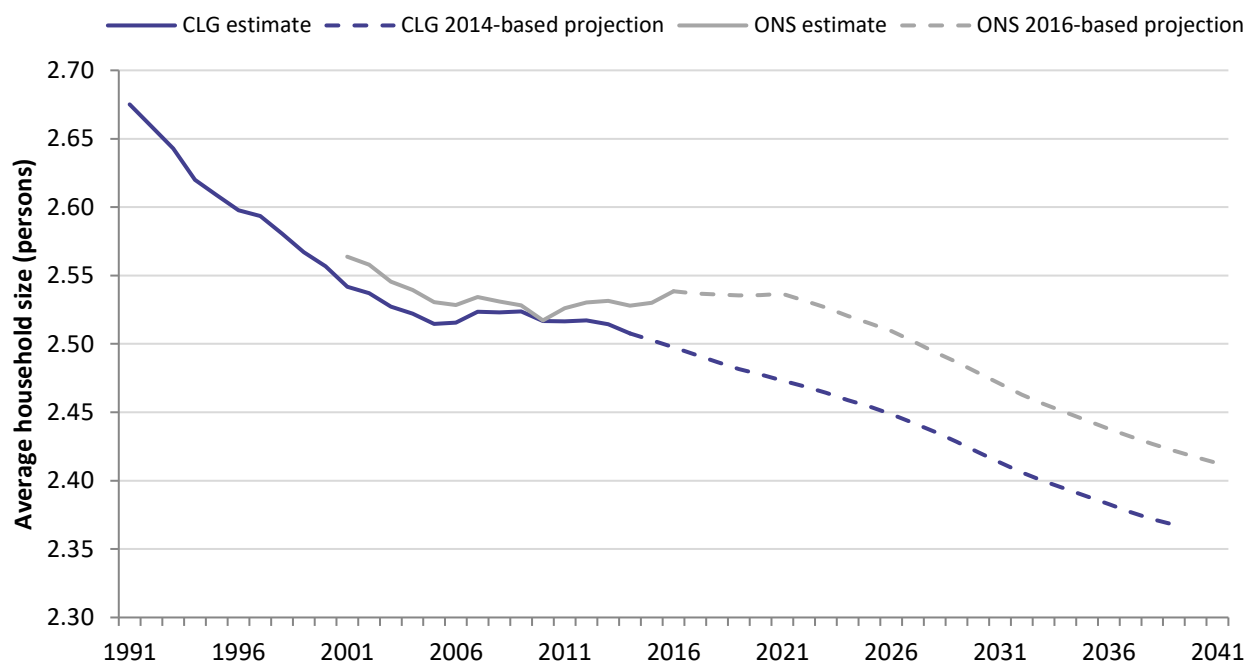
	Migration trends	10-year Change in Households 2019-2029
		Wokingham Borough
CLG Household Projections		
2014-based projection: 2014-based population and CLG 2014-based HH formation	2009-14	+5,554
ONS 2016-based Projections		
Principal projection: 2016-based population and ONS 2016-based HH formation	2011-16	+4,861
Sensitivity analysis 1: 2014-based population and ONS 2016-based HH formation	2009-14	+5,452
Sensitivity analysis 2: 2016-based population and CLG 2014-based HH formation	2011-16	+4,945

- 2.3 For Wokingham Borough, the CLG 2014-based household projections identify a growth of 5,554 households over the 10-year period 2019-2029; notably higher than the ONS 2016-based projections which identified the growth of 4,861 households. However, if we use analysis 2 (using 2016-based population, but 2014-based HH) shows that the latest population figures decreases the growth to 4,945 households; lower than the 2014-based projection and HH formation rates. Meanwhile, if we use sensitivity analysis 1 then this shows that the new method increases the growth based on the previous 2014-base population projection to 5,452 households. Therefore, the new ONS method for household formation yields a slightly lower growth than the legacy CLG method, but almost all of the difference between the 2014 and 2016 based household projections is due to changes in the projected population growth. This implies that it is not the new methodology used by the ONS to calculate household headship rate which has reduced the projected household growth, but instead it is the reduction in the population projections based upon changes to fertility, mortality and migration evidence.

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 8 divides the household population in Wokingham Borough by the associated household projection.
- 2.5 As can be seen average household sizes steadily declined in Wokingham Borough until 2011 and are projected to continue falling 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, then this would typically show up as a growing average household size, although other factors such as more families moving to Wokingham Borough could also generate the same outcome. While the household size for Wokingham Borough has stopped decreasing in recent years, there is no indication that this recent change to household formation has been projected forward.
- 2.6 The data has an unusual property in that it shows growing household sizes after 2011 despite a high level of house building in Wokingham Borough. The most likely explanation for this is that there may be continuing issues with the population figures for the borough, with data up until 2011 showing high levels of Unattributable Population Change, and these are reflected in growing household sizes in the data which do not reflect the reality in Wokingham Borough. However, the data may also reflect recent house building having attracted more families to the area and also the impact of younger households struggling to obtain mortgages. The important point is that the static average household sizes are not projected to continue in to the future in the Local Housing Needs figure, so household growth is not being suppressed in the projections.

Figure 8: Average household size estimates and projections for Wokingham Borough for the period 1991-2041 (Source: CLG estimates 1991-2011; ONS 2016)



3. Local Housing Need

Establishing the Minimum Local Housing Need figure

Local Housing Need based on standard methodology

- 3.1 The NPPF 2019 confirms that planning authorities should normally use the standard methodology to establish a minimum Local Housing Need (LHN) figure.
- 3.2 Using the process set out in Planning Practice Guidance for Housing Need Assessment [ID 2a-004-20190220] the minimum annual Local Housing Need figure for 2019 can be established as follows.

Figure 9: Establishing the minimum LHN figure for Wokingham Borough (Source: CLG, ORS; Note: All figures rounded to the nearest whole number)

	Wokingham Borough
Step 1: Setting the baseline	
Total households 2019	65,737
Total households 2029	71,291
10-year change 2019-2029	5,554
Annual average	555
Step 2: An adjustment to take account of affordability	
Median workplace-based affordability ratio	11.17
Adjustment factor	44.8%
Affordability uplift	249
Uncapped housing need	804
Step 3: Capping the increase	
Adoption date of most recent Local Plan	Jan-10
Annual requirement	662
Annual requirement with 40% uplift applied	927
Household projection with 40% uplift applied	778
Local Housing Need	804

- 3.3 Due to the Wokingham Borough Core Strategy being adopted more than 5 years ago, the LHN is not capped at 40% above its household projections. Instead, the figure is 44.8% higher than the 10 year average household growth figure of 555 households per annum, which gives a total of 804 dwellings per annum.
- 3.4 It is also important to recognise that the Government has confirmed that it intends to comprehensively review the standard method before the publication of the 2018 based household projections. It may therefore be necessary to update the LHNA if the Government chooses to adopt a different approach following the proposed review of the formula.

4. Jobs and Workers

Alignment of Future Jobs Growth with Resident Workers

Considering the basis for Adjusting the Local Housing Need

- 4.1 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

- 4.2 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.
- 4.3 The PPG at Reference ID: 2a-010-20190220 refers to previous SHMAs as a reason for building more homes than the standard method. The Berkshire SHMA concluded the borough's contribution to OAN was 856 dpa, but as series of planning appeals saw 894 dpa being accepted by planning inspectors. The West of Berks 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.

- 4.4 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 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 when establishing the housing requirement. This will involve evidence-based judgements over a range of different factors.

Future Jobs Growth

- 4.5 To inform the alignment of future jobs and workers, Wokingham Borough Council commissioned two economic forecasts from Experian and Cambridge Econometrics as part of a separate commission. The baseline forecast shows a population growth for Wokingham Borough of 13,760 people over the period 2020-2036 and a workplace jobs growth of 11,040. The second scenario shows a population growth of 20,960 and a workplace jobs growth of 12,960.
- 4.6 Applying the LHN figures, the population growth is projected to be 22,944 people over the period 2018-36. For the period 2020-36 the projected population growth is 18,910 so it higher than the baseline, but lower than the second scenario.
- 4.7 We then calculated the additional number of economically active workers who are projected to arise from the population growth associated with the LHN and this produced a figure of an additional 8,732 economically active people. The figure was calculated by considering the projected growth in population by age and adjusting the current rates of economic activity in line with those projected by the Office for Budget Responsibility who allow for a growth in projected rates in the future due to changes in the pension age and increases in female participation in the labour market.
- 4.8 Therefore, there is a gap between the forecasted growth in workplace jobs and the number of workers available to fill the jobs of between 3,300 and 5,200 depending upon the scenario. However, this does not consider the impact of potential reductions in unemployment, that many workers will hold more than one jobs and also that commuting patterns will adjust if one area is more economically successful than another. Wokingham Borough sits as part of the West of Berkshire Housing Market Area and there is a high degree of movement between the boroughs.
- 4.9 In general we would recommend seeking to balance jobs and workers at a Housing Market Areas level and this was the approach adopted in the NPPF 2012. On this basis there would be no justification for increasing the minimum LHN based on the standard methodology for Wokingham Borough without clear evidence of a shortfall of workers in the Housing Market Area, for which there is currently none.

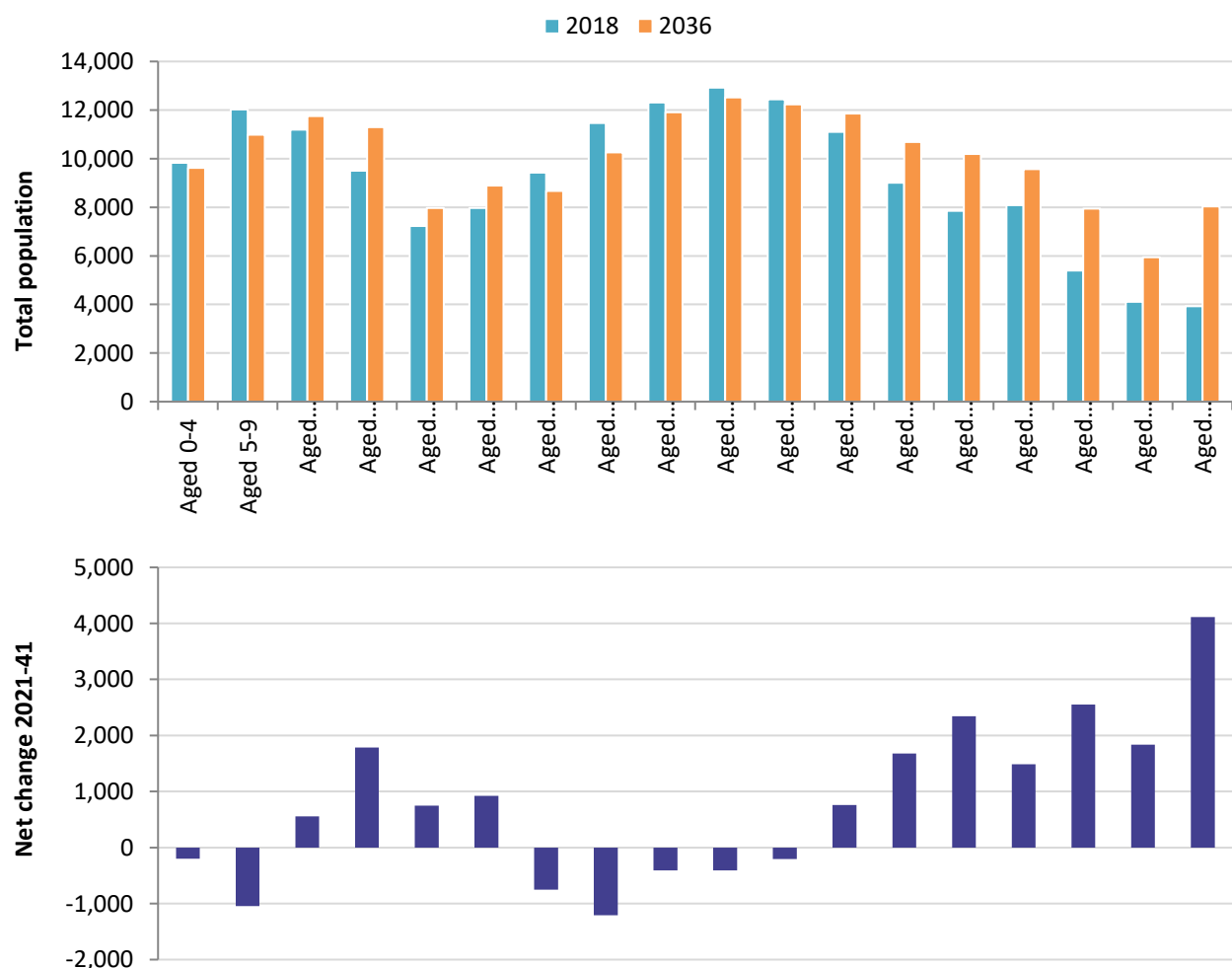
5. Household Growth

The starting point for establishing Housing Tenure and Size

Projected Population Age Profile

- 5.1 Figure 10 shows the projected change in Wokingham Borough population by 5-year age band for the 18-year period 2018-36. This period has been chosen to be consistent with the local plan. The data used is the 2016 based SNPP because this is the most up to date population projection.
- 5.2 Overall for Wokingham Borough, the growth in the older population is 85% of the overall population growth; 12,317 persons from a total growth of 14,538 persons are projected to be aged 65 or over, including an increase of 4,110 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.
- 5.3 There are decreases in some other age groups under 65, particularly for children under the age of 10 years and adults aged 30-39 years, but these have considerably less effect on the net population growth of 14,538 persons.

Figure 10: Population projections 2018-36 by 5-year age cohort for Wokingham Borough (Source: ONS 2016 based sub-national projections)



Household Projections by Age

- 5.4 Figure 11 summarises the total number of households in Wokingham Borough in 2018 and 2036 in terms of the age of household representatives, together with the change in the number of households in each category over the period 2018-36 using 5-year age bands. A household representative is the eldest economically active person in the household.

Figure 11: Total projected households in Wokingham Borough for 2018 and 2036 and summary of 18-year change by age of household representative (Note: Figures may not sum due to rounding)

	Age of Household Representative								TOTAL
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
TOTAL HOUSEHOLDS									
2018	890	5,920	12,310	14,850	11,780	9,130	6,610	2,770	64,260
2036	950	5,770	11,550	14,510	13,080	11,180	9,670	5,720	72,440
TOTAL CHANGE 2018-2036	+60	-150	-760	-340	+1,300	+2,060	+3,060	+2,950	+8,180

- 5.5 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. The increase in households aged 65+ represents nearly 100% of the total household growth. Many of these older households will already be established and living in existing homes; they will simply get older during the 18-year period. It is therefore also important to consider household growth in relation to age cohorts.
- 5.6 Figure 12 shows the projected number of households in each cohort, showing their age in both 2018 and 2036.

Figure 12: Total projected households for 2018 and 2036 and summary of 18-year change by age cohort of household representative (Note: Figures may not sum due to rounding)

	Age of Household Representative								TOTAL
	<7	7-16	17-26	27-36	37-46	47-56	57-66	67+	
Age in 2018									
Age in 2036	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
TOTAL HOUSEHOLDS									
2018	-	180	1,900	7,200	12,820	14,230	11,250	16,680	64,260
2036	950	5,770	11,550	14,510	13,080	11,180	9,670	5,720	72,440
TOTAL CHANGE 2018-2036	+950	+5,590	+9,650	+7,310	+260	-3,050	-1,570	-10,960	+8,180

- 5.7 There are 7,200 households aged 27-36 in 2018. The same households would be aged 45-54 by 2036. The trend-based projection identified that total number of households aged 45-54 in 2036 would be 14,510; therefore, an extra 7,300 households: partly due to new household formations and partly due to net migration.
- 5.8 Based on the cohort analysis, it is apparent that around 23,760 extra households aged under 85 (in 2036) will be likely to form in Wokingham Borough over the 18-year period 2018-36 against a total growth of 8,180 households. The 23,760 extra households aged under 85 are offset against a reduction of 15,580 households aged 85 or over (in 2036). Most of this reduction is due to household dissolution following death (although some may be due to net migration):

» 16,680 households were aged 67+ in 2018, who would be aged 85+ in 2036 if they had survived;

- » The projected number of households aged 85+ in 2036 is 5,720, which represents a reduction of 10,960 households whose existing homes would be vacated.

5.9 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 nearly 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

- 5.10 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.
- 5.11 Figure 13 shows the household numbers for Wokingham Borough for 2018 and 2036 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 the housing needs are more likely to be influenced by the actual age rather than the year of birth.

Figure 13: Total projected households for 2018 and 2036 and summary of 18-year change by household type and age of household representative (Note: Figures may not sum due to rounding)

Household Type	Age of Household Representative								TOTAL
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
Total Households 2018									
Single person	170	930	1,640	2,540	2,600	3,200	2,160	1,740	14,980
Couple without children	170	1,910	1,550	1,960	4,410	4,610	3,740	710	19,050
Families with child(ren)	420	2,580	8,760	8,230	1,530	150	30	0	21,710
Other households	130	500	360	2,120	3,240	1,170	680	320	8,520
TOTAL	890	5,920	12,310	14,850	11,780	9,130	6,610	2,770	64,260
Total Households 2036									
Single person	100	620	1,440	2,850	3,270	4,680	1,430	3,170	17,550
Couple without children	90	1,910	1,380	1,100	3,760	4,830	7,080	1,750	21,910
Families with child(ren)	690	2,760	8,470	9,080	2,170	260	60	10	23,500
Other households	60	490	260	1,480	3,880	1,410	1,110	790	9,490
TOTAL	950	5,770	11,550	14,510	13,080	11,180	9,670	5,720	72,440
Total Change 2018-2036									
Single person	-70	-310	-210	+310	+670	+1,480	-740	+1,430	+2,570
Couple without children	-70	0	-170	-860	-650	+220	+3,350	+1,040	+2,860
Families with child(ren)	+270	+180	-290	+850	+640	+110	+30	0	+1,790
Other households	-70	-20	-100	-640	+640	+240	+430	+480	+960
TOTAL CHANGE	+60	-150	-760	-340	1,300	2,060	3,060	2,950	+8,180

5.12 In summary:

- » Families with dependent children represent around a quarter of the overall household growth: an increase of 1,790 households over the 18-year period;

- » Single person households represent 30% of the overall household growth: an increase of 2,570 over the 18-year period, including 1,430 aged 85 and over;
- » Couples without dependent children represent just over a third of the growth: an increase of 2,860 households formed of 4,610 aged 65+ offset against a reduction of 1,730 younger couples without children.
- » The increase in “Other” households represents 12% of the growth. Other households include multi-generation living, student households and Houses in Multiple Occupation (HMOs).

^{5.13} Therefore, a little over 66% of the household growth is associated with households who require smaller dwellings.

6. Local Housing Market

Housing options and cost of housing in Wokingham Borough

Housing Tenure Trends

- 6.1 The national trends are evident in the local data for Wokingham Borough, even while recognising that the 2011 Census is now nearly 9 years old. Figure 14 to Figure 16 show that the overall balance between owners and renters has not changed in 2011 from the position in 1981, with 79% owning in 1981 and 81% owning in 2011, though the proportion of owners is less in 2011 than in 1991 and 2001. The balance between social rent and private rent has also changed significantly: only 39% of tenants rented privately in 1981 (8.2% of 21%) whereas 63% rented privately in 2011 (12.1% of 19.1%).

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

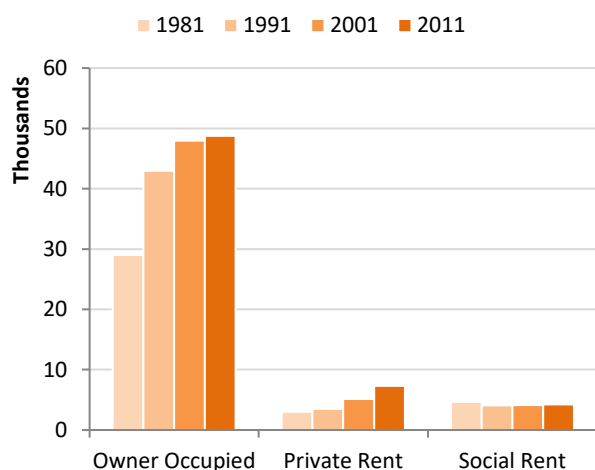


Figure 15: Percentage of Households by Tenure 1981-2011
(Source: UK Census of Population)

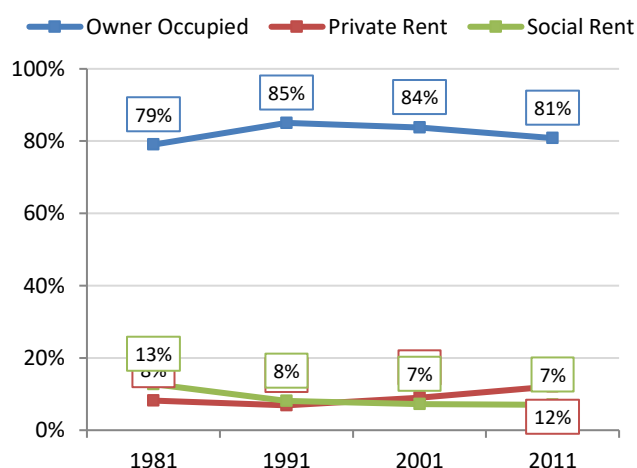


Figure 16: Households by Tenure for Wokingham Borough 1981-2011 (Source: UK Census of Population)

Tenure	Total Households				Net Change		
	1981	1991	2001	2011	1981-1991	1991-2001	2001-2011
Owner occupied	29,034	42,977	47,993	48,782	+13,943	+5,016	+789
Private rent	3,018	3,475	5,148	7,314	+457	+1,673	+2,166
Social rent	4,685	4,081	4,131	4,236	-604	+50	+105
TOTAL	36,737	50,533	57,272	60,332	+13,796	+6,739	+3,060
Owner occupied	79.0%	85.0%	83.8%	80.9%	+6.0%	-1.2%	-2.9%
Private rent	8.2%	6.9%	9.0%	12.1%	-1.3%	+2.1%	+3.1%
Social rent	12.8%	8.1%	7.2%	7.0%	-4.7%	-0.9%	-0.2%

Housing Stock by Size

- 6.2 Figure 17 shows the housing stock of Wokingham Borough by tenure and number of bedrooms. In general, the owner occupied stock is dominated by 3 and 4 bedroom properties (72%).

- 6.3 In general, 2 bedrooms are the most common private rented property size followed by 3 bedroom then 1 bedroom. While in social rent there is a broadly three-way split between 1, 2 and 3 bedroom properties.

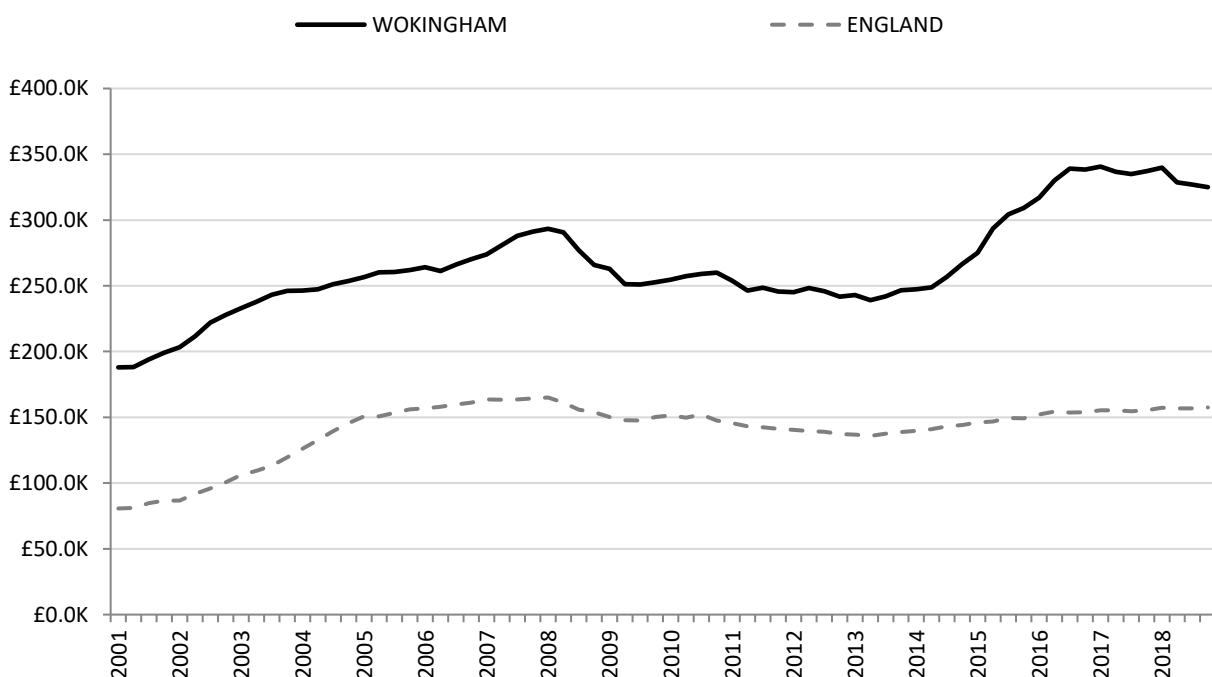
Figure 17: Dwelling stock by tenure and number of bedrooms by area (Source: UK Census of Population 2011)

Property Type	Owner Occupied	Private Rent	Social Rent	TOTAL
OWNER OCCUPIED				
1 bedroom	3.2%	18.1%	28.4%	6.8%
2 bedrooms	14.5%	36.7%	35.0%	18.7%
3 bedrooms	38.8%	29.8%	32.5%	37.3%
4 bedrooms	33.6%	11.4%	3.4%	28.8%
5+bedrooms	9.8%	4.0%	0.6%	8.4%

Cost of Home Ownership

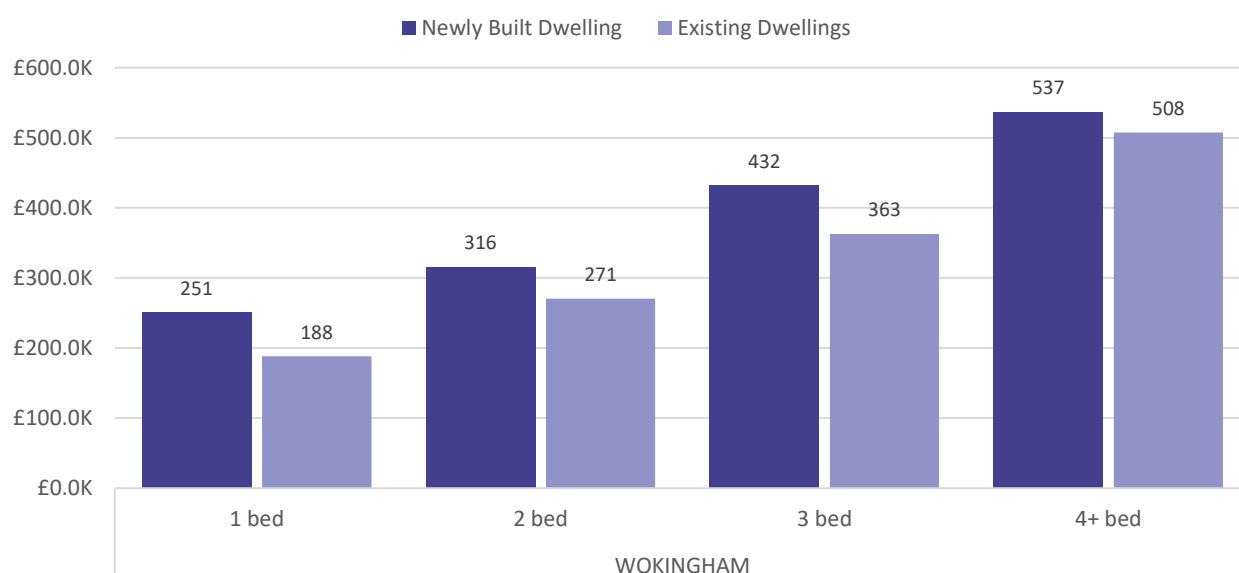
- 6.4 House price trends (2001-2018) are shown in Figure 18 based on lower quartile house prices. We use lower quartile prices to consider the entry level price for home ownership. Of course, the value of money has also changed during this period, so the data is adjusted to take account of and remove the impact of inflation; therefore, the values reflect real changes in house prices since 2001.
- 6.5 It is evident that real house prices in Wokingham Borough increased substantially in the period 2001-2008 (from £188,000 to £293,400 at 2018 values, a real increase of 56%). Values reduced during the economic downturn to around £250,000 by the start of 2009 and continued to decline over the period to 2013 reaching a low point of £240,000; but have since increased to a value of £325,000 by mid-2018.

Figure 18: Real House Price Trends: Lower Quartile Prices adjusted to 2018 values using CPI (Source: ONS; Bank of England)



- 6.6 Figure 19 shows the lower quartile house prices by bedroom size. The data shows both the lower quartile price for existing properties and also 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.
- 6.7 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 issues such as character. In general, new build properties are more expensive than existing dwellings, with the uplift ranging from 6% for larger dwellings to 33% for 1 bedroom properties. Given the price of new build properties in Wokingham Borough, a higher level of delivery will make affordability worse in the short-term by increasing median property prices, thus leading to a higher uplift in the Standard Method.

Figure 19: Lower quartile prices (adjusted to 2018 values using CPI) for existing dwellings and newly built dwellings (2016-19) by property size (Source: ORS based on ONS House Price Statistics, Valuation Office Agency and Land Registry Price Paid Data)



Income Needed for Home Ownership

- 6.8 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).
- 6.9 To give an illustrative example (not based on Wokingham Borough prices), taking an existing 1-bedroom property:
- » The lower quartile price recorded was £70,000;
 - » Based on a 90% loan-to-value mortgage, a deposit of £7,000 would be needed (equivalent to 10% of the overall price) with the mortgage covering the remaining £63,000;
 - » Using a mortgage income multiplier of 3.5x would therefore need an annual income of £18,000.
- 6.10 To purchase the same property with a 95% loan-to-value mortgage would reduce the deposit needed to £3,500 (equivalent to 5% of the overall price) but the income required would increase to £19,000 per year.

Borrowing at a 4.0x income multiplier would reduce the income needed; but households would still need an income of between £15,750 and £16,625 based on a 5-10% deposit. Therefore, to purchase an existing 1-bedroom property at an overall cost of £70,000 is likely to require an annual income of at least £15,750 (assuming a 10% deposit and a 4.0x multiplier); but with less deposit and a lower income multiplier an income of up to £19,000 per year could be needed.

- 6.11 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.
- 6.12 Based on these assumptions, Figure 25 shows the household income levels needed to buy 1 and 2 bedrooms properties in terms of both existing dwellings and newly built dwellings in the local authority area. When purchasing larger homes, households will typically have larger deposits available which often include equity from the sale of a smaller property. On this basis, it is relatively artificial to consider incomes in isolation.

Figure 20: 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 Type	Annual Income Needed to Own at Lower Quartile Prices
NEWLY BUILT DWELLINGS	
1 bedroom	£58,900
2 bedrooms	£74,200
EXISTING DWELLINGS	
1 bedroom	£44,200
2 bedrooms	£63,600

Cost of Renting

- 6.13 Figure 21 sets out the weekly rents for different property sizes. This includes:
- » Median and lower quartile private rent;
 - » Affordable rent; and
 - » Social rent, based on existing average rents.

Figure 21: Weekly rent thresholds 2019 (Source: Private Rental Market Statistics, Valuation Office Agency; Regulator of Social Housing. Note: Private rent data excludes housing benefit funded tenancies)

Weekly Rent £	Median Private Rent	Lower Quartile Private Rent	Affordable Rent	Social Rent
WOKINGHAM BOROUGH				
1 bedroom	£183.52	£172.48	£139.73	£104.03
2 bedrooms	£229.98	£218.48	£169.09	£125.01
3 bedrooms	£298.97	£270.23	£200.48	£141.00
4+ bedrooms	£436.96	£367.97	£238.84	£158.15

- 6.14 The 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 based on CPI and rates were frozen in the July 2015 Budget.
- 6.15 Whilst BRMAs do not align with local authority boundaries, the Reading BRMA covers Wokingham Borough.

Figure 22: Maximum Local Housing Allowance thresholds 2019 (Source: Valuation Office Agency)

Weekly Rent £	Broad Rental Market Area
	Reading BRMA
LOCAL HOUSING ALLOWANCE	
Room only	£81.14
1 bedroom	£157.61
2 bedrooms	£199.80
3 bedrooms	£228.44
4+ bedrooms	£315.12

- 6.16 It is evident that for all property sizes, the median private rent is the highest followed in turn by the maximum LHA, or in some cases the lower quartile private rent, affordable rent and target social rent. Where 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 above or close to the maximum housing benefit.
- 6.17 Affordable Rents (at 80% of median private rent) are currently below the maximum LHA rate for all property sizes in the area, but this relationship could change in future. The Welfare Bill requires social landlords to reduce their rents by 1% every year for four years, whilst LHA rates generally increase in line with CPI (although they were updated by a fixed 1% in 2014/15 and 2015/16); so together these changes will typically increase the “gap” for existing Affordable Rent properties. However, the rent for new properties is based on market rents; so if market rents increase faster than the maximum LHA, it is possible that new Affordable Rent properties could have rents that are higher than the LHA.
- 6.18 The Local Housing Allowance Guidance Manual (April 2014)² confirms that “the LHA arrangements apply to HB customers in the deregulated private sector only”; where HB refers to Housing Benefit, so the LHA rate does not apply to Affordable Rent, and households are currently able to claim housing benefit to cover the full cost of Affordable Rent (where they were entitled to do so based on their circumstances). However, whilst housing associations could set rents above the maximum LHA, many operate a rent policy where rent levels must be within the LHA for the area concerned – partly due to perceived risks of future welfare reforms (which could change the rules) but also to keep properties as affordable as possible.
- 6.19 This is particularly relevant as all households claiming out-of-work benefits are subject to a cap of £384 per week (for lone parents and couples living outside of London) or £257 per week (for single people living outside of London), which could affect the amount of housing benefit received by some households (especially those with larger families needing larger properties). However, it is important to recognise that the benefit cap does not apply to working households (i.e. those eligible for Working Tax Credit, even if the eligibility amount is £0; and those on Universal Credit with monthly earnings varying from £291 to £542 or more, depending on age) or to households that receive various disability related benefits or armed forces

² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/324708/lha-guidance-manual.pdf (para 1.070)

pensions. Given that these households are exempt from the cap, they would be able to claim housing benefit up to the Local Housing Allowance for the size of property that they need in their BRMA.

Income Needed to Rent Housing

- 6.20 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)³ 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)

- 6.21 However, this previous Guidance was rescinded in March 2014 following the publication of the original NPPF 2012 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).

- 6.22 Results from the English Housing Survey (EHS) 2015-16⁴ provides information about the percentage of gross household income that households currently spend on their housing costs⁵:

- » 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.

- 6.23 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.

- 6.24 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).

- 6.25 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.

- 6.26 As an illustrative example, we can establish the income needed to rent a 1-bedroom property in the private rented sector based on a 35% income multiplier:

³ <https://www.gov.uk/government/publications/strategic-housing-market-assessments-practice-guidance>

⁴ <https://www.gov.uk/government/statistics/english-housing-survey-2015-to-2016-headline-report>

⁵ “Annex Table 1.13: Mortgage/rent as a proportion of household income (including and excluding housing benefit), by tenure, 2010-11 to 2015-16”

- » The lower quartile weekly rent recorded was £172.48;
- » Based on a 35% income multiplier, a weekly income of £492.80 would be needed which equates to a gross annual income of £25,700.

6.27 To rent the same property based on a 25% income multiplier would increase the gross income required to £35,880 per year whereas households with an annual income of £19,930 per year could afford the rent if 45% of their income was allocated to housing costs. Therefore, to rent a self-contained 1-bedroom property in Wokingham Borough at a median rent overall cost of £172.48 per week is likely to require an annual income of at least £25,700 (assuming a 35% multiplier); although it is evident that the required income is very sensitive to the multiplier used.

6.28 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 23 shows the gross household incomes needed to afford median and lower quartile private rent, affordable rent and social rent.

Figure 23: Annual income required to afford to rent properties at the lower quartile and median price based on 35% income multiplier by property size (Source: ORS based on Valuation Office Agency data April 2018 to March 2019)

Annual Income £	Median Private Rent	Lower Quartile Private Rent	Affordable Rent	Social Rent
WOKINGHAM BOROUGH				
1 bedroom	£27,400	£25,700	£20,800	£15,500
2 bedrooms	£34,300	£32,600	£25,200	£18,600
3 bedrooms	£44,600	£40,300	£29,900	£21,000
4+ bedrooms	£65,100	£54,900	£35,600	£23,600

6.29 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.

6.30 Considering some examples of disposable income:

- » A single person household with a gross income of £20,000 from employment would have £16,880 (£324 per week) after income tax and national insurance contributions. Therefore, housing costs at 35% of gross income would represent 41.4% of their net income, which would leave £9,880 (£189 per week) as disposable income to cover their other living expenses. The maximum amount of weekly income that a single person household can receive before their income starts to affect their housing benefit is currently £73.10 for those aged 25 or over and £57.90 for those aged 16-24; so, on this basis, this household could afford to pay at least 35% of their income on housing costs and still have sufficient disposable income;
- » A couple with two children with a gross income of £20,000 from employment would have up to £19,559 (£375 per week) after income tax and national insurance contributions (assuming both earned £10,000). Therefore, housing costs at 35% of gross income would represent 35.8% of their net income, which would leave £12,559 (£241 per week) as disposable income to cover their other living expenses. The maximum amount of weekly income that a couple with two children can receive before their income starts to affect their housing benefit is currently £248.65 (if one or both are aged 18 or over); so this

household could not afford to pay 35% of their income on housing costs as it would not leave them with sufficient disposable income.

- 6.31 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, which take 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.
- 6.32 Eligibility for housing benefit will differ based on the type of household and the number of bedrooms needed. Figure 24 sets out the incomes for housing benefit eligibility for different types of households.

Figure 24: Maximum annual income for households in receipt of housing benefit support by household type (Source: ORS based on Department for Work and Pensions data)

Maximum Annual Income for HB support		Wokingham Borough
ROOM ONLY	Single person aged 16-24	£9,535
	Single person aged 25-34	£10,328
1 BEDROOM PROPERTIES	Single person aged 35+	£16,466
	Couple (both aged under 18)	£17,218
	Couple (one or both aged 18 or over)	£18,645
2 BEDROOM PROPERTIES	Lone parent (aged 18 or over) with 1 child	£23,344
	Lone parent (aged 18 or over) with 2 children	£26,835
	Couple (aged 18 or over) with 1 child	£25,522
	Couple (aged 18 or over) with 2 children	£29,013

Identifying the Gap for Affordable Home Ownership

- 6.33 When identifying the need for Affordable Home Ownership (AHO) including Starter Homes, it is necessary to consider the housing costs for both renting and buying market housing in order to understand the relative incomes required and establish the appropriate income range for AHO products and the associated purchase costs. Figure 25 summarises the income thresholds for the range of different housing options based on the costs for home ownership and rents across Wokingham Borough.

Figure 25: Annual income thresholds for different housing options in single bedroom and two bedroom (Source: ORS based on ONS House Price Statistics, Department for Work and Pensions, Valuation Office Agency and Land Registry Price Paid Data. Note: All figures rounded to nearest £100)

Annual Income Needed to Own or Rent at Lower Quartile Prices		Local Authority
		Wokingham Borough
SINGLE BEDROOM PROPERTIES		
Minimum income to own with 10% deposit and 3.5x mortgage	Newly built dwelling	£58,900
	Existing dwelling	£44,200
Minimum income needed for rent to be less than 35%	Median private rent	£27,400
	LQ private rent	£25,700
	Affordable rent	£20,800
	Social rent	£15,500
Maximum income for HB support	Upper end of range	£18,645

	Lower end of range	£16,466
TWO BEDROOM PROPERTIES		
Minimum income to own with 10% deposit and 3.5x mortgage	Newly built dwelling	£74,200
	Existing dwelling	£63,600
Minimum income needed for rent to be less than 35%	Median private rent	£34,300
	LQ private rent	£32,600
	Affordable rent	£25,200
	Social rent	£18,600
Maximum income for HB support	Upper end of range	£29,013
	Lower end of range	£23,344

- 6.34 There is a clear income gap between being able to afford market rent and being able to afford home ownership in every dwelling size, though this is particularly the case when considering 2-bed housing. On this basis, there is a wide income range that could benefit from AHO products if these could be provided at an appropriate price.
- 6.35 The cost of AHO products would need to be less than the purchase cost for market housing; however, the income needed to buy an AHO product may be higher than the income needed for market rent. This recognises that some households who could afford market rent would prefer to own their own home, and the NPPF 2019 encourages local authorities to widen opportunities for home ownership.

7. Affordable Housing Need

Identifying households who cannot afford market housing

Introduction

- 7.1 The definition of affordable housing was changed by the NPPF 2019, with a specific emphasis now placed on affordable homeownership. Annex 2 of the NPPF 2019 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 2019, Annex 2

- 7.2 To reflect this change, relevant 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 2019⁶, which covered:

- » Addressing the need for different types of housing
- » Affordable housing
- » Rural Housing

- 7.3 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 67-006-20190722

Emphasis added shows change introduced in September 2018

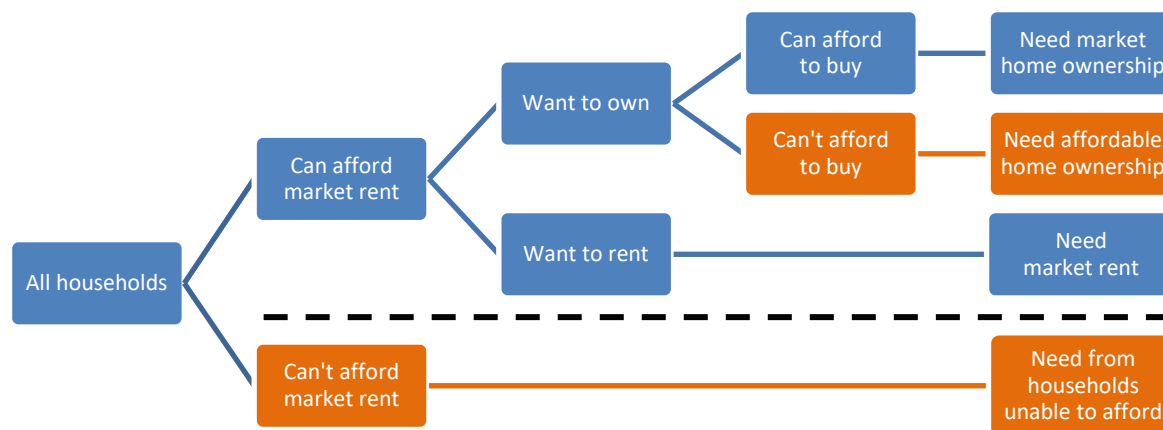
⁶ <https://www.gov.uk/guidance/housing-needs-of-different-groups#affordable-housing>

- 7.4 On this basis, it is clear that the assessment of affordable housing need must now 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

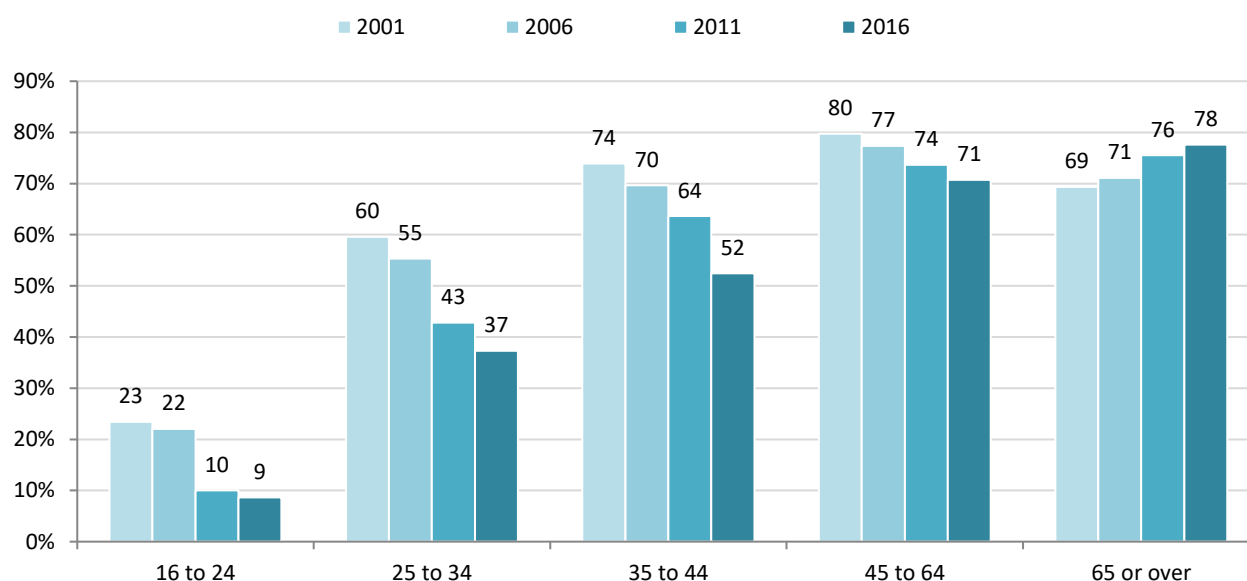
- 7.5 Demographic projections provide the basis for identifying the LHN for all types of housing, including both market housing and affordable housing. There is a well-established method for assessing the needs of households who cannot afford to own or rent suitable market housing; however, when considering 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.
- 7.6 Figure 26 illustrates the different groups of households that must now be considered when assessing the need for affordable housing. The needs of those households that can't afford market rent need to be added to the needs of those that can afford market rent but who want to own but can't afford to buy.

Figure 26: Establishing the need for market and affordable housing



Home Ownership Trends

- 7.7 The emphasis on households that cannot afford to own their home reflects the Government's concerns about the proportion of owner occupiers having 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 68.7% in 2006 to 65.3% in 2011 and reduced yet further to 62.6% by 2016. Over the same period 2006-2016, the proportion of households renting from a social landlord also reduced from 19.0% to 17.1% whilst the proportion renting privately increased from 12.3% to 20.3%. This in part is likely to be due to people becoming accidental landlords when they are unable to sell a property they own and instead rent it out privately.
- 7.8 The proportion of owner occupiers also varies notably by age. Younger age groups have typically been less likely to own their home than older households; however, the proportions of younger households owning their homes has reduced at a faster pace. The most likely explanations for this are the impact of affordability pressures and greater restrictions on borrowing following the financial crash of 2008. In contrast, the proportion of older households (aged 65 or over) owning their home has been increasing (Figure 27).

Figure 27: Percentage of Owner Occupiers by Age Group 2001-2016 (Source: English Housing Survey)

Affordable Housing Need: Households Unable to Afford

- ^{7.9} 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 can’t 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 will be considered in the next section.
- ^{7.10} 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

- 7.11 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

- 7.12 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.
- 7.13 Given this context, our analysis counts the needs of all these households when establishing the need for affordable housing at a base date of 2018.

- 7.14 Figure 28 sets out the assessment of current affordable housing need for Wokingham Borough. The data precedes the impact of the most recent Homelessness Reduction Act 2017.

Figure 28: Assessing current unmet gross need for affordable housing (Sources: CLG P1E returns; Census 2001 and 2011; English Housing Survey; DWP Housing Benefit; CLG Local Authority Housing Statistics)

	Affordable Housing			Increase in Overall Need
	Gross Need	Supply	Net Need	
Homeless households in priority need [Source: CLG P1E returns]				
Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	6		6	6
Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	10		10	
Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	13	13	0	
Households accepted as homeless but without temporary accommodation provided	9		9	9
Concealed households [Source: Census 2001 and 2011]				
Growth in concealed families with family representatives aged under 55	125		125	125
Overcrowding based on the bedroom standard [Source: Census 2011 and English Housing Survey]				
Households living in overcrowded private rented housing	173		173	
Households living in overcrowded social rented housing	259	259	0	
Reduction in spare rooms [Source: DWP Housing Benefit]				
Households likely to move from under-occupied social rented housing	282	282	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	24	1	24	
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	901	555	346	140

- 7.15 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.
- 7.16 The analysis does not count people occupying insanitary housing or otherwise living in unsatisfactory housing conditions as a need for additional affordable housing. These dwellings would be unsuitable for any household, and enabling one household to move out would simply allow another to move in – so this would not reduce the overall number of households in housing need. This housing need should be resolved by improving the existing housing stock, and the Councils have a range of statutory enforcement powers to improve housing conditions.
- 7.17 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).

- ^{7.18} 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 under 55 (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.
- ^{7.19} 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 **901 households are currently living in unsuitable housing in Wokingham Borough and 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).
- ^{7.20} Of these households, 555 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 346 households** (901 less 555= 346) **who currently need affordable housing and do not currently occupy affordable housing in Wokingham Borough** (although a higher number of new homes may be needed to resolve all the identified overcrowding).
- ^{7.21} This number includes 140 households that would not be counted by the household projections because of their being homeless or concealed households. There is, therefore, a need to increase the housing need based on demographic projections to accommodate these additional households.
- ^{7.22} Providing the 346 net additional affordable housing needed will release back into the market (mainly in the private rented sector) the dwellings occupied by a total of **206 households** (346 less 140 concealed households) that are currently need affordable housing who are unable to afford.

Projected Future Affordable Housing Need

- 7.23 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

- 7.24 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 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.⁷ The Model provides robust and credible evidence about the required mix of housing over the full planning period, and recognises how key housing market trends and drivers will impact on the appropriate housing mix.
- 7.25 Whilst 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.
- 7.26 The affordability percentages in Figure 29 are calculated using detailed information from the 2011 Census alongside data published by DWP about housing benefit claimants. For each type of household in age group, the table identifies the percentage of households unable to afford their housing costs. This is the proportion of households in each group that either occupy affordable housing or receive housing benefit to enable them to afford market housing.

⁷ Detailed data from CLG 2014-based household projections and sources identified in Figure 21, Figure 28 and Figure 29

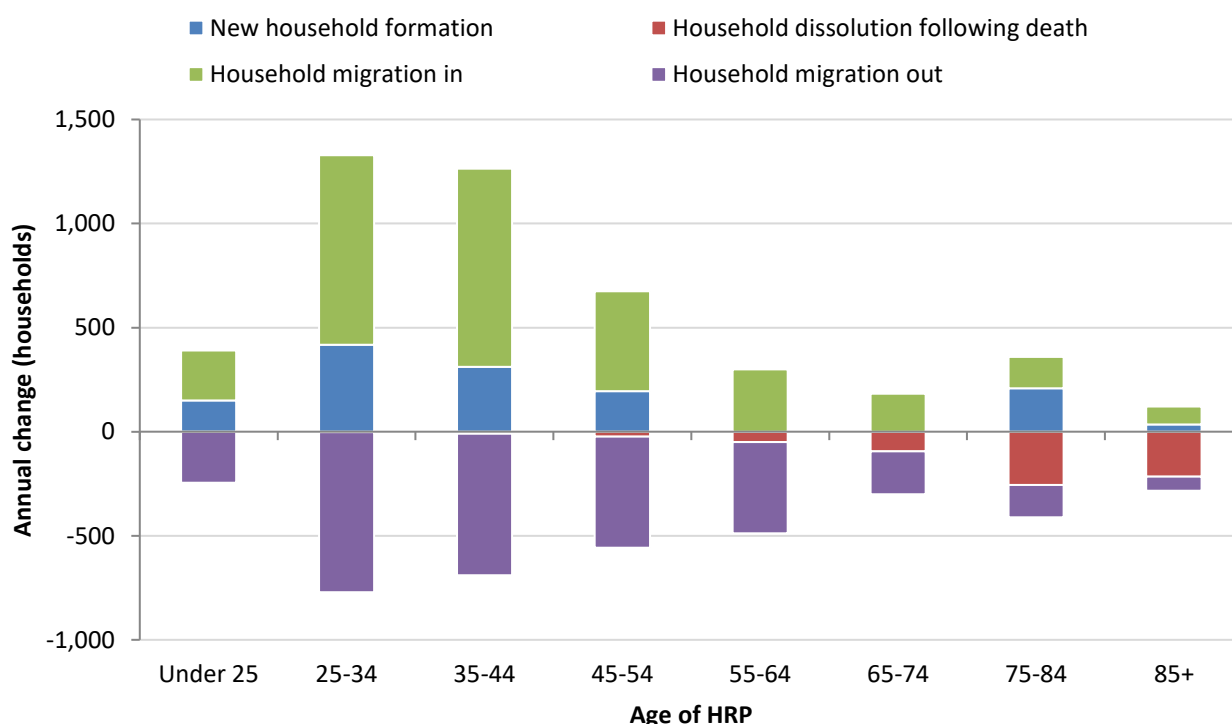
Figure 29: Assessing affordability by household type and age (Source: Census 2011 and DWP)

Percentage unable to afford market housing	Under 25	25-34	35-44	45-54	55-64	65+
WOKINGHAM BOROUGH						
Single person household	18%	6%	11%	14%	13%	18%
Couple family with no dependent children	7%	2%	3%	4%	4%	7%
Couple family with 1 or more dependent children	36%	14%	5%	3%	5%	24%
Lone parent family with 1 or more dependent children	87%	82%	37%	21%	24%	46%
Other household type	12%	11%	15%	13%	11%	7%

Establishing the Future Affordable Housing Need for Households Unable to Afford

- 7.27 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].
- 7.28 Figure 30 shows the age structure of each of the components of household change. 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 30: Annual change in household numbers in each age cohort by age of HRP (Source: ORS Housing Model)



- 7.29 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, identified in Figure 29.
- 7.30 The Model identifies an average gross total of 1,376 new households projected to form in Wokingham Borough each year, and of these 16% are unable to afford their housing costs which represents 219 households each year. This figure is the total level of formations, before the impact of migration and household dissolution is considered. The Model separately considers new households migrating to the area

and identifies that a lower proportion of these households are unable to afford (13%); although this represents 457 households moving in to the area. Some of these households will be moving to social rented housing, but many others will be renting housing in the private rented sector with housing benefit support. **Together, there are 676 new households each year who are unable to afford their housing costs.**

- 7.31 PPG also identifies that in addition to the needs of new households, it is also important to estimate “*the number of existing households falling into need*” [ID 2a-021-20190220]. Whilst established households that continue to live in Wokingham Borough will not contribute to household growth, changes in household circumstances (such as separating from a partner or the birth of a child) can lead to households who were previously able to afford housing falling into need. The needs of these households are counted by the Model, and it is estimated that an average of **137 established households fall into need each year** in Wokingham Borough.
- 7.32 Whilst the PPG recognises that established households’ circumstances can deteriorate such that they fall into need, it is also important to recognise that established households’ circumstances can 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.
- 7.33 These improved circumstances can therefore reduce the need for affordable housing over time. The Model identifies that the circumstances of 155 households improve each year such that they become able to afford their housing costs despite previously being unable to afford. Therefore, considering the changing needs of existing households overall, **there is a net decrease of 18 existing households** (155 minus 137 = 18) **needing affordable housing each year.**
- 7.34 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 affordable housing need” [ID 67-007-20190722]. It is also important to recognise that not all households that are unable to afford housing are allocated affordable housing immediately and some of these households will migrate away from the area, so their needs should be discounted to ensure consistency with the household projections.
- 7.35 The Model identifies 1,110 households are likely to dissolve following the death of all household members. Many of these households will own their homes outright; however, 155 are unable to afford market housing: most living in social rented housing. The Model separately identifies that an average of 3,226 households will leave the area each year, including 424 unable to afford their housing costs. Some 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 (although some might prefer to stay if housing costs were cheaper or more affordable housing was available). **Together, there are 579 households each year who will vacate affordable dwellings or will no longer be waiting for a home.**
- 7.36 Figure 31 summarises each of the components that contribute to future affordable housing need.

Figure 31: Components of average annual household growth 2018-36 (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	1,376	1,157	219	16%
Households migrating in to the area	3,415	2,958	457	13%
All new households	4,791	4,115	676	14%
Household dissolutions following death	1,110	955	155	14%
Households migrating out of the area	3,226	2,802	424	13%
All households no longer present	4,336	3,758	579	13%
Household growth	+455	+357	+97	21%
Existing households falling into need	-	-137	+137	100%
Existing households climbing out of need	-	+155	-155	0%
Change in existing households	-	18	-18	-
Average annual future need for market and affordable housing 2018-36	+455	+376	+79	17%

Overall Affordable Housing Need for Households Unable to Afford

^{7.37} Figure 32 brings together the information on assessing the unmet need for affordable housing in 2018 and the associated impact on market housing, together with the future need for market and affordable housing arising over the 18-year period 2018-36.

Figure 32: Assessing total need for market and affordable housing (Source: ORS Housing Model)

	Housing Need (households)		Overall Housing Need
	Market housing	Affordable housing	
Unmet need for affordable housing in 2018 (see Figure 28)			
Total unmet need for affordable housing (a)	-	901	901
Supply of housing vacated (b)	206	555	761
Current housing need (c) = (a) - (b)	-206	346	140
Projected future housing need 2018-36 (see Figure 31)			
Average annual housing need (d)	376	79	455
Future housing need (e) = (d) x 18	6,762	1,423	8,185
Total need for market and affordable housing (f) = (c) + (e)	+6,556	+1,769	+8,325
Average annual household growth (g) = (f) / 18	+364	+98	+462
Proportion of overall need for market and affordable housing	79%	21%	100%

^{7.38} Overall, there is a need to provide affordable housing for 1,769 households unable to afford to rent or buy over the Plan period 2018-36 (21% of the projected growth) which equates to 98 households per year. Adding an allowance for vacancies (based on Census 2011 rates for dwellings without a usually resident household) to take account of transactional voids and also longer-term voids associated with major works across the stock, this **identifies a total affordable housing need of 1,787 dwellings in addition to the current stock, a net annual need of 100 dwellings per year**. Any losses from the current stock (such as demolition or clearance, or sales through Right to Buy) would increase the number of affordable dwellings needed by an equivalent amount.

- 7.39 Figure 33 sets out the housing mix in terms of property type and size. Almost a third of the affordable housing need (40%) is for flats and the remainder for houses (31% 2-bed, 17% 3-bed and 12% 4-bed+). Whilst the need for affordable housing with four or more bedrooms is 12% of the overall need, this still represents a need for 209 large affordable homes that need to be provided over the 18-year period 2018-36. Much of this need will be from existing households living in overcrowded accommodation.
- 7.40 There is also a large need for smaller dwellings. This will contain a considerable overlap with the need for older persons accommodation set out in the next chapter, so any delivery of specialist affordable housing can be offset against the need for overall affordable housing.

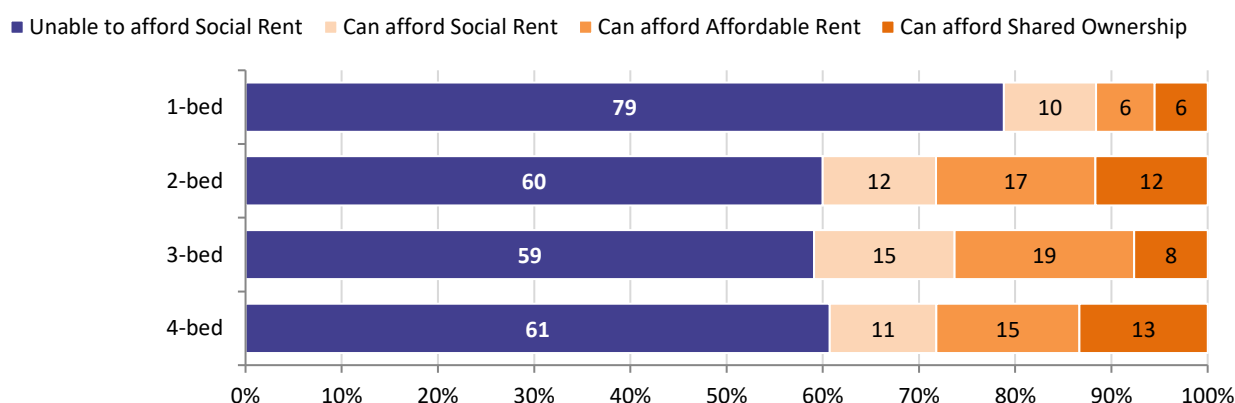
Figure 33: Assessing affordable housing mix (Source: ORS Housing Model)

		Current Housing Need			Future Housing Need 2018-2036	Overall Housing Need	
		Gross Need	Supply	Net Need		N	%
Flat	1 bedroom	258	85	173	297	471	26%
	2+ bedrooms	118	77	41	212	252	14%
House	2 bedrooms	263	146	117	436	553	31%
	3 bedrooms	117	243	-126	427	302	17%
	4+ bedrooms	153	9	144	65	209	12%
Total Dwellings		910	560	349	1,437	1,787	100%

Affordable Housing Tenure

- 7.41 Within the overall need of 1,787 affordable homes identified, it is possible to consider the mix of different affordable housing products that would be appropriate based on the mix of households needing affordable housing. In order to profile affordability, income data from the English Housing Survey and ONS Survey of Personal Incomes has been combined and modelled to establish the income distribution by household type and age. This excludes any income from housing benefit, as the analysis seeks to determine to what extent housing benefit would be needed by households in each group.
- 7.42 Figure 34 illustrates the affordability of households needing affordable housing by property size based on the assumption that up to 35% of gross household income (excluding housing benefit) is available for housing costs. This identifies those able to afford shared ownership, affordable rent and social rent (all without housing benefit subsidy) and those that would need financial support to afford social rent.

Figure 34: Affordability of households needing affordable housing by property size 2018 (Note: Weekly costs based on data in Figure 21)



- 7.43 Figure 35 sets out the affordable housing mix, which identifies that almost two thirds of households unable to afford and in need of affordable housing would not be able to afford the relevant Social Rent for a property of the size needed: 1,158 households (65%) based on up to 35% of income being spent on housing costs.
- 7.44 Providing new affordable rented housing based on Social Rents would enable around 208 households (12%) to pay their rent without housing benefit support that could not afford to do so if new housing was provided as Affordable Rent. If new affordable rented housing was provided with Affordable Rents, these households would continue to depend on housing benefit.
- 7.45 Around 253 households (14%) in need of affordable housing could afford Affordable Rent (without housing benefit support) and a further 169 households (9%) could afford the weekly costs of Shared Ownership (based on a 40% equity share).
- 7.46 The bedroom sizes required for affordable housing are based upon household types and the past trends for the allocation of each household type. For example, if 40% of couples have been allocated 1 bedroom, 50% have been allocated 2 bedrooms and 10% allocated 3 bedrooms in the past then we have assumed that this will continue in to the future.
- 7.47 However, we have made an allowance for the spare room subsidy by assuming that the amount of under-occupation in the affordable housing sector will halve by 2036.

Figure 35: Affordable housing mix by household affordability to 2018-2036 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Unable to afford Social Rent	Can afford Social Rent	Can afford Affordable Rent	Can afford Shared Ownership	TOTAL
1 bedroom	371	45	29	26	471
2 bedrooms	598	117	166	116	998
3 bedrooms	178	44	56	23	302
4+ bedrooms	10	2	3	2	17
TOTAL	1,158	208	253	167	1,787
<i>Overall percentage</i>	65%	12%	14%	9%	100%

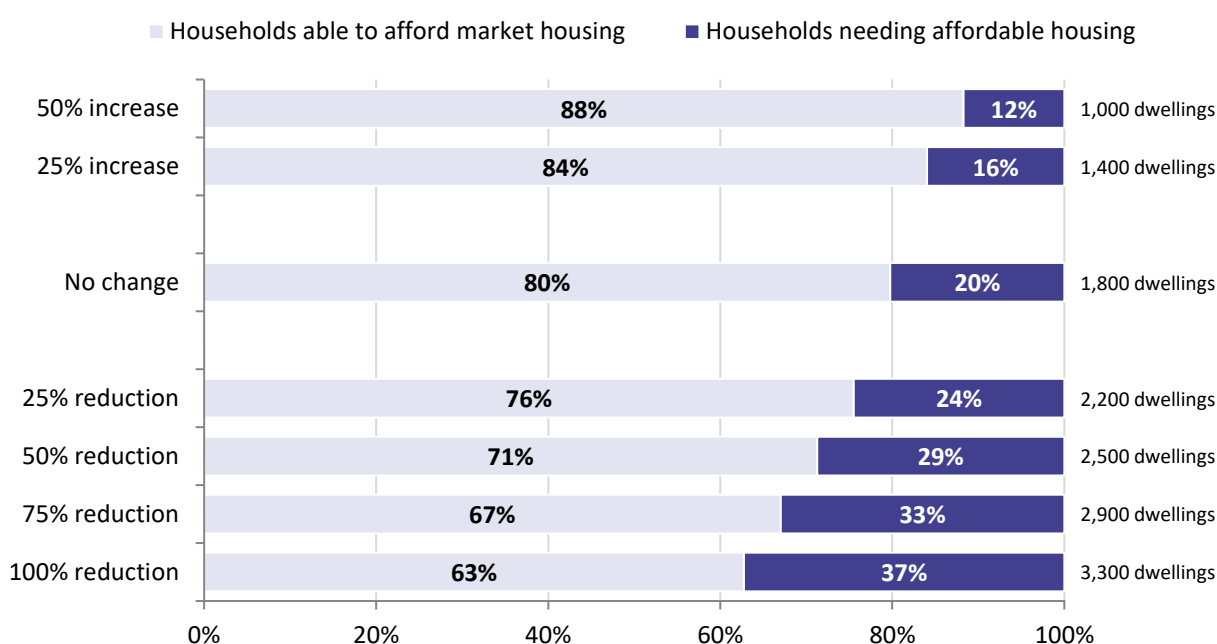
Future Policy on Housing Benefit in the Private Rented Sector

- 7.48 The analysis recognises **the importance of housing benefit and the role of the private rented sector**. It is assumed that the number of households in receipt of housing benefit in the private rented sector will remain constant; however, this is a national policy decision which is not in the control of local authorities.
- 7.49 It is important to note that private rented housing (with or without housing benefit) does not meet the definitions of affordable housing. However, many tenants that rent from a private landlord can only afford their housing costs as they receive housing benefit. These households aren't counted towards the need for affordable housing (as housing benefit enables them to afford their housing costs), but if housing benefit support was no longer provided (or if there wasn't sufficient private rented housing available at a price they could afford) then this would increase the need for affordable housing.
- 7.50 The analysis adopts a neutral position in relation to this housing benefit support, insofar as it assumes that the number of claimants in receipt of housing benefit in the private rented sector will remain constant. **The assessment does not count any dwellings in the private rented sector as affordable housing supply;**

however, it does assume that housing benefit will continue to help some households to afford their housing costs, and as a consequence these households will not need affordable housing.

^{7.51} To sensitivity test this position, Figure 36 shows the impact of reducing (or increasing) the number of households receiving housing benefit to enable them to live in the private rented sector. If no households were to receive housing benefit support in the private rented sector, nine tenths of the growth in household numbers would need affordable housing. In this scenario, it is also important to recognise that the private rented housing currently occupied by households in receipt of housing benefit would be released back to the market, which is likely to have significant consequences on the housing market which are difficult to predict.

Figure 36: Theoretical impact of reducing or increasing Housing Benefit support for households living in private rented housing: Balance between households able to afford market housing and households needing affordable housing 2018-36 and associated number of affordable dwellings



Summary for Households Unable to Afford Market Housing

^{7.52} **The housing mix analysis identified a need to provide additional affordable housing for 1,767 households over the 18-year period 2018-36. This yields a total affordable housing need of 1,787 dwellings, equivalent to 100 dwellings per year.** This 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 clearance, or sales through Right to Buy) would increase the number of affordable dwellings needed by an equivalent amount.

^{7.53} However, it is important to recognise that this need is based on a relatively stringent assessment of affordability insofar as it is predominantly households that would be eligible for welfare support that are counted within the identified affordable housing need. There are likely to be other households who are spending a high proportion of their gross income on housing costs but who are not eligible for welfare support (in terms of their housing) and are therefore not counted. Given that the assessment focusses on only those **households with the most acute housing needs, the affordable housing need identified should be considered as a minimum.**

- 7.54 The analysis also identifies that 424 households unable to afford their housing costs are likely to move away from the area, and some might prefer to stay in the area if housing costs were less expensive or if more affordable housing was available. However, the model also assumes that 457 households move to Wokingham Borough each year who cannot afford market housing.
- 7.55 Furthermore, 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 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 wasn't sufficient private rented housing available at a price they could afford) then this would increase the need for affordable housing.
- 7.56 Many households who do not qualify for housing benefit will be required to stretch their incomes to be able to maintain their tenancies. It is also the case in areas of expensive housing such as Wokingham Borough that Local Housing Allowance limits mean that even the maximum housing benefit award may be below the private rent levels. On-going welfare benefit changes such as benefit caps, Universal Credit and reclaimed over-payments may reduce the amount of housing benefit that an applicant can receive.
- 7.57 Providing sufficient affordable housing for all of households in receipt of housing benefit in the private rented sector would increase the need to around 3,300 affordable homes over the 18-year period (183 each year); but it is important to recognise that, in this scenario, the private rented housing currently occupied by households in receipt of housing benefit would be released back to the market and this is likely to have significant consequences which would be difficult to predict.
- 7.58 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 unmet need from almost 350 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. The current delivery pipeline for Wokingham Borough already contains a high level of affordable housing provision.

Affordable Housing Need: Households Aspiring to Homeownership

- 7.59 Considering aspirations for home ownership, English Housing Survey data identifies that just over a quarter (28.8%) of those currently renting privately plan to stay in that tenure in the long-term compares to over three quarters (77.0%) of those households in social rent. Over half (53.5%) of all households who rent privately and almost a fifth (18.1%) of those in social rented housing aspire to homeownership.

Figure 37: Long-term Tenure Plan by Current Tenure (Source: English Housing Survey 2013-14)

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

- 7.60 Considering the long-term expectations of the different types of households who currently live in the private rented sector, Figure 38 compares the expectations of those who are currently in receipt of housing benefit with those who are paying their own rent.
- 7.61 For those households paying their own rents, 65% expected to become owner occupiers, 24% expected to remain in the private rented sector and only 6% expected to move to the social rented sector. Therefore, there is a much higher expectation of moving to owner occupation and a much lower expectation of moving to social rent, particularly for couples aged under 60. Tenants aged 60 years or over who are paying their own rent are more likely to expect to move to social rent, but they do represent a relatively small number of households.
- 7.62 For those in receipt of housing benefit, a total of 28% of households had a long-term expectation that they would be owner occupiers, 42% expected to remain in the private rented sector and 25% expected to move to social rent. Therefore, a significant number of the households in receipt of housing benefit expected to move to social rent.

Figure 38: 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)

Household type	PRS tenants without HB				PRS tenants in receipt of HB			
	Own	Private rent	Social rent	Other	Own	Private rent	Social rent	Other
One person aged 60+	16.2%	38.1%	16.7%	29.1%	4.8%	66.3%	24.2%	4.7%
Couple, no dependent child(ren) aged 60+	13.9%	54.2%	18.2%	13.6%	0.0%	70.8%	29.2%	0.0%
Sub-total	15.4%	43.9%	17.3%	15.7%	3.5%	67.5%	25.5%	3.4%
One person under 60	56.7%	34.1%	5.1%	4.2%	13.5%	47.7%	30.3%	8.5%
Couple, no dependent child(ren) under 60	76.9%	17.1%	4.0%	1.8%	26.0%	58.8%	10.5%	4.7%
Couple with dependent child(ren)	71.7%	19.6%	6.4%	2.3%	53.3%	28.5%	15.9%	2.3%
Lone parent with dependent child(ren)	59.6%	19.8%	8.8%	12.0%	33.1%	31.9%	31.6%	3.4%
Other multi-person households	66.7%	24.8%	2.4%	6.2%	21.3%	44.8%	26.0%	7.9%
Sub-total	65.2%	23.2%	4.7%	3.8%	32.7%	37.1%	25.5%	4.7%
Total	64.8%	24.5%	5.6%	5.0%	27.9%	42.1%	25.5%	4.4%

Additional Need for Affordable Homeownership

- 7.63 Figure 16 identified that the number of households living in private rented housing in Wokingham Borough increased by 38% from 5,138 households in 2001 to 7,314 households in 2011; an increase of 2,176 households; many in younger age groups would have previously been owner occupiers when homeownership was more accessible.
- 7.64 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, Figure 39 establishes the number of existing households likely to aspire to homeownership that have not been counted in the affordable housing need. The data assumes that any student household and also any household in receipt of housing benefit will not aspire to home ownership.

Figure 39: Households currently living in the Private Rented Sector and paying their own rent that aspire to homeownership
Source: English Housing Survey, DWP and UK Census of Population 2011. Note: Figures may not sum due to rounding)

Household Type	Age of Household Representative	TOTAL
----------------	---------------------------------	-------

	15-24	25-34	35-44	45-54	55-64	65+	
Single person	29	298	306	89	37	29	788
Couple without children	51	598	180	140	73	25	1068
Families with child(ren)	34	263	610	243	0	0	1150
Other households	141	129	13	16	17	0	316
Total	256	1,287	1,108	488	127	54	3,322
<i>Percentage of households</i>	8%	39%	33%	15%	4%	2%	100%

- 7.65 Based on this analysis, we can estimate that there is a total of around 3,322 households currently resident in Wokingham Borough who cannot afford to own their own home but would aspire to do so. Over one-third of these households are aged 25-34 with the substantial majority (80%) aged under 45. While some of these households will eventually become owner occupiers as their incomes and savings grow, many will remain in the private rented sector. If these 3,322 households owned their own homes, the percentage of owner occupiers in the area would be 6.5% points higher. This is higher than the reduction observed between the 2001 and 2011 Census, when the percentage of owner occupiers reduced from 83.8% to 80.9% (Figure 16). On this basis we would consider the figure of 3,322 households to be a cautious over-estimate because some households will resolve their own needs without any assistance.
- 7.66 In addition to the current need, it is also important to consider the 2014-based household projections for the period 2018-2036. Through combining this data with the aspiration data from the EHS, we can conclude that it is likely that there would be a further 2,164 households that form over the 18-year period who will be able to afford to pay market rent but unable to afford to own, despite that being their aspiration.
- 7.67 Figure 40 brings together the information on assessing the unmet need for affordable housing in 2018 and the associated impact on market housing, together with the future need for market and affordable housing arising over the 18-year period 2018-36.

Figure 40: Assessing total need for market and affordable housing (Source: ORS Housing Model)

	Housing Need (households)		Overall Affordable Housing Need
	Households unable to afford	Households aspiring to affordable home ownership	
Current housing need in 2018	346	3,322	3,668
Future housing need 2018-36	1,423	2,164	3,587
TOTAL NEED FOR AFFORDABLE HOUSING	1,769	5,486	7,255

- 7.68 **We can therefore conclude that the overall need for affordable housing would comprise a total of 7,255 households or 7,329 dwellings over the 18-year period 2018-2036, equivalent to an average of 403 households or 407 dwellings per annum.** This represents a substantial proportion of the minimum LHN figure of 804 dwellings (51%).
- 7.69 This is due to a large proportion of this need being associated with the whole population as opposed to the projected new households, which is recognised by 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

- ^{7.70} Size, type and tenure of homes also need to be calculated separately from the standard method. PPG February 2019 says:

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

- ^{7.71} Given that the need for affordable housing and affordable homeownership in particular is very high, it is necessary to consider how this need can be addressed within the overall need established.
- ^{7.72} It will be important for the local authorities to plan for the needs of all households unable to afford to rent or own market housing if they are going to avoid the number of housing benefit claimants living in private rented housing increasing. This represents a need for 1,787 dwellings, of which at least 1,619 should be rented affordable housing and up to 169 dwellings could be provided through shared ownership.
- ^{7.73} 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 such households would not necessarily choose new build Affordable Home Ownership if it was available, as some may prefer to secure full ownership in the less expensive second hand housing market. Similarly, some households may not ultimately need affordable home ownership if their circumstances change such 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.

Overall Housing Need

- ^{7.74} It will be a policy decision as to how much of the additional need for affordable home ownership from households able to afford market rent should be provided. However, the LHN figure incorporated an uplift of 4,472 dwellings above the baseline household projections. This figure includes the allowance for Class C2 bedspaces⁸, vacant and second homes and any changes to migration flows. However, 2,080 dwellings are for households not included in the trend-based projection. This additional housing should arguably be provided as affordable housing to enable these additional households to form. A total of 140 additional households have already been counted in the current need for affordable housing from households unable to afford (Figure 28), which equates to 142 dwellings. The remaining 1,938 dwellings could provide for a proportion of the identified need for affordable home ownership within the overall need established.
- ^{7.75} Figure 41 provides a breakdown of the minimum LHN of 14,472 dwellings between market and affordable housing on this basis. In summary, there is a need for:
- » Rented affordable housing = 1,619 dwellings (11%) which Figure 35 shows is almost entirely for households who need housing benefit support to cover social rents;
 - » Affordable home ownership = 2,105 dwellings (14%), which includes 167 dwellings (1%) for households unable to afford and 1,938 dwellings (13%) for renters that aspire to home ownership;
 - » Market housing = 10,220 dwellings (71%); and
 - » Allowance for C2 provision = equivalent to 527 dwellings (3.6%); which represents almost 950 bedspaces.

Figure 41: Overall need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Affordable Housing Need			Total Affordable Housing	Total Market Housing	TOTAL HOUSING
	Households unable to afford		Households aspiring to home ownership			
	Rented Affordable Housing	Shared Ownership				
1 bedroom	445	26	401	872	221	1,093
2 bedrooms	881	116	834	1,831	-15	1,816
3 bedrooms	279	23	609	911	5,056	5,967
4+ bedrooms	15	2	93	111	4,958	5,069
TOTAL DWELLINGS	1,619	167	1,938	3,725	10,220	13,945
	12%	1%	14%	27%	73%	100.00%
Allowance for C2 provision	-	-	-	-	-	527
LOCAL HOUSING NEED	1,619	167	1,938	3,725	10,220	14,472

- ^{7.76} The identified housing need would need to be considered in the context of economic viability when establishing appropriate targets for affordable housing. Local viability assessments are likely to determine the actual affordable housing target (as a proportion of market housing sites) in the area and should help in providing a view on the deliverability of such a tenure mix, based upon local market evidence. However, in the context of the housing needs evidence it would be appropriate to maximise the amount of affordable

⁸ Wokingham Borough Council's own estimates for the need for Class C2 bedspaces is 215 over the Local Plan period 2018-36.

housing that is delivered. Figure 42 identifies a potential size and tenure mix based upon past trends of the sizes of dwellings occupied by different household types for Wokingham Borough, but this will clearly vary on a site by site basis.

Figure 42: Potential Size and Tenure Mix (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Affordable Housing	Market Housing	All Dwellings
1 bedroom	20-25%	5-10%	10%
2 bedrooms	45-50%	5-10%	10%
3 bedrooms	20-25%	40-50%	45%
4+ bedrooms	5-10%	35-40%	35%

Essential Local Workers

^{7.77} Annex 2 of the NPPF 2019 also includes the needs of essential local workers.

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

^{7.78} This definition is very close to the definition of Key Workers which was used prior to the original NPPF 2012. Importantly, it is not going to be possible to be considered as an essential local worker in need without also being considered as being in need because you can't afford to own your own property.

^{7.79} 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.

^{7.80} In Wokingham Borough, the difference in housing costs between the affordable and private sector is very large and the cost of renting a one bedroom property is above the typical incomes of care workers and would represent a substantial share of a newly qualified nurse, police officer or fire officer's salary. Therefore, there is a potentially large need for housing for Essential Local Workers to ensure that they have the opportunity to reside, as well as work, in Wokingham Borough.

8. Needs of Different Groups

Identifying the need for different types of housing

Introduction

- 8.1 Paragraph 61 of the NPPF 2012 requires that local planning authorities consider the needs of a range of groups within the population and this chapter considers each group in turn.

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

NPPF 2019, paragraph 61

The Private Rented Sector

- 8.2 The growth in the private rented sector in Wokingham Borough has been considered as part of the housing trends section (Figure 14 to Figure 16) which showed the sharp growth in the sector over recent years. This is consistent with national trends, with the English Housing Survey (EHS) 2016-17 identifying 20% (4.7 million) households renting from a private landlord, much higher than the 13% recorded 10 years ago in 2006-07. Outside of London, private rented is the third largest tenure and is now larger than social rented; 36% outright ownership, 29% buying with a mortgage, 19% private renting, and 16% social renting.
- 8.3 Given this context, PPG recognises the importance of understanding the likely future role of the private rented sector.

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

Planning Practice Guidance, ID 67-002-20190722

- 8.4 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 and the difficulty in selling properties;

» Pensions reform: pension drawdowns invested in BTL property.

- 8.5 The growth of the Sector has been acknowledged as both a growing and long-term option for meeting the nation's housing need. CLG (with the Intermediary Mortgage Lenders Association forecast) that the private rented sector will increase in size to 35% nationally by 2032.⁹ On this basis, the number of households renting privately could double again over the next twenty years.
- 8.6 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.
- 8.7 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)¹⁰:

"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)

- 8.8 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 2019 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.
- 8.9 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 supply¹¹ (including the Build to Rent investment scheme¹²). The Government published "Improving the Private Rented Sector and Tackling Bad Practice: A guide for local authorities" in March 2015¹³, 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."

- 8.10 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

⁹ <http://news.rla.org.uk/rpi-rent-revolution/>

¹⁰ <http://cdn.budgetresponsibility.org.uk/37839-OBRCm-8820-accessible-web-v2.pdf>

¹¹ <https://www.gov.uk/government/publications/private-rented-homes-review-of-the-barriers-to-institutional-investment>

¹² <https://www.gov.uk/government/publications/build-to-rent-round-2-initial-due-diligence>

¹³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/412921/Improving_private_rented_sector.pdf

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

- 8.11 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 make it less likely that single persons aged under 35 years will be allocated to a 1 bedroom social rented or affordable rented property.
- 8.12 Further, there have been other changes announced (Starter Homes, Right to Buy for housing association tenants) 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 to promote the supply of Starter Homes alongside the definition in the NPPF 2019 of Starter Homes as 'affordable housing' has led to speculation that the promotion of Starter Homes will restrict the supply of affordable housing for rent for reasons such as a preference among developers to develop Starter Home property for sale rather than affordable housing for rent.
- 8.13 As is shown in Figure 40 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.
- 8.14 However, if the new supply of affordable homes changes to include a large proportion of Starter 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.
- 8.15 In practice this implies that unless current trends are reversed there will be a further growth in the private rented sector.

Student Housing

- 8.16 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

- 8.17 The University of Reading is on the boundary between Reading Borough and Wokingham Borough. At the time of the 2011 Census there were 30 all student households in Wokingham Borough. While the University of Reading is still expanding and will clearly likely to have an influence on Wokingham Borough the scale of

that impact based on history is relatively modest with most new student accommodation to date occurring within Reading Borough.

Service Families

- 8.18 At the time of the 2011 Census there were 508 armed forces personnel living in Wokingham Borough, with 330 of these in private accommodation and 178 in communal barracks. However, the majority of these personnel were associated with the Arborfield Garrison which closed in 2015. The site is now part of large redevelopment scheme.
- 8.19 While the garrison has closed, the family housing at least is still occupied by service families serving the Aldershot based South East Super Garrison. Therefore, there still remain some MOD personnel deployed in Wokingham Borough, but there is no identifiable housing need for service families.

People Wishing to Build their Own Homes

- 8.20 Paragraph 61 of the NPPF 2019 identifies that local planning authorities should plan for people wishing to build their own homes, and 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

- 8.21 Over half of the population (53%) say that they would consider building their own home¹⁴ (either directly or using the services of architects and contractors); but it's likely that this figure conflates aspiration with effective market demand. Self-build currently represents only around 10% of housing completions in the UK, compared to rates of around 40% in France and 70 to 80% elsewhere in Europe.
- 8.22 The attractiveness of self-build is primarily reduced costs; however, the Joseph Rowntree Foundation report "*The current state of the self-build housing market*" (2001) showed how the sector in the UK had moved away from those unable to afford mainstream housing towards those who want an individual property or a particular location.
- 8.23 "*Laying the Foundations – a Housing Strategy for England*" (HM Government, 2011)¹⁵ 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

¹⁴ Building Societies Association Survey of 2,051 UK consumers 2011

¹⁵ <https://www.gov.uk/government/publications/laying-the-foundations-a-housing-strategy-for-england-2>

of York, 2013) subsequently set out the main challenges to self-build projects and made a number of recommendations for establishing self-build as a significant contributor to housing supply. The previous Government also established a network of 11 Right to Build 'Vanguards' to test how the 'Right to Build' could work in practice in a range of different circumstances.

- 8.24 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 Act 2015 (as amended by the Housing and Planning Act 2016) requires relevant authorities to:
- » Keep a register of individuals and groups who wish to self or custom build in their local area;
 - » Have regard to demand on their register when undertaking planning, housing, disposal of land and regeneration functions; and
 - » grant permissions to enough suitable serviced plots to reflect the demand within 3 years."
- 8.25 The Government announced measures in 2014 (Custom Build Serviced Plots Loan Fund) to encourage people to build their own homes, and to help make available 10,000 'shovel ready' sites with planning permission. Given this context, it is important to recognise that self-build could either be market housing or low cost home ownership affordable housing products. Nevertheless, it is likely that the majority will be market homes.
- 8.26 The Council launched its Self and Custom Build Register in April 2016 and, in line with legislation and other local authorities, introduced a local connection test in June 2018 thus splitting the register into two parts.
- 8.27 As of 30th October 2019, the register includes 51 individuals on Part One and 268 individuals on Part Two. There is also 1 association on Part Two of the register. Individuals that have now removed themselves from the register are not included in these figures."

Housing for Older People

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

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

Planning Practice Guidance, ID 63-004-20190626

- 8.30 The population projections linked to the LHN of 804 dpa identify that the population of Wokingham Borough could increase from 167,475 persons to 190,419 persons over the 18-year period 2018-36; an increase of 22,944 persons. The population projections used in this section are the 2016 based SNPP adjusted for the total dwelling delivery.
- 8.31 The population in older age groups is projected to increase substantially during this period, with an increase in the population aged 65 or over of 13,387, compared to an increase of 9,557 amongst under 65s. Of the growth in the 65 or over population, two-thirds are projected to be 75+ (9,039 persons). This is particularly important when establishing the types of housing required and the need for housing specifically for older people. Whilst most of these older people will already live in the area and many will not move from their current homes; those that do move home are likely to be looking for suitable housing.

Figure 43: Resident population for 2018 and 2036 and summary of 18-year change by age for Wokingham Borough (Note: Figures may not sum due to rounding. Source: Dwelling-led population projections based on the identified Local Housing Need)

	Age					TOTAL
	0-15	16-64	65-74	75-84	85+	
RESIDENT POPULATION						
2018	35,400	102,603	15,986	9,536	3,950	167,475
2036	37,223	110,337	20,333	14,237	8,288	190,419
TOTAL CHANGE 2018-2036	+1,823	+7,734	+4,348	+4,702	+4,337	+22,944

- 8.32 Figure 44 identifies the existing stock of specialist Older Person housing based on data published in 2015 by the Elderly Accommodation Counsel (EAC).¹⁷ This identifies a total of 1,016 homes in Wokingham Borough, with a small number of further units having been delivered since 2015.

¹⁶ ONS 2016-based sub-national population projections

¹⁷ <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

Figure 44: Existing Stock of Specialist Older Person Housing (Source: EAC 2015)

Property Type		Number of Units	Rate Per 1,000 persons aged 75+ years
Housing with support	Owned	396	29
	Rented	451	33
Housing with care	Owned	44	3
	Rented	125	9
TOTAL		1,016	75

- 8.33 The Housing Learning and Improvement Network (LIN) published “More Choice, Greater Voice: a toolkit for producing a strategy for accommodation with care for older people”¹⁸ in February 2008; and subsequently published the “Strategic Housing for Older People (SHOP)”¹⁹ resource pack in December 2011. Both the toolkit and the resource pack provide standardised rates for estimating the demand for a range of specialist older person housing products, based on the population aged 75 or over. We would note that the figures generated by these toolkits are modelled outputs based upon standardised rates of access to older person accommodation and while the existing rate in Wokingham Borough is currently around 75 units per 1,000 persons aged 75+ years, they assume much higher rates. Whilst the PPG advocates the use of online toolkits such as LIN, this is not appropriate in the circumstances of Wokingham Borough with a locally led analysis likely to provide more robust analysis. The following section provides analysis based on LIN for information, however it must be viewed as unrealistic, resulting in a gross over estimate of needs. The impact of changing rates of access to older persons accommodation is considered later in this section.
- 8.34 The More Choice, Greater Voice toolkit recognises that the suggested framework simply:
- “...represents an attempt to quantify matters with explicit numerical ratios and targets. It is contentious, but deliberately so, in challenging those who must develop local strategies to draw all the strands together in a way that quantifies their intentions.”* (page 44)
- 8.35 Similarly, the SHOP resource pack acknowledges that the framework simply provides a baseline, which extrapolates “...crude estimates of future demand from existing data” (page 36). There is no single correct answer when estimating the need for older person housing, however the rates provide a basis for identifying the potential levels of demand.
- 8.36 We would also note that accommodation for people with Dementia could be in their own home or in a residential or extra care scheme. The important issue for people is to ensure that they receive the necessary care for their condition, rather than the exact form of accommodation they occupy.
- 8.37 The Older People housing options considered in this section follow the definitions in the 2012 Housing Our Ageing Population report (HAPPI2).²⁰ 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). The specialist housing requirements here were modelled using the Housing Learning and Improvement Network (Housing LIN) SHOP resource pack methodology (2012) and also on a continuation of existing patterns of delivery in Wokingham Borough.²¹ This

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.

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

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

²⁰ http://www.housinglin.org.uk/library/Resources/Housing/Support_materials/Other_reports_and_guidance/Housing_our_Ageing_Population_Plan_for_Implementation.pdf

²¹ www.housinglin.org.uk/housinginlaterlife_planningtool

forecasts future population and then applies a benchmark need for particular housing types per thousand people aged 75+.

- 8.38 Based on the projected growth in population aged 75+ identified, the table below identifies the potential additional requirement for new specialist housing (using a continuation of current provision patterns and also the Housing LIN Older People Resource Pack 2012) for the period 2018-2036. As can be seen, the Housing LIN approach shows a significant need for ownership schemes (e.g. LSE schemes, Extra care, Sheltered 'plus') in Wokingham Borough, but a continuation of the current pattern of provision would see a much more limited need for dedicated older person housing.

Figure 45: Modelled Demand for Additional Specialist Older Person Housing 2018-36 (Source: EAC 2015 and Housing LIN Toolkit)

Property Type		Current Pattern of Provision	SHOP resource pack
Population aged 75+			
	2018	13,486	13,486
	2036	22,525	22,525
TOTAL CHANGE 2018-2036		+9,039	+9,039
Modelled Demand			
Housing with support	Owned	265	1,085
	Rented	301	542
Housing with care	Owned	27	362
	Rented	82	280
TOTAL		676	2,269

- 8.39 While the Housing LIN model identifies future need, this is on the basis of existing types of provision (sheltered, extra care etc). It is unclear, at the present time, if Older People will aspire to these types of specialist housing in the future; indeed, demand for some types are already experiencing low demand, and other, newer types of provision may appear to meet changing aspirations in the market. Further, the policy aim of supporting people at home for longer could mean, for example, that floating support services, home care services and assistive technologies to older people, in their own homes, could sustain people there longer.
- 8.40 The table below identifies the potential requirement for new specialist housing, taking account of the current population and existing stock together with the additional demand for the period 2018-2036 based on the projected change in population aged 75+. In current patterns of provision were to continue then a total of 676 additional units would be required, but the Housing LIN SHOP Resource Packs indicate that as many as 4,638 units may be required to bring provision in Wokingham Borough up to their benchmark levels.
- 8.41 We would note that the Council's own records indicate that there is no backlog currently for council extra care rented schemes. They are already housing many people who have low needs of support (and who are more suited to sheltered housing). Again, we would reiterate that the Housing LIN model is a benchmarking exercise to set the basis for understanding older person needs and that a continuation of current patterns of provision requires far fewer dwellings to be delivered. Local analysis is likely to be more robust within the context of Wokingham Borough than the use of standard toolkits.

Figure 46: Modelled Demand for Older Person Housing in Wokingham Borough based on Current Provision and Housing LIN Toolkit

		Rate per 1,000 persons aged 75+	Gross need 2018	Existing supply	Backlog at start of period	Gross need 2036	New need 2018-36	Overall need
Current Pattern of Provision								
Sheltered Housing	Owned	29	396	396	0	+661	+265	+265
	Rented	33	451	451	0	+752	+301	+301
Extra Care	Owned	3	44	44	0	+71	+27	+27
	Rented	9	125	125	0	+207	+82	+82
TOTAL		75	1,016	1,016	0	+1,692	+676	+676
SHOP Resource Pack								
Sheltered Housing	Owned	120	1,618	396	+1,222	2,703	+1,085	+2,307
	Rented	60	809	451	+358	1,352	+542	+901
Extra Care	Owned	40	539	44	+495	901	+362	+857
	Rented	31	418	125	+293	698	+280	+573
TOTAL		251	3,385	1,016	+2,369	5,654	+2,269	+4,638

8.42 Of course, it is important that the delivery of specific schemes for specialist older person housing are considered in partnership with other agencies, in particular those responsible for older person support needs. It will also 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. On this basis it is likely that the Housing LIN model will overstate the levels of need and will result in too many people being projected to require too high a level of care;
- » **New supply:** development viability of schemes, and the availability of revenue funding for care and support services, need to be carefully considered before commissioning any new scheme. It will also be important for the Council and its partners to determine the most appropriate types of specialist older person housing to be provided in the area. In particular, it can be the case that Class C2 care home bedspaces are developed when in practice these are not required by households, who would be better suited to Extra Care schemes. Similarly, those in Extra Care schemes may be better suited to less intensive forms of care;
- » **Existing supply:** while there is considerable existing specialist supply, this may be either inappropriate for future households or may already be approaching the end of its life. Nevertheless, other forms of specialist older person housing may be more appropriate than conventional sheltered housing to rent when considering future needs. We would note that in Wokingham Borough most of the Extra care provision is relatively new and up to standard;
- » **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. The ability to maintain household sin their own homes will be a key objective and this can release the pressure to deliver further dedicated older per son care units; 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.

^{8.43} In conclusion, population projections show a large increase in older people between 2018 and 2036, an increase of 9,039 persons aged 75+ and a corresponding need for dedicated housing options.

People with Learning Disabilities

- 8.44 A key issue for local authorities is how to address the needs of those with learning disabilities. In June 2019 in Wokingham Borough there were 97 people with learning disabilities living in residential care homes and 194 living in Supported Living accommodation (either flats or shared houses).
- 8.45 In 2017/18, 77% of local residents the council supported with a learning disability lived in their own home (rather than a residential home). In comparison the best performing English councils enabled between 85% and 97% to live in a home of their own or with their family. The council has set itself an ambitious target of enabling 90% of Wokingham Borough's residents with a learning disability support need, to live in their own home and with the people they choose to live with, including their families. They aim to achieve this target by 2024.
- 8.46 Their strategy is for people to live more independently in supported accommodation which could be clusters of flats or shared houses. Much of the accommodation would need to be suitable for people who also have mobility issues and other physical disabilities. People should have their own tenancies and they can only afford housing at Local Housing Allowance rates.
- Providing housing designed for people with a learning disability in areas they want to live in and are familiar with and in particular not outside the borough;
 - People with learning disabilities want to be independent and want help to become more independent;
 - Having a place that you can call your own is really important;
 - They want choice over where they live and who they live with. However, most people living in a care home or shared supported living did not choose who they live with;
 - Where people with LD are placed to live or where their housing is located in relation to good public transport links is important

Housing for People with Disabilities

- 8.47 Paragraph 61 of the NPPF 2019 identifies that local planning authorities should plan households with specific needs, and PPG states:

What evidence can plan-makers consider when identifying the housing needs of people with disabilities?

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 Payment (replacing Disability Living Allowance) / Attendance Allowance 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 Grant (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

- 8.48 Personal Independence Payments started to replace the Disability Living Allowance from April 2013, and these are awarded to people aged under 65 years who incur extra costs due to disability (although there is no upper age limit once awarded, providing that applicants continue to satisfy either the care or mobility conditions). Attendance Allowance contributes to the cost of personal care for people who are physically or mentally disabled and who are aged 65 or over. Nevertheless, PPG recognises that neither of these sources provides information about the need for adapted homes as *"not all of the people included within these counts will require adaptations in the home"*.
- 8.49 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,
- 8.50 However, PPG notes that whilst patterns of DFG applications *"provide an indication of levels of expressed need"* it cautions that this could *"underestimate total need"*. This will particularly be the case in places such as Wokingham Borough where the high proportion of home ownership means people will not be eligible to access DFG
- 8.51 The Government's reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. This was reflected in the recent changes to building regulations relating to adaptations and wheelchair accessible homes that were published in the Building Regulations 2010 Approved

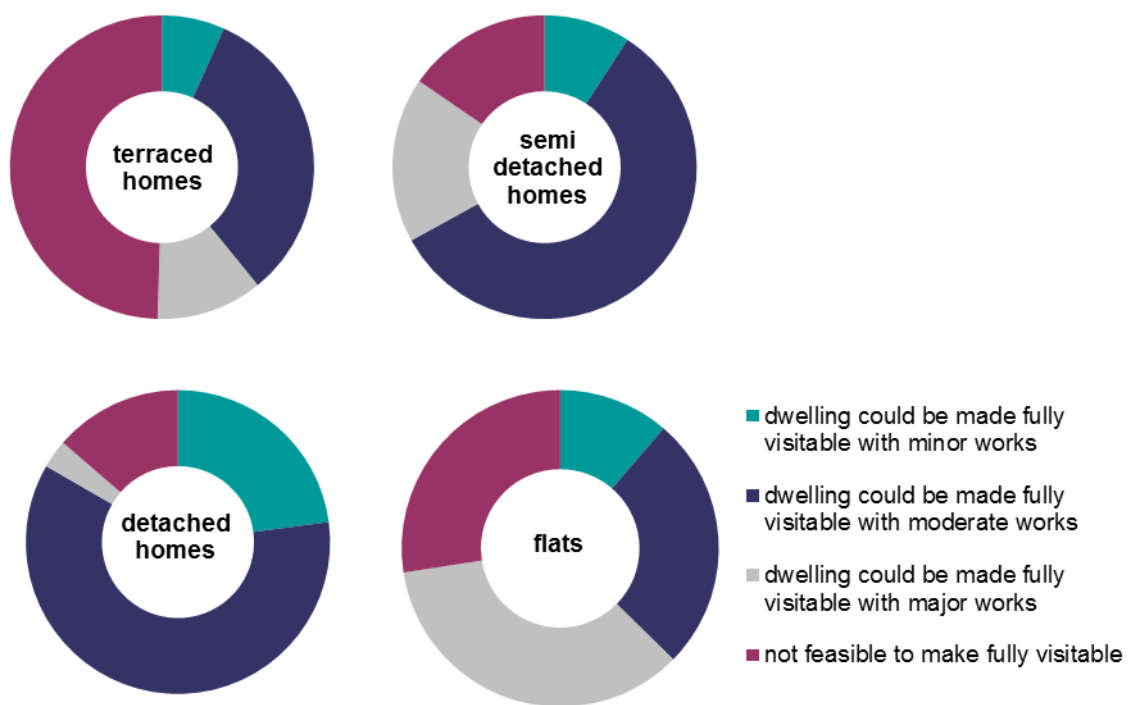
Document Part M: Access to and use of buildings (2015 edition incorporating 2016 amendments – for use in England).²²

8.52 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.

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

Figure 47: Level of work required to create full visitability (Source: EHS 2014-15 Annex Figure 2.5)



8.54 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.

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

- 8.55 Planning Practice Guidance for Housing optional technical standards states and the data sheet forms the basis of the data 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

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

“The provision made must be sufficient to-

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

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

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

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

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

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

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

Figure 48: Households with a long-term illness or disability that affects their housing needs (Source: English Housing Survey)

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

- 8.62 Through combining the national data from the English Housing Survey with data about relative levels of limiting long-term illness and disability in Wokingham Borough, it is possible to estimate the number of households likely to require adaptations or needing to move to a more suitable home.
- 8.63 Figure 49 identifies that there were around 14,373 households living in Wokingham Borough in 2018 with one or more persons with a limiting long-term illness or disability. This included around 4,396 households where their health problems affected their housing needs, but the majority of these households (around 3,689) were already living in a suitable home. However, at the start of the Plan period in 2018, it is estimated that there were around 336 households needing to move to a more suitable home due to a disability or another long-term health problem. These households would represent an existing need for M4(2) housing, however some of these households would be wheelchair users needing M4(3) housing. A further 370 households needed adaptations to their current home.

Figure 49: Households with a long-term illness or disability in Wokingham Borough in 2018 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	14,373
Does not affect their housing need	9,978
Current home suitable for needs	3,689
Current home requires adaptation	370
Need to move to a more suitable home	336
Total households where a limiting long-term illness or disability affects their housing need:	4,396

- 8.64 The identified need for 336 adapted homes at the start of the Plan period is based on households' current needs. The M4(2) standard also requires *"the changing needs of occupants over time"* to be considered. Therefore, even without any change to the number of households in 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.
- 8.65 Whilst around 4,396 households living in Wokingham Borough in 2018 had a health problem that already affected their housing requirement, it is likely that a further 2,235 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.
- 8.66 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.
- 8.67 Further modelling of health needs suggests that by 2036 there will be an additional 5,695 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 2018 whose health has deteriorated over the Plan period.
- 8.68 Therefore, considering the needs of households resident at the start of the Plan period together with the projected household growth and changing demographics (in particular the ageing population), there will be a total of 7,930 households either needing adaptations to their existing housing or suitable new housing to be provided. This is in addition to the 336 households needing to move and the 370 households needing adaptations based on their current health at the start of the Plan period.

Figure 50: Households with a long-term illness or disability in Wokingham Borough in 2018 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 2018	
Current home suitable for needs	3,689
Current home requires adaptation	370
Need to move to a more suitable home	336
Total households where a limiting long-term illness or disability affects their housing need in 2018	4,396
Existing households in 2018 likely to develop health problems that affect their housing need within 10 years	2,235
Additional households in 2036 projected to experience problems or likely to develop problems within 10 years	5,695
Additional households in 2036 where illness or disability affects their housing need or will develop within 10 years	7,930

- 8.69 To provide M4(2) housing for all of the identified need would require housing for up to 8,266 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.
- 8.70 Although some households would prefer not to move, Figure 47 identified that many existing homes were not suitable for adaptation to meet the M4(1) Category 1 standard and others would require major works. Fewer dwellings would be adaptable to the M4(2) Category 2 standard given the additional requirements.

Based on the housing mix in Wokingham Borough, it is likely that around 67% will live in dwellings that could be converted to meet the M4(1) standard.

- 8.71 Whilst the proportion that could be converted to meet the M4(2) standard would be lower, this provides a reasonable upper estimate of the number of households likely to be able to adapt existing homes rather than move to new housing. On this basis, we could assume that at least 33% of the need for adapted housing; a total of 2,955 households including the 336 households identified as needing to move at the start of the Plan period.

Figure 51: Households with a long-term illness or disability in Wokingham Borough in 2018 by effect on housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	TOTAL
Existing need in 2018	
Households where an existing illness or disability affects their housing need and need to move in 2018	336
Projected future need 2018-36	
Additional households in 2036 where illness or disability affects their housing need or will develop within 10 years	7,930
Maximum need for adapted housing 2018-36 (households)	8,266
Less households living in dwellings adaptable to M4(1) standard	5,311
Minimum need for adapted housing 2018-36 (households)	2,955

- 8.72 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 2,955 households and maximum of 8,266 households identified in Figure 51 provide an appropriate range for the local authority to consider. Even the lower end of this scale represents approaching 20% of the minimum LHN figure for Wokingham Borough.
- 8.73 It is important to recognise that this would represent the combined need for both M4(2) Category 2 and M4(3) Category 3 housing; for households with a wheelchair user would be included within those households counted as having a health problem or disability that affects their housing need.

Housing for Wheelchair Users

- 8.74 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)

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

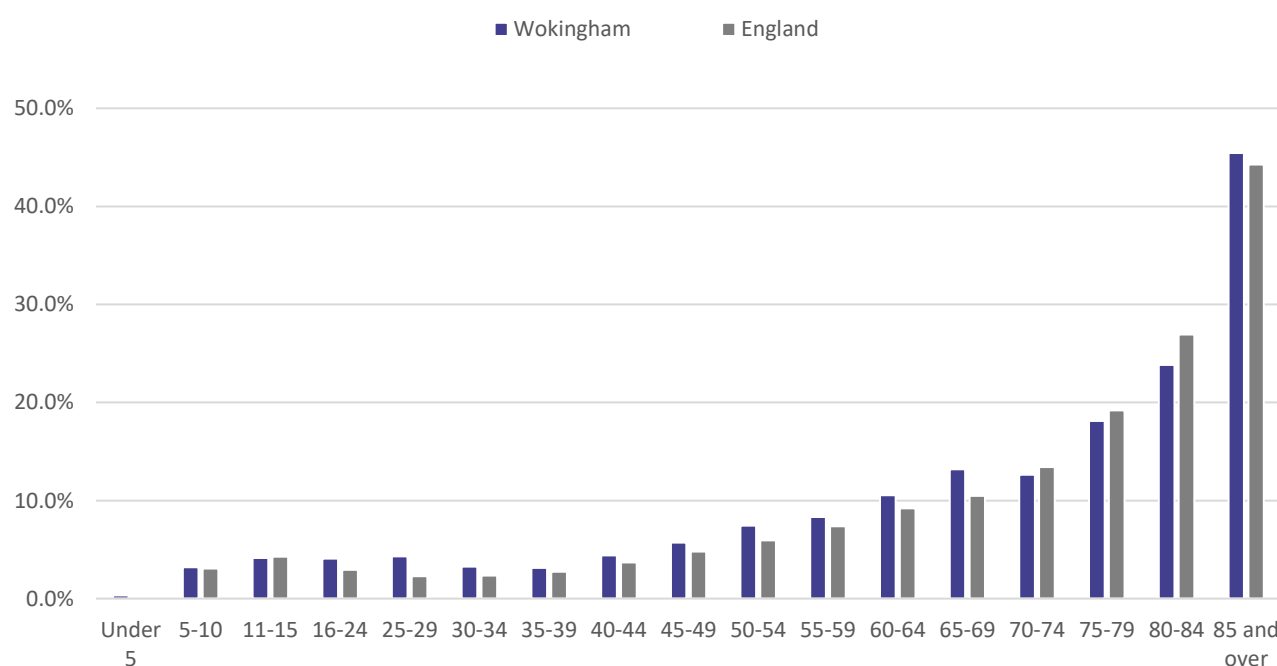
- 8.76 The CLG guide to available disability data²³ referenced by PPG [ID 56-007-20150327] shows that around 1-in-30 households in England (3.3%) currently have at least one wheelchair user, although the rate is notably higher for households living in affordable housing (7.1%). The rates are also higher for older households. Figure 52 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 52: 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%

- 8.77 Figure 53 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.

Figure 53: Disability benefit claimants in receipt of mobility award by age (Source: DWP, May 2016)



- 8.78 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 54).

Figure 54: Percentage of households with a wheelchair user by type of housing and age of household representative

Housing Type	Age of Household Representative							
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+
Wokingham Borough								
Market housing	< 0.1%	0.4%	1.0%	1.6%	3.1%	4.1%	5.9%	9.4%
Affordable housing	0.3%	2.0%	3.0%	6.1%	6.2%	10.5%	12.4%	20.3%

²³ <https://www.gov.uk/government/publications/building-regulations-guide-to-available-disability-data>

- 8.79 Figure 55 identifies the net change in the number of households with a wheelchair user over the period 2018 to 2036. It is evident that the number of households likely to need wheelchair adapted housing in Wokingham Borough is likely to increase by 830 over the 18-year period, equivalent to around 13.5% of the LHN figure.

Figure 55: Households needing Wheelchair Adapted Housing (Source: ORS Housing Model. Note: Figures may not sum due to arithmetic rounding)

Modelled Need for Wheelchair Adapted Housing	Households aged under 75			Households aged 75+			Overall change 2018-36	% of Housing Need
	2018	2036	Net change 2018-36	2018	2036	Net change 2018-36		
Market housing	1,030	1,170	140	580	970	390	530	5.4%
Affordable housing	270	360	90	160	360	200	300	8.3%
Total	1300	1530	230	740	1340	600	830	6.1%

- 8.80 **The evidence supports the need for a target of 6% of all housing to meet M4(3) Category 3 requirements.** Based on the earlier conclusion that around 20% of all new housing should be suitable for the needs of households with health problems or disabilities that affect their housing requirement, we can therefore conclude that **the evidence also supports the need for a target of 14% of all housing to meet M4(2) Category 2 requirements**
- 8.81 However, it is important to recognise that most of the identified growth in households with wheelchair users (600 households, equivalent to 72%) are aged 75 or over, and it is likely that many of these households would also be identified as needing specialist housing for older persons. The earlier analysis identified a need for around 4,638 specialist older person housing units for households aged 75 or over in Wokingham Borough. Whilst not all households needing wheelchair adapted housing will live in specialist older person housing, at any point in time it is likely that around a quarter of those living in specialist housing will need wheelchair adapted homes, and it is likely that some older households will start using a wheelchair whilst living in specialist housing if their health deteriorates. On this basis, it may be appropriate to adopt higher targets for specialist housing for older persons that is wheelchair accessible, and this could reduce the proportion of general needs housing that would need to meet the Category 3 requirements. **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.**

Gypsies and Travellers

- 8.82 Planning Policy for Traveller Sites (PPTS) came into force in March 2012 and was updated in August 2015. This document sets out the Government's policy for Gypsies and Travellers and represents the only household group not directly covered by the NPPF 2019. However, PPTS notes at paragraph 1 that:

This document sets out the Government's planning policy for traveller sites. It should be read in conjunction with the National Planning Policy Framework.

Planning Policy for Traveller Sites, paragraph 1

- 8.83 Paragraph 61 of the NPPF 2019 states that:

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

National Planning Policy Framework 2019, paragraph 61

- 8.84 The footnote to this section states that "Planning Policy for Traveller Sites sets out how travellers' housing needs should be assessed for those covered by the definition in Annex 1 of that document." This essentially sets out that the needs of Traveller households that meet the planning definition should be addressed under the PPTS, and that the needs of households that are not found to meet the planning definition should be addressed as part of the wider housing needs of an area.

- 8.85 Following the publication of the NPPF 2019 and the Housing Delivery Test Measurement Rule Book in July 2018, the current position is that under the Housing Delivery Test, paragraph 10, the need for Travellers that meet the PPTS planning definition are not now included in the overall 5 year land supply.

Where applicable, the housing requirement for Gypsies and Travellers under the Planning Policy for Traveller Sites (PPTS) will be added to the housing requirement. Plan-making authorities should inform MHCLG of their housing requirement for Gypsies and Travellers under the PPTS through the annual Housing Delivery Test DELTA data collection.

Planning Policy for Traveller Sites, paragraph 10

- 8.86 However, PPG for the Housing needs of different groups (ID 67) states at paragraph 1 that:

The household projections that form the baseline of the standard method are inclusive of all households including travellers as defined in [Planning policy for traveller sites](#).

Planning Practice Guidance, ID: 67-001-20190722

- 8.87 As a result, there therefore appears to be a possible inconsistency between the statement that Gypsies and Travellers who meet the PPTS definition are included in the LHN (which forms the basis of the housing requirement) but that their specific needs should also be added to the housing requirement.

- ^{8.88} The most recent assessment of need carried out in Wokingham Borough is the Wokingham Gypsy and Traveller and Travelling Showperson Accommodation Assessment 2017 Update Report. In the period to 2036 this estimated a need of between 26 pitches for those who meet the PPTS definition of a Traveller, to 90 pitches if all households are included based upon their cultural heritage as Travellers.

Appendix A

Table of figures

Figure 1: Establishing the minimum LHN figure for Wokingham Borough (Source: CLG, ORS; Note: All figures rounded to the nearest whole number).....	6
Figure 2: Annual income thresholds for different housing options in single bedroom and two bedroom (Source: ORS based on ONS House Price Statistics, Department for Work and Pensions, Valuation Office Agency and Land Registry Price Paid Data. Note: All figures rounded to nearest £100)	7
Figure 3: Assessing current unmet gross need for affordable housing (Sources: CLG P1E returns; Census 2001 and 2011; English Housing Survey; DWP Housing Benefit; CLG Local Authority Housing Statistics)	8
Figure 4: Assessing total need for market and affordable housing (Source: ORS Housing Model)	9
Figure 5: Potential Size and Tenure Mix (Source: ORS Housing Model. Note: Figures may not sum due to rounding)	10
Figure 6: Modelled Demand for Older Person Housing in Wokingham Borough based on Current Provision	10
Figure 7: Household projections 2019-29 (Source: CLG, ONS; Note: All figures presented unrounded for transparency)	20
Figure 8: Average household size estimates and projections for Wokingham Borough for the period 1991-2041 (Source: CLG estimates 1991-2011; ONS 2016)	22
Figure 9: Establishing the minimum LHN figure for Wokingham Borough (Source: CLG, ORS; Note: All figures rounded to the nearest whole number).....	23
Figure 10: Population projections 2018-36 by 5-year age cohort for Wokingham Borough (Source: ONS 2016 based sub-national projections).....	26
Figure 11: Total projected households in Wokingham Borough for 2018 and 2036 and summary of 18-year change by age of household representative (Note: Figures may not sum due to rounding).....	27
Figure 12: Total projected households for 2018 and 2036 and summary of 18-year change by age cohort of household representative (Note: Figures may not sum due to rounding)	27
Figure 13: Total projected households for 2018 and 2036 and summary of 18-year change by household type and age of household representative (Note: Figures may not sum due to rounding)	28
Figure 14: Number of Households by Tenure 1981-2011 (Source: UK Census of Population)	30
Figure 15: Percentage of Households by Tenure 1981-2011 (Source: UK Census of Population)	30
Figure 16: Households by Tenure for Wokingham Borough 1981-2011 (Source: UK Census of Population)	30
Figure 17: Dwelling stock by tenure and number of bedrooms by area (Source: UK Census of Population 2011)	31
Figure 18: Real House Price Trends: Lower Quartile Prices adjusted to 2018 values using CPI (Source: ONS; Bank of England)	31
Figure 19: Lower quartile prices (adjusted to 2018 values using CPI) for existing dwellings and newly built dwellings (2016-19) by property size (Source: ORS based on ONS House Price Statistics, Valuation Office Agency and Land Registry Price Paid Data)	32
Figure 20: 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).....	33
Figure 21: Weekly rent thresholds 2019 (Source: Private Rental Market Statistics, Valuation Office Agency; Regulator of Social Housing. Note: Private rent data excludes housing benefit funded tenancies)	33
Figure 22: Maximum Local Housing Allowance thresholds 2019 (Source: Valuation Office Agency)	34
Figure 23: Annual income required to afford to rent properties at the lower quartile and median price based on 35% income multiplier by property size (Source: ORS based on Valuation Office Agency data April 2018 to March 2019).....	36
Figure 24: Maximum annual income for households in receipt of housing benefit support by household type (Source: ORS based on Department for Work and Pensions data)	37
Figure 25: Annual income thresholds for different housing options in single bedroom and two bedroom (Source: ORS based on ONS House Price Statistics, Department for Work and Pensions, Valuation Office Agency and Land Registry Price Paid Data. Note: All figures rounded to nearest £100)	37

Figure 26: Establishing the need for market and affordable housing.....	40
Figure 27: Percentage of Owner Occupiers by Age Group 2001-2016 (Source: English Housing Survey)	41
Figure 28: Assessing current unmet gross need for affordable housing (Sources: CLG P1E returns; Census 2001 and 2011; English Housing Survey; DWP Housing Benefit; CLG Local Authority Housing Statistics)	43
Figure 29: Assessing affordability by household type and age (Source: Census 2011 and DWP)	46
Figure 30: Annual change in household numbers in each age cohort by age of HRP (Source: ORS Housing Model)	46
Figure 31: Components of average annual household growth 2018-36 (Source: ORS Housing Model).....	48
Figure 32: Assessing total need for market and affordable housing (Source: ORS Housing Model)	48
Figure 33: Assessing affordable housing mix (Source: ORS Housing Model)	49
Figure 34: Affordability of households needing affordable housing by property size 2018 (Note: Weekly costs based on data in Figure 21)	49
Figure 35: Affordable housing mix by household affordability to 2018-2036 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)	50
Figure 36: Theoretical impact of reducing or increasing Housing Benefit support for households living in private rented housing: Balance between households able to afford market housing and households needing affordable housing 2018-36 and associated number of affordable dwellings	51
Figure 37: Long-term Tenure Plan by Current Tenure (Source: English Housing Survey 2013-14)	52
Figure 38: 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)	53
Figure 39: Households currently living in the Private Rented Sector and paying their own rent that aspire to homeownership Source: English Housing Survey, DWP and UK Census of Population 2011. Note: Figures may not sum due to rounding)	53
Figure 40: Assessing total need for market and affordable housing (Source: ORS Housing Model)	54
Figure 41: Overall need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)	56
Figure 42: Potential Size and Tenure Mix (Source: ORS Housing Model. Note: Figures may not sum due to rounding)	57
Figure 43: Resident population for 2018 and 2036 and summary of 18-year change by age for Wokingham Borough (Note: Figures may not sum due to rounding. Source: Dwelling-led population projections based on the identified Local Housing Need)	63
Figure 44: Existing Stock of Specialist Older Person Housing (Source: EAC 2015)	64
Figure 45: Modelled Demand for Additional Specialist Older Person Housing 2018-36 (Source: EAC 2015 and Housing LIN Toolkit).....	65
Figure 46: Modelled Demand for Older Person Housing in Wokingham Borough based on Current Provision and Housing LIN Toolkit.....	66
Figure 47: Level of work required to create full visitability (Source: EHS 2014-15 Annex Figure 2.5)	70
Figure 48: Households with a long-term illness or disability that affects their housing needs (Source: English Housing Survey).....	72
Figure 49: Households with a long-term illness or disability in Wokingham Borough in 2018 by effect on housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)	72
Figure 50: Households with a long-term illness or disability in Wokingham Borough in 2018 by effect on housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)	73
Figure 51: Households with a long-term illness or disability in Wokingham Borough in 2018 by effect on housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)	74
Figure 52: Percentage of households with a wheelchair user by type of housing and age of household representative (Source: English Housing Survey 2013-14).....	75
Figure 53: Disability benefit claimants in receipt of mobility award by age (Source: DWP, May 2016)	75
Figure 54: Percentage of households with a wheelchair user by type of housing and age of household representative.....	75
Figure 55: Households needing Wheelchair Adapted Housing (Source: ORS Housing Model. Note: Figures may not sum due to arithmetic rounding)	76

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 2019, 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

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 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”*²⁴.

ECO underpins the Green Deal and places obligations on energy companies to facilitate installation of energy efficiency measures in homes. ECO fits within the Green Deal framework where Green Deal finance alone is not enough.

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

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”*²⁵

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.

²⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6338/1776873.pdf

²⁵ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/182417/MethodologyFinalDraft.pdf

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

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

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

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.

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

Registered Social Landlord/Registered Provider see Housing Association.

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

Shared ownership see Low Cost Home Ownership.

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

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

Acronyms and Initials

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
MHCLG	Ministry for Housing, Communities and Local Government
NPPF	National Planning Policy Framework
ONS	Office for National Statistics
ORS	Opinion Research Services
PPG	Planning Practice Guidance
RSL	Registered Social Landlord
SHMA	Strategic Housing Market Assessment