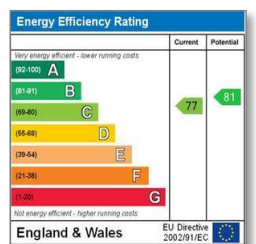




Cheshire East Housing Development Study 2015

Report of Findings

June 2015





Opinion Research Services | The Strand, Swansea SA1 1AF
Jonathan Lee | Nigel Moore
enquiries: 01792 535300 · info@ors.org.uk · www.ors.org.uk

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Executive Summary

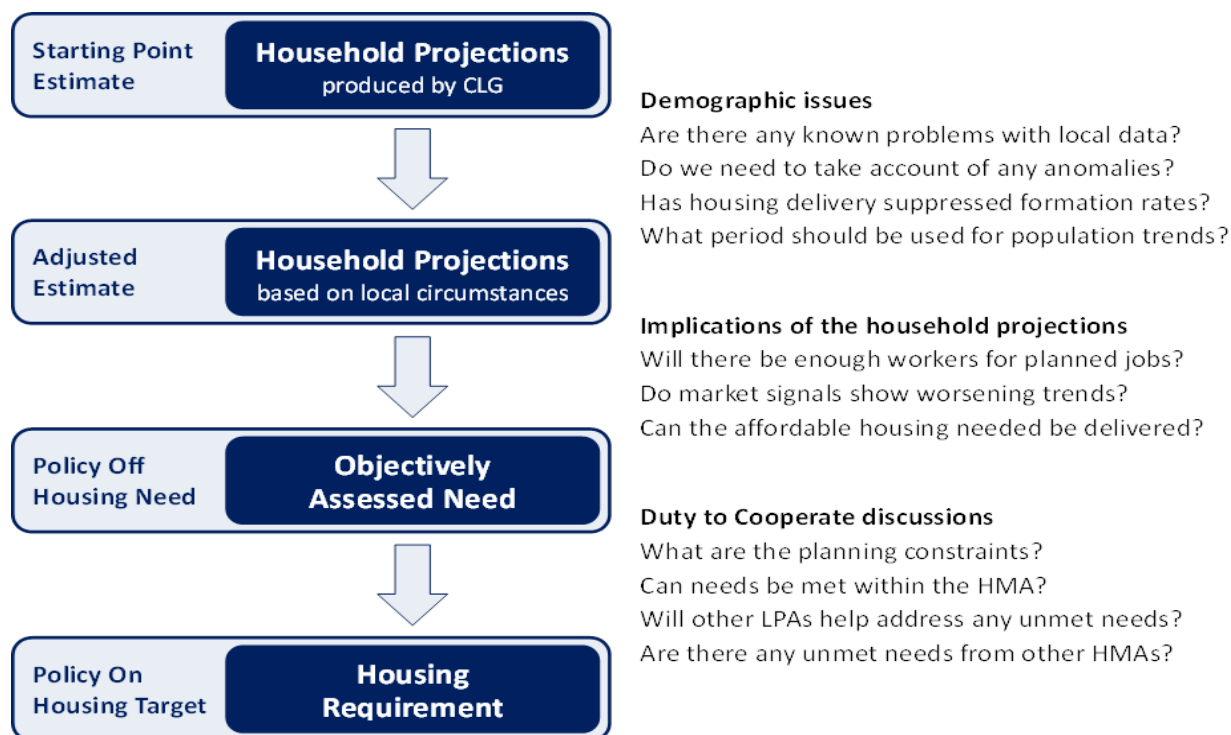
Summary of Key Findings and Conclusions

1. The National Planning Policy Framework (NPPF)¹ 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).
2. In summary, Cheshire East’s economic development forecast is for an annual jobs growth rate of 0.7% per annum, which equates to 31,400 additional jobs over the period 2010-2030. Considering all of the evidence in relation to demographic trends and economic development needs, we conclude that **the Objectively Assessed Need for Housing in Cheshire East is 36,000 dwellings over the 20-year period 2010-30, equivalent to an average of 1,800 dwellings per year.**
3. Figure 1 sets out the process for establishing Objectively Assessed Need (OAN). Planning Policy Guidance (PPG)² identifies that “household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need” (paragraph 15) which should be adjusted to take account of local circumstances. External market and macro-economic constraints are then applied (‘Market Signals’) in order to embed the need in the real world. 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 by the Council before establishing the final Housing Requirement.

¹ <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

² <http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/>

Figure 1: Process for establishing a Housing Number for the HMA (Source: ORS based on NPPF and PPG)



4. Opinion Research Services (ORS) was commissioned by Cheshire East Council to undertake a Housing Development Study and establish the Objectively Assessed Need (OAN) for housing. This report is fully compliant with both the NPPF and PPG. In addition, the study is mindful of Planning Inspector Decisions and High Court Judgements, as well as emerging good practice including the technical advice note about OAN and Housing Targets published by the Planning Advisory Service (PAS)³.

Household Projections

5. The “starting point” estimate for OAN is the latest household projections published by the Department for Communities and Local Government (CLG). **These projections suggest that household numbers across Cheshire East will increase by 21,000 over the 20-year plan period 2010-30, an average of 1,050 per year.** However, the CLG household projections are based on short-term migration trends, and these 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.
6. ORS have reviewed and assessed household projections as part of this study; the key scenario, that which uses 10-year migration trends (based on information from the Census for the period 2001-11), shows **household numbers across the study area would increase by an average of 1,286 per year over the 20-year period 2010-30.** Whilst this projection is higher than the CLG 2012-based household projection, as this scenario is based on long-term migration trends it gives the most reliable and appropriate demographic projection for establishing future housing need.

³ Objectively Assessed Need and Housing Targets (PAS, June 2014)

Market Signals

7. NPPF sets out that “Plans should take account of market signals...” (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”.
8. The Housing Development Study has considered the Market Signals for Cheshire East and compared these to other areas which have similar demographic and economic characteristics. 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 £120,400 compared to England’s £126,250 (based on 2012-13 values). The current price in Cheshire East is higher than in East Riding of Yorkshire, but lower than Wiltshire and North Somerset and similar to Cheshire West and Chester;
 - » **Rents:** for average private sector rents in 2013-14, Cheshire East is lower than the national average. While rents in Wiltshire and North Somerset are higher than Cheshire East, rents in East Riding of Yorkshire are lower; consistent with house prices in those areas. Nevertheless, average rents in all areas have increased significantly in the last 5 years – although the increase in Cheshire East is lower than for East Riding of Yorkshire;
 - » **Affordability** (in terms of the ratio between lower quartile house prices and lower quartile earnings) is currently ‘worse’ in Cheshire East than across England as a whole (6.6x cf. 6.5), and the rate in Cheshire East is also worse than in East Riding of Yorkshire, although not as ‘bad’ as North Somerset and Wiltshire. Furthermore, whilst national affordability ratios have improved since 2008, the ratio has improved at a higher rate in Cheshire East than England, but not by as much as in East Riding of Yorkshire or Cheshire West and Chester;
 - » **Rate of development** (in terms of increase in dwelling stock over the last 10 years) shows that development in Cheshire East has been slightly higher than in England (8.6% cf. 8.3%). This rate is lower than all comparator authorities except for Cheshire West and Chester. 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 3.6% of households in Cheshire East are overcrowded based on an objective measure, which is lower than England (8.7%). The proportion of overcrowded households has increased by 10% over the last 10 years. Overcrowding increased by 10% in North Somerset, but by more in England and in most of the other comparator authorities.
9. There is no single formula or methodology that can be used to consolidate the implications of the market signals. Further, Market Signals will have been predominantly influenced by relatively recent housing market trends which, arguably, have had a degree of volatility. Nevertheless, on the basis of the Market Signals evidence, the indicators show that circumstances in Cheshire East are generally better than across its comparator areas. Given this context, we can conclude that there isn’t any need to substantially increase housing delivery for Cheshire East.
10. Nevertheless, the analysis of overcrowding identified that the overall housing need should be increased by 344 households to take account of concealed families and homeless households that would not be captured by the household projections. It is also necessary to add in 2,185 additional bedspaces required in communal housing and a vacant and second home figure of 1,086. **These additional households increase the projected household growth from 25,712 to 28,241 households (29,327 dwellings) over the 20-year period 2010-30; equivalent to an average of 1,412 households and 1,466 dwellings per year.**

11. Based on affordable housing needs analysis, it seems unlikely that an increase in the total housing figures would be necessary to address the affordable housing need identified – but an increase in the total housing figure would inevitably help deliver more affordable homes; and providing a higher level of affordable housing could help to reduce the number of households relying on housing benefit in the private rented sector. **Therefore, it may be advantageous to consider an uplift to the household projection when establishing OAN to help deliver more affordable homes.**

Employment Trends

12. 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. In parallel to this work reviewing the OAN for housing, Cheshire East Council commissioned Ekosgen to review the employment projections for the area. Taking the latest projections from the CWEM they have concluded that a growth of around 31,400 jobs would be appropriate for the 20-year period 2010-30, which represents a growth in employment of around 0.7% per annum. The Ekosgen report has concluded that this figure is consistent with the previous performance of the Cheshire East economy and in line with the economic ambitions of the Council.
13. The demographic analysis (based on 10-year migration trends) identifies that the economically active population in Cheshire East would increase by 8,323 people over the 20-year period 2010-30 (around 420 per year on average). In addition, the number of unemployment benefit claimants recorded by DWP reduced by 4,526 over the period March 2010 to March 2015, therefore jobs growth from 2010 onwards has been at least partially accommodated by falling unemployment and it is therefore important to factor these workers into the analysis. Whilst it is possible that further jobs growth will also further reduce unemployment, we have not made any allowance for this and have assumed that unemployment does not fall from the level recorded in March 2015.
14. Considering the growth in the economically active population together with the reduced unemployment, the number of available workers is likely to increase by around 12,849 over the 20-year period 2010-30, equivalent to an average of around 642 additional workers each year. To ensure sufficient workers are available locally for the projected jobs growth would clearly require an increase in the number of dwellings provided: it is likely that around 37,871 extra dwellings will be needed over the 20-year period 2010-30, equivalent to an average of 1,894 per year (taking account of vacant and second homes and including the need for Class C2 usage bedspaces). This identified housing need of 1,894 dwellings would require current housebuilding rates to triple (based on average dwelling completions over the period 2008-13) and represents a rate that is over 40% higher than achieved on average over the period 2001-11.

Conclusions

15. We have calculated Objectively Assessed Need based on demographic projections and assessed these against Market Signals to determine if a higher rate of housing delivery is necessary to address housing market problems.
16. CLG Household Projections suggest that household numbers across Cheshire East will increase by an average of 1,050 per year, based on short-term migration trends. However, demographic projections based on 10-year migration trends provide a more reliable and appropriate basis for establishing future housing need. **This study has identified an increase of 25,712 households over the 20-year period 2010-30, an average of 1,286 households per year.**

17. When we consider the balance between workers and jobs, the population projection based on 10-year migration trends suggest that there is likely to be a shortfall of around 11,800 workers over the 20-year period 2010-30. Addressing this shortfall **through migration alone would increase the need to 1,894 dwellings each year**, but the migration levels necessary to achieve this are unprecedented. Therefore, instead of relying on migration alone to address this shortfall, it is appropriate to balance migration flows and commuting flows to ensure that both are sustainable over the longer-term.
18. It is clear that the housing number for period 2010-30 should be increased from the “starting point” of 21,000 households based on the CLG 2012-based household projections; and whilst the 25,700 households identified based on 10-year migration trends provides a more appropriate baseline (which equates to a need for 29,000 dwellings, taking account of vacant and second homes and including the need for Class C2 usage bedspaces) there is need to increase the housing number further to help balance future jobs and workers in particular. However, it is important to recognise that as well as yielding extra population and workers, any increase in housing will also respond to Market Signals and help provide affordable housing – so the increases identified are not cumulative, and providing the homes required to balance jobs and workers will help ease market pressure and enable more affordable housing to be delivered through the planning system.
19. Considering all of the evidence, we therefore conclude that **the Objectively Assessed Need for Housing in Cheshire East is 36,000 dwellings over the 20-year period 2010-30, equivalent to an average of 1,800 dwellings per year**. This includes the Objectively Assessed Need for Affordable Housing of a minimum of 7,100 dwellings over the same period, equivalent to an average of 355 dwellings per year.
20. This is 23% higher than the housing need based on demographic projections using 10-year migration trends (incorporating Class C2 usage and the response to market signals for concealed families); and an overall uplift of more than 65% from the CLG starting point estimate. It represents a 1.1% increase in the dwelling stock each year (equal to the England average), a rate that is over 35% higher than achieved on average over the period 2001-11.
21. In conclusion, this Objectively Assessed Need for Housing provides a clear response to Market Signals and contributes significantly to the likely shortfall of workers that has been identified, whilst recognising that there will also be changes to commuting patterns in future that will need to be considered.

1. Introducing the Study

Background to the project and wider policy context

Project Overview

- 1.1 Opinion Research Services (ORS) was commissioned by Cheshire East Council to undertake a Housing Development Study to establish the Objectively Assessed Need for housing. This study updates some of the key outputs from the previous Strategic Housing Market Assessment (SHMA), however the SHMA still provides information about specific household groups and their housing needs.
- 1.2 The previous Cheshire East SHMA was undertaken in 2013, after the publication of the National Planning Policy Framework (NPPF)⁴, but before the National Planning Policy Guidance (PPG)⁵ was published.
- 1.3 The 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.
- 1.4 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 to be replaced.
- 1.5 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 published by the Planning Advisory Service (PAS) in June 2014⁶.

Government Policy

- 1.6 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.

⁴ <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

⁵ <http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/>

⁶ Objectively Assessed Need and Housing Targets (PAS, June 2014)

*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.

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

- 1.7 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

- 1.8 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.
- 1.9 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:
- » Confirm the housing market area previously established for Cheshire East;
 - » 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.

^{1.10} 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 (including the original Cheshire East SHMA). 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

^{1.11} The Duty to Co-operate was introduced in the 2011 Localism Act and is a legal obligation.

^{1.12} 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

^{1.13} 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 The Cheshire East Strategic Housing Market Assessment (SHMA) Update 2013 considered the most appropriate housing market area for Cheshire East at paragraphs 3.11-3.14. Based on migration and travel to work data, this report concluded that Cheshire East was an appropriate standalone housing market area. For context the map below (Figure 2) shows the boundary of Cheshire East.
- 2.3 This Chapter considers the historic and current evidence about housing market areas in Cheshire East and the robustness of the Cheshire East HMA established by the SHMA Update.

Figure 2: Local Authority Boundary for Cheshire East



Functional Housing Market Areas

- ^{2.4} 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)⁷.

Planning Practice Guidance

- ^{2.5} Planning Practice Guidance (PPG)⁸ 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.”

- ^{2.6} 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)
- ^{2.7} These sources are consistent with those identified in the CLG advice note ‘Identifying sub-regional housing market areas’ published in 2007⁹.

Geography of Housing Market Areas (NHPAU/CURDS)

- ^{2.8} CLG also published a report on the ‘Geography of Housing Market Areas’ in 2010¹⁰ 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.

⁷ Local Housing Systems Analysis: Best Practice Guide. Edinburgh: Scottish Homes

⁸ <http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/>

⁹ Identifying sub-regional housing market areas (CLG, March 2007); paragraph 1.6

¹⁰ Geography of Housing Market Areas (CLG, November 2010)

- ^{2.9} 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.
- ^{2.10} Advice recently published in the PAS OAN technical advice note also suggests that the main indicators will be migration and commuting (paragraph 4.4).

“The PG [Planning Practice Guidance] 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. With regard to migration, it explains that areas that form an HMA will be reasonably self-contained, so that a high proportion of house moves (typically 70%) occur within the areas. In practice, the main indicators used are migration and commuting.”

- ^{2.11} 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 3 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 Cheshire East was split between the Manchester HMA to the north and Stoke-on-Trent HMA to south.

Figure 3: NHPAU Study – PAS OAN technical advice note ‘Starting Point’ (Source: NHPAU/CURDS 2010)



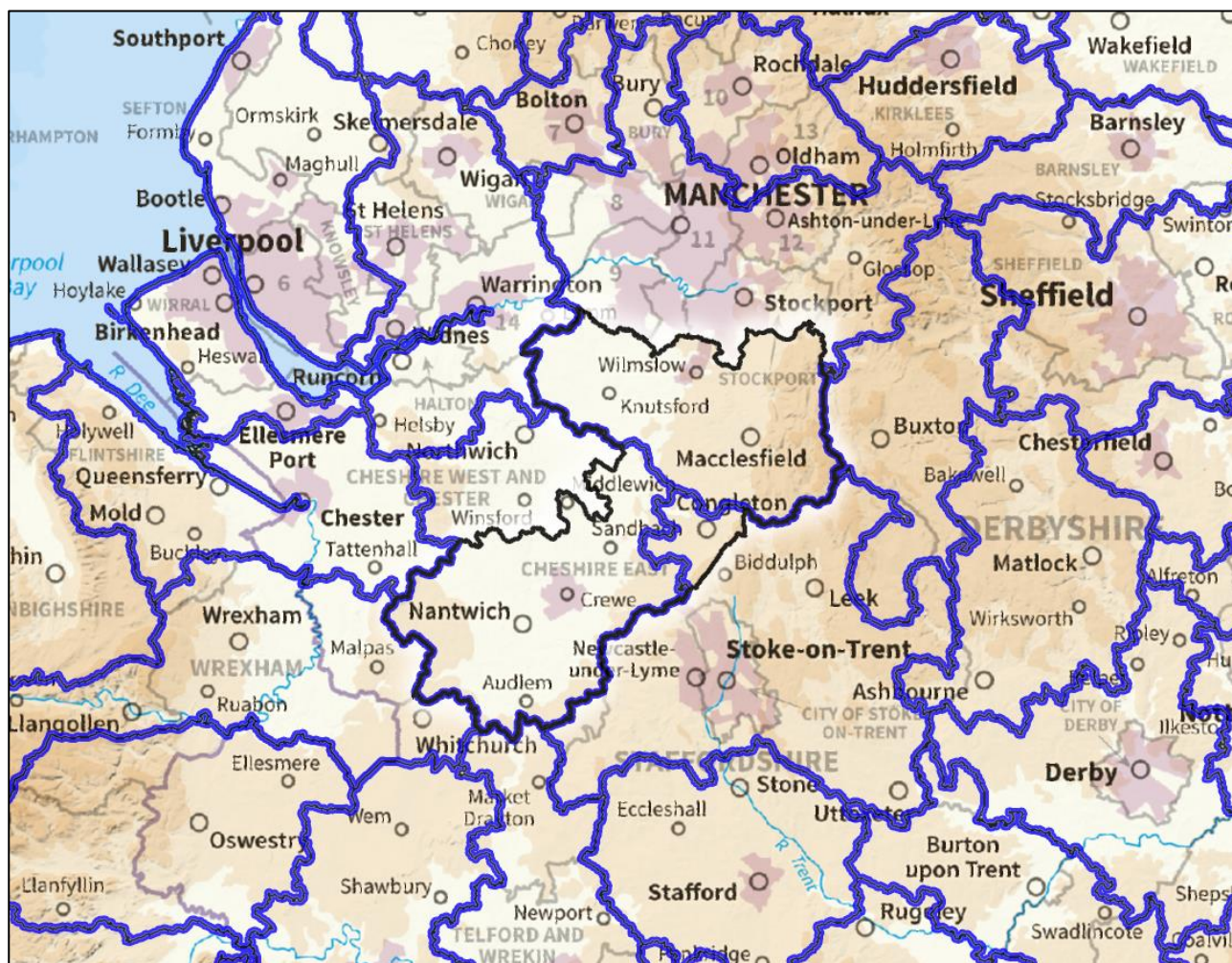
ONS Travel to Work Areas

^{2.12} 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).”

^{2.13} One of the PPG suggested data sources is the Office for National Statistics travel to work areas (TTWAs). Figure 4 shows the latest ONS TTWAs. These were published in 2007 and they are also based on the origin-destination data from the 2001 Census.

Figure 4: ONS Travel To Work Areas (Source: ONS 2007)



^{2.14} Once again, it is apparent that Cheshire East is divided. The Greater Manchester TTWA covers the north of Cheshire East, but whilst parts of the Stoke on Trent TTWA extend into the area most of the south falls within the Crewe and Nantwich TTWA (an area not separately identified by the CURDS output).

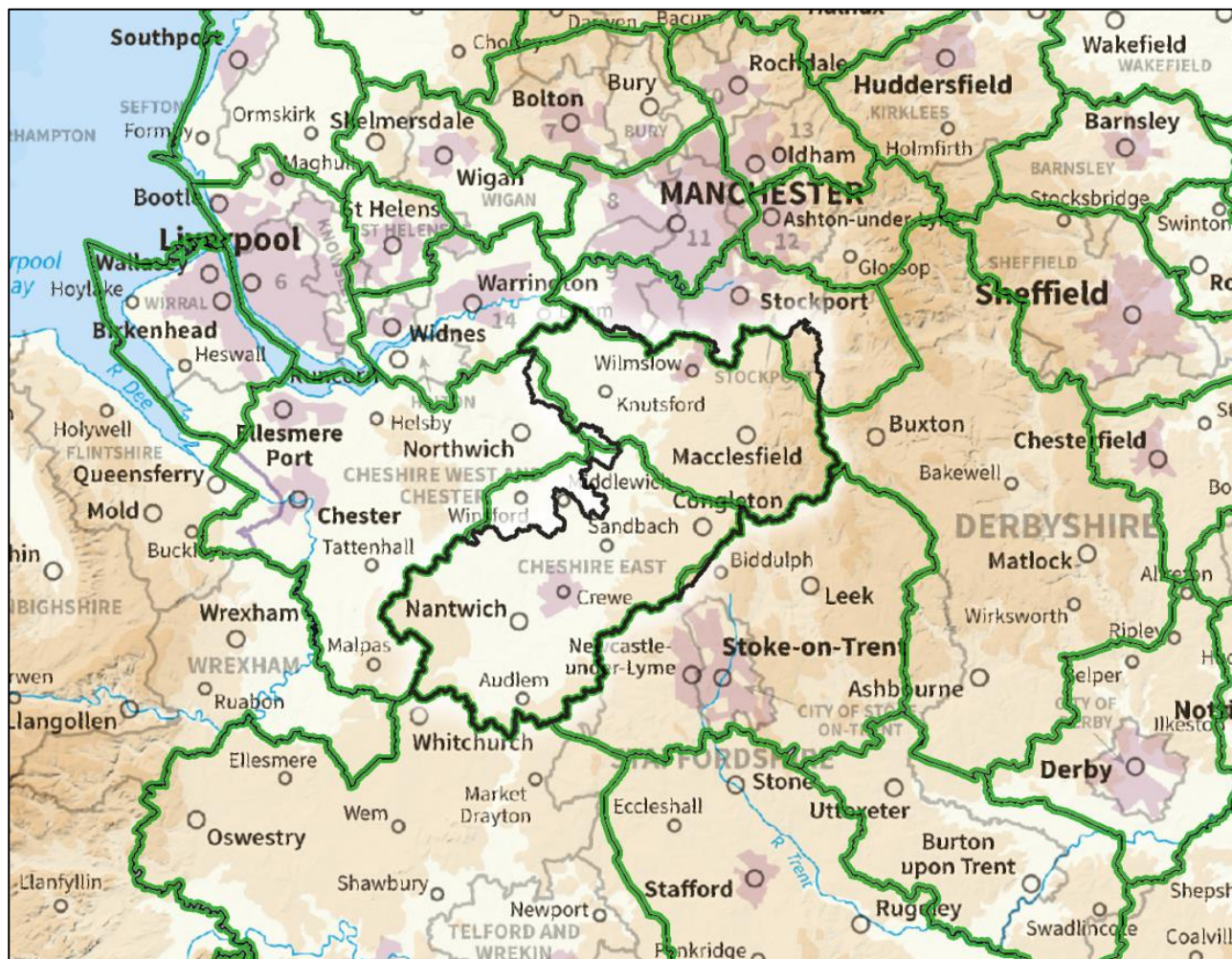
Valuation Office Agency Broad Rental Market Areas

^{2.15} 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.

^{2.16} 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.

- 2.17 The BRMA areas for Cheshire East and surrounding areas are shown in green lines in Figure 5. It is evident that there is a high degree of alignment between the Cheshire East administrative boundary and the combined boundaries of the North Cheshire and East Cheshire BRMAs.

Figure 5: Comparison of VOA BRMA and ORS HMA analysis



Administrative Boundaries and Housing Market Areas

- 2.18 The NPPF recognises that housing market areas may cross administrative boundaries, and PPG emphasises that housing market areas reflect functional linkages between places where people live and work. The previous 2007 CLG advice note¹¹ 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 groups local authority administrative areas together as an approximation for functional sub-regional housing market areas.”

¹¹ Identifying sub-regional housing market areas (CLG, March 2007)

^{2.19} This “best fit” approximation has also been suggested by the recent PAS OAN technical advice note, which suggests (paragraph 4.11):

“It is best if HMA boundaries do not cut across local authority areas. Dealing with areas smaller than local authorities causes major difficulties in analysing evidence and drafting policy. For such small areas data availability is poor and analysis is complex.”

^{2.20} 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).

^{2.21} In summary, the approach to defining housing market areas needs to balance robust analysis with pragmatic administrative requirements.

^{2.22} Based on the range of analysis that we have considered, it is evident that the geography of housing market areas around Cheshire East is complex. There are clearly important functional relationships with Manchester to the north and Stoke-on-Trent 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).

^{2.23} Despite these wider relationships, the VOA identifies North Cheshire and East Cheshire as discrete BRMAs – so they do not consider it reasonable for a household that requires housing benefit support to move from Cheshire East to either Manchester or Stoke-on-Trent.

Key Statistics for Cheshire East HMA

Migration within the UK to and from Cheshire East

^{2.24} Figure 6 shows that a total of 21,600 residents currently living in Cheshire East had moved there from another address within Cheshire East in the 12 months prior to the Census. This amounts to 63.4% of all moves for people currently living in Cheshire East.

^{2.25} Figure 6 also identifies the current residence of those who previously lived in Cheshire East and moved in the 12 months prior to the Census. This analysis also shows that 63.2% of previous residents of Cheshire East who moved stayed within the local authority.

^{2.26} 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 6: Previous Area of Residence (12 months prior to Census) by Current Area of Residence (Source: 2011 Census of Population)

Moves	Live in Cheshire East		Previously lived in Cheshire East	
	Moved within Cheshire East	Moved from elsewhere	Moved within Cheshire East	Moved elsewhere
All Moves				
Number	21,600	12,500	21,600	12,600
% of moves	63.4%	36.6%	63.2%	36.8%

Travel to Work Patterns

^{2.27} 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.

^{2.28} The following tables demonstrate the levels of self-containment in Cheshire East, i.e. those who live and work in the area. Overall, this shows that 70.9% of people who live in Cheshire East also work in the area. Looked at from the other perspective, 71.2% of those who work in Cheshire East also live there.

Figure 7: Workplace Location by Area of Residence (Source: 2011 Census of Population)

Workers	Live in Cheshire East		Work in Cheshire East	
	Work in Cheshire East	Work Elsewhere	Live in Cheshire East	Live Elsewhere
Number of workers				
Number of workers	130,000	53,600	130,000	52,500
Proportion of workers	70.9%	29.1%	71.2%	28.2%

Conclusions

^{2.29} Both ONS TTWA and CURDS HMA analysis indicate that Cheshire East is split in two with the southern part of the authority strongly linked to north Staffordshire and Stoke, while the northern part of Cheshire East is closely linked with Greater Manchester. BRMAs indicate that there are two local HMAs in Cheshire East, covering the north and south of the authority.

^{2.30} Therefore, following on from PAS advice note (and the previous CLG advice note), and identifying a “best fit” local planning authority boundary for Cheshire East is not a straightforward exercise. Given that the authority doesn’t fit naturally in either the Greater Manchester or north Staffordshire HMAs, it does seem sensible for Cheshire East to be considered as a HMA in itself with the recognition that there are two smaller local HMAs inside of the authority as reflected in the BRMAs. This view is consistent with the previous SHMA for Cheshire East and the inspector at the Examination in Public for the Cheshire East Local plan did not dispute the appropriateness of the entirety of Cheshire East as a HMA.

3. Household Projections

The starting point for Objectively Assessed Need

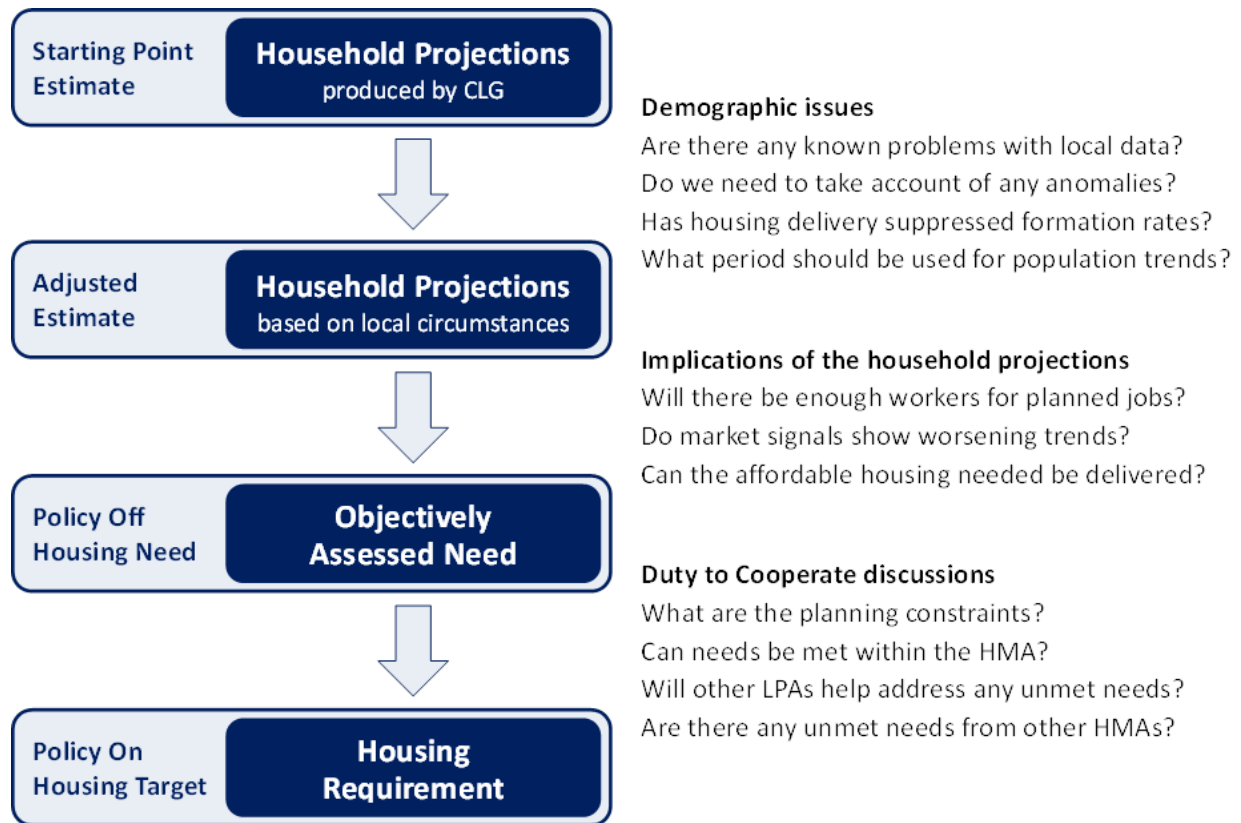
Establishing the Housing Need for Cheshire East

- ^{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 8: 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

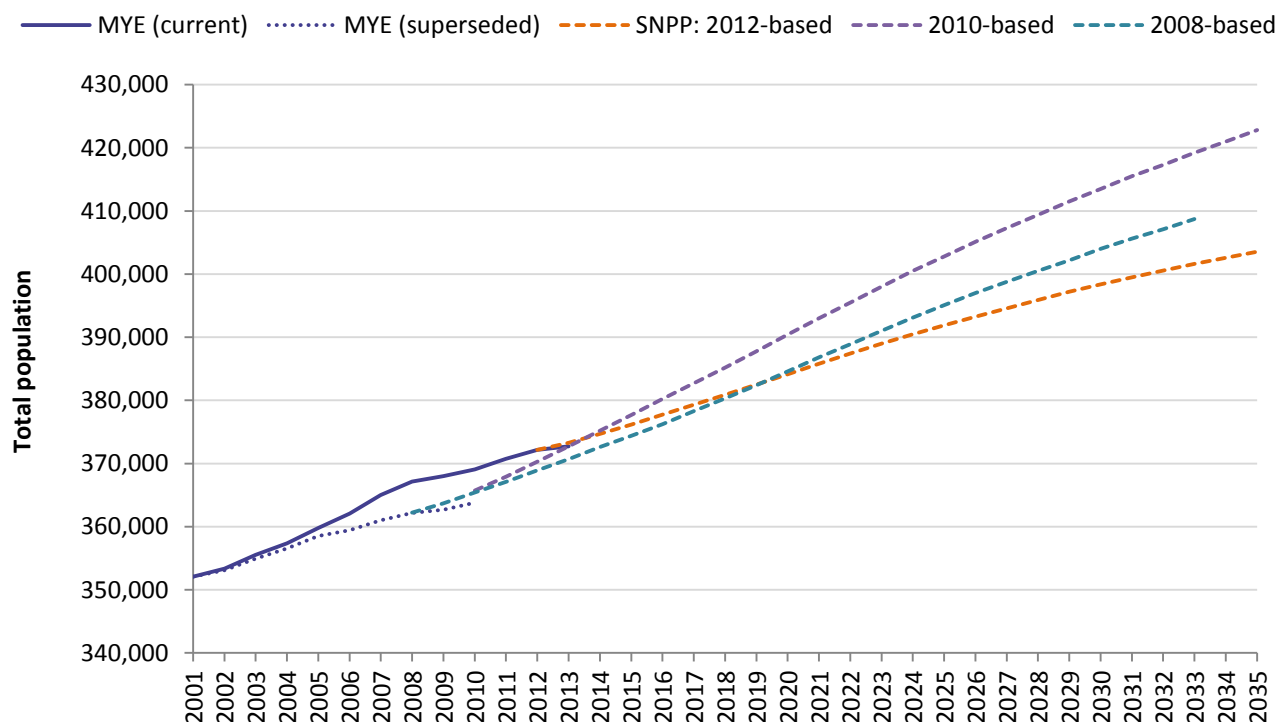
- ^{3.7} Given this context, Figure 9 sets out the 2012-based household projections together with previous household projections that CLG has produced for Cheshire East. It is clear that the projections have varied over time, with the projected increase in households in Cheshire East ranging from 950 up to 1,480 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 9: CLG Household Projections for Cheshire East (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)	2006-16	14,000	1,400	2004-29	33,000	1,320
2006-based	2006-16	14,000	1,400	2006-31	37,000	1,480
2008-based	2008-18	14,000	1,400	2008-33	34,000	1,360
Interim 2011-based	2011-21	10,400	1,040	-	-	-
2012 based	2012-22	11,300	1,130	2012-37	23,740	950

- ^{3.8} This is marginally higher than the CLG interim 2011-based projection (1,040 per year from 2011-21), but lower than the CLG 2008-based projection (1,360 per year from 2008-33). These differences are largely due to changes in the ONS population projections (Figure 10) and changing assumptions about household headship rates.

Figure 10: ONS Mid-Year Estimates and Sub-National Population Projections for Cheshire East (Source: ONS)



- ^{3.9} Figure 10 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 11 shows the current and historic mid-year population estimates and Census estimates for Cheshire East over the period since 1981. The data suggests that the local authority's population increased steadily over time. ONS Mid-Year Estimates for the period since 2001 originally assumed that this growth had continued at a lower rate (Figure 11), but the 2011 Census suggested that there were 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, with higher levels of growth assumed for the period 2005-2008 in particular.

Figure 11: Official population estimates for the period 1981-2012 (Source: UK Census of Population 1981, 1991, 2001 and 2011; ONS Mid-Year Estimates, including data since superseded)

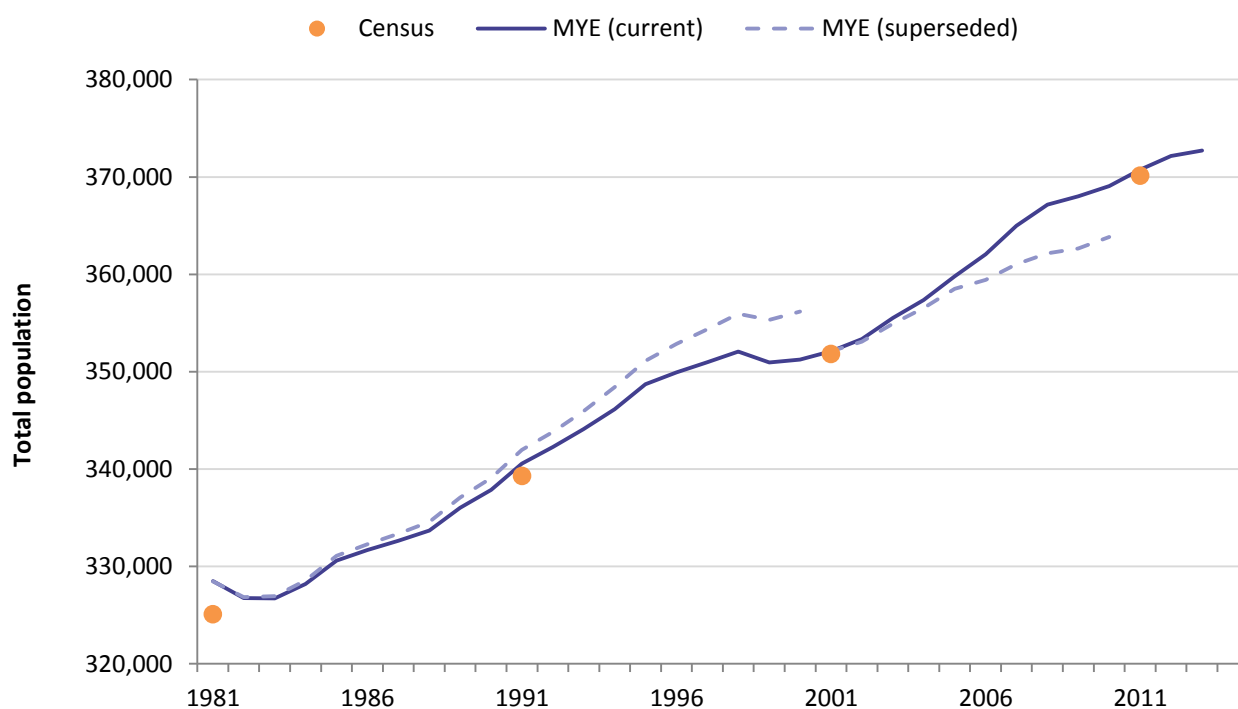
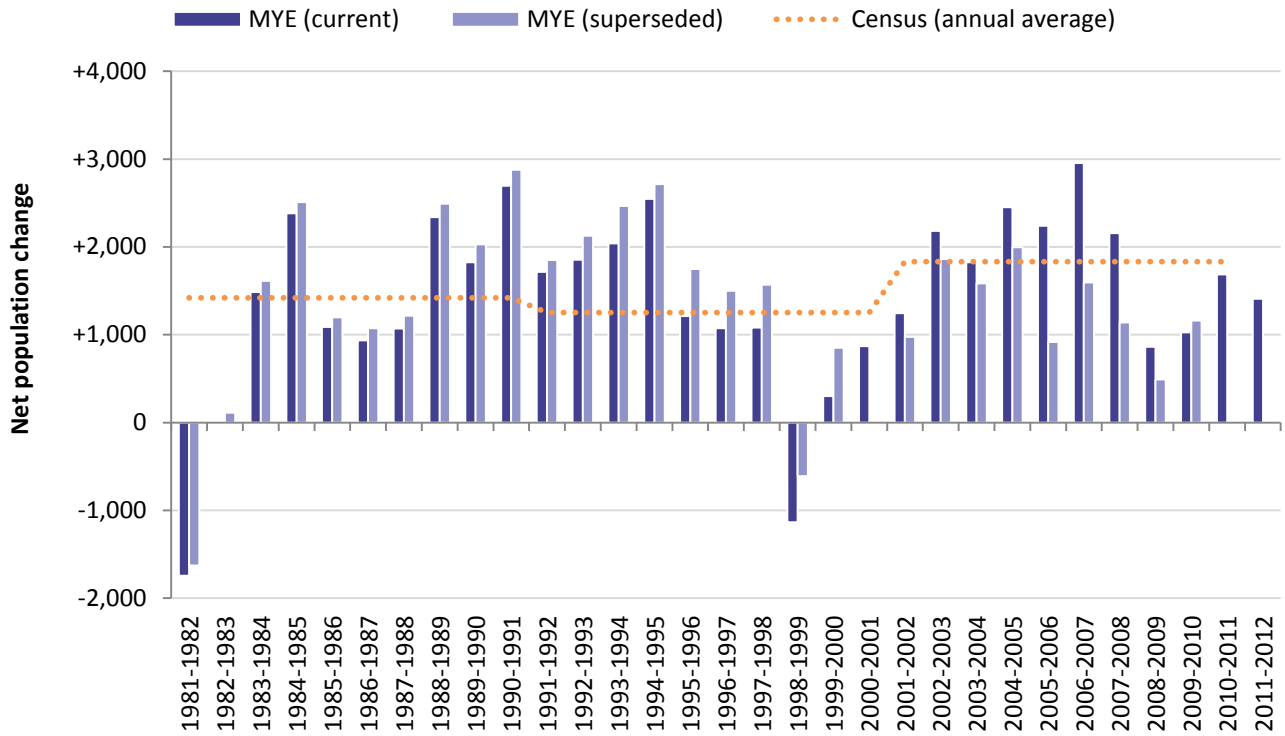


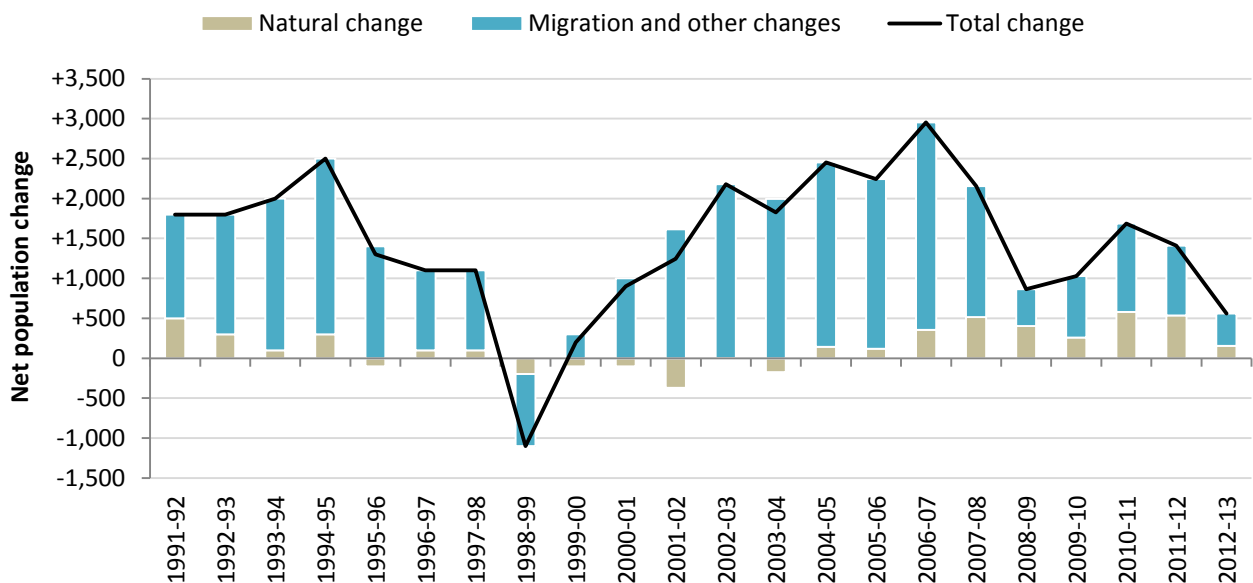
Figure 12: Annual net change in population based on official population estimates for the period 1981-2013 (Source: UK Census of Population 1981, 1991, 2001 and 2011; ONS Mid-Year Estimates, including data since superseded)



Components of Population Change

^{3.15} 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 13: Components of population change (Source: ONS Mid-Year Population Estimates, revised)



- ^{3.16} It is evident from Figure 13 that natural change remained relatively consistent over the period 1991-2006, averaging an additional 40 persons each year. Nevertheless, it is worth noting that recently rates have consistently exceeded 250 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 900 persons recorded for 1998-99 up to a net gain of more than 2,600 persons recorded for 2006-07; with an annual average gain of 1,320 persons each year over the period 1991-2013 due to migration and other changes based on ONS Mid-Year Population Estimates.
- ^{3.17} 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.
- ^{3.18} Figure 14 presents the underlying data from the components of annual population change over the period 1991 to 2013.

Figure 14: 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	4,200	3,800	500	-	-	-	-	-	1,300	1,700
1992-93	4,100	3,900	300	-	-	-	-	-	1,500	1,800
1993-94	4,000	3,900	100	-	-	-	-	-	1,900	2,000
1994-95	3,900	3,600	300	-	-	-	-	-	2,200	2,500
1995-96	3,700	3,800	-100	-	-	-	-	-	1,400	1,300
1996-97	3,900	3,700	100	-	-	-	-	-	1,000	1,100
1997-98	3,900	3,800	100	-	-	-	-	-	1,000	1,100
1998-99	3,700	3,900	-200	-	-	-	-	-	-900	-1,100
1999-00	3,700	3,600	-100	-	-	-	-	-	300	300
2000-01	3,500	3,700	-100	-	-	-	-	-	1,000	900
2001-02	3,390	3,760	-370	14,571	13,189	874	822	180	1,614	1,244
2002-03	3,595	3,593	2	14,986	13,289	1,068	764	178	2,179	2,181
2003-04	3,598	3,770	-172	15,137	13,375	1,011	966	190	1,997	1,825
2004-05	3,749	3,606	143	14,715	12,623	1,494	1,478	202	2,310	2,453
2005-06	3,772	3,655	117	14,062	13,014	2,314	1,470	233	2,125	2,242
2006-07	3,833	3,479	354	15,144	13,463	2,263	1,542	198	2,600	2,954
2007-08	4,086	3,569	517	13,996	13,010	1,876	1,436	214	1,640	2,157
2008-09	3,970	3,568	402	12,833	12,597	1,236	1,175	164	461	863
2009-10	3,859	3,600	259	13,547	12,697	965	1,121	75	769	1,028
2010-11	4,101	3,523	578	13,603	12,720	1,438	1,199	-15	1,107	1,685
2011-12	4,065	3,531	534	14,506	13,600	1,191	1,212	-9	885	1,419
2012-13	3,871	3,715	156	13,643	13,239	1,295	1,347	53	405	561
Average	3,824	3,614	210	14,229	13,068	1,419	1,211	139	1,508	1,718
Minimum	3,973	3,587	386	13,626	12,971	1,225	1,211	54	725	1,111
Maximum	3,709	3,621	89	14,809	13,153	1,630	1,244	200	2,242	2,331

Establishing Population Projections for Cheshire East

- ^{3.19} 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.
- ^{3.20} 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) and the two 5-year periods that experienced the highest and lowest migration since 2001.
- ^{3.21} The 10-year periods are constrained based on intercensal population change, so “other changes” reported in the Mid-Year Estimate components of change have to be factored into the population flows. Given that data on births and deaths is likely to be accurate, the adjustment is only applied to the migration flows and these are all adjusted on a proportionate basis. For example, to achieve the +2,242 for total migration and other changes in the high-trend migration, each of the migration flows in the baseline data has been adjusted by 2.4%: inward flows have been increased by 2.4% and outward flows have been reduced by 2.4%. For consistency, “other changes” are also factored into the projection based on 5-year migration trends – although no adjustment has been assumed for the 2011-12 and 2012-13 data.

Figure 15: Assumed migration flows for population projections based on 5-year and 10-year migration scenarios

Scenario	Total Migration and Other Changes	% adjustment	Adjusted Flows			
			UK		International	
			In	Out	In	Out
Baseline Data: 2001-2011 (excluding UPC)	+1,518	-	14,259	12,998	1,454	1,197
Official Population Data						
High-trend migration 5-years 2002-2007	+2,242	+2.4%	14,605	12,683	1,489	1,168
Mid-trend migration 10-years 2001-2011	+1,680	+0.5%	14,337	12,927	1,462	1,191
Low-trend migration 5-years 2008-2013	+725	-2.7%	13,881	13,342	1,415	1,229

- ^{3.22} Having established this range of different scenarios, we have derived population projections based on the high-, mid- and low-trend migration rates. Figure 16 shows the overall population projections for the migration trend-based scenarios over the period 2010-30. The projections range from 398,300 to 418,900 persons, which represent 20-year increases of 29,300 persons and 49,900 persons respectively.

Figure 16: Population projection based on migration trends

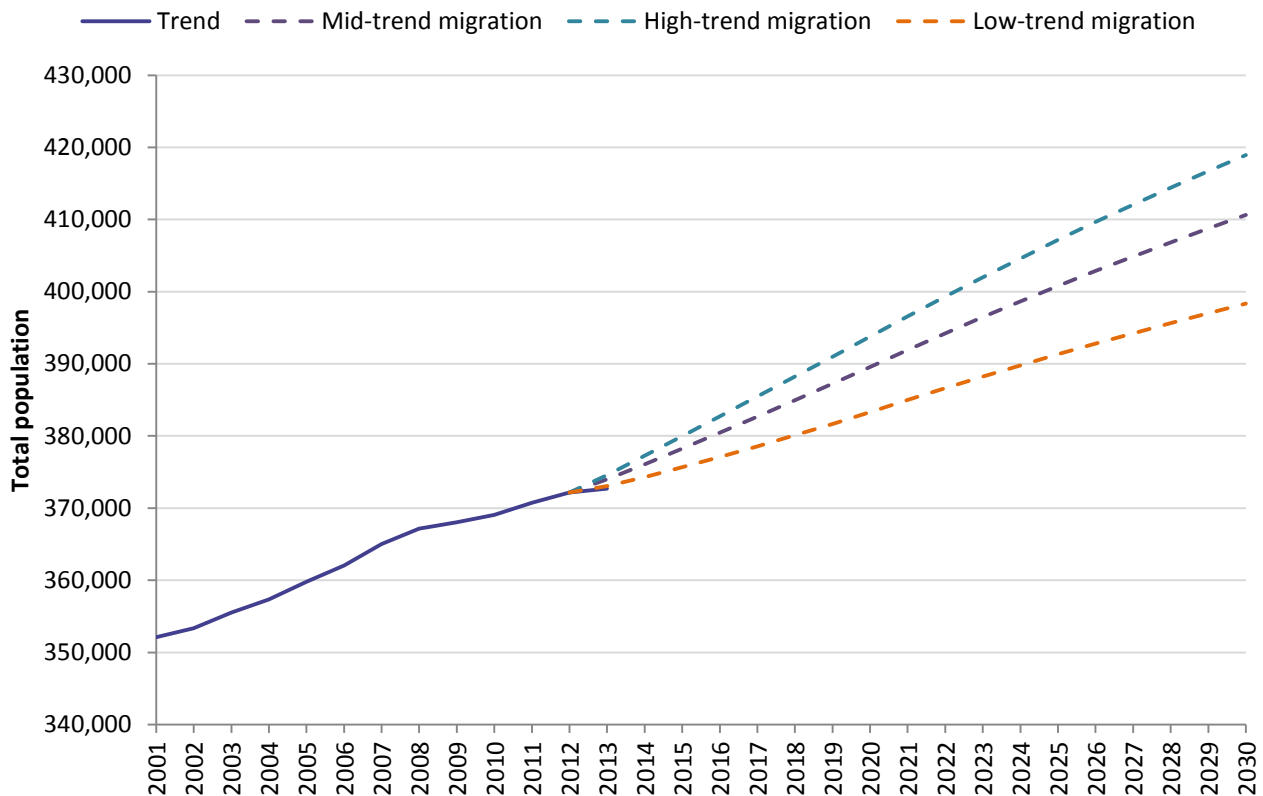


Figure 17: Population projections 2010-30 by gender and 5-year age cohort based on High-, Mid- and Low-Trend Migration scenarios (Note: All figures presented unrounded for transparency, but should only be treated as accurate to the nearest 100)

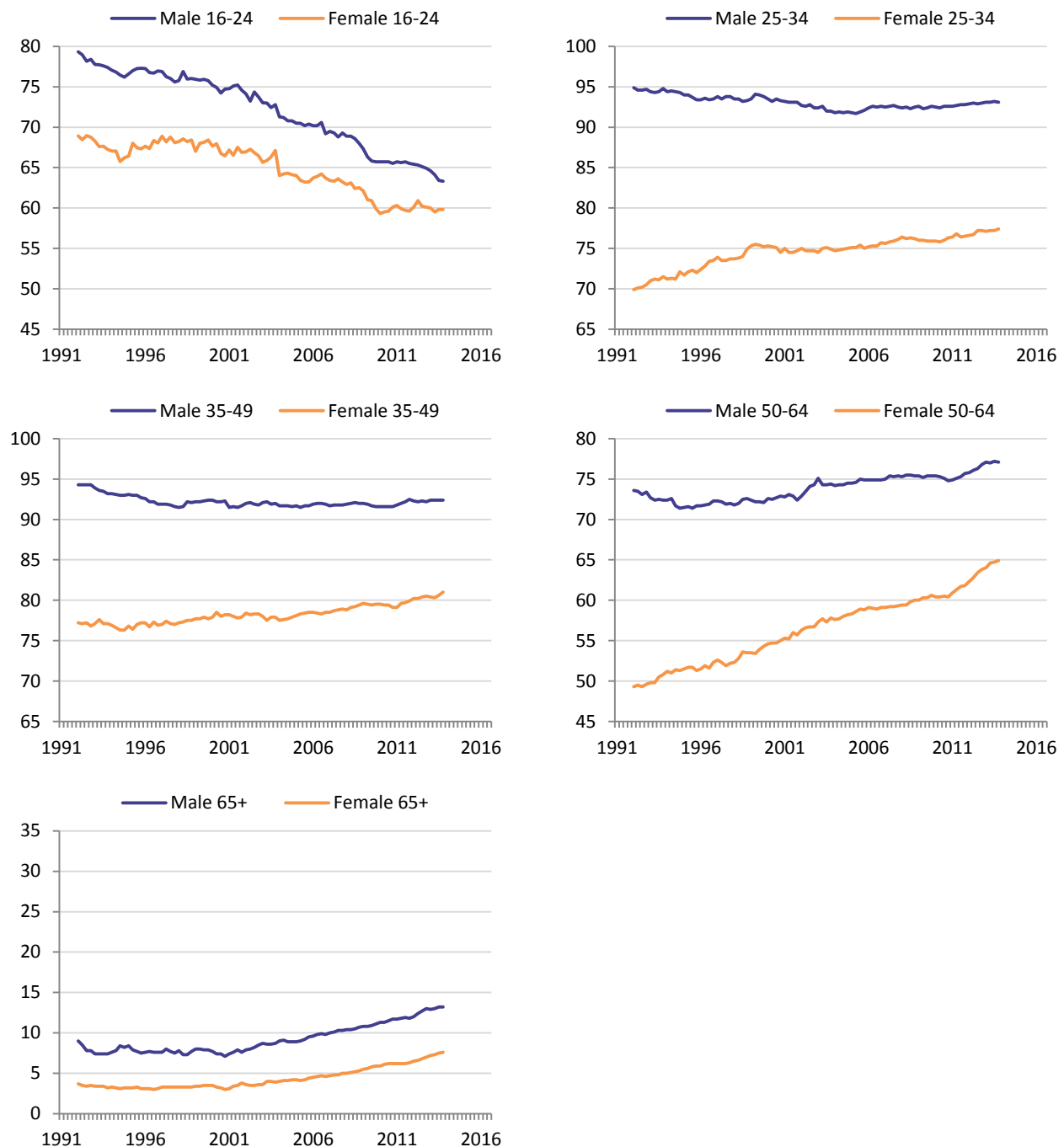
Age	2010			2030 High-trend Migration			2030 Mid-trend Migration			2030 Low-trend Migration		
	M	F	Total	M	F	Total	M	F	Total	M	F	Total
Aged 0-4	10,454	9,677	20,131	10,992	10,285	21,276	10,649	9,962	20,611	10,149	9,492	19,641
Aged 5-9	10,022	9,583	19,605	11,717	10,928	22,645	11,387	10,620	22,007	10,902	10,166	21,068
Aged 10-14	11,076	10,551	21,627	11,986	11,275	23,261	11,709	11,016	22,725	11,297	10,631	21,929
Aged 15-19	11,689	10,736	22,425	11,283	10,692	21,975	11,071	10,487	21,558	10,759	10,185	20,944
Aged 20-24	9,243	9,074	18,317	9,768	9,204	18,973	9,497	8,922	18,419	9,105	8,516	17,620
Aged 25-29	9,420	9,612	19,032	9,936	9,440	19,376	9,630	9,125	18,755	9,182	8,669	17,851
Aged 30-34	9,618	9,867	19,485	11,297	10,647	21,944	10,933	10,285	21,217	10,401	9,758	20,159
Aged 35-39	12,098	12,796	24,894	13,061	12,206	25,267	12,657	11,815	24,473	12,064	11,242	23,306
Aged 40-44	13,922	14,794	28,716	12,732	12,358	25,090	12,388	12,032	24,419	11,873	11,546	23,419
Aged 45-49	14,667	14,984	29,651	12,210	12,438	24,648	11,922	12,175	24,097	11,489	11,780	23,269
Aged 50-54	12,662	12,651	25,313	11,630	11,861	23,491	11,400	11,665	23,065	11,054	11,370	22,424
Aged 55-59	11,680	11,802	23,482	12,988	13,724	26,711	12,781	13,549	26,330	12,472	13,288	25,760
Aged 60-64	12,852	13,224	26,076	14,219	15,287	29,506	14,035	15,121	29,156	13,760	14,875	28,635
Aged 65-69	10,108	10,536	20,644	14,156	14,852	29,007	14,003	14,708	28,711	13,775	14,495	28,270
Aged 70-74	8,058	8,772	16,830	11,580	12,135	23,715	11,472	12,030	23,502	11,309	11,874	23,183
Aged 75-79	6,051	7,203	13,254	9,706	10,585	20,291	9,629	10,506	20,135	9,512	10,388	19,900
Aged 80-84	4,110	5,940	10,050	9,185	10,592	19,777	9,122	10,521	19,643	9,028	10,414	19,442
Aged 85+	2,192	4,174	6,366	9,228	12,760	21,988	9,156	12,642	21,798	9,048	12,463	21,511
Total	180,790	188,261	369,051	207,674	211,267	418,941	203,440	207,182	410,622	197,180	201,151	398,331

Economic Activity

^{3.23} 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.

^{3.24} 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. Figure 18 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.

Figure 18: Economic Activity Rate long-term UK trends (Source: Labour Market Statistics based on Labour Force Survey)



3.25 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.

3.26 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.

3.27 The most recent economic activity rate projections produced by ONS were published in January 2006 and covered the period to 2020¹²; 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 trends¹³.

Labour Market Participation Projections

3.28 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.”

3.29 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.

¹² Projections of the UK labour force, 2006 to 2020 by Vassilis Madouros; published in ONS Labour Market Trends, January 2006

¹³ OBR Fiscal Sustainability Report, July 2014: <http://cdn.budgetresponsibility.org.uk/41298-OBR-accessible.pdf>

Older People

^{3.30} 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 London¹⁴ concluded that:

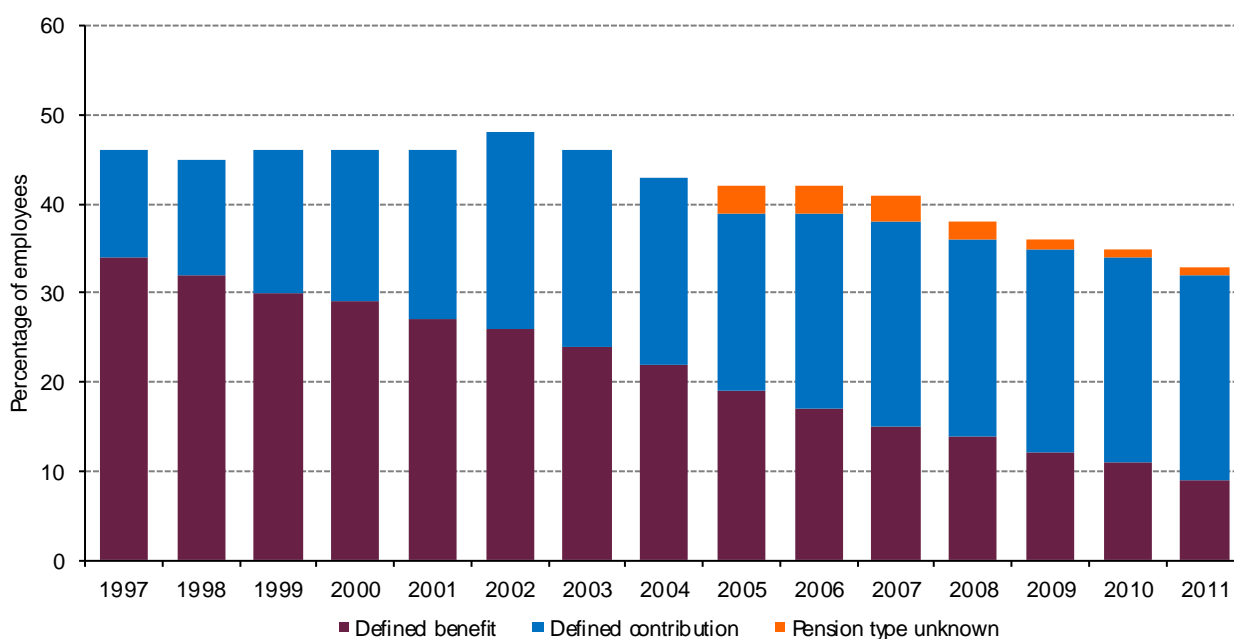
“Future increases in the state pension age will lead to a substantial increase in employment”.

^{3.31} 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;
- » **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 employees¹⁵.

^{3.32} 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 (Figure 19) will inevitably lead to higher economic activity rates amongst the older population.

Figure 19: Membership of private sector defined benefit and defined contribution schemes (Source: NAO)

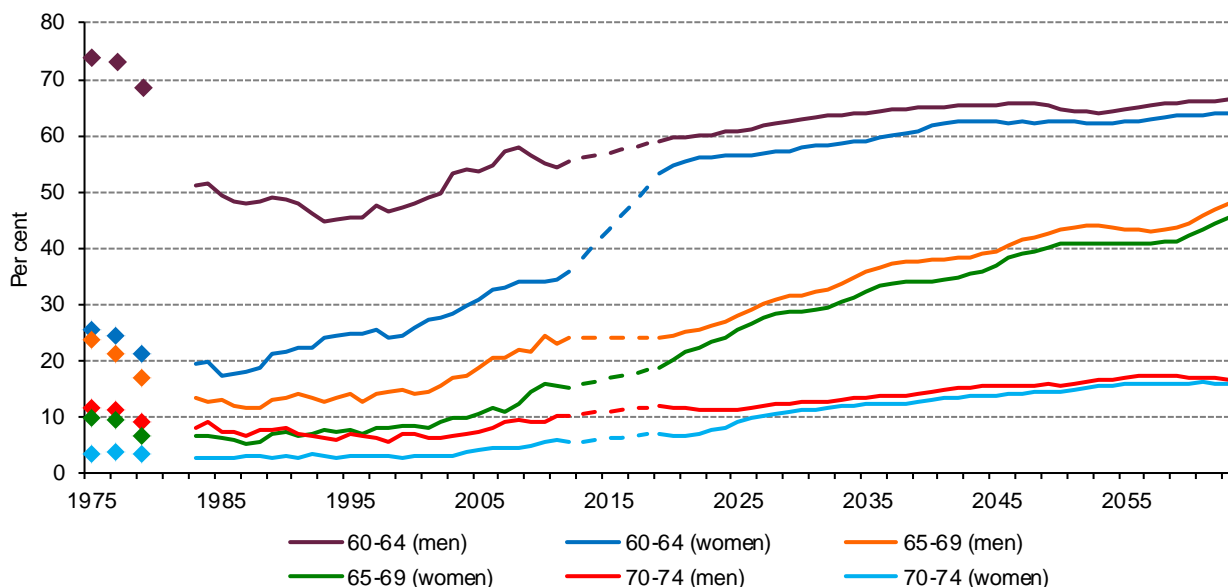


¹⁴ http://www.ifs.org.uk/pr/spa_pr_0313.pdf

¹⁵ <https://www.gov.uk/retirement-age>

^{3.33} Figure 20 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.

Figure 20: 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)



^{3.34} 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

^{3.35} 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);

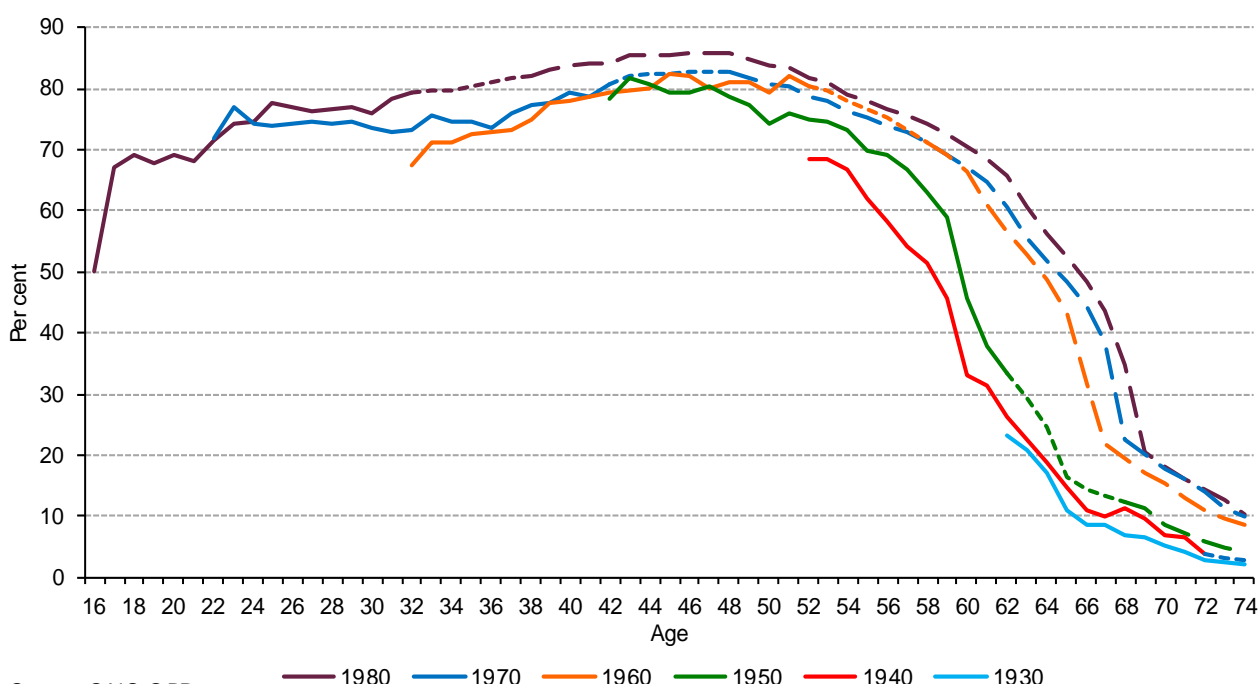
- » **Equal pay:** the gender wage differential has been narrowing (although it still exists) giving women higher rewards for work; and
- » **Education:** higher levels of education have opened new career opportunities outside historically traditional female sectors.

^{3.36} 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”¹⁶ 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.

^{3.37} 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.

^{3.38} Figure 21 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.

Figure 21: Female participation rates by Cohort (Source: ONS, OBR)



¹⁶ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/371955/Women_in_the_workplace_Nov_2014.pdf

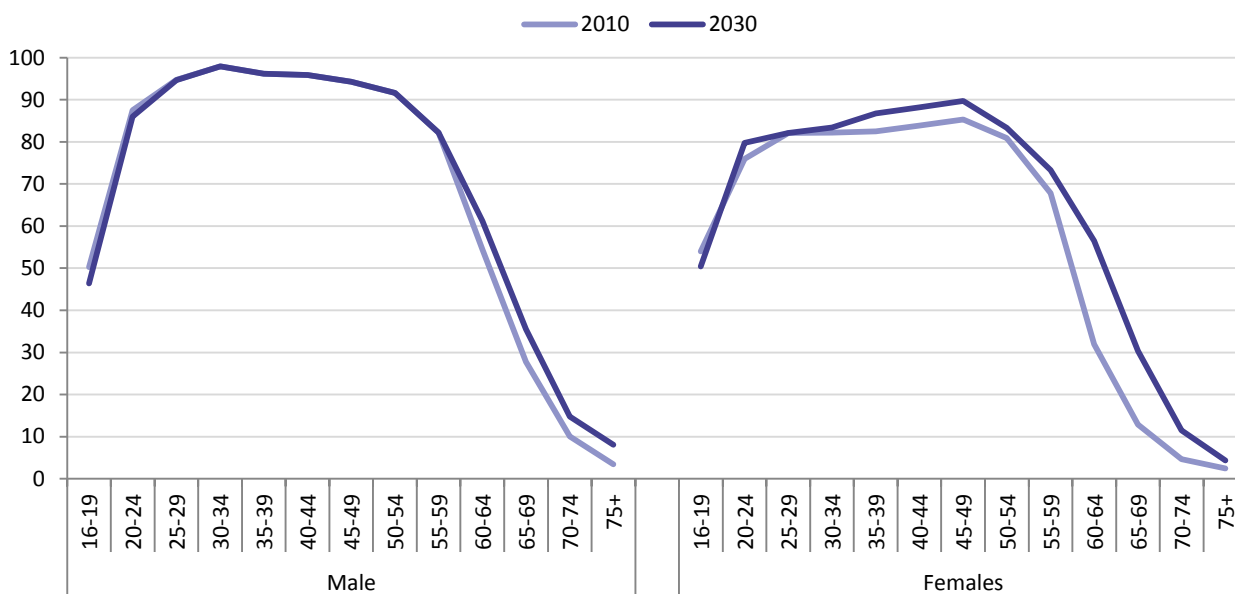
Young People

- ^{3.39} 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 education¹⁷. There have been similar (though less pronounced) declining trends for 18-20 year olds.
- ^{3.40} 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 education¹⁸.
- ^{3.41} 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.

Projecting Future Economic Activity for Cheshire East

- ^{3.42} Figure 22 shows the estimated economic activity rates for 2010 and the projected rates for 2030 based on Census data for Cheshire East and the OBR labour market participation projections.

Figure 22: Economic activity rates in 2010 and 2030 by age and gender based on OBR Labour Market Participation Projections



- ^{3.43} Participation rates for men under 60 are not projected to change, except for a very small decline in activity for those aged 16-19. There is increased in participation projected for men aged 60 and over, but these changes are only relatively marginal.
- ^{3.44} Participation rates for women are projected to change due to the cohort effects previously discussed. The rates for those aged under 35 are relatively stable (as there is no increased participation assumed

¹⁷ <http://www.hefce.ac.uk/pubs/year/2015/201503/>

¹⁸ <http://www.bbc.co.uk/news/education-25236341>

for women born after the 1980s), but there are increased participation rates projected for all older age groups.

^{3.45} Figure 23 shows the estimated economically active population for Cheshire East in 2010 and the projected economically active population in 2030 based on the range of population projections previously produced.

Figure 23: Projected economically active population 2010-30 (Note: All figures presented unrounded for transparency)

Age	2010			2030 High-trend Migration			2030 Mid-trend Migration			2030 Low-trend Migration		
	M	F	Total	M	F	Total	M	F	Total	M	F	Total
Aged 16-19	4,675	4,660	9,335	4,130	4,256	8,386	4,050	4,171	8,221	3,933	4,048	7,980
Aged 20-24	8,089	6,895	14,984	8,405	7,340	15,745	8,170	7,115	15,286	7,832	6,791	14,623
Aged 25-29	8,922	7,894	16,816	9,410	7,753	17,163	9,119	7,495	16,614	8,695	7,120	15,815
Aged 30-34	9,417	8,114	17,531	11,065	8,879	19,944	10,709	8,577	19,285	10,188	8,138	18,325
Aged 35-39	11,633	10,560	22,193	12,563	10,589	23,152	12,175	10,250	22,425	11,604	9,753	21,357
Aged 40-44	13,353	12,409	25,762	12,212	10,900	23,112	11,881	10,613	22,494	11,388	10,184	21,572
Aged 45-49	13,833	12,783	26,617	11,516	11,161	22,677	11,244	10,926	22,170	10,836	10,571	21,407
Aged 50-54	11,606	10,232	21,838	10,659	9,886	20,545	10,447	9,723	20,170	10,130	9,476	19,606
Aged 55-59	9,598	8,002	17,600	10,678	10,065	20,743	10,508	9,937	20,445	10,253	9,745	19,998
Aged 60-64	6,996	4,225	11,222	8,700	8,633	17,333	8,586	8,540	17,126	8,417	8,400	16,816
Aged 65-69	2,805	1,353	4,159	5,029	4,511	9,540	4,974	4,467	9,441	4,892	4,401	9,293
Aged 70-74	811	404	1,215	1,708	1,393	3,100	1,692	1,380	3,072	1,667	1,362	3,030
Aged 75+	209	175	384	779	461	1,241	773	458	1,231	764	453	1,216
Total	101,948	87,707	189,656	106,853	95,828	202,681	104,328	93,651	197,979	100,599	90,441	191,040
<i>Total Change 2010-2030</i>	-	-	-	<i>+4,904</i>	<i>+8,121</i>	<i>+13,025</i>	<i>+2,380</i>	<i>+5,943</i>	<i>+8,323</i>	<i>-1,350</i>	<i>+2,734</i>	<i>+1,384</i>

^{3.46} The economically active population is likely to increase by between 1,400 people and 13,000 people over the 20-year period 2010-30, with an increase of 8,300 people based on the mid-trend migration scenario.

Establishing Household Projections for Cheshire East

Household Population and Communal Establishment Population

- ^{3.47} 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.
- ^{3.48} The 2011 Census identified 5,062 persons living in Communal Establishments in the Cheshire East area. This is broadly consistent with the 5,144 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.
- ^{3.49} Figure 24 shows the breakdown between the household population and the population living in Communal Establishments for each of the three scenarios.

Figure 24: Population projections 2010-30 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	2010			2030 High-trend Migration			2030 Mid-trend Migration			2030 Low-trend Migration		
	HH	CE	Total	HH	CE	Total	HH	CE	Total	HH	CE	Total
Aged 0-4	20,124	7	20,131	21,270	6	21,276	20,605	6	20,611	19,635	6	19,641
Aged 5-9	19,601	4	19,605	22,641	4	22,645	22,003	4	22,007	21,064	4	21,068
Aged 10-14	21,613	14	21,627	23,251	10	23,261	22,715	10	22,725	21,919	10	21,929
Aged 15-19	21,621	804	22,425	21,162	813	21,975	20,745	813	21,558	20,131	813	20,944
Aged 20-24	17,713	604	18,317	18,369	604	18,973	17,815	604	18,419	17,016	604	17,620
Aged 25-29	18,874	158	19,032	19,224	152	19,376	18,603	152	18,755	17,699	152	17,851
Aged 30-34	19,381	104	19,485	21,842	102	21,944	21,115	102	21,217	20,057	102	20,159
Aged 35-39	24,778	116	24,894	25,159	108	25,267	24,365	108	24,473	23,198	108	23,306
Aged 40-44	28,620	96	28,716	24,994	96	25,090	24,323	96	24,419	23,323	96	23,419
Aged 45-49	29,567	84	29,651	24,565	83	24,648	24,014	83	24,097	23,186	83	23,269
Aged 50-54	25,244	69	25,313	23,420	71	23,491	22,994	71	23,065	22,353	71	22,424
Aged 55-59	23,412	70	23,482	26,648	63	26,711	26,267	63	26,330	25,697	63	25,760
Aged 60-64	25,983	93	26,076	29,415	91	29,506	29,065	91	29,156	28,544	91	28,635
Aged 65-69	20,533	111	20,644	28,895	112	29,007	28,599	112	28,711	28,158	112	28,270
Aged 70-74	16,662	168	16,830	23,551	164	23,715	23,338	164	23,502	23,019	164	23,183
Aged 75-79	12,953	301	13,254	19,838	452	20,291	19,686	449	20,135	19,456	444	19,900
Aged 80-84	9,526	524	10,050	18,898	879	19,777	18,771	873	19,643	18,578	864	19,442
Aged 85+	7,728	1,791	9,519	18,454	3,534	21,988	18,296	3,502	21,798	18,056	3,455	21,511
Total	363,933	5,118	369,051	411,597	7,344	418,941	403,319	7,303	410,622	391,089	7,242	398,331

Class C2 usage

- ^{3.50} 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

- ^{3.51} 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 2,185 persons aged over 75 years living in communal housing over the 20-year period 2010-30 (based on mid-trend migration), this represents an increased need for Class C2 usage dwellings as each person would require a bedspace.
- ^{3.52} 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. Cheshire East Council do intend to count Class C2 needs towards their OAN figure, so they are included in all subsequent figures.

Household Representative Rates

- ^{3.53} 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.
- ^{3.54} 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.”

- ^{3.55} 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.”

^{3.56} Prior to the publication of CLG 2012 based household projections, the PAS OAN Technical Advice Note 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.”

^{3.57} 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.”

^{3.58} 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.”

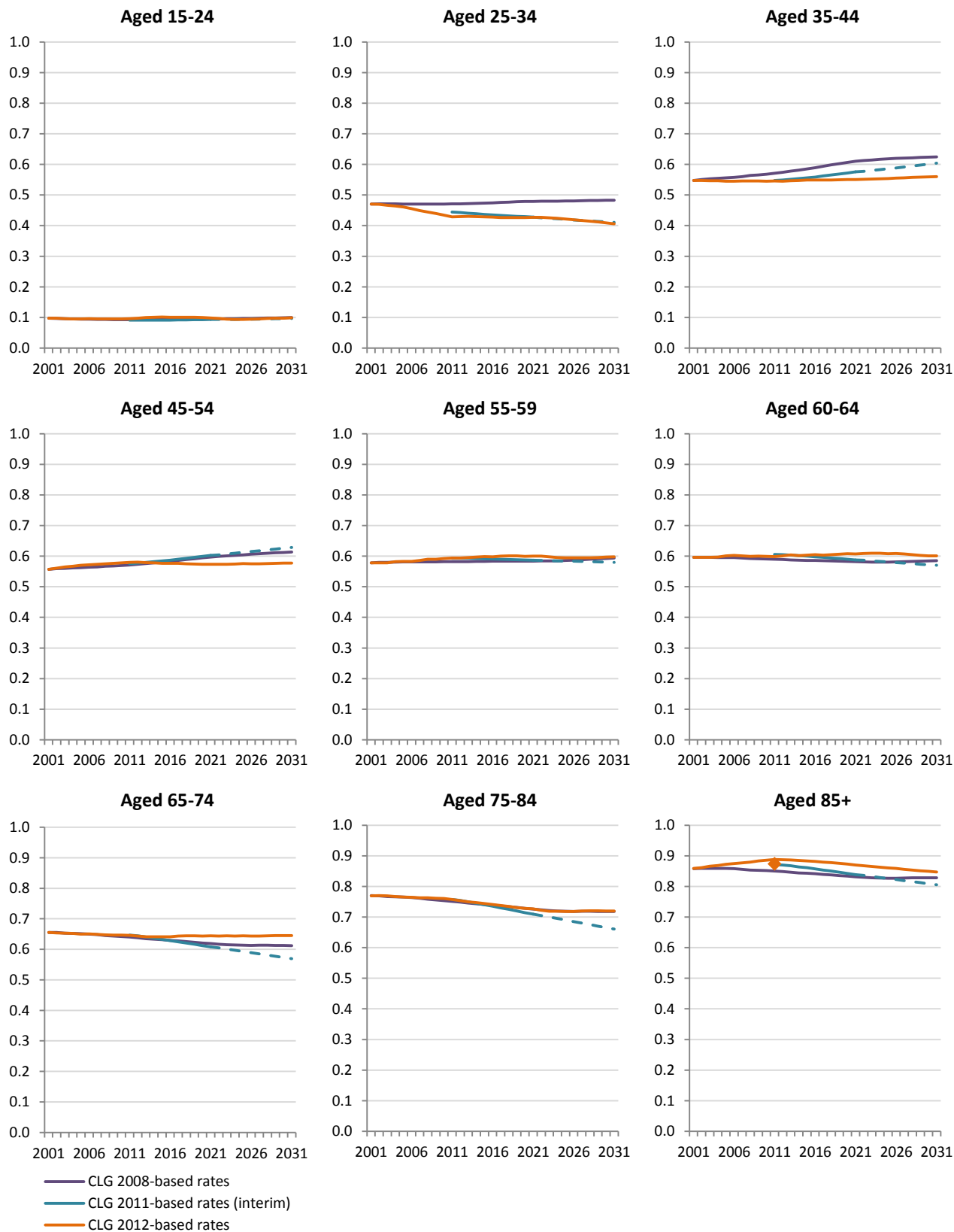
^{3.59} Nevertheless, the interim 2011-based household projections were prepared before the necessary Census data was available and it has become evident that some of the historic household representative rates were estimated inaccurately. The 2012-based household projections published in February 2015 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).

^{3.60} 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.

^{3.61} 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.

3.62 Figure 25 shows the rates for each cohort in the 2012-based projections, the interim 2011-based projection and the previous 2008-based projections. This information helps us to understand the underlying trends.

Figure 25: Household headship rates (Note: CLG interim 2011-based rates only published for 2011-21, data extrapolated for period beyond 2021. Census data shown was not published when CLG interim 2011-based were being prepared)



Household Projections

^{3.63} We then considered the projected number of additional households based on CLG 2008-based household representative rates, CLG interim 2011-based household representative rates (with trends in rates rolled forward for the period beyond 2021) and CLG 2012-based household representative rates.

^{3.64} The projected increase in households across the various scenarios is summarised in Figure 26.

Figure 26: Projected households and dwellings over the 20-year period 2010-30 based on alternative population estimates and headship rates (Note: Dwelling numbers all assume 4.0% vacancy rate)

Scenario	2008 Headship Rates		2011 Headship Rates		2012 Headship Rates	
	Household change	Dwellings	Household change	Dwellings	Household change	Dwellings
20-year change 2010-30						
2012-based Sub-National Population Projections	24,915	25,912	18,445	19,182	21,008	21,848
High-trend migration 5-years 2002-2007	33,294	34,626	26,216	27,264	28,854	30,009
Mid-trend migration 10-years 2001-2011	29,958	31,207	23,113	24,076	25,712	26,784
Low-trend migration 5-years 2008-2013	24,992	25,992	18,495	19,234	21,035	21,877
Annual average change						
2012-based Sub-National Population Projections	1,246	1,296	922	959	1,050	1,092
High-trend migration 5-years 2002-2007	1,665	1,731	1,311	1,363	1,443	1,500
Mid-trend migration 10-years 2001-2011	1,498	1,556	1,156	1,204	1,286	1,339
Low-trend migration 5-years 2008-2013	1,250	1,300	925	962	1,052	1,094

Conclusions

^{3.65} It is evident from the data that the principal projection (based on mid-trend migration in Figure 25) suggests an increase of 1,286 households per annum based on the 2012-based household representative rates. This is higher than the 2012-based SNPP (1,050 households), mainly due to a higher projected increase in population: the 2012-based SNPP suggests an increase of 29,300 people over the 20-year period 2010-30, whereas our principal projection identifies a notably higher increase of 41,600 people over the same period (Figure 17).

^{3.66} On this basis, it is therefore appropriate to increase the housing need estimate from the CLG starting point (1,050 households each year) to an average of 1,286 households each year, based on 10-year migration trends. Providing for an annual increase of 1,286 households yields a housing need of 1,339 dwellings each year (assuming a rate of 4.0% for vacancies and second homes).

^{3.67} It is also necessary to count a further 109 bedspaces per year to account for the projected increase of older persons living in Class C2 usage dwellings who are not included in the household projections. This increases the overall housing need to 1,449 dwellings each year with each Class C2 usage bedspace counted as an additional one need; 28,969 dwellings over the 20-year period 2010-30. This represents an increase of 33% from the CLG starting point estimate.

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 Cheshire East, the quarterly number of households accepted as being **homeless** and in priority need has seen a downward trend over the period 2003¹⁹ to 2011. The period to 2011 has been chosen to be consistent with other data sources used in this report. There were 299 such households in 2003 which reduced to 26 households in 2011, a net reduction of 273 households (Figure 27). The current rate represents 0.2 presentations per 1,000 households, less than half the equivalent rate for England (0.5 per 1,000).
- 4.6 There has also been a downward trend in households living in **temporary accommodation**. There were 209 such households in 2003 (although most were housed on temporary licences in social rented housing); however this had reduced to 14 in 2011, a net reduction of 195 households.

Figure 27: Households accepted as homeless and in priority need (Source: CLG P1E returns March 2003 and March 2011)

		Cheshire East			England 2011
		2003	2011	Net change 2003-11	
Number accepted homeless and in priority need during quarter		299	26	-273	-
<i>Rate per 1,000 households</i>		2.0	0.2	-1.8	0.5
Households in temporary accommodation	Bed and breakfast	0	5	+5	-
	Hostels	25	4	-21	-
	Local Authority or RSL stock	184	5	-179	-
	Private sector leased (by LA or RSL)	0	0	0	-
	Other (including private landlord)	0	0	0	-
	TOTAL	209	14	-195	-
	<i>Rate per 1,000 households</i>	1.4	0.1	-1.3	2.2
Households accepted as homeless but without temporary accommodation provided		11	10	-1	-

- 4.7 It is evident that homelessness has not become significantly worse in Cheshire East over the period since 2003, 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.

¹⁹ 2003 has been used as the comparator date as, unfortunately, there is no data recorded for Macclesfield (one of the former local authorities that formed Cheshire East) for March 2001. Data is available from all three former local authorities for 2003.

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 Cheshire East increased from 728 to 1,176 over the 10-year period 2001-11 (Figure 28), an increase of 448 households (62%).

Figure 28: Concealed families in Cheshire East by age of family representative (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Aged under 25	98	288	+190
Aged 25 to 34	248	326	+78
Aged 35 to 44	128	123	-5
Aged 45 to 54	44	106	+62
Sub-total aged under 55	518	843	+325
Aged 55 to 64	68	85	+17
Aged 65 to 74	91	130	+39
Aged 75 or over	51	118	+67
Sub-total aged 55 or over	210	333	+123
All Concealed Families	728	1,176	+448

^{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 448 families over the period 2001-11, almost three quarters (325) have family representatives aged under 55, with substantial growth amongst those aged under 35 in particular (in line with national trends).

Sharing Households

^{4.13} The number of **sharing households** reduced from 182 to 97 over the 10-year period 2001-11 (Figure 29), a reduction of 85 households (47%).

Figure 29: Shared Dwellings and Sharing Households in Cheshire East (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Number of shared dwellings	40	34	-6
Number of household spaces in shared dwellings	201	127	-74
All Sharing Households	182	97	-85
Household spaces in shared dwellings with no usual residents	19	30	+11

^{4.14} Figure 30 shows that the number of **multi-adult households** living in the area increased from 3,945 to 4,652 households over the same period, an increase of 707 (18%). 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 30: Multi-adult Households in Cheshire East (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Owned	2,564	2,674	+110
Private rented	946	1,387	+441
Social rented	435	491	+56
All Households	3,945	4,652	+707

^{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 441 households (an increase from 946 to 1,387 households over the period) and this represents almost two thirds (62%) of the total increase in multi-adult households living in the area.

^{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 Cheshire East, **overcrowding** increased from 4,748 to 5,681 households (an increase of 933) over the 10-year period 2001-11 (Figure 31). This represents a growth of 10%, which is similar to comparator authorities such as Cheshire West and Chester (6%), North Somerset (10%) and East Riding of Yorkshire (17%), but notably lower than Wiltshire (25%) and the national increase for England (23%).

^{4.21} When considered by tenure, overcrowding has reduced by 91 households in the owner occupied sector and increased by 89 households in the social rented sector; however the largest growth has been in the private rented sector where the number of overcrowded households has increased from 1,055 to 1,990, a growth of 935 households over the 10-year period. Nevertheless, the percentage of overcrowded households in the private rented sector has only increased from 8.0% to 9.1% (a growth of 14%) given the overall increase in households renting privately.

Figure 31: 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)

	Occupancy rating (rooms)						Occupancy rating (bedrooms)	
	2001		2011		Net change 2001-11		2011	
	N	%	N	%	N	%	N	%
CHESHIRE EAST								
Owned	1,820	1.6%	1,729	1.4%	-91	-12%	1,344	1.1%
Private rented	1,055	8.0%	1,990	9.1%	+935	+14%	826	3.8%
Social rented	1,873	10.1%	1,962	10.8%	+89	+7%	1,073	5.9%
All Households	4,748	3.2%	5,681	3.6%	+933	+10%	3,243	2.0%
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								
Cheshire West and Chester	-	3.9%	-	4.2%	-	+6%	-	2.3%
East Riding of Yorkshire	-	2.7%	-	3.1%	-	+17%	-	1.9%
Wiltshire	-	3.6%	-	4.5%	-	+25%	-	2.3%
North Somerset	-	4.2%	-	4.6%	-	+10%	-	1.7%

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.

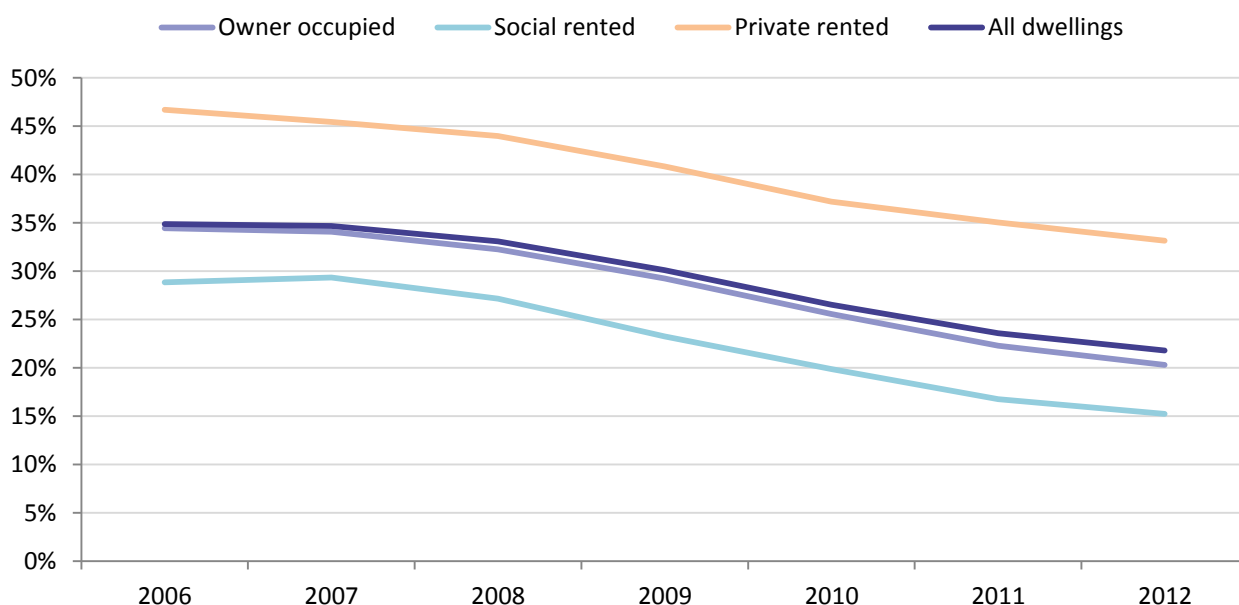
4.23 The Decent Homes Standard provides a broad measure of **housing condition**. It was intended to be a minimum standard that all housing should meet and that to do so should be easy and affordable. It was determined that in order to meet the standard a dwelling must achieve all of the following:

- » 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 32 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 32: Trend in non-decent homes by tenure (Source: English House Condition Survey 2006 to 2007; English Housing Survey 2008 onwards)



Overcrowding

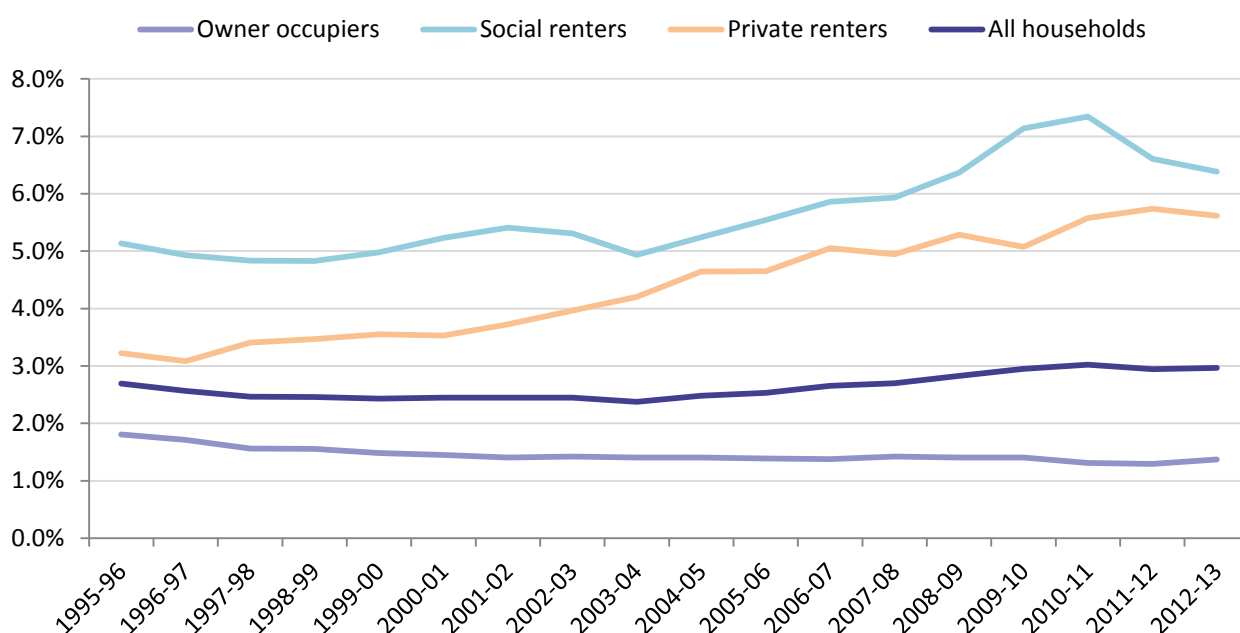
^{4.26} The measure of overcrowding used by the EHS provides a consistent measure over time **however the definition differs from both occupancy ratings provided by the Census**. The EHS approach²⁰ is based on a “*bedroom standard*” which assumes that adolescents aged 10-20 of the same sex will share 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).

Figure 33: 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)



²⁰ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/284648/English_Housing_Survey_Headline_Report_2012-13.pdf

^{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 Guidance²¹ 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 Cheshire East, we can estimate the number of households that are overcrowded based on the bedroom standard. Figure 34 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 2,061 overcrowded households in Cheshire East in 2011.

Figure 34: Estimate of the number of overcrowded households in Cheshire East 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%
Cheshire East	Number of overcrowded households based on Census occupancy rating (bedrooms) [Db]	1,344	826	1,073	3,243
	Estimate of overcrowded households based on the bedroom standard [Eb = Cb × Db]	797	530	771	2,098
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%
Cheshire East	Number of overcrowded households based on Census occupancy rating (rooms) [Dr]	1,729	1,990	1,962	5,681
	Estimate of overcrowded households based on the bedroom standard [Er = Cr × Dr]	728	554	742	2,023
Overcrowding based on the bedroom standard (average estimate)		762	542	756	2,061

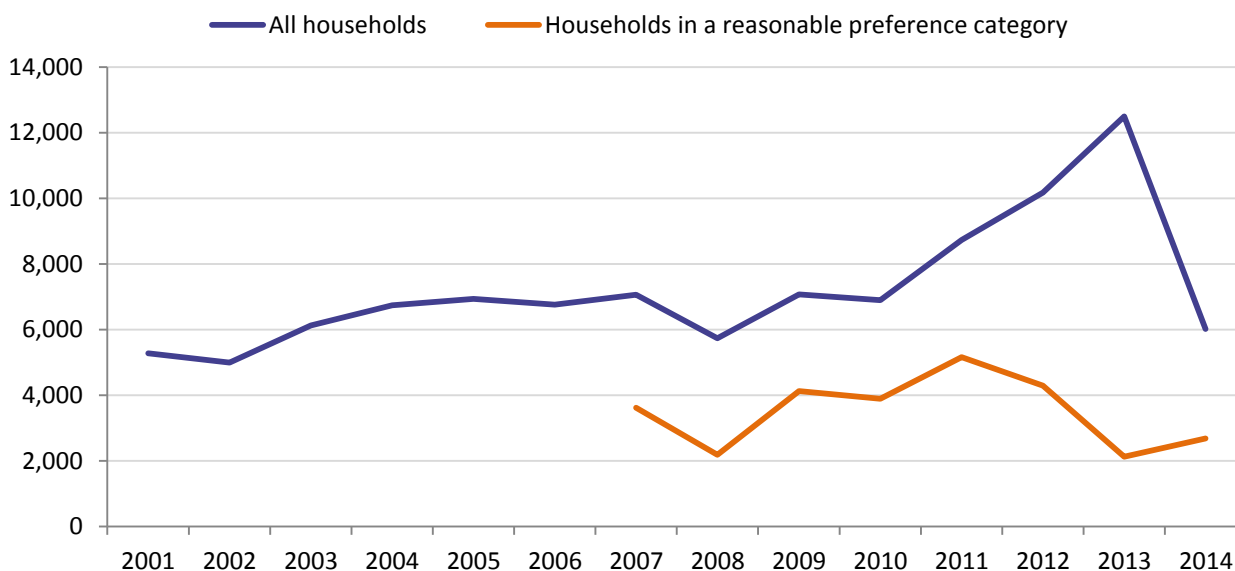
²¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5918/2171391.pdf

Housing Register data

^{4.32} The local authority **housing register** and **transfer lists** are managed through Cheshire HomeChoice, the local Choice Based Lettings scheme which is a joint initiative between Cheshire East and key local housing associations (Wulvern, Plus Dane and Cheshire Peaks and Plains Housing Trusts). 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 35 shows the trend in households on the housing register over the period since 2001. Whilst the overall number of households on the housing register increased gradually from around 5,300 in 2001 to 7,100 in 2007 (equivalent to an average annual growth of around 300 households), the number reduced to 5,700 in 2008 before climbing rapidly to a peak of 12,500 households in 2013 (average annual growth of around 1,400 households). Nevertheless, the number in 2014 was 6,000 households – suggesting that the underlying number of households needing affordable housing in Cheshire East has remained relatively stable over the last decade.

Figure 35: Number of households on the local authority housing register 2001-14 (Source: LAHS and HSSA returns to CLG)



^{4.34} Figure 35 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 has also been subject to large variations from year-to-year, and these have not always followed the trends in the overall number of households on the register – e.g. whilst the overall register increased from 10,200 to 12,500 between 2012 and 2013, the number in reasonable preference categories reduced from 4,300 to 2,100 over the same period; yet when the overall numbers reduced from 12,500 to 6,000 the following year, those in reasonable preference categories increased to 2,700.

^{4.36} Figure 36 provides further detailed information for the last 3 years.

Figure 36: 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	10,177	12,495	6,018
Total households in a reasonable preference category	4,295	2,127	2,686
People currently living in temporary accommodation who have been accepted as being homeless (or threatened with homelessness)	27	10	14
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	106	38	31
People occupying insanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions	36	49	504
People who need to move on medical or welfare grounds, including grounds relating to a disability	1,532	1,561	410
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)	0	0	0

^{4.37} 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.

^{4.38} Nevertheless, we previously estimated that there were around 2,061 overcrowded households in Cheshire East, based on the bedroom standard (Figure 34) – but only 504 people are recorded by the housing register as currently *“occupying insanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions”* (and this represents a notable increase from 49 in the previous year). 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.

^{4.39} 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 410 people registered *“who need to move on medical or welfare grounds, including grounds relating to a disability”*, however this is a substantial reduction from the 1,561 people recorded in this category on the register in 2013.

^{4.40} 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.”

4.41 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.

4.42 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

4.43 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 who cannot afford to meet their housing needs in the market (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 cannot afford their own homes. Care should be taken to avoid double-counting ... and to include only those households who cannot afford to access suitable housing in the market (paragraph 024, emphasis added)

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 (paragraph 025, emphasis added)

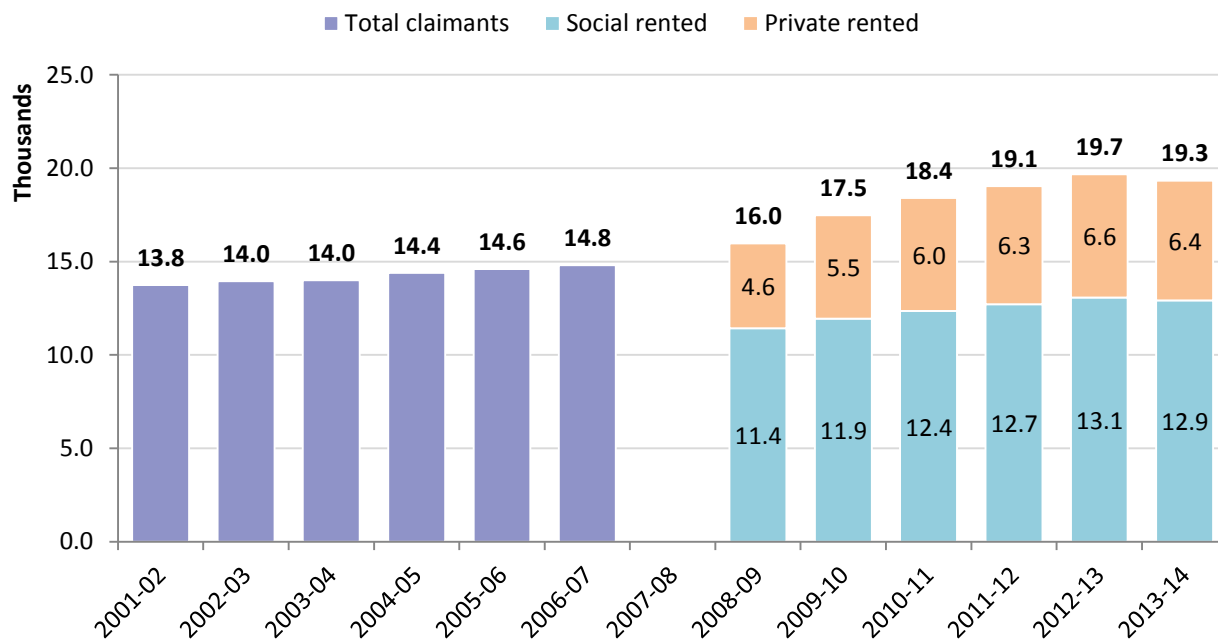
Planning Practice Guidance: Assessment of housing and economic development needs (March 2014)

4.44 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 Cheshire East

^{4.45} Figure 37 shows that the number of claimants in Cheshire East increased from 13,800 to 14,800 over the period 2001-02 to 2006-07, equivalent to an average annual growth of around 200 families. The number of claimants reached 19,700 in 2012-13, therefore a much faster growth of around 800 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 1,500 families.

Figure 37: Number of claimants in receipt of housing benefit by tenure (Source: DWP)



^{4.46} Considering the information on tenure, it is evident that the number of claimants in social rented housing increased from 11,400 to 13,100 over the period 2008-09 to 2012-13 – an increase of 1,700 families (15%); however over the same period the number of claimants in private rented housing increased from 4,600 to 6,600 families – an increase of 2,000 families (43%).

^{4.47} This increase in housing benefit claimants, in particular those living in private rented housing, coincides with the substantial increases observed on the housing register in Cheshire East. Indeed, it is likely that many households applying for housing benefit would have also registered their interest in affordable housing. Nevertheless, many of them will have secured appropriate housing in the private rented sector which housing benefit enabled them to afford; so it is perhaps not surprising that many did not renew their interest in affordable housing when the number of applicants reduced substantially in 2014.

^{4.48} 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

4.49 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.

4.50 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

4.51 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**

4.52 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

- 4.53 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.
- 4.54 Given this context, our analysis counts the needs of all of these households when establishing the Objectively Assessed Need for affordable housing.
- 4.55 Only around a quarter 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.
- 4.56 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).
- 4.57 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).
- 4.58 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.**

^{4.59} Figure 38 sets out the assessment of current affordable housing need for Cheshire East.

Figure 38: 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 27)			
Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	9	-	9
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)	5	5	-
Households accepted as homeless but without temporary accommodation provided	10	-	10
Concealed households (see Figure 28)			
Additional growth in concealed families with family representatives aged under 55	325	-	325
Overcrowding based on the bedroom standard (see Figure 34)			
Households living in overcrowded private rented housing	542	-	-
Households living in overcrowded social rented housing	756	756	-
Other households living in unsuitable housing that cannot afford their own home (see Figure 36)			
People who need to move on medical or welfare grounds, including grounds relating to a disability	410	47	-
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)	0	0	-
TOTAL	2,057	808	344

^{4.60} 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 **2,057 households currently in affordable housing need in Cheshire East 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).

^{4.61} Of these households, 808 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 1,249 households** (2,057 less 808 = 1,249) **who currently need affordable housing and do not currently occupy affordable housing in Cheshire East** (although a higher number of new homes may be needed to resolve all of the identified overcrowding).

^{4.62} This number includes 344 households that would not be counted by the household projections. There is, therefore, a need to increase the housing need based on demographic projections to accommodate these additional households. As for the household projections, we have also added an additional allowance for vacancies and second homes (once again assuming that 4.0% of dwellings will not have a usually resident household); this increases the need for overall housing provision by 358 dwellings (344 plus 4.0% = 358).

^{4.63} 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 905 households (1,249 less 344) 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

^{4.64} 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**

^{4.65} 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.

^{4.66} 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.

^{4.67} 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

^{4.68} 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.

4.69 The affordability percentages in Figure 39 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 39: 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	25%	12%	23%	25%	22%	22%
Couple family with no dependent children	14%	3%	6%	6%	5%	7%
Couple family with 1 or more dependent children	68%	24%	8%	5%	7%	16%
Lone parent family with 1 or more dependent children	76%	74%	43%	32%	39%	44%
Other household type	19%	28%	26%	18%	15%	9%

Components of projected household growth

4.70 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).

4.71 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.

4.72 Figure 40 shows the individual components of annual household growth.

Figure 40: Components of average annual household growth by 5-year projection period (Source: ORS Housing Model)

	Annual average based on 5-year period				Annual average 2010-30
	2010-15	2015-20	2020-25	2025-30	
New household formation	3,079	3,090	3,033	3,119	3,080
Household dissolution following death	2,756	2,785	2,934	3,180	2,914
Net household growth within Cheshire East	+323	+305	+99	-61	+166
Household migration in	5,512	5,693	5,810	5,924	5,735

Household migration out	4,560	4,577	4,636	4,688	4,615
Net household migration	+952	+1,116	+1,174	+1,235	+1,119
Total household growth	+1,275	+1,421	+1,273	+1,174	+1,286

^{4.73} Over the initial 5-year period (2010-15) the model shows that:

- » There are projected to be 3,079 new household formations each year; but this is offset against 2,756 household dissolutions following death – so there is an **average net household growth of 323 households** locally in Cheshire East;
- » There are also projected to be 5,512 households migrating to Cheshire East offset against 4,560 households migrating away from the area – which yields an **additional 952 households attributable to net migration;**
- » The total household growth is therefore **projected to be 1,275 (323 + 952) households each year** over the initial 5-year period of the projection.

^{4.74} During the course of the full 20-year projection period, net household growth within Cheshire East is projected to reduce (from a gain of 323 households in 2010-15 to a reduction of 61 households in 2025-30). 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 952 households in 2010-15, to a gain of 1,235 households in 2025-30).

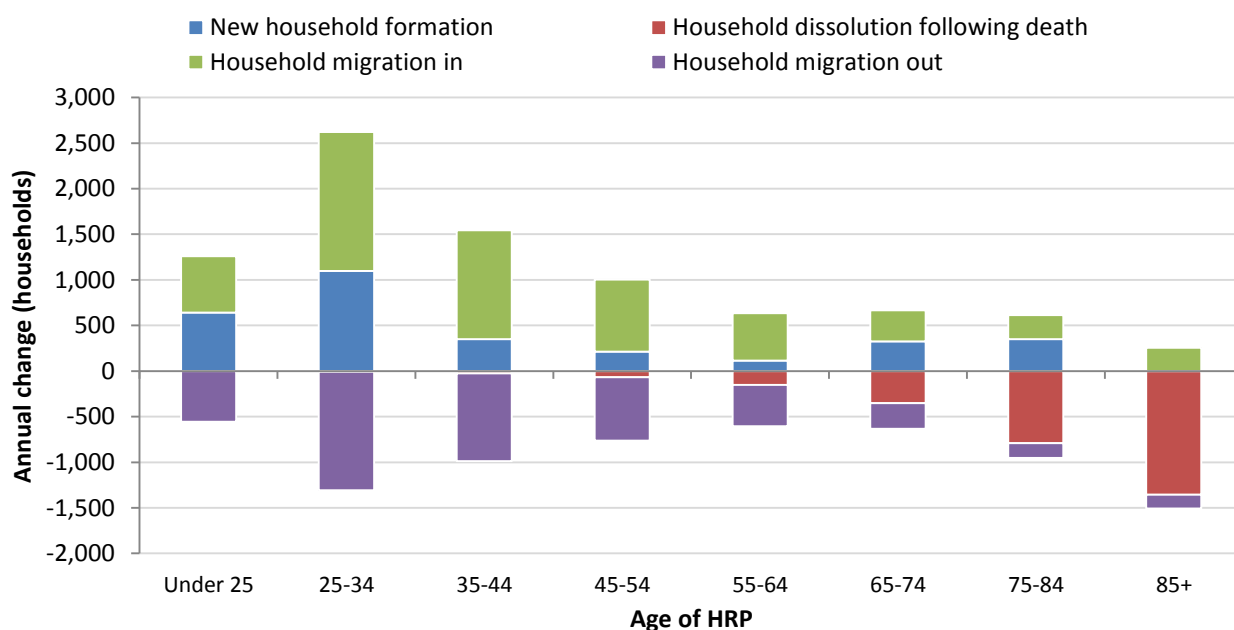
^{4.75} Over the 20-year period 2010-30, therefore, total **household growth averages 1,286 households** each year.

Change in household numbers by age cohort

^{4.76} 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 3,079 new households projected to form in Cheshire East each year over the period 2010-15 (Figure 40) alongside the detailed information about household affordability (Figure 39).

^{4.77} Figure 41 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 41: Annual change in household numbers in each age cohort by age of HRP (Source: ORS Housing Model)



4.78 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.

4.79 The Model identifies that 23% of all newly forming households are unable to afford their housing costs, which represents 695 households each year (Figure 42). The Model shows that a lower proportion of households migrating to the area are unable to afford (19%), but this still represents 1,066 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 1,761 new households each year who are unable to afford their housing costs.**

Figure 42: Affordability of new households over the initial 5-year period 2010-15 (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	3,079	2,384	695	23%
Households migrating in to the area	5,512	4,446	1,066	19%
All new households	8,591	6,830	1,761	20%

4.80 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.**

4.81 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.

- 4.82 In these cases, and others, the gross need will need adjusting.
- 4.83 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.
- 4.84 Considering those components of household change which reduce the number of households resident in the area, the Model identifies **2,756 households are likely to dissolve** following the death of all household members. Many of these households will own their homes outright; however 16% are unable to afford market housing: most living in social rented housing.
- 4.85 When considering **households moving away** from Cheshire East, the Model identifies that an average of 4,560 households will leave the area each year including 891 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 Cheshire East, they will no longer need affordable housing in the area and it is therefore important to discount their needs.**
- 4.86 **Figure 43 summarises the total household growth.** This includes the 1,761 new households on average each year who are unable to afford their housing costs, but offsets this against the 1,334 households who will either vacate existing affordable housing or who will no longer constitute a need for affordable housing in Cheshire East (as they have moved to live elsewhere). **Overall, the Model projects that household growth will yield a net increase of 427 households on average each year (over the period 2010-15) who are unable to afford their housing, which represents 33% of the 1,275 total household growth for this period.**

Figure 43: Components of average annual household growth by 5-year projection period (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	3,079	2,384	695	23%
Households migrating in to the area	5,512	4,446	1,066	19%
All new households	8,591	6,830	1,761	20%
Household dissolutions following death	2,756	2,313	443	16%
Households migrating out of the area	4,560	3,669	891	20%
All households no longer present	7,316	5,982	1,334	18%
Total household growth	+1,275	+848	+427	33%

Projecting future needs of existing households

- 4.87 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 Cheshire East 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 344 established households fall into need each year** in Cheshire East. This represents a rate of 2.2 per 1,000 household falling into need each year.

^{4.88} 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 39 showed that 25% of single person households aged under 25 could not afford housing, compared to 14% of couples of the same age; and for those aged 25 to 34, the proportions were 12% and 3% 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 39 showed that 24% of couple families with dependent children aged 25 to 34 could not afford housing, compared to 8% of such households aged 35 to 44.

^{4.89} 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 **507 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 3.2 per 1,000 household climbing out of need each year.

^{4.90} Therefore, considering the overall changing needs of existing households, there is an average net reduction of 163 households (507 - 344) needing affordable housing each year.

Projecting future affordable housing need (average annual estimate)

^{4.91} Figure 44 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 44: Components of average annual household growth by 5-year projection period (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	3,079	2,384	695	23%
Households migrating in to the area	5,512	4,446	1,066	19%
All new households	8,591	6,830	1,761	20%
Household dissolutions following death	2,756	2,313	443	16%
Households migrating out of the area	4,560	3,669	891	20%
All households no longer present	7,316	5,982	1,334	18%
Total household growth	+1,275	+848	+427	33%
Existing households falling into need	-	-344	+344	100%
Existing households climbing out of need	-	+507	-507	0%
Change in existing households	-	+163	-163	-
Total future need for market and affordable housing	+1,275	+1,011	+264	21%

^{4.92} Overall, there is a projected need from 1,761 new households who are unable to afford their housing costs (695 newly forming households and 1,066 households migrating to the area); however, 1,334 households will either vacate existing affordable housing or will no longer need affordable housing in

Cheshire East (as they have moved to live elsewhere) thereby reducing the new need to a net total of 427 households.

- ^{4.93} Considering the needs of existing households, there are 344 households expected to fall into need each year (a rate of 2.2 per 1000 households) but this is offset against 507 households whose circumstances are projected to improve. There is, therefore, an **average net reduction of 163 existing households that need affordable housing each year.**
- ^{4.94} Based on the needs of new households and existing households, there is a projected increase of 264 households each year on average for the initial period 2010-15 who will need affordable housing (427 – 163).
- ^{4.95} 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 20-year projection period 2010-30. The Model identifies that **the number of households in need of affordable housing will increase by 5,546 households over the period 2010-30**, equivalent to an annual average of 277 households per year. This represents 21.6% of the total household growth projected based on demographic trends.

Establishing the overall need for affordable housing

^{4.96} Figure 45 brings together the information on assessing the current unmet need for affordable housing and the projected future affordable housing need over the full 20-year period 2010-30.

Figure 45: Assessing total need for market and affordable housing (Source: ORS Housing Model)

	Housing Need (households)		Overall Housing Need
	Market housing	Affordable housing	
Current need for affordable housing (see Figure 38)			
Total unmet need for affordable housing	-	2,057	2,057
Supply of housing vacated	905	808	1,713
Overall impact of current affordable housing need	-905	+1,249	+344
Projected future housing need 2010-30			
Newly forming households	47,325	14,280	61,605
Household dissolutions following death	49,082	9,194	58,277
Net household growth within Cheshire East	-1,758	+5,086	+3,328
Impact of existing households falling into need	-6,900	+6,900	-
Impact of existing households climbing out of need	+10,844	-10,844	-
Impact of households migrating to/from the area	+17,980	+4,404	+22,384
Future need for market and affordable housing	+20,167	+5,546	+25,712
Total need for market and affordable housing			
Overall impact of current affordable housing need	-905	+1,249	+344
Future need for market and affordable housing 2010-30	+20,167	+5,546	+25,712
Total need for market and affordable housing	+19,262	+6,795	+26,056
Average annual need for housing	+963	+340	+1,303
Proportion of need for market and affordable housing	73.9%	26.1%	100.0%

^{4.97} To address the **current unmet need** for affordable housing. Figure 38 showed that there were currently 2,057 households in need of affordable housing, but as 808 of these already occupied an affordable home, our previous conclusion was therefore a **net need from 1,249 households (2,057 less 808 = 1,249) who currently need affordable housing and do not currently occupy affordable housing in Cheshire East.**

^{4.98} The **projected future affordable housing need** for the full 20-year projection period 2010-30 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 5,546 households over the period 2010-30**, alongside an increase of 19,262 households able to afford market housing.

^{4.99} Taken together, there is a need to provide additional affordable housing for 6,795 households over the period 2010-30. This is equivalent to 340 households per year and represents 26.1% of the overall housing need identified.

^{4.100} As for the household projections, we have added an additional allowance for vacancies and second homes (once again assuming that 4.0% of dwellings will not have a usually resident household); **this identifies a total affordable housing need of 7,078 dwellings (6,795 plus 4.0% = 7,078) in addition to**

the current stock. This figure can be round to 7,100 and provides for an affordable housing need of 355 dwellings per annum.

^{4.101} 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

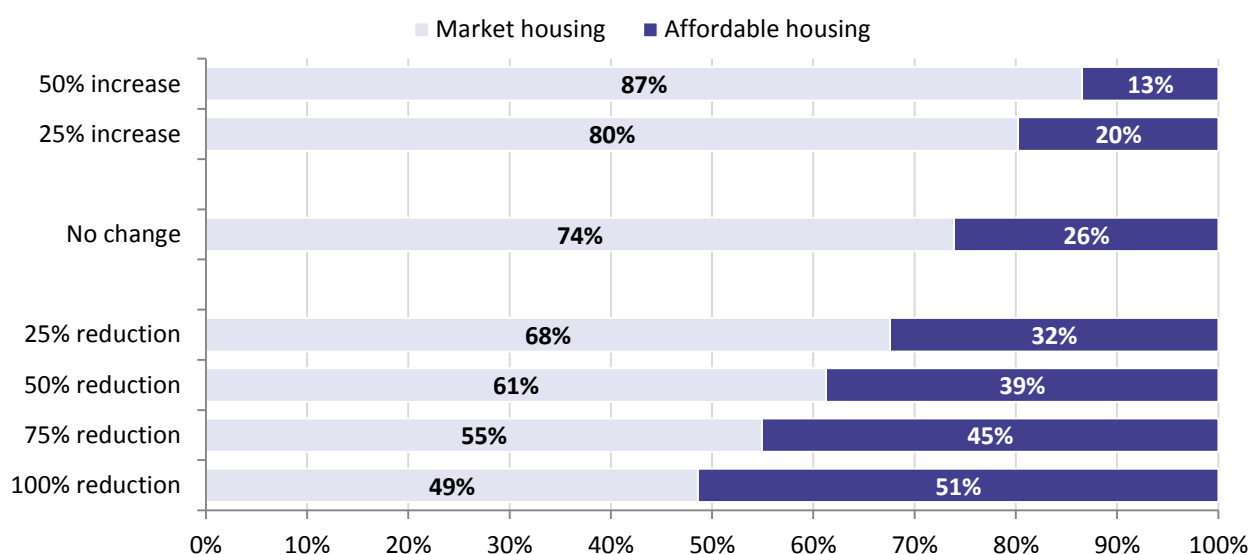
^{4.102} The Model also recognises **the importance of housing benefit and the role of the private rented sector**. The Model assumes that the level of housing benefit support provided to households living in the private rented sector will remain constant; however this is a policy decision which is not in the control of the Council.

^{4.103} **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.

^{4.104} 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.

^{4.105} To sensitivity test this position, Figure 46 shows the impact of reducing (or increasing) the number of households receiving housing benefit to live in the private rented sector.

Figure 46: Theoretical impact of reducing or increasing Housing Benefit support for households living in private rented housing: Balance between market housing and affordable housing 2010-30



^{4.106} If no households were to receive housing benefit support in the private rented sector, just over half (51%) 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.

^{4.107} It is apparent that Cheshire East 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. Nevertheless, providing that 26% of housing was delivered to meet affordable housing need then this would cover both current unmet needs for affordable housing and projected future growth in affordable housing need, so there would be no need to increase overall housing provision.

5. Objectively Assessed Need

Analysing the evidence to establish overall housing need

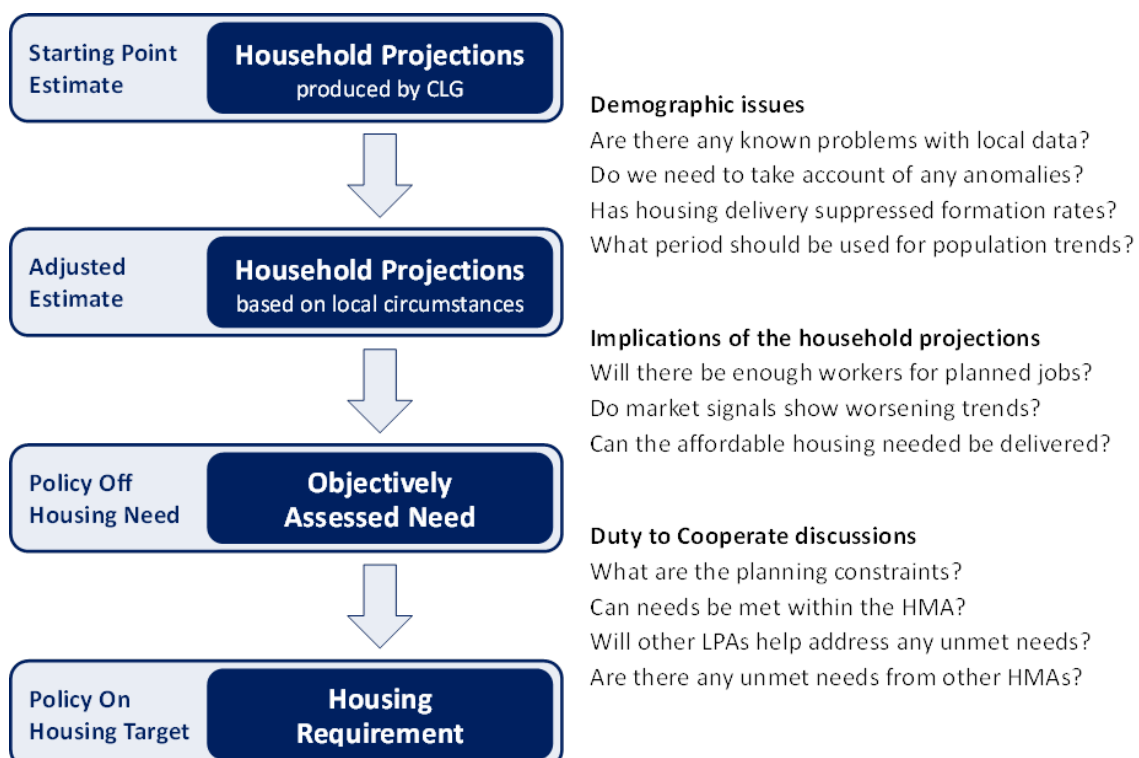
- 5.1 The primary objective of this study is to establish the Objectively Assessed Need (OAN) for housing. The OAN identifies the future quantity of housing that is likely to be needed (both market and affordable) in the Housing Market Area over future plan periods. It is important to recognise that 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 47 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'), as set out in chapter 4, in order to embed the need in the real world.

Figure 47: Process for establishing a Housing Number for the HMA (Source: ORS based on NPPF and PPG)



National Context for England

- 5.3 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).
- 5.4 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

- 5.5 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.
- 5.6 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. 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

- 5.7 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.
- 5.8 However, these estimates for future international migration may be too low. Oxford University research (March 2015)²² 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 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.
- 5.9 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

²² <http://www.migrationobservatory.ox.ac.uk/press-releases/major-new-analysis-regional-migrant-populations-england>

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

- ^{5.10} 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”.
- ^{5.11} 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).
- ^{5.12} 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.
- ^{5.13} 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.
- ^{5.14} 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

- ^{5.15} 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.
- ^{5.16} 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.

- ^{5.17} 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).
- ^{5.18} Development industry campaigners (such as Homes for Britain²³) are supporting a position which requires 245,000 homes to be built in England every year, a figure derived from the Barker Review (2004)²⁴. 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.

Establishing Objectively Assessed Need for Cheshire East

- ^{5.19} The earlier part of this Chapter 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 Cheshire East. Our approach for this section follows the format of the earlier section, albeit with specific reference to Cheshire East. 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.
- ^{5.20} 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

- ^{5.21} 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 11,300 over the initial 10-year period 2012-22, and 23,700 households over the full 25-year period (annual averages of 1,130 and 950 respectively). Household growth over the period 2010-30 is projected to be 21,000 households, an average of 1,050 households per year.
- ^{5.22} 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***

²³ <http://www.homesforbritain.org.uk>

²⁴ http://webarchive.nationalarchives.gov.uk/+/http://www.hm-treasury.gov.uk/barker_review_of_housing_supply_recommendations.htm

*do not take account of future policies, they are an indication of the likely increase in households given the **continuation of recent demographic trends**.*

- ^{5.23} 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

- ^{5.24} ORS has calculated household projections also include a scenario using 10-year migration trends, based on reliable information from the Census for the period 2001-2011. This scenario shows that household numbers across the study area would increase by an average of 1,286 per year over the 20-year period 2010-30 based on long-term migration trends. Providing for an annual increase of 1,286 households yields a housing need of 1,339 dwellings each year.
- ^{5.25} This scenario gives the most reliable and appropriate demographic projection for establishing future housing need, and represents an increase of 23% from the CLG starting point estimate.

Affordable Housing Need

- ^{5.26} 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 344 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 25,712 to 26,056 households (27,142 dwellings) over the 20-year period 2010-30; equivalent to an average of 1,303 households and 1,357 dwellings per year.
- ^{5.27} The housing mix analysis identified that affordable housing need represented 26.1% of this total, therefore there is a need for the Council to provide 7,078 additional affordable homes over the 20-year period (an average of 354 dwellings per year).
- ^{5.28} A viability assessment study entitled, “Cheshire East Council Draft Core Strategy & CIL Viability Assessment October 2013”²⁵ was prepared in 2013. This study concluded that on the basis of 65% social rent and 35% shared ownership (or similar intermediate market products):

This study identified:

- that greenfield residential development is generally viable with the Council’s policy target of 30% Affordable Housing in the Medium, High and Very High value sub-market areas. However, brownfield development is only viable in the very high value sub-market area with 30% Affordable Housing delivery. The appraisals also illustrate that brownfield residential development in the medium and high value zones may be viable if lower levels of affordable housing are permitted at planning application stage. In a possible mid-point future market position where prices recover to a 7.5% increase from Q3 2009 levels, the affordable housing provision is again at 30-35%.*

- ^{5.29} On this basis, it should be viable to deliver at least 7,078 additional affordable homes within an overall housing need of 27,142 dwellings – so there is no need to increase overall housing provision to address

²⁵ <http://www.cheshireeast.gov.uk/pdf/SHMA%202010%20Economic%20Viability%20of%20Affordable%20Housing%20Requirements%20Report.pdf>

the affordable housing need identified. However, as previously noted, providing a higher level of affordable housing could help to reduce the number of households relying on housing benefit in the private rented sector; so the Council will need to consider the most appropriate affordable housing target in this context.

Market Signals

^{5.30} 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)

^{5.31} The Market Signals include:

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

^{5.32} Furthermore, there are other issues that should be considered, for example the macro-economic climate (PAS OAN technical advice note, para 5.22). 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.

^{5.33} 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)

^{5.34} To identify areas with similar demographic and economic characteristics to Cheshire East, 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 Cheshire East shares similar demographic and economic characteristics with **Cheshire West and Chester, North Somerset, Wiltshire and East Riding of Yorkshire**. Therefore, in considering market signals, we have considered these district council areas as appropriate comparators and compared them against Cheshire East.

House Prices

^{5.35} 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 48: Annual house price rates of change, UK all dwellings 2004-2014 (Source: Regulated Mortgage Survey. Note: Not seasonally adjusted)



Figure 49: UK and London House Price Index 2008-2014 (Source: ONS)



^{5.36} 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.

^{5.37} 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.

- 5.38 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.

- 5.39 The Government has 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 are prevented from extending more than 15% of their mortgages to customers needing to borrow 4.5 times their income.

- 5.40 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 LTV at low interest rates.

Local House Prices

- 5.41 House price trends (2001-2013) are shown in Figure 50 and Figure 51 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 50: House Price Trends: Lower Quartile Prices (Source: CLG Live Tables)

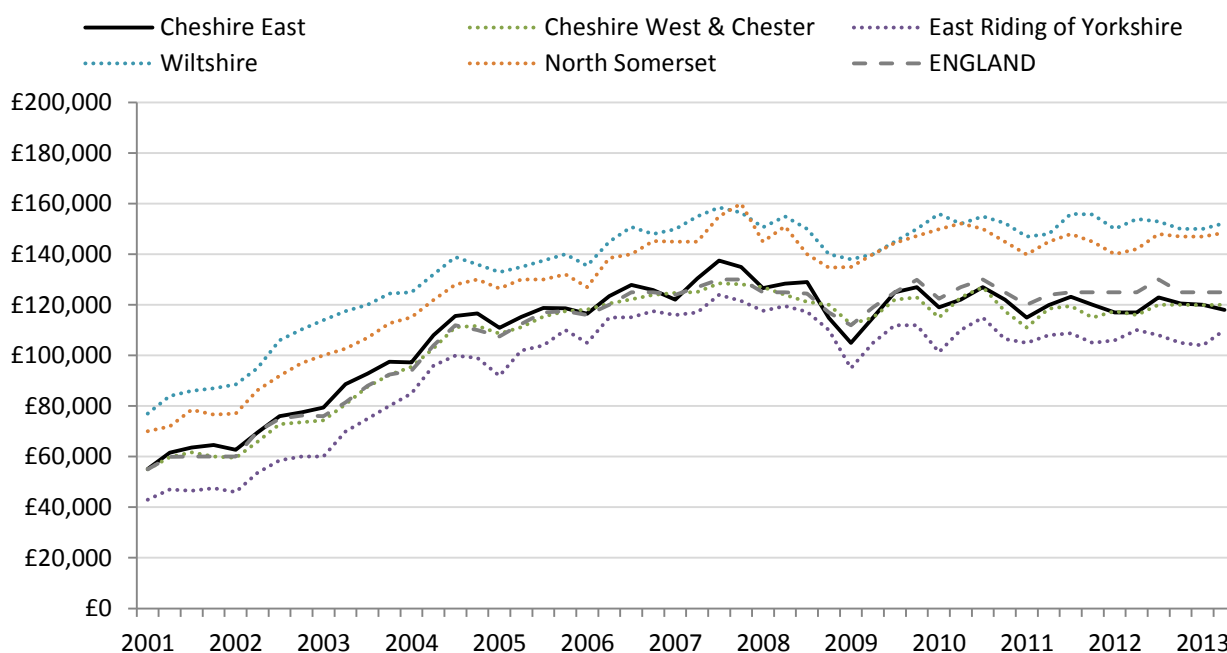
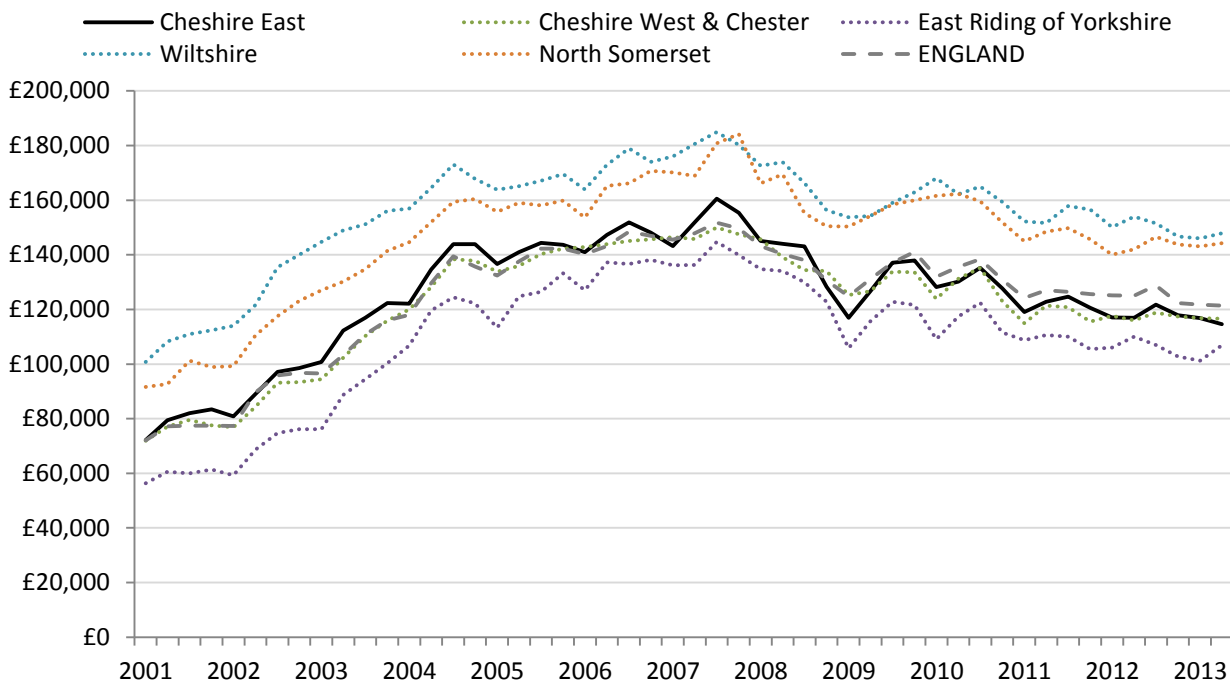


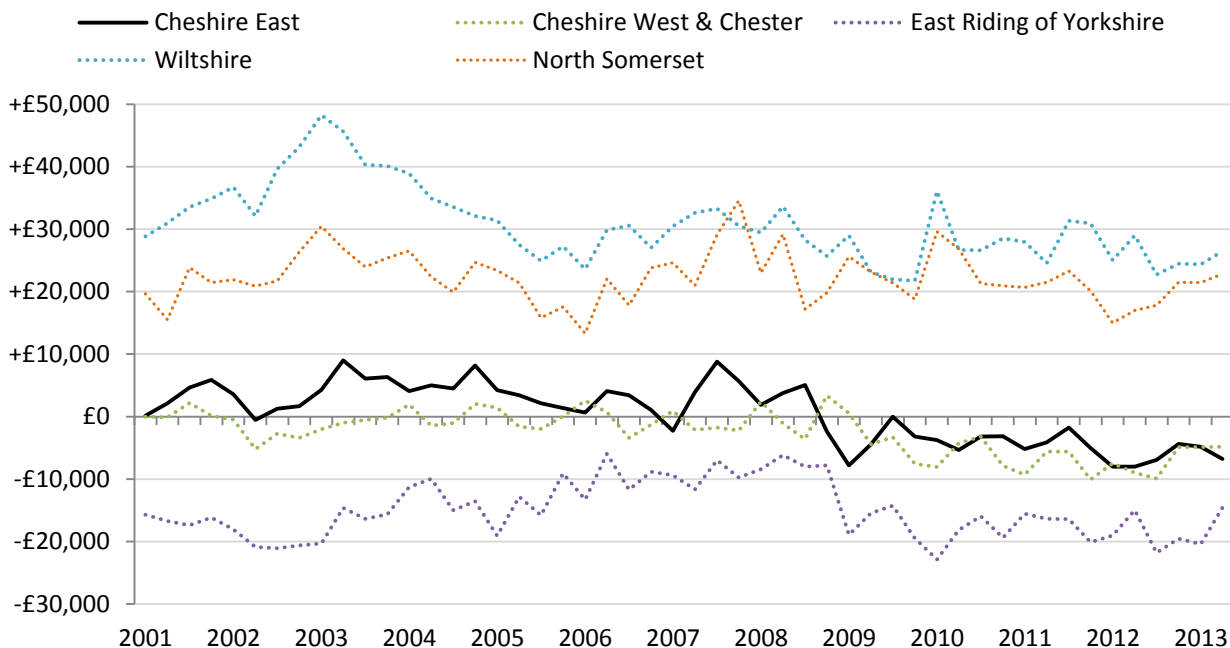
Figure 51: Real House Price Trends: Lower Quartile Prices adjusted to 2012 values using CPI (Source: CLG Live Tables; Bank of England)



^{5.42} It is clear that real house prices in Cheshire East rose sharply in the period 2001-2007 (from £72,100 to £160,400 at 2012 values, a real increase of more than 120%), but they have progressively reduced since that time with real prices at £114,600 in mid-2013 (at 2012 values) which is 28% below their peak.

^{5.43} Figure 52 shows how real house prices in Cheshire East and the comparator areas have varied when compared with the English average. This shows that real house prices in Cheshire East have been very similar to the English average over the entire period since 2001, with a marginal downward trend over the period.

Figure 52: 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)

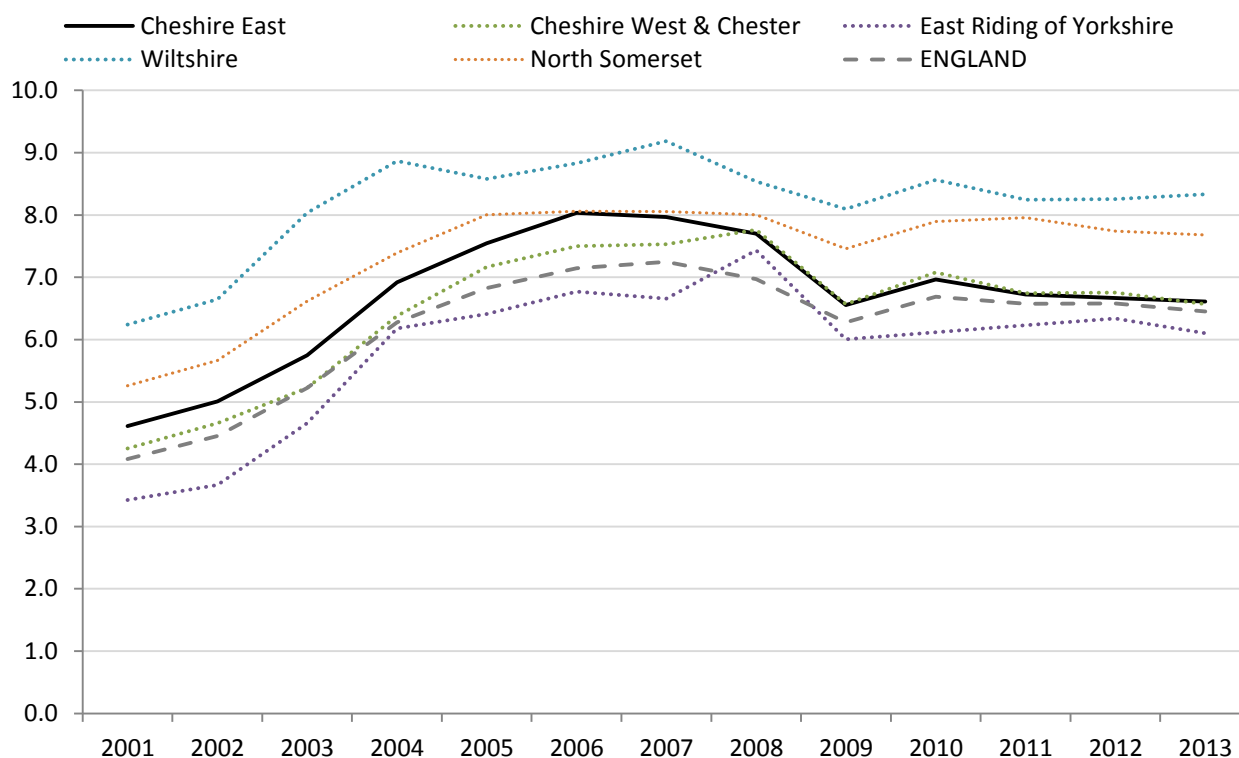


Affordability

^{5.44} Figure 53 shows the ratio of lower quartile house price to lower quartile earnings in Cheshire East 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.

^{5.45} 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 53: Ratio of Lower Quartile House Price to Lower Quartile Earnings (Source: DCLG. Note: HMA figure derived using population weighted average of Local Authority data)

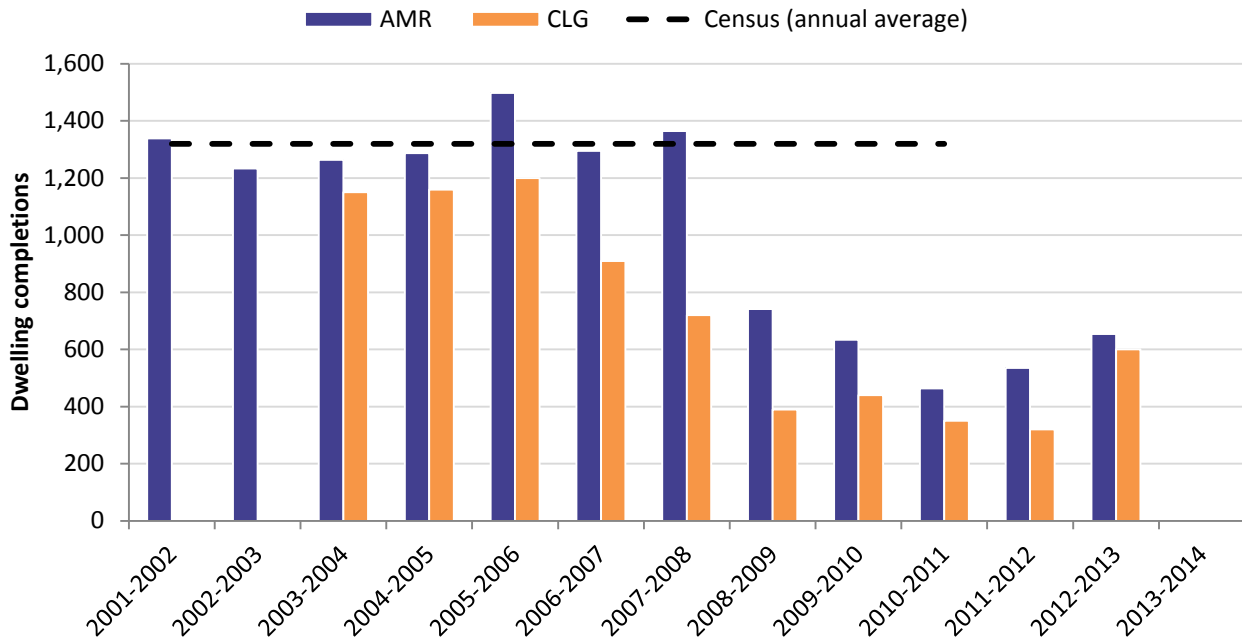


Housing Development

^{5.46} Census data shows that the number of dwellings in Cheshire East increased from 153,000 to 166,200 over the 10-year period 2001-11. This represents an increase of 13,200 dwellings, equivalent to 8.6% 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. Therefore, housing development in Cheshire East has been slightly higher than development across England over the last decade.

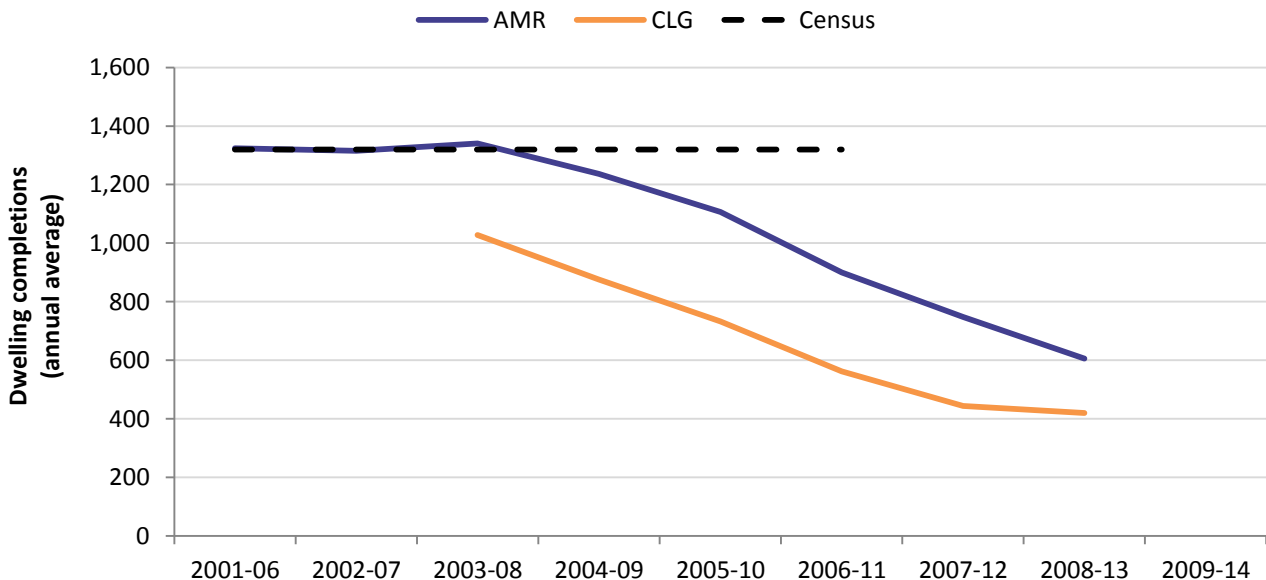
^{5.47} Figure 54 compares the data from the Census against housing completions recorded in the Council's Annual Monitoring Report (AMR) and data on housing completions published by CLG. The AMR data suggests an annual average of 1,110 additional dwellings over the period 2001-11 whilst the CLG data suggests an annual average of 790 additional dwellings over the period 2003-11 (the data for 2001/02 and 2002/03 was not available in 2010-11). Whilst these rates are lower than the increase suggested by the Census, 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 54: Annual Housing Completions for Cheshire East (Source: Cheshire East Annual Monitoring Report; CLG Live Tables; Census 2001 and 2011)



5.48 Figure 55 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 2006.

Figure 55: Trends in 5-year Average Annual Housing Completions for Cheshire East (Source: Cheshire East Annual Monitoring Report; CLG Live Tables; Census 2001 and 2011)



Overcrowding

5.49 Overcrowding was considered in detail when establishing the need for affordable housing, and based on the bedroom standard, we estimated that 2,061 households were overcrowded in Cheshire East (Figure 34) including 762 owner occupiers, 542 households renting privately and 756 households in the social rented sector.

^{5.50} 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.

^{5.51} 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

^{5.52} In terms of headline outputs in Guidance (PPG Paragraph 019), the market signals when compared to relevant comparator areas show:

Figure 56: 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)

		Cheshire East	Cheshire West and Chester	East Riding of Yorkshire	Wiltshire	North Somerset	England
INDICATORS RELATING TO PRICE							
House prices							
Lower quartile house price	2012- 13 value	£120,400	£120,000	£106,800	£151,300	£147,600	£126,200
	Relative to England	-5%	-5%	-15%	+20%	+17%	-
	2007-08 value	£131,800	£126,900	£120,700	£155,200	£152,700	£127,500
	5-year change	-9%	-5%	-12%	-3%	-3%	-1%
Rents							
Average monthly rent	2013- 14 value	£651	£594	£496	£732	£666	£720
	Relative to England	-10%	-18%	-31%	+2%	-8%	-
	2008 value	£430	£444	£325	£504	£493	£501
	5-year change	+51%	+34%	+53%	+45%	+35%	+44%
Affordability							
Lower quartile house price to earnings	2013 ratio	6.6	6.6	6.1	8.3	7.7	6.5
	Relative to England	+2%	+2%	-5%	+29%	+19%	-
	2008 ratio	7.3	7.8	7.4	8.5	8.0	7.0
	5-year change	-9%	-15%	-18%	-2%	-4%	-7%
INDICATORS RELATING TO QUANTITY							
Rate of development							
Increase in stock	2001-11 change	+8.6%	+7.4%	+9.8%	+10.1%	+11.0%	+8.3%
	Relative to England	+4%	-12%	+18%	+22%	+33%	-
Overcrowding							
Overcrowded households	2011 proportion	3.6%	4.2%	3.1%	4.5%	4.6%	8.7%
	Relative to England	-59%	-52%	-64%	-48%	-47%	-
	2001 proportion	3.2%	3.9%	2.7%	3.6%	4.2%	7.1%
	10-year change	+10%	+6%	+17%	+25%	+10%	+23%

- ^{5.53} 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 £120,400 compared to England's £126,250 (based on 2012-13 values). The current price in Cheshire East is higher than in East Riding of Yorkshire, but lower than Wiltshire and North Somerset and similar to Cheshire West and Chester;
 - » **Rents:** for average private sector rents in 2013-14, Cheshire East is lower than the national average. While rents in Wiltshire and North Somerset are higher than Cheshire East, rents in East Riding of Yorkshire are lower; consistent with house prices in those areas. Nevertheless, average rents in all areas have increased significantly in the last 5 years – although the increase in Cheshire East is lower than for East Riding of Yorkshire;
 - » **Affordability** (in terms of the ratio between lower quartile house prices and lower quartile earnings) is currently 'worse' in Cheshire East than across England as a whole (6.6x cf. 6.5), and the rate in Cheshire East is also worse than in East Riding of Yorkshire, although not as 'bad' as North Somerset and Wiltshire. Furthermore, whilst national affordability ratios have improved since 2008, the ratio has improved at a higher rate in Cheshire East than England, but not by as much as in East Riding of Yorkshire or Cheshire West and Chester;
 - » **Rate of development** (in terms of increase in dwelling stock over the last 10 years) shows that development in Cheshire East has been slightly higher than in England (8.6% cf. 8.3%). This rate is lower than all comparator authorities except for Cheshire West and Chester. 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 3.6% of households in Cheshire East are overcrowded based on an objective measure, which is lower than England (8.7%). The proportion of overcrowded households has increased by 10% over the last 10 years. Overcrowding increased by 10% in North Somerset, but by more in England and in most of the other comparator authorities.
- ^{5.54} On the whole, market signals do not indicate any need for an upward adjustment to the housing number: house prices, rents and affordability trends are typically in line with or better than the equivalent rates for England and the comparator areas; and whilst the rate of development has been relatively low in recent years, over the last decade it was higher than the England average.
- ^{5.55} 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 344 over the period 2010-30 (as identified when reviewing affordable housing).
- ^{5.56} 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 including the growth of C2 usage (that would otherwise not be counted) and allowing for vacant and second homes yields an average housing need for Cheshire East of 1,466 dwellings each year. This is the average number of dwellings needed every year over the 20-year period 2010-30 and represents a 0.9% increase in the dwelling stock each year, marginally lower than the England average.

- 5.57 Whilst the uplift for market signals associated with concealed families 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 1,466 dwellings requires current housebuilding rates to increase by 142%** (based on average dwelling completions over the period 2008-13) and represents a rate that is 11% higher than achieved on average over the period 2001-11.

Older People

- 5.58 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

- 5.59 On this basis, all Councils 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. Cheshire East have decided to count Class C2 usage as part of the OAN.
- 5.60 The identified dwelling growth of 1,357 dwellings per annum does not include the projected increase of institutional population, which represents a growth of 2,185 persons over the 20-year Plan period. This increases the overall housing need to 1,466 dwellings each year; 29,327 dwellings over the 20-year period 2010-30.
- 5.61 This increase in institutional population is a consequence of the CLG approach to establishing the household population²⁶, 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”.
- 5.62 Nevertheless, older people are living longer, healthier lives, and the specialist housing offered today may not be appropriate in future years. 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, thereby avoiding expensive hospital and care home services. 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.
- 5.63 Although the institutional population is projected to increase by 2,185 persons over the Plan period (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.

²⁶ Household Projections 2012-based: Methodological Report, Department for Communities and Local Government, February 2015

- ^{5.64} Of course, the increase in institutional population aged 75 or over should only be counted once when establishing the housing requirement; even if bedspaces in residential institutions in Use Class C2 are counted within the housing supply and also some of the housing for older people is provided as specialist housing in Use Class C3. Overall, this would have no net impact on the OAN for Cheshire East.
- ^{5.65} New supply for older people is a complex issue, and any future specialist housing needs to be considered within this wider health and social care policy context. The Council's strategic planning and housing enabling teams will need to work with health and social care teams to ensure a joined-up response to these reforms. In particular, there will be a need to connect health and social care strategies with housing and planning strategies for new specialist accommodation, which may also provide new opportunities to bid for funding.

Students

- ^{5.66} PPG was updated in March 2015 to include specific reference to identifying the needs of students (paragraph 21).

Local planning authorities should plan for sufficient student accommodation whether it consists of communal halls of residence or self-contained dwellings, and whether or not it is on campus. Student housing provided by private landlords is often a lower-cost form of housing. Encouraging more dedicated student accommodation may provide low cost housing that takes pressure off the private rented sector and increases the overall housing stock. Plan makers are encouraged to consider options which would support both the needs of the student population as well as local residents before imposing caps or restrictions on students living outside of university-provided accommodation. Plan makers should engage with universities and other higher educational establishments to better understand their student accommodation requirements.

- ^{5.67} Given that trend-based data that informed the population and household projections included students at all stages of the analysis, the needs of students are included within, and not additional to, the OAN figure identified by the SHMA. As the trend-based data was informed by migration during the period 2001-11, this encompasses the growth experienced by universities and other higher educational establishments during this period; therefore the OAN implicitly assumes that future growth will continue at this rate over the 20-year Plan period 2010-30.
- ^{5.68} The household projections did not assume any growth of students living in communal establishments, so any net increase in bedspaces provided in halls of residence (or other university accommodation) across the area would reduce the demand from student households.

Gypsies and Travellers

- ^{5.69} Planning Policy for Traveller Sites (PPTS) came into force in March 2012. 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.

^{5.70} An April 2015 High Court Judgement, ‘Wenman v SCLG 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 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.”

^{5.71} 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.

^{5.72} 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.

Employment Trends

^{5.73} While demographic trends are key to the assessment of OAN for housing, 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

- 5.74 The demographic analysis has identified that on the basis of providing the 29,327 additional dwellings needed over the 20-year period 2010-30 (25,712 for household growth, 344 for concealed families and homeless households, 2,185 for C2 usage and 1,086 for vacancies and second homes), it is likely that the economically active population would increase by 8,323 persons (Figure 23).
- 5.75 Regular forecasts of jobs growth have been produced for each local authority in Cheshire using the Cheshire and Warrington Econometric Model (CWEM). The CWEM was developed by Cambridge Econometrics to project economic and demographic trends in a consistent manner. It covers a wide range of variables, and is designed to be flexible so that alternative scenarios can be run.
- 5.76 In its submitted Local Plan which was examined in 2014, Cheshire East developed a housing target based on a growth of around 13,900 jobs over the 20-year period 2010-30, which represents around 0.4% employment growth per annum. This figure was queried by the Inspector who suggested that:
- » The economic strategy was unduly pessimistic;
 - » There was a mismatch between the economic strategy and the housing strategy of Cheshire East; and
 - » The proposed level of future housing seems inadequate to ensure success of the overall economic and employment strategy.
- 5.77 In parallel to this work reviewing the OAN for housing, Cheshire East Council commissioned Ekosgen to review the employment projections for the area. Taking the latest projections from the CWEM they have concluded that a growth of around 31,400 jobs would be appropriate for the 20-year period 2010-30, which represents a growth in employment of around 0.7% per annum. The Ekosgen report has concluded that this figure is consistent with the previous performance of the Cheshire East economy and in line with the economic ambitions of the Council.
- 5.78 As a sensitivity check on the figures, Cheshire East also commissioned outputs from another forecasting firm, Oxford Economics. These projections suggest possible jobs growth for Cheshire East of around 38,600 jobs over the 20-year period 2010-30, and this represents around 0.9% per annum. However, on balance, Ekosgen consider that the Oxford Economics forecast is probably over-optimistic and they therefore favour the Cambridge Econometrics CWEM outputs: 31,400 extra jobs over the period 2010-30.
- 5.79 As previously noted, the demographic analysis (based on 10-year migration trends) identified that the economically active population in Cheshire East would increase by 8,323 people over the 20-year period 2010-30 (around 420 per year on average). In addition, the number of unemployment benefit claimants recorded by DWP reduced by 4,526 over the period March 2010 to March 2015, therefore jobs growth from 2010 onwards has been at least partially accommodated by falling unemployment and it is therefore important to factor these workers into the analysis. Whilst it is possible that further jobs growth will also further reduce unemployment, we have not made any allowance for this and have assumed that unemployment does not fall from the level recorded in March 2015. However, we have also assumed that there will be no additional unemployed people as a result of population growth.
- 5.80 Considering the growth in the economically active population together with the reduced unemployment, the number of available workers is likely to increase by around 12,849 over the 20-year period 2010-30, equivalent to an average of around 642 additional workers each year. However, there are a number of factors which should be considered when relating jobs to workers, particularly the issue of commuting:

- » **Out-commuting:** Based on 2011 Census commuting flows, 71.2% of working residents in Cheshire East are also employed in the local area. This implies that 28.8% commute to jobs outside the area. Therefore, of the additional 12,849 workers, we would expect 9,149 (71.2%) to work locally and 3,701 (28.2%) would commute outside of the area (assuming no change in commuting patterns). On this basis, we have assumed that the number of workers that out-commute from Cheshire East will increase by 3,701 over the 20-year period 2010-30.
- » **In-commuting:** at the time of the 2011 Census, 29.1% of jobs in Cheshire East were filled by people travelling in from other authorities. Therefore, a jobs growth of 31,410 over the period 2010-30 is likely to draw in 9,142 (29.1%) additional in-commuters; leaving 22,268 extra jobs that need to be filled by workers living in the area (again assuming no change in commuting patterns).

^{5.81} It is also important to recognise that the jobs forecast by the CWEM include full-time and part-time work, and some workers may have more than one job. Whilst the 2011 Census identified that the workplace population was 183,324 people working in Cheshire East, the CWEM model identified 194,878 jobs in the area at that time. Given that the jobs number was 6.3% higher than the number of workers, we can conclude that 6.3% of workers were “double jobbing”. If we assume this ratio of people holding more than one job continues, providing sufficient people for 22,268 additional jobs would need an extra 20,948 workers living in Cheshire East.

^{5.82} When these factors are properly considered, we can conclude that the demographic projections would provide 9,149 extra workers locally whereas 20,948 extra workers would be needed. **There is therefore a shortfall of 11,799 workers based on the increase in jobs that is currently forecast.** Without an increase in the housing number to provide more additional workers in Cheshire East, commuting patterns would have to change with more workers travelling to work in the authority each day.

^{5.83} To increase the number of workers resident in the area would require a higher level of net inward migration. Figure 57 provides a summary of the additional population required to balance jobs and workers based on a growth of 31,400 jobs (31,410 before rounding) over the period 2010-30.

Figure 57: Summary of key indicators to balance jobs and workers

	10-year migration trend		Uplifted for extra workers	
	Total 2010-30	Annual rate	Total 2010-30	Annual rate
NET CHANGE				
Economically active population	+8,323	+416	+20,123	+1,006
Unemployment	-4,526	-226	-4,526	-226
Total workers living in Cheshire East	+12,849	+642	+24,649	+1,232
Out-commuters	+3,701	+185	+3,701	+185
Residents working in Cheshire East	+9,149	+457	+20,948	+1,047
Total jobs	+31,410	+1,571	+31,410	+1,571
In-commuters	+9,142	+457	+9,142	+457
Total jobs to be filled locally	+22,268	+1,113	+22,268	+1,113
Total workers required	+20,948	+1,047	+20,948	+1,047
Balance between jobs and workers	-11,799	= -590	=	=
OVERALL HOUSING NEED				
Total population	+41,571	+2,079	+62,641	+3,132
Natural growth (births minus deaths)	+3,944	+197	+6,691	+335

Net migration	+37,627	+1,881	+55,950	+2,797
Total households	+25,712	+1,286	+33,804	+1,690
Concealed families and homeless households	+344	+17	+344	+17
Vacancies and second homes	+1,086	+54	+1,423	+71
C2 bedspaces	+2,185	+109	+2,301	+115
TOTAL HOUSING NEED	+29,327	+1,466	+37,871	+1,894

- ^{5.84} Both scenarios assume that in-commuting will increase by 9,142 workers (based on the number of extra jobs available) and that out-commuting rises by 3,701 workers; therefore net in-commuting to Cheshire East would increase by 5,441 workers over the 20-year period 2010-30 (an average change of 272 per year, which is comparable to the rate of change experienced between 2001 and 2011).
- ^{5.85} It might be assumed that a larger population growth would also lead to a larger growth in out-commuting – however this would fundamentally be influenced by employment opportunities outside Cheshire East, which are assumed to be the same in both scenarios. In practice, increasing the number of jobs available in Cheshire East could actually reduce existing levels of out-commuting (given the better work prospects locally); however the alternative scenario to uplift for extra workers assumes no further change to either commuting flow.
- ^{5.86} To ensure sufficient workers are available locally for the projected jobs growth would clearly require an increase in the number of dwellings provided: it is likely that around 37,871 extra dwellings will be needed over the 20-year period 2010-30, equivalent to an average of 1,894 per year (taking account of vacant and second homes and including the need for Class C2 usage bedspaces). **This identified figure of 1,894 dwellings would require current housebuilding rates to triple** (based on average dwelling completions over the period 2008-13) and represents a rate that is over 40% higher than achieved on average over the period 2001-11.
- ^{5.87} It is important to recognise that the **figure of 1,894 dwellings per annum is not the OAN for Cheshire East**. PPG is clear that the OAN must consider the balance between migration and commuting in addressing any shortfall of economically active population in an area. Therefore, there is a potential range for the OAN from 1,466 dwellings per annum where all of the adjustment for additional workers falls on commuting, to 1,894 dwellings per annum where all of the adjustment falls on migration. To provide a more refined figure within this range requires more detailed analysis of migration and commuting flows and cannot simply rely upon a mechanistic formula where all of the imbalance is addressed through migration changes.
- ^{5.88} Achieving a balance between jobs and workers on the basis of providing 1,894 more dwellings per annum would require the population growth to increase from an average of 2,079 persons to 3,132 persons each year, an additional 1,053 persons annually. This would primarily be due to increased migration flows (although the number of births and deaths will also change given a larger population living in the area). Net migration would need to increase from an annual average of 1,881 persons (as projected by the scenario based on 10-year migration trends) to 2,797 persons each year.
- ^{5.89} Figure 14 identified that net migration for the first three years of this period was a gain of 1,107 persons in 2010-11, a gain of 885 in 2011-12 and a gain of 405 in 2012-13. Therefore, to achieve the average of 2,797 migrants over the period 2010-30 requires the average for the remaining 17-year period (from 2013-30) to be 3,150 persons each year. Given that the highest net migration to Cheshire East recorded in any year since 1991 was 2,600 persons (in 2006-07) and the highest net migration sustained for a 5-year period was an average of 2,242 persons per year (over the period 2002-07), an

increase to 3,150 persons would evidently require a step-change in the number of movers choosing to live in Cheshire East.

- ^{5.90} Given this context, and in particular given the unprecedented levels of migration that this would require, this level of housing delivery may not be achievable. It is likely that **balancing future jobs and workers will inevitably involve changes to both migration flows and commuting flows, to ensure that both are sustainable over the longer-term.**
- ^{5.91} If net migration was to average 2,600 annually over the period 2010-30 (the highest level recorded in any single year since 1991), the consequence for net in-commuting to Cheshire East would be a further increase of 2,538 workers over the 20-year period (an average of 127 per year) – so the overall increase in net in-commuting from 2010-30 would be 7,979 workers (5,441 workers from the baseline analysis plus the extra 2,538 assumed to moderate net migration). This equates to an average increase of almost 400 workers commuting into the area (or a reduction of 400 workers commuting out of the area) each year.
- ^{5.92} Over the period 2001 to 2011, net commuting to Cheshire East reduced from 4,400 to 1,400 (an average change of 300 per year); so an increase of 400 commuters annually would suggest that net in-commuting would reach 9,000 by 2030. Given that this represents less than 5% of the total projected jobs, this growth seems reasonable – and is still predicated on net migration being sustained at the highest level recorded in any single year. **Achieving this growth would need 35,675 dwellings to be provided over the 20-year period 2010-30, equivalent to an average of 1,784 per year** (taking account of vacant and second homes and including the need for Class C2 usage bedspaces). On balance, we would recommend that this should be considered as **the estimate of housing need for the area.**

Conclusions

- ^{5.93} We have calculated Objectively Assessed Need based on demographic projections and assessed these against Market Signals to determine if a higher rate of housing delivery is necessary to address housing market problems. This study has followed all appropriate guidance and we consider that the assumptions and analysis used in the report represent a reasoned and logical response to the calculation of Objectively Assessed Need for Cheshire East.
- ^{5.94} CLG Household Projections suggest that household numbers across Cheshire East will increase by an average of 1,050 per year, based on short-term migration trends. However, demographic projections based on 10-year migration trends provide a more reliable and appropriate basis for establishing future housing need. This study has identified an **increase of 25,712 households over the 20-year period 2010-30, an average of 1,286 households per year.** Providing for an annual increase of 1,286 households yields a housing need of 1,339 dwellings each year (assuming a rate of 4.0% for vacancies and second homes).
- ^{5.95} Based on affordable housing needs analysis, it seems unlikely that an increase in the total housing figures would be necessary to address the affordable housing need identified – but an increase in the total housing figure would inevitably help deliver more affordable homes; and providing a higher level of affordable housing could help to reduce the number of households relying on housing benefit in the private rented sector. **Therefore, it may be advantageous to consider an uplift to the household projection when establishing OAN to help deliver more affordable homes.**

- ^{5.96} It is also necessary to count a further 109 bedspaces per year to account for the projected increase of older persons living in Class C2 usage dwellings who are not included in the household projections. This increases the overall housing need to 1,449 dwellings each year with each Class C2 usage bedspace counted as an additional one need; 28,969 dwellings over the 20-year period 2010-30. This represents an increase of 33% from the CLG starting point estimate.
- ^{5.97} We have identified that the overall housing need should be increased by 344 households to take account of concealed families and homeless households that would not be captured by the household projections, which yields an average housing need for Cheshire East of 1,466 dwellings each year (taking account of vacant and second homes and including the need for Class C2 usage bedspaces). This adjustment responds to identified un-met need for affordable housing; however it is also forms part of the response to Market Signals – but as this uplift represents less than 2% of the projected household growth, it may be appropriate for a further uplift in response to other Market Signals. There is no single formula that can be used to consolidate the implications of the Market Signals information, but an **increase for Market Signals should be set at a level that is reasonable and that could be expected to improve affordability.**
- ^{5.98} When we consider the balance between workers and jobs, the population projection based on 10-year migration trends suggests that there is likely to be a shortfall of around 11,800 workers over the 20-year period 2010-30. Addressing this shortfall through migration alone would increase the need to 1,894 dwellings each year, but the migration levels necessary to achieve this are unprecedented. Therefore, instead of relying on migration alone to address this shortfall, it is appropriate to balance migration flows and commuting flows to ensure that both are sustainable over the longer-term.
- ^{5.99} Based on net migration being sustained at 2,600 persons annually over the 20-year period (which is equivalent to the highest level recorded in any single year since 1991), net commuting will need to increase by 400 commuters annually over the same period. On this basis, net commuting would reach 9,000 by 2030 (compared to 4,400 in 2001 and 1,400 in 2011) which represents less than 5% of the total projected jobs. Achieving this growth would need an average of 1,784 dwellings each year (taking account of vacant and second homes and including the need for Class C2 usage bedspaces). This should be considered the estimate of housing need, however there is clearly a need to **increase the number of dwellings provided to ensure sufficient workers are available locally for the projected jobs growth.** A marginally lower target would lead to a greater change in commuting patterns; however it is likely that increased job opportunities in the local area will lead to less out commuting as well as attracting in the in-commuters currently projected.
- ^{5.100} It is clear that the housing number for period 2010-30 should be increased from the “starting point” of 21,000 households based on the CLG 2012-based household projections; and whilst the 25,700 households identified based on 10-year migration trends provides a more appropriate baseline (which equates to a need for 29,000 dwellings, taking account of vacant and second homes and including the need for Class C2 usage bedspaces) there is need to increase the housing number further to help balance future jobs and workers in particular. However, it is important to recognise that as well as yielding extra population and workers, any increase in housing will also respond to Market Signals and help provide affordable housing – so the increases identified are not cumulative, and providing the homes required to balance jobs and workers will help ease market pressure and enable more affordable housing to be delivered through the planning system.
- ^{5.101} Considering all of the evidence, we therefore conclude that the **Objectively Assessed Need for Housing in Cheshire East is 36,000 dwellings over the 20-year period 2010-30, equivalent to an average of**

1,800 dwellings per year. This includes the Objectively Assessed Need for Affordable Housing of a minimum of 7,100 dwellings over the same period, equivalent to an average of 355 dwellings per year.

- ^{5.102} This is 23% higher than the housing need based on demographic projections using 10-year migration trends (incorporating Class C2 usage and the response to market signals for concealed families); and an overall uplift of more than 65% from the CLG starting point estimate. It represents a 1.1% increase in the dwelling stock each year (equal to the England average), a rate that is over 35% higher than achieved on average over the period 2001-11.
- ^{5.103} In conclusion, this Objectively Assessed Need for Housing provides a clear response to Market Signals and contributes significantly to the likely shortfall of workers that has been identified, whilst recognising that there will also be changes to commuting patterns in future that will need to be considered. As part of the process of implementing housing policy, this evidence should be used by the Council to derive the housing requirement for the Borough considering such issues as the deliverability of new housing

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

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 C

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