

Leicester and Leicestershire Strategic Housing Market Assessment

Leicester and Leicestershire Local Planning Authorities

Report

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This document must only be treated as a draft unless it has been signed by the Originators and approved by a Business or Associate Director.

DATE

June 2014

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Limitations

This document has been prepared for the stated objective and should not be used for any other purpose without the prior written authority of GL Hearn; we accept no responsibility or liability for the consequences of this document being used for a purpose other than for which it was commissioned.

EXECUTIVE SUMMARY

The Strategic Housing Market Assessment for Leicester and Leicestershire provides a 'policy-off' assessment of future housing need and the required mix, size and tenure of households, with the intention that this will inform future development of planning policies across the sub-region and within its constituent local authority areas.

The Housing Market Area (HMA) comprises all the local authorities in Leicestershire and Leicester City. However, we recognise more localised links with neighbouring authorities exist, particularly in Nottinghamshire, Lincolnshire, Derbyshire and Warwickshire.

We have undertaken a comprehensive assessment of potential population and household growth. The starting points for the projections developed, in accordance with the Planning Practice Guidance, were the latest (2011-based) CLG Household Projections. These have been updated to take account of the latest population data and to ensure that household formation rates do not project forward recent trends in falling household formation affected by the recent economic recession. The projections indicate a need for an average of 3,626 dwellings per annum to 2036 (with a slightly higher average of 3,774 dwellings per annum to 2031) across the Leicester & Leicestershire HMA. Following the approach set out in the Planning Practice Guidance, we have tested these figures against whether an additional uplift is required to:

- Respond to market signals and improve housing affordability;
- Enhance the delivery of affordable housing to meet identified needs;
- Support some growth in jobs at a local level.

As with the majority of the country, the housing market in Leicester and Leicestershire has been impacted upon by the recession. Since the end of 2007 house prices and transactions have fallen significantly, although there are more recent signs of recovery within the housing market.

Across all property types, the median house price in Leicester and Leicestershire is £147,500. However, this masks a broad range of prices at a local authority level. Harborough and to a lesser extent Melton have comparatively higher median prices, with an average over the past year of £202,000 & £163,000 respectively. Compared to earnings, the affordability of market housing is more acute in Oadby and Wigston, Melton and Harborough Districts than other parts of the HMA.

- The SHMA calculates the level of affordable housing need across the HMA. The SHMA identifies a net need for 1,913 affordable homes per annum over the next 25 years if all households who required financial support to meet their housing need were to be allocated an affordable home. There is a particularly acute need in Oadby and Wigston and Blaby when assessed against the overall housing need.

The SHMA has also considered what level of housing might be needed to support baseline forecasts of employment growth. It identifies that an average of 3,687 homes per annum would be needed to support these economic forecasts to 2036 (with an average of 3,845 dwellings to 2031).

However to support growth in labour supply across the HMA and local patterns of living and working, the SHMA recommends some localised adjustments to assessed housing need at a local authority level.

Taking these factors into account, the SHMA identifies a need for between 3,630 – 4,060 homes per annum to 2036 across the HMA (3,775 – 4,215 homes per annum to 2031). The lower end of the range would support the demographic projections. The higher end of the range would support stronger delivery of both market and affordable housing taking account of the need for affordable housing and market signals, and support proportionate economic growth in different parts of the HMA.

Conclusions regarding Overall Housing Need

	Housing Need to 2031		Housing Need to 2036	
	Lower	Upper	Lower	Upper
Leicester	1250	1350	1230	1330
Blaby	360	420	340	400
Charnwood	810	820	770	780
Harborough	415	475	400	460
Hinckley & Bosworth	375	450	350	420
Melton	200	250	195	245
NW Leicestershire	285	350	270	330
Oadby & Wigston	80	100	75	95
Leicester & Leicestershire Total	3,775	4,215	3,630	4,060

The conclusions on housing need do not take account of land supply, development or infrastructure constraints. The local authorities will need to consider these issues in deriving a ‘policy on’ distribution of housing provision.

The figures above provide a ‘policy off’ assessment of housing need. In translating this into housing targets in development plans, the commissioning local authorities will need to consider whether there is a case for adjusting the level of housing provision to align with their evidence regarding local economic growth potential and to address where relevant any unmet needs from adjoining authorities.

The SHMA also draws conclusions regarding the need for different types of homes. It identifies that 21% of the need for affordable housing could be met by intermediate equity-based products with 79% of the need for rented affordable housing (either at social or affordable rent levels).

Taking account of how the population structure is expected to change, the existing housing mix and market evidence the SHMA identifies strategic targets for the mix of housing needed in the HMA against which delivery can be monitored. These are as follows:

Recommendations regarding the Sizes of Homes Needed

	1-bed	2-bed	3-bed	4+ bed
Market	5-10%	30-35%	45-50%	10-15%
Affordable	35-40%	30-35%	20-25%	5-10%
All dwellings	15-20%	30-35%	35-40%	10-15%

Source: GL Hearn and JGC, 2014

The needs of specific groups within the population are considered, including elderly households, students, BME households, and families. The SHMA indicates a need for between 240-720 additional housing units to be specialist accommodation across the HMA to meet the needs of the older person population each year moving to 2036. It identifies a need for 222 residential care bed spaces per annum. Further details of the needs of a range of specific groups in the population are included within the main body of the report.

******In the latter stages of the production of the SHMA the government released new 2012-based sub national population projections (2012 SNPP). Due to the advanced stage of the SHMA it has not been possible to incorporate the new projections within this report. However a brief assessment of the 2012 SNPP shows there is a lower projected rate of population growth across the HMA than that shown by previous projections, including the 2010 and 2011-based projections used in this report. This could indicate lower levels of household growth across the HMA than previously anticipated, however further work would be required to assess this. Later in 2014 the government are expected to release updated household projections based on the 2012 SNPP, at which time it may be prudent for the HMA authorities to further assess the impact of these latest projections.******

1 INTRODUCTION

Context

- 1.1 GL Hearn (GLH) and Justin Gardner Consulting (JGC) have been commissioned by the Leicester and Leicestershire Local Planning Authorities (LLLPA) to prepare a Strategic Housing Market Assessment (SHMA). The purpose of the SHMA is to develop a robust understanding of housing market dynamics, to provide an assessment of future needs for both market and affordable housing and the housing requirements of different groups within the population.
- 1.2 The SHMA responds to and is compliant with the requirements of both the National Planning Policy Framework (the NPPF) and the National Planning Practice Guidance (NPPG) on *Assessment of Housing and Economic Development Needs* which was published by Government in March 2014.
- 1.3 It provides a 'policy-off' assessment of future housing need, with the intention that this will inform future development of planning policies across the sub-region and within its constituent local authority areas.
- 1.4 This SHMA focuses on providing an assessment of need for housing. It does not set policy targets. In considering overall housing need, the SHMA findings will need to be brought together with a range of other considerations in informing policy decisions regarding future housing supply. The SHMA provides specific evidence and analysis of need and demand for different sizes of homes, to inform policies on the mix of homes (both market and affordable). It does not consider land availability, development constraints or the sustainability of accommodating different levels of housing provision. These are all however relevant considerations in the development of local plans and form part of the wider plan-making process.

SHMA Process

- 1.5 The SHMA has been commissioned by a partnership of the following eight local authorities:
 - Blaby District Council;
 - Charnwood Borough Council;
 - Harborough District Council;
 - Hinckley & Bosworth Borough Council;
 - Leicester City Council;
 - Melton Borough Council;
 - North West Leicestershire District Council; and
 - Oadby and Wigston Borough Council
- 1.6 It has been prepared by a consultant team comprising GL Hearn and Justin Gardner Consulting. The SHMA preparation has been overseen by a Project Steering Group of Leicester and Leicestershire authority officers.

- 1.7 A programme of stakeholder engagement has informed the development of the SHMA. This included a workshop with house builders, registered providers and other key stakeholders on 18th December. In addition to this, a programme of consultation and engagement with estate and letting agents, and local authority officers from across the County has informed this report. A stakeholder workshop to test emerging findings also took place on the 15th of May 2014.

Report Structure

- 1.8 The remainder of the report is structured in the following way:
- Chapter 2: Defining the Housing Market Area;
 - Chapter 3: Policy Context;
 - Chapter 4: Housing Market Dynamics and Market Signals;
 - Chapter 5: Demographic Projections;
 - Chapter 6: Affordable Housing Needs;
 - Chapter 7: Conclusions on Housing Need;
 - Chapter 8: Need for Different Sizes of Homes;
 - Chapter 9: Housing Needs of Specific Groups; and
 - Chapter 10: Conclusions and Recommendations.
- 1.9 This main report document will be accompanied by a number of appendices. These comprise:
- Appendix A: Socio-Demographic Maps
 - Appendix B: Projection Methodology and Key Data
 - Appendix C: Alternative Methodologies for Headship Rate Calculations
 - Appendix D: Housing Market Model Outputs to 2031
- 1.10 This main report focuses on providing outputs for the Leicester, Leicestershire and where possible the Leicester Principal Urban Area (PUA). The definitions of the housing market area and the principal urban area are considered further in the next section.

2 DEFINING THE HOUSING MARKET AREAS

2.1 The National Planning Policy Framework (NPPF) makes clear that in planning for housing provision, local authorities should work together at a 'housing market area' level. The starting point in planning for housing is that objectively assessed needs for the housing market area should be met within it. The first question is therefore, what are the appropriate housing market areas which cover Leicester and Leicestershire?

2.2 Many of the key datasets used to define the HMA are either not available below Local Authority level or if they are they tend to be out of date (e.g. 2001). As a result HMA boundaries tend to be based on local authority boundaries, although in reality they would operate at a more localised level.

Approach to Defining Housing Market Areas

2.3 Over the last decade, a considerable body of technical work and analysis has been undertaken to define HMAs across the country. A range of different technical approaches have been used, which to some extent have reflected the different spatial characteristics of housing markets in different areas; but more probably reflect the weight which is attached to different factors such as migration and travel to work patterns, and variations in house prices.

2.4 The Government produced guidance in March 2007 on defining sub-regional housing markets which clarifies that sub-regional housing market areas are geographical areas defined by household demand and preferences for housing. It identifies three primary sources of information which can be used to define these:

- House prices and rates of change in house prices, which reflect household demand and preferences for different sizes and types of housing in different locations;
- Household migration and search patterns, reflecting preferences and the trade-offs made when choosing housing with different characteristics; and
- Contextual data, such as travel to work areas, which reflects the functional relationships between places where people work and live.

2.5 The National Planning Practice Guidance (NPPG) reaffirms the use of these information sources. The Government Guidance made it clear that these sources of information can reflect different aspects of household behavior and that there is therefore no 'right or wrong' set to use in identifying housing markets; the focus is on considering what is appropriate in a local context.

National Research on Defining Housing Market Areas

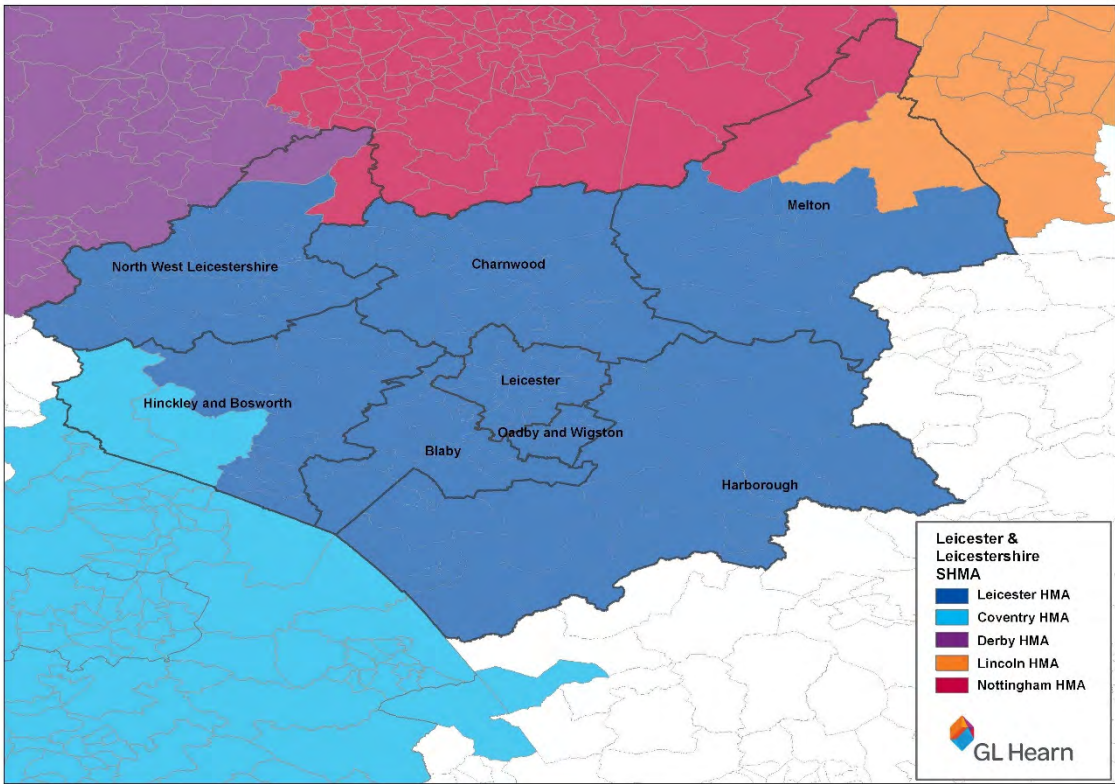
2.6 The DCLG published research in 2010 which sought to consider the geographies of housing markets across England. This academic-driven project considered commuting and migration dynamics and house prices (standardised for differences in housing mix and neighbourhood characteristics).

2.7 This information was brought together to define a three tiered structure of housing markets, as follows:

- Strategic (Framework) Housing Markets – based on 77.5% commuting self-containment;
- Local Housing Market Areas – based on 50% migration self-containment; and
- Sub-Markets – which would be defined based on neighbourhood factors and house types.

2.8 The strategic and local housing markets defined in and around Leicestershire by the CLG Research have been mapped in the figure below. It should be noted that these are based on 2001 Census analysis (which is now somewhat dated). The 2011 Census origin/ destination statistics are unlikely to be available to allow this local-level analysis to be updated.

Figure 1: CLG-defined Strategic Housing Market Areas



Source: GL Hearn, 2014

2.9 The DCLG research defines a single strategic housing market area focused on Leicester. Although some of the peripheral rural areas of the county are influenced by other Strategic Housing Markets including Coventry, Derby, Lincoln and Nottingham, the Leicester Strategic Housing Market Area does not extend beyond the county as defined by the CLG research. It includes the major towns and sub-regional centres across the County.

2.10 All of Blaby, Charnwood, Harborough, Oadby and Wigston and Leicester City are within Leicester Strategic Housing Market Area. The areas around Higham on the Hill, Stoke Golding, Sibson, Sheepy Parva and Twycross in Hinckley and Bosworth Borough are defined as part of the Coventry Strategic Housing Market Area. Castle Donington and Kegworth and Long Whatton in

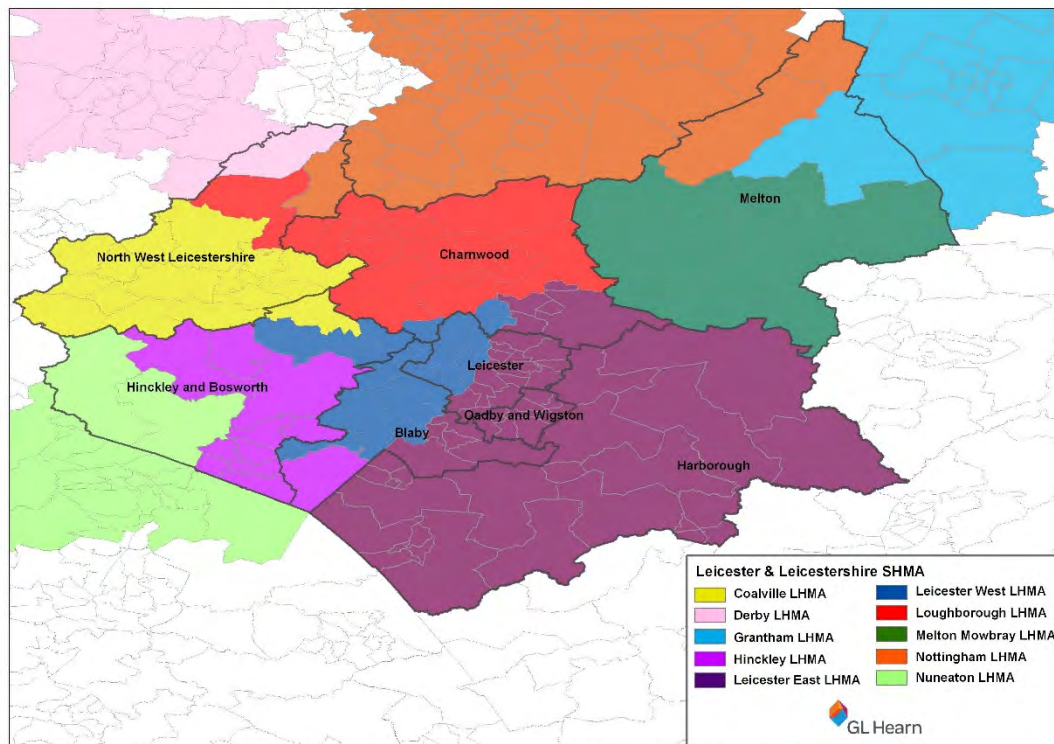
North West Leicestershire are identified within the Derby and Nottingham Strategic Housing Market Areas respectively. The areas around Harby and Bottesford in Melton also fall into the Nottingham HMA. In the same Borough Croxton Kerrial is located in the Lincoln HMA.

2.11 At a local housing market level the area is slightly more complex. There are six local Housing Market Areas entirely contained within the county. These are:

- Coalville;
- Hinckley;
- Leicester East (including Market Harborough);
- Leicester West;
- Loughborough; and
- Melton Mowbray.

2.12 In addition, the areas around Harby and Bottesford in Melton fall into the Nottingham LHMA. In the same district Croxton Kerrial is located in the Grantham LHMA. The areas around Higham on the Hill, Stoke Golding, Sibson, Sheehey Parva and Twycross in Hinckley and Bosworth Borough are defined as part of the Nuneaton Local Housing Market Area. Castle Donington and Kegworth and Watton in North West Leicestershire are part of the Derby and Nottingham Strategic Housing Market Area respectively.

Figure 2: CLG-defined Local Housing Market Areas



Source: GL Hearn, 2014

2.13 This research is based on national-level data analysis which whilst providing a useful basis for starting to look at housing market areas is undertaken at a high level and based on somewhat historic (principally 2000-1) based data. It is therefore appropriate to test and consider further the definition of housing market areas based on other research and more recent evidence.

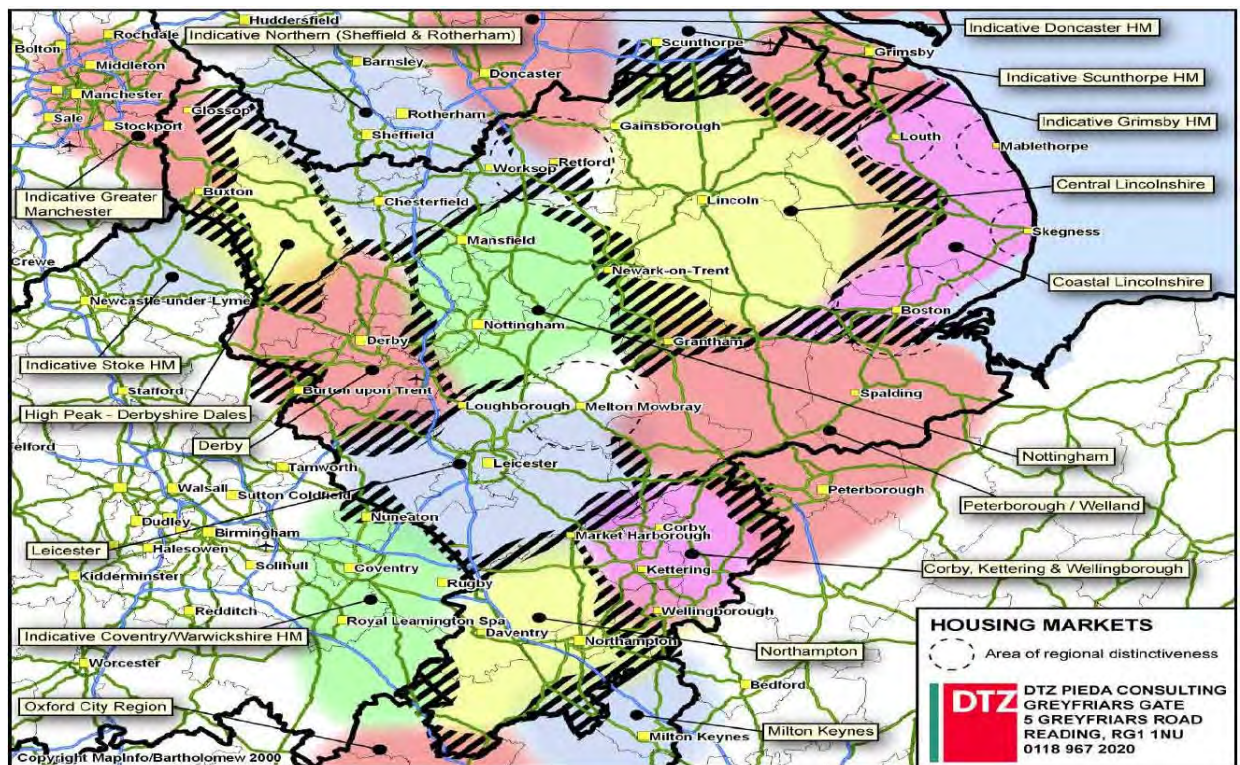
Regional Research on Housing Market Areas

2.14 A regional study was undertaken by DTZ for the East Midlands Regional Assembly and the Homes and Communities Agency in 2005 to define housing market areas across the East Midlands. This concluded that a Leicester Housing Market Area exists and that it embraces all of Blaby, Charnwood, Harborough, Hinckley & Bosworth, Leicester City and Oadby and Wigston local authority areas.

2.15 Melton Borough was shown to be in an area of overlap between Leicester, Peterborough and Nottingham HMAs. Similarly North West Leicestershire was in an area of overlap between the Leicester and Derby HMA.

2.16 The Housing Market Areas in the DTZ research are less extensive than those in the CLG research. The spatial boundaries of the housing market areas identified in the DTZ research are shown in the figure below:

Figure 3: Spatial boundaries in East Midlands



Source: DTZ

Local Research on Housing Market Areas

- 2.17 The previous Leicester and Leicestershire SHMA was produced by B.Line Housing Information group in 2007/8. This identified the following housing market areas:
- The Leicester Core City - urban area of Leicester City, Oadby & Wigston, and adjacent suburban areas of Blaby, Charnwood and Harborough.
 - The Major County Towns - Loughborough/Shepshed and area, Coalville, Melton, Hinckley/Barwell, and Harborough.
 - Rural areas.
- 2.18 Despite these definitions the study goes on to state that for monitoring and setting objectives, these areas can be aggregated to the whole of Leicestershire if required.

Migration Flows

- 2.19 Migration flows reflect households' movements between areas, and thus are a key factor in considering the geography of housing markets. GL Hearn has analysed migration flows between local authority areas based on information recorded by the Office for National Statistics (ONS). We have considered both gross and net flows.
- 2.20 In terms of gross migration flows¹, the most significant inter-relationships (i.e. main flows of over 1,000 persons per annum) between local authorities are:
- Leicester and Oadby and Wigston (combined flow of 2,900 persons per annum)
 - Leicester and Blaby (2,755 ppa)
 - Leicester and Charnwood (2,478 ppa)
 - Blaby and Hinckley and Bosworth (1,020 ppa)
 - Leicester and Harborough (1,012 ppa)
- 2.21 All of the local authorities' strongest gross flows are with another local authority in the LLLPA. Blaby, Charnwood, Harborough and Oadby and Wigston all have their strongest gross migration flows with Leicester City. Melton and North West Leicestershire strongest gross migration flow is with Charnwood suggesting strong links across the north of the County. Hinckley and Bosworth's strongest gross migration flow is with Blaby, and Leicester's is with Oadby and Wigston.
- 2.22 Migration between Oadby and Wigston and Leicester is particularly strong and can be largely attributed to students moving from the Halls of Residence in Oadby and Wigston to the student areas in Leicester, such as Evington and Clarendon Park.
- 2.23 The major flows to areas outside of Leicestershire are principally to other relatively nearby cities. There are gross flows of over 1,000 people per annum from Leicester and Leicestershire to the cities of Birmingham, Nottingham (and Rushcliffe), Coventry, Sheffield and Leeds. This can be

¹ ONS Internal Migration Statistics, annual average 2006-11

closely linked with the student population moving to and from these cities as well as migration for employment. Although, Rushcliffe is also likely to include some cross border movements particularly with Melton and Charnwood. Furthermore we would also expect flows between the larger conurbations to be more significant given the relative size of their population. In addition, there are also gross migration flows of over 1,000 people per annum to South Derbyshire. This is largely from cross boundary flows from neighbouring North West Leicestershire and in part influenced by comparatively strong housing growth in South Derbyshire.

- 2.24 There are other notable gross flows between Harborough and Kettering (397 ppa), Hinckley and Bosworth and Nuneaton and Bedworth (510 ppa) and Melton and South Kesteven (357 ppa). The latter two are recognised in the Local Housing Market Areas produced by the DCLG.
- 2.25 According to the National Planning Practice Guidance, Housing market areas can be broadly defined as areas within which a relatively high proportion of household moves (typically 70 per cent) are contained. This excludes long distance moves (e.g. those due to a change of lifestyle or retirement), reflecting the fact that most people move relatively short distances due to connections to families, friends, jobs, and schools.
- 2.26 Consistent up-to-date data on migration self-containment is not published. The ONS internal migration statistics do not include details of flows within local authority boundaries and it is thus not possible to provide specific figures for self-containment. What the analysis can however be used to illustrate is that of those flows within East Midlands (i.e. excluding long-distance flows) which cross authority boundaries, 72% of those which originate within in one of the LLLPA local authorities to anywhere in the region are to another LLLPA authorities; with 74% of those originating from anywhere in the East Midlands to a LLLPA coming from another LLLPA authority. It is highly likely that if more local flows are considered self-containment across the LLLPA area would exceed 80%.
- 2.27 We have also analysed net migration flows using data on internal migration between authorities over the 2006-11 period. The most significant net migration flows are from Leicester to surrounding authorities, specifically:
- From Leicester to Charnwood (745 persons per annum), Blaby (722 ppa), Harborough (355 ppa) and Hinckley and Bosworth (202 ppa);
 - From Oadby and Wigston to Leicester (260 ppa). This flow is likely to be influenced by student moves.
- 2.28 While we see significant cross-border movements between other areas however the net flows from individual authorities are less than 100 persons per annum. This includes flows from Nuneaton and Bedworth to Hinckley and Bosworth (90 ppa) and North West Leicestershire to South Derbyshire (87 ppa).
- 2.29 The strength of the identified flows within the County and the relative weakness of flows to outside the County would suggest that the area operates as a single strategic housing market area. While

we recognise that links to other neighbouring housing market areas exist these would reflect principally localised cross-boundary moves.

- 2.30 The City and County are also seeing high numbers of people moving out from London. Approximately 3,600 people moved to Leicester and Leicestershire from all London Boroughs. This was primarily to Leicester and Charnwood suggesting a Student Dynamic. However, the net dynamic with London shows one in which around 120 more per annum move to the capital from Leicester and Leicestershire than they receive.

Commuting Dynamics

- 2.31 ONS defined travel to work areas across the UK based on areas in which generally “at least 75% of an area's resident workforce work in the area and at least 75% of the people who work in the area also live in the area.” The area must also have a working population of at least 3,500. The latest travel to work areas are defined based on commuting data from the 2001 Census.
- 2.32 The Leicester Travel to Work Area (TTWA) extends from Lutterworth in the South to Loughborough in the North and from the Leicestershire/Rutland border on the East to Coalville on the West and it covers the majority of the County. Hinckley falls in to the Coventry TTWA and Ashby-de-la-Zouch in the Burton upon Trent TTWA.
- 2.33 These defined geographies are however based on somewhat dated analysis. We have therefore sought to assess more recent information from the 2011 Annual Population Survey on commuting dynamics. This is survey based data which is subject to a margin of error, but provides an overall indication of trends.
- 2.34 The analysis looks at what proportion of the workforce in the LLLPA is drawn from other LLLPA. We see that over 85% of the workforce is drawn from the LLLPA authorities in Blaby, Charnwood, Leicester and Oadby and Wigston.
- 2.35 In North West Leicestershire, 68% of the workforce is drawn from LLLPA. However, the strongest individual commuting flow is from South Derbyshire. This can be in part explained by employment at East Midlands Airport, which due to its connectivity and high number of jobs draw workers from a wide area.
- 2.36 In Melton, 73% of the workforce is drawn from LLLPA authorities. The strongest commuting flow is from Charnwood. The second strongest link is from South Norfolk (1,711 ppa). However this appears to be an error in the data as in one of the two years averaged there appears to be no flow whatsoever. It is also noted that two of the wards in South Norfolk are called Little and Great Melton. It is therefore assumed that in reality over 75% of the workforce is from the LLLPA authorities.
- 2.37 In the other authorities three quarters of the workforce is either resident within the local authorities, or one of the LLLPA authorities and the main commuting flow is from the LLLPA authorities, with

the strongest commuting flow into Harborough and Hinckley and Bosworth from Blaby; and to North West Leicestershire from South Derbyshire.

Table 1: Commuting Flows, 2011 (Workplace-based)

% Workforce resident in ...	Blaby	Charnwood	Harborough	Hinckley and Bosworth	Leicester	Melton	North West Leicestershire	Oadby and Wigston	Containment in LLLPA Authorities
Workplace									
Blaby	52%	11%	2%	7%	16%	1%	3%	4%	97%
Charnwood	2%	68%	1%	1%	7%	1%	6%	1%	87%
Harborough	11%	3%	48%	4%	9%			1%	75%
Hinckley and Bosworth	6%	3%	3%	56%	4%		4%	2%	78%
Leicester	10%	8%	5%	5%	51%	1%	1%	8%	89%
Melton		7%	1%	1%	3%	61%			73%
North West Leicestershire	2%	8%	1%	5%	2%		51%	1%	68%
Oadby and Wigston	5%	4%	3%		25%			55%	93%

Source: Annual Population Survey. NB: Data for whole districts has been used.

2.38 The commuting data suggests that each of the local authority areas in Leicestershire have a core workforce drawn from the LLLPA authorities. Overall 84% of the jobs are taken up by those residing in the LLLPA area. This strengthens the case for a single housing market area covering the County.

2.39 As with the migration analysis, there are some localised movements from and to outside of the LLLPA area. The most notable of these are from South Derbyshire to North West Leicestershire and from Nuneaton and Bedworth to Hinckley and Bosworth. Again these are likely to be characterised by more localised cross boundary patterns within each Boroughs.

2.40 We have also reviewed anecdotal evidence that parts of the City and County are seeing higher levels of commuting to London, particularly from Harborough. However, the Annual Population survey suggests this is only around 0.8% of all working residents within the Local Authority.

House Prices

2.41 The geography of house prices is of higher housing costs in rural areas with lower housing costs within the principal urban areas. In relative terms, house prices for an average property are lowest in Leicester and highest in attractive smaller settlements with a high quality of place and with good accessibility.

2.42 We can identify the following broad price zones²:

- Prices under £125,000 in Markfield and Inner Leicester City;

² Based on data from Land Registry Dec 2012-Nov 2013

- Prices £125,000 - £150,000 in Coalville, Hinckley, Ibstock, Wigston and smaller villages around North West Leicestershire;
- Prices £150,000 - £200,000: includes Suburban Leicester, Oadby, Melton Mowbray, Market Harborough, Loughborough, Burbage, Kegworth and Castle Donington;
- Prices £200,000 - £225,000: includes Ashby-De-Le-Zouch and Lutterworth;
- Prices over £225,000: includes rural areas around Hinckley and Bosworth such as Market Bosworth and in North East Melton.

2.43 We have also sought to analyse house price changes. The table below analyses house price changes since the peak of the market in Q3 2007. The analysis suggests that over this period we have seen decline in house prices in all local authorities. The decline was particularly marked in Harborough and Melton.

Table 2: Median House Prices, and Change since Q2 2013

	House Price in Q2 2013	% Change from 2007 Q3
England and Wales	£ 180,000	0.0%
Leicestershire	£ 156,725	-5.6%
Blaby	£ 156,000	-6.0%
Charnwood	£ 155,000	-3.1%
Harborough	£ 175,000	-20.5%
Hinckley & Bosworth	£ 149,950	-6.6%
Melton	£ 145,000	-19.0%
NW Leicestershire	£ 167,000	8.4%
Oadby & Wigston	£ 145,000	-6.5%
Leicester	£ 124,973	-1.6%

Source: GLH Analysis of HM Land Registry Data

Housing Mix

- 2.44 We have also analysed differences in the housing mix. The overall pattern is one of a greater concentration of smaller and mid-market housing in the urban areas; and larger homes particularly within suburban areas and a rural hinterland. Further information on this can be found in sections 4.
- 2.45 Analysis of the most common house type on a ward basis in 2011 indicates that the balance of housing types differs across the sub-region, with a concentration of terraced and flatted properties in the urban areas of Leicester (particularly in and around the City Centre), Loughborough and Market Harborough and Coalville. Leicester has some suburban areas with higher levels of detached and semi-detached properties such as Aylestone, Evington and Thurnby Lodge. The more rural areas of Harborough, Charnwood and Melton have particularly high concentrations of detached stock.
- 2.46 We see a similar broad pattern when assessing the proportion of homes in Council Tax Bands A and B. Leicester in particular has a housing offer focused towards smaller and cheaper properties; whilst larger or higher value stock is more prevalent in Harborough District and Melton Borough.

Socio-Economic Characteristics

- 2.47 Experian's Mosaic Classification is useful in that it draws together a range of socio-economic characteristics to identify areas with common attributes. It is based on a range of data sources which collate information regarding:
- Locational characteristics
 - Property Characteristics (Value, Housing Mix etc.)
 - Socio-Economic Characteristics;
 - Demographics; and
 - Household incomes/ finances.
- 2.48 These are brought together to define 15 groups. We have mapped households in these classes across Leicester and Leicestershire (see appendix A). There is a clear difference between socio-economic characteristics in the University towns of Leicester and Loughborough and the other major settlements. In these areas there is a far higher concentration of Terraced Melting Pot and Liberal Opinions.
- 2.49 Leicester has distinct concentric rings showing the Terraced Melting Pot and Liberal Opinions in the central area surrounded by New Homemakers, Ex-Council Communities and Claimant Cultures. Outside this area and also to the South East there is a further ring of the affluent Alpha Territory, Professional Rewards, Suburban Mindsets and Careers and Kid typologies.
- 2.50 Looking at the differences in age structure, we firstly see a rural/ urban dimension (with a higher concentration of younger people in central Leicester, Oadby and Wigston and Loughborough). Again this can be linked to the universities. There are particular concentrations of elderly population in the rural areas around Melton and Harborough. There are also higher concentrations of elderly population in and around Coalville, Hinckley and Oadby.
- 2.51 Unemployment is focused in Leicester with the highest 10% of Super Output Areas for unemployment in the LLLPA area all within the City boundary. Unemployment is relatively low in the rural areas of Melton and Harborough.

Defining the Housing Market Area

- 2.52 Drawing the analysis together, there is a high level of self-containment in Leicester and Leicestershire as currently defined. We consider that there is a single core housing market, based on Leicester. However, at the edges of the county there are clear overlaps with other HMA areas, most prominently with Coventry/Nuneaton to the South West and the Derby and Nottingham HMAs to the North.
- 2.53 The Leicester and Leicestershire HMA can thus be defined as including the local authorities of Leicester, Blaby, Charnwood, Harborough, Hinckley and Bosworth, Melton, North West Leicestershire and Oadby and Wigston.

- 2.54 Functional market areas clearly do not precisely fit to local authority boundaries; and at the borders of any area which is defined there are often links two-ways, including with adjoining areas. Previous research has identified links between North West Leicestershire and South Derbyshire; and between parts of Melton District with the Peterborough, Nottingham, Leicester and Central Lincolnshire HMAs. In both cases these functional localised links are evident in our research, however at a strategic level, the strongest links are with Leicester and Leicestershire.
- 2.55 Whilst these relationships do not affect the definition of Leicester and Leicestershire as a HMA, they should be borne in mind in the context of the Duty to Cooperate. This is particularly true of relationships to Nuneaton and Bedworth, South Derbyshire, Rushcliffe and South Kesteven local authorities where housing market links appear strongest based on the evidence set out.

Leicester Principal Urban Area

- 2.56 For key indicators within the report we have analysed the data for the Leicester Principal Urban Area (PUA) as Leicester's urban area extends beyond the City Council's boundaries. This was defined in the (revoked) Regional Spatial Strategy. As a proxy for this area we have used the following wards. This is a practical definition and not all of every ward is wholly within the PUA:
- Leicester City – All Wards;
 - Oadby and Wigston - All Wards;
 - Blaby – Ellis, Fairestone Forest, Millfield, Muxloe, Ravenhurst and Fosse, Saxondale, and Winstanley Wards;
 - Charnwood – Birstall Wanlip, Birstall Watermead, and Thurmaston Wards; and
 - Harborough – Thurnby and Houghton Wards.

3 POLICY CONTEXT

3.1 In this section we review relevant strategic housing and planning policies, from a national to local level.

National Planning Policy and Guidance

3.2 The Coalition Government has reformed the policy framework for planning for housing provision, revoking regional spatial strategies and returning responsibilities for determining policies for housing provision to local authorities. The East Midlands Plan has been revoked. The primary legislation to support this is the 2011 Localism Act which now includes a 'duty to cooperate' on local authorities.

3.3 The duty applies to the preparation of development plan and other local development documents, and to activities which can 'reasonably be considered to prepare the way' for these activities or support them (such as the preparation of evidence base studies such as this). Authorities are required by Section 110:2 of the Localism Act to "engage constructively, actively and on an ongoing basis" with the other authorities identified in undertaking these tasks. The Duty to Cooperate is a legal test with which development plans must comply. It places a legal duty on local planning authorities to engage constructively, actively and on an ongoing basis to maximise the effectiveness of Local Plan preparation. Local planning authorities must demonstrate how they have complied with the duty at examination of their Local Plans. If it cannot be demonstrated that it has complied with the duty then the Local Plan will not be able to proceed further in examination.

3.4 National policies for plan-making are set out within the *National Planning Policy Framework*³. This sets out key policies against which development plans will be assessed at examination and with which they must comply.

National Planning Policy Framework (NPPF)

3.5 The National Planning Policy Framework (NPPF) was published in March 2012.

3.6 The Framework sets a presumption in favour of sustainable development whereby local plans should meet objectively assessed development needs, with sufficient flexibility to respond to rapid change, unless the adverse impacts of doing so would significantly or demonstrably outweigh the benefits or policies within the Framework. In such circumstances development should be restricted. Green Belt, AONB and flood risk are recognised as nationally-significant constraints.

3.7 The core evidence for housing need is intended to be a Strategic Housing Market Assessment (SHMA) for the housing market area. Paragraph 159 in the Framework outlines that this should

³ CLG (March 2012) *National Planning Policy Framework*

identify the scale and mix of housing and the range of tenures which the local population is likely to need over the plan period which:

- Meets household and population projections, taking account of migration and demographic change;
- Addresses the need for all types of housing, including affordable housing and the needs of different groups in the community; and
- Caters for housing demand and the scale of housing supply necessary to meet this demand.

3.8 This is reaffirmed in the NPPF in Paragraph 50. The SHMA is intended to be prepared for the housing market area, and include work and dialogue with neighbouring authorities where the HMA crosses administrative boundaries.

3.9 Paragraph 181 sets out that LPAs will be expected to demonstrate evidence of having effectively cooperated to plan for issues with cross-boundary impacts when their Local Plans are submitted for examining.

3.10 This highlights the importance of collaborative working and engaging constructively with neighbouring authorities, as required by Section 33A of the 2004 Planning and Compulsory Purchase Act, and ensuring that there is a robust audit trail showing joint working to meet the requirements of paragraph 181 of the NPPF.

3.11 Paragraph 158 of the NPPF also emphasises the alignment of the housing and economic evidence base and policy. This is a theme taken forward in Planning Practice Guidance (which is considered next). Paragraph 17 in the NPPF reaffirms this, and outlines that plans should also take account of market signals, such as land prices and housing affordability. However it also makes clear that plans must be deliverable.

3.12 The preparation of a strategic housing market assessment for the housing market area is intended to be the primary means of determining the objectively assessed housing need, upon which policies for future housing provision will be based.

Planning Practice Guidance

3.13 The Government published Practice Guidance on undertaking Strategic Housing Market Assessments in 2007. The approach in this report takes account of this Guidance albeit in parts this has been superseded by the National Planning Practice Guidance. In such circumstances we have referred to the latter.

3.14 New Planning Practice Guidance was issued by Government in March 2014 on 'Assessment of Housing and Economic Development Needs'. This is relevant to this SHMA in that it provides clarity on how key elements of the NPPF should be interpreted, including the approach to deriving an objective assessment of the need for housing.

- 3.15 The Guidance defines “need” as referring to ‘the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet this need.’ It sets out that the assessment of need should be realistic in taking account of the particular nature of that area, and should be based on future scenarios that could be reasonably expected to occur. It should not take account of supply-side factors or development constraints.
- 3.16 The Guidance outlines that whilst estimating future need is not an exact science and that there is no one methodological approach or dataset which will provide a definitive assessment of need, the starting point for establishing the need for housing should be the latest household projections published by the Department for Communities and Local Government (CLG). At the time of preparation of this report these are 2011-based ‘Interim’ Household Projections.
- 3.17 It sets out that there may be instances where these national projections require adjustment to take account of factors affecting local demography or household formation rates, in particular where there is evidence that household formation rates are or have been constrained by supply. It suggests that proportional adjustments should be made where the market signals point to supply being constrained relative to long-term trends or to other areas in order to improve affordability.
- 3.18 Evidence of affordable housing needs is also relevant, with the Guidance suggesting 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. In some instances it suggests this may provide a case for increasing the level of overall housing provision.
- 3.19 In regard to employment trends, the Guidance indicates that job growth trends and/or economic forecasts should be considered having regard to the growth in working-age population in the housing market area. It sets out that where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility and other sustainable options such as walking and cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing and infrastructure development could help to address these problems.

The Guidance indicates that the assessment should consider the need for different types of housing and the needs of different groups, including family housing, housing for older people, and households with specific needs and those looking to build their own home. It sets out that the need for older persons housing should be broken down by tenure and type, and should include an assessment of need for residential institutions.

4 HOUSING MARKET DYNAMICS AND MARKET SIGNALS

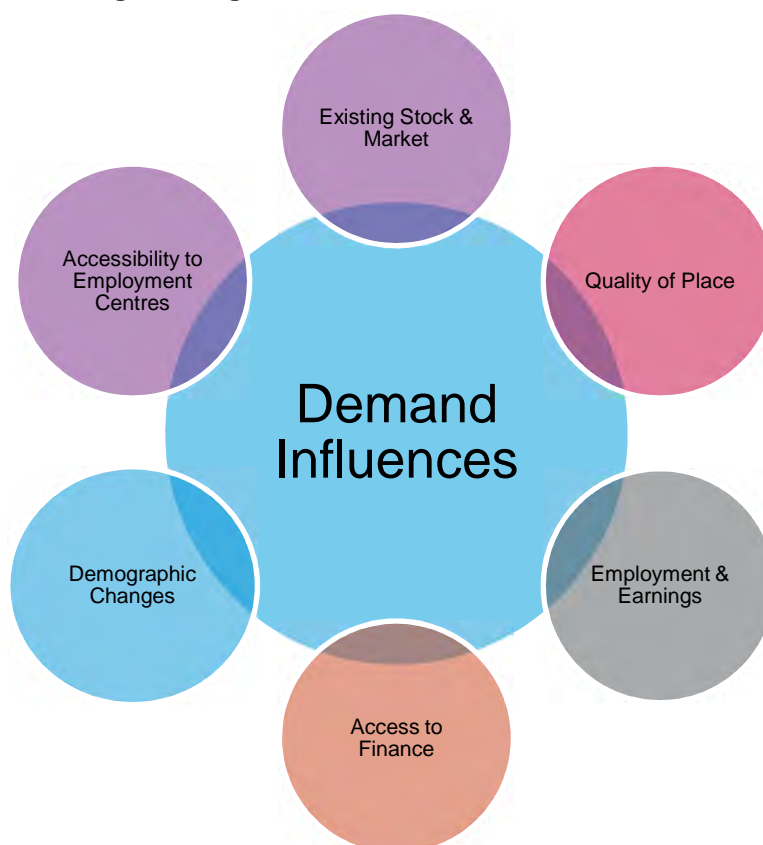
4.1 We have sought to provide an analysis in this section of housing market dynamics and market signals within Leicestershire. This includes a review of macro-economic dynamics and drivers as well as analysis of micro and local level house price, demand and rental trends for the Leicestershire Local Authorities. This is supplemented by qualitative evidence and findings from consultation with estate and letting agents active across the HMA.

Overview of the UK Housing Market and Economy

Conceptual Framework

4.2 It is important to understand that the housing market is influenced by macro-economic factors, as well as the housing market conditions at a regional and local level. There are a number of key influences on housing demand, which are set out in the diagram below:

Figure 4: Understanding Housing Demand



Source: GL Hearn

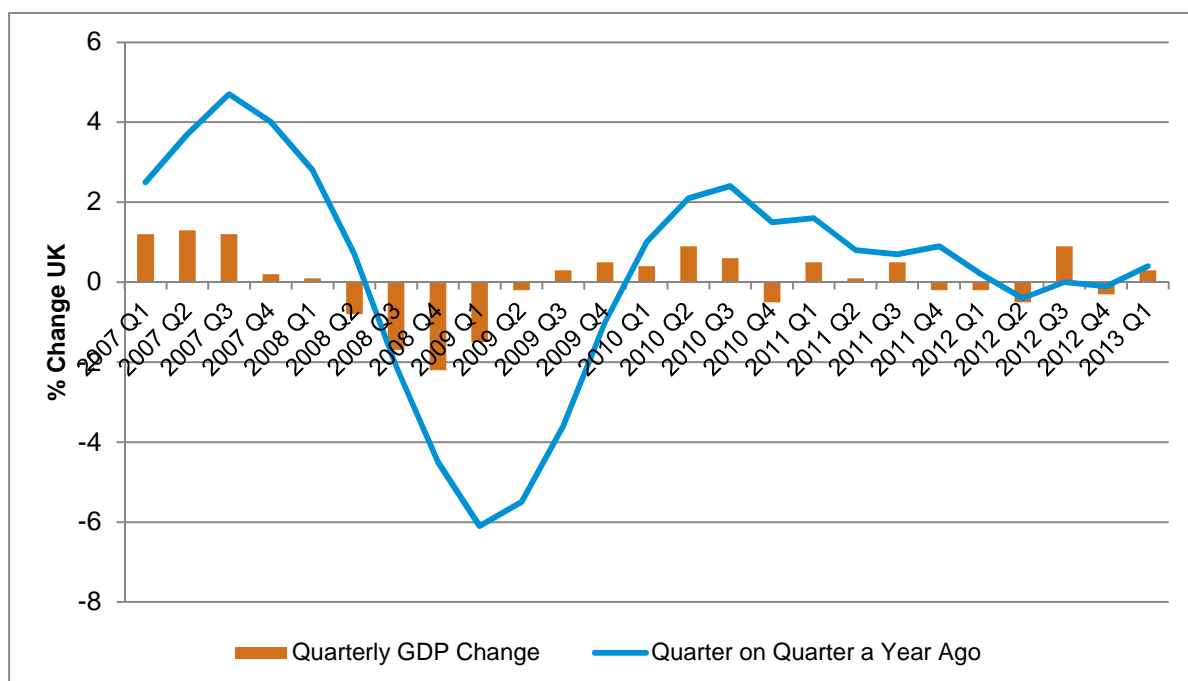
4.3 At the macro-level, the market is particularly influenced by interest rates and mortgage availability, as well as market sentiment (which is influenced by national economic performance and prospects). In the recent recessionary period, these macro conditions have been particularly prominent in driving the housing market.

- 4.4 The market is also influenced by the economy at both regional and local levels, recognising that economic employment trends will influence migration patterns (as people move to and from areas to access jobs) and that the nature of employment growth and labour demand will influence changes in earnings and wealth (which influences affordability).
- 4.5 Housing demand over the longer-term is particularly influenced by population and economic trends: changes in the size and structure of the population directly influence housing need and demand, and the nature of demand for different housing products.
- 4.6 There are then a number of factors which play out at a more local level, within a functional housing market and influence demand in different locations. The importance of these local factors is perhaps more pronounced in stable or healthy economic times, when mortgage availability and market liquidity are far less of a constraint on activity. These include:
- quality of place and neighbourhood character;
 - school performance and the catchments of good schools;
 - the accessibility of areas including to employment centres (with transport links being an important component of this); and
 - the existing housing market and local market conditions.
- 4.7 These factors influence the demand profile and pricing within the market. At a local level, this often means that the housing market (in terms of the profile of buyers) tends to be influenced by and consequently reinforces the existing stock profile. However, regenerative investment or delivery of new transport infrastructure can influence the profile of housing demand in a location, by affecting its attractiveness to different households.
- 4.8 Local housing markets or sub-markets are also influenced by dynamics in surrounding areas, in regard to the relative balance between supply and demand in different markets; and the relative pricing of housing within them. Understanding relative pricing and price trends is thus important.

Understanding the Macro-Level Dynamics

- 4.9 Much has been written over the last few years about economic performance and outlook. The UK economy, as well as a number of the major global economies, experienced an economic recession which lasted six quarters from Q3 2008 until the end of 2009. The economy began to recover in 2010.
- 4.10 Economic recovery since 2010 has been relatively weak – we have seen both a deep recession and weak recovery. Although there is now a general feeling that longer-term recovery is now well under way. As the figure overleaf indicates during the course of 2012 there was minimal growth in the UK economy. During the course of 2013 the economic outlook has improved.

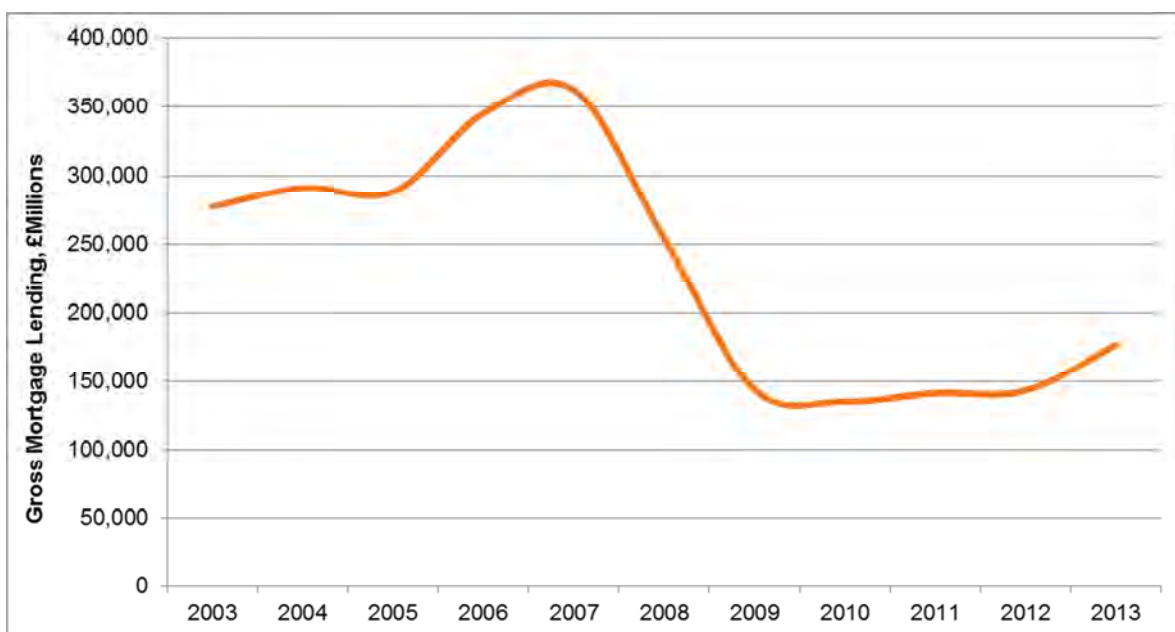
Figure 5: UK Economic Growth, 2007-2013



Source: ONS

- 4.11 One of the key triggers to the recent economic difficulties on an international level was the ‘credit crunch.’ The downturn in the world economy was led to a large extent by the sub-prime lending crisis in the United States: this crisis has generated a fundamental shift in not only interbank lending but more significantly, attitudes towards customer lending (including home purchasers, landlords and developers).
- 4.12 From the onset of the economic downturn, banks sought to increase the inter-bank lending rate (LIBOR) and sought to adjust their exposure to risk by adopting much more cautious lending practices. This sharply reduced liquidity in the financial markets and credit available and in tightening lending criteria for current and prospective homeowners. This tightening of lending criteria increased ‘barriers’ to entry for marginal mortgage applicants by reducing loan to value ratios (LTVs), increasing costs associated with obtaining mortgages and reducing the income multiples accepted.
- 4.13 The tight lending criteria initiated by the credit crunch have continued to have an impact on mortgage lending over the last four years, with households’ ability to obtain mortgage finance functioning as a notable constraint on effective demand for market homes. As the figure below demonstrates, there is virtually no evident recovery in lending since 2010; with trends flat during the past few years. Mortgage lending began to pick up in 2013, particularly owing to Government-backed schemes.

Figure 6: Trends in Gross Mortgage Lending, UK



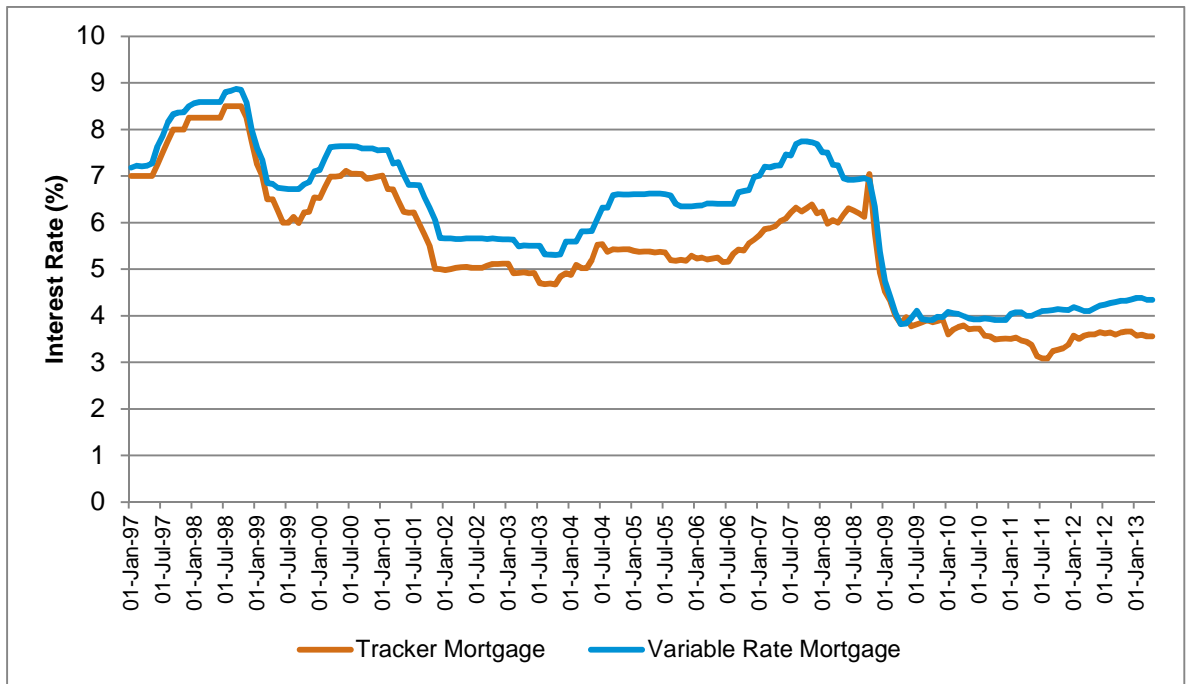
Source: Council for Mortgage Lenders

4.14 The impact on first-time buyers (FTB) has been particularly notable. Average loan-to-value ratios fell sharply post-2008 and currently stand at 80%. There has however been a gradual improvement in the proportion of FTB with a deposit of 10% or less (albeit that for these loans the interest rates charged are often punitive), with 25% of FTBs putting down a deposit of 10% or less in early 2013. Key issues affecting the ability of households and investors to secure mortgage finance are:

- Savings and Capital: the ability to raise a deposit;
- Earnings and Interest Rates: affecting the ability to afford repayments;
- Lending Criteria: key criteria which have to be met to secure finance.

4.15 For those with a sufficient deposit, housing is now relatively affordable given improvements to the affordability ratio, the reductions in the value of homes since the peak of the market in 2007 and low interest rates by historic standards. The figure below demonstrates the trend in mortgage interest rates over the past 15 years.

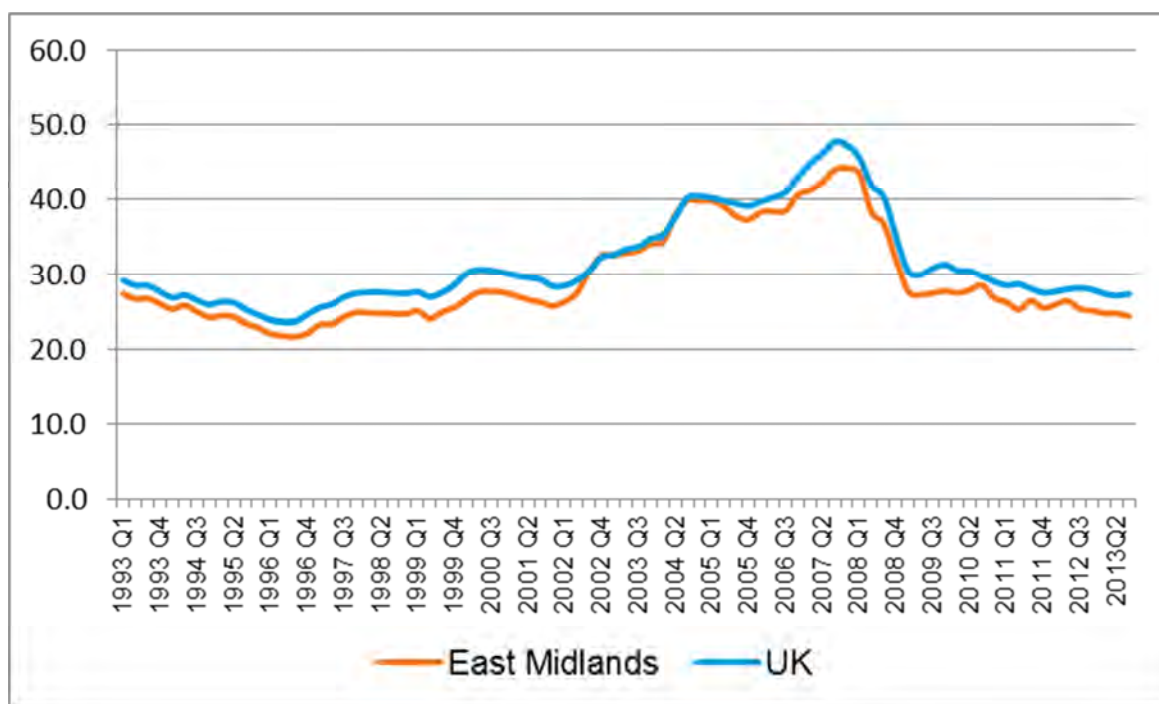
Figure 7: Interest Rates



Source: Bank of England Statistics

- 4.16 The figure below assesses long-term trends in the balance between housing costs and incomes as an indicator of the affordability of market housing. It considers the cost of mortgage payments as a percentage of monthly income.
- 4.17 With reductions in house prices and low interest rates, market housing is now as affordable as it was in the late 1990s on this measure. Mortgage repayments are on average 24.3% of (gross) household income in the East Midlands (and 27.3% across the UK) as at Q3 2013. This is significantly down on the peak of the market in Q4 2007 when mortgage repayments were on average 44.3% of gross income across the region. Indeed affordability on this measure is similar to 1999.

Figure 8: Mortgage Payments as a % of Monthly Income



Source: Halifax House Price Index

- 4.18 Market sales are also influenced by investment activity - that is properties bought to be rented privately. The buy-to-let sector continues to grow, with the Council for Mortgage Lenders indicating that by the end of March 2013 buy-to-let lending accounted for 13.4% of total outstanding mortgage lending in the UK - up from 13% the previous quarter and 12.9% at the end of the first quarter of 2012. This is partly related to improved access to finance. With growth in rents over the last few years and lower capital costs for house purchases, housing represents an improved investment proposition. There is evidently occupier demand from a combination of demographics, limited new-build and restrictions on home purchases.
- 4.19 In addition to “buying activity”, data also shows that mortgage repossessions have been falling (no doubt supported by low interest rates). The Council of Mortgage Lenders in February 2013 stated that the number of repossessions held by lenders in 2012 was at the lowest level for 5 years⁴. The trend in mortgage arrears is also downwards.

⁴ <https://www.cml.org.uk/cml/media/press/3422>

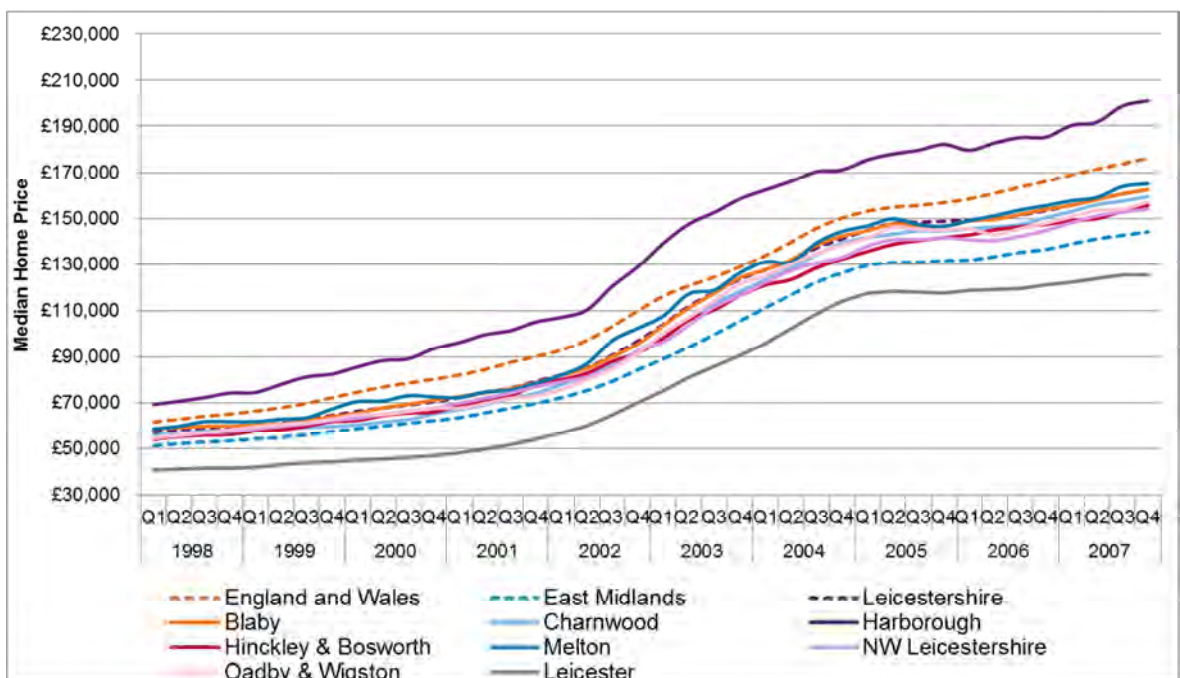
Demand Indicators and Market Signals in Leicester and Leicestershire

House Price Trends

4.20 As recognised in the Planning Practice Guidance, long term changes in house prices can be an indicator of the balance between the demand for, and supply of, housing in a particular area. The figure below profiles median house prices in Leicestershire between 1998 and 2007 (the pre-recession decade).

4.21 As we can see, price growth across the LLLPA authorities has been broadly consistent with regional trends. Between Q1 1998 and Q4 2007, the median house price in the East Midlands as a whole increased by an average of 175%. The figure below illustrates, the Leicester and Leicestershire authorities experienced broadly similar growth levels over the corresponding period with little evidence of significant divergence from regional trends. Charnwood and North West Leicestershire performed closest to the regional average at 177% and 173% growth respectively. Harborough and Melton experienced growth slightly below this at 157% and 158% respectively. Leicester and to a lesser extent Oadby and Wigston, were significantly above the regional trend at 212% and 183% respectively. Overall, the pre-recession price growth points towards an imbalance between housing supply and demand over this period (and particularly between 2002 and 2005).

Figure 9: Median House Price Trends, 1998 – 2007

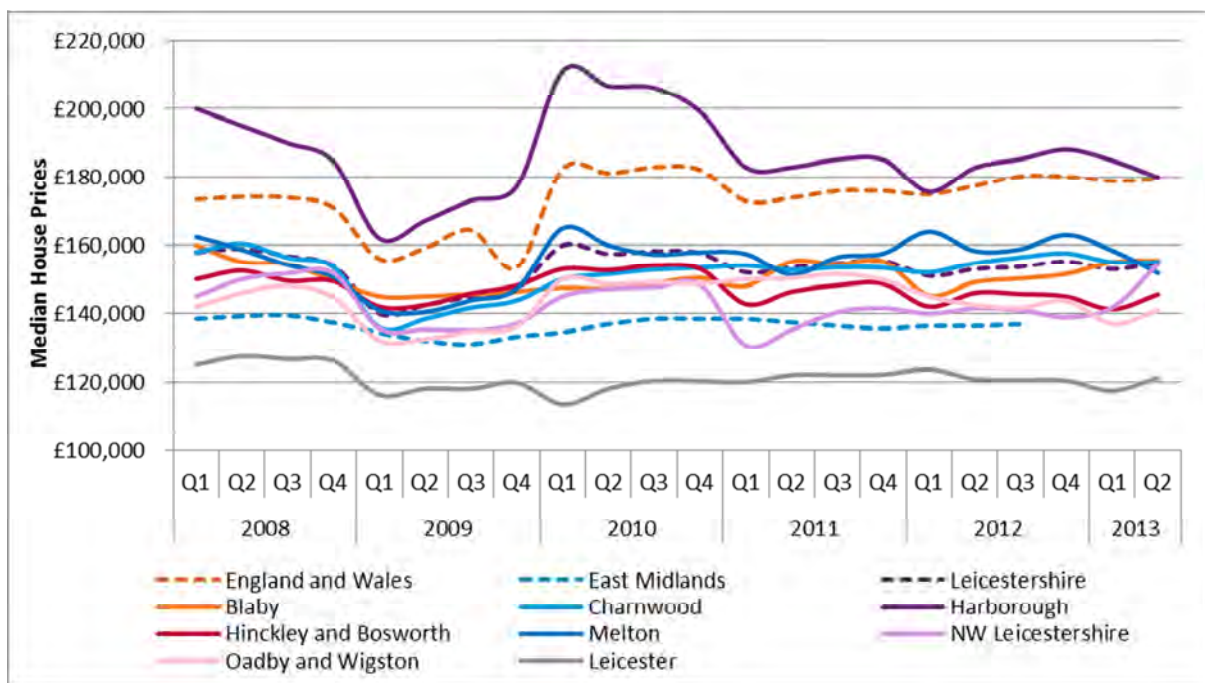


Source: HM Land Registry / CLG. Note: Data only available at LA level

4.22 House price dynamics since 2008 have been vastly different as a result of the wider economic situation. As the figure overleaf demonstrates, house prices declined rapidly, followed by low level growth or stagnation over the past 5 years. As a result house prices are on average 7% lower than

what they were in 2008. If inflation was stripped out, it would likely show a decline across much of the County. This indicates a market characterised by higher supply than demand.

Figure 10: Median House Price Trends, 2008-2013 (Q2)



Source: HM Land Registry. Note: Data only available at LA level

4.23 Analysis of price change since the “peak” of the market in Q3/Q4 2007 indicates that with the exception of North West Leicestershire prices in all the other Leicester and Leicestershire authorities have not recovered to the previous levels; Charnwood had recovered to previous figures and has subsequently declined again. North West Leicestershire has only recovered in the last published quarter due to a significant jump in prices.

4.24 Anecdotal evidence suggests that the effect of commuters to London is driving higher house prices in Harborbrough. However, given low commuting numbers and that around 48% of the housing stock is detached (the next highest Melton 40%), it is far more likely to be a reflection of the stock.

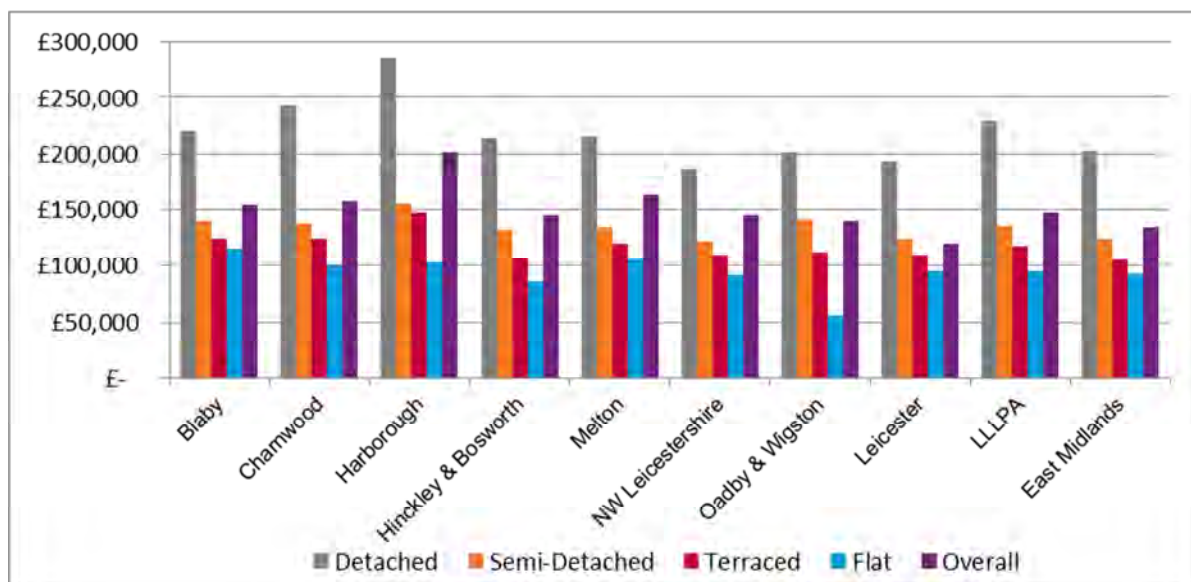
Current House Prices

4.25 Average house prices are influenced by the mix of homes sold and pricing differentials can be an important indicator of supply and demand dynamics for particular types of property within an area. The figure below profiles the average price for different types of property in each of the LLLPA authorities over the past year (Dec 2012 – Nov 2013).

4.26 Across all property types, the median house price in Leicester and Leicestershire is £147,500. However, this masks a broad range of median prices at a local authority level. Harborbough in particular experiences comparatively high median prices with an average over the past year of

£202,000. Harborough also experiences comparatively high prices for flats, indicating stronger relative demand across all market segments. There are also relatively higher median prices in Melton (£163,000).

Figure 11: Median House Prices by Type – Local Authorities (Aug 2012-Feb 2013)



Source: GLH Analysis of HMLR Data

4.27 We see the lowest median house price in the area is in Leicester City (£119,500). This is in part as a result of a low number of detached sales in comparison to the other areas. However the flatted prices in the City are around average for the LLLPA area. Prices for semi-detached properties are most consistent ranging from £125,250 in North West Leicestershire to £155,500 in Harborough. Prices for flatted properties vary somewhat, with the highest prices in Blaby (£115,500) and the lowest at £55,750 in Oadby and Wigston (although it should be noted that both these figures are based on relatively small samples).

Sales Trends

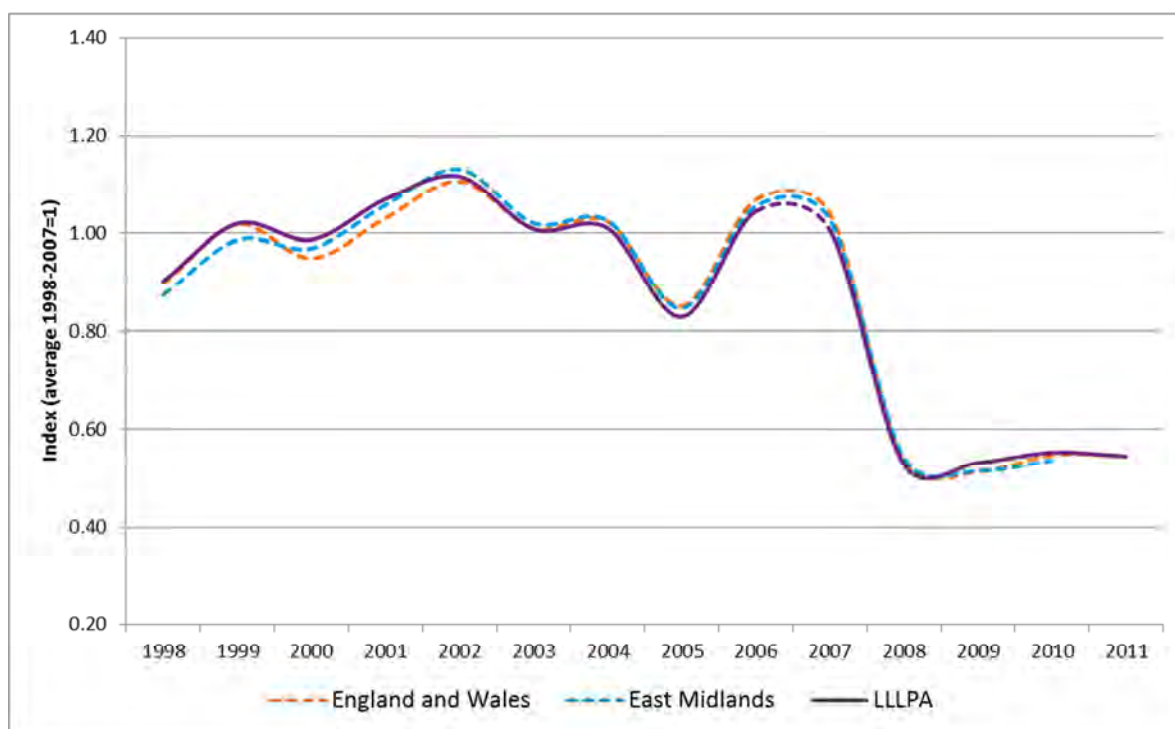
4.28 Sales volumes and sales rates are an important indicator of effective demand for market housing. We have benchmarked sales performance against long-term trends to assess relative demand. The figure overleaf benchmarks annual sales across Leicester and Leicestershire and wider geographies over the 1998-2011 periods. 2011 is the latest data currently available consistently. The line chart uses an index where 1 is the average annual sales over the 1998-2007 decade (prior to the credit crunch).

4.29 The chart shows that the credit crunch resulted in a substantial reduction in effective demand, with sales almost halving across the LLLPA area, as well as across England and the East Midlands.

Between 2009 and 2011, there was only a very modest recovery in sales across both the Leicester and Leicestershire and the country as a whole.

4.30 Analysis of the data indicates that in 2011, the combined number of sales across the LLLPA was 45% down on the pre-2008 annual average, consistent with the corresponding figure for England as a whole (45%).

Figure 12: Sales Trends –Overall, 1998-2011



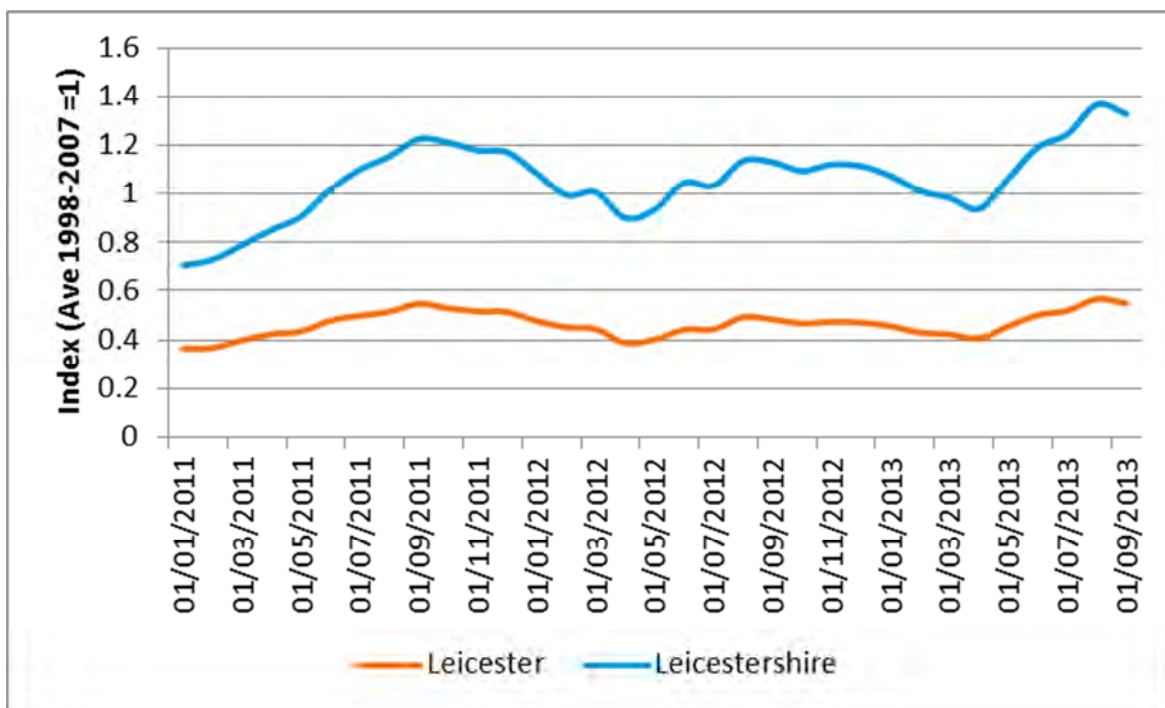
Source: HM Land Registry

4.31 Reviewing the individual authorities, we again see a broad trend in terms of the impact of the economic downturn, demonstrating somewhat the influence of macro rather than micro factors on the Leicester and Leicestershire market at this point.

4.32 However, there is some divergence with the initial drop off in sales/demand noticeably greater in Blaby and Oadby and Wigston than in the other authorities. There is also evidence of a noticeably stronger recovery in demand in these areas, whereas Leicester has fallen further along with North West Leicestershire and has not recovered since the initial fall.

4.33 The Land Registry Sales Index Provides a more contemporary assessment of transactions at a County and Unitary Authority Level. As shown in the Figure overleaf the Leicestershire Authorities have recovered to and exceeded the pre-recession levels in recent months. This is in part as a result of the governments help to buy initiatives and the early stages of the economic recovery. However, Leicester City is still well below its pre-recession levels.

Figure 13: Index Sales Trends (2011-2013)

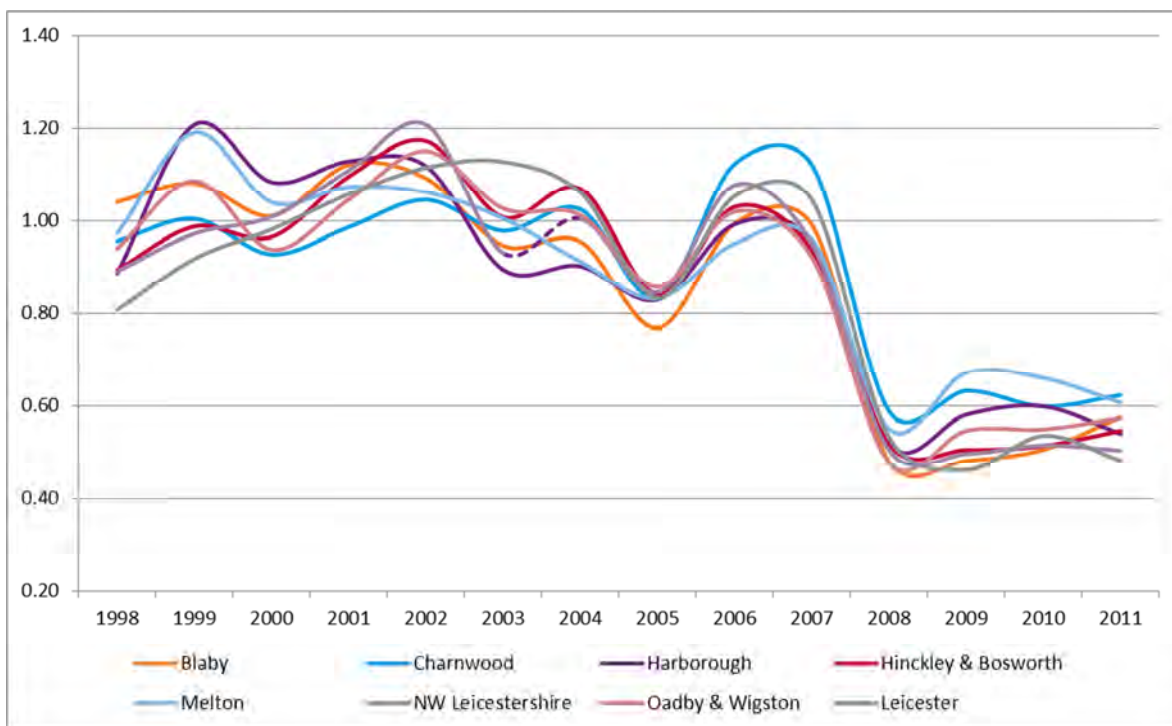


Source: HM Land Registry 2014

Sales by Type

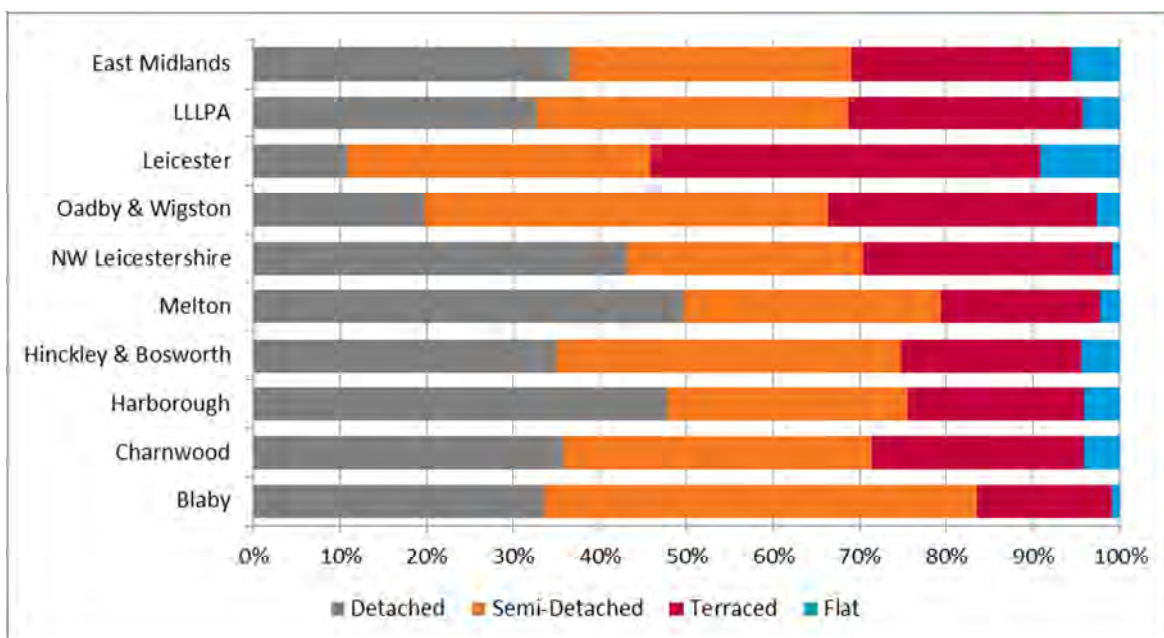
4.34 At Local Authority level, the proportion of detached sales is highest in Melton (50%) and Harborough (48%), suggesting a strong market for, and availability of, such properties in this area. The proportion of semi-detached sales is highest in Blaby (50%) and Oadby and Wigston (47%) whilst the proportion of terraced sales is significantly higher in Leicester than other the local authorities (45%). Flatted stock represented 9% of all sales in Leicester, significantly above the next three highest areas – Hinckley and Bosworth, Charnwood and Harborough – which all had 4%.

Figure 14: Sales Index (Individual Districts), 1998 – 2011



Source: HM Land Registry / CLG

Figure 15: Percentage of Sales by Type – LA level, December 2012 – Nov 2013



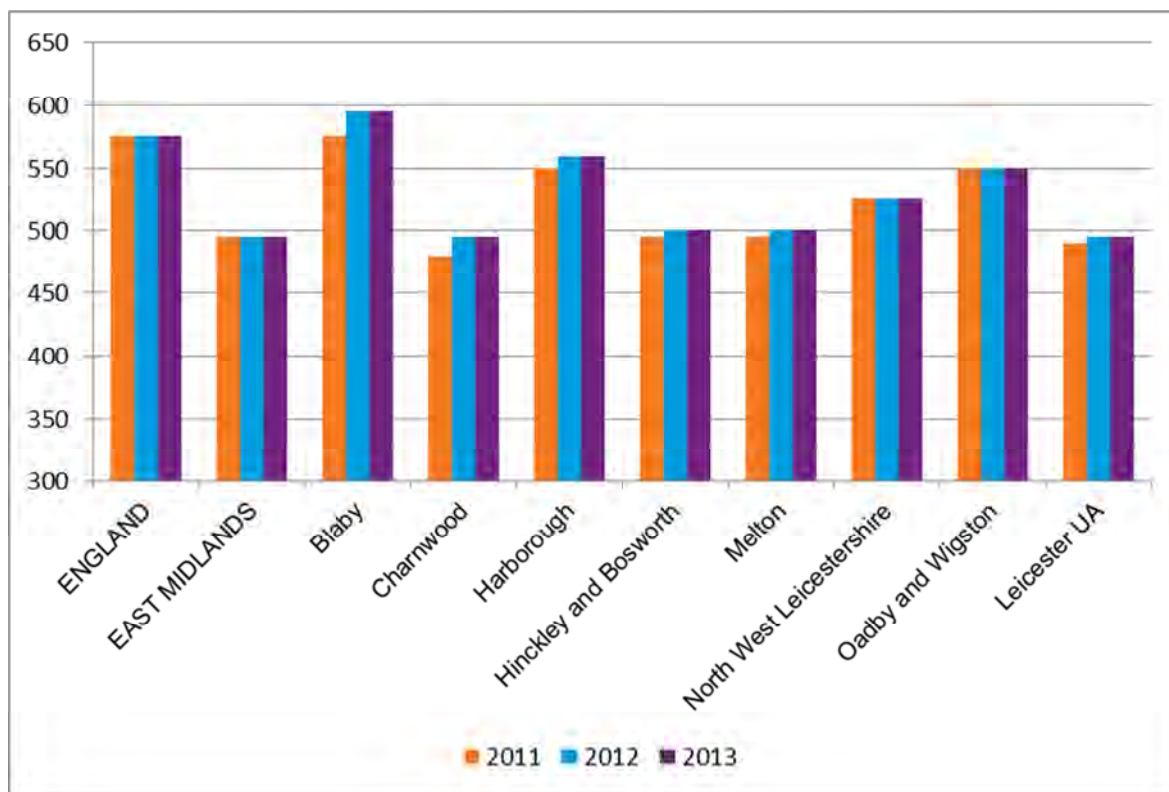
Source: GLH Analysis of HMLR Data

Rental Values

4.35 Analysis of trends in median monthly private rents, supplied by the VOA, indicates that there has been relatively little movement in rental prices across Leicester and Leicestershire over the past few

years. As the chart below demonstrates, none of the local authorities have seen two years of continuous growth. In line with the national and regional trends rental costs in both North West Leicestershire and Oadby and Wigston have not grown at all. The highest growth was seen in Blaby and Charnwood both of which grew by 3%.

Figure 16: Median Monthly Rental Levels – 2011 - 2013



Source: VOA Private Rental Data

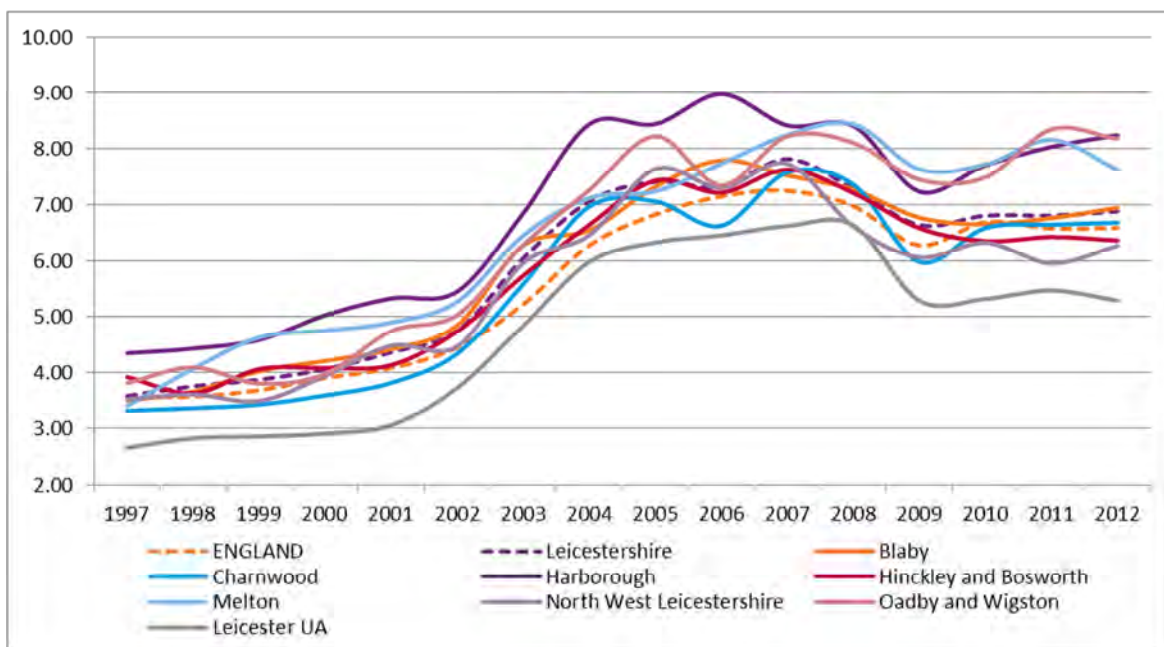
Market Affordability

4.36 The Guidance specifically identifies the affordability of market housing for sale as an important signal of market pressures. We have therefore considered lower quartile affordability ratios produced by CLG. These describe the ratio between lower quartile house prices and lower quartile earnings, to provide an indication of the cost of entry level housing relative to the typical earnings of younger households. As a general observation, we can see that across all areas the affordability of market housing has worsened quite markedly over the past 15 years across the country.

4.37 In broad terms, as the Figure below demonstrates, affordability issues (using this measure) are more acute in Oadby and Wigston and Harborough, with these two areas having ratios of 8.2, which is above the national level of 6.6. Towards the top of the market in 2007-8, affordability pressures in Melton have been similar to those in Oadby and Wigston and Harborough; however, the recession has effected a slight improvement in affordability using this measure. North West Leicestershire and Hinckley and Bosworth have experienced the most significant improvements to affordability since 2007.

4.38 Affordability issues are noticeably less significant in Leicester, which along with North West Leicestershire and Hinckley and Bosworth are more affordable than the average for England.

Figure 17: Lower quartile affordability (price/income) (1997 - 2012)



Source: DCLG Affordability Tables

4.39 Across all of the Local authorities, the situation with respect to affordability improves at the median house price to earnings level. In the case of Oadby and Wigston, this improvement is quite marked. This broadly indicates that issues with affordability are particularly focussed on the lower end of the market rather than across the market as a whole.

Table 3: Comparison of Median and Lower Quartile Affordability, 2012

	Median Ratio	Lower Quartile Ratio
ENGLAND	6.74	6.59
Leicestershire	6.32	6.88
Blaby	6.24	6.94
Charnwood	6.20	6.68
Harborough	7.73	8.25
Hinckley and Bosworth	5.70	6.36
Melton	7.23	7.62
North West Leicestershire	5.67	6.27
Oadby and Wigston	6.72	8.18
Leicester UA	4.80	5.29

Source: DCLG Affordability Tables

Qualitative Evidence

- 4.40 The SHMA has included consultation with estate and letting agents and qualitative research into housing market conditions and trends within the housing market area (HMA). It describes market dynamics and shortages in supply at the time of the assessment in Winter 2013/14.

Research Methodology

- 4.41 31 face to face interviews were achieved with sales and lettings agents across the County. Interviews were obtained in all of the major towns and the City of Leicester. Whilst project resources would not allow coverage of all neighbourhoods we are confident that we have gathered the evidence necessary to inform the key research questions, understand the functional housing markets and understand how they differed across and between the local authority areas. These interviews record the perceptions of professionals that service the housing market. Most of our interviews have been conducted with independent agents. We mostly base our interviews in service centres with several agents in a single location as this enables us to efficiently gather a range of views about local market conditions rather than relying upon a single view.
- 4.42 Interviews are designed to answer research questions aimed at broadly understanding local housing market conditions trends and drivers, which parts of the market serve the needs of important groups such as local people, incomers, first time buyers, investors, those on low income and vulnerable people. The research also explores the interfaces between the sales and letting markets and these markets with sub market and affordable housing.
- 4.43 Additional supply is mostly through development of new build housing and it is important to understand the characteristics of new build housing and households that purchase or occupy it. We have only sought to interview volume developers with on-site sales staff. 16 face to face interviews were achieved with on site sales staff and many more schemes were visited where sales offices were not open. 3 telephone interviews were achieved to follow up on these. On a smaller scale local builders and self-builders develop smaller infill and windfall sites and this will be touched on in our research on custom build. Another source of additional supply is through conversion of larger buildings sometimes involving a change of use.
- 4.44 Leicestershire is a large county with local housing market areas that are diverse in character. We have endeavoured to capture the widest possible insights within this phase of the consultation by capturing as much evidence as possible to answer the following research questions:
- What are the main gaps in supply for each local housing market area for new build, resale and rented housing?
 - To what extent does new build housing meet local need?
 - What contribution does the private rented sector make to meeting local need?

What are the main gaps in supply for each local housing market area for new build, resale and market rented housing?

- 4.45 Our question posed to sales and lettings agents was *'what are the critical shortages in your local housing market area?'* Their reply was invariably 3 bedroom semi-detached homes. When asked for a more detailed reply, they mostly said homes with parking and a garden and priced at around the £160k (or £550 pcm if rented) mark. Agents explained that there was most unmet demand for this housing mostly from existing households seeking their second home. The gap exists because new build supply is too big a step financially and only a small amount of new build supply is smaller 3 bedroom homes at around this price point. If supplied, it would release cheaper property for first time buyers or investors.

To what extent does new build housing meet local need?

- 4.46 A further question to sales and lettings agents was, *'what proportion of sales and lettings go to incomers?'* Responses from resale and letting agents varied across the county. In the City of Leicester they told us that the vast majority of sales and lettings were to local people moving around the City, with higher income households moving to the outer edges or the more up market parts of the City. They also told us that in central Leicester the market was mostly a private rental market.
- 4.47 Agents told us the proportion of incomers was higher in rented housing. Most agents told us that this was driven by the need for young professionals to re-locate upon leaving university and relocate frequently to progress their careers.
- 4.48 A proportion of households moving to properties in North West Leicestershire come from Derby, Nottingham, and Burton on Trent and from Nuneaton and Coventry in Hinckley.
- 4.49 The evidence from new build agents suggests that higher priced housing tended to attract a greater proportion of incomers. Resale agents also told us that premium priced homes in rural and village locations, especially in Harborough and Melton, would attract incomers. Many examples were given of people re-locating from London, its commuter belts and the South East. The driver for this was rural or edge of town locations, exceptional value for money, easy access to London by rail and good quality schools. A second common factor was people wishing to return to the area to re-join their extended family. New build agents also told us that the ease of accessing and moving into new build housing was also a factor.

'What contribution does the private rented sector make to meeting local need?

- 4.50 Our question to letting agents concerned overall demand for privately rented housing and the willingness of landlords to house households claiming Local Housing Allowance (LHA), including working households claiming top up benefits.

- 4.51 Letting agents in Leicester told us that a high proportion of housing in the City Centre and the Golden Mile is rented. There is considerable demand for this housing and investors are continuing to purchase vacancies and increase supply overall. Whilst the proportion of market rented housing is lower in other parts of the county investors are continuing to invest in response to unmet demand. Market rented housing in all locations tends to attract a higher proportion of incomers than re-sale housing. This is because people re-locating for work purposes may not be in a position to buy or are re-locating on a short term basis.
- 4.52 We were told that tenants claiming LHA were widely accepted apart from the very high value areas such as parts of Oadby and Market Harborough.

Rising Aspirations

- 4.53 It is noteworthy that a higher proportion of Asian and Polish households are now becoming home owners. In the case of the Asian households, some are moving a little further afield to access better quality housing and new-build housing but remaining within easy reach of their family networks.

Moves from the City

- 4.54 Leicester is a densely populated city and we were anxious to understand the extent to which demand across the county was driven by people leaving the City. Our conclusion is that there is a steady demand from households leaving the central part of Leicester, but the destination is mainly the outer (suburban) part of the Principal Urban Area. This is facilitated by the large amount of recent and current new build to the west and north-west of the City and to a lesser extent to the south at Kibworth. Everywhere else the impact on owner occupied housing was small and a little greater for market rented housing.

Students and Shared Housing

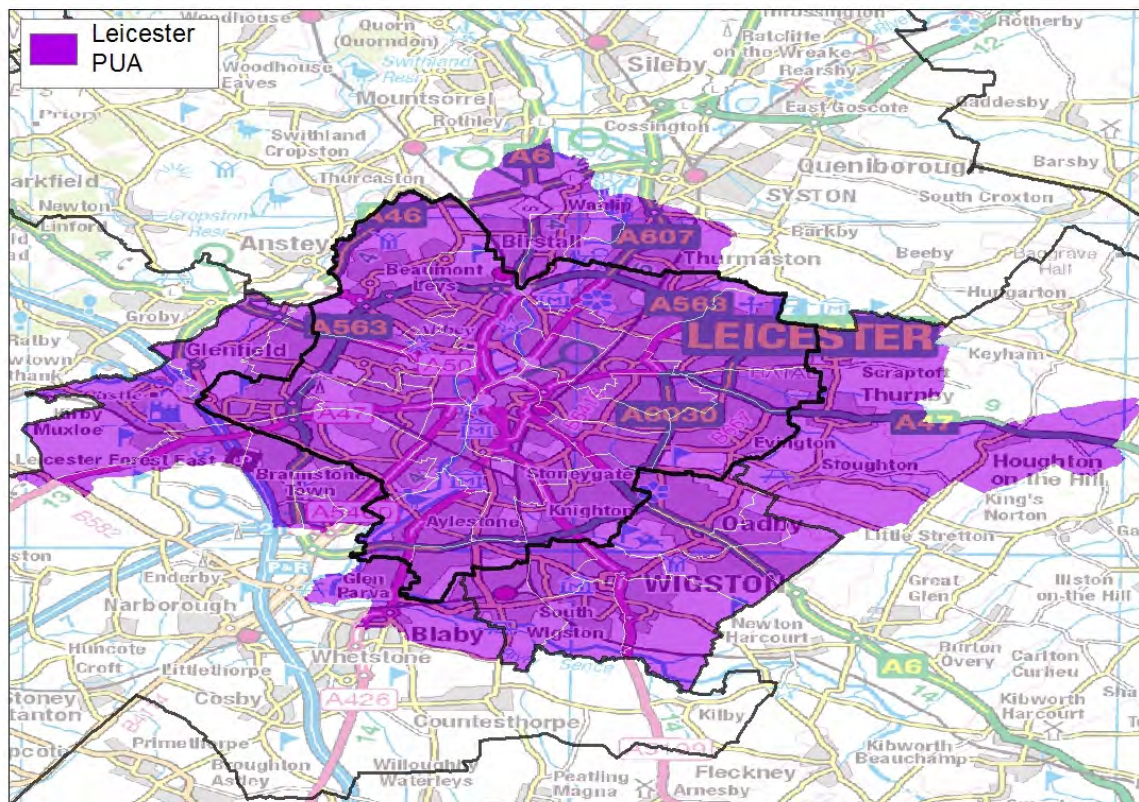
- 4.55 The student market is significant in size and impact on the Housing Market Area. Agents in both Loughborough and Leicester, told us that the market is restructuring and some private rented sector student houses are being returned to the general market. The driver for this is not falling student numbers but demand for higher quality accommodation from students. The standard is being set by new purpose-built accommodation. Some landlords are unwilling to update their stock and have seen a reduction in demand.
- 4.56 Shared housing is becoming a lifestyle choice for some young professionals as it enables them to live in better quality accommodation and neighbourhoods than they could otherwise afford. Others will live in shared housing as it is what they can afford.

Qualitative Research Findings for Individual Local Authorities

- 4.57 From the evidence we have collected, the housing markets of some local authorities are more closely associated with the city of Leicester than others. The following diagram shows the Principal

Urban Area in relation to local authority boundaries. The PUA area as defined here uses wards boundaries, however, it should be noted that not all of these wards fall fully into the PUA.

Figure 18: Boundary of the Leicester Principal Urban Area



Source: GL Hearn

Leicester City and the Principal Urban Area

4.58 It is very difficult to fully capture the dynamics and trends of a large city. Our strategy for informing our consultation research questions was to prioritise interviews with new build agents in inner city and outer areas, many of which are located just off the City’s ring road. Our priority for re-sale and letting agents was both city centre based and areas of interest we came across along the main road corridors into the city.

4.59 In the interest of brevity, we discuss re-sale and market rental housing in the next section under the heading of existing housing. We then consider new build housing.

The City Centre Resale Market

4.60 Student housing is a significant aspect of the City’s housing market and we consider this topic separately at the end of the chapter.

4.61 Agents told us that central area housing is mostly rented although the built form varies, including purpose built and converted apartments, terraced housing, semi-detached and detached housing.

Some of the detached housing to the south east of the city can be described as ‘grand’ being the residences of business leaders of Leicester’s original manufacturing base. In addition many fine former factories and mill buildings have been converted into apartments.

4.62 We were told that the rental market dominates the City Centre and the wider central area. Estate agents told us that market rents are quite high compared to the surrounding local authority areas, prices are cheap and landlords are making good returns. Accordingly they are continuing to invest. Agents estimated that month by month around 60% of all sales transactions were made by investors. Demand for private rented housing continues to grow reflecting the proportion of low income households, those unable to become home owners or access the City’s affordable housing. One letting agent highlighted the demand from households who were eligible to claim housing benefit. We note that there is a considerable supply of housing available to rent within the current Local Housing Allowance rates for Leicester which are:

Table 4: Local Housing Allowance Rents in Leicester

	Room	1 bed	2 bed	3 bed	4 bed
Weekly	£59.00	£88.44	£109.62	£126.92	£160.38
Monthly	£255.67	£383.24	£475.02	£549.99	£694.98

4.63 Agents told us that central Leicester housing supply was essentially occupied by local households, international economic migrants, young professionals and university graduates that had settled in the City. There was a great deal of churn, as these households sought the best quality housing that they could afford. Re-location from within the UK did occur but was not on a scale evidenced in other local authority areas. Adult house sharing is considered at the end of this chapter.

4.64 We observed a large volume of housing for sale at prices below £120,000. A plentiful supply of apartments was for sale from £60k (or less if shared ownership) and houses were priced from £85k with a plentiful supply at around £100k. It is notable that marketing of the latter is aimed at investors.

Urban Area Resale Market

4.65 We spoke to agents operating locally in and near the Golden Mile. The Golden Mile is a neighbourhood between Loughborough Road and Melton Road that is mostly terraced housing and home to several Asian cultures. Agents told us that this was a close knit community with local people doing most of the buying and renting. The agent told us that supply was under pressure and there had been recent price increases. Terraced housing was on offer at £130k, 30% higher than some parts of the City (for example the Tudor Road area which is occupied by Eastern European migrants). However rents within the Golden mile were consistent with rents across the City and close to Local Housing Allowance rates. Investors would purchase in cash rather than seek loan finance. We were interested to learn about the impact of new supply which is reported in the next section.

- 4.66 Another area of Interest was Braunstone in the City of Leicester which must be distinguished from Braunstone Town which is in the District of Blaby. Agents in Leicester explained that the Braunstone market was serviced by city centre estate agents and described large parts of the area as 'undesirable'. City centre agents pointed out that parts of the area would sell cheaply and be slow to sell, but also pointed out that the fringes of the area was seeing new development. No part of Braunstone or anywhere else in the City showed signs of market failure as is evident in some of the cities we have studied, although the data tells us that several wards have high levels of deprivation.
- 4.67 We visited many other neighbourhoods along the main road corridors into the City and local centres that were suburban with mostly semi-detached housing in surrounding areas.

New-build Market

- 4.68 We visited new build that was currently on sale in central and peripheral parts of the City. Comments regarding development outside the city but part of Leicester's Principal Urban area are also reported here.
- 4.69 A noteworthy central development was Belgrave Riverside by Westleigh Homes. This was formerly a British Shoe Company manufacturing site. This development is on the fringe of the Golden Mile. All but 3 sales were to households formerly resident within the mile. The 3 were from London, related to local residents. The sales agent told us that younger Asians were becoming more aspirational and the development offered continuity with their neighbourhood but offered low maintenance, energy efficient housing with a garden and car parking. Many purchasers would occupy together with their extended family. The agent told us that these features justified the premium price paid over re-sale housing as sales were achieved quickly and many plots were reserved on the next phase of development. The agent told us that most customers were previously renters and needed considerable support through the buying process. The mortgage advisor told us that 90% of sales were first time buyers and if income requirements fell short of what was needed for the mortgage, then families would provide a cash top-up.
- 4.70 Not far from this site is the Shoe Factory Development (Pearmain Developments) and Abbey Park (Morris Homes). The Shoe Factory development is developed owned and managed by Pearmain Developments. Its accommodation is fully let and prices range from £550-£1,000 pcm. The sales agent told us that the scheme is occupied by young professionals working in the medical, manufacturing and retail sectors. Around 50% of lettings were to longer distance incomers from all over the UK relocating for work reasons. A small proportion had connections with family in the Golden Mile. Lettings to local people were also employment-driven.
- 4.71 We noted much development on the periphery of the City just off the ring road to the east of the city. Some development faced or were very close to open countryside. For example The Oaks by Persimmon at Thurmaston is clearly on Leicester's Urban Fringe. The sales agent told us that

nearly all sales were to local households and a small number of investors who were interested in the smaller homes selling for under £140k. A high proportion of sales were to westernised Asian households. The agent told us that there were many more enquiries for 3 bedroom homes than were provided for on site. Around one third of households had re-located from the nearby North Hamilton estate and local service centre, also in Charnwood.

- 4.72 According to the Charnwood's Local Plan "The North East of Leicester Sustainable Urban Extension is allocated on land adjacent to the Leicester Principal Urban Area, to the east of Thurmaston (in Charnwood) and north of Hamilton (in Leicester City). The site provides an opportunity to create a community of approximately 4,500 homes with new jobs which will support the delivery of significant community facilities including schools." This estate was visited but no interview took place.
- 4.73 Also in Charnwood, and within the Principal urban area, is a new development in Birstall, at the site off the A6 (Loughborough Road) which is being developed by several developers. We interviewed a Jelson Homes representative as it appeared that this development was not typical of other Jelson developments in Leicestershire. The agent told us that 2 and 3 bedroom homes had been recently released and had sold very quickly at prices from £150k. Most were sold with Help to Buy assistance and many first time buyers had purchased. Purchasers were mainly local households moving within a 10 mile radius. However currently on sale was a diverse mix of new homes with asking prices up to £375k for a 6 bedroom home. It is noteworthy that the design and mix of housing on this estate was not typical of most of the new build we observed across the county and background research has come across articles comparing the development as a whole to Poundbury in Dorset.
- 4.74 Nightingale Gardens by Redrow is part of a redevelopment of a former hospital site on Thurmaston Lane within the city boundary. Earlier phases included conversion of original buildings into apartments. The Redrow development consists of 3, 4 and five bedroom homes priced between £200k and £350k. The sales agent told us that 95% of sales had been to local Asian households who were mostly upsizing from their previous home. Most had taken advantage of the help to buy scheme. Around a quarter of these households were described as mature first time buyers.

Local authority perspective on the private rented sector

- 4.75 Officers told us that there is a Landlord's Association and a Landlords Forum and that the relationship with the council is mostly positive. Officers described a diverse private rented sector which in addition to market (AST) housing provides housing for asylum seekers, offenders and households in receipt of state benefits.
- 4.76 There are 390 licensed HMOs mostly situated in the West End and Highfields part of the city. There is no selective licensing scheme. Officers told us that one implication of benefit reform was that in

some smaller HMOs benefit claimants were being preferred to students. A further trend of sub-letting tenancies was also identified.

- 4.77 The most frequent complaints about the sector concern damp and cold. Officers told us that demand for private rented sector housing outstrips demand and that competition was seen to be effective in driving up the quality of the private rented sector. Landlord Accreditation is provided by the East Midland Accreditation Scheme.
- 4.78 Council officers told us that the council strives to ensure acceptable standards within the private rented sector by means of education and co-operation with landlords. This approach is not always successful. Where necessary the alternative approach of enforcement against the landlord or letting agent is applied. This can strain the relationship between the council and individual landlords. However there is an excellent relationship with some landlords. A landlords accreditation scheme operated by 'Decent and Safe Homes (DASH) is in place.
- 4.79 The Council is a partner of the City and Districts' 'Homefinder' scheme which is an advertising portal for private rented properties. The Homefinder scheme also provides live on-line advice and support for landlords as well as providing information on good practice and improved standards. The Council has operated its own cashless bond schemes since 2009 and provides incentives for landlords to use these schemes. To date over 1500 lettings have accessed these schemes by tenants threatened with homelessness.
- 4.80 The majority of service requests from tenants received by the council about private rented sector centre tenancies are within the category of 'housing defects'. The number of service requests concerning dampness is considered to be increasing. This is attributed to a number of factors: landlords' neglect of their properties; neglect of their repairing obligations and lack of an Energy Performance Certificate where required. The latter would indicate necessary improvements to insulation and heating systems. Other factors are lack of awareness of tenants on how best to use the heating system and inadequate heating whether by virtue of the adequacy of heating system or the tenant's inability to pay fuel costs. These factors also lead to an increase in the incidence of condensation.
- 4.81 The City has over 390 houses in multiple occupation (HMOs) licensed under Part 2 of the Housing Act 2004 and many more HMOs not subject to mandatory licensing, in 2010 an estimate suggested in the region of 1,200 such HMOs. The changes in housing allowance are anticipated to drive up the number of these HMOs.

Local Authority perspective on social housing

- 4.82 Council officers told us that the largest social landlord in the city is the City Council which has owns and manages its social housing stock of approximately 21,900 properties. In addition registered social housing providers own and manage 10,160 homes in the city.

- 4.83 As a consequence of welfare reform Leicester is experiencing a shortage of 2 bedroom properties to accommodate smaller families affected by the new benefit regulations. There is also a shortage of larger family type accommodation (4 bedroom and over) and adapted properties to meet the increasing need of people with medical and mobility problems.
- 4.84 Tenancy support is provided council tenants through the internal Supporting Tenants and Residents Service (STAR). STAR also provides a smaller service (60 units) for private rented sector tenants and housing association tenants. The council has recently commissioned a further 95 units of housing related support for private rented sector and housing association tenants. The council has also recently commissioned Nacro to provide 45 units of housing related support specifically for offenders and ex-offenders.

Oadby and Wigston

- 4.85 The borough adjoins the southern boundary of the City of Leicester and along the A6 corridor. Agents in Oadby and Wigston were interviewed. We only came across one construction site at Wigston adjacent to the Council's offices. This was in the early stages of construction. The Borough has a very diverse local housing market with little scope for new development.

Re-sale housing

- 4.86 The size type and quality of Oadby and Wigston's housing stock is very diverse. On our visit we observed large premium residences in addition to terraced and semi-detached mass market homes. Some of the historic premium residences have been converted by Leicester University into halls of residence. Estate and letting agents assured us that there was no spill over of students into the residential market. All student enquires were referred to the City Centre based agencies offering City Centre accommodation near to the universities.

Lettings

- 4.87 In Oadby we spoke to several agencies that were combined re-sale and letting agencies and one specialist letting agency. Agents indicated that only a small proportion of lettings would be occupied by borough residents. Most lettings were to households seeking to live outside the City. There was steady demand from people moving to the area from all over the UK. The driver for this is the high quality of the residential offer and access to good state schools. Nearly all re-location was connected to employment. The specialist agency worked right across the county and told us that applications from housing benefit claimants was a significant part of local demand across the county and especially in the City. The agent said that to accommodate this they used a different business model. The agency would become the tenant and sub-let to the applicant. The agency carried the risk not the landlord and in this way landlords were generally more accepting of tenants claiming top up benefits. This agent also expressed a different view to others regarding market rent levels. Again from a county wide perspective, the agent cited examples of where longstanding

tenancies had ended and the rental to the new tenant was below the previous level. The reason for this was because there was considerable competition amongst landlords and agents and lower rents would be agreed to avoid vacancy periods. We were told that competition led to tenants becoming choosy and more willing to haggle over details and rents. The agent described market rent levels across the City as 'volatile'.

4.88 We were presented with a different picture at Wigston. We were told that the proportion of people moving to the area was around 10-20% with a smaller proportion of long distance re-locators. With more modest market rents than Oadby, the supply of housing was more affordable would be available for local households to move home locally as their circumstances changed.

4.89 Letting agents at Oadby and Wigston agreed that the critical shortage of supply was for 3 bedroom family homes – ideally semi-detached homes with gardens. We note from the Core Strategy that this is the predominant house type in the borough.

New build Market

4.90 As previously mentioned we came across only one small site in the early stages of construction.

Local authority perspective on the private rented sector

4.91 Officers told us that the private rented sector mostly consisted of AST housing some of which is occupied by benefit claimants. There is no landlord forum or landlords' association. There are 2 licensed HMOs and there are no plans for a selective licensing scheme. The council offers a rent deposit scheme which officers describe as very useful.

4.92 Complaints about private rented sector housing are 50% excessive cold, 25% disrepair and 25% other category 1 and 2 hazards.

Blaby

4.93 The District of Blaby sits on the western fringe of the City of Leicester. Its western border is with Hinckley and Bosworth District. The M1 and M69 motorways run through the District. Glenfield and Blaby were visited. Glenfield is part of Leicester's Principal Urban Area as depicted in Figure 18. Remarks regarding Braunstone are considered in the section describing Leicester's housing market area.

4.94 Glenfield is noteworthy as it contains Glenfield Hospital and the County Hall. It also has new build housing on a significant scale at Glenfield Park. We observed large quantities of current and former local authority housing and large quantities of detached and semi-detached family homes. An interview was obtained with an estate agent that was based in the area and served only the local area. Entry level prices were £80k to £120k for former local authority housing (depending on size and type) and around £150k for a market housing three bedroom semi-detached homes. Four

bedroom detached homes were on offer for under £250k, below the asking price of local new build housing. The agent told us that currently there was no upward pressure on prices: although sales volumes had improved there was a plentiful supply of housing on the market. The agent told us that most sales were to local people moving through the market but the hospital attracted a steady stream of incomers. Investors were active accounting for 50% of sales of housing costing under the stamp duty threshold of £125,000. The agent told us that a major shortage was of bungalows. They were very much in demand with very little supply. Sales of bungalows tended to happen soon after they came on the market. Although first time buyers could afford entry level prices many chose to avoid the lowest price accommodation as it tended to be of poor quality and required significant investment.

- 4.95 Blaby town has a more diverse housing offer. The town itself was lively and there was a Waitrose supermarket which in our experience is only present where there is a wealthier population. Both sales and letting agents were interviewed. Prices were significantly higher than in Glenfield. Agents told us that the critical shortage was of terraced housing that would enable first time buyers to enter the market. Again these would be competing with investors although investors tended to focus on vacancies in nearby Glen Parva. Agents told us that there was strong interest from people moving to the area – as much as 40% of sales were to this group with the most recent couple of sales for example coming from people resident in Norfolk and Spalding – both returning to the area in later life. Letting agents told us that there was a general shortage of all dwelling types and sizes.

New build Market

- 4.96 Glenfield Park was visited. The site is being developed by Barratt and David Wilson Homes. But no one was available for interview.

Local Authority Perspective on Social Housing:

- 4.97 The affordable rented stock in the District is all owned by Registered Providers following the Large Scale Voluntary Transfer of the Councils Stock in 2008. The majority stock holder is East Midlands Homes being the Councils stock transfer partner. The social rented stock totals approximately 3,200 in the District.
- 4.98 Staff advise that there is a shortage of 1 bed General Needs Accommodation for singles, couples and older people as well as smaller family homes where bid activity through the Councils CBL system is high. Over 50% of applicants registered for the District on the CBL system have a 1 bed requirement.
- 4.99 Tenancy support is available through the Councils own Resident Support Service

Local Authority Perspective on Private Rented Housing

- 4.100 An association of registered letting agents operates across the District and the Council.. The Council has excellent relationships with private landlords and operates a landlords' forum which has an average attendance of over 100.
- 4.101 A landlords accreditation scheme operated by 'Decent and Safe Homes (DASH) is in place.
- 4.102 The Council launched and runs the County's 'Homefinder' scheme which is an advertising portal for private rented properties. The Homefinder scheme also provides live on-line advice and support for landlords as well as providing information on good practice and improved standards.
- 4.103 The Council operates its own cashless bond scheme and a very popular rent deposit loan scheme.
- 4.104 The private rented sector meets around 20% of the demand from homeless applicants.
- 4.105 Major complaints received about the private rented sector centre around standards in terms of damp and fuel poverty. Officers feel this is mainly due to landlord neglect of properties and inadequate insulation and heating systems.
- 4.106 Officers state that there is a shortage of shared accommodation in the sector for the under 35's.
- 4.107 The District has no HMO's.

Charnwood

- 4.108 The Borough is north of the City of Leicester and sits between the Borough of Melton and the District of North West Leicestershire. Due to its size and complexity our focus was on the town of Loughborough and to a lesser extent Shepshed. As previously noted Birstall and the Thurmaston area of Charnwood is considered as part of Leicester's Principal Urban Area and is considered above.
- 4.109 Loughborough is a university town. Key aspects of the student market are addressed in a section on student housing below. The town is also a significant market town and retail centre with large employers in the manufacturing sector. There is a proposed urban extension to the West of Loughborough (yet to receive planning permission), and other smaller new developments to the south west of the town. The Charnwood housing market is mostly serviced from Loughborough. Shepshed, one of the larger towns is also serviced from Loughborough although sales and letting agents we spoke to recognised that its size and location meant that establishing branches there was under consideration.

Re-sale Housing

- 4.110 Re-sale agents described the housing offer in Loughborough as diverse. Sales were mostly local to Loughborough, its surrounding villages and to households seeking to move from Coalville. Middle

market and higher end housing would attract households from Derby, Leicester, Nottingham and places in the South of England. All of the more local cities were commutable by road and rail.

- 4.111 Agents identified the key shortage as 3 bedroom homes with car parking. This would facilitate households to move up from their first time buyer home. Agents told us there was a lot of moderately priced terraced housing in the town which depending upon location would be a target for student housing, private rented sector housing and home ownership. Such housing would be affordable to many first time buyers who had managed to save an appropriate deposit. Outside the student areas there was a good supply of terraced housing priced below the stamp duty threshold of £125,000 and this would be in demand from investors and owner occupiers. 3 bedroom semi-detached housing would be found in the £140k-£160 price range.
- 4.112 Loughborough agents described nearby Shepshed as an expanding village in a strategic location suitable for growth.

Lettings

- 4.113 Letting agents told us that rental housing was in demand from Polish workers and international visitors. International visitors might be academics or those visiting the town's large employers. Polish workers remained major customers but some were now seeking to buy after renting for a number of years. Like sales agents, letting agents said that there was a shortage of semi-detached 3 bedroom homes to rent. Letting agents told us that villages to the south of Loughborough would attract higher rents as there was less supply generally as investors faced higher purchase prices.
- 4.114 Agents stated that there was little pressure on rents as landlords had continued to invest and increase supply. They also described a process of disinvestment from student housing into market housing for rent. This is discussed further in the section on student housing below. Agents agreed that both student and non-student tenants were becoming more discerning and this was driving up standards in the sector. However landlords recognised the value of a good tenant and this was one reason why rents were not generally rising. Landlords would incentivise good tenants to stay by not increasing rents.
- 4.115 One letting agent we spoke to was an apartment specialist. They mostly let to young professionals with homes in the range of £400 to £550 pcm. They explained that recent development of apartments in the vicinity of the station afforded a good supply of housing for this group. The agent remarked that a significant proportion remained in the town after graduating, especially those in the engineering related industries.
- 4.116 Overall the diverse pressures on Loughborough's housing market due to demand from Polish workers, students and indigenous households might cause it to overheat. However the market was adjusting with increasing supply for the rental market sector and an increasing number of households are able to access home ownership in the re-sale rather than the new build market.

Further, there is little pressure from incomers at the present time and these groups would not compete directly with those listed above.

New-build Market

- 4.117 We interviewed staff from the William Davis development at Grange Park who told us that the development had proceeded over several phases over the last 10 years. The agent estimated that over the last 3 years 85% of sales had been to households that previously lived in Loughborough; 10% to incomers and 5% to investors. Incomers were connected with the University and to large employers and around 60% of sales had been with the benefit of Help to Buy or predecessor equity share based schemes. The agent told us that across the site prices ranged from £109k-450k, with the present phase on offer between £239k and £440k. Demand was highest for 3 bedroom homes. Jelson Homes were building several sites across the study area but requests for interviews were declined.

Local authority perspective on the private rented sector

- 4.118 Officers told us that there is a student landlords group and the local authority preferred to run drop in events for landlords rather than a forum. The council plans to work pro-actively with landlords in the priority areas. Leicestershire now has the homefinder website to assist landlords and tenants connect. Landlords are encouraged to become accredited under the Dash Scheme and discounted licensing fees are offered as an incentive. Officers commented that there was a greater take up of student housing landlords than residential landlords.
- 4.119 The private rented sector market is complex with AST, student housing, tied housing, armed forces housing and benefit supported housing all being present. There are around 250 licensed HMOs mostly in Loughborough.
- 4.120 Officers highlighted the student housing sector and noted that in the dense areas of student housing some vacancies were starting to appear following a weakening of demand. Landlords preferred to keep the property empty rather than lose their HMO status under the Article 4 Direction. Landlords are being encouraged to let to non-student singles.
- 4.121 The Borough offers a popular tenancy deposit scheme to house priority homeless families in the private rented sector.

Local authority perspective on the supply and demand for social rented housing

- 4.122 Officers told us that the Borough owns and manages its council housing and its lettings are managed within the Leicestershire choice based lettings scheme (CBL). The scheme incorporates a system for helping to meet demand from households in need of affordable housing across the County. There is also a Homeswapper scheme for social tenants wishing to exchange. There is a

significant stock (2,500 homes) owned and managed by registered providers that also participate in the CBL scheme.

- 4.123 A shortage of 2 bedroom family homes was identified within the local authority stock but it was noted that the registered providers have a higher proportion of 2 bedroom homes. Future new build will seek to improve the supply of these homes. We were told that the increase in demand for 2 bedroom homes was largely driven by the 'bedroom tax'.
- 4.124 Supply for homeless households is partly met by private rented sector leasing although the number of homes available has reduced. Around 30% of households presenting as homeless is due to a private rented sector tenancy that has ended or failed. The borough operates a tenant finder scheme for homeless households in priority need. Tenancy support and floating support is available to those households who need it.
- 4.125 Officers identified a surplus of sheltered bedsits within sheltered courts and outlined a programme of conversion and refurbishment.

Harborough

- 4.126 This large mainly rural district is south and south east of Leicester. The district was visited via its major road network and the large number of small villages and hamlets was noted. Interviews were obtained from agents in the main service centres of Lutterworth and Market Harborough. A substantial new build site was also visited in Kibworth. The relative wealth of local households compared to many other parts of Leicestershire was apparent through house prices and the nature of demand.
- 4.127 Lutterworth agents told us that there was a critical shortage of small 2 and 3 bedroom semi-detached homes in the £140k-£150 price bracket. This was preventing lower income households with growing families moving to more suitable housing. The town has a large supply of apartment and estate based 'executive' housing and the latter is generally too expensive. Agents also told us that new build was only small scale at the moment and both the critical shortage and the lack of new build meant that the market was stagnant as some households could not move within Lutterworth if they needed to. This meant that prices were stable and very close to 2007 peak values. Overall the agents' view is consistent with our further analysis. According to Rightmove there is currently very little housing offered for sale and prices of apartments and terraced housing are around one third higher than in Hinckley and Bosworth. However it is difficult to see how new-build housing could fill the gap at the price point indicated by agents in Lutterworth.
- 4.128 We were told that a high proportion of sales were made to people moving to Lutterworth – around 50% of all sales. This was driven by employment relocation, with the town being within easy reach of the M1, M6 motorways and the A5 which gives access to the Magna Park Business Park. The

next largest group of purchasers were investors at 30% and only around 20% of transactions were undertaken by local people. Lutterworth agents service a large market for premium housing based in and around the town. Recent purchasers were people moving to the area, notably from London and Manchester.

- 4.129 Agents at Market Harborough described a very different local housing market to Lutterworth. Although investors accounted for a slightly smaller proportion of sales, the remaining transactions were in the town were 95% to local people. A large supply of premium housing in the surrounding villages was self-evident and agents explained that a higher proportion of incomers would purchase this housing, noting that direct trains into London took approximately 1 hour. We were told that Market Harborough was home to many high net worth households and described the critical shortage as bungalow housing to meet the needs of an ageing population.
- 4.130 However some housing was available at lower prices and agents told us that re-sale housing priced at around £150k would be available and affordable to first time buyers. Agents pointed out that financial assistance from parents and grandparents occurred frequently for first time buyers. According to our enquiries using Rightmove we saw housing available at £150k but would comment that a wider choice is available up to £180k.
- 4.131 Our investigation with Rightmove revealed a wider perspective on the local housing offer than was apparent from agents. In particular the Market Harborough based search revealed larger numbers of the following dwelling types than anywhere else in the County: Park Homes; shared ownership houses and flats; retirement apartments.

Lettings

- 4.132 Lutterworth agents described a shortage of rental housing and acknowledged that this was driving the high demand from investors. Many households wishing to rent were relocating having obtained work at Magna Park. Lower paid workers would seek family housing at under £600 and there is considerable demand for housing at this price point. Professionals would also seek to rent if they were likely to be working locally for a fixed period. Professionals seeking to re-locate permanently would also rent temporally before buying. Agents concluded that the rental market is under-supplied and agreed with estate agents that investors were active in order to close the supply gap. Investors were mostly seeking to buy houses up to around £160k rather than apartments. Therefore investors and owner occupiers are competing within the same segment of the market.
- 4.133 Market Harborough agents said that there was a general shortage of 2 and 3 bedroom homes for rent which would typically rent in the range of £650 pcm (2 bedroom) and £750 (3 bedroom). Doctors and teachers were singles out as professional groups that tended to rent good quality rentals as they moved frequently to progress their career.

- 4.134 One agent offered a deeper insight into the rental market. The market was described as in transition. Both purchase prices and rents were rising due to demand and the ability of local people to fund their housing costs. Investors could expect relatively low returns but continued to invest as they were sure of good quality tenants. The agent also pointed out that it was difficult to generalise about investors as they were a very diverse group of people. Whilst there were portfolio investors in the town, there were also single dwelling landlords seeking better returns than savings rates, landlords not yet ready to move into a dwelling bought for their retirement or reluctant to sell in current market conditions.

New-build Market

- 4.135 Market Harborough developers were interviewed at Farndon Field (Ben Bailey and Barratt) and at Kibworth Meadows (David Wilson Homes).
- 4.136 The Ben Bailey development reported a high proportion of sales to people moving to the area, citing origins such as London, Sussex, Kent and Hampshire. These were mostly work-related relocations with a smaller proportion described as people returning to the town to be near family members as the approached retirement. The rail service to London enabled some customers to commute there on a daily basis. The agent explained that their expectations for sales were that they would mostly be to local people with a large number of customers using the company's part exchange scheme. Prices ranged from £160k to £500k and the smaller units had sold very quickly to local people and some to investors. The agent told us that there was unmet demand for 3 bedroom homes.
- 4.137 The Barratt development had a higher proportion of sales to local people although sales to outsiders were from similar areas to the Ben Bailey development. The Barratt development had a large proportion of smaller cheaper homes in the mix. Help to Buy supported only a small number of sales on each site. Agents cited help from parents as being a common feature of sales.
- 4.138 The sales agent for David Wilson homes described the characteristics of sales. The development had achieved around 350 sales and 640 dwellings were planned to be built in total. The size and price mix was similar to the Ben Bailey scheme. The agent told us that a few sales had been long distance re-locators for family reasons however more sales had been to people re-locating from Leicester Oadby and Wigston than from within Harborough district, some using the Help to Buy Scheme. The agent also told us that there was unmet demand for 3 bedroom new build in the price range £170k-£225.

The Local Authority Perspective on Social Housing:

- 4.139 The affordable rented stock in the District is all owned wholly by Registered Providers following the Large Scale Voluntary Transfer of the Council's Stock in 2007. The majority stock holder is Seven Locks Housing Limited which is the stock transfer organisation, although we are working in partnership with at least eight other Registered Providers that have stock in our district.

- 4.140 The social rented stock totals approximately 3,500 in the District and is continuing to increase year on year.
- 4.141 There has been a recent review of the housing register and implementation of changes to the Allocations Policy in particular local connection criteria, financial means to address own housing need and change to banding for tenants of social and private rented accommodation for those deemed adequately housed (where there are no medical or welfare issues). This has resulted in a reduction in the number of applicants on the housing register and changes to banding. There are currently 677 households on the register of which 331 have a one bed need for accommodation. Of those with a one bed need, 161 are below the age of 55 years and 170 over the age of 55 years (although the majority of those aged 55+ would prefer 2 bed accommodation).
- 4.142 There is a shortage of 1 bed General Needs Accommodation for singles, couples and as well as smaller family homes where bid activity through the Councils Choice Based Lettings scheme demonstrates high demand. A 2 bed house in Market Harborough recently advertised received 52 bids demonstrating high demand within the town.
- 4.143 There is also a lack of larger properties e.g. 4 bed and 4+beds for a small number of families on the housing register who face long waiting times on the housing register as there is only a small stock of four bed social/affordable rented properties within the district. Where the opportunity arises we do negotiate with developers and include provision for 4 bed properties subject to location within district.

Local Authority Perspective on Private Rented Housing

- 4.144 The Council has good relationships with private landlords and through partnership working with the six other districts in Leicestershire and the appointment of two Private Sector Development Officers as part of the CLG funding to develop Homefinder.uk.com - our website for advertising and searching for private rented accommodation throughout Leicestershire and Leicester City, which is continuing to develop relationships with Landlords.
- 4.145 A landlords accreditation scheme operated by 'Decent and Safe Homes (DASH) is in place.
- 4.146 The Homefinder scheme also provides live on-line advice and support for landlords as well as providing information on good practice and improved standards.
- 4.147 The Council operates a Rent Deposit Scheme for those to whom the authority would have or has a statutory duty to assist with securing accommodation as homeless to assist with accessing private rented accommodation. The Council also operates a paper guarantee with Landlords on the same basis.

- 4.148 The private rented sector provides a quicker housing solution for many applicants in housing need on the housing register but there is a shortage of shared accommodation (rooms) for single people and generally a shortage of LHA friendly and Affordable properties in the district.
- 4.149 The District has 4 licenced HMO's.
- 4.150 The Council has a package of financial assistance available to private landlords to help them carry out essential works or to bring empty properties back into use.

Hinckley and Bosworth

- 4.151 This district is to the south west of Leicester. Hinckley, Market Bosworth, Barwell and Earl Shilton were visited. However the market is mostly serviced from agents based in Hinckley. Market Bosworth has agents that reflect the small but high value market present in this village and surrounding area.
- 4.152 Hinckley is a large market town with some local industry. It is joined with Burbage which is more residential and village-like. Currently there is a small amount of development on the western side and on Leicester Road to the east. There has been significant recent development, notably a large apartment complex near the railway station.

Resale Housing

- 4.153 Hinckley Agents told us that there was a good supply of entry level terraced homes selling for under £100k in Hinckley Barwell and Earl Shilton. However those for sale at auction or in poor condition were avoided by first time buyers and were favoured by investors. Agents told us that there was a gap of 3 bedroom homes in the region of £125k which were sought after by existing households seeking to move up. Agents said that investors were very active in the market and were making good returns. A recently built apartment complex near the station had been marketed investors and was 100% let. Re-sale agent described the urban re-sale market as being for local people. Rural and village vacancies would be more likely to attract higher prices and a higher proportion of incomers.
- 4.154 A premium market for both sales and rentals was evident in the village of Market Bosworth. Here character terraced housing was offered at £200k. During our visit we noted many dwellings for sale in the £800k-£2m price bracket Agents told us that interest in vacancies was keen and most purchases were made by people moving to the area, some of whom were either foreign nationals or ex-pats returning to the UK. The local independent grammar school was also an important driver of the local market.
- 4.155 Recent development west of the village had sold quickly. The village also has a supply of recently-built estate housing which agents tell us is in high demand and sells very quickly.

Lettings

- 4.156 Letting agents told us that exactly the same shortage of 3 bedroom semis existed in the rental market. These would let at around £575 pcm. However unlike the re-sale market there was demand from household formerly living in Leicester. Agents told us that 5 years ago most lettings were taken by local people however more recently a greater proportion of demand came from people re-locating to work for the town's major employers.
- 4.157 We were told that landlords will make good returns in Hinckley due to relatively low purchase prices. We noted a supply of apartments at rents approaching semi-detached houses. That said, agents told us that there was little upward pressure on rents locally as landlords continued to meet growing demand.

New Build

- 4.158 Bellway and David Wilson Homes were developing "The Green" - a site off Leicester Road to the east of the town near the golf course. Sales agents explained that the strategy here was to reflect the high quality of the location with larger, more expensive homes. Both representatives reported a large proportion of sales had been to people formerly resident outside the Borough but most of these were not long distance re-location. Interest was from the west (Nuneaton, Coventry and Solihull) but notably few from the City of Leicester. Notable long distance moves were from the London commuter area and Hampshire. Both developers had built a range of homes priced between £190k and £400k. Agents acknowledged that these prices were probably out of reach of local second time movers and that the companies would have to build smaller homes to attract these households. There was little interest from investors however one person had purchased a home which was being let temporarily as they were not planning to move in for the time being. Help to Buy had been a factor in many sales as had the company's part exchange schemes. The agents told us that most sales were to professional households who were re-locating or returning to the area.
- 4.159 Morris Homes were developing at Richmond Park but no one was available for interview. Cartwright Homes were developing smaller homes all priced under £167k. The sales agent reported that all homes to date had been sold to local first and second time buyers as well as local investors.

Local authority perspective on the private rented sector

- 4.160 An association of registered letting agents is present in the Borough, chaired by a local letting agent.
- 4.161 We were informed that a benefits forum is run across the districts. The forum has a broad remit dealing also with housing standards and some law and order issues. The council runs a cashless bond which is proving very popular with tenants and the scheme is judged to be a success.

- 4.162 Officers informed us that the district also has tied rented housing in addition to private rented sector market segments for market and benefit supported housing. A very small proportion of the stock is owned by absentee landlords. Complaints were mostly about condensation and fuel poverty.
- 4.163 The landlord accreditation scheme is run by DASH and officers observed that only the better quality landlords are joining the scheme. Officers told us that landlords were mostly good and a lot of time had been spent with them to raise quality, however we were told that there is evidence of a black market in private renting.
- 4.164 We were told that Benefit reform was having two discernable impacts. Some tenants could not afford to heat their homes because of reduced spending power and some council tenants were seeking private rented sector tenancies. There are 8 licensed HMOs.

Local authority perspectives on the supply and demand for social rented housing

- 4.165 Officers told us that the Borough owns and manages its council housing and its lettings are managed within the Leicestershire choice based lettings scheme (CBL) (Leicestershire Home Choice). The scheme incorporates a system for helping to meet demand from households in need of affordable housing across the County. Officers commented that the scheme is less effective for people with chaotic lifestyles or older people waiting for a specific home to become vacant. The borough also participates in the national homeswap scheme for social tenants wishing to exchange. Registered providers have around 30% of all of the social rented stock in the Borough and also participate in the CBL scheme.
- 4.166 A shortage of 1 bedroom flats and bungalows for older people was identified within the local authority stock. Single people and divorced men with access to children are groups that are particularly affected by shortages. We were told that there was a peak in demand for smaller homes in April 2013 due to the 'bedroom tax' but only 20% of tenants affected applied for a smaller home.
- 4.167 A small supply for homeless households is partly met by private rented sector leasing although the Borough scheme has only just been set up. Around 20% of households presenting as homeless is due to a private rented sector tenancy that has ended or failed. The borough operates a tenant finder scheme for homeless households in priority need. Tenancy support and floating support is available to those households who need it.
- 4.168 Officers identified a surplus of sheltered bedsits in rural areas and indicated that this problem will be addressed.

Melton

Resale housing

- 4.169 The Borough of Melton is in the north east of the county. It borders Rutland County, Lincolnshire and Nottinghamshire. The town of Melton is a market town and food manufacturing centre serving

the west of Rutland and the rest of Melton Borough which is rural in nature. The cities of Nottingham and Leicester are within 15 miles of Melton Mowbray and there is a direct rail link to Leicester. The housing market is serviced from Melton Mowbray.

- 4.170 Interviews were conducted with estate and letting agents in Melton and with Jelson Homes building at Asfordby.
- 4.171 Estate agents were asked to provide insights into the rural and town local housing markets which were considered to be distinct. Much premium housing was evident in the rural areas. Agents said that this was in demand from households migrating from the south of England who were able to purchase higher quality housing. Although some were retired or preparing for retirement, families with younger children would seek village environments with high quality primary schools. High quality rented housing was also in demand from executives on temporary re-location working in the major cities. Agents told us that (in general terms) dwellings in the rural area were not selling as quickly as those in the town. This was because owners were holding out for higher prices and many were in no hurry to sell. One agent said that some rural homes on the market were overpriced.
- 4.172 The local housing market in the town of Melton Mowbray was more complex. The town is a busy market town, tourist destination and manufacturing centre. As such there is a diverse housing offer across most size types and price points. Agents told us that the town is largely self-contained with only a small proportion of incomers re-locating for local employment. There was a good supply of terraced housing (2 bedroom priced between £105k-£115k) which was affordable to local first time buyers. These would compete with investors, however investors would also be interested in larger 3 bedroom semi-detached homes up to a £150k price limit.
- 4.173 Agents told us that there was little upward pressure on prices as supply was improving although they were getting closer to asking prices. Prices had not recovered their peak values.
- 4.174 We asked agents about any evident gaps in the market and the response in all cases was smaller 3 bedroom homes. Many first time buyers needed to move up to larger housing as they started families but could not afford the 3 bedroom detached (£170k plus) homes. We noted that there was some supply of 3 bedroom semi-detached at around £130k however it is the demand side that is noteworthy.
- 4.175 Alongside the indigenous population is a significant Polish population. Letting agents told us that around 20% of all transactions would be to Polish households many of whom had lived in the town for several years. Like English working households, they had established credit ratings and had saved for a deposit over the credit crunch years and were now in a position to enter the re-sale market. There is now a strong demand for 3 bedroom homes and agents told us that sales are achieved very quickly.

Lettings

- 4.176 The letting agent told us that demand was strong for vacancies and landlords were continuing to provide additional supply. This was driven by employment in local manufacturing and the major employers would attract young professionals on 3 year rotations who needed rented housing as well as the general labour force. The agent confirmed there was significant demand for premium rentals in the countryside but little supply. The agent also drew our attention to a small demand for housing for staff stationed at the MoD Forces Animal Centre situated to the west of the town. The agent told us that the shortage of supply was for semi-detached housing with parking and that the market price for this would be at the upper end of the price that landlords were prepared to pay.
- 4.177 There was a supply of 1 bedroom flats to rent below £400 pcm and small numbers of 3 bedroom family homes were available from £595 pcm.
- 4.178 Overall the lettings agents told us that there was demand for all vacancies and that turnover was rapid. This was supported by the small number of vacancies listed on Rightmove.
- 4.179 We asked if households on housing benefit would be considered by local landlords. The answer was a qualified yes. Applicants would need to meet with the landlord, be well presented and have good support in terms of ability to fund a bond and have a guarantor. The agent told us that households on housing benefit would find it harder to get tenancies as the economy improved.

New build

- 4.180 All new build that we came across was by Jelson Homes and the sales manager declined to be interviewed.

Local authority perspective on the private rented sector

- 4.181 Officers told us that the private rented sector in Melton Borough mostly consisted of AST, tied housing and housing provided by land owning estates. There is only 1 licensed HMO and that is in the town of Melton Mowbray. The relationship with managing agents and land owning estates is mostly positive.
- 4.182 Complaints to the local authority are mostly about damp and mould.
- 4.183 Dash provide the landlord accreditation scheme but fewer than 10 landlords have signed up.
- 4.184 The local authority offers a rent deposit scheme.

North West Leicestershire

- 4.185 Towns visited were Ashby-la-Zouch, Castle Donington and Coalville.

Re-sale housing

- 4.186 A high proportion of homes in Coalville are terraced, reflecting the towns industrial past. Agents told us that there was considerable demand for this type of housing from local households and there was a good supply at under £100k. The agent told us that prices had peaked at £110k in 2007 and subsequently fell as low as £60k. The agent told us that 'there was some money around now' as people had some years to save deposits and were coming back to the market. Investors were also active, competing with first time buyers for lower priced homes. Coalville also has a supply of recent new build apartments and more modern detached and semi-detached housing but agents told us that the critical shortage was 3 bedroom accommodations for households wishing to move onto their next home. Part of the market for sales is the Polish workforce. This group has been present in the town for 10 years and some had chosen to settle. The agent told us that this group were now becoming home owners both for sale and to rent to new incomers.
- 4.187 Re-sale agents at Castle Donington told us that they were generally short of homes to sell. Typical customers would be existing households moving up through the price brackets in village housing that was mostly distinctive in character. We were told that the village high street was enjoying a renaissance due to growth of the village and interest from tourists. There was considerable interest from investors up to a £120k purchase price of which there was little supply. Most resale housing was priced over £250k.
- 4.188 Ashby-de-la-Zouch (Ashby) is an historic market town which also has a significant amount of industry. Agents told us that sales volumes were up and sale prices and asking prices were converging but there was no upward pressure on prices just yet. They told us that around 20% of sales were to investors who would pay up to £180k and still get good yields. This was because of a general shortage of rental property in the area. There was considerable unmet demand for 4 bedroom homes selling for under £250k reflecting the popularity of the area due to its location for commuting via the A42 and A511.

Lettings

- 4.189 Polish workers in Coalville are an important part of the market for lettings and we were told that most local landlords were unhappy with groups of people wanting to share. Agents told us that a small proportion of lettings would be taken by professionals on short term assignments with local employers otherwise the letting market was predominately for local people. Agents told us that 3 bedroom terraced housing rents were typically £500 pcm and that there was a shortage of better quality semi-detached homes with parking which would let for around £575.
- 4.190 At Castle Donington supply was very limited. Some recent lettings had been to aircrew based at East Midlands Airport. It was very difficult to judge the trajectory of rents due to limited supply and the diverse nature of housing available to rent.

4.191 Letting agents in Ashby told us that around 30% of lettings were to professional people moving to the area. Typically they see Ashby as a point on the map that is within commuting distance of work. They settle in the town because they find it an attractive and pleasant place to live. Agents told us that there was a shortage of 3 bedroom homes for rent to this group. 3 Bedroom homes provide 'the flexibility to accommodate kids or guests or office space'. There was a small supply of lettings available and rents were higher than most parts of north Leicestershire.

New build

4.192 At Coalville we visited the Woodlands Reach development by St Mowdem Homes. The sales agent told us that sales had exclusively been to local households and most sales had been assisted with Help to Buy. One sale was to a long distance mover who was moving 'sideways' to relocate near to her family. Prices start at £140,000.

4.193 Bloor Homes are building at Fairfield Manor, Castle Donington. The agent explained that most sales were to people that had previously lived within a 20 mile radius including Nottingham and Derby. Customers were mostly existing home owners seeking to live away from the city and commuting via the M1 motorway and A50 and A6 corridors. No sales had been made to East Midland Airport employees and the agent felt that the proximity of the airport had no negative effect on sales or prices.

4.194 At Ashby, David Wilson Homes were developing with prices between £200k and £400k. The agent told us that around 30% of sales were to outsiders, notably from nearby towns such as Long Eaton and Burton on Trent. Such incomers found the area to be a good base to commute from and more pleasant place to live, providing high quality local schools. The agent told us that there was considerable demand for 3 bedroom detached homes that would sell for around £200k.

Local authority perspective on the private rented sector

4.195 Officers told us that there is an East Midlands Association and a Landlord's Forum. The forum tends to be attended by landlords offering a good quality service.

4.196 The Council is part of the Leicestershire Homefinder scheme and tenancies are mostly AST and student housing. There are 17 licensed HMOs, mostly in Kegworth.

4.197 Most complaints are about condensation and mould.

4.198 Regarding benefit reform, officers told us that this had mostly affected larger families. To assist new tenants the council offers a rent deposit scheme and the discretionary housing fund as part of a homelessness prevention strategy.

Local authority perspectives on the supply and demand for social rented housing

- 4.199 Officers told us that the District owns and manages its council housing and its lettings are managed within the Leicestershire choice based lettings scheme (CBL) (Leicestershire Home Choice). The scheme incorporates a system for helping to meet demand from households in need of affordable housing across the County.
- 4.200 The district owns 4,480 dwellings and registered providers own 2,059 rented and shared ownership dwellings most of which is family housing. Registered providers are seeking to provide smaller dwellings in new build schemes. 90% of registered provider vacancies are offered through the CBL scheme.
- 4.201 Officers identified a shortage of shared accommodation for singles under the age of 35, accommodation for vulnerable people of all ages and bungalow accommodation for older people. Around 12% of the 941 applicants able to bid for housing under the CBL scheme are either homeless or in urgent housing need. We were told that welfare reform has affected demand from single people and there is a lack of shared or affordable housing in the district.
- 4.202 There is no private rented sector leasing scheme in the district. Around 22% of households presenting as homeless are due to a private rented sector tenancy that has ended or failed. The district operates a rent in advance scheme administered by the housing benefit team and bond scheme to help prevent homelessness.
- 4.203 Officers told us that sheltered flats and bedsits for older people are regarded as hard to let. Registered providers told us that this is an issue across the county and city in some schemes.

Registered Providers and Delivery

- 4.204 We were given a list of registered providers that were regarded as most active in the County. Three interviews were achieved although many more were requested. All interviews highlighted the same issues. Reflecting the input from the local authorities, the registered providers told us that development policy was influenced by the effects of the bedroom tax and site layouts were containing a higher proportion of smaller dwellings. Development officers stressed that development was always needs driven and their aim was where possible to provide developments that were mixed in terms of size and tenure (rent and shared ownership). Secondly officers stressed that delivery of new affordable housing was threatened by unrealistic grant rates from the Homes and Communities Agency (HCA). Land prices were rising and the anticipated funding gaps could not be made up from other sources.
- 4.205 The role and importance of regional builders was stressed by the registered providers, William Davis and Westleigh Homes in particular. An interview was achieved with Westleigh Homes – a regional house builder that works very closely with registered providers. Registered providers told us that Westleigh provided a very important role in identifying and bringing forward small and

medium sized sites upon which a significant development pipeline was based. Westleigh was concerned that a considerable amount of new potential development might not happen unless HCA grant rates were adequate. Westleigh would undertake speculative development on suitable sites, priced to be affordable to local first time buyers and second time movers. Their price points mostly ensured that they were not in competition with the national house builders.

Student Housing

4.206 Student housing is a major factor within the Housing Market Area. The HMA contains three major universities and impacts on the housing market of three local authority areas.

4.207 According to the Higher Education Statistics Authority (HESA) students (graduates and undergraduates) 2011/12 number approximately:

- De Montfort (Leicester) 22,000 students (16,505 full time);
- Leicester 17,000 students (13,100 full time); and
- Loughborough 16,000 students (13,785 full time)

4.208 According to data provided by HESA student numbers for Leicester have fluctuated over the 4 year period ending 2011/12 within the range 16,000 +/-500. Loughborough has remained fairly static. However De Montfort has shown growth over this time of over 30% as measured by total student numbers. A large proportion of this gain has been due to EU and Non EU students from overseas. All universities, especially De Montfort, have seen reductions in the number of part time students.

4.209 Loughborough University has the largest single-site campus in the country, with 438 acres of land that also contains halls of residences for over 5,000 students (source: Loughborough University website). Leicester has 3,200 student residences in university and privately-owned halls of residence (source: Leicester University website). De Montfort has the least amount of hall based accommodation at 2,500 student residences.

Loughborough

4.210 In Loughborough two specialist student letting agencies were interviewed. In addition two market letting agencies were also asked to provide a perspective. A new build sales agent also provided some relevant information.

4.211 Student agencies provided conflicting information about demand from students. One agency stated that there was a weakening of demand from students for private rented sector shared accommodation. Another stated that demand was increasing. Both acknowledged that the market was changing. Student letting agents perceived that the reason for this was that student numbers were declining. HESA statistics throw doubt on this, but student letting agents acknowledged that there had been an increase in purpose built accommodation. Private rented sector market housing agents offered the perspective that private landlords had struggled to compete with the modern purpose built accommodation and told us that the student letting sector was in the process of

restructuring. This was in the form of investors acquiring surplus stock and returning it to the residential market. As a consequence, the private rented sector student area called 'The Golden Triangle' was becoming more diverse. All agents agreed that although the student sector in Loughborough was changing, there would always be demand from students for shared private rented sector both on economic grounds and as a lifestyle choice.

- 4.212 A new build sale agent told us that a number of sales were made to athletes who were training at Loughborough prior to the 2012 Olympics.

Leicester

- 4.213 We interviewed student letting agents and the marketing suite of purpose built accommodation near to De Montfort University.

- 4.214 The letting agents told us that there was fierce competition in the market for students due to the large volume of purpose built accommodation coming onto the market. This meant that private landlords have to improve the quality of the offer as students were getting choosy – seeking “all in” deals including bills and Wi-Fi. Some landlords were not willing to offer this and were either selling up or instructing agents to let to the residential market. Agents described how they have to work harder to sign students up in the private rented sector. Typically there were now several viewings and close scrutiny of the legal documents. As one agent put it: 'students are now getting more 'savvy''. The agent told us that their response was to target first year students and encourage them to sign up early.

- 4.215 The manager of purpose built student accommodation near De Montfort told us that in his view, supply had caught up with demand as he was struggling to let older units. We toured the area around the university and noted that several buildings were in the course of conversion into new purpose built student units and were being marketed as available for 2014. The scale of this new provision is such that even lower quality private rented sector housing may become available to the residential sector either as self-contained or shared units. The manager told us that in his experience there was no reduction in overall demand it was just that the market was changing. Improved supply meant that they could encourage second year students to live in purpose built accommodation and such accommodation was preferred by international students.

Non student House Sharing Market

- 4.216 House sharing is most common in Loughborough and Leicester and their surrounding areas. Young professionals early in their careers will prefer house sharing to equivalent price self-contained rented housing which tends to be of poor quality. At the time of our research the www.spareroom.com website was advertising a significant number of vacancies for double and single rooms in Leicester (446) Oadby (84) Loughborough (76) and Hinckley (23). On reading the advertisements on Spareroom it is apparent that some of the vacancies close to the universities were aimed at the student market or lower paid university staff. Agents commented that spare room

licenses were a popular choice for younger professionals especially medics but this should not be confused with licensed Houses in Multiple Occupation or sharing arrangements between migrant workers. For example in Glenfield there were 87 vacancies on Spareroom and much of the advertising was aimed at hospital workers. We noted very few 'rooms to rent' in local newspapers or shop windows right across Leicester and Leicestershire except in low cost neighbourhoods and would house newly arrived migrant workers.

Changes in the Use of Housing

- 4.217 Studying levels of overcrowding in the housing stock is an important part of the SHMA. This is strongly recognised in the Practice Guidance which notes that 'if overcrowding is an issue, building one new larger property could help to resolve the needs of several households as households "move up" through the system into larger properties'. The Planning Practice Guidance identifies long term increases in overcrowding as a potential signal that housing supply might need to increase.
- 4.218 Data about overcrowding is available from the 2011 Census based on the 'bedroom standard'. This is defined by the difference between the number of bedrooms needed to avoid undesirable sharing (given the number, ages and relationships of the household members) and the number of bedrooms available to the household. A household is defined as overcrowded if there are fewer bedrooms available than required by the bedroom standard.
- 4.219 The LLLPA area has a slightly higher level of overcrowding in 2011 (4.6%) than the East Midlands (3.1%) but similar to the England and Wales average (4.4%).
- 4.220 Levels of overcrowding vary considerably across the local authorities - from 1.5% in Harborough to 9.8% in Leicester. The higher than average level of overcrowding in Leicester is likely to partly be a function of the higher percentage of smaller dwellings (terraced housing and flats) relative to other housing types; the socio-economic characteristics of the areas; levels of Houses in Multiple Occupation; and the higher occupancy levels amongst student housing. In the other authorities in the HMA, overcrowding is below average.
- 4.221 To identify trends, we have compared the room based occupancy measure from the 2001 and 2011 Census. From this, we can see that over the past decade, the number of overcrowded households has grown by more than 35% across the East Midlands, slightly above the national level at 32%. Overcrowding in Leicester and Leicestershire has grown significantly higher at 43%.

Table 5: Overcrowding, 2011

	% Overcrowded Households	% Households Under-Occupying Homes
England & Wales	4.5%	69.0%
East Midlands	3.1%	74.9%
Blaby	1.8%	81.1%
Charnwood	2.5%	75.4%
Harborough	1.5%	82.6%
Hinckley & Bosworth	1.7%	80.5%
Melton	1.6%	81.2%
NW Leicestershire	1.9%	79.7%
Oadby and Wigston	3.1%	77.1%
Leicester	9.8%	55.4%
LLLPA	4.6%	71.2%

Source: 2011 Census

- 4.222 Across many of the authorities in the LLLPA area, the increase in overcrowding over the past decade has been below the regional average; however, Leicester City has seen significantly higher increases (58.9%). This might indicate that City in particular has experienced more acute supply/demand imbalances over the past decade; however, the large growth in Leicester could also be attributable to the characteristics and growth of the student market and numbers of Houses in Multiple Occupation (HMOs). Also notable is the comparatively low increase in overcrowding in Hinckley and Bosworth (11.5%), Oadby and Wigston (11.8%) and Blaby (12.2%). It should be noted that this analysis is based on the Census “occupancy rating” which is likely to over-estimate growth in overcrowding based on the bedroom standard.

Table 6: Changes in overcrowding (2001-2011) – based on Room Standard

	Overcrowded households (2001)	Overcrowded households (2011)	Change (no.)	Change (%)
England & Wales	1,510,422	1,995,860	485,438	32.1%
East Midlands	77,146	104,764	27,618	35.8%
Blaby	1,049	1,177	128	12.2%
Charnwood	2,716	3,305	589	21.7%
Harborough	791	1,068	277	35.0%
Hinckley & Bosworth	1,312	1,463	151	11.5%
Melton	644	727	83	12.9%
NW Leicestershire	975	1,140	165	16.9%
Oadby and Wigston	815	911	96	11.8%
Leicester	11,807	18,756	6,949	58.9%
LLLPA	19,465	27,820	8,355	42.9%

Source: Census 2001 and Census 2011

Vacant and Second Homes

- 4.223 The 2011 Census indicated that there were just over 14,000 vacant and second homes in Leicester and Leicestershire (equivalent to 3.5% of the dwelling stock). This level is below the regional and national averages.
- 4.224 The level of vacant and second homes is particularly low in Blaby (2.5%). In contrast levels are highest in Oadby and Wigston (5.1%) and Charnwood (4%).

Table 7: Vacant and Second Homes, 2011

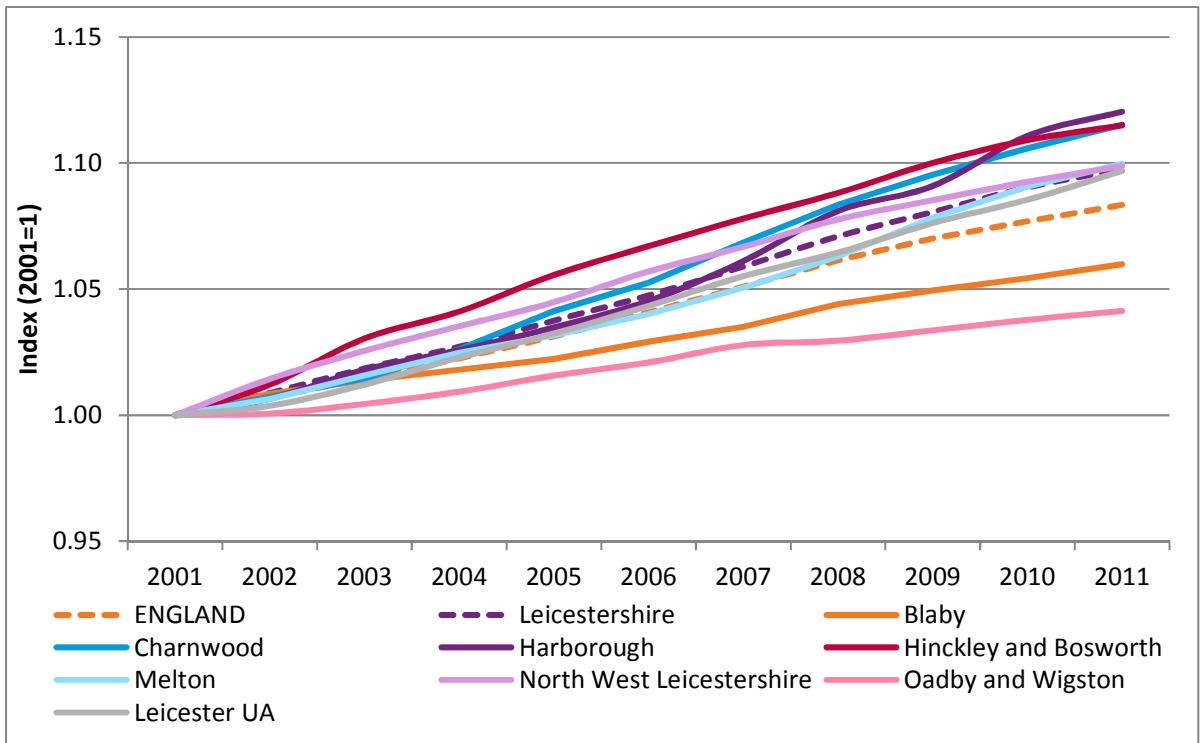
	All categories: Dwelling type	Household spaces with no usual residents	Households with no usual residents
England and Wales	24,359,880	1,063,574	4.4%
East Midlands	1,971,514	78,224	4.0%
Blaby	39,669	985	2.5%
Charnwood	69,220	2,789	4.0%
Harborough	36,101	1,212	3.4%
Hinckley and Bosworth	46,909	1,549	3.3%
NW Leicestershire	40,463	1,344	3.3%
Oadby and Wigston	22,481	1,143	5.1%
Melton	22,185	722	3.3%
Leicester	126,703	4,258	3.3%
LLLPA	403,731	14,002	3.5%

Source: 2011 Census

Rates of Development

- 4.225 The figure overleaf profiles growth in dwelling stock between 2001 and 2011. Over this period the housing stock grew by 9.7% across the LLLPA, which was marginally above the 8.3% growth recorded across England.
- 4.226 Over the 2001-11 period, growth in housing stock has been strongest in Harborough (12.0%) and, Charnwood and Hinckley and Bosworth (both 11.5%); whilst housing stock growth has been lower than average in Oadby and Wigston (4.1%). Where there is 'above average' housing growth this is likely to have fed through to higher migration to these authorities in comparative terms. This in turn can influence trend-based demographic projections.

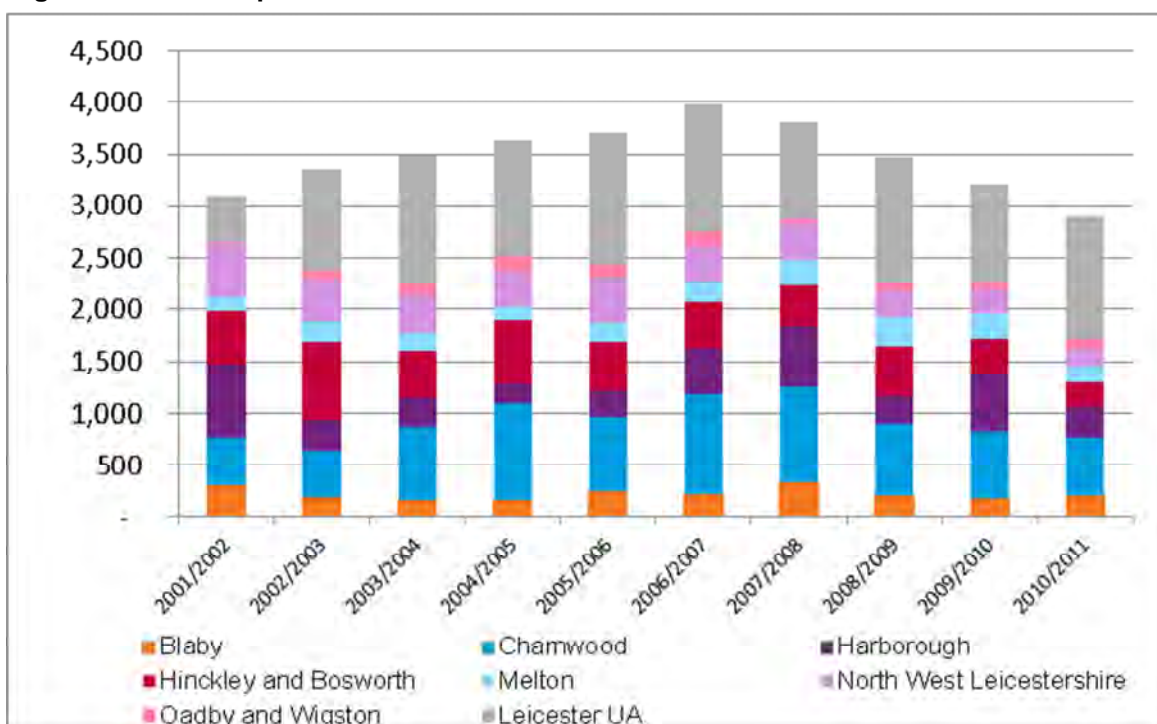
Figure 19: Indexed Growth in Dwelling Stock, 2001-11



Source: CLG, Table 125 and AMR

4.227 The figure overleaf shows the trend in net completions across the LLLPA area since 2001. This demonstrates completions steadily rising to a peak of 3,977 in 2006/07. However, since then completions have continuously declined owing to the recession and wider market circumstances. Within Leicester and Leicestershire, net completions have been highest in Leicester City and Charnwood in absolute terms.

Figure 20: Net Completions 2001-2012



Source: DCLG and AMR, 2013

4.228 Despite the fall in housing delivery both Harborough and Melton are ahead of their previous housing target as set by the East Midlands Plan for the five year period to 2010/11. Overall the LLLPA area has under-delivered around 2,732 homes. Oadby and Wigston have almost made their target. In absolute terms the largest under-delivery is in NW Leicestershire (1,207 units). North West Leicestershire also the highest percentage under delivery at 58% of target.

Table 8: Housing Delivery Against Former RSS Target

	RSS Annual Target	RSS Target (2006/7-2010/11)	Housing Delivery (2006/7-2010/11)	Shortfall (2006/7-2010/11)
Blaby	380	1,900	1,130	770
Charnwood	790	3,950	3,810	140
Harborough	350	1,750	2,141	- 391
Hinckley & Bosworth	450	2,250	1,890	360
Melton	170	850	1,114	-264
NW Leicestershire	510	2,550	1,343	1,207
Oadby & Wigston	90	450	457	-7
Leicester	1,280	6,400	5,483	917
LLLPA	4,020	20,100	17,368	2,732

Source: RSS and DCLG 2013

Drawing the Analysis Together

- 4.229 Across Leicester and Leicestershire, and indeed across much of the country, there has been a fundamental shift in housing market conditions nationally since 2007, particularly in relation to confidence and credit availability
- 4.230 Since the recession, the evidence indicates a substantial decline in effective demand from peak levels, with annual sales in Leicestershire more than 45% down on pre-recession levels. However, the pattern is somewhat variable with some authorities experiencing stronger recovery in effective demand for market housing over the past couple of years, whilst in Leicester and to a lesser extent North West Leicestershire there is little evidence of any sustained recovery to date. The downturn in sales, driven by wider economic and market conditions, is likely to have resulted in some suppression of household formation since 2008.
- 4.231 House price patterns prior to the recession were broadly consistent across Leicester and Leicestershire with little evidence of divergence from the national trends. Only Leicester and Harborough achieved growth above the national trend. Since the recession, our analysis shows generally modest price growth in most authorities with some remaining in negative territory (Leicester in particular). Overall, there is little evidence of a sharp recovery and, taking account of inflation most areas have seen price falls in real terms.
- 4.232 In terms of pricing levels, market evidence indicates that Harborough and Melton experience the highest median prices across most property types. In particular, the data suggests that prices of detached properties in Harborough are more than 15% above those of the next most expensive authority for that type of property. It is very difficult to draw any conclusive proof from the sales of flats. This is due to the low number of sales for that type of property. In the last year only 91 have been sold in Leicester and Leicestershire and over 40% of these were in Leicester and 20% in Charnwood. This in part explains why prices are noticeably cheaper in Leicester than in any of the other authorities.
- 4.233 This pricing analysis translates somewhat into market affordability. Lower quartile affordability in many of the local authorities compares favourably with the national ratio, with housing in Leicester in particular shown to be more affordable than the average across England. Affordability issues are however more acute in Harborough and Melton. The market signals do however suggest that affordability issues in all local authorities occur mainly at the lower end of the market.
- 4.234 There is some evidence of some constraint from housing supply on new household formation across Leicester and Leicestershire over the 2001-11 decade. Whilst overcrowding across the area is not significantly out of step with the East Midlands generally, the number of overcrowded households has increased by more than 40% over the past decade. The data suggests that there are pockets of high overcrowding in Leicester and to a lesser extent Oadby and Wigston (albeit that

this is likely to be influenced by the nature of the housing offer and demand profile) and that, in terms of trends, there have been particularly sharp increases in overcrowding in Leicester and Charnwood. We do however recognise that overcrowding issues in Leicester in particular are likely to be driven in part by the student market and levels of HMOs. In contrast, growth in overcrowding has been very low in Hinckley and Bosworth and Oadby and Wigston compared to both the regional and national picture.

- 4.235 In terms of past growth, the housing stock in the majority of the local authorities has grown at a rate above the national and regional averages over the past decade. However, we do see quite notably high growth in Charnwood and Harborough with very low growth in Oadby and Wigston.
- 4.236 Overall, the signals in terms of market and affordability pressures are not considered to be significant for most of the local authorities in Leicester and Leicestershire. Given the evidence, we identify strong market pressure in Harborough and to a lesser extent Melton to increase housing supply but little significant evidence of market constraint for the remainder of the Leicester and Leicestershire HMA.

5 DEMOGRAPHIC PROJECTIONS

5.1 The analysis carried out follows the requirements of the National Planning Policy Framework and the more recent (March 2014) CLG Guidance about *Assessing Housing and Economic Development Needs*. The recent Guidance effectively describes a process whereby the latest population and household projections are a starting point for considering housing need; and a number of “tests” then need to be considered to examine whether it is appropriate to consider an upward adjustment to housing provision. These are:

- Is there evidence that household formation rates in the projections have been constrained? Do market signals point to a need to increase housing supply?
- How do the demographic projections ‘sit’ with the affordable housing needs evidence, and should housing supply be increased to meet affordable needs?
- What do economic forecasts say about job growth? Is there evidence that an increase in housing numbers would be needed to support this?

5.2 The approach taken in this section is to interrogate ONS/CLG population and household projection data as well as more recent information around population change and migration. This analysis is used to derive a series of projections to assist in determining an objective level of need for the HMA.

Examining the Latest Official Projections

5.3 The Planning Practice Guidance sets out that ‘household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need. The household projections are produced by applying projected household representative (‘headship’) rates to the population projections published by the Office for National Statistics. Projected household representative rates are based on trends observed in Census and Labour Force Survey data.

5.4 At the time of writing these were the 2011-based ‘interim’ Subnational Population Projections (SNPP) and the 2011-based ‘interim’ household projections from CLG (which are directly based on the SNPP). These projections are important as they provide a consistent approach where key inputs (such as levels of internal migration) sum at a national level. The SNPP is also a good source of data as it uses a ‘multi-regional’ model that studies migratory movements by age and sex between all local authorities in the Country. The SNPP is however limited by the accuracy of data underpinning it such as migration which is notoriously difficult to accurately measure – particularly at smaller area level.

5.5 Table 6 below shows household growth in Leicester & Leicestershire from the 2011-based CLG Projections. These projections cover the 10-year period to 2021 and project an 8.9% increase in households. This is slightly below the average growth expected in the East Midlands (9.9%) and nationally (10.0%). For individual areas the analysis shows some notable differences with growth in Leicester of just 5.7% up to 13.2% in Charnwood. Overall across Leicester and Leicestershire the

CLG projections expect an increase in households of just under 35,000 (about 3,500 per annum). It should be noted that the 2011 household figures are a mid-year estimate from CLG which has been rolled forward from the 2011 Census (which has a March date). The number of households will therefore be slightly different to that shown in the 2011 Census.

Table 9: Projected household growth 2011-21 – CLG 2011-based Household Projections

	Households 2011	Households 2021	Change in households	% change from 2011
Leicester	123,104	130,111	7,007	5.7%
Blaby	38,774	42,949	4,175	10.8%
Charnwood	66,565	75,364	8,799	13.2%
Harborough	35,018	39,249	4,231	12.1%
Hinckley & Bosworth	45,464	49,499	4,035	8.9%
Melton	21,532	23,518	1,986	9.2%
NW Leicestershire	39,192	42,289	3,097	7.9%
Oadby & Wigston	21,305	22,799	1,494	7.0%
Leicester & L'shire	390,954	425,778	34,824	8.9%

Source: CLG 2011-based household projections

Extending the CLG Projections to 2031 and 2036

- 5.6 The Planning Practice Guidance sets out that as the 2011-based Interim Household Projections only cover a ten year period to 2021; plan-makers need to assess likely trends after 2021 to align with development plan periods. We have therefore extended the household projections to 2031 and 2036, using assumptions within the 2010-based ONS SNPP. The methodology is fairly simple and involved using the 2010-based projections and rebasing these to 2021 in the 2011-based projections. For example, if the 2011-based projections reached a net migration of 400 in 2021 and the 2010-based figures only showed 200 then the roll forward would increase levels of migration in the 2010-based data by 200 in each year moving forward.
- 5.7 Over the longer period, levels of net migration across the HMA are expected to drop slightly although this is not the case uniformly in all areas. Changes in migration levels moving forward will be due to the changing age structure in the HMA and also in areas outside of the HMA which typically see in-migration to the area. For example, if an area typically sees a high level of in-migration from people aged 15-24 and this age group is shrinking (which in the short-term is the case nationally) then we might expect in-migration to decline. On the other hand an ageing population would see more older people. Given that older age groups are less migratory, this could see a reduction in levels of out-migration moving forward. The impact of age structure changes are complex but likely to be fairly well reflected in changes to migration levels as projected by ONS. It should be noted that year-on-year migration changes only impact on internal migration (moves from one part of the Country to another) with figures for international migration being held virtually constant throughout the projection period.

5.8 The projections suggest an annual housing need for 3,335 additional homes per annum over the 20-years 2011-31 across the HMA. This figure drops slightly (to 3,159) with the projections extended to 2036. The figures include an allowance for vacant and second homes based on information from the 2011 Census about occupied and unoccupied 'household spaces'. Across the whole HMA this sees an uplift of around 3.6% on the estimated level of household growth. A vacancy rate has been applied to allow for household movement within the stock and is reflective of current vacancy rates (which are assumed to be achievable in new housing stock).

5.9 It should be noted that the number of households shown for 2011 differs very slightly from that shown in the CLG projections (a difference of 9 households for the whole HMA) – this is due to the rounding of data within the CLG projections once the information has been extracted into our demographic model.

Table 10: Extending the SNPP/CLG Projections to 2031

	Households 2011	Households 2031	Change in households	% change from 2011	Housing Requirement	Housing Requirement (per annum)
Leicester	123,105	136,213	13,107	10.6%	13,566	678
Blaby	38,777	46,200	7,423	19.1%	7,609	380
Charnwood	66,567	82,832	16,265	24.4%	16,948	847
Harborough	35,021	42,839	7,818	22.3%	8,092	405
Hinckley & Bosworth	45,464	52,924	7,460	16.4%	7,713	386
Melton	21,533	25,104	3,571	16.6%	3,693	185
NW Leicestershire	39,189	44,802	5,614	14.3%	5,805	290
Oadby & Wigston	21,307	24,406	3,099	14.5%	3,266	163
Leicester & L'shire	390,963	455,320	64,357	16.5%	66,691	3,335

Source: CLG 2011-based household projections and JGC

Table 11: Extending the SNPP/CLG Projections to 2036

	Households 2011	Households 2036	Change in households	% change from 2011	Housing Requirement	Housing Requirement (per annum)
Leicester	123,105	138,619	15,514	12.6%	16,057	642
Blaby	38,777	47,519	8,742	22.5%	8,961	358
Charnwood	66,567	85,954	19,388	29.1%	20,202	808
Harborough	35,021	44,259	9,238	26.4%	9,562	382
Hinckley & Bosworth	45,464	54,163	8,698	19.1%	8,994	360
Melton	21,533	25,705	4,172	19.4%	4,314	173
NW Leicestershire	39,189	45,722	6,534	16.7%	6,756	270
Oadby & Wigston	21,307	25,225	3,917	18.4%	4,129	165
Leicester & L'shire	390,963	467,167	76,204	19.5%	78,974	3,159

Source: CLG 2011-based household projections and JGC

Appraising the CLG/ONS Projections

- 5.10 The above projections indicate a need for 3,335 homes per annum to 2031 (3,159 if looking to 2036). The Planning Practice Guidance indicates that “the household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends.” It is thus appropriate next to interrogate further these projections and in particular to ask: are the CLG/ ONS Projections reasonable as an assessment of demographic trends?
- 5.11 It is important to consider whether the data feeding into the ONS/CLG projections is reflective of past trends, in particular taking account of more recent data published since the underlying ONS 2011-based Sub-National Population Projections were published. The key additional sources of data include:
- 2011 Mid-Year Population Estimates (which look at components of change such as migration from 2001-11 and have been rebased to take account of Census population estimates); and
 - 2012 Mid-Year Population Estimates which were published in June 2013 and contain estimates of migration for 2011-12.
- 5.12 The updated ONS data taken together suggest that migration has been lower in the five-year period to 2012 than it was in the equivalent period to 2010 (which would have been the period studied by ONS for their Subnational Population Projections). The data suggests an annual level of net in-migration of 3,382 persons from 2007-12, down from 3,844 persons in 2005-10 period based on the earlier data.
- 5.13 It is notable over the 2007-12 period that net migration to Charnwood accounts for 60% of the total migration to the HMA (with a figure of 50% if looking at the 2005-10 period). This is significant and is likely to be related to a number of factors such as student migration (including international students) and also a relatively high dwelling build rate which will enable people to move to the area (notably from Leicester). Detailed data in Appendix B shows that about half of net migration to Charnwood is from abroad and half movement from other parts of the Country. It is however also possible that levels of migration have been over-estimated by ONS and this point is discussed below.

Table 12: Net migration 2001-2012

Year	Leicester	Blaby	Charnwood	Harborough	H'ley & B'th	Melton	NW Leics	Oadby/Wigston	L & L
2001/2	-1,177	656	270	1,302	322	128	902	435	2,838
2002/3	-477	154	701	716	783	265	689	708	3,539
2003/4	1,308	-36	1,396	391	763	168	707	647	5,344
2004/5	3,080	-87	1,403	500	512	-44	511	161	6,036
2005/6	492	282	1,791	770	537	46	454	574	4,946
2006/7	21	284	1,714	809	426	332	731	277	4,594
2007/8	-854	251	1,936	604	620	64	403	191	3,215
2008/9	-800	-45	2,047	438	189	110	67	161	2,167
2009/10	500	248	2,108	505	185	461	50	242	4,299
2010/11	517	-39	1,651	737	418	281	135	642	4,342
2011/12	-1,111	203	2,445	591	429	144	152	36	2,889
Average (2005-10)	-128	204	1,919	625	391	203	341	289	3,844
Average (2007-12)	-350	124	2,037	575	368	212	161	254	3,382

Source: ONS 2013

- 5.14 The analysis in the table above would suggest that modelling a lower level of net migration moving forward would be appropriate in terms of a trend-based projection. However, it is considered that a wider understanding of past trends in population change should be included within any amended projection. In particular we consider that the following should be recognised.
- The relationship between past migration trends and the Subnational Population Projections; and
 - The impact of 'unattributable' population change (UPC).
- 5.15 Whilst the data above suggests net migration of 3,382 people per annum on average over the 2007-12 period it is not necessarily appropriate to simply project forward this level each year moving forward. This is because the expected level of migration on a year-by-year basis can change depending on underlying age structure differences. For example, an area might typically see 10% of people aged 15-19 out-migrating each year, if in the first year of the projection there are 1,000 people aged 15-19 then 100 would be expected to out-migrate, if in year 2 there are only 900 people in this age group at the start then the level of migration would only be 90.
- 5.16 ONS projections build up a detailed matrix of moves by age and sex which are then applied to each year of the projection. This means that the actual estimated levels of migration can be more or less than the figures shown by past trends. The table below tries to emphasise this. For the whole of Leicester & Leicestershire the table shows a past trend in migration of 3,844 over the five year period used by ONS to develop migration trends (2005-10). This is expected to translate into a somewhat lower level (of 3,095 per annum) moving forward. In Leicester, the expected level of net migration is significantly lower than past trends (a significant net out-migration) whilst for many areas (notably Oadby & Wigston, Charnwood and Blaby) the opposite is apparent.

Table 13: Relationship between past migration trends and future projection

	Average net migration (2005-10)	Average migration (first 5-years of projections)	Difference
Leicester	-128	-1,821	-1,693
Blaby	204	456	252
Charnwood	1,919	2,211	292
Harborough	625	546	-80
Hinckley & Bosworth	391	513	121
Melton	203	170	-32
NW Leicestershire	341	332	-9
Oadby & Wigston	289	689	400
Leicester & L'shire	3,844	3,095	-749

Source: ONS

- 5.17 In using this information to project forward, we would consider that the level of migration to be considered as a trend should be lowered from actual past trends to reflect the most recent ONS projections. The rationale for this can be seen in the table above; although the average level of net migration was 3,844 in the 2005-10 period; ONS have projected this forward at a level of 3,095 (on average) for the first five-years on their latest projection.
- 5.18 The data above, along with more recent migration trends therefore suggests a lower level of migration might be relevant for the projections. However, we consider that it is also important to look at 'unattributable' population change (UPC). Following the 2011 Census, the ONS rolled forward population estimates were rebased so that mid-year estimates (MYEs) for mid-2011 were in line with the 2011 Census. Differences between the rolled forward 2011 MYEs and the 2011 Census based MYEs was categorised as an 'Unattributable Population Change'.
- 5.19 There are a number of reasons why there are differences between rolled forward population estimates and Census based figures. ONS particularly highlights problems with recording of migration and around the accuracy of Census population figures (either in 2001 or 2011). Whilst ONS does not propose to make any adjustment to the 2012-based Subnational Population Projections for this 'unexplained' component of population change, we consider at the local level it is important to quantify this difference and make adjustments where necessary.
- 5.20 The table below shows the extent of UPC in each area over the past decade. In Leicester & Leicestershire there is a further complication in that further adjustments were made to figures in relation to population estimates in Oadby & Wigston. This mainly has an impact on Oadby & Wigston and Leicester and is thought to be related to student movements from halls of residence in Oadby & Wigston to Leicester as students remain in their courses for second and subsequent years. The table below merges the UPC with the Oadby & Wigston adjustment for the purposes of our analysis. It should be noted that the Oadby & Wigston adjustment was applied by ONS up until

2010 whilst data for 2011/12 does not have any UPC data (due to this not being able to be referenced back to Census estimates).

- 5.21 The data shows across the County that the components of population change (once added together) have underestimated population change. Between 2005 and 2010, the average level of population change was estimated to be around 1,269 per annum higher than is derived from adding components of population change together (i.e. adding natural change (births-deaths) to levels of net migration). For individual areas there are also some notable figures with Leicester in particular seeing a very high level of UPC whilst Charnwood and Oadby & Wigston see relatively high negative figures.

Table 14: Unattributable Population Change 2001-12

Year	Leicester	Blaby	Charnwood	Harborough	H'ley & B'th	Melton	NW Leics	Oadby/Wigston	L & L
2001/2	2,294	-85	-561	48	-98	15	171	-451	1,333
2002/3	2,472	-77	-590	37	-86	19	167	-306	1,636
2003/4	2,386	-81	-574	30	-86	35	165	-227	1,648
2004/5	2,547	-90	-583	26	-101	24	172	-412	1,583
2005/6	2,388	-79	-595	36	-88	13	177	-272	1,580
2006/7	2,385	-80	-586	17	-90	19	169	-312	1,522
2007/8	2,345	-52	-589	39	-107	27	182	-489	1,356
2008/9	2,356	-60	-600	56	-106	17	190	-769	1,084
2009/10	1,979	-49	-637	34	-93	4	185	-621	802
2010/11	1,236	-77	-635	-3	-87	14	194	118	760
2011/12	0	0	0	0	0	0	0	0	0
Average (2005-10)	2,291	-64	-601	36	-97	16	181	-493	1,269
Average (2007-12)	1,583	-48	-492	25	-79	12	150	-352	800

Source: ONS, 2014

- 5.22 Whilst it has been noted that ONS do not intend to make any adjustments to the 2012-based Sub-National Population Projections as a result of this information we would consider that the scale of UPC is too large to ignore. In developing a trend-based projection we have therefore used the data on UPC (for the period 2005-10) and made an adjustment to migration trends on the assumption that half of the UPC can be attributed to migration estimates with the remaining half accounted for by other factors (such as the accuracy of Census data). The use of half of the UPC is arbitrary but is consistent with ONS analysis (at a national level) which suggests that about half of the difference between the 2011 Census and previous mid-year estimates (produced by rolling forward from 2001) has been attributed to underestimation of migration.

Summary of Approach to Unattributable Population Change (UPC)

- 5.23 UPC is the difference between the recorded population growth in the Census (adjusted to a mid-year figure) and the sum of the various components of population change recorded by ONS (mainly natural change and net migration). Where UPC is negative it implies that the recorded components are higher than the actual recorded population growth with the opposite being the case where a positive figure is shown. It is not possible from the data available to be certain whether UPC is due to the poor recording of a particular component (e.g. migration) or because of problems with Census estimates (either in 2001 or 2011). Whilst our view is in the majority of cases that differences will be due to difficulties in recording migration we have taken a pragmatic view that around half of the UPC is due to migration recording and half due to Census data.
- 5.24 Demographic projections have been developed on this basis and it is notable across the HMA that this approach shows a higher level of population growth and housing need. However, for individual authorities the numbers can go down as well as up. It is considered that an approach which takes some account of UPC is preferable to looking simply at recorded migration data as this will help to smooth out population growth estimates and make them more consistent with past trends. Graphs showing past and projected population growth can be found in Appendix B.
- 5.25 It is noted that ONS are not proposing to take account of UPC in the next round of (2012-based) subnational population projections (SNPP). The inclusion of UPC in the SNPP has been heavily consulted on and one of the reasons for ONS ignoring this component of population change is simply that at present the projection processing system is unable to handle this additional data. Again, as we are able to take some account of the UPC information it is considered that for a local level study the full range of data should be utilised when developing projections.
- 5.26 There are particular concerns regarding Oadby & Wigston where ONS include an additional component of population change (the Oadby & Wigston adjustment). For the purposes of our analysis we have treated this adjustment in the same way as for UPC (i.e. to attribute half of it to migration assumption adjustments). This is again in an attempt to make best use of the available data although we note that there is some evidence of a problem with 2001 Census data in this area (the 2001 figures look to have over-estimated population and household numbers). Although at the time of writing it is unclear what approach ONS will take to data for Oadby & Wigston, it is quite probable given past ONS projections that there will be an element of adjustment. When considering demographic and housing need data for Oadby & Wigston it is recommended that data for Leicester is also scrutinised. This is because the majority of the Oadby & Wigston adjustment relates to student movements between the Borough and the City. Full data about UPC (including the Oadby & Wigston adjustment) can be found in Appendix B.

- 5.27 To confirm, it is appropriate to consider the ONS 'adjustment' to historical mid-year population estimates when setting future migration assumptions. Otherwise, the trend projection is not being formulated on historical population change that has taken place.
- 5.28 We can now bring all of the above data together to assist in developing an updated trend-based projection using the most up-to-date information and including an understanding of past population growth and the relationship between past trends and future projections.
- 5.29 The table below therefore shows the levels of net migration used in the demographic model for the first five years of the projection (2011-16). The figures are made up of data over the most recent five years about recorded migration, an adjustment for the difference between past trends and future projections used by ONS and an adjustment to take account of Unattributable Population Change (in the 2005-10 period).
- 5.30 Using a worked example for Leicester; the average level of net migration in the 2007-12 period was an out-migration of 350 people. The average level of net migration in the latest ONS projections for the first five years (2011-16) is 1,693 lower than actual trend observed in the five year period for which a 'trend' was established (2005-10). Hence we would suggest a start point in the projections of about 2,043 net out-migration (such a figure would be consistent with recent past trends and how ONS have converted this into a projection). Next we have added half of the UPC (1,145 per annum on average). This gives a net (out) migration figure of 897 – this figure is assumed to be the average level of migration for the first five years of our projection.
- 5.31 The approach taken to interrogating demographic data seems reasonable. It takes account of: a) recent migration trends; b) the relationship between past trends and future projections (as informed by ONS) and c) a factor for known population change which ONS has been unable to attribute to any particular component.
- 5.32 Overall, this analysis suggests a level of net migration of 3,268 people per annum. This figure sits above the average level used by ONS in the 2011-based SNPP (of 3,095) and slightly below that observed past trend for 2007-12 of 3,382. For the whole of Leicester and Leicestershire this figure therefore looks reasonable. Differences for individual local authorities can be considered to better reflect the population change indicated by the 2011 Census. This latter point is further emphasized when comparing past and projected population growth.

Table 15: Projected levels of migration used in demographic trend-based model (first 5-years of the projection)

	Average migration (2007-12)	Difference between past trends and projection	UPC adjustment (half of UPC identified 2005-10)	Average modelled migration (2011-16)
Leicester	-350	-1,693	1,145	-897
Blaby	124	252	-32	343
Charnwood	2,037	292	-301	2,029
Harborough	575	-80	18	514
Hinckley & Bosworth	368	121	-48	441
Melton	212	-32	8	188
NW Leicestershire	161	-9	90	242
Oadby & Wigston	254	400	-246	408
Leicester & L'shire	3,382	-749	634	3,268

Source: ONS, JGC, 2014

- 5.33 Given that the projections run to 2031 (and 2036) it is also necessary to make assumptions beyond 2016. On the basis of the information above adjustments have been made on a year-by-year basis in line with these figures. For example, in Leicester the ONS projections show an average net out-migration of 1,821 from 2011-16 whilst our modelling puts this figure at 897 (net out-migration). For each year of the projection the level of net migration is therefore increased by 924 people – the same process is used in other areas and in many locations this sees a slightly lower level of migration moving forward.
- 5.34 The adjustments are taken to apply to both internal and international migration and for both in- and out-migration. In an area where our migration estimates are higher we therefore expect more in-migrants and fewer out-migrants. The split between international and internal migration has been based on the relative volume of each type expected by ONS; i.e. if international in-migration represents 10% of all in-migration then 10% of any adjustment will be made to this category of migrant.
- 5.35 The table below shows the outputs from the updated SNPP based projection. This shows a very slightly increased housing need for 3,441 homes per annum over the 20-year period from 2011 to 2031 along with a figure of 3,273 per annum for the period up to 2036. These figures compare with 3,335 and 3,159 from the projection directly linked to the SNPP.

Table 16: Updated SNPP/CLG Projections to 2031

	Households 2011	Households 2031	Change in households	% change from 2011	Housing Requirement	Housing Requirement (per annum)
Leicester	123,105	144,380	21,275	17.3%	22,020	1,101
Blaby	38,777	45,259	6,482	16.7%	6,644	332
Charnwood	66,567	81,149	14,582	21.9%	15,195	760
Harborough	35,021	42,576	7,555	21.6%	7,820	391
Hinckley & Bosworth	45,464	52,297	6,833	15.0%	7,065	353
Melton	21,533	25,252	3,719	17.3%	3,845	192
NW Leicestershire	39,189	44,064	4,875	12.4%	5,041	252
Oadby & Wigston	21,307	22,428	1,121	5.3%	1,181	59
Leicester & L'shire	390,963	457,405	66,442	17.0%	68,810	3,441

Source: DCLG, JGC, 2014

Table 17: Updated SNPP/CLG Projections to 2036

	Households 2011	Households 2036	Change in households	% change from 2011	Housing Requirement	Housing Requirement (per annum)
Leicester	123,105	149,374	26,268	21.3%	27,188	1,088
Blaby	38,777	46,312	7,535	19.4%	7,724	309
Charnwood	66,567	83,744	17,177	25.8%	17,899	716
Harborough	35,021	43,921	8,900	25.4%	9,212	368
Hinckley & Bosworth	45,464	53,357	7,892	17.4%	8,161	326
Melton	21,533	25,895	4,362	20.3%	4,510	180
NW Leicestershire	39,189	44,772	5,584	14.2%	5,773	231
Oadby & Wigston	21,307	22,590	1,283	6.0%	1,352	54
Leicester & L'shire	390,963	469,965	79,002	20.2%	81,819	3,273

Source: DCLG, JGC, 2014

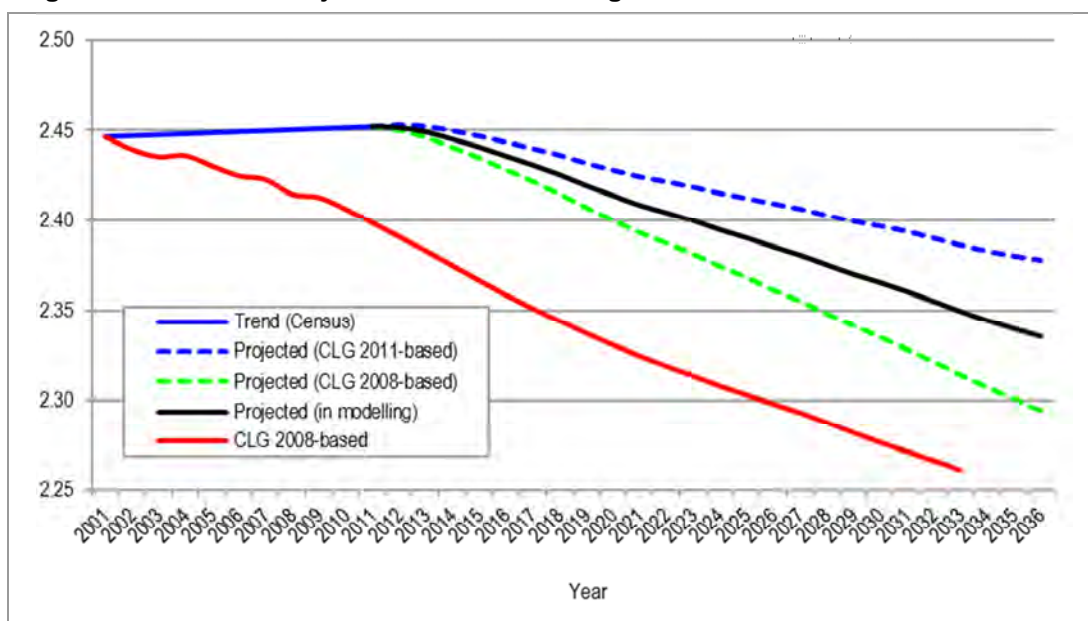
Considering Household Formation Rates

- 5.36 Whilst the migration data points to the ONS 2011-based SNPP as being broadly reasonable (subject to adjustment to take account of more recent demographic information from ONS) we also need to consider the extent to which household formation in Leicester & Leicestershire may have been constrained by housing market factors such as the difficulties households have had in obtaining mortgage finance particularly since 2008.

- 5.37 The key issue here is that if household formation has been suppressed over the 2001-11 decade, trend-based projections such as the CLG 2011-based Household Projections will project this forward.
- 5.38 There is some evidence in Leicester & Leicestershire of suppressed household formation with the average household size in 2011 being significantly above the level projected in earlier (2008-based) CLG household projections (which were developed from trends in a comparatively buoyant period in the housing market and reliant to a greater extent on long-term trends in household formation between 1971-2001).
- 5.39 However whilst there is evidence that average household sizes have not fallen as previously expected, it is not entirely clear to what extent this is due to households being unable to form and how much might be due to other factors. A recent (September 2013) study⁵ produced by the Cambridge Centre of Housing and Planning Research (CCHPR) on behalf of the TCPA does shed some light on this issue, stating:
- “The central question for the household projection is whether what happened in 2001 – 11 was a structural break from a 40-year trend; or whether household formation was forced downwards by economic and housing market pressures that are likely to ease with time. At the time of the 2011 Census, the British economy was still in recession and the housing market was depressed. The working assumption in this study is that a considerable part but not all of the 375,000 shortfall of households relative to trend was due to the state of the economy and the housing market. 200,000 is attributed to over-projection of households due to the much larger proportion of recent immigrants in the population, whose household formation rates are lower than for the population as a whole. This effect will not be reversed. The other 175,000 is attributed to the economy and the state of the housing market and is assumed to gradually reverse.”*
- 5.40 In effect the 2011 Census showed that at a national level household formation over the 2001-11 period was lower than predicted in previous (2008-based) Household Projections. On the basis of the CCHPR analysis it can broadly be suggested that half of the lack of expected households is due to market factors with roughly half attributable to other issues (notably international migration).
- 5.41 In modelling data for Leicester & Leicestershire we have taken the pragmatic approach that future household formation will fall at the mid-point between figures in the 2011-based CLG projections (which appear to project forward a trend of constraint) and the data in the 2008-based figures (which are largely unconstrained). The impact of this on average household sizes can be seen in the figure below.

⁵ http://www.cchpr.landecon.cam.ac.uk/Downloads/HousingDemandNeed_TCPA2013.pdf

Figure 21: Past and Projected Trends in Average Household Size – L&L



Source: Derived from ONS and CLG data

5.42 From the 2008- and 2011-based CLG Projections we have therefore developed an updated set of household formation rates to apply to our amended demographic data. This suggests a housing need of 3,774 dwellings per annum from 2011 to 2031; a small increase from the projection linked more directly to the 2011-based CLG Household Projections. Over a longer period to 2036 the data suggests an annual need for 3,626 dwellings per annum.

Table 18: Updated SNPP/CLG Projections to 2031 (midpoint) – reduced household formation constraint

	Households 2011	Households 2031	Change in households	% change from 2011	Housing Need	Housing Need (per annum)
Leicester	123,105	147,235	24,130	19.6%	24,974	1,249
Blaby	38,777	45,724	6,947	17.9%	7,121	356
Charnwood	66,567	82,195	15,629	23.5%	16,285	814
Harborough	35,021	43,039	8,018	22.9%	8,299	415
Hinckley & Bosworth	45,464	52,711	7,247	15.9%	7,494	375
Melton	21,533	25,444	3,911	18.2%	4,044	202
NW Leicestershire	39,189	44,674	5,486	14.0%	5,672	284
Oadby & Wigston	21,307	22,811	1,503	7.1%	1,584	79
Leicester & L'shire	390,963	463,834	72,871	18.6%	75,473	3,774

Source: DCLG, JGC, 2014

Table 19: Updated SNPP/CLG Projections to 2036 (midpoint) – reduced household formation constraint

	Households 2011	Households 2036	Change in households	% change from 2011	Housing Need	Housing Need (per annum)
Leicester	123,105	152,843	29,737	24.2%	30,778	1,231
Blaby	38,777	46,981	8,204	21.2%	8,409	336
Charnwood	66,567	85,143	18,577	27.9%	19,357	774
Harborough	35,021	44,581	9,560	27.3%	9,895	396
Hinckley & Bosworth	45,464	54,000	8,536	18.8%	8,826	353
Melton	21,533	26,211	4,679	21.7%	4,838	194
NW Leicestershire	39,189	45,646	6,457	16.5%	6,677	267
Oadby & Wigston	21,307	23,082	1,775	8.3%	1,870	75
Leicester & L'shire	390,963	478,488	87,525	22.4%	90,650	3,626

Source: DCLG, JGC, 2014

5.43 **These projections represent what we would consider to be the most robust projections of future housing needs based on the demographic evidence.**

5.44 It is however recognised that there are alternative ways to look at headship rates and Appendix C discusses and provides outputs for a 'part return to trend' methodology which is based on partially returning headship rates back to the figures in the 2008-based.

5.45 As well as developing our core projection linked to a midpoint between 2011- and 2008-based headship rate trends we have studied an alternative method for looking at future household formation rates. This is based on analysis carried out by other local authorities in their own SHMAs and Housing Needs/Requirements Studies and can be summarised as:

- Part return to trend – this method (which links to work carried out by CCHPR) works under the assumption that moving forward headship rate trends return part way towards the figures in the 2008-based projections

Considering Potential Employment Growth

5.46 The Planning Practice Guidance sets out that *"plan makers should make an assessment of the likely growth in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth in the working age population in the housing market area ... where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility and other sustainable options such as walking and cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider*

how the location of new housing and infrastructure development could help to address these problems.”

- 5.47 To understand the potential interaction between the housing market and economy we have sought to consider the potential implications for demographic trends of meeting the level of employment growth in “baseline” econometric forecasts from Experian, prepared in autumn 2013.
- 5.48 The Experian forecasts provide an indication of the expected job growth at a local authority level. They take account of the economic (sectoral) structure of employment in each authority and how Experian expect different sectors to perform in the short, medium and long-term. The forecasts effectively assume that historical relationships hold true, whereby if a sector in an authority has performed better relative to the region/ UK in the past it is expected to continue to do so moving forward. The forecasts do not take account of supply-side factors or policy ambitions/ interventions in so far as they can be expected to result in different outcomes from those present in the past. The forecast should be treated with caution at a local authority level.
- 5.49 The table below shows the percentage increase in the number of jobs expected between 2011 and 2031 in the Experian ‘baseline’ forecasts. To project forward to 2036 these figures have been continued on the basis of the forecasts in the period from 2026 to 2031. The data shows particularly strong growth is expected in Harborough and North West Leicestershire with more moderate figures being seen in Oadby & Wigston, Leicester and Melton.

Table 20: Forecast Increase in Jobs to 2031 and 2036

LA/UA/Borough	2011 Jobs	2031 Jobs	2036 Jobs	Percentage Change 2011-31	Percentage Change 2011-36
Blaby	56,947	63,651	65,361	11.8%	14.8%
Charnwood	71,104	78,409	79,673	10.3%	12.1%
Harborough	42,762	51,631	53,575	20.7%	25.3%
Hinckley & Bosworth	44,391	49,901	51,041	12.4%	15.0%
Leicester	177,168	189,009	192,298	6.7%	8.5%
Melton	22,906	24,762	24,993	8.1%	9.1%
NW Leicestershire	59,045	69,341	71,415	17.4%	20.9%
Oadby & Wigston	20,708	21,901	21,998	5.8%	6.2%
LLLPA	495,030	548,605	560,354	10.8%	13.2%

Source: Derived from Experian data

- 5.50 We have modelled data on the basis of a percentage increase in jobs and assumed an equivalent increase in the resident working population. This approach is used rather than taking the actual job figures as the methodology will take account of commuting patterns and also double jobbing (both of which will by definition be assumed to remain constant in proportional terms). The use of a percentage also removes any issues between estimates of the actual number of jobs in an area (which can be quite difficult to accurately measure) and the number of residents in employment for which we have reasonably good data through analysis of Census information.

5.51 In interpreting the projections it should be borne in mind that:

- It is particularly difficult to accurately forecast employment growth at a local authority level over 20 years (or indeed 25-years), and there is therefore a notable error margin associated with the figures; and
- The relationship between population and employment growth is particularly sensitive to changes in commuting dynamics; therefore
- Figures for wider areas (such as a Housing Market Area) should be ascribed greater weight than those for individual local authorities within it.

5.52 Projecting the linkage between job growth and housing need is also quite difficult as a number of assumptions need to be built into the modelling. Key ones to impact on the figures locally include:

- **How economic participation rates will change in the future:** Although the past few years have seen an increase in unemployment there have generally been increases in the proportion of people who are economically active (particularly for females and people aged over 50). In the future we would expect a continuation of these trends – particularly in relation to people working longer (partly linked to pensionable ages) and have modelled for there to be some increase in employment rates as we move through to 2031 and 2036.
- **Understanding occupancy patterns:** Whilst additional housing growth might be required to meet job growth projections it is the case that no control can be exercised as to who occupies a home. An additional home could for example be taken up by a retired household who would not aid the increase in the workforce. The modelling therefore assumes that current migration patterns (in terms of age and sex) are maintained with a different level of migration being input into the modelling to meet job targets. This means that the extent to which economically inactive people move to or from the area will be maintained (in proportionate terms) and so inherently the modelling assumes that some additional housing would be lived in by those who are not working. Generally, people/households of working age are more migrant than other households so a higher level of migration will tend to increase the working population proportionately at a higher rate than for lower assumed levels of migration.

5.53 The outputs from these projections are as follows. The total housing need linked to the economic forecasts comes out very slightly above the demographic one with a need for 3,853 dwellings per annum being shown for the 2011-31 period (along with a figure of 3,670 over the longer term to 2036). Across the HMA this suggests that economic growth forecasts do provide a moderate pressure to increase housing provision above the demographic projections identified above. These projections use the midpoint headship rate assumption discussed above.

Table 21: Housing Need to meet Econometric Forecasts to 2031

	Households 2011	Households 2031	Change in households	% change from 2011	Housing Need	Housing Need (per annum)
Leicester	123,105	139,244	16,138	13.1%	16,703	835
Blaby	38,777	46,640	7,863	20.3%	8,060	403
Charnwood	66,567	79,518	12,951	19.5%	13,495	675
Harborough	35,021	46,684	11,663	33.3%	12,071	604
Hinckley & Bosworth	45,464	55,074	9,610	21.1%	9,937	497
Melton	21,533	25,948	4,415	20.5%	4,566	228
NW Leicestershire	39,189	48,430	9,241	23.6%	9,555	478
Oadby & Wigston	21,307	23,849	2,542	11.9%	2,679	134
Leicester & L'shire	390,963	465,388	74,424	19.0%	77,066	3,853

Source: DCLG, JGC, 2014

Table 22: Housing Need to meet Econometric Forecasts to 2036

	Households 2011	Households 2036	Change in households	% change from 2036	Housing Need	Housing Need (per annum)
Leicester	123,105	143,029	19,923	16.2%	20,621	825
Blaby	38,777	48,091	9,314	24.0%	9,547	382
Charnwood	66,567	81,895	15,328	23.0%	15,972	639
Harborough	35,021	48,976	13,955	39.8%	14,444	578
Hinckley & Bosworth	45,464	56,528	11,064	24.3%	11,440	458
Melton	21,533	26,602	5,069	23.5%	5,242	210
NW Leicestershire	39,189	50,090	10,901	27.8%	11,272	451
Oadby & Wigston	21,307	24,357	3,050	14.3%	3,215	129
Leicester & L'shire	390,963	479,569	88,606	22.7%	91,752	3,670

Source: DCLG, JGC, 2014

5.54 The forecasts are influenced by factors affecting past growth in different areas, and do not take account of interventions which may reflect future performance. Thus in areas such as Harborough where development at Magna Park has contributed to past employment growth, the expectation in baseline forecasts is that this scale of growth would be sustained. Equally the MIRA Enterprise Zone and impacts on employment growth in Hinckley and Bosworth is not considered; nor potential proposals for strategic rail freight / major distribution facilities in North West Leicestershire. The purpose of the SHMA is not to undertake detailed economic modelling. We have taken the growth forecast for Leicester and Leicestershire as outlined by the Experian forecasts and redistributed them based on the current job distribution. This somewhat balances out past trends which are unlikely to continue in to the forecast period (such as growth around East Midlands airport) and planned investments that will not be included in historic trends. It does however indicate the wider growth in employment in the County will still occur without materially considering the implications to changing commuting patterns with areas outside the County.

5.55 The analysis (in the tables below) shows across the HMA that this method does not make any real difference to the overall housing need identified. However for individual local authorities the figures can be quite different. Concentrating on the period to 2031 the analysis suggests a housing need for 1,057 homes in Leicester (compared with 835 when using the Leicester specific forecast). At the other end of the spectrum the housing need in Harborough drops from 604 down to 454.

Table 23: Housing Need to meet Econometric Forecasts to 2031 (at the HMA level)

	Households 2011	Households 2031	Change in households	% change from 2011	Housing Need	Housing Need (per annum)
Leicester	123,105	143,521	20,416	16.6%	21,131	1,057
Blaby	38,777	46,347	7,570	19.5%	7,759	388
Charnwood	66,567	79,813	13,246	19.9%	13,803	690
Harborough	35,021	43,802	8,781	25.1%	9,089	454
Hinckley & Bosworth	45,464	54,494	9,030	19.9%	9,337	467
Melton	21,533	26,420	4,887	22.7%	5,053	253
NW Leicestershire	39,189	46,386	7,198	18.4%	7,442	372
Oadby & Wigston	21,307	24,591	3,284	15.4%	3,461	173
Leicester & L'shire	390,963	465,375	74,412	19.0%	77,074	3,854

Source: DCLG, JGC, 2014

Table 24: Housing Need to meet Econometric Forecasts to 2036 (at the HMA level)

	Households 2011	Households 2036	Change in households	% change from 2036	Housing Need	Housing Need (per annum)
Leicester	123,105	148,002	24,897	20.2%	25,768	1,031
Blaby	38,777	47,634	8,857	22.8%	9,079	363
Charnwood	66,567	82,517	15,950	24.0%	16,620	665
Harborough	35,021	45,491	10,469	29.9%	10,836	433
Hinckley & Bosworth	45,464	55,889	10,425	22.9%	10,779	431
Melton	21,533	27,310	5,777	26.8%	5,973	239
NW Leicestershire	39,189	47,699	8,511	21.7%	8,800	352
Oadby & Wigston	21,307	25,401	4,094	19.2%	4,315	173
Leicester & L'shire	390,963	479,943	88,980	22.8%	92,170	3,687

Source: DCLG, JGC, 2014

Sensitivity Analysis

5.56 As well as the core scenarios outlined above, we have also undertaken some sensitivity analysis including:

- Adjusted 2011-based SNPP which track the 2008-based household formation rates;
- Unamended 2011-based SNPP with midpoint headship rates; and
- Unamended 2011-based SNPP which track the 2008-based household formation rates.

5.57 The result of these analysis is outlined on a per annum basis in the table below.

Table 25: Annual housing need under a range of alternative scenarios – summary results

	2011-based SNPP (updated) with 2008-based tracking headship rates		2011-based SNPP with midpoint headship rates		2011-based SNPP with 2008-based tracking headship rates	
	2011-31	2011-36	2011-31	2011-36	2011-31	2011-36
Leicester	1,396	1,375	813	772	948	901
Blaby	380	364	405	387	429	415
Charnwood	869	833	904	869	961	930
Harborough	439	423	429	410	453	438
Hinckley & Bosworth	396	379	407	387	429	413
Melton	212	207	194	186	204	199
NW Leics	315	303	323	307	355	344
Oadby & Wigston	99	96	189	192	214	218
Leicester & L'shire	4,106	3,980	3,664	3,510	3,993	3,858

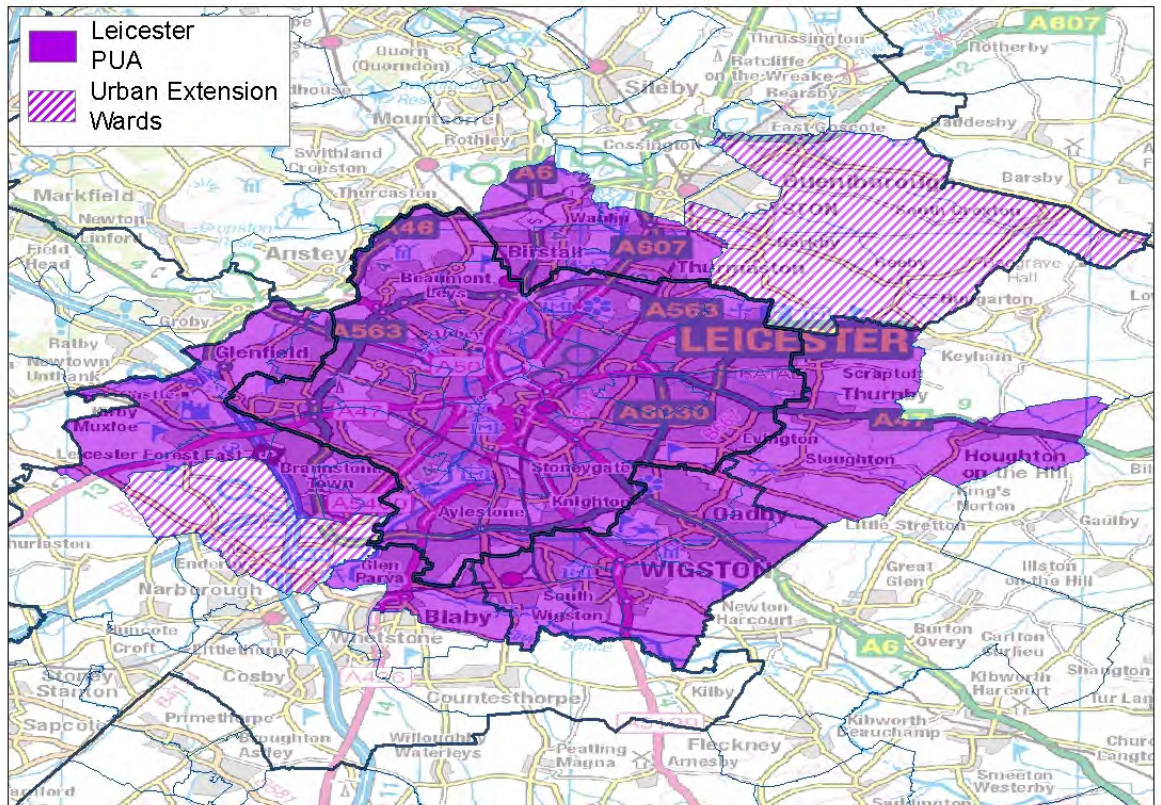
Source: DCLG, JGC, 2014

- 5.58 Those which track the 2008 household formation rates clearly show an uplift in need for housing over the equivalent scenario using the 2012-based or midpoint household formation rates. This reflects the previous non-recessionary trends used for the 2008-based projections.
- 5.59 We can also see that the range housing need does not diverge significantly from those outlined previously. This would suggest that the assessment is broadly accurate.

Principal Urban Area Housing Need

- 5.60 We have also been asked to disaggregate each Borough's housing need to that within and outside of the Leicester Principal Urban Area. This includes all of Leicester and Oadby and Wigston with parts of Blaby, Charnwood and Harborough. No part of Hinckley and Bosworth, Melton or North West Leicestershire is within the PUA.
- 5.61 The need calculations of the PUA are based on the current demographics, it does not take into account policy decisions such as the allocation of the Urban Extensions.
- 5.62 We have also provided an indicative outline of the wards which do not at present comprise part of the PUA, but due to planned Urban Extensions is likely to lead to their inclusion, if only in part. When the Urban Extension are built technically these wards (as with some of the other wards at present) may straddle the PUA boundary (i.e. Lubbethorpe Urban Extensions in the Enderby Ward will be in the PUA and the settlement of Enderby will not). They have been shown on the map below for illustration purposes only.

Figure 22: Map of Leicester Principal Urban Area and Planned Extensions



Source: GL Hearn, 2014

5.63 The disaggregation of each Borough's housing need is shown below for the demographic calculation of growth. Please note that the numbers may not add up exactly due to rounding. Based on the totals outlined in Table 24, approximately 40-44% of the housing need in the HMA is located in the PUA.

Table 26: Housing Need in the PUA based on Demographic (midpoint) Projections (2011-2031)

	Total		Per annum	
	In-PUA	Outwith PUA	In-PUA	Outwith PUA
Leicester	24,974		1,249	
Blaby	3,540	3,580	177	179
Charnwood	2,332	13,953	117	698
Harborough	833	7,466	42	373
Hinckley/Bosworth		7,494		375
Melton		4,044		202
NW Leics		5,672		284
Oadby/Wigston	1,584		79	
HMA	33,264	42,209	1,663	2,110

Source: DCLG, JGC, 2014

Table 27: Housing Need in the PUA based on Demographic (midpoint) Projections (2011-2036)

	Total		Per annum	
	In-PUA	Outwith PUA	In-PUA	Outwith PUA
Leicester	30,778		1,231	
Blaby	4,217	4,193	169	168
Charnwood	2,786	16,571	111	663
Harborough	998	8,897	40	356
Hinckley/Bosworth		8,826		353
Melton		4,838		194
NW Leics		6,677		267
Oadby/Wigston	1,870		75	
HMA	40,649	50,002	1,626	2,000

Source: DCLG, JGC, 2014

- 5.64 The disaggregation of each Borough's housing need is shown below for the Experian job forecasts calculation of growth. Please note that the numbers may not add up exactly due to rounding. This indicates that approximately 36-40% of the housing growth should be located in the PUA.

Table 28: Housing Need in the PUA based on Experian forecasts (2011-2031)

	Total		Per annum	
	In-PUA	Outwith PUA	In-PUA	Outwith PUA
Leicester	16,703		835	
Blaby	3,993	4,068	200	203
Charnwood	1,980	11,516	99	576
Harborough	1120	10,952	56	548
Hinckley/Bosworth		9,937		497
Melton		4,566		228
NW Leics		9,555		478
Oadby/Wigston	2,679		134	
HMA	26,475	50,592	1,324	2,530

Source: DCLG, JGC, 2014

Table 29: Housing Need in the PUA based on Experian forecasts (2011-2036)

	Total		Per annum	
	In-PUA	Outwith PUA	In-PUA	Outwith PUA
Leicester	20,621		825	
Blaby	4,764	4,783	191	191
Charnwood	2,349	13,623	94	545
Harborough	1351	13,093	54	524
Hinckley/Bosworth		11,440		458
Melton		5,242		210
NW Leics		11,272		451
Oadby/Wigston	3,215		129	
HMA	32,300	59,453	1,292	2,378

Source: DCLG, JGC, 2014

- 5.65 The final disaggregation of each Borough's housing need is shown below for the revised job forecasts calculation of growth. Please note that the numbers may not add up exactly due to rounding. This indicates that approximately 38%-42% of the housing growth should be located in the PUA.

Table 30: Housing Need in the PUA based on Revised Economic Growth Distribution (2011-2031)

	Total		Per annum	
	In-PUA	Outwith PUA	In-PUA	Outwith PUA
Leicester	21,131		1,057	
Blaby	3,848	3,911	192	196
Charnwood	2,019	11,784	101	589
Harborough	893	8,196	45	410
Hinckley/Bosworth		9,337		467
Melton		5,053		253
NW Leics		7,442		372
Oadby/Wigston	3,461		173	
HMA	31,351	45,723	1,568	2,286

Source: DCLG, JGC, 2014

Table 31: Housing Need in the PUA based on Revised Economic Growth Distribution (2011-2036)

	Total		Per annum	
	In-PUA	Outwith PUA	In-PUA	Outwith PUA
Leicester	25,768		1,031	
Blaby	4,538	4,541	182	182
Charnwood	2,429	14,191	97	568
Harborough	1,071	9,765	43	391
Hinckley/Bosworth		10,779		431
Melton		5,973		239
NW Leics		8,800		352
Oadby/Wigston	4,315		173	
HMA	38,121	54,049	1,525	2,162

Source: DCLG, JGC, 2014

Summary

- 5.66 Although this report contains three different, demographic projections **we would recommend the Midpoint Headship Rate Projections as the most realistic and reliable demographic-led projections based on historic trends.** We consider this to be the most realistic projection of future population and household growth based on past population trends.
- 5.67 However, this projection, as with the others, does not take account of capacity or planned infrastructure; whilst the economic-led projections do not take account of employment land supply or planned investment.
- 5.68 Each of these projections has been provided to 2031 and 2036. For both of these projections the annual rate of change remains the same. However, there is a risk, as with any projections, that the further ahead the projections go the margin for error also increases.

6 AFFORDABLE HOUSING NEED

Introduction

- 6.1 In this section we discuss levels of affordable housing need in Leicester & Leicestershire and each of the eight different local authorities. Housing need is defined in SHMA guidance as *“the quantity of housing required for households who are unable to access suitable housing without financial assistance”*. These households will be eligible for affordable housing. Affordable housing is defined in the National Planning Policy Framework as social rented, affordable rented and intermediate housing provided to eligible households whose needs are not met by the market. The definition of affordable housing does not include the private rented sector although analysis is carried out in this section to illustrate the extent to which the sector is currently being used by households to meet their needs due to shortages of affordable housing.
- 6.2 Government guidance on Strategic Housing Market Assessments sets out a model for assessing housing need (known as the Basic Needs Assessment Model). This model has been used herein.
- 6.3 The analysis is based on secondary data sources only; including Census data, demographic projections, house price/rents, income information and a range of other local, regional and national databases (this includes using past surveys carried out by GL Hearn to assist in establishing the financial situation of households with different circumstances; such as newly forming households). The secondary data approach is consistent with the 2007 SHMA guide and also the 2014 advice. Specifically, the more recent guidance states that *‘Plan makers should avoid expending significant resources on primary research (information that is collected through surveys, focus groups or interviews etc. and analysed to produce a new set of findings) as this will in many cases be a disproportionate way of establishing an evidence base. They should instead look to rely predominantly on secondary data (e.g. Census, national surveys) to inform their assessment which are identified within the guidance’*.
- 6.4 The housing needs model is based largely on housing market conditions (and particularly the relationship of housing costs and incomes) at a particular point in time – the time of the assessment – as well as the existing supply of affordable housing (through relets of current stock) which can be used to meet housing need. On this basis, estimates of housing need are provided in this section for the 25-year period between 2011 and 2036.

Key Definitions

6.5 We begin by setting out key definitions relating to housing need, affordability and affordable housing.

Housing Need

6.6 Housing need is defined as the number of households who lack their own housing or who live in unsuitable housing and who cannot afford to meet their housing needs in the market.

Newly-Arising Need

6.7 Newly-arising (or future) need is a measure of the number of households who are expected to have an affordable housing need at some point in the future. In this assessment we have used trend data from the Continuous Recording of lettings (CORE) system along with demographic projections about the number of new households forming (along with affordability) to estimate future needs.

Supply of Affordable Housing

6.8 An estimate of the likely future supply of affordable housing is also made (drawing on secondary data sources about past lettings). The future supply of affordable housing is subtracted from the newly-arising need to make an assessment of the net future need for affordable housing.

6.9 The analysis of supply understands that right to buy properties will diminish the level of re-let social property in future. However, this will also be offset by increases in relets due to new affordable homes yet to be built.

Affordability

6.10 Affordability is assessed by comparing household incomes, based on income data modelled using a number of sources including CACI, ASHE, the English Housing Survey (EHS) and ONS data, against the cost of suitable market housing (to either buy or rent). Separate tests are applied for home ownership and private renting (in line with the SHMA Guidance) and are summarised below:

- a. Assessing whether a household can afford home ownership: A household is considered able to afford to buy a home if it costs 3.5 times the gross household income – CLG guidance suggests using different measures for households with multiple incomes (2.9×) and those with a single income (3.5×), however (partly due to data availability) we have only used a 3.5 time multiplier for analysis. This ensures that housing need figures are not over-estimated – in practical terms it makes little difference to the analysis due to the inclusion of a rental test (below) which tends to require lower incomes for households to be able to afford access to market housing;
- b. Assessing whether a household can afford market renting: A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than 30% of gross income. CLG guidance suggests that 25% of income is a reasonable start point

but suggests that a higher figure could be used. A review of SHMAs carried out across the Country suggests that 30% has been established as the benchmark figure to be used in such assessments.

- 6.11 It should be recognised that a key challenge in assessing housing need using secondary sources is the lack of information available regarding households' existing savings. This is a key factor in affecting the ability of young households to purchase housing particularly in the current market context where a deposit of at least 10% is typically required for the more attractive mortgage deals. However in many cases households who do not have sufficient savings to purchase have sufficient income to rent housing privately without support, and thus the impact on the overall assessment of housing need is limited. The introduction of 5% deposits through help-to-buy is starting to have some impact on this although across the HMA the numbers of sales involved are still thought to be relatively low. As well as deposits there may be other barriers for accessing home ownership such as poor credit ratings/references.

Affordable Housing

- 6.12 The NPPF provides the definition of affordable housing (as used in this report). The following is taken from Annex 2 of NPPF.

“Affordable housing includes social rented, affordable rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

- Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices;*
- Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.”*

- 6.13 Within the definition of affordable housing there is also the distinction between social rented affordable rented, and intermediate housing. Social rented housing is defined as:

“Rented housing owned and managed by local authorities and registered social landlords (Registered Providers), for which guideline target rents are determined through the national rent regime. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency as a condition of grant.”

- 6.14 Affordable rented housing is defined as:

“Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80 per cent of the local market rent (including service charges, where applicable).”

- 6.15 The definition of intermediate housing is shown below:

“Intermediate affordable housing is ‘Housing at prices and rents above those of social rent, but below market price or rents. These can include shared equity products (e.g. HomeBuy),

other low cost homes for sale and intermediate rent but does not include affordable rented housing.”

6.16 As part of our analysis in this report we have therefore studied the extent to which both social rented, intermediate housing and affordable rented housing can meet housing need in the HMA.

Local Prices & Rents

6.17 An important part of the SHMA is to establish the entry-level costs of housing to buy and rent – this data is then used in the assessment of the need for affordable housing. The housing needs assessment compares prices and rents with the incomes of households within each Council area to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having a ‘housing need.’

6.18 In this section we establish the entry-level costs of housing to both buy and rent across the HMA. Our approach has been to analyse Land Registry and VOA data to establish lower quartile prices and rents. For the purposes of analysis (and to be consistent with CLG guidance) we have taken lower quartile prices and rents to reflect the entry-level point into the market.

6.19 The table below shows estimated lower quartile property prices by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £60,000 for a flat in Hinckley & Bosworth and Oadby & Wigston and rising to £210,300 for a detached home in Harborough. Looking at the lower quartile price across all dwelling types the analysis shows a figure varying from £97,800 in Leicester up to £144,600 in Harborough.

Table 32: Lower Quartile Sales Prices by Type and Location (2013)

	Flat	Terraced	Semi-detached	Detached	All dwellings
Leicester	£70,500	£94,600	£110,700	£164,700	£97,800
Blaby	£69,600	£114,100	£129,000	£180,000	£130,000
Charnwood	£77,000	£105,000	£125,000	£185,200	£124,300
Harborough	£82,800	£125,000	£137,200	£210,300	£144,600
Hinckley & Bosworth	£59,800	£95,000	£117,300	£178,000	£117,600
Melton	£67,500	£101,100	£120,300	£179,500	£125,000
NW Leicestershire	£78,300	£90,800	£112,800	£170,000	£120,000
Oadby & Wigston	£58,800	£99,600	£125,600	£188,700	£120,500

Source: Land Registry (2013)

6.20 A similar analysis has been carried out for private rents using Valuation Office Agency (VOA) data – this covers a 12-month period to September 2013. For the rental data information

about dwelling sizes is provided (rather than types); the analysis shows that overall rents are lowest in Leicester and highest in Blaby (closely followed by Harborough).

Table 33: Lower Quartile Private Rents by Size and Location (year to September 2013) – per Month

	Room only	Studio	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	All dwellings
Leicester	£260	£272	£375	£425	£500	£675	£351
Blaby	-	-	£425	£500	£595	£750	£525
Charnwood	£295	£300	£395	£470	£550	£650	£395
Harborough	-	-	£395	£500	£625	£850	£520
Hinckley & Bosworth	-	£300	£325	£450	£525	£725	£430
Melton	-	-	£345	£450	£495	£720	£440
NW Leicestershire	-	-	£350	£460	£525	£723	£475
Oadby & Wigston	-	-	£388	£495	£595	£750	£505

Source: VOA (December 2013)

- 6.21 To some extent the overall average in the table above will be influenced by the size of stock available in each area. For example those areas where data for rooms and studios are available typically show lower averages than for other locations. Another example is the highest average rent being seen in Blaby although the figures for 3 and 4+ bedroom homes are lower than in some locations (notably Harborough).
- 6.22 The table below shows the proportion of recorded rents in each property size category and the total number of rents included in the VOA analysis – any cell with less than 10 observations is excluded by VOA. The data does show how a different profile can impact on the overall average rent level with Charnwood having a large proportion of room rents recorded and Blaby showing a high proportion of homes with three or more bedrooms.

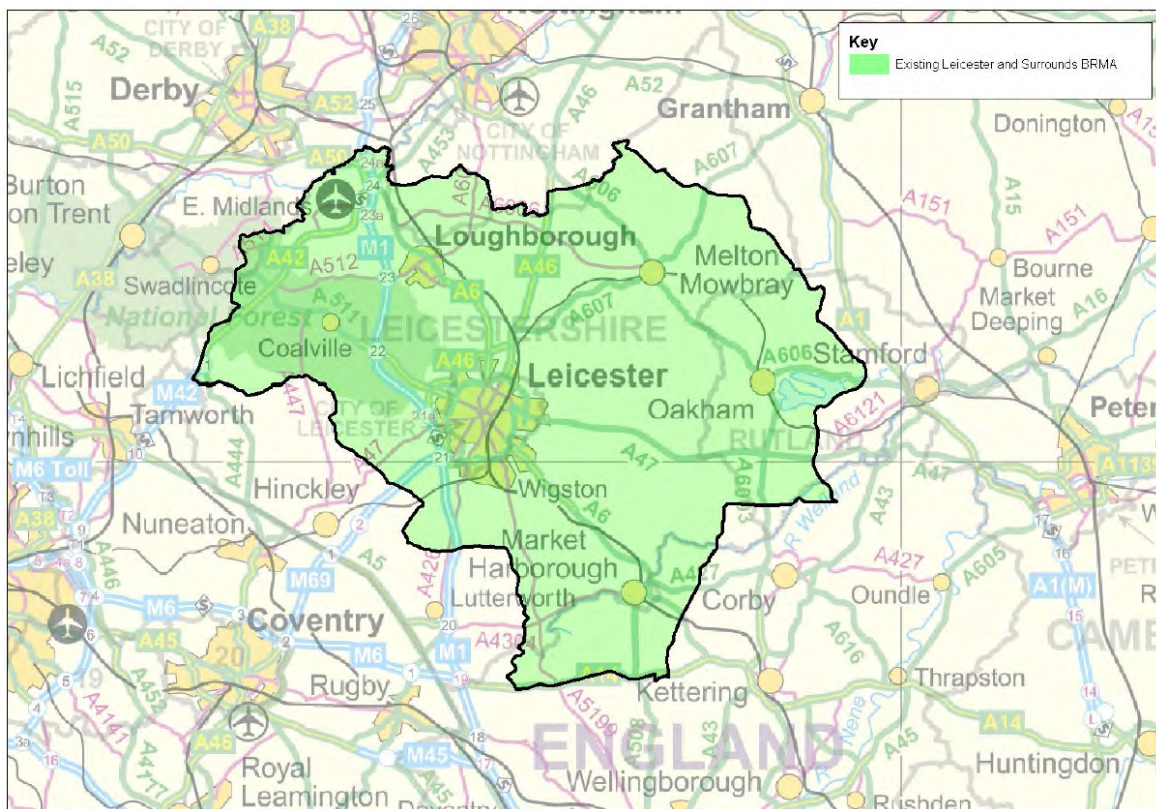
Table 34: Count of rents recorded by VOA (year to September 2013)

	Room only	Studio	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	Total count
Leicester	7.6%	4.5%	21.5%	40.8%	20.3%	5.2%	3,661
Blaby	0.0%	0.0%	10.0%	39.2%	39.0%	11.7%	422
Charnwood	20.1%	2.0%	12.4%	37.5%	20.8%	7.2%	1,433
Harborough	0.0%	0.0%	16.3%	39.8%	31.8%	12.2%	341
Hinckley & Bosworth	0.0%	1.2%	18.9%	42.9%	27.9%	9.2%	863
Melton	0.0%	0.0%	14.9%	36.1%	36.3%	12.7%	690
NW Leicestershire	0.0%	0.0%	11.2%	41.9%	35.4%	11.5%	670
Oadby & Wigston	0.0%	0.0%	8.3%	41.9%	39.0%	10.8%	248

Source: VOA (December 2013)

- 6.23 In addition to rental costs from the VOA we have looked at the maximum amount of Local Housing Allowance (LHA) payable on different sized properties within the HMA. Maximum LHA payments are based on estimates of rents at the 30th percentile and should therefore be roughly comparable with our estimates of lower quartile costs.
- 6.24 Virtually all of the HMA is within the Leicester Broad Rental Market Area (BRMA) – including all main towns within the County. The analysis therefore concentrates on LHA levels in this area although it is noteworthy that parts of the County do fall into six other BRMAs for the purposes of Housing Benefit. A BRMA is an area ‘within which a person could reasonably be expected to live having regard to facilities and services for the purposes of health, education, recreation, personal banking and shopping, taking account of the distance of travel, by public and private transport, to and from those facilities and services’. As a result the area is much wider than the HMA.

Figure 23: Leicester and Surrounds BRMA



Source: VOA, 2013

6.25 The table below generally supports the analysis above with maximum LHA levels being in-line with lower quartile rents. Given that virtually all of the study area is in the Leicester BRMA this analysis does suggest that households in some areas (where rental values are higher) may find it difficult to find accommodation within the LHA limits and as such may have to pay an additional amount to cover the full rent. Households in Harborough and Blaby look particularly likely to be affected by the LHA limits.

Table 35: Maximum LHA payments by Size

Size	LHA limit
Room only	£256
1 bedroom	£383
2 bedrooms	£475
3 bedrooms	£550
4 bedrooms	£695

Source: VOA data (January 2014)

Cost of Affordable Housing

- 6.26 Traditionally the main type of affordable housing available in an area is social rented housing and the cost of social rented accommodation by dwelling size can be obtained from Continuous Recording (CORE) - a national information source on social rented lettings. The table below illustrates the rental cost of lettings of social rented properties by size in 2012/13. As can be seen the costs are notably below those for private rented housing indicating a gap between the social rented and market sectors. This gap increases for larger properties.

Table 36: Monthly average social rent levels (including service charges)

	1 bedroom	2 bedrooms	3+ bedrooms	Lower quartile rent
Leicester	£293	£336	£349	£292
Blaby	£300	£346	£398	£314
Charnwood	£298	£361	£399	£301
Harborough	£341	£381	£404	£352
Hinckley & Bosworth	£326	£353	£356	£336
Melton	£283	£369	£374	£302
NW Leicestershire	£313	£354	£383	£327
Oadby & Wigston	£293	£311	£348	£297

Source: CORE (2013)

- 6.27 Changes in affordable housing provision has seen the introduction of a new tenure of affordable housing (Affordable Rented). Affordable rented housing is defined in the NPPF as being '*let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable)*'. In the short-term it is likely that this tenure will replace social rented housing for the majority of new social housing delivery.
- 6.28 Affordable Rented housing can therefore be considered to be similar to social rented housing but at a potentially higher rent. The 80% (maximum) rent is to be based on the open market rental value of the individual property and so it is not possible to say what this will exactly mean in terms of cost (for example the rent for a two-bedroom flat is likely to be significantly different to a two-bedroom detached bungalow). In addition, market rents for new-build homes are likely to be higher than within the existing stock and may well be in excess of 80% of lower quartile rents. However, for the purposes of analysis we have assumed that the 80% figure can be applied to the lower quartile private rented cost data derived from VOA information.

Gaps in the Housing Market

- 6.29 The table below estimates how current prices and rents in the HMA might equate to income levels required to afford such housing. The figures are based on the figures derived in the analysis above and include four different tenures (buying, private rent, affordable rent and social rent). The data clearly indicates a gap between the costs of 'entry-level' market housing and the social rented

sector – demonstrating the potential for intermediate and affordable rented housing to meet some of the affordable need (without increasing use of Housing Benefit).

Table 37: Indicative income required to purchase/rent without additional subsidy

	Lower quartile purchase price	Lower quartile private rent	Affordable rent (80% LQ PRS)	Lower quartile social rent
Leicester	£27,900	£14,000	£11,200	£11,700
Blaby	£37,100	£21,000	£16,800	£12,600
Charnwood	£35,500	£15,800	£12,600	£12,000
Harborough	£41,300	£20,800	£16,600	£14,100
Hinckley & Bosworth	£33,600	£17,200	£13,800	£13,400
Melton	£35,700	£17,600	£14,100	£12,100
NW Leicestershire	£34,300	£19,000	£15,200	£13,100
Oadby & Wigston	£34,400	£20,200	£16,200	£11,900

Source: Land Registry, VOA and CORE

6.30 For illustrative purposes the calculations are based on 3.5 times household income for house purchase and 30% of income to be spent on housing for rented properties. The figures for house purchase are based on a 100% mortgage for the purposes of comparing the different types of housing. The use of a 100% mortgage and 3.5 times income for illustrative purposes does not have any impact on the analysis that follows given that in all areas the private rented sector is taken to reflect the cheapest way to access market housing (as is demonstrated in the table above).

Income levels and affordability

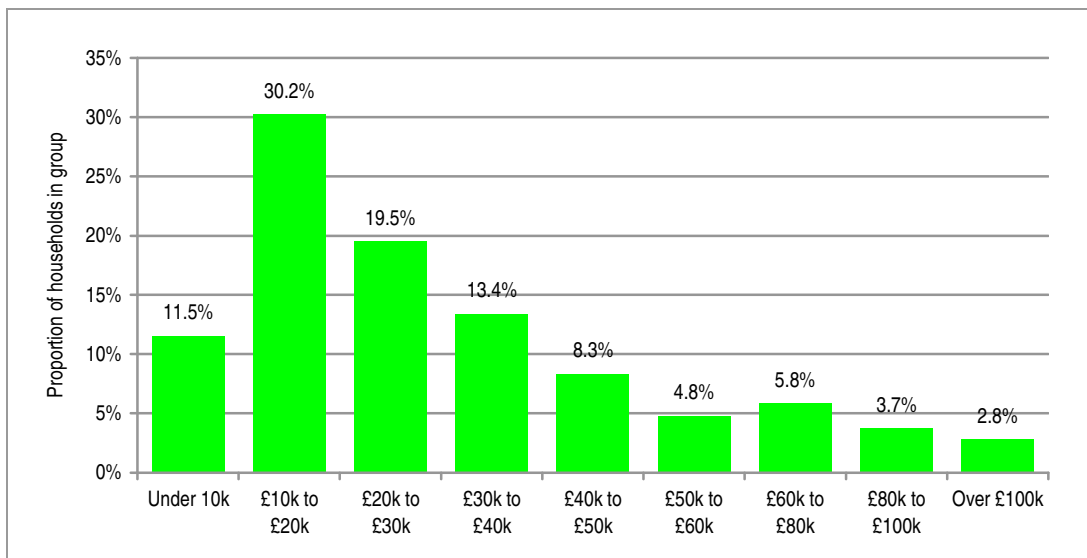
6.31 Following on from our assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability and also provide an indication of the potential for intermediate housing to meet needs. Data about total household income has been modelled on the basis of a number of different sources of information to provide both an overall average income and the likely distribution of incomes in each area. The key sources of data include:

- CACI from *Wealth of the Nation 2012* – to provide an overall national average income figure for benchmarking
- English Housing Survey – to provide information about the distribution of incomes (taking account of variation by tenure in particular)
- ONS modelled income estimates – to assist in providing more localised income estimates (e.g. individual local authorities)

6.32 Drawing all of this data together we have therefore been able to construct an income distribution for the whole of the HMA and individual local authorities for 2013. The figure below shows the

distribution of household incomes for the whole of the HMA. The data shows that just over two-fifths of households have an income below £20,000 with a further fifth in the range of £20,000 to £30,000. The overall average (median) income of all households was estimated to be around £23,800 with a mean income of £31,500.

Figure 24: Distribution of Household Income – Leicester & Leicestershire



Source: Derived from SEH, CACI and ONS data

- 6.33 The table below shows how income levels vary for each of the eight local authorities. Incomes were found to be highest in Harborough and lowest in Leicester.
- 6.34 To assess affordability we have looked at households ability to afford either home ownership or private rented housing (whichever is the cheapest), without financial support. The distribution of household incomes, within each area, is then used to estimate the likely proportion of households who are unable to afford to meet their needs in the private sector without support, on the basis of existing incomes. This analysis brings together the data on household incomes with the estimated incomes required to access private sector housing.

Table 38: Household Income levels by local authority

	Mean income	Median income
Leicester	£26,761	£20,354
Blaby	£34,799	£26,468
Charnwood	£32,744	£24,905
Harborough	£38,825	£29,529
Hinckley & Bosworth	£32,466	£24,693
Melton	£34,824	£26,487
NW Leicestershire	£32,464	£24,692
Oadby & Wigston	£30,301	£23,047
Leicester & Leicestershire	£31,530	£23,791

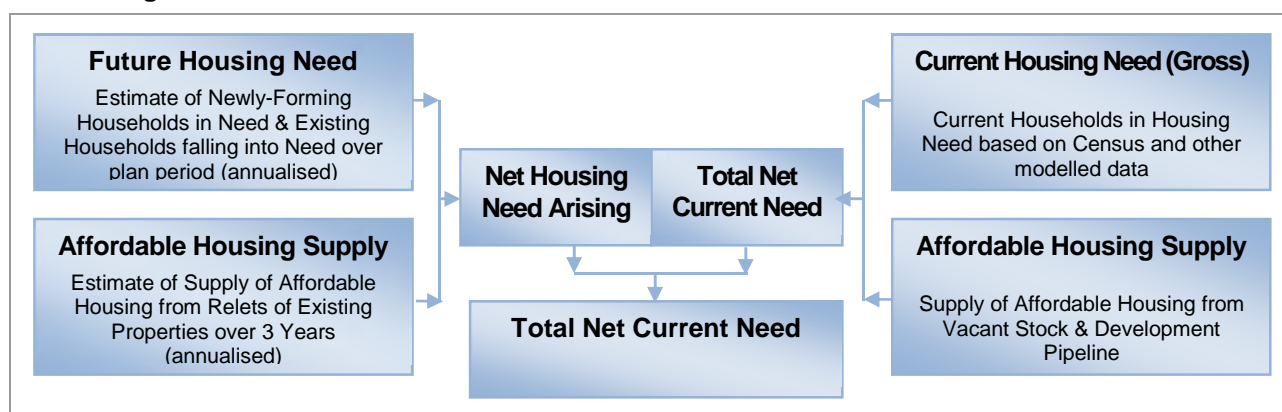
Source: Derived from SEH, CACI and ONS data

6.35 Different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households). Assumptions about income levels are discussed for relevant analyses where relevant in the analysis that follows.

Housing Needs Assessment

6.36 Affordable housing need has been assessed using the Basic Needs Assessment Model, in accordance with the CLG Practice Guidance. This model is summarised in the chart below.

Figure 25: Overview of Basic Needs Assessment Model



6.37 The figures presented in this report for affordable housing needs have been based on secondary data sources including analysis of 2011 Census data. The housing needs modelling undertaken provides an assessment of annual housing need (which is then used to look at the period to 2036). Each of the stages of the housing needs model calculation are discussed in more detail below.

Current Housing Need (Backlog)

- 6.38 In line with CLG guidance, the backlog of affordable housing need has been based on estimating the number of households living in unsuitable housing along with consideration of their current tenure and affordability. Unsuitability is based on the number of households shown to be overcrowded in the 2011 Census along with an estimate of other needs which have been modelled taking account of the tenure profile in each area. While under-occupied properties in the affordable housing sector are also a concern, they would be dealt with through transfers. As such there is no net gain or loss, with larger households being released and smaller households being occupied. Much of these additional needs are found in the private rented sector and relate to issues around security of tenure and housing costs.
- 6.39 Overall, this analysis suggests that there are around 27,000 households living in unsuitable housing (across all tenures). The data modelling estimates housing unsuitability by tenure and from these figures households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise). The analysis also excludes all outright owners under the assumption that they will have sufficient equity to move and 90% of owners with a mortgage – this latter assumption has been based on studying survey data from across the Country and reflects the fact that as well as having some equity, owners with a mortgage typically have higher incomes (this fact is confirmed by the English Housing Survey).
- 6.40 At the time of the assessment there were an estimated 10,842 households living in unsuitable housing (excluding current social tenants and the majority of owner-occupiers) – this represents 2.8% of all households in the HMA. The figure below shows the current locations of these households by local authority – the data suggests some variation across locations with an estimated 5.1% of households in Leicester living in unsuitable housing compared with just 1.5% in Blaby and Harborough.

Table 39: Estimated number of households in unsuitable housing

Area	In unsuitable housing	Total number of households	% in unsuitable housing
Leicester	6,311	123,105	5.1%
Blaby	572	38,777	1.5%
Charnwood	1,262	66,567	1.9%
Harborough	540	35,021	1.5%
Hinckley & Bosworth	723	45,464	1.6%
Melton	403	21,533	1.9%
NW Leicestershire	618	39,189	1.6%
Oadby & Wigston	412	21,307	1.9%
Leicester & L'shire	10,842	390,963	2.8%

Source: Census (2011) and data modelling

- 6.41 Our estimated level of backlog need is therefore 10,842. We can however additionally consider that a number of these households might be able to afford market housing without the need for subsidy. For an affordability test we have used the income data and adjusted the distribution to reflect a lower average income amongst households living in unsuitable housing – for the purposes of the modelling an income estimate of 70% of the median figure for all households in each area has been used (this figure has been based on studying a range of surveys carried out across the Country with 70% being a consistent figure regardless of location). Overall, around half of households with a current need are estimated to be likely to have sufficient income to afford market housing and so our estimate of the total backlog need is reduced to 5,400 households.

Table 40: Estimated number of households in affordable housing need (current need)

Area	In unsuitable housing	% Unable to Afford	Revised Gross Need (including Affordability)
Leicester	6,311	49.1%	3,095
Blaby	572	56.4%	322
Charnwood	1,262	45.1%	568
Harborough	540	50.3%	272
Hinckley & Bosworth	723	49.8%	360
Melton	403	47.3%	191
NW Leicestershire	618	55.0%	340
Oadby & Wigston	412	61.0%	251
Leicester & L'shire	10,842	49.8%	5,400

Source: Census (2011), data modelling and income analysis (numbers may not add due to rounding)

- 6.42 The analysis above can be compared with data from the Councils' Housing Registers. According to the 2013 Local Authority Housing Statistics (LAHS) there were 6,495 households registered and in a reasonable preference category (i.e. in need). This figure fits comfortably in our range between

those in need (10,842) and the figure once affordability is taken into account (5,400) and would suggest that the figure derived in this assessment is of the right order of magnitude (albeit with a somewhat different distribution amongst the eight areas).

Newly-Arising Need

6.43 To estimate newly-arising (projected future) need we have looked at two key groups of households based on the CLGs SHMA Guidance. These are:

- Newly forming households; and
- Existing households falling into need.

Newly-Forming Households

6.44 For newly-forming households we have estimated (through our demographic modelling) the number of new households likely to form per annum over each five year period from 2011 to 2036 and then applied an affordability test. This has been undertaken by considering the changes in households in specific 5-year age bands in 2016, 2021, 2026 etc. relative to numbers in the age band below 5 years previously to provide an estimate of gross household formation. This differs from numbers presented in the demographic projections which are for net household growth. The numbers of newly-forming households are limited to households forming who are aged under 45 – this is consistent with CLG guidance which notes after age 45 that headship (household formation) rates ‘plateau’. There may be a small number of household formations beyond age 45 (e.g. due to relationship breakdown) although the number is expected to be fairly small when compared with formation of younger households.

6.45 The estimates of gross new household formation have been based on outputs from our projection linked to the adjusted Sub-National Population Projections. The average income of newly-forming households is typically around 80% of the figure for all households (based on our analysis of past survey information). This figure is remarkably consistent across areas (and is also consistent with analysis of English Housing Survey data at a national level).

6.46 We have therefore adjusted the overall household income data to reflect the lower average income for newly-forming households. The adjustments have been made by changing the distribution of income by bands such that average income level is 80% of the all household average. In doing this we are able to calculate the proportion of households unable to afford market housing without any form of subsidy (such as LHA/HB). Our assessment suggests that overall around 44% of newly-forming households will be unable to afford market housing – the annual estimated level of need varies between 147 in Melton and 1,228 in Leicester.

Table 41: Estimated Level of Affordable Housing Need from Newly Forming Households (per annum 2011-2036)

Area	Number of new households	% unable to afford	Total in Affordable Housing need
Leicester	2,880	42.7%	1,228
Blaby	782	49.6%	387
Charnwood	1,464	39.1%	572
Harborough	626	43.7%	274
Hinckley & Bosworth	830	43.3%	359
Melton	357	41.0%	147
NW Leicestershire	681	48.1%	327
Oadby & Wigston	343	54.8%	188
Leicester & L'shire	7,962	43.7%	3,481

Source: Projection Modelling/Income analysis

Existing Households falling into Housing Need

- 6.47 The second element of newly arising need is existing households falling into need. This is an estimate of the number of households currently living independently in the HMA whose circumstance will change such that there is a requirement for affordable housing.
- 6.48 To assess this we have used information from CORE. We have looked at households who have been housed over the past three years with data then being annualised - this group will represent the flow of households onto the Housing Register. From this we have discounted any newly forming households (e.g. those currently living with family as these will form part of the newly forming households already analysed) as well as households who have transferred from another social rented property. An affordability test has also been applied, although relatively few households are estimated to have sufficient income to afford market housing.
- 6.49 This method for assessing existing households falling into need is consistent with the SHMA guide which says on page 46 that *'Partnerships should estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless households applicants)'*.
- 6.50 The table below therefore shows our estimate of likely new need from existing households per annum by location. The data shows an additional need arising from 1,878 households, with a notably high proportion of these being in Leicester (over half of the total).

Table 42: Estimated level of Housing Need from Existing Households (per annum)

Area	Number of Existing Households falling into Affordable Housing Need	% of Need
Leicester	980	52.2%
Blaby	111	5.9%
Charnwood	212	11.3%
Harborough	92	4.9%
Hinckley & Bosworth	158	8.4%
Melton	84	4.5%
NW Leicestershire	190	10.1%
Oadby & Wigston	51	2.7%
Leicester & L'shire	1,878	100.0%

Source: CORE/affordability analysis

Supply of Affordable Housing

- 6.51 The future supply of affordable housing is the flow of affordable housing arising from the existing stock that is available to meet future need. It is split between the annual supply of social/affordable rent relets and the annual supply of relets/sales within the intermediate sector.
- 6.52 The Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. We have used information from the Continuous Recording system (CORE) to establish past patterns of social housing turnover. The CORE figures have been checked by the local authorities and in some cases amended to take account of either over or under-recording of lettings. Our figures include general needs and supported lettings but exclude lettings of new properties plus an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock. Additionally, an estimate of the number of 'temporary' supported lettings has been removed from the figures (the proportion shown in CORE as being lettings in direct access hostels or foyer schemes) – this mainly affects Leicester.
- 6.53 On the basis of past trend data it has been estimated that 3,583 units of social/affordable rented housing are likely to become available each year moving forward.
- 6.54 The supply figure as calculated above is for social/affordable rented housing only and whilst the stock of intermediate housing in the HMA is not significant compared to the social/affordable rented stock it is likely that some housing does become available each year (e.g. re-sales of shared ownership). For the purposes of this assessment we have estimated the likely size and turnover in the intermediate stock on the basis of 2011 Census data and information provided by some

individual local authorities. From this it is estimated that around 80 additional properties might become available per annum.

6.55 The total supply of affordable housing is therefore estimated to be 3,663 per annum. The table below shows the locations where supply is expected to arise.

Supply of affordable housing by Local Authority

Area	Social/affordable rented relets	Intermediate housing 'relets'	Total supply (per annum)
Leicester	1,814	22	1,836
Blaby	155	7	162
Charnwood	619	13	632
Harborough	157	11	168
Hinckley & Bosworth	279	8	287
Melton	160	7	167
NW Leicestershire	314	8	322
Oadby & Wigston	85	4	89
Leicester & L'shire	3,583	80	3,663

Source: Derived from CORE, Census (2011) analysis and individual local authorities

Net Housing Need

6.56 The table below shows our overall calculation of housing need. This excludes supply arising from sites with planning consent (the 'development pipeline'). The analysis has been based on meeting housing need over the 25-year period from 2011 to 2036. Whilst most of the data in the model are annual figures the backlog has been divided by 25 to make an equivalent annual figure.

6.57 The data shows an overall need for affordable housing of 47,813 units over the 25-year period from 2011 to 2036 (1,913 per annum). The net need is calculated as follows:

$$\text{Net Need} = \text{Backlog Need} + \text{Need from Newly-Forming Households} + \text{Existing Households falling into Need} - \text{Supply of Affordable Housing}$$

Table 44: Estimated level of Affordable Housing Need (2011-36)

	Per annum	25-years
Backlog need	216	5,400
Newly forming households	3,481	87,034
Existing households falling into need	1,878	46,955
Total Gross Need	5,576	139,388
Supply	3,663	91,575
Net Need	1,913	47,813

Source: Census (2011)/CORE/Projection Modelling and affordability analysis

6.58 The table below shows the annualised information for individual local authorities. The analysis shows a need for additional affordable housing in all areas with Leicester seeing the highest need

(about 500 per annum) and Melton the lowest (71). The low figure in Melton is interesting in the context of this being an area where the market signals analysis highlights a particular affordability problem. Looking in more detail at the information feeding into the modelling it is apparent that the supply of affordable housing is having some downward impact on the level of net need. In this context it should be noted that the re-let data includes lets for Extra Care, Sheltered and Supported accommodation. These property types often experience more transitional lettings than general needs accommodation and in Melton they represent 32% of annual re-lets, yet are only available to those with a housing need for such accommodation. Hence the affordable need figure should be treated with some caution as it is possible that a large proportion of the supply would not be available to those households assessed as having a need or being likely to have a need in the future.

Table 45: Estimated level of Affordable Housing Need (per annum)

Area	Backlog need	Newly forming households	Existing households falling into need	Total Need	Supply	Net Need per Annum	Total Net Need over 25 Years
Leicester	124	1,228	980	2,332	1,836	496	12,400
Blaby	13	387	111	511	162	349	8,725
Charnwood	23	572	212	806	632	174	4,350
Harborough	11	274	92	376	168	208	5,200
Hinckley & Bosworth	14	359	158	532	287	245	6,125
Melton	8	147	84	238	167	71	1,775
NW Leicestershire	14	327	190	531	322	209	5,225
Oadby & Wigston	10	188	51	249	89	160	4,000
Leicester & L'shire	216	3,481	1,878	5,576	3,663	1,913	47,825

Source: Census (2011)/CORE/Projection Modelling and affordability analysis

6.59 The table above showed the overall estimated level of affordable need from 2011 to 2036 and an annualised figure for the 25-year period. It is possible to take this data and consider what the annual level of need would be if a different period were taken to clear the backlog. In the table below we have analysed clearing the backlog over a range of different time periods (as well as showing the core data for the full 25-year period). The data shows with the backlog being met over 25-years that some 1,913 dwellings per annum are required; with a 10-year period for the backlog this rises to 2,237 and clearing the backlog over just 5-years shows a higher figure again (of 2,777).

Table 46: Estimated annual level of Affordable Housing Need with different 'backlog' periods (all figures per annum)

Backlog cleared over...	5-years	10-years	15-years	20-years	25-years
Backlog need	1,080	540	360	270	216
Newly forming households	3,481	3,481	3,481	3,481	3,481
Existing households falling into need	1,878	1,878	1,878	1,878	1,878
Total Gross Need	6,440	5,900	5,719	5,629	5,576
Supply	3,663	3,663	3,663	3,663	3,663
Net Need	2,777	2,237	2,056	1,966	1,913

Source: Census (2011)/CORE/Projection Modelling and affordability analysis

6.60 Supplies of housing from schemes in the development pipeline are excluded at this stage to support comparison with demographic projections (which also exclude consented development schemes).

6.61 As a percentage of the overall demographic-led housing need (midpoint scenario), net affordable housing need when cleared over 25 years, represents around 53% of the overall need. This calculation is based on the highest overall need against the lowest affordable housing need. The percentage also ranges by local authority from 22% in Charnwood to 104% in Blaby. However it must be emphasised that this only informs affordable housing policy decisions and that any requirement will be decided by local affordable housing policy or on a development by development basis.

Table 47: Net Affordable Housing Need as % of Overall Housing Need From Midpoint Scenario

	Demographic Housing Need per Annum – Midpoint Scenario	Net Affordable Housing Need Cleared over 25 Years	Net Affordable Housing Need % of Demographic Need
Leicester	1,231	496	40%
Blaby	336	349	104%
Charnwood	774	174	22%
Harborough	396	208	53%
Hinckley & Bosworth	353	245	69%
Melton	194	71	37%
NW Leicestershire	267	209	78%
Oadby & Wigston	75	160	213%
Leicester & L'shire	3,626	1,913	53%

Source: GL Hearn, and JGC, 2014

Delivery of Affordable Housing

6.62 Affordable housing is traditionally delivered by Registered Providers, Councils or through contribution on market housing schemes. We have calculated the level of overall housing provision that would be needed in order to meet the level of affordable housing need identified. This is based on the current affordable housing contribution percentages required by each local authorities own policies.

6.63 At present the Council's in Leicester and Leicestershire expect between 10% and 40% contribution from private housing development over a certain scale. The table below outlines the scale of overall housing needed to deliver affordable housing at the current affordable housing policies.

Table 48: Scale of Overall Housing Delivery to Meet Affordable Housing Need on Current Policy Basis Per Annum

LA	Affordable Need	Affordable Housing Policy	Affordable Housing Policy (Mid-Point)	Annual Housing Need	Total Housing Required Based on Current Policy
Leicester	496	15%-30%	23%	2,157	53,925
Blaby	349	25%	25%	1,396	34,900
Charnwood	174	30%	30%	696	17,400
Harborough	208	30%	30%	832	20,800
Hinckley & Bosworth	245	20%-40%	30%	980	24,500
Melton	71	40%	40%	176	4,400
NW Leicestershire	209	20%-30%	25%	836	20,900
Oadby & Wigston	160	10%-30%	20%	800	20,000
LLLPA	1,913			7,873	196,825

Source: GL Hearn, and JGC, 2014

Role of the Private Rented Sector in Meeting Housing Need

6.64 The extent to which the Councils' wish to see the private rented sector being used to make up for shortages of affordable housing is a matter for policy intervention and is outside the scope of this report. Some households seeking social rented/affordable housing may choose to access properties in the PRS although the Councils have limited input about who gets re-housed.

6.65 However it should be recognised that the PRS Sector tends to provide less secure tenancies and standards within the sector may be lower than for social rented properties. Furthermore there are households with specific housing needs who may not be able to find suitable accommodation within the PRS. Renting privately is however an option that can relieve immediate housing need, whilst enabling households to continue to search for social or affordable rented properties. Finally the PRS has experienced an untypical level of growth in the last 5-10 years as a result of a number of reasons (including households being unable to buy due to mortgage finance constraints, households being unable to sell but needing to move and the shortage of affordable housing in the right locations). While the existing stock cannot be relied upon to be there indefinitely, any reduction in the number of private rental units could also lesson rental costs as the overheated market returns to normal.

6.66 The Strategic Housing Market Assessment Guidance (of 2007) requires consideration of the extent of the private rented sector (through the Local Housing Allowance (LHA) system) and its ability to

meet the needs of households in need to be estimated. We have therefore used data from the Department of Work and Pensions (DWP) to look at the number of LHA supported private rented homes. As of August 2013 it is estimated that there were 21,481 benefit claimants in the private rented sector in the HMA. This is 41% higher than the number observed four years earlier (in August 2009).

Table 49: LHA claimants in the Private Rented Sector

	Claimants (August 2009)	Claimants (August 2013)	Change 2009- 2013	% change from 2009
Leicester	7,768	11,605	3,837	49.4%
Blaby	1,023	1,350	327	32.0%
Charnwood	1,732	2,412	680	39.3%
Harborough	771	1,039	268	34.8%
Hinckley & Bosworth	1,406	1,728	322	22.9%
Melton	644	816	172	26.7%
NW Leicestershire	1,045	1,500	455	43.5%
Oadby & Wigston	884	1,031	147	16.6%
Leicester & L'shire	15,273	21,481	6,208	40.6%

Source: DWP

- 6.67 What this information does not tell us is how many lettings are made each year to tenants claiming benefit as this will depend on the turnover of stock. From English Housing Survey we estimate that the proportion of households within the private sector who are “new lettings” each year (i.e. stripping out the effect of households moving from one private rented property to another) is around 13%. Applying this to the number of LHA claimants in the private rented sector gives us an estimate of 2,793 private sector lettings per annum to new LHA claimants in the HMA. This figure is derived from claimants rather than households and it is possible that there are a number of multiple LHA claimant households (i.e. in the HMO sector) which would reduce this estimate somewhat (this would be expected to affect figures for Leicester in particular and to a lesser extent Charnwood).
- 6.68 The overall estimated number of lettings in the LHA part of the PRS can be seen to be in excess of the total net need derived through housing needs analysis. It is not however appropriate to treat this sector as a form of affordable housing and net it from the overall annual housing needs estimate of 1,913 affordable homes per annum. Neither the SHMA Guidance (CLG, 2007) nor the NPPF (CLG, 2012) recognise this sector as affordable housing.
- 6.69 There is no obvious shortfall in the supply of private rental sector and its ability to meet the needs of households. Even if reliance for housing need were to continue to grow most of the Boroughs, with

the exception of Blaby and Oadby and Wigston would have enough stock to cope. Indeed across the HMA there is unlikely to be a deficit.

- 6.70 However, it should be recognised that, in practice, the Private Rented Sector does make a significant contribution to filling the gap in relation to meeting housing need and given the levels of affordable housing need shown in this SHMA, the private rented sector is likely to continue to be used to some degree to make up for the shortfall of genuine affordable housing for the foreseeable future.

Understanding the Context to the Housing Needs Assessment

- 6.71 The housing needs analysis concludes that there is a shortfall of 1,913 affordable homes per annum over the period from 2011 to 2036 (47,813 in total). However there are a number of things that need to be remembered in interpreting the housing needs analysis.

- 6.72 The Basic Needs Assessment Model which has been used was designed specifically to identify whether there is a shortfall or surplus of affordable housing. It is specifically needed to underpin affordable housing policies.

- 6.73 The needs assessment therefore does not look at all housing needs, but specifically the needs of those who can't afford market housing (assuming no more than 30% of households' gross income is spent on housing costs). It assumes that all households are adequately housed in a home that they can afford.

- 6.74 The needs assessment is a 'snapshot' assessment at a point in time, which is affected by the differential between housing costs and incomes at that point; as well as the existing supply of affordable housing. It is unlikely that each of the factors including affordability will remain static for long as such we recommend updating this assessment every 5 years. In the case of Leicester & Leicestershire, the stock of affordable housing (social rented) has increased by about 2% over the last decade which is less than the overall increase in households (10%); the turnover of stock has also decreased over time. This has affected the level of affordable housing need. The shortfall of affordable housing identified is therefore to some extent affected by past investment decisions – this might for example include households who want to stay in their current location but that new homes are not being built (e.g. in rural locations preventing households from downsizing).

- 6.75 Moreover, as the Basic Needs Assessment Model is designed to identify a shortfall of genuine affordable housing, it assumes that all households in 'housing need' are housed in affordable homes (which include provision that the home remains at an affordable price for future eligible households).

- 6.76 In reality, there are two key factors which need to be considered:
- Some households defined as in housing need may choose to spend more than 30% of their gross income on housing costs or may not actively seek an affordable home; and
 - Some households defined as in housing need are accommodated in the Private Rented Sector, supported by Local Housing Allowance.
- 6.77 It is estimated that there are currently over 21,000 Local Housing Allowance claimants housed in the Private Rented Sector with other households expected to be in this sector and paying more than 30% of their income on housing but not claiming Housing Benefit (for example a single person might need to see their housing costs get up to around 45%-50% of rent before getting Housing Benefit (although other benefits such as working tax credits, if eligible, will kick in below this level)).
- 6.78 As the level of housing need is very sensitive to differences between housing costs and incomes, changes in the difference between incomes and housing costs over time will affect the level of housing need identified.
- 6.79 The private rented sector should not be seen as a form of affordable housing, however it does have a role which should be recognised. It is very difficult to quantify people in the private rented sector (e.g. there may be people who live in private rented accommodation who do not qualify for affordable housing) and therefore gathering evidence to show that there is a shortfall in overall housing provision to meet local housing requirements over and above that shown by the demographic modelling is extremely difficult (albeit there is arguably some tenure mismatch with households living in the private rented sector when a social/affordable rented home would be more suitable). The affordable housing needs analysis per se therefore does not provide a basis for considering overall future housing requirements or whether there is a backlog of housing that has not been delivered in the recent past.
- 6.80 Given the current stock of affordable housing in the area, the funding mechanisms for delivery of new affordable housing and policies affecting sales of existing properties, it is unrealistic to assume that all households in housing need will be provided with an affordable home. It is realistic to assume that the Private Rented Sector will continue to play an important role in meeting housing need in the short-to-medium term.

Impact of Welfare Reforms

- 6.81 The Coalition Government has heralded a period of considerable change by way of welfare reforms which will have an effect on local residents. The reforms are set against a backdrop of government spending cuts, which has seen funding levels drop, and an economic recession which has led to changes to the country's housing market and how housing can be accessed. A summary of the welfare reforms and impacts are shown below:
- Reducing the Local Housing Allowance (LHA) from the median rent in a Broad Rental Market Area (BRMA) to the 30th centile and the abolition of the rate for 5 or more bedroom homes.

These changes came in from April 2011 and will have meant some households seeing a reduction in housing benefit. There has also been a reduction in the number of homes available to rent at or below payment thresholds and potentially increased demand for lower cost properties. Households requiring larger (5 or more bedroom) homes have been disproportionately affected.

- Limiting payments for people under 35 to the shared room rate (up from 25) – from January 2012. This change has made it harder for Councils to place young single people in private rented accommodation and has seen a greater demand for shared housing.
- Up rating LHA in line with Consumer Price Index (CPI) instead of by reference to local rents. If rents increase at a rate above CPI then there will be a reduction in the number of properties with a rent below LHA maximum levels.
- Limiting Housing Benefit entitlements for working age people in social housing sector to reflect family size. The under occupancy penalty or ‘bedroom tax’ to remove what the Government considers was a spare room subsidy for social housing tenants is arguably the most controversial of the welfare reforms with households losing 14% of housing benefit if they have one spare bedroom and 25% for two or more. This change has already put considerable pressure on housing providers who are seeing a significantly increased demand for smaller (particularly one bedroom) homes. In the longer-term if the supply does not improve this change could see some increases in homelessness. This change was brought in from April 2013.
- A household benefit cap has been phased in from April 2013 which will limit the amount claimed in all benefits for working age (non-working) households to £500 per week for households with two or more people and £350 for single adults. For many households this will not make a difference to their ability to access housing; however larger households living in larger (more expensive) homes will be disproportionately affected.
- The move towards a Universal Credit is likely to end Housing Benefit payments direct to landlords, making benefit claimants potentially less attractive as tenants.

6.82 Whilst the full impact of the various current and proposed changes is difficult to quantify it is clear when taken together that a significant number of people and households will be affected. Given the levels of housing need identified set against the potential supply of affordable housing (from both the existing stock and new provision) it seems unlikely that the number of households in need will fall in the short/medium-term. Indeed the evidence suggests a likely growth in demand – particularly for private rented accommodation.

Need for Different Types of Affordable Housing

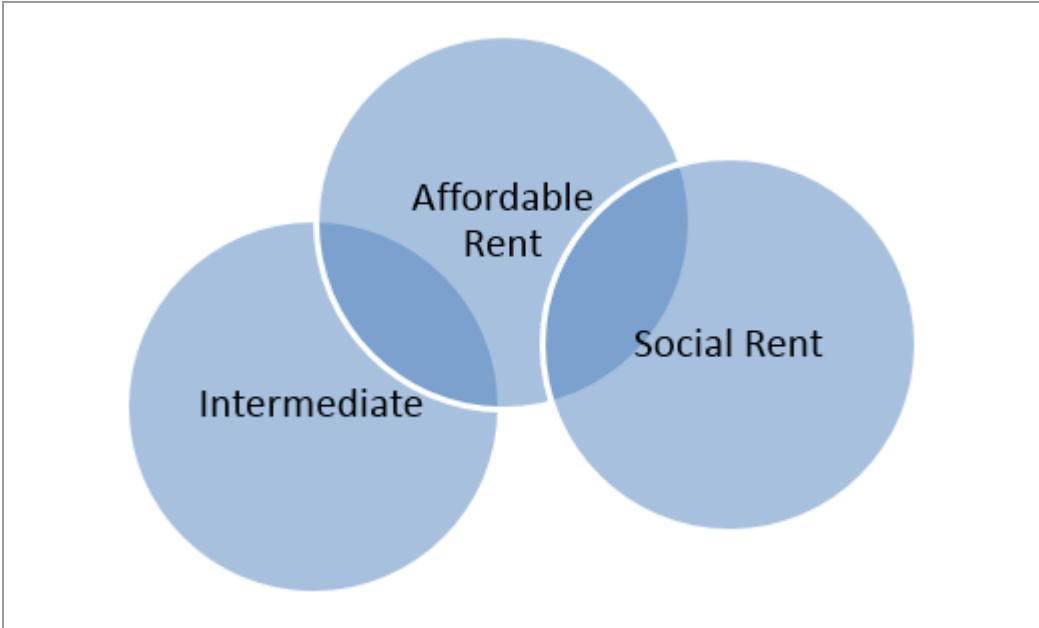
6.83 Having studied housing costs, incomes and housing need the next step is to make an estimate of the proportion of affordable housing need that should be met through provision of different housing products. We therefore use the income information presented earlier in this section to estimate the proportion of households who are likely to be able to afford intermediate housing and the number for whom only social or affordable rented housing will be affordable. There are three main types of affordable housing that can be studied in this analysis:

- Intermediate;
- Affordable rent; and
- Social rent

6.84 Whilst the process of separating households into different income bands for analytical purposes is quite straightforward, this does not necessarily tell us what sort of affordable housing they might be able to afford or occupy.

- 6.85 For example a household with an income close to being able to afford market housing might be able to afford intermediate or affordable rent but may be prevented from accessing certain intermediate products (such as shared ownership) as they have an insufficient savings to cover a deposit. Such a household might therefore be allocated to affordable rented or intermediate rented housing as the most suitable solution. However we would expect that few Registered Providers would build intermediate rented homes, given that the level of potential occupants for affordable rented homes is greater (as it includes households who could claim housing benefit to supplement their incomes).
- 6.86 The distinction between social and affordable rented housing is also complex. Whilst rents for affordable rented housing would be expected to be higher than social rents, this does not necessarily mean that such a product would be reserved for households with a higher income. In reality, as long as the rent to be paid falls at or below LHA limits then it will be accessible to a range of households (many of whom will need to claim housing benefit). Local authorities' tenancy strategies might set policies regarding the types of households which might be allocated affordable rented homes; and many authorities will seek to avoid where possible households having to claim higher levels of housing benefit. This however needs to be set against other factors, including viability and the availability of grant funding. Over the current spending period to 2015 grant funding is primarily available to support delivery of affordable rented homes. A significant level of affordable housing delivery is however through developer contributions (Section 106 Agreements).
- 6.87 For these reasons it is difficult to exactly pin down what proportion of additional affordable homes should be provided through different affordable tenure categories. In effect there is a degree of overlap between different affordable housing tenures, as the figure below shows.

Figure 26: Overlap between Affordable Housing Tenures



6.88 Given this overlap, for analytical purposes we have defined the following categories:

- Households who can afford 80% or more of market rent levels;
- Households who can afford no more than existing social rent levels (or would require housing benefit, or an increased level of housing benefit to do so);
- Households which fall in between these parameters, who would potentially be able to afford more than existing social rent levels but could not afford 80% of market rents.

6.89 The figure below shows the proportion of households who fall into these broad income categories. Overall, just under a fifth can afford 80% or more of market rent levels with only around 7% of households being in the band between social rents and 80% of market. This reflects the fact that there is relatively little difference in the housing costs for these two types of ‘product’ in many locations.

Figure 27: Proportion of Households who cannot afford Market Housing by Income Category

Area	Can afford 80%+ Market Rents	Can afford between Social and 80% Market Rents	Can only afford at Social Rent or Below
Leicester	15.6%	0.0%	84.4%
Blaby	19.0%	23.8%	57.2%
Charnwood	23.0%	4.9%	72.1%
Harborough	20.8%	15.0%	64.2%
Hinckley & Bosworth	20.0%	2.6%	77.4%
Melton	20.5%	14.0%	65.6%
NW Leicestershire	18.1%	11.9%	70.0%
Oadby & Wigston	17.8%	23.4%	58.8%
Leicester & L'shire	18.3%	6.9%	74.8%

Source: Housing Needs Analysis

6.90 We do not have detailed information on households’ savings. We have assumed that around half of households with an income which would allow them to afford 80% or more of market rents would represent the potential market for equity-based intermediate products such as shared ownership and shared equity homes.

6.91 Taking the gross numbers for housing need and comparing this against the supply from relets of existing stock, the following net need arises within the different categories. Overall the analysis suggests around 20% of housing could be equity-based intermediate (such as shared ownership) with the remaining 80% being a rented product (either social or affordable rented). The intermediate requirement varies between 11% in Oadby & Wigston up to 32% in Leicester – the latter finding is

more strongly related to a relatively high supply of social rented housing rather than better affordability in the City.

Figure 28: Net Need within different Affordability Categories

Area	Estimated net need for Equity-based Products	Net Need from Households which could afford more than existing Social Rents without Benefits but not Equity Products	Net Need from Households who cannot afford over existing Social Rent Levels
Leicester	32.1%	36.7%	31.2%
Blaby	12.3%	50.2%	37.5%
Charnwood	21.2%	35.9%	42.9%
Harborough	13.5%	46.0%	40.6%
Hinckley & Bosworth	18.5%	27.5%	54.0%
Melton	29.6%	98.9%	-28.5%
NW Leicestershire	19.0%	53.4%	27.5%
Oadby & Wigston	11.2%	50.5%	38.3%
Leicester & L'shire	20.5%	43.1%	36.4%

Source: Housing Needs Analysis

- 6.92 The figures outlined above are the result of modelling with specific assumptions. Local evidence may suggest that the market for equity-based product is more restricted. In areas where land values are low, the build costs for equity products can outstrip their value, which provides difficulty to developers and purchasers of such a property to secure funding for them. These factors should be taken into account when policies are being derived at a local authority level.
- 6.93 In determining policies for affordable housing provision on individual sites, the analysis in the table above should be brought together with other local evidence such as from the Housing Register or parish surveys where available. Consideration could also be given to areas with high concentrations of social rented housing where additional intermediate housing might be desirable to improve the housing mix and to create 'housing pathways'.
- 6.94 Please note that no distinction is drawn between intermediate and affordable rent. It is assumed that the costs are broadly similar and subsequently the proportion of households that could afford either is also similar.

6.95 It should also be noted that funding for the delivery of new-build affordable housing is now focused on affordable rent tenure. The dominance of this tenure within new build delivery is also confounded by registered providers now being able to convert existing social rent properties to affordable rent as they become vacant, in effect reducing the level of available socially rented properties. It will also become increasingly difficult for Local authorities to negotiate for affordable housing provision. This is likely to lead to a further focus/reliance on the affordable rental tenure in future years and therefore decreases access to truly affordable products.

Key Findings: Affordable Housing Need

6.96 An assessment of housing need has been undertaken which is compliant with Government guidance to identify whether there is a shortfall or surplus of affordable housing in the Leicester & Leicestershire HMA. This has estimated current housing need of 5,400 households, excluding existing social housing tenants where they would release a home for another household in need.

6.97 The housing needs model then looked at the balance between needs arising and the supply of affordable housing each year up to 2036. Over this period an estimated 5,360 households are expected to fall into housing need and 3,663 properties are expected to come up for re-let each year.

6.98 Overall a net deficit of 47,813 affordable homes is identified (1,913 per annum). There is thus a significant requirement for new affordable housing in Leicester and Leicestershire and the Councils are justified in seeking to secure additional affordable housing.

6.99 While a significant deficiency in affordable housing is identified, in practice many households who are unable to secure affordable housing are able to live within the Private Rented Sector supported by housing benefit. It seems likely that the Private Rented Sector will continue to be used to make up for a shortfall of fully affordable housing. Furthermore housing delivered in the last three years and the pipeline housing supply will reduce the requirement to a slightly lower level.

7 NEED FOR DIFFERENT SIZES OF HOMES

Introduction

7.1 As discussed in Section 4, there are a range of factors which influence the need for market and affordable housing. These factors play out at different spatial scales and influence both the level of housing need (in terms of aggregate household growth) and the nature of demand for different types, tenures and sizes of homes.

7.2 Key factors which are likely to influence demand for different types of homes include:

- The size and composition of households;
- What sizes of home different households can afford to rent or buy;
- Long-term demographic trends, including a growing older population;
- Government interventions, such as the Help-to-Buy scheme and benefit reforms.

7.3 Demographic changes are however expected to be a key long-term driver. It is reasonable to consider the implications of demographic trends (and in particular changes in the age structure of the population) as a starting point for considering what mix of housing might be needed over the period to 2036.

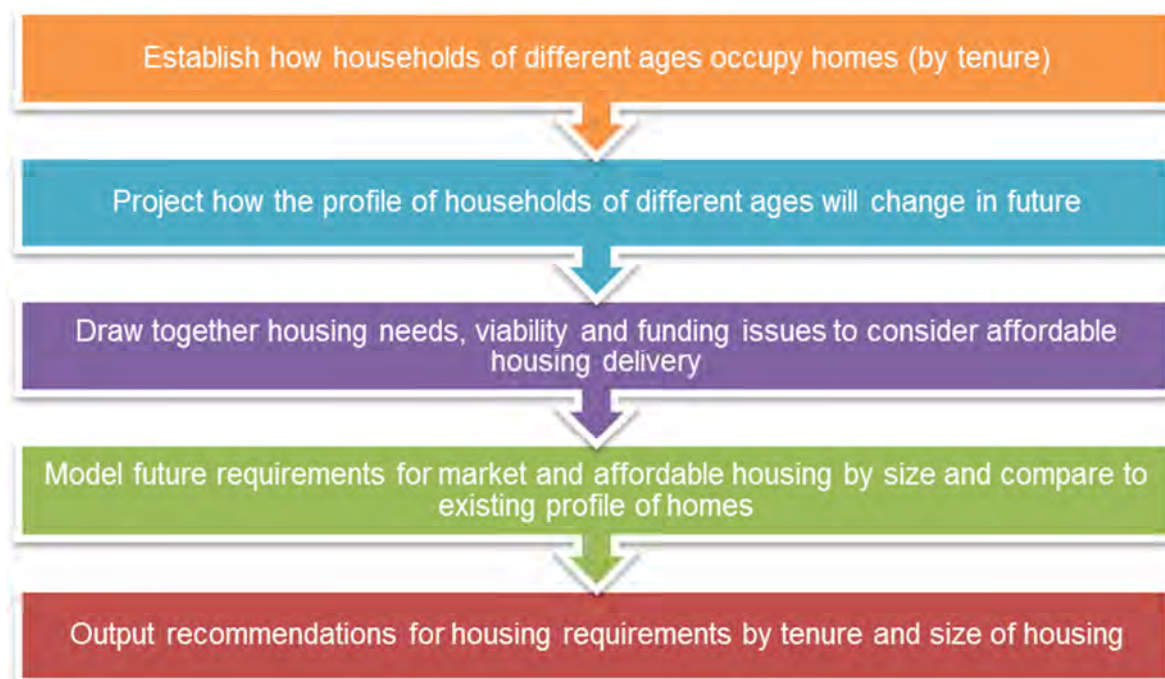
7.4 The analysis in this section thus considers in some detail the implications of demographic drivers on demand for different sizes of homes. This is then brought together with an understanding of existing imbalances in the housing offer (drawing on the analysis in Section 3) to consider the mix of housing needed moving forwards. The analysis also considers the mix of affordable housing needed through assessment of both what households can afford and the stock and turnover of different types of affordable homes.

Housing Market Model: Modelling Methodology

7.5 The analysis of need for different sizes of homes in this section seeks to use the information available about the size and structure of the population and household structures; and consider what impact this may have on the sizes of housing required in the future. We have based the modelling on the main demographic projection with the midpoint headship assumptions (this provides for 90,650 additional homes over the 2011-36 period; an average of 3,626 per annum).

7.6 The figure overleaf describes the broad methodology employed in the housing market modelling. Data is drawn from a range of sources including the 2011 Census and our demographic projections.

Figure 29: Approach to Housing Market Modelling



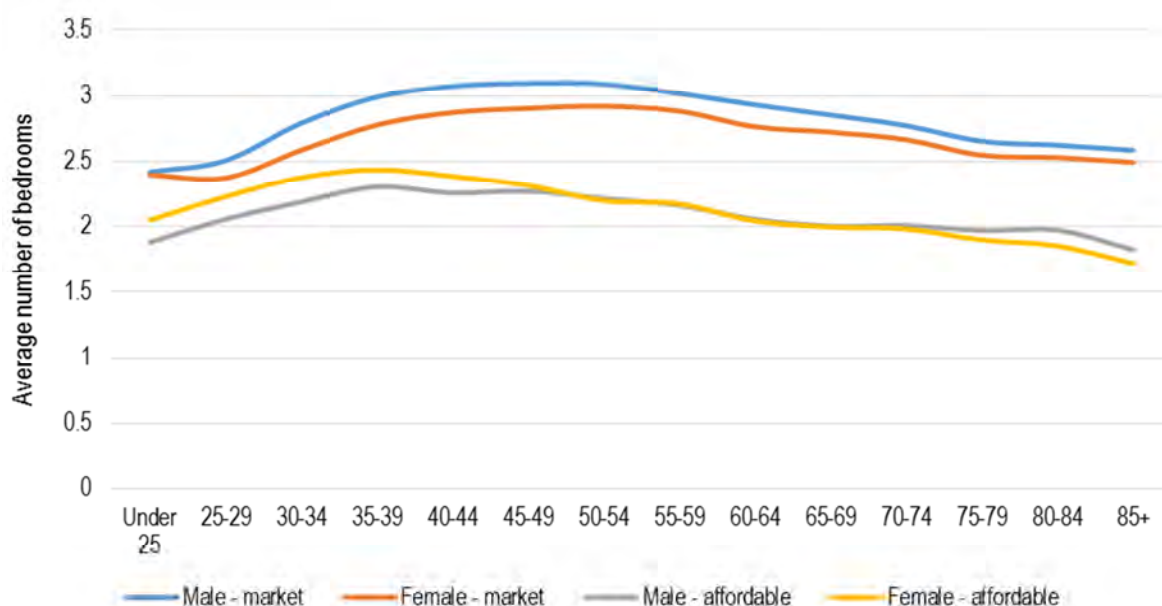
Understanding how Households Occupy Homes

- 7.7 Whilst the demographic projections provide a good indication of how the population and household structure will develop it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided.
- 7.8 The main reason for this is that in the market sector households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly translate into the sizes of property needed. The size of housing which households occupy in the market sector relates more to their wealth and age than the number of people which they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a four bedroom home as long as they can afford it, and hence projecting an increase in single person households does not automatically translate in to a need for smaller units.
- 7.9 This issue is less relevant in the affordable sector, particularly since the introduction of the ‘bedroom tax’ which limits the level of housing benefit working-age households can claim based on the household size and structure as opposed to the size of the property. There will however still be some level of under-occupation moving forward with regard to older person households in particular; and working households who may be able to continue to under-occupy their current homes.
- 7.10 The general methodology uses the information derived in the projections about the number of household reference persons (HRPs) in each age and sex group and applies this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table

by ONS⁶ with data then adjusted to be consistent with 2011 Census data (e.g. about house sizes in different tenure groups and locations).

7.11 The figure below shows an estimate of how the average number of bedrooms varies for different ages of HRP and different sexes by broad tenure group. In the market sector the average size of accommodation rises over time to typically reach a peak around the 45-54 age groups. In the affordable sector this peak appears earlier. Following the peak age groups, the average dwelling size decreases – possibly linked to some households down-sizing as they get older. It is also notable that the average size for affordable housing dwellings are lower than those for market housing whilst in market housing, male HRPs typically live in larger accommodation for all age groups (with no strong trend being seen in the affordable sector).

Figure 30: Average Bedrooms by Age, Sex and Tenure – Leicester & Leicestershire HMA



Source: Derived from ONS Commissioned Table C1213 and 2011 Census

Establishing a Baseline Position

7.12 As of 2011 it is estimated that there were 390,963 households living in the HMA. Analysis of Census data linked to the demographic baseline provides us with an estimate of the profile of the housing stock in 2011, as shown in the table below. The table shows that an estimated 16% of households live in affordable housing with 84% being in the market sector. The size of the affordable sector has been fixed by reference to an estimate of the number of occupied social rented and shared ownership homes in 2011. The data also suggests that there are more large homes in the market sector than in the affordable sector with 71% having three or more bedrooms compared to 37% for affordable housing.

⁶ Table C1213 which provides relevant data for all local authorities in England

7.13 These figures are for households rather than dwellings as information regarding the sizes of vacant homes across the whole stock (i.e. market and affordable) is not readily available. For the purposes of analysis this will not make any notable difference to the modelled outputs. We have however translated the household projections into dwelling figures by including a vacancy allowance to provide the outputs of the market modelling.

Table 50: Estimated Profile of Dwellings in the HMA in 2011 by Size

Size of housing	Market		Affordable		Total	
	Number	%	Number	%	Number	%
1 bedroom	17,370	5.3%	19,977	32.1%	37,348	9.6%
2 bedrooms	76,478	23.3%	18,986	30.5%	95,464	24.4%
3 bedrooms	155,713	47.4%	20,703	33.3%	176,416	45.1%
4+ bedrooms	79,213	24.1%	2,522	4.1%	81,735	20.9%
Total	328,774	100.0%	62,189	100.0%	390,963	100.0%
% in tenure		84.1%		15.9%		100.0%

Source: Derived from 2011 Census

Tenure Assumptions

7.14 The housing market model has been used to estimate future requirements for different sizes of property over the 25-year period from 2011 to 2036. The model works by looking at the types and sizes of accommodation occupied by different ages of residents, and attaching projected changes in the population to this to project need and demand for different sizes of homes. However the way households of different ages occupy homes differs between the market and affordable sectors (as shown earlier). Thus it is necessary to consider the future balance between provision of market and affordable housing. Were the analysis to be carried out over a shorter timeframe (e.g. to 2031) then we find similar outputs. This is demonstrated in Appendix D.

7.15 The analysis in Section 6 indicated that a significant proportion of the identified need is for affordable housing. However it is unlikely that all sites will deliver affordable housing, and thus it is reasonable to expect that supply will fall modestly below this level. On the basis of information available we believe that 30% is probably a reasonable assumption for the proportion of new housing over the plan period which can be delivered as affordable housing. It should be stressed that this is not a policy position and has been applied simply for the purposes of providing outputs from the modelling process. Further viability testing would also be required at specific sites.

Model Outputs: Affordable Housing

7.16 The table and figure overleaf show estimates of the sizes of affordable housing required for the HMA based on our understanding of demographic trends. The data suggests in the period between 2011 and 2036 that around 70% of the net need is for homes with one- or two-bedrooms with around 30% of the need being for larger homes with three or more bedrooms. However, the turnover of smaller 1 and 2 bedroom stock is generally more frequent. In effect therefore, there is less of a need for additional quantum of this size.

Table 51: Modelled Size of Dwellings Needed for the HMA 2011 to 2036 – Affordable Housing

Size	2011	2036	Additional households 2011-2036	% of additional households
1 bedroom	19,977	30,250	10,272	39.1%
2 bedrooms	18,986	27,320	8,333	31.7%
3 bedrooms	20,703	27,594	6,891	26.3%
4+ bedrooms	2,522	3,283	761	2.9%
Total	62,189	88,446	26,257	100.0%

Source: Housing Market Model

- 7.17 This analysis provides a longer-term view of requirements for affordable housing, based on demographic trends, and does not reflect any specific priorities such as for family households in need rather than single people. This is relevant in considering how the modelled outputs might be translated into policies for affordable housing mix.
- 7.18 A further issue to consider in this respect is policies for one-bed properties. On the one hand one-bed properties offer limited flexibility to accommodate households' changing requirements. On the other hand the 'bedroom tax' may increase need for one-bed properties in the shorter term (and smaller homes more generally) 'on the ground' from working-age households. The longer-term effect of the 'bedroom-tax' is unclear given that some parties have indicated the scrapping of it, if they win the next election.
- 7.19 Delivery of larger homes (such as those with 3 or more bedrooms) can be beneficial in not just meeting the needs of households with an acute housing need, but also in releasing smaller properties to meet the needs of other households. Additionally, the supply of four bedroom accommodation to rent in the private rented sector is limited in most areas (particularly dwellings where LHA can be claimed) and so additional provision of larger homes over and above the figure suggested in the modelling may be prudent – such a need can be evidenced at a more local level through reference to sources such as the Housing Register.
- 7.20 The figure below shows how our estimated affordable requirement compares with the stock of affordable housing in 2011 (taken as the number of households living in social rented or shared ownership accommodation in the 2011 Census). The figures are based on households (i.e. before adding in a vacancy allowance).

Figure 31: Impact of Demographic Trends on Affordable Housing Need by House Size, 2011 to 2036 – Leicester & Leicestershire HMA



Source: Housing Market Model

7.21 The data shows that relative to the current stock there is a slight shift of the net need towards smaller homes. This reflects demographic changes: in the future household sizes are expected to drop whilst the population of older people will increase. Older person households (as shown earlier) are more likely to occupy smaller dwellings. The impacts of older people have on demand for smaller stock is outlined in the table below. This illustrates that approximately two thirds of the demand for one bedroom affordable housing will be down to the aging population.

Table 52: Estimated proportion of affordable one bedroom housing need due to the ageing of the population

Area	Proportion driven by older population
Leicester	49%
Blaby	88%
Charnwood	72%
Harborough	79%
Hinckley & Bosworth	86%
Melton	80%
NW Leics	79%
Oadby & Wigston	92%
LLLPA	67%

7.22 However, the analysis still identifies a need for additional larger units (particularly three bedroom accommodation). Further analysis of the data suggests that around two-thirds of the 1-bedroom need is due to growth in the older person population (people aged 75 and over).

7.23 Whilst the analysis above has focussed on outputs for the HMA, the data itself has been built up from analysis at a local authority level. The table below provide the outputs of this analysis in terms of the sizes of additional affordable homes needed over the period to 2036 based on the modelling

of demographic changes for each of the eight local authorities in the HMA. The data is based on the assumption of 30% affordable housing delivery in each area.

Table 53: Modelled Affordable Housing Needed by Local Authority, 2011-2036

Local Authority	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Leicester	37.1%	29.2%	29.4%	4.3%
Blaby	43.1%	38.5%	16.9%	1.5%
Charnwood	46.2%	23.4%	27.4%	3.0%
Harborough	41.3%	36.7%	20.3%	1.8%
Hinckley & Bosworth	30.4%	39.4%	28.9%	1.3%
Melton	34.5%	40.6%	22.7%	2.2%
NW Leicestershire	33.3%	35.2%	28.9%	2.5%
Oadby & Wigston	44.0%	31.5%	23.2%	1.3%
HMA	39.1%	31.7%	26.3%	2.9%

Source: Housing Market Model

Model Outputs: Market Housing

- 7.24 As we have previously identified there are a range of factors which can be expected to influence demand for housing. The modelling specifically looks at the implications of demographic drivers. It uses a demographic-driven approach to quantify demand for different sizes of properties over the 25-year period from 2011 to 2036. This provides a starting point for considering future housing mix.
- 7.25 The table and figure below shows estimates of the sizes of additional market housing needed from 2011 to 2036 based on demographic trends for the HMA. The majority of market demand is expected to be for two- and three-bed homes.

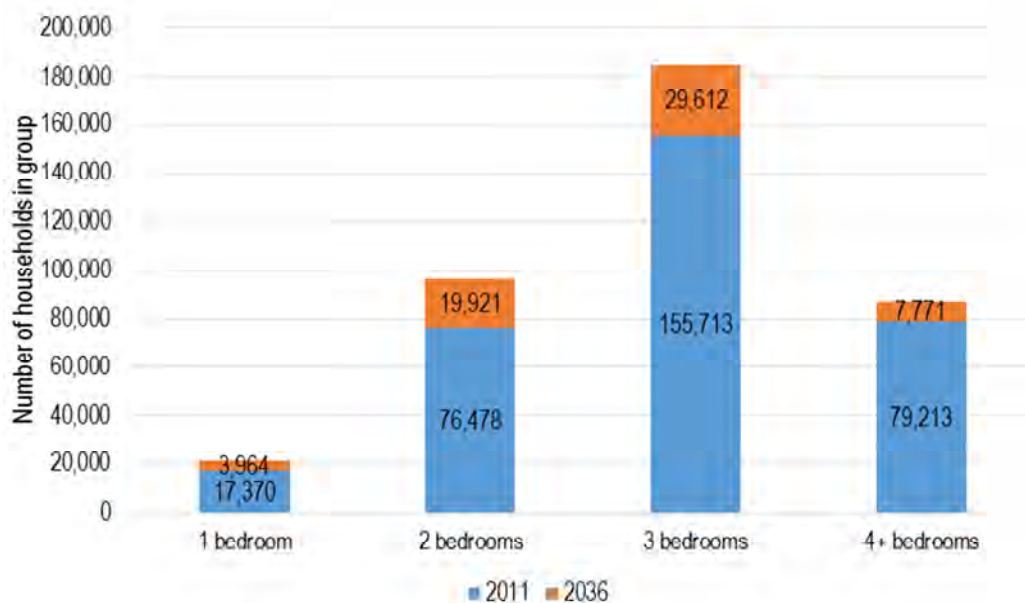
Table 54: Modelled Sizes of Dwellings Needed 2011 to 2036 – Market Housing

Size	2011	2036	Additional households 2011-2036	% of additional households
1 bedroom	17,370	21,334	3,964	6.5%
2 bedrooms	76,478	96,399	19,921	32.5%
3 bedrooms	155,713	185,325	29,612	48.3%
4+ bedrooms	79,213	86,984	7,771	12.7%
Total	328,774	390,042	61,267	100.0%

Source: Housing Market Model

- 7.26 The figure below shows how our estimated market requirement compares with the current stock of housing (based on households (i.e. excluding the vacancy allowance)). As with the affordable housing analysis there is expected to be slight shift of market demand towards smaller dwellings relative to the distribution of existing housing. This is understandable given the fact that household sizes are projected to fall slightly in the future (particularly due to the ageing of the population).

Figure 32: Impact of Demographic Trends on Market Housing Need by House Size, 2011 to 2036 – Leicester & Leicestershire HMA



Source: Housing Market Model

- 7.27 The graphs and statistics are based upon our modelling of demographic trends. As we have identified, it should be recognised that a range of factors including affordability pressures and market signals will continue to be important in understanding market demand. At a local level, market demand will be influenced by the characteristics of the site and quality of place. It can also change over time, linked to wider market trends and levels of development of particular products within the local market.
- 7.28 In determining policies for housing mix, policy aspirations are also relevant. These may include issues related to equality of access to housing, delivering sustainable mixed-tenure and income communities and supporting economic growth.
- 7.29 As the last few years have shown, there are a range of inter-dependencies which affect housing demand, with for instance effective demand for entry-level market housing having been restricted over the last few years by the availability of mortgage finance for first-time buyers and those on lower earnings. An improving economic outlook, increased range of mortgage deals and the Government's Help-to-Buy scheme are now however starting to see the situation change.

Market and Affordable Housing

- 7.30 Figure 51 below summarises the modelled outputs for housing need in both the market and affordable sectors. This includes a vacancy allowance in moving from household figures to estimates of housing requirements. The figures are again based on an assumption of 30% affordable housing delivery in all areas.

Table 55: Demographically-Driven Need for Different Sizes of Homes, 2011 to 2036

Number of bedrooms	Market			Affordable		
	Market Households	Dwellings	% of Market dwellings	Affordable Households	Dwellings	% of Affordable dwellings
1 bedroom	3,964	4,107	6.5%	10,272	10,642	39.1%
2 bedrooms	19,921	20,638	32.5%	8,333	8,625	31.7%
3 bedrooms	29,612	30,663	48.3%	6,891	7,139	26.3%
4+ bedrooms	7,771	8,047	12.7%	761	789	2.9%
Total	61,267	63,455	100.0%	26,257	27,195	100.0%

Source: Housing Market Model

7.31 We have identified a range of factors above which are relevant in considering the future mix of housing. It is not the role of the Joint SHMA to set policies for housing mix, however it is useful for it to provide some guidance on mix drawing together the demographic modelling with consideration of the wider factors listed. This is considered below.

Guidance on Affordable Housing Size Mix

7.32 In the affordable sector there are typically issues around the demand for and turnover of one bedroom homes. We also need to consider that the stock of four bedroom affordable housing is very limited and tends to have a very low turnover. As a result, whilst the number of households coming forward for four or more bedroom homes is typically quite small the ability for these needs to be met is even more limited.

7.33 It should also be recognised that local authorities have statutory homeless responsibilities towards families with children and would therefore often prioritise the needs of families over single person households and couples. That said, single or childless couple households in some locations can be some of the hardest to cater for where the stock profile has relatively few one bedroom homes. In the short-term there may also be a need to continue to provide one-bedroom homes due to the 'bedroom tax'.

7.34 For these reasons we would suggest in converting modelled outputs into a profile of housing to be provided (in the affordable sector), looking over the longer-term to 2036 across the whole HMA, that the proportion of three bedroom homes required is reduced slightly from these outputs with a commensurate increase in four or more bedroom homes also being appropriate.

7.35 Drawing on the data in the previous table and the commentary above, the analysis at a sub-regional level would support policies for the mix of affordable housing of:

- 1-bed properties: 35%-40%;
- 2-bed properties: 30%-35%;
- 3-bed properties: 20%-25%; and
- 4-bed properties: 5%-10%.

7.36 Our strategic conclusions recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

Guidance on Affordable Housing Size Mix at local authority level

7.37 Whilst the analysis above has focussed on outputs for the HMA, the data itself has been built up from analysis at a local authority level. The table below provide the outputs of this analysis in terms of the sizes of additional affordable homes needed over the period to 2036 based on the modelling of demographic changes for each of the eight local authorities in the HMA. The data is based on the assumption of 30% affordable housing delivery in each area.

Table 56: Modelled Affordable Housing Needed by Local Authority, 2011-2036

Local Authority	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Leicester	37.1%	29.2%	29.4%	4.3%
Blaby	43.1%	38.5%	16.9%	1.5%
Charnwood	46.2%	23.4%	27.4%	3.0%
Harborough	41.3%	36.7%	20.3%	1.8%
Hinckley & Bosworth	30.4%	39.4%	28.9%	1.3%
Melton	34.5%	40.6%	22.7%	2.2%
NW Leicestershire	33.3%	35.2%	28.9%	2.5%
Oadby & Wigston	44.0%	31.5%	23.2%	1.3%
HMA	39.1%	31.7%	26.3%	2.9%

Source: Housing Market Model

7.38 When looking at localised variations we suggest it is important to consider the current stock of affordable housing (by size) and also the extent to which an area has particularly high or low levels of overcrowding and under-occupation in the affordable stock. Both of these points can be investigated through analysis of 2011 Census data and can be brought together with analysis in the following section that looks at the modelling outputs at a local authority level.

7.39 The table below shows the proportion of dwellings in the social rented stock in each of four different bedroom size categories. The analysis shows low levels of 1-bedroom stock in Hinckley & Bosworth and NW Leicestershire in particular – these areas might benefit from an increase in this stock relative to the modelling outputs. At the other end of the scale, Blaby and Charnwood have a greater proportion of 1-bedroom homes. All areas show a low proportion of 4-bedroom stock whilst Blaby in particular also has a relatively small proportion of 3-bedroom homes. NW Leicestershire, as well as having a low proportion of 1-bedroom homes also sees a high proportion of 3-bedroom properties.

Table 57: Size of stock in social rented sector

Local Authority	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Leicester	33.3%	29.1%	32.7%	4.9%
Blaby	38.0%	38.1%	21.7%	2.2%
Charnwood	39.3%	23.6%	33.4%	3.6%
Harborough	31.6%	37.0%	28.9%	2.4%
Hinckley & Bosworth	23.2%	38.0%	36.6%	2.1%
Melton	29.3%	34.8%	31.6%	4.3%
NW Leicestershire	22.1%	31.4%	42.3%	4.2%
Oadby & Wigston	29.0%	33.1%	35.7%	2.2%
HMA	32.1%	30.5%	33.3%	4.1%

Source: Housing Market Model

- 7.40 The table below shows the number of social rented dwellings that are overcrowded and significantly under-occupied (have an occupancy rating of +2 or more). The final column of the table shows the ratio between overcrowding and under-occupancy (derived as a percentage of the numbers overcrowded divided by the numbers under-occupied). This analysis shows a particular mismatch of high overcrowding and (relatively) low under-occupancy in Leicester with Melton and NW Leicestershire showing low levels of overcrowding relative to levels of under-occupancy. In using this data to look at a size mix it would therefore be suggested that in Leicester a larger profile of dwellings might be appropriate when compared with the modelled outputs and the opposite being the case in the other two areas highlighted.

Table 58: Overcrowding and under-occupancy in the social rented sector

Local Authority	+2 or more occupancy rating (under-occupied)	-1 or less occupancy rating (over-crowded)	Overcrowding as % of under-occupancy
Leicester	2,082	3,969	191%
Blaby	123	132	107%
Charnwood	564	447	79%
Harborough	171	137	80%
Hinckley & Bosworth	327	231	71%
Melton	184	104	57%
NW Leicestershire	544	240	44%
Oadby & Wigston	103	115	112%
HMA	4,098	5,375	131%

Source: Housing Market Model

- 7.41 The data in the tables above has been used to inform our recommendations about an appropriate size mix for affordable housing. Our suggestions as outlined in the table overleaf are based on the market model along with some moderation to the figures to take account of the current stock profile and the levels of overcrowding/under-occupation.

7.42 In translating our recommendations into policy the Councils should also consider their own local knowledge about housing need. In the affordable sector this might include consideration of the sizes of homes required by households on the Housing Register and the level of need of these households. Analysis should also recognise the different levels of turnover for different sizes of stock and could also consider relative demand through analysis of the number of bids made on properties when they become available. There may also be specific issues in rural areas where provision of one bedroom units may be difficult to let/manage. Individual site issues may also suggest a particular mix of dwellings.

7.43 Overall, the figures in the tables below should be considered as indicative and as providing some guidance based on the evidence we have accessed and analysed. They should not be seen as a prescriptive output that should unilaterally be translated into policy.

Table 59: Guidance on Affordable Housing Mix

AFFORDABLE	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Leicester	30-35%	25-30%	25-30%	10-15%
Blaby	35-40%	30-35%	20-25%	5-10%
Charnwood	35-40%	30-35%	20-25%	5-10%
Harborough	35-40%	30-35%	20-25%	5-10%
Hinckley & Bosworth	30-35%	35-40%	20-25%	5-10%
Melton	30-35%	35-40%	20-25%	5-10%
NW Leicestershire	30-35%	35-40%	20-25%	5-10%
Oadby & Wigston	35-40%	30-35%	20-25%	5-10%
HMA	35-40%	30-35%	20-25%	5-10%

Source: GL Hearn and JGC, 2014

Guidance on Market Housing Size Mix

7.44 We have sought to draw together the market modelling with the wider analysis in the report to provide similar strategic guidance on the mix of housing which might be appropriate in the market sector. Based on data in the previous table, we consider that the following strategic mix of market housing would be reasonable.

- 1-bed properties: 5%-10%
- 2-bed properties: 30%-35%
- 3-bed properties: 45%-50%
- 4-bed properties: 10%-15%

7.45 The figures can be used to inform policies regarding housing mix and as a monitoring tool to ensure that future delivery is not unbalanced. The proposed mix provides a strategic assessment of demand for the whole HMA, as such there may need to be local variations. They are also not intended to be prescriptively applied to every site. There will be other factors at play when reviewing the size of housing on any specific site. These factor include but are not limited to local evidence relating to: population profiles, location, balancing recent local delivery, rebalancing the current mix

7.46 As with the affordable housing analysis the data has been built up from analysis at a smaller area level (local authorities). The table below provides the outputs of this analysis in terms of the sizes of accommodation estimated to be required in the market sector for the eight different areas.

7.47 The analysis suggests a broadly similar mix of housing being required in most areas. The main outlier is Oadby & Wigston where the analysis suggests a surplus of 4+ bedroom homes. This profile is to a larger degree driven by the difficulties in developing demographic projections in this area and does suggest (as has been noted elsewhere in this report) that figures for Oadby & Wigston should be considered in the context of data for Leicester City.

Table 60: Estimated dwelling requirement by number of bedrooms (2011 to 2036) – Market Sector

Area	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Leicester	8.0%	26.1%	50.7%	15.3%
Blaby	3.8%	31.3%	54.8%	10.2%
Charnwood	6.3%	31.6%	45.9%	16.2%
Harborough	5.3%	37.8%	41.0%	16.0%
Hinckley & Bosworth	6.9%	42.7%	44.6%	5.8%
Melton	4.7%	32.4%	50.6%	12.3%
NW Leicestershire	5.1%	38.0%	51.6%	5.4%
Oadby & Wigston	8.9%	59.2%	45.1%	-13.2%
HMA	6.5%	32.5%	48.3%	12.7%

Source: Housing Market Model

7.48 The table below sets out our suggestions for the most appropriate mix of market housing in each area. As with the affordable housing analysis, this should be treated as indicative as there are a number of factors (particularly at an individual site level and potentially as the housing market changes in the longer-term) which may suggest that an alternative profile is appropriate.

Table 61: Guidance on Market Housing Mix

MARKET	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Leicester	5-10%	25-30%	45-50%	15-20%
Blaby	5-10%	30-35%	45-50%	10-15%
Charnwood	5-10%	30-35%	40-45%	15-20%
Harborough	5-10%	35-40%	35-40%	15-20%
Hinckley & Bosworth	5-10%	40-45%	40-45%	5-10%
Melton	5-10%	30-35%	45-50%	10-15%
NW Leicestershire	5-10%	35-40%	45-50%	5-10%
Oadby & Wigston	5-10%	35-40%	40-45%	10-15%
HMA	5-10%	30-35%	45-50%	10-15%

Source: GL Hearn and JGC, 2014

Conclusions and Implications

- 7.49 There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. Our analysis linked to long-term (25-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes.

Table 62: Recommended Mix of Affordable and Market Homes needed in the future

	1-bed	2-bed	3-bed	4+ bed
Market	5-10%	30-35%	45-50%	10-15%
Affordable	35-40%	30-35%	20-25%	5-10%
All dwellings	15-20%	30-35%	35-40%	10-15%

Source: GL Hearn and JGC, 2014

- 7.50 Our strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.
- 7.51 The mix identified above should inform strategic HMA-wide policies. In applying these to individual development sites regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.
- 7.52 Based on the evidence, we would expect the focus of new market housing provision to be on two and three-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2 and 3 beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.
- 7.53 The analysis of an appropriate mix of dwellings should also inform the 'portfolio' of sites which are considered through the Local Plan process, including: Site Allocations, Neighbourhood Plans and other planning documents. Equally it will be of relevance to affordable housing negotiations.

8 HOUSING NEEDS OF SPECIFIC GROUPS IN THE POPULATION

Introduction

8.1 This section considers the housing needs of specific groups within the population, whose needs may differ from those of the wider population. Estimates of household groups who have particular housing needs is a key output of the SHMA Guidance whilst the National Planning Policy Framework identifies that local planning authorities should plan for a mix of housing which takes account of the needs of different groups in the community.

8.2 The following key groups have been identified which may have housing needs which differ from those of the wider population:

- Older Persons;
- People with disabilities;
- Black and Minority Ethnic (BME) households;
- Households with children;
- Young people;
- Students;
- Rural Communities;
- Self-builders; and
- Gypsy and Travellers.

Housing Needs of Older People

8.3 The SHMA Guidance recognises the need to provide housing for older people as part of achieving a good mix of housing. A key driver of change in the housing market over the next 20-25 years is expected to be the growth in the population of older persons. However, it should be kept in mind that old age and frailty doesn't necessarily mean a desire to move home or downsize.

8.4 Indeed as population projections show, the number of older people is expected to increase significantly over the next few years. In this section we draw on a range of sources including our population projections and data from POPPI (Projecting Older People Population Information).

8.5 The context to older persons housing provision can be summarised as below:

- A need to provide housing for older people as part of achieving a good mix of housing, but recognizing that many older people are able to exercise choice and control over housing options – e.g. owner occupiers with equity in their homes;
- Falling demand for residential care in some areas, and a rapidly rising average age of people living in sheltered housing, requiring higher levels of support. However many local authorities have struggled to contain expenditure on services for older people;
- New models of enhanced and extra care housing have emerged. These aim to meet the needs of those who require high levels of care and support alongside those who are still generally able to care for themselves. These models often allow for changing circumstances in situ rather than requiring a move; and

- Providing choice, including supporting people to stay in their own homes including through supporting adaptations to properties, assistive technology and through provision of floating support.

Current Population of Older Persons

8.6 Below we have provided some baseline population data about older persons and compared this with other areas. The data for this has been taken from the published ONS mid-year population estimates and is provided for age groups from 55 and upwards. In reality, those aged 55 might not be considered as ‘old’ but we have started the analysis from this age group due to the fact that some housing developments are specifically targeted at the over 55 age group.

8.7 The data shows that, when compared with both the East Midlands and England, the HMA has very slightly lower proportion of older persons. In 2011 it is estimated that 27.5% of the population of Leicester & Leicestershire was aged 55 or over compared with 29.5% in the East Midlands and 28.0% for the whole of England.

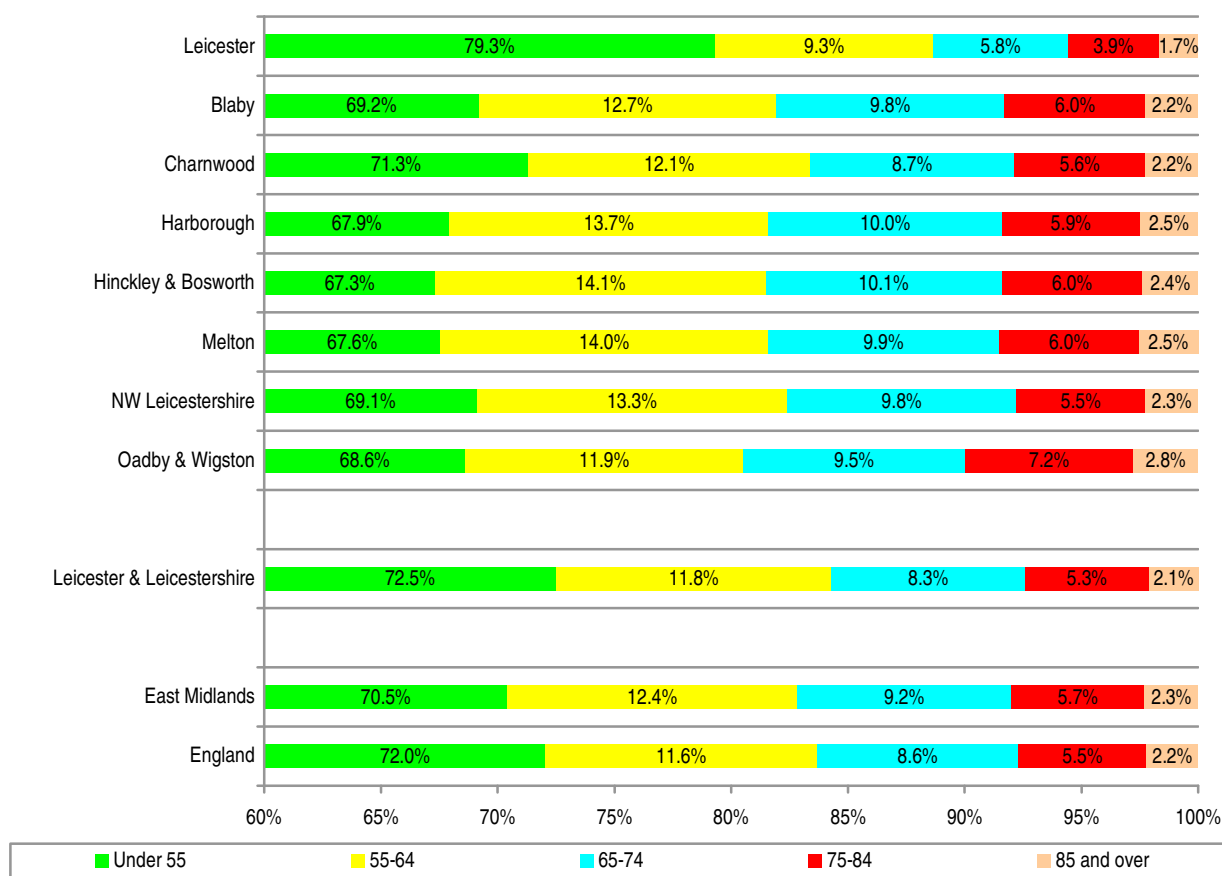
Table 63: Older person population (2011)

Age group	Leicester & Leicestershire		East Midlands		England	
	Population	% of popn	Population	% of popn	Population	% of popn
Under 55	711,317	72.5%	3,196,956	70.5%	38,211,710	72.0%
55-64	115,568	11.8%	560,881	12.4%	6,165,792	11.6%
65-74	81,422	8.3%	418,833	9.2%	4,592,171	8.6%
75-84	51,654	5.3%	257,912	5.7%	2,944,178	5.5%
85+	20,845	2.1%	102,866	2.3%	1,193,318	2.2%
Total	980,806	100.0%	4,537,448	100.0%	53,107,169	100.0%
Total 55+	269,489	27.5%	1,340,492	29.5%	14,895,459	28.0%

Source: ONS 2011 mid-year population estimates

8.8 When looking at individual local authorities the data does however show some notable differences with a much younger age profile being seen in Leicester and the opposite in all other areas. All areas other than Leicester show a higher proportion of people aged 55 and over than is seen nationally along with all areas other than Leicester and Charnwood also having proportions above the regional average.

Figure 33: Population age profile by local authority (2011)



Source: ONS 2011 mid-year population estimates

Future Changes in the Population of Older Persons

- 8.9 As well as providing a baseline position for the proportion of older persons in the HMA we can use our population projections to provide an indication of how the numbers might change in the future compared with other areas.

- 8.10 The data shows that Leicester & Leicestershire is expected to see a substantial increase in the older person population with the total number of people aged 55 and over expected to increase by 43% over the 25-year period to 2036. A particularly high increase is expected in Harborough with a lower figure being seen in Leicester and Oadby & Wigston. The finding for Leicester is mainly linked to the younger population age profile in the City and the fact that migration patterns tend to focus on younger people. In the case of Harborough the findings are to some degree related to the higher overall population growth projected for the area. In Charnwood the higher than average growth in the population aged under 55 will be related to students and the relatively high projected level of population growth (linked to a higher level of migration which is expected to be focussed on younger people).

8.11 For all areas we are also expected to see significant population growth in the oldest age groups with the population aged 85 and over expected to increase by 166% over the next 25-years (varying from 96% in Leicester up to 222% in Harborough).

Table 64: Projected Change in Population of Older Persons (2011 to 2036)

Age group	Leicester	Blaby	Charnwood	Harborough	H&B	Melton	NW Leics	O&W	L & L
Under 55	11.9%	3.9%	15.0%	-0.4%	1.0%	-0.5%	-1.9%	-7.5%	6.7%
55-64	14.4%	-1.7%	1.7%	8.0%	-5.5%	-2.9%	-1.3%	-1.4%	3.6%
65-74	54.6%	43.5%	51.3%	68.7%	48.3%	61.1%	49.2%	31.7%	51.7%
75-84	54.4%	67.4%	68.9%	101.6%	77.7%	86.3%	80.4%	37.0%	69.1%
85+	96.1%	202.7%	181.9%	222.3%	194.9%	187.0%	179.3%	165.3%	166.1%
Total	17.7%	15.4%	23.3%	19.2%	14.1%	15.2%	11.8%	5.0%	16.8%
Total 55+	39.7%	41.1%	44.0%	60.7%	41.1%	47.9%	42.6%	32.2%	43.3%

Source: Population projections

Characteristics of Older Persons Households

8.12 The table below shows data from the 2011 Census about the number of pensioner households (defined as people aged 65 and over regardless of sex) compared with other areas. The data shows in 2011 that around 20% of households were comprised entirely of pensioners. This is very slightly lower than both the regional and national equivalent figure. Of the total number of pensioner households some 57% are single person households.

Table 65: Pensioner households (Census 2011)

Pensioner households	Leicester & Leicestershire	East Midlands	England
Single pensioner	45,183	232,486	449,969
2 or more pensioners	33,411	175,140	329,263
All households	390,559	1,895,604	3,555,463
Single pensioner	11.6%	12.3%	12.7%
2 or more pensioners	8.6%	9.2%	9.3%
All households	100.0%	100.0%	100.0%
Total % pensioner only	20.1%	21.5%	21.9%

Source: Census (2011)

8.13 When looking at individual local authorities it is clear that the proportion of older person only households is significantly lower in Leicester than any other area. In total, some 14.7% of households in Leicester are comprised solely of people aged 65 and over; this compares with between 21.4% and 25.7% for all other areas. Leicester is however notable for having a particularly high proportion of pensioner households who are single people – making up 67% of the total of pensioner-only households.

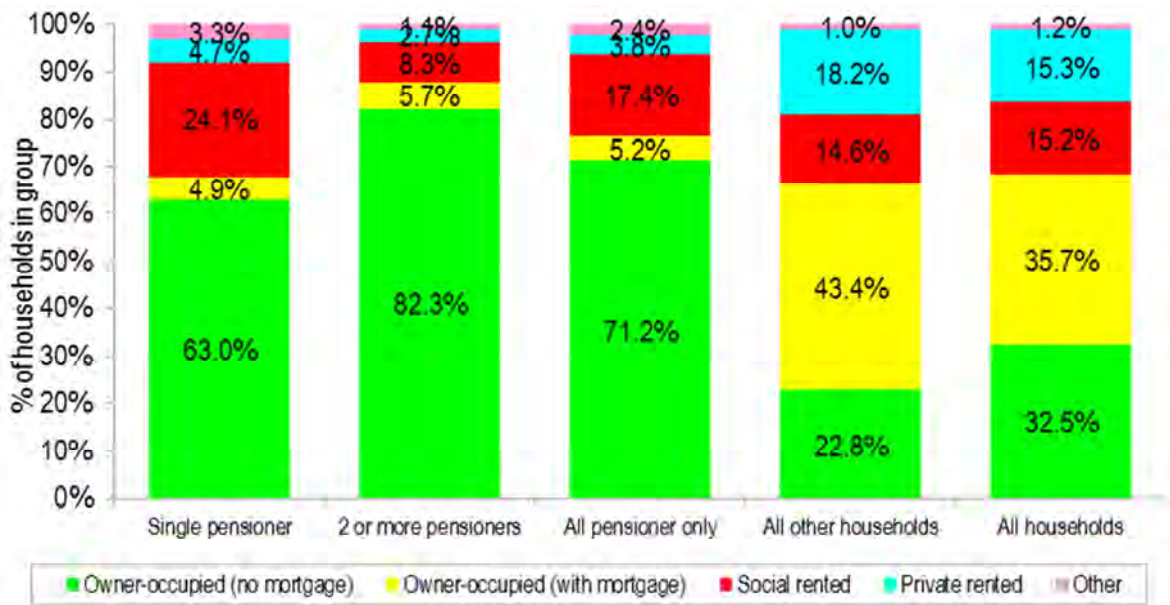
Table 66: Pensioner households by local authority (Census 2011)

Pensioner households	Leicester	Blaby	Charn-wood	Harb-orough	Hinckley/Bosworth	Melton	NW Leics	Oadby/Wigston
Single pensioner	12,057	4,741	7,980	4,368	5,608	2,692	4,706	3,031
2 or more pensioners	6,018	4,141	6,371	3,841	4,683	2,218	3,678	2,461
All households	123,125	38,686	66,516	34,898	45,377	21,490	39,128	21,339
Single pensioner	9.8%	12.3%	12.0%	12.5%	12.4%	12.5%	12.0%	14.2%
2 or more pensioners	4.9%	10.7%	9.6%	11.0%	10.3%	10.3%	9.4%	11.5%
Total % pensioner only	14.7%	23.0%	21.6%	23.5%	22.7%	22.8%	21.4%	25.7%

Source: Census (2011)

- 8.14 The figure below shows the tenure of older person households – the data has been split between single pensioner households and those with two or more pensioners (which will largely be couples). The data shows that pensioner households are relatively likely to live in owner-occupied accommodation (76%) and are also slightly more likely than other households to be in the social rented sector. The proportion of pensioner households living in the private rented sector is relatively low (4% compared with 15% of all households in the HMA).
- 8.15 There are however notable differences for different types of pensioner households with single pensioners having a much lower level of owner-occupation than larger pensioner households – this group also has a much higher proportion living in the social rented sector (and relatively more in private rented accommodation).
- 8.16 Given that the number of older people is expected to increase in the future and that the number of single person households is expected to increase this would suggest (if occupancy patterns remain the same) that there will be a notable demand for affordable housing from the ageing population.

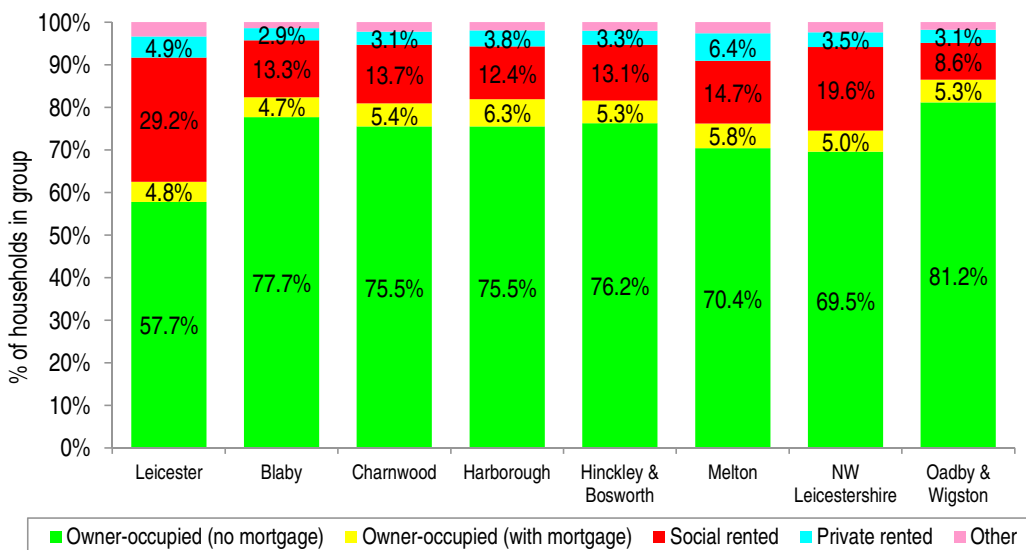
Figure 34: Tenure of older person households – Leicester & Leicestershire



Source: 2011 Census

8.17 At local authority level the data shows that patterns by tenure differ slightly. Leicester sees a lower proportion living in the owner-occupied sector; with the City also seeing a large proportion living in social rented housing (over a quarter of all pensioner-only households). The proportion of pensioner households living in owner-occupied housing ranges from about 63% in Leicester up to 87% in the case of Oadby & Wigston. The figures shown below are for all pensioner households (with the data for the whole HMA being shown as the middle column in the figure above). The data about the current tenure profile has been used to inform analysis of the potential requirements for specialist housing later in this section.

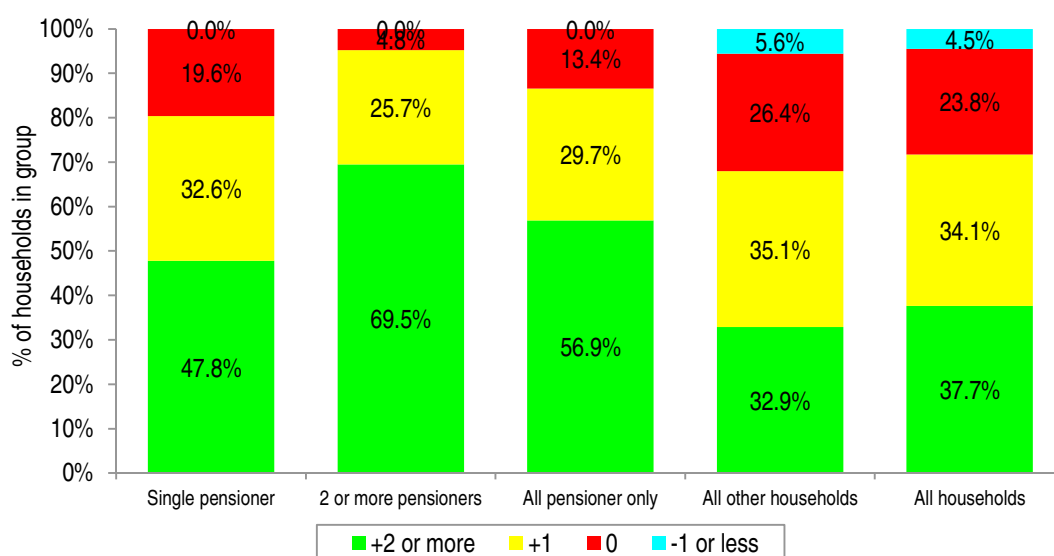
Figure 35: Tenure of Older Person Households – by local authority



Source: 2011 Census

8.18 A key theme that is often brought out in Housing Market Assessment work is the large proportion of older person households who under-occupy their dwellings. Data from the Census allows us to investigate this using the bedroom standard. The Census data suggests that older person households are more likely to under-occupy their housing than other households in the HMA. In total 57% have an occupancy rating of +2 or more (meaning there are at least two more bedrooms than are technically required by the household). This compares with 33% for non-pensioner households. Further analysis suggests that under-occupancy is far more common in households with two or more pensioners than single pensioner households.

Figure 36: Occupancy rating of older person households – Leicester & Leicestershire



Source: 2011 Census

8.19 It is of interest to study the above information by tenure. The figure below shows the number of pensioner households who had an occupancy rating of +2 or more in each of three broad tenure groups in 2011. Whilst the majority of older person households with an occupancy rating of +2 or more were in the owner-occupied sector, there were around 2,500 properties in the social rented sector occupied by pensioner only households with an occupancy rating of +2 or more. This may therefore present some opportunity to reduce under-occupation although to achieve this it may be necessary to provide housing in areas where households currently live and where they have social and community ties.

Table 67: Pensioner households with occupancy rating of +2 or more by tenure

Tenure	Single pensioner	2 or more pensioners	All pensioner only households
Owner-occupied	18,546	21,324	39,870
Social rented	1,826	703	2,529
Private rented	1,239	573	1,812
All tenures	21,611	22,600	44,211

Source: 2011 Census

- 8.20 It should however be recognised that many older households in the private sector will have built up equity in their existing homes. In the private sector many older households may be able to afford a larger home than they need (and thus under-occupy housing). Some may look to downsize to release equity from homes to support their retirement (or may move away from the area); however we would expect many older households to want to retain family housing with space to allow friends and relatives to come to stay.

Health-related Population Projections

- 8.21 In addition to providing projections about how the number and proportion of older people is expected to change in the future we can look at the likely impact on the number of people with specific illnesses or disabilities. For this we have used data from the Projecting Older People Information System (POPPI) website which provides prevalence rates for different disabilities by age and sex. For the purposes of the SHMA analysis has focussed on estimates of the number of people with dementia and mobility problems.
- 8.22 For both of the health issues analysed the figures relate to the population aged 65 and over. The figures from POPPI are based on prevalence rates from a range of different sources and whilst these might change in the future (e.g. as general health of the older person population improves) the estimates are likely to be of the right order.
- 8.23 The figure below shows that both of the illnesses/disabilities are expected to increase significantly in the future although this would be expected given the increasing population. In particular there is projected to be a large rise in the number of people with dementia (up 114%) along with a 93% increase in the number with mobility problems.

Indicative Requirements for Specialist Housing

- 8.24 Given the ageing population and higher levels of disability and health problems amongst older people there is likely to be an increased requirement for specialist housing options moving forward. The analysis in this section draws on data from the Housing Learning and Information Network (Housing LIN) along with our demographic projections to provide an indication of the potential level of additional specialist housing that might be required for older people moving forward.

Table 68: Estimated population change for range of health issues (2011 to 2036)

Type of illness/disability	2011	2036	Change	% increase
Leicester				
Dementia	2,755	4,820	2,065	75.0%
Mobility problems	7,117	11,725	4,609	64.8%
Blaby				
Dementia	1,149	2,617	1,468	127.7%
Mobility problems	3,063	6,119	3,056	99.8%
Charnwood				
Dementia	1,954	4,302	2,348	120.1%
Mobility problems	5,087	10,068	4,980	97.9%
Harborough				
Dementia	1,089	2,803	1,714	157.4%
Mobility problems	2,864	6,561	3,698	129.1%
Hinckley & Bosworth				
Dementia	1,327	3,027	1,700	128.1%
Mobility problems	3,515	7,147	3,632	103.3%
Melton				
Dementia	649	1,508	859	132.3%
Mobility problems	1,708	3,570	1,862	109.0%
NW Leicestershire				
Dementia	1,108	2,491	1,383	124.9%
Mobility problems	2,948	5,903	2,955	100.2%
Oadby & Wigston				
Dementia	812	1,616	803	98.9%
Mobility problems	2,086	3,662	1,575	75.5%
Leicester & Leicestershire				
Dementia	10,843	23,183	12,340	113.8%
Mobility problems	28,387	54,755	26,367	92.9%

Source: Data from POPPI and demographic projections

Current stock of housing

- 8.25 The table below shows the current supply of specialist housing for older people (Aged 55 and over). At present it is estimated that there are 6,257 units; this is equivalent to 86 units per 1000 person aged 75 and over. The majority (78%) of this housing is in the affordable sector with only a fifth being market housing (even though the majority of retired households are owner-occupiers). Looking at individual areas it is clear that the supply relative to the population is relatively high in Blaby and Harborough with much lower figures in the other six local authorities.

Table 69: Supply of specialist housing for older people (2012)

Area	Affordable	Market	Total	Supply per 1,000 aged 75+
Leicester	1,203	140	1,343	73
Blaby	900	34	934	120
Charnwood	802	352	1,154	88
Harborough	517	349	866	120
Hinckley & Bosworth	479	191	670	76
Melton	298	21	319	74
NW Leicestershire	411	85	496	68
Oadby & Wigston	264	211	475	85
HMA	4,874	1,383	6,257	86

Source: Housing LIN

Projected future need for specialist housing

- 8.26 The analysis above showed a total of 86 specialist units per 1,000 people aged 75 and over; this figure is significantly lower than the national average of about 170. In projecting forward how many additional units might be required we have modelled on the basis of maintaining the 86 position and also the implications of increasing this to 170. The analysis is based on achieving these levels in all areas by 2036.
- 8.27 The analysis shows to maintain the current level of provision there would need to be a further 6,023 units provided – this figure increases to 18,018 if the level of provision were to get to the national average. It should be stressed that the analysis below is based on modelling data on a series of assumptions and should therefore be treated as indicative (particularly given the very wide range of outputs depending on the assumptions used). A mid-point of the two estimates would suggest a need for around 12,000 additional specialist units for older people which would represent about 13% of the overall housing need shown through demographic modelling.

Table 70: Projected need for specialist housing for older people

Area	@ 86 per 1,000			@ 170 per 1,000		
	Need	Supply	Net need	Need	Supply	Net need
Leicester	2,643	1,343	1,300	5,224	1,343	3,881
Blaby	1,369	934	435	2,706	934	1,772
Charnwood	2,256	1,154	1,102	4,459	1,154	3,305
Harborough	1,468	866	602	2,903	866	2,037
Hinckley & Bosworth	1,603	670	933	3,169	670	2,499
Melton	800	319	481	1,581	319	1,262
NW Leicestershire	1,312	496	816	2,593	496	2,097
Oadby & Wigston	830	475	355	1,640	475	1,165
HMA	12,280	6,257	6,023	24,275	6,257	18,018

Source: Derived from demographic projections

- 8.28 These figures form part of the wider affordable housing need as outlined in Section 6. We can also assume that these types of properties will be biased towards smaller sized properties than the general affordable housing need. Also given that many older people are owner-occupiers that in the future there could be a need for market specialist housing.

Types and tenures of specialist housing

- 8.29 The analysis above is not specific about the types of specialist housing that might be required; we would consider that decisions about mix should be taken at a local level taking account of specific needs and the current supply of different types of units available. There may also be the opportunity moving forward for different types of provision to be developed as well as the more traditional sheltered and Extra-Care housing.
- 8.30 Local policy should be informed by a range of factors including the percentage of owner occupiers in the older population age groups. This is likely to affect demand for different tenures. The should also recognise that the type of housing will also be influenced by the quantity and quality of local stock and demand for it. The demand for this type of stock is also difficult to ascertain, for example much of the sheltered stock may be of poor quality or perceived poor quality, and as a result demand will be low. The Council's will also need to consider how the poor quality stock can be better utilised or whether it should be changed to other uses including general housing.
- 8.31 Leicester City Council currently has affordable housing that is age-restricted to serve older people, e.g. bungalows and sheltered housing. Access to these homes is managed through the City's Homechoice System. Extra Care housing is dealt with through the Adult Social Care division of the City Council
- 8.32 Within the different models and assumptions made regarding the future need for specialist retirement housing (normally defined as a form of congregate housing designed exclusively for older people which usually offers some form of communal space, community alarm service and access to support and care if required), there may for example be an option to substitute some of this specialist provision with a mix of one and two bedroomed housing aimed to attract 'early retired' older people which could be designated as age specific or not. Such housing could be part of the general mix of one and two bedroom homes but built to Lifetime Homes standards in order to attract retired older people looking to 'down size' but perhaps not wanting to live in specialist retirement housing.
- 8.33 Stakeholder work carried out as part of the SHMA has also identified that there is likely to be a demand for bungalows. Where developments including bungalows were found it was clear that these were very popular to older people downsizing. In reality it may be difficult to provide a significant number of bungalows moving forward given the typical plot size compared to floorspace

– however, there may be some merit in considering providing bungalows in locations where a specific demand for a household to downsize can be established.

8.34 Regarding the tenure mix; we have noted that at present there is a much higher level of supply in the affordable sector than for market housing whereas the majority of older person households are owner-occupiers. This would suggest moving forward that a greater emphasis could be placed on market specialist provision than has been the case in the past.

8.35 Service providers have informed us that due to the benefit reforms, they are finding it difficult to let 2 bedroom properties. In response they are building 1 bedroom, quarter houses which are proving to be popular. However, this in part can be explained due to the lack of service charges in such properties.

Registered care housing

8.36 As well as the need for specialist housing for older people the analysis needs to consider Registered Care. At present (according to Housing LIN) there are around 6,346 spaces in nursing and residential care homes. Given new models of provision (including Extra-care housing) it may be the case that an increase in this number would not be required. There will however need to be a recognition that there may be some additional need for particular groups such as those requiring specialist nursing or for people with dementia.

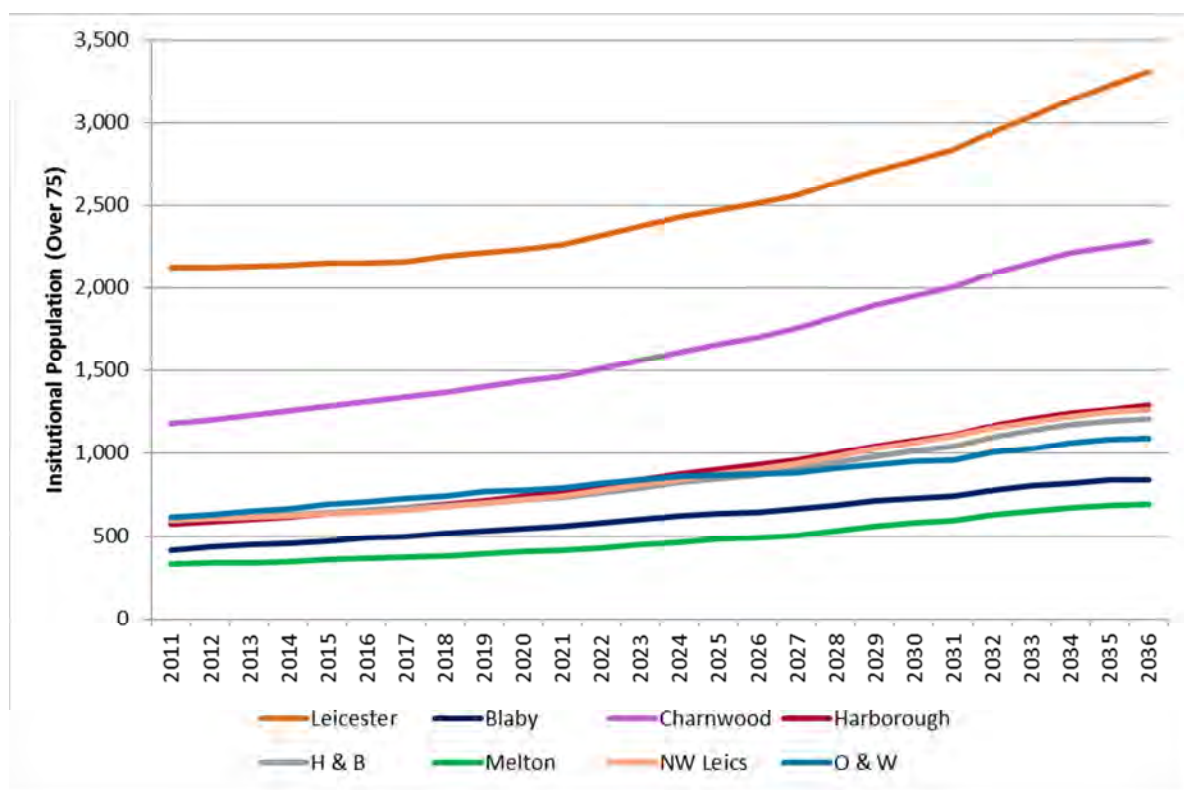
8.37 Occupants of these properties are not termed as part of the household population but as part of the institutional population. The proportion of the population which is termed institutional remains constant in the ONS projections. However as the general population grows so does the institutional population. While this also includes other groups⁷, the majority of the population in older groups will be in residential care homes.

8.38 The focus of the institutional population in the elderly age groups are those aged over 75. Over the period 2011 to 2036, the institutional population across Leicester and Leicestershire is expected to grow by 5,544 persons. This equates to an annual growth of 222 people per annum. This can be directly linked to the need for additional bedspaces.

8.39 In absolute terms Leicester and Charnwood have the largest growth in institutional population aged 75 and over. However, in percentage terms the largest growth is Harborough (126%), Melton (111%) and North West Leicestershire (110%).

⁷ The institutional population also includes prison, university and residential school population

Figure 37: Institutional Population (Aged 75 and Over)



Source: GL Hearn, JGC, ONS, 2014

Older Person Households - Conclusions

- 8.40 The older person population of Leicester & Leicestershire is about average when compared with national figures and is projected to increase significantly up until 2036.
- 8.41 Older persons are more likely to under-occupy homes. In the affordable sector, there may be potential to reduce (or seek to limit potential growth in) under-occupation and the Councils may wish to consider providing support and incentives to social housing occupiers to downsize. This will help to release larger affordable homes for younger households. An analysis of older person households suggest that they are more likely to live in social rented housing (especially single pensioner households). With the projected increases in older persons there may therefore be additional pressure on the affordable housing stock from such households.
- 8.42 Our analysis also suggests that the growing older population (particularly in the oldest age groups) will result in growth in households with specialist housing needs. Typically the greatest support needs are for alterations to properties (such as to bathrooms, showers and toilets, provision of emergency alarms or help maintaining homes). Many of these can be resolved in situ through adaptations to existing properties and the resource implications of this will need to be planned for.
- 8.43 The growing older population will however likely lead to some increase in requirements for specialist housing solutions. The analysis above suggests a 114% growth in older population with

dementia, and a 93% increase in the older population with mobility problems. From a planning point of view, some of these people will require specialist housing such as sheltered or extra care provision. Increasing numbers of older people with health problems will also require joint-working between housing and health (Council and NHS).

8.44 Our analysis suggests a potential requirement for around 240-720 additional housing units to be specialist accommodation across the HMA to meet the needs of the older person population each year moving to 2036.

8.45 The Leicester City Adult Social Care Independent Living and Extra Care Commissioning Strategy outlines the City's strategy towards meeting the needs for a range of vulnerable groups. This concluded that there was a shortfall in the supply of specialist accommodation for older people. The estimated the Shortfall to be:

- Sheltered Housing- 1,059 Units;
- Enhanced Sheltered – 302 units; and
- Extra Care – 288 units

8.46 The City Council are also considering developing mixed use sites that can meet the needs of a range of vulnerable people. This could include a specific development for older people alongside other vulnerable groups, which will be consulted upon particularly to confirm housing and support requirements, which may include extra care.

8.47 The County Council use the same POPPI and PANSI data as outlined in this report. Between 2010 - 2015 the County Council aims to provide an additional 500 extra care units. They also plan to provide:

- Accessible buildings with technology that make independent living a reality for people with a range of abilities
- More cost effective housing options that more conventional forms of care and support, such as residential care
- Supporting people in need of care and support to remain independent or age in one place without having to move
- A flexible approach to meeting the needs of older people

8.48 The Extra Care Housing Report outlined an indicative preference for delivery of extra care housing schemes in the following locations:

- 1. Loughborough;
- 2. Shepshed;
- 3. Market Bosworth;
- 4. Hinckley and Barwell;
- 5. Lutterworth and Broughton Astley;
- 6. Market Harborough;
- 7. Coalville;
- 8. Ashby-de-la-Zouch and Measham;

- 9. Melton Mowbray and Asordby; and
- 10. All areas bordering the boundary with Leicester City (Principle Urban Area – PUA)

8.49 Leicester City Council had indicated that the majority of need within the city was located in the suburban areas.

People with Disabilities

8.50 This section concentrates on the housing situation of people/households that contain someone with some form of disability. We have again drawn on Census data although at the time of writing the level of available Census data was quite limited. It should also be recognised that an analysis of people with disabilities is very strongly linked with the above analysis about older people.

8.51 The table below shows the proportion of people with a long-term health problem or disability (LTHPD) and the proportion of households where at least one person has a LTHPD. The data suggests that across Leicester & Leicestershire some 24.6% of households contain someone with a LTHPD. This figure is slightly below the regional and national average. The figures for the population with a LTHPD again show a lower proportion when compared with regional and national figures (an estimated 16.6% of the population of Leicester & Leicestershire have a LTHPD).

8.52 There is some variation by location with a relatively low proportion of the population of Harborough having a LTHPD; the highest proportion was found in Leicester City, Oadby & Wigston and North West Leicestershire.

Table 71: Households and people with Long-Term Health Problem or Disability (2011)

Area	Households containing someone with health problem		Population with health problem	
	Number	%	Number	%
Leicester	32,447	26.4%	57,137	17.3%
Blaby	8,899	23.0%	14,798	15.8%
Charnwood	15,646	23.5%	25,869	15.6%
Harborough	7,718	22.1%	12,424	14.6%
Hinckley & Bosworth	10,870	24.0%	17,832	17.0%
Melton	4,987	23.2%	7,849	15.6%
NW Leicestershire	9,853	25.2%	16,930	18.1%
Oadby & Wigston	5,640	26.4%	9,721	17.3%
HMA	96,060	24.6%	162,560	16.6%
East Midlands	496,598	26.2%	844,297	18.6%
England	5,659,606	25.7%	9,352,586	17.6%

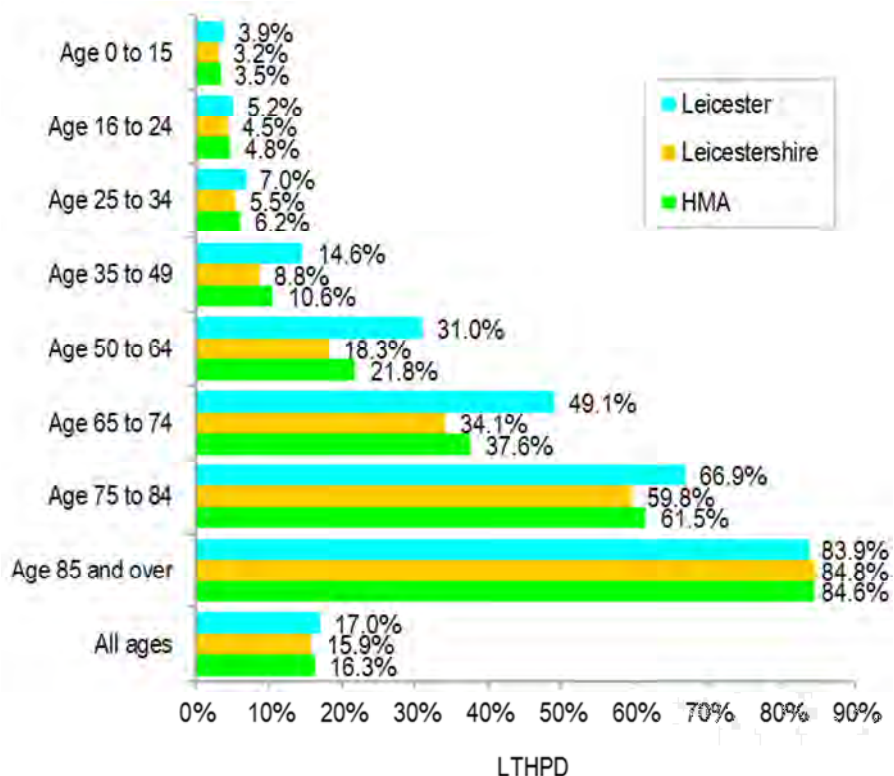
Source: Census (2011)

8.53 It is likely that the age profile of the area will heavily impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. Therefore the table below shows the age bands of people with a LTHPD. It is clear from this analysis that those people in the oldest

age bands are more likely to have a LTHPD – for example some 85% of people aged 85 and over have a LTHPD. It should be noted that the base for the figure below is slightly different to the above table in that it excludes people living in communal establishments.

8.54 For different parts of the HMA it is notable that the population of Leicester is significantly more likely to have a LTHPD than the population in Leicestershire for all age groups other than those aged 85 and over (where there is very little difference).

Figure 38: Population with LTHPD in each Age Band



Source: Census (2011)

8.55 The age specific prevalence rates shown above can be applied to the demographic data to estimate the likely increase over time of the number of people with a LTHPD. In applying this information to our main demographic projections it is estimated that the number of people with a LTHPD will increase by around 71,200 (a 44% increase) in the period from 2011 to 2036. The vast majority of this increase (94%) is expected to be in age groups aged 65 and over. The population increase of people with a LTHPD represents 43% of the total increase in the population projected by the demographic modelling.

8.56 Leicester City Council have provided an assessment of need for housing for wheelchair users. This estimates current demand using the housing register and new demand in the next three months. This shows that approximately 84 additional homes are required to meet the needs of wheelchair users currently and in the next three months. The majority of which are smaller one and two bedroom homes.

Table 72: Current and Estimated Demand for Wheelchair Accessible Homes

Leicester	1 bed	2 bed	3 bed	+4 bed	Total
Total Estimated Demand	48	33	24	14	119
Total Estimated Supply	1	4	2	1	8
Current Shortfall	47	29	22	13	111
Committed Supply	11	9	6	1	27
Net Future Shortfall	36	20	16	12	84
% of Net Future Shortfall	43%	24%	19%	14%	100%

Source: Leicester City Council

People with disabilities - conclusions

- 8.57 Currently 25% of households contain someone with a long-term health problem or disability. Demographic trends are expected to lead to a significant growth in the population and number of households with disabilities over the period to 2036. Housing support services, including provision of adaptations to properties, will need to be adequately resources to take account of this.
- 8.58 The Leicester City Adult Social Care Independent Living and Extra Care Commissioning Strategy identified that of those with a learning disability and mental health condition 68.8% and 77.7% respectively are living independently. However, they still identify a need to increase the number and type of independent living opportunities available.

BME Households

- 8.59 Black or Minority Ethnic (BME) households, as a group, are quite often found to have distinct characteristics in terms of their housing needs, or may be disadvantaged in some way.
- 8.60 From 2011 Census data we find that around 25% of the population of Leicester & Leicestershire came from a non-White (British/Irish) background. This figure is notably higher than found across both England (19%) and the East Midlands region (14%). The data shows that this difference is driven by the population profile in Leicester where over half of the population come from a non-White (British/Irish) background.
- 8.61 The key BME group in Leicester & Leicestershire is Asian with 17% of the HMA being from an Asian background (including 37% in Leicester). Indeed the Asian population in proportionate terms in Leicestershire is actually slightly below the national and regional average). Other BME groups are quite small in comparison with the Asian population.

Table 73: Black and Minority Ethnic Population (2011)

Ethnic Group	Leicester	Leicester-shire	HMA	East Midlands	England
White: British/Irish	45.8%	89.5%	74.8%	86.0%	80.7%
White: Other	4.7%	2.0%	2.9%	3.2%	4.7%
Mixed	3.5%	1.3%	2.1%	1.9%	2.3%
Asian	37.1%	6.3%	16.7%	6.5%	7.8%
Black	6.2%	0.6%	2.5%	1.8%	3.5%
Other ethnic group	2.6%	0.4%	1.1%	0.6%	1.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Total population	329,839	650,489	980,328	4,533,222	53,012,456
% non-White (British/Irish)	54.2%	10.5%	25.2%	14.0%	19.3%

Source: ONS (2011 Census)

8.62 Looking more closely at individual local authorities it can be seen that some areas have very low proportions of the population from BME groups with less than 5% of each of Hinckley & Bosworth, Melton and NW Leicestershire being from a non-White (British/Irish) group. Whilst figures for Leicester dominate the overall BME population the proportions in Oadby & Wigston and Charnwood are also quite high – this is likely to some degree to be linked to the student populations in these areas.

Table 74: Black and Minority Ethnic Population (2011) – local authorities

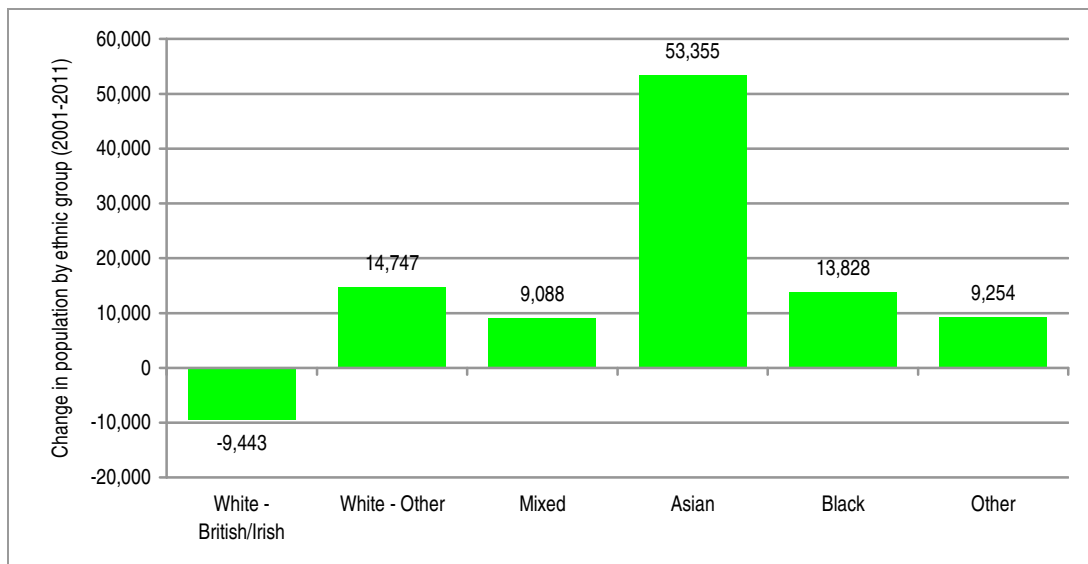
Ethnic Group	Leicester	Blaby	Charnwood	Harborough	Hinckley / Bosworth	Melton	NW Leics	Oadby/Wigston
White: British/Irish	45.8%	89.1%	84.9%	93.4%	95.1%	95.5%	95.8%	71.2%
White: Other	4.7%	1.9%	2.5%	1.9%	1.4%	2.4%	1.8%	1.8%
Mixed	3.5%	1.6%	1.6%	1.1%	1.0%	0.8%	0.9%	2.1%
Asian	37.1%	6.1%	9.7%	3.0%	2.1%	1.0%	1.1%	22.3%
Black	6.2%	1.0%	0.8%	0.4%	0.2%	0.2%	0.2%	1.2%
Other ethnic group	2.6%	0.4%	0.6%	0.2%	0.2%	0.1%	0.1%	1.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total population	329,839	93,915	166,100	85,382	105,078	50,376	93,468	56,170
% non-White (British/Irish)	54.2%	10.9%	15.1%	6.6%	4.9%	4.5%	4.2%	28.8%

Source: ONS (2011 Census)

8.63 Since 2001 the BME population in the HMA can be seen to have increased significantly as shown in the figure below. The data shows that the overall population of the HMA has risen by about 90,800 over the 10-year period with the White: British/Irish population actually declining slightly (by 9,400 people). Overall the BME population has increased by 68% compared with a 1% decline in the White: British/Irish population.

8.64 Looking at particular BME groups we see that the largest rise in terms of population has been for the Asian population – increasing by 53,400 over the ten years. This is significantly in excess of the next highest group (the White: Other population which increased by 14,700 people).

Figure 39: Changes in the BME population 2001 to 2011 – Leicester & Leicestershire



Source: Census 2001 and 2011

8.65 The tables below split this increase into Leicester and Leicestershire separately. The data shows that whilst in proportionate terms the increase in the BME population has been lower in Leicester, the actual growth in population is significantly higher. In Leicester the BME population has increased by some 71,800 people compared to 28,400 in Leicestershire. The data also shows a substantial decline in the White: British/Irish population in Leicester (down 21,900) compared with a small (12,500) increase in this group across Leicestershire.

Table 75: Change in BME population (2001-11) - Leicester

Ethnic Group	2001	2011	Change	% change
White (British/Irish)	173,058	151,153	-21,905	-13%
White - Other	5,681	15,483	9,802	173%
Mixed	6,506	11,580	5,074	78%
Asian or Asian British	85,177	122,470	37,293	44%
Black or Black British	8,595	20,585	11,990	139%
Other	904	8,568	7,664	848%
Total	279,921	329,839	49,918	18%
All BME	106,863	178,686	71,823	67%

Source: Census 2001 and 2011

8.66 Leicester City has seen significant growth (848%) in the ‘other ethnic group’ category. This is predominantly due to a significant increase in the number of Chinese students coming to the City to study.

Table 76: Change in BME population (2001-11) - Leicestershire

Ethnic Group	2001	2011	Change	% change
White (British/Irish)	569,498	581,960	12,462	2%
White - Other	7,862	12,807	4,945	63%
Mixed	4,537	8,551	4,014	88%
Asian or Asian British	24,715	40,777	16,062	65%
Black or Black British	1,949	3,787	1,838	94%
Other	1,017	2,607	1,590	156%
Total	609,578	650,489	40,911	7%
All BME	40,080	68,529	28,449	71%

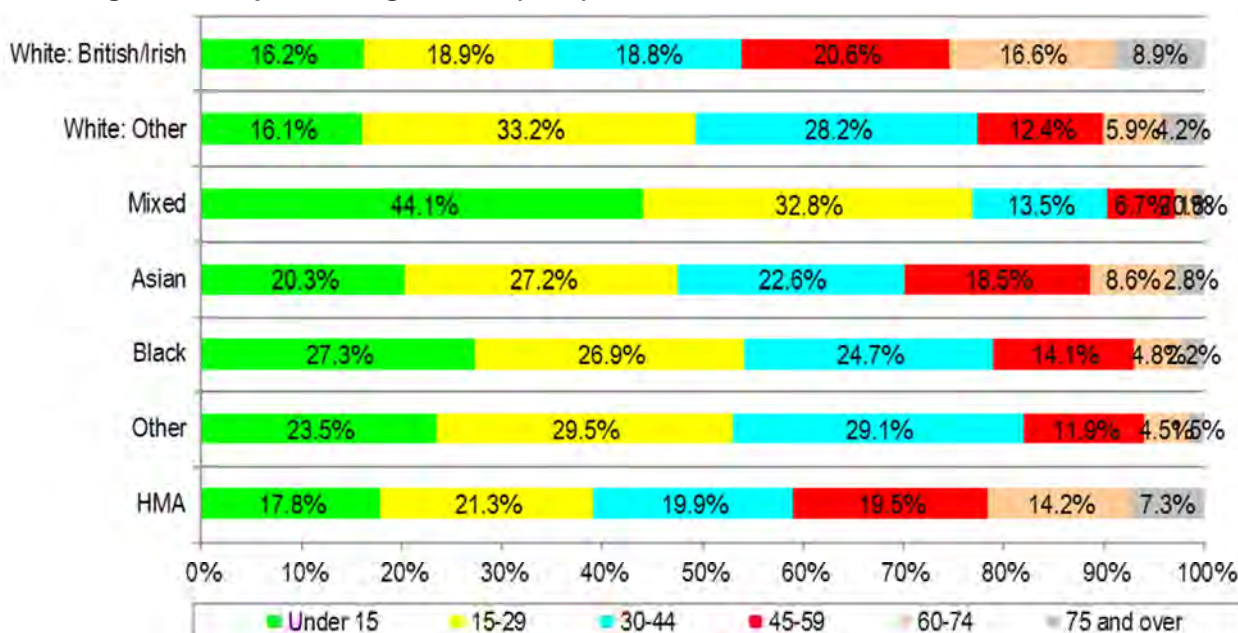
Source: Census 2001 and 2011

BME Household Characteristics

8.67 Census data can also be used to provide some broad information about the household and housing characteristics of the BME population in the HMA. The figures below look at the household composition of six broad groups in the HMA using data from the 2011 Census.

8.68 The age profile of the BME population is striking when compared with White: British/Irish people (as shown in the figure below). All BME groups are considerably younger than the White (British/Irish) group with people from a Mixed background being particularly likely to be aged under 15 when compared with any other group. The proportions of older persons are also notable with 25.5% of White; British/Irish people being age 60 or over compared with all BME groups showing proportions of 11.4% or less.

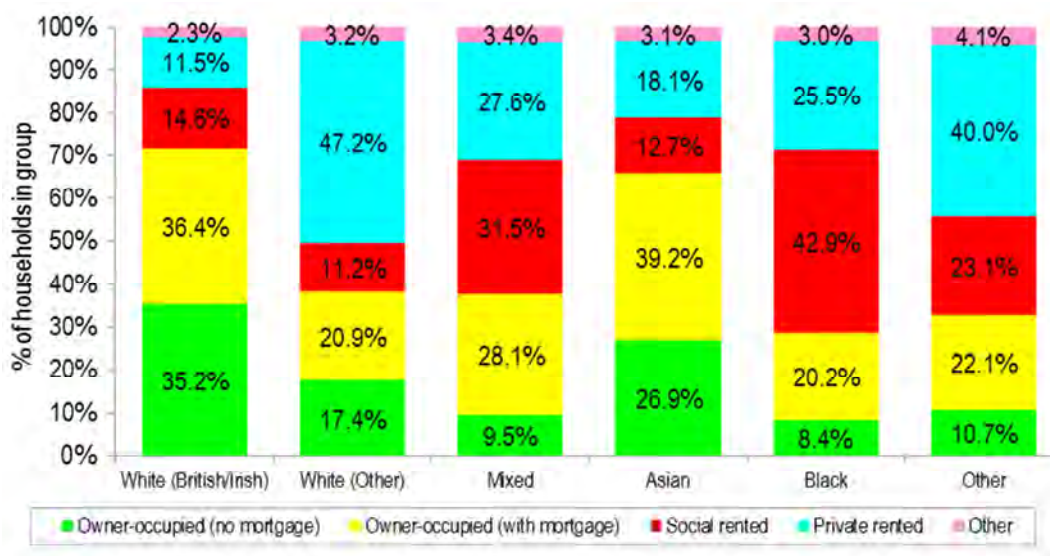
Figure 40: Population Age Profile (2011)



Source: Census (2011)

8.69 The figure below shows the tenure split of households in each of six broad ethnic groups. The data shows that White (British/Irish) households are the most likely to be owner-occupiers with no mortgage (and owner-occupiers more generally). Black households show high proportions living in social rented housing whilst all BME groups are more likely than average to live in the private rented sector. Levels of outright ownership amongst BME households are very low.

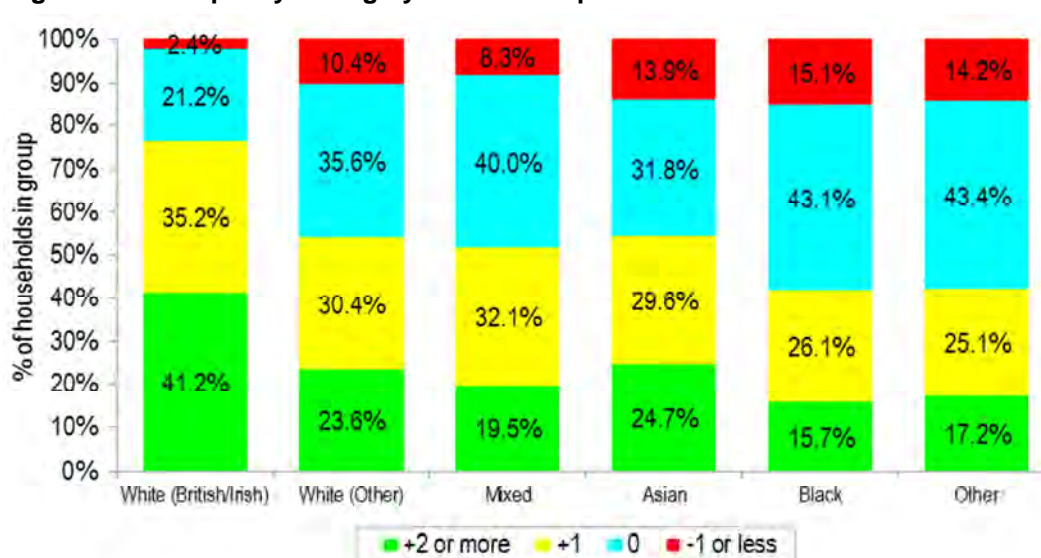
Figure 41: Tenure by Ethnic Group – Leicester & Leicestershire



Source: 2011 Census

8.70 The figure below shows ‘occupancy ratings’ by BME group; this is based on the bedroom standard where a positive figure indicates under-occupancy and negative figures suggest some degree of over-crowding. The data clearly shows that all BME groups are more likely to be overcrowded (i.e. have a negative occupancy rating) than White (British/Irish) households. In particular, the Census data suggests that 14% of Asian households are overcrowded - this compares with only 2.4% of the White (British/Irish) group. Levels of under-occupation are also very low amongst BME groups.

Figure 42: Occupancy Rating by Ethnic Group - Leicester & Leicestershire



Source: 2011 Census

BME Conclusions

- 8.71 The BME population in Leicester & Leicestershire has grown strongly since 2001. The 2011 Census shows that BME groups make up 25% of the HMA's population (up from 17% in 2001). The Asian population (which is the main BME group) has grown notably over the past decade.
- 8.72 BME households appear to be typically younger and less likely to be owner occupiers than the White (British/Irish) population; there is also a greater reliance on the private rented sector. BME households are also more likely to be overcrowded and less likely to under-occupy dwellings.
- 8.73 The implications of this are more for housing strategy than planning, and suggest a need to consider particularly how the needs of different groups are met within the local housing market, to explore the reasons for higher levels of overcrowding in BME communities and how this can be addressed. It will also be important to consider the role which the Private Rented Sector plays in meeting needs of new migrant communities and the standards of housing in this sector. Investigating these issues in greater detail may assist development of strategic housing policies.

Households with Children (Family Households)

- 8.74 The number of families in Leicester & Leicestershire (defined for the purpose of this assessment as any household which contains at least one dependent child) totalled 118,514 in 2011; accounting for 30.3% of households. Our population/household projections suggest that the number of children (aged Under 15) is expected to increase markedly from 2011 to 2036 (an increase of around 18,300 – 10%).
- 8.75 The proportion of households with dependent children is higher in Leicester than Leicestershire with 33.4% of households containing dependent children compared with 28.9%. The City shows a higher

proportion of lone parent households as well as a notably higher proportion of households described in the Census as 'Other' which are likely to include multi-generation household groups.

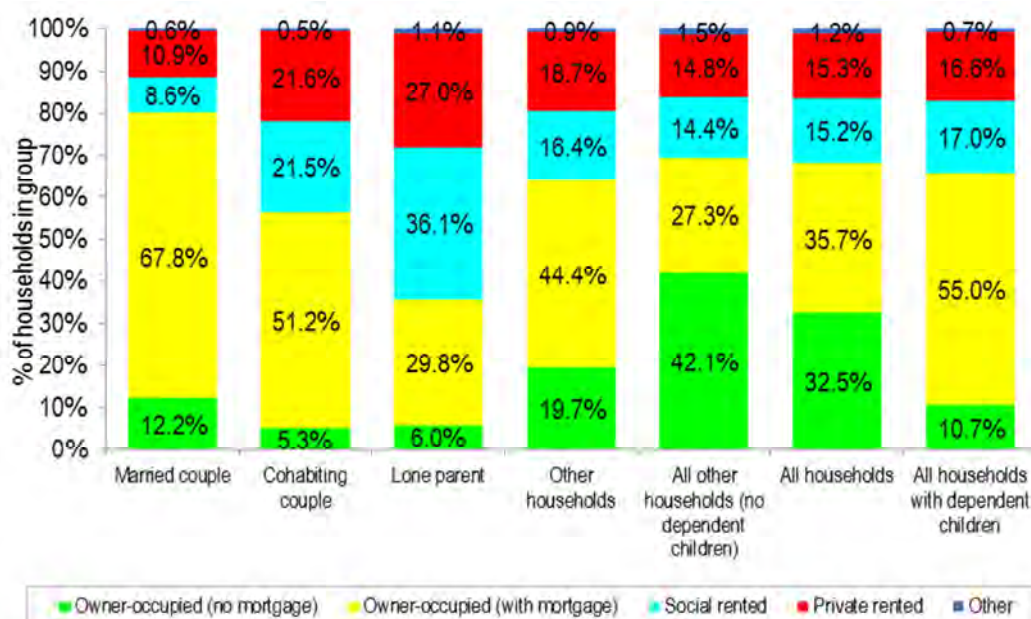
Table 77: Households with Dependent Children (2011)

Household type	Leicester		Leicestershire		HMA	
	Number	%	Number	%	Number	%
Married couple	19,458	15.8%	45,619	17.1%	65,077	16.7%
Cohabiting couple	4,606	3.7%	11,404	4.3%	16,010	4.1%
Lone parent	10,408	8.5%	15,003	5.6%	25,411	6.5%
Other households	6,657	5.4%	5,359	2.0%	12,016	3.1%
All other households (no dependent children)	81,996	66.6%	190,049	71.1%	272,045	69.7%
Total	123,125	100.0%	267,434	100.0%	390,559	100.0%
Total with dependent children	41,129	33.4%	77,385	28.9%	118,514	30.3%

Source: ONS (2011 Census)

8.76 The figure below shows the current tenure of households with dependent children. There are some considerable differences by household type with lone parents having a very high proportion living in the social rented sector and also in private rented accommodation. Around 36% of lone parent households are owner-occupiers compared with 80% of married couples with children.

Figure 43: Tenure of Households with Dependent Children - Leicester & Leicestershire

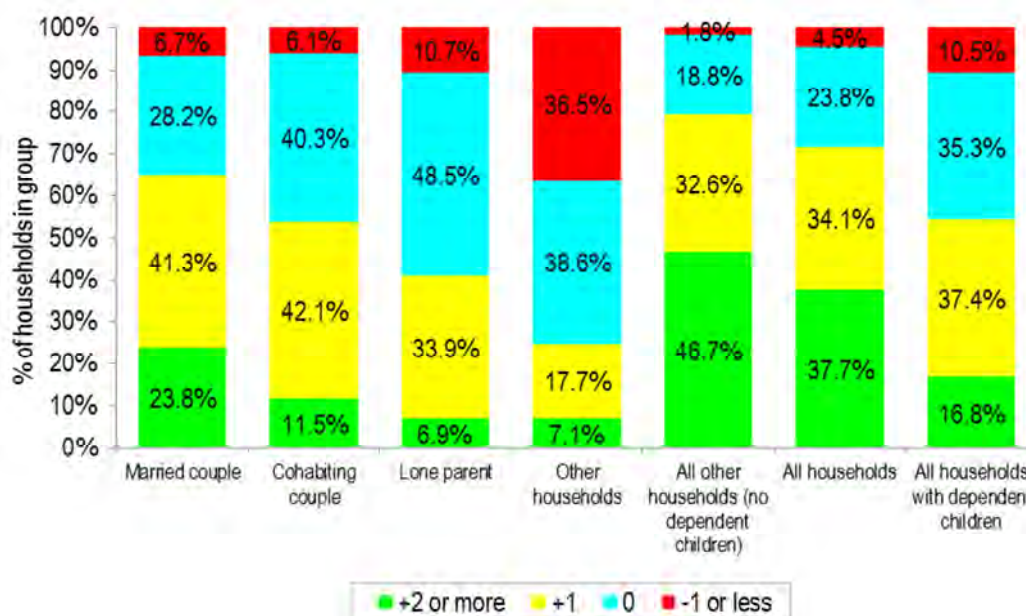


Source: 2011 Census

8.77 Overcrowding is often a key theme when looking at the housing needs of households with children and the figure below shows that households with children are about six times more likely than other households to be overcrowded. In total, some 10.5% of all households with dependent children are overcrowded and included within this the data shows 11% of lone parent households are

overcrowded along with 37% of 'other' households with dependent children. Other than for married couple households levels of under-occupancy are also very low.

Figure 44: Occupancy Rating and Households with Dependent Children



Source: 2011 Census data (from NOMIS)

Households with Children - Conclusions

8.78 Overall, the somewhat limited data available about family households suggests that this group may be quite polarised. Whilst married couple households have high levels of owner-occupation and may well be slightly better off than the general population the data does point to lone parent (and other) households being more disadvantaged. Given that households with children should be seen as a priority for the Councils this points towards ensuring that the housing offer meets the needs of such households and in particular the need to ensure a reasonable quality of housing in the private rented sector.

Young people

8.79 Providing for the needs of younger person households is an important consideration for the Councils. Given ageing populations the ability to retain young people in an area can assist in providing a more balanced demographic profile as well as providing a vital part of the local workforce. Young people may however find barriers to accessing housing given typically low incomes and potential difficulties in securing mortgage finance due to deposit requirements.

8.80 The demographic projections suggest that in 2011 there were around 69,000 households headed by someone aged under 35 and that this is set to increase by around 5,900 over the period from 2011 to 2036.

8.81 As well as households headed by a younger person there will be others living as part of another household (typically with parents). The table below shows the number of households in the HMA with non-dependent children. In total, some 10% of households (39,600) contain non-dependent children. This may to some degree highlight the difficulties faced by young people in accessing housing. Limited eligibility for social housing due to a lack of suitable properties, lower household incomes and the unaffordability of owner occupation for such age groups all contribute to the current trend for young people moving in with or continuing to live with parents.

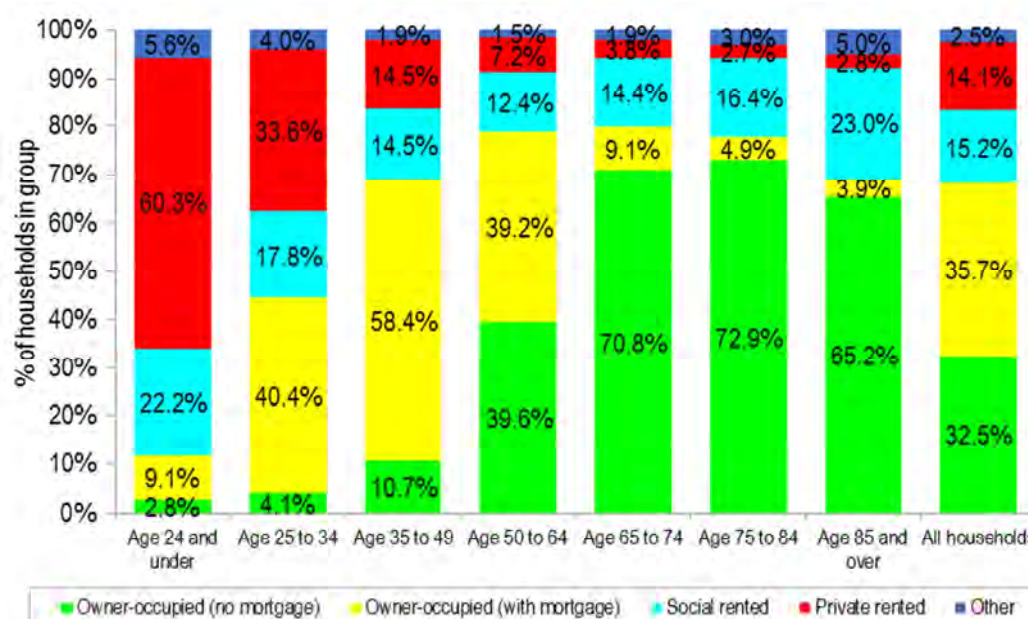
Table 78: Households with non-dependent children (2011)

Household type	Leicester		Leicestershire		HMA	
	Number	%	Number	%	Number	%
Married couple	7,244	5.9%	17,442	6.5%	24,686	6.3%
Cohabiting couple	585	0.5%	1,381	0.5%	1,966	0.5%
Lone parent	4,823	3.9%	8,097	3.0%	12,920	3.3%
All other households	110,473	89.7%	240,514	89.9%	350,987	89.9%
Total	123,125	100.0%	267,434	100.0%	390,559	100.0%
Total with non-dependent children	12,652	10.3%	26,920	10.1%	39,572	10.1%

Source: ONS (2011 Census)

8.82 When considering households that are currently headed by a younger person (taken for this analysis as being aged under 34) we can use 2011 Census data to look at some key characteristics. The figure below shows the tenure groups of these households (compared with other age groups). The data clearly shows that very few younger households are owner-occupiers with a particular reliance on the private rented sector and to a lesser degree social rented housing.

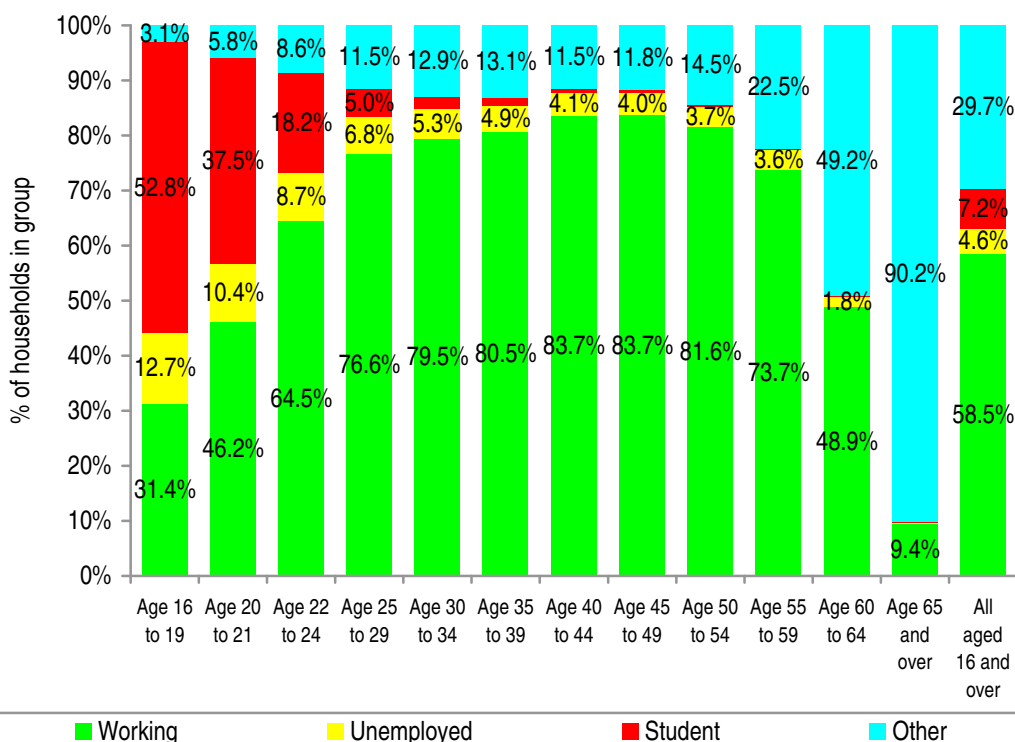
Figure 45: Tenure by Age of HRP - Leicester & Leicestershire



Source: 2011 Census

8.83 Census data can also be used to look at economic activity rates; including employment and unemployment levels. Data about this is shown in the figure below. The data shows that younger people are far more likely to be unemployed than other age groups. The data shows that of the population aged 16-24 some 11% are unemployed – included within this we see an unemployment rate of 13% in the 16-19 age group.

Figure 46: Economic activity by age (persons) - Leicester & Leicestershire



Source: 2011 Census

Young People - Conclusions

8.84 Analysis of younger person households shows a high reliance on rented housing. Younger age cohorts may therefore be forced into private rented (including shared) housing as the only means of meeting their housing needs, aside from residing with parents, where they would not form a head of household. Factors such as a balanced approach to housing in terms of bedroom sizes and property types, along with high standards for Houses in Multiple Occupation (HMOs) will help younger households to access housing.

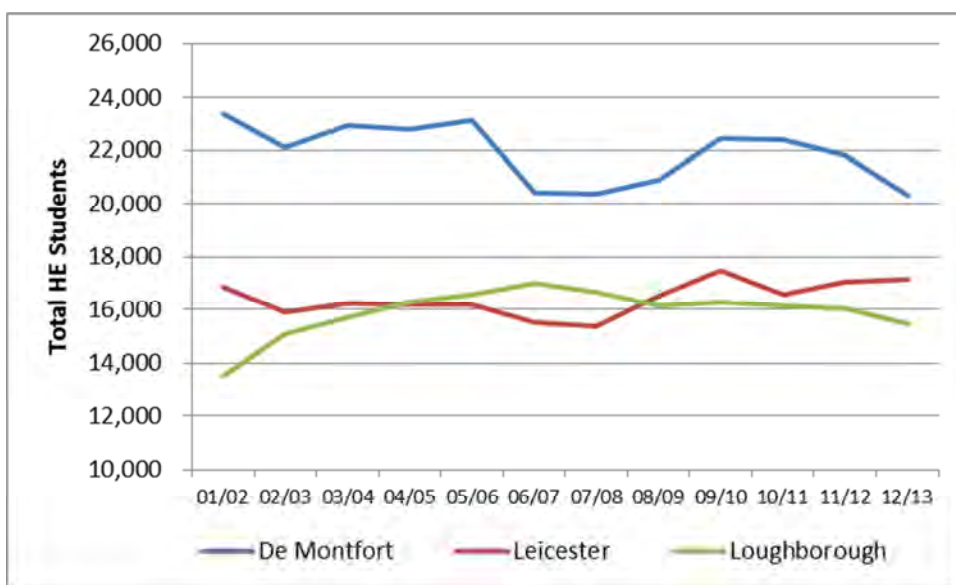
Student Population Growth and Accommodation Needs

8.85 There are three major suppliers of further education in Leicester and Leicestershire. These are Leicester University, De Montfort University and Loughborough University. While there are a number of other higher and further education providers none are of the scale which are expected to materially impact on the local housing market.

8.86 This HESA data shows a growth in higher education students at these establishments from 53,770 students in 2001/02 to 55,110 students in 2010/11. This equates to a modest net growth of 1,340 students (2.5%) over the inter-census period.

8.87 Since 2010/11 the number of students has fallen by 2,175 to 52,935 in 2012/13. The fall can largely attributed to a reduction in De Montfort's student numbers, although the other universities have also seen a decline in overall numbers. This is expected to reflect the changes to tuition fees and have a temporary impact.

Figure 47: All higher Education Students at Leicestershire Universities



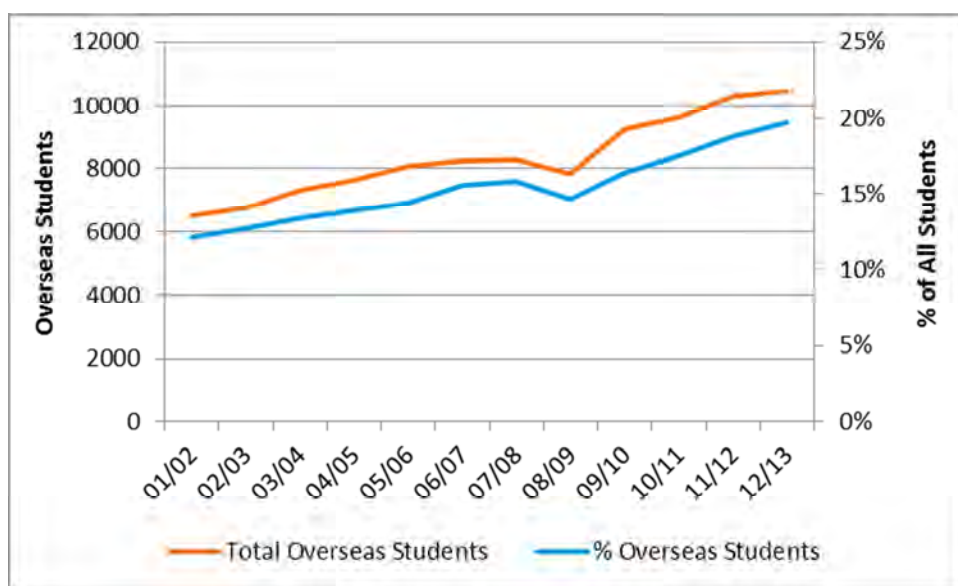
Source: Higher Education Statistics Agency, 2013

8.88 The total number of HE students in the HMA peaked in 2009/10 at 56,200.

8.89 Between 2001/02 and 2012/13 the total number of overseas students increased by just under 4,000. As a percentage of all higher education students, overseas students have grown from 12% in 2001/02 to 20% in 2012/13.

8.90 In the period used for our demographic projections (2007-2012) overseas student numbers grew by just over 2,000 and averaged around 9,000 across the three universities. Over the same period domestic student numbers grew by only 455. This increase in overseas students can be expected to have influenced trends in international migration.

Figure 48: Overseas Students at Leicestershire Universities



Source: Higher Education Statistics Agency Limited, 2013

8.91 Census data suggests that In the 10 year period between 2001 and 2011, the full-time student population (16-74 year olds) in Leicester and Leicestershire grew by over 26,128. This includes those in further education establishments, distance learning and some older school students.

8.92 Despite the large growth in students only 1,647 additional student-only households in Leicester and Leicestershire were created. Not all students will require student accommodation: some will be distance learning students, others part –time and some will continue to live with their parents or families. Although some of the districts don't have universities, students at schools and further education colleges fall into this category.

Table 79: Change in number of Students and student-only households (2001-11)

	FT Students 2001	FT Students 2011	Change	All Student HH 2001	All Student HH 2011	Change
Leicester	24,523	40,013	15,490	1,814	2,914	1,100
Blaby	3,204	4,399	1,195	0	8	8
Charnwood	14,916	19,540	4,624	788	1,252	464
Harborough	2,873	3,867	994	3	18	15
Hinckley and Bosworth	3,610	4,336	726	8	11	3
Melton	1,708	2,171	463	9	5	-4
North West Leicestershire	2,732	4,173	1,441	23	81	58
Oadby and Wigston	3,850	5,045	1,195	5	8	3
HMA	57,416	83,544	26,128	2,650	4,297	1,647

Source: ONS, 2001 and 2011

- 8.93 The majority of Students and Student Households in the LLLAP area are located in Leicester (48% and 68% respectively) and Charnwood (23% and 29%). Oadby and Wigston also has a sizeable percentage of student population but the majority of those students live in halls of residence.
- 8.94 The largest numbers of students living within Halls of Residence will be Full-Time undergraduate students. There are approximately 33,250 students who fall into this category. Again within this category the majority of those living in halls will be first year students.
- 8.95 We have approached each of the Main service providers in the HMA in order to understand their historic growth, their growth aspirations and any plans for additional Halls of Residence.
- 8.96 In 2014 it has estimated that there are 12,320 bed spaces at purpose built student accommodation in Leicester City⁸. This figure included both Universities own accommodation and private sector Halls of Residence of which it was estimated that there are 5,099 bed spaces.
- 8.97 The total number of bed spaces within halls of residence has grown by around 5,600 since 2007/8, a growth of around 80%. This would part explain the restricted growth in all student households as outlined in the table above.

De Montfort University

- 8.98 De Montfort is the largest provider of Higher Education within the county. In the 2012/13 year it has a total of 20,315 higher education students. This is a fall of 3,025 from the 2001/02 peak of 23,340 higher education students.
- 8.99 In 2014 there was an estimated 2,774 bed spaces in purpose built/ student –only run accommodation owned by the University. A large number of students also live in privately run halls of residence although the total numbers are within the domain of the private operators. The University reserves around 2,356 beds at these private halls of residence, which generally operate on or near to capacity.
- 8.100 The University is currently engaging in new initiatives which may attract increased numbers of students. If student numbers at the university are to grow, there is still headroom for around 13% growth before the university student population returns to peak.

The University of Leicester

- 8.101 The University has undergone a recent growth from 15,355 higher education students in 2007/08 to a peak of 17,470 in 2009/10. This has since fallen slightly and there are 17,160 students in the 2012/13 academic year.

⁸ Leicester City Council data

- 8.102 The University currently has 4,447 beds within halls of residence, which operate at full capacity. Around 2,000 bed spaces are located in Oadby and Wigston. Students also have access to the 5,099 bed spaces in private purpose built accommodation within the City.
- 8.103 The University have informed us that given the current uncertainty in all of their markets their long-term planning assumptions are that number of students will remain stable for the next 20 years.

Loughborough University

- 8.104 Loughborough University educates 15,460 higher education students, over two thirds of which are full time undergraduates. The university predicts a growth over the short term to 16,151 students by 2015/16. This is to be followed by a decline to 15,750 by 2018/19 at which point the number is expected to remain stable.
- 8.105 There are currently around 5,600 beds within Halls of Residence, either operated by the University or by third-party suppliers. These are currently operating at capacity. There are no current plans to expand the number of rooms within Halls of Residence.
- 8.106 There may be short term growth in demand for market accommodation in Loughborough as a result of growth at the University. However, the expected growth is unlikely to exceed the previous peak levels (17,015 students) of 2006/07..
- 8.107 Over the longer period, as student numbers again fall below peak, there may be a release of market accommodation from student only households. Anecdotally these are likely to be those dwellings that are in the worst condition.

Future Development

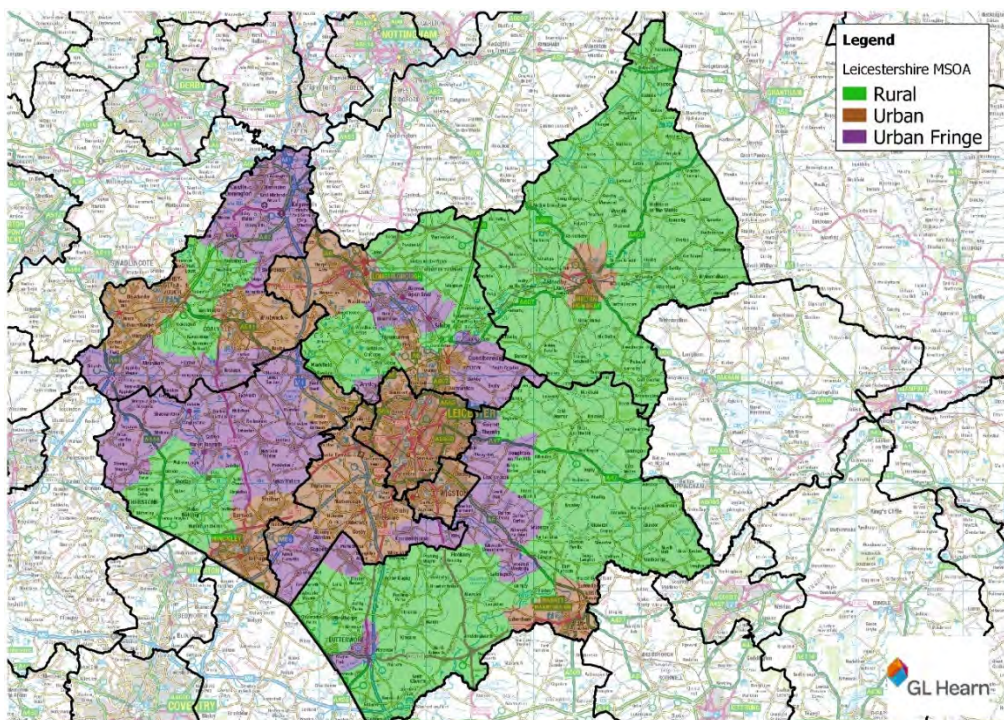
- 8.108 The balance between delivery of new student accommodation and growth in student numbers will influence the impact on the wider housing market. In Leicester the evidence points to a potential release of private rented homes for other groups.
- 8.109 The information available at the time of writing suggests that in Leicester student numbers at De Montfort may increase but are expected to be stable at Leicester University. Whilst specific forecasts for student numbers are not available, the evidence suggests that the level of growth overall in student numbers in the city is likely to be similar to the recent trend. .
- 8.110 There are currently 1,148 additional bed-spaces being delivered across six different sites in Leicester. In addition there is unimplemented permission for a further 2,798 bedspaces. There is no pipeline supply of Halls of Residence within Oadby and Wigston, however the University of Leicester's Oadby Campus is subject to a planning masterplan. This is unlikely to increase the number of bedspaces but some will be demolished and replaced. In Charnwood there is an unimplemented permission for a 61 bed Halls of Residence.

- 8.111 Overall the ONS projections contain an institutional population which includes halls of residence. The proportion of the total population this group comprises is not expected to change moving forward. If the Universities are to increase student numbers then there is still room for them to do before they return to peak. We can assume therefore that there will be no need for additional C2 Halls of residence. However, additional halls of residence could free up wider market housing and could be planned for on that basis.
- 8.112 There is anecdotal evidence of students (or their) choosing to purchase new build property rather than live in Halls of Residence. However, this is only likely to be a short term issue for each property, as after the purchasing student graduates, the property will either revert to owner occupied properties (through sell-on or the now former student remain in-situ) or become privately rented if they choose to live elsewhere but remain owners of the property.
- 8.113 Overall demand for property from students in the wider housing market seems likely to decline. This is as a result of further development of halls of residence coupled with student growth unlikely to most exceeding previous levels. We can therefore assume that there will be a return of some properties previously occupied by students into the wider housing market.
- 8.114 In this section we have sought to draw out distinctions between housing market analysis in rural communities.

Rural Communities

- 8.115 The Rural/Urban Definition was introduced in 2004 as a joint project between a number of Government Departments and was delivered by the Rural Evidence Research Centre at Birkbeck College (RERC). We have used these definitions at a census Mid Super Output Area level (MSOA) to define the Urban, Urban Fringe and Rural parts of the City and County. These definitions were created for the 2001 census, as such not all of the 2011 MSOA have been defined. We have assumed that all of undefined Leicester and Oadby and Wigston wards are Urban. The unclassified Blaby MSOA (Glenfield) was assigned to the urban area due to its location and characteristics. For the same reason the unclassified Harborough MSOA was defined as Urban Fringe.

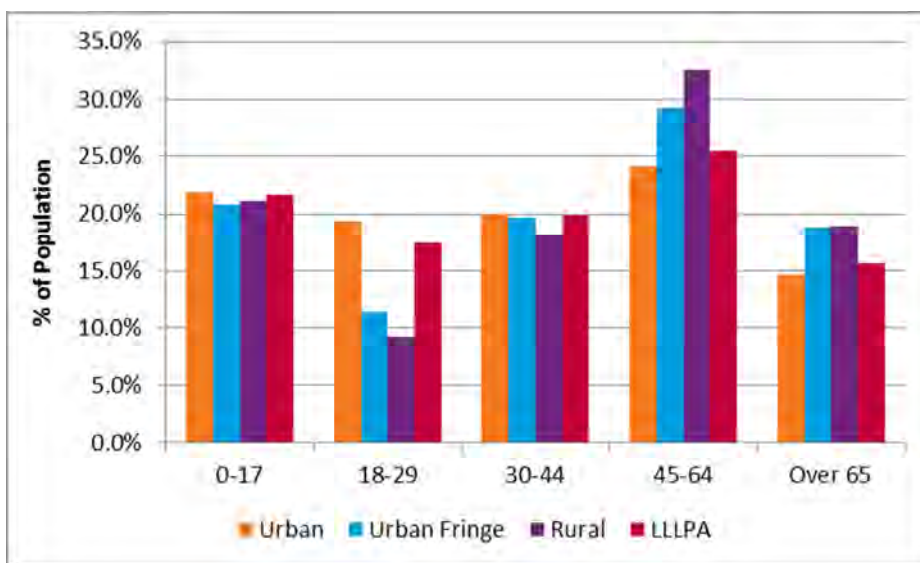
Figure 49: Map of Urban and Rural Classifications



Source: GL Hearn, 2014

8.116 The population in the rural areas of the HMA is skewed towards older age groups. Over 19% of the population is over 65, with a further 33% in the 45-64. The equivalent figures for the urban areas are 14% and 24% respectively. Although both areas have similar numbers of under 18s, the urban areas have a much larger percentage of 18-29 year olds. This can in part be linked to the student population.

Figure 50: Population Profile by Urban/Rural Classification (2011)



Source: Census 2011

8.117 Approximately 77% of all dwellings in the City and County are found in the urban areas. A further 15% are located in the Urban Fringe, with the remaining 8% in rural areas.

8.118 The housing profile of the rural areas of the City and County are quite distinct from the urban areas and the Urban Fringe. The rural areas have a much larger percentage of larger homes with 5 bedrooms or more (11.5%), compared to just 4.1% in the Urban areas and 6.2% in the Urban Fringe. Most of the 4-bed homes are also higher in the rural area. Overall the stock profile is focused more towards larger housing.

Table 80: Number of Bedrooms by Urban/Rural Classification (2011)

	No Bedrooms	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	+5 Bedrooms
Urban	0.3%	10.4%	25.0%	46.3%	13.9%	4.1%
Urban Fringe	0.2%	5.4%	23.5%	42.9%	21.9%	6.2%
Rural	0.1%	3.7%	19.2%	39.2%	26.3%	11.5%
LLLPA	0.2%	9.1%	24.4%	45.2%	16.1%	5.0%

Source: Census 2011

8.119 Conversely smaller properties are much more prevalent in the urban areas with over 35% of the housing stock having two bedrooms or fewer. Only 23% of properties in the rural areas are in this size bracket.

8.120 This is also reflected in the type of properties located in the rural areas, with over half of the stock detached compared to less than a quarter in the urban area. The Urban Fringe also has a high number of detached properties.

Table 81: Type of Properties by Urban/Rural Classification (2011)

	Detached	Semi-Detached	Terraced	Flat	Other
Urban	23.2%	39.4%	22.9%	14.3%	0.2%
Urban Fringe	43.3%	34.6%	15.1%	6.3%	0.7%
Rural	55.9%	29.3%	11.1%	3.2%	0.5%
LLLPA	28.7%	37.9%	20.8%	12.2%	0.3%

Source: Census 2011

8.121 Perhaps as a result of the type and size of properties in the HMA, 91% of all occupied dwellings in the rural areas are under-occupied. While still an issue in the urban areas a lower 74% of all occupied dwellings are under-occupied. Conversely almost 9% of properties in the urban areas are overcrowded but less than 2% in the rural areas.

8.122 Ownership of properties is also much higher in rural areas with almost 79% either owned outright or owned with a mortgage. This is almost 15% percentage points higher than the equivalent figure for the urban areas (64%).

Table 82: Tenure of Properties by Urban/Rural Classification (2011)

	Owned	Shared Ownership	Council Rent	Registered Provider	Privately Rented or Living Rent Free
Urban	64.3%	0.8%	11.0%	6.1%	17.8%
Urban Fringe	78.0%	0.7%	6.1%	3.6%	11.6%
Rural	78.9%	0.6%	4.2%	2.6%	13.7%
LLLPA	67.5%	0.7%	9.7%	5.5%	16.6%

Source: Census 2011

- 8.123 Conversely social rental properties are far more prevalent in the urban areas (17%) than in the Urban Fringe (10%) or rural areas (6.8%).
- 8.124 The private rental sector is also larger in the urban areas (18%) although the rural areas (14%) have a higher percentage than the Urban Fringe (12%).
- 8.125 The cost of properties in rural areas also exceeds that in the urban areas by around 52%. Overall this is likely to be a reflection of the stock, with larger properties commanding higher prices; and the relative attractiveness of the places. For each property type the cost in rural areas exceed that in the Urban and Urban Fringe. The uplift in rural areas for flatted stock is the highest for each of the property types (38%), although stock is low.

Table 83: Median Cost of Properties by Type and by Urban/Rural Classification

	Detached	Semi-Detached	Terraced	Flats	All
Urban	£218,000	£138,000	£120,000	£98,250	£149,995
Urban Fringe	£245,000	£143,000	£124,000	£100,000	£167,500
Rural	£295,000	£165,000	£158,000	£136,000	£228,000
LLLPA	£229,500	£140,000	£121,000	£99,950	£155,000

Source: HM Land Registry, 2014

- 8.126 The evidence points to an older population structure in rural areas: high levels of owner occupation; and a stock profile focused more towards larger properties. Housing costs are above average and some younger households may struggle to find housing they can afford. These issues are not unique to Leicestershire.
- 8.127 Through increased life expectancy we would expect the older population to grow. By encouraging the elderly population to downsize, there is a potential this will release larger stock for younger families to move into and ease under-occupancy within the housing stock. However to do so will require delivery of attractive homes which allow people to move locally.
- 8.128 Given the quality of life in rural areas, the released properties are likely to be in high demand. The Local Authorities should therefore also continue to promote the delivery of affordable housing within rural communities to retain working households and support the vibrancy of the local economy and communities.

8.129 However it should be minded that there are difficulties in delivering affordable rural housing, notably the threshold to which affordable policies apply. At present many of the schemes located in rural areas are small scale, as such these developments fall below the threshold for affordable housing policy. This difficulty is likely to be further increased if the government proceeds with plans to increase the threshold to ten units. Also current planning legislation that requires sustainability appraisals during preparation of local plans tends to focus development towards urban areas.

Self- and Custom-Build

8.130 SHMAs need to investigate the contribution that self-builds makes toward the local supply. It is referred to in the NPPF and in 'Laying the Foundations – a Housing Strategy for England 2010'. The strategy states that only one in 10 new homes in Britain was self-built and in 2010 that the barriers for the sector to grow are lack of land, limited finance and mortgage products, restrictive regulation and a lack of impartial information for potential custom home builders. At present there are currently 20 plots or conversion self-build opportunities being marketed in the County⁹. However the Government aspires to make self-build a 'mainstream housing option' by making funding available to support self-builders and by asking local authorities to champion the sector. Up to £30m of funding has been made available via the Custom Build programme administered by the HCA to provide short-term project finance to help unlock group custom build or self-build schemes. The fund can be used to cover eligible costs such as land acquisition, site preparation, infrastructure, S106 planning obligations etc.

8.131 Recent research into the self-build market is limited the most recent is The Joseph Rowntree Foundation report '*The current state of the self-build housing market (2001)*'. However market conditions have changed since 2001 and government schemes such as help to buy and increased competition amongst house-builders has arguably removed some of the motivation from potential self-builders.

8.132 Interestingly, the media has focussed on custom build. We are aware of many popular radio and TV programmes that have made case studies of custom build projects. The genre is also significant from an investment point of view given that there have been very poor returns on personal or business deposits since 2008.

8.133 Since the publication of the NPPF we have carried out bespoke qualitative research into self-build as part of our SHMA methodology. We have sought information from local authority planning departments, estate agents, the internet and a small number of self-builders. We have adopted a wide definition of self-build and conclude that the term 'custom build' is probably a better description of the sector. This is because the initiator can be involved in construction, produce or project manage or simply commission a project for professionals and house builders to deliver. The initiator may not always be the occupier, instead seeing the project as an investment for sale or rent.

⁹ Plot search on www.buildstore.co.uk which is a specialist self-build website.

- 8.134 Quantitative information is hard to come by. Planning officers are not required to keep records on self and custom-build properties and they are not included on the national 1APP planning forms and/or the building regulations forms. Information from local authority planning officers is therefore anecdotal. Most officers tell us that activity as a percentage of completions is low, ranging from 'next to nothing' to 10% although most say that the level is under 5%. Officers tell us that dwellings can have design merit but can require more input from planning and building control officers.
- 8.135 Self-build also covers stand-alone self-contained dwellings (annexes) and are often constructed for employees or family members some of whom may be frail or disabled in some way. Although planning conditions should be applied to ensure that occupancy is connected to the main dwelling in some way.
- 8.136 Estate agents tell us that they are frequently involved in valuations where there is potential for 'intensification', for example the potential for constructing dwellings on large gardens or corner plots. Local planning policy may be adopted to restrict this if it is considered that an area is in danger of being over developed. Lack of open space and problematic car parking and infrastructure capacity have been cited as considerations.
- 8.137 Agents involved in the re-sale of custom built housing tell us that they rarely encounter problems with lenders as surveyors are always involved in the process. Estate agents tell us that older low density estates can attract custom builders. They have cited areas where small lower value dwellings on large plots have been demolished and new dwellings established. They tell us that custom build tends to occur mostly in areas that are becoming fashionable, within rural settlements and in coastal areas and some will be second homes.
- 8.138 Whilst most new housing is constructed by the volume house builders we have come across many local house builders who develop small plots for individual clients – many for the rental market. Landlords have told us that this is a more cost effective route than purchasing off volume builders. Some landlords generate significant cash surpluses from their portfolio and choose to invest in this way as returns are more attractive than other investments.
- 8.139 At the other end of the scale we have interviewed entrepreneurs and individuals with large savings who will use their local knowledge and skill to acquire individual vacant plots and custom build. Two such entrepreneurs we came across were planning to use the dwelling in the tourist rather than residential sector. We have also come across a medium size regional house builder whose key selling point is that he will customise his products for the purchaser and was offering dwellings within the Help to Buy scheme.
- 8.140 Finally we have reviewed a number of websites dedicated to advising and assisting people to self-build. Some assist in the brokerage of individual building plots and this is part of our SHMA information gathering.

- 8.141 Overall the evidence we have collected across England suggest that this is a niche sector, but one that is not necessarily only delivering high value bespoke homes. It is clear that much activity is undertaken by entrepreneurs aimed at more modest homes for sale or rent and in doing so making better use of land that may detract from the local environment. It is also clear that the role of a local champion for the sector is a step that needs to be taken if further interest is to be generated. It is noteworthy that all of the examples of custom build we have come across have been commissioned by individuals or entrepreneurs with savings, rather than borrowings. These points will need to be addressed if custom build is to become 'a mainstream option'.
- 8.142 In policy terms there is some potential to encourage through policy developers of larger schemes to designate parts of these schemes as serviced plots which can be developed as self-build. There is some, albeit limited evidence of this. It is difficult to demonstrate concrete evidence of demand.

Gypsy and Travellers Needs

- 8.143 Leicestershire, Leicester and Rutland local authorities commissioned De Montfort University to produce a Gypsy and Traveller Needs Assessment Refresh in May 2013. This report updated an earlier 2007 report.
- 8.144 The report calculated the following pitch requirement between 2012 and 2031:
- Blaby 86 (plus 6 plots for Showpeople);
 - Charnwood 8 (plus 16 plots for Showpeople and 10 Transit Pitches);
 - Harborough 80 (plus 25 plots for Showpeople and 5 Transit Pitches);
 - Leicester 97 (plus 11 plots for Showpeople and 20 Transit Pitches);
 - Melton 15 (plus 2 Transit Pitches);
 - N W Leicestershire 68 (plus 9 plots for Showpeople and 20 Transit Pitches); and
 - Oadby & Wigston 0 (plus 0 plots for Showpeople).
- 8.145 The GTAA states that Local Authorities when developing planning policies will, under their duty to co-operate obligations, need to discuss the distribution of pitch provision across administrative boundaries where need cannot be fully met in the district where it arises.
- 8.146 Hinckley and Bosworth Borough Council have commissioned their own study into the needs of Gypsy and Travellers. The findings of this were published in January 2013. The study calculated a need for 40 additional pitches over the fifteen year period to 2027. This includes a current need for 10 pitches as a result of temporary planning permission expiring in 2013. In addition there is a requirement for seven additional plots will be required for showmen.

9 CONCLUSIONS AND RECOMMENDATIONS

Housing Market Area

- 9.1 The National Planning Policy Framework (NPPF) states that local planning authorities should use their evidence base to ensure Local Plans meet the full, objectively assessed needs for market and affordable housing in their housing market area (HMA). However, as the Planning Practice Guidance recognises, there is no “hard and fast” approach for defining a housing market area and, in practice, many housing market areas overlap.
- 9.2 From our analysis of market dynamics, migration patterns and commuting there is clearly a complex set of relationships at play across Leicestershire. However, triangulation of the evidence converges upon those Local Authorities within the County, including Leicester City, sharing the strongest relationships and correlation in both market and behavioural terms. We therefore consider the definition of a Leicester and Leicestershire HMA covering these authorities to be appropriate.
- 9.3 It is however important to recognise overlaps between surrounding authorities and markets in this area. Although weaker than the core relationships, there are identifiable and important functional interactions with adjoining authorities in Warwickshire, Lincolnshire, Derbyshire, Nottinghamshire and to a lesser extent parts of Lincolnshire, Rutland and Northamptonshire. In the context of the Duty to Cooperate, the authorities with the strongest localised links should be engaged in considering strategic housing issues not only in the preparation of the SHMA but also the subsequent development of plan policies. This has in part already been established through the preparation of this document and with the request for neighbouring local authorities to comment on it.

Overall Housing Need

- 9.4 The NPPF sets out that plans should be prepared on the basis of meeting full needs for market and affordable housing. Planning Practice Guidance sets out that the latest national projections should be seen as a starting point but that authorities may consider sensitivity testing projections in response to local circumstances and the latest demographic evidence.
- 9.5 In accordance with the Planning Practice Guidance, the 2011-based Sub-National Population Projections (SNPP) and related CLG Household Projections have formed the starting point for our assessment. When extended beyond 2021, these projections indicate household growth of 3,335 households per annum across the HMA between 2011 and 2031 and 3,159 between 2011 and 2036. However these projections assume that household formation rates seen over the 2001-11 period continue moving forward. These trends arguably build in a degree of suppression of household formation, a point which is acknowledged by CLG in the Planning Practice Guidance on *Assessment of Housing and Economic Development Needs*.

9.6 Against this context a sensitivity analysis has been developed exploring different projections of household formation rates and to take account of the latest migration data. This analysis concludes that the most appropriate means of projecting household formation would be based on the midpoint between the household formation rates in the 2008 and 2011 Household Projections. These updated projections indicate a need for 3,774 households per annum between 2011 and 2031 and 3,626 between 2011 and 2036. This represents a robust starting point for assessing housing needs in Leicester and Leicestershire based on population trends.

9.7 The guidance then sets three key tests which should be applied in order to identify whether there is a case to adjust the starting point. We see these tests as:

- Do market signals point to a need to increase housing supply in order to address affordability and high demand?
- Is there a need to increase overall housing supply in order to boost delivery of affordable homes to meet identified needs?
- Is there evidence that an increase in housing supply is needed to ensure a sufficient labour supply to support forecast economic and employment growth in different parts of the HMA?

Test 1: Do market signals point to a need to increase housing supply in order to address affordability and high demand?

9.8 The Planning Practice Guidance sets out that the housing need suggested by household projections should be adjusted to reflect appropriate market signals and indicators of the balance between the demand for and supply of homes. It sets out that the more significant the affordability constraints (in terms of rising housing costs and worsening affordability) the larger the additional supply response required.

9.9 The market analysis undertaken indicates that house prices across the HMA are above the East Midlands level, although Leicester is below and Harborough significantly above. The median house price across the LLLPA area is just under £150,000. Housing supply over the 2006/7-10/11 fell below planning targets by around 2,732 dwellings, although this varied across local authorities with Harborough, Melton and Oadby and Wigston meeting their target. The adjustments to household formation rates within the demographic projections seek to address this. Affordability pressures are relatively acute in Harborough and Melton, with lower quartile house prices over 8 times lower quartile incomes compared to 6.6 nationally. Against this context there is some basis for considering a localised upwards adjustment to housing provision in order to improve the affordability of market homes (across the HMA but particularly in these two authorities).

Test 2: Is there a need to increase overall housing supply in order to boost delivery of affordable homes to meet identified needs?

- 9.10 The second test is to consider the ability of overall housing numbers to ensure affordable housing needs can be satisfied. Affordable housing is defined as including social rented, affordable rented and intermediate housing. Following the approach advocated by the Guidance, the net affordable housing need identified in Leicester and Leicestershire is for 1,913 homes per year. However, such a level of delivery is not likely to be achievable given viability considerations (at current policy rates of delivery this would require 7,648 dwellings per annum). As stated in the NPPG, an increase in the total housing figures should be considered where it could help deliver the required number of affordable homes.
- 9.11 The needs evidence indicates that the Councils would be justified in seeking to secure the maximum viable level of affordable housing in future through new development schemes. However they must balance competing potential priorities. It is important to note that the Councils are however not solely reliant on affordable housing delivery through market-led schemes. The Councils can deliver affordable homes directly and in partnership with Registered Providers. These are likely to be an important source of supply going forward.
- 9.12 Whilst a significant quantitative shortfall of affordable housing is identified, there are in reality two factors which are important to consider in interpreting the figures in context. Firstly, in practice there are likely to be households who are adequately housed whilst paying more than the 30% of income threshold used in this report. Secondly, the private rented sector makes a potentially significant contribution to meeting affordable housing needs through households supported by Local Housing Allowance (LHA). The extent to which the Councils wish to see the private rented sector being used to make up for shortages of affordable housing is plainly a local policy decision which is outside the scope of this study.
- 9.13 However even taking into account these factors, the affordable housing need identified provides evidence for considering localised upwards adjustment to housing provision relative to the demographic projections in order to support higher affordable housing delivery.
- 9.14 The affordable housing needs evidence (see section 6) points to some case for considering higher housing provision levels (relative to the demographic projections) in Leicester, Blaby, Harborough, Hinckley and Bosworth, Oadby and Wigston and North West Leicestershire. There is a particularly acute need in Blaby and Oadby & Wigston and therefore a higher adjustment than the other areas could be justified. This is in order to enhance delivery of affordable homes.

Test 3: Is there evidence that an increase in housing supply is needed to ensure a sufficient labour supply to support forecast economic and employment growth in different parts of the HMA?

- 9.15 In line with the Guidance, we have also considered the implications of future economic and employment trends on housing needs by modelling the housing which would be required to meet the level of employment growth forecast by the Experian economic forecasts.
- 9.16 The Experian forecasts indicate an 11.0% and 13.2% increase in jobs over the period to 2031 and 2036 respectively. Modelling these forecasts through to housing numbers results in a need for 3,687 homes per annum to 2036 and 3,854 homes per annum over the period to 2031 across the HMA.
- 9.17 The SHMA has distributed the growth in employment based on the relative size of the current economic base in different parts of the HMA. It is a 'policy off' analysis. Taking account of demographic structure, the SHMA analysis particularly indicates that higher housing provision (relative to the demographic-led projections) would be necessary to support growth in the workforce in Harborough, Hinckley & Bosworth, Melton and NW Leicestershire. In these authorities we have suggested an upwards adjustment to housing provision to support economic growth.
- 9.18 It is important to recognise however that there is no basis in national policy or guidance to use the economic forecasts to argue that housing provision in an individual local authority should be lower than in the demographic projections. The relationship between jobs and homes will also be influenced moving forwards by changing in 'employment rates' and commuting.
- 9.19 The assessment has been made on a policy off basis. In developing local plans, the local authorities will need to consider how their emerging evidence for housing and employment align and may need to adjust the level of housing provision which is planned for to support economic growth.

Overall Conclusion on Housing Needs

- 9.20 We have sought to draw the range of evidence together to define objectively-assessed need for housing. In doing so we have followed the following approach:
- Define the base level of need with regard to the demographic projections;
 - Consider the case for adjustments in response to market signals. This points to a case for upwards adjustment in Melton and Harborough Districts;
 - Compare the demographic projections against the proportionate economic-led projections in regard to the scope to encourage local living and working;
 - Overlay the affordable housing evidence in regard to the % supply based on the demographic projections needed to support full affordable housing delivery;

- Identify the higher level of the range to take account of the market signals, economic evidence and affordable housing need.

9.21 In interpreting the affordable housing needs evidence, we recognise that whilst the Planning Practice Guidance identifies a need to consider adjustments to the overall assessment of need to enhance affordable housing delivery, some households in housing need are able to live within the Private Rented Sector supported by Local Housing Allowance. A proportionate adjustment is thus appropriate to enhance affordable delivery where applicable.

9.22 The table below draws together our conclusions over the 2011-31 period. We consider that housing need over the 2011-31 period would fall between 3,775 – 4,215 homes per annum across the HMA. Local authority level figures are shown in the table.

Table 84: OAN Conclusions, 2011-31

Homes Per Annum, 2011-2031	Demographic-Led Household Projections to 2031	Higher Market Affordability Pressures	Supporting Proportionate Economic Growth	Affordable Housing Need per Annum	Affordable Need as % Demographic-Led Projection	OAN Range	
Leicester	1,249		1,057	527	42%	1,250	1,350
Blaby	356		388	352	99%	360	420
Charnwood	814		690	180	22%	810	820
Harborough	415	✓	454	212	51%	415	475
Hinckley & Bosworth	375		467	248	66%	375	450
Melton	202	✓	253	74	36%	200	250
NW Leicestershire	284		372	212	75%	285	350
Oadby & Wigston	79		173	163	206%	80	100
LLLPA	3,774		3,854	1,966	52%	3,775	4,215

9.23 A similar analysis for the 2011-36 period is shown below. This indicates housing need for between 3,630 – 4,060 homes per annum to 2036.

Table 85: OAN Conclusions, 2011-36

Homes Per Annum, 2011-2036	Demographic-Led Household Projections to 2036	Higher Market Affordability Pressures	Supporting Proportionate Economic Growth	Affordable Housing Need per Annum	Affordable Need as % Demographic-Led Projection	OAN Range	
Leicester	1,231		1,031	496	40%	1,230	1,330
Blaby	336		363	349	104%	340	400
Charnwood	774		665	174	22%	770	780
Harborough	396	✓	433	208	53%	400	460
Hinckley & Bosworth	353		431	245	69%	350	420
Melton	194	✓	239	71	37%	195	245
NW Leicestershire	267		352	209	78%	270	330
Oadby & Wigston	75		173	160	213%	75	95
LLLPA	3,626		3,687	1,913	53%	3,630	4,060

9.24 The affordable housing needs figures here are based on different time frames over which the backlog of affordable housing would be addressed (2031 and 2036 respectively).

9.25 In line with the practice guidance, the additional uplift, from the baseline demographic need is considered sufficient to; support improvements in affordability, make a tangible difference to meeting affordable housing needs and supporting proportionate economic growth. For each of the local authorities we have considered an upwards adjustment on the following basis:

- Leicester – To support the provision of additional affordable housing;
- Blaby - To support the provision of additional affordable housing and to ease acute levels of need;
- Charnwood – The wider market signals and affordable housing need signals do not provide a basis for adjustments to the demographic-led need. The range is structured around the demographic projections;
- Harborough – To ease extreme market housing affordability, to support the provision of additional affordable housing and to support growth in employment/labour supply;
- Hinckley & Bosworth - To support the provision of additional affordable housing and to support growth in employment/labour supply;
- Melton - To ease extreme market affordability needs and to support growth in employment/labour supply;
- NW Leicestershire - To support the provision of additional affordable housing and to support growth in employment/labour supply; and
- Oadby & Wigston - To support the provision of additional affordable housing and to ease acute levels of need.

9.26 The Practice Guidance sets out that market signals are affected by a number of economic factors, and that plan makers should not attempt to estimate the precise impact of an increase in housing supply. It suggests an increasing housing provision based on reasonable assumptions which could be considered to improve affordability. Consistent with this, GL Hearn has not sought to use a formulaic approach to assess what uplift in housing provision would be necessary to improve affordability and/or delivery affordable housing. Instead we have made an uplift using reasonable assumptions which we consider will achieve these aims.

9.27 It should be recognised that this is an objective assessment of housing need and takes no account of land supply, development constraints, environmental constraints or the feasibility of delivering infrastructure to support sustainable development. The Planning Practice Guidance¹⁰ is clear on these issues, setting out that “*plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for development, historical under performance, infrastructure or environmental constraints. However these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans.*”

9.28 These supply-side factors are relevant in translating the need identified into policy targets for housing provision in local plans, and joint work to address these issues will be necessary. This is likely to affect the distribution of housing provision between authorities within the HMA.

¹⁰ CLG (March 2014) *Planning Practice Guidance – Assessment of Housing and Economic Development Needs*

- 9.29 Ongoing engagement with adjoining authorities, partly through this process will be necessary to assess whether each Council needs to consider whether there is potential to contribute to meeting unmet needs of adjoining authorities where they exist, in accordance with the Duty to Cooperate. This is an important procedural requirement in the development of local plans.
- 9.30 The assessment also does not take account of local policies for economic growth. The Leicester & Leicestershire Local Enterprise Partnership (LEP) has published its Strategic Economic Plan. This identifies five growth areas within which there are four transformational priorities. The priorities are Leicester Launchpad (6,000 jobs), East Midlands Gateway Strategic Rail Freight Interchange (7,000 jobs), Loughborough University Science & Enterprise Parks (4,000 jobs) and MIRA Technology Park (2,000 jobs). The SEP is a bidding document and is not specifically assessed within the SHMA. The alignment of policies for housing, employment and other land uses is a relevant consideration (as set out in Paragraph 158 in the NPPF) in the development of local plans and needs to be considered as the strategy for development is progressed.
- 9.31 Equally the distribution of housing provision within the HMA may require further discussion between the local authorities in accordance with the Duty to Cooperate. The objectively assessed needs figures identified above do not take account of unmet needs from authorities within or outside of the HMA. These are however relevant considerations in translating assessments of housing need in SHMA studies into policy targets in development plans. Local authorities will need to work together to address these issues.

Housing Mix

Sizes of Homes Needed

- 9.32 There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. Our analysis linked to long-term (25-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes. We have recommended the following mix for affordable and market housing:

Table 86: Recommendations regarding the Sizes of Homes Needed

	1-bed	2-bed	3-bed	4+ bed
Market	5-10%	30-35%	45-50%	10-15%
Affordable	35-40%	30-35%	20-25%	5-10%
All dwellings	15-20%	30-35%	35-40%	10-15%

- 9.33 Our strategic conclusions on the affordable sector recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

- 9.34 The mix identified above should inform strategic HMA-wide policies. In applying these to individual development sites regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.
- 9.35 Based on the evidence, we would expect the focus of new market housing provision to be on two and three-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2 and 3 beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.
- 9.36 The analysis of an appropriate mix of dwellings should also inform the 'portfolio' of sites which are considered through the local plan process, including: Site Allocations, Neighbourhood Plans and other planning documents. Equally it will be of relevance to affordable housing negotiations.

Tenure

- 9.37 Overall a net deficit of 47,813 affordable homes is identified (1,913 per annum). There is thus a significant requirement for new affordable housing in Leicester and Leicestershire and the Councils are justified in seeking to secure additional affordable housing.
- 9.38 While a significant deficiency in affordable housing is identified, in practice many households who are unable to secure affordable housing are able to live within the Private Rented Sector supported by housing benefit. It seems likely that the Private Rented Sector will continue to be used to make up for a shortfall of fully affordable housing.
- 9.39 We have also assessed the proportion of affordable housing need that should be met through provision of different housing products. There are three main types of affordable housing that can be studied in this analysis:
- Intermediate;
 - Affordable rent; and
 - Social rent
- 9.40 Overall, 18.3% of households that cannot afford market housing can afford more than the affordable rent level of 80% market rent. A further 6.9% of households earn between the current social rental costs and affordable rental costs (80% of market rent). This reflects the fact that there is relatively little difference in the housing costs for these two types of 'product' in many locations. The remaining 74.8% can only afford at current social rents or below.
- 9.41 The analysis suggests around 21% of affordable housing could be equity-based intermediate (such as shared ownership) with the remaining 79% being a rented product, either social (36%) or affordable rented (43%) although there is potential overlap between these categories. The

intermediate requirement varies between 11% in Oadby & Wigston up to 32% in Leicester – the latter finding is more strongly related to a relatively high supply of social rented housing rather than better affordability in the City.

- 9.42 In determining policies for affordable housing provision on individual sites, our findings should be brought together with other local evidence such as from the Housing Register or parish surveys where available. Consideration could also be given to areas with high concentrations of social rented housing where additional intermediate housing might be desirable to improve the housing mix and to create 'housing pathways'.
- 9.43 It should also be noted that funding for the delivery of new-build affordable housing is now focused on affordable rent tenure. The dominance of this tenure within new build delivery is also confounded by registered providers now being able to convert existing social rent properties to affordable rent as they become vacant, in effect reducing the level of available socially rented properties. This is likely to lead to a further focus/reliance on the affordable rental tenure in future years.

Needs of Specific Groups

- 9.44 The SHMA identifies a particular need to plan for a growing older population. The SHMA analysis indicates that the growing older population (particularly in the oldest age groups) will result in growth in households with specialist housing needs. Typically the greatest support needs are for alterations to properties (such as to bathrooms, showers and toilets, provision of emergency alarms or help maintaining homes). Many of these can be resolved in situ through adaptations to existing properties and the resource implications of this will need to be planned for.
- 9.45 The growing older population will however likely lead to some increase in requirements for specialist housing solutions. The analysis above suggests a 114% growth in older population with dementia, and a 93% increase in the older population with mobility problems. From a planning point of view, some of these people will require specialist housing such as sheltered or extra care provision. Increasing numbers of older people with health problems will also require joint-working between housing and health (Council and NHS).
- 9.46 Our analysis suggests a potential requirement for around 240-720 additional housing units to be specialist accommodation across the HMA to meet the needs of the older person population each year moving to 2036. The range is so large due to the current trend diverging so far from the national trend.
- 9.47 Within the different models and assumptions made regarding the future need for specialist retirement housing (normally defined as a form of congregate housing designed exclusively for older people which usually offers some form of communal space, community alarm service and access to support and care if required), there may for example be an option to substitute some of

this specialist provision with a mix of one and two bedroomed housing aimed to attract 'early retired' older people which could be designated as age specific or not. Such housing could be part of the general mix of one and two bedroom homes but built to Lifetime Homes standards in order to attract retired older people looking to 'down size' but perhaps not wanting to live in specialist retirement housing.

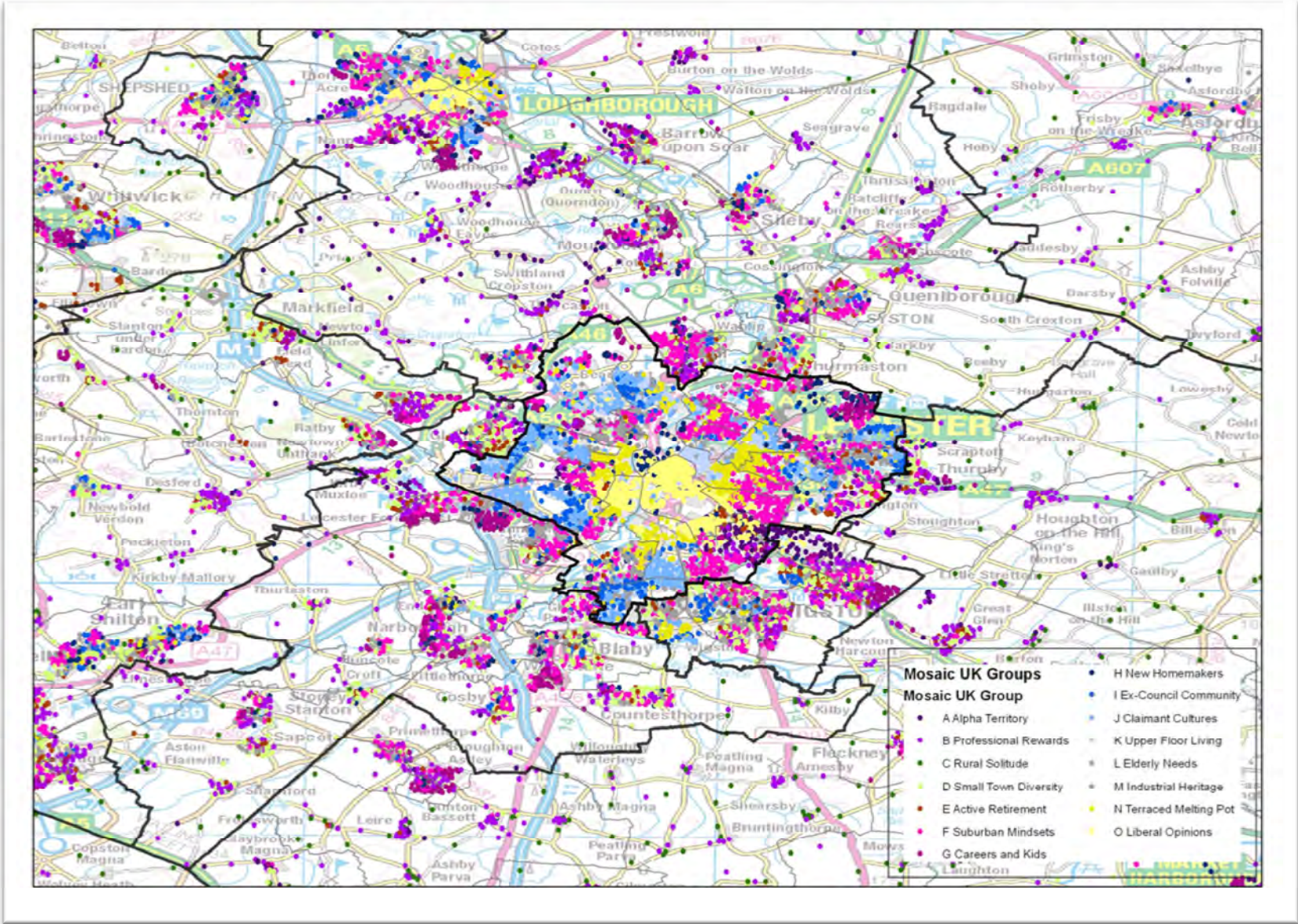
- 9.48 Stakeholder work carried out as part of the SHMA has also identified that there is likely to be a demand for bungalows. Where developments including bungalows were found it was clear that these were very popular to older people downsizing. In reality it may be difficult to provide a significant number of bungalows moving forward given the typical plot size compared to floorspace – however, there may be some merit in considering providing bungalows in locations where a specific demand for a household to downsize can be established.
- 9.49 Regarding the tenure mix; we have noted that at present there is a much higher level of supply in the affordable sector than for market housing whereas the majority of older person households are owner-occupiers. This would suggest moving forward that a greater emphasis could be placed on market specialist provision than has been the case in the past.
- 9.50 As well as the need for specialist housing for older people the analysis needs to consider Registered Care. The focus of the institutional population in the elderly age groups is those over 75. Over the period 2011 to 2036, the institutional population across Leicester and Leicestershire is expected to grow by 5,544. This equates to an annual growth of 222 people per annum. This can be directly linked to the need for bedspaces.
- 9.51 Currently 25% of households contain someone with a long-term health problem or disability. Demographic trends are expected to lead to a significant growth in the population and number of households with disabilities over the period to 2036. Housing support services, including provision of adaptations to properties, will need to be adequately resourced to take account of this.
- 9.52 The BME population in Leicester & Leicestershire has grown strongly since 2001. The 2011 Census shows that BME groups make up 25% of the HMA's population (up from 17% in 2001). The Asian population (which is the main BME group) has grown notably over the past decade.
- 9.53 BME households appear to be typically younger and less likely to be owner occupiers than the White (British/Irish) population; there is also a greater reliance on the private rented sector. BME households are also more likely to be overcrowded and less likely to under-occupy dwellings. The implications of this are more for housing strategy than planning, and suggest a need to consider particularly how the needs of different groups are met within the local housing market, to explore the reasons for higher levels of overcrowding in BME communities and how this can be addressed. It will also be important to consider the role which the Private Rented Sector plays in meeting needs

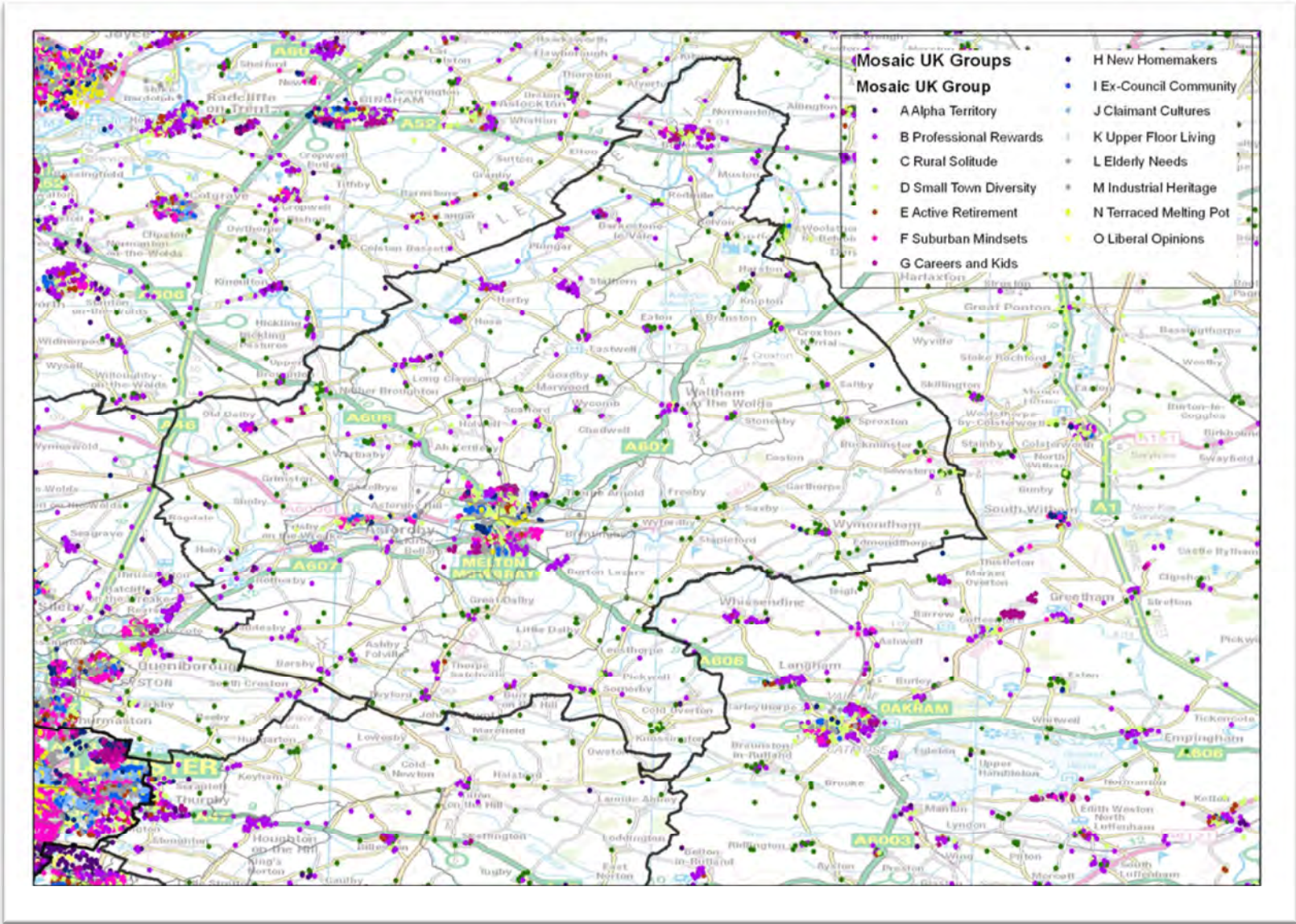
of new migrant communities and the standards of housing in this sector. Investigating these issues in greater detail may assist development of strategic housing policies.

- 9.54 Analysis is included within the report regarding the needs of students, younger persons, families, gypsies and travellers, rural households and those seeking self-build. It will be important that the needs of these groups continue to be planned for and monitored.

Appendices

APPENDIX A: Socio-Demographic Maps of Leicestershire



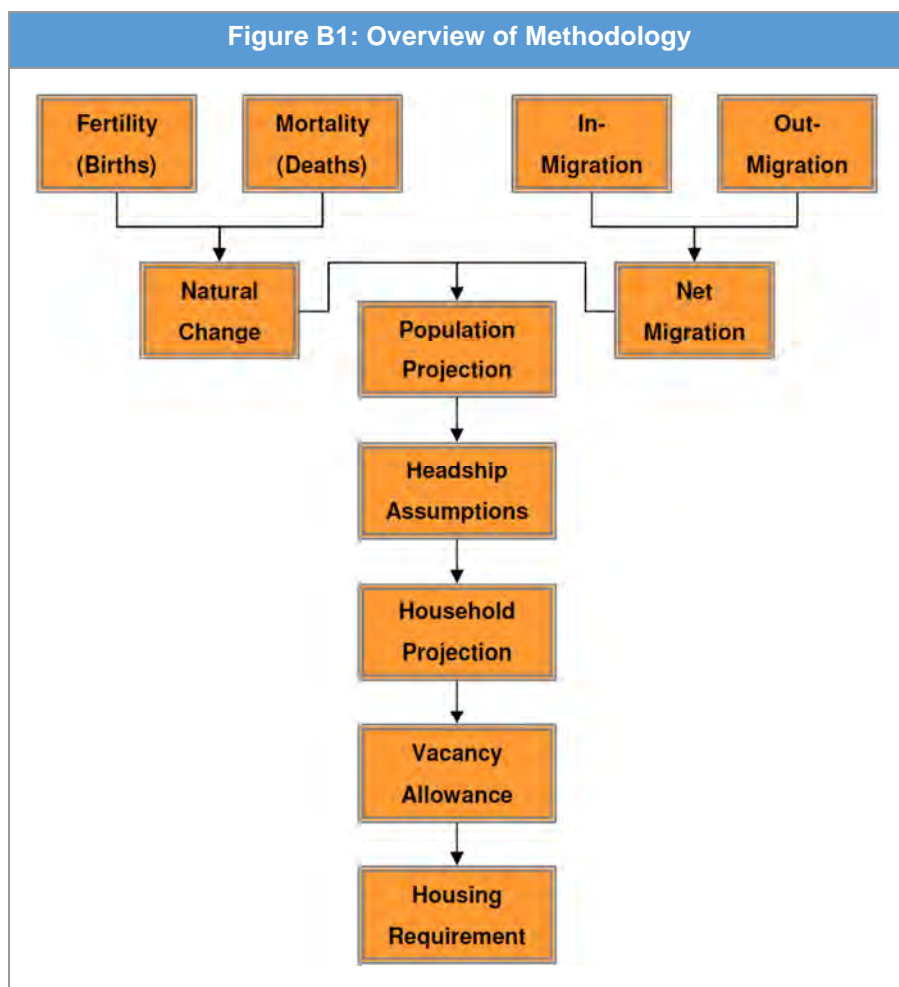


APPENDIX B: Projection Methodology and Key Data

Introduction

B.1 Our methodology used to determine population growth and hence housing requirements is based on fairly standard population projection methodology consistent with the methodology used by ONS and CLG in their population and household projections. Essentially the method establishes the current population and how will this change in the period from 2011 to 2036. This requires us to work out how likely it is that women will give birth (the fertility rate); how likely it is that people will die (the death rate) and how likely it is that people will move into or out of each local authority area. These are the principal components of population change and are used to construct our population projections.

B.2 The figure below shows the key stages of the projection analysis through to the assessment of housing requirements.



Projections Run

B.3 As part of this assessment we have run a number of projections to assess how the population and local economy (number of people in employment) might change under different assumptions. The projections were developed to follow the logical set of steps set out in draft CLG advice of August 2013 which was finalised in March 2014. The projections are listed below:

- PROJ 1 (2011-based ONS and CLG projections rolled-forward to 2036)
- PROJ 2 (2011-based ONS and CLG projections updated to take account of more recent data about population growth)
- PROJ 2A (Linked to PROJ 2 above with a reduced household formation constraint)
- PROJ 3 (Linked to employment growth shown in an Experian baseline economic forecast for each district)
- PROJ 4 (Linked to employment growth shown in an Experian baseline economic for the whole HMA)

Past Population Dynamics

B.4 Before describing the projection process and key inputs it is of interest to study past population growth and the components of change. Each of the tables below summarise key data from ONS mid-year population estimates (MYE) going back to 2001. The data for 2001-11 is from the revised MYE which uses Census data to adjust past estimates to ensure consistency between data for 2001 and 2011. The first table shows data for the whole Leicester and Leicestershire area with the tables following showing data for each individual local authority.

B.5 The information shows a number of interesting trends in relation to the HMA and these are summarised below:

- Natural change (the number of births minus the number of deaths) has been increasing over time from around 2,000 per annum in 2001-3 up to around 4,000 in each year from 2007/8 onwards. This trend is consistent with that seen in many areas where relatively high birth rates have driven a greater level of population growth than was observed earlier in the past decade. An increase in natural change is also observed in most of the individual local authority areas.
- Net internal migration (people moving from one part of the Country to/from the HMA) has been highly variable over time with figures ranging from a net out-migration of 1,277 in 2006/7 to a net in-migration of 1,332 in 2001/2. A highly variable level of net migration can also be observed at the smaller area level.
- Net international migration is also variable over time although it is positive throughout the period studied. Particularly high levels of international migration were observed in the 2004-2007 period with more recent years (other than 2010/11) showing notably lower levels. Net international migration is particularly high in Leicester and to a lesser extent Charnwood with all other areas only seeing very moderate levels of net international migration.
- The other changes are fairly minor in number compared to the migration figures – other changes are largely linked to estimated changes in the prison and armed forces populations.

- The other (unattributable) column of data reflects an adjustment made by ONS to ensure consistency between Census based mid-year population estimates and the mid-year estimates prior to Census data being available. In Leicester and Leicestershire the positive figures imply that the various components of population change (once added together) are somewhat lower than the overall level of population growth (in the decade to 2011). Whilst it is unknown as to what components of change this difference is linked to it is most probable that this will be due to the over-recording of in-migration or under-recording of out-migration – this in turn may be linked to international migration data which has historically been the most difficult component of population change to accurately measure. The ONS data does not provide a figure for other (unattributable) in 2011/12 as there is no Census data against which to measure whether or not population change has been over- or under-estimated. Whilst the unattributable change is positive for the whole HMA it is notable that the figures vary for different local authorities. In Leicester the figures are positive (and high) suggesting a potential under-estimation of population growth in the past with the opposite being the case in Charnwood and Oadby & Wigston. Given the strong migratory links between these areas it is likely that there has been some mis-recording of movement by ONS.
- The final component is a specific adjustment for Oadby & Wigston. This is notable as the Borough is the only place in the country where ONS make a specific and additional adjustment. Overall, the adjustment is positive (suggesting some degree of under-estimation of population change) although for Oadby & Wigston itself the figures are generally negative. The main place where an adjustment is made is in the case of Leicester with the positive nature of the data suggesting that ONS recognises that their data sources have not recorded student movements from the Borough into the City.

Figure B2: Components of population change (2001-12) – Leicester & Leicestershire							
Year	Natural change	Net internal migration	Net international migration	Other changes	Other (unattributable)	Oadby & Wigston adjustment	Total change
2001/2	2,128	1,332	1,506	25	1,333	0	6,324
2002/3	2,091	984	2,555	-10	1,351	285	7,256
2003/4	2,606	1,246	4,098	47	1,087	561	9,645
2004/5	2,532	-356	6,392	-17	787	796	10,134
2005/6	3,148	-349	5,295	35	588	992	9,709
2006/7	3,576	-1,277	5,871	62	398	1,124	9,754
2007/8	4,178	-986	4,201	102	290	1,066	8,851
2008/9	3,993	-1,109	3,276	10	323	761	7,254
2009/10	4,188	884	3,415	-48	496	306	9,241
2010/11	4,430	-815	5,157	70	760	-	9,602
2011/12	4,585	280	2,609	24	-	-	7,498

Source: ONS Components of Change

Figure B3: Components of population change (2001-12) - Leicester							
Year	Natural change	Net internal migration	Net international migration	Other changes	Other (unattributable)	Oadby & Wigston adjustment	Total change
2001/2	1,424	-2,996	1,819	-3	2,207	87	2,538
2002/3	1,368	-2,876	2,399	-10	2,140	332	3,353
2003/4	1,791	-2,579	3,887	-6	1,909	477	5,479
2004/5	1,808	-2,768	5,848	-19	1,776	771	7,416
2005/6	2,122	-2,863	3,355	3	1,527	861	5,005
2006/7	2,370	-4,112	4,133	-21	1,446	939	4,755
2007/8	2,662	-3,565	2,711	17	1,365	980	4,170
2008/9	2,699	-2,691	1,891	-20	1,302	1,054	4,235
2009/10	2,750	-1,623	2,123	-25	1,149	830	5,204
2010/11	2,991	-2,758	3,275	-29	1,236	-	4,715
2011/12	3,089	-2,311	1,200	1	-	-	1,979

Source: ONS Components of Change

Figure B4: Components of population change (2001-12) - Blaby							
Year	Natural change	Net internal migration	Net international migration	Other changes	Other (unattributable)	Oadby & Wigston adjustment	Total change
2001/2	259	654	2	34	-85	0	864
2002/3	260	96	58	30	-74	-3	367
2003/4	273	-60	24	-84	-75	-6	72
2004/5	244	-186	99	-10	-84	-6	57
2005/6	329	73	209	13	-73	-6	545
2006/7	266	118	166	5	-74	-6	475
2007/8	337	128	123	64	-47	-5	600
2008/9	297	-123	78	-22	-58	-2	170
2009/10	246	196	52	-21	-49	0	424
2010/11	279	-182	143	34	-77	-	197
2011/12	290	188	15	-32	-	-	461

Source: ONS Components of Change

Figure B5: Components of population change (2001-12) - Charnwood							
Year	Natural change	Net internal migration	Net international migration	Other changes	Other (unattributable)	Oadby & Wigston adjustment	Total change
2001/2	184	439	-169	-16	-561	0	-123
2002/3	138	636	65	-16	-590	0	233
2003/4	237	1,246	150	17	-574	0	1,076
2004/5	213	1,033	370	-5	-583	0	1,028
2005/6	195	805	986	-6	-595	0	1,385
2006/7	400	689	1,025	-14	-586	0	1,514
2007/8	488	1,028	908	7	-589	0	1,842
2008/9	387	1,127	920	-13	-600	0	1,821
2009/10	560	1,035	1,073	-15	-637	0	2,016
2010/11	479	442	1,209	35	-635	-	1,530
2011/12	441	1,317	1,128	17	-	-	2,903

Source: ONS Components of Change

Figure B6: Components of population change (2001-12) - Harborough							
Year	Natural change	Net internal migration	Net international migration	Other changes	Other (unattributable)	Oadby & Wigston adjustment	Total change
2001/2	64	1,370	-68	-6	48	0	1,408
2002/3	139	737	-21	0	40	-3	892
2003/4	195	429	-38	126	33	-3	742
2004/5	70	506	-6	30	29	-3	626
2005/6	182	649	121	18	39	-3	1,006
2006/7	178	724	85	97	19	-2	1,101
2007/8	187	546	58	-6	41	-2	824
2008/9	127	381	57	94	57	-1	715
2009/10	160	500	5	18	34	0	717
2010/11	115	658	79	1	-3	-	850
2011/12	64	491	100	35	-	-	690

Source: ONS Components of Change

Figure B7: Components of population change (2001-12) – Hinckley & Bosworth							
Year	Natural change	Net internal migration	Net international migration	Other changes	Other (unattributable)	Oadby & Wigston adjustment	Total change
2001/2	61	394	-72	-5	-98	0	280
2002/3	28	793	-10	3	-86	0	728
2003/4	63	722	41	3	-86	0	743
2004/5	74	471	41	-7	-101	0	478
2005/6	115	366	171	1	-87	-1	565
2006/7	121	342	84	-3	-89	-1	454
2007/8	209	532	88	7	-106	-1	729
2008/9	219	122	67	-8	-105	-1	294
2009/10	172	212	-27	-3	-93	0	261
2010/11	261	305	113	2	-87	-	594
2011/12	298	344	85	-9	-	-	718

Source: ONS Components of Change

Figure B8: Components of population change (2001-12) - Melton							
Year	Natural change	Net internal migration	Net international migration	Other changes	Other (unattributable)	Oadby & Wigston adjustment	Total change
2001/2	27	86	42	35	15	0	205
2002/3	78	223	42	-13	19	0	349
2003/4	5	149	19	-19	35	0	189
2004/5	4	32	-76	3	24	0	-13
2005/6	57	17	29	3	14	-1	119
2006/7	70	294	38	8	20	-1	429
2007/8	42	-5	69	1	28	-1	134
2008/9	72	52	58	-5	17	0	194
2009/10	129	443	18	2	4	0	596
2010/11	111	269	12	12	14	-	418
2011/12	118	177	-33	13	-	-	275

Source: ONS Components of Change

Figure B9: Components of population change (2001-12) – North West Leicestershire							
Year	Natural change	Net internal migration	Net international migration	Other changes	Other (unattributable)	Oadby & Wigston adjustment	Total change
2001/2	97	962	-60	-6	171	0	1,164
2002/3	97	720	-31	-1	170	-3	952
2003/4	175	711	-4	4	168	-3	1,051
2004/5	103	502	9	-8	177	-5	778
2005/6	150	240	214	2	182	-5	783
2006/7	176	575	156	-6	175	-6	1,070
2007/8	217	290	113	5	184	-2	807
2008/9	190	-28	95	-2	190	0	445
2009/10	205	36	14	-3	185	0	437
2010/11	175	34	101	1	194	-	505
2011/12	193	61	91	3	-	-	348

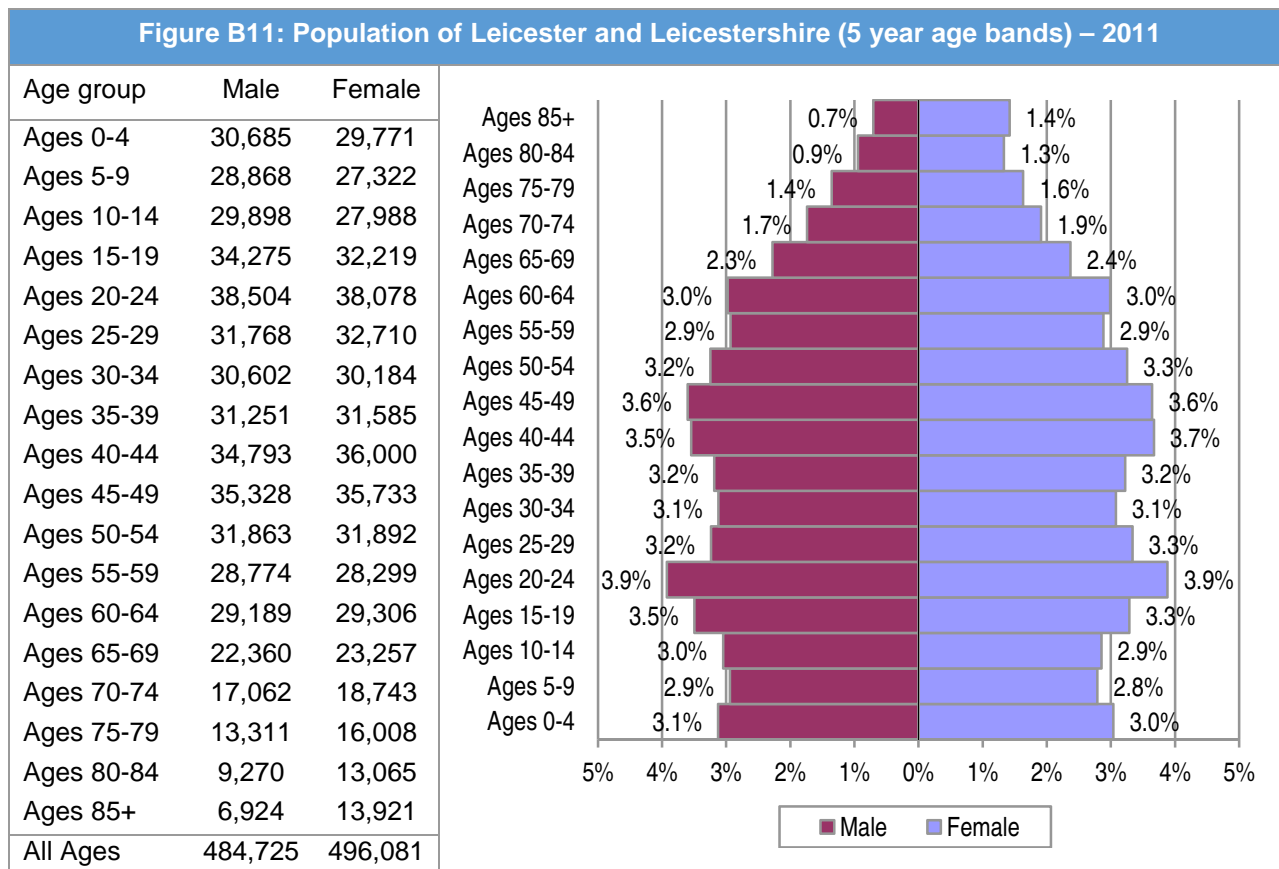
Source: ONS Components of Change

Figure B10: Components of population change (2001-12) – Oadby & Wigston							
Year	Natural change	Net internal migration	Net international migration	Other changes	Other (unattributable)	Oadby & Wigston adjustment	Total change
2001/2	12	423	12	-8	-364	-87	-12
2002/3	-17	655	53	-3	-268	-38	382
2003/4	-133	628	19	6	-323	96	293
2004/5	16	54	107	-1	-451	39	-236
2005/6	-2	364	210	1	-419	147	301
2006/7	-5	93	184	-4	-513	201	-44
2007/8	36	60	131	7	-586	97	-255
2008/9	2	51	110	-14	-480	-289	-620
2009/10	-34	85	157	-1	-97	-524	-414
2010/11	19	417	225	14	118	-	793
2011/12	92	13	23	-4	-	-	124

Source: ONS Components of Change

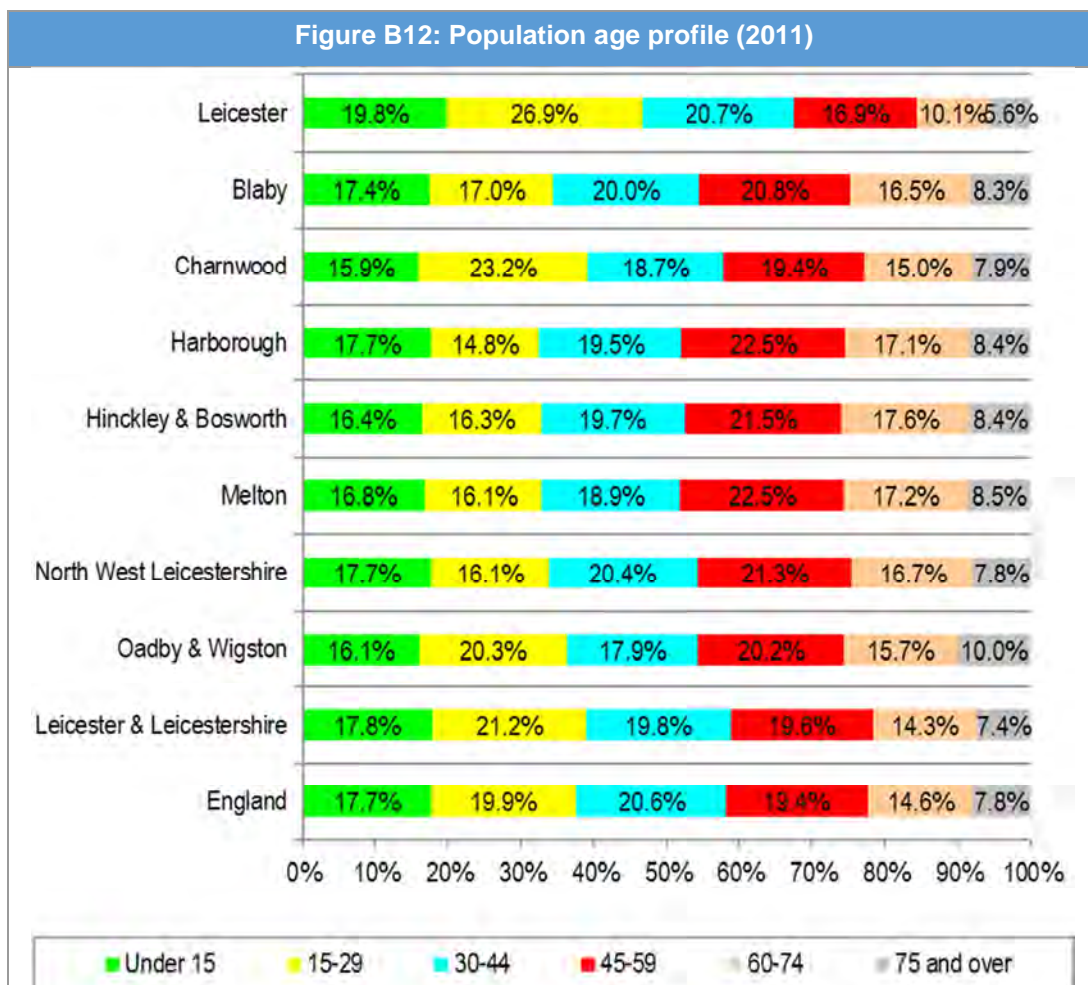
Baseline Population

B.6 The baseline for our projections is taken to be 2011 with the projection run for each year over the period up to 2036. The estimated population profile as of 2011 has been taken from ONS mid-year population estimates. The overall population in 2011 is estimated to be 980,806 with slightly more females than males.



Source: ONS mid-year population estimates

B.7 The figure below shows the population distribution in each local authority area in broad 15-year age categories. For the whole HMA, the data shows a similar age profile when compared with the national position. There are however some notable differences within different local authorities. Leicester in particular has a young population with 47% of the population aged under 30 (compared with a sub-regional average of 39%). In contrast, the other areas have older populations. In the areas other than Leicester between 23% and 26% of the population is aged 60 or over compared with just 16% in Leicester.



Source: 2011-Mid-Year population estimates

Fertility and Mortality Rate Assumptions

B.8 For modelling of fertility we have used the rates contained within the ONS 2010-based population projections (with very small adjustments to ensure consistency with the 2011-based SNPP). Across the HMA, fertility rates are expected to increase very slightly in the short-term before dropping quite notably moving towards the end of the projection period. We also interrogated the ONS 2010-based projections with regard to death rates which suggested that life expectancy is expected to increase over time for both males and females.

B.9 We have no evidence to suggest that either the fertility or mortality estimates used by ONS are unreasonable and note that the expected figures and changes in the HMA are consistent with past trend data and future expected patterns as published by ONS on a national basis.

B.10 The table below shows figures for the TFR and life expectancy (e0) in each area for key dates at the start and end of the projection period. The data suggests higher fertility rates in Leicester, Harborough, Melton and NW Leics with Oadby & Wigston and Charnwood having the lowest figures. Life expectancy also shows some variation between areas with Blaby and Harborough in particular having the highest life expectancy and Leicester the lowest.

Figure B13: Fertility and mortality assumptions (key periods)						
	TFR – 2011/12	TFR – 2035/36	Male e0 – 2011/12	Male e0 – 2035/36	Female e0 – 2011/12	Female e0 – 2035/36
Leicester	2.13	1.94	76.6	81.0	81.1	85.0
Blaby	1.98	1.81	80.2	84.6	83.7	87.6
Charnwood	1.69	1.52	79.5	83.7	83.5	87.2
Harborough	2.11	1.95	80.1	84.4	83.8	87.4
Hinckley & Bosworth	1.86	1.70	79.8	84.0	83.5	87.0
Melton	2.10	1.92	79.6	83.9	82.9	86.8
NW Leics	2.08	1.90	78.8	83.1	82.3	86.1
Oadby & Wigston	1.73	1.54	79.1	83.6	83.0	86.8

Source: Derived from ONS 2010-based SNPP

Migration Assumptions

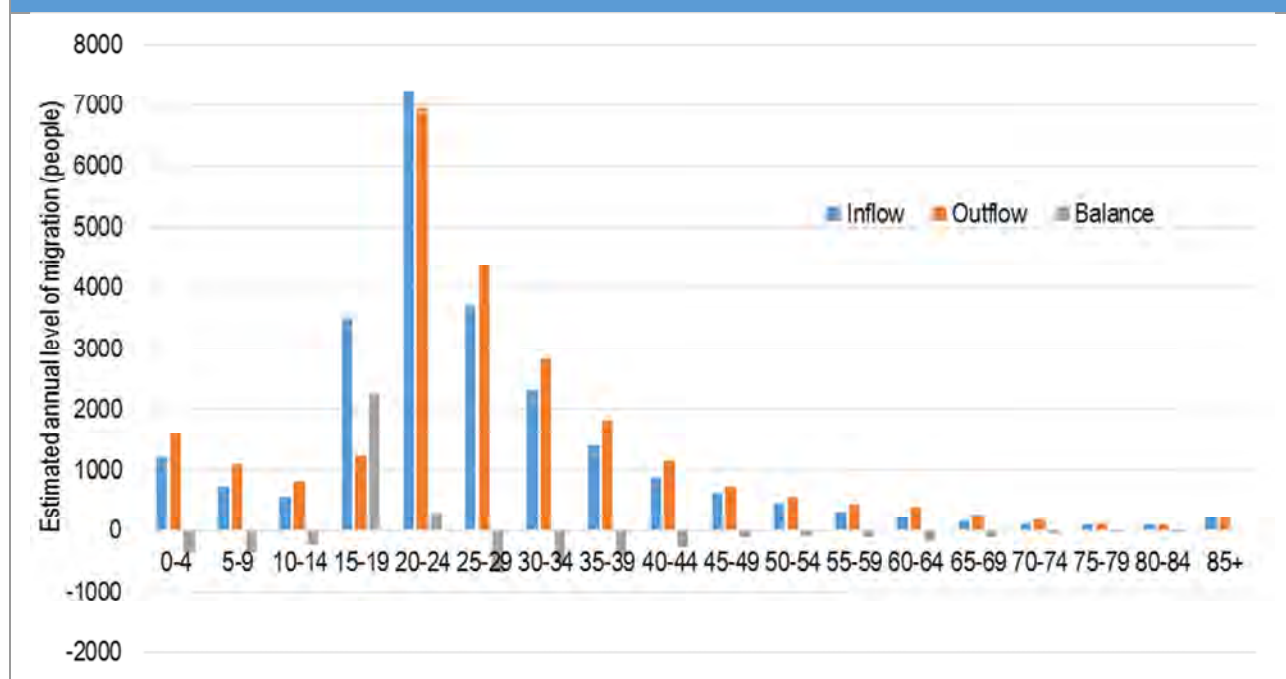
- B.11 For the purposes of understanding the profile of migrants we have again drawn on the ONS 2010- and 2011-based sub-national population projections. Over the period from 2011 to 2036 the figures show an average annual level of net in-migration of 2,630 people of which around 46% is to Charnwood. All areas other than Leicester are expected to see some level of net in-migration (Leicester is expected to see out-migration of around 1,000 people per annum). These figures are based on our PROJ 2 which uses ONS data with a small adjustment due to unattributable population change shown in the ONS rebased 2001-2011 mid-year population estimates.

Figure B14: Modelled migration levels (average per annum (2011-36))			
	In-migration	Out-migration	Net migration
Leicester	23,873	24,877	-1,004
Blaby	5,395	5,053	342
Charnwood	14,167	12,964	1,203
Harborough	5,053	4,389	664
Hinckley & Bosworth	5,118	4,570	549
Melton	2,631	2,359	272
NW Leics	4,674	4,331	343
Oadby & Wigston	5,437	5,177	260
Total	-	-	2,630

Source: Derived from ONS data

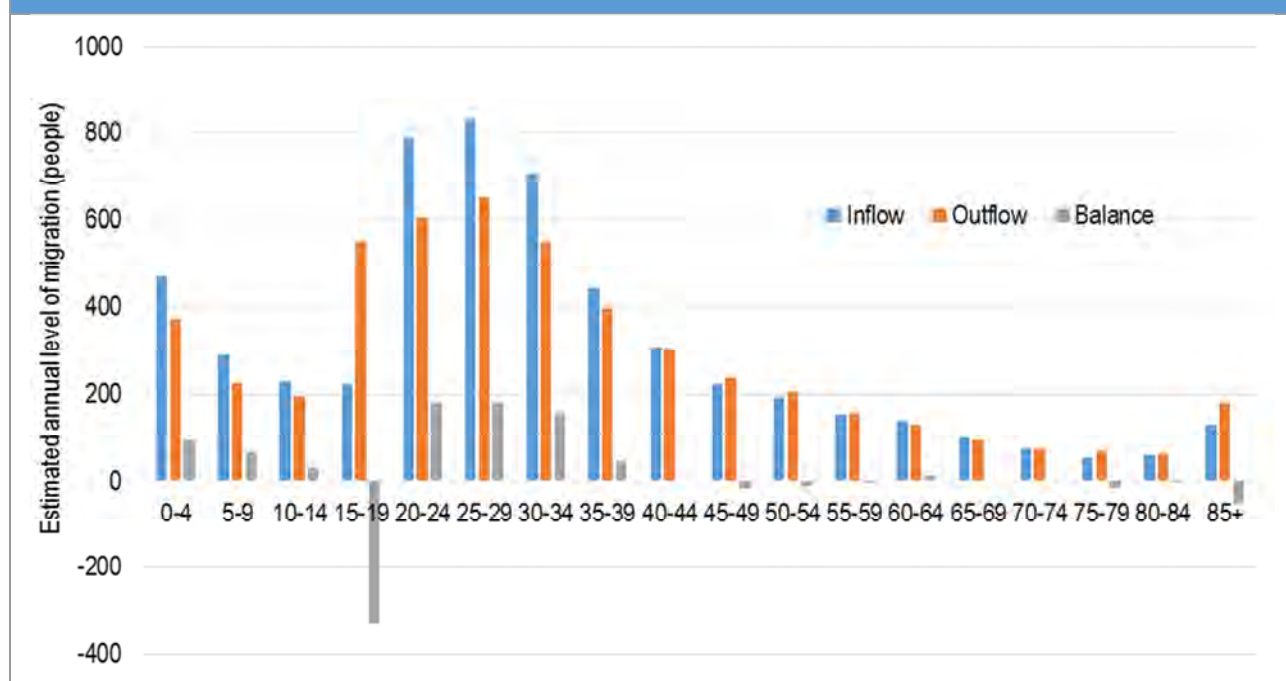
- B.12 The series of figures below shows in-, out- and net migration in each local authority for the 2011-36 period. In all areas it is notable that the main flows are of people aged 15-29 which will be strongly linked to student migration dynamics. In Leicester, Charnwood and Oadby & Wigston the data shows net in-migration of people aged 15-19, with all other areas seeing net out-migration for this age group. Oadby & Wigston (and to a lesser extent Charnwood) stand out as having migration patterns which are very strongly associated with student populations.

Figure B15: Estimated annual level of net migration by five-year age band (2011-2036) - Leicester



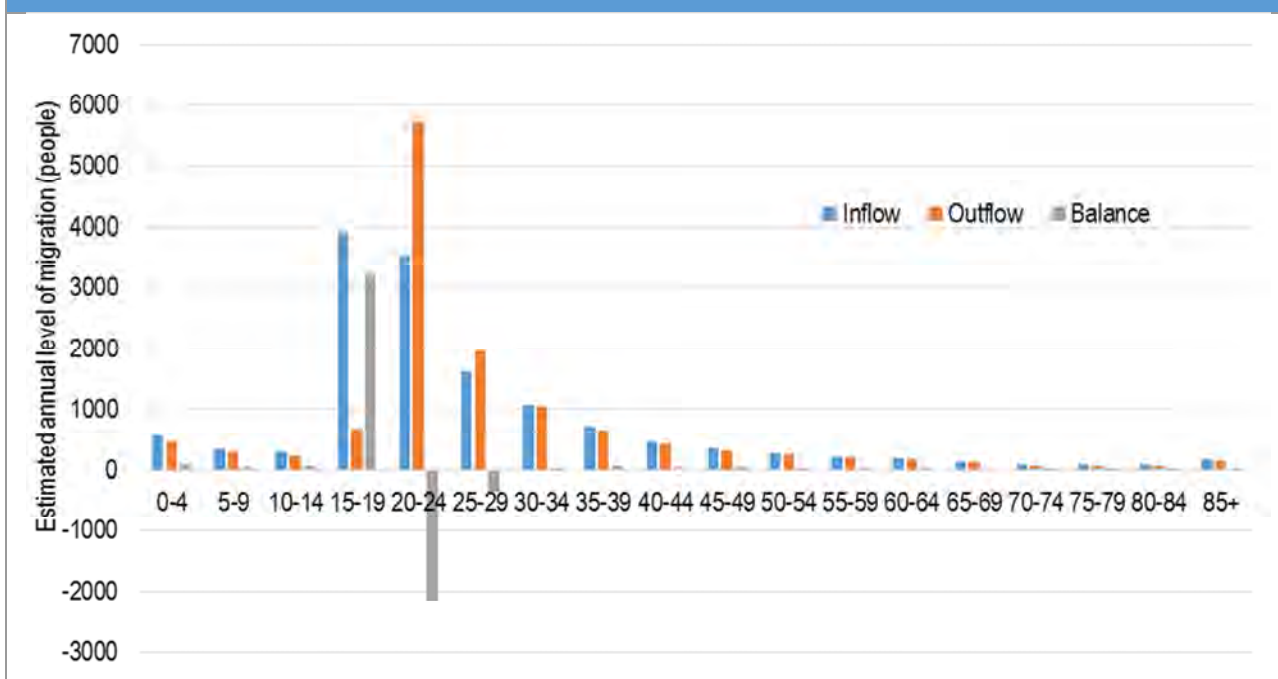
Source: Derived from ONS 2010- and 2011-based population projections

Figure B16: Estimated annual level of net migration by five-year age band (2011-2036) - Blaby



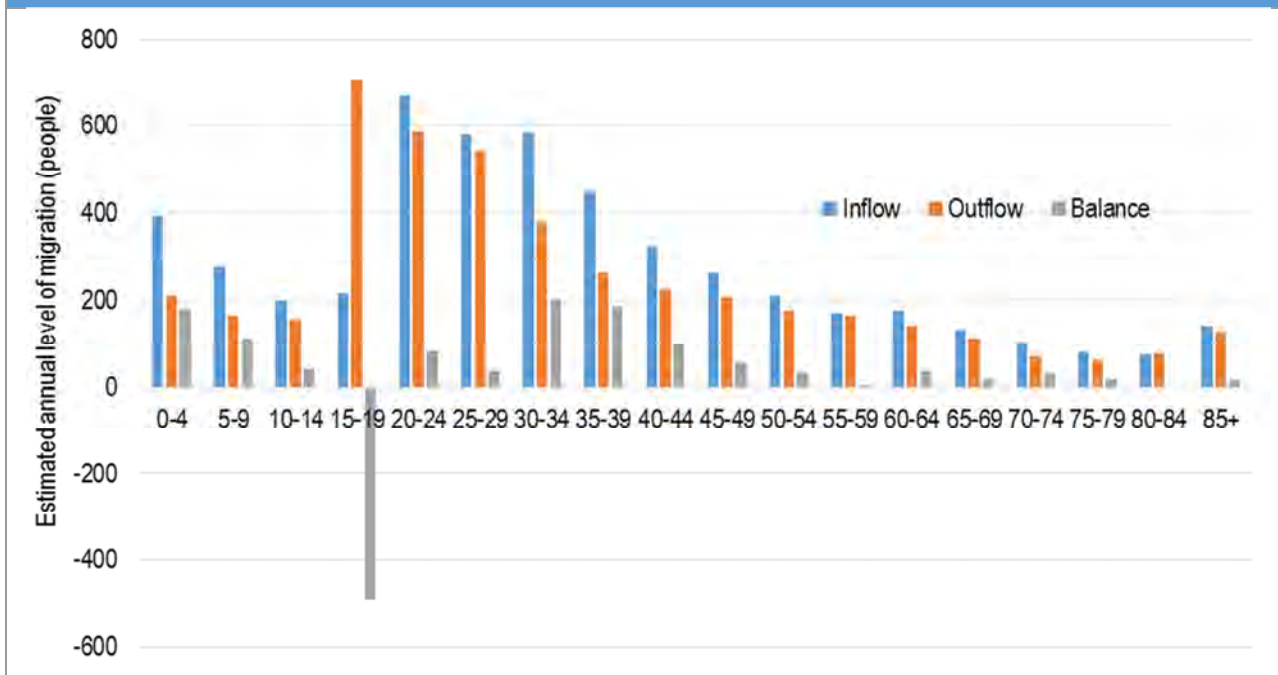
Source: Derived from ONS 2010- and 2011-based population projections

Figure B17: Estimated annual level of net migration by five-year age band (2011-2036) - Charnwood



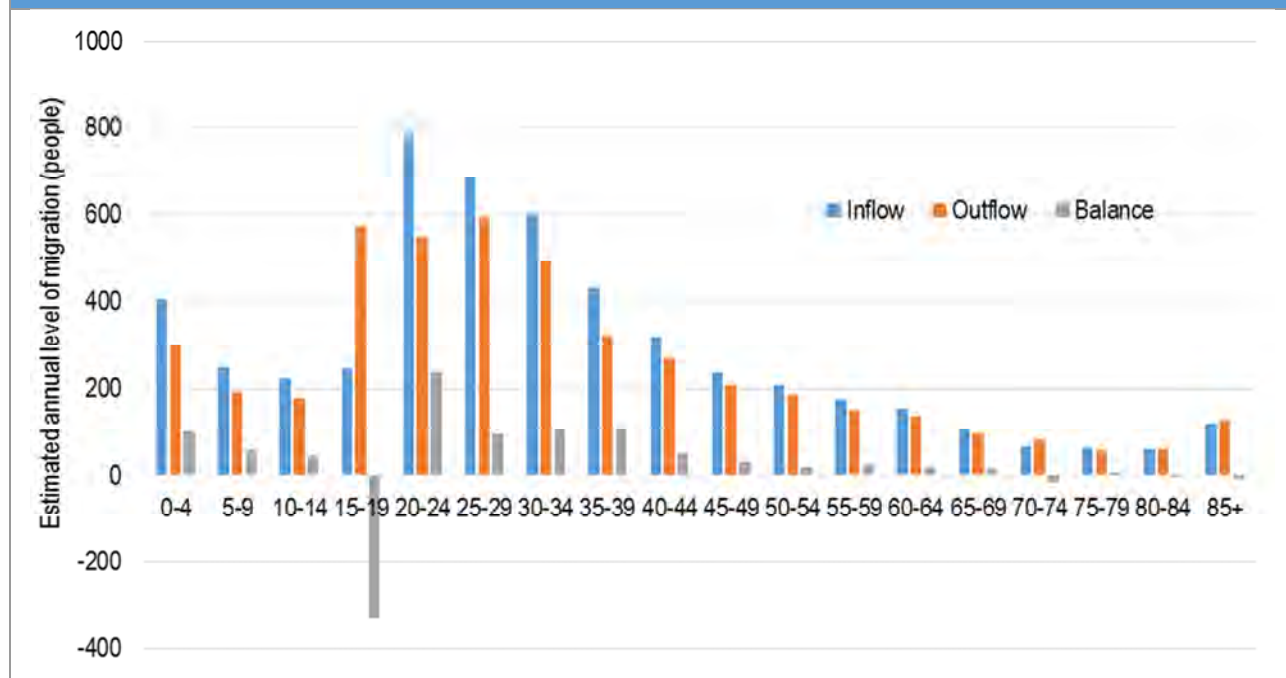
Source: Derived from ONS 2010- and 2011-based population projections

Figure B18: Estimated annual level of net migration by five-year age band (2011-2036) - Harborough



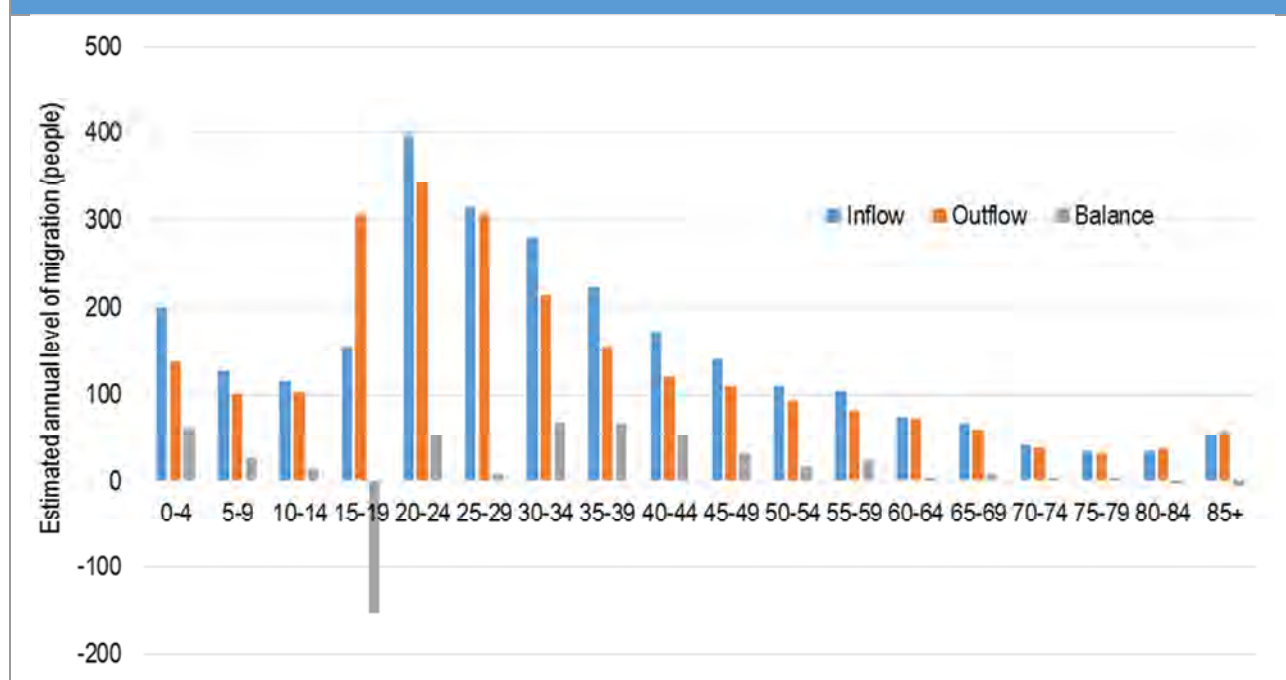
Source: Derived from ONS 2010- and 2011-based population projections

Figure B19: Estimated annual level of net migration by five-year age band (2011-2036) – Hinckley & Bosworth



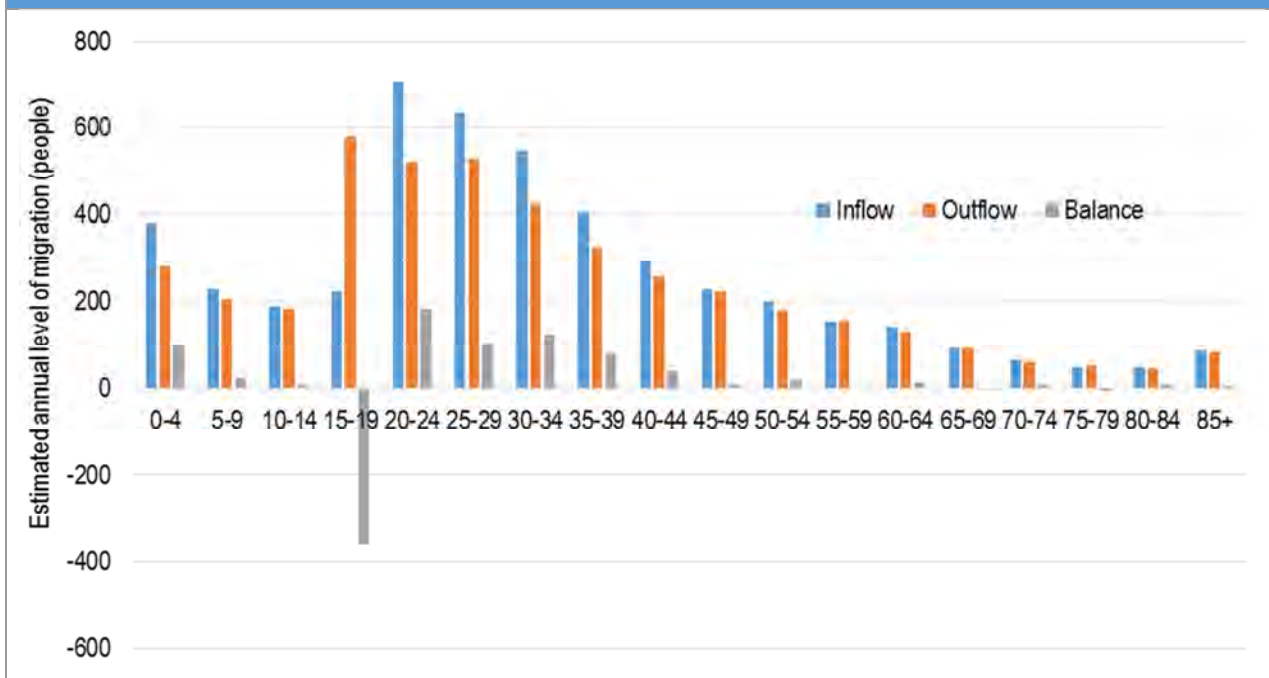
Source: Derived from ONS 2010- and 2011-based population projections

Figure B20: Estimated annual level of net migration by five-year age band (2011-2036) - Melton



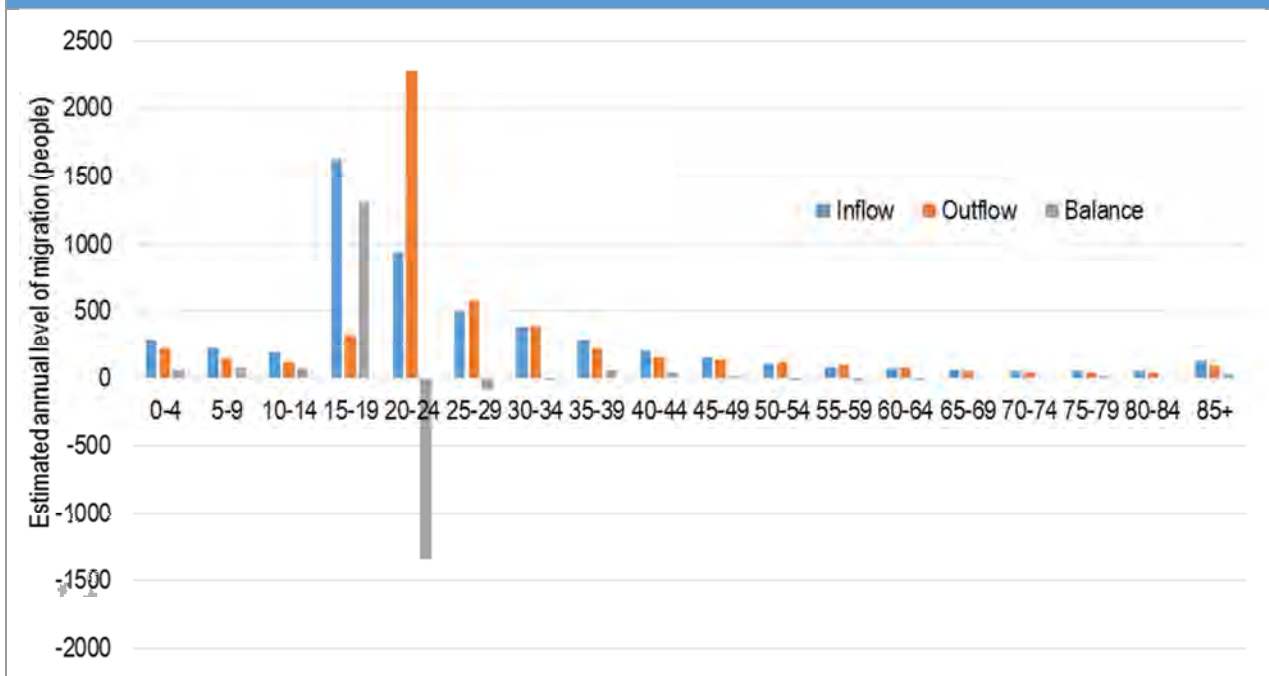
Source: Derived from ONS 2010- and 2011-based population projections

Figure B21: Estimated annual level of net migration by five-year age band (2011-2036) – North West Leicestershire



Source: Derived from ONS 2010- and 2011-based population projections

Figure B22: Estimated annual level of net migration by five-year age band (2011-2036) – Oadby & Wigston



Source: Derived from ONS 2010- and 2011-based population projections

B.13 When projecting migration patterns for the various projection scenarios we have used the migration data and adjusted levels of net migration to match the requirements of our scenario (e.g. when testing what level of migration is required to support a workforce of a particular size). This approach has consistently been adopted across all analysis.

Economic (Employment) Assumptions

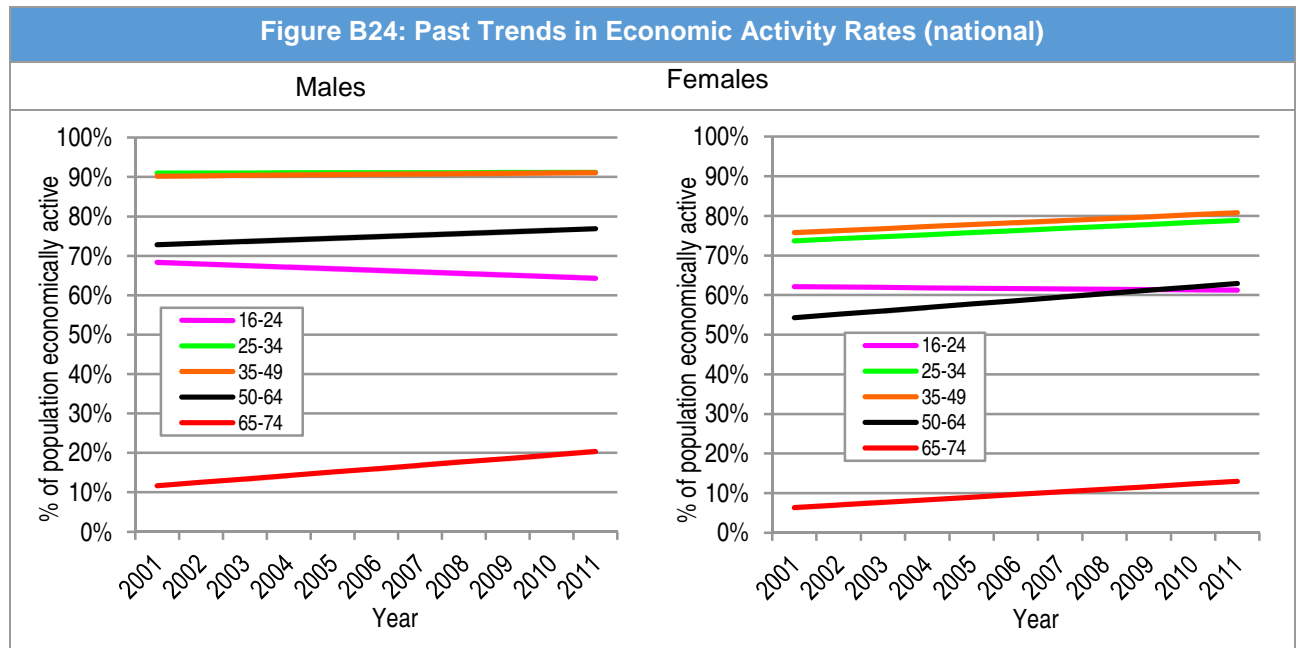
B.14 Changes in the demographic structure result in alterations in the number of people who are working (as the population of people of working age changes). The next stage of the projection process estimates how employment levels change under each of the projections and to consider the demographic implications of different levels of employment growth.



B.15 The methodology applied here includes consideration of recent trends in economic activity rates along with the likelihood that some people will work longer due to changes in pensionable age. Profiles for the proportion of people working were developed for a series of broad age groups (by sex) from 16 to 74.

B.16 The figure below shows past trends in economic activity rates (nationally) based on Census data. A similar analysis using Labour Force Survey data shows almost exactly the same pattern. The data shows that there have been some notable increases in activity rates for older age groups over the past decade.

B.17 To project these rates forward, it has been assumed that there will be some continuation of the trends shown below although these have been tempered slightly. The overall assumption is that rates will change moving forward at a rate which is around half of the rate seen over the past decade. For older age groups (and females for most age groups) this sees some increase in employment rates. For those aged 16-24 the rates are assumed to continue declining, but at a lesser rate to that observed over the 2001-11 decade.



Source Census (2001 and 2011)

B.18 The table below shows the employment rates used for modelling from 2011 to 2031 by sex and broad age group.

Figure B25: Employment Rates by Age and Sex							
			Aged 16 to 24	Aged 25 to 34	Aged 35 to 49	Aged 50 to 64	Aged 65 to 74
Leicester	Male	2011	38.7%	77.7%	79.1%	66.8%	17.8%
		2036	33.5%	78.0%	80.2%	71.9%	28.6%
	Female	2011	37.8%	63.2%	65.3%	52.9%	11.4%
		2036	36.6%	69.7%	71.5%	63.8%	19.6%
Blaby	Male	2011	56.1%	91.0%	93.0%	79.9%	22.0%
		2036	51.0%	91.3%	94.1%	85.0%	32.9%
	Female	2011	61.5%	83.2%	85.9%	66.3%	13.3%
		2036	60.4%	89.7%	92.1%	77.2%	21.5%
Charnwood	Male	2011	38.2%	84.7%	90.3%	78.3%	22.7%
		2036	33.1%	84.9%	91.5%	83.4%	33.5%
	Female	2011	42.9%	77.8%	82.0%	64.1%	14.3%
		2036	41.8%	84.3%	88.3%	75.0%	22.6%
Harborough	Male	2011	59.2%	88.8%	92.8%	81.2%	30.7%
		2036	54.0%	89.1%	93.9%	86.3%	41.6%
	Female	2011	62.0%	83.6%	84.1%	67.8%	16.3%
		2036	60.9%	90.1%	90.4%	78.6%	24.5%
Hinckley & Bosworth	Male	2011	61.4%	90.4%	92.0%	77.4%	22.1%
		2036	56.3%	90.6%	93.1%	82.5%	32.9%
	Female	2011	61.3%	80.0%	84.1%	63.6%	13.9%
		2036	60.1%	86.5%	90.3%	74.5%	22.1%
Melton	Male	2011	63.3%	90.8%	93.3%	79.8%	28.5%
		2036	58.1%	91.0%	94.4%	84.9%	39.4%
	Female	2011	63.6%	81.5%	83.6%	65.3%	17.3%
		2036	62.5%	88.0%	89.9%	76.2%	25.5%
North West Leicestershire	Male	2011	57.9%	88.5%	90.8%	76.0%	20.9%
		2036	52.8%	88.7%	91.9%	81.1%	31.8%
	Female	2011	56.8%	77.4%	81.0%	61.0%	13.0%
		2036	55.7%	83.9%	87.2%	71.9%	21.3%
Oadby & Wigston	Male	2011	43.5%	86.3%	90.6%	80.1%	22.0%
		2036	38.4%	86.6%	91.7%	85.2%	32.9%
	Female	2011	45.3%	76.1%	82.9%	64.3%	13.5%
		2036	44.2%	82.6%	89.1%	75.2%	21.8%

Source: Derived from Census data

B.19 The data above can also be used in conjunction with the population data to calculate overall employment rates and this is shown in the table below. Figures have been provided to look at both the 16-64 and 16-74 age groups. The data shows that most areas are expected to see an increase in employment rates in the region of 2%-4% over time. Oadby & Wigston stands out as an exception – this is due to the changing age profile in the area which sees greater proportional growth in those age groups where employment rates are typically lower.

Figure B26: Overall Employment Rates (key periods)				
	16-64		16-74	
	2011	2036	2011	2036
Leicester	60.7%	63.2%	57.0%	59.0%
Blaby	78.9%	83.0%	70.6%	72.9%
Charnwood	70.1%	71.1%	64.0%	64.6%
Harborough	79.3%	83.1%	71.6%	72.3%
Hinckley & Bosworth	77.7%	81.6%	69.5%	71.2%
Melton	78.9%	82.6%	71.3%	72.2%
NW Leics	75.5%	79.2%	67.7%	69.1%
Oadby & Wigston	72.3%	72.1%	65.1%	64.3%

Source: Derived from Census data

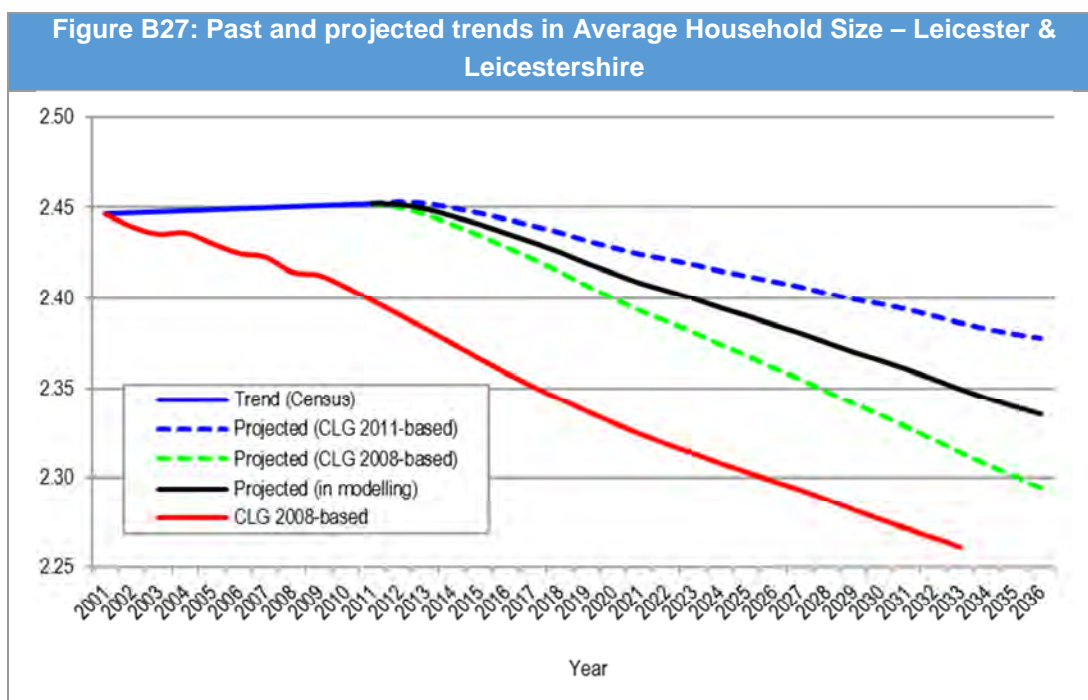
Household (and Housing) Growth Projections

- B.20 Having estimated the population size and the age/sex profile of the population the next step in the process is to convert this information into estimates of the number of households in the area. To do this the concept of headship rates is used. Headship rates can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)).
- B.21 For the purposes of this analysis the start point is data contained in the 2011-based CLG household projections about the relationship between the total population in an age group and the number of household reference persons (HRPs) in that age group. Because the 2011-based CLG household projections only go up to 2021 it has been necessary to make assumptions for the remainder of the projection period. To do this we have projected changes on a linear basis based on the headship rate assumptions in each of 2011 and 2021 in the CLG projections.
- B.22 Whilst the 2011-based CLG household projections contain headship rates based on trends from 2001 to 2011 it is also necessary to consider the extent to which household formation in the HMA (and individual local authority areas) may have been constrained by housing market factors such as the difficulty in obtaining mortgage finance. Such a check is required by the CLG advice of March 2014.
- B.23 We can study the extent of any suppression through a comparison between 2008- and 2011-based household projections. The 2008-base projections were produced at a time when the housing market was fairly buoyant and can be considered to provide an unconstrained view of household formation whilst the 2011-based data looked at a trend period including the economic downturn and may well therefore include some degree of constraint.
- B.24 By looking at expected average household sizes (rebased to the same 2011 population profile) it is possible to see if household formation has fallen below what might have been expected and this does appear to be the case in the HMA. The 2011-based projections show an average household size of 2.45 whilst the 2008-based projections were expecting a figure of 2.40. In projecting forward it is important to consider the extent to which any constraint is expected to continue and make allowances for housing market recovery where relevant.

B.25 However, despite there being some evidence through analysis of average household sizes of suppressed household formation it is not entirely clear to what extent this is due to households being unable to form and how much might be due to other factors. A September 2013 study produced by CCHPR on behalf of the TCPA does shed some light on this issue, stating:

“The central question for the household projection is whether what happened in 2001 – 11 was a structural break from a 40-year trend; or whether household formation was forced downwards by economic and housing market pressures that are likely to ease with time. At the time of the 2011 Census, the British economy was still in recession and the housing market was depressed. The working assumption in this study is that a considerable part but not all of the 375,000 shortfall of households relative to trend was due to the state of the economy and the housing market. 200,000 is attributed to over-projection of households due to the much larger proportion of recent immigrants in the population, whose household formation rates are lower than for the population as a whole. This effect will not be reversed. The other 175,000 is attributed to the economy and the state of the housing market and is assumed to gradually reverse.”

B.26 On the basis of this analysis it can broadly be suggested that half of the lack of expected households is due to market factors with roughly half attributable to other issues (notably international migration). In modelling data for the HMA we have taken the pragmatic approach that future household formation will fall somewhere between figures in the 2011-based CLG projections (which appear to project forward a trend of constraint) and the data in the 2008-based figures (which are largely unconstrained). This is shown in the figure below – the main demographic modelling sees the average household size drop from 2.40 in 2011 to 2.34 in 2036.



Source: Derived from ONS and CLG data

B.27 The tables below shows headship rates derived from the analysis for each of the key periods of 2011 and 2036. The data shows that whilst most headship rates remain at a fairly constant level over time there are a number of groups where notable changes are projected to occur (both in an upward and downward direction).

Figure B28: Estimated Headship Rates by Age and Sex (2011 and 2036) – Leicester and Blaby

Age group	Leicester				Blaby			
	Male		Female		Male		Female	
	2011	2036	2011	2036	2011	2036	2011	2036
Ages 15-19	4.4%	4.1%	5.0%	5.6%	0.6%	0.5%	0.4%	0.4%
Ages 20-24	34.0%	35.1%	19.6%	20.6%	16.2%	16.0%	7.5%	9.3%
Ages 25-29	46.5%	42.4%	27.9%	31.8%	61.7%	58.0%	13.2%	18.2%
Ages 30-34	59.9%	51.8%	31.5%	38.1%	81.9%	75.1%	17.6%	22.5%
Ages 35-39	77.9%	77.2%	31.0%	37.0%	89.9%	90.1%	19.0%	23.7%
Ages 40-44	87.6%	88.9%	29.8%	33.2%	92.8%	91.4%	18.2%	18.6%
Ages 45-49	89.1%	88.4%	29.1%	31.8%	94.7%	94.1%	16.6%	13.8%
Ages 50-54	91.3%	89.8%	29.7%	36.2%	96.1%	93.7%	17.4%	18.6%
Ages 55-59	92.7%	91.0%	30.1%	36.4%	98.0%	96.0%	19.7%	22.8%
Ages 60-64	94.1%	93.2%	33.8%	41.3%	98.9%	97.1%	21.8%	25.6%
Ages 65-69	95.8%	96.5%	35.5%	40.4%	99.4%	98.8%	28.4%	31.3%
Ages 70-74	97.2%	97.8%	41.1%	42.0%	99.5%	98.9%	33.7%	29.1%
Ages 75-79	97.4%	98.1%	48.6%	41.3%	99.6%	99.5%	45.9%	34.1%
Ages 80-84	97.8%	99.2%	65.9%	55.0%	99.3%	99.2%	62.4%	45.4%
Ages 85+	94.3%	96.8%	78.2%	69.3%	99.2%	99.6%	82.1%	64.7%

Source: Derived from CLG 2008- and 2011-based household projections

Figure B29: Estimated Headship Rates by Age and Sex (2011 and 2036) – Charnwood and Harborough								
Age group	Charnwood				Harborough			
	Male		Female		Male		Female	
	2011	2036	2011	2036	2011	2036	2011	2036
Ages 15-19	1.2%	0.9%	1.9%	1.9%	0.9%	0.8%	0.7%	0.8%
Ages 20-24	26.6%	27.1%	13.3%	14.6%	19.1%	18.6%	7.0%	7.1%
Ages 25-29	58.1%	53.9%	21.0%	26.7%	58.8%	52.4%	13.6%	15.1%
Ages 30-34	77.3%	70.3%	20.7%	27.8%	81.4%	73.4%	15.5%	19.9%
Ages 35-39	86.2%	85.1%	22.9%	37.9%	86.8%	83.9%	16.3%	23.0%
Ages 40-44	94.5%	96.1%	21.6%	25.7%	92.8%	93.0%	17.0%	17.3%
Ages 45-49	95.0%	94.7%	22.4%	22.6%	95.2%	94.5%	17.4%	18.3%
Ages 50-54	94.9%	93.1%	20.2%	24.1%	96.4%	96.0%	17.3%	20.6%
Ages 55-59	97.3%	96.1%	22.2%	28.1%	97.1%	95.3%	16.7%	22.2%
Ages 60-64	98.3%	97.2%	22.2%	27.8%	99.2%	99.2%	17.6%	20.0%
Ages 65-69	99.0%	98.9%	25.3%	29.1%	98.7%	98.0%	25.6%	29.2%
Ages 70-74	99.2%	99.1%	33.8%	31.0%	98.5%	97.8%	32.8%	30.0%
Ages 75-79	99.2%	99.6%	45.2%	34.7%	98.6%	98.5%	45.6%	32.8%
Ages 80-84	99.6%	99.5%	64.8%	48.1%	99.1%	99.1%	61.3%	42.0%
Ages 85+	97.8%	99.5%	79.8%	64.7%	96.5%	98.9%	78.3%	63.4%

Source: Derived from CLG 2008- and 2011-based household projections

Figure B30: Estimated Headship Rates by Age and Sex (2011 and 2036) – Hinckley & Bosworth and Melton								
Age group	Hinckley & Bosworth				Melton			
	Male		Female		Male		Female	
	2011	2036	2011	2036	2011	2036	2011	2036
Ages 15-19	1.6%	1.6%	1.4%	1.8%	2.1%	1.9%	2.1%	2.7%
Ages 20-24	21.8%	21.6%	11.1%	13.6%	21.2%	21.9%	10.8%	13.0%
Ages 25-29	57.6%	50.5%	17.4%	20.5%	61.5%	59.3%	18.7%	21.4%
Ages 30-34	80.5%	73.3%	21.4%	27.1%	80.7%	73.9%	18.7%	25.3%
Ages 35-39	90.3%	90.4%	20.1%	24.6%	90.1%	90.3%	15.7%	18.7%
Ages 40-44	92.9%	94.3%	19.4%	22.7%	90.9%	88.4%	16.5%	17.5%
Ages 45-49	94.8%	91.8%	18.6%	18.9%	94.5%	94.0%	18.9%	19.9%
Ages 50-54	97.3%	95.3%	18.9%	21.2%	95.9%	94.9%	20.3%	21.5%
Ages 55-59	98.6%	97.1%	19.9%	24.5%	98.2%	97.8%	17.9%	23.6%
Ages 60-64	99.1%	97.2%	22.4%	27.0%	98.7%	99.1%	21.2%	20.6%
Ages 65-69	99.3%	98.5%	26.6%	28.4%	99.4%	99.8%	26.5%	26.0%
Ages 70-74	100.0%	99.3%	35.7%	31.0%	99.7%	99.6%	38.0%	33.3%
Ages 75-79	100.0%	100.0%	48.7%	35.5%	100.0%	100.0%	51.0%	39.4%
Ages 80-84	100.0%	100.0%	64.7%	45.0%	98.3%	98.8%	70.0%	53.3%
Ages 85+	99.7%	100.0%	79.1%	61.3%	96.1%	96.5%	83.0%	68.1%

Source: Derived from CLG 2008- and 2011-based household projections

Figure B31: Estimated Headship Rates by Age and Sex (2011 and 2036) – North West Leicestershire and Oadby & Wigston								
Age group	North West Leicestershire				Oadby & Wigston			
	Male		Female		Male		Female	
	2011	2036	2011	2036	2011	2036	2011	2036
Ages 15-19	1.3%	1.2%	1.4%	1.7%	1.8%	1.9%	1.3%	1.8%
Ages 20-24	22.7%	23.1%	12.0%	13.9%	18.7%	17.7%	8.9%	10.6%
Ages 25-29	62.6%	59.4%	16.8%	20.2%	45.7%	35.8%	14.6%	16.9%
Ages 30-34	81.5%	73.0%	18.5%	23.3%	71.2%	56.8%	21.3%	27.1%
Ages 35-39	86.8%	85.0%	15.5%	12.2%	79.2%	76.3%	18.2%	16.8%
Ages 40-44	92.2%	91.1%	17.0%	12.4%	91.3%	91.1%	21.2%	27.0%
Ages 45-49	94.4%	94.1%	18.1%	17.2%	93.4%	94.4%	20.7%	22.2%
Ages 50-54	95.7%	94.2%	17.1%	18.1%	93.4%	89.7%	19.3%	23.9%
Ages 55-59	97.7%	97.2%	20.4%	23.6%	95.0%	91.3%	17.4%	22.3%
Ages 60-64	98.0%	97.3%	21.5%	23.1%	97.0%	96.2%	21.8%	24.9%
Ages 65-69	98.9%	98.4%	25.8%	23.5%	98.1%	97.7%	25.9%	28.9%
Ages 70-74	99.5%	99.2%	36.8%	33.4%	97.3%	97.0%	31.0%	29.8%
Ages 75-79	100.0%	100.0%	48.6%	36.8%	96.4%	96.7%	43.0%	30.5%
Ages 80-84	98.2%	98.6%	68.9%	52.3%	96.7%	97.8%	52.2%	39.9%
Ages 85+	98.1%	98.8%	81.7%	63.5%	93.8%	96.5%	69.7%	54.4%

Source: Derived from CLG 2008- and 2011-based household projections

B.28 When applying these headship rates to the population an estimated number of households in 2011 of 390,963 is derived. This figure is consistent with the number of households shown in the 2011 Census and the 2011-based household projections (CLG).

B.29 In converting an estimated number of households into requirements for additional dwellings we have also factored in a small vacancy allowance which is normal to allow for movement of households between properties. For the analysis we have taken information from the 2011 Census about the number of unoccupied household spaces to derive the vacancy figure. This source suggests a vacancy rate of between 2.5% in Blaby and 5.4% in Oadby & Wigston. It is assumed that these rates can be achieved in new dwelling stock and include an allowance for second homes.

Figure B32: Assumed vacancy rates	
Area	Vacancy rate
Leicester	3.5%
Blaby	2.5%
Charnwood	4.2%
Harborough	3.5%
Hinckley & Bosworth	3.4%
Melton	3.4%
NW Leics	3.4%
Oadby & Wigston	5.4%

Source: 2011 Census

Detailed Projection Outputs

- B.30 This section provides detailed outputs of the modelling under each of the scenarios run to look at population growth, employment change and housing requirements. All the projections look at the period from 2011 to 2036 with outputs available for each year of the projection (although these have generally been summarised for five year periods). The projections run are summarised in the table below.

Figure B33: Description of Projections used for Demographic Modelling	
Projection	Description
PROJ 1	Based on the 2011-based ONS and CLG projections rolled-forward to 2036
PROJ 2	Based on 2011-based ONS and CLG projections updated to take account of more recent data about population growth
PROJ 2A	Linked to PROJ 2 above with a reduced household formation constraint
PROJ 3	Linked to employment growth shown in an Experian baseline economic forecast (run at local authority level)
PROJ 4	Linked to employment growth shown in an Experian baseline economic forecast (run using HMA changes in all local authorities)

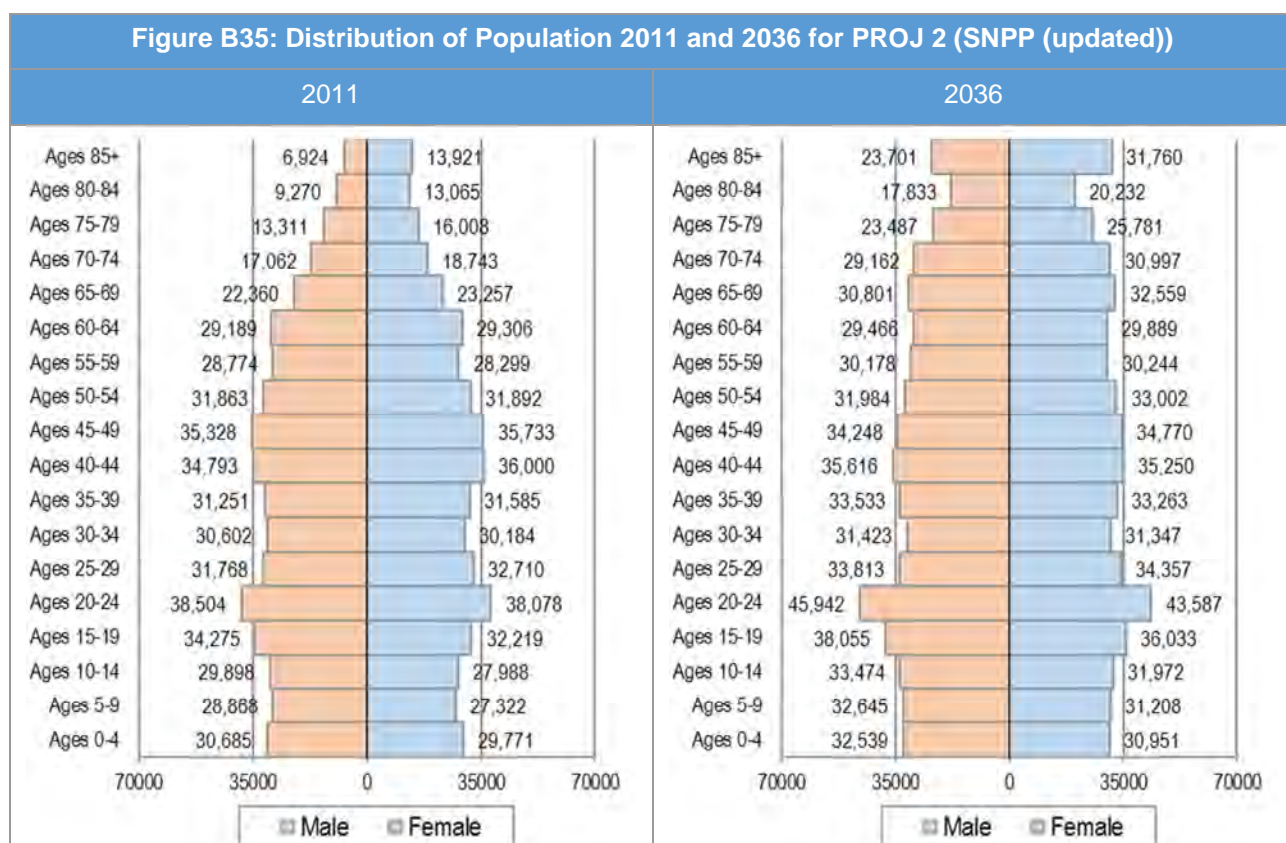
Population Projections

- B.31 The table below shows the expected growth in population under each of the scenarios (PROJ 2 and 2A are not shown separately due to population growth figures being exactly the same under these two projections).

Figure B34: Population Estimates 2011 to 2036						
	2011	2016	2021	2026	2031	2036
PROJ 1 (2011-based SNPP)	980,806	1,021,750	1,055,535	1,087,457	1,115,128	1,137,380
	0.0%	4.2%	7.6%	10.9%	13.7%	16.0%
PROJ 2 (2011-based SNPP (updated))	980,806	1,022,746	1,057,869	1,091,427	1,120,916	1,145,102
	0.0%	4.3%	7.9%	11.3%	14.3%	16.8%
PROJ 3 (Experian job-led – LA level)	980,806	1,023,971	1,060,275	1,094,805	1,124,996	1,148,248
	0.0%	4.4%	8.1%	11.6%	14.7%	17.1%
PROJ 4 (Experian job-led – HMA level)	980,806	1,023,955	1,060,339	1,095,137	1,125,814	1,150,165
	0.0%	4.4%	8.1%	11.7%	14.8%	17.3%

Population Change Dynamics

B.32 The figure below shows population pyramids for 2011 and 2036 under the projection linked to ONS/CLG trends (as updated) – PROJ 2. The ‘pyramids’ clearly show the growth in population overall and highlight the ageing of the population with a greater proportion of the population expected to be in age groups aged 60 and over (and even more so for older age groups).

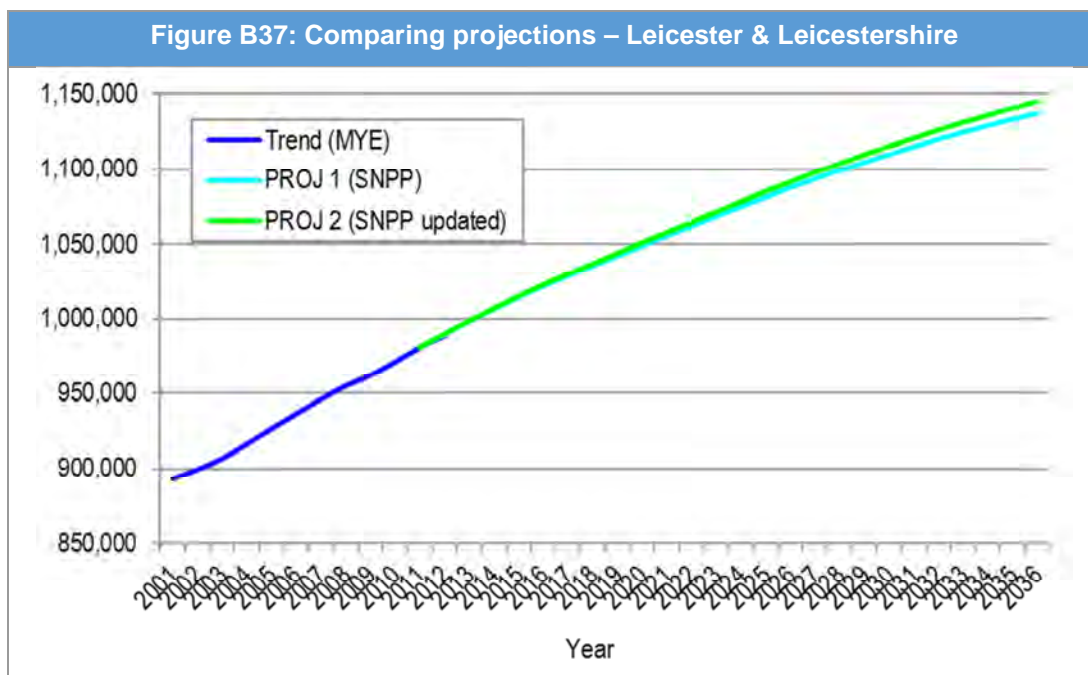


B.33 The table below summarises the findings for key (5 year) age groups under PROJ 2 (SNPP (updated)).

Figure B36: PROJ 2 (SNPP (updated)) population change 2011 to 2036 by five year age bands				
Age group	Population 2011	Population 2036	Change in population	% change from 2011
Under 5	60,456	63,490	3,034	5.0%
5-9	56,190	63,854	7,664	13.6%
10-14	57,886	65,446	7,560	13.1%
15-19	66,494	74,088	7,594	11.4%
20-24	76,582	89,529	12,947	16.9%
25-29	64,478	68,170	3,692	5.7%
30-34	60,786	62,770	1,984	3.3%
35-39	62,836	66,796	3,960	6.3%
40-44	70,793	70,865	72	0.1%
45-49	71,061	69,018	-2,043	-2.9%
50-54	63,755	64,987	1,232	1.9%
55-59	57,073	60,422	3,349	5.9%
60-64	58,495	59,355	860	1.5%
65-69	45,617	63,360	17,743	38.9%
70-74	35,805	60,159	24,354	68.0%
75-79	29,319	49,267	19,948	68.0%
80-84	22,335	38,065	15,730	70.4%
85+	20,845	55,461	34,616	166.1%
Total	980,806	1,145,102	164,296	16.8%

Comparing projections

- B.34 The figure below shows population growth under our main demographic projection (PROJ 2 – based on updating the SNPP) and the SNPP (shown as PROJ 1). For the whole HMA the data shows that our demographic projection suggests a slightly high level of population growth than the most recent ONS release. This suggests on a demographic basis that our analysis is not under-estimating population growth or therefore housing requirements. The figure also shows population growth trends back to 2001 which again suggests that our projection (and indeed the ONS projection) are broadly following trends.
- B.35 Similar charts have been provided later in this section to look at each individual local authority. These tend to show that our projections are more in-line with past trends than the most recent ONS projections and confirm that the adjustments made to take account of recent migration data and unattributable population change provide a better projection than simply accepting the ONS data.



Economic (Employment) Changes

B.36 The table below shows the estimated number of people living in the HMA who are working under each of the projections (again only PROJ 2 is shown as the figures are identical to those in PROJ 2A).

Figure B38: Employment Estimates 2011 to 2036

	2011	2016	2021	2026	2031	2036
PROJ 1 (2011-based SNPP)	464,322	476,782	488,473	499,338	510,025	520,461
	0.0%	2.7%	5.2%	7.5%	9.8%	12.1%
PROJ 2 (2011-based SNPP (updated))	464,322	476,993	488,931	500,048	511,017	521,841
	0.0%	2.7%	5.3%	7.7%	10.1%	12.4%
PROJ 3 (Experian job-led – LA level)	464,322	478,243	491,089	503,165	515,173	525,791
	0.0%	3.0%	5.8%	8.4%	11.0%	13.2%
PROJ 4 (Experian job-led – HMA level)	464,322	477,923	490,664	502,642	514,562	525,619
	0.0%	2.9%	5.7%	8.3%	10.8%	13.2%

Household (and Housing) Growth

B.37 The table below shows the projected growth in the number of households under each of the scenarios.

Figure B39: Household Estimates 2011 to 2036						
	2011	2016	2021	2026	2031	2036
PROJ 1 (2011-based SNPP)	390,963	408,821	425,782	441,344	455,320	467,167
	0.0%	4.6%	8.9%	12.9%	16.5%	19.5%
PROJ 2 (2011-based SNPP (updated))	390,963	409,271	426,690	442,786	457,405	469,965
	0.0%	4.7%	9.1%	13.3%	17.0%	20.2%
PROJ 2A (PROJ 2 – reduced household formation constraint)	390,963	410,570	429,498	447,290	463,834	478,488
	0.0%	5.0%	9.9%	14.4%	18.6%	22.4%
PROJ 3 (Experian job-led – LA level)	390,963	411,163	430,534	448,655	465,388	479,569
	0.0%	5.2%	10.1%	14.8%	19.0%	22.7%
PROJ 4 (Experian job-led – HMA level)	390,963	411,011	430,338	448,507	465,375	479,943
	0.0%	5.1%	10.1%	14.7%	19.0%	22.8%

B.38 The analysis above concentrated on the number of additional households. In reality there are always likely to be some vacant homes in the area and so the number of properties required to house all of these households will be slightly greater than the projected household numbers. A vacancy allowance of between 2.5% and 5.4% (depending on location) has therefore been applied to all of the above figures to make estimated housing requirements; the resulting figures are shown in the table below.

Figure B40: Estimated housing numbers with vacancy allowance (to 2036)			
Projection variant	Annual household growth	Annual requirement with vacancy allowance	Requirement over 25-years
PROJ 1 (2011-based SNPP)	3,048	3,159	78,974
PROJ 2 (2011-based SNPP (updated))	3,160	3,273	81,819
PROJ 2A (reduced household formation constraint)	3,501	3,626	90,650
PROJ 3 (Experian job-led – LA level)	3,544	3,670	91,752
PROJ 4 (Experian job-led – HMA level)	3,559	3,687	92,170

Summary of Projections by Local Authority

B.39 The series of tables below show core outputs for each of the local authorities. There are three tables and one figure for each area which show:

- Annual population growth, housing numbers and employment growth
- Population growth, housing numbers and employment growth for the full 25-year projection period
- Change in the age structure (2011-36) based on 15-year age bands
- Figure showing projected population growth under PROJ 1 (SNPP) and PROJ 2 (SNPP updated) compared with past trends back to 2001

Leicester**Figure B41: Summary of projections 2011 to 2036 – annual – Leicester**

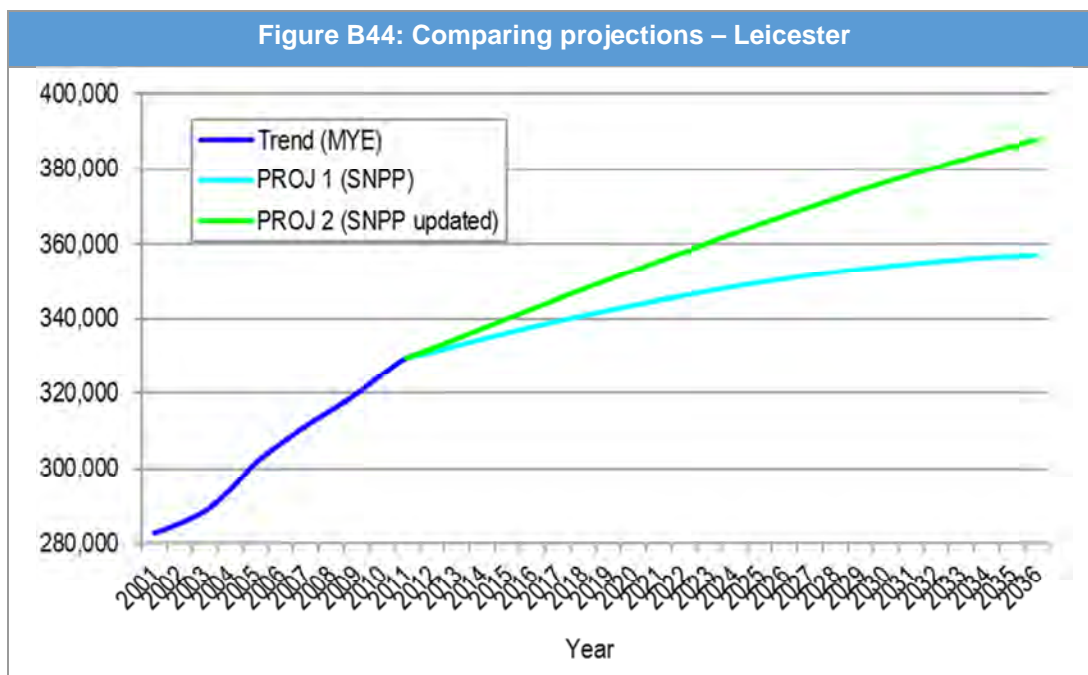
Projection	Population growth		Housing numbers		Employment growth	
	Per annum	% change	Per annum	% change	Per annum	% change
PROJ 1 (2011-based SNPP)	1,105	0.3%	642	0.5%	408	0.3%
PROJ 2 (2011-based SNPP (updated))	2,331	0.7%	1,088	0.9%	982	0.7%
PROJ 2A (reduced hh formation constraint)	2,331	0.7%	1,231	1.0%	982	0.7%
PROJ 3 (Experian job-led – LA level)	1,230	0.4%	825	0.6%	469	0.3%
PROJ 4 (Experian job-led – HMA level)	1,787	0.5%	1,031	0.8%	728	0.5%

Figure B42: Summary of projections 2011 to 2036 – total – Leicester

Projection	Population growth		Housing numbers		Employment growth	
	Total	% change	Total	% change	Total	% change
PROJ 1 (2011-based SNPP)	27,618	8.4%	16,057	12.6%	10,200	7.4%
PROJ 2 (2011-based SNPP (updated))	58,286	17.7%	27,188	21.3%	24,559	17.8%
PROJ 2A (reduced hh formation constraint)	58,286	17.7%	30,778	24.2%	24,559	17.8%
PROJ 3 (Experian job-led – LA level)	30,753	9.3%	20,621	16.2%	11,728	8.5%
PROJ 4 (Experian job-led – HMA level)	44,666	13.6%	25,768	20.2%	18,201	13.2%

Figure B43: PROJ 2 (SNPP (updated)) population change 2011 to 2036 by five year age bands – Leicester

Age group	Population 2011	Population 2036	Change in population	% change from 2011
Under 15	65,355	77,234	11,879	18.2%
15-29	88,555	97,439	8,884	10.0%
30-44	68,358	75,473	7,115	10.4%
45-59	55,753	61,127	5,374	9.6%
60-74	33,177	45,908	12,731	38.4%
75+	18,429	30,732	12,303	66.8%
Total	329,627	387,913	58,286	17.7%



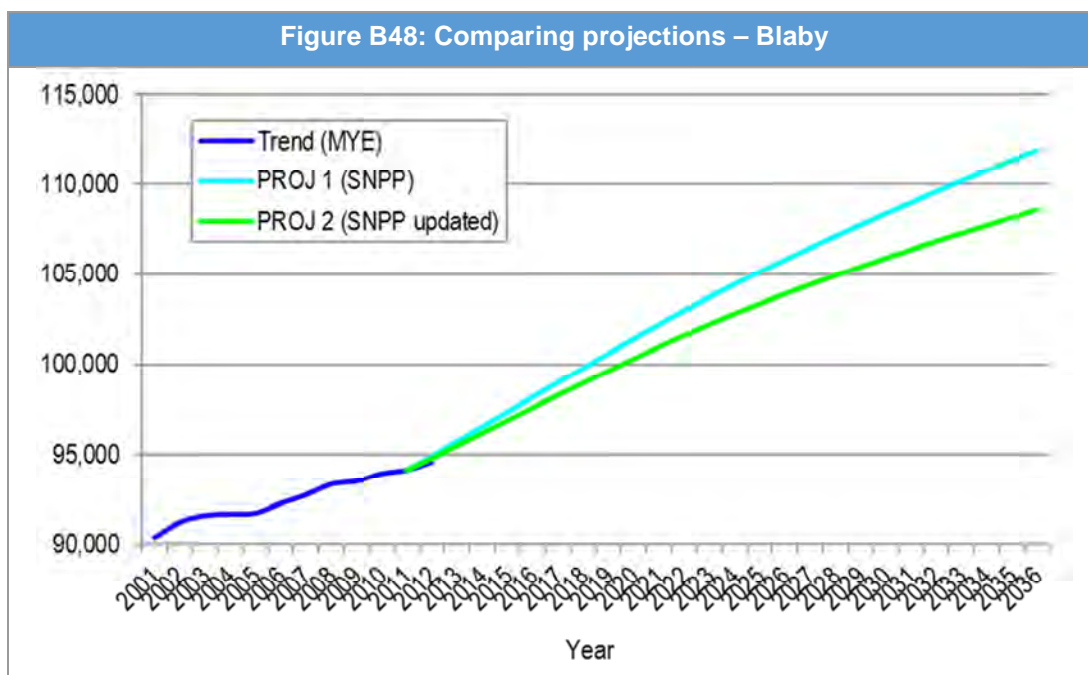
Blaby

Figure B45: Summary of projections 2011 to 2036 – annual – Blaby

Projection	Population growth		Housing numbers		Employment growth	
	Per annum	% change	Per annum	% change	Per annum	% change
PROJ 1 (2011-based SNPP)	714	0.8%	358	0.9%	292	0.6%
PROJ 2 (2011-based SNPP (updated))	579	0.6%	309	0.8%	216	0.4%
PROJ 2A (reduced hh formation constraint)	579	0.6%	336	0.8%	216	0.4%
PROJ 3 (Experian job-led – LA level)	702	0.7%	382	1.0%	285	0.6%
PROJ 4 (Experian job-led – HMA level)	652	0.7%	363	0.9%	256	0.5%

Figure B46: Summary of projections 2011 to 2036 – total – Blaby						
Projection	Population growth		Housing numbers		Employment growth	
	Total	% change	Total	% change	Total	% change
PROJ 1 (2011-based SNPP)	17,846	19.0%	8,961	22.5%	7,299	15.0%
PROJ 2 (2011-based SNPP (updated))	14,486	15.4%	7,724	19.4%	5,388	11.1%
PROJ 2A (reduced hh formation constraint)	14,486	15.4%	8,409	21.2%	5,388	11.1%
PROJ 3 (Experian job-led – LA level)	17,551	18.6%	9,547	24.0%	7,136	14.7%
PROJ 4 (Experian job-led – HMA level)	16,289	17.3%	9,079	22.8%	6,408	13.2%

Figure B47: PROJ 2 (SNPP (updated)) population change 2011 to 2036 by five year age bands – Blaby				
Age group	Population 2011	Population 2036	Change in population	% change from 2011
Under 15	16,393	17,481	1,088	6.6%
15-29	15,983	16,990	1,007	6.3%
30-44	18,873	19,763	890	4.7%
45-59	19,555	19,244	-311	-1.6%
60-74	15,528	19,225	3,697	23.8%
75+	7,800	15,915	8,115	104.0%
Total	94,132	108,618	14,486	15.4%



Charnwood**Figure B49: Summary of projections 2011 to 2036 – annual – Charnwood**

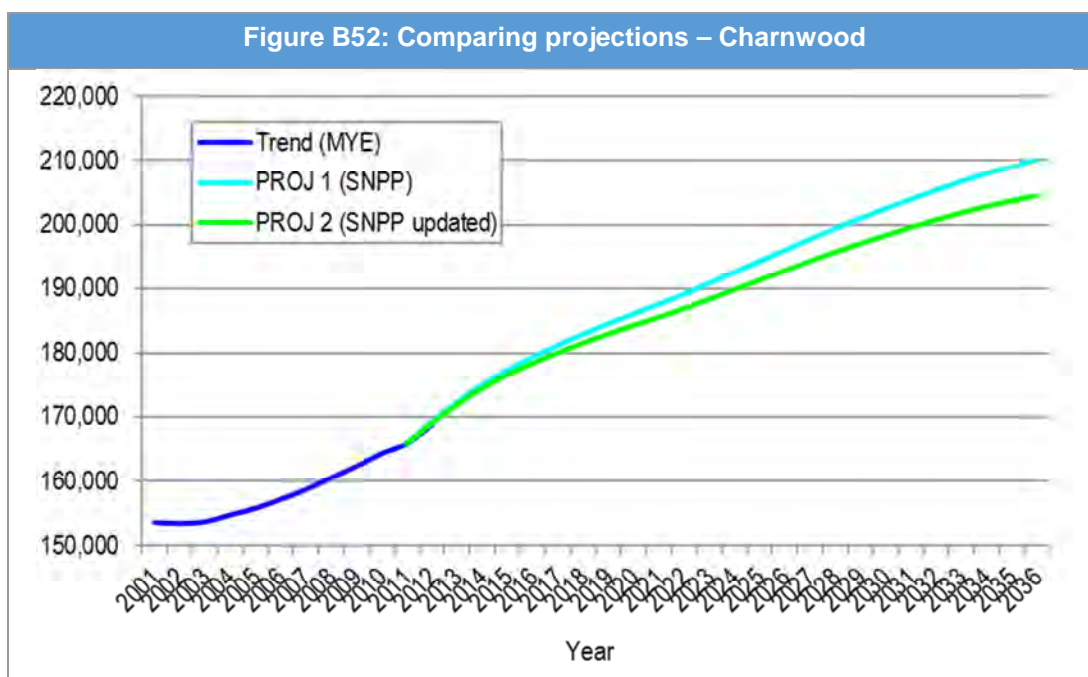
Projection	Population growth		Housing numbers		Employment growth	
	Per annum	% change	Per annum	% change	Per annum	% change
PROJ 1 (2011-based SNPP)	1,773	1.1%	808	1.2%	706	0.9%
PROJ 2 (2011-based SNPP (updated))	1,547	0.9%	716	1.0%	573	0.7%
PROJ 2A (reduced hh formation constraint)	1,547	0.9%	774	1.1%	573	0.7%
PROJ 3 (Experian job-led – LA level)	1,222	0.7%	639	0.9%	384	0.5%
PROJ 4 (Experian job-led – HMA level)	1,291	0.8%	665	1.0%	422	0.5%

Figure B50: Summary of projections 2011 to 2036 – total – Charnwood

Projection	Population growth		Housing numbers		Employment growth	
	Total	% change	Total	% change	Total	% change
PROJ 1 (2011-based SNPP)	44,323	26.7%	20,202	29.1%	17,643	22.1%
PROJ 2 (2011-based SNPP (updated))	38,674	23.3%	17,899	25.8%	14,335	18.0%
PROJ 2A (reduced hh formation constraint)	38,674	23.3%	19,357	27.9%	14,335	18.0%
PROJ 3 (Experian job-led – LA level)	30,560	18.4%	15,972	23.0%	9,594	12.0%
PROJ 4 (Experian job-led – HMA level)	32,282	19.5%	16,620	24.0%	10,541	13.2%

Figure B51: PROJ 2 (SNPP (updated)) population change 2011 to 2036 by five year age bands – Charnwood

Age group	Population 2011	Population 2036	Change in population	% change from 2011
Under 15	26,314	30,302	3,988	15.2%
15-29	38,530	49,248	10,718	27.8%
30-44	31,024	33,970	2,946	9.5%
45-59	32,115	32,665	550	1.7%
60-74	24,848	32,136	7,288	29.3%
75+	13,045	26,228	13,183	101.1%
Total	165,876	204,550	38,674	23.3%



Harborough

Figure B53: Summary of projections 2011 to 2036 – annual – Harborough

Projection	Population growth		Housing numbers		Employment growth	
	Per annum	% change	Per annum	% change	Per annum	% change
PROJ 1 (2011-based SNPP)	697	0.8%	382	1.1%	201	0.5%
PROJ 2 (2011-based SNPP (updated))	659	0.8%	368	1.0%	180	0.4%
PROJ 2A (reduced hh formation constraint)	659	0.8%	396	1.1%	180	0.4%
PROJ 3 (Experian job-led – LA level)	1,141	1.3%	578	1.6%	447	1.0%
PROJ 4 (Experian job-led – HMA level)	758	0.9%	433	1.2%	235	0.5%

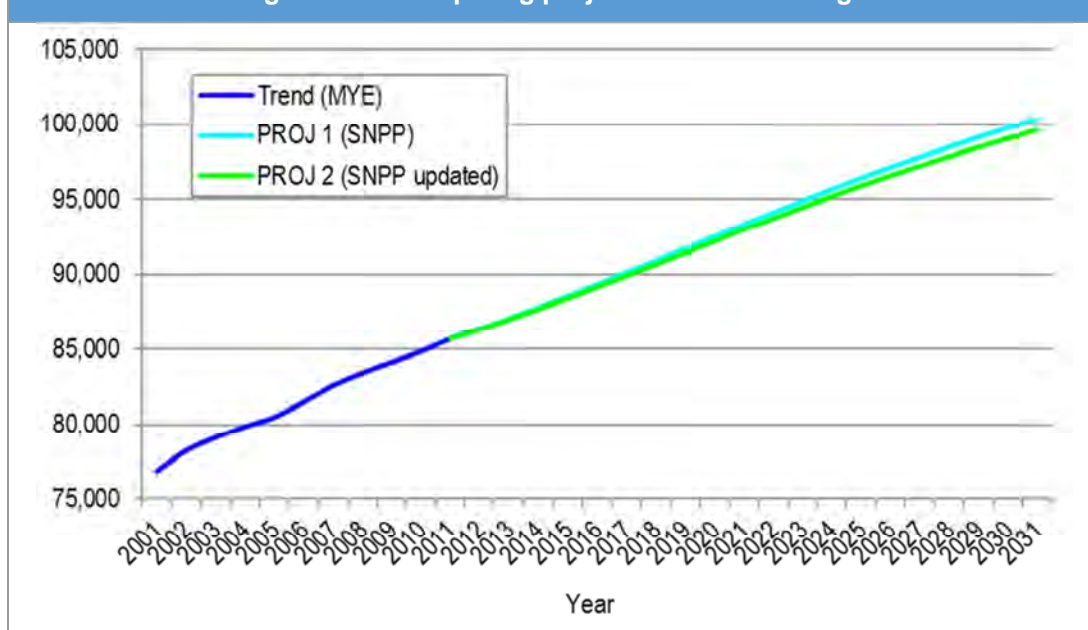
Figure B54: Summary of projections 2011 to 2036 – total – Harborough

Projection	Population growth		Housing numbers		Employment growth	
	Total	% change	Total	% change	Total	% change
PROJ 1 (2011-based SNPP)	17,423	20.3%	9,562	26.4%	5,029	11.3%
PROJ 2 (2011-based SNPP (updated))	16,465	19.2%	9,212	25.4%	4,495	10.1%
PROJ 2A (reduced hh formation constraint)	16,465	19.2%	9,895	27.3%	4,495	10.1%
PROJ 3 (Experian job-led – LA level)	28,517	33.3%	14,444	39.8%	11,185	25.1%
PROJ 4 (Experian job-led – HMA level)	18,959	22.1%	10,836	29.9%	5,879	13.2%

Figure B55: PROJ 2 (SNPP (updated)) population change 2011 to 2036 by five year age bands – Harborough

Age group	Population 2011	Population 2036	Change in population	% change from 2011
Under 15	15,166	16,087	921	6.1%
15-29	12,718	13,015	297	2.3%
30-44	16,712	15,570	-1,142	-6.8%
45-59	19,244	19,515	271	1.4%
60-74	14,659	20,900	6,241	42.6%
75+	7,200	17,075	9,875	137.2%
Total	85,699	102,164	16,465	19.2%

Figure B56: Comparing projections – Harborough

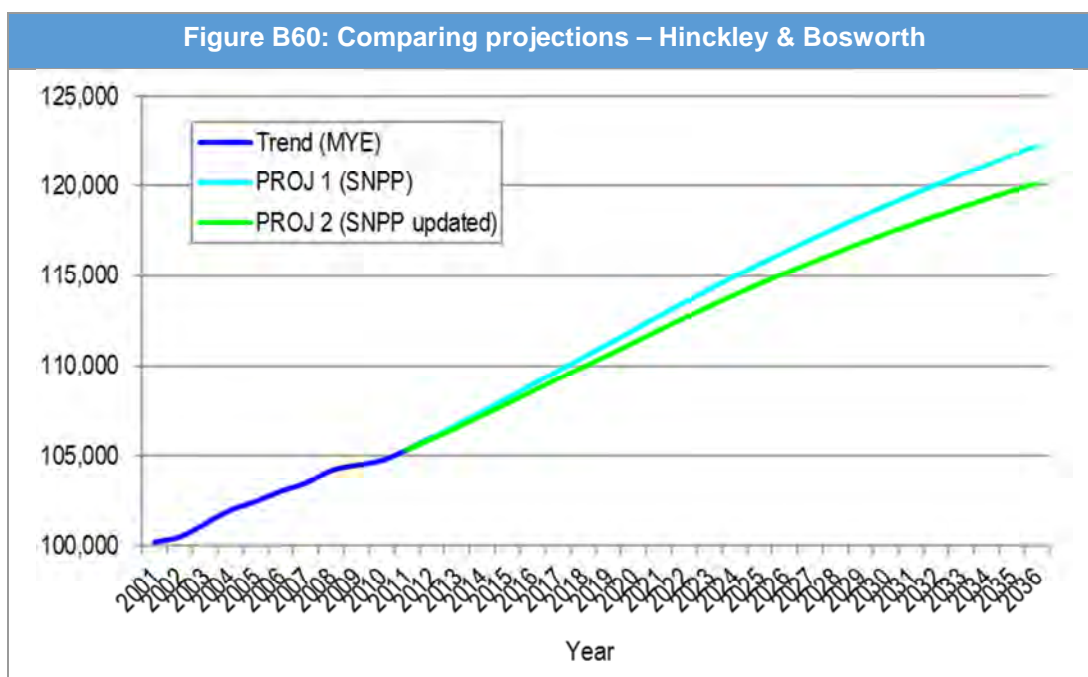


Hinckley & Bosworth

Figure B57: Summary of projections 2011 to 2036 – annual – Hinckley & Bosworth						
Projection	Population growth		Housing numbers		Employment growth	
	Per annum	% change	Per annum	% change	Per annum	% change
PROJ 1 (2011-based SNPP)	678	0.6%	360	0.8%	224	0.4%
PROJ 2 (2011-based SNPP (updated))	594	0.6%	326	0.7%	176	0.3%
PROJ 2A (reduced hh formation constraint)	594	0.6%	353	0.8%	176	0.3%
PROJ 3 (Experian job-led – LA level)	853	0.8%	458	1.0%	323	0.6%
PROJ 4 (Experian job-led – HMA level)	788	0.7%	431	0.9%	286	0.5%

Figure B58: Summary of projections 2011 to 2036 – total – Hinckley & Bosworth						
Projection	Population growth		Housing numbers		Employment growth	
	Total	% change	Total	% change	Total	% change
PROJ 1 (2011-based SNPP)	16,938	16.1%	8,994	19.1%	5,600	10.3%
PROJ 2 (2011-based SNPP (updated))	14,840	14.1%	8,161	17.4%	4,404	8.1%
PROJ 2A (reduced hh formation constraint)	14,840	14.1%	8,826	18.8%	4,404	8.1%
PROJ 3 (Experian job-led – LA level)	21,332	20.3%	11,440	24.3%	8,077	14.9%
PROJ 4 (Experian job-led – HMA level)	19,689	18.7%	10,779	22.9%	7,146	13.2%

Figure B59: PROJ 2 (SNPP (updated)) population change 2011 to 2036 by five year age bands – Hinckley & Bosworth				
Age group	Population 2011	Population 2036	Change in population	% change from 2011
Under 15	17,306	17,922	616	3.6%
15-29	17,172	18,122	950	5.5%
30-44	20,773	20,448	-325	-1.6%
45-59	22,659	22,060	-599	-2.6%
60-74	18,572	22,976	4,404	23.7%
75+	8,846	18,640	9,794	110.7%
Total	105,328	120,168	14,840	14.1%



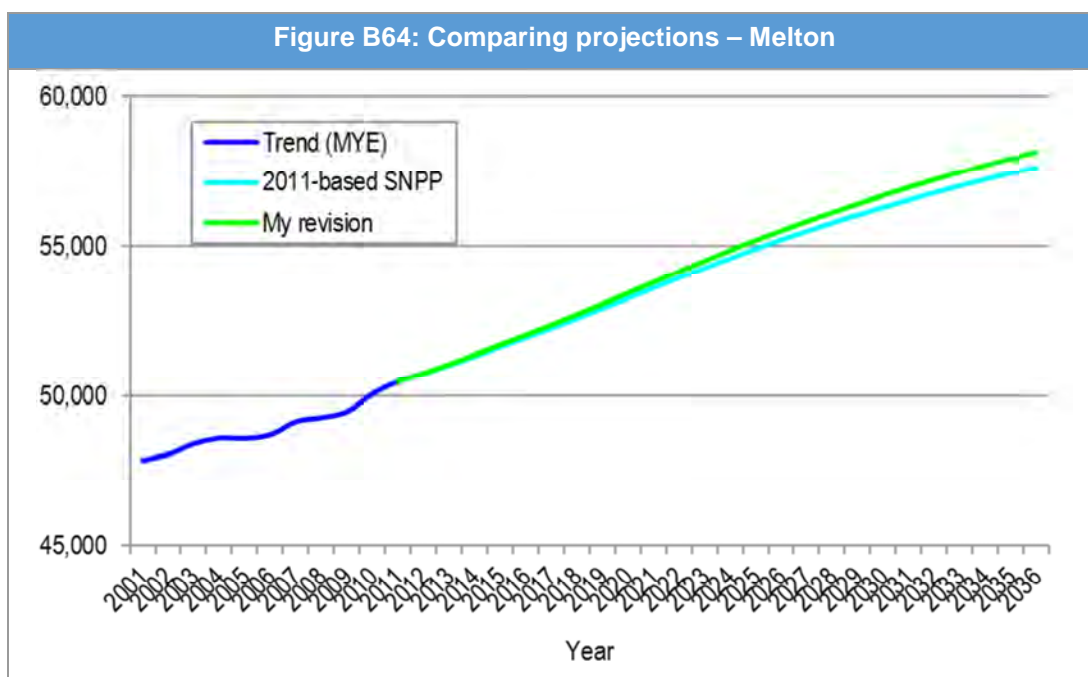
Melton

Figure B61: Summary of projections 2011 to 2036 – annual – Melton

Projection	Population growth		Housing numbers		Employment growth	
	Per annum	% change	Per annum	% change	Per annum	% change
PROJ 1 (2011-based SNPP)	285	0.6%	173	0.8%	62	0.2%
PROJ 2 (2011-based SNPP (updated))	307	0.6%	180	0.8%	73	0.3%
PROJ 2A (reduced hh formation constraint)	307	0.6%	194	0.9%	73	0.3%
PROJ 3 (Experian job-led – LA level)	349	0.7%	210	0.9%	96	0.4%
PROJ 4 (Experian job-led – HMA level)	425	0.8%	239	1.1%	140	0.5%

Figure B62: Summary of projections 2011 to 2036 – total – Melton						
Projection	Population growth		Housing numbers		Employment growth	
	Total	% change	Total	% change	Total	% change
PROJ 1 (2011-based SNPP)	7,137	14.1%	4,314	19.4%	1,540	5.8%
PROJ 2 (2011-based SNPP (updated))	7,664	15.2%	4,510	20.3%	1,834	6.9%
PROJ 2A (reduced hh formation constraint)	7,664	15.2%	4,838	21.7%	1,834	6.9%
PROJ 3 (Experian job-led – LA level)	8,728	17.3%	5,242	23.5%	2,405	9.1%
PROJ 4 (Experian job-led – HMA level)	10,635	21.1%	5,973	26.8%	3,488	13.2%

Figure B63: PROJ 2 (SNPP (updated)) population change 2011 to 2036 by five year age bands – Melton				
Age group	Population 2011	Population 2036	Change in population	% change from 2011
Under 15	8,474	9,069	595	7.0%
15-29	8,133	8,367	234	2.9%
30-44	9,536	9,176	-360	-3.8%
45-59	11,362	10,744	-618	-5.4%
60-74	8,688	11,504	2,816	32.4%
75+	4,302	9,299	4,997	116.2%
Total	50,495	58,159	7,664	15.2%

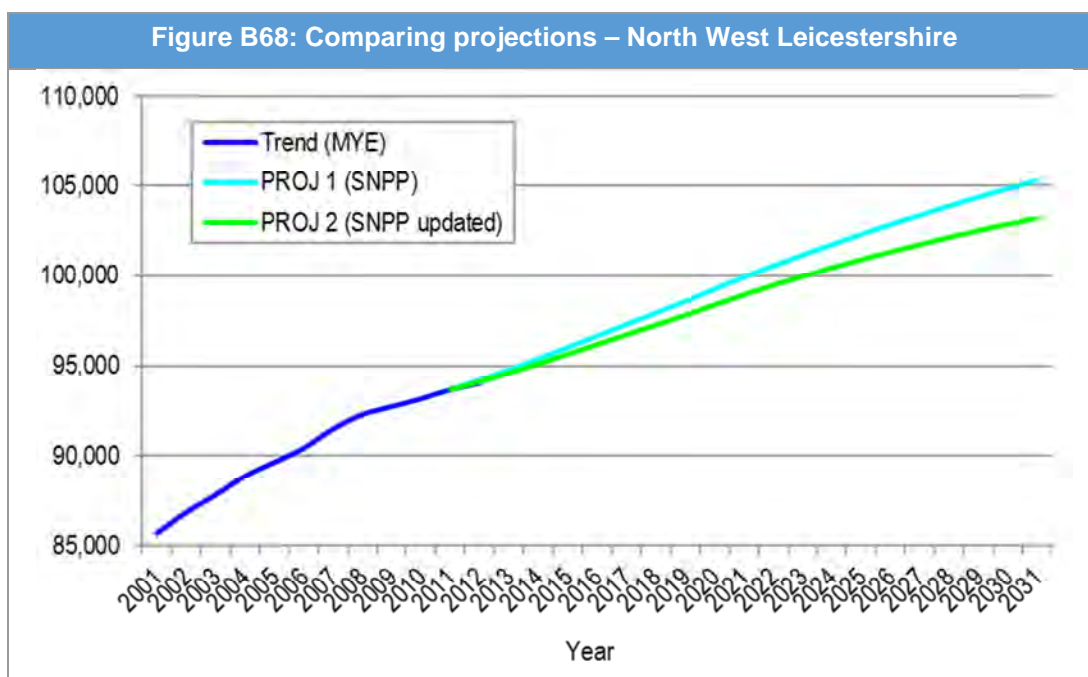


North West Leicestershire

Figure B65: Summary of projections 2011 to 2036 – annual – North West Leicestershire						
Projection	Population growth		Housing numbers		Employment growth	
	Per annum	% change	Per annum	% change	Per annum	% change
PROJ 1 (2011-based SNPP)	551	0.6%	270	0.7%	182	0.4%
PROJ 2 (2011-based SNPP (updated))	443	0.5%	231	0.6%	123	0.3%
PROJ 2A (reduced hh formation constraint)	443	0.5%	267	0.7%	123	0.3%
PROJ 3 (Experian job-led – LA level)	929	1.0%	451	1.1%	388	0.8%
PROJ 4 (Experian job-led – HMA level)	668	0.7%	352	0.9%	246	0.5%

Figure B66: Summary of projections 2011 to 2036 – total – North West Leicestershire						
Projection	Population growth		Housing numbers		Employment growth	
	Total	% change	Total	% change	Total	% change
PROJ 1 (2011-based SNPP)	13,764	14.7%	6,756	16.7%	4,541	9.8%
PROJ 2 (2011-based SNPP (updated))	11,085	11.8%	5,773	14.2%	3,081	6.6%
PROJ 2A (reduced hh formation constraint)	11,085	11.8%	6,677	16.5%	3,081	6.6%
PROJ 3 (Experian job-led – LA level)	23,227	24.8%	11,272	27.8%	9,696	20.8%
PROJ 4 (Experian job-led – HMA level)	16,695	17.8%	8,800	21.7%	6,140	13.2%

Figure B67: PROJ 2 (SNPP (updated)) population change 2011 to 2036 by five year age bands – North West Leicestershire				
Age group	Population 2011	Population 2036	Change in population	% change from 2011
Under 15	16,536	16,552	16	0.1%
15-29	15,116	15,632	516	3.4%
30-44	19,128	18,112	-1,016	-5.3%
45-59	19,918	19,146	-772	-3.9%
60-74	15,679	20,058	4,379	27.9%
75+	7,293	15,256	7,963	109.2%
Total	93,670	104,755	11,085	11.8%



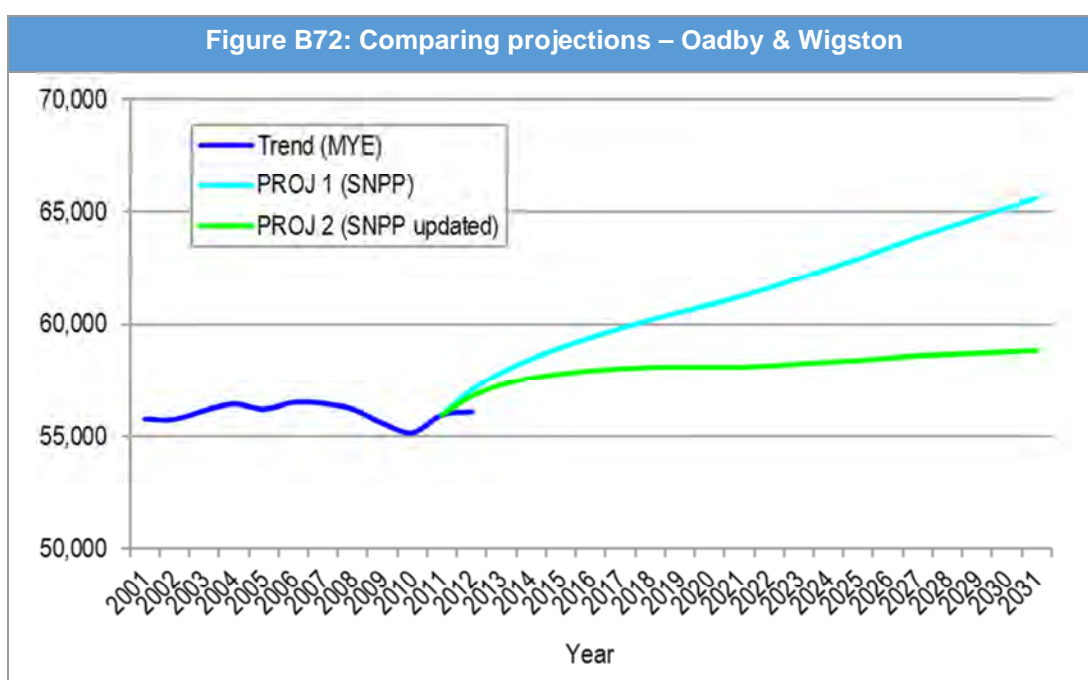
Oadby & Wigston

Figure B69: Summary of projections 2011 to 2036 – annual – Oadby & Wigston

Projection	Population growth		Housing numbers		Employment growth	
	Per annum	% change	Per annum	% change	Per annum	% change
PROJ 1 (2011-based SNPP)	461	0.8%	165	0.7%	172	0.6%
PROJ 2 (2011-based SNPP (updated))	112	0.2%	54	0.2%	-23	-0.1%
PROJ 2A (reduced hh formation constraint)	112	0.2%	75	0.3%	-23	-0.1%
PROJ 3 (Experian job-led – LA level)	271	0.5%	129	0.6%	66	0.2%
PROJ 4 (Experian job-led – HMA level)	406	0.7%	173	0.8%	140	0.5%

Figure B70: Summary of projections 2011 to 2036 – total – Oadby & Wigston						
Projection	Population growth		Housing numbers		Employment growth	
	Total	% change	Total	% change	Total	% change
PROJ 1 (2011-based SNPP)	11,525	20.6%	4,129	18.4%	4,288	16.2%
PROJ 2 (2011-based SNPP (updated))	2,797	5.0%	1,352	6.0%	-578	-2.2%
PROJ 2A (reduced hh formation constraint)	2,797	5.0%	1,870	8.3%	-578	-2.2%
PROJ 3 (Experian job-led – LA level)	6,775	12.1%	3,215	14.3%	1,647	6.2%
PROJ 4 (Experian job-led – HMA level)	10,144	18.1%	4,315	19.2%	3,493	13.2%

Figure B71: PROJ 2 (SNPP (updated)) population change 2011 to 2036 by five year age bands – Oadby & Wigston				
Age group	Population 2011	Population 2036	Change in population	% change from 2011
Under 15	8,988	8,144	-844	-9.4%
15-29	11,347	12,974	1,627	14.3%
30-44	10,011	7,920	-2,091	-20.9%
45-59	11,283	9,924	-1,359	-12.0%
60-74	8,766	10,167	1,401	16.0%
75+	5,584	9,647	4,063	72.8%
Total	55,979	58,776	2,797	5.0%



APPENDIX C: Alternative Methodologies for Headship Rate Calculations

- C.1 The main projections in this report are based on taking a midpoint between 2011- and 2008-based headship rates. This is justified by analysis carried out by CCHPR at a national level which suggests that about half of the difference between expected rates (as in the 2008-based projections) and actual rates (as in the 2011-based projections) is due to higher levels of international migration and growth in BME communities with about half being due to market factors (such as constrained household formation due to a lack of mortgage availability).
- C.2 Given the uncertainty about how household formation rates might change in the future taking such a view does not seem to be unreasonable. However, there are alternative ways to look at this issue. In this section we have studied an alternative method for looking at future household formation rates. This is based on analysis carried out by other local authorities in their own SHMAs and Housing Needs/Requirements Studies and can be summarised as:
- Part return to trend – this method (which links to work carried out by CCHPR) works under the assumption that moving forward headship rate trends return part way towards the figures in the 2008-based projections
- C.3 The outputs from this projections are shown in the table below. The first table covers the period from 2011 to 2031 and the second looks forward to 2036. The data shows that the alternative headship rate calculations do have a slight upwards impact on housing need. Focussing on the period from 2011 to 2031 the data shows a 2.9% increase using the part return to trend method (with the upward movement mainly being seen in Leicester). Looking at the 2011-36 period the differences are slightly larger with a housing requirement of 3,801 per annum being shown compared with the earlier analysis showing a figure of 3,626 (based on midpoint headship).

Figure C1: Updated SNPP/CLG Projections to 2031 – part return to trend household formation rates						
	Households 2011	Households 2031	Change in households	% change from 2011	Housing Requirement	Housing Requirement (per annum)
Leicester	123,105	149,950	26,845	21.8%	27,784	1,389
Blaby	38,777	45,333	6,557	16.9%	6,721	336
Charnwood	66,567	82,460	15,893	23.9%	16,560	828
Harborough	35,021	43,139	8,118	23.2%	8,402	420
Hinckley & Bosworth	45,464	52,147	6,683	14.7%	6,910	346
Melton	21,533	25,246	3,714	17.2%	3,840	192
NW Leicestershire	39,189	44,437	5,248	13.4%	5,426	271
Oadby & Wigston	21,307	23,243	1,936	9.1%	2,040	102
Leicester & L'shire	390,963	465,956	74,992	19.2%	77,684	3,884

Source: DCLG, JGC, 2014

Figure C2: Updated SNPP/CLG Projections to 2036 – part return to trend household formation rates						
	Households 2011	Households 2036	Change in households	% change from 2011	Housing Requirement	Housing Requirement (per annum)
Leicester	123,105	156,973	33,868	27.5%	35,053	1,402
Blaby	38,777	46,581	7,804	20.1%	7,999	320
Charnwood	66,567	85,727	19,160	28.8%	19,965	799
Harborough	35,021	44,815	9,794	28.0%	10,137	405
Hinckley & Bosworth	45,464	53,379	7,915	17.4%	8,184	327
Melton	21,533	26,000	4,468	20.7%	4,619	185
NW Leicestershire	39,189	45,488	6,299	16.1%	6,514	261
Oadby & Wigston	21,307	23,730	2,422	11.4%	2,553	102
Leicester & L'shire	390,963	482,694	91,731	23.5%	95,025	3,801

Source: DCLG, JGC, 2014

- C.4 **Whilst there is merit to each of the methodologies developed we would consider that using a midpoint between 2008- and 2011-based headship rates is probably the most robust** – taking account of both suppressed household formation and also the likelihood that some of the change in average household sizes is due to international migration and the growth in BME communities. The issue with the partial return to trend approach is that international migration has been shown to have been an important component of population trends in Leicester in particular. This can be expected to have some continuing effect on household sizes for key age groups, and means that trends which see some return towards 2008-based household formation rates over time may over-estimate household formation.
- C.5 **It is concluded that the midpoint methodology used remains sound (and has been used in other projections in this report) and that alternative methods would only have a small impact on the bottom-line housing need figures.**

APPENDIX D: Housing Market Model Outputs to 2031

D.1 Section 7 of the main report studied the size of homes likely to be required in each of the affordable and market housing sectors. The analysis ran from 2011 to 2036. Below the core analysis of Section 7 has been provided but looking at a shorter period from 2011 to 2031. The data modelling shows that using the shorter period does not fundamentally alter the outputs of the analysis in the main report. The figures in brackets () in the following tables are the data for the 2011-36 period as provided in Section 7 of the report.

Figure D1: Modelled Affordable Housing Needed by Local Authority, 2011-2031								
Local Authority	1 bedroom		2 bedrooms		3 bedrooms		4+ bedrooms	
Leicester	35.8%	(37.1%)	29.0%	(29.2%)	30.7%	(29.4%)	4.6%	(4.3%)
Blaby	42.9%	(43.1%)	38.2%	(38.5%)	17.2%	(16.9%)	1.6%	(1.5%)
Charnwood	45.3%	(46.2%)	23.5%	(23.4%)	28.1%	(27.4%)	3.1%	(3.0%)
Harborough	40.4%	(41.3%)	36.6%	(36.7%)	21.1%	(20.3%)	1.9%	(1.8%)
Hinckley & Bosworth	29.5%	(30.4%)	39.9%	(39.4%)	29.2%	(28.9%)	1.4%	(1.3%)
Melton	33.5%	(34.5%)	40.7%	(40.6%)	23.3%	(22.7%)	2.5%	(2.2%)
NW Leicestershire	32.9%	(33.3%)	35.1%	(35.2%)	29.3%	(28.9%)	2.6%	(2.5%)
Oadby & Wigston	43.4%	(44.0%)	31.6%	(31.5%)	23.7%	(23.2%)	1.4%	(1.3%)
HMA	38.2%	(39.1%)	31.7%	(31.7%)	27.0%	(26.3%)	3.1%	(2.9%)

Source: Housing Market Model

Figure D2: Estimated dwelling requirement by number of bedrooms (2011 to 2031) – Market Sector								
Local Authority	1 bedroom		2 bedrooms		3 bedrooms		4+ bedrooms	
Leicester	7.6%	(8.0%)	25.8%	(26.1%)	51.2%	(50.7%)	15.5%	(15.3%)
Blaby	3.7%	(3.8%)	30.9%	(31.3%)	55.6%	(54.8%)	9.8%	(10.2%)
Charnwood	6.0%	(6.3%)	31.5%	(31.6%)	46.3%	(45.9%)	16.1%	(16.2%)
Harborough	5.0%	(5.3%)	36.7%	(37.8%)	41.5%	(41.0%)	16.8%	(16.0%)
Hinckley & Bosworth	6.5%	(6.9%)	42.7%	(42.7%)	45.4%	(44.6%)	5.4%	(5.8%)
Melton	4.5%	(4.7%)	32.0%	(32.4%)	50.8%	(50.6%)	12.7%	(12.3%)
NW Leicestershire	4.9%	(5.1%)	37.1%	(38.0%)	52.3%	(51.6%)	5.7%	(5.4%)
Oadby & Wigston	8.5%	(8.9%)	56.3%	(59.2%)	46.7%	(45.1%)	-11.5%	(-13.2%)
HMA	6.1%	(6.5%)	32.2%	(32.5%)	48.9%	(48.3%)	12.8%	(12.7%)

Source: Housing Market Model