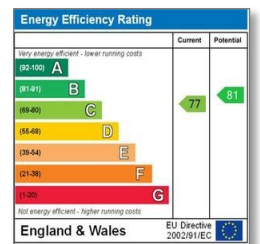




North Somerset Local Housing Needs Assessment

Report of Findings
October 2023





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Executive Summary

Summary of Key Findings and Conclusions

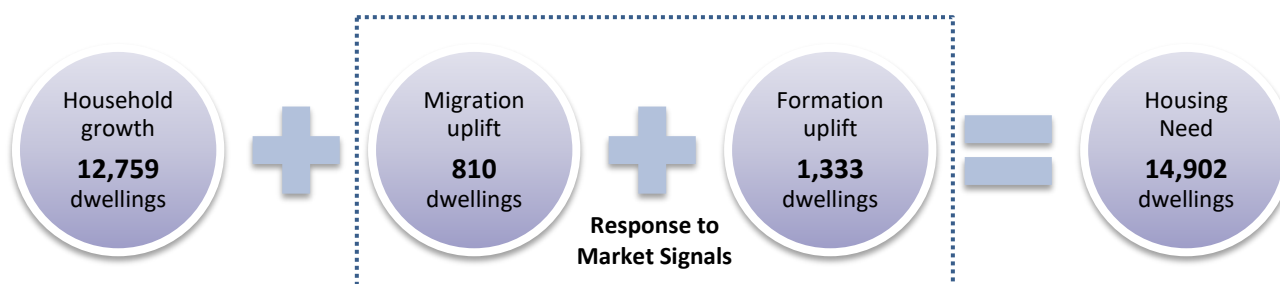
Introduction

1. North Somerset Council appointed Opinion Research Services (ORS) to prepare a Local Housing Needs Assessment (LHNA).
2. The latest National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG) sets out how Local Plans should provide for objectively assessed needs for housing (including affordable housing). This LHNA provides robust evidence about the need for housing over the period 2024-2039.

Establishing Local Housing Need

3. The NPPF confirms that planning authorities should normally use the standard methodology to establish a minimum Local Housing Need (LHN) figure. Using the process set out in Planning Practice Guidance for Housing Needs Assessments [ID 2a-004-20201216] the minimum annual Local Housing Need figure can be established as 1,347 dwellings per year.
4. Upon undertaking an independent review of the evidence, the standard method calculation does not appear to provide a reliable assessment of local housing need for North Somerset. Therefore, the LHNA has been prepared based on the local housing need identified by the detailed analysis of local evidence which yields an overall need of 993 dwellings per annum (dpa).
5. 993 dwellings per annum translates to 14,900 dwellings over the 15-year Plan period. This represents 2,143 dwellings additional to those in the household projection-based housing need. This additional need is made up from two elements (Figure 1):
 - » Enabling more households to form¹ (from the pent-up housing demand) = 1,333 dwellings
 - » Enabling more net inward migration² = 810 dwellings

Figure 1: Components of the evidence-based annual Local Housing Need figure for North Somerset



¹ Based on the assumption that household formation rates for all age groups under 45 are currently constrained and allowing them to return to the equivalent rates recorded in 2001.

² Once household formation rates reach the 2001 level any additional uplift is assumed to provide housing for an additional population based on increased net migration.

6. The demographic projections for the LHNA are based on the latest official projections and cover the 15-year period 2024-39. They are informed by the latest ONS mid-year estimates (for the period to mid-2021) and outputs from the 2021 Census and take account of the most up-to-date fertility and mortality rates and the latest migration trends.

Summary of Low-Cost Home Ownership Options

7. The LHNA considers in some detail the relative cost of low-cost home ownership options depending on tenure type and property size based on standardised shared ownership products. However, local authorities have the option of introducing products with alternative discounts where viable. To assist in this, Figure 2 summarises the cost for each property size based on a range of potential shared ownership equity shares, first homes discounts and 20% discounted market sales housing (see 2023 NPPF Glossary – affordable housing (c), page 64), as compared to various rent levels.

Figure 2: Comparison of weekly Shared Ownership/First Homes costs by property size and equity share (Source: VOA 2021-2022, Land Registry, ORS model. Assumptions as in Figure 49 excluding equity share.)

North Somerset	10% Equity Share	25% Equity Share	40% Equity Share	50% Equity Share	50% First Homes	60% First Homes	70% First Homes	80% Discount LCHO
1 bed	£124.86	£146.56	£168.27	£182.74	£106.86	£128.23	£149.60	£170.97
2 bed	£157.41	£185.27	£213.12	£231.70	£137.14	£164.57	£192.00	£219.43
3 bed	£204.46	£241.21	£277.96	£302.46	£180.92	£217.10	£253.29	£289.47
4+ bed	£271.96	£321.47	£370.97	£403.98	£243.72	£292.46	£341.20	£389.95

KEY	Below Affordable Rent: X<AR	Above Affordable Rent and below Max LHA: AR<X<LHA	Above max LHA and below Lower Quartile Rent: LHA<X<LQ	Above Lower Quartile Rent and below Median Rent: LQ<X<Median	Above Median Rent Median<X
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Assessing the Needs of Households Unable to Afford Market Rent

8. The ORS Housing Mix Model considers the need for market and affordable housing on a long-term basis that is consistent with household projections. The model uses a range of secondary data sources to build on existing household projections and profile how the housing stock will need to change in order to accommodate the projected future population.
9. 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.
10. Based on a detailed review of both the past trends and current estimates analysis concludes that 1,700 households in North Somerset are currently living in unsuitable housing and 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.
11. Of these households, 460 currently occupy affordable housing that does not meet the current householders' needs, mainly due to overcrowding. Providing more suitable housing for these households will enable them to vacate their existing affordable housing property, which can subsequently be allocated to another (smaller) household in need of affordable housing.

12. There is, therefore, a net current affordable housing need of 1,240 households (1,700 less 460 = 1,240). However, depending on property types and size of households in need, a higher number of new homes may be needed to ensure there is no overcrowding.

Future Need for Affordable Housing

13. In addition to those who cannot currently afford market housing, it is also necessary to consider those households who will arise in the future; and households that can afford market rents but aspire to home ownership.
14. The ORS Model identifies new households projected to form in North Somerset each year, along with the number that will be unable to afford their housing costs. The model also considers new households migrating to the area which results in the total new households in need of affordable housing.
15. The model also identifies the households are likely to dissolve following the death of all household members. Many of these households will own their homes outright, however, some of these are likely to have been unable to afford market housing and will mostly be living in social rented housing (Figure 40).
16. In addition, some households that are unable to afford housing will migrate away from the area, so their needs should be discounted to ensure consistency with the household projections. The model identifies the households that will migrate out of the area each year, including those households who are unable to afford their housing costs.
17. Figure 3 below brings together the information on assessing the unmet need for affordable housing in 2020 and the associated impact on market housing, together with the future need for market and affordable housing arising over the 15-year period 2024-39.

Figure 3: Assessing total need for market and affordable housing for the City of North Somerset (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

NORTH SOMERSET 2024-39	Households able to afford market rent	Households unable to afford market rent	Overall Housing Need
Unmet need for affordable housing in 2024 (see Figure 37)			
Total unmet need for affordable housing (a)	-	1,700	1,700
Supply of housing vacated (b)	989	460	1,449
Current housing need (c) = (a) - (b)	-989	+1,240	+251
Projected future housing need 2024-39 (see Figure 42)			
Average annual housing need (d)	598	188	786
Future housing need (e) = (d) x 15	+8,970	+2,818	+11,787
Total need for market and affordable housing (f) = (c) + (e)	+7,980	+4,058	+12,038
Average annual household growth (g) = (f) / 15	+532	+271	+803

18. Overall, in North Somerset, there is a need to provide affordable housing for 4,058 households unable to afford to rent or buy over the Plan period 2024-39, which equates to **271 households per year**.

Assessing the Needs of Households Aspiring to Homeownership

19. The new emphasis on households that cannot afford to own their home reflects Government concerns that the proportion of owner occupiers has reduced nationally over the last ten to fifteen years. Estimates from the English Housing Survey suggest that the proportion of owner occupiers reduced from around 69% in 2006 to 65% in 2011 and to 63% by 2016. Over the same period the proportion of households renting from a social landlord also reduced from 19% to 17% whilst the proportion renting privately increased from 12% to 20%.
20. Based on an analysis of EHS and local level household data, we can estimate that there is a total of around 5,057 households currently residing in North Somerset who cannot afford to own their own home but would aspire to do so.
21. In addition to the current need, it is also important to consider new households that are projected to form over the period to 2039. Through combining this data with the aspiration data from the EHS, we can conclude that it is likely that there would be a further 4,730 households that form over the 15-year period who will be able to afford to pay market rent but are unlikely to own, despite that being their aspiration. Together, this yields a total of 9,787 households who do not own their own home but aspire to do so. However, it is likely that around 1,198 of these households could afford homeownership despite having chosen to currently rent, and these households should not be counted as part of the need for affordable homeownership.
22. Overall, in North Somerset there are likely to be 8,589 households who aspire to homeownership who are unlikely to own their own home over the period 2024-39, a net annual need of 573 per year.
23. Neither the NPPF nor PPG identify that any affordability criteria should be applied to those households who aspire to homeownership but cannot afford to buy their own home. However, it is appropriate to consider the extent to which these households could afford affordable homeownership products.
24. Of the 8,589 households who aspire to homeownership and cannot afford to buy, it is likely that around 3,169 households would have incomes too low to have a realistic prospect of being able to afford 50% of open market values, and of the remaining households it is estimated that there would be 3,956 where the household had savings of less than £5,000 and were therefore unable to afford the assumed deposit (and other up-front costs) of purchasing a home in the local area (Figure 4).

Figure 4: Affordable homeownership housing mix by household affordability in North Somerset 2024-2039 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

NORTH SOMERSET 2024-39	Households aspiring to homeownership who cannot afford to buy	MINUS households unable to afford 50% of newbuild LQ	Households able to afford 50% of newbuild LQ	MINUS households with savings of less than £5,000	Households able to afford with savings of £5,000 or more
1 bedroom	1,755	578	1,177	795	383
2 bedrooms	3,708	1,188	2,519	1,912	608
3 bedrooms	2,612	1,091	1,522	1,130	392
4+ bedrooms	514	313	201	120	82
TOTAL	8,589	3,169	5,420	3,956	1,463

25. On this basis, there are estimated to be around 1,463 households that aspire to homeownership but cannot afford to buy, who also have at least £5,000 in savings and incomes above the relevant threshold. This represents only 17% of the total 8,589 that was originally identified.

Local Housing Need

26. Figure 5 identifies the overall dwelling mix based on the analysis of Local Housing Need over the 20-year period 2024-2039 together with the identified need for affordable housing, allowing for a proportion of dwellings without a usually resident household. This is based on the summary of households unable to afford market rent (Figure 36) and those aspiring to homeownership but unable to afford to buy (Figure 42) with the overall affordable housing need subtracted from the overall Local Housing Need to establish the need for market housing.
27. Therefore, the LHNA identifies an overall affordable housing need of around 5,547 dwellings delivered over the 15-year period 2024-39, equivalent to 37.2% of the LHN. This will provide for the needs of all households unable to afford to rent or own market housing and also provide for those households who aspire to homeownership but who cannot afford to buy, where there is a realistic prospect of those households being able to purchase an affordable homeownership product.
28. The analysis further disaggregates those aspiring to homeownership into households that could afford First Homes with a 30% discount and those that able to afford First Homes with a 40% or a 50% discount, though unable to afford with a lesser discount. These latter groups will therefore require the provision of a more accessible product than 70% First Homes (e.g., a form of shared ownership, First Homes with a larger discount, or similar).

Figure 5: Overall need for Market and Affordable Housing in North Somerset 2024-39 by property type and size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

NORTH SOMERSET 2024-39	Affordable Housing Need – Unable to afford Social Rent	Affordable Housing Need – Unable to afford Affordable Rent	Affordable home ownership based on First Homes with 50% discount	Affordable home ownership based on First Homes with 40% discount	Affordable home ownership based on First Homes with 30% discount	Total Affordable Housing	Total Market Housing	Total Housing
Number of Dwellings								
1 bedroom Flat	465	115	58	59	249	946	195	1,141
2+ bedrooms Flat	532	227	77	73	258	1,167	653	1,820
1-2 bedrooms House	598	256	42	42	153	1,091	959	2,050
3 bedrooms House	987	494	96	87	198	1,861	4,530	6,390
4 bedrooms House	221	117	65	0	0	404	2,099	2,503
5+ bedrooms House	42	22	14	0	0	78	439	517
ALL DWELLINGS	2,845	1,232	352	261	858	5,547	8,874	14,421
Allowance for C2 provision (equivalised)	-	-	-	-	-	-	-	481
TOTAL HOUSING NEED	2,845	1,232	352	261	858	5,547	8,874	14,902
Percentage of Dwellings								
1 bedroom Flat	3.2%	0.8%	0.4%	0.4%	1.7%	6.6%	1.4%	7.9%
2+ bedrooms Flat	3.7%	1.6%	0.5%	0.5%	1.8%	8.1%	4.5%	12.6%
1-2 bedrooms House	4.1%	1.8%	0.3%	0.3%	1.1%	7.6%	6.7%	14.2%
3 bedrooms House	6.8%	3.4%	0.7%	0.6%	1.4%	12.9%	31.4%	44.3%
4 bedrooms House	1.5%	0.8%	0.5%	0.0%	0.0%	2.8%	14.6%	17.4%
5+ bedrooms House	0.3%	0.2%	0.1%	0.0%	0.0%	0.5%	3.0%	3.6%
ALL DWELLINGS	19.7%	8.5%	2.4%	1.8%	5.9%	38.5%	61.5%	100.0%
Affordable Housing Need	51.3%	22.2%	6.3%	4.7%	15.5%	100.0%	-	-

Housing for Older People

29. The LHNA has considered the need for specialised older person housing as summarised below (Figure 6).

Figure 6: Modelled Need for Specialist Older Person Housing in North Somerset 2024-39

Form of Provision	Existing supply	Baseline Rate per 1000 persons aged 75+	Target Rate per 1000 persons aged 75+	Baseline need in 2024	New need arising 2024-2039	Gross need in 2039	Net need 2024-2039
Housing with Support	2,500	85	93	2,724	775	3,499	999
Owned	1,085	37	43	1,260	358	1,618	533
Rented	1,415	48	50	1,465	416	1,881	466
Housing with Care	380	13	22	644	183	828	448
Owned	126	4	10	293	83	376	250
Rented	254	9	12	352	100	451	197
TOTAL	2,880	98	115	3,369	958	4,327	1,447
Owned	1,211	41	53	1,553	441	1,994	783
Rented	1,669	57	62	1,816	516	2,333	664

30. The baseline need has been derived through applying the target rates to the total population in 2024, and the new need arising over the 15-year period 2024-2039 applies the same rates to the projected change in population over that period. Summed together, these yield the gross need in 2039; and the net need is calculated through offsetting the existing supply.
31. Based on this analysis, there is an identified need for an additional 1,447 specialist older person housing units over the 15-year Plan period 2024-2039, including 999 units of Housing with Support (533 owned and 466 rented) and 448 units of Housing with Care (250 owned and 197 rented).

Need for Accessible and Adaptable Dwellings

32. The ORS model uses the national English Housing Survey together with data about relative levels of limiting long-term illness and disability in North Somerset to estimate the number of households likely to require adaptations or needing to move to a more suitable home in the housing market area.

Figure 7: Households with a long-term illness or disability in North Somerset by effect on housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

NORTH SOMERSET	TOTAL	% of LHN
Existing need in 2024		
Households where an existing illness or disability affects their housing need and need to move in 2024	799	-
Projected future need 2024-39		
Additional households in 2039 where illness or disability affects their housing need or will develop within 10 years	8,961	-
Maximum need for adapted housing 2024-39 (households)	9,760	67%
Less households living in dwellings adaptable to M4(1) standard	5,564	-
Minimum need for adapted housing 2024-39 (households)	4,196	29%

33. There is inevitably uncertainty about how many households will be able to meet their housing needs without moving and how many will move to existing homes rather than new housing. Nevertheless, the minimum of 4,196 households and maximum of 9,760 households identified in Figure 7 provide an appropriate range for the local authority to consider when deciding how many dwellings to build to the M4(2) Category 2 standard.

Housing for Wheelchair Users

34. The overall need calculated in the previous section represents the combined need for both M4(2) Category 2 and M4(3) Category 3 housing. Households with a wheelchair user are included within the definition of households having a health problem or disability that affects their housing need.
35. Through combining the information on local rates with the national data, we can establish the proportion of households in each authority likely to have a wheelchair user by the age of the household representative in market housing and affordable housing. If we apply these proportions to the population and household data for the area then we can identify the net change in the number of households with a wheelchair user over the period 2024 to 2039.
36. Importantly, as the model has included household age, it is possible to identify that just two thirds of this growth (66%) comes from households which are aged over 75. This can be seen in Figure 8:

Figure 8: Households needing Wheelchair Adapted Housing by age (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Modelled Need for Wheelchair Adapted Housing	Households aged under 75 in 2024	Households aged under 75 in 2039	Net change 2024-39	Households aged over 75 in 2024	Households aged over 75 in 2039	Net change 2024-39
Market housing	1,330	1,470	+140	1,110	1,490	+380
Affordable housing	650	800	+150	440	620	+180
Total	1,980	2,270	+290	1,550	2,110	+560

37. This means that there are likely to be some people who are identified in both categories – wheelchair adapted housing and specialist older person housing.
38. The LHNA goes on to discuss the needs of students, essential local workers and people wishing to build their own homes.

1. Introducing the Study

Background to the project

Introduction

- 1.1 North Somerset Council appointed Opinion Research Services (ORS) to prepare a Local Housing Needs Assessment (LHNA).
- 1.2 The latest National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG) sets out how Local Plans should provide for objectively assessed needs for housing (including affordable housing). This LHNA provides robust evidence about the need for housing over the period 2024-2039.

Government Policy

- 1.3 NPPF Paragraph 60 identifies that Local Plans should support the Government's objective of significantly boosting the supply of homes. Paragraphs 61 and 62 state that:

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

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

- 1.4 The “standard method in national planning guidance” sets out a formulaic approach to determine the minimum Local Housing Need (LHN) figure and prescribes the use of specific data for the calculation. Therefore, whilst the responsibility for establishing housing need continues to rest with the local planning authority, this is constrained to a minimum figure that is determined centrally by the Government.
- 1.5 When considering the need for affordable housing, it is important to recognise that the NPPF has introduced a new definition. Whilst affordable housing was previously for households “whose needs are not met by the market”, the current definition also includes “housing that provides a subsidised route to home ownership and/or is for essential local workers”. This has led to a specific change in the Planning Practice Guidance (PPG) for assessing affordable housing need, which states that assessments must now include the needs of “those that cannot afford their own homes, either to rent, or to own, where that is their aspiration” [ID 2a-020-20190220]. On this basis, households able to afford market rent who aspire to but are unable to afford homeownership are now counted as being in affordable housing need.

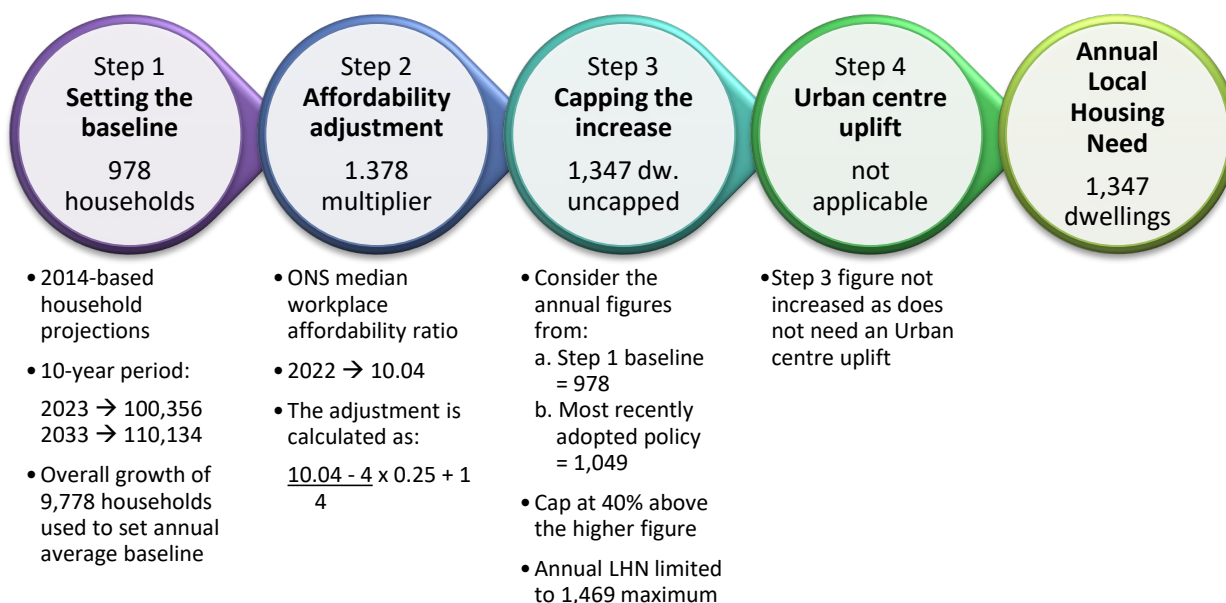
2. Establishing Local Housing Need

Standard Method in National Planning Guidance

Introduction

- 2.1 The NPPF confirms that planning authorities should normally use the standard methodology to establish a minimum Local Housing Need (LHN) figure. Using the process set out in Planning Practice Guidance for Housing Needs Assessments [ID 2a-004-20201216] the minimum annual Local Housing Need figure can be established as follows (Figure 9):

Figure 9: Annual Local Housing Need for North Somerset based on the Government's standard method calculation



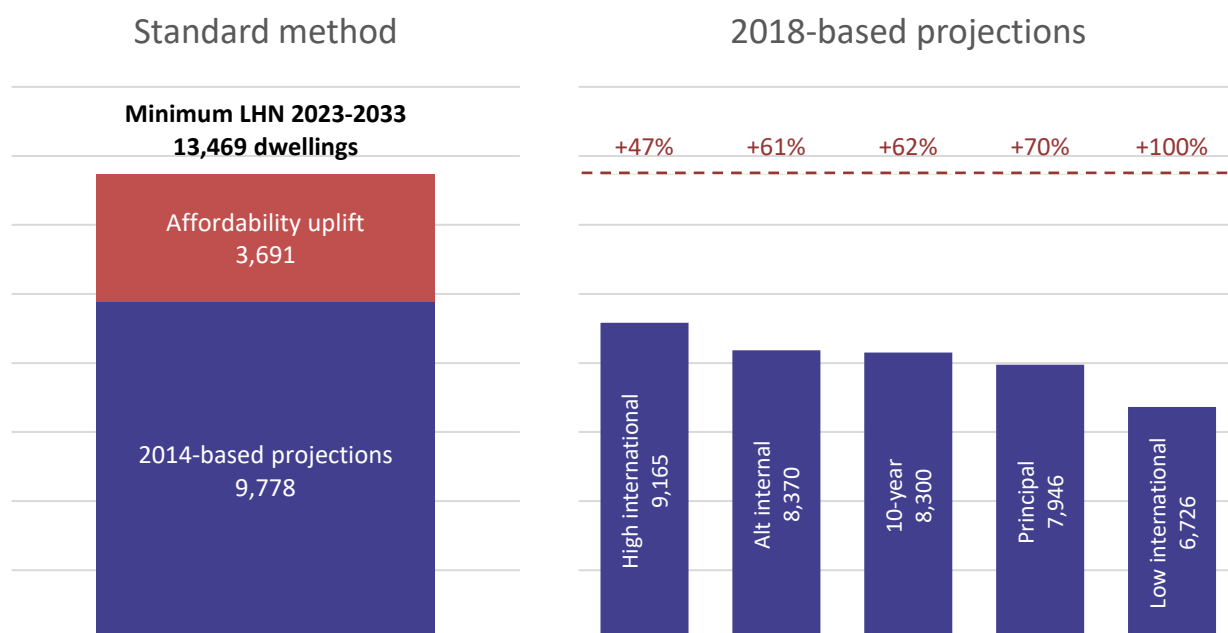
- 2.2 Based on these calculations, the LHN figure for North Somerset is currently 1,347 dwellings per year uncapped.

Setting the Local Housing Need in Context

- 2.3 The minimum Local Housing Need figure that the Government's standard method calculation identifies for North Somerset can be set in the context of current and future demographic trends.
- 2.4 The latest figures published by the ONS are the 2018-based household projections, informed by the 2018-based sub-national population projections. The Office for Statistics Regulation (OSR) has designated both publications as National Statistics, which means that they are fully compliant with the Code of Practice for Statistics and meet the highest standards of trustworthiness, quality and value.

- 2.5 There is often debate around how many years of data should be used to inform the projected population change at a local level. In general, the ONS uses five years of data, but just two years of data was used for internal migration in the 2018-based principal population projection as only two years of data was available using the current methodology. The ONS also published a range of variant projections:
- » High international migration variant
 - » Low international migration variant
 - » Alternative internal migration variant
 - » 10-year migration variant.
- 2.6 The high and low international migration variants assume either higher or lower levels of net international migration to England as a whole, but the proportional distribution at local authority level remains the same. The alternative internal migration variant uses five years of data for internal migration (two using the new method and three using the old method); and the 10-year migration variant uses 10 years of data for projecting migration trends.

Figure 10: Comparing the standard method figure with the official household projections for North Somerset 2023-2033
(Source: 2014-based household projections, CLG; 2018-based household projections, ONS)



- 2.7 For the 10-year period 2023-2033, the latest official projections identify a growth of between 6,726 and 9,165 households for North Somerset, based on the low international and the high international migration variant projections respectively. On this basis, the Local Housing Need figure identified by the Government's standard method calculation would exceed by 47% the household growth identified by the highest projection, and represents an uplift of 100% more than the growth identified by the lowest scenario.

- 2.8 Considering the other projections:
- » The principal projection identifies a growth of 7,496 households (based on 2-year trends for internal migration) and the standard method figure represents an uplift of 70% beyond this level;
 - » The alternative internal migration variant identifies a growth of 8,370 households (based on 5 years of data for all migration trends) and the standard method figure represents an uplift on this figure of 61%;
 - » The 10-year migration variant identifies a growth of 8,300 households, and the standard method figure represents an uplift of 62% above this level.
- 2.9 For the purposes of assessing housing need, ORS would normally take a 10-year migration trend as this typically provides a more stable projection for plan-making. This was the approach that was recommended by the Strategic Housing Market Assessment that ORS produced for the West of England before the Government's standard method was introduced. Whilst the 10-year migration trend variant scenario projects the neither the highest nor lowest rate of growth for North Somerset from the 2018-based population and household projections, it provides a reasonable demographic scenario for the LHNA to consider as a baseline that is not unduly influenced by recent short-term trends. On this basis, it is clear that the standard method figure would provide more homes than needed to meet the household projection-based housing need.

Establishing the Housing Target

- 2.10 The LHN provides the starting point for establishing the final housing requirement which will be planned for through strategic policies. This is confirmed by PPG at the outset of the section on assessing housing and economic development needs:

Housing need is an unconstrained assessment of the number of homes needed in an area. Assessing housing need is the first step in the process of deciding how many homes need to be planned for. It should be undertaken separately from assessing land availability, establishing a housing requirement figure and preparing policies to address this such as site allocations.

Planning Practice Guidance, ID 2a-001-20190220

- 2.11 In determining the local plan housing target, it will be necessary for the local authority to consider whether or not the LHN could be met within the area, taking account of any constraints on land availability. Where local authorities are unable to meet their LHN in full, it is necessary to engage with neighbouring authorities through the Duty to Co-operate (DtC) discussions. This should establish if any of the identified housing need that isn't able to be delivered locally (the "unmet need") could be provided for in other areas.
- 2.12 It is important to recognise that the Duty to Co-operate itself constitutes a legal obligation, and failure to comply is likely to result in the Local Plan being found unsound and having to be withdrawn. It is therefore essential for these cross-boundary issues to be properly addressed as part of the plan-making process. However, the PPG also indicates that the housing comprising the 35% housing uplift (which applies to Bristol) is expected to be met within the boundaries of the authority in question (rather than the surrounding areas) and therefore this part of the Local Housing Need figure would be excluded from any DtC discussion relating to unmet need:

Where should the cities and urban centres uplift be met?

This increase in the number of homes to be delivered in urban areas is expected to be met by the cities and urban centres themselves, rather than the surrounding areas, unless it would conflict with national policy and legal obligations...

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- 2.13 This is particularly relevant given that Bristol already extends up to, and beyond, the local planning authority boundary. Previously, both the West of England Joint Strategic Plan (JSP) and the West of England Combined Authority (WECA) Spatial Development Strategy (SDS) had planned to deliver a proportion of Bristol City's housing needs across the wider area. Although the SDS is no longer being progressed, the West of England local planning authorities continue to work together under the Duty to Co-operate to consider the extent of any potential unmet housing need for the City of Bristol. This discussion is based on the needs identified at Step 1 to 3 of the standard method calculation, but not the additional needs identified at Step 4 which are not intended to be delivered in surrounding areas.

Dwelling-led Population and Household Projections

- 2.14 Although the standard method calculation is informed by the 2014-based household projections, the affordability adjustments result in the LHN figure being notably higher than the household projection-based estimate of housing need. This increase is designed to help respond to housing market pressures which may have suppressed past rates of household formation. Given this context, delivering the number of homes that the minimum LHN identifies will yield a different population and household growth to that projected based on past trends alone. In assessing the appropriate mix of housing, it is necessary to establish projections that align with the number of homes identified.
- 2.15 The demographic projections for the LHNA are based on the latest official projections and cover the 15-year period 2024-39. They are informed by the latest ONS mid-year estimates (for the period to mid-2021) and outputs from the 2021 Census and take account of the most up-to-date fertility and mortality rates and the latest migration trends.
- 2.16 Whilst recent trends provide the starting point, the dwelling-led projections seek to align household growth with the LHN target through aggregating key assumptions:
- » The starting population is the mid-2021 Census-based estimates, projected forward to 2024 based on the detailed modelling data from the ONS 2018-based sub-national population projections;
 - » Household growth is established for the 15-year plan period 2024-2039 using trend-based projections informed by the 2018-based 10-year migration trend variant scenario;
 - » Institutional population growth needing communal accommodation over the 15-year plan period is established using rates from the 2021 Census;
 - » Dwellings without a usually resident household either vacant homes, second homes or holiday lets are estimated based on rates from the 2021 Census. This includes any properties which are temporarily vacant due to households moving out before a new household moves in, as well as properties which have no usual resident due to them being second homes or holiday lets;

- » Household formation rates are based on rates from the 2021 Census, but higher formation rates are also tested with each age group assumed to return to peak of all rates recorded since 2001; and
- » The rate of inward domestic migration is increased to ensure that population and household growth aligns with the number of dwellings identified by the LHN target.

2.17 Dwelling-led demographic projections can result in a larger or smaller resident population, depending on the assumptions taken about household formation and the resulting average household sizes. In other words, the same number of homes could accommodate fewer people living in smaller households, or more people as larger households.

2.18 It is often argued that if more housing had been delivered over the period since 2001 at a price that was sufficiently affordable for local residents, more young people would have been able to form new households and average household sizes would have continued to fall. However, there are many socio-economic factors driving the change in household formation:

- » Increased participation rates for higher education mean that many young adults will no longer seek a job when they leave school; and whilst youngsters entering employment would often leave home permanently at that time and many would not return, far more tend to return to their family home after completing university – especially those that have yet to secure employment after graduating;
- » Young couples are now less likely to form lifetime partnerships in their late teens and early twenties than had been the norm for previous generations; and the absence of such long-term relationships inevitably leads to fewer couples choosing to get married or otherwise cohabit;
- » There are different cultural approaches to young adults living independently, with some groups choosing to live as extended families, so changes in the ethnic mix of the population over time have also impacted on household formation.

2.19 On this basis, it is clear that housing supply and affordability are examples of the many drivers affecting household formation – but when establishing housing need, it is important to also take account of any historic under-supply which could have resulted in higher numbers of multi-adult and multi-family households and more young adults living with their parents. The LHNA projections are based on increased household formation for residents aged under 45, assuming that household representative rates are no lower than the rates recorded in 2001 for each age group. Whilst it is not possible to directly influence household formation, ensuring that sufficient housing is provided will help enable young households to form should they choose to do so.

2.20 The LHNA has therefore tested three primary scenarios for housing need:

- » Scenario 1 is based on the demographic baseline, which reflects the rate of household growth reducing in later years of the projection as a consequence of the increasing number of deaths projected, with dwelling growth averaging 851 dpa over the 15-year period 2024 to 2039.
- » Scenario 2 is based on the standard method local housing need of 1,347 dpa, which leads to higher rates of domestic migration in latter years offsetting the increasing deaths.
- » Scenario 3 is based on the Local Assessment calculation which yields a need of 993 dpa.

2.21 Figure 11 shows the dwelling growth identified and Figure 12 sets out the key outputs for each of the three housing need scenarios:

Figure 11: Dwelling growth identified by the LHNA scenarios for housing need (Source: LHNA modelling, ORS)

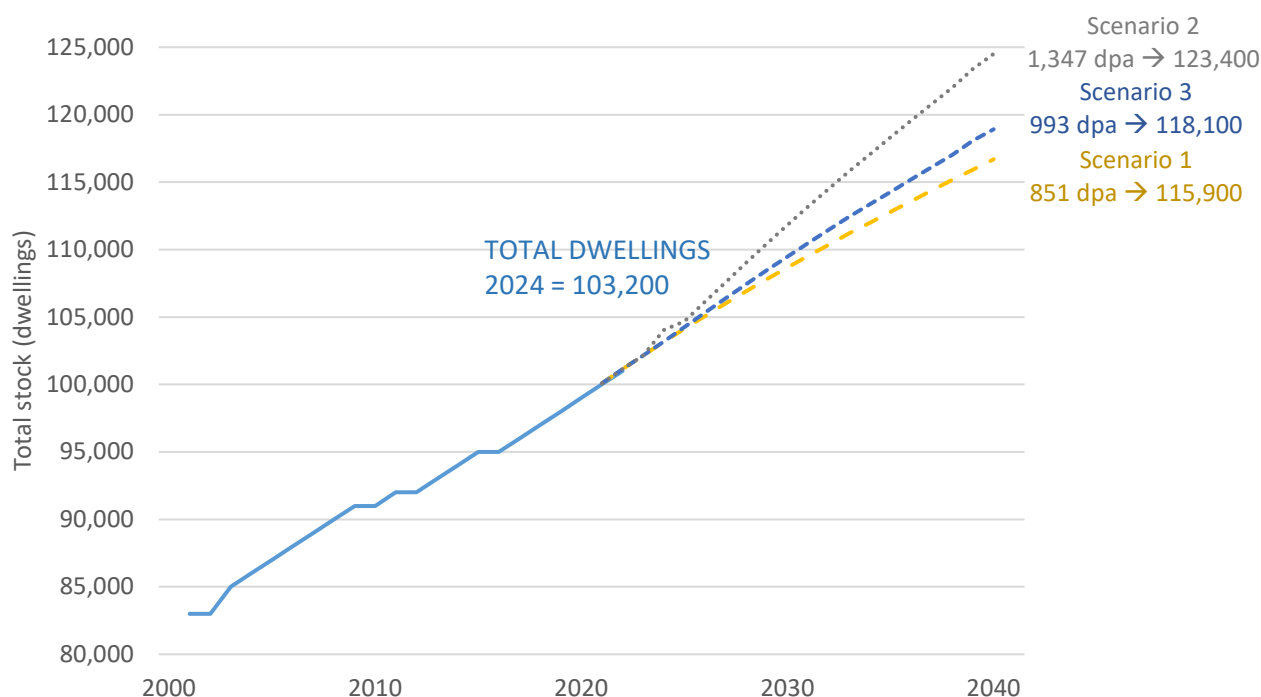


Figure 12: Key outputs from the LHNA housing need scenarios (Source: LHNA modelling, ORS Note: Numbers may not sum due to rounding).

	Scenario 1 Demographic baseline with 10-yr migration	Scenario 2 Standard Method calculation	
	851	1,347	993
Total 15-year dwelling growth	12,760	20,200	14,900
Population projected in 2039	242,600	256,500	244,500
Economically active population growth	10,800	18,700	11,800

2.22 Housing need based on the most recent official household projections (Scenario 1) identified a lower rate of growth than the standard method, suggesting that providing 12,760 dwellings (851 per year) would be sufficient to enable current demographic trends to continue. This would yield an overall population of 242,600 persons resident in the area by 2039 with an increase of almost 11,000 economically active.

2.23 The dwelling-led projections based on the housing need identified by the standard method (Scenario 2) identified a need of 20,200 dwellings (1,347 per year) to provide for future household growth and also address past housing under-delivery. This is likely to yield an extra 34,200 residents over the 15-year Plan period, with an overall population of 256,600 persons by 2039. The analysis also identified an overall increase of 18,700 workers in this scenario.

- 2.24 Having undertaken an independent review of the evidence, the standard method calculation does not appear to provide a reliable assessment of local housing need for North Somerset³. Therefore, the LHNA has been prepared based on the local housing need identified by the detailed analysis of local evidence (Scenario 3) which yields an overall need of 993dpa.

Disaggregating the Local Housing Need figure for North Somerset

- 2.25 Although the LHN figures are informed by the trend-based household projections, the uplifts that are applied mean that the LHN figure is higher than the household projection-based estimate of housing need. This increase is designed to help respond to housing market pressures which may have suppressed past rates of household formation. Figure 13 and Figure 14 set out the separate elements that contribute to the LHN, which include:

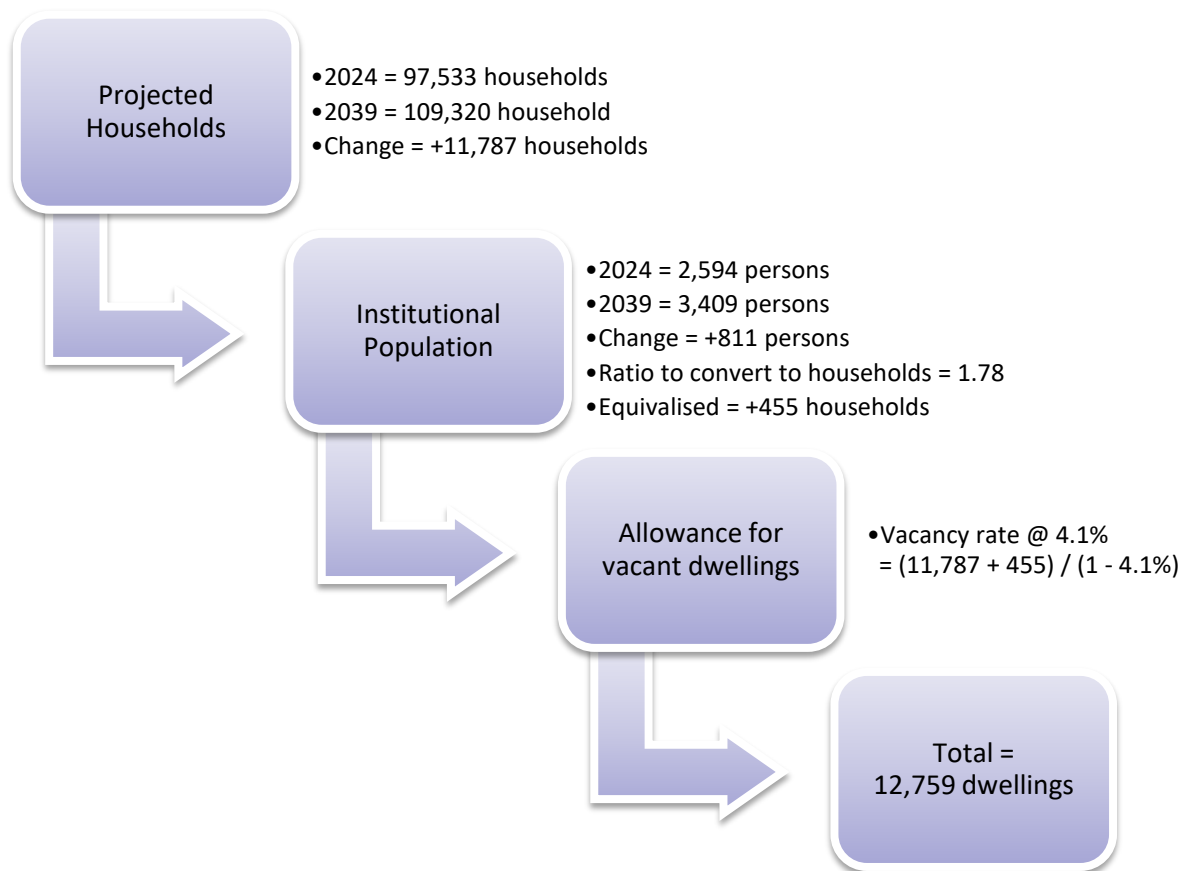
- » Household growth over the 15-year period calculated on trend-based projections;
- » Institutional population growth over the 15-year period needing communal accommodation;
- » Dwellings without a usually resident household (either vacant homes or second homes);
- » Additional dwellings to respond to pent-up housing market pressure.

- 2.26 Institutional population growth refers to the increase in the population living in communal establishments, such as care homes, prisons, defence bases and student halls of residence. This group are not counted within the household population (those that live as household in a dwelling); but are within the total population. The Housing Delivery Test measurement rule book includes bedspaces in communal accommodation as part of the housing delivery.⁴ The calculation used to establish the housing need arising from the project growth in communal establishment residents (i.e. convert the communal population to a household equivalent) is the change in communal/institutional population divided by the average number of adults per household based on Census data. For North Somerset, the average was 1.78 persons.

³ <https://n-somerset.gov.uk/sites/default/files/2023-08/Evidence%20to%20inform%20the%20housing%20need%20figure%20-%20North%20Somerset.pdf> - Note that this paper concluded a need of 999 dpa was the appropriate figure. Since its authorship, updated 2021 Census data concerning the communal establishment population has been released and incorporated into the analysis, resulting in a minor reduction from 999 to 993 dpa.

⁴ <https://www.gov.uk/government/publications/housing-delivery-test-measurement-rule-book>

Figure 13: Elements of housing need – North Somerset (Source: CLG, ONS, ORS; Note: All figures presented unrounded for transparency)

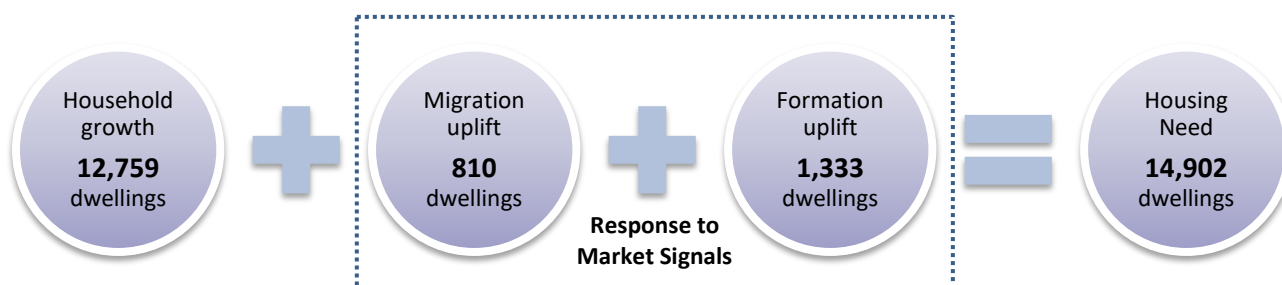


2.27 On this basis, we can conclude that the household projection-based housing need is 12,759 dwellings over the 15-year period 2024-2039. This provides the basis for Scenario 1.

2.28 Scenario 3 identified the local housing need to be 993 dwellings per annum based, which translates to 14,900 dwellings over the 15-year Plan period. This represents 2,143 dwellings additional to those in the Scenario 1 household projection-based housing need. This additional need is made up from two elements:

- » Enabling more households to form⁵ (from the pent-up housing demand) = 1,333 dwellings
- » Enabling more net inward migration⁶ = 810 dwellings

Figure 14: Components of the evidence-based annual Local Housing Need figure for North Somerset



⁵ Based on the assumption that household formation rates for all age groups under 45 are currently constrained and allowing them to return to the equivalent rates recorded in 2001.

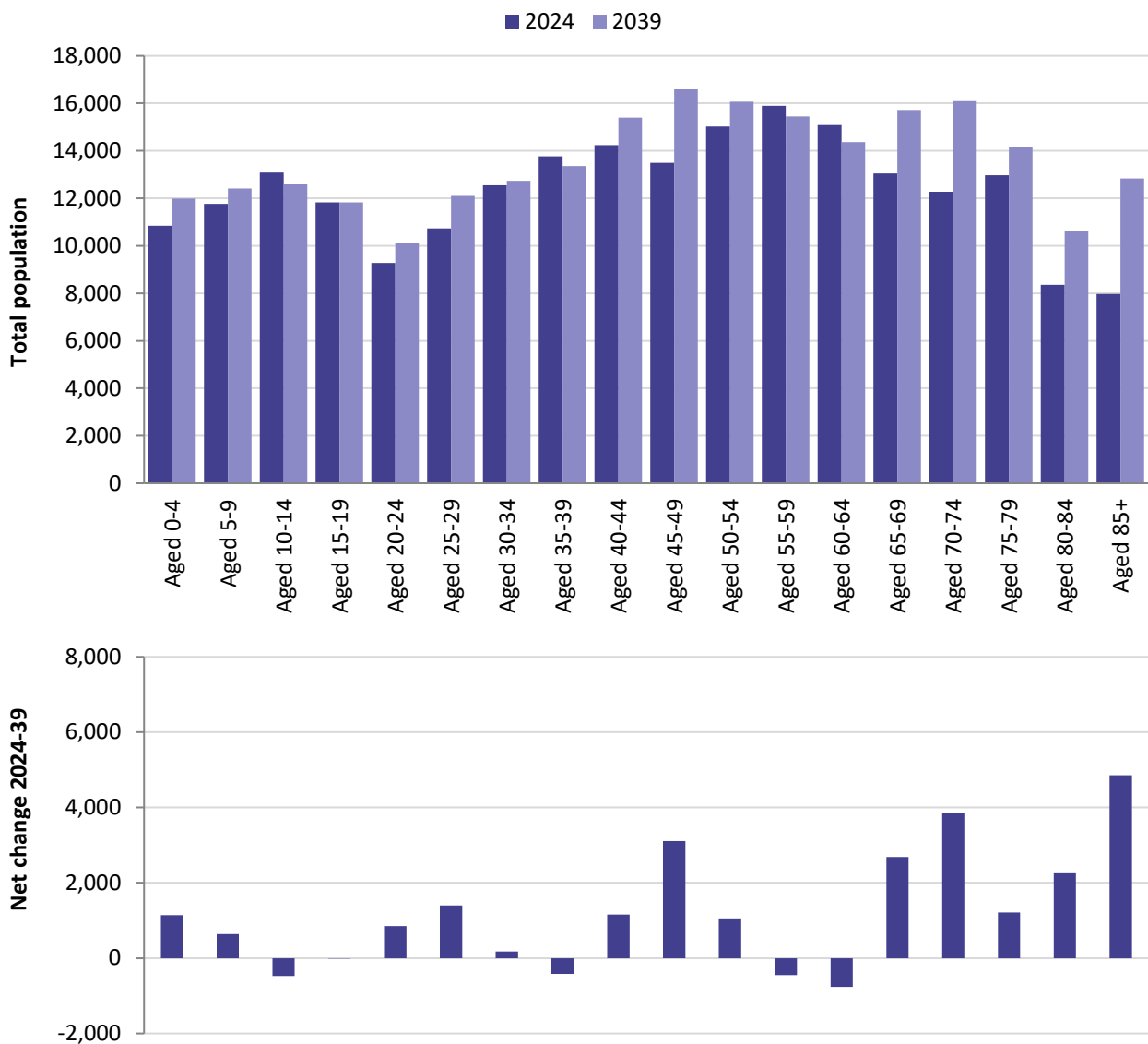
⁶ Once household formation rates reach the 2001 level any additional uplift is assumed to provide housing for an additional population based on increased net migration.

Projected Population Age Profile

2.29 Figure 15 shows the projected change in North Somerset population by 5-year age band for the 15-year period 2024-39 based upon demographic growth as set out in Scenario 3.

2.30 The overall population is projected to increase from around 222,300 persons in 2024 to 244,500 persons by 2039, which represents a growth of 22,200 persons (10%) over the 15-year period. The older age groups account for a significant proportion of the overall growth: the population aged 65 to 74 is projected to increase by 6,500 persons with an increase of 8,300 persons aged 75 or over (including 4,900 aged 85+), which collectively represent 67% of the overall growth. This is particularly important when establishing the types of housing required and the need for housing specifically for older people.

Figure 15: Population projections 2024-39 by 5-year age cohort for North Somerset (Source: LHNA modelling, ORS)



Household Projections by Age

2.31 Figure 16 summarises the total number of households in North Somerset in 2024 and 2039 in terms of the age of household representatives (the eldest economically active person in the household) together with the change in the number of households in each category over the period 2024-39 using 10-year age bands. Considering this growth in terms of the age of household representatives, it is evident that the increase in older people is also reflected in terms of household types. The increase in households aged 65+ represents over two thirds (70%) of the overall household growth. Many of these older households will already be established and living in existing homes; they will simply get older during the 15-year period. It is therefore also important to consider household growth in relation to age cohorts.

Figure 16: Total projected households in North Somerset for 2024 and 2039 and summary of 15-year change by age of household representative (Note: Figures may not sum due to rounding. Source: LHNA modelling, ORS)

Age of Household Representative	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	TOTAL
2024	1,700	10,100	15,100	16,900	19,200	14,500	14,300	5,700	97,600
2039	2,500	10,700	16,200	19,400	18,400	18,300	16,700	9,200	111,400
TOTAL CHANGE 2024-39	+800	+600	+1,100	+2,500	-800	+3,800	+2,400	+3,500	+13,800

2.32 Figure 17 shows the projected number of households in each cohort, showing their age in 2024 and 2039.

Figure 17: Total projected households in North Somerset for 2024 and 2039 and summary of 15-year change by age cohort of household representative (Note: Figures may not sum due to rounding. Source: LHNA modelling, ORS)

Age in 2024	<10	10-19	20-29	30-39	40-49	50-59	60-69	70+	TOTAL
Age in 2039	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
2024	-	854	5,900	12,600	16,000	18,000	16,800	27,300	97,600
2039	2,500	10,700	16,200	19,400	18,400	18,300	16,700	9,200	111,400
TOTAL CHANGE 2024-39	+2,500	+9,900	+10,300	+6,800	+2,400	+300	-100	-18,100	+13,800

2.33 Based on the cohort analysis, it is apparent that a total of around 31,900 extra households aged under 65 (in 2039) will be likely to form in North Somerset over the 15-year period 2024-39. However, this growth is offset against a reduction of 17,900 households aged 65 or over (in 2039) to yield an increase of 13,800 households overall. Most of this reduction is due to household dissolution following death (although some may result from net migration); for example:

- » Around 27,300 households were aged 70+ in 2024, who would be aged 85+ by 2039 if they were survive to that age;
- » However, by 2039 the number of households aged 85+ is projected to be around 9,200 (after allowing for deaths) which represents a reduction of 18,100 households.

2.34 Therefore, although the increase in overall households is largely within the groups aged 65 or over, most of the new households seeking housing will be in their twenties and thirties at the time that they form. However, the overall number of new households will be considerably higher than the net household growth; and it is important to recognise that many new households will buy or rent existing housing, and not all new housing will be occupied by new households.

Projected Household Types

2.35 When considering future need for different types of housing, it is important to recognise that households of different ages are likely to have different housing needs. Similarly, households of different types (singles, couples and families) within each age group will also have different housing needs.

2.36 Figure 18 shows the household numbers for North Somerset for 2024 and 2039 based on the Scenario 3 projections by household type and age; together with the net change for each group. This is based on the number in each age category rather than the number in each age cohort, as it is assumed that housing needs are more likely to be influenced by the actual age rather than the year of birth.

Figure 18: Total projected households for 2024 and 2039 and summary of 15-year change by household type and age of household representative for North Somerset (Note: Figures may not sum due to rounding. Source: LHNA modelling, ORS)

Year	Household Type	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	TOTAL
2024	Single person	420	2,640	3,490	3,550	5,880	4,070	8,180	3,480	31,700
2024	Couple without children	320	2,020	1,700	5,000	10,910	9,360	4,220	1,280	34,800
2024	Families with child(ren)	720	5,060	9,810	7,860	1,960	150	50	40	25,700
2024	Other households	250	360	120	490	430	920	1,900	920	5,400
2024	TOTAL	1,700	10,100	15,100	16,900	19,200	14,500	14,300	5,700	97,600
2039	Single person	420	2,900	4,170	4,160	6,170	4,410	8,650	5,050	35,900
2039	Couple without children	390	1,710	1,310	4,090	9,420	12,260	5,060	1,990	36,200
2039	Families with child(ren)	1,260	5,740	10,700	10,800	2,670	220	90	90	31,600
2039	Other households	400	380	0	310	170	1,410	2,930	2,060	7,700
2039	TOTAL	2,500	10,700	16,200	19,400	18,400	18,300	16,700	9,200	111,400
Change	Single person	+0	+250	+680	+610	+290	+340	+480	+1,570	+4,200
Change	Couple without children	+60	-310	-390	-900	-1,500	+2,900	+830	+710	+1,400
Change	Families with child(ren)	+540	+680	+890	+2,940	+710	+70	+40	+50	+5,900
Change	Other households	+160	+20	-120	-190	-260	+490	+1,040	+1,140	+2,300
Change	TOTAL	+800	+600	+1,100	+2,500	-800	+3,800	+2,400	+3,500	+13,800

2.37 In summary, over the 15-year period 2024-39 for North Somerset, the projections show (Figure 18):

- » An overall growth of 13,800 households;
- » Single person households represent almost a third of the overall household growth (4,200, 30%) with almost three fifths of these (2,390, 57%) being single persons aged over 65;
- » Couples without dependent children represent a relatively small proportion of the growth (1,400, 10%);
- » Families with dependent children make up over two fifths of the overall household growth (5,900, 43%);
- » Other types of household contribute a further 2,300 households. These include multi-generation living, student households and Houses in Multiple Occupation (HMOs).

3. Local Housing Market

Housing trends and housing costs in North Somerset

Introduction

- 3.1 This chapter explores the cost of housing in North Somerset and the incomes needed to rent or buy at market prices. It highlights the potential income gaps and seeks to identify where and how people may fall into affordable housing need. This includes consideration of social and affordable rent and access to housing benefit for those in the rental sector as well as the potential impact of help-to-buy policies.

Housing Tenure Trends

- 3.2 When considering the local housing market, it is worth noting the historic changes to tenure in North Somerset, as recorded by past censuses.
- 3.3 The following figures summarise the changing trends based on detailed census data:

Figure 19: Number of Households by Tenure in North Somerset 1991-2021 (Source: UK Census of Population)

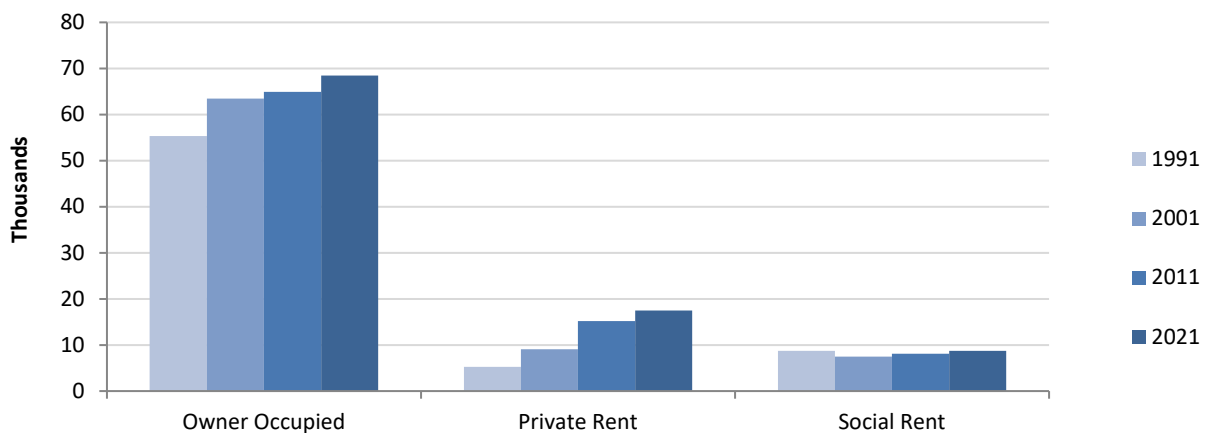


Figure 20: Percentage of Households by Tenure in North Somerset 1991-2011 (Source: UK Census of Population)

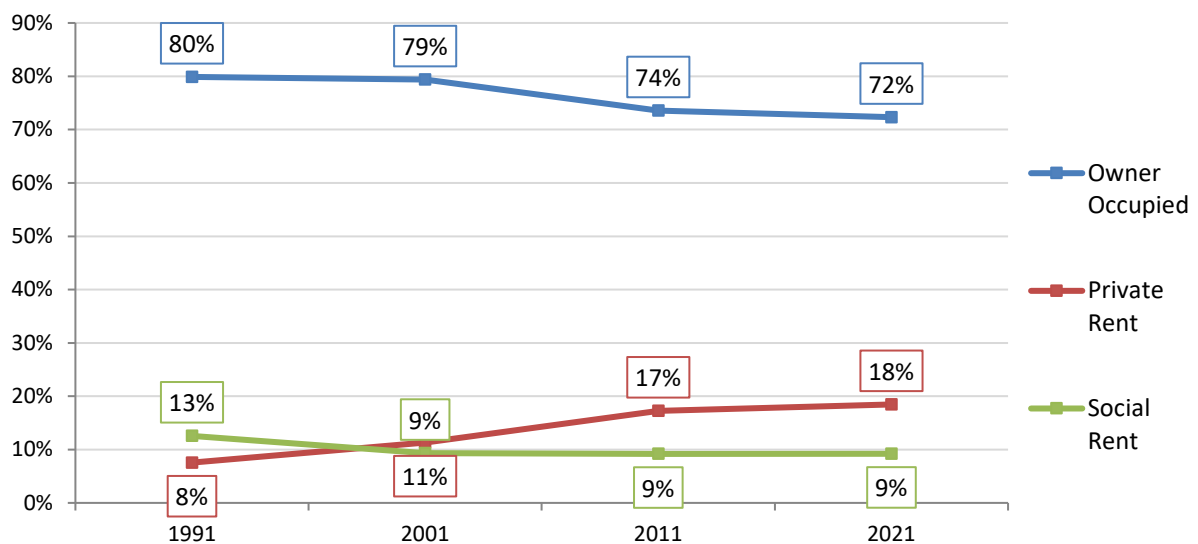


Figure 21: Number of Households in North Somerset by Tenure 1991-2021 (Source: UK Census of Population)

NORTH SOMERSET	Number of Households in 1991	Number of Households in 2001	Number of Households in 2011	Number of Households in 2021	Net Change between 1991-2001	Net Change between 2001-2011	Net Change between 2011-2021
Owner occupied	55,313	63,477	64,907	68,461	+8,164	+1,430	+3,554
Private rent	5,232	9,052	15,217	17,473	+3,820	+6,165	+2,256
Social rent	8,698	7,456	8,103	8,711	-1,242	+647	+608
TOTAL	69,243	79,985	88,227	94,645	+10,742	+8,242	+6,418
Owner occupied	79.9%	79.4%	73.6%	72.3%	-0.5%	-5.8%	-1.2%
Private rent	7.6%	11.3%	17.2%	18.5%	3.8%	5.9%	1.2%
Social rent	12.6%	9.3%	9.2%	9.2%	-3.2%	-0.1%	0.0%
TOTAL	100.0%	100.0%	100.0%	100.0%	15.5%	10.3%	7.3%

- 3.4 Over the 30-year period 1991-2021, the number of households resident in North Somerset has increased from around 69,200 to 94,600 households.
- 3.5 Notably, the number of households in social rent has only increased by just over 600 over the last decade. Furthermore, the proportion of households in social rent has consistently remained at just over 9% between 2001 and 2021. There has been an increase of around 13,000 owner occupiers since 1991, however as a proportion of all households, owner occupation has declined from 79.9% to 72.3% over the 30-year period. The majority of this proportional decrease occurred between 2001 and 2011, with limited change in the proportion over the last decade. In contrast, private rent has seen a significant growth, with just over double the proportion of households living in private rent, increasing from 7.6% in 1991 to 18.5% by 2021.
- 3.6 The PPG recognises the importance of understanding the likely future role of the private rented sector.

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

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- 3.7 Growth in the sector seems likely to continue, driven by a combination of demand and supply factors:
- » Increasing demand from more households;
 - » Recent reductions in incomes (in real terms);
 - » Reducing affordability of owner occupation;
 - » Changing bank lending practices;
 - » Pension reform: pension drawdowns invested in Buy-to-Let (BTL) property.
- 3.8 The growth of the Sector has been acknowledged as both a growing and long-term option for meeting the nation’s housing need. CLG (with the Intermediary Mortgage Lenders Association) forecast that the private rented sector will increase in size to 35% nationally by 2032.⁷

⁷ <http://news.rla.org.uk/rpi-rent-revolution/>

3.9 As the PRS expands and other sectors contract, it is clear that many households who would traditionally meet their housing needs in other sectors are now renting privately. This includes many households currently unable to afford their housing costs, which can be seen from the expansion of families receiving Housing Benefit in the sector, in particular since the start of the most recent recession.

3.10 The Office for Budget Responsibility analysis of the UK's public finances for Government explicitly recognises a likely growth in the share of housing benefit claimants in the private rented sector in its Economic and Fiscal Outlook (March 2014)⁸:

"The share of [housing benefit] spending accounted for by the private rented sector is forecast to rise from 30 per cent in 2007-08 to 40 per cent by 2018-19. ... We expect the share of claimants in the private rented sector to continue rising over the forecast period, but for average awards to rise more slowly than nominal GDP per capita due to policy, including on uprating." (paragraphs 4.152-154)

3.11 Importantly, the Government sees the PRS having an important and long-term role in meeting the housing need of the nation; and although the NPPF and PPG do not mention the current or future role of housing benefit, the policy to support low-income households in the private rented sector with housing benefit is long-standing and housing benefit is explicitly factored into the long-term forecasts for public spending.

3.12 Policy by both Government and Local Authorities is focused on improving Management and Maintenance in the sector (via licensing or self-regulation schemes) and expanding supply⁹ (including the Build to Rent investment scheme¹⁰). The Government published "Improving the Private Rented Sector and Tackling Bad Practice: A guide for local authorities" in March 2015¹¹, and the Foreword by the Minister stated:

"The private rented sector is an important and growing part of our housing market, housing 4.4 million households in England. The quality of housing in the sector has improved dramatically over the last decade. It is now the second largest tenure and this growth is forecast to continue growing. I am proud of this growth as it shows increasing choice, improving standards whilst helping to keep rents affordable. The Government supports a bigger and better private rented sector and wants to see this growth continue."

3.13 Given this context, it is important for local authorities to recognise the role of the private rented sector at a local level. Assuming the release back into the market of many dwellings in the private rented sector currently occupied by tenants in receipt of housing benefit would have significant consequences for the wider housing market as more properties come on to the market; therefore it remains appropriate to recognise that the private rented sector will continue to make an important contribution towards providing housing options for households unable to afford their housing costs in future. Nevertheless, it is essential for local authorities to understand the full extent of the need for affordable housing in their areas and consider their policy responses accordingly.

⁸ <http://cdn.budgetresponsibility.org.uk/37839-OBR-Cm-8820-accessible-web-v2.pdf>

⁹ <https://www.gov.uk/government/publications/private-rented-homes-review-of-the-barriers-to-institutional-investment>

¹⁰ <https://www.gov.uk/government/publications/build-to-rent-round-2-initial-due-diligence>

¹¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/412921/Improving_private_rented_sector.pdf

The Future Role of the Private Rented Sector

- 3.14 PRS is an important tenure that has grown since 1991 to house a significant proportion of households in the area. At the same time, young households have been less likely to meet their housing need in affordable housing given the various constraints in accessing local authority and housing association rented housing. Changes to letting policies and the reality of pressures on the housing stock make it less likely that single persons aged under 35 years will be allocated to a 1-bedroom social rented or affordable rented property.
- 3.15 Further, there have been other changes announced (Right to Buy for housing association tenants and the new First Homes scheme) which may influence the demand for Private Rented Sector accommodation. The Housing and Planning Act 2016 contained proposals to further the Government's policy of encouraging home ownership through promoting Starter Homes.
- 3.16 Starter Homes were intended to provide affordable housing for first time buyers by selling newbuild properties at a discount of at least 20% below their market prices. The discount was not in perpetuity, so the buyer of the property stood to gain from buying a home at 80% or less than its market price; but owning 100% of the property. However, Starter Homes regulations that would enable these to be built have not been published. As a result, no Starter Homes have been built, and the Government are now pursuing an alternative policy entitled First Homes¹².
- 3.17 The consultation for First Homes ran from February to May 2020, with a Government response to the consultation published in April 2021. First Homes are newbuild properties built as part of wider housing developments which will be sold with a discount of at least 30%, but this could be higher if a local need can be demonstrated.
- 3.18 Local authorities can prioritise these homes for local people and/or key workers, as required locally. The reduction of at least 30% will remain in perpetuity when the property is sold on the second-hand market, so the buyer will not own more than 70% of the property's open market value at the time of purchase. When the property is to be sold, the home will be independently valued and sold to eligible purchasers with the discount being applied, to ensure the property always remains below local house prices. There will be restrictions on the use of First Homes so that they cannot be used as buy to let or holiday homes.
- 3.19 There are many households residing in the private rented sector in North Somerset who aspire to home ownership and if affordable First Homes were to be provided for this group it would, potentially, reduce the size of the private rented sector by giving alternative options to renters that aspire to buy, but cannot afford to purchase on the open market.
- 3.20 However, if the new supply of affordable homes changes to include a large proportion of First Homes or other affordable to own properties, and if existing affordable supply in net terms reduces (e.g. if new affordable supply does not exceed stock sold under Right To Buy) then demand for PRS stock may continue or increase further – as households in need for whom First Homes remain out of reach have few other options than entering the private rented sector.
- 3.21 As a result, much of the increased demand for PRS property is likely to continue, driven by young households with few other options should they wish to establish their own household. In practice this implies that unless current trends are reversed there will be a further growth in the private rented sector.

¹² <https://www.gov.uk/guidance/first-homes>

Cost of Renting

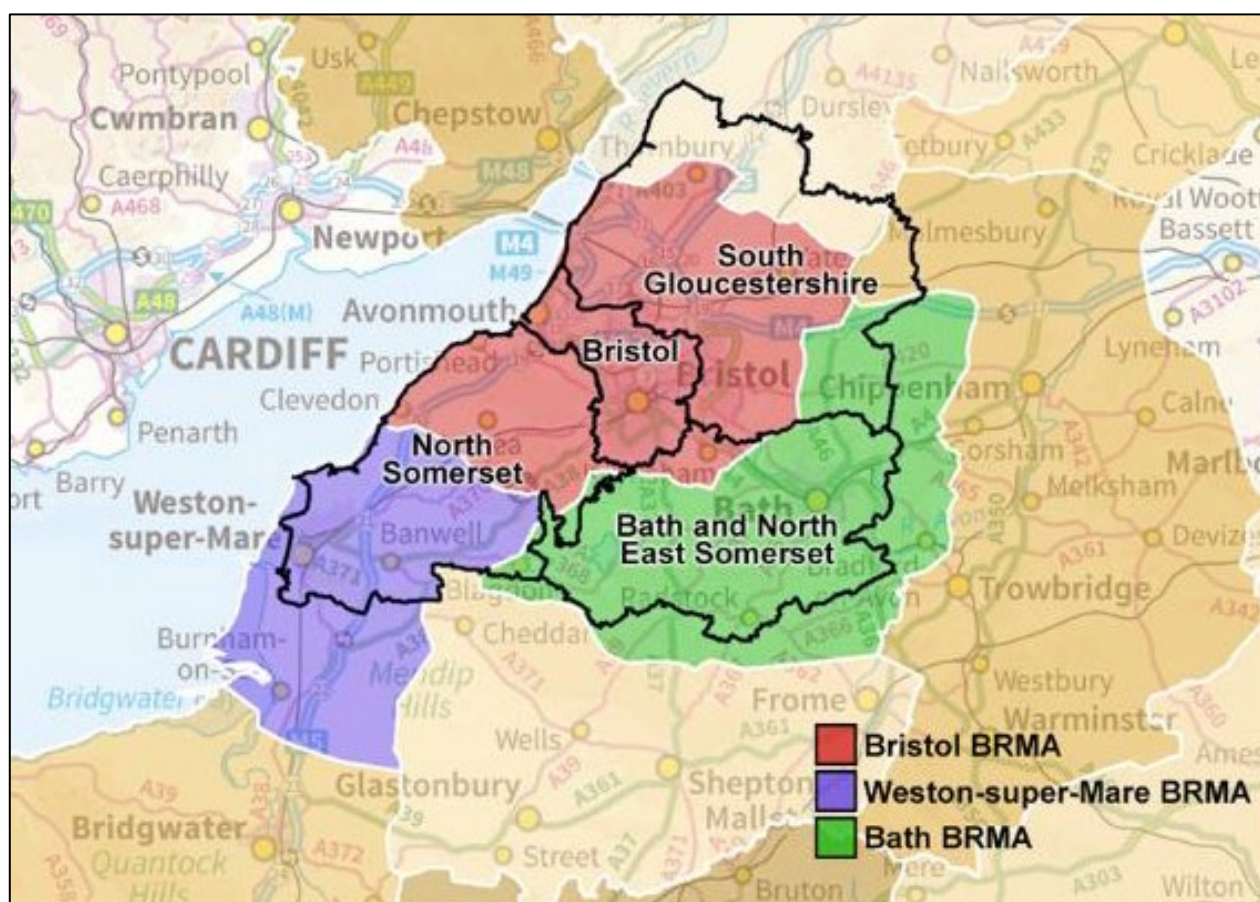
3.22 When considering renting in North Somerset it is important to reflect on the range of rental options available together with the impact of the housing benefit levels in the area. There are a number of rates to consider. There are four key definitions to consider when looking at the cost of renting in the area:

- » Median private rent;
- » Lower quartile private rent;
- » Local Housing Allowance (LHA) in the applicable broad rental market area (BRMA);
- » Affordable rent; based on average rents charged for existing dwellings.

3.23 The Local Housing Allowance (LHA) is the maximum payment for claimants in receipt of housing benefit. These are based on broad rental market areas (BRMAs). The LHA was previously calculated on the 30th percentile private rent, however more recent increases have been based on CPI and rates were frozen in the July 2015 budget. The rates were increased back to the 30th percentile in April 2020, and the Government have indicated that they will be frozen at their current level (in cash terms) from 2021/22 onwards¹³.

3.24 Two BRMAs (Bristol and Weston-super-Mare) cover the vast majority of North Somerset, however the Weston-super-Mare BRMA covers a larger area and includes the largest population centre in North Somerset, Weston-super-Mare itself, hence the Weston-super-Mare BRMA is used here.

Figure 22: Broad Rental Market Areas in the West of England (Source: VOA. Note: BRMA = white border, LA = black border)



¹³ Office of Budgetary Responsibility – Economic and Fiscal Outlook (November 2020) – page 179: http://cdn.obr.uk/CCS1020397650-001_OBR-November2020-EFO-v2-Web-accessible.pdf

- 3.25 Figure 23 sets out the median weekly rents for different property sizes in North Somerset together with the local housing allowances and the calculated affordable rent rates. It may be noted that there are local variations in rental costs, and those presented below are representative of the Weston-super-Mare BRMA as a whole.

Figure 23: Weekly rent thresholds in North Somerset (Source: Valuation Office Agency 2021-22; SDR 2022¹⁴)

North Somerset	Median Private Rent	Lower Quartile Private Rent	Local Housing Allowance (Weston-super-Mare BRMA)	Affordable Rent
1 bedroom	£136.84	£120.74	£109.32	£111.37
2 bedrooms	£172.48	£154.09	£138.08	£122.58
3 bedrooms	£212.73	£189.73	£172.60	£139.21
4+ bedrooms	£298.97	£241.48	£212.88	£154.36

- 3.26 Across all property sizes in North Somerset, the median private rent is higher than the maximum LHA. Furthermore, lower quartile rents for all sizes of property are also higher than the maximum LHA. This means that those solely on housing benefit cannot afford properties of median or lower quartile rent.
- 3.27 Affordable rent is consistently lower than the maximum LHA rate for the equivalent property. This means that households would currently be able to claim sufficient housing benefit to cover the full cost of affordable rent (where they were entitled to do so).
- 3.28 Households claiming out-of-work benefits are subject to a cap of £423.46 per week for lone parents and couples or £283.71 per week for single people (outside of London). This could affect the amount of housing benefit received by some households (especially those with larger families needing larger properties). However, it is important to recognise that the benefit cap does not apply to working households (i.e. those eligible for Working Tax Credit, even if the eligibility amount is £0; and those on Universal Credit with monthly earnings varying up to £722 or more, depending on age and status) or to households that receive various disability related benefits or armed forces pensions. Given that these households are exempt from the cap, they would be able to claim housing benefit up to the Local Housing Allowance for the size of property that they need in their BRMA.

Income Needed to Rent Housing

- 3.29 The income needed to rent housing will depend on the monthly rent together with the income multiplier allowed for housing costs. The previous CLG Strategic Housing Market Assessments Practice Guidance (Version 2, August 2007)¹⁵ stated:

*“A household can be considered able to afford market house renting in cases where the rent payable was up to 25 per cent of their **gross** household income” (page 42)*

- 3.30 However, this previous Guidance was rescinded in March 2014 following the publication of the NPPF and the launch of national Planning Practice Guidance (PPG). The PPG does not propose a specific multiplier for assessing housing costs; however, it notes that “care should be taken ... to include only those households who cannot afford to access suitable housing in the market” (ID 2a-024).

¹⁴ SDR = Statistical Data Return

¹⁵ <https://www.gov.uk/government/publications/strategic-housing-market-assessments-practice-guidance>

- 3.31 The English Housing Survey (EHS) 2015-16¹⁶ provides information about the percentage of gross household income that households spend on their housing costs¹⁷:
- » For the total gross income (including housing benefit) of the Household Reference Person and partner, households renting privately spent on average 41% of their income on rent, whilst the average was 31% for households in social rent;
 - » For the total gross income (excluding housing benefit) of the Household Reference Person and partner, households renting privately spent on average 48% of their income on rent, whilst the average was 40% for households in social rent;
 - » For the total gross income (including housing benefit) from all income earners in the household, irrespective of whether they contribute to the housing cost, households renting privately spent on average 35% of their income on rent, whilst the average was 28% for those in social rent;
 - » For the total gross income (excluding housing benefit) from all income earners in the household, irrespective of whether they contribute to the housing cost, households renting privately spent on average 41% of their income on rent, whilst the average was 37% for those in social rent.
- 3.32 The EHS demonstrates that many households in both private and social rented properties pay considerably more than 25% of gross household income on their housing costs. Whilst it is arguable that some households pay too much for their rent, it is unrealistic to suggest that all households paying more than 25% are unable to afford suitable housing in the market.
- 3.33 The proportion of household income allocated to housing costs is necessarily based on a judgement. At the lower end of the range, the previous CLG Practice Guidance sets out a percentage of 25%. However, as the EHS identifies that households renting privately spend 41% of their gross income on average, there must be many households spending more than 41% of their income on housing costs (which will be offset against others spending lower proportions).
- 3.34 On this basis, it would be reasonable to assume that the proportion of household income allocated to housing costs was at least 25% but no more than 45% of gross income. This leads to our judgement that **35% of income** provides a reasonable basis for assessing the maximum that households should reasonably expect to pay for their housing costs. Whilst this is notably higher than the 25% proposed by the previous guidance, it is still lower than the 41% average that households renting privately actually pay.
- 3.35 As an illustrative example, we can establish the income needed to rent a 1-bedroom property in the private rented sector in North Somerset based on a 35% income multiplier:
- » The median weekly rent recorded was £172.48;
 - » Based on a 35% (of gross) income multiplier, a weekly income of £492.80 would be needed which equates to a gross annual income of £25,714.
- 3.36 To rent the same property based on a 25% income multiplier would increase the gross income required to £36,000 per year whereas households with an annual income of £20,000 per year could afford the rent if 45% of their income was allocated to housing costs.

¹⁶ <https://www.gov.uk/government/statistics/english-housing-survey-2015-to-2016-headline-report>

¹⁷ "Annex Table 1.13: Mortgage/rent as a proportion of household income (including and excluding housing benefit) by tenure, 2010-11 to 2015-16"

3.37 Figure 24 shows the gross household incomes needed to afford median and lower quartile private rent, affordable rent and social rent if 35% is spent on housing.

Figure 24: Annual income required to afford to rent properties at the lower quartile and median price based on 35% income multiplier by property size North Somerset (Source: ORS based on Valuation Office Agency data October 2021 to September 2022; SDR 2022)

North Somerset	Median Private Rent	Lower Quartile Private Rent	Affordable Rent (SDR 2019)	Social Rent
1 bedroom	£20,400	£18,000	£16,603	£12,277
2 bedrooms	£25,714	£22,971	£18,274	£14,069
3 bedrooms	£31,714	£28,286	£20,754	£15,959
4+ bedrooms	£44,571	£36,000	£23,012	£18,125

3.38 Although a rental income multiplier is helpful for benchmark purposes, it does not take account of the disposable income available to households after their housing costs have been paid; and it is *“housing that is too expensive compared to disposable income”* that the PPG references in the context of assessing the need for affordable housing (ID 2a-023).

3.39 Considering some examples of disposable income:

- » A single person household with a gross income of £20,000 from employment would have £17,622 (£339 per week) after income tax and national insurance contributions. Housing costs at 35% of gross income would represent 39.7% of their net income and would leave £204 per week as disposable income to cover their other living expenses.
- » A couple with two children with a gross income of £44,000 from employment would have up to £37,965 (£730 per week) after income tax and national insurance contributions (assuming both earned £22,000). Therefore, housing costs at 35% of gross income would represent 40.5% of their net income and would leave £550 per week as disposable income to cover their other living expenses.

3.40 We should also consider the differing potential levels of housing benefit.

- » The maximum amount of weekly income that a single person household can receive before their income starts to affect their housing benefit is currently £74.70 for those aged 25 or over and £59.20 for those aged 16-24.
- » The maximum amount of weekly income that a couple with two children can receive before their income starts to affect their housing benefit is currently £254.60 (if one or both are aged 18 or over).

3.41 When assessing affordable housing need, it is not appropriate to adopt a simplistic income multiplier as this does not take into account different household circumstances. It is better to consider housing benefit eligibility criteria set by the Department for Work and Pensions, which take full account of the different amounts of disposable income for various types of household on different incomes, based on the rents for suitable housing.

3.42 Eligibility for housing benefit will differ based on the type of household and the number of bedrooms needed. Figure 25 sets out the maximum incomes for housing benefit eligibility for different types of households in the Weston-super-Mare BRMA:

Figure 25: Maximum income for households in receipt of housing benefit support by household type
(Source: ORS based on Department for Work and Pensions data; Valuation Office Agency data)

	WESTON-S-MARE BRMA
Single person aged 16-24 in Room Only	£11,041
Single person aged 25-34 in Room Only	£11,850
Single person aged 35+ in 1 Bedroom Properties	£12,673
Couple (both aged under 18) in 1 Bedroom Properties	£13,443
Couple (one or both aged 18 or over) in 1 Bedroom Properties	£14,901
Lone parent (aged 18 or over) with 1 child in 2 Bedroom Properties	£18,562
Lone parent (aged 18 or over) with 2 children in 2 Bedroom Properties	£22,141
Couple (aged 18 or over) with 1 child in 2 Bedroom Properties	£20,790
Couple (aged 18 or over) with 2 children in 2 Bedroom Properties	£24,369

Build to Rent

- 3.43 There are a variety of housing options potentially available for North Somerset, including Build to Rent options. Build to Rent is defined by the NPPF Glossary as:

Build to Rent: purpose-built housing that is typically 100% rented out.

Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control.

National Planning Policy Framework, February 2019 (Glossary)

- 3.44 The National Planning Policy Framework states that affordable housing on build to rent schemes should be provided in the form of affordable private rent. The PPG offers a “generally suitable” benchmark that 20% of any given build to rent scheme should be provided as affordable rent (maintained in perpetuity). In terms of setting affordable rent levels, national affordable housing policy requires a rent discount of at least 20% for affordable private rent homes relative to local market rents (inclusive of service charges).
- 3.45 However, the affordability of these affordable Build to Rent options is highly dependent on the rent being discounted. Research by JLL¹⁸ shows that the average Build to Rent option is 9.3% more expensive than the median rent. If it is assumed that these rent levels were to be the case in North Somerset, and a discount of 20% were to be applied to these rents (as is suggested by the NPPF/PPG) for the affordable units, then the range of rental costs available would be as Figure 26:

¹⁸ <https://www.jll.co.uk/content/dam/jll-com/documents/pdf/research/emea/uk/jll-residential-insight-build-to-rent.pdf>

Figure 26: Weekly rent thresholds in North Somerset (Source: Valuation Office Agency 2021-22; SDR 2022, JLL. Note: cells highlighted in red indicates Affordable Build to Rent is higher than equivalent lower quartile rent)

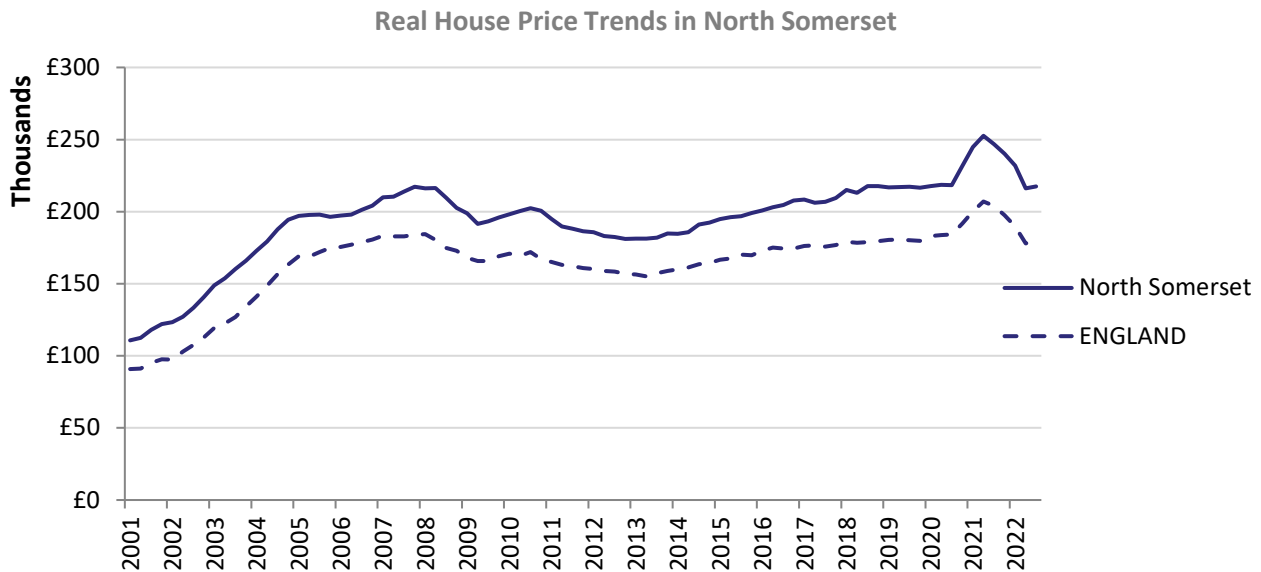
North Somerset	Build to Rent (Median +9.3%)	Median Private Rent	Affordable Build to Rent (B2R - 20%)	Lower Quartile Private Rent	Local Housing Allowance	Affordable Rent
1 bedroom	£149.56	£136.84	£119.65	£120.74	£109.32	£111.37
2 bedrooms	£188.53	£172.48	£150.82	£154.09	£138.08	£122.58
3 bedrooms	£232.51	£212.73	£186.01	£189.73	£172.60	£139.21
4+ bedrooms	£326.78	£298.97	£261.42	£241.48	£212.88	£154.36

- 3.46 The illustrative rents in Figure 26 identify that the costs of affordable build to rent are likely to be higher than those of lower quartile private rents for properties with four or more bedrooms (shown in red) and the rental costs are also higher than the maximum weekly local housing allowance. However, the rents for properties with up to three bedrooms are likely to be marginally lower than lower quartile rents but above the maximum LHA.
- 3.47 On this basis, the number of prospective tenants that could access affordable build to rent options but would not be able to access lower quartile market rents (without subsidy) would be limited to those needing homes with no more than three bedrooms. However, the cost gap between lower quartile rents and affordable build to rent are very small (the largest is 3-bedroom with a difference of £3.72 per week), suggesting that the number of households that could afford affordable build to rent but not lower quartile rent would in practice also be very small. Therefore, whilst the promotion of build to rent by local authorities could be a potentially useful mechanism for bringing forward affordable housing options, the level of rent discount suggested by the NPPF renders such options of limited utility in servicing the housing needs of the localities. To mitigate this, larger discounts than the suggested 20% would need to be sought by the authority, or the Build to Rent basic rent pre-discount would need to be meaningfully lower.

Cost of Home Ownership

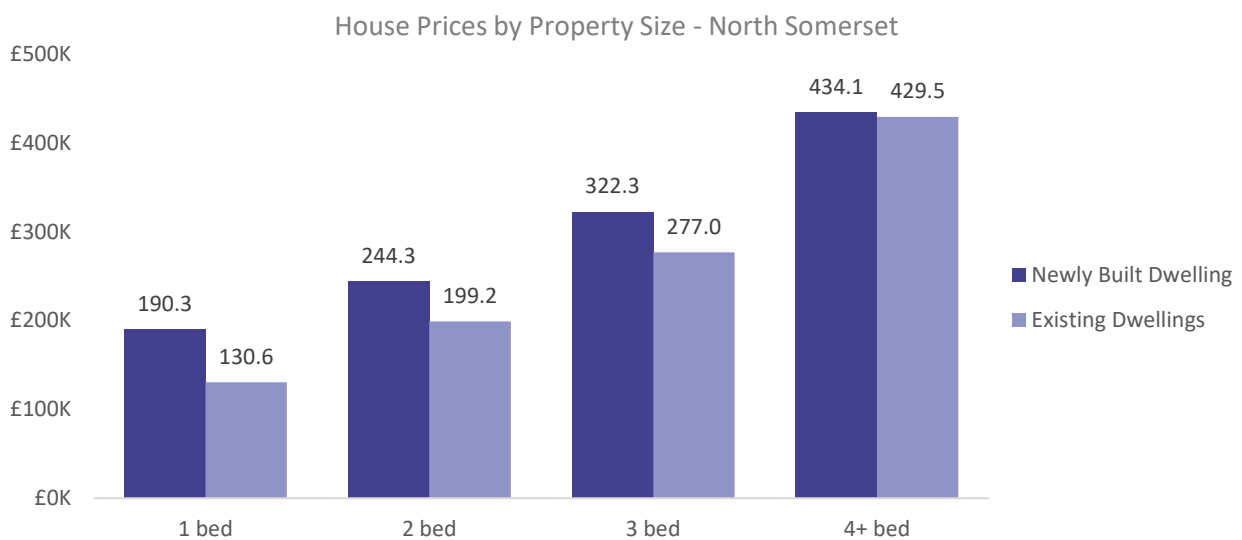
- 3.48 When considering home ownership, it is worth reflecting on house prices during the past twenty years. House price trends (2001-2022) are shown in Figure 27. This is based on lower quartile prices and data is adjusted for inflation so that values reflect real changes in house prices since 2001.
- 3.49 Real house prices in North Somerset, whilst somewhat higher, have historically mirrored those in England as a whole. However, a notable upward divergence from the England average can be seen in North Somerset beginning in 2013/14. Overall prices increased substantially in the period 2001-2008. Values then reduced from the beginning of 2008 and fell to their low point in late 2013, since when they have grown steadily. As of 2020, prices in North Somerset exceeded their previous peak prices in 2008, reaching their highest point in mid-2021, since when there has been a modest decline. However, it should be noted that there is considerable local variability in house prices across the authority.

Figure 27: Real House Price Trends: Lower Quartile Prices adjusted to September 2022 values using CPI (Source: ONS; Bank of England)



- 3.50 House prices clearly vary in accordance with a range of factors. An important component is the size of the property, with the number of bedrooms being key.
- 3.51 Figure 28 shows lower quartile house prices in North Somerset by bedroom size. There is also a difference between existing properties and newbuild dwellings. New dwellings in the area generally attract a premium, and all sizes of newly built properties are more expensive than the equivalent existing dwellings. The difference in values between newbuild and existing properties is likely to be down to a range of factors which include the location of newbuild housing, the relative size of properties, gardens, the availability of parking, comparative quality and condition of existing stock, and other intangible issues such as character.
- 3.52 These differences in value are relevant if we are considering the affordability of the overall housing stock alongside the affordability of new build estates. First time buyers are particularly likely to be newly forming households and seeking one and two bed properties.

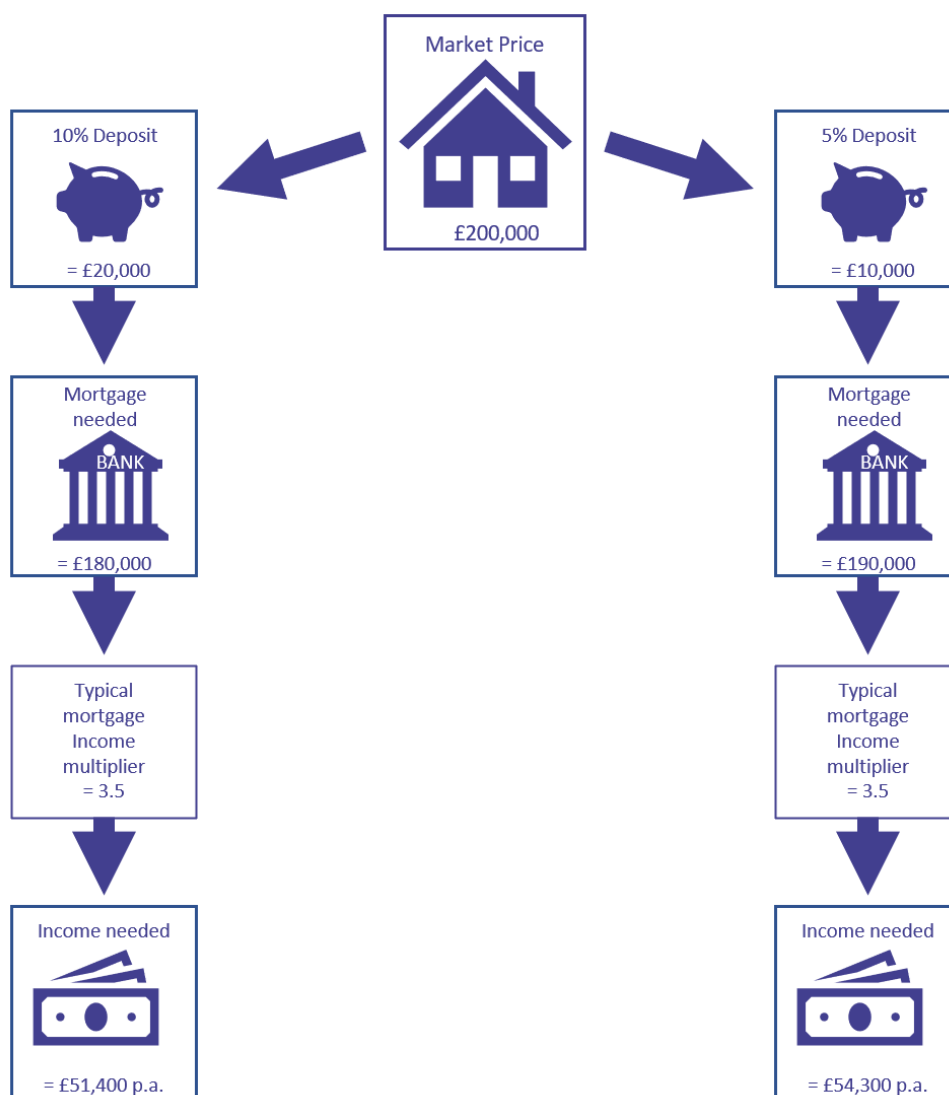
Figure 28: North Somerset - Lower quartile prices (adjusted by CPI) (Apr 2021-Mar 23) by property size (Source: ORS based on ONS House Price Statistics, Bank of England, Valuation Office Agency and Land Registry Price Paid Data)



Income Needed for Home Ownership

- 3.53 The income needed to purchase market housing will depend on the house price together with the mortgage income multiplier and the available deposit (or percentage loan to value).
- 3.54 For example, if we consider a property costing £200,000, and assume the buyer could afford a deposit of 10%. The outstanding mortgage requirement would be £180,000. Using a typical income multiple of 3.5 we can calculate an income of just over £51,400 would be needed ($51,429 \times 3.5 = £180,000$). If the buyer could only afford a 5% deposit (£10,000) then a larger mortgage and larger income would be needed.
- 3.55 Whilst some households will have higher deposits available and others will seek to extend their borrowing as far as possible, the initial assumptions of a 10% deposit and a 3.5 x mortgage multiplier provides a reasonable indication of the income that first-time buyer households are likely to need in order to buy a home in the area. Based on these assumptions, Figure 30 shows the household income levels needed to buy 1 and 2-bedroom properties in terms of both existing and newly built properties. When purchasing larger homes, households will typically have larger deposits available, often include equity from the sale of another property. On this basis, it is relatively artificial to consider incomes in isolation for larger properties.

Figure 29: Example calculating income needed for home ownership



Identifying the Gap for Affordable Home Ownership

- 3.56 When identifying the need for Affordable Home Ownership (AHO - this includes First Homes), it is necessary to consider the housing costs for both renting and buying market housing in order to understand the relative incomes required and establish the appropriate income range for AHO products and the associated purchase costs.
- 3.57 Figure 30 summarises the income thresholds for the range of different housing options based on the costs for home ownership and rents which emphasises that owner occupation is much less affordable than renting.

Figure 30: Annual income thresholds for different housing options, single bedroom and two-bedroom (Source: ORS based on ONS House Price Statistics, Department for Work and Pensions, Valuation Office Agency and Land Registry Price Paid Data. Note: All figures rounded to nearest £100)

North Somerset: Annual Income Thresholds	Single Bedroom Properties	Two Bedroom Properties
Minimum income needed to own a newly built dwelling with 10% deposit and 3.5x mortgage	£48,900	£62,800
Minimum income needed to own an existing dwelling with 10% deposit and 3.5x mortgage	£33,600	£51,200
Minimum income needed for median private rent to be less than 35%	£20,400	£25,700
Minimum income needed for lower quartile private rent to be less than 35%	£18,000	£23,000
Minimum income needed for affordable rent to be less than 35%	£16,600	£18,300
Minimum income needed for social rent to be less than 35%	£12,300	£14,100
Maximum income for Housing Benefit support at upper end of range	£14,900	£24,400
Maximum income for Housing Benefit support at lower end of range	£12,700	£18,600

- 3.58 For single-bedroom properties, there is large income gap between being able to afford market rent and being able to afford home ownership. Comparing the income required to afford median private rent (where rent = 35% of income) compared to the income required to afford one bed dwellings (based on 10% deposit and 3.5x mortgage), this gap is approximately £13,200 for existing properties, and £28,500 for newly built, which, in theory, leaves a large gap for affordable home ownership housing products. The gap is even wider for two-bedroom properties (£25,500 for existing, £37,100 for new built), and wider still if incomes to afford lower quartile rents are compared to home ownership.
- 3.59 AHO products need to be aimed at this income gap, recognising that some households who could afford market rent would prefer to own their own home.

Shared Ownership

- 3.60 A range of shared ownership products have also been developed to assist households into homeownership.
- 3.61 Figure 31 sets out the weekly costs associated with shared ownership properties of different sizes, taking account of the differential full market prices and based on the following assumptions:
- » 40% equity share purchased by the occupier;
 - » 10% of the equity purchased is available as a deposit;
 - » Mortgage costs base based on a 30-year repayment mortgage at 6.25% interest (a typical rate for a shared ownership mortgage);
 - » Rent based on 1.5% of the retained equity paid each year; and

- » Service charge of £10 per week.

3.62 This calculation demonstrates that the weekly costs for a typical shared ownership product in North Somerset are lower than the equivalent median private rent for all property sizes (Figure 31).

Figure 31: Shared ownership costs (Note: Mortgage costs based on a 30-year repayment mortgage at 6.25% interest. Rent based on 1.5% of the retained equity annually. Service charge assumed to be £10 per week)

North Somerset	Lower Quartile Property Value (New)	40% Equity Share	10% Deposit	Weekly Mortgage Costs	Weekly Rent Costs	Weekly Service Charge Costs	TOTAL WEEKLY COSTS	Weekly Median Private Rent Costs
1 bedroom	£190,339	£76,136	£7,614	£98.04	£32.85	£10.00	£140.89	£136.84
2 bedrooms	£244,286	£97,714	£9,771	£125.82	£42.16	£10.00	£177.99	£172.48
3 bedrooms	£322,263	£128,905	£12,891	£165.99	£55.62	£10.00	£231.61	£212.73
4+ bedrooms	£434,119	£173,648	£17,365	£223.60	£74.93	£10.00	£308.53	£298.97

3.63 Figure 32 shows the sensitivity of weekly costs to the equity share purchased and presents this relative to the equivalent local rents. This model uses a 6.25% interest rate for modelling purposes, if rates are lower in the future, then shared ownership will be more affordable, conversely higher rates will make it less affordable. As can be seen, for the examined equity shares below 40% across all sizes of property, a shared ownership product on this basis proves to be cheaper than median market rent for the same size property.

Figure 32: Total weekly costs for shared ownership based on different equity shares (Note: Mortgage costs based on a 30-year repayment mortgage at 6.25% interest. Rent based on 1.5% of the retained equity annually. Service charge assumed to be £10 per week.)

North Somerset	Median Private Rent	New Lower Quartile Property Value	10% Equity Share	25% Equity Share	40% Equity Share	50% Equity Share
1 bedroom	£136.84	£190,339	£83.79	£112.34	£140.89	£159.92
2 bedrooms	£172.48	£244,286	£104.70	£141.35	£177.99	£202.42
3 bedrooms	£212.73	£322,263	£134.93	£183.27	£231.61	£263.84
4+ bedrooms	£298.97	£434,119	£178.30	£243.41	£308.53	£351.94

3.64 Figure 33 shows the impact of rent based on 2.75% of retained equity in contrast to the 1.5% in Figure 45. If rent was charged at this level, clearly weekly costs in each case would be higher when compared directly with the previous 1.5% example. However, all examined shares above 10% exceed the median private rent.

Figure 33: Total weekly costs for shared ownership based on different equity shares (Note: Mortgage costs based on a 30-year repayment mortgage at 6.25% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £10 per week. Cells highlighted in orange are above the equivalent median private rent.)

North Somerset	Median Private Rent	New Lower Quartile Property Value	10% Equity Share	25% Equity Share	40% Equity Share	50% Equity Share
1 bedroom	£136.84	£190,339	£124.86	£146.56	£168.27	£182.74
2 bedrooms	£172.48	£244,286	£157.41	£185.27	£213.12	£231.70
3 bedrooms	£212.73	£322,263	£204.46	£241.21	£277.96	£302.46
4+ bedrooms	£298.97	£434,119	£271.96	£321.47	£370.97	£403.98

Summary of Low-Cost Home Ownership Options

3.65 This chapter has considered in some detail the relative cost of low-cost home ownership options depending on tenure type and property size based on standardised shared ownership products. However, local authorities have the option of introducing products with alternative discounts where viable. To assist in this, Figure 34 summarises the cost for each property size based on a range of potential shared ownership equity shares, first homes discounts and 20% discounted market sales housing (see 2023 NPPF Glossary – affordable housing (c), page 64), as compared to various rent levels.

Figure 34: Comparison of weekly Shared Ownership/First Homes costs by property size and equity share (Source: VOA 2021-2022, Land Registry, ORS model. Assumptions as in Figure 49 excluding equity share.)

North Somerset	10% Equity Share	25% Equity Share	40% Equity Share	50% Equity Share	50% First Homes	60% First Homes	70% First Homes	80% Discount LCHO
1 bed	£124.86	£146.56	£168.27	£182.74	£106.86	£128.23	£149.60	£170.97
2 bed	£157.41	£185.27	£213.12	£231.70	£137.14	£164.57	£192.00	£219.43
3 bed	£204.46	£241.21	£277.96	£302.46	£180.92	£217.10	£253.29	£289.47
4+ bed	£271.96	£321.47	£370.97	£403.98	£243.72	£292.46	£341.20	£389.95

KEY	Below Affordable Rent: X<AR	Above Affordable Rent and below Max LHA: AR<X<LHA	Above max LHA and below Lower Quartile Rent: LHA<X<LQ	Above Lower Quartile Rent and below Median Rent: LQ<X<Median	Above Median Rent Median<X

4. Affordable Housing Need

Identifying households who cannot afford market housing

Introduction

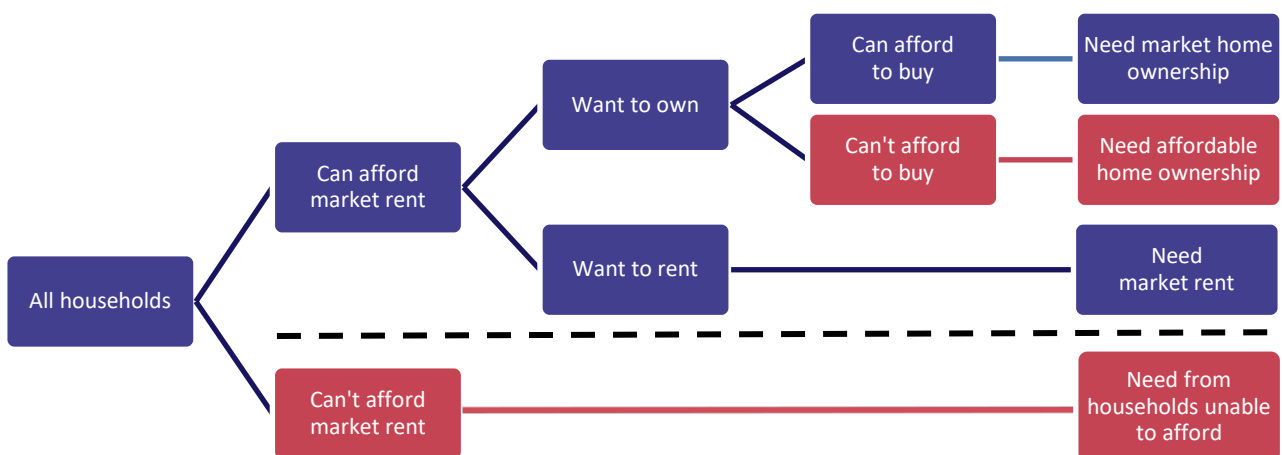
- 4.1 This section represents a technical exercise to comply with the requirements of the NPPF and the PPG. Demographic projections provide the basis for identifying the housing needs for all types of housing, including both market and affordable housing.
- 4.2 The definition of affordable housing was changed as of the 2019 iteration of the National Planning Policy Framework (current version is 2023), with a specific emphasis placed on affordable homeownership. Annex 2 of the Framework now defines affordable housing as being:

Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers)

National Planning Policy Framework 2023, Annex 2

- 4.3 To reflect this change, relevant paragraphs of PPG have also been updated to confirm that the types of household to be considered in housing need should include *“those that cannot afford their own homes, either to rent, or to own, where that is their aspiration”* [PPG ID 2a-020-20190220].
- 4.4 The assessment of affordable housing need therefore needs to consider both those who cannot afford to rent and those households who can afford to rent but would like to buy.

Figure 35: Establishing the need for market and affordable housing



- 4.5 There is a well-established method for assessing the needs of households who cannot afford to own or rent suitable market housing. However, PPG provides no guidance on how the needs of households who can afford to rent but would prefer to own, should be assessed.

Assessing the Needs of Households Unable to Afford Market Rent

- 4.6 The ORS Housing Mix Model considers the need for market and affordable housing on a long-term basis that is consistent with household projections. The model uses a range of secondary data sources to build on existing household projections and profile how the housing stock will need to change in order to accommodate the projected future population.
- 4.7 The model provides robust and credible evidence about the required mix of housing over the full planning period and recognises how key housing market trends and drivers will impact on the appropriate housing mix.
- 4.8 The 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” (ID 2a-021). **The ORS Model recognises that the proportion of households unable to buy or rent in the market area will not be the same for all types of household, and that this will also differ by age.** Therefore, the appropriate proportion is determined separately for each household type and age group.
- 4.9 The affordability percentages in Figure 36 are calculated using detailed information from the 2021 Census alongside data published by DWP about housing benefit claimants. For each type of household in each age group, the table identifies the percentage of households unable to afford their housing costs. This is the proportion of households in each group that either occupy affordable housing or receive housing benefit to enable them to afford market housing.

Figure 36: Assessing affordability by household type and age (Source: Census 2021 and DWP)

North Somerset: Percentage unable to afford market housing	Under 25	25-34	35-44	45-54	55-64	65+
Single person household	20%	8%	23%	31%	26%	25%
Couple family with no dependent children	8%	3%	4%	5%	4%	7%
Couple family with 1 or more dependent children	55%	20%	10%	7%	8%	17%
Lone parent family with 1 or more dependent children	59%	68%	49%	38%	46%	49%
Other household type	20%	31%	35%	22%	19%	9%

Current Unmet Needs of Households Unable to Afford

- 4.10 Any exploration of housing need in an area must first give consideration to existing unmet needs. The PPG states:

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 (February 2019), ID 2a-020-20190220

- 4.11 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.
- 4.12 Given this context, the model includes the needs of all these households when establishing the need for affordable housing at a base date of 2024.
- 4.13 The analysis counts the needs of all households living in overcrowded rented housing when establishing the affordable housing need (which could marginally overstate the requirements) but it does not count the needs of owner occupiers living in overcrowded housing (which can be offset against any previous over-counting). Student households are also excluded, given that their needs are assumed to be transient and do not count towards the need for affordable housing in West of England.
- 4.14 **Concealed families** are an important part of unmet housing need. However, not all concealed families want separate housing. Those 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 be experiencing affordability difficulties or other constraints (although even here not all will want to live independently).

- 4.15 Any concealed families in a reasonable preference category on the housing register will be counted regardless of age. The analysis also considers the additional growth of concealed families with family representatives aged under 55 (even when not on the housing register) and assumes that all such households are unlikely to be able to afford housing (otherwise they would have found a more suitable home).
- 4.16 The analysis does not count people occupying insanitary housing or otherwise living in unsatisfactory housing conditions as a need for additional affordable housing. These dwellings would be unsuitable for any household and enabling one household to move out would simply allow another to move in – so this would not reduce the overall number of households in housing need. This housing need should be resolved by improving the existing housing stock, and the Council have a range of statutory enforcement powers to improve housing conditions.
- 4.17 Figure 37 sets out an assessment of the existing affordable housing need for North Somerset at the start of the Plan period in 2024.

Figure 37: Assessing current unmet gross need for affordable housing (Source: CLG P1E returns, Census, EHS, LAHS)

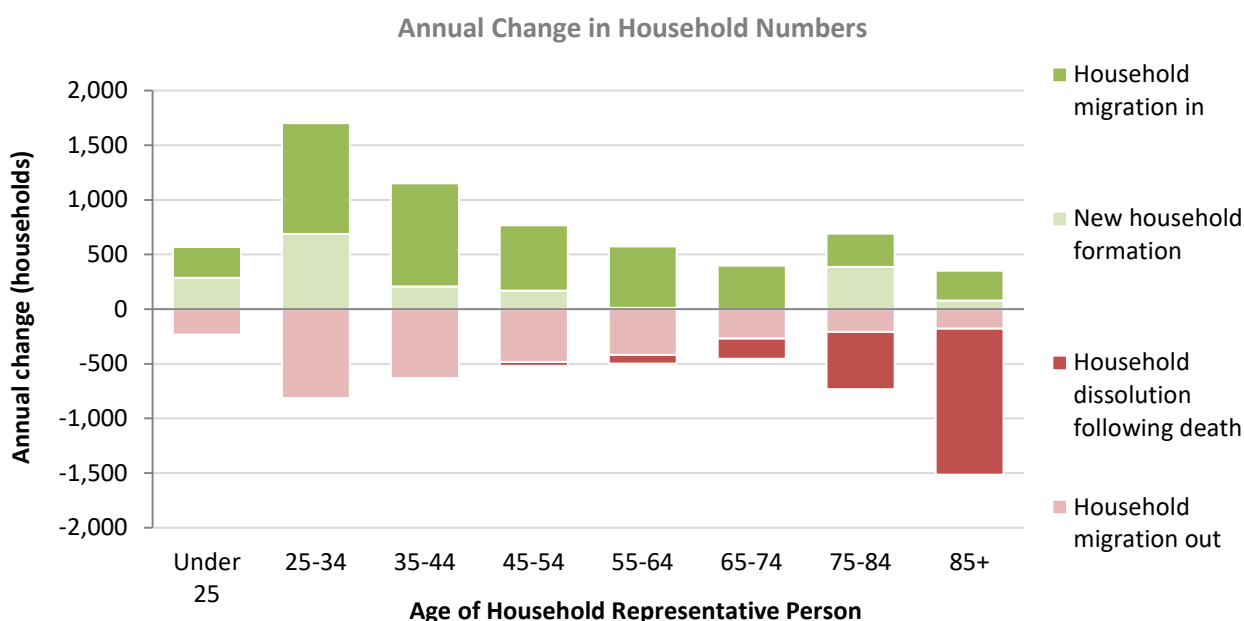
NORTH SOMERSET	Affordable Housing - Gross Need	Affordable Housing - Supply	Affordable Housing - Net Need	Current unmet Housing Need
Homeless households in priority need [Source: CLG P1E returns 2022]				
Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	27		27	27
Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	11		11	
Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	40	40	0	
Households accepted as homeless but without temporary accommodation provided	2		2	2
Concealed households [Source: Census 2001 and 2021]				
Growth in concealed families with family representatives aged under 55	222		222	222
Overcrowding based on the bedroom standard [Source: Census 2021 and English Housing Survey]				
Households living in overcrowded private rented housing	425		425	
Households living in overcrowded social rented housing	386	386	0	
Other households living in unsuitable housing that cannot afford their own home [Source: CLG Local Authority Housing Statistics 2022]				
People who need to move on medical or welfare grounds, including grounds relating to a disability	585	34	551	
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)	2	0	2	
TOTAL	1,700	460	1,240	251

- 4.18 Based on a detailed review of both the past trends and current estimates our analysis has concluded that 1,700 households in North Somerset are currently living in unsuitable housing and 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.
- 4.19 Of these households, 460 currently occupy affordable housing that does not meet the current householders' needs, mainly due to overcrowding. Providing more suitable housing for these households will enable them to vacate their existing affordable housing property, which can subsequently be allocated to another (smaller) household in need of affordable housing.
- 4.20 There is, therefore, a net current affordable housing need of 1,240 households (1,700 less 460 = 1,240). However, depending on property types and size of households in need, a higher number of new homes *may* be needed to ensure there is no overcrowding.
- 4.21 Providing the net current affordable housing need for 1,240 households will provide for 251 households that are currently either homeless or concealed, and release back into the market (mainly in the private rented sector) the dwellings currently occupied by the remaining 989 households (1,240 less the 251 households which are homeless or concealed and thus do not release dwellings).

Projected Future Need of Households Unable to Afford

- 4.22 When considering the number of newly arising households likely to be in affordable housing need, the PPG recommends a "gross annual estimate" (ID 2a-021) suggesting that "the total need for affordable housing should be converted into annual flows" (ID 2a-024).
- 4.23 Figure 38 show the age structure of each of the components of household change. This analysis is based on changes within each age cohort. 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 38: Annual change in household numbers in each age cohort by age of Household Representative Person in North Somerset (Source: ORS Housing Model)



- 4.24 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. The following tables (Figure 39 to Figure 42) looks at the impact of different types of household.

Figure 39: Annual components of Household Growth for North Somerset 2024-39 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

NORTH SOMERSET 2024-39	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	1,835	1,407	428	23%
Households migrating into the area	4,372	3,510	861	20%
All new households	6,207	4,918	1,289	21%

- 4.25 The ORS Model identifies new households projected to form in North Somerset each year, along with the number that will be unable to afford their housing costs. The model also considers new households migrating to the area which results in the total new households in need of affordable housing (Figure 39).
- 4.26 PPG identifies that *“there will be a current supply of housing stock that can be used to accommodate households in affordable housing need”* and that it is necessary to establish *“the number of affordable dwellings that are going to be vacated by current occupiers that are fit for use by other households in need”* (ID 2a-022)
- 4.27 The model also identifies the households are likely to dissolve following the death of all household members. Many of these households will own their homes outright, however, some of these are likely to have been unable to afford market housing and will mostly be living in social rented housing (Figure 40).
- 4.28 In addition, some households that are unable to afford housing will migrate away from the area, so their needs should be discounted to ensure consistency with the household projections. The model identifies the households that will migrate out of the area each year, including those households who are unable to afford their housing costs.
- 4.29 A proportion of these will vacate rented affordable housing (which will become available for another household) whereas others that have not yet been allocated an affordable home will reduce the number of households waiting. (It should be noted that some might have chosen to stay if housing costs were cheaper or more affordable housing was available).
- 4.30 Figure 40 shows the annual number of households who will vacate affordable dwellings or will no longer be waiting for a home over the period:

Figure 40: Annual components of Household Growth North Somerset 2024-39 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

NORTH SOMERSET 2024-39	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Household dissolutions following death	2,178	1,805	373	17%
Households migrating <u>out</u> of the area	3,243	2,596	647	20%
All households no longer present	5,421	4,400	1,020	19%

- 4.31 PPG also identifies that it is important to estimate “the number of existing households falling into need” (ID 2a-021). Whilst established households that continue to live in North Somerset 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 the estimate of the number of established households that will fall into need in each year is shown in Figure 41.
- 4.32 However, established households’ circumstances can also improve. For example:
- » When two single person households join together to form a couple, pooling their resources may enable them to jointly afford their housing costs (even if neither could afford separately).
 - » Households also tend to be more likely to afford housing as they get older, so young households forming in the early years of the projection may be able to afford later in the projection period.
- 4.33 These improved circumstances can therefore reduce the need for affordable housing over time. The model identifies the number of households whose circumstances will improve such that they become able to afford their housing costs having previously being unable do so.
- 4.34 Therefore, considering the changing needs of existing households overall, **there remains a net decrease of existing households needing affordable housing each year** in North Somerset (Figure 41).

Figure 41: Annual components of Household Growth North Somerset 2024-39 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

NORTH SOMERSET 2024-39	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Existing households falling into need	-	-237	237	100%
Existing households climbing out of need	-	318	-318	0%
Change in existing households	-	81	-81	-

- 4.35 The following table (Figure 42) summarises the overall impact of:
- » new households adding to housing need,
 - » the households no longer present reducing housing need and
 - » the changes in circumstances impacting existing households.

Figure 42: Annual components of Household Growth North Somerset 2024-39 (Source: ORS Housing Model)

NORTH SOMERSET 2024-39	All households	Households able to afford housing costs	Households unable to afford housing costs
All new households	6,207	4,918	1,289
All households no longer present	5,421	4,400	1,020
Change in existing households	-	81	-81
Annual average future affordable housing need 2024-39	786	598	188
15-year Total future affordable housing need 2024-39	11,787	8,970	2,818

- 4.36 Overall, reviewing the contribution of each element amounts to a projected additional 2,818 households needing affordable housing in North Somerset over the 15-year period 2024-39.

Overall Affordable Housing Need for Households Unable to Afford

- 4.37 Figure 43 below brings together the information on assessing the unmet need for affordable housing in 2024 and the associated impact on market housing, together with the future need for market and affordable housing arising over the 15-year period 2024-39.

Figure 43: Assessing total need for market and affordable housing for North Somerset (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

NORTH SOMERSET 2024-39	Households able to afford market rent	Households unable to afford market rent	Overall Housing Need
Unmet need for affordable housing in 2024 (see Figure 37)			
Total unmet need for affordable housing (a)	-	1,700	1,700
Supply of housing vacated (b)	989	460	1,449
Current housing need (c) = (a) - (b)	-989	+1,240	+251
Projected future housing need 2024-39 (see Figure 42)			
Average annual housing need (d)	598	188	786
Future housing need (e) = (d) x 15	+8,970	+2,818	+11,787
Total need for market and affordable housing (f) = (c) + (e)	+7,980	+4,058	+12,038
Average annual household growth (g) = (f) / 15	+532	+271	+803

- 4.38 Overall, in North Somerset, there is a need to provide affordable housing for 4,058 households unable to afford to rent or buy over the Plan period 2024-39, which equates to **271 households per year**.
- 4.39 The appropriate mix of affordable housing products will depend on the mix of households needing affordable housing,¹⁹ and the type of affordable housing households can afford is influenced by the percentage of income available. Figure 24 identified the minimum annual income needed to afford Affordable Rents in North Somerset by property size (based on spending up to 35% of total income).²⁰ To profile affordability, data from the English Housing Survey and ONS Survey of Personal Incomes has been combined to establish a distribution by household type and age. This excludes any income from housing benefit, as the analysis seeks to determine to what extent housing benefit would be needed by households in each group.

¹⁹ This section is about need and not supply, nor whether it is feasible to supply sufficient homes to meet the need in any particular LPA. The supply to deliver against the need may be affected by such factors as thresholds for affordable housing on individual sites where, for example, a smaller proportion of affordable housing or none may be required on smaller sites.

²⁰ The rent for affordable rent housing (inclusive of service charges) must not exceed 80% of gross market rent.

Figure 44: Overall need for Affordable Housing in North Somerset 2024-39 disaggregated based on ability to access affordable rents by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

North Somerset	Households unable to afford affordable rent	Households able to afford affordable rent	Total Households
1 bedroom	538	133	671
2 bedrooms	1,022	437	1,459
3 bedrooms	1,008	504	1,512
4+ bedrooms	271	144	415
TOTAL HOUSING NEED	2,839	1,219	4,058
Overall Percentage	70%	30%	100%

Future Policy on Housing Benefit in the Private Rented Sector

- 4.40 The analysis recognises **the importance of housing benefit and the role of the private rented sector**. It is assumed that the number of households in receipt of housing benefit in the private rented sector will remain constant; however, this is a national policy decision which is not within the Council’s control.
- 4.41 It is important to note that private rented housing (with or without housing benefit) does not meet the NPPF definition of affordable housing. However, many tenants that rent from a private landlord can only afford their housing costs as they receive housing benefit. These households aren’t counted towards the need for affordable housing (as housing benefit enables them to afford their housing costs), but if housing benefit support was no longer provided (or if there wasn’t sufficient private rented housing available at a price they could afford) then this would increase the need for affordable housing.
- 4.42 The analysis adopts a neutral position in relation to this housing benefit support, insofar as it assumes that the number of claimants in receipt of housing benefit in the private rented sector will remain constant. **The assessment does not count any dwellings in the private rented sector as affordable housing supply;** however, it does assume that housing benefit will continue to help some households to afford their housing costs, and as a consequence these households will not need affordable housing.
- 4.43 PPG (both the current version and previous versions) states that *“care should be taken to ... include only those households who cannot afford to access suitable housing in the market”* [ID 2a-020-20190220]. Given that households in receipt of housing benefit receive a specific payment to enable them to afford suitable housing in the market, these households should only be counted as part of the affordable housing need if that payment was withdrawn. That would be a policy decision, albeit at a national level. It is well-established that housing need should be established leaving aside policy considerations,²¹ so it would be wrong to assume housing benefit was to be withdrawn from households renting privately when assessing the level of affordable housing need.
- 4.44 The approach taken by the LHNA is policy neutral, assuming no change in the number of claimants. Evidently, it would be a policy-on position to assume that the position was going to radically change, so that could not form part of the assessment of need. However, when establishing the affordable housing requirement – i.e. a figure which also reflects any policy considerations – a local planning authority could seek to reduce the number of households rented privately in receipt of housing benefit as a policy aspiration. That wouldn’t change the need, but it could influence the affordable housing policy target.

²¹ Gallagher Homes v Solihull MBC; [2014] EWHC 1283 (Admin)

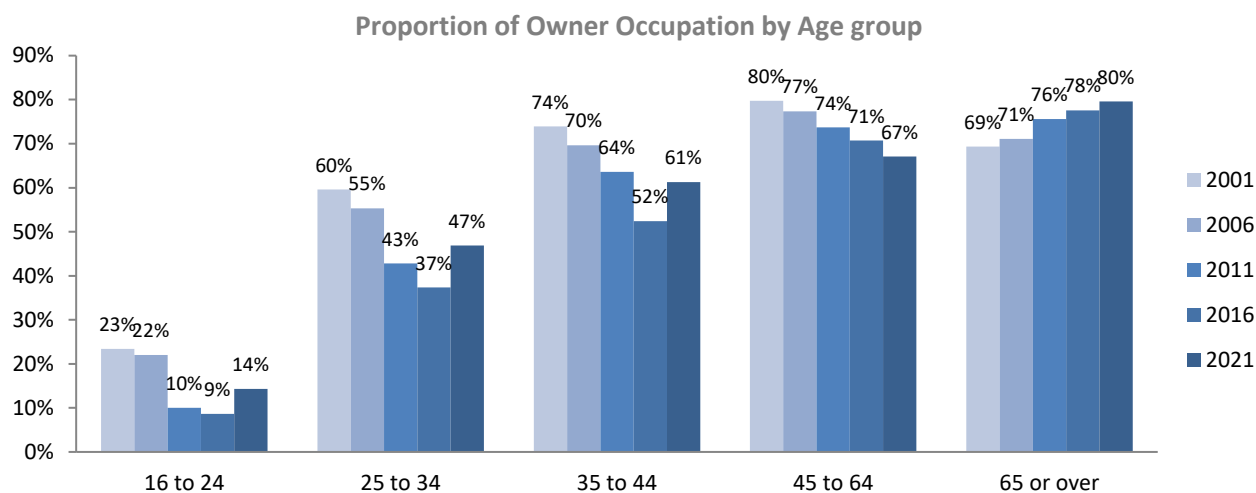
- 4.45 Given this context, it will be necessary for the local authority to plan for the needs of **all** households unable to afford to rent or own market housing if they are going to avoid the number of housing benefit claimants living in private rented housing increasing. However, in determining the affordable housing requirement, the authority may want to consider a local policy target to reduce the number of households living in private rented housing who rely on housing benefit – but this could only be achieved after the affordable housing need that has been identified has been met in full.

Assessing the Needs of Households Aspiring to Homeownership

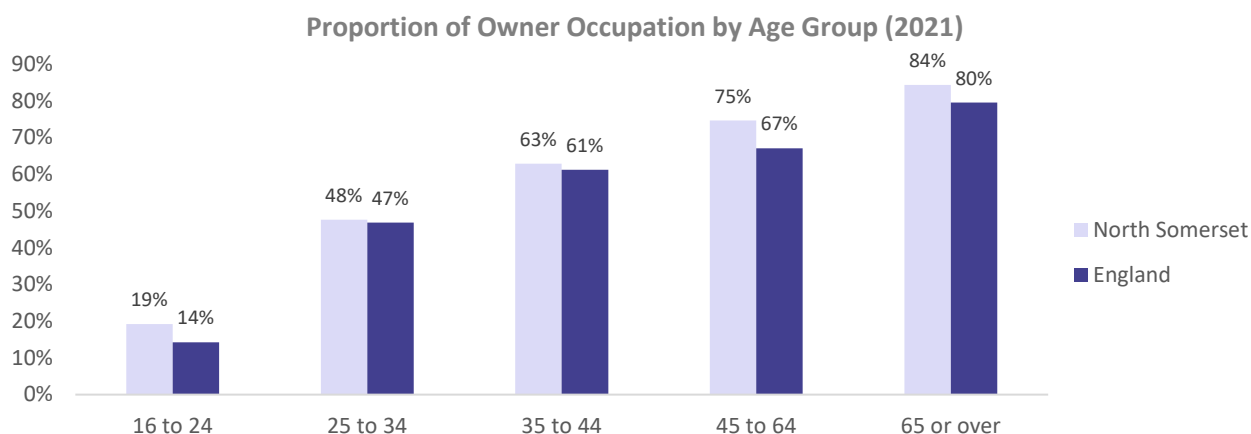
Home Ownership Trends

- 4.46 The new emphasis on households that cannot afford to own their home reflects Government concerns that the proportion of owner occupiers has reduced nationally over the last ten to fifteen years. Estimates from the English Housing Survey suggest that the proportion of owner occupiers reduced from around 69% in 2006 to 65% in 2011 and to 63% by 2016. Over the same period the proportion of households renting from a social landlord also reduced from 19% to 17% whilst the proportion renting privately increased from 12% to 20%.
- 4.47 The proportion of owner occupiers varies by age with younger age groups less likely to own their home than older households. The real change is in the extent to which younger age groups owning their property has fallen over recent years whilst at the upper end of the age scale (aged 65 or over) home ownership has been increasing (Figure 45).

Figure 45: Percentage of Owner Occupiers in England by Age Group 2001-2021 (Source: English Housing Survey)



- 4.48 The English Housing Survey does not contain robust data on owner occupation by age group at the local level, however an indication of the comparison between owner occupation levels by age in North Somerset versus the national average can be gathered from the 2021 Census (Figure 46). Rates of owner occupation in North Somerset are higher than the national average across all age groups reported by the 2021 Census.

Figure 46: Proportion of Owner Occupation by age group 2021 (Source: Census 2021)

Establishing the number of households aspiring to home ownership

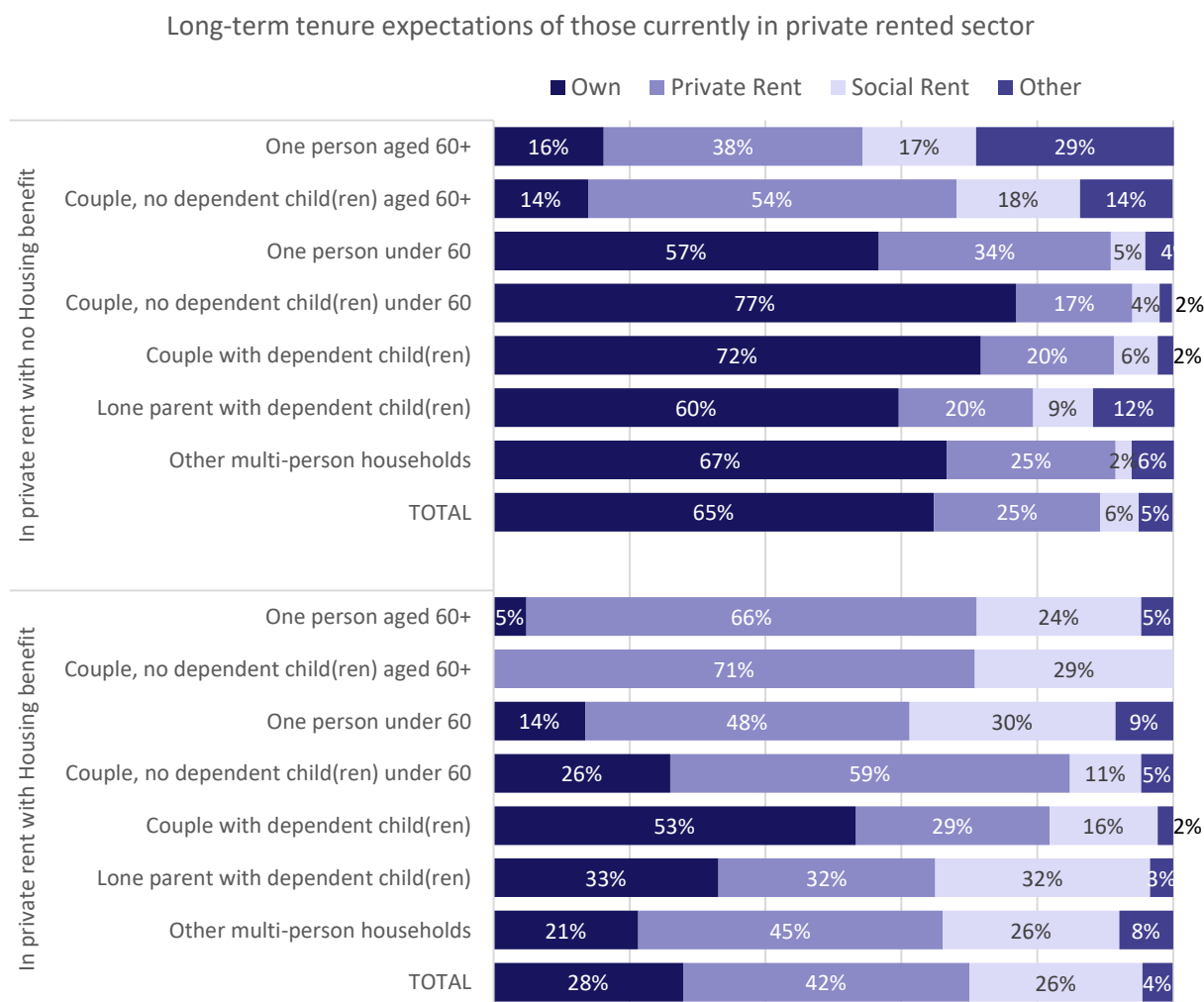
- 4.49 English Housing Survey data shows that almost all (97.1%) of households who currently own their property wish to stay as owner occupiers in the long term. In terms of potential demand over half (56.6%) of households who rent privately and a fifth (21.1%) of those in social rented housing aspire to homeownership.

Figure 47: Long-term aspirations (Source: English Housing Survey 2021-22)

Current Tenure	Long-term Tenure Plan - Owner Occupier	Long-term Tenure Plan - Rent from Private Landlord	Long-term Tenure Plan - Rent from Social Landlord	Long-term Tenure Plan - Other
Owner occupied	97.1%	0.3%	0.5%	2.1%
Private rent	56.6%	29.2%	9.5%	4.7%
Social rent	21.1%	1.4%	74.2%	3.3%

- 4.50 These figures relate to aspirations only and there is no test within the data as to whether this aspiration is affordable. It is therefore worth considering the responses of those currently in private rent in more detail with a view to understanding the types of household aspiring to buy. Figure 48 shows long-term tenure aspirations of different types of households currently renting privately either with or without housing benefit.

Figure 48: Long-term Tenure Expectation for those in the Private Rented Sector with and without Housing Benefit support
 (Source: English Housing Survey 2013-14. Note: Own includes shared ownership)



4.51 Almost two in three (65%) of those who are currently renting privately and NOT receiving housing benefit wish to buy their own home in the future. The proportion is much lower for those households with a Household Representative Person (HRP) over 60 (averaging 15%) and slightly higher amongst couples under 60 (77% and 72% depending on whether or not there are dependent children in the household).

4.52 Just under three in ten (28%) of those households in the private rented sector and in receipt of housing benefit wish to buy their own home in the future. This increases to 53% of couples with dependent children.

Identifying the Need for Affordable Homeownership

4.53 Through combining data on the number of households of each type in each age group living in private rented housing and paying their own rent with the aspiration data from the EHS, Figure 49 establishes the number of existing households likely to aspire to home ownership that have not been counted in the affordable housing need. It is important to recognise that all of these households are able to meet their own housing costs in the private rented sector, so would typically not be considered for social or Affordable Rent.

Figure 49: Households currently living in the Private Rented Sector in North Somerset and paying their own rent that aspire to home ownership by Age of Household Representative (Note: Figures may not sum due to rounding)

Household Type	15-24	25-34	35-44	45-54	55-64	65+	TOTAL
Single person	155	877	670	153	156	3	2013
Couple without children	171	660	224	210	169	64	1498
Families with child(ren)	22	742	527	126	0	0	1416
Other households	66	53	1	7	2	0	129
Total Volume	413	2,331	1,423	496	327	67	5,057
<i>Percentage of households</i>	<i>8%</i>	<i>46%</i>	<i>28%</i>	<i>10%</i>	<i>6%</i>	<i>1%</i>	<i>100%</i>

- 4.54 Based on this analysis, we can estimate that there is a total of around 5,057 households currently resident in North Somerset who do not own their own home but aspire to do so. Of these households, 46% are aged 25-34 with the vast majority (82%) aged under 45. As previously reported (Figure 19 to Figure 21), Census data identified significant increases in households renting privately over the period to 2021. On this basis, we can expect a consistent growth in the number of households currently renting privately that aspire to homeownership.
- 4.55 In addition to the current need, it is also important to consider new households that are projected to form over the period to 2039. Through combining this data with the aspiration data from the EHS, we can conclude that it is likely that there would be a further 4,730 households that form over the 15-year period who will be able to afford to pay market rent but are unlikely to own, despite that being their aspiration. Together, this yields a total of 9,787 households who do not own their own home but aspire to do so. However, it is likely that around 1,198 of these households could afford homeownership despite having chosen to currently rent, and these households should not be counted as part of the need for affordable homeownership. **Overall, in North Somerset there are likely to be 8,589 households who aspire to homeownership who are unlikely to own their own home over the period 2024-39, a net annual need of 573 per year.**
- 4.56 As previously noted, the Government have recently introduced First Homes, which are properties to be sold with at least a 30% discount to first-time buyers. While the figure of 8,589 households who aspire to homeownership in North Somerset sets an upper threshold for the number who could seek to access First Homes, it would still be the case that these households would require a deposit and to be able to afford to service the cost of a mortgage. We explore the importance of this point below.
- 4.57 It is important to recognise that the figures for those who aspire to homeownership are based upon those households who currently can afford market rent without the support of housing benefit. But these households would not necessarily choose new build affordable homeownership if it was available. Similarly, some households may not ultimately need affordable homeownership if their circumstances change to such a degree that they are eventually able to buy without financial assistance. It is also important to recognise that the identified demand could only be realised if affordable homeownership products can be delivered at prices that are truly affordable in the area, in line with local house prices and incomes.
- 4.58 Neither the NPPF nor PPG identify that any affordability criteria should be applied to those households who aspire to homeownership but cannot afford to buy their own home. However, it is appropriate to consider the extent to which these households could plausibly afford affordable homeownership products if they were provided.
- 4.59 Whilst a range of affordable homeownership products are available, each with different costs and eligibility criteria, PPG for First Homes states at paragraph 2 that:

How does the housing need of particular groups relate to overall housing need calculated using the standard method?

The First Homes criteria are the minimum requirements a housing unit must meet in order to qualify as a First Home. Affordable Housing Update Written Ministerial Statement published on 24 May 2021, the national standards for a First Home are that:

- a) a First Home must be discounted by a minimum of 30% against the market value;*
- b) after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London); and,*
- c) the home is sold to a person who meets the First Homes eligibility criteria, as set out in first 2 paragraphs under First Homes eligibility criteria.*

Planning Practice Guidance, ID: 70-002-20210524

4.60 It goes on at paragraph 4 to outline that:

In order to qualify as a First Home, a property must be sold at least 30% below the open market value. Therefore, the required minimum discount cannot be below 30%.

However, the First Homes Written Ministerial Statement does give local authorities and neighbourhood planning groups the discretion to require a higher minimum discount of either 40% or 50% if they can demonstrate a need for this. As part of their plan-making process, local planning authorities should undertake a housing need assessment to take into account the need for a range of housing types and tenures, including various affordable housing tenures (such as First Homes). Specific demographic data is available on open data communities which can be used to inform this process. The assessment will enable an evidence-based planning judgement to be made about the need for a higher minimum discount level in the area, and how it can meet the needs of different demographic and social groups.

In such circumstances, the minimum discount level should be fixed at either 40% or 50% below market value and should not be set at any other value. In each case, these percentages represent the minimum discount required for a home to qualify as a First Home.

Planning Practice Guidance, ID: 70-004-20210524

4.61 Previously, Figure 28 showed that the current lower quartile newbuild prices for a 4-bedroom property in North Somerset is around £434,100, so 70% of this price would be above the cap limit. It would be necessary to apply a larger discount to bring these properties within the First Homes maximum value of £250,000. While 1 to 3-bedroom properties would come in below the £250,000 with a discount of 30%, it is still the case that a property discounted by 50% will be much more affordable than one discounted by 30%. Therefore, for the purpose of establishing the plausibility of low-cost home ownership access, we have assumed a maximum discount of 50% on open market prices for properties which are compatible with the First Homes scheme. However, we then assess how many of these households can also afford at a 30% discount.

- 4.62 Given this context, Figure 50 identifies those households with income that would be insufficient to afford 50% of newbuild prices at the lower quartile for the local area, and those households with savings of less than £5,000²². This is based on further analysis of the EHS data which considers the income distribution and savings data for households that rent privately but aspire to homeownership. This data has been updated to reflect current income levels and scaled for each local area using indices from the ONS gross disposable household income (GDHI) tables.
- 4.63 Of the 8,589 households who aspire to homeownership and cannot afford to buy, it is likely that around 3,169 households would have incomes too low to have a realistic prospect of being able to afford 50% of open market values, and of the remaining households it is estimated that there would be 3,956 where the household had savings of less than £5,000 and were therefore unable to afford the assumed deposit (and other up-front costs) of purchasing a home in the local area (Figure 50).

Figure 50: Affordable homeownership housing mix by household affordability in North Somerset 2024-2039 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

NORTH SOMERSET 2024-39	Households aspiring to homeownership who cannot afford to buy	MINUS households unable to afford 50% of newbuild LQ	Households able to afford 50% of newbuild LQ	MINUS households with savings of less than £5,000	Households able to afford with savings of £5,000 or more
1 bedroom	1,755	578	1,177	795	383
2 bedrooms	3,708	1,188	2,519	1,912	608
3 bedrooms	2,612	1,091	1,522	1,130	392
4+ bedrooms	514	313	201	120	82
TOTAL	8,589	3,169	5,420	3,956	1,463

- 4.64 On this basis, there are estimated to be around 1,463 households that aspire to homeownership but cannot afford to buy, who also have at least £5,000 in savings and incomes above the relevant threshold. This represents only 17% of the total 8,589 that was originally identified.
- 4.65 As previously noted, it is likely that the vast majority of these 1,463 households would be first-time buyers and providing affordable homeownership products that they are able to afford will reduce the demand for properties in the private rented sector. However, it is also important to recognise that there are many more households who aspire to homeownership who either do not have sufficient income or savings that would enable them to realise their aspiration unless suitable products can be provided.

Identifying the Overall Affordable Housing Need

- 4.66 Figure 51 brings together the information on the need from households unable to afford market rent and those aspiring to home ownership who cannot afford to buy.

²² This is the amount assumed necessary to cover stamp duty, legal fees, moving costs, surveys etc.

Figure 51: Total households needing affordable housing in North Somerset 2024-2039 (Source: ORS Housing Model)

NORTH SOMERSET 2024-39	Total Households Needing Affordable Housing – 15-year total	Total Households Needing Affordable Housing – Annual average
Households unable to afford market rent	4,058	271
Households aspiring to home ownership and unable to afford to buy	8,589	573
ALL HOUSEHOLDS	12,647	843

- 4.67 On this basis, we can conclude that a total of 12,647 households are likely to need affordable housing over the 15-year period 2024-2039, equivalent to an average of 843 per year.
- 4.68 This is higher than the household growth identified by the ONS 2018-based projections (see 11,787 – Figure 13), as a large proportion of this need being associated with the whole population as opposed to the projected new households, which is recognised by the PPG:

How does the housing need of particular groups relate to overall housing need calculated using the standard method?

The standard method for assessing local housing need identifies an overall minimum average annual housing need figure but does not break this down into the housing need of individual groups. This guidance sets out advice on how plan-making authorities should identify and plan for the housing needs of particular groups of people.

This need may well exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method. This is because the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline as opposed to the projected new households which form the baseline for the standard method. How can needs of different groups be planned for?

Strategic policy-making authorities will need to consider the extent to which the identified needs of specific groups can be addressed in the area, taking into account:

- » *the overall level of need identified using the standard method (and whether the evidence suggests that a higher level of need ought to be considered);*
- » *the extent to which the overall housing need can be translated into a housing requirement figure for the plan period; and*
- » *the anticipated deliverability of different forms of provision, having regard to viability.*

Planning Practice Guidance, ID 67-001-20190722

- 4.69 Given that the need for affordable housing and affordable home ownership in particular is very high, it is necessary to consider how this need can be addressed within the established affordable housing need. However, it would be reasonable to only plan for the needs of those 1,463 households likely to form an effective demand (i.e. those able to afford the various products that will be available) as it would seem irrational for the plan to seek to provide affordable homeownership for households who are not able to afford the products available.

Establishing Overall Housing Mix

- 4.70 The size, type and tenure of homes needs to be calculated separately from the standard method. PPG states:

How does the housing need of particular groups relate to overall housing need calculated using the standard method?

The standard method for assessing housing need does not break down the overall figure into different types of housing. Therefore the need for particular sizes, types and tenures of homes as well as the housing needs of particular groups should be considered separately.

Planning Practice Guidance, ID 2a-017-20190220

- 4.71 Figure 52 identifies the overall dwelling mix based on the analysis of Local Housing Need over the 15-year period 2024-2039 together with the identified need for affordable housing, allowing for a proportion of dwellings without a usually resident household. This is based on the summary of households unable to afford market rent (Figure 44) and those aspiring to homeownership but unable to afford to buy (Figure 50) with the overall affordable housing need subtracted from the overall Local Housing Need to establish the need for market housing.
- 4.72 Therefore, the LHNA identifies an overall affordable housing need of around 5,547 dwellings delivered over the 15-year period 2024-39, equivalent to 37.2% of the LHN. This will provide for the needs of all households unable to afford to rent or own market housing and also provide for those households who aspire to homeownership but who cannot afford to buy, where there is a realistic prospect of those households being able to purchase an affordable homeownership product.
- 4.73 The analysis further disaggregates those aspiring to homeownership into households that could afford First Homes with a 30% discount and those that able to afford First Homes with a 40% or a 50% discount, though unable to afford with a lesser discount. These latter groups will therefore require the provision of a more accessible product than 70% First Homes (e.g., a form of shared ownership, First Homes with a larger discount, or similar).
- 4.74 It is important to recognise that there are many more households who aspire to homeownership who either do not have sufficient income or savings that would enable them to realise their aspiration. It is also important to recognise that these figures assume that the number of households in receipt of housing benefit to enable them to afford market housing in the private rented sector does not change. In determining the affordable housing requirement, the Council may want to consider these households alongside those households living in private rented housing who aspire to home ownership.
- 4.75 The analysis also includes an allowance for housing provision in Use Class C2, which represents bedspaces in communal establishments such as care homes. The projected growth in communal establishments is taken from the population and household projections, which assume that the percentage of persons aged 75 years and over living in communal establishments will remain constant – so as the overall older population grows, the number in communal establishments also increases.

4.76 The allowance for C2 provision is equivalised using the calculation set out in the Housing Delivery Test measurement rule book.²³ Where Class C2 bedspaces are delivered, they can be counted at a ratio of 1.8 (national figure based on 2011 Census) bedspaces to each dwelling in the LHN figure. The equivalent locally calculated figure for North Somerset is 1.78, which appears in Figure 13.

Figure 52: Overall need for Market and Affordable Housing in North Somerset 2024-39 by property type and size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

NORTH SOMERSET 2024-39	Affordable Housing Need – Unable to afford Social Rent	Affordable Housing Need – Unable to afford Affordable Rent	Affordable home ownership based on First Homes with 50% discount	Affordable home ownership based on First Homes with 40% discount	Affordable home ownership based on First Homes with 30% discount	Total Affordable Housing	Total Market Housing	Total Housing
Number of Dwellings								
1 bedroom Flat	465	115	58	59	249	946	195	1,141
2+ bedrooms Flat	532	227	77	73	258	1,167	653	1,820
1-2 bedrooms House	598	256	42	42	153	1,091	959	2,050
3 bedrooms House	987	494	96	87	198	1,861	4,530	6,390
4 bedrooms House	221	117	65	0	0	404	2,099	2,503
5+ bedrooms House	42	22	14	0	0	78	439	517
ALL DWELLINGS	2,845	1,232	352	261	858	5,547	8,874	14,421
Allowance for C2 provision (equivalised)	-	-	-	-	-	-	-	481
TOTAL HOUSING NEED	2,845	1,232	352	261	858	5,547	8,874	14,902
Percentage of Dwellings								
1 bedroom Flat	3.2%	0.8%	0.4%	0.4%	1.7%	6.6%	1.4%	7.9%
2+ bedrooms Flat	3.7%	1.6%	0.5%	0.5%	1.8%	8.1%	4.5%	12.6%
1-2 bedrooms House	4.1%	1.8%	0.3%	0.3%	1.1%	7.6%	6.7%	14.2%
3 bedrooms House	6.8%	3.4%	0.7%	0.6%	1.4%	12.9%	31.4%	44.3%
4 bedrooms House	1.5%	0.8%	0.5%	0.0%	0.0%	2.8%	14.6%	17.4%
5+ bedrooms House	0.3%	0.2%	0.1%	0.0%	0.0%	0.5%	3.0%	3.6%
ALL DWELLINGS	19.7%	8.5%	2.4%	1.8%	5.9%	38.5%	61.5%	100.0%

²³ <https://www.gov.uk/government/publications/housing-delivery-test-measurement-rule-book>

Affordable Housing Need	51.3%	22.2%	6.3%	4.7%	15.5%	100.0%	-	-
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- 4.77 It is important to note that the LHNA is not assuming that the equivalent of 481 dwellings in North Somerset will be delivered as C2 bedspaces. Instead, the population and household projections assume that the equivalent of 481 dwellings will be vacated by those moving to communal establishments, and these properties would therefore be released for sale or relet. If, in practice, this number of C2 bedspaces are not delivered then these residents would not move, and their properties would remain occupied – which would mean that a further 481 dwellings would need to be provided in Use Class C3. Conversely, if a larger number of C2 bedspaces are provided, then more dwellings would be released which would reduce the number of additional C3 dwellings needed.

Establishing a Guidance Compliant Affordable Home Ownership Policy

- 4.78 The PPG states in the section on First Homes that:

...First Homes are the government's preferred discounted market tenure and should account for at least 25% of all affordable housing units delivered by developers through planning obligations.

PPG: First Homes Paragraph: 001 Reference ID: 70-001-20210524

- 4.79 The PPG also gives guidance on the level of discount that can be provided to meet the needs of an area, stipulating that the minimum discount can be either 30%, 40%, or 50% in line with evidence, and that this discount should be fixed.

In order to qualify as a First Home, a property must be sold at least 30% below the open market value. Therefore, the required minimum discount cannot be below 30%.

However, the First Homes Written Ministerial Statement does give local authorities and neighbourhood planning groups the discretion to require a higher minimum discount of either 40% or 50% if they can demonstrate a need for this. As part of their plan-making process, local planning authorities should undertake a housing need assessment to take into account the need for a range of housing types and tenures, including various affordable housing tenures (such as First Homes). Specific demographic data is available on open data communities which can be used to inform this process. The assessment will enable an evidence-based planning judgement to be made about the need for a higher minimum discount level in the area, and how it can meet the needs of different demographic and social groups.

In such circumstances, the minimum discount level should be fixed at either 40% or 50% below market value and should not be set at any other value....

PPG: First Homes Paragraph: 004 Reference ID: 70-004-20210524

- 4.80 The NPPF states at paragraph 65 that:

65. Where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the total number of homes to be available for affordable home ownership, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups.

- 4.81 The NPPF then goes on to list a number of exceptions to this requirement for specific cases.
- 4.82 In summary then, a policy that meets guidance will:
- » Provide 25% of all affordable housing as First Homes;
 - » Provide a single fixed First Homes discount that meets the needs of the area (at 30%, 40% or 50%);
 - » Provide a minimum of 10% of all housing on major developments as affordable home ownership (subject to exceptions).
- 4.83 To meet the first criterion, given there is a total overall affordable need of 5,547 dwellings (see Figure 52), 25% of these should be First Homes, i.e. 1,387 dwellings.
- 4.84 To meet the second criterion, a discount must be established that allows for these dwellings to be accessible by those in need of affordable home ownership. Figure 52 shows that 858 dwellings could satisfy the needs of households able to afford a 30% discount, a further 261 dwellings could satisfy the needs of those households able to afford a 40% discount (a total of 1,119 dwellings, as those that can afford with a 30% discount could equally afford at a 40% discount), and a further 352 dwellings could satisfy the needs of those that could afford with a 50% discount (total 1,471).
- 4.85 It therefore follows that producing 1,387 First Homes at a discount of 30% or 40% would not meet the needs of the area, as only a maximum of 1,119 of these properties could realistically be accessed by those in affordable need. Recalling that one discount needs to be applied to the area, it is therefore the case that a minimum 1,387 First Homes with a 50% discount would be necessary to meet the requirements of guidance.
- 4.86 Given the total need of 1,471 affordable home ownership dwellings, the remaining 84 dwellings (1,471 affordable homes – 1,387 first homes) could be provided as shared ownership or a similar affordable homeownership product to ensure a range of tenures are available. It is also the case also that not every household in need of an affordable homeownership product will necessarily meet the criteria to access a First Home, i.e. they may not be a first-time buyer²⁴, therefore it is rational to ensure that options are available beyond First Homes to accommodate the needs of those ineligible for the product.
- 4.87 Planning for 1,471 affordable home ownership units falls very slightly (19 units) short of 10% of all housing (10% of 14,902 = 1,490). However, given the range of exceptions to the 10% requirement in the NPPF following paragraph 65²⁵, and the fact that it applies only to major developments, the true figure will inevitably be less than 1,490. If a minimum of 192 dwellings were to emerge from developments to which these exceptions applied, then 10% of the remainder would be 1,471²⁶ or less.

²⁴ PPG First Homes Paragraph: 007 Reference ID: 70-007-20210524 “A purchaser (or, if a joint purchase, all the purchasers) of a First Home should be a first-time buyer...”

²⁵ Specifically: a) developments that are solely Build to Rent; b) developments providing specialist accommodation (e.g. students or the elderly); c) self/custom build developments; d) those developments exclusively for affordable housing, an entry-level exception site or a rural exception site.

²⁶ 14,902 total housing – 192 exceptions/non-major = 14,710. 10% of 14,710 = 1,471

^{4.88} At the time of writing it is the case that this reduced figure cannot be firmly established until later in the planning process; but given the above it nonetheless seems highly likely that 1,471 will exceed 10% of the total housing on major developments where the NPPF exceptions do not apply, satisfying the third criterion.

5. Needs of Different Groups

Identifying the housing needed for different groups

Introduction

- 5.1 Paragraph 62 of the NPPF requires that local planning authorities consider the needs of a range of groups within the population.

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

- 5.2 Earlier chapters have already considered affordable housing, the needs of families with children and those who rent their homes in detail. This chapter considers the housing needs for the remaining groups in turn. A separate assessment of the needs of Gypsies and Travellers was developed for North Somerset by ORS in 2022. No community groups with specific housing needs beyond those set out in the NPPF have been identified in North Somerset.

Housing for Older People

- 5.3 The UK population is ageing, and people can expect to live longer healthier lives than previous generations, so the older population living in England is forecast to grow significantly over the next 20 years. Given this context, PPG recognises the importance of providing housing for older people.
- 5.4 These national trends are also evident across local areas, and the following section considers the evidence for North Somerset.

Older People in North Somerset

- 5.5 The 2021 Census identified a total of around 51,900 persons aged 65 or over resident in the local authority area at that time (Figure 53). This included around 25,400 persons aged 75 or over. Most residents were living in households, but 1,769 were recorded as living in communal establishments (mainly residential care or nursing care). There were a total of around 32,900 household representatives aged 65 or over, of which over two fifths (45.6%) lived as single person households.
- 5.6 Whilst the proportion of residents living in communal establishments represented only 3.4% of the overall population aged 65 or over, the proportion was markedly higher for older age groups: 8.6% of those aged 85 to 89 and 21.8% of those aged 90 or over (Figure 54).
- 5.7 The proportion of residents living as single person households was also notably higher for older age groups, with more than a third of all residents aged 75 or over (37.9%) and almost half of those aged 85 or over (54.2%) identified as living alone. The overall household representative rates ranged from 0.556 for those aged 65 to 69 (i.e. for every 1,000 persons in the household population, 556 represented a household) up to 0.841 for those aged 85 or over (Figure 55).

Figure 53: Resident population aged 65+ living in North Somerset by age and living arrangements (Source: 2021 Census)

	Aged 65-74	Aged 75-84	Aged 85+	Total Aged 65+	Total Aged 75+
RESIDENT POPULATION					
Household population	26,214	17,528	6,358	50,100	23,886
Communal Establishment population	261	513	995	1,769	1,508
Total Resident Population	26,475	18,041	7,353	51,869	25,394
HOUSEHOLD POPULATION					
Living as a single person household	5,923	5,601	3,446	14,970	9,047
Living in a couple household	18,376	10,806	2,288	31,470	13,094
Living in other types of household	1,915	1,121	624	3,660	1,745
Total Household Population	26,214	17,528	6,358	50,100	23,886
HOUSEHOLD REPRESENTATIVES					
Single person household representative	5,923	5,601	3,446	14,970	9,047
Couple household representative	8,382	6,167	1,609	16,158	7,776
Other household representative	876	566	290	1,732	856
Total Household Representatives	15,181	12,334	5,345	32,860	17,679

Figure 54: Resident population living in communal establishments by age (Source: 2021 Census)

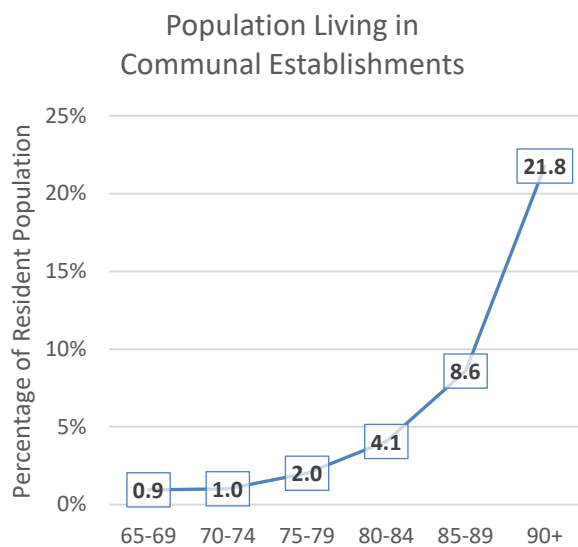
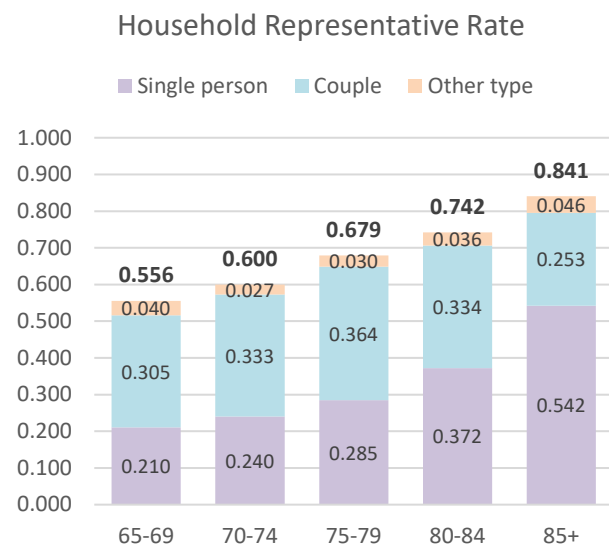


Figure 55: Household representative rates by age and household type (Source: 2021 Census)



- 5.8 Figure 56 identifies the type of dwellings occupied by households aged 75 or over based on 2021 Census data. Around 15,200 households were owner occupiers (86.2%), 1,000 rented privately (5.7%) and 1,400 lived in social rented homes (8.1%).
- 5.9 Over two fifths of owner occupiers aged 75 or over had three bedrooms (41.4%) and almost a further quarter had four bedrooms or more (23.0%). In contrast, very few of those in social rent had three bedrooms or more (13.8%) with around half living in a single bedroom property (47.9%).

- 5.10 The Census does not provide details about specialist older person housing, but information about this stock is maintained by the Elderly Accommodation Counsel (EAC).²⁷ Based on estimates for North Somerset, there is a stock of 1,669 rented units (typically managed by Registered Social Landlords) and 1,211 units that are owned.

Figure 56: Existing dwelling stock in North Somerset occupied by households aged 65+ (Source: 2021 Census; Housing with Support based on data published by EAC for 2015; Housing with Care based on EAC data published in the Housing LIN report “West of England extra care housing improvement project”, May 2023)

	Owner occupied	Private rent	Social rent	TOTAL
DWELLINGS OCCUPIED BY HOUSEHOLDS AGED 75+				
1 bedroom	827	319	684	1,830
2 bedrooms	4,602	473	546	5,621
3 bedrooms	6,306	177	183	6,666
4 or more bedrooms	3,506	46	14	3,566
Total Households	15,241	1,015	1,427	17,683
SPECIALIST OLDER PERSON HOUSING UNITS				
Housing with Support	1,085	-	1,415	2,500
Housing with Care	126	-	254	380
Total Specialist Older Person Housing Units	1,211	-	1,669	2,880

- 5.11 It is notable that the number of rented units (1,669 homes) is higher than the number of households aged 75 or over living in one- and two-bedroom social rented housing at the time of the Census (1,230 households) which suggests that a number of these homes are likely to have been occupied by households aged under 75 (assuming that the stock was not vacant at the time of the Census).
- 5.12 The owner-occupied stock of specialist older person housing (1,211 homes) represents around a fifth (22.3%) of all one- and two-bedroom dwellings occupied by owner occupiers aged 75 or over. Nevertheless, as many older owner occupiers live in properties with three bedrooms or more, the specialist older person housing stock represents only 7.9% of households when considering all owner occupiers aged 75 or over.

Identifying the Need for Specialist Older Person Housing

- 5.13 National Planning Practice Guidance for “Housing for older and disabled people” was published in June 2019. This states [ID 63-004-20190626]:

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

²⁷ <http://www.housingcare.org/downloads/eac%20stats%20on%20housing%20for%20older%20people%20March%202015.pdf>

The EAC data is based on the following definition: “a group of dwellings intended for older people and served by a resident or non-resident warden/scheme manager with specific responsibility for the group”. This includes Extra Care, assisted living, and other forms of ‘housing with care’ but other forms of specialist older person housing may not be included within this definition.

- 5.14 The Housing Learning and Improvement Network (LIN) has published a number of different online toolkits that have provided standardised rates for estimating demand for specialist older person housing products. These have been based on applying prevalence rates per 1,000 people aged 75 or over, as summarised in Figure 57.^{28, 29} The table also presents baseline rates from a model developed by Sheffield Hallam University Centre for Regional Economic and Social Research (CRESR).³⁰

Figure 57: Benchmark Figures for Specialist Older Person Housing

Form of Provision <i>Demand per 1,000 persons aged 75+</i>	2008 - More Choice, Greater Voice Toolkit	2011 - Housing in Later Life SHOP Resource Pack	2016 - SHOP@ National Benchmark	2016 - Housing LIN Review Proposals	2017 - Sheffield Hallam CRESR Model
Housing with Support: Retirement Living or Sheltered Housing	125	180	100	100	153.2
Housing with Care: Extra Care or Enhanced Sheltered	45	65	14	35 "Proactive" rate	19.5
Sub-total	170	245	114	135	172.7
Residential care	65	-	43	40	110.8
Nursing care	45	-	45	45	
Sub-total	110	-	88	85	110.8
OVERALL TOTAL	280	-	202	220	283.5

- 5.15 These rates provide a useful framework for understanding the potential demand for different forms of older person housing, but there is limited detail about the derivation of the figures published by the Housing LIN.
- 5.16 The More Choice, Greater Voice toolkit recognises that the suggested framework simply:
- "...represents an attempt to quantify matters with explicit numerical ratios and targets. It is contentious, but deliberately so, in challenging those who must develop local strategies to draw all the strands together in a way that quantifies their intentions."* (page 44)
- 5.17 Similarly, the SHOP resource pack acknowledged that the framework simply provides a baseline, which extrapolates *"...crude estimates of future demand from existing data"* (page 36) and the 2016 Review acknowledged that the Housing in Later Life report had *"suggested a large increase in leasehold housing for older people which were not substantiated at the time"* (page 4).
- 5.18 In contrast, the baseline rates for the CRESR model were established based on:
- "the level and composition of supply of age-exclusive housing, specialist housing, and care beds across the 100 English local authorities with the highest overall provision of each broad type of older person housing per 1,000 older people (aged 75 years or older)."* (page 26)
- 5.19 The Housing LIN states that the More Choice, Greater Voice Toolkit and SHOP Resource Pack are both now out-of-date and remain published only as an 'archived' resource for public policy interest purposes. The more recent SHOP@ analysis tool is provided through the Housing LIN consultancy services, where target prevalence rates are established based on local circumstances.

²⁸ http://www.housinglin.org.uk/library/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf

²⁹ <http://www.housinglin.org.uk/library/Resources/Housing/SHOP/SHOPResourcePack.pdf>

³⁰ <https://www.shu.ac.uk/centre-regional-economic-social-research/projects/all-projects/older-peoples-housing-care-and-support-needs-in-greater-cambridge-2017-2036>

- 5.20 The West of England authorities commissioned the Housing LIN to prepare a research study to help understand the need for extra care housing.³¹ However, that study did not provide any quantitative estimates of need but instead only sought to consider the profile of need drawing on qualitative evidence. Whilst the study did not seek to provide any quantitative estimates of future needs, the existing supply of Extra Care Housing was considered, and the report concluded:

“that the prevalence of extra care housing in all four council areas is above both the South West and the England average prevalence. Based on the Housing LIN’s experience of the commissioning and provision of extra care housing across England, this should be interpreted as meaning that other areas of England are likely to have an under supply of extra care housing, rather than that there is an ‘oversupply’ of extra care housing in the West of England” (para 2.23)

- 5.21 The Housing LIN has subsequently stated that *“there is evidence of an undersupply of ECH for sale across the WoE footprint”* although no details have been provided about the current level of need relative to existing provision in the local area.
- 5.22 The Housing LIN 2016 Review identified the following benchmarks for tenure mix based on the relative affluence or deprivation of the local authority area (Figure 58). Given that the English indices of deprivation ranked North Somerset in the second highest quartile of all local authorities,³² the relevant tenure mix benchmark would be that proposed for the “Affluent” areas.

Figure 58: Proposed tenure mix for 2035 influenced by the affluence/deprivation ratio from the Housing LIN 2016 Review

SHOP@ MARKET SPLIT 2035 OPTIONS - DEPRIVATION/AFFLUENCE SPLIT								
	Most Deprived		Deprived		Affluent		Most Affluent	
	% Rented	% Leasehold	% Rented	% Leasehold	% Rented	% Leasehold	% Rented	% Leasehold
Sheltered, Age Exclusive	80	20	67	33	50	50	33	67
Housing with Care	75	25	50	50	33	67	25	75
Split based on quantiles of ONS deprivation index								
It can be expected that the % of public sector sheltered, age exclusive accommodation will retain a higher % than housing with care as there already exists a substantial level of current service provision.								

- 5.23 In contrast, the CRESR Model determined the tenure mix for each type of housing based on the proportion of residents aged 75 or over living in owner occupation. Given that the proportion for North Somerset ranked 31st highest of the 326 local authority areas in England, the “Above median” benchmark applies.

Figure 59: Tenure splits for 2035 influenced by the affluence/deprivation ratio from the Housing LIN 2016 Review

		Proportion of 75 years and over in owner occupation	
		Above median	Below median
Age-exclusive	Rented	84	92
	Owner	16	8
Sheltered	Rented	69	84
	Owner	31	16
Enhanced sheltered	Rented	47	55
	Owner	53	45
Extra care	Rented	71	87
	Owner	29	13

³¹ “West of England extra care housing improvement project”, Housing LIN, May 2023

³² <https://www.gov.uk/government/statistics/english-indices-of-deprivation-2019>

- 5.24 Nevertheless, it is important to recognise that the CRESR Model is based on the mix of current provision, which may not reflect the most appropriate distribution when planning for additional provision.

“These tenure splits reflect current provision, which is significantly skewed towards social rented provision. If there is a desire to expand the provision of older people’s housing beyond current levels, this is likely to require disproportionate increases in ownership forms of supply. This is in part due to demand being focused on these ownership forms, particularly in areas with high levels of existing older homeowners.”

Reviewing the Existing Stock of Specialist Older Person Housing

- 5.25 As previously noted, the 2021 Census identified a total of around 25,400 persons aged 75 or over resident in North Somerset at that time (Figure 53) and data published by the Elderly Accommodation Counsel (EAC) identifies that there is an overall stock of around 2,900 specialist older person housing units across the area (Figure 56). On this basis, we can determine that the current provision of stock in the area equates to around 113 dwellings per 1000 persons aged 75 or over.
- 5.26 Figure 60 compares the rates for the different types of specialist housing for sale and rent with the suggested target benchmark rates from the Housing LIN Review and the baseline rates from the CRESR Model. This suggests that the owned stock is currently below, and the rented stock is broadly in line with the respective benchmark rates suggested by the Housing LIN. However, baseline rates from the CRESR Model suggest that the existing stock of Housing with Care (both owned and rented) and owned Housing with Support are all only fractionally below expected rates (based on the 100 English local authorities with the highest overall provision) whilst the existing stock of rented Housing with Support is considerably lower than expected.

Figure 60: Existing Specialist Older Person Housing for North Somerset (Source: Housing with Support based on data published by EAC for 2015. Housing with Care based current EAC data published in the Housing LIN study)

Form of Provision	Existing Supply – Number of dwellings	Existing Supply – Percentage	Existing Supply – Rate per 1000 persons aged 75+	Housing LIN 2016 Review - Benchmark rates	Housing LIN 2016 Review - Supply-Demand balance	CRESR Model - Benchmark rates	CRESR Model - Supply-Demand balance
Housing with Support	2,500	-	98	100	-2	153	-55
Owned	1,085	43%	43	50	-7	47	-4
Rented	1,415	57%	55	50	+5	106	-51
Housing with Care	380	-	15	35	-20	20	-5
Owned	126	33%	5	23	-18	7	-2
Rented	254	67%	10	12	-2	13	-3
TOTAL	2,880	-	113	135	-22	173	-60
Owned	1,211	42%	48	73	-25	54	-6
Rented	1,669	58%	65	62	+3	119	-54

- 5.27 Figure 56 previously established that the existing stock of rented specialist older person housing was higher than the number of households aged 75 or over living in one- and two-bedroom social rented housing at the time of the Census. Therefore, it seems unlikely that there is a shortfall of rented homes (as suggested by the CRESR Model) and the marginal surplus suggested by the Housing LIN rates appears more credible.
- 5.28 The existing owner-occupied stock of specialist older person housing represented less than 8% of owner occupiers aged 75 or over living in the area. Given this context, it is perhaps not surprising that both the

benchmark rates from the Housing LIN Review and the baseline rates from the CRESR Model suggest a likely shortfall. The benchmark rates from the Housing LIN Review (73 owned properties per 1000 persons aged 75+) suggest a need for 1,854 units, which yields a shortfall of 643 units. This implies the need to provide an additional new home for every three existing units to address the needs of the existing population, before taking account of any future growth in the older population.

- 5.29 Providing this number of homes would be equivalent to around 12.2% of the owner occupier households aged 75 or over, so it does not appear to be an unreasonable conclusion. Nevertheless, in the same way as the Housing LIN Review acknowledged that the Housing in Later Life report had suggested an increased figure that had not been substantiated, it is unclear what evidence actually supports the rates for leasehold housing that were used by the More Choice, Greater Voice Toolkit to which the 2016 Review reverted.
- 5.30 In contrast, the CRESR Model rate (54 owned properties per 1000 persons aged 75+) is based on actual stock across the 100 English local authorities with the highest overall provision. On this basis, there would be a need for 1,371 units in North Somerset and therefore a shortfall of 160 units, which implies that the existing stock would only need to marginally increase (a growth of 13%) in order to meet current needs. However, this would then mean that provision in North Somerset was in line with the highest rates of provision nationally.
- 5.31 ORS survey data from a study in Central Bedfordshire identified that 6.7% of owner occupiers would consider specialist older person housing in that area,³³ and a similar survey that ORS undertook across the whole of Great Britain identified that 7.5% of owner occupiers would consider specialist older person housing nationally. Further research and modelling by Three Dragons suggests that of those current owners moving into retirement housing, around 85% would want and could afford to move into a purchased property.³⁴ Together, these figures provide a further benchmark for comparison.
- 5.32 Based on around 15,200 households aged 75 or over that own their own home in North Somerset, the above rates would suggest that around 1,100 owner occupiers are likely to want specialist housing for older persons, and of these around 972 households would want and could afford to buy. This would suggest that there wasn't any existing shortfall and that sufficient homes were already available.
- 5.33 The key point to note is that there is no single correct answer when estimating the need for older person housing, and it is therefore appropriate to establish a local framework which takes account of local data. This would suggest that there is no shortfall of rented housing, but a possible limited shortfall of owned units.
- 5.34 When considering the balance between Housing with Support and Housing with Care, both the Housing LIN and CRESR Model suggest only a marginal shortfall of owner-occupied Housing with Support, but when considering owned Housing with Care, the Housing LIN benchmark rates suggest that there is a shortfall in current provision in North Somerset whereas the CRESR Model suggests current provision is already in line with the average rate for those areas with the highest rates of provision nationally. However, it is important to recognise that this is a growing market, and it is likely that at least some additional owned units will need to be provided as Housing with Care.

³³ https://www.centralbedfordshire.gov.uk/Images/assessment-housing-needs-older-people_tcm3-24075.pdf

³⁴ <https://www.three-dragons.co.uk/>

Establishing the Future Need for Specialist Older Person Housing

- 5.35 The population projections underlying the Local Housing Need figure for North Somerset show a substantial increase in the older population with 29,300 persons aged 75 or over projected to be resident by the 2024 base date, and a subsequent increase of over 8,300 persons and 9,600 households over the period to 2039.

Figure 61: Projected population aged 75+ (Source: LHNA modelling, ORS)

	Total population 2024	Total population 2039	15-year change 2024-2039
RESIDENT POPULATION			
Household population	27,629	35,134	+7,505
Communal Establishment population	1,665	2,488	+823
Total Resident Population	29,294	37,622	+8,328
HOUSEHOLD POPULATION			
Living as a single person household	20,062	25,923	+5,861
Living in a couple or another type of household	7,567	9,211	+1,644
Total Household Population	27,629	35,134	+7,505
HOUSEHOLD REPRESENTATIVES			
Single person household representative	20,062	25,923	+5,861
Couple household representative	5,500	7,046	+1,546
Other household representative	2,904	5,171	+2,267
Total Household Representatives	28,466	38,141	+9,674

- 5.36 It is also important to recognise that more than half of this extra population will be aged 85 or over (4,860 persons, 58% of the increase aged 75+). These residents are likely to have increasingly complex care and support needs, including dementia, but also mental health needs and frailty related needs, and as was identified by the Housing LIN study, it will be important to consider the associated changes in the profile of housing need.
- 5.37 Figure 62 considers the need for specialist older person housing in North Somerset over the Plan period. Based on the total resident population aged 75 or over in 2024 (around 29,300 persons), the existing supply has been used to establish a baseline rate. A target rate has also been established. For rented housing this reflects the Housing LIN benchmark rates, which totals 62 dwellings per 1000 persons aged 75 or over. Whilst the overall Housing LIN rates are marginally lower than the rate of 65 per 1000 identified in 2021 (Figure 60) this comprises a higher rate for Housing with Care (12 cf. 10 per 1000) which is offset against a lower rate for Housing with Support (50 cf. 55 per 1000). This seems reasonable given changing needs and demands.
- 5.38 The target rate for owned Housing with Support is assumed to return to the equivalent rate identified in 2021 (43 per 1000 persons) whilst the target rate for owned Housing with Care has been calculated based on the overall demand for specialist housing from owner occupiers after allowing for the previously identified need for Housing with Support.³⁵ This yields a rate of 10 per 1000 persons, a baseline need for 293 units and a shortfall of 167 units at the start of the Plan period in 2024. Whilst this rate is lower than the Housing LIN benchmark (26 per 1000 persons) it is higher than the CRESR Model (7 per 1000) and is 2.5x the baseline rate, so provides a reasonable target in the context of the local area.

³⁵ Total households 2024 = 28,466; assuming 86.2% owner occupiers = 24,538; assuming 7.5% would consider specialist older person housing and 85% could afford to buy = 1,564; less the identified Housing with Support target of 1,260 = 304; as a rate based on 29,294 persons = 10 per 1000

- 5.39 The baseline need has been derived through applying the target rates to the total population in 2024, and the new need arising over the 15-year period 2024-2039 applies the same rates to the projected change in population over that period. Summed together, these yield the gross need in 2039; and the net need is calculated through offsetting the existing supply.
- 5.40 Based on this analysis, **there is an identified need for an additional 1,447 specialist older person housing units over the 15-year Plan period 2024-2039**, including 999 units of Housing with Support (533 owned and 466 rented) and 448 units of Housing with Care (250 owned and 197 rented).

Figure 62: Modelled Need for Specialist Older Person Housing in North Somerset 2024-39

Form of Provision	Existing supply	Baseline Rate per 1000 persons aged 75+	Target Rate per 1000 persons aged 75+	Baseline need in 2024	New need arising 2024-2039	Gross need in 2039	Net need 2024-2039
Housing with Support	2,500	85	93	2,724	775	3,499	999
Owned	1,085	37	43	1,260	358	1,618	533
Rented	1,415	48	50	1,465	416	1,881	466
Housing with Care	380	13	22	644	183	828	448
Owned	126	4	10	293	83	376	250
Rented	254	9	12	352	100	451	197
TOTAL	2,880	98	115	3,369	958	4,327	1,447
Owned	1,211	41	53	1,553	441	1,994	783
Rented	1,669	57	62	1,816	516	2,333	664

- 5.41 The model assumes a continuation of current types of housing although it is unclear if older people will aspire to these types of specialist housing in the future. Some types of specialist housing are already experiencing lower demand, and other, newer types of provision may appear to meet changing aspirations in the future. The policy aim of supporting people at home for longer along with assistive technology could also reduce or alter demand. However, it is important to recognise that the provision of dedicated older person housing schemes will form an important part of the overall housing mix.
- 5.42 The delivery of specific schemes for specialist older person housing need should be considered in partnership with other agencies, in particular those responsible for older person support needs. It will be important to consider other factors and constraints in the market:
- » **Demographics:** the changing health, longevity and aspirations of Older People mean people will live increasingly healthy longer lives and their future housing needs may be different from current need;
 - » **New supply:** development viability of schemes, and the availability of revenue funding for care and support services, need to be carefully considered before commissioning any new scheme. It will also be important for the Council and its partners to determine the most appropriate types of specialist older person housing to be provided in the area;
 - » **Existing supply:** this may be either inappropriate for future households or may already be approaching the end of its life. Other forms of specialist older person housing may be more appropriate than conventional sheltered housing to rent when considering future needs; and
 - » **Other agencies:** any procurement of existing supply needs to be undertaken with other agencies who also plan for the future needs of Older People, particularly local authority Supporting People Teams and the Health Service.

Housing for People with Disabilities

- 5.43 The Government's reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. This was reflected in the recent changes to building regulations relating to adaptations and wheelchair accessible homes that were published in the Building Regulations 2010 Approved Document Part M: Access to and use of buildings (2015 edition incorporating 2016 amendments – for use in England).³⁶
- 5.44 Three standards are covered:
- » M4(1) Category 1: Visitable dwellings – Mandatory, broadly about accessibility to ALL properties
 - » M4(2) Category 2: Accessible and adaptable dwellings – Optional, similar to Lifetime Homes
 - » M4(3) Category 3: Wheelchair user dwellings – Optional, wheelchair accessible standard.
- 5.45 The Government has recently consulted on the future of these standards and how they will be applied.³⁷ The consultation proposals recommended that all homes are built to M4(2) standard and a fixed proportion to M4(3) standard. They also noted that “Some local authorities already apply the M4(2) standard as a minimum (e.g. the London Plan)” (para 28) and that “In terms of benefits, the mandating [of] M4(2) may potentially reduce the need for social care” (para 46). If these proposals were adopted, then it could see these issues become less contested in the future. However, as the outcome of the consultation is unknown, the assessment is based on current policy and guidance.
- 5.46 In terms of new developments, Part M states that: “Where no condition is imposed, dwellings only need to meet requirements M4(1)” (Paragraph 0.3). Local authorities should identify the proportion of dwellings in new developments that should comply with the requirements for M4(2) Category 2 and M4(3) Category 3 as part of the Local Plan, based on the likely future need for housing for older and disabled people (including wheelchair user dwellings) and taking account of the overall impact on viability.
- 5.47 Planning Practice Guidance for Housing explains that local authorities are expected to plan for households with specific needs and therefore need to be able to quantify the volume of demand. It provides a summary of the data sources which should be used to inform any calculations, and this forms the basis of the approach used in this report:

Based on their housing needs assessment and other available datasets it will be for local planning authorities to set out how they intend to approach demonstrating the need for Requirement M4(2) (accessible and adaptable dwellings), and / or M4(3) (wheelchair user dwellings), of the Building Regulations.

To assist local planning authorities in appraising this data the Government has produced a summary data sheet. This sets out in one place useful data and sources of further information which planning authorities can draw from to inform their assessments. It will reduce the time needed for undertaking the assessment and thereby avoid replicating some elements of the work.

Planning Practice Guidance, ID 56-007-20150327

³⁶ <https://www.gov.uk/government/publications/access-to-and-use-of-buildings-approved-document-m>

³⁷ <https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes>

5.48 Local planning authorities are expected to plan for households with specific needs and therefore need to be able to quantify the volume of demand. However, the PPG recognises that there is no single source of information by which to assess demand and some limitations to the available data. Not all of those in receipt of PIPs or Attendance Allowance necessarily require home adaptations whilst DFG applications may underestimate need.

5.49 The PPG states:

Multiple sources of information may need to be considered in relation to disabled people who require adaptations in the home, either now or in the future. The Census provides information on the number of people with a long-term limiting illness and plan-makers can access information from the Department for Work and Pensions on the numbers of Personal Independence Payment³⁸ (replacing Disability Living Allowance) / Attendance Allowance³⁹ benefit claimants.

Whilst these data sources can provide an indication of the number of disabled people, not all of the people included within these counts will require adaptations in the home. Applications for Disabled Facilities Grant⁴⁰ (DFG) will provide an indication of levels of expressed need, although this will underestimate total need, as there may be a large number of people who would want or need an adaptation but would not have applied to the DFG.

Planning Practice Guidance, ID 63-005-20190626

Need for Accessible and Adaptable Dwellings

5.50 In establishing the need for M4(2) Category 2 housing it is important to consider the population projections and health demographics of the area.

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

“The provision made must be sufficient to-
(a) meet the needs of occupants with differing needs, including some older or disabled people, and
(b) to allow adaptation of the dwelling to meet the changing needs of occupants over time.”

Access to and use of buildings: Approved Document M v1, Page 10

5.52 The English Housing Survey explores the number of households which contain someone with a limiting long-term illness (LLTI) or disability which impacts their housing need. This identifies that most (71%) of households have no limiting long-term illness (LLTI) or disability and a further fifth (20%) where illness or disability does not affect their housing need.

³⁸ Personal Independence Payments (PIPs) started to replace the Disability Living Allowance from April 2013. They are awarded to people aged under 65 years who incur extra costs due to disability (although there is no upper age limit once awarded, providing that applicants continue to satisfy either the care or mobility conditions).

³⁹ Attendance Allowance contributes to the cost of personal care for people who are physically or mentally disabled and who are aged 65 or over.

⁴⁰ Disabled Facilities Grants (DFG) are normally provided by Councils and housing associations to adapt properties for individuals with health and/or mobility needs who are owner occupiers, or renting from a private landlord, housing association or council. Grants cover a range of works, ranging from major building works, major adaptations to the property and minor adaptations. It should be noted that DFGs typically relate to adaptations to the existing housing stock rather than new housing provision.

- 5.53 Overall 8.8% of households (around 1 in every 12) have one or more persons with a health problem which requires adaptations to their home. This proportion is markedly higher in affordable housing than in market housing (19.8% and 6.5% respectively - Figure 63).

Figure 63: Households with a long-term illness or disability that affects their housing needs (Source: English Housing Survey)

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

- 5.54 Within this group, the substantial majority of households live in a home that is suitable for their needs (either having already moved or adapted their existing home). This leaves 1.5% of households either requiring adaptations or needing to move to a more suitable home.
- 5.55 The ORS model uses the national English Housing Survey together with data about relative levels of limiting long-term illness and disability in North Somerset to estimate the number of households likely to require adaptations or needing to move to a more suitable home in the housing market area.

Figure 64: Households with a long-term illness or disability in North Somerset in 2024 by effect on housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

NORTH SOMERSET	TOTAL
Households with one or more persons with a limiting long-term illness or disability	31,294
Does not affect their housing need	22,047
Current home suitable for needs	7,618
Current home requires adaptation	830
Need to move to a more suitable home	799
Total households where a limiting long-term illness or disability affects their housing need:	9,247

- 5.56 The model (Figure 64) identifies that there are likely to be around 31,300 households living in North Somerset in 2024 with one or more persons with a limiting long-term illness or disability. In around 22,000 of these households, this does not affect their housing need, but in around 9,200 households an illness or disability does impact on housing need.
- 5.57 Amongst those households where it does affect housing needs around 7,600 households are already living in a suitable home (having moved or made adaptations). This leaves 830 households needing adaptations to their current home and 799 households needing to move to a more suitable home. The 799 households needing to move represent an existing **unmet need** either for M4(2) housing or, given that some may actually be wheelchair users, for M4(3) housing.

- 5.58 The identified need for 799 adapted homes at the start of the Plan period is based on households' current needs. The M4(2) standard also requires *"the changing needs of occupants over time"* to be considered. Therefore, even without any change to the number of households in North Somerset, the number of households with one or more persons with a limiting long-term illness or disability will increase over time as people get older (Figure 65).

Figure 65: Households with a long-term illness or disability in North Somerset 2024-39 affecting their housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	TOTAL
Households where an existing illness or disability affects their housing need in 2024	
Current home suitable for needs	7,618
Current home requires adaptation	830
Need to move to a more suitable home	799
Total households where a limiting long-term illness or disability affects their housing need in 2024	9,247
Existing households in 2024 likely to develop health problems that affect their housing need within 10 years	2,843
Additional households in 2039 projected to experience problems or likely to develop problems within 10 years	6,118
Additional households in 2039 where illness or disability affects their housing need or will develop within 10 years	8,961

- 5.59 Whilst around 9,200 households living in North Somerset in 2024 have a health problem that already affected their housing requirement, it is likely that a further 2,800 households would develop health problems within 10 years. These households would also require adaptations to their current home or would need to move to a more suitable home.
- 5.60 Based on the household projections and the overall housing need, we can also establish the future need for adapted housing in North Somerset based on the projected household growth and the changing demographics of the area.
- 5.61 Further modelling of health needs suggests that by 2039 there will be an additional 6,100 (Figure 65) households either already experiencing health problems or likely to develop health problems within 10 years. Many of these may be new households, but a number will be existing households resident in 2024 whose health has deteriorated over the Plan period.
- 5.62 Therefore, considering the needs of households resident at the start of the Plan period together with the projected household growth and changing demographics (in particular the ageing population), there will be a total of 8,961 households either needing adaptations to their existing housing or suitable new housing to be provided. This is in addition to the 799 households needing to move and the 830 households needing adaptations based on their current health at the start of the Plan period.
- 5.63 To provide M4(2) housing for all of the identified need would require housing for up to 10,000 households to be provided. However, not all households will want to move to new housing – some will adapt their current homes and others will move to another dwelling in the existing stock.

5.64 Although some households would prefer not to move, many existing homes are not suitable for adaptation to meet the M4(1) Category 1 standard and others would require major works. Fewer dwellings would be adaptable to the M4(2) Category 2 standard given the additional requirements. Based on the existing housing mix in North Somerset, it is likely that just under 6,000 households (Figure 66) will live in dwellings that could be converted to meet the M4(1) standard.

5.65 Whilst the proportion that could be converted to meet the M4(2) standard would be lower, this provides a reasonable upper estimate of the number of households likely to be able to adapt existing homes rather than move to new housing. On this basis, we could assume that at least 4,196 households need to move to adapted or adaptable housing, including the 799 households identified as needing to move at the start of the Plan period.

Figure 66: Households with a long-term illness or disability in North Somerset by effect on housing need (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

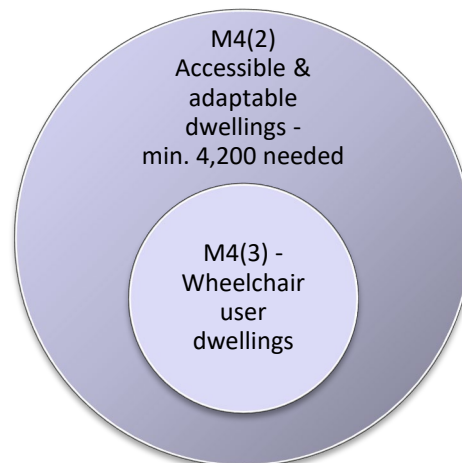
NORTH SOMERSET	TOTAL	% of LHN
Existing need in 2024		
Households where an existing illness or disability affects their housing need and need to move in 2024	799	-
Projected future need 2024-39		
Additional households in 2039 where illness or disability affects their housing need or will develop within 10 years	8,961	-
Maximum need for adapted housing 2024-39 (households)	9,760	67%
Less households living in dwellings adaptable to M4(1) standard	5,564	-
Minimum need for adapted housing 2024-39 (households)	4,196	29%

5.66 There is inevitably uncertainty about how many households will be able to meet their housing needs without moving and how many will move to existing homes rather than new housing. Nevertheless, the minimum of 4,196 households and maximum of 9,760 households identified in Figure 66 provide an appropriate range for the local authority to consider.

Housing for Wheelchair Users

5.67 The overall need calculated in the previous section represents the combined need for both M4(2) Category 2 and M4(3) Category 3 housing. Households with a wheelchair user are included within the definition of households having a health problem or disability that affects their housing need.

5.68 Building Regulations for M4(3) Category 3: Wheelchair user dwellings also states that reasonable provision should be made for people to gain access to and use the facilities of the dwelling and that:



“The provision made must be sufficient to-
(a) allow simple adaptation of the dwelling to meet the needs of occupants who use wheelchairs, or;
(b) to meet the needs of occupants who use wheelchairs.” (Page 23)

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

5.70 The CLG guide to available disability data⁴¹ referenced by PPG [ID 56-007-20150327] shows that around one in thirty households in England (3.3%) currently has at least one wheelchair user, although the rate is notably higher for households living in affordable housing (7.1%). The rates are also higher for older households. Figure 67 identifies the proportion of households in England with a wheelchair user currently living in market housing and affordable housing by age of household representative.

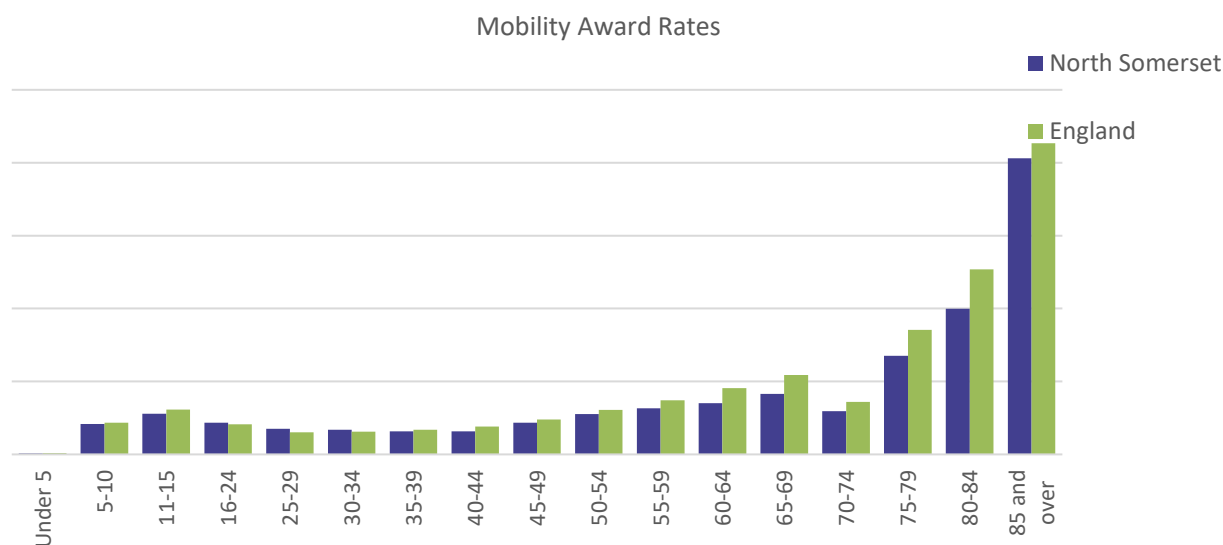
Figure 67: Percentage of households with a wheelchair user by type of housing and age of household representative
 (Source: English Housing Survey 2013-14)

Housing Type	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+
Housing type								
Market housing	< 0.1%	0.4%	1.0%	1.6%	3.0%	4.0%	6.1%	9.3%
Affordable housing	0.3%	2.0%	2.9%	6.0%	6.0%	10.3%	12.7%	19.9%

5.71 To get a better understanding of the local data for North Somerset, Figure 68 compares the proportion of disability benefit claimants in receipt of mobility award (the majority of whom will be wheelchair users) for North Somerset against the figures for England.

⁴¹ <https://www.gov.uk/government/publications/building-regulations-guide-to-available-disability-data>

Figure 68: Disability benefit claimants in receipt of mobility award by age (Source: DWP, May 2022)



5.72 Through combining the information on local rates with the national data, we can establish the proportion of households in each authority likely to have a wheelchair user by the age of the household representative in market housing and affordable housing (Figure 69):

Figure 69: Percentage of households with a wheelchair user in North Somerset, by type of housing and age of household representative (Source: EHS, DWP)

NORTH SOMERSET	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+
Market housing	< 0.1%	0.4%	1.0%	1.6%	2.9%	3.8%	5.7%	8.8%
Affordable housing	0.3%	2.0%	2.9%	5.9%	5.9%	10.0%	12.0%	19.0%

5.73 If these proportions are applied to the population and household data for the area, then the net change in the number of households with a wheelchair user over the period 2024 to 2039 can be identified (Figure 70).

Figure 70: Households needing Wheelchair Adapted Housing (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Modelled Need for Wheelchair Adapted Housing	2024	2039	Net change 2024-39	Percentage of LHN
Market housing	2,450	2,960	+520	4.9%
Affordable housing	1,090	1,420	+330	8.3%
Total	3,530	4,380	+850	5.8%

5.74 Using this approach, the number of households likely to need wheelchair adapted housing in North Somerset is likely to increase by 850 over the 15-year period. This amounts to just under 6% of the housing need over the same time period, so would suggest a need for 6% of new dwellings to be built to M4(3) standard (albeit the target may need to be higher, as not all new housing schemes would deliver the necessary percentage)

5.75 Importantly, as the model has included household age, it is possible to identify that just two thirds of this growth (66%) comes from households which are aged over 75. This can be seen in Figure 71.

Figure 71: Households needing Wheelchair Adapted Housing by age (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

Modelled Need for Wheelchair Adapted Housing	Households aged under 75 in 2024	Households aged under 75 in 2039	Net change 2024-39	Households aged over 75 in 2024	Households aged over 75 in 2039	Net change 2024-39
Market housing	1,330	1,470	+140	1,110	1,490	+380
Affordable housing	650	800	+150	440	620	+180
Total	1,980	2,270	+290	1,550	2,110	+560

- 5.76 This means that there are likely to be some people who are identified in both categories – wheelchair adapted housing and specialist older person housing.
- 5.77 Earlier analysis of housing for older people identified a need for around 1,447 specialist older person housing units for households aged 75 or over in North Somerset. Whilst not all over 75 households needing wheelchair adapted housing will live in specialist older person housing, it is likely that many of those living in specialist older housing could need wheelchair adapted homes. It is also likely that some older households will progress to using a wheelchair whilst living in specialist housing due to a deterioration in their health. Considering that a given older persons residence may house multiple residents in its lifetime, it becomes even more likely that at some stage a resident requires a wheelchair. Furthermore, it may be noted that where it is possible to retrospectively adapt residences, this may be costly or difficult.
- 5.78 On this basis it may be appropriate to adopt a target of 100% wheelchair accessibility (where viable) for specialist accommodation for older people to avoid potential inequality of provision. This could also reduce the proportion of general needs housing that would need to meet the M4(3) Category 3 requirements.

Student Housing

- 5.79 PPG 2019 includes specific reference to identifying the needs of students:

Strategic policy-making authorities need to plan for sufficient student accommodation whether it consists of communal halls of residence or self-contained dwellings, and whether or not it is on campus ... Local Planning Authorities will also need to engage with universities and other higher educational establishments to ensure they understand their student accommodation requirements

Planning Practice Guidance, ID 67-004-20190722

- 5.80 North Somerset is the location of Weston College, which has been offering degree courses since 1993. It officially earned its University status as Further Higher Education on 25 November 2015. Subsequently its provision expanded significantly: in 2009/2010 there were 450 undergraduate students on degree courses; as of September 2015, the number of students enrolled in the college's higher education provision almost doubled to 862.
- 5.81 Higher Education provision at Weston College has grown rapidly, with around 800 students now on HE courses with partners Bath Spa University and the University of the West of England. Between 2016 – 2019 it opened four new campuses:
- » The Law and Professional Services Aca Winter Gardens Pavilion
 - » The Health and Active Living Centre;
 - » The Animal Management Education Centre – based at Puxton Park

» The Construction Training Centre.

- 5.82 Weston College's existing student accommodations are owned and managed by Skylight Properties and comprise approximately 90 bedspaces. Recently a previously vacant office building has been converted to offer 109 HE student bedspaces including five studio apartments, 15 two-bed studio apartments and cluster accommodation, along with other facilities (e.g. gym, laundry, study rooms etc.).
- 5.83 Longer term, the Council have no information on whether Weston College is planning to expand further. As such it cannot be discerned how much (if any) of the LHN will be student residences.

Essential Local Workers

- 5.84 Annex 2 of the NPPF also mentions the needs of essential local workers in its definition of affordable housing:

Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers);

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

NPPF 2023 – Annex 2

- 5.85 It is notable that the definition provided by the 2023 NPPF is similar to the definition of Key Workers which was utilised prior to the adoption of the original 2012 NPPF. Under this definition, being classified as an essential worker in need correlates directly with being unable to afford home ownership.
- 5.86 Therefore, these households will already be counted in the affordable housing need because they cannot afford market rents, or because they wish to own their own property but cannot afford to do so. Because of this, the needs from this group will not add to the total need for affordable housing, but they are likely to require separate consideration on the housing register and it may be appropriate to consider whether or not some affordable properties should be set aside solely for essential local workers in need.

People Wishing to Build their Own Homes

- 5.87 Over half of the population (53%) say that they would consider building their own home⁴² (either directly or using the services of architects and contractors); but it's likely that this figure conflates aspiration with effective market demand. Self-build currently represents only around 7-10% of housing completions in the UK⁴³, compared with rates of around 40% in France and 70 to 80% elsewhere in Europe.
- 5.88 Planning practice guidance requires that people wishing to build their own homes are considered and states:

⁴² Building Societies Association Survey of 2,051 UK consumers 2011

⁴³ Self-build and custom build housing (England) House of Commons Brief Paper March 2017

How can self-build and custom housebuilding needs be assessed?

Most local planning authorities (including all district councils and National Park Authorities) are now required to keep a register of individuals and associations of individuals who are seeking to acquire serviced plots of land in their area in order to build their own home. The Self-build and Custom Housebuilding (Register) Regulations 2016 set out these requirements. For further details, see guidance on self-build and custom housebuilding registers.

To obtain a robust assessment of demand for this type of housing in their area, local planning authorities should assess and review the data held on registers. This assessment can be supplemented with the use of existing secondary data sources such as building plot search websites, 'Need-a-Plot' information available from the Self Build Portal and enquiries for building plots from local estate agents.

Planning Practice Guidance, ID: 67-003-20190722

5.89 The Self-Build and Custom Housebuilding Act⁴⁴ 2015 and subsequent amendments in the Housing and Planning Act 2016⁴⁵ place a duty on local planning authorities to:

- » Keep a register (and publicise this) of eligible prospective 'custom' and self-build individuals, community groups and developers;
- » Provide sufficient serviced plots with planning permission for self-build or custom housebuilding to meet the need on the register, and offer these plots to those on the register at market value; and
- » Allow developers working with a housing association to include self-build and custom-build as contributing to their affordable housing contribution.

February 2021 Policy Update

5.90 In February 2021 the Government updated Planning Practice Guidance in the form of, Self-build and custom housebuilding⁴⁶. The new guidance offers an updated definition of self-build and custom-housebuilding and also seeks to set out how the need can be assessed and met.

5.91 The new guidance defines self-build and custom housebuilding as:

An authority to which this section applies must give suitable development permission in respect of enough serviced plots of land to meet the demand for self-build and custom housebuilding in the authority's area arising in each base period.

Self-build and custom housebuilding covers a wide spectrum, from projects where individuals are involved in building or managing the construction of their home from beginning to end, to projects where individuals commission their home, making key design and layout decisions, but the home is built ready for occupation ('turnkey')

⁴⁴ <http://services.parliament.uk/bills/2014-15/selfbuildandcustomhousebuilding.html>

⁴⁵ <http://services.parliament.uk/bills/2015-16/housingandplanning.html>

⁴⁶ [Self-build and custom housebuilding - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/self-build-and-custom-housebuilding)

The Self-build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016) provides a legal definition of self-build and custom housebuilding. The Act does not distinguish between self-build and custom housebuilding and provides that both are where an individual, an association of individuals, or persons working with or for individuals or associations of individuals, build or complete houses to be occupied as homes by those individuals.

When reading this guidance, reference should be made to the:

[Self-build and Custom Housebuilding Act 2015 \(as amended by the Housing and Planning Act 2016\)](#)

[Self-build and Custom Housebuilding Regulations 2016](#)

[Self-build and Custom Housebuilding \(Time for Compliance and Fees\) Regulations 2016](#)

In considering whether a home is a self-build or custom build home, relevant authorities must be satisfied that the initial owner of the home will have primary input into its final design and layout.

Off-plan housing, homes purchased at the plan stage prior to construction and without input into the design and layout from the buyer, are not considered to meet the definition of self-build and custom housing.

Planning Practice Guidance, ID: 57-016-20210208

- 5.92 Within this definition, it is clear that conversions can be counted as self-build and custom housebuilding if they involve the first occupant developing them, but homes bought directly off-plan cannot. However, it does seem to leave a situation where the buyer can choose from a range of options before building commences as being custom build. If this is the case, this will make comparisons with an area such as Germany more valid, because of the 70%-80% of German homes considered to be self-build and custom housebuilding, many are bought off plan to individual specifications and built by small builders.
- 5.93 Alongside the updated guidance, MHCLG have published detailed data from the registers for the period 2016 to 2019, with 10,700 new entries being recorded in 2018/19. However, the number of households joining the registers varies across the country and household can appear on more than register. It is also likely that the figures do not fully reflect the demand for self-build and custom housebuilding as many households will address their own needs without appearing on any register.
- 5.94 As noted above, it is already considered that by 2017 around 7%-10% of housing delivery occurs via allocated and windfall self-build and custom housebuilding schemes. This would represent around 15,000-22,000 dwellings, but MHCLG statistics indicate that only around 10,100 plots were given planning permission in 2018/19. Therefore, alongside registers potentially underestimating the demand for self-build and custom housebuilding plots, it may also be the case that in some local authority areas, only those schemes which were explicitly granted planning permissions as self-build and custom housebuilding plots are being counted.
- 5.95 The guidance also confirms that the uses of the self-build and custom housebuilding registers include:

Relevant authorities must give suitable development permission to enough suitable serviced plots of land to meet the demand for self-build and custom housebuilding in their area. There is no duty on a relevant authority to permission land which specifically meets the requirements expressed by those on the register. Relevant authorities should use preferences expressed by those on the register to guide their decisions when looking at how to meet the duty to grant planning permission etc. This will help ensure that relevant authorities permission land suitable for self-build and custom housebuilding which people are actually keen to develop.

Planning Practice Guidance, ID: 57-028-20210208

What does having a 'duty to grant planning permission etc' mean?

Relevant authorities must give suitable development permission to enough suitable serviced plots of land to meet the demand for self-build and custom housebuilding in their area. The level of demand is established by reference to the number of entries added to an authority's register during a base period.

The first base period begins on the day on which the register (which meets the requirement of the 2015 Act) is established and ends on 30 October 2016. Each subsequent base period is the period of 12 months beginning immediately after the end of the previous base period. Subsequent base periods will therefore run from 31 October to 30 October each year.

At the end of each base period, relevant authorities have 3 years in which to permission an equivalent number of plots of land, which are suitable for self-build and custom housebuilding, as there are entries for that base period.

Planning Practice Guidance, ID: 57-023-20210208

- 5.96 Therefore, there is an expectation that planning authorities must grant enough permissions to meet the numbers on their register within three years. A failure to deliver sufficient plots can be considered as a material consideration in planning appeals. The level of demand is measured in 'base periods' that run from 31st of October until 30th of October in the following year; and local authorities have three years from the end of each base period to permission enough serviced plots to meet the demand shown in the respective base periods.
- 5.97 The plots granted planning permission do not have to explicitly be for those who are on the register, so plots could be granted and then sold to households not on the register. The guidance is also clear that planning authorities should meet the demand for plots from their register, but also should consider a different level of provision if it is clear that there is a demand for this.

What is the relationship between the register and the Strategic Housing Market Assessment?

Assessment of local housing need as a whole should be conducted using the standard method in national planning guidance. Within this context, the size, type and tenure of housing needed for different groups should be assessed including people wishing to self-build or custom-build their own homes.

Local planning authorities should use the demand data from the registers in their area, supported as necessary by additional data from secondary sources (as outlined in the housing and economic development needs guidance), to understand and consider future need for this type of housing in their area. Secondary sources can include data from building plot search websites, enquiries for building plots recorded by local estate agents and surveys of local residents. Demand assessment tools can also be utilised.

Plan-makers will need to make reasonable assumptions using the data on their register to avoid double-counting households.

Planning Practice Guidance, ID: 57-011-20210208

April 2021 Self and Custom Build Action Plan

5.98 In April 2021, MHCLG produce a new action plan to further support the development of the self-build and custom housebuilding sector.⁴⁷ This focused upon four key areas:

- » **Mortgage finance:** – a multi-year funding for ‘Help to Build’ was announced at the 2020 Spending Review. In April the government confirmed an initial £150 million over 4 years to support the scheme to deliver low deposit mortgages and improve affordability of home ownership for self and custom builders similar to Help to Buy.
- » **Developer finance:** The Home Building Fund, offers £2.5 billion in short term loan finance targeted at small and medium sized builders, innovation and custom build. Funding is available to custom build developers bringing forward serviced plots on sites of 5 units or more.
- » **Access to land:** As part of the 2020 Spending Review, the government announced additional funding for local authorities to release their surplus brownfield land through the Brownfield Land Release Fund (BLRF). The £75 million BLRF will allocate up to £25 million to local authorities to enable them to bring forward serviced plots for self and custom build on public sector land. The ‘Planning for the Future’ White Paper also included specific proposals that allow local authorities to identify sites for self-build and custom housebuilding and community-led housing in their local plan, including ensuring sufficient provision to meet requirements identified in their self-build register, and proposals to explore how publicly owned land disposal can support SMEs and the self-build sector.
- » **Expertise/knowledge gap:** The National Custom and Self Build Association’s (NaCSBA) Right to Build Task Force was established to help local authorities, community groups and other organisations help deliver self and custom build housing projects across the UK. Since 2020 it has been funded by government to provide expertise and support to local authorities on the implementation of the Right to Build and how to secure self and custom build delivery.

Review into Scaling Up Self and Custom Housebuilding

5.99 As part of the April 2021 Action Plan, the government commissioned an independent review into the scaling up of self and custom housebuilding. This report was published in August 2021⁴⁸ and the government responded to this review in June 2022⁴⁹.

5.100 The review focuses primarily on supply side factors limiting the delivery of self and custom housebuilding and produced 6 key recommendations which were broadly supported by the government:

- » Greater role for Homes England;
- » Raise awareness of the Right to Build;
- » Support community-led Housing, diversity of supply and Levelling Up;
- » Promote greener homes and more use of advanced manufacturing;
- » Support custom and self-build housebuilding through the planning reforms; **and**
- » Iron out any tax creases.

⁴⁷ [Self and custom build action plan - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/97242/self-and-custom-build-action-plan.pdf)

⁴⁸ [Independent review into scaling up self-build and custom housebuilding: report - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/97242/independent-review-into-scaling-up-self-build-and-custom-housebuilding-report.pdf)

⁴⁹ [Government response to the independent review into scaling up self-build and custom housebuilding - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/97242/government-response-to-the-independent-review-into-scaling-up-self-build-and-custom-housebuilding.pdf)

Local Evidence

- 5.101 North Somerset has put arrangements in place to comply with the Self-Build and Custom Housebuilding Act, including providing a self-build and custom housebuilding register. No local connection test has been introduced and the adopted Local Plan does not include specific proposals relating to self and custom housebuilding beyond generally prompting their delivery. There is no financial viability test and no charge for joining the register.
- 5.102 Figure 72 shows that as of October 2021, North Somerset has not provided enough self and custom housebuilding plots to meet the needs identified on the register. The delivery of plots is calculated from planning permissions granted and CIL exemptions. For a property to qualify for a CIL exemption, the final occupier must either have a significant input into either the design or construction of the property. Therefore, this is a quite restrictive definition of self and custom housebuilding which rules out many properties which have some customisation attached to them, but where the developer cannot guarantee that the final occupier will remain in situ for at least three years.

Figure 72: Self-build and Custom Housebuilding Register and Plot Provision (Source: Local Authority Data)

Self-build and Custom Housebuilding Register and Plot Provision	Up to October 2016	Oct 2016-Oct 2017	Oct 2017-Oct 2018	Oct 2018-Oct 2019	Oct 2019-Oct 2020	Oct 2020-Oct 2021	Oct 2021-Oct 2022
New applicants on the register	6	16	88	93	88	159	101
Number on register – individuals	6	16	28	187	281	440	544
Number on register – groups	0	0	76	3	3	3	4
Total number on register – registrations	6	16	104	190	284	443	548
Planning permissions for serviced plots granted	-	0	0	15	63	115	153

Future Need for Self-build and Custom Housebuilding

- 5.103 As highlighted above, North Somerset is currently not providing sufficient plots to comply with its requirement to meet the needs of those on its own self-build and custom housebuilding register. A key reason for this is that the Local Plan was adopted some years in advance of the Self-Build and Custom Housebuilding Act coming into play; therefore the Council currently has no policy to promote serviced plots and no requirement for a proportion of plots on larger sites to be made available.
- 5.104 As noted earlier, PPG recommends that alternative sources of data beyond the register, such as Need a Plot, can be considered to highlight the need for self and custom housebuilding plots. However, this now reverts back to council registers, so the only recorded information on the demand for self and custom housebuilding is the housing register and the actual up take of plots.
- 5.105 The first priority of the Council should be to ensure that they are complying with national policy and meet the demand from the self and custom housebuilding register. The evidence from areas like Germany indicate that the demand for self and custom housebuilding can be close to the total housing supply and that delivery is more supply constrained, with small and medium size builders delivering many of the custom housebuilding plots. It is these supply constraints that much of government policy is now focused towards addressing.

- 5.106 We recommend that more information is gathered on the number of self-build and custom housebuilding dwellings which are provided currently in North Somerset. This information can potentially be gathered as part of the process for gathering information on the 5-year land supply and newbuild delivery.
- 5.107 We would note that our experience across the country has been that the self-build and custom housebuilding sector works relatively well for households who are seeking to build bespoke properties on single plot sites and as part of multi-plot sites. There is less evidence that those with lower budgets are having their needs met because the price of plots remains high. This in turn can be taken as a reflection that the market for self and custom housebuilding is supply constrained and that suitable plots attract a premium which is offsetting reductions from CIL exemptions. Within this group there are likely to be some households who are seeking to help design their own house, often from customising the interior of a set exterior. Meanwhile, other households will be seeking affordable homeownership dwellings where they can be heavily involved in the building of their final property. The Government's new help to build scheme may help to make self and custom housebuilding more accessible and affordable.
- 5.108 It is for these two groups that North Somerset could seek to work more proactively. There is potential for builders to deliver market homes which can either be customised at the outset, or which could be built as exteriors with the interior to be completed by the final occupant. Both of these approaches can be considered to fit within the definition of custom-built housing; and could both be encouraged with the provision of small and larger sites.
- 5.109 Meanwhile, North Somerset could also seek to work with developers and Registered Providers to assess the potential demand for affordable to own self-build and custom housebuilding. This would be in lieu of providing completed affordable housing; but would allow households to help deliver their own affordable home ownership properties. This element could range from providing serviced plots at cost or partially completed dwellings which are sold to Registered Providers at cost.

Appendix A

Glossary of Terms

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 Glossary:

Affordable housing

Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:

(a) Affordable housing for rent: meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).

(b) Starter homes: is as specified in sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.

(c) Discounted market sales housing: is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.

(d) Other affordable routes to home ownership: is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to government or the relevant authority specified in the funding agreement.

National Planning Policy Framework Glossary, February 2019

Category 2 and 3 are classifications of wheelchair accessible housing. They refer to building regulations Approved Document M (2015) which introduced three categories of accessible dwellings. Category 1 (visitable dwellings) relates to accessibility of all properties and, being mandatory, is not assessed. Category 2 (accessible and adaptable dwellings) is optional and similar to Lifetime Homes. Category 3 (wheelchair user dwellings) is optional and equivalent to wheelchair accessible standard.

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

Concealed families are defined as; “family units or single adults living within other households, who may be regarded as potential separate households which may wish to form given appropriate opportunity”⁵⁰.

A Dwelling is a single self-contained household space (an unshared dwelling) or two or more household spaces at the same address that are not self-contained; but combine to form a shared dwelling that is self-contained. In most cases, a single household space will be an unshared dwelling.

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

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

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

Headship rates are defined by CLG as: “*the proportion of people in each age group and household type who are the ‘head’ of a household*”⁵¹

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 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.

Household Representative (HRP) is a person chosen for statistical reasons by virtue of economic activity, age and/or sex as the representative of a household

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;

⁵⁰ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6338/1776873.pdf

⁵¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/182417/MethodologyFinalDraft.pdf

- » 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 to a new 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.

Institutional Population (also known as Communal Establishment Population) are those living in managed residential accommodation, for example, nursing homes, student halls of residence, military barracks and prisons. The full definition of a Communal Establishment can be found in the 2011 Census glossary: <https://www.ons.gov.uk/census/2011census/2011censusdata/2011censususerguide/glossary>.

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, a share in the property is purchased with a Housing Association or other organisation.

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

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

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

Market signals are indicators that supply and demand are not in balance for a local housing market. Possible market signals are listed in PPG and the following are the most pertinent; house prices, private sector rents, affordability, rate of development and overcrowding.

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

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

Registered Social Landlord/Registered Provider see Housing Association.

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

Shared ownership see Low-Cost Home Ownership.

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

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

Acronyms and Initials

AHC	Affordable Housing Commission
AHO	Affordable Homeownership
BRMA	Broad Rental Market Area
CLG	Department for Communities and Local Government (now MHCLG)
CPI	Consumer Prices Index
DFG	Disable Facilities Grant
DLUHC	Department for Levelling Up, Housing and Communities
DWP	Department of Work and Pensions
EHS	English Housing Survey
HB	Housing Benefit
HMA	Housing Market Area
HPSSA	House Price Statistics for Small Areas
LA	Local Authority
LHA	Local Housing Allowance
LHN	Local Housing Need
LHNA	Local Housing Needs Assessment
LLTI	Limiting Long-Term Illness
LPA	Local Planning Authority
LQ	Lower Quartile
LRR	Local Reference Rent
LSE	Leashold Schemes for the Elderly
MHCLG	Ministry for Housing, Communities and Local Government
MSOA	Middle-layer Super Output Area
NPPF	National Planning Policy Framework
OAN	Objectively Assessed [Housing] Need
OBR	Office for Budget Responsibility
ONS	Office for National Statistics
ORS	Opinion Research Services
PPG	Planning Practice Guidance
PPTS	Planning Policy for Traveller Sites
PRS	Private Rental Sector
RSL	Registered Social Landlord
SHMA	Strategic Housing Market Assessment
VOA	Valuation Office Agency

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