Rossendale Borough Council Strategic Housing Market Assessment Update

SHMA Update

Rossendale Borough Council

22nd March 2019

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1.0 Introduction

Background

1.1 Lichfields has been appointed by Rossendale Borough Council [the Council] to undertake an Update to the Strategic Housing Market Assessment [SHMA] that Lichfields previously undertook in 2016 in the light of new demographic evidence that has emerged in the intervening period, and in particular, the publication of the revised National Planning Policy Framework [the Framework] and the updated Planning Practice Guidance, in 2018. The overarching objective of the study is to identify future housing needs across Rossendale Borough for the period 2020 to 2040, and to provide the robust and up-to-date evidence upon which the new Local Plan will be based ahead of its Examination in Public [EiP] later in 2019.

Study Scope

1.2 The study will address the requirement in paragraphs 60 and 61 of the Framework to:

- Identify the future housing needs for Rossendale Borough over the period 2020 to 2040, using the Framework's approach to defining Local Housing Need [LHN] based on the standard method (recognising that this has reverted back to using the 2014-based SNHP once the Government's technical consultation on the issue reported back in February 2019).

- Undertake a demographic analysis to test whether exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals as per paragraph 60 of the Framework.

- Set out the housing context and market signals analysis which frames the SHMA including the dynamics of the market.

- Identify the LHN split in terms of house size and house type as well as identifying the appropriate tenure of future housing required for both market and affordable homes and identify any shortages.

- Identify the size, type and tenure of housing needed for different groups including those in need of affordable housing, students, service families, families with children, older people, people with disabilities, people who rent their homes and people wishing to commission or build their own homes. The housing needs of travellers is the subject of a separate study, reported here.

Report Structure

1.3 Following the initial background, policy overview and methodology sections, this SHMA is structured as follows:

2 Policy Context - sets out the national and local planning policy context along with the economic strategy for Rossendale;

2 Area profile and Market Signals Analysis - a detailed assessment of Rossendale Borough's demographic characteristics and the housing market more generally.

3 LHN – the application of the Government's standard methodology to derive an LHN figure for the Borough as a whole. This section includes an assessment of whether exceptional circumstances exist that would justify an alternative approach to be applied.

4 An analysis of the scale of affordable housing need that currently exists in Rossendale Borough.

5 In accordance with the PPG, an analysis of the type, tenure and size of housing required in the Borough.

6 The Needs of Specific Groups, including families and older people.

7 Conclusions and Recommendations – brings together and summarises the key findings and recommendations of the Update to the 2016 SHMA.

2.0   Policy Context

Introduction

2.1   This study comprises the housing land evidence base that will be used to inform the Council's new Local Plan policies and has been prepared in accordance with policy and economic documents at a national, regional and local level.

National Planning Policy Framework

2.2   The revised Framework was published in July 2018 with a number of further amendments made in an updated version published on 19th February 2019. The Framework's priorities comprise a stronger plan-led approach, able to support the provision of new homes, improve affordability and ensure a higher rate of housing delivery than that of the 2012 version.

2.3   There is a renewed emphasis on strategic planning and a clear recognition that this crosses local planning authority [LPA] boundaries, implying that joined-up working between authorities is imperative. Notably, strategic plans and policies should provide for development needs that cannot be met within neighbouring areas and demonstrated through new Statements of Common Ground [SoCG].

2.4   There is a need to effectively cooperate, setting out how strategic plan-making authorities should collaborate, again emphasising that this includes where development needs cannot be met wholly in one area, and could be met elsewhere. Joint working and SoCGs are significant and that for a plan to be found sound, cross-boundary strategic matters are dealt with rather than deferred'. This is a significant addition to national policy, to help ensure strategic needs are planned for now. Importantly, SoCGs should be kept up to date.

Housing Policy

2.5   The Framework outlines how LPAs should determine housing needs (paragraph 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."

2.6   Local housing need is defined in Annex 2 of the Framework as follows:

"Local housing need: the number of homes identified as being needed through the application of the standard method set out in national planning guidance (or, in the context of preparing strategic policies only, this may be calculated using a justified alternative approach as provided for in paragraph 60 of this Framework)."

Technical Consultation on Updates to the Framework and Guidance

2.7   On 26th October 2018 the Government issued a Technical Consultation on updates to national planning policy and guidance. The consultation sought views on changes to Planning Practice Guidance [PPG] on the standard method for assessing LHN. It included proposed minor clarifications to national planning policy on housing land supply, the definition of deliverable sites and appropriate assessment for habitats sites. The consultation closed on 7th December 2018 and the Government's response was published on 19th February 2019.

2.8 The consultation considered whether the PPG should be amended to specify that 2014-based projections would provide the demographic baseline for the standard method for a time-limited period. This was in light of the much lower 2016-based projections, which result in a national housing requirement far short of the Government's target of 300,000 new dwellings every year. The Government's response to the consultation considers that its proposed approach of using the 2014-based projections is the most appropriate approach, providing for stability and certainty in the short-term. The Government's response also identified that the 2016-based household projections should not be used as a reason to justify lower housing need.

National Planning Practice Guidance

2.9 On 6th March 2014 the Government launched the national Planning Practice Guidance [PPG] as a web-based resource[1]. This website brings together many areas of English planning guidance into a new format, linked to the Framework. It replaced the previous SHMA Practice Guidance published in 2007, which has now been cancelled. Although the PPG is more succinct and provides less detail on the assessment of affordable housing need than the 2007 Guidance, the overall approach remains essentially the same. The PPG was updated on 19th February to reflect the revised Framework published on the same day.

Housing Need Assessment

2.10 Following the publication of the updated Framework, the section of the PPG addressing the calculation of objectively assessed housing needs was updated on 19th February 2019.

2.11 The PPG now states that the Framework expects strategic policy-making authorities to follow the standard method in this guidance for assessing LHN. This uses a formula to identify the minimum number of homes expected to be planned for, in a way which addresses projected household growth and historic under-supply[2]. This uses the 2014-based household projections to calculate the projected average annual household growth over a 10-year period and adjusts them based on the affordability of the area. A cap may be applied which limits the increase, depending on the current status of relevant policies for housing.

2.12 The PPG states that:

"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."[3]

2.13 If an authority uses a different method for calculating housing need the PPG sets out how this should be tested at examination:

"Where a strategic policy-making authority can show that an alternative approach identifies a need higher than using the standard method, and that it adequately reflects current and future demographic trends and market signals, the approach can be considered sound as it will have exceeded the minimum starting point."

"Where an alternative approach results in a lower housing need figure than that identified using the standard method, the strategic policy-making authority will need to demonstrate, using robust evidence, that the figure is based on realistic assumptions of demographic growth

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[1] http://planningguidance.planningportal.gov.uk/
[2] 2a-002-20190220
[3] 2a-005-20190220

and that there are exceptional local circumstances that justify deviating from the standard method. This will be tested at examination."[4]

2.14 The PPG states that for the purposes of decision making, *"there is separate guidance on how the standard method for assessing local housing need applies to calculating 5 Year Land Supply and the Housing Delivery Test"*[5].

2.15 This guidance[6] states the following:

"Housing requirement figures identified in strategic policies should be used as the starting point for calculating the 5-year land supply figure:

- *for the first 5 years of the plan, and*
- *where the strategic housing policies plans are more than 5 years old, but have been reviewed and are found not to need updating.*

In other circumstances, the starting point for calculating the 5-year land supply will be local housing need using the standard method."

2.16 On this basis, the starting point for identifying LHN for the purposes of decision taking should be the standard methodology.

Local Planning Policy

Rossendale Local Plan Part 1: The Core Strategy (2011 – 2016)

2.17 The Rossendale Local Plan Part 1: Core Strategy Development Plan Document (2011 – 2026) was adopted on 8th November 2011 and sets out the Council's policies on development and land use.

2.18 The Core Strategy sets out the Vision to reduce inequalities across the Borough by strengthening opportunities in the east of Rossendale and fulfilling the potential of the west of the Borough. The Vision states that:

"most development, including housing and affordable housing will take place within the urban boundaries of the main settlements, capitalising on the move towards a low-carbon economy and supporting sustainable lifestyles".

2.19 The Vision is underpinned by eight Strategic Objectives, which include meeting housing needs.

2.20 Policy 2 (Meeting Rossendale's Housing Requirement) states that the net housing requirement for the period 2011 -2026, will be achieved through (inter alia) providing at least 3,700 net additional dwellings over the plan period 2011-2026 equating to **247 dwellings per annum** [dpa].

Rossendale Draft Local Plan – Pre-submission Publication Version (August 2018)

2.21 The emerging Rossendale Local Plan, which is currently at the Regulation 19 stage, seeks to promote sustainable housing and employment growth while protecting and enhancing the special valley and moorland setting of the Borough. The Local Plan will cover the whole of the Borough of Rossendale for the period 2019 to 2034 and will provide the statutory planning framework for the Borough.

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[4] 2a-015-20190220
[5] 2a-016-20190220
[6] 3-030-201809013

2.22   Strategic Policy HS1: *Meeting Rossendale's Housing Requirement* states that the net housing requirement for the period 2019-34 will be achieved through:

a   *"Providing at least 3,180 additional dwellings over the plan period equating to 212 dwellings a year*

b   *Delivering an overall amount of 30% of all new dwellings on previously developed land (PDL) across the Borough*

c   *Keeping under review housing delivery performance on a yearly basis*

The housing requirement figure for Edenfield Community Neighbourhood Forum for 2019-2034 is 456 dwellings."

2.23   The explanation to the Policy states that the 2016 SHMA recommended that the need for additional housing in Rossendale was between 265 and 335 dpa:

"The Council considers that a figure of at least 265 additional dwellings per year would be sufficient to meet Rossendale's housing needs over the plan period. This equates to a total number of dwellings to be provided over the plan period (2019-2034) of 3,975.

Since the SHMA was produced the Government has announced its intention to implement a standard methodology for calculating housing figures. Using this approach the relevant annual housing provision for Rossendale is set at 212 homes per year. This figure is applicable for ten years but the Council has extrapolated this over the Plan period, giving a total housing figure of 3,180 dwellings. The Council is not pursuing a higher figure based on "economic uplift".

2.24   Policy HS6 stipulates that new housing developments of 10 or more dwellings (0.35 hectares or part thereof) will be required to provide 30% on-site affordable housing from market housing schemes, subject to site and development considerations (such as financial viability). At least 10% should be available for affordable home ownership unless the proposal provides solely for Build for Rent, provides specialist accommodation to meet specific needs (e.g. purpose-built accommodation for the elderly), is a self-build proposal, or is exclusively for affordable housing, entry level exception sites or rural exception sites.

2.25   The Policy also states that affordable housing shall be provided in line with identified needs of tenure, size and type as set out in the latest available information on housing needs. In particular the SHMA indicates there is a requirement for:

- Around 1,700 units of older peoples housing, especially extra care and residential care by 2034; and,
- Housing suitable for disabled people.

2.26   Policy HS8 on Housing Standards requires that at least 20% of any new housing provided on a site should be specifically tailored to meet the needs of elderly or disabled residents, or be easily adaptable in line with the Optional Space Standards.

2.27   Strategic Policy EMP1: Provision for Employment, states that the Council, together with developers and other partners, will seek to provide sufficient employment land to meet the Borough's requirement of 27 hectares for business, general industrial or storage and distribution (Use Classes B1, B2 and B8) for the period up to 2034.

2.28   This relates to the mid-way point of the 22-32 ha employment land range recommended in the Council's Employment Land Review [ELR], which aligns with Housing Need (based on a labour supply of 220 dpa, and taking into account an allowance for the replacement of losses and factoring in a flexibility margin of 2-years take up (of 1.99 ha).

Rossendale Strategic Housing Market Assessment 2016

2.29   The previous Rossendale SHMA (2016) concluded that although Rossendale is below the self-contained migratory threshold of 70%, none of the alternative Housing Market Area [HMA] locations explored has suggested a self-containment level significantly higher than that of Rossendale Borough in isolation. Given that the district has overlapping HMAs with a number of other authorities nearby, the SHMA considered it reasonable and pragmatic to take the administrative boundaries of Rossendale Borough as being a 'best fit' HMA for planning purposes, whilst acknowledging the Borough's Duty to Cooperate with adjoining authorities to ensure that housing needs are met in full at a strategic level.

2.30   Based on analysis of market signals, the SHMA identified that a 10% uplift would be appropriate in Rossendale Borough to address the high rate of change in house prices and concealed households, and past under delivery against housing targets.

2.31   Modelling of a range of demographic and economic scenarios identified an objectively assessed housing need between **265 dpa and 335 dpa for Rossendale Borough**. This level of housing provision would address economic growth requirements, affordable housing need, worsening market signals and demographic challenges present within the Borough.

2.32   The SHMA further considered that the Housing Register figures of affordable housing need (158 dpa / 321 dpa) was appropriate for defining affordable housing need and recommended an affordable housing split of around 60% social / affordable rented accommodation, and 40% intermediate / starter homes.

2.33   Given that the Borough has a high proportion of small, terraced properties, the SHMA also recommended a split of 40% 1 and 2-bedroom homes and 60% 3 and 4 bedroom homes in order to rebalance the stock towards larger, more aspirational property types. The report also highlighted the importance of providing more good quality accommodation designed specifically for the growing older population.

3.0 Area Portrait and Market Signals Analysis

Introduction

3.1 This section provides updated evidence at a national, regional and local level to provide context for the housing market analysis, exploring the demographic context as well as trends in the housing market including household characteristics, occupancy rates and a range of market signals.

Demographic Context

3.2 Understanding the demographic context of an area is critical to understand the foundations for a robust objective assessment of housing need. Up-to-date demographic evidence, informed by the 2011 Census and other nationally consistent data sources such as the Annual Population Survey [APS] and Office of National Statistics [ONS] Mid-Year Population Estimates [MYE], enables us to understand:

- how Rossendale Borough's population has evolved in the past;
- how the key components of change (notably births, deaths and migration) have influenced this; and,
- how they are likely to continue shaping population and household change in the future.

Population

Current Demographic Profile

3.3 Table 3.1 and Figure 3.1 show how the demographic profile of Rossendale Borough has changed between the 2011 Census and the 2017 MYE. Over this period, the population of the Borough increased from 68,053 to 70,365, an increase of 2,312 people (3.4%).

3.4 However, this growth was experienced unevenly across the population, with decreases experienced across the younger working age population (Table 3.1). This was offset by rapid growth of the older population, with the population aged 65 and over growing by 20.8% between 2011 and 2017. Conversely, the working age population (aged 16 to 64) fell from 44,277 in 2011 to 43,743 in 2017: a decline of -1.2%.

Table 3.1: Changing Demographic Profile of Rossendale Borough

Age Group	2011 #	2011% of total population	2017#	2017% of total population	% change
0 - 12	10,648	15.6%	11,364	16.2%	6.7%
13 - 17	4,390	6.5%	4,046	5.8%	-7.8%
18 - 24	5,413	8.0%	4,860	6.9%	-10.2%
25 - 44	17,893	26.3%	17,386	24.7%	-2.8%
45 - 64	19,105	28.1%	19,902	28.3%	4.2%
65+	10,604	15.6%	12,807	18.2%	20.8%
Total	68,053	100.0%	70,365	100%	3.4%

Source: 2011 Census / ONS 2017 Mid-Year Population Estimates

3.5 Since the 2011 Census Rossendale Borough's population profile has continued to age. Figure 3.1 highlights there has continued to be a loss of resident aged between 35 and 45 years alongside strong increases in the number of older people.

Figure 3.1: Rossendale Resident Population Age Cohorts 2011/2017
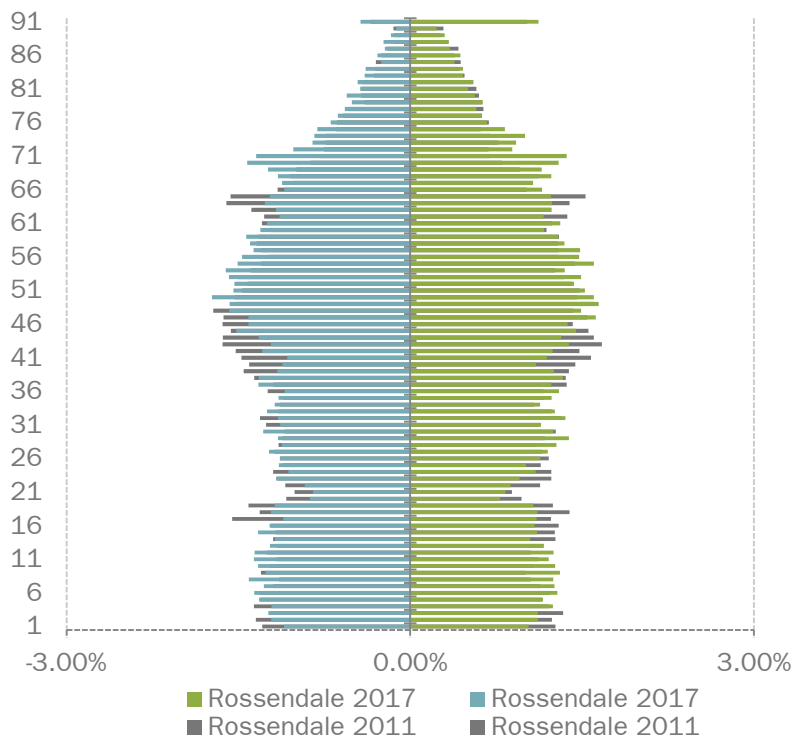
Source: 2011 Census / ONS 2017 Mid-Year Population Estimates

Existing Stock

Existing Stock by Type, Tenure and Size

3.6 Based on 2011 Census data, the 2016 SHMA identified that the majority (69.7%) of households living in Rossendale Borough are owner-occupiers of their accommodation. As can be seen in Table 3.2, this figure is lower than the Lancashire average but higher than the North-West figure. Households in affordable housing tenures[7] totalled 14.9% in Rossendale, which is higher than the figure for Lancashire (12.6%), but lower than the regional (18.8%) and national (18.4%) rates. The proportion of households privately renting / living rent-free in Rossendale (15.4%) is slightly lower that the regional equivalent (16.7%) and also lower than the equivalent for Lancashire (16.4%) and the national average (18.2%).

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[7] Affordable tenures in this instance refer to social rented properties

Table 3.2: Rossendale Borough Housing Tenure (2011)

Tenure	Rossendale 2001		Rossendale 2011		Lancashire		North West		England
	#	%	#	%	#	%	#	%	%
Owned: Outright	8,114	29.9%	9,160	**31.5%**	177,206	35.7%	934,101	31.0%	30.6%
Owned: With a mortgage or loan	11,276	41.6%	11,090	**38.2%**	175,138	35.3%	1,007,463	33.5%	32.8%
Shared ownership (part owned and part rented)	104	0.4%	87	**0.3%**	2,382	0.5%	15,787	0.5%	0.8%
Social rented: From council (LA)	4,099	15.1%	1,416	**4.9%**	21,019	4.2%	231,730	7.7%	9.4%
Social rented: Other	750	2.8%	2,828	**9.7%**	39,239	7.9%	318,571	10.6%	8.2%
Private rented: landlord or letting agency	1,856	6.8%	3,683	**12.7%**	67,911	13.7%	424,667	14.1%	15.3%
Private rented: Other	300	1.1%	423	**1.5%**	7,131	1.4%	38,232	1.3%	1.4%
Living rent free	613	2.3%	371	**1.3%**	6,270	1.3%	38,818	1.3%	1.4%
Total	27,112	100%	29,058	**100%**	496,299	100%	3,009,549	100%	100%

Source: 2011 Census

3.7 In terms of house types, the largest proportion of housing stock in Rossendale is terraced properties (43.6%), which is significantly higher than the comparable figures for Lancashire, the North West and England as a whole (see Table 3.3). In contrast, there are relatively few semi-detached properties in Rossendale (25.3%) compared to Lancashire (33.2%), the North West (36.4%) and England (31.0%). In Rossendale, 20.1% of all properties are detached which is not dissimilar to Lancashire (21.9%), the region (18.0%) and England (22.3%). The proportion of flats / apartments in Rossendale (10.6%) is similar to Lancashire (12.6%) but lower than the regional rate (15.5%) and around half the national average (21.2%).

Table 3.3: Rossendale Borough House Type (2001/2011)

Type	Sub-Type	Rossendale (2001)		Rossendale (2011)		Lancashire	North West	England
		N	%	N	%	%	%	%
House or Bungalow	Detached	5,223	**19.3%**	6,233	**20.2%**	21.9%	18.0%	22.3%
	Semi-detached	7,258	**27.0%**	7,819	**25.3%**	33.2%	36.4%	31.0%
	Terraced	12,063	**44.5%**	13,444	**43.6%**	31.5%	29.9%	24.3%
Flat, maisonette or apartment	Purpose-built block of flats	1,950	**7.2%**	2,634	**8.5%**	9.5%	12.7%	16.4%
	Part of a converted or shared house	204	**0.8%**	303	**1.0%**	2.1%	2.0%	3.8%
	In a commercial building	279	**1.0%**	326	**1.1%**	1.0%	0.8%	1.0%
Other	Caravan or other mobile / temp structure	128	**0.5%**	93	**0.3%**	0.8%	0.2%	0.4%
Total	All Occupied Household Spaces	27,108	**100%**	30,902	**100%**	100%	100%	100%

Source: 2011 Census

3.8 The 2016 SHMA identified that Rossendale had a slightly lower proportion of larger 7, 8 and 9 room homes (23.2%) than Lancashire (24.4%), although this was higher than the regional rate (21.7%) and roughly equal to the national average (22.8%). For smaller properties with 4, 5 and 6 rooms (which is a size which broadly correlates to a 3 to 4 bed property assuming a kitchen and 1 or 2 reception rooms) Rossendale (66.1%) matched the Lancashire (66.1%) and regional (66.8%) rates but was higher than the national average (63.2%).

Table 3.4: Size of Accommodation

	Rossendale (%)	Lancashire (%)	North West	England (%)
1 room (household space)	0.2%	0.3%	0.4%	0.8%
2 rooms	1.5%	1.5%	2.0%	2.9%
3 rooms	9.2%	7.7%	9.0%	10.3%
4 rooms	23.3%	18.0%	18.4%	19.2%
5 rooms	24.2%	26.0%	26.8%	24.7%
6 rooms	18.6%	22.0%	21.6%	19.4%
7 rooms	10.5%	11.2%	10.3%	10.1%
8 or more rooms	6.4%	6.8%	6.0%	6.3%
9 or more rooms	6.3%	6.4%	5.4%	6.4%

Source: Census 2011

3.9   This trend is confirmed by the housing mix by number of bedrooms shown in Figure 3.2. This indicates that households in 3-bedroom houses are most common across the Borough, comprising 37.3% of all households. Households in 2-bedroom properties comprise a similar proportion (33.8%), followed by 4-bedroom houses (15.5%). Households in 1-bedroom properties are less common (10.1%) and a very small proportion occupy properties with 5 of more bedrooms (3.4%).

Figure 3.2: Housing Mix Rossendale
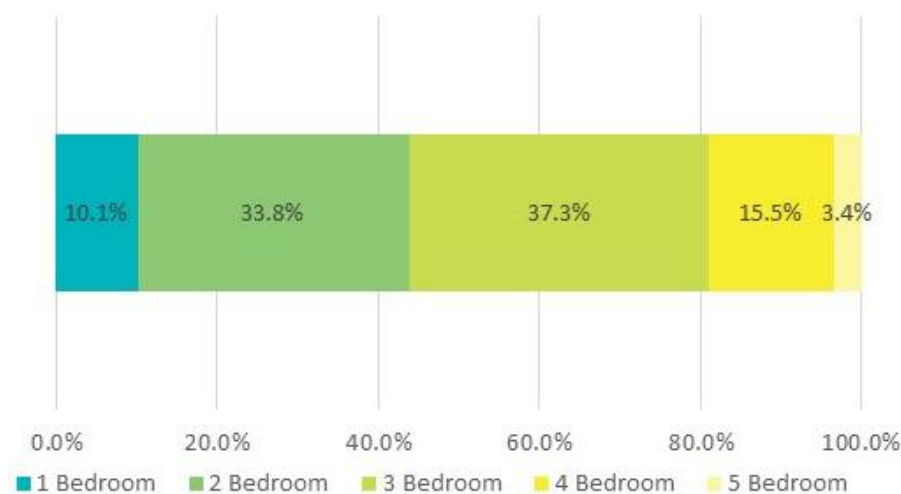
Source: Census 2011/Lichfields Analysis

3.10   In order to rebalance the stock away from the small terraced properties which are particularly prevalent across the Borough, the 2016 recommended that 40% 1 or 2 bed properties and 60% 3 or 4 bed properties would be a suitable indicative percentage target for Rossendale. This would provide more larger, aspirational property types (potentially with larger gardens and off street parking) designed to reduce the high levels of net out-migration to adjoining areas.

Household Profile

3.11   As shown by Figure 3.3 and using 2011 Census data, households with children are the largest household group across Rossendale, accounting for 30.0% of the total number of households. Households aged 65 and over, including single people and couples, comprise nearly a third (30.9%) of the Borough's total number of households, whilst couples aged under 65 account for almost a fifth (19.2%). Other households, which include student households and families with non-dependent children, account for 12.6% of households.

Figure 3.3: Household Profile of Rossendale

| 11.6% | 19.3% | 7.2% | 19.3% | 30.0% | 12.6% |

■ Single 65+ ■ Single <65 ■ Couple 65+ ■ Couple <65 ■ Households with children ■ Other

Source: Census 2011/Lichfields Analysis

Socio-economic characteristics

3.12   Mosaic household classification data brings together a range of household data including; household composition, income and house price, to help understand the household characteristics in an area.

Figure 3.4: Mosaic Household Classifications
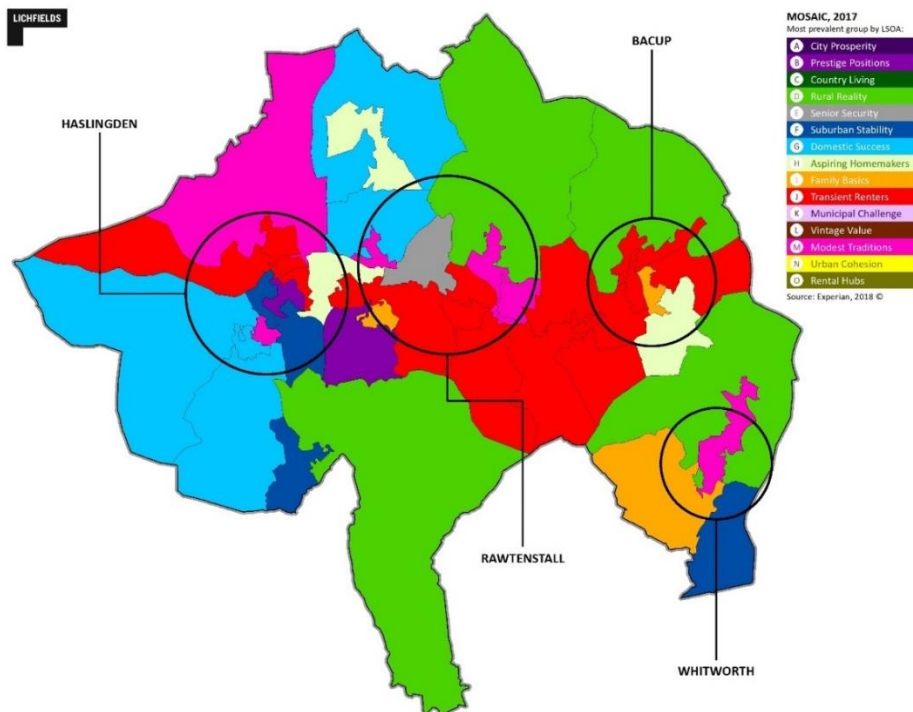
Source: Experian 2017/Lichfields Analysis

3.13   Figure 3.4 shows the household profile across Rossendale, including:

- Dominance of rural characteristics across the east and south of the Borough.

- Prevalence of 'transient renters' in the A681 corridor running east to west across the Borough. This group typically comprises privately rented younger households who have had a relatively short length of residence in the area. The area surrounding the A56, north of Haslingden is characterised by 'modest tradition' households, who typically have limited incomes.

- A concentration of 'senior security' households in Rawtenstall.

- Concentration of 'prestige position' households, typically higher income professional households within Haslingden and between Haslingden and Rawtenstall.

- 'Domestic success' households in the rural areas in the north and west of the Borough.

Market Signals

Transactions and Prices in the Private Market

3.14 Pre-recession dwelling sales across Rossendale were between 1,456 and 1,984 transactions per annum, representing between 5.1% and 6.8% of dwelling stock (Figure 3.5). During this period, turnover rates in the Borough peaked above and dipped below the rates for Lancashire as a whole. Transactions declined sharply in 2008 as a result of the recession, reaching a minimum of 650 transactions in 2009. The number of transactions remained at or below 700 transactions per year until 2013, but has since risen, albeit to only around three quarters of the pre-recessional average (1,707 between 2001 and 2007). The 1,290 transactions in 2017 represent 4.0% of the Borough's total stock. This is higher level of turnover than was experienced for Lancashire, which was 3.8% in 2017.

Figure 3.5: Property Sales and Stock Turnover 2001 - 2017
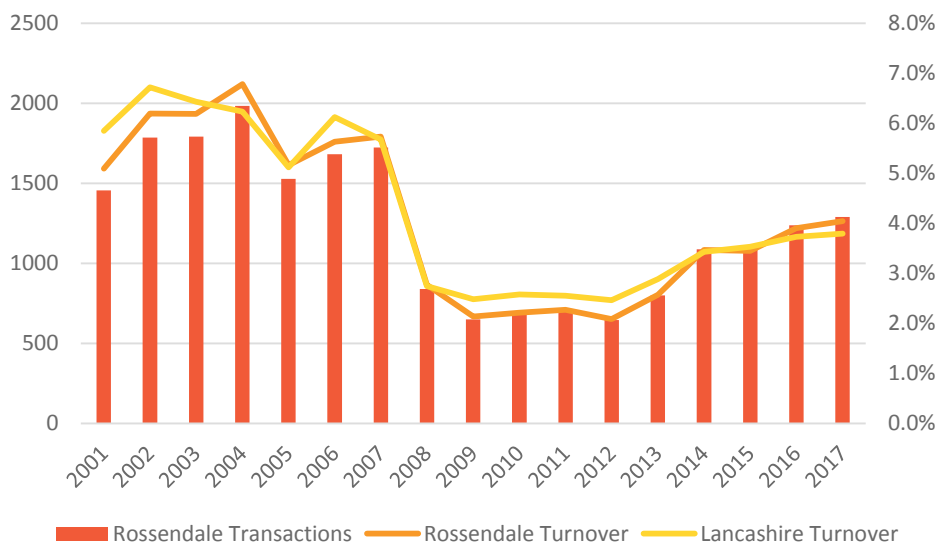
Source: ONS HPSSA Dataset 6 Residential Property Sales for administrative geographies

3.15 House prices increased between 1995 and 2018 in Rossendale, with a particularly steep increase between 2002 and 2007. This trend was mirrored across Lancashire as a whole, except that Rossendale saw a decrease in house prices in 2012 whereas Lancashire saw an increase. Median house prices remained stable between 2007 and 2012 and since this time have started to creep upwards. The median house price in Rossendale has been consistently lower than that of Lancashire as a whole. The median house price in Rossendale has been (and remains)

consistently below the Lancashire average over this period, although the gap has expanded and contracted over the period.

3.16   Analysing the change in median house price for Lancashire and Rossendale it is evident that there have been some clear impacts on the housing market which correlate with the recession. Figure 3.6 demonstrates that Rossendale median house prices are lower than the median across Lancashire, and have been since at least 1995. However, in general they follow the pattern seen across Lancashire as a whole.

Figure 3.6: Median House Prices in Rossendale and Lancashire 1995 to 2018
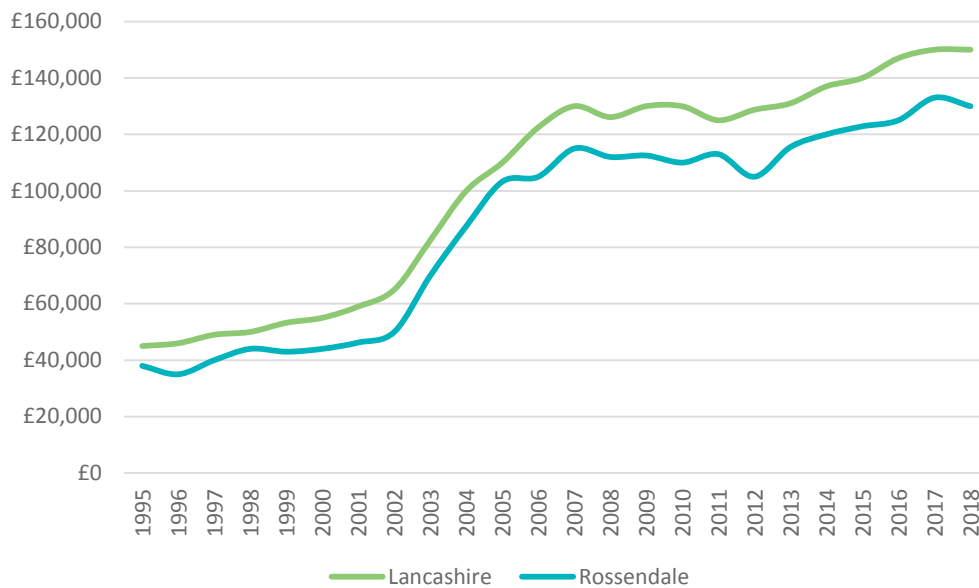
Source: ONS HPSSA Dataset 9. Median house price for administrative geographies.

3.17   The median house price varies between different sub-areas within Rossendale, as shown by Figure 3.7. The lowest median house prices (less than £140,000) by MSOA are found in the centre and east of the Borough, around the settlements of Bacup and Whitworth. These areas of comparatively low house prices cross the border into Calderdale. Median house prices are higher in the west of the Borough; in particular, the area south west of Haslingden has a median house price of between £160,000 and £180,000.

3.18   Median house prices increased across the Borough between 2014 and 2018 (Figure 3.8). Modest growth in prices (up to 10.0%) was experienced in the central-north of the Borough, whereas the greatest increase was experienced in the north west (over 30.0% growth).

Figure 3.7: Median house prices in Rossendale by MSOA, 2018
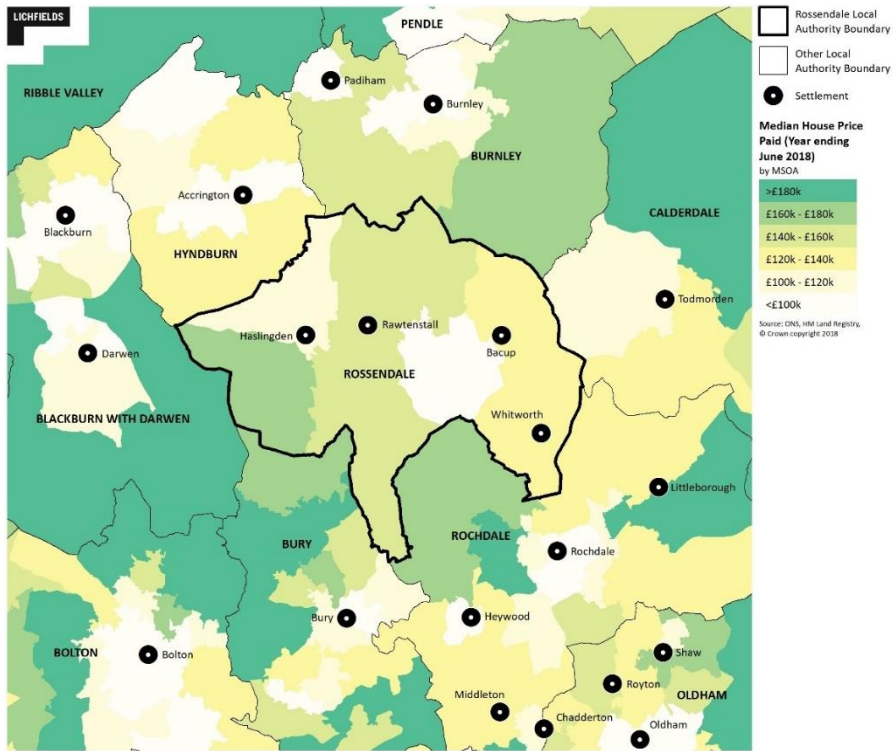
Source: HM Land Registry 2018

Figure 3.8: Change in median house prices in Rossendale, 2014-2018
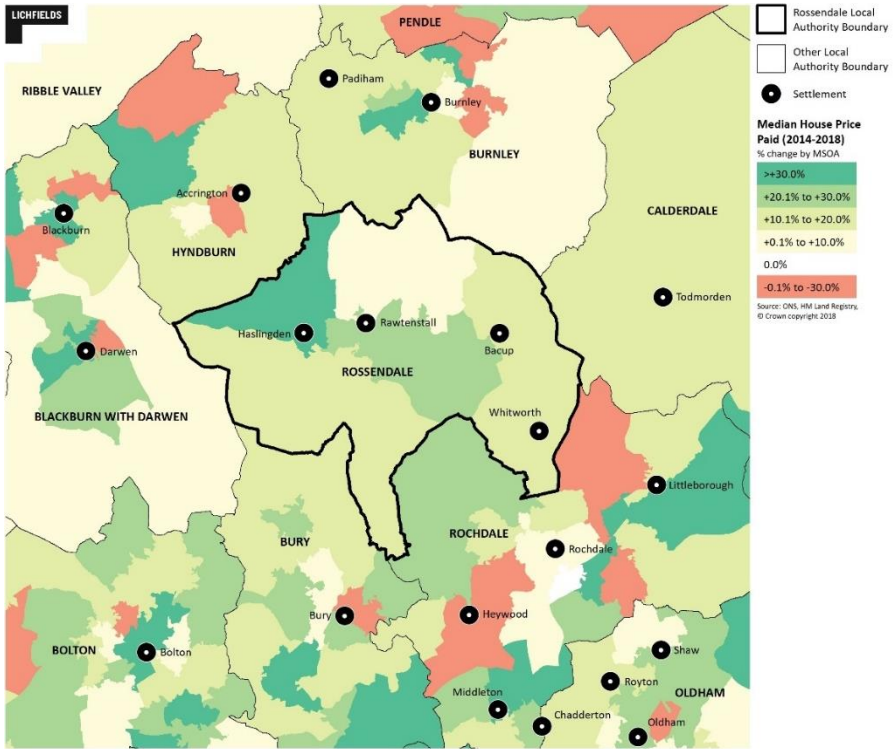
Source: HM Land Registry, 2018

3.19   Figure 3.9 illustrates that in the period 1995 to 2018, the Lower Quartile [LQ] house price in Rossendale has been significantly lower than that in England and slightly lower than

Lancashire. In recent years the gap between Rossendale and Lancashire appears to have slightly widened. In June 2018, the LQ house price in Rossendale was **£90,000**. LQ prices in Lancashire and England at this time were £105,000 and £155,000 respectively.

3.20 There was an increase in the LQ house price in Rossendale between 2000 and 2007. The LQ house price fell by £3,000 between 2007 and 2008 and by a further £7,000 between 2008 and 2009. Since declining to a low of £73,000 in 2012, the LQ house price of Rossendale has since recovered and by 2016 had reached pre-recession levels. This trend is similar to Lancashire and England, although the LQ house price in Rossendale experienced a greater decline following a peak in prices in 2007 and has since taken longer to recover than is the case for either Lancashire or England.

Figure 3.9: Lower Quartile House Prices in Rossendale, Lancashire and England

Source: HPSSA Dataset 15. Lower Quartile House Price for National and Subnational Geographies, Quarterly Rolling Year

Rental Levels

The Valuation Office Agency [VOA] publishes data on monthly rents for local authority areas by size of dwelling. As shown in Table 3.5, the VOA data indicates that both lower quartile and median rental prices in Rossendale for 1, 2 3 and 4-bedroo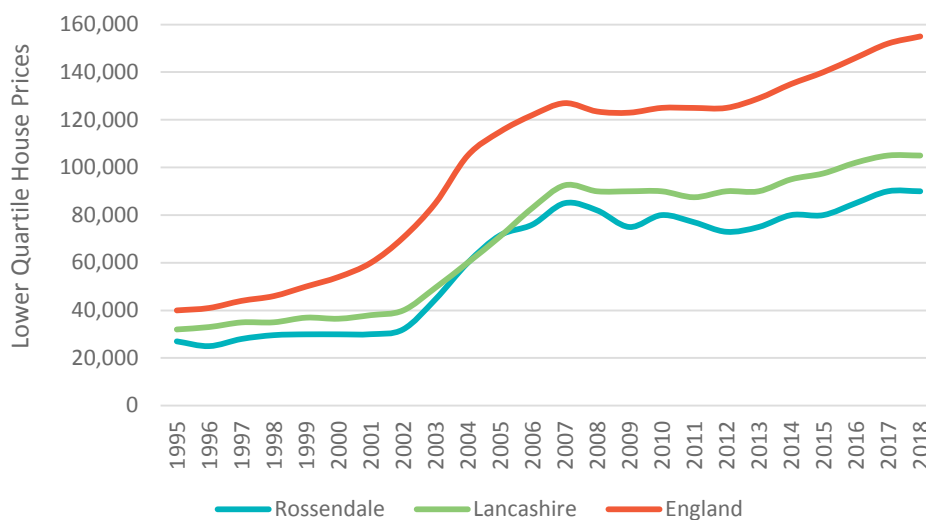m properties are less than the equivalent for Lancashire and England. Median rents in Rossendale ranged from £375 per month for a 1-bedroom property to £750 for a 4 bedroom property, whilst lower quartile rents range from £330 per month to £600 per month. A summary of monthly rents across all property types in Rossendale gave a median price of £475 and a lower quartile price of £400 per month. These figures are 70% and 77% respectively of the median and LQ rental prices across England.

Table 3.5: Monthly rents (April 2017 to March 2018) for Rossendale, Lancashire and England

	1 Bedroom		2 Bedroom		3 Bedroom		4+ Bedroom	
	LQ	Median	LQ	Median	LQ	Median	LQ	Median
Rossendale	330	375	395	450	495	595	600	750
Lancashire	370	400	450	500	525	600	700	850
England	450	600	525	650	595	750	900	1,300

Source: VOA Private Rental Market Statistics

Figure 3.10: median Monthly Rental Prices in Rossendale, Lancashire and England April 2017 to March 2018

Source: VOA (2018) Private rental Market Statistics

Affordability Ratios

3.21   The former SHMA Practice Guidance version 2 (2007) defines affordability as a *'measure of whether housing may be afforded by certain groups of households'* (Annex G). A household can be considered able to afford to buy a home if it costs 3.5 times the gross household income for a single earner household or 2.9 times the gross household income for dual-income households. Where possible, allowance should be made for access to capital that could be used towards the cost of home ownership [page 42].

3.22   The PPG's standard methodology for calculating LHN incorporates the most recent median workplace-based affordability ratios as an uplift to the average annual household growth. This is a helpful measure of identifying areas where the market is under stress, as affordability involves comparing costs against a households' ability to pay, with the higher the ratio, the more unaffordable a home is in that locality.

3.23   Figure 3.11 compares house prices with changes in earnings to provide an indicator of the relative affordability of housing. LQ house prices peaked in 2007 at 5.83 times greater than lower quartile incomes in Rossendale. Over the period 2007-2017, the ratio has become particularly volatile, reflecting price/income adjustments in both the labour market and the housing market. Affordability ratios rose between 2002 and 2008, to a maximum of 6.66 for the median and 6.07 for the LQ ratio, before falling to a minimum in 2012 (4.94 for the median and 4.48 for the LQ). Since then affordability ratios have risen, with the median rising more quickly than the LQ, but have yet to reach the levels they were at prior to the recession. In 2017, the median affordability ratio for Rossendale was 6.44 whilst the LQ ratio was 5.31.

3.24   The pattern of affordability ratios in England mirrors that shown for Rossendale, albeit with less pronounced fluctuations. Affordability ratios in England are significantly higher than in Rossendale, giving a median of 7.91 and an LQ of 7.26 in 2017.

Figure 3.11: Workplace-based affordability ratios for Rossendale and England
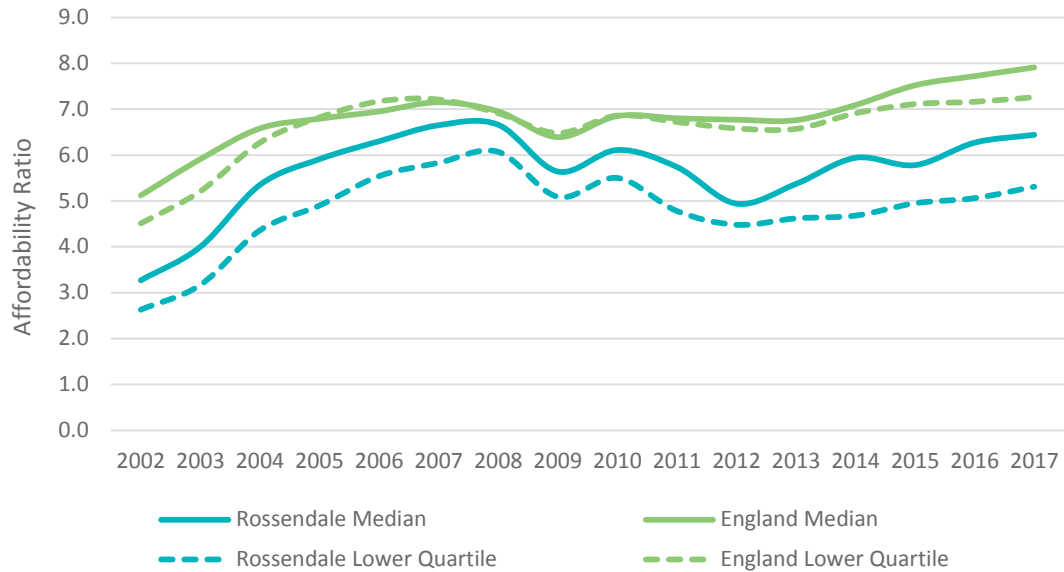
Source: ONS House price to workplace-based earnings ratio, 2018

3.25   Figure 3.12 illustrates how affordability ratios differ across Rossendale Borough. Greatest affordability pressure (where median house price is more than 4.75 times median net annual household income) is experienced in the rural east and west of the Borough and between the settlements of Haslingden and Rawtenstall. The lowest affordability pressures are experienced in the vicinity of the A56 north of Haslingden and between Bacup and Rawtenstall, where median house prices are less than 4-times the median net annual household income.

Figure 3.12: Median House Price to Net Annual Income 2016
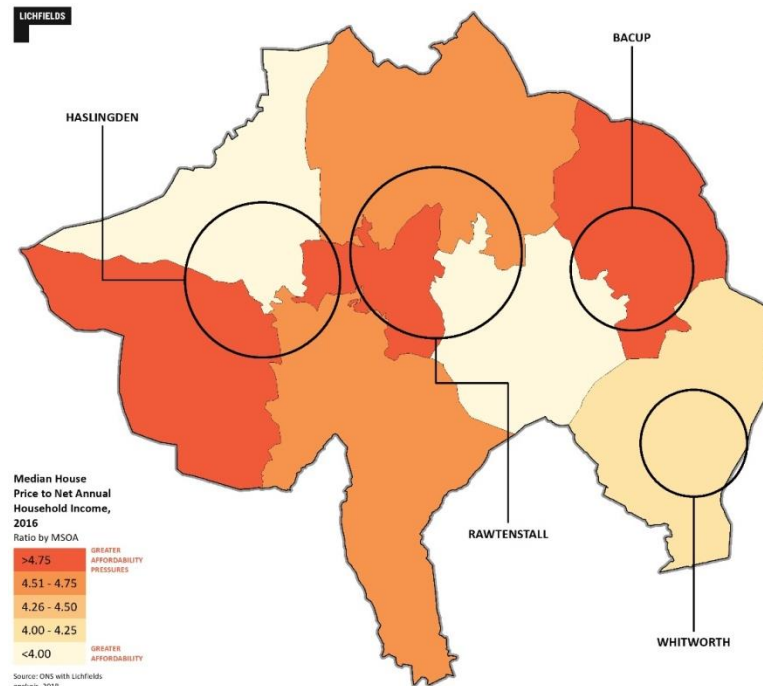
Source: ONS medium house price to net annual household income (2016) by MSOA/Lichfields Analysis

Vacancy Rates

3.26   On 1 October 2018, the Ministry of Housing Communities and Local Government [MHCLG][8] recorded a total of 1,085 vacant dwellings in Rossendale. Of these dwellings, 498 were classified as 'long term' vacant properties (i.e. they had been vacant for longer than 6 months). Homes become vacant for many reasons, including natural churn in the market (e.g. a void between tenancies or short-term vacancies as people move home). However, long term vacancies may indicate either structural weaknesses in the housing market (e.g. low demand) or may be reflective of problems with the stock of housing (e.g. condition or type).

3.27   In Rossendale, overall vacancy rates remained between 2.9% and 5.1% over the period 2004 to 2017. The overall vacancy rate has fluctuated over this period as shown in Figure 3.13. The vacancy rate peaked in 2012 and 2013 at 5.1% but has since fallen and in 2017 was at its lowest level since 2005 (3.7%).

Figure 3.13: Total and long-term vacancy rates in Rossendale and Lancashire

Source: MHCLG Live Table 615: Vacant dwellings by local authority district and MHCLG Live Table 125: Dwelling stock estimates by local authority district

3.28   Long term vacancy rates in Rossendale have experienced a trend of gradual decline from 2.7% in 2004 to around 1.6% in 2017, albeit interrupted by very slight increases in 2010, 2012 and 2015. This figure is slightly higher than the national long-term vacancy rate of around 1% and the Lancashire rate in 2017 of 1.4%.

3.29   Figure 3.14 illustrates the number of vacant social housing in Rossendale between 2005 and 2017. In 2017, the amount of vacant Registered Provider dwellings as a proportion of stock was 0.63%, whilst the long-term vacancy rate was just 0.13%.

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[8] Calculation of Council Tax Base for Formula Grant Purposes, October 2018

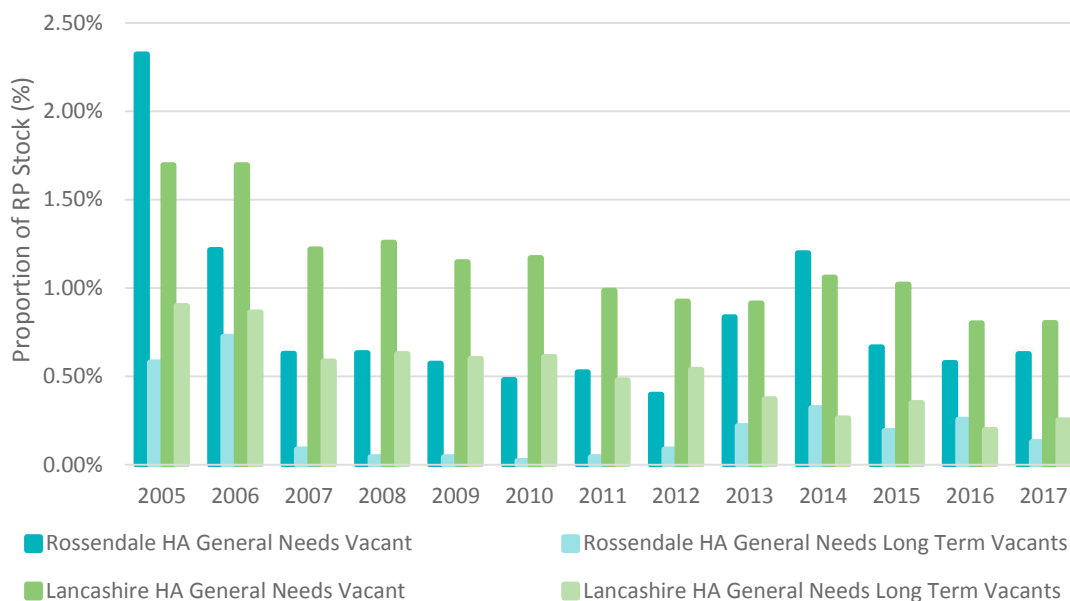Figure 3.14: Vacant Registered Provider dwellings in Rossendale and Lancashire 2005 - 2017

Source: MHCLG Live Table 615: Vacant dwellings by local authority district and MHCLG Live Table 115: Dwelling stock: PRP stock by district

3.30   In terms of the differences in tenure on vacant homes, MHCLG data[9] for Rossendale Borough shows that 29 Registered Provider properties were vacant in 2017, with just 6 of those comprising long term vacancies. This indicates a much lower level of total vacancy within affordable tenures than the private market and very few long-term vacant properties, which could be suggestive of a mismatch between demand and supply in the Borough.

Overcrowding and Homelessness

3.31   Indicators on overcrowding, sharing households and homelessness can demonstrate unmet need for housing within an area. The previous 2014 version of the PPG stated that indicators on:

"…overcrowding, concealed and sharing households, homelessness and the number in temporary accommodation demonstrate unmet need for housing. Longer term increases in the number of such household may be a signal to consider increasing planned housing numbers…"[10]

3.32   Whilst this section has now been removed from the latest iteration of the PPG, overcrowding and homelessness nevertheless represents an important housing market indicator.

3.33   The Census measures overcrowding based on a standard formula; this measures the relationships between members of a households (as well as the number of people in that household) to determine the number of rooms they require. A rating of -1 or less indicates a household has one fewer room than required, +1 or more indicates a household has one or more rooms than needed. At the national level, affordability issues in recent years, as well as a shortfall in housing supply, have meant that people are either willing to accept sub-optimal

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[9] MHCLG Table 615: Vacant Dwellings by district (2017)
[10] §2a-019-20140306

living conditions (e.g. living in a smaller home to manage costs) or are forced into accepting such housing outcomes (e.g. are priced out of the market and have to share with friends/family).

3.34 Table 3.6 illustrates that overcrowding against the occupancy rating in Rossendale is not considered to be severe, with just 5.1% of households living in a dwelling that is too small for their household size and composition. This compares to 8.7% nationally. It represents a consistent level with that recorded in Rossendale a decade earlier (in 2001) which is again below the national trend which increased from 7.1% in 2001 to 8.7% in 2011.

Table 3.6: Overcrowding: Household Room Occupancy Rating

	2001			2011		
	Total Households	-1 room occupancy or less	-1 room occupancy or less (%)	Total Households	-1 room occupancy or less	-1 room occupancy or less (%)
Rossendale	27,103	1,388	5.1%	29,058	1,476	5.1%
Lancashire	468,868	21,073	4.5%	496,299	22,706	4.6%
England	20,451,427	1,457,512	7.1%	22,063,368	1,928,596	8.7%

Source: Census 2001/Census 2011

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

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

3.36 At the time of the 2011 Census, 1.9% of all families in England were concealed; this represented 275,954 families. This is a rise compared to 2001 when 1.2% of families were concealed. In Rossendale, a lower percentage of families were concealed (1.4%) in 2011 compared to the national average of 1.9%. This represents a rise from 0.9% in 2001. This is shown in Table 3.7.

Table 3.7: Concealed Families in Rossendale, Lancashire and England - 2001-2011

	Concealed Families		Change (percentage points)	% change in number of concealed families
	2001	2011		
Rossendale	175 (0.9%)	275 (1.4%)	+0.5	57.1%
North West	21,162 (1.1%)	32,128 (1.6%)	+0.5	51.8%
England	161,254 (1.2%)	275,954 (1.9%)	+0.7	71.1%

Source: Census 2001/2011

3.37 The levels of overcrowding and concealed households in Rossendale Borough are moderate when compared with the national average and regional averages but have increased at a rate slightly higher than the North West as a whole.

3.38 The level of overcrowded households may also reflect cultural preferences of some households who chose to live with multiple generations and extended family members through choice rather than necessity. While the level of overcrowding and number of concealed households is not so

significant as to conclude that there is severe market pressure, it nevertheless highlights a degree of inadequacy in the housing market, reducing flexibility.

3.39   The levels of overcrowding are likely to be a symptom associated with restricted incomes in Rossendale, with people either willing to accept sub-optimal living conditions (e.g. living in smaller houses to manage costs) or forced into accepting such housing outcomes.

3.40   This could be closely linked to the proportion of 2-up, 2-down housing stock and/or number of households living as extended families requiring larger properties that may not be available or affordable.

Affordable Housing

Supply of, and Demand for, Affordable Dwellings

3.41   The supply of new affordable dwellings provided in Rossendale has varied considerably since 1996/97. Figure 3.15 demonstrates that affordable housing completions in Rossendale peaked in 2013/14, when 168 affordable completions were delivered (of which 165 were affordable rent completions). This level of delivery is almost 4-times the average level of delivery over the whole period, and 75% more than was delivered in 1997/98, when the second greatest level of delivery was experienced. It is understood that this spike related to a significant injection of HCA funding.

3.42   The average affordable housing completion rate between 1996/97 and 2017/18 was 43 dpa. Affordable rent completions account for 62.6% of all affordable housing completions over the period, compared to 12.3% for intermediate completions and 25% social rented completions. No social rented completions have been delivered since 2011/12. The preference for affordable rent completions, particularly in recent years, potentially reflects the introduction of the Affordable Rent model by the Government from May 2011 (where rent is around 80% of the cost of private rent).

Figure 3.15: Affordable housing completions and waiting list in Rossendale 1996/97 to 2017/18
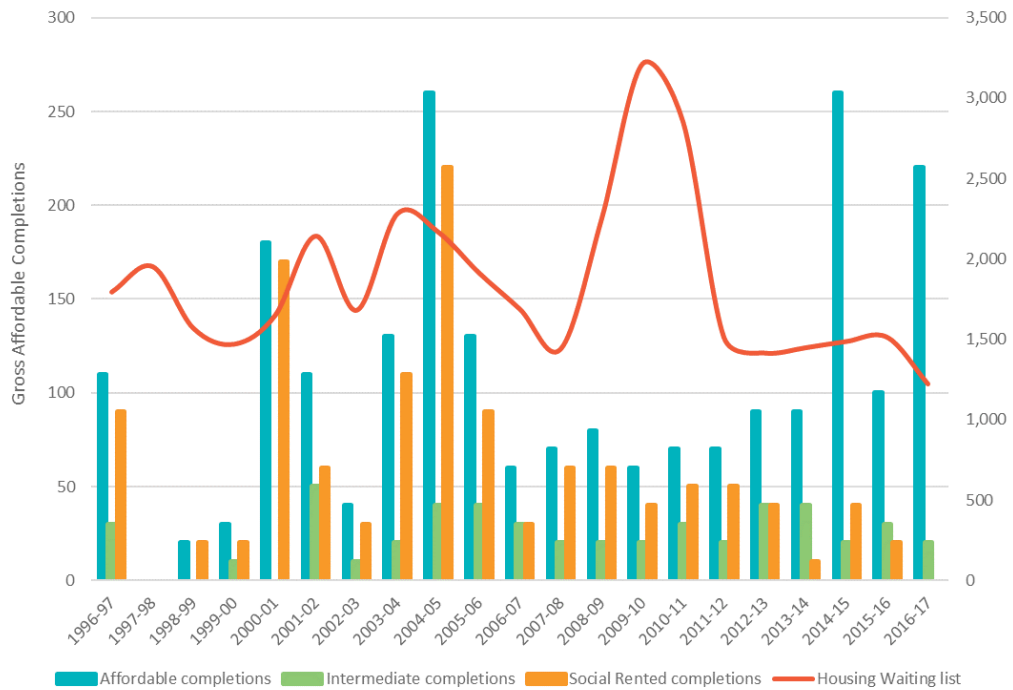
Source: MHCLG Live Tables 600, 1006C, 1007C and 1008C

3.43   The number of households on the Housing Register increased from 1,684 in 2003/04 to a peak of 2,947 in 2005/06. The numbers of households on the register then declined to 1,844 in 2009/10 before rising rapidly to 3,271 in 2011/12. This second peak likely reflects the impacts of the recession and subsequent economic downturn, albeit with a lag time of a couple of years. The subsequent rapid decline in numbers on the register (a decrease of 1,558 households between 2011/12 and 2012/13) reflects the economy recovering post-recession. The number of households on the waiting list has generally continued to fall since, reaching 1,426 in 2017/18.

4.0 Local Housing Need

Introduction

4.1 The Framework states that to determine the minimum number of homes needed in an area, strategic policies should be informed by a Local Housing Need [LHN] assessment, conducted using the standard method as set out in the PPG, unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. This section reports the findings of this analysis for Rossendale Borough.

Starting Point – Standard Methodology

4.2 The Government's "*Response to the Technical Consultation on updates to national planning policy and guidance"* was published on the same day as the revised Framework (19th February 2019) and summarises consultation responses and the Government's view on the way forward. This reinforces the direction of change the Government is following to deliver more homes.

4.3 The response to the Technical Consultation in respect of the standard method for assessing housing need:

1   Confirms that the 2014-based data will provide the demographic baseline for assessment of LHN;

2   Clarification through 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   Review the formula underpinning the standard methodology with a view to establishing a new method that meets the principles in paragraph 18 above by the time the next projections are issued.

4.4 Applying this revised approach to the standard methodology would result in a LHN figure of **204 dpa** for Rossendale Borough. This represents the minimum number of homes needed per year as set out in paragraph 60 of the revised Framework (February 2019).

4.5 This is calculated using the 2014-based household projections for 2019-2029, which equates to household growth of 177 per annum (1,766 over the 10-year period[11]), plus a market signals uplift of 15%. This latter figure has been generated as follows, based on the most recent (April 2017) affordability ratio data for Rossendale Borough:

- Median local workplace based affordability ratio (2017) = 6.44
- deduct 4 = 2.44
- divide by 4 = 0.61
- multiply by 0.25 = 0.15 (15%).

4.6 This 204 dpa figure is slightly lower than the 212 dpa figure generated by the standard methodology in September 2017, which was based on a slightly higher level of household growth (187 households per annum [hpa] over 2016-2026) and a slightly lower affordability ratio (6.1 for 2016).

4.7 A cap is then applied which limits the increases an individual local authority can face. How this is calculated depends on the current status of relevant strategic policies for housing. The PPG[12]

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[11] This compares to an annual household growth of 158 based on the lower 2016-based SNPP
[12] 2a-004-20190220

clarifies that where these policies were adopted within the last 5 years (at the point of making the calculation), the LHN figure is capped at 40% above the average annual housing requirement set out in the existing policies. This also applies where the relevant strategic policies have been reviewed by the authority within the five-year period and found to not require updating. However, where the relevant strategic policies for housing were adopted more than 5 years ago, the LHN is capped at 40% above whichever is the higher of:

a   The projected household growth for the area over the 10-year period; or,

b   The average annual housing requirement figure set out in the most recently adopted strategic policies.

4.8   The Council's adopted Core Strategy housing requirement figure is 247 dpa (Policy 2 '*Meeting Rossendale's Housing Requirement*'), adopted in December 2011. As such, the policy was adopted over 5 years ago and has not been reviewed by the Council in the intervening period. As per cap example 2b in paragraph 2a-004-20190220 of the PPG, the increase is capped at 40% above whichever is the higher of the most recent average annual housing requirement figure (247 dpa) or household growth (177 hpa). The cap is therefore limited to 247 x 40% = 346 dpa.

4.9   As this is above the LHN derived in Step 2b, the minimum housing need figure for the Council remains **204 dpa**.

Consideration of a different figure to the LHN generated by the standard method

4.10   The Framework is clear that this standard methodology is the default approach for calculating LHN unless there are "exceptional circumstances" which could justify an alternative approach which also reflects current and future demographic trends and market signals [paragraph 60].

4.11   The Government is clear that the figure derived by the LHN target is intended to be a minimum figure, with justifications to go below this relating to environmental or policy constraints rather than issues over the reliability of the household projections:

"Local housing need does not represent a mandatory target – it is simply a starting point for planning, and local authorities may either choose to plan in excess of this or to conclude that they are not able to meet all housing need within their boundaries, for example due to constraints such as protected designations and Green Belt, or whether that need is better met elsewhere. This means there is flexibility for local authorities to manage movements in local housing need locally."[13]

4.12   The PPG states that once a strategic policy-making authority has established a housing need figure, it will need to consider the extent to which it can be met, which presumably factors in the aforementioned policy considerations and constraints. These are therefore outwith the scope of a SHMA and are for the Council to consider as part of its plan-making process.

4.13   However, the Government stresses that it is committed to ensuring that more homes are built and supports ambitious authorities who want to plan for growth. The PPG therefore sets out the circumstances when a higher figure than that generated by the standard method might be considered to be appropriate. This is because the standard method does not attempt to predict the impact that future government policies, changing economic circumstances, or other factors might have on demographic behaviour.

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[13]MHCLG (October 2018): *Technical consultation on updates to national planning policy and guidance*, page 13

4.14   Circumstances which might justify that actual housing need is higher than the standard method indicates include:

- "*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*"[14].

4.15   In addition, the PPG[15] states that:

"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."

4.16   The PPG[16] also provides guidance on how the housing needs of particular groups relate to the overall housing need calculated using the standard method:

"The need for housing for particular groups of people 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.

When producing policies to address the needs of specific groups strategic policy-making authorities will need to consider how the needs of individual groups can be addressed within the overall need established.

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.

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."

4.17   This suggests that the needs of these household groups should be included within the overall LHN figure. For the purposes of this study however, the needs of individuals living in communal C2 accommodation, such as elderly residents living in Care Homes have been assessed separately.

4.18   The PPG[17] also requires a calculation to be made of the total annual need for affordable housing, as follows:

"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 converting total net need into an annual flow based on the plan period.

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[14]PPG: 2a-010-20190220
[15] ibid
[16] PPG: 2a-010-20190220
[17] PPG 2a-024-20190220

The total affordable housing need can then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, taking into account the probable percentage of affordable housing to be delivered by eligible market housing led developments. **An increase in the total housing figures included in the plan may need to be considered** *where it could help deliver the required number of affordable homes."* [Lichfields' emphasis]

4.19 The reference to uplifting the housing figures in the Plan to help deliver affordable housing need suggests that this is a component part of the calculation of the housing requirement, rather than the LHN.

4.20 The remainder of this chapter addresses each of the aforementioned elements in order to assess whether exceptional circumstances exist to justify uplifting the 204 dpa LHN figure generated by the standard method.

Demographic Analysis

Historic Household and Population Change

4.21 The latest Mid-Year Population Estimates for Rossendale show that the population of the Borough was 70,365 in 2017. This represents a modest population growth of 4,569 people since 1991, an increase of 6.9%.

Figure 4.1: Population and household change in Rossendale Borough
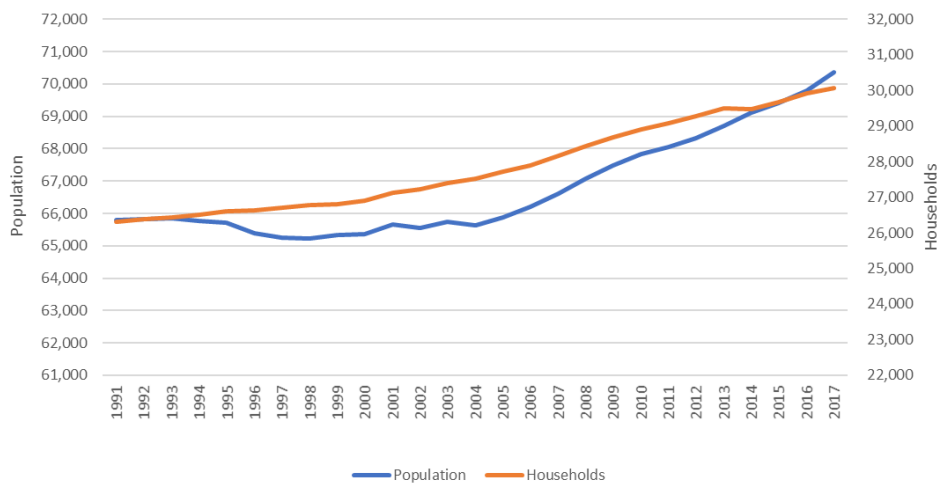
Source: ONS Mid-Year Population and Household Estimates (1991 to 2017)

4.22 The number of households in the Borough increased by 3,755 over the same period to just over 30,000 households in 2017, a growth rate of 14.3%. The faster rate of household growth than population growth has been driven by a trend towards smaller household sizes.

Population Projections

4.23 Sub National Population Projections [SNPP] project the population of all local authorities in England for a 25-year period and are based on the assumption that demographic trends (births, deaths and in/out migration) that were experienced during the preceding 5/6-year period will continue into the future.

4.24 The 2016-based SNPP represent the most up-to-date population projections published in May 2018, these update the 2014-based projections. However, as discussed above, the 2014-based SNPP are to be used as the demographic starting point for the assessment of LHN to align with the Government's aim to significantly boost the supply of homes and deliver c.300,000 new homes per annum by the mid-2020s.

4.25 The 2014-based SNPP anticipate that the population of Rossendale Borough will increase by 5,739 residents over the period 2014 to 2039 (+8.3%) equivalent to 230 persons per annum. This is a stronger growth than projected by the 2016-based SNPP which projects a growth of 3,985 people over the 25-year period 2016 to 2041 (5.7%) equal to 159 persons per annum.

Figure 4.2: Components of population change in Rossendale Borough 2016 to 2039

Source: 2014-based SNPP vs 2016-based SNPP

4.26 Figure 4.2 indicates that in terms of future growth across individual age cohorts, there will be:

- A negative growth in children (aged 0-9) and younger age groups more generally across both sets of projections. The 2014-based SNPP indicates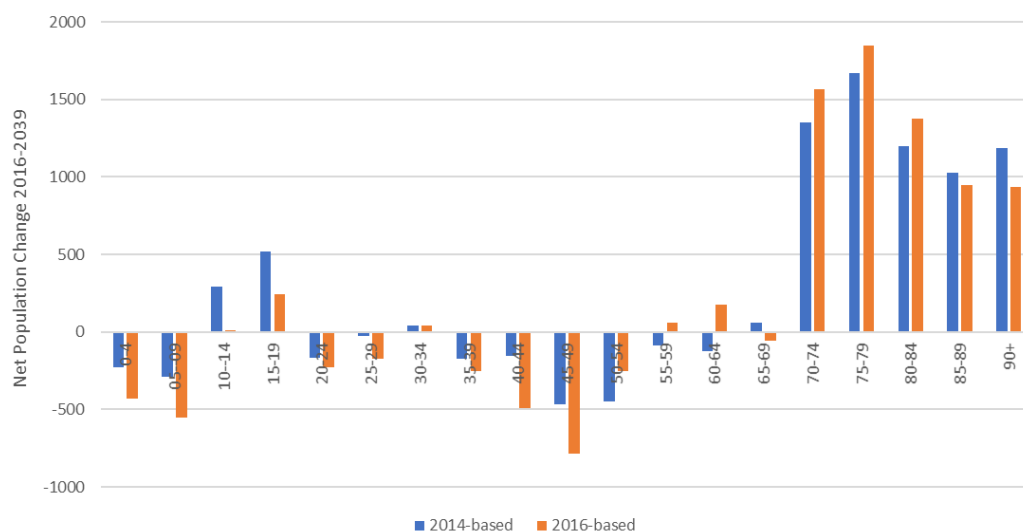 that the number of residents aged under 60 will fall by 1,181 between 2016 and 2039, compared to -2,715 in the 2016-based SNPP; and,

- Any future growth is driven by the 70+ age groups and the ageing has intensified in the 2016-based SNPP; a growth of 6,674 compared to 6,436 in the 2014 based SNPP.

4.27 Both sets of population projections therefore indicate that population growth in Rossendale Borough will be driven by the over 70s. Whilst the number of residents aged 20 and 40 will experience moderate decline (300) in the 2014-based SNPP, the number of residents aged between 40 and 60 will decline by 1,100. This could have a negative impact on the local economy unless there are measures implemented to increase the employment rate, net in-commuting, or the level of inward migration. In contrast the number of older residents over 60 is projected to increase by 38% over the next 23 years to 2039, using the 2014-based SNPP.

4.28 The population change in Rossendale Borough over the Local Plan period is expected to be driven by modest natural change and net migration from elsewhere in England, c. 4,200 people over the period 2014 to 2039 (2014-based SNPP). Natural change will contribute positively by population change in the Borough of c. 2,600 people.

Household Projections

4.29   As a consequence of the downward revisions to the population projections, the 2016-based Sub National Household Projections [SNHP] also contributed to a downward trend in household growth compared to the 2014-based SNHP.

4.30   This was also a consequence of changes to the methodology underpinning the 2016-based SNHP. The 2016-based SNHP were the first set of projections to be produced by ONS. The methodology underpinning the projections included a move towards assessing household trends on a shorter time period (back to 2001) compared to the previous projections which (whilst still incorporating a 'recency bias'), modelled a longer trend going back to 1971. This change in methodology resulted in a much sharper decline in formation rates in the shorter term for younger age groups in particular.

4.31   There was already a concern that the 2014-based SNHP were affected by some suppression of household formation, but the 2016-based projections firmly 'bakes in' these problems.

4.32   Over their respective 25-year projection periods, the 2014-based SNHP project an average household growth rate of 161 households per annum [hpa] compared to 138 hpa based on 2016-based SNHP. The rate of growth projected by the 2016-based SNHP is lower than both the 2012-based and 2014-based SNHPs for the Borough. The 2014-based SNHP suggest that by 2039 there will be 33,777 households in Rossendale Borough, around 600 more than the 2016-based SNHP at that point in time.

Figure 4.3: Household Growth Projections for Rossendale Borough
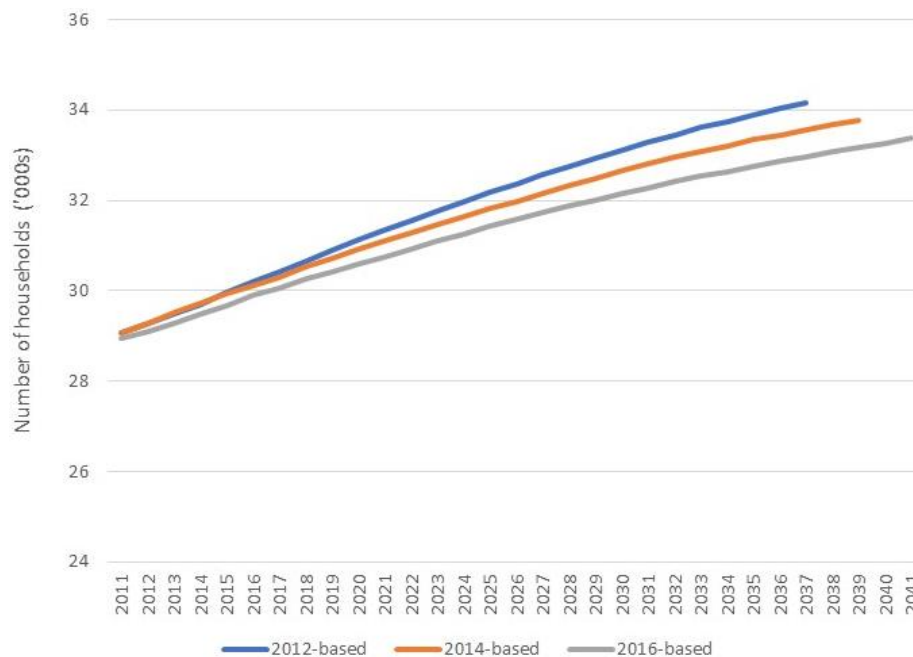
Source: MHCLG 2012/2014/ONS 2016 Household Projections

Population Estimates

4.33   The ONS publishes MYE annually. At present the most up-to-date estimates are for 2017. These estimate population change (births, deaths, migration and total population) in each local authority in England.

4.34   The latest estimates suggest that as of mid-2017 the population of Rossendale Borough was 70,365. The 2014-based SNPPs projected that by 2017 the population would be 70,033, which

suggests that the population of the Borough is growing very slightly faster than projected. These estimates are taken into account in the subsequent modelling analysis.

4.35   It is important to note that the quality of the mid-year population estimates are consistently monitored by ONS. This includes quality assurance of the administrative and survey data sources that are used to calculate the estimates to ensure that they are suitable for this purpose.

4.36   Population estimates are produced using a well-established demographic approach called the cohort component method:

"This involves combining information from a number of data sources including the previous census, survey data and administrative registers. The data sources used are the best that are available on a nationally consistent basis down to local authority level, but the estimates are subject to the coverage and error associated with these sources. Information from administrative registers such as the numbers of births and deaths are considered to be very reliable."[18]

4.37   Uncertainty Estimates have been created by ONS to give users additional information of the quality of these estimates. Measures of statistical uncertainty were available for the years mid-2012 to mid-2016. These show how the principal measure of uncertainty has changed over time. This tool indicates that the level of certainty that can be attributed to the accuracy of Rossendale's MYEs for 2012-2016 was reasonably high.

4.38   On 30th November 2017 ONS updated its Uncertainty Estimates, and included data relating to the 2016 MYEs. Rossendale's Uncertainty Measure (as a proportion of the total population) is 2.5%, which is close to the Lancashire average (of 2.4). This suggests that ONS considers that the certainty that can be attached to Rossendale's MYE post 2011 is reasonable. There is no reason to consider that the figures should be treated with caution when compared with other Boroughs in Lancashire.

Table 4.1   Statistical measure of uncertainty for local authority MYEs for 2016: Lancashire Authorities

	Uncertainty measure (% population) 2016
Burnley	0.79
Chorley	3.11
Fylde	2.43
Hyndburn	1.18
Lancaster	2.29
Pendle	1.43
Preston	4.98
Ribble Valley	3.56
Rossendale	**2.50**
South Ribble	3.11
West Lancashire	2.73
Wyre	0.92
Lancashire Average	*2.42*

Source: ONS (November 2017): Research-based statistical measure of uncertainty for local authority mid-year population estimates from 2012 to 2016 for England and Wales

[18] Annual mid-year population estimates QMI, page 8 (Appendix 1)

Future Housing Scenarios

4.39 Based on the trends outlined above for Rossendale Borough, a number of scenarios have been modelled to sensitivity test whether any adjustment is justified that would deviate from the LHN figure of 204 dpa identified by the standard methodology.

4.40 The scenarios demonstrate the extent to which the population of the Borough could change over the Plan period and how this change would be translated into households, dwellings, numbers of economically active residents and the number of jobs that might be supported by the local population.

4.41 The number of households is translated into dwellings through the application of an assumption concerning the proportion of vacant properties/second homes that are currently recorded in Rossendale.

4.42 Lichfields has modelled each of these scenarios using industry standard PopGroup demographic modelling software.

Sensitivities – Assumptions and Approach

4.43 The following sensitivities have been considered. The starting point remains the standard method LHN of 204 dpa, with Scenario B extending the appraisal period to 2034, with various data variables and assumptions applied for each of the subsequent sensitivities for the period 2019 to 2034, as follows:

- Scenario A: Standard Method – based on the Government's LHN methodology 2019 to 2029.
- Scenario B: 2014-Based SNPP – a scenario utilising the 2014-based SNPP and headship rates from the 2014-based household projections, extending to 2034.
- Scenario C MYEs 2017 – a scenario applying the same assumptions as Scenario B but utilising the 2017 MYE for Rossendale to adjust the starting point to the latest population position.
- Scenario D ELR Jobs Growth – using the 2017 MYE demographic evidence together with the jobs growth underpinning the Experian forecasts (from Experian's September 2016 UK Local Market Forecasts Quarterly) that underpinned the Council's ELR, equating to 90 jobs per annum over the plan period (2019-34).
- Scenario E Experian Jobs Growth – using the 2017 MYEs together with the jobs growth taken from the latest Experian Forecasts (dated December 2018) which project a growth of 73 jobs per annum over the plan period to 2034.

4.44 For the demographic scenarios, a 15% uplift has been applied as per Step 2 of the standard method.

Scenario B: Official projections

4.45 The standard method is based on using the 2014-based SNHP alongside the 2014-based SNPP over the period 2019-2029. This scenario extends the projection period so that it equates to Rossendale Borough's full 15-year plan period, which results in a household growth of 166 households per annum (2019 to 2034). Taking into account a suitable allowance for vacant and second homes (3.6% based on Council Tax data), this translates into a need for 173 dpa, increasing to 198 dpa factoring in a 15% uplift in line with the standard method.

4.46 The summary of the demographic outputs for Scenario B are shown in Table 4.2.

Table 4.2: Summary of demographic outcomes - Scenarios B and Bi

	Scenario B 2014 Baseline
Job growth	382
Labour force growth	507
Population change	3,493
of which natural change	1,564
of which net migration	1,929
Households	2,494
Dwellings	2,588
Dwellings per annum	173
15% uplift in alignment with SM	**198**

Source: Lichfields using PopGroup

Scenario C: Official projections, updated with the 2017 MYE

4.47   As set out above, the latest 2017 MYE suggest that the population of Rossendale Borough could be increasing at a slightly faster rate than the 2014-based SNPP anticipated. In addition, population estimates provide and update of the age structure in 2017, which can affect household formation patterns over the plan period.

4.48   Updating the population base to 2017 using the ONS's 2017 MYE, the projected housing need over the period 2019 to 2034 increases to 182 dpa, rising to 210 dpa including the 15% affordability uplift.

4.49   A summary of the demographic outcomes under Scenario C are shown in Table 4.3.

Table 4.3: Summary of demographic outcomes - Scenarios C and Ci

	Scenario C MYE
Job growth	303
Labour force growth	402
Population change	3,739
of which natural change	1,865
of which net migration	1,874
Households	2,636
Dwellings	2,735
Dwellings per annum	182
15% uplift in alignment with SM	**210**

Source: Lichfields using PopGroup

Future Jobs-led Change

4.50   Chapter 6 of Framework focuses on the need for planning policies and decisions to create conditions to help support economic growth. Paragraph 81c states that planning policies should:

*"seek to address potential barriers to investment, such as inadequate infrastructure, services **or housing**, or a poor environment"* [Lichfields emphasis]

4.51   Ensuring a sufficient supply of homes within easy access employment opportunities represents a central facet of an efficiently functioning economy and can help to minimise housing market pressures. Achieving employment growth needs to be supported by an adequate supply of suitable housing.

4.52 In order to ensure consistency between this SHMA Update and wider evidence underpinning the Rossendale Local Plan, the Experian forecasts from September 2016 underpinning the ELR have been considered alongside more up-to-date Experian projections (December 2018). For Rossendale Borough, these indicate a growth in jobs of between 1,100[19] and 1,500 jobs over the period 2019-34. Figure 4.4 shows that the more recent Experian (Dec 2018) projection, despite forecasting lower jobs growth over the plan period, is actually more positive in respect of total workforce jobs historically in Rossendale compared to the September 2016 Experian forecasts.

Figure 4.4: Historic and Forecast Total Jobs in Rossendale Borough
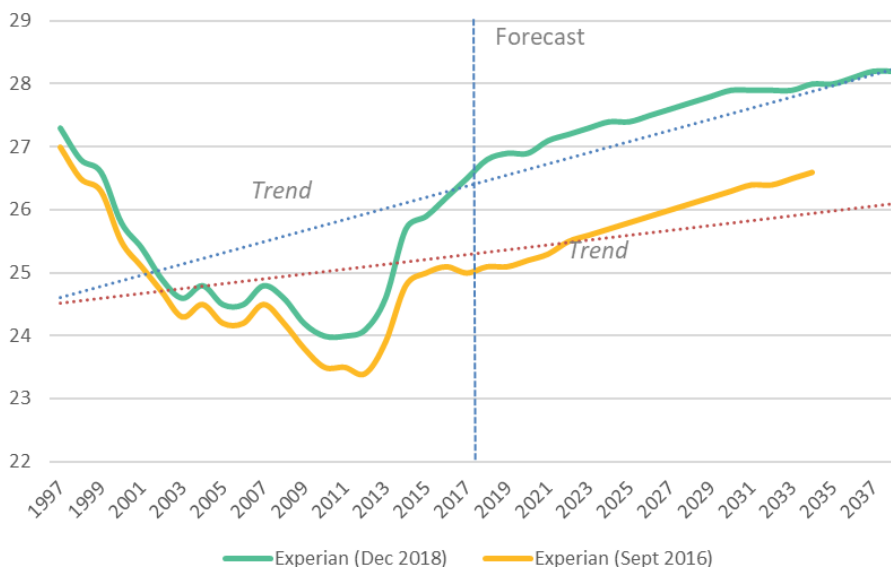
Source: Experian 2018/2016

Assumptions used in the modelling

4.53 To determine the scale of housing required to support a given level of jobs growth, some assumptions must be made about future economic activity, unemployment and commuting. These assumptions have been modelled as follows:

- **Unemployment** – model-based estimates for unemployment for Rossendale have been obtained from the Annual Population Survey [APS]. These show that in 2017, Rossendale Borough's unemployment rate was 3.3%. This rate is lower than in preceding years and has been held constant over the period to 2034.

- **Economic Activity Rates** – these rates are applied to the overall population (by sex and each five-year age cohort) to determine how many people are active in the labour market ('active' being either in employment or unemployed and available for work). To project economic activity rates, the modelling uses labour market participation rates published by the Office for Budget Responsibility [OBR] in January 2017. These provide long-term projections at the national level by sex and age, by the trends can be applied to local authority areas to provide local projections.

- **Labour Force Ratio** – this comprises the ratio of the number of residents who are economically active in an area to the number of jobs in that area. It therefore implicitly captures both commuting patterns and 'double-jobbing' (where one person may occupy more than one job). Applying the economic activity rates to the base population in 2017 (i.e.

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[19] Extending the September 2016 Experian Projections pro-rata to the end of the plan period 2034

the MYEs) gives an estimate of the total labour force as at 2017. This is then compared with the total number of jobs (as given by Experian) to create the labour force ratio which is held constant across the period.

For Rossendale the 5-year average labour force ratio of 1.21 has been held constant in the modelling from 2018 onwards, which demonstrates a net out-commute. This means that Rossendale Borough is a net exporter of labour.

- **Other assumptions** – inputs related to births, deaths, migration and household formation are the same as those applied in the demographic scenarios i.e. are taken from the 2014-based SNPP/SNHP. The modelling constrains/inflates migration to a level, which taking account of the profile of migrants moving in and out (plus natural change), produces a labour force sufficient to support forecast job growth, taking account of the ratio of labour to jobs.

Scenario D: Employment ELR-led

4.54 Updating the population base to 2017 using the latest MYE together with the ELR employment growth of 90 workforce jobs per annum, the projected housing need over the period 2019 to 2034 equates to 253 dpa.

4.55 A summary of the demographic outcomes under Scenarios D is shown in Table 4.4.

Table 4.4: Summary of demographic outcomes - Scenarios D and Di

	Scenario D Employment ELR-led
Job growth	1,350
Labour force growth	1,794
Population change	6,336
of which natural change	2,269
of which net migration	4,067
Households	3,654
Dwellings	3,793
Dwellings per annum	**253**

Source: Lichfields using PopGroup

Scenario E: Experian Jobs Growth

4.56 Updating the population base to 2017 using the Mid-Year Population Estimates (MYE) together with the (lower) Experian jobs growth of 73 jobs per annum, the projected housing need over the period 2019 to 2034 is 236 dpa.

4.57 A summary of the demographic outcomes under Scenario E is shown in Table 4.5.

Table 4.5: Summary of demographic outcomes - Scenarios E and Ei

	Scenario E Experian-led
Job growth	1,095
Labour force growth	1,455
Population change	5,692
of which natural change	2,178
of which net migration	3,515
Households	3,408
Dwellings	3,537
Dwellings per annum	**236**

Source: Lichfields using PopGroup

Modelling Summary

4.58   A summary of the scenarios assessed is shown in Figure 4.5. Compared to the standard method minimum starting point of 204 dpa, extending the 2014-based SNPP for Rossendale Borough to 15 rather than 10 years, and including a very modest allowance for vacant / second homes, actually reduces housing need down to 198 dpa (as household formation declines significantly post 2030). Factoring in the slightly higher 2017 MYE would increase the housing need to 210 dpa.

4.59   An assessment of the likely future scale of job growth has been made using the ELR-led jobs-growth (using September 2016 Experian projections) alongside more up to date December 2018 Experian Economic Forecasts. These job projections, modelled in PopGroup, suggest that there would have to be an uplift to the demographic baseline if the employment growth forecasts are to be realised, ranging from 236 dpa (Scenario E, the December 2018 Experian projections) up to as high as 253dpa (Scenario D, the Experian 2016 ELR projections).

Figure 4.5: Summary of Scenarios
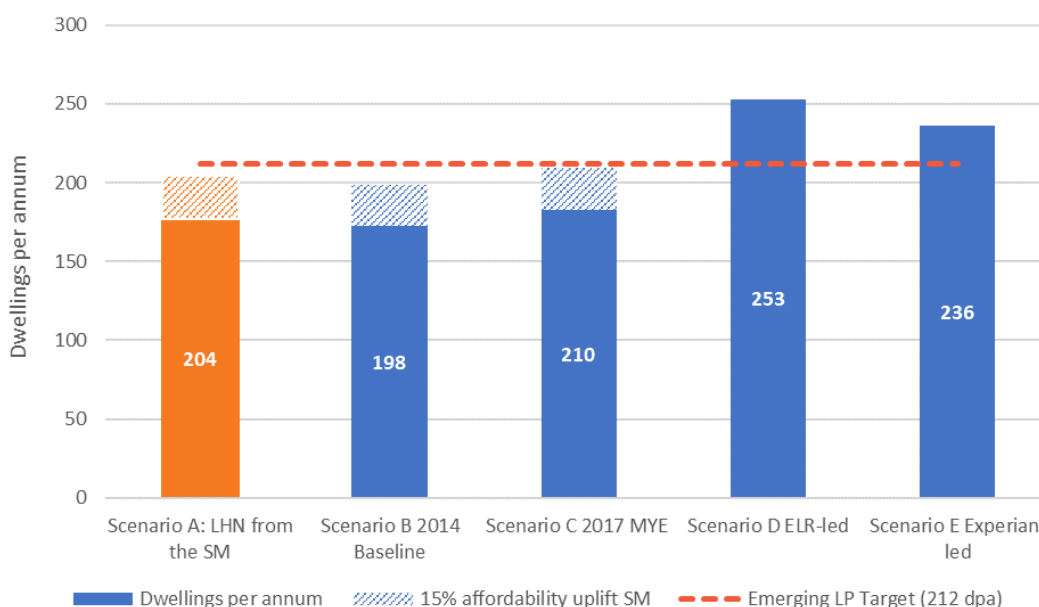
Source: Lichfields

Emerging Housing Requirement

4.60   As set out in the PPG, a local assessment of housing need should be based on the standard method formula to identify the minimum number of homes. However, MHCLG recognises that there will be circumstances where it will be appropriate to consider whether actual housing need is higher than the standard method indicates[20].

4.61   As summarised in detail above, the standard method figure of **204 dpa** is only the minimum starting point and should not be taken forward without question. The LHN may require adjusting due to:

1   Economic growth strategies for the area that are likely to be deliverable;

2   Where strategic infrastructure improvements are planned that would support new homes;

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[20] PPG: 2a-010-20190220

3 Where previous housing delivery in an area is significantly greater than the outcome from the standard method; and,

4 Where recently-produced SHMAs suggest significantly higher levels of need.

Demographic-led Needs

4.62 The Framework and PPG sets an expectation that the standard method, underpinned by the 2014-based household projections, should be used and that any other method will be used only in exceptional circumstances.

4.63 The robustness of the 2014-based SNPP and SNHP was assessed in the December 2016 SHMA. The document reviewed Unattributable Population Change [UPC] to test whether any errors in the inter-censal population estimates were likely to have carried over into the 2014-based SNPP (and by extension, the equivalent SNHP).

4.64 In the case of Rossendale, UPC is positive, with the Mid-2011 Census based (official) estimate recording 482 more residents than was anticipated at the equivalent Mid-2011 rolled forward estimate. This adjustment is of a relatively small magnitude compared with many other parts of the country; the mid-2011 Census based official estimate for Liverpool City for example, was 17,045 higher than the rolled forward MYE had projected.

4.65 The 2016 SHMA concluded that UPC was unlikely to be continuing to affect the ONS's latest population projections, and that no further adjustment was necessary to the 2014-based SNPP:

"...it is considered that much of the UPC error was down to erroneous data in the 2001 Census, whilst other contributory factors, such as under-estimations of internal and international migration to the Borough, are likely to have been concentrated in the early years of the decade (due to improvements in how this data has been collected) and are unlikely to have influenced the years informing the trend-based 2014-based SNPP.

Therefore, the trend data used to inform the 2014-based SNPPs should provide a more accurate picture with no allowance being made for UPC. Lichfields considers that in this instance, adding in the UPC (which for Rossendale is modest in any event) is likely to over-estimate future population growth in Rossendale Borough as a result and hence this has not been incorporated into the PopGroup modelling." [paragraphs 5.38 and 5.39]

4.66 The 2017 Mid-Year Population Estimates suggest that population growth in the Borough has increased at a slightly higher rate than was originally anticipated in the 2014-based SNPP, which uplifts the housing need to 210 dpa from 204 dpa. As summarised above, the ONS's analysis on the uncertainty measures that can be applied to Rossendale's 2016 MYE (the 2017 MYE analysis is unavailable at the time of writing) are average in the context of Lancashire and the North West more generally, and there is nothing to suggest that the 2017 MYE is not similarly robust for the Borough. **The resultant figure, of 210 dpa, is very similar to the 212 dpa figure the Council currently has identified as its housing requirement in its emerging Local Plan.**

Going above the standard method

4.67 The revised PPG is clear there may be circumstances where it might be appropriate to consider whether actual housing need is higher than the standard method indicates [ID 2a:010].

4.68 The Framework is clear that plans must be prepared positively (paragraph 16b) and support a positive vision for the future of an area which addresses housing needs and other economic, social and environmental properties.

4.69 A range of factors are identified in the PPG which should be considered in determining whether an uplift beyond the standard method is appropriate. These include:

- Growth strategies;
- Strategic infrastructure improvements;
- Unmet need; and,
- Past delivery.

Economic Growth Strategies and Strategic Infrastructure Improvements

4.70 The emerging Local Plan in Rossendale identifies in *Strategic Policy TR1: Strategic Transport* a number of strategic transport investments which would help address some of the constraints which have been identified in terms of future development potential including:

- Improving links to Greater Manchester and the M60/M62 and enhancements to the A56; and,
- Developing the potential of the East Lancashire Railway for both transport and tourism purposes.

4.71 The emerging Local Plan states that the Council is working alongside partners to ensure these are included in future strategies for transport investment to enable funding to be secured.

4.72 Addressing the constraints on the road network may help redress the balance between people living and working in Rossendale and open up additional land for future development. This may increase the number of jobs delivered in Rossendale which would require a greater number of homes to ensure there is a sufficient labour force to support future growth. Given the ageing demographic in Rossendale, it will be important to ensure there is the right mix of homes to attract younger economically active workers to support future jobs growth in the Borough.

4.73 In this context, it is an important part of responding to both the Framework and the PPG that the Local Plan should consider the extent to which the standard method estimate of LHN is consistent with the economic success of Rossendale and the wider area or whether 'actual housing need' is higher in response to the economic opportunities of the area.

4.74 Using estimates of future jobs growth taken from the most up-to-date Experian forecasts (December 2018) and the ELR Jobs-Led (2016), indicate a future jobs growth of between 70 and 90 (workforce) jobs per annum over the period 2019 to 2034. To support this level of jobs growth in the future, between 236 and 253 dpa would be required.

4.75 **This would indicate an uplift beyond the minimum LHN as assessed through the standard methodology is required if the Borough adopts a strategy to support economic growth which seeks to ensure the labour force does not act on a drag on future economic potential. This would also align with paragraph 81c of the Framework which states planning policies should (amongst other things):**

"seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment".

4.76 It is, however, noted that the emerging Local Plan is clear that the Council "*is not pursuing a higher figure based on "economic uplift*" (page 18), and that the 27 hectares of employment land it is also allocating in the emerging Plan is based on the SHMA 2016 labour supply scenario of 220 dpa, which sits below the Experian baseline (2016) figure of 30 ha.

Unmet Need

4.77 The 2016 SHMA undertook a detailed assessment as to whether Rossendale Borough comprised a self-contained HMA. The assessment demonstrated that over the past 10 years or so, the Borough had experienced a weakening level of self-containment, with migratory patterns expanding, more people moving into Rossendale Borough from the adjoining Greater Manchester authorities and more residents commuting into Bury, Rochdale and Manchester City to work than before.

4.78 The SHMA concluded that Rossendale Borough was below the migratory threshold of 70% which the Practice Guidance suggests could indicate a self-contained HMA. Nevertheless, in practical terms none of the alternative HMA areas explored, or other studies, suggested a self-containment level significantly higher than that of Rossendale Borough in isolation.

4.79 As a consequence:

"*As Rossendale Borough is a predominantly rural district with overlapping HMAs with a number of other authorities nearby, it is considered both reasonable and pragmatic to take the administrative boundaries of Rossendale Borough as being a 'best fit' HMA for planning purposes.*

Nevertheless, it is accepted that the situation is highly complex with strong housing and economic relationships between Rossendale Borough and other adjoining authorities. Meeting the full housing needs within these overlapping HMAs has required co-operation between the various authorities in these adjoining Strategic HMA areas, and specifically the LPAs of Bury, Rochdale, Blackburn with Darwen, Hyndburn and Burnley. RBC, through the duty to cooperate, should undertake further discussions to determine how this interdependence impacts upon housing requirements within the wider HMA, and how it will be addressed." [2016 Rossendale SHMA, page 36]

4.80 It is understood that none of these authorities are requiring Rossendale Borough to take on board any of their unmet need, or vice versa. Indeed, in the case of Bury and Rochdale, the emerging Greater Manchester Spatial Framework (2019) [GMSF] is quite clear that the Greater Manchester Combined Authority [GMCA] considers the wider Greater Manchester conurbation to comprise a self-contained HMA.

4.81 On this basis, it is not considered necessary to uplift the LHN to address unmet needs from adjoining districts.

Previous delivery levels

4.82 As set out above, the PPG is clear that where previous levels of housing delivery in an area are significantly greater than the outcome from the standard method, this should be taken into account by the LPA when considering whether it is appropriate to plan for a higher level of need than the standard model suggests.

Table 4.6: Net Housing Delivery for Rossendale against Local Plan Targets

	LHN	Net Housing Delivery	Difference
2011/12	204	119	**-85**
2012/13	204	153	**-51**
2013/14	204	241	**+37**
2014/15	204	234	**+30**
2015/16	204	122	**-82**
2016/17	204	195	**-9**
2017/18	204	149	**-55**
Total	**1,428**	**1,201**	**-227**

Source: ONS LT122 Net additional dwellings by local authority district, England 2011-12 to 2017-18 / HDT results February 2019

4.83 Table 4.6 shows that in Rossendale Borough, housing delivery has been lower than the LHN for 5 of the past 7 years, which does not suggest a greater housing need.

4.84 Similarly, the HDT results were published on the 19th February 2019 and are replicated in Table 4.7. It indicates that, again, the Council under-delivered its housing requirement by 156 dwellings. The Council therefore delivered just 75% of its 3-year requirement.

Table 4.7 Rossendale Borough Housing Delivery Test 2018 Results

	2015/16	2016/17	2017/18	Total
Number of Homes Required	221	217	185	622
Number of Homes Delivered	122	195	149	466
Housing Delivery Test Measurement	**-99**	**-22**	**-36**	**-156**

Source: MHCLG (February 2019): Housing Delivery Test: 2018 Measurement

4.85 As such it is unclear whether the Borough has a market which is readily available to absorb significantly higher quantities of housing and therefore there is limited evidence (from this metric at least) that consideration should be given to whether delivering housing higher than the minimum starting point LHN is appropriate.

Comparison with Previous SHMA (2016)

4.86 As with past housing delivery, the PPG clarifies that there may be situations where "*previous assessments of need (such as a recently-produced SHMA) 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*"[21].

4.87 The most recent SHMA is the 2016 version which precedes this Update. The 2016 SHMA concluded that the objectively assessed need [OAN] for housing in Rossendale Borough was between 265 dpa and 335 dpa. This range was based on demographic modelling and scenarios that were formulated under the direction of the 2012 Framework and the 2014 PPG's version of housing need assessments. The key data inputs that underpinned this range included:

- 2014-based population and household projections;

- 10% Uplift for market signals (assessed under the previous 2014 PPG approach);

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[21] 2a-010-20190220

- Meeting Economic led needs; and,

- 10% Uplift to help meet identified affordable housing needs.

4.88 The approach taken to define the range is set out in Table 4.8:

Table 4.8: Approach to OAN for Rossendale 2014 to 2034 (SHMA 2016)

	Dwellings per annum (2014-2034)
Demographic Starting Point	183 dpa
Adjustments to Demographic-led Needs	220 dpa
Uplift for Market Signals	242 dpa (+10%)
Employment Led Needs	269 dpa – 335 dpa
Affordable Housing Needs	527 / 1,070 dpa
Uplift to demographic led needs for Affordable Housing (@10%)	266 dpa – 335 dpa
Full Objectively Assessed Needs (rounded)	**265 dpa – 335 dpa**

Source: Lichfields (2016): Rossendale SHMA

4.89 The SHMA (2016) was undertaken prior to the introduction of the standard method for assessing LHN and was based on the then Framework (2012) and PPG (2014). The Framework (2012) was clear there was a requirement, as per the approach underpinning the previous SHMA, for LPAs to ensure their assessment of and strategies for housing, employment and other uses are integrated, and that they should take full account of relevant market and economic signals (Framework paragraph 158).

4.90 Furthermore, the modelling outputs differ to the outputs within this SHMA Update as a result of updated evidence available in respect of:

- Vacancy;

- Unemployment;

- Labour force ratio; and,

- Updated economic activity rates (in some scenarios) which take into account the 2017 MYEs.

4.91 For these reasons, it is considered that the 2016 SHMA's OAN analysis, and the range it identified, has been overtaken by the revised Framework and PPG approach to identifying LHN; which this SHMA Update has sought to address.

LHN Summary

4.92 The LHN for Rossendale Borough, as calculated using the Government's standard method, is **204 dpa**. This is lower than the 212 dpa that is currently reported in the Council's emerging Local Plan primarily because the 204 dpa figure is based on average household growth from 2019-2029, which is lower than the 2016-26 average growth which previously underpinned the September 2017 standard method.

4.93 The PPG sets out that there is an expectation that the standard method will be used and that any other method will be used only in exceptional circumstances.

4.94 However, the standard method generates a <u>minimum</u> annual housing need figure. It does not produce a housing target, which is for the Council to identify and robustly justify in its Local Plan.

4.95   It is appropriate for this SHMA Update to provide an overview of the evidence needed for the Council to determine whether it would be appropriate for it to deviate from the 204 dpa LHN figure.

4.96   This deviation can generate a higher figure, but in exceptional circumstances, it may be appropriate to target a lower housing requirement. The PPG states where an alternative approach results in a lower housing need figure than that identified using the standard method, the strategic policy-making authority will need to demonstrate, using robust evidence, that the figure is based on realistic assumptions of demographic growth and that there are exceptional local circumstances that justify deviating from the standard method. This will be tested at examination.

4.97   Both the 2016 SHMA and this Update have analysed whether the 2014-based SNPP/SNHP, and more recent MYE, are robust for Rossendale Borough. Our view is that from a demographic perspective, there is no justification for going below the 204 dpa LHN figure.

4.98   In terms of whether there are exceptional circumstances to go above the demographic baseline; updates to the MYE could suggest there could be justification to increase housing needs slightly, to 210 dpa, although this remains below the Council's emerging Local Plan figure of 212 dpa.

4.99   Using estimates of future job growth from Experian that underpinned the 2017 ELR suggest that to support forecast job growth of 90 workforce jobs per annum would require 253 dpa over the period 2019-34. Using the latest 2018 Experian projections, which forecast a lower job growth of 73 jobs per annum, this would reduce the annual housing need to 236 dpa.

4.100   Should the Council seek to plan for this level of economic growth, then the 204 dpa standard methodology / 212 dpa emerging Local Plan figures would provide insufficient housing to align with economic growth. Employment opportunities could therefore provide one driver for demand for housing in the area as people move to be closer to places of work. This uplift could range from 236 dpa to 253 dpa depending on the level of economic growth pursued.

5.0   Affordable Housing Needs

Number of Current and Future Households in Need

5.1   Within this section, a calculation of affordable housing need in line with the revised PPG has been undertaken for Rossendale Borough to inform the assessment of the scale of housing affordability as well as arriving at an estimate of future housing need.

5.2   The basic approach to this is:

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

Background

5.3   Affordable housing is defined within Annex 2 to the Framework (2019) as:

"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) and which complies with one or more of the following definitions:

     i   ***Affordable housing for rent;***

     ii   ***Starter homes;***

     iii   ***Discounted market sales housing;*** *and*

     iv   ***Other affordable routes to home ownership***, *which is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market".*

5.4   With regards to the incorporation of affordable housing needs into the total housing figures included in Local Plans, the PPG[22] sets out the following:

"The total affordable housing need can then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, taking into account the probable percentage of affordable housing to be delivered by market housing led developments. <u>An increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes</u>." (Lichfields emphasis)

5.5   The PPG therefore sets out that *'the total housing figures'* are about much more than just demographic need and should consider how and whether affordable housing needs can be met. This is in the context that the Framework at para 62 requires LPAs to specify the type of affordable housing required where a need is identified.

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[22] ID 2a-027-20180913

5.6   The Barker Mills High Court judgment[23] considered uplifts to OAN to address affordable housing need in the context of a challenge to a Local Plan. The judgment, in the context of a Local Plan process, placed consideration of an uplift for affordable housing into the <u>second of a two-stage process</u>, the first being calculation of OAN and the second being a 'policy-on' adjustment (i.e. one that is made through the Local Plan process and thus not part of the OAN). The Jelson judgment[24] is also relevant in this context. In short, in considering the refusal of planning permission for housing, the Inspector in this case (as a matter of planning judgment), accepted the need for affordable housing to make up a necessary component of OAN for housing in the council's area, or in the context of the Barker Mill judgment, as part of the first stage calculation of OAN.

5.7   Both of these judgements were issued before the publication of the revised Framework in July 2018 and the revisions to the Housing Need Assessment section of the PPG in September 2018 and February 2019. However, the key paragraph of the PPG relating to the need to increase the total housing figures included in the plan where it could help deliver the required number of affordable homes is almost identical to the previous iteration.

5.8   We have therefore included a consideration of addressing affordable housing needs within the OAN, but equally that does not cut across or negate the need for the Council to further consider it as a 'policy-on' factor for the Local Plan housing requirement.

Affordable Housing Needs Calculation

Stage 1: Current Housing Need Steps 1.1 to 1.4

5.9   The first stage of the assessment considers current affordable housing need, also referred to as the 'backlog' (those needs which exist, and are unmet, now). The PPG is clear that an estimate should be made of the number of households who lack their own housing or who cannot afford to meet their housing needs, in the open market. The PPG[25] provides an indication of the types of housing that should be considered unsuitable which are set out below:

- Homeless households;
- Households in priority need, who are currently housed in temporary accommodation;
- Over-crowded housing;
- Concealed households;
- Existing affordable housing tenants in need; and,
- 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.

5.10   Although potentially not including all households in need of housing, the housing waiting list is the starting point for estimating what the need and demand for affordable housing is. If all households on the waiting list and in priority need were accommodated, it would be reasonable to assume that all demand for affordable housing would be met, even if there remain households in need which are not reflected in the housing waiting list.

5.11   Therefore, it has been considered that the components of affordable housing need including those in need and within a reasonable preference group for affordable housing (e.g. homeless

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[23] Trustees of Barker Mills Estates & Test Valley Borough Council vs SoS for DLCG [2016] EWHC 3028
[24] 'Jelson Ltd. v Secretary of State for Communities and Local Government, Hinckley and Bosworth Borough Council [2018] EWCA Civ 24'
[25] ID 2a-023-20180913

households and overcrowded households), currently concealed households and other groups in need, are best represented by those identified on the waiting list as a best-case proxy.

5.12 The Housing Needs Booster Survey that informed the previous 2016 SHMA is also helpful, although given that it was originally undertaken in March 2014 and is now 5 years old, less weight can be attached to its findings than was the case previously.

5.13 Data from the B-with-Us Housing Register for February 2019 identifies a total of 1,376 households were on the housing waiting list (Band 1-4), of whom 928 are assessed as being in 'priority need' (Band 1-3). This is very similar to the 928 households identified as being in Priority Need on the Housing Register back in April 2016.

5.14 As per the PPG, those seeking transfers are netted off to avoid double counting and as they themselves will free up an affordable home as they transfer.

5.15 On this basis, the data from B with Us for Rossendale Borough suggests that 26%, (or 240) of these households are likely to comprise transfers (i.e. 236 are already leasing/renting social housing whilst 4 are living in shared ownership accommodation), meaning that the remaining **688** households are living in other tenures and in need across Bands 1-3.

5.16 The components of current housing need in Rossendale Borough are set out in Table 5.1:

Table 5.1: Current Backlog of Housing Need in Rossendale Borough

Component	Households	Source
Housing waiting list priority bands	928	B-With-Us Housing Register February 2019
of which Homeless Households (inc. Temporary Accommodation)	29	Estimate from RBS LAHS 2017/18 submission
of which Overcrowded, Concealed or Insanitary Households	275	Estimate from Census 2011 based upon Concealed Families
Gross Estimate of Current Housing Need	**928**	Households in priority bandings
of which current occupiers of affordable housing	240	B-With-Us Housing Register February 2019
Net Estimate of Current Housing Need (Backlog)	**688**	**Lichfields**

Stage 2: Future Need steps 2.1 to 2.3

5.17 Future housing need is split into two components. The PPG[26] sets out firstly that *"the process will need to identify the minimum household income required to access lower quartile (entry level) market housing"*. This could be either through purchasing a dwelling or renting privately. Secondly, existing households falling into need to be considered as part of future affordable housing needs.

New Household Formation (Step 2.1)

5.18 The PPG[27] recommends that gross household formation should be used as the measure of newly forming households, as opposed to net household growth which takes into account household dissolution. This is required to ensure that household dissolution is not double-counted in the calculation, once as a net loss of households and potentially again as a re-let of the house they may have occupied. However, gross household formation is typically much higher than net

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[26] ID 2a-024-20180913
[27] ID 2a-025-20180913

rates, and may represent an overestimation of the amount of households seeking new housing in each year within Rossendale Borough. This is limited to households forming who are under the age of 45, which is consistent with the former 2007 SHMA Guidance (Annex B) which notes that after 45 years of age, household formation rates 'plateau'.

5.19   For the purposes of considering future newly forming households, the 2014 based SNHP have been used including the MYE to 2017 in line with the recent amendments to the standard methodology (i.e. Scenario 2 from Section 7.0).

Table 5.2: Gross newly forming households Rossendale Borough 2019 to 2034

	No. newly forming households annually (gross) 2019 to 2034
Rossendale Borough	585

Source: MHCLG 2014 based SNHP, Mid-Year Population Estimates and Lichfields analysis

5.20   This output of future housing need should be treated with caution. Such gross estimates may include people that form several different households over the period at different stages of their life, but does not account for their previous household no longer existing. For example, two single person households could evolve into a couple. Nevertheless, the resultant figure, of 585 newly forming households annually (gross), is comparable with the 608 households per annum figure that informed the 2016 SHMA (over a different timeframe).

Those unable to rent or buy (Step 2.2)

5.21   This stage of the assessment involves an affordability test. Information in respect of local house prices, market rents and household income levels has informed the test which estimates the ability of households to afford lower quartile market housing. The affordability test has been calculated by identifying the costs of entry level (lower quartile) market housing, the costs of which have been obtained from the Land Registry[28], as well as private rental costs obtained from the VOA[29].

5.22   The PPG states that "*strategic policy-making authorities can use current costs in this process, but may wish to factor in anticipated changes in house price and wages.*" Given the considerable economic uncertainty at the time of writing concerning the Brexit negotiations and the possible impact this could have on house prices for the foreseeable future, we have preferred to use current costs rather than second-guess future house prices/rental costs in Rossendale.

5.23   Drawing upon the review of current house prices and private rental values, lower quartile prices for a house (£90,000) (price paid by local authority year ending June 2018) and a rental property (£400 per month, equivalent to £4,800 annually) have been used as an indicator of the entry price to market housing. Such houses are available within Rossendale Borough and such values are relatively typical of smaller properties on the market (up to 2-bedrooms), ideal for newly-forming households seeking to move into a first property.

Table 5.3: House Prices in Rossendale Borough Year ending June 2018

	Rossendale Borough
Lower Quartile House Prices	£90,000
Median House Prices	£129,975

Source: HPSSA dataset 15 (December 2018) / Lichfields analysis

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[28] https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/lowerquartilehousepricefornationalandsubnational geographiesquarterlyrollingyearhpssadataset15
[29] VOA (June 2018): Private Rental Market Statistics between 1 April 2017 and 31 March 2018

Table 5.4: Monthly Rent by number of bedrooms, Rossendale Borough (2017/18)

Rossendale Borough	Monthly Rent by number of bedrooms				
	All Categories	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms+
Mean	**£522**	£385	£457	£589	£897
Lower Quartile	**£400**	**£330**	**£395**	**£495**	**£600**
Median	**£475**	£375	£450	£595	£750
Upper Quartile	**£585**	£425	£495	£675	£850

Source: VOA (June 2018): Private Rental Market Statistics between 1 April 2017 and 31 March 2018 / Lichfields Analysis

5.24   In order to understand the level of income that would be required to sustain ownership or occupation of such properties, it is necessary to consider how much households can afford to spend on their housing. The former SHMA Guidance from 2007 (superseded by the Framework and PPG but still containing useful context where the PPG is silent) set out that a household can be considered able to afford to buy a home if it costs 3.5-times the gross household income for a single earner or 2.9 times the gross household income for a dual-income household. However, the PPG does not prescribe exactly how affordability calculations should be undertaken other than to say that access to lower quartile (entry level) market housing is the relevant barometer.

5.25   The household income data utilised for Rossendale Borough, obtained from the 2019 CACI Paycheck database, does not differentiate between single earners and dual earners, and as such a 3.5 multiplier is considered appropriate in order to test best-case outcomes. However, the SHMA Guidance is now some 12 years old and the loan-to-income mortgage ratios do not reflect current lending practices. In 2014 the Bank of England's Financial Policy Committee said that it would only allow 15% of new mortgages to be at multiples higher than 4.5-times a borrower's income, in effect 4.5 times as a maximum.

5.26   Lichfields has complemented this with evidence from the Council of Mortgage Lenders[30], which identifies that in 2016, average loan-to-value ratio for first time buyers in England was 84% with an income multiple of 3.61. Although there may be difficulties in newly forming households in being able to secure a 16% deposit, there are options available including Government initiatives such as Help to Buy as well as traditional sources of deposits such as parents. On this basis it is considered a useful sensitivity to test.

5.27   In respect of renting, there is no official, or definitive, threshold for how much a household can spend on rent before it is unaffordable. The former SHMA Guidance (2007) set out that a household can be considered able to afford renting on the private market in cases where the rent payable was up to 25% of their gross household income.

5.28   However, there is more up to date evidence which suggests that the proportion of gross household income spend on rent may be higher than 25%. For example, data released more recently estimates that the national average is 33% of gross household income (including state assistance) is spent on rent, this increases to 37% without state assistance[31]. Whilst this may reflect current patterns of renting, it is desirable, in considering housing needs, to seek to reduce where practical the amount spent on rent from the current proportion (33%) and we are aware of a number of Inspector's decisions and findings from Local Plan Examinations which support such an approach.

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[30] https://www.cml.org.uk/industry-data/key-uk-mortgage-facts/
[31] MHCLG English Housing Survey 2017/18 – Headline Report, paragraph 1.43

5.29   These affordability criteria have been applied to the identified rental costs to arrive at an income threshold to support ownership/occupation of entry level market housing (see Table 5.5).

Table 5.5: Income Thresholds for Entry Level Market Housing, Rossendale Borough

Market	Product	Cost	Basis	Income Threshold
Private Buy	Lower Quartile House Prices	£90,000	3.5 x income (SHMA Guidance 2007)	£25,714
			16% deposit and 3.61 x Income (CML)	£20,942
Private Rent	Lower Quartile Rental Prices	£4,800 per annum	25% income (SHMA Guidance 2007)	£19,200
			33% income (EHS)	£14,545

Source: SHMA Guidance 2007, CML, English Housing Survey, Land Registry, CACI, VOA and Lichfields analysis

5.30   Lichfields has applied these thresholds to the income distributions for existing households and newly forming households in Rossendale Borough (based on data contained within the 2019 CACI Paycheck report) to identify the proportion of such households that can afford to access LQ market housing based on these scenarios.

Figure 5.1: Distribution of household income in Rossendale Borough
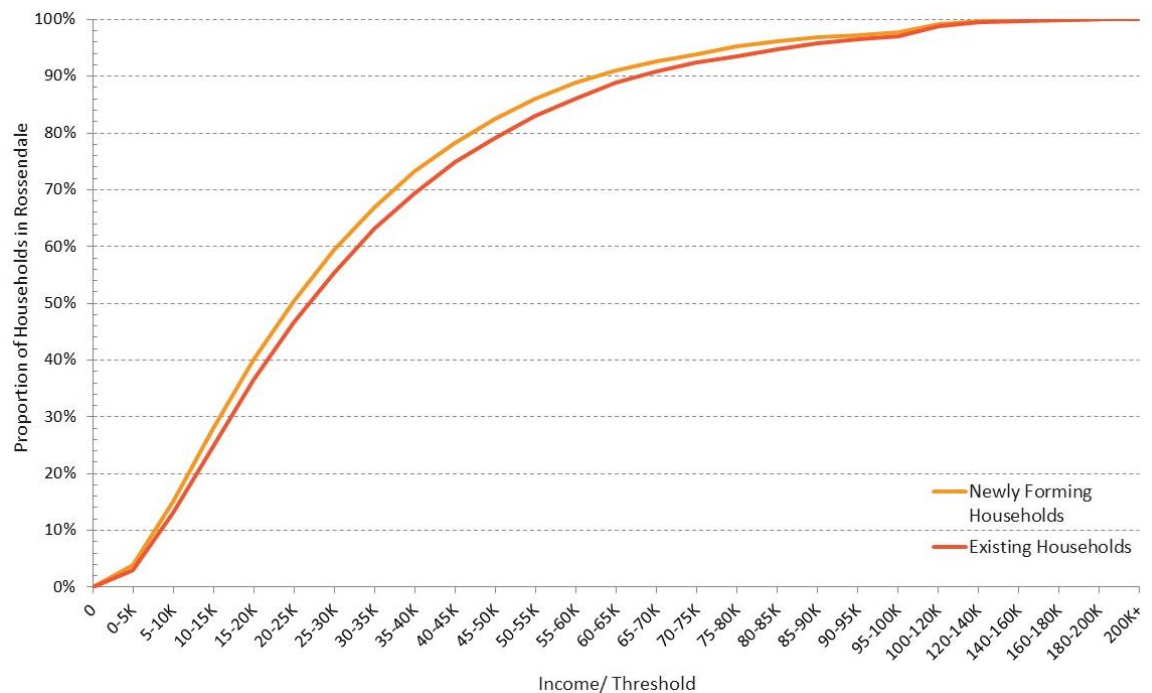
Source: CACI Paycheck and Lichfields analysis

5.31   The income distribution of newly-forming households is different from total households, reflecting their lesser incomes compared to the average[32]. This means that a greater proportion of newly forming households are unable to access market housing than households overall. The PPG, however, sets out clearly that the affordability of housing for newly forming households must be considered foremost, as it is these households that will most likely fall into housing need if their housing requirements are not met in the market. The percentage of both existing and newly forming households unable to afford to buy/rent is set out in Table 5.6.

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[32] English Housing Survey 2015 to 2016: housing costs and affordability - Annex Table 2.1: Mean and median income, 2015-16. HRP aged 16-34 have an average weekly income of £718 per week compared to £780 per week for all households, meaning younger newly forming households earn 92% of the all households amount.

Table 5.6: Proportionate affordability for existing and newly forming households

	Income Threshold	Existing Households	Newly Forming Households
Buy a Lower Quartile Priced Property (£90,000) with 3.5 x Income	£25,714	48%	52%
Buy a Lower Quartile Priced Property (£90,000) with 16% Deposit and 3.61 x Income	£20,942	38%	42%
Rent a Lower Quartile Priced Property (£4,800 p.a.) paying **25%** gross income	£19,200	35%	38%
Rent a Lower Quartile Priced Property (£4,800 p.a.) paying **33%** gross income	£14,545	24%	27%

Source: 2016 HNS and Lichfields analysis

5.32   Table 5.6 illustrates that a minimum of 38% of households overall, and 42% of newly forming households, are unable to afford to purchase a house within Rossendale Borough. Looking at private market rents, assuming 33% of gross income is spent on rent, a minimum of 24% of overall households are unable to afford to rent in the private market, increasing to 27% for newly forming households.

5.33   In summary, the components of the future affordable housing need are set out in Table 5.7.

Table 5.7: Future Affordable Housing Needs for Rossendale Borough

Component	#		Source/Calculation
	25% Income Threshold	33% Income Threshold	
Newly forming households (Gross per annum)	585		2014 based SNHP, PCU and MYE to 2017
% unable to rent or buy in the private market	38.3%	26.8%	Lichfields' Affordability Modelling
Newly forming households unable to afford market housing (per annum)	224	157	Newly forming households (Gross per annum) xx% unable to rent or buy in the private market
Existing households falling into need (annual average)	172		*CORE Tables 2015/16 to 2017/18 (3-year average of 176 in 2015/16, 184 in 2016/17 and 157 in 2017/18).*
Estimate of Future Housing Need (p.a.)	**396**	**329**	Newly forming households unable to afford market housing (per annum) + Existing households falling into need (annual average)

Source: MHCLG Household Projections, MHCLG Local Authority Live Table, CORE Data and Lichfields analysis

5.34   These outputs of future affordable housing need should be treated with caution. Utilising gross estimates of household formation may include people that form several different households over the period at different stages of their life, but does not account for their previous household no longer existing.

Stage 3: Affordable Housing Supply steps 3.1 to 3.8

5.35   This Section estimates the existing and forthcoming stock of affordable housing as per the PPG. This stage examines housing stock that can accommodate households in housing need. The information is required in order to calculate net affordable housing requirements. The model considers both <u>current</u> affordable housing stock (including how much of this is available) as well as the level of <u>future</u> annual new supply.

Current Affordable Housing Stock steps 3.1 to 3.5

5.36   The PPG[33] sets out the current components of housing stock used to accommodate current households in affordable housing need as well as future supply:

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

- Suitable surplus stock (vacant properties); and,

- Committed supply of new (net) affordable homes at the point of assessment (number and size).

5.37   The PPG states that these three components are to be added together, and the number of social housing units to be taken out of management deducted, to equate to the total affordable housing stock that is available.

Affordable Dwellings occupied by Households in Need (Step 3.1)

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

Surplus Stock (Step 3.2)

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

5.40   An analysis has been undertaken utilising vacancy level data. This indicates a social housing vacancy level of 0.6% in 2017.[34] Therefore, as the current vacancy rate is below the 3% rate recommended by the former SHMA guidance, a surplus stock rate of zero has been included within the model.

Committed Supply of New Affordable Housing (Step 3.3)

5.41   The former SHMA Guidance states that this step of the model should utilise information about new social rented and intermediate affordable dwellings which are committed at the point of assessment. The Local Authority Housing Statistics [LAHS] data no longer shows the number of planned and proposed affordable units. However, data on committed supply of affordable housing has been provided by Rossendale Council (Table 5.8) and suggests that potentially, there is a considerable amount of affordable housing currently in the development pipeline.

Table 5.8: Total Supply of New Affordable Units

	Rossendale
Supply of New Affordable Housing (Committed Supply) 2018/19	136

Source: Local Authority Information (relating to 4 sites provided by Rossendale Council Officers in 2019)

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[33] ID 2a-025-20140306
[34] MHCLG Data: Table 100 (2018) and Table 615 (2018)

Units to be taken out of Management (Step 3.4)

5.42   The former SHMA Guidance states that this stage should *"estimate the numbers of social rented or intermediate affordable housing units that will be taken out of management."* This includes properties which are planned to be demolished or redeveloped (with a net loss of stock).

5.43   The Council provided information that confirmed that 0 units were planned to be taken out of management; hence a figure of zero has been incorporated into the model. Previous discussions with RPs suggested that there were no foreseeable plans to take any units out of management.

Total Affordable Housing Stock Available (Step 3.5)

5.44   Table 5.9 sets out these current components of supply in Rossendale Borough as at April 2018.

Table 5.9: Current Supply of Affordable Housing in Rossendale Borough

Component	#	Source
Step 3.1 (Affordable Dwellings Occupied by households in need)	**None** – already netted off at Stage 1 (Step 1.4 – 240 units)	B-With-Us Housing Register February 2019 /
PLUS Step 3.2 (Surplus Stock) - Vacant but available for letting	0	Rossendale Borough Council as at February 2019
PLUS Step 3.3 (Committed Supply of New Affordable Housing)	136	
MINUS Step 3.4 (Units to be taken out of management) - Vacant but not available for letting	0	
EQUALS Step 3.5 Current Supply of Affordable Housing	**136**	

Source: SBC

Future Affordable Housing Supply steps 3.6 to 3.7

5.45   The final part of the calculation relates to an analysis of the level of likely future affordable housing supply coming forward, which takes into account future annual supply of social housing re-lets (net), calculated on the basis of past trends (generally the average number of re-lets over the previous three years should be taken as the predicted annual levels).

5.46   Social re-lets data has been obtained from 3 years-worth of CORE data (for 2015/16 to 2017/18). The data obtained for this component is set out in Table 5.10.

Table 5.10: Future Annual Supply of Social Re-lets

	Social re-lets
2015/16	271
2016/17	265
2017/18	255
Average	**264**

Source: 2015/16 -2017/18 CORE Data

5.47   Data for intermediate housing sales is only available from CORE for 2012/13 and 2013/14 and suggests that only 4 intermediate units came up for re-let or sale during those 2 years. On balance we have excluded a figure for the annual supply of intermediate housing in the calculation on the grounds that there is a lack of robust data available for Rossendale. Furthermore, it is considered that even if such figures on intermediate housing turnover were

available for the past 3 years, they would be very low as levels of shared ownership are limited in the Borough.

Estimate of Net Affordable Housing Needs

5.48   Bringing the above elements together the analysis can calculate net affordable housing need. This is done on an annual basis over the whole plan period, and as such it will be necessary to convert the backlog of need into an annual quota based upon the period which this backlog will be addressed. It is a point for any Plan's housing trajectory to set out how and when the backlog of affordable housing need will be delivered in the plan period. However, for the purposes of a LHN calculation, an average figure over the Council's 15-year plan period will still match the total affordable housing need over the plan period (even if this is addressed fully in the first 5 years). Table 5.11 sets out the calculation of net annual affordable housing need.

Table 5.11: Rossendale Borough Affordable Housing Need Calculation utilising gross household formation

Stage and step in calculation	Notes	Based on 25% income	Based on 33% income
Stage 1: Current Need (Gross)			
1.1-1.3 Current Need (including Backlog)	B-With-Us Housing Register February 2019	928	
1.4 Total current housing need (gross)	1.1+1.2+1.3-240 households already in social housing	**688**	
1.4 Annual quota (2019-2034)		**46**	
Stage 2: Future Need			
2.1 New household formation (gross p.a.)		585	
2.2 Proportion of new households unable to buy or rent in the market	Unable to afford LQ rents	38%	27%
2.3 Existing households falling into need	5-year average from 2013/14 to 2017/18 CORE data	172	
2.4 Total newly arising housing need (gross p.a.)	(2.1 x 2.2) +2.3	**396**	**329**
Stage 3. Affordable Housing Supply			
Current Supply			
3.1 Affordable dwellings occupied by households in need	B-With-Us Housing Register February 2019	0 (240 units already deducted at Stage 1)	
3.1 Annual quota (2019-2034)		0	
3.2 Surplus stock (Vacant but available for letting)	MHCLG Tables 100 and 615	0	
3.3 Committed supply of affordable housing	(RBC data return 2019)	136	
3.4 Units to be taken out of management (Vacant but not available for letting)	(RBC as at 2019)	0	
3.5 Total affordable housing stock available	3.1+3.2+3.3-3.4	**136**	
Future Supply			
3.6 Annual supply of social re-lets (net)	3-year average from 2015/16 to 2017/18 CORE data	264	
3.7 Annual supply of intermediate housing available for re-let or resale		0	
3.8 Annual supply of affordable housing	3.6 + 3.7	**264**	
Net Annual Affordable Housing Need	1.4 – 3.5 (annualised)+2.4-(3.1+3.2+3.4)-3.8	**170**	**102**

Source: RBC, Local Authority Live Tables, CORE Data and Lichfields' analysis

5.49   This illustrates that net annual need based on current data over the period 2019 to 2034 amounts to **between 102 and 170 affordable dpa** (dependent on the income percentage used). This reflects gross household formation and therefore does not account for household dissolutions, with the implication that needs are likely to be 'worst case' under this approach as it could include some double counting.

5.50   Assuming delivery of affordable housing is at 30%[35] of total delivery, this would amount to a required total housing provision of **between 340 dpa (assuming 33% income) and 567 dpa (assuming 25% income)** to meet the quantities of affordable housing need.

Type of Affordable Housing

5.51   The purpose of this section of the report is to establish the relative need between social rent, affordable rent and intermediate affordable housing within the overall affordable housing need figure. This exercise has examined the interaction between housing costs and household income. Starter homes are also now included in the definition, and considered in further detail below.

1   **Social Rent** – CORE Social Housing lettings (PRP owned) – Rents and charges 2016/17. Average weekly rent by dwelling in Rossendale Borough is £72.40, rising to £73.50 including charges, or £3,822 per annum.

2   **Affordable Housing for Rent** - This is defined in the Framework Annex 2 as *"rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below market rents"*. Average market rents are established earlier in the report to be £400 per month, or £4,800 per annum[36], 80% of this means affordable rent can be no more than £3,840 per annum.

3   **Intermediate housing** – This is included in the February 2019 version of the Framework as *"housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market."* It includes shared ownership, relevant equity loans, other low cost homes for sale and rent to buy. This is less detailed than the previous definition of Intermediate housing in the 2012 version of the Framework, which defined it as follows: *"Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing."*

On the basis of the earlier definition, this type of housing must be more expensive than social rent (established to be £3,822 per annum) and not include affordable rent. As per the above affordable needs calculation, the average market rent is £4,800 per annum and any household that cannot afford this is in housing need. Although it is plausible that some people in affordable housing need could afford both affordable rent and intermediate housing, there is a clear gap between housing costing more than £3,840 and £4,800 which could be filled by more intermediate properties. This is cross-checked against the cost of share-to-buy properties currently available in Rossendale Borough below.

4   **Starter Homes** – these are homes sold to first-time buyers aged between 23 and 40 years of age, at a discount of at least 20% of the market value, with a cap of £450,000 in London and £250,000 in the rest of England. They have been a part of Government proposals since

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[35] Reflecting Policy HS6: Affordable Housing, of the emerging Pre-Submission Publication Version Rossendale Draft Local Plan Reg 19 Consultation (August 2018)
[36] See Table 5.4

2014, and the first homes were due to begin construction in 30 local authorities in 2017[37]. This is taken to include discounted market sales housing (of at least 20% below market value) for the purposes of the Table below, although clearly discounted housing is not necessarily age limited as is the case with starter homes.

Indicative monthly housing costs for starter homes have been identified using lower-quartile market values for new build apartments[38] at a cost of £150,000, with a 20% discount and the purchaser paying a 5% deposit. Monthly mortgage costs are calculated based on 3.5% interest rate mortgage on the equity. On this basis, mortgage costs are assumed to be £576.40 per month, or £6,916.80 per annum.

Table 5.12: Annual Rents and Costs

	Cost (Per annum)
Lower Quartile Rental Prices	£4,800
Social Rent	£3,822
Affordable Rent	£3,840
Intermediate Housing (inc. shared ownership)	£3,823 to £4,799
Starter Homes	£6,917

Source: CORE 2016/17, VOA and Lichfields' analysis

Intermediate Housing

5.52   To understand the current average cost of shared ownership properties in Rossendale Borough, the listings from www.sharedtobuy.com has been obtained. At the time of writing (March 2019) there are currently no shared ownership properties on the market.

5.53   The nearest is a 1-bed apartment at Shorebridge, to the north-east of Rochdale, which is located around 2.5 miles to the south-east of Whitworth in Rossendale. This property is on the market at a 40% minimum share for £37,198 (full price £92,995) with a £2,325 minimum deposit. The cost breakdown equates to a monthly rent of £128; service charge of £80, and an estimated mortgage payment of £184 (based on a 25-year capital repayment mortgage). This equates to a total monthly payment of £392, or **£4,704**.

5.54   Two other share ownership properties are currently on the market as part of the same development (Oakhurst Drive, Shorebridge), although these are larger properties (2 and 3-bed respectively) and are available (at a 40% share) for £540 (£6,480 annually) and £687 (£8,244 annually) respectively.

5.55   Accepting that this is just outside Rossendale Borough, it is nevertheless part of the South Pennines area which has many strong housing market similarities with south Rossendale and is considered to be a reasonable comparator area. The £4,704 payment for the 1-bed apartment sits neatly between the affordable rent and the LQ rental prices and suggests that it is reasonable that smaller shared ownership properties could meet the needs of some who fall between affordable rent and average LQ market rents, albeit there may be some overlap between those who can afford affordable rent and a cheaper shared ownership property.

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[37] "Green light for construction of thousands of new Starter Homes" – UK Government press release
www.gov.uk/government/news/green-light-for-construction-of-thousands-of-new-starter-homes
[38] HPSSA Dataset 16. Lower quartile price paid for administrative geographies (newly built dwellings), Table 2e

Suggested Affordable Housing Split

5.56   Information on household income has been obtained from CACI Paycheck, which provides the number of households with a household income in £5,000 income bands. The income data is gross household income from all sources including earnings, benefits and investments[39].

5.57   The analysis seeks to estimate the number of households unable to afford market housing, intermediate housing, affordable housing and finally social housing. This assumes that a household does not spend more than 29% (a mid-point of the two affordable housing need scenarios modelled above so there are not multiple income outcomes for each housing type) of their income on rent (or for intermediate/starter home properties, combined mortgage/rent payments).

Table 5.13 Monthly Rents and Costs

Measure	Cost p/a	Income required (at 29%)	% of newly forming households who cannot afford…	Split of households in need (below LQ rent)	Indicative % Split
Lower Quartile Rental Prices	£4,800	£16,552	31.9%	-	-
Social Rent	£3,822	£13,179	23.3%	73%	70%
Affordable Rent	£3,840	£13,241	23.5%	1%	
Intermediate Housing	£3,841 to £4,799	£13,245-£16,548	23.5%-31.9%	26%	30%
Starter Homes	£6,917	£32,571*	63.6%	-	

Source: CACI Paycheck and Lichfields analysis
*calculated on the basis of 3.5-times salary

5.58   Table 5.13 shows that in theory, affordable and social rent are more affordable than intermediate homes in Rossendale Borough. However, clearly the situation is considerably more complicated than this; with some social products falling between different income thresholds if they deviate from the average. In practice however, there is very limited difference between affordable rented and social rented properties and in any case recent structural changes at a national level – including the curtailing of capital/grant funding for social housing, with a move to revenue funding of affordable rent products through housing benefit – means there is a move away from social rented towards affordable rented tenure provision. In essence, the Government has introduced measures to facilitate the provision of affordable rented properties at the expense of social rented dwellings.

5.59   The analysis in Table 5.13 shows that to afford a lower quartile market rented property at £4,800 per annum, a household would require a yearly income of £16,552. This is affordable for 68% of households, meaning that unless they have access to extensive savings, equity or another form of income, around 32% of local households are in theory in need of some form of social housing.

5.60   To afford intermediate housing, a household income of between £13,245 to £16,548 would be required; for affordable rent an income of up to £13,241 per annum is needed and to afford social rent, a household would need a household income of £13,179. When looking at the household incomes of newly forming households, just under a quarter (23.3%) cannot afford social rented property prices, this increases very slightly to 23.5% who cannot afford the

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[39] https://www.caci.co.uk/products/product/paycheck

marginally more expensive affordable rent properties whilst between 23.5% and 31.9% of newly forming households would not have sufficient income to afford an intermediate property.

5.61   This shows that of all those newly forming households who cannot afford one or more of these three types of affordable housing assessed (i.e. 9,711 households cannot afford £4,800 per annum of their household annual income to be spent on housing, @29% of their total income), as a proportional split 73% cannot afford social rent, a further 1% can afford social rent but not affordable rent and finally a further 26% can afford social and affordable rent, but not intermediate housing (depending on the range). Therefore, on the basis that in practice there is very limited difference between affordable rented and social rented properties, the split of affordable housing need is presented as circa 70% social/affordable housing and circa 30% intermediate housing.

5.62   As indicated in Table 5.13, Starter homes are likely to be less affordable than private rented properties in Rossendale Borough. If applied to Rossendale Borough (assuming a 20% discount on entry level newly built apartments, of £150,000, plus a 5% deposit), Starter Homes would be accessible to households with an income of over £32,500 per year (based on the 3.5 income multiple). This would be accessible to just 36% of newly forming households, as new build housing in Rossendale tends to attract a substantial premium above the existing housing stock that comes onto the market, a large proportion of which tends to be older pre-war 2-up, 2-down terraced properties. Therefore, even with starter homes, around 52% of newly forming households in Rossendale Borough would still be unable to afford to buy, with many of these being in the private rented sector.

Affordable Housing Needs – Influence on Housing Requirement

5.63   Total affordable needs are in the range between 102 and 170 affordable homes per annum 2019 to 2034. This is a significant proportion of the locally assessed need based on the standard method (204 dpa) of between 50% and 83%.

5.64   The PPG is clear that the total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments. In Rossendale the likely delivery is a notional 30%, which is considerably lower than being able to meet affordable needs. Whilst the full affordable locally assessed need equates of between 340 and 567 dpa (102/170 @ 30%), in practice it is extremely unlikely that this level of housing delivery will ever be achieved in Rossendale, which has averaged 43 net dpa since 1996/97.

5.65   The PPG[40] suggests an increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes.

5.66   In line with the approach envisaged by the Framework, the affordable housing needs are an important component of the overall need for housing and the Council should seek to use its planning policy to maximise delivery of affordable housing given the scale of need identified.

5.67   An additional uplift would go some way towards meeting the high level of affordable housing need identified for Rossendale.

5.68   It is for the Council to consider the evidence contained in this SHMA Update when identifying the housing requirement which would support the strategy underpinning the emerging plan and whether an uplift beyond the standard method is appropriate.

5.69   *"Where a strategic policy-making authority can show that an alternative approach identifies a need higher than using the standard method, and that it adequately reflects current and future*

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[40] 2a-024-20190220

demographic trends and market signals, the approach can be considered sound as it will have exceeded the minimum starting point". [PPG 2a-015-20190220]

Summary

5.70   The range of scenarios gives a range of affordable housing needs for Rossendale Borough of between 102 and 170 affordable dwellings per annum, equivalent to between 50% and 83% of the upper estimate of demographic-led needs. The extent to which affordable housing could be delivered at such proportions will need to be the subject of viability testing, but it is clear that there is a significant affordable housing need in Rossendale Borough and at current likely delivery (notionally 30% reflecting current policy) there needs to be consideration by the Council of whether increasing planned provision could help to address a greater proportion of affordable housing needs.

6.0   Type, Tenure and Size of Housing Required

6.1   In addition to establishing the overall scale of housing needed, the Framework requires plan-makers to also consider the need and demand for different types of housing. This section sets out an appropriate mix in terms of size (number of bedrooms) and tenure (affordable rent or intermediate).

Housing Size and Type

Current occupancy patterns

6.2   In the open market, households typically do not strictly occupy housing in line with their 'needs', or their household size. This is because households are free (within their financial means), to buy or rent property in line with what they want, rather than what they might be considered to 'need'. Households may wish to have additional space generally or for a specific purpose, e.g. for working from home. Growing families may also live in housing with a view to having more children, or older couples may live in the family home even once adult children have left (often referred to as 'empty-nesting')[41].

6.3   Figure 6.1 shows how different household types in Rossendale Borough occupy housing (as per the 2011 Census). It shows that 1-bedroom properties are most likely to be occupied by single people, with single people aged 65 and above occupying 33% of these properties whilst single people aged under 65 occupy a further 44%. 2-bedroom properties are most likely to be occupied by single people under 65 (26% of these properties), although almost a quarter (23%) are occupied by households with children, indicating market pressure.
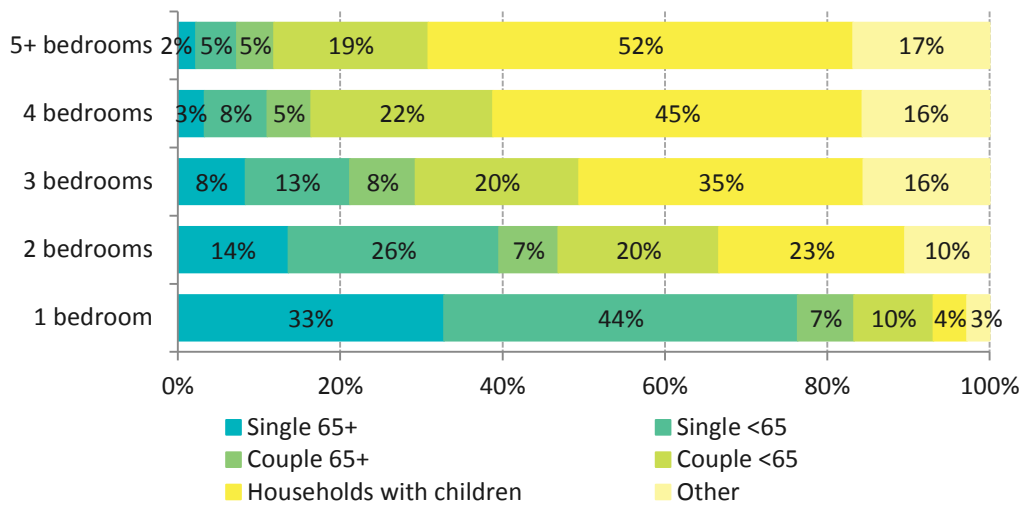
6.4   Larger properties are generally occupied by households with children, who occupy 35% of 3-bedroom homes, 45% of 4-bedroom homes and 52% of 5+ bedroom homes. However, a significant proportion of the larger properties are occupied by single people households, 21% of 3-bedroom homes, 11% of 4-bedroom homes and 7% of 5+ bedroom homes. Couples, both under 65 and 65 and over, commonly under occupy properties, occupying 28% of 3-bedroom properties, 27% of 4-bedroom properties and 24% of 5+ bedroom properties. However, almost half (49%) of all 3-bedroom properties are occupied by couples or single people. Under occupation of dwellings by older individuals and couples is evident of empty-nesting and a product of ageing.

6.5   Other types of households include student households and families with non-dependent children, which explains why a relatively high proportion of larger house types are occupied by these households.

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[41] For the purposes of this analysis, 'need' is taken to be the number of bedrooms a household would need according to ONS' definition. This takes into account the ages of the household members and their relationships to each other are used to derive the number of rooms/bedrooms they require, based on a standard formula

Figure 6.1: Household Type by Number of Bedrooms in Rossendale (All Households)

Bedrooms	Single 65+	Single <65	Couple 65+	Couple <65	Households with children	Other
5+ bedrooms	2%	5%	5%	19%	52%	17%
4 bedrooms	3%	8%	5%	22%	45%	16%
3 bedrooms	8%	13%	8%	20%	35%	16%
2 bedrooms	14%	26%	7%	20%	23%	10%
1 bedroom	33%	44%	7%	10%	4%	3%

Source: Census 2011/ Lichfields Analysis

6.6   In a perfectly functioning 'ideal' market, the housing stock would be used most efficiently to ensure that households which under-occupy housing do not block larger households from accessing larger homes, leading to overcrowding. At present in Rossendale Borough (the same pattern as seen nationally) there is a co-existence of small households living in large homes, and large families living in small homes. This demonstrates why net growth in the number of smaller households (i.e. single and couple households) does not necessarily translate into a need for smaller housing units, unless for example there are specific measures targeted at encouraging downsizing and movement within the market.

Future Need

6.7   In assessing future household growth by type, the 2014-based SNHP for Rossendale Borough have been used to align with the LHN approach. The Stage 2 projections provide a breakdown of the projected change by age and type of household. This can be compared with the Census information to show, if current occupancy patterns were to continue, what the need for different sized housing would be.

6.8   Figure 6.2 shows the change in projected household type between 2019 and 2034 in Rossendale Borough, according to the 2014-based SNHP. These figures do not include an allowance for dwelling vacancies and refer only to households. For the purposes of this assessment we have assumed that the profile of need will remain the same (i.e. pro-rata) even if the overall housing provision is different to that shown in the projections.

6.9   The numbers of all household types except couples under 65 are expected to increase in Rossendale Borough up to 2034. The greatest increase will be seen in couple households over age 65, which will increase by 1,565. The number of older single person households will increase by 1,004. Whilst the number of young couples is expected to decline by 881, there is projected to be an increase of 347 in the number of families with children, which will remain the largest group in Rossendale Borough, representing 29.3% of all households in 2034.

Table 6.1 2014-based Household Projections by Type for Rossendale Borough

	2019	2034	Net Change
Single Person, 65+	3,877	4,881	+1,004
Single, <65	5,663	6,002	+339
Couple, 65+	3,730	5,295	+1,565
Couple, <65 (no children)	4,320	3,439	-881
Households with dependent children	9,391	9,738	+347
Other	3,741	3,860	+119
Total	**30,722**	**33,215**	**+2,493**

Source: MHCLG Stage 2 2014-based SNHP

6.10   In line with wider trends, older couple households will see the fastest growth in Rossendale Borough, increasing in number by 42.0% by 2034, as shown in Figure 4.7. Older single person household types are also expected to see a significant increase of 25.9%. Growth of households with younger single people, couples or families with children is projected to be modest, at 6.0% or less.

Figure 6.2: Indexed Household Growth by Type – Rossendale Borough
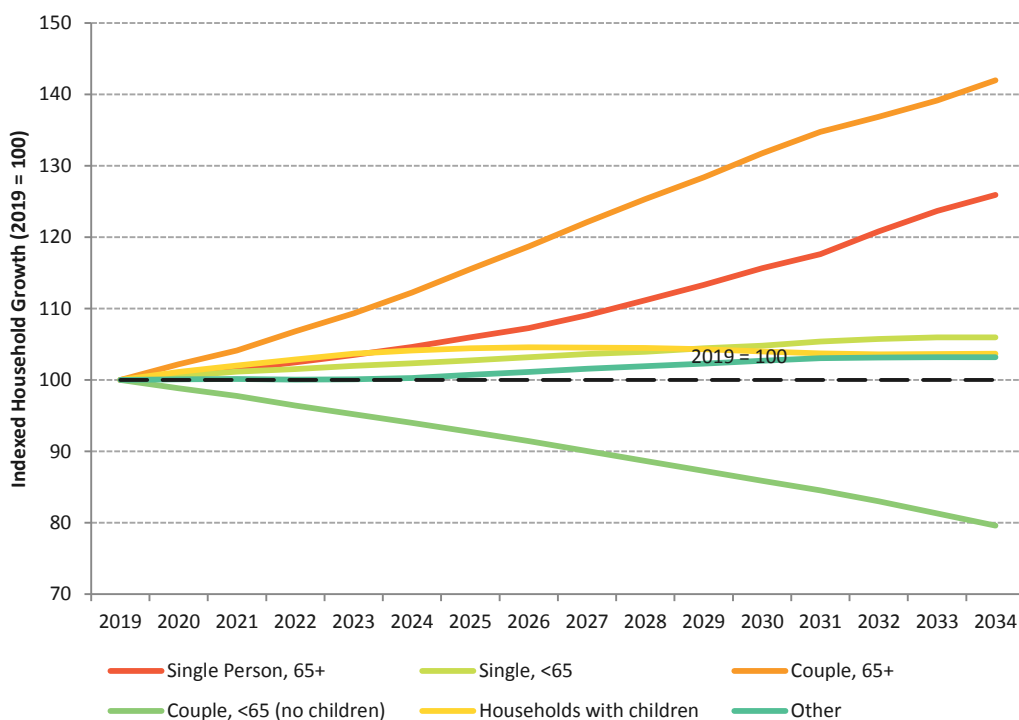
Source: Lichfields based on 2014-based SNHP

6.11   Taking the change in different types of households and applying current occupancy patterns as set out in Figure 6.1 results in an estimating mix of housing as shown in Table 6.2. This refers to the broad overall need and does not relate to any specific tenure, area, or site typology. It also does not attempt to take into account how future policy changes (for example, to encourage downsizing), social changes or economic changes might affect how households occupy housing. In this context, a wide recommended range has been set around these percentages. The Council should consider the extent to which they may wish to rebalance the stock away from the small terraced properties which are particularly prevalent across the Borough, and to provide larger,

more aspirational property types better suited to reducing the high levels of net out-migration to adjoining areas.

Table 6.2 Estimated overall need/demand by size and suggested mix for Rossendale Borough

	1-bed	2-bed	3-bed	4+-bed
Estimated need/demand*	19%	36%	35%	9%
Suggested range	**10-30%**	**25-45%**	**25-45%**	**5-20%**

Source: Lichfields based on MHCLG/ONS
*Rounding errors means that sums do not add

Social Housing Property Type and Size Preferences

6.12   Data on affordable housing from the B-With-Us Housing Register as of February 2019 for Rossendale Borough shows that of the 1,005 households on the waiting list, 56% had a requirement for a 1-bedroom property; 30% for 2-bedrooms; 13% for 3 bedrooms and just 1% for 4+ bedrooms, as shown in Table 6.3. The pattern is broadly similar when the analysis is narrowed down just to those in priority need (i.e. in Bands 1-3), albeit with a need for slightly more 3-bedroom properties and slightly fewer 1-bedroomed dwellings. This suggests that need in the affordable sector is overwhelmingly for smaller dwellings. However, there are still 151 households in need of homes with 3 or more bedrooms.

Table 6.3 Mix requirement for affordable housing - Housing Waiting List data

	Total	%	Total Bands 1-3	%
Total number of households on waiting list Feb 2019	**1,376**	**100%**	**928**	**1,005**
of which require…				
1 bedrooms	765	56%	500	54%
2 bedrooms	418	30%	277	30%
3 bedrooms	178	13%	138	15%
4+ bedrooms	15	1%	13	1%

Source: B-With-Us Housing Register February 2019

6.13   At the time of the Census, there were 253 households in the social rented sector which were overcrowded (according the definition used by ONS). The breakdown of these households by type is shown in Table 6.4 and indicates that the bulk of overcrowded households are families with dependent children.

Table 6.4 Overcrowding in Social Rented households – Rossendale Borough

	Total households
Overcrowded households - total	**253**
of which with dependent children	193
Married/Civil Partnership couples	29
Cohabiting couples	29
Lone parents	107
Other households with children	28
of which with all children non-dependent	34
Married/Civil Partnership couples	6
Cohabiting couples	3
Lone parents	25
Other households	26

Source: Census 2011

6.14   The Census also showed that there was some under-occupancy in the social rented sector; a total of 1,327 households in the social rented sector had at least one spare room (and 242 having 2 spare rooms or more), as shown in Figure 6.3. All those households in the social rented sector that were over-occupying their homes were families with children or categorised as 'other' (predominantly with dependent children or students). Whilst some households may be in need of additional rooms (e.g. for health reasons) and the picture may have since changed (as a result of policies such as the 'bedroom tax'), this does indicate that there may be some scope for more efficient use of the existing social rented stock.

Figure 6.3: Occupancy in the affordable rented sector in Rossendale Borough - by household type

Source: Census 2011

6.15   Based on the housing waiting list information, over half (56%) of the affordable housing need is associated with 1-bed dwellings. 30% of the need is for 2-bed dwellings, and just over 20% of

the need is for 3 or 4 bed dwellings, as shown in Table 6.5 . However, the Council should bear in mind that:

- The Census showed that there were just over 250 households in Rossendale Borough in the social rented sector living in overcrowded housing, a large proportion of which were lone parents with dependent children.

- At the same time, the Census shows that there was significant under-occupancy of housing in the social rented sector (particularly amongst older, single, households). If the Council could work with local Registered Providers to reduce under-occupancy in the sector this could help free up existing stock of 2 and 3+ bed housing which would reduce the need for new larger affordable homes and further increase the need for smaller homes. However, this may to a degree already be occurring for a number of years now as a result of the under-occupancy penalty charge introduced in 2013.

Table 6.5 Estimated Mix Requirements for Affordable Housing (based on Housing Waiting List)

	Percent of need
1-bed	56%
2-bed	30%
3-bed	13%
4+bed	1%

Source: B-With-Us Housing Register February 2019

Social Housing Tenure

6.16   Section 6.0 set out in detail the affordable housing needs assessment, and having established the overall level of need it set out based on the various costs of housing and incomes required, the split between intermediate, affordable and social rent (as shown in Table 6.6).

Table 6.6 Split between affordable housing tenures - results from affordable housing needs assessment

Measure	% split
Intermediate Housing /Starter Homes	30%
Affordable Rent / Social Rent	70%

Source: Lichfields

Social and Affordable Rent Housing

6.17   Whilst the need for social and affordable rents have been assessed separately, in reality these needs should be combined for the purposes of considering tenure mix. New housing is currently rarely built to be occupied at traditional social rented levels; homes currently let at social rent levels tend to be legacies of historic local authority housing stock. New housing stock which is rented at below-market rent levels tends to be provided as affordable rented housing (i.e. up to 80% of market rents), provided as part of mixed market-affordable developments, with local housing allowance making up any difference in cost which a household cannot afford.

6.18   On this basis the need for affordable rented housing can be taken as the need for both affordable and social rented housing and represents around 70% of the overall affordable housing need.

Shared Ownership and Other Intermediate Housing

6.19   Section 6.0 identified that approximately 30% of the overall affordable housing need was for intermediate housing. That is, households which could not afford market rents but could afford

the monthly cost (rent and mortgage) of a shared ownership property. This means anyone with a household income above £16,552 (assumed to be able to afford market rents) was not assessed as being in need of any type of affordable housing, including intermediate. Those assessed as in need of intermediate housing were only those households where income fell between £13,245 and £16,548, as shown in Table 6.7.

Table 6.7 Measures used to assess need for intermediate housing as part of affordable housing needs

Measure	Cost p/a	Income required (at 29%)
Average Lower Quartile Market Rent	£4,800	£16,552
Intermediate Housing (as part of affordable needs)	£3,841 to £4,799	£13,245-£16,548

6.20   However, intermediate housing is not only a way of helping to meet affordable housing needs; it can be an effective way of helping households who <u>are</u> able afford rents but are not able to buy move out of the private rented sector and onto the housing ladder (for example, where shared ownership schemes offer 'staircasing' whereby households can progressively purchase more and more shares in their home, up to 100%).

6.21   The gap between the cost of renting and buying in Rossendale Borough is relatively modest, but still significant for low earners. To afford entry level market rents using 29% of income, a household income of £16,552 is required (as previously established). However, to afford to buy an entry level home (lower-quartile), at £90,000 (assuming a 16% deposit and that a household can borrow up to 3.61 x its income[42]) requires a housing income of almost £21,000 (as shown in Table 6.8).

Table 6.8 Gap between cost of renting and buying in the market

Measure	Cost	Income required
Lower Quartile House Price	£90,000 (£14,400 deposit, £75,600 mortgage)	£20,942 (at 3.61x)
Lower Quartile Market Rent	£4,800 (pa)	£16,552 (at 29% of income)

Source: Lichfields based on VOA/ONS

6.22   This means any household with an income between £16,552 and £20,942 is ineligible for affordable housing but is not able to buy, meaning the only option for these households is renting in the market. While this may be an acceptable choice for many households, equally there are likely to be households who do not wish to remain the private rented sector, but are forced to so do because they do not have the income needed to buy.

6.23   The English Housing Survey (2015-16) shows that:

- 80% of 16-24 year olds in the private rented sector expect to buy. This falls slightly to 77% for 25-34 year olds and 66% for 35-44 year olds; and

- Of private renters who do not expect to buy a home, 69% cite affordability as the main reason – this is by far the most common reason.

6.24   Whilst some households may prefer to be in intermediate housing (as a step towards home ownership) rather than the private rented sector, it may also be the case that some households may not be able to afford a home large enough in the private rented sector (e.g. a family in need of a 3-bedroom home) but could be able to afford an intermediate 3-bedroom home. In this

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[42] This is based on the Council of Mortgage Lenders finding that in 2015 the average first time buyer loan to income ratio in England was 3.61, as quoted in the Government's Planning for the Right Homes in the Right Places proposals.

context intermediate housing could be a way of addressing demand from renters who do not want to remain in the private rented sector (but are not able to obtain either affordable rented or market housing) or those who cannot appropriately meet their need in the private rented sector (e.g. for family housing) but may be able to do so in intermediate housing. These households are indicated in Figure 6.4.

Figure 6.4: Household income and tenure - potential further need for intermediate housing in Rossendale Borough
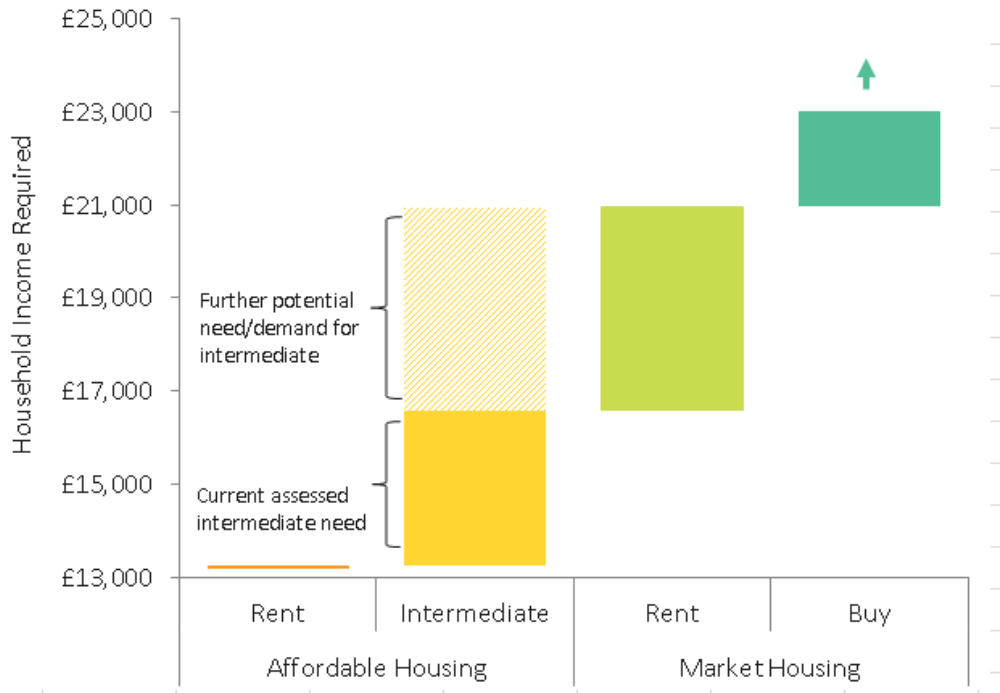
Source: Lichfields based on ONS/VOA

Starter Homes

6.25   Starter homes are homes sold to first-time buyers between 23 and 40 years olds at a discount of at least 20% of the market value, with a cap of £450,000 in London and £250,000 in the rest of England[43]. They have been a part of Government proposals since 2014, and the first homes were due to begin construction in 30 local authorities in 2017[44].

6.26   It is intended that most of these starter homes will be available for re-sale on the open market after 5 years at their full market value, and hence they will not retain their low cost status in perpetuity. Nevertheless, the Government has made it clear in Annex 2 to the Framework (the Glossary) that starter homes are now included within the overall definition of Affordable Housing on the grounds that affordable housing is about supporting households to access home ownership, where that is their aspiration, as well as delivering homes for rent.

6.27   Clearly then, whilst starter homes are included in the definition of affordable housing going forward, households will not be means-tested. Therefore, any first time buyer under the age of 40 could apply for a starter home no matter what their income may be. This means that it is not a simple matter to set out what the potential demand is likely to be for starter homes in Rossendale.

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[43] PPG: ID: 55-002-20150318
[44] 'Green light for construction of thousands of new Starter Homes' – UK Government press release
https://www.gov.uk/government/news/green-light-for-construction-of-thousands-of-new-starter-homes

6.28   Lichfields has undertaken an analysis of the potential pool of households who may be eligible and able to purchase a starter home over the plan period 2020-2040. This process is summarised in Table 6.9.

Table 6.9   Potential Starter Homes Eligibility in Rossendale (2020-2040)

	Potential First Time Buyers 2020-40	% Who can afford to purchase a new property @20% discount	Number able to afford a starter home	
			Total	Annual
Existing Households with a HRP* under 40	3,351*	39.6%	1,328	66
Newly Forming Households with a HRP⁺ under 40	11,491	35.5%	4,079	204
TOTAL	14,842	-	5,407	270

Source: 2011 Census Land Registry Data (2015), HPSSA Year ending June 2018, CACI Income Data (2019), 2016 PopGroup PCU/MYE 2017 Scenario

⁺HRP: Household Reference Person

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

6.29   In the absence of any data on the likely purchase price of typical starter homes in Rossendale, it has been assumed that this is likely to equate to the typical sales price of LQ new build flats/maisonettes properties in Rossendale. The price paid figure for such properties over the year to June 2018 was £150,000[45]. Discounted by 20%, this would suggest a typical discounted price of £130,000, which would require a household income of at least £33,241 (assuming a 3.61 x income multiple).

6.30   Table 6.9 indicates that this would typically price out 60.4% of existing households with an HRP under 40, and 64.5% of newly-forming households with an HRP under 40. Applied to the total number of households in this age bracket, this would suggest that there is potentially an annual reservoir of **270 households** (both existing and emerging) over the next 20 years who would be eligible and theoretically able to purchase a starter home.

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

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

6.33   The key issue facing Rossendale Borough is that there is a strong variation in house prices, with a considerable number of 2-up, 2-down terraced properties for which there is a limited demand driving down average house prices, whilst new housing attracts something of a premium. Hence the average price of an LQ existing property, of £90,000, is just 60% of a new build apartment

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[45]ONS (2019): HPSSA: Lower quartile price paid (newly built dwellings) for flats/maisonettes by local authority, year ending Dec 1995 to year ending Jun 2018

(at £150,000), and less than half the price of an LQ new build semi-detached house (at £203,895[46]).

6.34   This means that whilst new starter homes are theoretically affordable to some first-time buyers in Rossendale Borough, the existing housing stock is already meeting that need. As shown in Figure 6.5, Starter Homes would be accessible to households with an income of over £33,241, which is higher than the £20,942 required to access LQ market housing.

Figure 6.5: Estimated household income needed to afford Starter Homes in Rossendale Borough
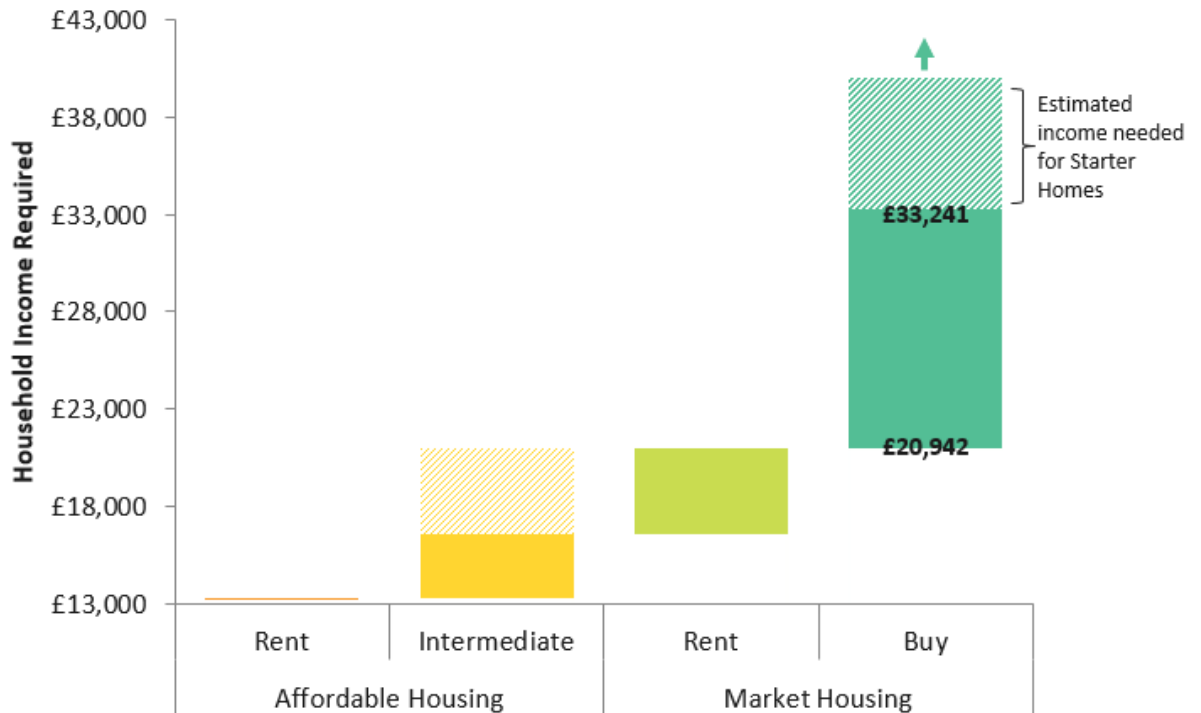
Source: Lichfields based on VOA/ONS

6.35   Our analysis shows that because market housing is already comparatively affordable, Starter Homes have very limited potential to bring new households into home ownership. Many low-income households would still be forced to remain in the private rented sector.

6.36   Discussions with various RPs in the previous SHMA suggested that demand is likely to be limited for starter homes in eastern parts of Rossendale in particular due to the relatively low property prices in certain areas. One RP considered demand would be low for starter homes in Bacup due to the number of terraced streets and new homes which already meet the demand. However, areas such as Rawtenstall, Crawshawbooth, Stubbins and Edenfield were considered to have the potential for greater demand for starter homes as existing new build properties in these areas are more commonly 3 and 4 bed and smaller properties are therefore likely to be in demand.

6.37   It is expected that Starter Homes will be funded through a reduced contribution of other types of affordable housing, although this is to be confirmed. Given that the affordable housing needs assessment (in Section 6.0) identified a significant level of need for affordable housing (c. 102 - 170 dpa, most of which is for rented housing) and that Starter Homes in Rossendale Borough are unlikely to bring many additional households into ownership (due to the wide range of

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[46] ONS (2019): HPSSA: Lower quartile price paid (newly built dwellings) for semi-detached houses by local authority, year ending Dec 1995 to year ending Jun 2018

house prices and the very low cost of existing LQ properties) it would be advisable for the Council not to significantly reduce its affordable housing requirements in lieu of Starter Homes.

6.38 Nevertheless, these remain early days for the product and the market has yet to be tested either in Rossendale or the North West more generally. As such, the Council will need to monitor the situation and prepare suitable policy responses, based on viability assessments, to ensure that any demand can be met without harming the wider property market (for either market or social rented properties).

Private Rented Sector

6.39 At a national level the private rented sector [PRS] has been growing consistently since the mid-2000s, whilst the owner-occupied and social rented sectors have seen declines (as a share of all households)[47]. As of 2017 the private rented sector accounts for 4.5m households (or 20% of all households, up from 2.8m in 2007)[48]. Typically, the private rented sector comprises those renting their home from buy-to-let landlords, however as set out below in the 'Build to Rent' sector (in which institutional investors build, let and manage) private rented homes is becoming increasingly common.

6.40 As shown above, in Rossendale Borough, those not eligible for affordable or intermediate needs but without sufficient income to buy are those who must rent (unless other options, such as further intermediate home ownership, become more widely available). In Rossendale, this covers most households with an income of between around £16,552 and £20,942, and represents around 10% (3,024) of all households in the Borough.

6.41 As at 2011[49], there were 4,186 households in Rossendale Borough in the private rented sector, representing 14% of all households in the Borough (there are currently no Built to Rent schemes in the Borough, hence these households are assumed to be renting from buy-to-let landlords). This represents a substantial increase of 51% above the 2,765 households living in PRS in 2001 (when PRS comprised just 10% of all household tenures). Whilst this may appear high, it is actually an identical level of growth as has been seen across England and Wales more generally between 2001 and 2011, and it is currently slightly under-represented as a tenure (the tenure for 14% of all households in 2011, compared to 17% across England and Wales as a whole).

6.42 The composition of households in the sector is different to the Borough overall, as shown in Figure 6.6. As might be expected, the private rented sector has a particularly high proportion of student households, the needs of which are referenced in Section 7.0 of this report. The sector has a particularly high proportion of single person households under 65, and there is a marginally higher proportion of households with children. The sector has a lower proportion of older households and younger couples than the District overall, with very few single residents aged over 65 in PRS accommodation.

6.43 The below suggests that typical occupants in the private sector are either young single person households (i.e. in need of smaller homes) or larger households including students and families.
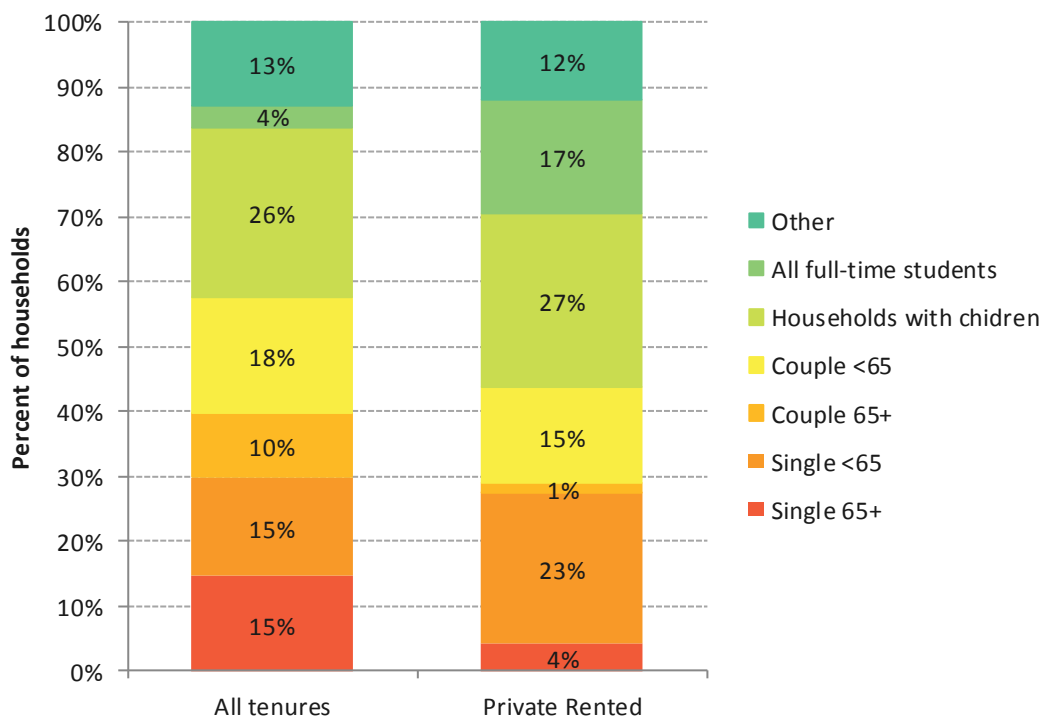
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[47] Source: English Housing Survey 2016-17
[48] ONS (January 2019): UK Private Rented Sector 2018
[49] 2011 Census Table DC4101EW - Tenure by household composition

Figure 6.6: Household Composition – Rossendale Borough- All households and Private Rented Households

Source: Census 2011

'Build to Rent'

6.44   Build to Rent was launched by the Government in December 2012 in response to the Montague report on barriers to institutional investment in private rented homes. Its purpose is to stimulate investment in large-scale development of homes built specifically for private rent by professional organisations. The fund, which is administered by the Homes and Community Agency, is intended to reduce the up-front risk for developers by way of equity participation or the provision of bridge finance to allow schemes to be built, managed and let. The initial Build to Rent budget of £200m was increased to £1bn in the Budget 2013. Approximately £300m has been allocated to Round 1 projects, and contracts have been signed for 6 projects totalling £359 million in Round 2 (announced in July 2015). Outside of the Build to Rent fund there are a number of institutions and developers specialising in provided managed rental homes for the private market.

6.45   It is important to note that the Government sees Build to Rent having an important and long-term role in meeting the housing need of the nation, and the demand for Build to Rent is likely to remain. As such, it is important that the Council recognise the contribution that Build to Rent provides to local housing options for households unable to afford housing in the future, and should consider the provision of 'Build to Rent' elements in future housing mix, to ensure diversity in the types of housing. In particular, such managed schemes, often on more secure tenancies, can provide an alternative rental option to buy-to-let landlords.

6.46   In Rossendale, it is likely that Build to Rent schemes could cater for needs in the private rented sector, particularly for those on low to middle incomes who may desire and alternative to traditional rental options (i.e. buy-to-let landlords). As shown above in Figure 6.2, there is expected to be a very modest growth in the number of young single person households (+339) and also the number of households with children (+347); this suggests that any Build to Rent

schemes in the District should be modest in scale, and should be split broadly equally between meeting the needs of families (i.e. larger housing) and also smaller housing suited to single person households.

Summary

6.47   This section has explored the different types of housing which are likely to be required in Rossendale Borough up to 2034. Our findings can be summarised as follows:

- In line with ageing trends nationally, the number of older households is expected to grow fastest in Rossendale Borough, although in 2034 families will still remain the largest group of households. All household types (older, family and other) are expected to increase by 2031, except couples (without children) under age 65.

- Based on overall household growth and existing occupancy patterns, the assessment shows that housing need in Rossendale Borough is mostly made up of 2-3 bedroom dwellings[50]. This takes into account the fact that although older households will make up the majority of future household growth, these typically remain in their family home (i.e. they are already housed), are the least active in the housing market and tend to occupy housing larger than they 'need'.

- Housing waiting list information shows that most households in need of affordable housing required 1 or 2-bed dwellings, however the waiting list and Census both show that overcrowding remains a problem. Within the social rented sector, there is likely to be some scope for more efficient use of the existing stock[50];

- Given there is now little conceivable difference between social and affordable rent, the two tenures can be taken together. The affordable housing need analysis set out in Section 5.0 concluded that the majority (c.70%) of affordable housing needs are for rented accommodation.

6.48   Whilst the assessment only assessed intermediate needs based on those unable to afford market rents, there is likely to be a range of needs which intermediate housing can help to meet, including households in the private rented sector. Intermediate forms of housing are likely to be accessible to more households as a way towards home ownership, and whilst offering an option for households wishing to buy 100% of a home, Starter Homes would likely require an income in excess of c.£33,000, they have very limited potential to bring new households into home ownership.

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[50] Overall recommendations do not relate to any specific area or site typology, and do not attempt to take into account how future viability, site-specific factors, policy changes, social changes or economic changes might affect occupancy and the mix requirement.

7.0   **Needs of Specific Groups**

7.1   Paragraph 61 of the Framework states that local authorities should assess the size, type and tenure of housing needed for different groups in the community. This includes those who require affordable housing, families within 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. Having established the overall scale and mix of housing (in terms of size and tenure) this section addresses specifically the needs of certain groups, including those within the private housing market (e.g. families and older households) and other accommodation needs (e.g. student accommodation and care homes).

Students

7.2   There is currently no Purpose-Built Student Accommodation [PBSA] within Rossendale. This is as a consequence of there being no University campus or other Higher Education facility in the Borough. Accrington and Rossendale College is located on the outskirts of Accrington (in Hyndburn Borough). Given the physical isolation and distance of the College from Rossendale Borough's boundary (and specifically the centres of population therein), there is no requirement for PBSA in the area.

Households and Families with Children

7.3   Section 6.0 reviewed the likely need for different sized housing based on projected household growth; this included households with dependent children. The overall need associated with families is therefore implicit within the recommended range of housing mix set out. However, this section provides some additional information on the current and future needs of households with children.

7.4   Households with children live in housing which on average has just over 3 bedrooms. Table 7.1 shows that a relatively small percent (27%) live in 1-2 bedrooms homes, and 6% live in homes with 5 or more bedrooms. The majority live in homes with 3 bedrooms.
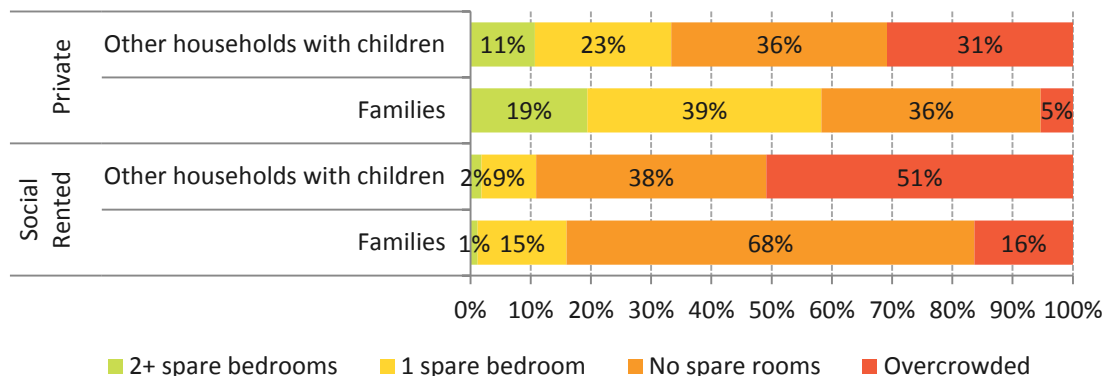
Table 7.1: Households with children by number of bedrooms – Rossendale Borough (2011)

	Total	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms	5+ bedrooms
Households with children	**8,720**	122	2,244	3,791	2,046	517
	~	1%	26%	43%	23%	6%

Source: Census 2011. Refers to all households

7.5   Existing rates of overcrowding in households with children are lowest in families in the private sector – only 5% of households in this group are overcrowded as shown in Figure 7.1. However, overcrowding rates among other households with children in the private sector are much higher, at 31% (although in absolute terms this number is relatively low, as shown in Table 7.1). Overcrowding is highest amongst households in the social rented sector – 16% of families in social rented accommodation and over half of other households with children were overcrowded.

Figure 7.1: Overcrowding rates in households with children by tenure – Rossendale Borough

| | 2+ spare bedrooms | 1 spare bedroom | No spare rooms | Overcrowded |

Source: Census 2011

7.6   Table 7.2 shows what these overcrowding rates mean in terms of the number of households which are overcrowded in each tenure. It shows that the highest number of overcrowded households with children is in the owner-occupied sector, equating to 416 households in total, albeit this is a lower percentage of the total of households in the sector (6.9%), compared to the Social Rented Sector (193 over-crowded households, but equal to 8.2% of all households living in this form of tenure).

Table 7.2: Overcrowding and Under-occupancy - households with children

		2+ spare bedrooms	1 spare bedroom	No spare rooms	Overcrowded
Social Rented	Families	12	149	682	165
	Other h'holds with children	1	5	21	28
Private Rented	Families	94	472	840	114
	Other h'holds with children	8	21	46	44
Owned/ SO	Families	1,268	2,251	1,712	261
	Other h'holds with children	61	125	185	155

Source: Census 2011

7.7   The household projections project the number of households with children in Rossendale Borough overall to increase by 4%, from 9,391 in 2019 to 9,738 in 2034. The number of households with 1 child will grow by 12% (573 families, as shown in Figure 7.2) and make up the largest group of family households. Conversely, although the number of families with the number of families with 2 children is projected to increase initially, this will peak in 2024 and then start to decline, giving an overall decrease of 2% (73 families) between 2019 and 2034. The number of families with 3 children is projected to decrease by 11% (-153 families).

Figure 7.2: Projected growth in households with dependent children: Rossendale Borough – 2019-2034
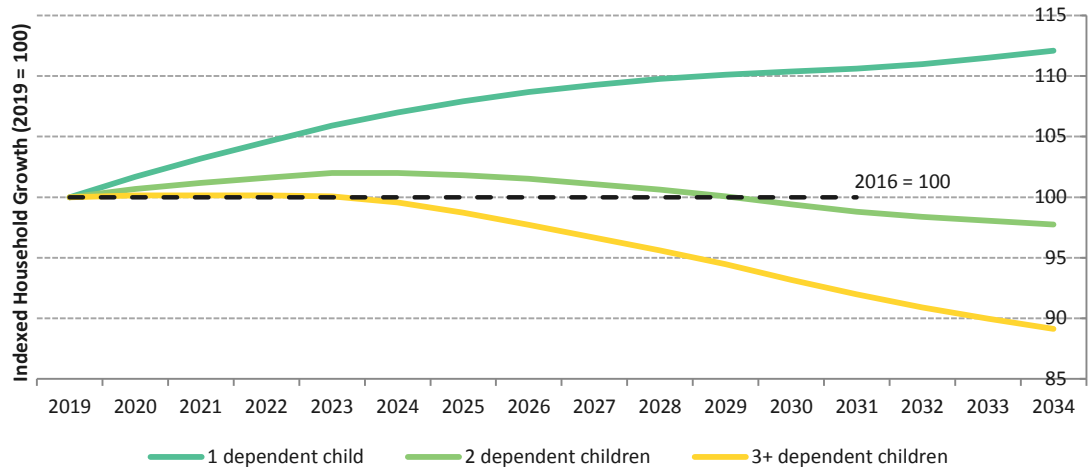
Source: Lichfields analysis, based on 2014-based SNHP

Households and Families with Children Summary

7.8   The number of families and other households with children is expected to increase by around 4% in Rossendale Borough by 2034, and they will form the largest household group overall. In the owner-occupied sector the rate of overcrowding amongst families is low (although the absolute number of overcrowded owned occupied properties with families is highest in absolute terms), and families tend to live in homes which are larger than they 'need' in order to have extra space. The estimated overall scale of demand for larger housing across Rossendale Borough in meeting the needs of families was discussed in Section 6.0.

7.9   In the social rented sector, the rate of overcrowding among families is significantly higher, and the Council should consider how more effective use of existing stock and new development can help address this. Waiting list data suggests that the need is predominantly for small units; however, there remains a need for the supply of some larger affordable homes to address existing problems of overcrowding in the market.

Housing for Older People

7.10   In line with national trends, the population of older people in Rossendale Borough is projected to be the fastest growing in the next 15 years, increasing by 35% by 2034. This is by far the fastest growth of any age group, as shown in Table 7.3. In the context of ageing both more widely and in Rossendale Borough specifically, meeting needs of older people will be a key element of meeting overall needs over the period to 2034 (and beyond).

Table 7.3: Projected population change by broad age group – Rossendale Borough

	2019	2034	Change	%
0-15	14,131	13,805	-326	-2%
16-44	23,488	23,965	477	2%
45-64	19,746	18,397	-1,349	-7%
65+	13,339	18,030	4,691	35%
	70,704	**74,197**	**3,493**	**5%**

Source: Lichfields using PopGroup (2014-based SNPP)

7.11 The specific accommodation needs of older people fall within two different groups:

 2 Those in need of communal establishment accommodation (i.e. bedspaces), including residential care homes or specialist nursing homes; and

 3 Older people living in private housing (and are in the household projections) who do not require care home facilities but may have specific needs, for example for adaptable and accessible homes, or those living in self-contained units as individual households but where some degree of care is provided (e.g. extra care or sheltered housing).

Accommodation for older people and housing supply

7.12 The household projections (and therefore the LHN which has been derived from them) already remove a given proportion of the older population which are projected to be living in communal establishments (in the case of older people, those living in residential care homes). The projected need for bedspaces in care homes are therefore outside the household projections and therefore the identified need, expressed in terms of bedspaces, is in addition to the LHN. For the purposes of this SHMA Update, this accommodation is referred to as 'C2' uses.

7.13 For planning purposes, some forms of housing which provide an element of care could also fall under C2 use, for example some of the numerous accommodation types falling under the term 'extra care housing'. However, as these may provide self-contained units for occupation by households, they are considered part of general housing needs, i.e. C3 for the purposes of assessing housing need in this SHMA. These units meet the needs associated with households, therefore are included within the household projections (and the LHN). Supply of these types of housing units can therefore be counted as housing supply against the LHN.

7.14 The PPG[51] states that all types of housing provided for older people, including homes (such as sheltered housing or adaptable homes) and communal accommodation (such as nursing homes) can be counted against the housing requirement:

"Local planning authorities will need to count housing provided for older people, including residential institutions in Use Class C2, against their housing requirement. For residential institutions, to establish the amount of accommodation released in the housing market, authorities should base calculations on the average number of adults living in households, using the published census data."

7.15 However, the approach of counting non-conventional housing supply against the housing requirement has been clarified in the High Court in '*Exeter City Council v (1) Secretary of State for Communities and Local Government and (2) Waddeton Park Limited and (3) The R B Nelder Trust [2015] EWHC 1663*' referred to as *Exeter*. This judgment dealt with the inclusion of student accommodation as a component of housing supply when it has not been utilised in the formation of an appropriate housing requirement, however the principles of this judgment are just as applicable to bedspaces in nursing homes. The need for such a component of supply to be reflected in the requirement figure is set out in paragraphs 41 to 42 of the judgment, with the relevant conclusion as follows:

"it would be irrational to include student accommodation [or elderly people C2 accommodation] *in housing supply as meeting an adopted housing requirement, where such accommodation does not feature in that requirement."*

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[51] PPG: 3-043-20180913

7.16   In this context, because the need for bedspaces in care homes does not feature within the LHN for Rossendale Borough (i.e. it is in addition to it), the supply of this accommodation would be additional to the LHN housing requirement.

7.17   On the contrary, although Extra Care housing and other types of accommodation which provide self-contained units (which have a kitchen, bathroom and bedroom/s) are sometimes recorded as C2 use, as they are meeting needs associated with households, supply of this accommodation can be counted against the LHN.

Extra Care and Sheltered Accommodation (C3)

7.18   Collectively, Extra Care and Sheltered Housing specifically targeted at older households are referred to as 'elderly housing' for the purposes of this study.

7.19   The 2016 SHMA reported that in 2014, the supply of elderly housing units was:

1   Extra Care: 42

2   Sheltered housing (self-contained accommodation for older people with secure access, telecare and a floating warden service): 826

7.20   This aligns with the Extra Care figures subsequently reported in Lancashire County Council's "*Housing with Care and Support Strategy 2018-2025*" [page 10] and gives a total supply of **868 units**. Based on the total population aged 75+ in 2014 in Rossendale Borough of 4,965, this equates to **175 units per 1,000 residents** aged 75+.

7.21   Between 2019-2034, the number of residents aged 75+ living in Rossendale Borough is projected to increase by 3,472 in the 2014-based SNPP. Applying the ratio to the net increase in residents suggests that between 2019 and 2034, the estimated need for elderly C3 housing units would be **607**, compared to the current supply (of 868).

7.22   The identified need for 607 C3 elderly housing units (**40 dpa**) is included within the LHN because it relates to the need associated with a specific sub-group of households counted in the projections. Provision of this accommodation can therefore count towards the supply of housing measured against the LHN. There is clearly a considerable overlap with Extra Care/sheltered housing and market housing as much of this comes down to personal choice, with residents only downsizing when they really need to.

Care home bedspaces (C2)

7.23   The population over age 75 in Rossendale Borough is expected to increase by 3,471, from 5,568 to 9,039 (+62%), as shown in Figure 7.3.

Figure 7.3: Projected change in population age 75+ in Rossendale Borough – 2019-34
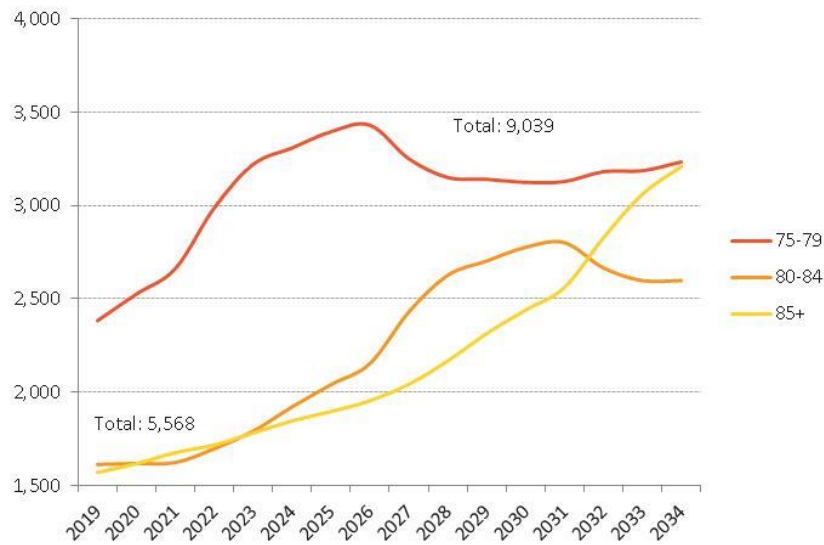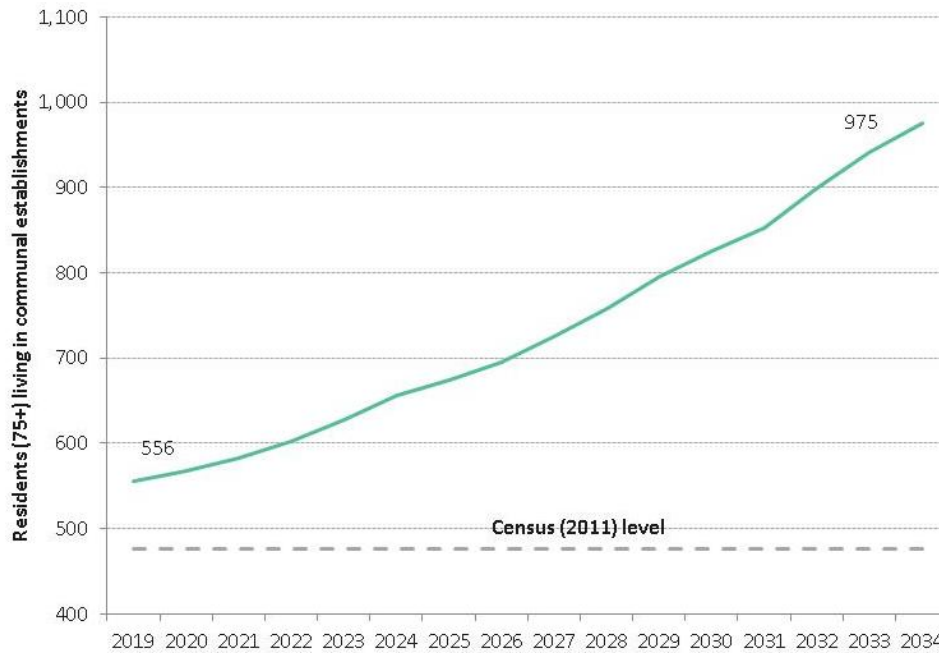

Source: Lichfields using PopGroup

7.24   The 2011 Census identified that there were just under 480 people over the age of 75 who were residents in communal establishments in Rossendale Borough (this can be taken as a proxy for the stock of care home bedspaces). The majority of these residents were identified as living in care homes (both with and without nursing)[52]. The split of those living in homes with and without nursing was roughly 49:51. The SNHP take into account the findings of the Census, and for age 75+ assume a given proportion of people will be living in communal establishments.

7.25   This projected rate of residents living in communal establishments has been applied to the 2014-based SNPP to assess the future need for care home bedspaces; this is shown in Figure 7.4, benchmarked against the Census data. Over the period 2019-34 there is projected to be a net increase of 419 residents aged over 75 living in communal establishments. Based on the current split of homes with and without nursing this would suggest a need to 2034 for a net additional:

- **207** bedspaces in care homes with nursing; and,
- **212** bedspaces in care homes without nursing.

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[52] A small number were identified as resident in NHS facilities, 'other' facilities or did not state the establishment type, however these are insignificant for the purposes of the assessment.

Figure 7.4: Change in projected number of communal establishment residents age 75+

Source: Lichfields using PopGroup/MHCLG/Census

Adaptable and Accessible Homes

7.26 Building regulations contain a number of optional standards which are to be enacted and applied through planning policy contained within Local Plans. Most notably these include requirements for Part M4(2) adaptable and accessible homes (discussed here) and Part M4(3) wheelchair accessible homes (discussed below). The PPG states that, based on their housing needs assessment and other datasets, it will be for local authorities to set out how they intend to approach demonstrating the need for Requirement M4(2) and/or M4(3) dwellings. Part M4(2) will be of particular relevance to housing older people, and the requirement will be met where:

"…a new dwelling makes reasonable provision for most people to access the dwelling and incorporates features that make it potentially suitable for a wide range of occupants, including older people, those with reduced mobility and some wheelchair users." (Building Regulations 2010 Approved Document M)

7.27 The Census shows that 29% of people over age 65 in Rossendale Borough were living with a long-term health problem or disability [LTHPD] which limited their day-to-day activities 'a lot' and a further 27% whose day-to-day activities were limited 'a little'. However, this was not equal across all tenures; those in social rented housing were significantly more likely to have conditions limiting their day-to-day activity a lot, as shown in Table 7.4.

Table 7.4: LTHPD of people age 65+ in Rossendale Borough by tenure

	Day-to-day activities limited a lot	Day-to-day activities limited a little
Social Rented	46%	29%
Owned or private rented	25%	26%
Total	**29%**	**27%**

Source: Census 2011

7.28   Looking at the number of households (across all tenures) which contain at least 1 person with a LTHPD in Rossendale, this is higher for households comprising a couple aged 65 and over (68%) than for single person 65 and over households (63%).

Table 7.5: Households age 65+ with at least 1 person with a Long-term Health Problem or Disability

	All Households	No people in household with a LTHPD	1 or more people with LTHPD	% Households with at least 1 person with LTHPD
Single person 65+	3,375	1,249	2,126	63%
Couple 65+	2,084	671	1,413	68%

Source: Census 2011

7.29   As set out in Section 3.0, older households are anticipated to make up the majority of future household growth in Rossendale Borough. Single person older households are expected to make up 26% of future growth, and older couples 42%. Applying the assumption (based on Census data) that 63% of single person households and 68% of older couples' households will have at least 1 person with a LTHPD, this would equate to around 68% of all future household growth, as shown in Table 7.6.

Table 7.6: Estimated growth in older households with LTHPD in Rossendale Borough to 2034

	As % of total change 2019-34	Estimated future households with LTHPD
Single Person, 65+	40%	25%
Couple, 65+	63%	43%
Total		**68%**

Source: Lichfields based on 2014-based SNHP/Census

7.30   Whilst this would, taken at face value, suggest that there is a significant need for adaptable and accessible homes, the Council should note that:

- In the private sector there is likely to be some degree of overlap between households living with a LTHPD and those living in sheltered or extra care housing. Such forms of assisted living are likely to contribute to meeting the needs of older households who have LTHPDs (whilst not needing to be in C2 accommodation).

- Similarly, in the social rented sector there is likely to be some overlap between the need for adaptable and accessible dwellings for older people and the need for wheelchair user dwellings (see below).

- The Census shows that households living with LTHPDs are not equally spread across tenures, with a far greater percent of older residents in social rented housing living with a LTHPD. In this context, the Council should seek a greater proportion of M4(2) dwellings within affordable housing than in private housing.

- Although older households make up a significant proportion of growth in Rossendale Borough, many of these will be households already living in housing (e.g. the family home) who are unlikely to move during old age. Therefore, new housing which is adaptable and accessible might not directly be meeting these needs, but will nevertheless be an important addition to the housing stock to meet the longer-term needs associated with ageing.

7.31   On the basis of the above, with up to 68% of future household growth potentially needing accessible and adaptable homes, but with some of that need being met through Part M4(2) as below and reflecting that some retirement type products might reduce the relative need for general housing to meet accessible and adaptable standards, **it is recommended that the**

Council consider appropriate policy measures to address this need. Serious consideration should be given by RBC to adopting the M4(2) standards and consider policy measures to address this, taking into account viability and deliverability considerations through the Local Plan process. It will be vital to avoid limiting occupation by requiring excessively onerous standards to be imposed that would reduce the overall delivery of housing and, by extension, the number of properties that are adaptable and accessible. It is important to note that there will be overlap between the need for adaptable and accessible homes and the identified need for elderly housing (i.e. Extra Care and Sheltered Housing).

Summary – elderly needs

7.32   As part of a baseline assessment, there is a need for:

- **607 additional C3 Extra Care/Sheltered Housing spaces, or 40 dpa** and,

- 419 bedspaces in C2 nursing/care homes.

7.33   The analysis above is based on a continuation of past trends in terms of proportion living in care homes and the supply of elderly housing units. However, if the Council were to follow a strategy of reducing reliance on care homes, this would result in movement of residents back into private housing and/or reduce the number going into care homes altogether. Such an approach would increase the need for Extra Care/sheltered housing with an associated reduction in care home bedspaces.

Housing for Residents with Disabilities

7.34   Similar to older people, the housing needs of people with disabilities will fall into two broad groups:

2   Those in need of communal establishment accommodation, including residential care homes for those with learning difficulties or physical disabilities, or specialist nursing homes (C2); and

3   Those living in private housing who do not require care home facilities but may have specific needs, for example for adaptable and accessible homes. Adaptable and accessible homes are defined as:

"a new dwelling makes reasonable provision, either at completion or at a point following completion, for a wheelchair user to live in the dwelling and use any associated private outdoor space, parking and communal facilities that may be provided for the use of the occupants." (Building Regulations 2010 Approved Document M)

7.35   The PPG[53] states that:

"Local Plan policies for wheelchair accessible homes should be applied only to those dwellings where the local authority is responsible for allocating or nominating a person to live in that dwelling."

7.36   In this context, the need for wheelchair accessible homes has only been assessed in reference to the affordable sector.

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[53] PPG: ID: 56-009-20150327

Medical and Care Establishments (C2)

7.37 Of residents in communal establishments under age 75 in Rossendale Borough, the Census identified 203 living in medical and care establishments, most of which were living in care homes with nursing. There were also a small number in mental health facilities (including secure units), children's homes and other care establishments. As shown in Table 7.7, above age 16 the majority of these residents have long-term health problems or disabilities which limit their day-to-day activity to some degree.

Table 7.7: Residents in Medical and Care Establishments with a Long-term health problem or disability – Rossendale Borough

0-15	16-24	25-34	35-49	50-64	65-74
9%	13%	80%	88%	90%	99%

Source: Census 2011

7.38 Applying incidence rates to the projected population by sex and age we can estimate the change in number of people over the period to 2034 who are likely to require C2 accommodation, as shown Table 7.8. These needs are in addition to the LHN because they relate to people (i.e. bedspaces) in care establishments, and do not relate to those living in private housing.

7.39 This shows that there is likely to be little change in the need for C2 accommodation for groups under 65. Collectively below the age of 65, there is estimated to be **a surplus of 3 spaces**. This analysis has also identified a need for an additional **14 bedspaces** related to the need for 65-74 year olds, which could be met through care homes (with nursing). This would bring the total need for care home spaces with nursing to **221 bedspaces**, in order to meet the need of those above age 75 and age 65-74.

Table 7.8: Estimated need for C2 accommodation - under 75

	2019	2034	Net Change
0-15	12	12	0
16-24	20	22	2
25-34	11	10	-1
35-49	29	30	1
50-64	63	57	-5
65-74	90	103	14
Total	**224**	**235**	**11**

Source: Lichfields using PopGroup/Census 2011

M4(3) – Wheelchair user dwellings

7.40 Section 5.0 set out information on the housing register in Rossendale Borough, including the overall number of households on the waiting list and the mix of housing they require. The waiting list shows that of the 928 households in the 'reasonable preference' category, 63 include a wheelchair user, 313 include a disabled member of the household and 120 require adaptions making to their property.

7.41 However, not all households on the waiting list will need to move due to the need for wheelchair accessibility; similarly, not all people with a LTHPD will need to be in a home which is wheelchair accessible. Whilst estimating the specific needs for wheelchair user dwellings is difficult to do accurately, we can make a broad estimate based on the disabling conditions identified of those currently claiming disability living allowance in Rossendale Borough.

7.42   Current information on those in Rossendale Borough claiming disability living allowance gives a breakdown of the age of these claimants and the type of condition they have. These have been grouped as shown in Table 7.9.

Table 7.9: Disability Living Allowance claimants by condition – Rossendale Borough (2018)

	Total	Under 16	16-24	25-49	60-64	65+
Total	**2,390**	**550**	**40**	**280**	**410**	**1,110**
Learning Difficulties	380	260	20	60	20	10
Mental Health conditions	340	140	10	60	60	50
Deaf/blind	60	20	0	20	10	20
All other conditions	1,610	130	10	140	320	1.030
All other conditions (%)	67%	24%	25%	50%	78%	93%

Source: ONS via NOMIS.
Mental Health conditions includes Psychosis, Psychoneurosis, Personality Disorder, Behavioural Disorder, Alcohol and Drug abuse, Hyperkinetic Syndromes and Severely Mentally Impaired.
All other conditions includes all conditions related to joint or muscle pain, limb trauma/amputees, epilepsy, neurological diseases, MS, Parkinson's, diseases related to the digestive/respiratory systems and blood diseases.

7.43   Whilst not definitive, it would be reasonable to assume those with learning difficulties, mental health conditions and those who are deaf or blind do not require wheelchair accessible dwellings. Other conditions (most of which could be expected to affect physical ability and could require a wheelchair) account for 67% of all disabling conditions, however this is not equal across all age groups. Amongst younger people (those under age 24), all other conditions account for around 25% of conditions, rising to 50% for 25-49 year olds. As expected this is highest for 60+ year olds, where the prevalence of conditions such as Arthritis and other diseases of the bones/joints is relatively high. On this basis, there is likely to be some overlap with the identified need for adaptable and accessible homes in the social rented sector and wheelchair user dwellings in the social rented sector.

7.44   On the basis of the above, it would be reasonable to assume that around 67% of households on the waiting list who need to move for reasons related to welfare and/or health would be in need of wheelchair accessible dwellings. Furthermore, 63 of the 928 households on the Waiting List in Registered Preference categories are either a wheelchair user themselves or live with a wheelchair user. This would represent 7% of overall need.

7.45   Given the ageing population over the Plan period, on this basis we recommend that **at least 10%** of new affordable homes should meet the M4(3) requirement for wheelchair users, albeit this is likely to overlap with some of the need for adaptable and accessible homes for older people. The Council should keep the housing waiting list under review, and if possible collect information on whether a household specifically needs a wheelchair accessible dwelling.

Self-build and custom build

7.46   The Government wants to enable more people to build their own home and wants to make this form of housing a mainstream housing option. A self-build project is defined as housing built by an individual, a group of individuals, or persons working with or for them, to be occupied by that individual.

7.47   The Framework, at paragraph 61, requires LPAs to plan for a mix of housing for people wishing to build their own homes, and the PPG states that LPAs should consider how the needs of such groups can be addressed within the constraint of the overall need identified. The PPG states that in order to obtain a robust assessment of demand for this type of housing in their area, LPAs should assess and review the data held on registers. They should also supplement the data

from the registers with secondary data sources[54]. Each council is required to maintain a 'Self-build and Custom Build Register' ("the Register") for its area, as set out in the section 1 of the Self-build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016), which can include local eligibility tests for the Register[55].

7.48 In respect of planning for such demand, the PPG sets out that LPAs should use the demand data associated with the Registers in their area, supported as necessary by additional data from secondary sources, to understand and consider future need for this type of housing in their area[56]. In the context of Rossendale Borough, the LPA has had **14 registrations** of interest in Self-build plots as of October 2018.

7.49 According to the Council's submission to MHCLG in 2018, between October 31st 2017 to 30th October 2018 there were three planning permissions for serviced plots suitable for self and custom build granted in the Borough.

Overall therefore, the demand for self-build is considered to be limited. Notwithstanding, the Council may wish to consider the provision of self-build plots as a part of the overall housing mix in the Local Plan. In this regard, it is recognised that the Publication version of the Draft Local Plan supports self-build and custom house building via its policy HS20: "*Self Build and Custom Built Houses*". The policy encourages schemes of 50 dwellings or more "*to make at least 10% of plots available for sale to small builders or individuals or groups who wish to custom build their own homes*". The Draft Local Plan also proposes to allocate three sites for self-build and custom build.

Service Families

7.50 There are currently no military bases in Rossendale Borough, whilst the Council Tax Base Statistics for 2018 identify that there are no MOD owned properties in the Borough. There is therefore no need to identify any specific requirements for Service Families in the Borough.

Gypsy and Travellers

7.51 The needs of Gypsy and Travellers has not been assessed as part of this SHMA Update report, although this has been assessed separately in the Rossendale 2016 Gypsy and Traveller Area Assessment[57].

7.52 The report identified a total need for 2 pitches from individuals currently living on sites and likely to be accommodated on existing sites; and an aspirational need for 2 pitches from individuals currently living in bricks and mortar accommodation. The Council should therefore consider any future pitch applications through the normal planning application process from households and emerging households moving from bricks and mortar accommodation and that this need does not need to be identified as allocations in the Local Plan.

7.53 Analysis of unauthorised encampment data and contextual information in the Report indicates that new transit provision is needed across Rossendale Borough. It was recommended that 4 transit pitches should be provided over the Plan Period based on trends in unauthorised encampments over the period May 2013 to April 2016. No requirement was identified for a site to meet the needs of travelling show people.

[54]ID-2a-017-20190220
[55]ID-57-020-20170728
[56] ID-57-011-20160401
[57] ARC4 (September 2016): Rossendale Gypsy and Traveller and Travelling Showperson Accommodation Assessment 2016

Summary

7.54   This section has explored the housing (and other accommodation) needs of specific groups within Rossendale Borough, including students, families, older households and wheelchair users. In summary:

- The number of **families and other households with children** is expected to increase by around 4% in Rossendale Borough by 2034, and they will form the largest household group overall. In the social rented sector, the rate of overcrowding among families is much higher than in the private sector, and the Council should consider how more effective use of existing stock and new development can help address this. Waiting list data suggests that the need is predominantly for small units; however, there remains a need for the supply of some larger affordable homes to address existing problems of overcrowding in the market.

- There is currently no **Purpose-Built Student Accommodation** within Rossendale. This is as a consequence of there being no University campus or other Higher Education facility in the Borough. Accrington and Rossendale College is located on the outskirts of Accrington (in Hyndburn Borough). Given the physical isolation and distance of the College from Rossendale Borough's boundary (and specifically the centres of population therein), there is no requirement for PBSA in the area.

- In the context of ageing both more widely and, in Rossendale Borough specifically, meeting **needs of older people** will be a key element of meeting overall needs over the period to 2034, with an increase of 4,691 residents aged over 65.

- There is a need for **607 additional C3 Extra Care/Sheltered Housing spaces,** or 40 dpa.

- There is a need for additional bedspaces in **care homes** (C2) to cater for the needs of younger and older people in Rossendale Borough. To 2034, these is an estimated net need for:

    (a) **221** bedspaces in care homes with nursing (this includes c.14 for those age 65-74 and 207 for those age 75 and over);

    (b) **212** bedspaces in care homes without nursing (for those age 75+).

- In the social rented sector, there is a need for **wheelchair accessible homes** (which meet M4(3) requirements). The waiting list shows that of the 928 households in the 'reasonable preference' category, 63 include a wheelchair user, 313 include a disabled member of the household and 120 require adaptions making to their property. Given the ageing population over the Plan period, on this basis we recommend that **at least 10%** of new affordable homes should meet the M4(3) requirement for wheelchair users. However, there will likely be an overlap with some of the need for adaptable and accessible homes for older people M4(2). The Council should keep the housing waiting list under review to understand whether a household specifically needs a wheelchair accessible dwelling.

- To meet the needs of older people (living in private households), there is a need for some **housing in which an element of care** is provided and some housing which is adaptable. Overall the assessment shows a significant need for accessible and adaptable homes, however there is likely to be an overlap with other retirement products and wheelchair accessible homes in the affordable sector. The Council should consider appropriate policy measures to address this need, taking into account viability and delivery.

- The demand for **self-build** is considered to be limited. Notwithstanding, the Council may wish to consider the provision of self-build plots as a part of the overall housing mix in the Local Plan.

- **Service Families** – there are no military bases or MOD owned properties in Rossendale and therefore there is no need to identify any specific requirements for Service Families in the Borough.
- Regarding **Gypsy and Travellers**, there is a total need for 2 pitches from individuals currently living on sites and likely to be accommodated on existing sites; and an aspirational need for 2 pitches from individuals currently living in bricks and mortar accommodation. There is also a need for 4 transit pitches. No requirement was identified for a site to meet the needs of travelling show people.

8.0 Summary and Conclusions

Local Housing Need

8.1 The LHN for Rossendale Borough as generated by the standard method in the Framework and PPG generates a figure of **204 dpa**. This is slightly lower than the 212 dpa figure in the Council's emerging Local Plan as it relates to a different time frame in the 2014-based SNHP which generates a slightly lower level of household growth.

8.2 However, this represents the minimum starting point figure, and delivering more than 204 dpa is supported through the Framework and PPG in several ways. Indeed, it is a key part of the Local Plan process to test higher rates of delivery. Reasons why the Council may consider identifying a higher housing requirement figure in its emerging Local Plan than the standard method would suggest include:

1 Adjusting the 2014-based SNHP to incorporate the latest 2017 MYE would increase the LHN to **210 dpa** between 2019 and 2034.

2 The need to accommodate a sufficient economically-active workforce to accommodate projected economic growth. Should the Council plan for this level of economic growth, the Standard Method would provide insufficient housing to support the necessary increase in the local workforce; an uplift to **between 236 dpa and 253 dpa**.

3 Affordable Housing Need is in the range **between 102 and 170 affordable homes per annum between 2019 to 2034**. This is a significant proportion of the locally assessed need based on the standard method (204 dpa) of between 50% and 83%. The PPG suggests an increase in the total housing figures included in the plan may need to be considered by the Council where it could help deliver the required number of affordable homes.

Housing Mix and Type

8.3 In line with wider trends, the number of older households is expected to grow fastest in Rossendale Borough, although in 2034 families will still remain the largest group of households. Based on overall household growth and existing occupancy patterns, our assessment shows that housing need in Rossendale Borough is mostly made up of 2-3 bedroom dwellings[58].

8.4 The need for affordable housing specifically is weighted towards 1 or 2-bed dwellings; however, the waiting list and Census both show that overcrowding remains a problem. Within the social rented sector, there is likely to be some scope for more efficient use of the existing stock, however new development of affordable family sized housing could help to alleviate overcrowding.

8.5 In terms of tenure, the majority (c.70%) of affordable housing needs are for rented accommodation (assuming there is no conceivable difference between social and affordable rental products). Whilst intermediate needs were only based on those unable to afford market rents, there is likely to be a range of needs which intermediate housing can help to meet, including households in the private rented sector wishing to move toward home ownership (although the exact amount is difficult to quantity). Our analysis also shows that Starter Homes would likely have a negligible effect on increasing home ownership (due to the wide variation in house prices in Rossendale Borough, with comparatively low LQ house prices across existing

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[58] Overall recommendations, including those for the sub-markets does not relate to any specific area or site typology, and does not attempt to take into account how future viability, site-specific factors, policy changes, social changes or economic changes might affect occupancy and the mix requirement.

properties set against much stronger new build prices) and is therefore less accessible than other intermediate products.

Meeting Needs of Specific Groups

8.6 There is no identified future requirement for PBSA or accommodation for service families in Rossendale Borough.

8.7 To cater for people not living in households (i.e. those living in care homes), there is an estimated net need for 221 bedspaces in care homes with nursing (for those age 65+) and 212 bedspaces in care homes without nursing (for those age 75+). There is a need for **607 additional C3 Extra Care/Sheltered Housing spaces,** or 40 dpa.

8.8 In the social rented sector, there is a need for wheelchair accessible homes (which meet M4(3) requirements); based on current disabling conditions of disability living allowance claimants in Rossendale Borough, and therefore we recommend at least 10% of new affordable housing meets M4(3) requirements.

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