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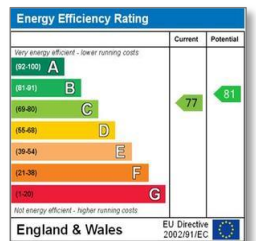
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Darlington Strategic Housing Market Assessment 2015

Part 1 – Objectively Assessed Needs

Report of Findings

November 2015

Contents

1. Introducing the Study
Background to the Project and Wider Policy Context

This Report is part of a Strategic Housing Market Assessment (SHMA) for Darlington prepared in 2 parts:

» Part 1 (this report) is the Objective Assessment of Need, including affordable housing needs and the size of mix of housing required.

» Part 2 (available separately) provides an assessment of the need for housing of specific types to meet particular needs

Project Overview

1.1 Opinion Research Services (ORS) was commissioned by Darlington Borough Council to undertake a Strategic Housing Market Assessment to establish the Objectively Assessed Need for housing.

1.2 The National Planning Policy Framework (NPPF) sets out government's planning policies for England and how these are expected to be applied. The Framework acts as guidance for local planning authorities and decision-takers, both in drawing up plans and making decisions about planning applications.

1.3 Planning Practice Guidance (PPG) on the assessment of housing and economic development needs was published in March 2014. Previous SHMA Guidance (2007) and related documents were rescinded at that time, so the approach taken in preparation of this report is focussed on meeting the requirements of the NPPF and PPG and, therefore, many aspects of the previous SHMA have required review.

1.4 The study methodology was also mindful of Planning Inspector Decisions and High Court Judgements, as well as emerging good practice including the technical advice note about Objectively Assessed Need (OAN) and Housing Targets Second Edition published by the Planning Advisory Service (PAS) in July 2015[1].

Government Policy

1.5 The NPPF has at its heart a presumption in favour of sustainable development, and states that Local Plans should meet the full, objectively assessed needs for market and affordable housing in the housing market area. Given that Regional Spatial Strategies are now revoked, the responsibility for establishing the level of future housing provision required rests with the local planning authority.

> *"At the heart of the National Planning Policy Framework is a **presumption in favour of sustainable development**, which should be seen as a golden thread running through both plan-making and decision-taking.*
>
> *Local planning authorities should positively seek opportunities to meet the development needs of their area.*

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[1] Objectively Assessed Need and Housing Targets Second Version (PAS, July 2015)

Local Plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change, unless any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole."

National Planning Policy Framework (NPPF), paragraph 14

> *"To boost significantly the supply of housing, local planning authorities should use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area."*
>
> **National Planning Policy Framework (NPPF), paragraph 47**

1.6 Given this context, the key objective is to provide the robust and strategic evidence base required to establish the Objectively Assessed Need (OAN) for housing in the Housing Market Area (HMA) and provide information on the appropriate mix of housing and range of tenures needed.

> *"Local planning authorities should have a clear understanding of housing needs in their area.*
>
> *They should prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that 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 (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and*
>
> » *caters for housing demand and the scale of housing supply necessary to meet this demand;"*
>
> **National Planning Policy Framework (NPPF), paragraph 159**

1.7 Modelling future housing need requires a consideration of the housing market from a high-level, strategic perspective; in this way an understanding of how key drivers and long-term trends impact on the structure of households and population over the full planning period can be delivered.

1.8 The objective of this study was to establish the OAN for housing (both market and affordable), ensuring that this was fully compliant with the requirements of the NPPF and PPG. Using secondary data, this study sought to:

   » Identify the housing market area for Darlington;

   » Provide evidence of the need and demand for housing based on demographic projections;

   » Consider market signals about the balance between demand for and supply of dwellings;

   » Establish the Objectively Assessed Need for housing;

   » Identify the appropriate balance between market and affordable housing; and

   » Address the needs for housing for older people (including C2 usage) and households with specific needs.

1.9 It is important to recognise that the information from this document should not be considered in isolation, but forms part of a wider evidence base to inform the development of housing and planning policies. This document does not seek to determine rigid policy conclusions, but instead provides a key component of the evidence base required to develop and support a sound policy framework.

Duty to Co-operate

1.10   The Duty to Co-operate was introduced in the 2011 Localism Act and is a legal obligation.

1.11   The NPPF sets out an expectation that public bodies will co-operate with others on issues with any cross-boundary impact, in particular in relation to strategic priorities such as "the homes and jobs needed in the area".

> *"Public bodies have a duty to cooperate on planning issues that cross administrative boundaries, particularly those which relate to the **strategic priorities** set out in paragraph 156. The Government expects joint working on areas of common interest to be diligently undertaken for the mutual benefit of neighbouring authorities.*
>
> *Local planning authorities should work collaboratively with other bodies to ensure that strategic priorities across local boundaries are properly coordinated and clearly reflected in individual Local Plans. Joint working should enable local planning authorities to work together to meet development requirements which cannot wholly be met within their own areas – for instance, because of a lack of physical capacity or because to do so would cause significant harm to the principles and policies of this Framework. As part of this process, they should consider producing joint planning policies on strategic matters and informal strategies such as joint infrastructure and investment plans."*
>
> **National Planning Policy Framework (NPPF), paragraphs 178-179**

1.12   How councils have complied with their legal requirements under the Duty to Co-operate will be considered when plans are submitted for examination. One key issue is how any unmet development and infrastructure requirements can be provided by co-operating with adjoining authorities (subject to tests of reasonableness and sustainability). The NPPF sets out that co-operation should be "*a continuous process of engagement*" from "*thinking through to implementation*".

> *"Local planning authorities 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 examination. This could be by way of plans or policies prepared as part of a joint committee, a memorandum of understanding or a jointly prepared strategy which is presented as evidence of an agreed position. Cooperation should be a continuous process of engagement from initial thinking through to implementation, resulting in a final position where plans are in place to provide the land and infrastructure necessary to support current and projected future levels of development."*
>
> **National Planning Policy Framework (NPPF), paragraph 181**

2. Defining the Housing Market Area
An Evidence Base to Identify Functional Housing Markets

2.1 The National Planning Policy Framework (NPPF) refers to Local Plans meeting the ***"full objectively assessed needs for market and affordable housing in the housing market area"*** (paragraph 47, emphasis added). The identification of the Housing Market Area (HMA) is therefore the first relevant building block in the evidence for identifying objectively assessed needs for the study.

2.2 This Chapter considers the historic and current evidence about housing market areas in Darlington.

Functional Housing Market Areas

2.3 The definition of a functional housing market area is well-established as being "...the geographical area in which a substantial majority of the employed population both live and work and where those moving house without changing employment choose to stay" (Maclennan et al, 1998)[2].

Planning Practice Guidance

2.4 Planning Practice Guidance (PPG)[3] on the Assessment of housing and economic development needs (March 2014) reflects this existing concept, confirming that the underlying principles for defining housing markets are concerned with the functional areas in which people both live and work:

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

> *"The extent of the housing market areas identified will vary, and many will in practice cut across various local planning authority administrative boundaries. Local planning authorities should work with all the other constituent authorities under the duty to cooperate."*

2.5 Therefore, PPG requires an understanding of the housing market area and says this can be defined using three different sources of information:

» House prices and rates of change in house prices

» Household migration and search patterns

» Contextual data (e.g. travel to work area boundaries, retail and school catchment areas)

2.6 These sources are consistent with those identified in the CLG advice note 'Identifying sub-regional housing market areas' published in 2007[4].

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[2] Local Housing Systems Analysis: Best Practice Guide. Edinburgh: Scottish Homes
[3] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/
[4] Identifying sub−regional housing market areas (CLG, March 2007); paragraph 1.6

Geography of Housing Market Areas (NHPAU/CURDS)

2.7 CLG also published a report on the 'Geography of Housing Market Areas' in 2010[5] which was commissioned by the former National Housing and Planning Advice Unit (NHPAU) and undertaken by the Centre for Urban and Regional Development Studies (CURDS) at Newcastle University. This study explored a range of potential methods for calculating housing market areas for England and applied these methods to the whole country to show the range of housing markets which would be generated. The report also proposed three overlapping tiers of geography for housing markets:

> » Tier 1: framework housing market areas defined by long distance commuting flows and the long-term spatial framework within which housing markets operate;

> » Tier 2: local housing market areas defined by migration patterns that determine the limits of short term spatial house price arbitrage: i.e. households moving without changing jobs;

> » Tier 3: sub-markets defined in terms of neighbourhoods or house type price premiums.

2.8 The report recognised that migration patterns and commuting flows were the most relevant information sources for identifying the upper tier housing market areas, with house prices only becoming relevant at a more local level and when establishing housing sub-markets. The report also outlined that no one single approach (nor one single data source) will provide a definitive solution to identifying local housing markets; but by using a range of available data, judgements on appropriate geography can be made.

2.9 Advice recently published in the PAS OAN technical advice note also suggests that the main indicators will be migration and commuting (paragraph 5.4).

> *"The PPG provides a long list of possible indicators, comprising house prices, migration and search patterns and contextual data including travel-to-work areas, retail and school catchments. In practice, the main indicators used are migration and commuting. With regard to migration, the PPG explains that areas that form an HMA will be reasonably self-contained, so that…*

> *A relatively high proportion of household moves (typically 70%) are contained [within the area]. 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)."*

2.10 The PAS OAN technical advice note suggests that analysis reported in the CLG report *"Geography of Housing Market Areas"* (CLG, November 2010) should provide a starting point for drawing HMAs. Figure 1 shows the local authority boundary (in BLACK) and compares these with the CURDS study (in RED) to consider their alignment. It is apparent that the CURDS study concluded that Darlington was split between a very large geographical HMA covering Hambleton and Richmondshire to the south and an area including parts of County Durham and Stockton on Tees Borough to the east and north.

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[5] Geography of Housing Market Areas (CLG, November 2010)

Figure 1:   NHPAU Study – PAS OAN technical advice note 'Starting Point' (Source: NHPAU/CURDS 2010)

ONS Travel to Work Areas

2.11   Housing market areas reflect "the key functional linkages between places where people live and work" and therefore it is important to consider travel to work patterns within the identified area alongside the migration patterns. PPG (Paragraph 11) states:

> *"Travel to work areas can provide information about commuting flows and the spatial structure of the labour market, which will influence household price and location. They can also provide information about the areas within which people move without changing other aspects of their lives (e.g. work or service use)."*

2.12   One of the PPG suggested data sources is the Office for National Statistics Travel To Work Areas (TTWAs). Figure 2 shows the latest ONS TTWAs. These were published in 2015 and are based on the origin-destination data from the 2011 Census.

2.13   Once again, the Darlington TTWA extends in to both North Yorkshire and Durham, but in both cases the areas beyond the boundaries of Darlington are lightly populated.

Valuation Office Agency Broad Rental Market Areas

2.14   The Broad Rental Market Area (BRMA) is the geographical area used by the Valuation Office Agency (VOA) to determine the Local Housing Allowance rate (LHA), the allowance paid to Housing Benefit applicants. The BRMA area is based on an area where a person could reasonably be expected to live taking into account access to facilities and services for the purposes of health, education, recreation, personal banking and shopping.

2.15   When determining BRMAs the Rent Officer takes account of the distance of travel, by public and private transport, to and from these facilities and services. The boundaries of a BRMA do not have to match the boundaries of a local authority and BRMAs will often fall across more than one local authority area. Therefore BRMAs are areas within which it would be reasonable to expect a household needing local housing allowance support to move to another settlement within the area in order to find suitable housing.

2.16   The BRMA areas for Darlington and surrounding areas are shown in green lines in Figure 3. It is evident that almost the whole of Darlington falls into one BRMA, which extends across the southern part of County Durham to encompass Barnard Castle and the northern part of Richmondshire to encompass Scotch Corner.

Figure 3:   Comparison of VOA BRMA and ORS HMA analysis
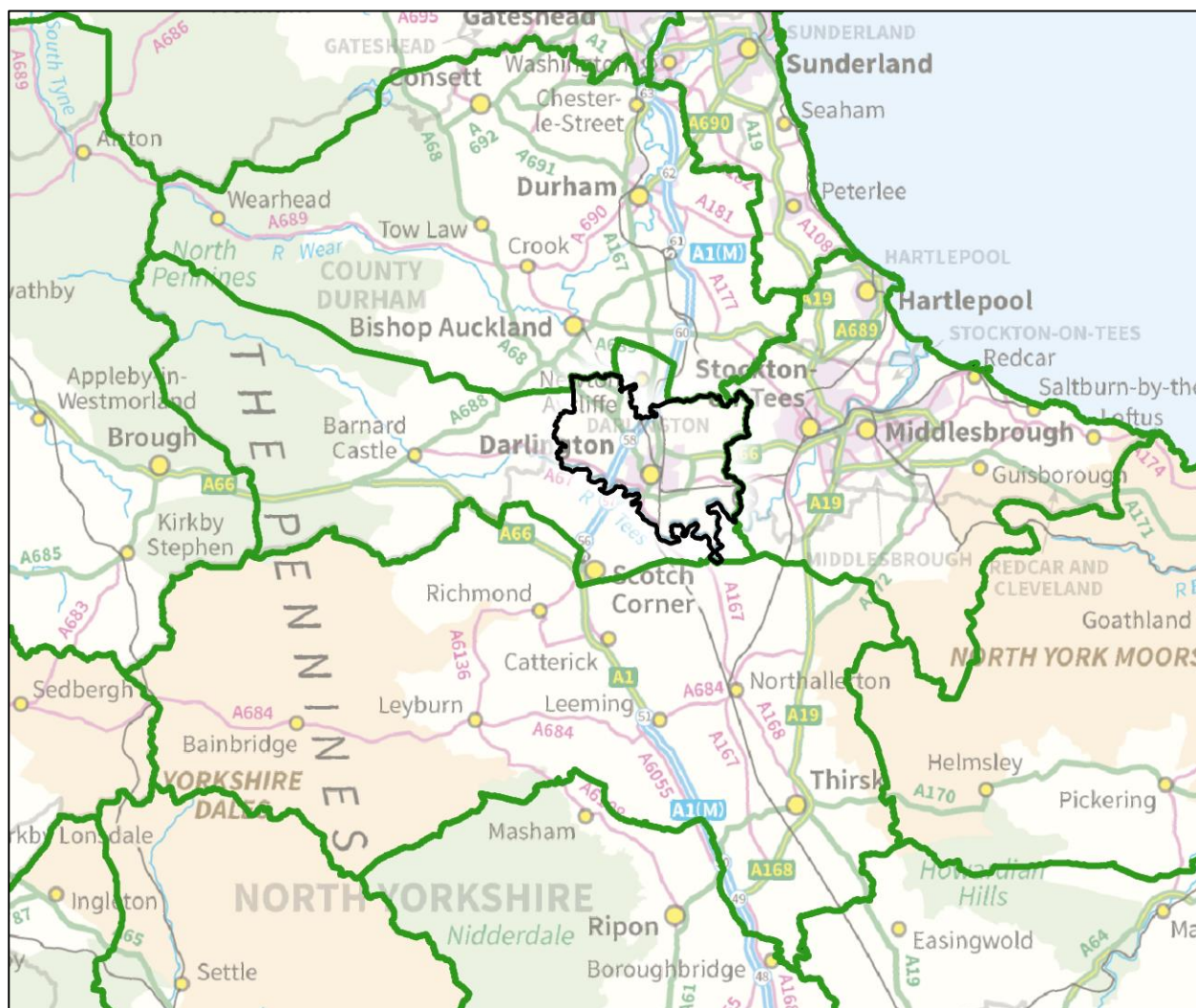
Administrative Boundaries and Housing Market Areas

2.17   The NPPF recognises that housing market areas may cross administrative boundaries, and PPG emphasises that housing market areas reflect <u>functional</u> linkages between places where people live and work. The previous 2007 CLG advice note[6] also established that functional housing market areas should not be constrained by administrative boundaries, nevertheless it suggested the need for a "best fit" approximation to local authority areas for developing evidence and policy (paragraph 9):

> *"The extent of sub-regional functional housing market areas identified will vary and many*
> *will in practice cut across local authority administrative boundaries. For these reasons,*
> *regions and local authorities will want to consider, for the purposes of developing evidence*
> *bases and policy, using a pragmatic approach that <u>groups local authority administrative</u>*
> *<u>areas together as an approximation for functional sub-regional housing market areas</u>."*

2.18   This "best fit" approximation has also been suggested by the recent PAS OAN technical advice note, which suggests (paragraph 5.21):

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[6] Identifying sub-regional housing market areas (CLG, March 2007)

> *"It is best if HMAs, as defined for the purpose of needs assessments, do not straddle local authority boundaries. For areas smaller than local authorities data availability is poor and analysis becomes impossibly complex. There may also be 'cliff edge' effects at the HMA boundary, for example development allowed on one side of a road but not the other."*

2.19   This means there is a need for balance in methodological approach:

»   On the one hand, it is important that the process of analysis and identification for the functional housing market areas should not be constrained by local authority boundaries. This allows the full extent of each functional housing market to be properly understood and ensures that all of the constituent local planning authorities can work together under the duty to cooperate, as set out in Guidance (PPG, paragraph 10).

»   On the other hand, and as suggested by the recent PAS advice note (and the previous CLG advice note), it is also necessary to identify a "best fit" for each functional housing market area that is based on local planning authority boundaries. This "best fit" area provides an appropriate basis for analysing evidence and drafting policy, and would normally represent the group of authorities that would take responsibility for undertaking a Strategic Housing Market Assessment (SHMA).

2.20   In summary, the approach to defining housing market areas needs to balance robust analysis with pragmatic administrative requirements.

2.21   Based on the range of analysis that we have considered, it is evident that the geography of housing market areas around Darlington is complex. There are clearly important functional relationships with Durham to the north and West, the rest of Tees Valley to the east and Hambleton and Richmondshire to the south, so it is relevant to note that PPG recognises that *"it might be the case that housing market areas overlap"* (paragraph 10).

2.22   Despite these wider relationships, the VOA identifies Darlington Borough as part of one discrete BRMA which extends across the southern area of County Durham and the northern part of Richmondshire – so they do not consider it reasonable or practical for a household that requires housing benefit support to move from Darlington to either the rest of Teesside or to the less populous areas of North Yorkshire or County Durham.

Key Statistics for Darlington HMA

Migration within the UK to and from Darlington

2.23   Figure 4 shows that a total of 7,160 residents currently living in Darlington had moved there from another address within Darlington in the 12 months prior to the Census. This amounts to 65.0% of all moves for people currently living in Darlington.

2.24   Figure 4 also identifies the current residence of those who previously lived in Darlington and moved in the 12 months prior to the Census. This analysis also shows that 67.4% of previous residents of Darlington who moved stayed within the local authority.

2.25   Nevertheless, the definition for a Housing Market Area sets out that it is the area *"where most of those changing house without changing employment choose to stay"*. Unfortunately, no data is available that relates migration with changes in employment circumstances; but given that most working people will live

relatively close to their job, it is reasonable to assume that those migrants moving longer distances will tend to also change their place of work – so the containment rates for this group will inevitably be higher.

Figure 4: **Previous Area of Residence (12 months prior to Census) by Current Area of Residence (Source: 2011 Census of Population)**

Moves	Live in Darlington		Previously lived in Darlington	
	Moved within Darlington	Moved from elsewhere	Moved within Darlington	Moved elsewhere
All Moves				
Number	7,160	3,850	7,160	3,460
% of moves	65.0%	35.0%	67.4%	32.6%

Travel to Work Patterns

2.26 Whilst housing market areas are defined predominantly in terms of the areas *"where most of those changing house without changing employment choose to stay"*, it is also relevant to consider them in the context of *"...the geographical area in which a substantial majority of the employed population both live and work"*. It is therefore important to consider the extent to which the resident population work in the area and the workplace population live in the area.

2.27 The following tables demonstrate the levels of self-containment in Darlington, i.e. those who live and work in the area. Overall, this shows that 71.2% of people who live in Darlington also work in the area. Looked at from the other perspective, 64.7% of those who work in Darlington also live there.

Figure 5: **Workplace Location by Area of Residence (Source: 2011 Census of Population)**

Workers	Live in Darlington		Work in Darlington	
	Work in Darlington	Work Elsewhere	Live in Darlington	Live Elsewhere
Number of workers				
Number of workers	**33,870**	**13,680**	**33,870**	**18,450**
Proportion of workers	**71.2%**	28.8%	**64.7%**	35.3%

Conclusions

2.28 The CURDS HMA analysis indicates that Darlington Borough is split in two with the south and west part of the authority containing the town of Darlington strongly linked to North Yorkshire, while the northern and eastern part of Darlington Borough is closely linked with areas of Stockton on Tees and County Durham. Meanwhile, the TTWA indicates a close alignment between the Darlington TTWA and the local authority boundary. BRMAs indicate that there is one HMA in Darlington, which also extends in to relatively low populated areas of County Durham and Richmondshire.

2.29 Therefore, following on from PAS advice note (and the previous CLG advice note), and identifying a "best fit" local planning authority boundary, it does seem sensible for Darlington to be considered as a HMA in itself. This view is consistent with the previous SHMA for Darlington and the inspectors at the Examinations in Public for the County Durham Local Plan and Richmondshire Local Plan did not seek to include Darlington in their HMA.

3. Household Projections
The Starting Point for Objectively Assessed Need

Establishing the Housing Need for Darlington

3.1 Modelling future need and demand for housing requires a consideration of the future housing market from a high-level, strategic perspective; in this way an understanding of how key drivers and long-term trends impact on the structure of households and population over the full planning period can be delivered. Further, it needs to be produced in a way that is consistent, strategic and robust.

3.2 As noted in the introduction, the National Planning Policy Framework states that Local Plans should meet objectively assessed needs for market and affordable housing based on household and population projections that take account of migration and demographic change.

Process for Establishing Objectively Assessed Need

3.3 The Objective Assessment of Need identifies the total amount of housing needed including by type, tenure, and size. This evidence assists with the production of the Local Plan (which sets out the spatial policy for a local area).

3.4 The OAN is based on a wide range of information collated from many sources, including:

> » Secondary data and official statistics from a wide range of local, regional and national sources;

> » Existing policy documents and supporting information published by the Local Authority and their partners; and

> » Stakeholder views gathered from various representative agencies.

3.5 The process for developing OAN is now a demographic process to derive housing need from a consideration of population and household projections. To this, external market and macro-economic constraints are applied ('Market Signals') in order to embed the need in the real world.

Figure 6:   Process for establishing a Housing Number for the HMA (Source: ORS based on NPPF and PPG)
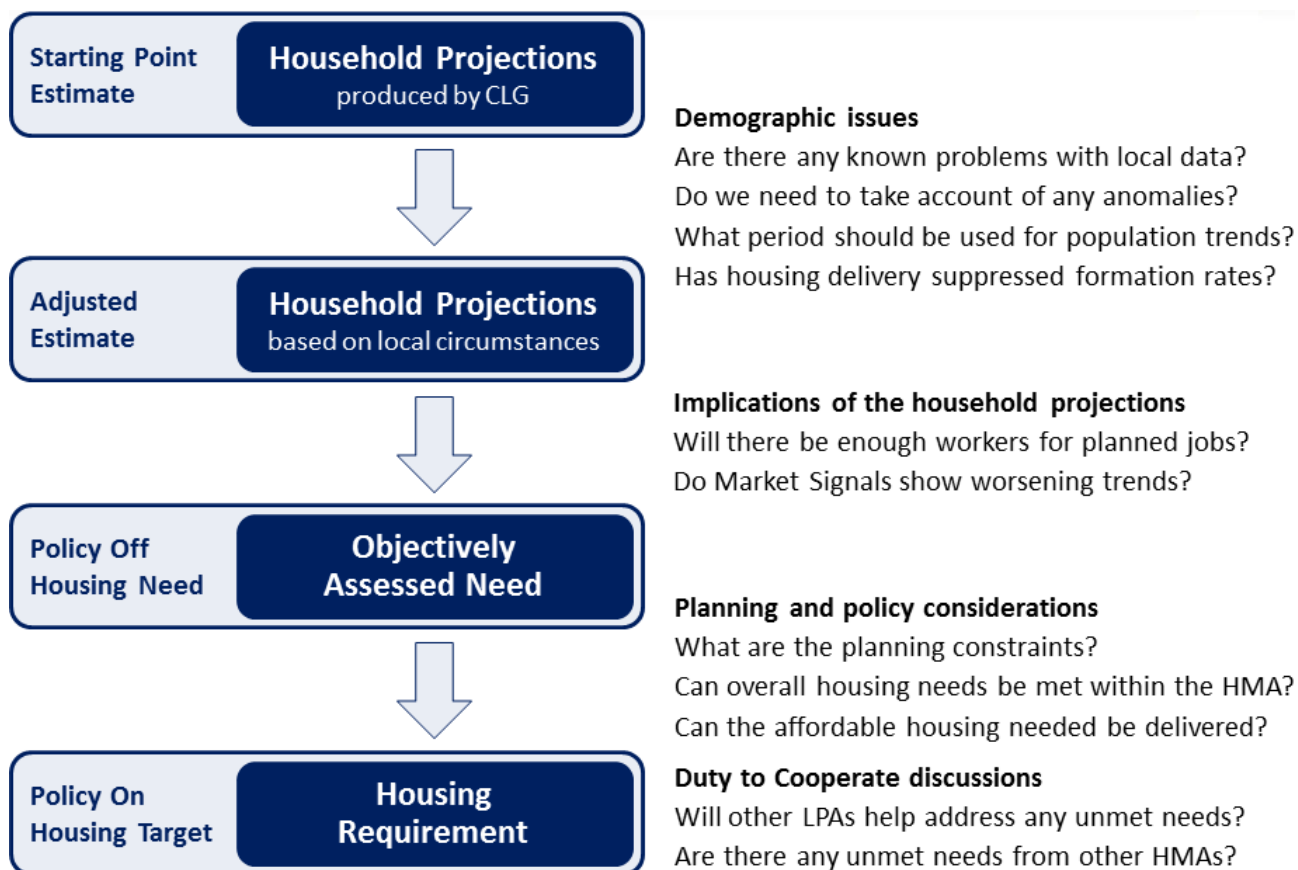
Official Population and Household Projections

3.6   Planning Practice Guidance published in March 2014 places emphasis on the role of CLG Household Projections as the appropriate starting point in determining objectively assessed need. PPG was updated in February 2015 following the publication of the 2012-based Household Projections.

> *"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 rates to the population projections published by the Office for National Statistics."*
>
> **Planning Practice Guidance 2014, paragraph 15**

> *"The 2012-2037 Household Projections were published on 27 February 2015, and are the most up-to-date estimate of future household growth."*
>
> **Planning Practice Guidance 2015, paragraph 16**

3.7   Given this context, Figure 7 sets out the 2012-based household projections together with previous household projections that CLG has produced for Darlington. It is clear that the projections have varied over time, with the projected increase in households in Darlington ranging from 180 up to 440 additional households each year. Each set of household projections will be influenced by a wide range of underlying

data and trend-based assumptions, and it is important to consider the range of projected growth and not simply defer to the most recent data.

Figure 7: CLG Household Projections for Darlington (Source: CLG Household Projections)

CLG Household Projections	10-year period			25-year period		
	Period	Total Change	Annual Average	Period	Total Change	Annual Average
2004-based (revised)	2004-14	4,000	400	2004-29	9,000	360
2006-based	2006-16	4,000	400	2006-31	11,000	440
2008-based	2008-18	4,000	400	2008-33	10,000	400
Interim 2011-based	2011-21	3,000	300	-	-	-
2012 based	2012-22	2,100	210	2012-37	4,500	180

3.8 The 2012 based projections are significantly lower than the CLG interim 2011-based projection (300 per year from 2011-21) and the CLG 2008-based projection (400 per year from 2008-33). These differences are largely due to changes in the ONS population projections (Figure 8).

Figure 8: ONS Mid-Year Estimates and Sub-National Population Projections for Darlington (Source: ONS)
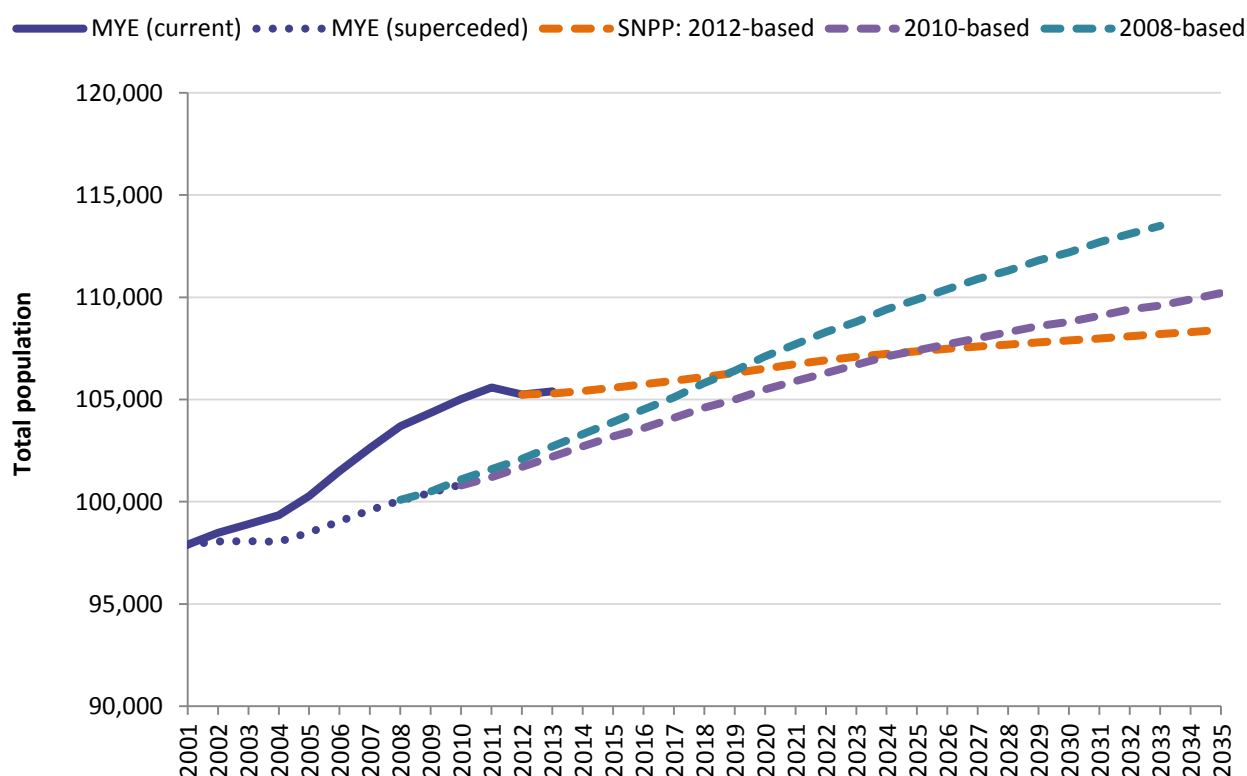
3.9 Figure 8 shows the outputs from the latest (2012-based) SNPP together with the previous projections that have informed the various CLG household projections (although note that CLG did not produce household projections based on the 2010-based SNPP). It is evident that the 2012-based projections follow a lower trajectory to the 2010-based projection, but from a higher baseline population which reflects the revisions to the Mid-Year Estimates following the 2011 Census.

3.10   Differences in the projected increase in population between the different projections are largely associated with the assumed migration rates, which are typically based on recent trends using 5-year averages – so short-term changes in migration patterns can significantly affect the projected population growth.

Population and Household Projections based on Local Circumstances

3.11   Whilst PPG identifies CLG household projections as the starting point for establishing housing need, it also recognises the need to consider sensitivity testing this data and take account of local evidence.

> *"Plan makers may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates. Account should also be taken of the most recent demographic evidence including the latest Office of National Statistics population estimates*
>
> *Any local changes would need to be clearly explained and justified on the basis of established sources of robust evidence."*
>
> **Planning Practice Guidance 2014, paragraph 17**

3.12   Migration scenarios based on 5-year averages have the potential to roll-forward short-term trends that are unduly high or low, so they do not provide a robust basis for long-term planning. 10-year trend migration scenarios are more likely to capture both highs and lows and are not as dependent on trends that are unlikely to be repeated. Therefore, on balance, we favour using 10-year migration trends as the basis for our analysis.

3.13   This document has therefore produced additional projections using a range of scenarios that have been derived as part of the analysis. It is important to recognise that no one scenario will provide a definitive assessment of the future population; but taken collectively the different scenarios can help determine the most likely range of projections.

Official Population Estimates

3.14   Figure 9 shows the current and historic mid-year population estimates and Census estimates for Darlington over the period since 1981. The data suggests that the local authority's population fell between 1991 and 2001, but then rose sharply between 2001 and 2011. ONS Mid-Year Estimates for the period 1991 to 2001 saw the population of Darlington as rising, while the 2001 Census indicated that it had fallen. Since 2001, the ONS Mid-Year Estimates assumed that growth had occurred at a lower rate (Figure 9), but the 2011 Census suggested that there were nearly 5,000 more people living in the local authority than had previously been estimated. The ONS therefore revised upwards the previous estimates to reflect the Census data, but the estimates since 2011 shows that the population of Darlington is now falling.

Figure 9:   Official population estimates for the period 1981-2013 (Source: UK Census of Population 1981, 1991, 2001 and 2011; ONS Mid-Year Estimates, including data since superseded)
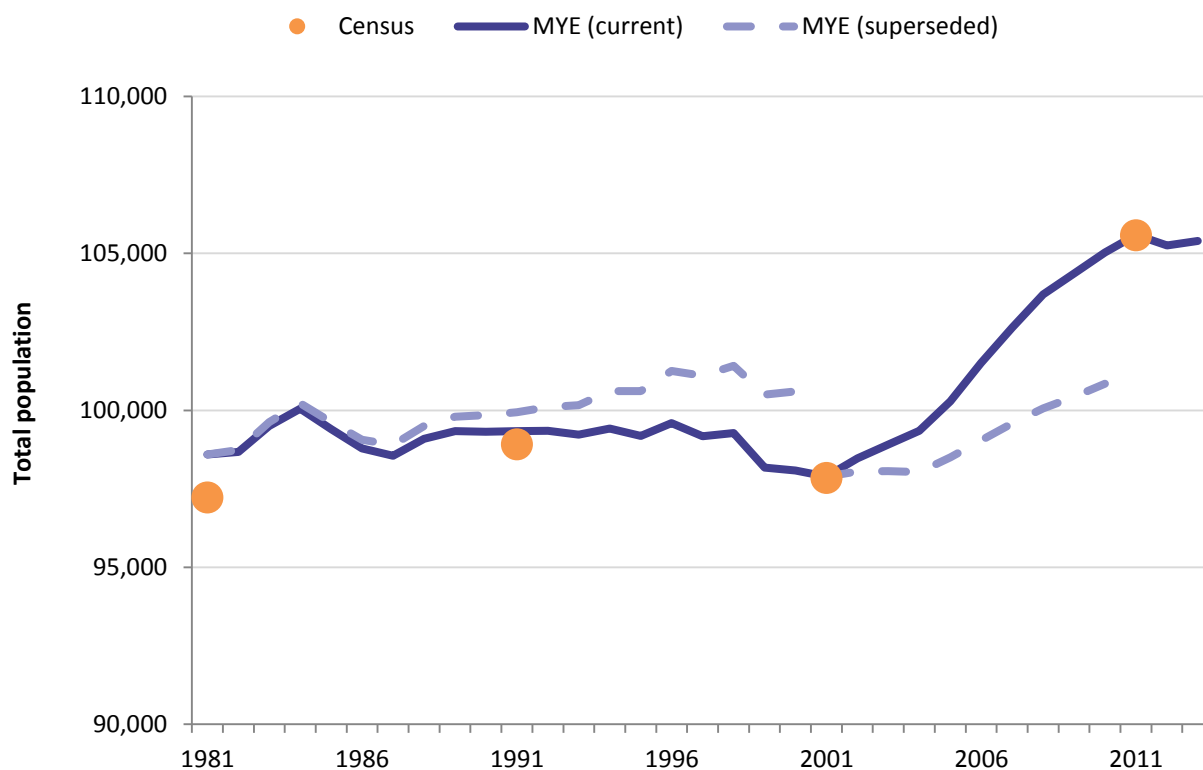
3.15   A summary of the data from the last three Censuses is shown in Figure 10. This shows that:

» Between 1991 and 2001, the Census shows a growth of 4,100 dwellings, but a loss of 1,100 people.

» Between 2001 and 2011 the growth in dwellings was 4,500 and population growth was 7,700 people.

» The growth in dwellings between 2001 and 2011 was higher than Council Tax records which show a rise of 4,013 dwellings in the same time period.

» There was almost no change in vacant and second homes rates between the Censuses, so little of the changes can be ascribed to changes from the share of dwellings being occupied.

Figure 10: Population and Household Numbers for Darlington in 1991, 2001 and 2011 (Source: UK Census of Population 1991, 2001, 2011)

Census Year	Population	Dwellings	Vacant and Second Homes Percentage
1991	98,906	40,222	4.6%
2001	97,839	44,310	4.4%
2011	105,564	48,761	4.2%

3.16   There also appear to be significant issues with the ONS data for Darlington since 2011. Net population change between 2011 and 2014 from the MYE has seen the population of Darlington fall by 200 people. This is in sharp contrast to an average annual rise between the 2001 and 2011 Census of around 770. Even

allowing for under-enumeration in the 2001 Census, using 1991 Census information indicates that the population of Darlington grew by an annual average of around 330 people per annum between 1991 and 2011.

3.17   Alongside the Mid-Year Estimates published in mid-2014, the ONS published a quality assurance pack which provided a range of comparative data from administrative sources. Whilst this administrative data does not provide a direct estimate of population, they provide a useful triangulation point. Figure 11 shows the mid-2011 and mid-2014 population estimates together with the administrative data for the same years across the relevant age cohorts.

3.18   In summary, over the 3-year period:

> »   The mid-year estimates suggest a population fall of 200 people while the NHS patient register shows a rise of 970 people;

> »   The mid-year estimates suggest a decrease of 20 children aged 5-14, while there has been a 220 increase on the school census; and

> »   The mid-year estimates suggest an increase of 1,620 people aged 65+, which is higher than the 1,540 increase in people receiving state pension (not all persons over 65 years claim the state pension).

Figure 11: Mid-Year Population Estimates and Administrative Data 2011 and 2014 for Darlington (Source: ONS)

Age	Mid-Year Estimate		Patient Register		School Census		State pensions	
	2011	2014	2011	2014	2011	2014	2011	2014
Aged 0 - 4	6,570	6,500	6,470	6,370				
Aged 5 - 9	6,150	6,420	6,140	6,490	5,910	6,280		
Aged 10 - 14	6,190	5,900	6,170	6,000	5,790	5,640		
Aged 15 - 19	6,440	6,210	6,510	6,210				
Aged 20 - 24	6,030	5,720	6,360	6,280				
Aged 25 - 29	6,540	6,290	6,660	6,670				
Aged 30 - 34	6,430	6,520	6,650	6,810				
Aged 35 - 39	6,740	6,220	7,000	6,590				
Aged 40 - 44	7,630	7,270	7,980	7,620				
Aged 45 - 49	8,040	7,740	8,290	8,140				
Aged 50 - 54	7,270	7,630	7,550	7,950				
Aged 55 - 59	6,330	6,690	6,580	6,990				
Aged 60 - 64	6,670	6,100	6,840	6,320				
Aged 65 - 69	5,290	6,340	5,200	6,430			5,160	6,170
Aged 70 - 74	4,480	4,470	4,500	4,460			4,350	4,430
Aged 75 - 79	3,580	3,940	3,490	3,880			3,530	3,810
Aged 80 - 84	2,620	2,690	2,660	2,650			2,590	2,650
Aged 85+	2,590	2,740	2,520	2,680			2,570	2,680
TOTAL	**105,590**	**105,390**	**107,570**	**108,540**	**11,700**	**11,920**	**18,200**	**19,740**
Increase 2011-14		**-200**		**+970**		**+220**		**+1,540**
MYE Total for same age cohorts	105,590	105,390	105,590	105,390	12,340	12,320	18,560	20,180
Increase 2011-14	**-200**		**-200**		**-20**		**+1,620**	

3.19   It is evident that the administrative data sources that ONS identified for validating the population estimates suggest that the population is increasing in Darlington while the MYE is suggesting it has fallen between 2011 and 2014. It therefore isn't appropriate to adopt this data uncritically.

3.20   It is important to recognise that there has been no change in the ONS methodology for establishing the MYE since the mid-2011 estimates were produced – so any systematic error that existed at that time will continue to impact on more recent estimates, and therefore cannot be ignored. Whilst the ONS will not have a robust basis for correcting this data until the results of the 2021 Census are available (and therefore no correction can yet be made).

3.21 The administrative data clearly justifies the continued need for an adjustment with the evidence being that there has been very little change in the growth rate of the population post 2011 than there was before 2011. Given the evidence that the population of Darlington has continued rising after 2011, this indicates that SNPP 2012 based will be under-estimating trend growth rates and that, when published in 2016, SNPP 2014 based are likely to be an even larger under-estimate of projected population growth and could show negative projected population growth.

3.22 This leads to a set of conclusions which make deriving population and household projections for Darlington extremely difficult:

» 2012 based SNPP and current MYE identify that the population growth which occurred between 2001 and 2011 has now stopped and that the population of Darlington has fallen since 2011. This is very unlikely and imply that any projections based on data produced since 2011 are likely to be under-estimating the projected population growth.

» The population and household growth figures from 1991 to 2001 and then from 2001 to 2011 are both unlikely to be correct. Instead, the indications are that, along with many other areas such as Luton and Southend on Sea, the 2001 Census under-estimated the number of households and population of Darlington. This would imply that using data trended between the official 2001 and 2011 Census figures would over-estimated the projected growth in population.

3.23 The most common approach adopted by ORS, in producing population projections, bases migration data on the observable patterns between the 2001 and 2011 Census. However, if there is a problem with the population data in either the 2001 or 2011 Census then this process is more difficult. In this case, the likely underestimate in the 2001 Census population would see the population projections use too high a growth rate in migration.

3.24 However, we cannot revert back to official ONS estimates such as the 2012 based SNPP or use mid-year estimate data for Darlington because this too appears to be flawed. Therefore, we have chosen to derive three new models for Darlington based upon a range of scenarios. These are:

» Using the official population and migration estimates from the 2001 and 2011 Censuses to derive 10 year trends and projecting these forward. This is our standard approach, but because of our concerns in this cases we have labelled it the High-trend scenario;

» Using the official population and migration estimates from the 1991 and 2011 Censuses to derive 20 year trends and projecting these forward. This gives lower figures than the 10 year trend model, but the figures are still much higher than 2012 based SNPP. We have labelled this as the Low trend scenario.

» Using the now superseded ONS mid-year population estimates from 2001 to 2011 to derive 10 year trends and projecting these forward. We have labelled this as the mid-trend scenario.

3.25 The logic behind using the mid-trend scenario can be seen in Figure 9. This shows that between 1991 and 2001 the mid-year population estimates at the time over-estimated the growth in the population of Darlington when compared with the 2001 Census figure. However, between 2001 and 2011 the mid-year population produced at the time were under-estimating the growth in population which the 2011 Census indicates was occurring. However, collectively the now superseded mid-year population estimates produced between 1991 and 2011 comes very close to tracking the population growth between that time.

3.26   This supports the view that the ONS Mid-Year estimates produced between 1991 and 2001 and then between 2001 and 2011 were accurately tracking the population growth of Darlington and that the population of Darlington was under-estimated in the 2001 Census by up to 3,000 people. If this is the case then the underlying data from the ONS Mid-Year Estimates 2001-2011 provides the most accurate basis for projection forward future growth rates.

Components of Population Change

3.27   Changes in the population can be broadly classified into two categories: natural change in the population (in terms of births and deaths) and changes due to migration, both in terms of international migration and also moves within the UK. In addition to these changes, the ONS Mid-Year Estimates include adjustments for other changes, the largest of which is often "Unattributable Population Change". This is an accountancy adjustment that enables the final population estimate to be constrained to external data sources which are normally more reliable, such as the Census.

Figure 12:   Components of population change (Source: ONS Mid-Year Population Estimates, revised)
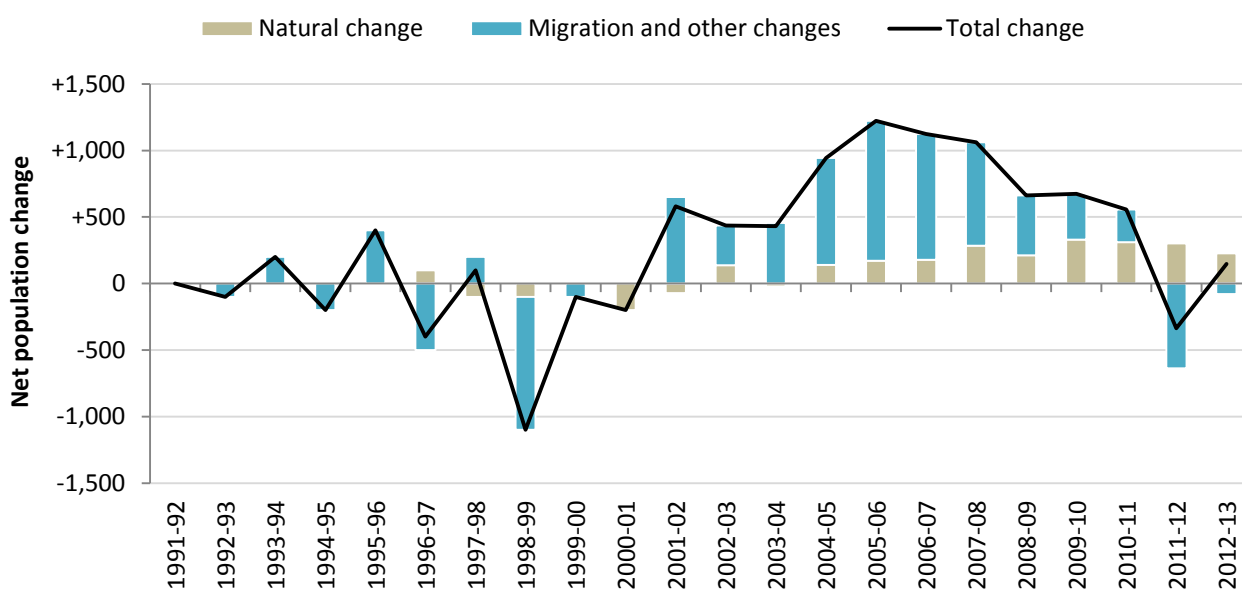
3.28   It is evident from Figure 12 that natural change remained relatively consistent over the period 1991-2004, averaging a loss of 20 persons each year. Nevertheless, it is worth noting that recently rates have consistently exceeded 200 persons annually; with a higher number of births and fewer deaths recorded. Migration and other changes vary much more – ranging from a net loss of 1,000 persons recorded for 1998-99 up to a net gain of more than 1,000 persons recorded for 2005-06; with an annual average loss of 100 persons each year over the period 1991-2001 and a gain of 600 persons per annum in the period 2001-2011 due to migration and other changes based on ONS Mid-Year Population Estimates. However, we would stress that these figures should be treated with caution and also that the migration data for 2011-12 in particular appears to be highly implausible given the figures from previous years.

3.29   Whilst it is relatively straightforward to measure natural population change, it is much more difficult to measure migration. Furthermore, the number of migrants can vary substantially from year to year; and relatively small changes in gross flows can have a significant impact on overall net migration, and it is recognised that the impact of international migration has been particularly difficult to measure; and although current estimates have been improved, some historic data can be unreliable.

3.30   Figure 13 presents the underlying data from the components of annual population change over the period 1991 to 2013.

Figure 13: Components of population change, revised in the light of the 2011 Census (Source: ONS Mid-Year Population Estimates, revised. Note: "Other Changes" includes adjustments for prisoners, armed forces and other unattributable changes. Figures for 2001-02 onward presented unrounded for transparency, but should only be treated as accurate to the nearest 100. Figures for earlier years rounded to the nearest 100)

p	Births	Deaths	Natural Change	UK Migration		International Migration		Other Changes	Migration and Other Changes	Total Change
				In	Out	In	Out			
1991-92	1,400	1,400	0	-	-	-	-	-	0	0
1992-93	1,300	1,300	0	-	-	-	-	-	-100	-100
1993-94	1,300	1,400	0	-	-	-	-	-	200	200
1994-95	1,200	1,200	0	-	-	-	-	-	-200	-200
1995-96	1,200	1,200	0	-	-	-	-	-	400	400
1996-97	1,300	1,200	100	-	-	-	-	-	-500	-400
1997-98	1,100	1,200	-100	-	-	-	-	-	200	100
1998-99	1,200	1,300	-100	-	-	-	-	-	-1,000	-1,100
1999-00	1,200	1,200	0	-	-	-	-	-	-100	-100
2000-01	1,000	1,200	-200	-	-	-	-	-	0	-200
2001-02	1,102	1,173	-71	3,815	3,521	209	252	400	651	580
2002-03	1,185	1,048	137	3,653	3,657	206	305	403	300	437
2003-04	1,175	1,197	-22	3,767	3,683	219	296	447	454	432
2004-05	1,249	1,110	139	3,618	3,449	389	173	420	805	944
2005-06	1,273	1,102	171	3,740	3,424	583	289	441	1,051	1,222
2006-07	1,236	1,057	179	3,834	3,672	543	185	424	944	1,123
2007-08	1,332	1,048	284	3,862	3,743	606	369	422	778	1,062
2008-09	1,328	1,115	213	3,645	3,708	501	402	412	448	661
2009-10	1,345	1,014	331	3,474	3,528	324	386	458	342	673
2010-11	1,317	1,006	311	3,484	3,708	326	319	462	245	556
2011-12	1,337	1,036	301	3,565	3,943	252	559	48	-637	-336
2012-13	1,304	1,078	226	3,627	3,653	238	309	19	-78	148

Establishing Population Projections for Darlington

3.31   In establishing future population projections, it is important to recognise the importance of migration and other changes; in particular the way in which the numbers can vary significantly from year-to-year as previously noted. These differences are partly due to changes in the underlying trends, but can also be associated with uncertainties in measuring the flows.

3.32   For this reason, when preparing population projections we consider migration trends averaged over longer periods of time. The appropriate period will vary depending on the purpose of the projection – but longer-term projections typically benefit from longer-term trends. Therefore, we have developed scenarios based on three migration periods: a 10-year period (2001-2011) a 10-year period based on ONS unadjusted MYE data 2001-2011 and a 20 year model based on 1991-2011 Census information. The scenarios take ONS MYE or Census data and adjust the figures to consider higher and lower levels of migration. This is a standard demographic technique.

Figure 14: Assumed migration flows for population projection scenarios

Scenario	Total Migration and Other Changes	Adjusted Flows			
		UK		International	
		In	Out	In	Out
Baseline Data: SNPP 2012	**-174**	3,686	3,744	324	441
Official Population Data					
10-years intra Census: 2001-2011	**+778**	3,969	3,336	420	275
20-years intra Census: 1991-2011	**+406**	3,797	3,504	402	289
Unadjusted MYE 10 years: 2001 - 2011	**+495**	3,838	3,464	406	286

3.33 Having established this range of different scenarios, we have derived population projections based on the different migration rates. Figure 15 shows the overall population projections for the migration trend-based scenarios over the period 2011-36. The projections range from 122,000 to 128,900 persons, which represent 25-year increases of 16,400 persons and 23,300 persons respectively.

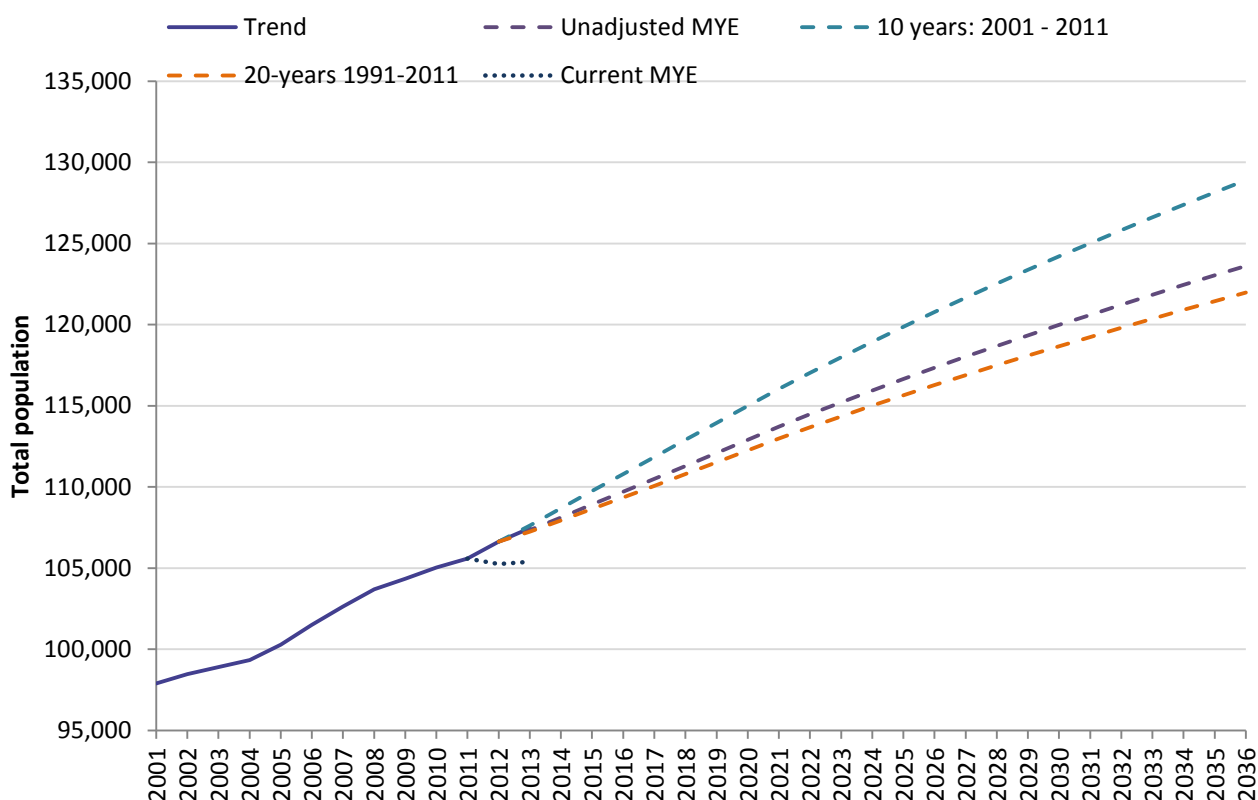**Figure 15: Population projection based on migration trends**

Figure 16: Population projections 2011-36 by gender and 5-year age cohort based on High-, Mid- and Low-Trend Migration scenarios (Note: All figures presented unrounded for transparency, but should only be treated as accurate to the nearest 100)

Age	2011			2036 10-years 2001-2011			2036 20-years 1991-2011			2036 Unadjusted MYE Migration		
	M	F	Total	M	F	Total	M	F	Total	M	F	Total
Aged 0-4	3,318	3,247	**6,565**	3,754	3,582	**7,336**	3,495	3,335	**6,830**	3,556	3,393	**6,950**
Aged 5-9	3,230	2,916	**6,146**	3,734	3,553	**7,286**	3,476	3,308	**6,785**	3,537	3,366	**6,903**
Aged 10-14	3,074	3,117	**6,191**	3,719	3,578	**7,297**	3,472	3,342	**6,815**	3,531	3,398	**6,928**
Aged 15-19	3,324	3,120	**6,444**	3,633	3,442	**7,075**	3,408	3,226	**6,635**	3,462	3,277	**6,739**
Aged 20-24	2,927	3,103	**6,030**	3,305	3,349	**6,653**	3,089	3,123	**6,213**	3,140	3,176	**6,317**
Aged 25-29	3,170	3,369	**6,539**	3,989	4,001	**7,990**	3,736	3,731	**7,467**	3,796	3,795	**7,591**
Aged 30-34	3,194	3,243	**6,437**	3,864	3,734	**7,598**	3,604	3,469	**7,073**	3,666	3,531	**7,197**
Aged 35-39	3,229	3,513	**6,742**	3,943	3,837	**7,779**	3,664	3,556	**7,220**	3,730	3,622	**7,352**
Aged 40-44	3,745	3,876	**7,621**	4,140	4,040	**8,180**	3,845	3,750	**7,595**	3,914	3,818	**7,732**
Aged 45-49	4,015	4,022	**8,037**	4,024	4,019	**8,043**	3,758	3,767	**7,525**	3,821	3,827	**7,647**
Aged 50-54	3,548	3,719	**7,267**	3,662	3,732	**7,394**	3,447	3,538	**6,985**	3,498	3,584	**7,082**
Aged 55-59	3,169	3,156	**6,325**	3,381	3,439	**6,820**	3,210	3,293	**6,503**	3,251	3,328	**6,578**
Aged 60-64	3,284	3,386	**6,670**	3,320	3,536	**6,856**	3,180	3,413	**6,593**	3,214	3,442	**6,656**
Aged 65-69	2,631	2,656	**5,287**	3,672	3,849	**7,521**	3,543	3,734	**7,277**	3,573	3,762	**7,335**
Aged 70-74	2,106	2,374	**4,480**	3,595	3,790	**7,385**	3,491	3,693	**7,184**	3,516	3,717	**7,232**
Aged 75-79	1,611	1,973	**3,584**	2,856	3,230	**6,087**	2,785	3,158	**5,944**	2,802	3,175	**5,978**
Aged 80-84	1,051	1,571	**2,622**	2,118	2,487	**4,605**	2,072	2,435	**4,507**	2,083	2,447	**4,531**
Aged 85+	834	1,763	**2,597**	2,854	4,131	**6,985**	2,797	4,034	**6,831**	2,810	4,057	**6,868**
Total	51,460	54,124	105,584	63,563	65,329	128,892	60,074	61,907	121,981	60,899	62,716	123,615

Projecting Future Economic Activity for Darlington

3.34   Forecasting future economic activity rates is a challenge: the analysis is inherently complex and dependent on a range of demographic, socio-economic and structural changes in the labour market. However, the performance of the labour market in future years (and especially the impact of changing employment patterns) is an important factor which affects demand for housing.

3.35   For this study we have provided a detailed methodology for calculating economic activity rates in Appendix B. The results of this calculation are shown in Figure 17 which shows the estimated economic activity rates for 2011 and the projected rates for 2036 based on Census data for Darlington and the Office of Budget Responsibility (OBR) labour market participation projections.

Figure 17: Economic activity rates in 2011 and 2036 by age and gender based on OBR Labour Market Participation Projections
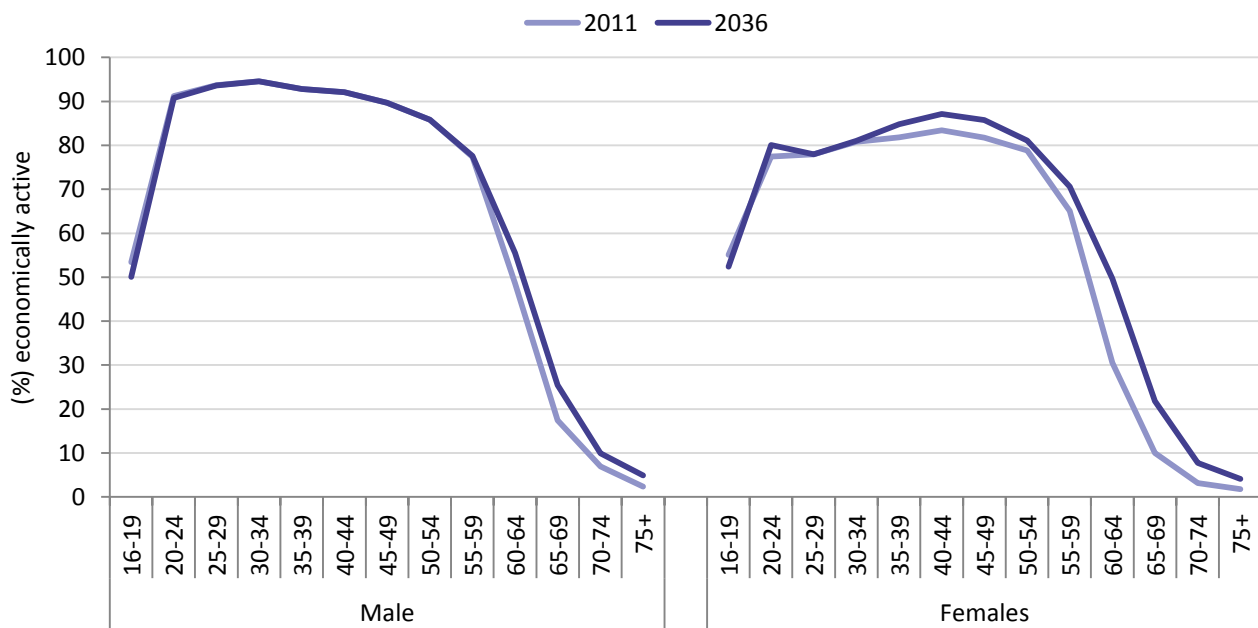
3.36   Participation rates for men under 60 are not projected to change, except for a very small decline in activity by those aged 16-19. There is increased participation projected for men aged 60 and over, but these changes are relatively marginal.

3.37   Participation rates for women are projected to change due to the cohort effects outline in Appendix B. The rates for those aged under 35 are relatively stable (as there is no increased participation assumed for women born after the 1980s), but there are increased participation rates projected for all older age groups. Figure 18 shows the estimated economically active population for Darlington in 2011 and the projected economically active population in 2036 based on the range of Unadjusted MYE 2001-2011 migration population projections previously produced.

Figure 18: Projected economically active population 2011-36 (Note: All figures presented unrounded for transparency)

Age	2036 Mid-trend Migration		
	M	F	Total
Aged 16-19	1,373	1,355	2,728
Aged 20-24	2,851	2,544	5,395
Aged 25-29	3,555	2,958	6,513
Aged 30-34	3,467	2,860	6,327
Aged 35-39	3,462	3,072	6,533
Aged 40-44	3,605	3,329	6,933
Aged 45-49	3,427	3,280	6,707
Aged 50-54	3,002	2,906	5,908
Aged 55-59	2,522	2,350	4,872
Aged 60-64	1,784	1,710	3,494
Aged 65-69	908	821	1,729
Aged 70-74	349	288	637
Aged 75+	137	130	267
Total	**30,441**	**27,602**	**58,043**
Total Change 2011-2036	*+2,636*	*+3,063*	*+5,699*

^{3.38} The economically active population is likely to increase by 5,700 persons over the 25-year period 2011-36. This is a rounded figure.

Establishing Household Projections for Darlington

Household Population and Communal Establishment Population

^{3.39} Prior to considering household projections, it is necessary to identify the household population and separate out the population assumed to be living in Communal Establishments.

^{3.40} The 2011 Census identified 1,458 persons living in Communal Establishments in the Darlington area. This is broadly consistent with the 1,470 persons identified by the CLG 2012-based household projections. Consistent with the CLG approach, the projections assume that the number of people aged under 75 living in Communal Establishments will remain constant over the projection period; however, it is the proportion of people aged 75 or over that is held constant by gender for each relationship status.

^{3.41} Figure 19 shows the breakdown between the household population and the population living in Communal Establishments for each of the three scenarios.

Figure 19: Population projections 2011-36 by gender and 5-year age cohort based on High-, Mid- and Low-Trend Migration scenarios (Note: Communal Establishment population held constant for population aged under 75 (light blue cells), and held proportionately constant for each relationship status for population aged 75 or over (orange cells))

Age	2011			2036 High-trend Migration			2036 Low-trend Migration			2036 Unadjusted MYE Migration		
	HH	CE	Total	HH	CE	Total	HH	CE	Total	HH	CE	Total
Aged 0-4	6,557	8	**6,565**	7,328	8	**7,336**	6,822	8	**6,830**	6,942	8	**6,950**
Aged 5-9	6,138	8	**6,146**	7,278	8	**7,286**	6,777	8	**6,785**	6,895	8	**6,903**
Aged 10-14	6,167	24	**6,191**	7,273	24	**7,297**	6,791	24	**6,815**	6,904	24	**6,928**
Aged 15-19	6,370	74	**6,444**	7,001	74	**7,075**	6,561	74	**6,635**	6,665	74	**6,739**
Aged 20-24	5,992	38	**6,030**	6,615	38	**6,653**	6,175	38	**6,213**	6,279	38	**6,317**
Aged 25-29	6,495	44	**6,539**	7,946	44	**7,990**	7,423	44	**7,467**	7,547	44	**7,591**
Aged 30-34	6,385	52	**6,437**	7,546	52	**7,598**	7,021	52	**7,073**	7,145	52	**7,197**
Aged 35-39	6,702	40	**6,742**	7,739	40	**7,779**	7,180	40	**7,220**	7,312	40	**7,352**
Aged 40-44	7,581	40	**7,621**	8,140	40	**8,180**	7,555	40	**7,595**	7,692	40	**7,732**
Aged 45-49	7,993	44	**8,037**	7,999	44	**8,043**	7,481	44	**7,525**	7,603	44	**7,647**
Aged 50-54	7,222	45	**7,267**	7,350	44	**7,394**	6,941	44	**6,985**	7,038	44	**7,082**
Aged 55-59	6,297	28	**6,325**	6,792	28	**6,820**	6,475	28	**6,503**	6,550	28	**6,578**
Aged 60-64	6,625	45	**6,670**	6,811	45	**6,856**	6,548	45	**6,593**	6,611	45	**6,656**
Aged 65-69	5,241	46	**5,287**	7,475	46	**7,521**	7,231	46	**7,277**	7,289	46	**7,335**
Aged 70-74	4,407	73	**4,480**	7,312	73	**7,385**	7,111	73	**7,184**	7,159	73	**7,232**
Aged 75-79	3,467	117	**3,584**	5,869	218	**6,087**	5,731	212	**5,944**	5,764	214	**5,978**
Aged 80-84	2,445	177	**2,622**	4,321	284	**4,605**	4,229	278	**4,507**	4,251	279	**4,531**
Aged 85+	2,042	555	**2,597**	5,653	1,332	**6,985**	5,529	1,302	**6,831**	5,559	1,309	**6,868**
Total	**104,126**	**1,458**	**105,584**	**126,450**	**2,441**	**128,892**	**119,580**	**2,400**	**121,981**	**121,205**	**2,410**	**123,615**

Class C2 Usage

3.42   It is important to recognise the growth of population aged 75 or over living in communal establishments when considering the OAN for housing. Planning Practice Guidance for Housing and Economic Land Availability Assessment Paragraph: 037 states the following in relation to calculating land supply:

> *"How should local planning authorities deal with housing for older people?*
>
> *Older people have a wide range of different housing needs, ranging from suitable and appropriately located market housing through to residential institutions (Use Class C2). Local planning authorities should count housing provided for older people, including residential institutions in Use Class C2, against their housing requirement. The approach taken, which may include site allocations, should be clearly set out in the Local Plan."*
>
> **Planning Practice Guidance for Housing and Economic Land Availability Assessment 2014, paragraph 37**

3.43   Households needing Class C2 usage would be considered as part of the communal establishment population and therefore any people living in this type of accommodation would not be included in the household projections. Given that the projections identify a growth of around 950 persons aged over 75 years living in communal housing over the 25-year period 2011-36 (based on mid-trend migration), this represents an increased need for Class C2 usage dwellings as each person would require a bedspace.

3.44   On this basis, for the Council to count the supply of additional C2 bedspaces towards their overall housing delivery, it is also necessary to count this increase in communal establishment population aged 75 or over as an additional component within the assessed OAN.

Household Representative Rates

3.45   Household Representative Rates (HRRs) are a demographic tool used to convert population into households and are based on those members of the population who can be classed as "household representatives" or "heads of household". The HRRs used are key to the establishment of the number of households and, further, the number of households is key to the number of homes needed in future.

3.46   The proportion of people in any age cohort who will be household representatives vary between people of different ages, and the rates also vary over time. HRRs are published as part of the household projections produced by CLG. The 2011 Census identified that the CLG 2008-based household projections had significantly overestimated the number of households. Nevertheless, this had been anticipated and the methodology report published to accompany the 2008-based projections acknowledged (page 10):

> *"Labour Force Survey (LFS) data suggests that there have been some steep falls in household representative rates for some age groups since the 2001 Census … this can only be truly assessed once the 2011 Census results are available."*

3.47   The CLG 2012 based household projections technical document confirmed the findings (page 24):

> *"At the present time the results from the Census 2011 show that the 2008-based projections were overestimating the rate of household formation and support the evidence from the Labour Force Survey that household representative rates for some (particularly younger) age groups have fallen markedly since the 2001 Census."*

3.48   Prior to the publication of CLG 2012 based household projections, Version 1 of the PAS OAN technical advice note (published in June 2014) commended the approach set out by the South Worcestershire Local Plan Inspector which states (paragraph 5.25 onwards):

> "Up to 2021 … plan-makers should use the interim 2011-based assumptions. Thereafter they should assume that rates of change in HRRs ('headship rates') should return to the earlier trends, as projected in CLG 2008."

3.49   Further to this a Senior Inspector, Keith Holland, also suggested:

> "It would be sensible to work on the basis that the household formation rate will gradually return to higher levels as the economy recovers. I therefore consider that a "blended" rate that assumes the 2011 rate until 2020 and the higher 2008 rate thereafter is appropriate."

3.50   Whilst Inspectors have been keen to avoid perpetuating any possible "recessionary impact" associated with the lower formation rates suggested by the interim 2011-based data, the CLG household projections are based on much longer-term trends. Ludi Simpson (Professor of Population Studies at the University of Manchester and the originator and designer of the PopGroup demographic modelling software) recently considered the CLG households projections in an article published in Town and Country Planning (December 2014):

> "Although it is sometimes claimed that the current household projections are based on the experience of changes between 2001 and 2011, this is true only of the allocation of households to household types in the second stage of the projections. The total numbers of households in England and in each local authority are projected on the basis of 40 years of trends in household formation, from 1971 to 2011."

3.51   Nevertheless, the interim 2011-based household projections were prepared before the necessary Census data was available and it has become evident that some of the historic household representative rates were estimated inaccurately. The 2012-based household projections published in February 2015 incorporate far more data from the 2011 Census and provide data for the 25-year period 2012-37 based on long-term demographic trends. The household representative projections use a combination of two fitted trends through the available Census points (1971, 1981, 1991, 2001 and 2011).

3.52   It is possible to understand the impact of the new household representative rates through applying the 2012-based rates and the 2008-based and interim 2011-based rates to the same population. Using the household population data in the 2012-based projections for the 10-year period 2011-2021 (the only years where household representative rates are available from all three projections), the 2012-based rates show an annual average growth of 218,600 households across England. This compares to 241,600 households using the 2008-based rates and 204,600 households using the interim 2011-based rates. Therefore, the 2012-based rates yield household growth that is 7% higher than the interim 2011-based rates and only 10% lower than the 2008-based rates. At a local level, a third of local authorities have 2012-based rates that are closer to 2008-based rates than the interim 2011-based rates.

3.53   The 2012-based projections supersede both the 2008-based household projections and the interim 2011-based household projections. The changes since 2008 were anticipated and these reflect real demographic trends, and therefore we should not adjust these further; although the extent to which housing supply may have affected the historic rate is one of the reasons that we also consider market signals when determining the OAN for housing.

Household Projections

3.54 We then considered the projected number of additional households based on CLG 2012-based household representative rates.

3.55 The projected increase in households across the various scenarios is summarised in Figure 20.

Figure 20: Projected households and dwellings over the 20-year period 2011-36 based on alternative population estimates and headship rates (Note: Dwelling numbers all assume 4.2% vacancy and second home rate)

Scenario	2012 Headship Rates	
	Household change	Dwellings
25-year change 2011-36		
2012-based Sub-National Population Projections	4,404	4,601
10-years intra Census: 2001-2011	13,139	13,728
20-years intra Census: 1991-2011	10,262	10,722
Unadjusted MYE 10 years: 2001 - 2011	10,944	11,434
Annual average change		
2012-based Sub-National population Projections	176	184
10-years intra Census: 2001-2011	526	549
20-years intra Census: 1991-2011	410	429
Unadjusted MYE 10 years: 2001 - 2011	438	457

Conclusions

3.56 It is evident from the data that the principal projections (based on intra-Census migration or unadjusted MYE migration in Figure 20) suggests an increase in household numbers which is higher than the 2012-based SNPP (177 households), mainly due to a higher projected increase in population. The 2012-based SNPP suggests an increase of 2,900 people over the 25-year period 2011-36, whereas our principal projection identify notably higher increases over the same period (Figure 16).

3.57 On this basis, it is therefore appropriate to increase the housing need estimate from the CLG starting point, however the question then remains what is the appropriate demographic base? As noted earlier we consider that the standard ORS approach of using migration between the 2001 and 2011 Censuses is flawed in Darlington because the 2001 Census underestimated population, and therefore the approach overestimates migration.

3.58 However, there is a strong case to be made for both the 1991-2011 migration model and the unadjusted MYE model. Given that these two models produced very similar results we consider that it is appropriate to take the mid-point of the two estimates, namely an annual projected household growth on 424 per annum which yields a housing need of 443 dwellings each year (assuming a rate of 4.2 % for vacancies and second homes). Over a 25 year period this yields a household growth number of 10,600 with the equivalent dwelling growth of 11,080.

3.59 This represents an increase of 140% from the CLG starting point estimate. However, it is consistent with the growth rate of dwellings across Darlington for the last 20 years, which has average around 400 per annum. Therefore, the figure is consistent with past delivery in the area and it is the CLG 2012 based household projections which are dramatically out of line with past evidence for Darlington.

4. Housing Mix and Tenure
Establishing the Need for Market and Affordable Housing

4.1   Demographic projections provide the basis for identifying the Objectively Assessed Need for all types of housing, including both market housing and affordable housing.

4.2   PPG notes that affordable housing need is based on households *"who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market"* (paragraph 22) and identifies a number of different types of household which may be included:

> **What types of households are considered in housing need?**
>
> *The types of households to be considered in housing need are:*
>
> » *Homeless households or insecure tenure (e.g. housing that is too expensive compared to disposable income)*
>
> » *Households where there is a mismatch between the housing needed and the actual dwelling (e.g. overcrowded households)*
>
> » *Households containing people with social or physical impairment or other specific needs living in unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ*
>
> » *Households that lack basic facilities (e.g. a bathroom or kitchen) and those subject to major disrepair or that are unfit for habitation*
>
> » *Households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move*
>
> **Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)**
> **Paragraph 023**

4.3   PPG also suggests a number of data sources for assessing past trends and recording current estimates for establishing the need for affordable housing (paragraph 024):

> » Local authorities will hold data on the number of homeless households, those in temporary accommodation and extent of overcrowding.
>
> » The Census also provides data on concealed households and overcrowding which can be compared with trends contained in the English Housing Survey.
>
> » Housing registers and local authority and registered social landlord transfer lists will also provide relevant information.

4.4   The following section considers each of these sources in turn, alongside other relevant statistics and information that is available.

Past Trends and Current Estimates of the Need for Affordable Housing

Local Authority Data: Homeless Households and Temporary Accommodation

4.5 In Darlington, the quarterly number of households accepted as being **homeless** and in priority need has seen a downward trend over the period 2001 to 2011. The period to 2011 has been chosen to be consistent with other data sources used in this report. There were 48 such households in 2001 which reduced to 5 households in 2011, a net reduction of 43 households (Figure 21). The current rate represents 0.1 presentations per 1,000 households, significantly lower than the equivalent rate for England (0.5 per 1,000). However, we would note that the figures have risen since 2011.

4.6 There has been a slight increase in households living in **temporary accommodation**. There was 1 such household in 2001; however this had increased to 4 in 2011, a net increase of 3 households.

Figure 21: Households accepted as homeless and in priority need (Source: CLG P1E returns March 2001 and March 2011)

		Darlington			England 2011
		2001	2011	Net change 2001-11	
Number accepted homeless and in priority need during quarter		**48**	**5**	**-43**	-
Rate per 1,000 households		*1.1*	*0.1*	*-1.0*	*0.5*
Households in temporary accommodation	Bed and breakfast	1	3	+2	-
	Hostels	0	0	0	-
	Local Authority or RSL stock	0	1	+1	-
	Private sector leased (by LA or RSL)	0	0	0	-
	Other (including private landlord)	0	0	0	-
	TOTAL	**1**	**4**	**+3**	-
	Rate per 1,000 households	*<0.1*	*0.1*	*+0.1*	*2.2*
Households accepted as homeless but without temporary accommodation provided		0	6	+6	-

4.7 It is evident that homelessness has not become significantly worse in Darlington over the period since 2001, but this does not necessarily mean that fewer households risk becoming homeless. Housing advice services provided by the Council may limit the number of homeless presentations and housing allocation policies might avoid the need for temporary housing if permanent housing is available sooner. Further, many homeless households are now offered homes in in the private rented sector.

4.8 A change introduced in the Localism Act 2011 means that private sector households can now be offered accommodation in the Private Rented Sector and this cannot be refused, provided it is a reasonable offer. Prior to this change, local authorities could offer private sector housing to homeless households (where they have accepted a housing duty under Part 7 of the Housing Act 1996) but the applicant was entitled to refuse it. The Localism Act 2011 amended Part 7 of the 1996 Act such that refusal is no longer possible providing the offer is suitable.

4.9 While the stated aim of the change is to reduce the pressures on the social housing stock, an indirect result is that there are further demands on the private rented sector as local authorities increasingly seek to house homeless households outside the social rented sector.

Census Data: Concealed Households and Overcrowding

4.10   The Census provides detailed information about households and housing in the local area. This includes information about **concealed families** (i.e. couples or lone parents) and **sharing households**. These households lack the sole use of basic facilities (e.g. a bathroom or kitchen) and have to share these with their "host" household (in the case of concealed families) or with other households (for those sharing).

Concealed Families

4.11   The number of **concealed families** living with households in Darlington increased from 224 to 308 over the 10-year period 2001-11 (Figure 22), an increase of 84 households (38%).

Figure 22:   Concealed families in Darlington by age of family representative (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Aged under 25	48	100	+52
Aged 25 to 34	88	89	+1
Aged 35 to 44	30	23	-7
Aged 45 to 54	7	25	+18
Sub-total aged under 55	**174**	**237**	**+63**
Aged 55 to 64	19	28	+9
Aged 65 to 74	22	25	+3
Aged 75 or over	9	18	+9
Sub-total aged 55 or over	**210**	**71**	**+21**
All Concealed Families	**224**	**308**	**+84**

4.12   Although many concealed families do not want separate housing (in particular where they have chosen to live together as extended families), others are forced to live together due to affordability difficulties or other constraints – and these concealed families will not be counted as part of the CLG household projections. Concealed families with older family representatives will often be living with another family in order to receive help or support due to poor health.   Concealed families with younger family representatives are more likely to demonstrate unmet need for housing. When we consider the growth of 84 families over the period 2001-11, three quarters (63) have family representatives aged under 55, with substantial growth amongst those aged under 25 in particular (in line with national trends).

Sharing Households

4.13   The number of **sharing households** increased from 45 to 118 over the 10-year period 2001-11 (Figure 23), an increase of 73 households (162%).

Figure 23:   Shared Dwellings and Sharing Households in Darlington (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Number of shared dwellings	16	36	+20
Number of household spaces in shared dwellings	54	153	+99
All Sharing Households	**45**	**118**	**+73**
Household spaces in shared dwellings with no usual residents	9	35	+26

4.14   Figure 24 shows that the number of **multi-adult households** living in the area increased from 1,050 to 1,394 households over the same period, an increase of 344 (33%). These people also have to share basic facilities, but are considered to be a single household as they also share a living room, sitting room or dining area. This includes **Houses in Multiple Occupation (HMOs) with shared facilities,** as well as **single people living together as a group** and **individuals with lodgers**.

Figure 24:   Multi-adult Households in Darlington (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Owned	709	687	-22
Private rented	189	546	+357
Social rented	152	161	+9
All Households	**1,050**	**1,394**	**+344**

4.15   The growth in multi-adult households was focussed particularly in the private rented sector, with an increase in single persons choosing to live with friends together with others living in HMOs. This growth accounts for 357 households (an increase from 189 to 546 households over the period) and this represents all of the total increase in multi-adult households living in the area, with the number of such households in owner occupation falling.

4.16   Nevertheless, shared facilities is a characteristic of HMOs and many people living in this type of housing will only be able to afford shared accommodation (either with or without housing benefit support). Extending the Local Housing Allowance (LHA) Shared Accommodation Rate (SAR) allowance to cover all single persons up to 35 years of age has meant that many more young people will only be able to afford shared housing, and this has further increased demand for housing such as HMOs.

4.17   There is therefore likely to be a continued (and possibly growing) role for HMOs, with more of the existing housing stock possibly being converted. Given this context, it would not be appropriate to consider households to need affordable housing only on the basis of them currently sharing facilities (although there may be other reasons why they would be considered as an affordable housing need).

Overcrowding

4.18   The Census also provides detailed information about occupancy which provides a measure of whether a household's accommodation is **overcrowded or under occupied**:

> *"There are two measures of occupancy rating, one based on the number of rooms in a household's accommodation, and one based on the number of bedrooms. The ages of the household members and their relationships to each other are used to derive the number of rooms/bedrooms they require, based on a standard formula. The number of rooms/bedrooms required is subtracted from the number of rooms/bedrooms in the household's accommodation to obtain the occupancy rating. An occupancy rating of -1 implies that a household has one fewer room/bedroom than required, whereas +1 implies that they have one more room/bedroom than the standard requirement."*

4.19   When considering the number of rooms required, the ONS use the following approach to calculate the room requirement:

»   A one person household is assumed to require three rooms (two common rooms and a bedroom); and

» Where there are two or more residents it is assumed that they require a minimum of two common rooms plus one bedroom for:

- each couple (as determined by the relationship question)
- each lone parent
- any other person aged 16 or over
- each pair aged 10 to 15 of the same sex
- each pair formed from any other person aged 10 to 15 with a child aged under 10 of the same sex
- each pair of children aged under 10 remaining
- each remaining person (either aged 10 to 15 or under 10).

4.20 For Darlington, **overcrowding** increased from 1,853 to 2,124 households (an increase of 271) over the 10-year period 2001-11 (Figure 25). This represents a growth of 4%, which is lower than the national increase for England (23%).

4.21 When considered by tenure, overcrowding has reduced by 119 households in the owner occupied sector and reduced by 9 households in the social rented sector; however in the private rented sector the number of overcrowded households has increased from 416 to 815, a growth of 399 households over the 10-year period. Nevertheless, the percentage of overcrowded households in the private rented sector has reduced from 9.7% to 9.1% (a reduction of 6%).

Figure 25: **Number and proportion of overcrowded households 2011 and change 2001-11 by tenure (Note: Overcrowded households are considered to have an occupancy rating of -1 or less. Source: UK Census of Population 2001 and 2011)**

	Overcrowded households under the occupancy rating (rooms)						Overcrowded households under the (bedrooms) 2011	
	2001		2011		Net change 2001-11			
	N	%	N	%	N	%	N	%
DARLINGTON								
Owned	643	2.1%	524	1.7%	-119	-19%	509	1.7%
Private rented	416	9.7%	815	9.1%	399	-6%	415	4.6%
Social rented	794	10.4%	785	10.9%	-9	+5%	344	4.8%
All Households	**1,853**	**4.4%**	**2,124**	**4.6%**	**271**	**+4%**	**1,268**	**2.7%**
ENGLAND								
Owned	-	3.3%	-	3.3%	-	-3%	-	2.3%
Private rented	-	16.4%	-	20.2%	-	+23%	-	8.8%
Social rented	-	14.9%	-	16.9%	-	+14%	-	8.9%
All Households	**-**	**7.1%**	**-**	**8.7%**	**-**	**+23%**	**-**	**4.6%**
All Households								
Hartlepool	-	5.1%	-	4.3%	-	-16%	-	2.7%
Pendle	-	6.1%	-	5.5%	-	-9%	-	5.2%
Chesterfield	-	3.6%	-	4.7%	-	+32%	-	2.4%

English Housing Survey Data

Housing Condition and Disrepair

4.22   The English Housing Survey (EHS) does not provide information about individual local authorities, but it does provide a useful context about these indicators in terms of national trends between Census years. The EHS provides useful information about **housing disrepair**. The EHS headline report for 2013-14 identifies that private rented sector dwellings had the highest rate of disrepair: 7% compared with 4% of owner occupied dwellings and 3% of social sector dwellings.

4.23   The Decent Homes Standard provides a broad measure of **housing condition**. It was intended to be a minimum standard that all housing should meet and that to do so should be easy and affordable. It was determined that in order to meet the standard a dwelling must achieve all of the following:

> »   Be above the legal minimum standard for housing (currently the Housing Health and Safety Rating System, HHSRS); and
>
> »   Be in a reasonable state of repair; and
>
> »   Have reasonably modern facilities (such as kitchens and bathrooms) and services; and
>
> »   Provide a reasonable degree of thermal comfort (effective insulation and efficient heating).

4.24   If a dwelling fails any one of these criteria, it is considered to be "non-decent". A detailed definition of the criteria and their sub-categories are described in the ODPM guidance: "A Decent Home – The definition and guidance for implementation" June 2006.

4.25   Figure 26 shows the national trends in non-decent homes by tenure. It is evident that conditions have improved year-on-year (in particular due to energy efficiency initiatives), however whilst social rented properties are more likely to comply with the standard, almost a third of the private rented sector (33.1%) remains currently non-decent. This is a trend that tends to be evident at a local level in most areas where there are concentrations of private rented housing, and there remains a need to improve the quality of housing provided for households living in the private rented sector.

Figure 26: Trend in non-decent homes by tenure (Source: English House Condition Survey 2006 to 2012; English Housing Survey 2006 onwards)

Overcrowding

4.26 The measure of overcrowding used by the EHS provides a consistent measure over time **however the definition differs from both occupancy ratings provided by the Census**. The EHS approach[7] is based on a *"bedroom standard"* which assumes that adolescents aged 10-20 of the same sex will share a bedroom, and only those aged 21 or over are assumed to require a separate bedroom (whereas the approach used by the ONS for the Census assumes a separate room for those aged 16 or over):

> *"The 'bedroom standard' is used as an indicator of occupation density. A standard number of bedrooms is calculated for each household in accordance with its age/sex/marital status composition and the relationship of the members to one another. A separate bedroom is allowed for each married or cohabiting couple, any other person aged 21 or over, each pair of adolescents aged 10-20 of the same sex, and each pair of children under 10. Any unpaired person aged 10-20 is notionally paired, if possible, with a child under 10 of the same sex, or, if that is not possible, he or she is counted as requiring a separate bedroom, as is any unpaired child under 10.*
>
> *Households are said to be overcrowded if they have fewer bedrooms available than the notional number needed. Households are said to be under-occupying if they have two or more bedrooms more than the notional needed."*

4.27 Consistent with Census data, rates have increased nationally for households in both social and private rented housing, with a slight decline for owner occupiers. As this data is based on three-year moving averages, the most up-to-date figures are based on the period 2010-11 to 2012-13. Given that the midpoint of this estimate is September 2011, this covers only a very short period after the Census (March 2011).

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[7] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/284648/English_Housing_Survey_Headline_Report_2012-13.pdf

Figure 27: Trend in overcrowding rates by tenure (Note: Based on three-year moving average, up to and including the labelled date. Source: Survey of English Housing 1995-96 to 2007-08; English Housing Survey 2008-09 onwards)
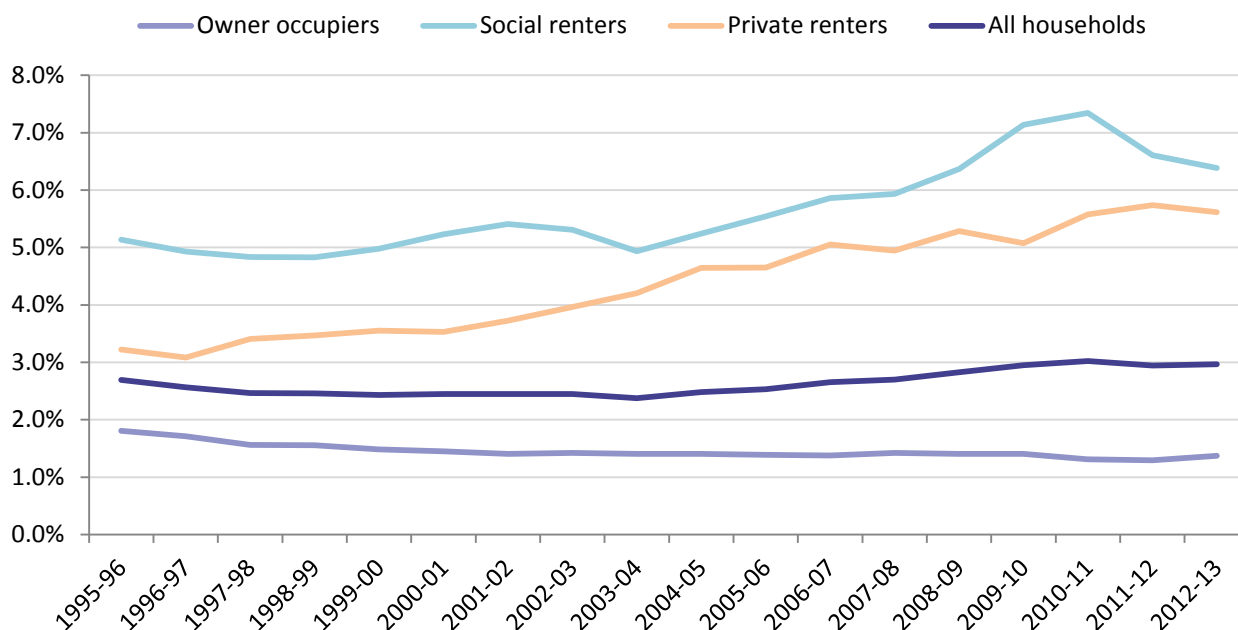
4.28 Whilst the EHS definition of overcrowding is more stringent than the Census, the measurement closer reflects the definition of statutory overcrowding that was set out by Part X of the Housing Act 1985 and is consistent with statutory Guidance[8] that was issued by CLG in 2012 to which authorities must have regard when exercising their functions under Part 6 of the 1996 Housing Act (as amended).

4.29 This Guidance, *"Allocation of accommodation: Guidance for local housing authorities in England"*, recommends that authorities should use the bedroom standard when assessing whether or not households are overcrowded for the purposes of assessing housing need:

> *"4.8 The Secretary of State takes the view that the bedroom standard is an appropriate measure of overcrowding for allocation purposes, and recommends that all housing authorities should adopt this as a minimum. The bedroom standard allocates a separate bedroom to each:*
> *– married or cohabiting couple*
> *– adult aged 21 years or more*
> *– pair of adolescents aged 10-20 years of the same sex*
> *– pair of children aged under 10 years regardless of sex."*

4.30 The bedroom standard therefore provides the most appropriate basis for assessing overcrowding.

4.31 By considering the Census and EHS data for England, together with the Census data for Darlington, we can estimate the number of households that are overcrowded based on the bedroom standard. Figure 28 sets out this calculation based on the Census occupancy rating for both rooms and bedrooms, with a final estimate based on an average of these two figures. Based on the bedroom standard, it is estimated that there were 780 overcrowded households in Darlington in 2011. This has no direct impact on the OAN because the households will vacate a dwelling if moving to another one, but does impact on the tenure and size mix required for future dwellings.

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[8] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5918/2171391.pdf

Figure 28: Estimate of the number of overcrowded households in Darlington 2011 by tenure based on the bedroom standard (Source: EHS 2010-11 to 2011-12; UK Census of Population 2011)

		Owned	Private Rented	Social Rented	All Households
EHS bedroom standard					
England	Percentage of households overcrowded [A]	1.4%	5.6%	6.4%	3.0%
Census occupancy rating (bedrooms)					
England	Percentage of households overcrowded [Bb]	2.3%	8.8%	8.9%	4.6%
	Proportion of these overcrowded households based on bedroom standard [Cb = A ÷ Bb]	59%	64%	72%	64%
Darlington	Number of overcrowded households based on Census occupancy rating (bedrooms) [Db]	509	415	344	1,268
	Estimate of overcrowded households based on the bedroom standard [Eb = Cb × Db]	300	266	248	814
Census occupancy rating (rooms)					
England	Percentage of households overcrowded [Br]	3.3%	20.2%	16.9%	8.7%
	Proportion of these overcrowded households based on bedroom standard [Cr = A ÷ Br]	42%	28%	38%	34%
Darlington	Number of overcrowded households based on Census occupancy rating (rooms) [Dr]	524	815	785	2,124
	Estimate of overcrowded households based on the bedroom standard [Er = Cr × Dr]	220	228	298	747
Overcrowding based on the bedroom standard (average estimate)		**260**	**247**	**273**	**780**

Housing Register Data

4.32 The local authority housing register and transfer lists are managed through Tees Valley's Sub Regional Choice Based Lettings. Households apply for a home via the scheme and 'bid' for them along with applicants from various sources, including homeless households, housing register and transfer applicants.

4.33 Figure 29 shows the trend in households on the housing register over the period since 2001.

Figure 29: Number of households on the local authority housing register 2001-14 (Source: LAHS and HSSA returns to CLG)
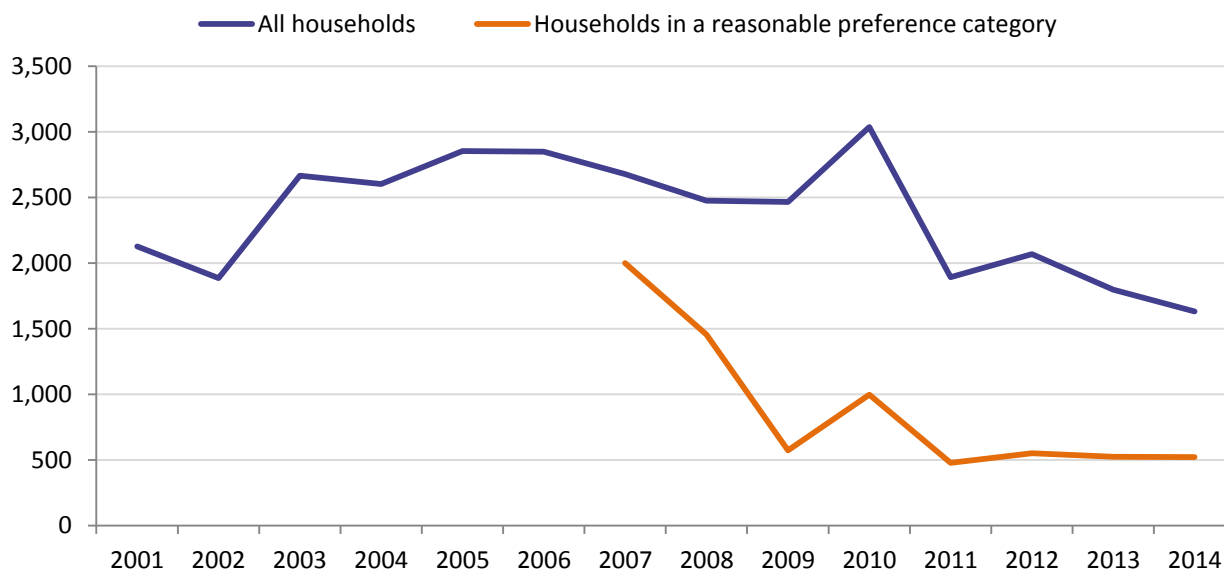
4.34   Figure 29 also show the number recorded in a **reasonable preference** category since 2007. Reasonable preference categories are defined in the Housing Act 1996, which requires "reasonable preference" for housing to be given to people who are:

>   »   Legally homeless;

>   »   Living in unsatisfactory housing (as defined by the Housing Act 2004);

>   »   Need to move on medical/welfare grounds; or

>   »   Need to move to a particular area to avoid hardship.

4.35   The number of households in reasonable preference categories fell sharply in 2009 and has remained relatively stable since that time. Figure 30 provides further detailed information for the last 3 years.

Figure 30: Number of households on the local authority housing register at 1ˢᵗ April (Source: LAHS returns to CLG)

	2012	2013	2014
Total households on the housing waiting list	2,068	1,797	1,632
Total households in a reasonable preference category	**551**	**523**	**522**
People currently living in temporary accommodation who have been accepted as being homeless (or threatened with homelessness)	75	154	130
Other people who are homeless within the meaning given in Part VII of the Housing Act (1996), regardless of whether there is a statutory duty to house them	156	3	6
People occupying insanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions	184	137	111
People who need to move on medical or welfare grounds, including grounds relating to a disability	234	158	222
People who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others)	23	20	27

4.36   The number of people recorded by the housing register as homeless or owed a duty under the Housing Act appears to be broadly consistent with the local authority data about homelessness.

4.37   Nevertheless, we previously estimated that there were around 780 overcrowded households in Darlington, based on the bedroom standard (Figure 28) – but only 111 people are recorded by the housing register as currently *"occupying insanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions"*. Therefore, there are likely to be many households who have not registered for affordable housing despite being overcrowded. This will partly reflect their affordability (for example, most owner occupiers would not qualify for rented affordable housing due to the equity in their current home) whilst others may only be temporarily overcrowded and will have sufficient space available once a concealed family is able to leave and establish an independent household.

4.38   When considering the types of household to be considered in housing need, the PPG also identified "households containing people with social or physical impairment or other specific needs living in unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ" and "households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move". It is only through the housing register that we are able to establish current estimates of need for these types of household, and not all would necessarily be counted within a reasonable preference category. Nevertheless, there were 222 people registered *"who need to move on medical or welfare grounds, including grounds relating to a disability"*.

4.39   Although the PPG recognises that local authority housing registers can provide useful information, it clearly is not possible to rely on this data to establish the need for affordable housing given the variability in numbers from year-to-year. Indeed, earlier practice guidance such as the 2001 DETR publication *"Local Housing Needs Assessment: A Guide to Good Practice"* recognised that such data cannot usually be considered robust due to a wide range of problems:

> *"Housing registers should preferably be open to all, but even then it is likely that not all need, and possibly only a minority of need, will be registered; estimates based only on housing registers are likely to be an underestimate for this reason, but this may be offset by the inclusion of 'deadwood' and 'insurance' registrations"*
>
> *"Many people potentially in housing need fail to apply [to the housing register] – in some cases because they judge that there is little chance of their being offered a suitable property"*
>
> *"The reliability of [housing registers] … would depend, of course, on landlords' approaches to reviewing their registers."*

4.40   On the basis of our own analysis of many housing registers, including a study for the National Assembly for Wales specifically concerned with waiting list applicants, we have found that often:

» Households who are not currently in need (who are registered "just in case") are often included;

» Households can be double counted, as registers overlap between landlords and newly forming households often registered more than once (as two or more individuals register independently but plan to live together);

» Households who can afford local housing may be included – as many registers are open and do not necessarily restrict application based on financial circumstances;

» There are significant amounts of "deadwood" (where households have moved and/or no longer require social housing), especially where registers are not actively maintained; and

» Households seeking intermediate housing are often excluded, as they do not apply to the Council or other landlords for housing.

4.41   Whilst housing registers can provide invaluable information on current need, in particular in relation to specific localities, they do not normally provide a good basis for strategic analysis.

Households Unable to Afford their Housing Costs

4.42   The PPG emphasises in a number of paragraphs that affordable housing need should only include those households that are unable to afford their housing costs:

> *"Plan makers … will need to estimate the number of households and projected households who lack their own housing or live in unsuitable housing and <u>who cannot afford to meet their housing needs in the market</u> (paragraph 022, emphasis added)*
>
> *Plan makers should establish unmet (gross) need for affordable housing by assessing past trends and recording current estimates of … those that <u>cannot afford their own homes</u>. Care should be taken to avoid double-counting … and to <u>include only those households who cannot afford to access suitable housing in the market"</u> (paragraph 024, emphasis added)*

> *"Projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households <u>unable to buy or rent in the market area</u>" (paragraph 025, emphasis added)*
>
> **Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)**

4.43 Housing benefit data from the Department for Work and Pensions (DWP) provides reliable, consistent and detailed information about the number of families that are unable to afford their housing costs in each local authority area. Data was published annually from 2001-02 to 2006-07 which identified the total number of claimants in receipt of housing benefit, and more detailed information has been available since 2008-09 which includes more comprehensive evidence about claimants and the tenure of their home.

Housing Benefit Claimants in Darlington

4.44 Figure 31 shows that the number of claimants in Darlington increased from 7,400 to 7,700 over the period 2001-02 to 2006-07, equivalent to an average annual growth of around 60 families. The number of claimants reached 9,900 in 2012-13, therefore a much faster growth of around 400 families each year on average over the period from 2006-07. The largest growth was experienced between 2008-09 and 2009-10 when the number of claimants increased by 700 families.

Figure 31: Number of claimants in receipt of housing benefit by tenure (Source: DWP)
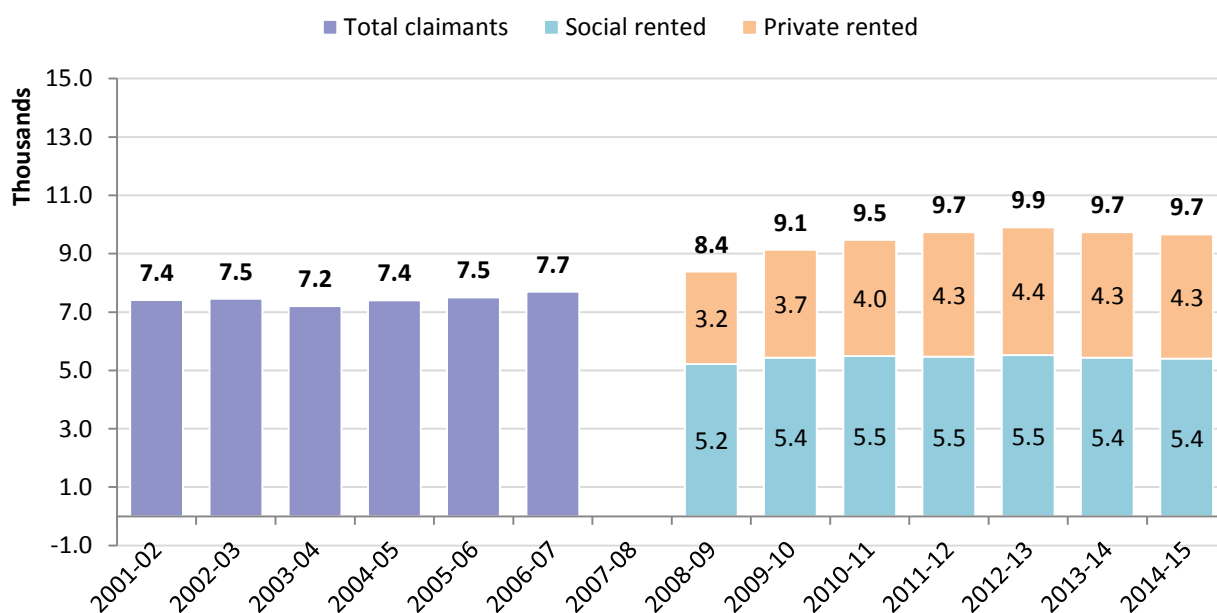
4.45 Considering the information on tenure, it is evident that the number of claimants in social rented housing increased from 5,200 to 5,400 over the period 2008-09 to 2013-14 – an increase of 200 families (3%); however over the same period the number of claimants in private rented housing increased from 3,200 to 4,300 families – an increase of 1,100 families (35%).

4.46 The information published by DWP provides the detailed information needed for understanding the number of households unable to afford their housing costs. Of course, there will be other households occupying affordable housing who do not need housing benefit to pay discounted social or affordable rents but who would not be able to afford market rents. Similarly there will be others who are not claiming housing benefit support as they have stayed living with parents or other family or friends and not formed

independent households. However, providing that appropriate adjustments are made to take account of these exceptions, **the DWP data provides the most reliable basis for establishing the number of households unable to afford their housing costs and estimating affordable housing need.**

Establishing Affordable Housing Need

4.47   In establishing the Objectively Assessed Need for affordable housing, it is necessary to draw together the full range of information that has already been considered in this report.

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

> *"How should affordable housing need be calculated?*
>
> *This calculation involves adding together the current unmet housing need and the projected future housing need and then subtracting this from the current supply of affordable housing stock."*
>
> **Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)**
> **Paragraph 022**

Current Unmet Need for Affordable Housing

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

> *"How should the current unmet gross need for affordable housing be calculated?*
>
> *Plan makers should establish unmet (gross) need for affordable housing by assessing past trends and recording current estimates of:*
>
> » *the number of homeless households;*
>
> » *the number of those in priority need who are currently housed in temporary accommodation;*
>
> » *the number of households in overcrowded housing;*
>
> » *the number of concealed households;*
>
> » *the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings);*
>
> » *the number of households from other tenures in need and those that cannot afford their own homes.*
>
> *Care should be taken to avoid double-counting, which may be brought about with the same households being identified on more than one transfer list, and to include only those households who cannot afford to access suitable housing in the market."*
>
> **Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)**
> **Paragraph 024**

4.50   Earlier sections of this chapter set out the past trends and current estimates for relevant households based on the data sources identified by PPG. Although this evidence does not provide the basis upon which to establish whether or not households can afford to access suitable housing, we believe that it is reasonable

to assume that certain households will be unable to afford housing, otherwise they would have found a more suitable home.

Establishing the Current Unmet Need for Affordable Housing

4.51   Households assumed to be unable to afford housing include:

» All households that are currently **homeless**;

» All those currently housed in **temporary accommodation**; and

» People in a **reasonable preference category** on the housing register, where their needs have not already been counted.

4.52   Given this context, our analysis counts the needs of all of these households when establishing the Objectively Assessed Need for affordable housing.

4.53   Only around a 14% of households currently living in **overcrowded** housing (based on the bedroom standard) are registered in a reasonable preference category, which will partly reflect their affordability. It is likely that most owner occupiers would not qualify for rented affordable housing (due to the equity in their current home); but it is reasonable to assume that households living in overcrowded rented housing are unlikely to be able to afford housing, otherwise they would have found a more suitable home.

4.54   Our analysis, therefore, counts the needs of all households living in overcrowded rented housing when establishing the OAN for affordable housing (which could marginally overstate the affordable housing need) but it does not count the needs of owner occupiers living in overcrowded housing (which can be offset against any previous over-counting).

4.55   When considering **concealed families**, it is important to recognise that many do not want separate housing. Concealed families with older family representatives will often be living with another family, perhaps for cultural reasons or in order to receive help or support due to poor health. However, those with younger family representatives are more likely to experience affordability difficulties or other constraints (although not all will want to live independently).

4.56   Given this context, **our analysis considers the additional growth of concealed families with family representatives aged under 55** and assumes that all such households are unlikely to be able to afford housing (otherwise they would have found a more suitable home). The needs of these households are counted when establishing the OAN for affordable housing and **they also add to the OAN for overall housing, as concealed families are not counted by the CLG household projections.**

4.57 Figure 32 sets out the assessment of current affordable housing need for Darlington.

Figure 32: Assessing current unmet gross need for affordable housing (Source: ORS Housing Model)

	Affordable Housing		Increase in Overall Housing Need
	Gross Need	Supply	
Homeless households in priority need (see Figure 21)			
Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	3		3
Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	0		
Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	1	1	
Households accepted as homeless but without temporary accommodation provided	6		6
Concealed households (see Figure 22)			
Additional growth in concealed families with family representatives aged under 55	63		63
Overcrowding based on the bedroom standard (see Figure 28)			
Households living in overcrowded private rented housing	247		
Households living in overcrowded social rented housing	273	273	
Other households living in unsuitable housing that cannot afford their own home (see Figure 30)			
People who need to move on medical or welfare grounds, including grounds relating to a disability	222	11	
People who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others)	27	1	
TOTAL	**843**	**286**	**72**

4.58 Based on a detailed analysis of the past trends and current estimates of households considered to be in housing need, our analysis has concluded that there are **843 households currently in affordable housing need in Darlington who are unable to afford their own housing**. This assessment is based on the criteria set out in the PPG and avoids double-counting (as far as possible).

4.59 Of these households, 286 currently occupy affordable housing that does not meet the households' current needs, mainly due to overcrowding. Providing suitable housing for these households will enable them to vacate their existing affordable housing, which can subsequently be allocated to another household in need of affordable housing. **There is, therefore, a net need from 557 households** (843 less 286 = 557) **who currently need affordable housing and do not currently occupy affordable housing in Darlington** (although a higher number of new homes may be needed to resolve all of the identified overcrowding).

4.60 This net need (557) includes 72 concealed and homeless households that would not be counted by the household projections. There is, therefore, a necessity to increase the housing need based on demographic projections to accommodate these additional households.

4.61 As for the household projections, we have also added an additional allowance for vacancies and second homes (once again assuming that 4.2% of dwellings will not have a usually resident household); this increases the need for overall housing provision by 75 dwellings (72 plus 4.2% = 75).

4.62 Providing the net additional affordable housing needed will release back into the market (mainly in the private rented sector) the dwellings occupied by a total of 485 households (843 less 286 +72) who are

currently in affordable housing need and unable to afford their own housing. These households occupy private sector housing, but require affordable housing.

Projected Future Affordable Housing Need

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

> *"How should the number of newly arising households likely to be in housing need be calculated?*
>
> *Projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need. This process should identify the minimum household income required to access lower quartile (entry level) market housing (plan makers should use current cost in this process, but may wish to factor in changes in house prices and wages). It should then assess what proportion of newly-forming households will be unable to access market housing."*
>
> **Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)**
> **Paragraph 025**

4.64 The ORS Housing Mix Model considers the need for market and affordable housing on a longer-term basis that is consistent with household projections and Objectively Assessed Need. The Model provides robust and credible evidence about the required mix of housing over the full planning period, and recognises how key housing market trends and drivers will impact on the appropriate housing mix.

4.65 The Model uses a wide range of secondary data sources to build on existing household projections and profile how the housing stock will need to change in order to accommodate the projected future population. A range of assumptions can be varied to enable effective sensitivity testing to be undertaken. In particular, the Model has been designed to help understand the key issues and provide insight into how different assumptions will impact on the required mix of housing over future planning periods.

4.66 The Housing Mix Model considers the future number and type of households based on the household projections alongside the existing dwelling stock. Whilst the Model considers the current unmet need for affordable housing (including the needs of homeless households, those in temporary accommodation, overcrowded households, concealed households, and established households in unsuitable dwellings or that cannot afford their own homes), it also provides a robust framework for projecting the future need for affordable housing.

Households Unable to Afford their Housing Costs

4.67 PPG identifies that "projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need" (paragraph 25); **however, the Model recognises that the proportion of households unable to buy or rent in the market area will not be the same for all types of household, and that this will also differ between age cohorts.** Therefore, the appropriate proportion is determined separately for each household type and age group.

4.68   The affordability percentages in Figure 33 are calculated using data published by DWP about housing benefit claimants alongside detailed information from the 2011 Census.   There are a number of **assumptions** underpinning the Model:

» Where households are claiming housing benefit, it is assumed that they cannot afford market housing; and the Model also assumes that households occupying affordable housing will continue to do so;

» Households occupying owner occupied housing and those renting privately who aren't eligible for housing benefit are assumed to be able to afford market housing; so the Model only allocates affordable housing to those established households that the Government deems eligible for housing support through the welfare system; and

» The Model separately considers the needs of concealed families and overcrowded households (both in market housing and affordable housing) which can contribute additional affordable housing need.

Figure 33:   Assessing affordability by household type and age (Source: ORS Housing Model based on Census 2011 and DWP)

	Under 25	25-34	35-44	45-54	55-64	65+
Percentage unable to afford market housing						
Single person household	24%	13%	36%	39%	41%	34%
Couple family with no dependent children	27%	7%	9%	7%	8%	13%
Couple family with 1 or more dependent children	48%	24%	12%	7%	12%	16%
Lone parent family with 1 or more dependent children	88%	70%	48%	41%	50%	46%
Other household type	62%	59%	36%	21%	20%	13%

Components of Projected Household Growth

4.69   PPG identifies that the CLG household projections "should provide the starting point estimate for overall housing need" (paragraph 15) and that "the 2012-2037 Household Projections … are the most up-to-date estimate of future household growth" (paragraph 16). **However, when considering the number of newly arising households likely to be in affordable housing need,** the PPG recommends a "gross annual estimate" (paragraph 25) suggesting that "the total need for affordable housing should be converted into annual flows" (paragraph 29).

4.70   The demographic projections developed to inform the overall Objectively Assessed Need include annual figures for household growth, and these can therefore be considered on a year-by-year basis as suggested by the Guidance; but given that elements of the modelling are fundamentally based on 5-year age cohorts, it is appropriate to annualise the data using 5-year periods.

4.71   Figure 34 shows the individual components of annual household growth.

Figure 34:   Components of average annual household growth by 5-year projection period (Source: ORS Housing Model: Note: figures may not sum due to rounding)

	Annual average based on 5-year period					Annual average 2011-36
	2011-16	2016-21	2021-26	2026-31	2031-36	
New household formation	1,086	983	977	1,001	1,028	1,015
Household dissolution following death	811	807	835	896	964	863
Net household growth within Darlington	**+275**	**+176**	**+142**	**+105**	**+63**	**+152**
Household migration in	1,620	1,689	1,725	1,775	1,832	1,728
Household migration out	1,416	1,408	1,448	1,485	1,526	1,457
Net household migration	**+204**	**+281**	**+277**	**+290**	**+306**	**+272**
Total household growth	**+479**	**+457**	**+418**	**+395**	**+369**	**+424**

4.72   Over the initial 5-year period (2011-16) the model shows that:

» There are projected to be 1,086 new household formations each year; but this is offset against 811 household dissolutions following death – so there is an **average net household growth of 275 households** locally in Darlington;

» There are also projected to be 1,620 households migrating to Darlington offset against 1,416 households migrating away from the area – which yields an **additional 204 households attributable to net migration;**

» The total household growth is therefore **projected to be** 479 (275 + 204) **households each year** over the initial 5-year period of the projection.

4.73   During the course of the full 25-year projection period, net household growth within Darlington is projected to reduce (from a gain of 275 households in 2011-16 to a gain of 63 households in 2031-36). This is due to a larger number of household dissolutions following death projected each year in the latter periods of the projection, consistent with a larger number of deaths. Nevertheless, net household migration is projected to increase (from a gain of 204 households in 2011-16, to a gain of 306 households in 2031-36).

4.74   Over the 25-year period 2011-36, therefore, total **household growth averages 424 households** each year.

Change in Household Numbers by Age Cohort

4.75   To establish the **proportion of newly forming households unable to buy or rent** in the market area, it is necessary to consider the characteristics of the 1,086 new households projected to form in Darlington each year over the period 2011-16 (Figure 34) alongside the detailed information about household affordability (Figure 33).

4.76   Figure 35 shows the age structure of each of the **components of household change**. Note that this analysis is based on changes within each age cohort, so comparisons are based on households born in the same year and relate to their age at the end of the period. Therefore all new households are properly counted, rather than only counting the increase in the number of households in each age group.

Figure 35: Annual change in household numbers in each age cohort by age of HRP (Source: ORS Housing Model)
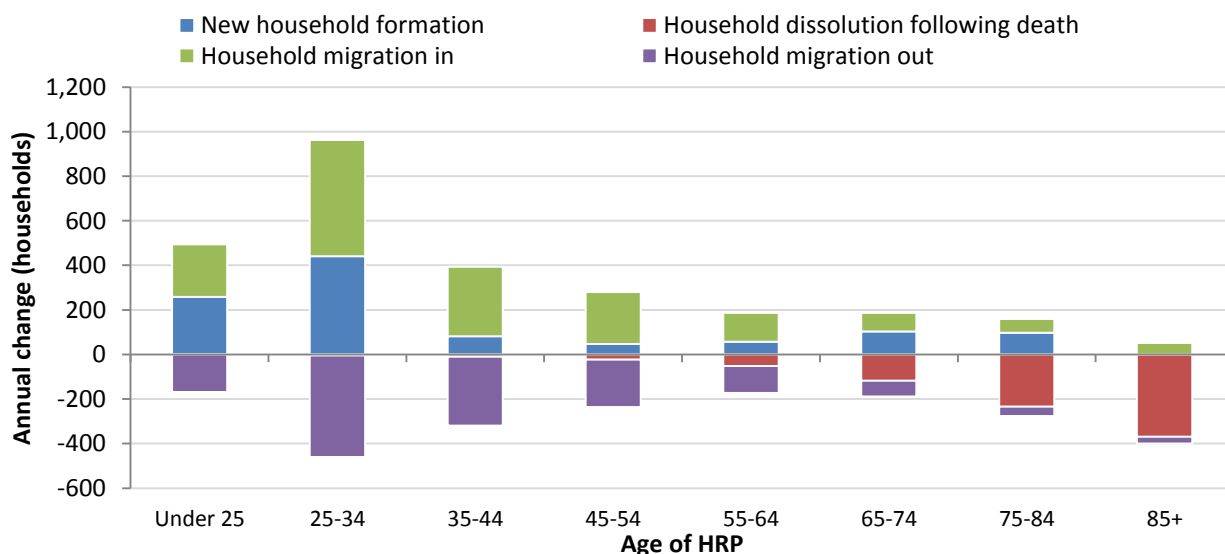
4.77   Together with information on household type, this provides a framework for the Model to establish the proportion of households who are unable to afford their housing costs.

4.78   The Model identifies that 32% of all newly forming households are unable to afford their housing costs, which represents 342 households each year (Figure 36). The Model shows that a lower proportion of households migrating to the area are unable to afford (28%), but this still represents 457 households moving in to the area. Some of these households will be moving to social rented housing, but many others will be renting housing in the private rented sector with housing benefit support. **Together, there are 799 new households each year who are unable to afford their housing costs.**

Figure 36: Affordability of new households over the initial 5-year period 2011-16 (Source: ORS Housing Model: Note: figures may not sum due to rounding)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	1,086	744	342	32%
Households migrating in to the area	1,620	1,163	457	28%
All new households	**2,706**	**1,907**	**799**	**30%**

4.79   Having established the need for affordable housing and the dwellings likely to be vacated, the PPG suggests that the total net need can be calculated by subtracting *"total available stock from total gross need"* (paragraph 29), **but this over-simplifies what is a very complex system**.

4.80   It is essential to recognise that some households who are unable to buy or rent in the market area when they first form may become able to afford at a later date – for example:

> » Two newly formed single person households may both be unable to afford, but together they might create a couple household that can afford suitable housing,

> » Similarly, not all households that are unable to afford are allocated affordable housing; and

> » Some will choose to move to another housing market area and will therefore no longer require affordable housing.

4.81   In these cases, and others, the gross need will need adjusting.

4.82 The Model recognises these complexities, and through considering the need for affordable housing as part of a whole market analysis, it maintains consistency with the household projections and avoids any double counting.

4.83 Considering those components of household change which reduce the number of households resident in the area, the Model identifies **811 households are likely to dissolve** following the death of all household members. Many of these households will own their homes outright; however 26% are unable to afford market housing: most living in social rented housing.

4.84 When considering **households moving away** from Darlington, the Model identifies that an average of 1,416 households will leave the area each year including 390 who are unable to afford their housing costs. Some will be leaving social rented housing, which will become available for another household needing affordable housing. Whilst others will not vacate a social rented property, their needs will have been counted in the estimate of current need for affordable housing or at the time they were a new household (either newly forming or migrating in to the area). **Given that they are now leaving Darlington, they will no longer need affordable housing in the area and it is therefore important to discount their needs**.

4.85 **Figure 37 summarises the total household growth**. This includes the 799 new households on average each year who are unable to afford their housing costs, but offsets this against the 598 households who will either vacate existing affordable housing or who will no longer constitute a need for affordable housing in Darlington (as they have moved to live elsewhere). **Overall, the Model projects that household growth will yield a net increase of 201 households on average each year (over the period 2011-16) who are unable to afford their housing, which represents 42% of the 479 total household growth for this period.**

Figure 37: **Components of average annual household growth by 5-year projection period (Source: ORS Housing Model: Note: figures may not sum due to rounding)**

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	1,086	744	342	32%
Households migrating in to the area	1,620	1,163	457	28%
All new households	**2,706**	**1,907**	**799**	**30%**
Household dissolutions following death	811	603	208	26%
Households migrating out of the area	1,416	1,026	390	27%
All households no longer present	**2,227**	**1,629**	**598**	**27%**
Total household growth	**+479**	**+278**	**+201**	**42%**

Projecting Future Needs of Existing Households

4.86 PPG also identifies that in addition to the needs of new households, it is also important to estimate *"the number of existing households falling into need"* (paragraph 25). Whilst established households that continue to live in Darlington will not contribute to household growth, changes in household circumstances (such as separating from a partner or the birth of a child) can lead to households who were previously able to afford housing falling into need. The needs of these households are counted by the Model, and it is **estimated that an average of 166 established households fall into need each year** in Darlington. This represents a rate of 3.6 per 1,000 household falling into need each year.

4.87 Finally, whilst the PPG recognises that established households' circumstances can deteriorate such that they fall into need, it is also important to recognise that **established households' circumstances can improve**. For example:

    »   When two people living as single person households join together to form a couple, pooling their resources may enable them to jointly afford their housing costs (even if neither could afford separately). Figure 33 showed that 13% of single person households aged 25-34 years could not afford housing, compared to 7% of couples of the same age; and for those aged 35 to 44, the proportions were 36% and 9% respectively.

    »   Households also tend to be more likely to afford housing as they get older, so young households forming in the early years of the projection may be able to afford later in the projection period. Figure 33 showed that 24% of couple families with dependent children aged 25 to 34 could not afford housing, compared to 12% of such households aged 35 to 44.

4.88   Given this context, it is clear that **we must also recognise these improved circumstances which can reduce the need for affordable housing over time**, as households that were previously counted no longer need financial support. The Model identifies that the circumstances of **233 households improve each year** such that they become able to afford their housing costs despite previously being unable to afford. This represents a rate of 5.1 per 1,000 household climbing out of need each year.

4.89   Therefore, considering the overall changing needs of existing households, there is an average net <u>reduction</u> of 67 households (166 - 233) needing affordable housing each year.

Projecting Future Affordable Housing Need (Average Annual Estimate)

4.90   Figure 38 provides a comprehensive summary of all of the components of household change that contribute to the projected level of affordable housing need. More detail on each is provided earlier in this Chapter.

Figure 38: Components of average annual household growth by 5-year projection period (Source: ORS Housing Model. Note: figures may not sum due to rounding)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	1,086	744	342	32%
Households migrating in to the area	1,620	1,163	457	28%
All new households	**2,706**	**1,907**	**799**	**30%**
Household dissolutions following death	811	603	208	26%
Households migrating out of the area	1,416	1,026	390	27%
All households no longer present	**2,227**	**1,629**	**598**	**27%**
Total household growth	**+479**	**+278**	**+201**	**42%**
Existing households falling into need	-	-166	166	100%
Existing households climbing out of need	-	233	-233	0%
Change in existing households	**-**	**67**	**-67**	**-**
Total future need for market and affordable housing	**479**	**345**	**134**	**28%**

4.91   Overall, there is a projected need from 799 new households who are unable to afford their housing costs (342 newly forming households and 457 households migrating to the area); however, 598 households will either vacate existing affordable housing or will no longer need affordable housing in Darlington (as they have moved to live elsewhere) thereby reducing the new need to a net total of 201 households.

4.92 In considering the needs of existing households, there are 166 households expected to fall into need each year but this is offset against 233 households whose circumstances are projected to improve. There is, therefore, an **average net reduction of 67 existing households that need affordable housing each year.**

4.93 Based on the needs of new households and existing households, there is a projected increase of 134 households each year on average for the initial period 2011-16 who will need affordable housing (201 – 67).

4.94 Using the approach outlined above for the initial 5-year period of the projection, the Model considers the need for affordable housing over the full 25-year projection period 2011-36. The Model identifies that **the number of households in need of affordable housing will increase by 3,307 households over the period 2011-36**, equivalent to an annual average of 155 households per year. This represents 36.2% of the total household growth projected based on demographic trends.

Establishing the Overall Need for Affordable Housing

4.95 Figure 39 brings together the information on assessing the current unmet need for affordable housing and the projected future affordable housing need over the full 25-year period 2011-36.

Figure 39: Assessing total need for market and affordable housing (Source: ORS Housing Model. Note: figures may not sum due to rounding)

	Housing Need (households)		Overall Housing Need
	Market housing	Affordable housing	
Current need for affordable housing (see Figure 32)			
Total unmet need for affordable housing	-	843	843
Supply of housing vacated	485	286	771
Overall impact of current affordable housing need	**-485**	**557**	**72**
Projected future housing need 2011-36			
Newly forming households	16,812	8,559	25,371
Household dissolutions following death	16,063	5,503	21,566
Net household growth within Darlington	**750**	**3,056**	**3,806**
Impact of existing households falling into need	-5,072	5,072	-
Impact of existing households climbing out of need	7,089	-7,089	-
Impact of households migrating to/from the area	4,538	2,268	6,806
Future need for market and affordable housing	**7,304**	**3,307**	**10,612**
Total need for market and affordable housing			
Overall impact of current affordable housing need	-485	557	72
Future need for market and affordable housing 2011-36	7,304	3,307	10,612
Total need for market and affordable housing	**6,819**	**3,864**	**10,684**
Average annual need for housing	272	155	427
Proportion of need for market and affordable housing	**63.82%**	**36.18%**	**100.00%**

4.96   To address the **current unmet need** for affordable housing, Figure 32 showed that there were currently 843 households in need of affordable housing, but as 286 of these already occupied an affordable home, our previous conclusion was therefore a **net need from 557 households** (843 less 286 = 557) **who currently need affordable housing and do not currently occupy affordable housing in Darlington**.

4.97   The **projected future affordable housing need** for the full 25-year projection period 2011-36 adopts the approach that was previously outlined for the initial 5-year period of the projection. The Model identifies that **the number of households in need of affordable housing will increase by 3,307 households over the period 2011-36**, alongside an increase of 7,304 households able to afford market housing.

4.98   Taken together, there is a need to provide additional affordable housing for 3,864 households over the period 2011-36. This is equivalent to 155 households per year and represents 36.2% of the overall housing need identified.

4.99 As for the household projections, we have added an additional allowance for vacancies and second homes (once again assuming that 4.2% of dwellings will not have a usually resident household); **this identifies a total affordable housing need of 4,033 dwellings** (3,864 plus 4.2% = 4,033) in addition to the current stock. This figure can be rounded to 4,000 and provides for an affordable housing need of 160 dwellings per annum.

4.100 Any losses from the current stock (such as demolition or clearance, or sales through Right to Buy) would increase the number of affordable dwellings needed by an equivalent amount.

Future Policy on Housing Benefit in the Private Rented Sector

4.101 The Model also recognises **the importance of housing benefit and the role of the private rented sector**. The Model assumes that the level of housing benefit support provided to households living in the private rented sector will remain constant; however this is a policy decision which is not in the control of the Council.

4.102 It is important to recognise that private rented housing (with or without housing benefit) does not meet the definitions of affordable housing. However, many tenants that rent from a private landlord can only afford their housing costs as they receive housing benefit. These households aren't counted towards the need for affordable housing (as they can afford their housing costs), but if housing benefit support was no longer provided then this would increase the need for affordable housing.

4.103 The model adopts a neutral position in relation to this housing benefit support, insofar as it assumes that the number of claimants in receipt of housing benefit in the private rented sector will remain constant. The model does not count any dwellings in the private rented sector as affordable housing supply; however it does assume that some households will not need affordable housing, as housing benefit will continue to help them afford their housing costs.

4.104 To sensitivity test this position, Figure 40 shows the impact of reducing (or increasing) the number of households receiving housing benefit to live in the private rented sector.

Figure 40: Theoretical impact of reducing or increasing Housing Benefit support for households living in private rented housing: Balance between market housing and affordable housing 2011-36
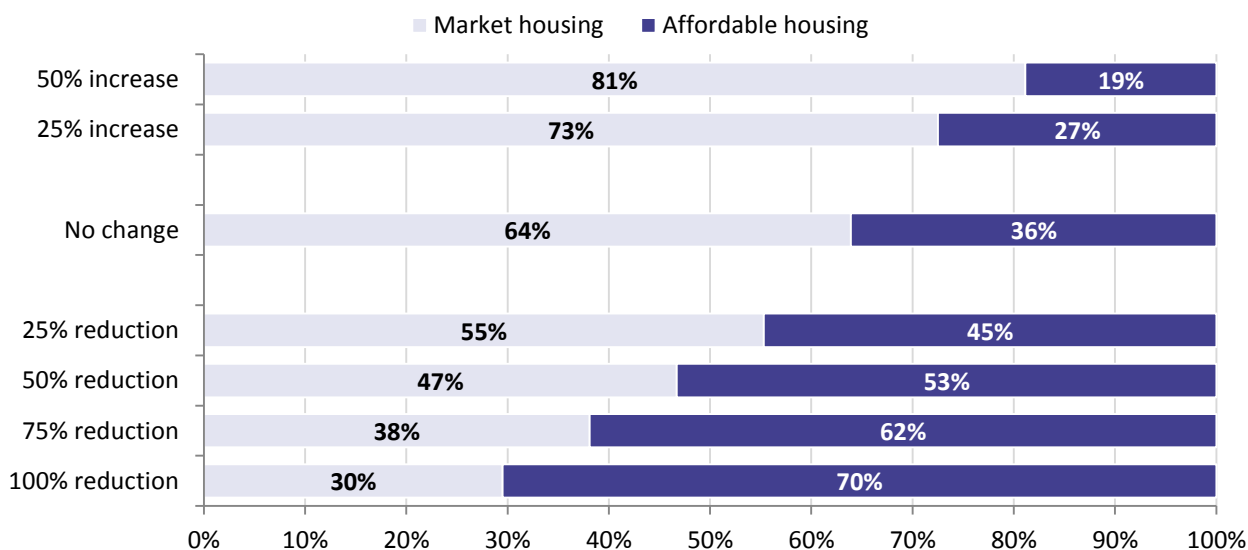
4.105 If no households were to receive housing benefit support in the private rented sector, 70% of the growth in household numbers would need affordable housing. In this scenario, it is also important to recognise that

the private rented housing currently occupied by households in receipt of housing benefit would be released back to the market, which is likely to have significant consequences on the housing market which are difficult to predict.

4.106 It is apparent that Darlington would benefit from a higher level of affordable housing delivery if that was viable, as this could reduce the number of households relying on housing benefit in the private rented sector. However, this is dependent upon viability levels for new affordable housing.

Size Mix

4.107 Figure 41 below shows the identified size mix for affordable housing in Darlington. This takes account of both overcrowded households who require to move to a larger dwelling and also under-occupying households who require to downsize. While Government polices such as those relating to the Spare Room Subsidy or Bedroom Tax are leading to more households downsizing, not all households will do so. Instead, we have modelled a gradual decline in the amount of under-occupation in the affordable housing sector.

Figure 41: Sixe Mix for Affordable Housing in Darlington 2011-2036 (Source: ORS based on NPPF and PPG)

| | | Affordable Housing Need (households) | |
| | | Darlington | |
		Number	%
Flat	1 bedroom	763	20%
	2+ bedrooms	288	7%
House	2 bedrooms	1,298	34%
	3 bedrooms	1,311	34%
	4+ bedrooms	205	5%
Total need for affordable housing 2011-36		**3,864**	**100%**

5. Objectively Assessed Need
Analysing the Evidence to Establish Overall Housing Need

5.1 The primary objective of this study is to establish the Objectively Assessed Need (OAN) for housing. The OAN identifies the future quantity of housing that is likely to be needed (both market and affordable) in the Housing Market Area over future plan periods. It is important to recognise that the OAN does not take account of any possible constraints to future housing supply. Such factors will be subsequently considered before establishing the final Housing Requirement.

> *"The assessment of development needs is an objective assessment of need based on facts and unbiased evidence. Plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under performance, viability, infrastructure or environmental constraints. However, these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans."*
>
> **Planning Practice Guidance (PPG), paragraph 4**

5.2 Figure 42 sets out the process for establishing OAN. It starts with a demographic process to derive housing need from a consideration of population and household projections, as set out in Chapter 3 of this report. To this, external market and macro-economic constraints are applied ('market signals'), in order to embed the need in the real world. We would also note that Appendix C provides an example of how the adopted approach would provide be applied at a national level for England.

Figure 42: Process for establishing a Housing Number for the HMA (Source: ORS based on NPPF and PPG)

Starting Point Estimate	**Household Projections** produced by CLG
Adjusted Estimate	**Household Projections** based on local circumstances
Policy Off Housing Need	**Objectively Assessed Need**
Policy On Housing Target	**Housing Requirement**

Demographic issues
Are there any known problems with local data?
Do we need to take account of any anomalies?
What period should be used for population trends?
Has housing delivery suppressed formation rates?

Implications of the household projections
Will there be enough workers for planned jobs?
Do Market Signals show worsening trends?

Planning and policy considerations
What are the planning constraints?
Can overall housing needs be met within the HMA?
Can the affordable housing needed be delivered?

Duty to Cooperate discussions
Will other LPAs help address any unmet needs?
Are there any unmet needs from other HMAs?

Establishing Objectively Assessed Need for Darlington

5.3   The earlier part of this Report sets out the context for national change in households, and the underlying complexities and features around this. We now move on to the position for Darlington. Our approach for this section follows the format of the earlier section, albeit with specific reference to Darlington. Essentially, therefore, this section is concerned with:

  » CLG 2012-based household projections (the starting point);

  » Migration adjustments, based on Census, for longer-term migration trends (which incorporate higher international migration rates);

  » Market signals, including an uplift for concealed families;

  » Converting from household growth to a requirement for dwellings, taking account of vacancies and second homes.

5.4   In addition, we consider employment trends and the relationship between the jobs forecast and projected number of workers, and the need for affordable housing.

CLG Household Projections

5.5   The "starting point" estimate for OAN is the CLG household projections, and the latest published data is the 2012-based projections for period 2012-37. These projections suggest that household numbers across the

study area will increase by 2,100 over the initial 10-year period 2012-22, and 4,500 households over the full 25-year period (annual averages of 210 and 180 respectively.

5.6   However, the notes accompanying the CLG Household Projections explicitly state that:

> *"The 2012-based household projections are linked to the Office for National Statistics 2012-based sub-national population projections. **They are not an assessment of housing need** or do not take account of future policies, they are an indication of the likely increase in households given the **continuation of recent demographic trends.**"*

5.7   The ONS 2012-based sub-national population projections are based on migration trends from the 5-year period before the projection base date; so trends for the period 2007-2012. Short-term migration trends are generally not appropriate for long-term planning, as they risk rolling-forward rates that are unduly high or unduly low. Projections based on long-term migration trends are likely to provide a more reliable estimate of future households.

Migration Adjustments

5.8   ORS has calculated household projections showing that household numbers across the study area would increase by an average of 424 per year over the 25-year period 2011-36 based on long-term migration trends. Providing for an annual increase of 424 households yields a housing need of 443 dwellings each year.

5.9   This scenario gives the most reliable and appropriate demographic projection for establishing future housing need, and represents an increase of 140% from the CLG starting point estimate.

Affordable Housing Need

5.10   ORS has used the household projections to establish the balance between the need for market housing and the need for affordable housing. This analysis identified a need to increase the overall housing need by 72 households to take account of concealed families and homeless households that would not be captured by the household projections. These additional households increase the projected household growth from 424 households to 427 households per annum (446 dwellings) over the 25-year period 2011-36.

5.11   The housing mix analysis identified that affordable housing need represented 36.2% of this total, therefore there is a need for the Council to provide 4,000 additional affordable homes over the 25-year period (an average of 160 dwellings per year).

5.12   Paragraph 29 of PPG note:

> *The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes.*

5.13   Darlington's Core Strategy identified a policy to provide 35 affordable homes per annum as part of a wider delivery of 350 dwellings per annum. Therefore, the council is seeking 10% affordable housing from sites. This is considerably below the 36.2% identified as being needed, so as part of its response to this document the council should consider whether it is viable to deliver more affordable homes on planned sites, or to

increase housing delivery to provide more affordable homes. However, this must be balanced against likely gains from higher dwelling delivery and also the potential impact on the housing market of Darlington.

Market Signals

5.14   While demographic trends are key to the assessment of OAN, it is also important to consider current market signals and how these may affect housing needs. PPG identifies a range of housing market signals that should be considered when determining the future housing number. Key to this is how market signals should be taken into account:

> *The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings (Paragraph 019)*
>
> *A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections. (Paragraph 020)*
>
> **Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)**

5.15   The Market Signals include:

>   »   Land and house prices;
>
>   »   Rents and affordability;
>
>   »   Rate of development; and
>
>   »   Overcrowding.

5.16   Furthermore, there are other issues that should be considered, for example the macro-economic climate. Further, there are wider market trends and drivers to consider. A full range of market signals are considered and their implications are considered especially where these may indicate undersupply relative to demand and the need to deviate from household projections.

5.17   PPG and the PAS OAN technical advice note emphasise the importance of considering indicators in the context of longer-term trends and looking at rates of change as well as absolute levels – for example, house prices in the housing market may be higher or lower than the national average, however the more important consideration is whether or not they are becoming more (or less) expensive at a rate that differs from the national rates or rates in similar areas.

> *"Appropriate comparisons of indicators should be made. This includes comparison with longer term trends (both in absolute levels and rates of change) in the housing market area; similar demographic and economic areas; and nationally." (Paragraph 020)*
>
> **Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)**

5.18   To identify areas with similar demographic and economic characteristics to Darlington, we have analysed data from the ONS area classifications together with data from the CLG Index of Multiple Deprivation. The outcome of this analysis was that Darlington shares similar demographic and economic characteristics with **Hartlepool, Pendle** and **Chesterfield**. Therefore, in considering market signals, we have considered these borough council areas as appropriate comparators and compared them against Darlington.

House Prices

5.19 House prices in England and Wales have been relatively volatile in the past 15 years. House prices have increased by 6.4% in the 12 months to April 2014; the fastest rises were in London (17.0%), the East of England (6.6%) and the South East (6.1%). The average UK house price is £172,000 compared to the high of £181,500 in 2007. Average house price trends 2008-2014 (Source: ONS) show the price divergence between London and the rest of the UK.

Figure 43: Annual house price rates of change, UK all dwellings 2004-2014 (Source: Regulated Mortgage Survey. Note: Not seasonally adjusted)

Figure 44: UK and London House Price Index 2008-2014 (Source: ONS)
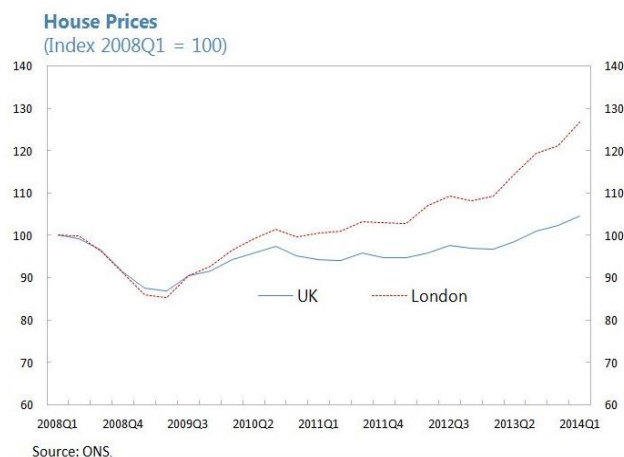
5.20 The Bank of England has overall responsibility for UK monetary policy: it has become concerned about the risks posed by house prices, high levels of borrowing and any housing 'bubble' to national economic recovery. In his speech at the Mansion House in June 2014, the Governor of the Bank said:

> "The underlying dynamic of the housing market reflects a chronic shortage of housing supply, which the Bank of England can't tackle directly. Since we are not able to build a single house, I welcome the Chancellor's announcement tonight of measures to increase housing supply.
>
> To be clear, the Bank does not target asset price inflation in general or house prices in particular.
>
> It is indebtedness that concerns us.
>
> This is partly because over-extended borrowers could threaten the resilience of the core of the financial system since credit to households represents the lion's share of UK banks' domestic lending.
>
> It is also because rapid growth in or high levels of mortgage debt can affect the stability of the economy as a whole."

5.21 The International Monetary Fund (IMF) has also highlighted concerns about these risks and especially the high borrowings of households relative to income, especially in London:

> "The increase in the number of high loan-to-income (LTI) mortgages is more pronounced in London and among first-time buyers. As a result, an increasing number of households are vulnerable to negative income and interest rate shocks."

5.22   However, the surge in prices appears to be cooling; the Council of Mortgage Lenders (CML) latest Credit Conditions Survey (Summer 2014) suggests

> "This source of stimulus may now be drying up, amid signs that lenders may be approaching the limits of their risk appetite with respect to maximum loan-to-value (LTV) and income multiples."

5.23   The Government recently strengthened the existing powers of the Bank of England to recommend to regulators a limit on the proportion of high loan to income mortgages. From May 2015, lenders were prevented from extending more than 15% of their mortgages to customers needing to borrow 4.5 times their income.

5.24   The future for the housing market is difficult to predict, although long term trends indicate continued demand issues from household growth, albeit with issues around affordability. The current Government policy towards national economy recovery, and the role played in this by the Bank of England, indicate that action may be taken to contain any housing price 'bubble'. Interest rates seem likely to rise in the medium term, and this could expose risk of those borrowing high Loan To Value mortgages at low interest rates.

Local House Prices

5.25   House price trends (2001-2013) are shown in Figure 45 and Figure 46 shows lower quartile house prices adjusted for the impact of inflation. Therefore, the prices reflect real changes which have occurred since 2001 when removing the impact of background inflation. We have used lower quartile house prices, rather than median house prices, as lower quartile prices better reflect the entry level housing market prices.

Figure 45: House Price Trends: Lower Quartile Prices (Source: CLG Live Tables)
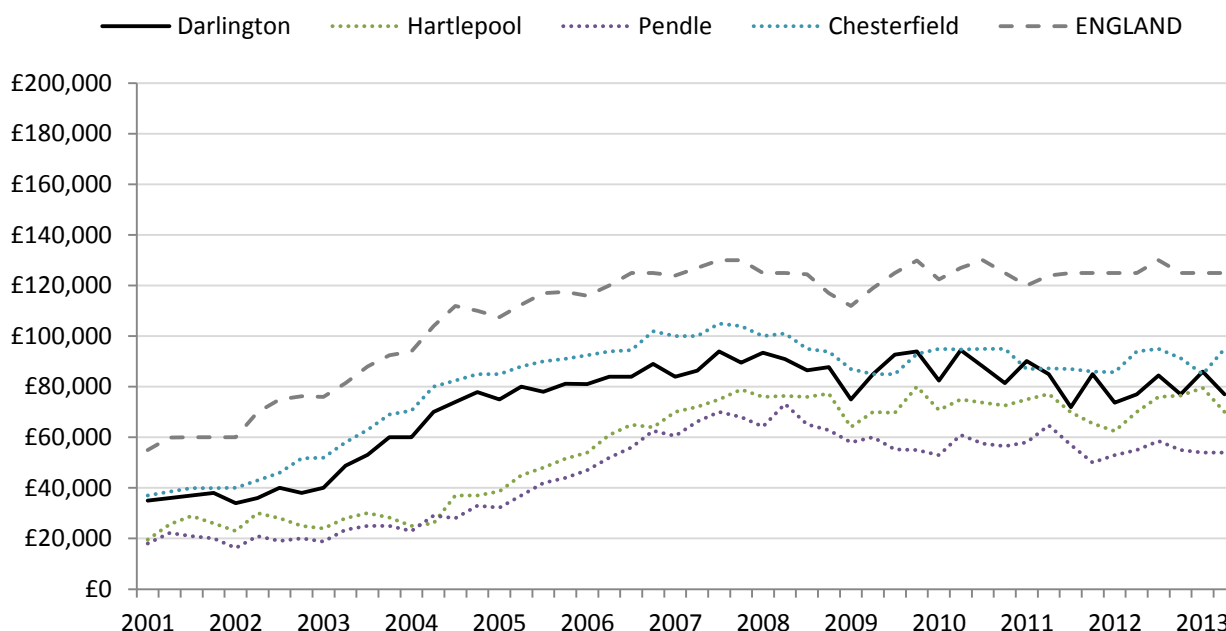
Figure 46: Real House Price Trends: Lower Quartile Prices adjusted to 2012 values using CPI (Source: CLG Live Tables; Bank of England)
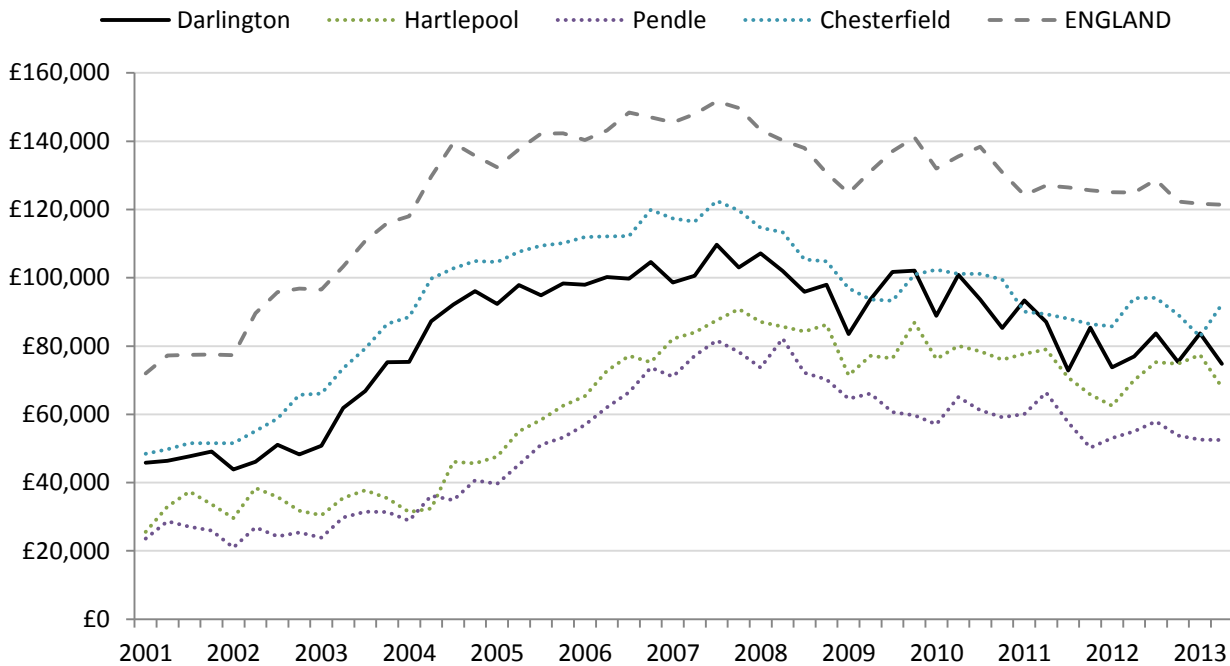
5.26 It is clear that real house prices in Darlington rose sharply in the period 2001-2007 (from £45,800 to £104,700 at 2012 values, a real increase of more than 129%), but they have progressively reduced since that time with real prices at £75,000 in mid-2013 (at 2012 values) which is 28% below their peak.

5.27 Figure 47 shows how real house prices in Darlington and the comparator areas have varied when compared with the English average (shown as £0 variance on the chart). This shows that real house price change in Darlington has been relatively similar to the English average over the period since 2001, with a marginal downward trend over the period. Comparator areas have seen more volatility in price trends.

Figure 47: Real House Price Trends relative to England: Lower Quartile Prices adjusted to 2012 values using CPI (Source: CLG Live Tables; Bank of England. Note: HMA figure derived using population weighted average of Local Authority data)
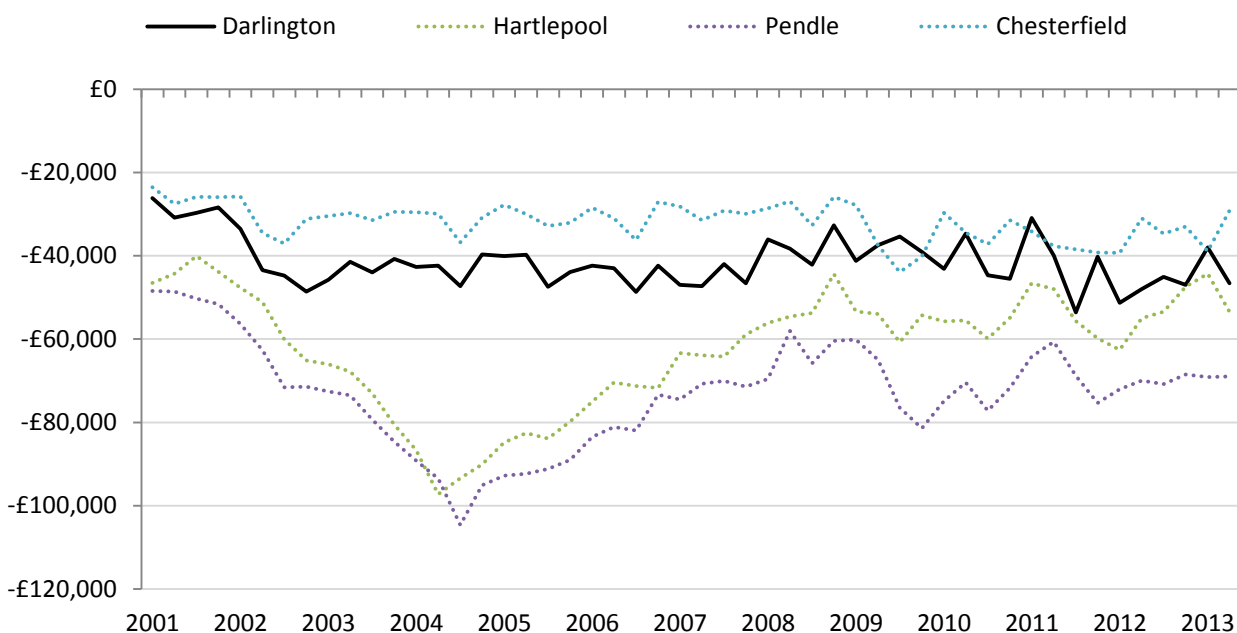
Affordability

5.28   Figure 48 shows the ratio of lower quartile house price to lower quartile earnings in Darlington and the comparator areas between 2001 and 2013. This long term trend for the HMA is similar to comparator authorities; while worsening in the period 2001-06 (when there was an increase in real house prices), the multiplier declined over the period 2006-09 and has remained relatively stable since.

5.29   Of course, it is also important to remember that affordability can be influenced by supply issues (e.g. lower housing delivery levels) and demand side issues (e.g. lower availability of mortgage finance for first time buyers).

Figure 48: Ratio of Lower Quartile House Price to Lower Quartile Earnings (Source: DCLG. Note: HMA figure derived using population weighted average of Local Authority data)
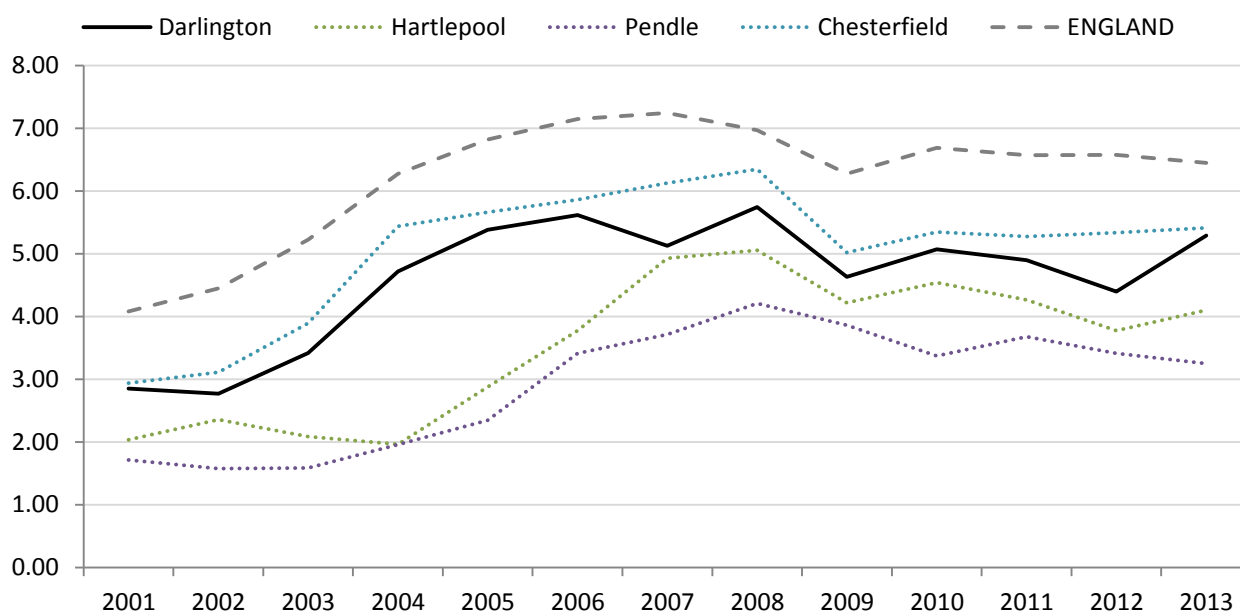
Housing Development

5.30   Census data shows that the number of dwellings in Darlington increased from 44,300 to 48,800 over the 10-year period 2001-11. This represents an increase of 4,500 dwellings, equivalent to 10.0% of the stock. Over the same period, the number of dwellings in England increased from 21.2 million to 23.0 million, equivalent to around 8.3% of the stock. As noted earlier, Council tax data indicates a lower rate of growth with an additional 4,000 dwellings between 2001 and 2011 and therefore the more accurate growth rate in dwellings is likely to be just below 10%. This still implies that housing development in Darlington has been higher in percentage terms than development across England over the last decade.

5.31   Figure 49 compares the data from the Census against housing completions recorded in the Council's Annual Monitoring Report (AMR) and data on housing completions published by CLG. The AMR data suggests an annual average of 390 additional dwellings over the period 2001-11 whilst the CLG data suggests an annual average of 320 additional dwellings over the period 2002-11 (the data for 2001/02 was not available). Therefore, it appears to be the case that Darlington has been delivering more dwellings than official CLG statistic indicate. The 2011 Census showed a growth of 450 dwellings per annum since 2001. It is likely that at least some of the difference will be associated with the conversion of existing dwellings that have not been recorded by the planning system.

Figure 49: Annual Housing Completions for Darlington (Source: Darlington Annual Monitoring Report; CLG Live Tables; Census 2001 and 2011)
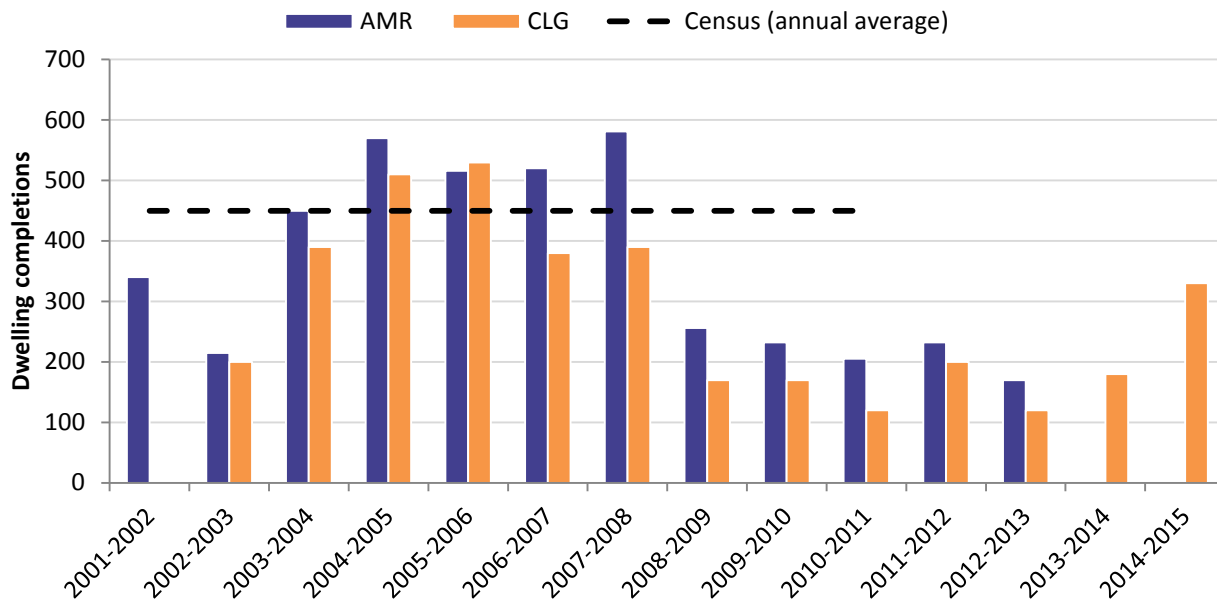
5.32   Figure 50 shows average annual housing completions based on rolling 5-year periods, which illustrates the changes in underlying trends. The AMR and CLG data show that completion rates have fallen sharply since 2008.

Figure 50: Trends in 5-year Average Annual Housing Completions for Darlington (Source: Darlington Annual Monitoring Report; CLG Live Tables; Census 2001 and 2011)
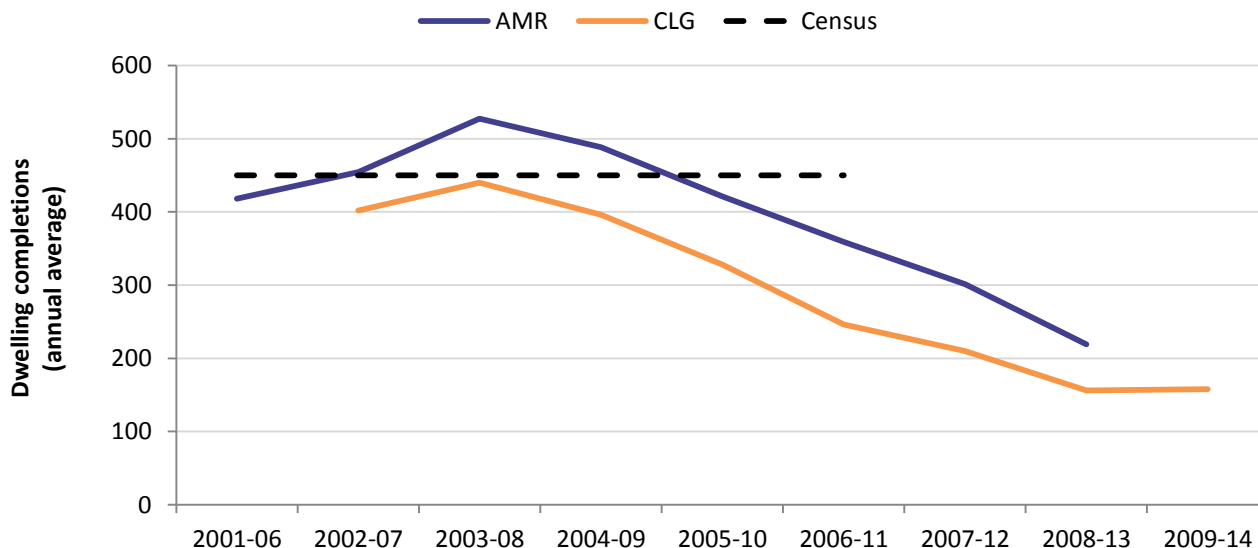
Overcrowding

5.33   Overcrowding was considered in detail when establishing the need for affordable housing, and based on the bedroom standard, we estimated that 780 households were overcrowded in Darlington (Figure 28) including 260 owner occupiers, 247 households renting privately and 273 households in the social rented sector.

5.34   PPG also identifies a series of other factors to monitor alongside overcrowding, including concealed and sharing households, homelessness and the numbers in temporary housing (paragraph 19):

> *"Indicators on overcrowding, concealed and sharing households, homelessness and the numbers in temporary accommodation demonstrate un-met need for housing. Longer term increase in the number of such households may be a signal to consider increasing planned housing numbers."*

5.35   These were also considered when establishing the need for affordable housing, and the overall housing number was increased to take account of the needs of homeless households and concealed families with younger family representatives who would not have been counted as part of the household projections. This adjustment has already been incorporated as a response to the identified un-met need for housing, and can be considered as part of the response to market signals.

Summary of Market Signals

5.36   In terms of headline outputs in Guidance (PPG Paragraph 019), the market signals when compared to relevant comparator areas show:

Figure 51:   Summary of Market Signals (Source: CLG Live Tables for house prices, affordability and rate of development; VOA for rents. UK Census of population 2001 and 2011 for overcrowding)

		Darlington	Hartlepool	Pendle	Chesterfield	England
INDICATORS RELATING TO PRICE						
House prices						
Lower quartile house price	2012- 13 value	£81,100	£75,500	£55,600	£91,300	£126,200
	Relative to England	-36%	-40%	-56%	-28%	-
	2007-08 value	£90,800	£75,500	£67,100	£102,300	£128,000
	5-year change	-11%	+<1%	-17%	-11%	-1%
Rents						
Average monthly rent	2013- 14 value	£468	£473	£443	£483	£720
	Relative to England	-35%	-34%	-38%	-33%	-
	2008 value	£375	£346	£336	£356	£501
	5-year change	+25%	+37%	+32%	+36%	+44%
Affordability						
Lower quartile house price to earnings	2013 ratio	5.3	4.1	3.3	5.4	6.5
	Relative to England	-18%	-36%	-50%	-16%	-
	2008 ratio	5.7	5.1	4.2	6.3	7.0
	5-year change	-8%	-19%	-23%	-15%	-7%
INDICATORS RELATING TO QUANTITY						
Rate of development						
Increase in stock	2001-11 change	9.8%	7.1%	2.4%	7.2%	8.3%
	Relative to England	+17%	-15%	-71%	-13%	-
Overcrowding						
Overcrowded households	2011 proportion	4.6%	4.3%	5.5%	4.7%	8.7%
	Relative to England	48%	51%	37%	46%	-
	2001 proportion	4.4%	5.1%	6.1%	3.6%	7.1%
	10-year change	4%	-16%	-9%	32%	23%

5.37   As acknowledged earlier in this section, there is no single formula that can be used to consolidate the implications of this information; and furthermore the housing market signals will have been predominantly

influenced by relatively recent housing market trends. Nevertheless, on the basis of this data we can conclude:

» **House Prices:** lower quartile prices are lower than the national average, with a lower quartile price of £81,100 compared to England's £126,250 (based on 2012-13 values). The current price in Darlington is higher than in Pendle and Hartlepool, but lower than Chesterfield;

» **Rents:** for average private sector rents in 2013-14, Darlington is lower than the national average and similar to all comparator areas. Nevertheless, average rents in all areas have increased significantly in the last 5 years – although the increase in Darlington is lower than for any comparator area;

» **Affordability** (in terms of the ratio between lower quartile house prices and lower quartile earnings) is currently 'better' in Darlington than across England as a whole (5.3x cf. 6.5), and the rate in Darlington is also better than in Chesterfield, although not as 'good' as Pendle and Hartlepool. Furthermore, the national affordability ratios have improved since 2008 at a similar rate to Darlington, but not by as much as in the comparator authorities;

» **Rate of development** (in terms of increase in dwelling stock over the last 10 years) shows that development in Darlington has been slightly higher than in England (9.8% cf. 8.3%). This rate is higher than all comparator authorities. Of course, these figures will inevitably be influenced by local constraints as well as individual policies;

» **Overcrowding** (in terms of Census occupancy rates) shows that 4.6% of households in Darlington are overcrowded based on an objective measure, which is lower than England (8.7%). The proportion of overcrowded households has increased by 4% over the last 10 years. Overcrowding fell in Hartlepool and Pendle, but increased sharply in Chesterfield.

5.38   On the whole, market signals do not indicate any need for an upward adjustment to the housing number: changes in house prices, rents and affordability trends are typically in line with or better than the equivalent rates for England and the comparator areas, while the rate of development has been higher than the England average.

5.39   Nevertheless, there has been a clear increase in concealed families over the period 2001-11, especially families aged 25-34 which are likely to demonstrate un-met need for housing; and a number of homeless households were also identified. Addressing these needs increases projected household growth by 72 over the period 2011-36 (as identified when reviewing affordable housing).

5.40   Taking account of household growth from the latest CLG 2012-based projections (the starting point); adjusting for longer-term migration trends; taking account of the market signals uplift for concealed families and homeless households; and allowing for vacant and second homes yields an average housing need for Darlington of 446 dwellings each year. This is the average number of dwellings needed every year over the 25-year period 2011-36 and represents a 1.0% increase in the dwelling stock each year.

Employment Trends

5.41   While demographic trends are key to the assessment of OAN, it is also important to consider current Employment Trends and how the projected growth of the economically active population fits with the future changes in job numbers.

> *"Plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of 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 or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems."*
>
> **Planning Practice Guidance 2014, paragraph 18**

Oxford Economics Forecasting Model

5.42   Darlington Council purchased economic projections from Oxford Economics to provide evidence for future employment growth in the area. For the period 2011 to 2031 it forecasted jobs growth in Darlington of 2,400 jobs over the 20 years period, or 120 jobs per annum. This represents a growth of around 0.22% per annum which is in line with the average for the North East (0.2%) but below the annual growth rate for the UK as a whole (0.7% per annum). The annual rate of growth of 0.22% per annum is below the long term average for Darlington which varies for 0.3% to 1.0% depending upon the time period chosen for comparison. Therefore, the Oxford Economics forecast can be seen as conservative given the past performance of the Darlington economy.

5.43   As previously noted, the demographic analysis identified that on the basis of providing the 446 dwellings per annum additional dwellings over 25 years, it is likely that the economically active population would increase by 5,700 people (around 230 per year on average). We would note that Oxford Economics are forecasting a growth in the economically active population of Darlington of 3,400 over the period 2011-2031, or 170 per annum. However, this is based on much lower forecasted population growth which is linked to the 2012 SNPP. In addition, the number of unemployment benefit claimants recorded by DWP reduced by around 1,900 over the period January 2012 to January 2015, which also increases the number of available workers.

5.44   Taken together, these figures suggest that the number of available workers will increase by around 7,400 over the 25-year period 2011-36 (without any further reduction in unemployment), equivalent to an average of around 300 additional workers each year. Even allowing for many of the workers living in Darlington to be out-commuters, it is clear that there are sufficient workers in demographic growth to fill 120 additional jobs per annum.

5.45   Therefore, taking the Oxford Economics model as a policy off position for Darlington indicates that the area will have a surplus of workers and will be able to reduce net out-commuting from the area.

5.46   However, as noted above, the figure of 120 additional jobs per annum is below the past performance of the Darlington economy and is also below the objectives of the Local Enterprise Partnership (LEP). They have proposed a target of 5,990 additional jobs in Darlington in the period 2012-22, which is in itself well above the average long-term employment growth of around 300 jobs per annum in Darlington.

5.47   Allowing for a much more optimistic growth rate in the Darlington economy of around 0.5% per annum would see the number of jobs rise by around 7,000 over the 25 year period 2011-2036. As noted above this would see the Darlington economy grow by a rate much higher than the forecast of 0.2% per annum forecasted for the North East as a whole and therefore can be seen as an aspirational target.

5.48 It is important to recognise that the jobs forecast include full-time and part-time work, and some workers may have more than one job. Whilst the Oxford Economics model identified 55,300 jobs in Darlington in 2032, the number of workplace employed people was projected to be 52,700. Given that the jobs number is projected to be 4.8% higher than the number of workers, we can conclude that 4.8% of workers were anticipated to be "double jobbing". However, in 2011 the figure for double jobbing was 1.6% of the workforce. As a conservative estimate if on average 3% of workers have more than one job a growth in the working population of 7,400 will equate to enough workers to fill 7,600 jobs.

5.49 When these factors are properly considered, we can conclude that the demographic projections would provide 7,600 extra workers locally whereas 7,000 extra workers would be needed to address jobs growth of 0.5% per annum. Therefore, even on an aspirational growth scenario of 0.5% jobs per annum, the number of workers available will be sufficient to meet the growth without the need for commuting patterns to change.

Conclusions on Jobs and Workers

5.50 While demographic projections form the starting point for OAN calculations it is necessary to ensure a balance between future jobs and workers. Taking the Oxford Economics forecasted employment figures for Darlington as a policy off position it is clear that there are sufficient workers in the population to address the needs for future workers.

5.51 However, if the Council wished to proceed with a higher policy target there are still sufficient workers to allow for growth rates in jobs up to 0.5% per annum.

Conclusions

5.52 While demographic projections form the starting point for Objectively Assessed Need calculations, it is necessary to assess market signals to determine if a higher rate of housing delivery is required in the housing market area to address housing market problems.

5.53 On the basis of the Market Signals and the need to balance workers and jobs, we can conclude that the Objectively Assessed Need for Darlington does not need to be increased. Therefore the SHMA identifies an Objectively Assessed Need for 11,160 dwellings over the 25-year period 2011-36, or 446 dwellings per annum. This represents a figure which is 140% higher than 2012 based CLG projections, but the CLG figures appear to contain a number of issues which mean that they cannot be considered robust.

5.54 A total of 11,160 additional dwellings is unlikely to provide sufficient affordable housing to meet all of the needs of Darlington. This is because it is unlikely to be viable for developers to provide for the assessed affordable housing need of 36.2% of all housing required.   This is an issue for the Council to consider addressing as part of the transition from Objectively Assessed Needs to Housing Requirements.

5.55 Figure 52 show the size and tenure mix required for Darlington, while Figure 53 shows the affordable housing need on different affordability assumptions of households spending either 25% or 35% of their gross households income on housing costs. We would note that these figures do not include the potential impact of increased right to buy sales due to Registered Providers now being subject to this scheme or any consideration of the impact of Starter Homes being considered as affordable housing, as set out in the Draft Housing and Planning Bill 2015.

Figure 52: Size and Tenure Mix For Darlington 2011-2036 (Source: ORS Housing Model: Note: figures may not sum due to rounding)

		Dwellings
MARKET HOUSING		
Flat	1 bedroom	28
	2+ bedrooms	265
House	2 bedrooms	1,915
	3 bedrooms	3,960
	4 bedrooms	870
	5+ bedrooms	89
Total Market Housing		**7,127**
AFFORDABLE HOUSING		
Flat	1 bedroom	796
	2+ bedrooms	301
House	2 bedrooms	1,355
	3 bedrooms	1,368
	4+ bedrooms	214
Total Affordable Housing		**4,033**
TOTAL		**11,160**

Figure 53: Affordable Housing Need For Darlington 2011-2036 for Alternative Affordability Assumptions (Source: ORS Housing Model: Note: figures may not sum due to rounding)

		Social/Affordable Rent	Intermediate	TOTAL
25% OF INCOME				
Flat	1 bedroom	713	83	796
	2+ bedrooms	223	77	301
House	2 bedrooms	1,006	349	1,355
	3 bedrooms	1,043	325	1,368
	4+ bedrooms	185	28	214
TOTAL		**3,171**	**862**	**4,033**
35% OF INCOME				
Flat	1 bedroom	669	126	796
	2+ bedrooms	192	109	301
House	2 bedrooms	863	492	1,355
	3 bedrooms	872	496	1,368
	4+ bedrooms	160	54	214
TOTAL		**2,756**	**1,277**	**4,033**

6. Housing Requirements

Considering the Policy Response to Identified Housing Need

6.1   The SHMA has established the Full Objectively Assessed Need for Housing in Darlington to be 11,160 dwellings over the 25-year period 2011-36, however this figure will need to be tested through the statutory Plan-making process.

6.2   This is confirmed by Planning Practice Guidance for housing and economic land availability assessment, which states that "housing requirement figures in up-to-date adopted Local Plans should be used as the starting point for calculating the five year supply" (paragraph 30). This point was further emphasised in a letter from the Housing Minister to the Planning Inspectorate in December 2014:

> *"Many councils have now completed Strategic Housing Market Assessments either for their own area or jointly with their neighbours. The publication of a locally agreed assessment provides important new evidence and where appropriate will prompt councils to consider revising their housing requirements in their Local Plans. We would expect councils to actively consider this new evidence over time and, where over a reasonable period they do not, Inspectors could justifiably question the approach to housing land supply.*

> *"However, the outcome of a Strategic Housing Market Assessment is untested and should not automatically be seen as a proxy for a final housing requirement in Local Plans. It does not immediately or in itself invalidate housing numbers in existing Local Plans.*

> *"Councils will need to consider Strategic Housing Market Assessment evidence carefully and take adequate time to consider whether there are environmental and policy constraints, such as Green Belt, which will impact on their overall final housing requirement. They also need to consider whether there are opportunities to co-operate with neighbouring planning authorities to meet needs across housing market areas. Only after these considerations are complete will the council's approach be tested at examination by an Inspector. Clearly each council will need to work through this process to take account of particular local circumstances in responding to Strategic Housing Market Assessments."*

Affordable Housing Need

6.3   The SHMA has identified a substantial need for affordable housing equating to 165 dwellings per annum.

6.4   Given the level of affordable housing need identified, it will be important to maximise the amount of affordable housing that can be delivered through market housing led developments. Key to this is the economic viability of such developments, as this will inevitably determine (and limit) the amount of affordable housing that individual schemes are able to deliver.

6.5   As part of their strategic planning and housing enabling functions, the Council will need to consider the most appropriate affordable housing target in order to provide as much affordable housing as possible without compromising overall housing delivery. This target should provide certainty to market housing

developers about the level of affordable housing that will be required on schemes, and the Council should ensure that this target is achieved wherever possible in order to increase the effective rate of affordable housing delivery.

6.6 PPG identifies that Councils should also consider "an increase in the total housing figure" where this could "help deliver the required number of affordable homes"; although this would not be an adjustment to the OAN, but a policy response to be considered in the local plan:

> *"The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes." (Paragraph 029)*
>
> **Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)**

6.7 It will therefore be important for the Council to consider the need for any further uplift once the affordable housing target has been established. However, as confirmed by the Inspector examining the Cornwall Local Plan in his preliminary findings[9] (paragraphs 3.20-21):

> *"National guidance requires **consideration** of an uplift; it does not automatically require a mechanistic increase in the overall housing requirement to achieve all affordable housing needs based on the proportions required from market sites. The realism of achieving the intended benefit of additional affordable housing from any such uplift is relevant at this stage, otherwise any increase may not achieve its purpose.*
>
> *Any uplift on the demographic starting point … would deliver some additional affordable housing and can be taken into account in judging whether any further uplift is justified."*

6.8 The Council will need to consider whether there is sufficient justification for any further increase in the total housing figures included in their Local Plan (beyond the identified OAN) as part of their policy response to meeting the identified need for affordable housing; although it will be important for them to consider the implications of providing a higher level of market housing than identified by the OAN, in particular the consequences on the balance between jobs and workers.

6.9 The contribution towards affordable housing delivery that can be achieved through market housing led developments shouldn't be considered in isolation. The Government has launched a series of new initiatives in the past 5 years to attempt to boost the supply of homes, including affordable homes. The key Homes and Communities Agency (HCA) investment programmes include:

» **Affordable Homes Programme:** the flagship HCA investment programme(s) for new affordable homes – the 2015-18 programme intends to support the building of 43,821 new affordable homes across 2,697 schemes in England

» **Affordable Homes Guarantees Programme:** guaranteeing up to £10bn of housing providers' debt in order to bring schemes forward

» **Care and Support Specialised Housing Fund:** funding used to accelerate the development of the specialised housing market such as Older People and those with disabilities

» **Community Right to Build:** (Outside London) including some provision for affordable homes

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[9] https://www.cornwall.gov.uk/media/12843214/ID05-Preliminary-Findings-June-2015-2-.pdf

> » **Empty Homes programme**
>
> » **Estate Regeneration Programme:** often creating mixed tenure communities
>
> » **Get Britain Building:** aiming to unlock locally-backed stalled sites holding planning permission and including affordable homes

6.10 However, there are currently a number of constraints that are affecting the delivery of new affordable housing; although there is also a range of other initiatives that may help increase delivery in future.

Constraints affecting the delivery of new affordable housing	Other initiatives potentially increasing the delivery of new affordable housing
Welfare reform Most stakeholders (including private landlords, house builders, local authorities and RPs) are concerned at the impact of benefit reform and the risk to their revenue. Credit rating agency have also signalled concerns. **Registered Providers** Many RPs have become more risk averse in their approach to developing new homes. The move to Affordable Rent as opposed to Social Rent housing and the resultant reduction in grant rates has made delivery and viability issues more pronounced. Grant level reductions in the AHP 2015-18 have, arguably, increased risk perceptions further. **Stock rationalisation by Registered Providers** The new regulatory framework for RPs continues the emphasis on economic regulation. This could, potentially, reduce current supply of affordable housing. Already, sector trends indicate many associations are identifying under-performing stock with a view to rationalisation. **Extension of Right to Buy (RTB) to Registered Providers** The Government pledge to introduce an RTB for RP tenants mean many associations will need to assess the risk to their Business Plans and this might reduce appetite for new development. NB **The Summer Budget (2015)** and the **Housing and Planning Bill (2015)** may also introduce further constraints affecting the delivery of new affordable housing	**Councils building more new homes** Many Councils are now trying to bring new rental schemes forward following reform of the HRA system. **New 'for profit' providers** Over 30 'for profit' providers to deliver AHP homes have so far registered with the HCA, mainly in order to deliver non-grant affordable housing. There is arguably potential for increased supply of affordable homes for rent by 'for profit' providers. **Co-operative Housing** Given current delivery constraints, co-operative housing has been identified as a further alternative supply for households unable to access ownership or affordable housing. The Confederation of Co-operative Housing, working with RPs, is currently trying to bring schemes forward. The HCA has held back funding for Co-operative Housing in the previous AHP.

6.11 The Government also sees the growth in the private rented sector as positive. Whilst private rented housing (with or without housing benefit) does not meet the definitions of affordable housing, it offers a flexible form of tenure and meets a wide range of housing needs. The sector also has an important role to play given that many tenants that rent from a private landlord can only afford their housing costs as they receive housing benefit. If there isn't sufficient private rented housing available at a price these households can afford, the need for affordable housing would be even higher.

6.12 A Government task force was established in 2013 to encourage and support build-to-let investment[10]. The HCA also has several investment programmes to help bring schemes forward. These include a £1 billion Build to Rent Fund, which will provide equity finance for purpose-built private rented housing, alongside a £10 billion debt guarantee scheme to support the provision of these new homes. New supply of private rented housing therefore seems likely from various sources, despite current volumes being relatively low:

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[10] https://www.gov.uk/government/publications/2010-to-2015-government-policy-rented-housing-sector/2010-to-2015-government-policy-rented-housing-sector#appendix-9-private-rented-sector

» **Registered Providers** are potential key players in the delivery of new PRS supply and recently several have begun to enter the market in significant scale[11], particularly in response to the Build to Rent Fund, although other institutional funding is also being sought. Overall, although interest is high, it remains unclear as to the scale of development which may deliver.

» **Local Authorities** can also enable new PRS supply to come forward investing local authority land, providing financial support (such as loan guarantees), and joint ventures with housing associations, developers or private investors under the Localism Act. Whilst LA initiatives may contribute to new build PRS, these will take time to deliver significant numbers of units.

» **Local Enterprise Partnerships** are another potential source of new build PRS homes[12]. The Growing Places Fund provides £500 million to enable the development of local funds to promote economic growth and address infrastructure constraints in order to enable the delivery of jobs and houses. Any funding for housing, however, has to compete with other priorities e.g. skills and infrastructure. However, LEPs could potentially enable new PRS housing delivery and some attempts have been made in this regard to increase supply.

» **Insurance companies** and **pension funds** have been expanding into property lending in recent years; especially schemes in London. Nearly a quarter of new UK commercial property finance came from non-bank lenders in 2013.

6.13   National Government policy is also focussed on improving the quality of both management and stock in the private rented sector, and local councils also have a range of enforcement powers. This is particularly important given the number of low income households that rent from a private landlord.

6.14   Given the substantial need for affordable housing identified in Darlington, the Council will need to consider the most appropriate affordable housing target as part of their strategic planning and housing enabling functions. However, it will also be important for the Council to consider all of the options available to help deliver more affordable homes in the area, but also that these options are realistic and deliverable.

Older People

6.15   Planning Practice Guidance for Housing and Economic Land Availability Assessment states the following in relation to housing for older people:

> *"How should local planning authorities deal with housing for older people?*
>
> *Older people have a wide range of different housing needs, ranging from suitable and appropriately located market housing through to residential institutions (Use Class C2). Local planning authorities should count housing provided for older people, including residential institutions in Use Class C2, against their housing requirement. The approach taken, which may include site allocations, should be clearly set out in the Local Plan."*
>
> **Planning Practice Guidance for Housing and Economic Land Availability Assessment 2014, paragraph 37**

6.16   On this basis, the Council will need to consider the most appropriate way to count the supply of bedspaces in residential institutions (Use Class C2) as part of their overall housing monitoring, and decide whether this should form part of the overall housing supply.

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[11] http://www.insidehousing.co.uk/business/development/transactions/lg-to-launch-prs-subsidiary/7009701.article

[12] https://www.gov.uk/government/publications/growing-places-fund-prospectus

6.17   It is important to recognise that the identified OAN does not include the projected increase of institutional population, which represents a growth of 950 persons over the 25-year period 2011-36. This increase in institutional population is a consequence of the CLG approach to establishing the household population[13], which assumes "that the share of the institutional population stays at 2011 levels by age, sex and relationship status for the over 75s" on the basis that "ageing population will lead to greater level of population aged over 75 in residential care homes".

6.18   On this basis, if bedspaces in residential institutions in Use Class C2 are counted within the housing supply then the increase in institutional population aged 75 or over would need to be counted as a component of the housing requirement (in addition to the assessed OAN). If these bedspaces are not counted within the housing supply, then there is no need to include the increase in institutional population as part of the housing requirement.

6.19   Nevertheless, older people are living longer, healthier lives, and the specialist housing offered today may not be appropriate in future years and the Government's reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. Therefore, despite the ageing population, current policy means that the number of care homes and nursing homes may actually decline, as people are supported to continue living in their own homes for longer.

6.20   Although the institutional population is projected to increase by 950 persons in Darlington over the period 2011-36 (based on the CLG assumption that there will be a "greater level of population aged over 75 in residential care homes"), it does not necessarily follow that all of this need should be provided as additional bedspaces in residential institutions in Use Class C2 – but any reduction in the growth of institutional population aged 75 or over would need to be offset against higher growth for these age groups in the household population; which would yield more households than assumed when establishing the OAN.

6.21   On this basis, if fewer older people are expected to live in communal establishments than is currently projected, the needs of any additional older people in the household population would need to be counted in addition to the assessed OAN.

Gypsies and Travellers

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

> *This document sets out the Government's planning policy for traveller sites. It should be read in conjunction with the National Planning Policy Framework.*
>
> **Planning Policy for Traveller Sites, August 2015, paragraph 1**

6.23   An April 2015 High Court Judgement, 'Wenman v SSCLG and Waverley Borough Council', has clarified the relationship between Gypsy and Traveller and Travelling Showpeople Needs Assessments and OAN. At paragraphs 42 and 43, the Judgement notes:

> *"42. However, under the PPTS, there is specific provision for local planning authorities to assess the need for gypsy pitches, and to provide sites to meet that need, which includes the*

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[13] Household Projections 2012-based: Methodological Report, Department for Communities and Local Government, February 2015

requirement to "identify, and update annually, a supply of specific deliverable sites sufficient to provide five years' worth of sites against their local set targets" (paragraph 9(a)). These provisions have a direct parallel in paragraph 47 NPPF which requires local planning authorities to use their evidence base to ensure that the policies in their Local Plan meet the full objectively assessed needs for housing in their area, and requires, inter alia, that they "identify and update annually a supply of specific deliverable sites sufficient to provide five years' worth of housing".

"43. The rationale behind the specific requirement for a five year supply figure under paragraph 9 PPTS must have been to ensure that attention was given to meeting the special needs of travellers. Housing provision for this sub-group was not just to be subsumed within the general housing supply figures for the area. Therefore it seems to me most unlikely that the housing needs and supply figures for travellers assessed under the PPTS are to be included in the housing needs and supply figures under paragraph 47 NPPF, as this would amount to double counting."

6.24 Along with retaining the requirement for local authorities to assess their own needs for Gypsies and travellers, PPTS, August 2015, paragraph 10(a) retains the requirement to: "identify and update annually, a supply of specific deliverable sites sufficient to provide 5 years' worth of sites against their locally set targets".

6.25 The position proposed by the judgement is correct in that Gypsy and Traveller and Travelling Showpeople households will form part of the household projections, concealed households and market signals which underwrite the OAN calculation. The needs of these households are counted as part of the overall OAN; therefore any needs identified as part of a Gypsy and Traveller and Travelling Showpeople Needs Assessment are a component of, and not additional to, the OAN figure identified by the SHMA.

6.26 This also means that any land supply for pitches and plots should be counted towards the general 5-year land supply as the needs they are addressing are included within the housing OAN.

6.27 It should be noted that PPTS, August 2015, sets out a new definition of Gypsies and Travellers who are to be included in the Gypsy and Traveller Accommodation Assessment (GTAA) which is on the basis of having a travelling lifestyle without reference to ethnicity:

> *Persons of nomadic habit of life whatever their race or origin, including such persons who on grounds only of their own or their family's or dependants' educational or health needs or old age have ceased to travel temporarily, but excluding members of an organised group of travelling showpeople or circus people travelling together as such.*
>
> **Planning Policy for Traveller Sites, August 2015, Annex 1**

6.28 This definition conflicts with the Housing Act (2004) definition used in the PPTS 2012. However, DCLG have stated that the Government will, when parliamentary time allows, seek to amend primary legislation to clarify the duties of local authorities to plan for the housing needs of their residents. This should bring the Housing Act definition in line with the PPTS definition.

6.29 Gypsies and Travellers who fall outside this definition will not necessarily be assessed in a GTAA and will need to be assessed separately under the NPPF because Romany Gypsies and Irish Travellers are recognised as having a protected characteristic under the Equality Act 2010 and culturally suitable accommodation should be provided.

Appendix A
Planning Policy

Excerpts from the National Planning Policy Framework

Paragraph 159 on cross boundary working and the scale/mix of requirements:

Local planning authorities should have a clear understanding of housing needs in their area. They should:

• prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that 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 (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and

– caters for housing demand and the scale of housing supply necessary to meet this demand;"

Paragraph 14 on needs:

"local planning authorities should positively seek opportunities to meet the development needs of their area; Local Plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change."

Paragraph 47 regarding supply:

"identify and update annually a supply of specific deliverable sites sufficient to provide five years' worth of housing against their housing requirements with an additional buffer of 5% (moved forward from later in the plan period) to ensure choice and competition in the market for land. Where there has been a record of persistent under delivery of housing, local planning authorities should increase the buffer to 20% (moved forward from later in the plan period) to provide a realistic prospect of achieving the planned supply and to ensure choice and competition in the market for land;"

Paragraph 178-181 regarding co-operation:

Planning strategically across local boundaries

*178. Public bodies have a duty to co-operate on planning issues that cross administrative boundaries, particularly those which relate to the **strategic priorities** set out in paragraph 156. The Government expects joint working on areas of common interest to be diligently undertaken for the mutual benefit of neighbouring authorities.*

179. Local planning authorities should work collaboratively with other bodies to ensure that strategic priorities across local boundaries are properly coordinated and clearly reflected in individual Local Plans. Joint working should enable local planning authorities to work together to meet development requirements which cannot wholly be met within their own areas – for instance, because of a lack of physical capacity or because to do so would cause significant harm to the principles and policies of this Framework. As part of this process, they should consider producing joint planning policies on strategic matters and informal strategies such as joint infrastructure and investment plans.

180. Local planning authorities should take account of different geographic areas, including travel-to-work areas. In two tier areas, county and district authorities should co-operate with each other on relevant issues. Local planning authorities should work collaboratively on strategic planning priorities to enable delivery of sustainable development in consultation with Local Enterprise Partnerships and Local Nature Partnerships. Local planning authorities should also work collaboratively with private sector bodies, utility and infrastructure providers.

181. Local planning authorities will be expected to demonstrate evidence of having effectively co-operated to plan for issues with cross-boundary impacts when their Local Plans are submitted for examination. This could be by way of plans or policies prepared as part of a joint committee, a memorandum of understanding or a jointly prepared strategy which is presented as evidence of an agreed position. Co-operation should be a continuous process of engagement from initial thinking through to implementation, resulting in a final position where plans are in place to provide the land and infrastructure necessary to support current and projected future levels of development.

National Planning Policy Framework 2012 Annex 2

Affordable housing: Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

Social rented housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned 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.

Affordable rented housing is 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). Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.

Homes that do not meet the above definition of affordable housing, such as "low cost market" housing, may not be considered as affordable housing for planning purposes.

Appendix B
Economic Activity Rates

Economic Activity

The Labour Force Survey (LFS) is a continuous survey of the employment circumstances of the nation's population: it provides the official measures of employment and unemployment. The chart overleaf shows economic activity rates by age and gender for the UK since 1991, based on LFS data. It is evident that economic activity rates are unlikely to remain constant in future as illustrated by past trends.

Economic Activity Rate long-term UK trends (Source: Labour Market Statistics based on Labour Force Survey)
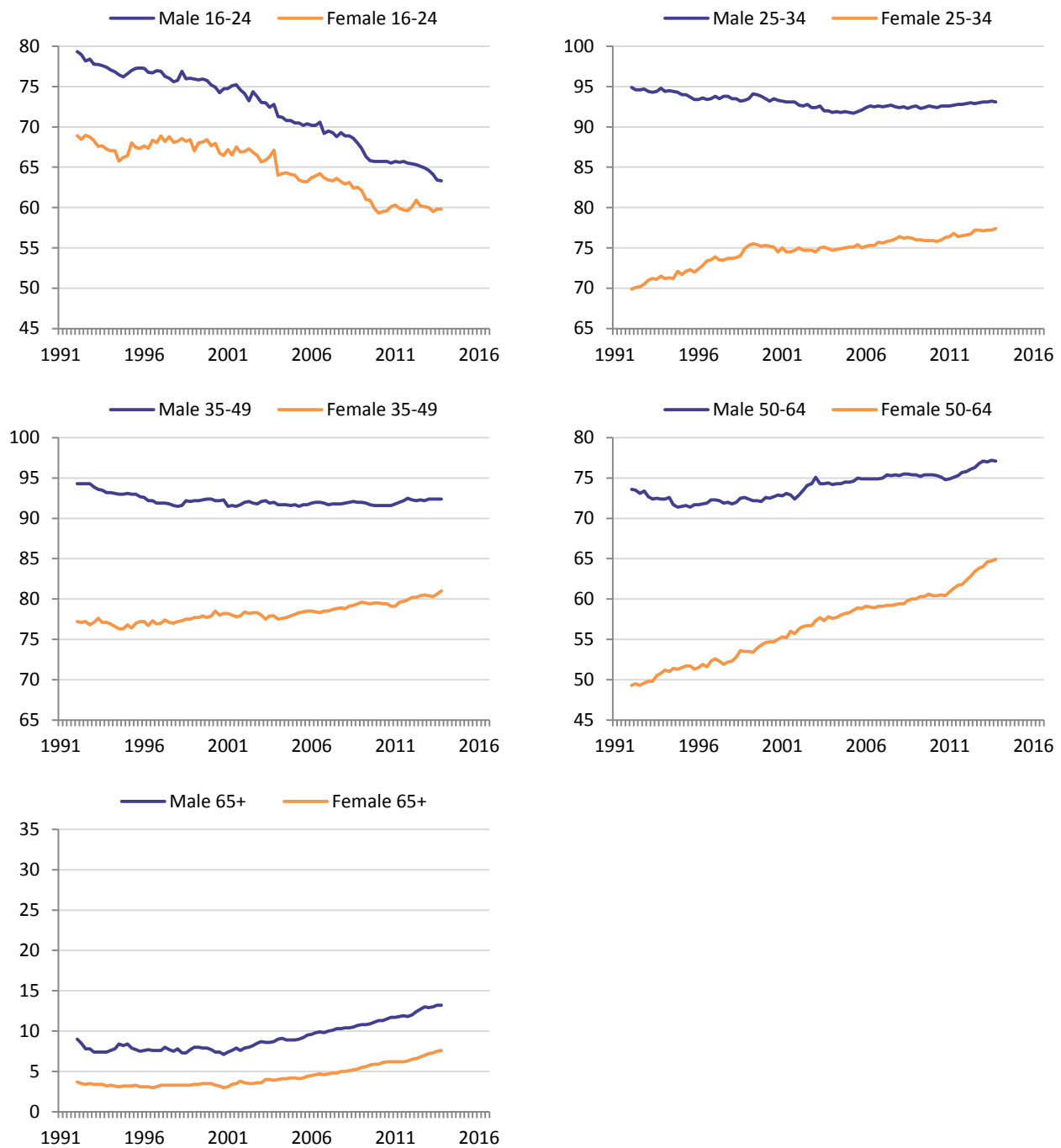
There are a number of notable trends evident:

» Economic activity rates for people aged under 25 have steadily declined, primarily as a consequence of the increased numbers remaining in full-time education;

» Economic activity rates for women in all groups aged 25+ have tended to increase, in particular those aged 50-64 where the rate has increased by almost a third (from 49% to 65%); and

» Economic activity rates for men and women aged 50+ have tended to increase, in particular over the period since 2001.

These changes in participation identified by the Labour Force Survey have been confirmed by Census data, which also shows that national trends are typically reflected at a local level.

The most recent economic activity rate projections produced by ONS were published in January 2006 and covered the period to 202014; however these figures suggested substantially lower changes in activity rates than actually experienced over the last decade. However, the performance of the labour market is important for national government, particularly in terms of forecasting the long term sustainability of tax revenues. As part of their scrutiny of Government finances, the Office for Budget Responsibility (OBR) provide an independent and authoritative analysis of the UK's public finances for Government, which includes detailed analysis of past and future labour market trends[15].

Labour Market Participation Projections

The labour market participation projections produced by the OBR are based on historic profiles of different cohorts of the overall population – subsets that are grouped by year of birth and gender. Their analysis is not based on simplistic trends but is designed to capture dynamics that are specific to particular ages and those that cut across generations:

> *"We project each cohort into the future using age-specific labour market entry and exit rates as they age across time. These exit and entry rates are generally held constant, although we adjust entry rates for younger cohorts (discussed further below), and exit rates for people approaching the State Pension age (SPA), since the SPA rises over our projection period."*

Their analysis concludes:

- » **Older people;** economic activity rates of older people will increase in future years, mainly from a combination of factors including changes to State Pension age, less generous final salary pensions and increasing healthy longevity;

- » **Female participation;** in addition to changes to state pension age, economic activity rates for women will also increase due to cohort change: more women born in the 1980s will work compared to those born in the 1970s across all comparable ages, and the rates for women born in the 1970s will be higher than for those born in the 1960s and so on; and

- » **Young people**; economic activity rates of younger people will stop declining, although young people will continue to stay longer in education and the lower participation rates recently observed are not assumed to increase in future.

Older People

Recent increases in State Pension Age (SPA) are expected to prompt a labour market response as people retiring at an older age will exit the labour market later. Recent research from the Institute for Fiscal Studies (IFS) and University College London16 concluded that:

> *"Future increases in the state pension age will lead to a substantial increase in employment".*

However, the issue is complex: most people do not retire at the SPA precisely, and other factors influence retirement decisions:

- » **Health**: longer, healthier lives mean people spend longer in employment;

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[14] Projections of the UK labour force, 2006 to 2020 by Vassilis Madouros; published in ONS Labour Market Trends, January 2006
[15] OBR Fiscal Sustainability Report, July 2014: http://cdn.budgetresponsibility.org.uk/41298-OBR-accessible.pdf
[16] http://www.ifs.org.uk/pr/spa_pr_0313.pdf

» **Education**: higher levels of education are associated with working for longer and service sector expansion (including new technology and self-employment) gives new options for some people to work for longer;

» **Family circumstances**: evidence suggests couples make joint retirement decisions, choosing to retire at similar points in time;

» **Financial considerations**: expectations of post-retirement incomes are changing as people (especially women) have to wait longer before receiving their State Pension and defined benefit pensions continue to decline; and

» **Compulsory retirement age**: the default retirement age (formerly 65) has been phased out – most people can now work for as long as they want to. Retirement age, therefore, is when an employee chooses to retire. Most businesses don't set a compulsory retirement age for their employees[17].

Nevertheless, the financial drivers are particularly important to the decision of when to retire, and changes to the State Pension age coupled with reduced membership of private schemes will inevitably lead to higher economic activity rates amongst the older population.

Membership of private sector defined benefit and defined contribution schemes (Source: NAO)
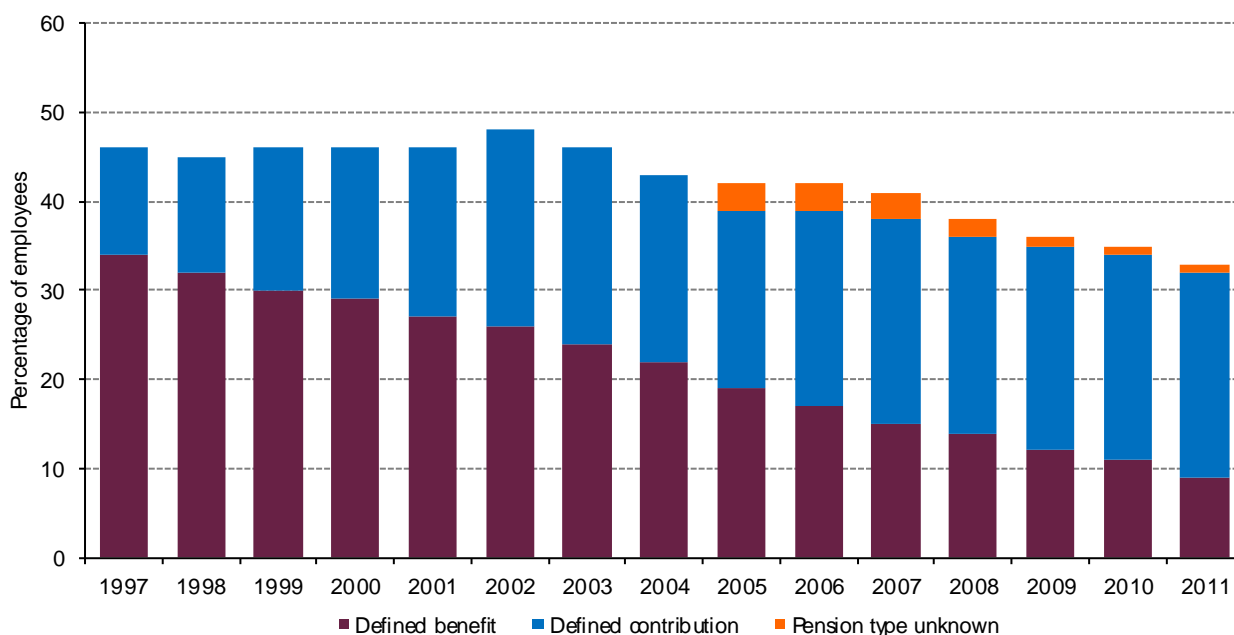
The chart overleaf shows the long-term trends in employment rates for men and women aged 60-74 together with the OBR short-term and longer-term projections.

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[17] https://www.gov.uk/retirement-age

Employment rates for 60-74 years olds (Source: ONS, OBR. Note: Prior to 1983, the Labour Force Survey does not contain an annual series for these indicators, so only available years are shown. The OBR medium-term forecast to 2018 is produced top-down, not bottom-up, so the dotted lines for that period are a simple linear interpolation)
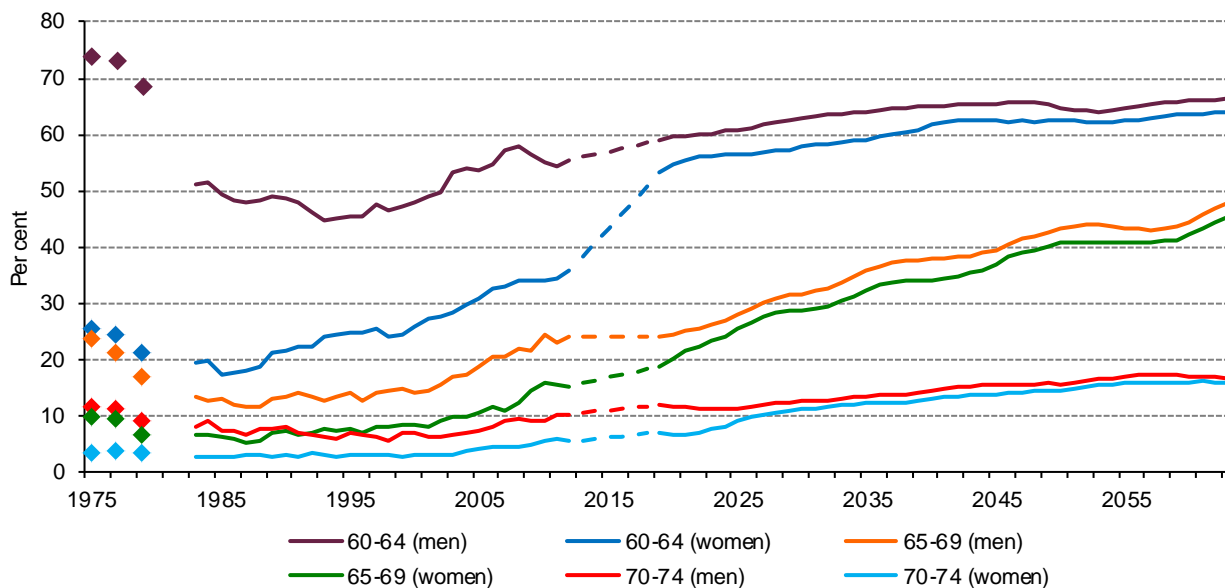
In summary, for those:

- » **Aged 60-64**: employment rates for women are projected to continue increasing rapidly over the short-term as the SPA is equalised. Rates for both men and women are then projected to increase more marginally over the longer-term, although the projected rates for men remain notably lower than those actually observed in the late 1970s;

- » **Aged 65-69**: the gap between rates for men and women is projected to reduce over the short-term, with rates for both expected to increase progressively over the longer-term; and

- » **Aged 70-74**: the rates for these older men and women are projected to converge, although only marginal increases in the rates are otherwise expected – fewer than 1-in-8 people in this age group are expected to be working until at least the 2030s.

Female Participation

Women's participation in the labour force has increased, particularly since the 1970s, for a complex range of societal and economic reasons:

- » **Childbirth**: decisions regarding children are changing. More women choose childlessness, or childbirth is delayed until women are in their 30s or 40s. Post childbirth decisions on return to the workforce are also influenced by a variety of factors (e.g. childcare arrangements, tax implications for second incomes, family circumstances);

- » **Lone parents:** employment rates for lone parents lag behind mothers with partners, but this gap has been closing;

- » **Support services for women in work**: an increase in available options to support women in work (e.g. childcare services, flexible working arrangements);

- » **Equal pay**: the gender wage differential has been narrowing (although it still exists) giving women higher rewards for work; and

> » **Education**: higher levels of education have opened new career opportunities outside historically traditional female sectors.

National policy still aspires to encourage more women into work. The Government is seeking to "*incentivise as many women as possible to remain in the labour market*"[18] and the Autumn Statement in 2014 included plans for more support for childcare (for example, Tax Free Childcare; Childcare Business Grant) and an ambition to match countries with even higher employment rates for women.

Historic data clearly shows that women born in the 1950s (who are now approaching retirement) have been less likely to be economically active than those born more recently, based on the comparison of data for individual ages. Participation rates for women have progressively increased over time: women born in the 1960s had higher rates than those born in the 1950s, women born in the 1970s had higher rates again, and women born in the 1980s have had the highest rates. The OBR projections take account of these historic differences between cohorts, but they do not assume that female cohorts yet to enter the labour market have even higher participation rates.

The chart below shows the trends in female economic participation rates by year of birth together with the OBR projections, which show how this cohort effect is likely to contribute towards higher economic activity rates in future.

Female participation rates by Cohort (Source: ONS, OBR)
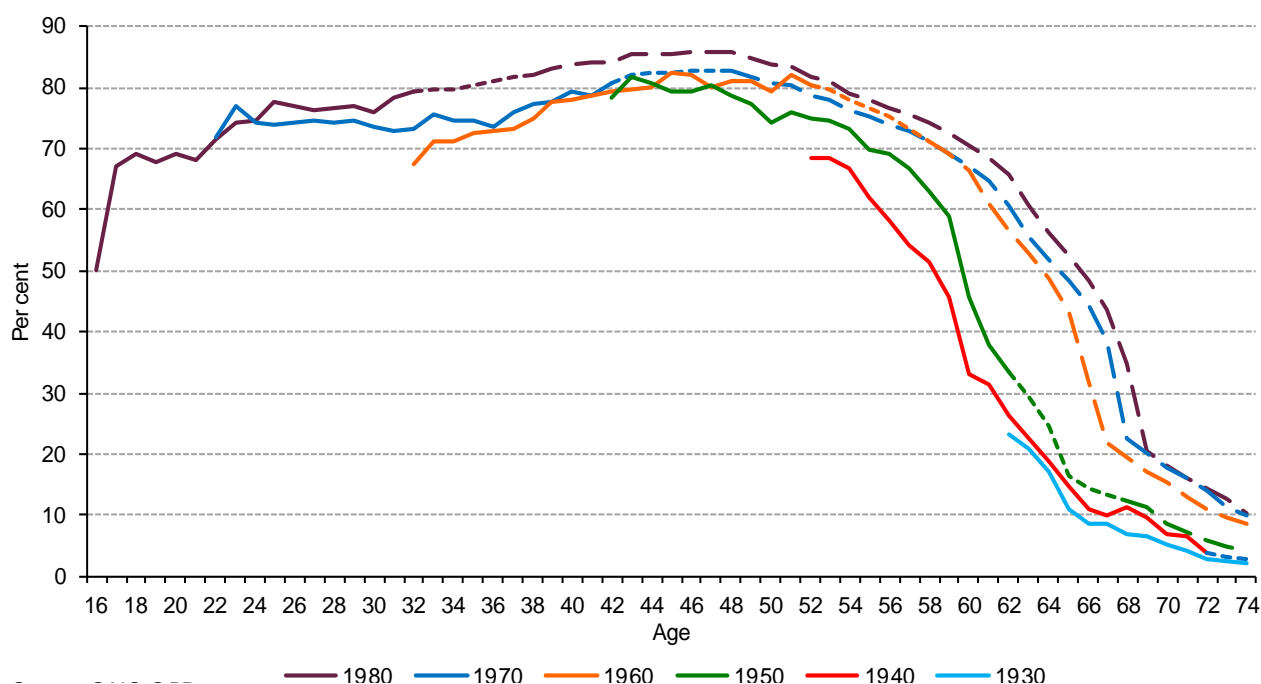
Young People

The key issue for young people is the age at which they enter the labour market. There has been a pronounced fall in economic participation rates for 16 and 17 year olds over time, but this fall in economic activity complements an increase in academic activity as young people stay longer in education[19]. There have been similar (though less pronounced) declining trends for 18-20 year olds.

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[18] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/371955/Women_in_the_workplace_Nov_2014.pdf
[19] http://www.hefce.ac.uk/pubs/year/2015/201503/

National policy is also changing. The school leaving age rises to 18 in 2015 and the Government has removed the cap on student numbers attending higher education[20.]

The policy changes indicate it is unlikely that economic participation rates will increase for these younger age groups. However, it should be noted that OBR projections expect these lower participation rates to stabilise at the current level rather than continue to decline. Further, the projections assume that this increased academic activity will not reduce economic activity rates as individuals get older. For example, entry rates into the labour market for people in their twenties are assumed to be higher than previously observed to take account of those who have deferred economic activity due to academic study.

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[20] http://www.bbc.co.uk/news/education-25236341

Appendix C
National OAN Context for England

National Context for England

The NPPF requires Local Planning Authorities to "ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area" and "identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which meets household and population projections, taking account of migration and demographic change" (paragraphs 47 and 159).

PPG further identifies that "household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need … The 2012-2037 Household Projections were published on 27 February 2015, and are the most up-to-date estimate of future household growth" (paragraphs 15-16).

Household Growth

The 2012-based CLG household projections show that the number of households in England will increase from 22.3 million to 27.5 million over the period 2012 to 2037. This represents a growth of 5.2 million households over 25 years, equivalent to an annual average of 210,000 households each year, and this provides the starting point estimate of overall housing need for England.

It should be noted that the annual average of 210,000 households is already much higher than current housing delivery: CLG data for April 2013 to March 2014 identifies that construction started on 133,900 dwellings and 112,400 dwellings were completed during the year. However, we would note that when comparing Annual monitoring Report completion data for local authorities with their submissions to CLG it is often the case that the CLG data understates the true level of housing delivery. Therefore, to build sufficient homes to meet annual household growth would require housebuilding to increase by 57% – so providing for household growth in itself would require a significant step-change in the number of homes currently being built.

International Migration

The 2012-based CLG household projections are based on the ONS 2012-based sub-national population projections. These projections identify an average net gain of 151,600 persons each year due to international migration, and a net loss of 6,400 persons each year from England to other parts of the UK. Therefore, the 2012-based projections are based on net migration averaging 145,100 persons each year.

However, these estimates for future international migration may be too low. Oxford University research (March 2015)[21] showed net international migration to be 565,000 persons over the 3-year period 2011-14, an average of 188,300 per annum; and net migration to England averaged 211,200 persons annually

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[21] http://www.migrationobservatory.ox.ac.uk/press-releases/major-new-analysis-regional-migrant-populations-england

between the Census in 2001 and 2011. Both figures suggest that the 2012-based SNPP may underestimate international migration, which would have knock-on implications for projected population growth. While the 2012 based data includes corrections for problems with MYE data up until 2011 there is still the likelihood that the same problems exist with on-going data as the ONS methodology for deriving MYE has not been updated since 2011.

As previously noted, longer-term projections typically benefit from longer-term trends and therefore ORS routinely consider migration based on trends for the 10-year period 2001-11. On this basis, our trends are based on a period when net migration to England averaged 211,200 persons each year: 66,100 persons higher than assumed by the 2012-based SNPP, which represents an additional 29,000 households each year based on CLG average household sizes. Therefore, the approach taken for establishing migration based on longer-term trends would increase household growth for England from 210,000 households to 239,000 households each year on average.

Market Signals

The NPPF also sets out that "Plans should take account of market signals, such as land prices and housing affordability" (paragraph 17) and PPG identifies that "the housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals".

The market signals identified include land prices, house prices, rents, affordability and the rate of development; but there is no formula that can be used to consolidate the implications of this data. Nevertheless, the likely consequence of housing affordability problems is an increase in overcrowding, concealed and sharing households, homelessness and the numbers in temporary accommodation. PPG identifies that these indicators *"demonstrate un-met need for housing"* and that *"longer term increase in the number of such households may be a signal to consider increasing planned housing numbers"* (paragraph 19).

The Census identified that the number of concealed families living in England increased from 161,000 families to 276,000 families over the decade 2001 to 2011, which represents a growth of 115,000 families over 10 years. Although many concealed families do not want separate housing (in particular where they have chosen to live together as extended families), others are forced to live together due to affordability difficulties or other constraints – and these concealed families will not be counted as part of the CLG household projections.

Concealed families with older family representatives will often be living with another family in order to receive help or support due to poor health. Concealed families with younger family representatives are more likely to demonstrate un-met need for housing. When we consider the growth of 115,000 families over the period 2001-11, over three quarters (87,100) have family representatives aged under 55, with substantial growth amongst those aged 25-34 in particular. This is a clear signal of the need to increase the planned housing numbers in order to address the increase in concealed families over the last decade and also factor in their impact on current and future average household sizes.

Addressing the increase in concealed families would increase projected household growth by 87,100 over the 25-year period, an average of 3,500 households each year over the period 2012-37 (or higher if the need is addressed over a shorter period). Therefore, adjusting for longer-term migration trends and taking account of the market signals uplift for concealed families yields an average household growth for England of 242,500 each year.

Converting to Dwellings

Finally, in converting from households to dwellings we need to allow for a vacancy and second home rate as not all dwellings will be occupied. At the time of the 2011 Census this figure was 4.3% of all household spaces in England: we have applied this to future household growth, and on this basis the growth of 242,500 households would require the provision of **253,400 dwellings each year across England**. This is the average number of dwellings needed every year over the 25-year period 2012-37 and represents a 1.1% increase in the dwelling stock each year.

This takes account of household growth based on CLG 2012-based projections (the starting point); adjusts for long-term migration trends which assume a higher rate of net migration to England; responds to market signals through providing for the growth of concealed families; and takes account of vacant and second homes.

Whilst the uplift for market signals represents less than 2% of the projected household growth, the household growth itself is much higher than current rates of housing delivery. **The identified housing need of 253,400 dwellings requires current housebuilding rates to increase by 89%** (based on dwelling starts in 2013-14).

Development industry campaigners (such as Homes for Britain[22]) are supporting a position which requires 245,000 homes to be built in England every year, a figure derived from the Barker Review (2004)[23]. It is evident that objectively assessed need based on household projections which take account of longer-term migration trends together with a market signals adjustment for concealed families exceeds this target, so any further increase in housing numbers at a local level (such as adjustments which might be needed to deliver more affordable housing or provide extra workers) must be considered in this context.

[22] http://www.homesforbritain.org.uk
[23] http://webarchive.nationalarchives.gov.uk/+/http:/www.hmtreasury.gov.uk/barker_review_of_housing_supply_recommendations.htm

Appendix D
Glossary of Terms

Definitions

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

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

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

Communal Establishment is an establishment providing managed residential accommodation. Managed means full-time or part-time supervision of the accommodation, such as care homes, prisons and halls of residence.

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

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

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

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

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

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

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

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

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

> » an entire house or flat which is let to three or more tenants who form two or more households and who share a kitchen, bathroom or toilet;

> » a house which has been converted entirely into bedsits or other non-self-contained accommodation and which is let to three or more tenants who form two or more households and who share kitchen, bathroom or toilet facilities;

> » a converted house which contains one or more flats which are not wholly self-contained (i.e. the flat does not contain within it a kitchen, bathroom and toilet) and which is occupied by three or more tenants who form two or more households; and

> » a building which is converted entirely into self-contained flats if the conversion did not meet the standards of the 1991 Building Regulations and more than one-third of the flats are let on short-term tenancies.

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

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

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

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

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

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

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

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

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

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

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

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

Registered Social Landlord/Registered Provider see Housing Association.

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

Shared ownership see Low Cost Home Ownership.

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

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

Acronyms and Initials

ASHE   Annual Survey of Hours and Earnings

BME   Black and Minority Ethnic

CACI   Private sector company providing modelled data

CORE   The Continuous Recording System (for Housing Association and Local Authority lettings)

DEFRA Department for Environment, Food and Rural Affairs

DWP   Department of Work & Pensions

GIS   Geographical Information Systems

HBF   House Builders Federation

HMO   House in Multiple Occupation

IMD   Indices of Multiple Deprivation

LA   Local Authority

LDF   Local Development Framework

LDP   Local Development Plan

LHA   Local Housing Allowance

NHSCR National Health Service Central Register

NPPF   National Planning Policy Framework

ONS   Office for National Statistics

ORS   Opinion Research Services

POPPI   Projecting Older Person Population Information

REIT   Real Estate Investment Trust

RSL   Registered Social Landlord

SAR   Share Accommodation Rate

SHMA   Strategic Housing Market Assessment

UDP   Unitary Development Plan

Appendix E
Table of figures