

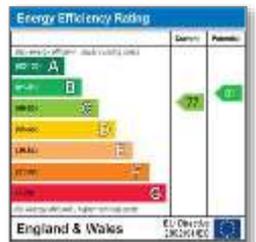


Bedford

Strategic Housing Market Assessment Update 2016

Report of Findings

October 2016





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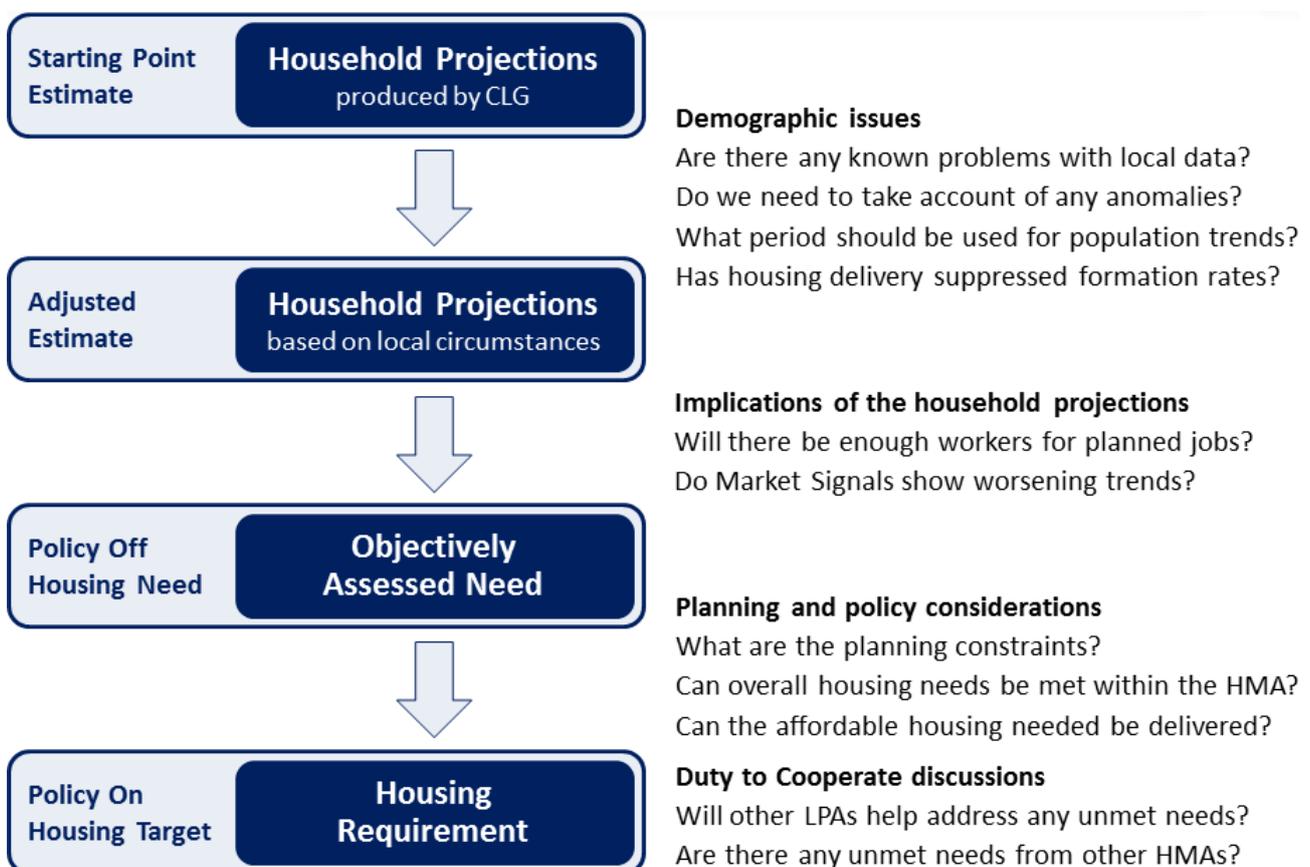
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Executive Summary

Summary of Key Findings and Conclusions

1. The National Planning Policy Framework (NPPF)¹ requires Local Planning Authorities to “ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area” and “identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which meets household and population projections, taking account of migration and demographic change” (paragraphs 47 and 159).
2. Figure 1 sets out the process for establishing Objectively Assessed Need (OAN). Planning Policy Guidance (PPG)² identifies that “household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need” (ID 2a-015) which should be adjusted to take account of local circumstances. External market and macro-economic constraints are then applied (‘Market Signals’) in order to embed the need in the real world. It is important to recognise that the OAN does not take account of any possible constraints to future housing supply. Such factors will be subsequently considered by the Council before establishing the final Housing Requirement.

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



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

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

3. Opinion Research Services (ORS) was commissioned by Bedford Borough Council to update the Strategic Housing Market Assessment (SHMA) from December 2015 and Objectively Assessed Need (OAN) for housing based on the most up-to-date information now available. This report is fully compliant with both the NPPF and PPG. In addition, the study is mindful of Planning Inspector Decisions and High Court Judgements, as well as emerging good practice including the technical advice notes about OAN and Housing Targets published by the Planning Advisory Service (PAS).

Household Projections

4. The “starting point” estimate for OAN is the latest household projections published by the Department for Communities and Local Government (CLG). These projections suggest that **household numbers across Bedford will increase by around 19,700 over the 20-year period 2015-35, an average of 985 per year.** However, the CLG household projections are based on short-term migration trends, and these are generally not appropriate for long-term planning as they risk rolling-forward rates that are unduly high or unduly low. Projections based on long-term migration trends provide a more reliable estimate of future households.
5. ORS have reviewed and assessed household projections as part of this study; the key scenario, that which uses 10-year migration trends (based on information from the Census for the period 2001-11), shows household numbers across the study area would increase by an average of 670-770 per year over the 20-year Plan period 2015-35. However, it is likely that the 2011 Census under-enumerated the population for Bedford by around 4,000 persons. This increases the baseline population in 2015; but more importantly, it also increases the rate of population growth that is attributed to migration. Therefore, we have adjusted the population trends to account for this issue.
6. **On the basis of this adjusted population data, household numbers across the study area increase by around 17,300 households over the 20-year period 2015-35, an average of 865 per year. Providing for an annual increase of 865 households yields a housing need of 890 dwellings each year.** Whilst this projection is lower than the CLG 2014-based household projection (985 p.a.), as this scenario is based on long-term migration trends it gives the most reliable and appropriate demographic projection for establishing future housing need.

Affordable Housing Need

7. Based on evidence of current unmet need for affordable housing and the future household projections, the analysis has identified that the overall housing need should be increased by 342 households to take account of concealed families and homeless households that would not be captured by the household projections. When the unmet needs from existing households living in unsuitable housing were also included, the analysis established there to be **1,634 households in need of affordable housing at the start of the Plan in 2015.**
8. Based on the household projections, the SHMA has established the balance between the future need for market housing and affordable housing. Overall, there will be a need to provide additional affordable housing for 5,299 households. This would provide for the current unmet needs for affordable housing in addition to the projected future growth in affordable housing need, but assumes that the level of housing benefit support provided to households living in the private rented sector remains constant. Furthermore, any losses from the current stock (such as demolition or clearance, or sales through Right to Buy) would increase the number of affordable dwellings needed by an equivalent amount.

Need for Older Person Housing

9. Over the 20-year Plan period 2015-35, the analysis identifies a **need for up to 1,800 specialist homes for older people to be provided** within the overall housing need. This includes around 900 sheltered homes (535 owner occupied and 358 for rent) and approaching 900 extra care homes (533 owner occupied and 343 for rent). Most of these properties will already be counted as part of the overall housing need; however some extra care provision may offset some of the identified need for residential care.
10. The SHMA has identified that the institutional population is likely to increase by around 828 persons over the period 2015-35. This increase in institutional population is a consequence of the CLG approach to establishing the household population³, which assumes *“that the share of the institutional population stays at 2011 levels by age, sex and relationship status for the over 75s”* on the basis that *“ageing population will lead to greater level of population aged over 75 in residential care homes”*. However, it does not necessarily follow that all of the increase in institutional population should be provided as additional bedspaces in residential institutions in Use Class C2; some of the specialist older person housing may be more appropriate for their needs.
11. The SHMA concludes that Extra Care housing is likely to divert around 292 persons from residential care. This would reduce the identified need for additional bedspaces in residential institutions in Use Class C2 from 828 to 536; however, there would be **an additional 292 households needing housing (178 needing market housing and 114 needing affordable housing) over the 20-year Plan period 2015-35 which would not be counted by the household projections.**

Market Signals

12. NPPF sets out that *“Plans should take account of market signals...”* (paragraph 17) and PPG identifies that *“the housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals”*.
13. The SHMA has considered the Market Signals for Bedford and compared these to other areas which have similar demographic and economic characteristics. On the basis of this data we can conclude:
 - » **House Prices:** lower quartile prices are higher than the national average, with a lower quartile price of £160,000 compared to England’s £136,000 (based on 2014-15 prices). The current price in Bedford is higher than both Colchester and Northampton, but lower than Aylesbury Vale; and all have increased by around 20% over the last 5 years. These relative prices are likely to be due to each area’s relative proximity to and connectivity with London;
 - » **Rents:** for average private sector rents in 2015-16, Bedford is lower than the national average. While rents in Aylesbury Vale are higher than Bedford, rents in Northampton are lower and rents in Colchester are comparable; this is consistent with house prices in those areas. Nevertheless, average rents in all areas have increased significantly in the last 5 years;
 - » **Affordability** (in terms of the ratio between lower quartile house prices and lower quartile earnings) is marginally higher in Bedford than across England as a whole (8.4 cf. 7.0). The current rate is consistent with Colchester (8.3), and between the multipliers in Aylesbury Vale (10.4) and Northampton (7.4). Affordability ratios have got “worse” since 2010, with the ratio in

³ Household Projections 2012-based: Methodological Report, Department for Communities and Local Government, February 2015

Bedford increasing from 7.4 to 8.4 representing a 5-year change of 14%. This is higher than the equivalent rate for England, where the ratio increased from 6.7 to 7.0, a change of 5%;

- » **Rate of development** (in terms of increase in dwelling stock over the last 10 years) shows that rate of development in Bedford has been around a fifth higher than England (9.9% cf. 8.3%). This rate is consistent with Northampton (9.6%), and between the rates of development in Aylesbury Vale (8.8%) and Colchester (14.1%). Of course, these figures will inevitably be influenced by local constraints as well as individual policies;
 - » **Overcrowding** (in terms of Census occupancy rates) shows that 7.7% of households in Bedford are overcrowded based on an objective measure, which is lower than England (8.7%). The proportion of overcrowded households has not changed over the last 10 years, whereas overcrowding has increased in each of the comparator areas and across England.
14. There is no single formula or methodology that can be used to consolidate the implications of the Market Signals. Further, market signals will have been predominantly influenced by relatively recent housing market trends which, arguably, have had a degree of volatility. Nevertheless, on the basis of the Market Signals evidence, the indicators show that circumstances in Bedford are comparable to those in similar areas – but given that many of these areas show greater pressures than the national average (in particular the market signals relating to price), conditions across Bedford suggest that the level of **Objectively Assessed Need for Bedford should be higher than suggested by household projections** in isolation.
15. **Based on comparisons with other areas, we would propose an overall uplift of 5% of the housing need identified based on the household projections, which represents an additional 890 dwellings over the 20-year Plan period 2015-35.**
16. This includes the specific uplift identified to take account of **concealed families** and **homeless households** that would not be captured by the household projections; which together represent a need for 344 of the additional dwellings proposed.

Employment Trends

17. While demographic trends are key to the assessment of OAN, it is also important to consider current Employment Trends and how the projected growth of the economically active population fits with the future changes in job numbers. The SHMA analysis shows an **increase of 9,800 workers** over the 20-year period 2015-35, consistent with the increase of 10,200 workers identified by the latest outputs from the East of England Forecasting Model (EEFM).
18. Employment growth forecasts from the East of England Forecasting Model (EEFM) show an increase of **6,700 jobs over 20-years**, but without any change to net commuting, there would be sufficient workers available to provide for up to 11,400 jobs in Bedford over the 20-year Plan period. The SHMA trend-based population projections would therefore support jobs growth in the area: **no additional uplift to housing delivery is required to accommodate the likely increase in the need for workers in the area.**

Conclusions

19. We have calculated Objectively Assessed Need based on demographic projections and assessed these against Market Signals to determine if a higher rate of housing delivery is necessary to address housing market problems. This takes account of household growth based on CLG 2014-based projections (the starting point); adjusts for long-term migration trends (which assume a higher rate of net migration to England); responds to suppressed household formation through providing for the growth of concealed families; considers the impact of Extra Care housing; responds to market signals and takes account of vacant and second homes.
20. Figure 2 summarises each of the stages for establishing the Full Objectively Assessed Need for Housing.

Figure 2: Full Objectively Assessed Need for Housing for Bedford 2015-35

Stage		Households	Dwellings
Demographic starting point CLG household projections 2015-35		19,661	20,269
Adjustment for local demographic factors and migration trends Correcting issues in the trend-based data and adopting 10-year migration trends		-2,393	-2,467
Baseline household projections taking account of local circumstances		17,268	17,802
Adjustment for suppressed household formation rates Concealed families and homeless households		+342	+344
Adjustment for Extra Care housing Additional households diverted from residential care		+292	+301
Baseline housing need based on demographic projections		17,902	18,447
Further adjustments needed...	In response to balancing jobs and workers Projected growth in workers exceeds forecast jobs growth and planned jobs growth therefore no further adjustment needed	-	0
	In response to market signals 546 dwellings needed (in addition to the 344 dwellings for concealed families and homeless households) to deliver the overall 5% uplift of 890 dwellings proposed	-	5% x 17,802 = 890 890 - 344 = +546
Combined impact of the identified adjustments		-	+546
Full Objectively Assessed Need for Housing 2015-35		-	18,993

21. CLG Household Projections suggest a growth of 19,661 households in Bedford over the 20-year Plan period 2015-35; however, this is based on short-term migration trends. Demographic projections based on 10-year migration trends provide a more reliable and appropriate basis for establishing future housing need. The SHMA has identified an **increase of 17,268 households over the 20-year Plan period 2015-35**.
22. The baseline household projections should be increased by 342 households to take account of **concealed families** and **homeless households** that would otherwise not be captured due to suppressed household formation rates. Furthermore, Extra Care housing is likely to divert some people from residential care, which is likely to yield an additional 292 households not counted by the household projections.
23. On this basis, the number of households in the Borough is likely to increase by 17,902 households over the 20-year Plan period 2015-35. This adjustment responds to identified un-met need for affordable housing, addresses suppressed household formation rates and takes account of the future Extra Care housing.

Providing for an increase of 17,902 households yields a baseline housing need of 18,456 dwellings; an average of 923 dwellings per year over the 20-year Plan period 2015-35.

24. The evidence from planned jobs and workers identifies that there will be sufficient extra workers for the forecast increase in jobs, so there is no need to increase housing delivery to provide any additional workers. However, on the basis of the Market Signals evidence, the indicators show that circumstances in Bedford are comparable to those in similar areas – but given that many of these areas show greater pressures than the national average (in particular the market signals relating to price), conditions across Bedford suggest that the level of Objectively Assessed Need for Bedford should be higher than suggested by household projections in isolation. The SHMA has therefore proposed **an overall uplift of 5% of the housing need identified based on the household projections, which represents an additional 890 dwellings over the 20-year Plan period 2015-35.**
25. Of course, it is important to remember that *“establishing future need for housing is not an exact science”* (PPG ID 2a-014). Whilst the OAN must be underwritten by robust evidence that is based on detailed analysis and informed by reasonable assumptions, the final conclusions should reflect the overall scale of the housing needed in the housing market area without seeking to be spuriously precise.
26. The SHMA therefore identifies the **Full Objective Assessed Need for Housing in Bedford to be 19,000 dwellings over the 20-year period 2015-35, equivalent to an average of 950 dwellings per year.** This includes the Objectively Assessed Need of Affordable Housing for 5,500 dwellings over the same period, equivalent to an average of 275 per year.
27. This is the average number of dwellings needed every year over the period 2015-35 and represents an average increase in the dwelling stock of 1.3% each year over the 20-year Plan period, notably higher than the 1.0% growth required across England to deliver 239,500 dwellings annually and at the upper-end of the rate of housing need identified in areas surrounding Bedford (with the exception of Milton Keynes, the wider Cambridge housing market and Greater London).
28. The annual average OAN of 950 dwellings is also notably higher than rates of housing delivery in Bedford over the 10-year period 2001-11 (which have consistently averaged around 500-600 dwellings each year) and therefore represents a step-change in historic rates of housing supply, which have already started to increase. Housing completion rates for recent years have reached almost 1,000 dwellings (997 in 2013/14 and 964 in 2015/16), and AMR data for the period 2011-16 averages over 870 annually. The OAN identified therefore requires these recent higher rates of housing delivery to be sustained over the 20-year Plan period.

1. Introducing the Study

Background to the project and wider policy context

- 1.1 Opinion Research Services (ORS) was commissioned by Bedford Borough Council to update the Strategic Housing Market Assessment (SHMA) from December 2015 and Objectively Assessed Need (OAN) for housing based on the most up-to-date information now available.
- 1.2 The SHMA Update adheres to the requirements of the National Planning Policy Framework (NPPF) published in 2012 and Planning Practice Guidance (PPG). The study methodology was also mindful of Planning Inspector Decisions and Judgements, as well as emerging good practice including the technical advice note about Objectively Assessed Need (OAN) and Housing Targets published by the Planning Advisory Service (PAS) in June 2014 with a second edition in July 2015⁴.
- 1.3 The purpose of the study is to support the local authority in objectively assessing and evidencing the need for housing (both market and affordable) and to provide other evidence to inform local policies, plans and decision making.

Government Policy

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

*At the heart of the National Planning Policy Framework is a **presumption in favour of sustainable development**, which should be seen as a golden thread running through both plan-making and decision-taking.*

Local planning authorities should positively seek opportunities to meet the development needs of their area.

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

National Planning Policy Framework (NPPF), paragraph 14

To boost significantly the supply of housing, local planning authorities should use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area.

National Planning Policy Framework (NPPF), paragraph 47

⁴ <http://www.pas.gov.uk/documents/332612/6549918/OANupdatedadvisenote/f1bfb748-11fc-4d93-834c-a32c0d2c984d>

- 1.5 Given this context, Strategic Housing Market Assessments (SHMAs) primarily inform the production of the Local Plan (which sets out the spatial policy for a local area). Their key objective is to provide the robust and strategic evidence base required to establish the Objectively Assessed Need (OAN) for housing in the Housing Market Area (HMA) and provide information on the appropriate mix of housing and range of tenures needed.

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

They should prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:

- » *meets household and population projections, taking account of migration and demographic change;*
- » *addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and*
- » *caters for housing demand and the scale of housing supply necessary to meet this demand;*

National Planning Policy Framework (NPPF), paragraph 159

- 1.6 Modelling future housing need requires a consideration of the housing market from a high-level, strategic perspective; in this way an understanding of how key drivers and long-term trends impact on the structure of households and population over the full planning period can be delivered.
- 1.7 The Department for Communities and Local Government's Planning Practice Guidance (PPG) is a web-based resource that was launched in March 2014 to bring together planning practice guidance for England in an accessible and usable way. Previous SHMA Guidance (2007) was rescinded at that time, so the approach taken in preparation of this report is focussed on meeting the requirements of PPG. The PPG relating to the assessment of housing and economic development needs is of particular relevance to SHMA studies.

Overview of the SHMA Update

- 1.8 The objective of this SHMA Update was to review the functional HMA and update the OAN for housing (both market and affordable), ensuring that this was fully compliant with the requirements of the NPPF and PPG and mindful of good practice.
- 1.9 The methodology was based on secondary data, and sought to:
- » Review the housing market area;
 - » Provide evidence of the need and demand for housing based on demographic projections;
 - » Consider market signals about the balance between demand for and supply of dwellings;
 - » Establish the Objectively Assessed Need for housing;
 - » Identify the appropriate balance between market and affordable housing; and
 - » Address the needs for all types of housing, including the private rented sector, people wishing to build their own home, family housing, housing for older people and households with specific needs.

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

Duty to Co-operate

- 1.11 The Duty to Co-operate was introduced in the 2011 Localism Act and is a legal obligation. The NPPF sets out an expectation that public bodies will co-operate with others on issues with any cross-boundary impact, in particular in relation to strategic priorities such as “*the homes and jobs needed in the area*”.

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

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

National Planning Policy Framework (NPPF), paragraphs 178-179

- 1.12 This co-operation will need to be demonstrated as sound when plans are submitted for examination. One key issue is how any unmet development and infrastructure requirements can be provided by co-operating with adjoining authorities (subject to tests of reasonableness and sustainability). The NPPF sets out that co-operation should be “*a continuous process of engagement*” from “*thinking through to implementation*”.

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

National Planning Policy Framework (NPPF), paragraph 181

- 1.13 Under the Duty-to-Cooperate, the emerging SHMA outputs have been discussed with officers and members at neighbouring local authorities and their feedback has been taken into account. Bedford Borough Council is continuing dialogue with neighbouring authorities.

2. Defining the Housing Market Area

An evidence base to identify functional housing markets

- 2.1 The NPPF refers to Local Plans meeting the “*full objectively assessed needs for market and affordable housing in the housing market area*” (paragraph 47, emphasis added).
- 2.2 It is important to agree the definitions for Housing Market Areas (HMAs) with neighbouring councils to ensure consistency as far as possible; therefore it is helpful to undertake the required analysis across a wider geographical area. Bedford Borough Council together with a partnership of six other local authorities (Aylesbury Vale, Central Bedfordshire, Luton, Milton Keynes, North Hertfordshire and Stevenage) commissioned ORS to identify HMAs for Bedfordshire and surrounding areas. A separate report has been published for that joint study; however the Bedford SHMA was informed by the analysis undertaken.
- 2.3 The Bedford SHMA used the latest commuting flows, house prices and Broad Rental Market Area (BRMA) data currently available, including commuting data from the 2011 Census. Nevertheless, detailed migration flows from the 2011 Census has not been published as public data, so migration data from the 2001 Census was used instead. ORS has now been granted access to the safeguarded migration flow data from the 2011 Census through the ONS Virtual Microdata Laboratory (VML); so to ensure that the evidence that informed the analysis of Housing Market Areas (HMAs) remains as up-to-date as possible, the SHMA Update has updated the analysis of migration flows using data from the 2011 Census.

Functional Housing Market Areas

- 2.4 The definition of a functional housing market area is well-established as being “*...the geographical area in which a substantial majority of the employed population both live and work and where those moving house without changing employment choose to stay*” (Maclennan et al, 1998)⁵.

Planning Practice Guidance

- 2.5 Planning Practice Guidance (PPG)⁶ on the Assessment of housing and economic development needs (March 2014) reflects this existing concept, confirming that the underlying principles for defining housing markets are concerned with the functional areas in which people both live and work:

A housing market area is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. It might be the case that housing market areas overlap.

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

Planning Practice Guidance (March 2014), ID 2a-010

⁵ Local Housing Systems Analysis: Best Practice Guide. Edinburgh: Scottish Homes

⁶ <http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/>

- 2.6 Therefore, PPG requires an understanding of the housing market area and says this can be defined using three different sources of information:
- » House prices and rates of change in house prices
 - » Household migration and search patterns
 - » Contextual data (e.g. travel to work area boundaries, retail and school catchment areas)
- 2.7 These sources are consistent with those identified in the CLG advice note *“Identifying sub-regional housing market areas”* published in 2007⁷.

Geography of Housing Market Areas (NHPAU/CURDS)

- 2.8 CLG also published a report on the *“Geography of Housing Market Areas”* in 2010⁸ which was commissioned by the former National Housing and Planning Advice Unit (NHPAU) and undertaken by the Centre for Urban and Regional Development Studies (CURDS) at Newcastle University. This study explored a range of potential methods for calculating housing market areas for England and applied these methods to the whole country to show the range of housing markets which would be generated. The report also proposed three overlapping tiers of geography for housing markets:
- » **Tier 1:** framework housing market areas defined by long distance commuting flows and the long-term spatial framework with which housing markets operate;
 - » **Tier 2:** local housing market areas defined by migration patterns that determine the limits of short term spatial house price arbitrage;
 - » **Tier 3:** sub-markets defined in terms of neighbourhoods or house type price premiums.
- 2.9 The report recognised that migration patterns and commuting flows were the most relevant information sources for identifying the upper tier housing market areas, with house prices only becoming relevant at a more local level and when establishing housing sub-markets. The report also outlined that no one single approach (nor one single data source) will provide a definitive solution to identifying local housing markets; but by using a range of available data, judgements on appropriate geography can be made.
- 2.10 Advice published in the PAS OAN technical advice note⁹ also suggests that the main indicators will be migration and commuting (second edition, paragraph 5.4).

“The PPG provides a long list of possible indicators, comprising house prices, migration and search patterns and contextual data including travel-to-work areas, retail and school catchments. In practice, the main indicators used are migration and commuting.”

- 2.11 The PAS OAN technical advice note also suggests that analysis reported in the CLG report *“Geography of Housing Market Areas”* (CLG, November 2010) should provide a starting point for drawing HMAs (Figure 3). This suggests that Bedford forms part of the Cambridge HMA, which covers a wide area to the north of London. Nevertheless, the PAS OAN technical advice note also notes (second edition, paragraph 5.9):

“for some areas, including many close to London, the single-tier silver standard geography looks unconvincing; in that plan-makers should look for guidance to other levels in the NHPAU analysis.”

⁷ Identifying sub-regional housing market areas (CLG, March 2007); paragraph 1.6

⁸ Geography of Housing Market Areas (CLG, November 2010); paragraph 1.6

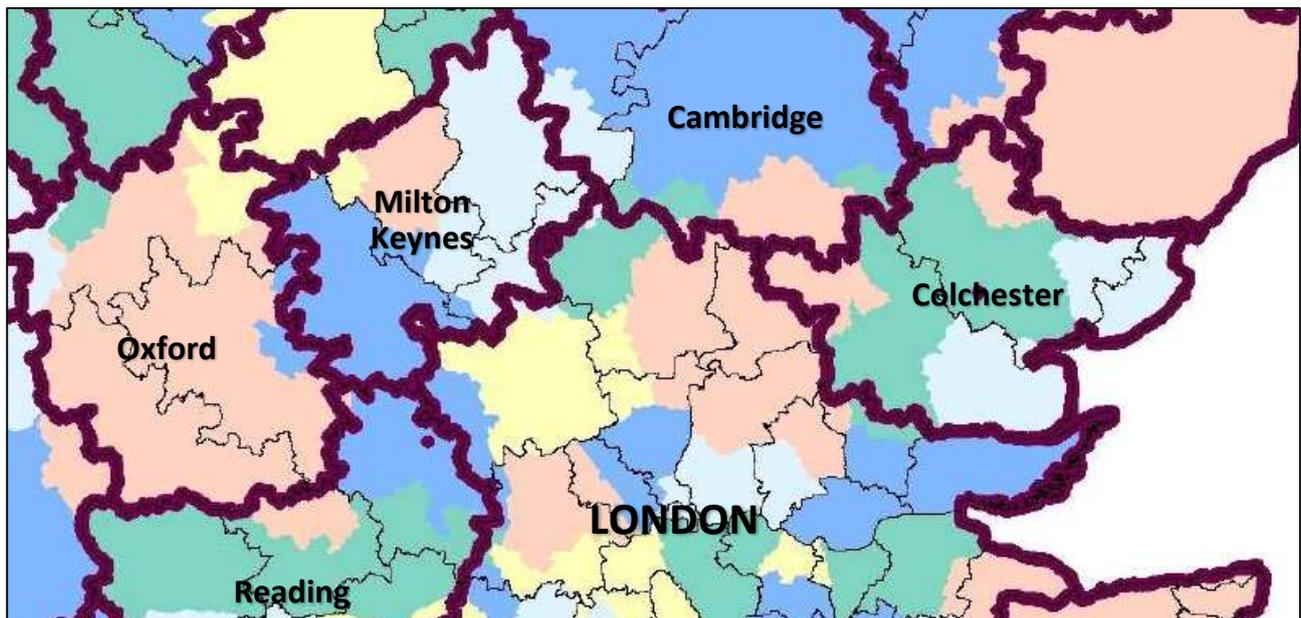
⁹ <http://www.pas.gov.uk/documents/332612/6549918/OANupdatedadvisenote/f1bfb748-11fc-4d93-834c-a32c0d2c984d>

- 2.12 Figure 4 illustrates the output for the proposed two-tier geography based on 50% migration containment within 77.5% commuting containment. This analysis also suggests that the study area sits within the London HMA, although the boundary for this area is fundamentally different to the London HMA shown on the “starting point” map. This analysis suggests that Bedford forms part of the Milton Keynes HMA; however, on balance, these geographies also look “unconvincing”.
- 2.13 It is important to note that the analysis of migration and commuting for the “starting point” CLG study was based on data from the 2001 Census. Given this context, the PAS OAN technical advice note recognises that “more recent data should always ‘trump’ this geography” (first edition, paragraph 4.9). Due to the complexities of the geographies in this area, a more fundamental analysis of the data is needed.

Figure 3: NHPAU Study - PAS OAN technical advice note “Starting Point”



Figure 4: NHPAU Study - Lower tier based on migration (50%) within commuting-based upper tier (77.5%)



Identifying Travel to Work Areas

- 2.14 Housing market areas reflect “the key functional linkages between places where people live and work” (PPG March 2014, ID 2a-010) and therefore it is important to consider travel to work patterns within the identified area alongside the migration patterns. PPG states:

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

Planning Practice Guidance (March 2014), ID 2a-011

- 2.15 One of the PPG suggested data sources is the Office for National Statistics travel to work areas (TTWAs). Figure 5 shows the ONS TTWAs based on the origin-destination data from the 2001 Census (published in 2007) and TTWAs based on commuting flow data from the 2011 Census (published in 2015).
- 2.16 The TTWAs based on 2001 Census data identified a Travel to Work Area for Bedford; surrounded by Huntingdon, Cambridge, Stevenage, Luton & Watford, Milton Keynes & Aylesbury, Northampton & Wellingborough and Kettering & Corby. Based on 2011 Census data, the Bedford TTWA has been retained and the boundary has not changed significantly, however there have been revisions to the surrounding areas.

Figure 5: ONS Travel To Work Areas (Source: ONS 2007; ONS 2015)

ONS TTWAs based on 2001 Census data



ONS TTWAs based on 2011 Census data



Commuting Flow Analysis Based on 2011 Census Data

- 2.17 The ONS has published detailed commuting flow data from the 2011 Census. This data enables us to further understand the relationships that exist between where people live and work, which is a key element of the housing market area definition. When defining housing market areas, it is important that functional housing markets are not constrained to local authority boundaries. Further, there is a need to use evidence to build up the housing market area from a lower level of geography; essentially, to use smaller geographic areas as the basic “building block”.
- 2.18 In considering HMAs for Bedfordshire and the surrounding area, our initial analysis was based on commuting patterns across the geographic area from Corby in the north to Staines in the south, and from Oxford in the west to Ipswich in the east. This approach ensures that functional relationships are properly identified without unduly focussing on Bedford Borough. Nevertheless, the analysis only seeks to identify the full extent of those HMAs situated entirely within this area; neighbouring areas will only be identified as far as is necessary to establish the most appropriate boundary between them and the HMAs being identified within the study area.
- 2.19 Given that our analysis initially focuses on commuting flows, the areas established will be travel to work areas rather than HMAs. Nevertheless, as previously outlined, the “*key functional linkages between places where people live and work*” is a critical part of the PPG definition of housing market areas and therefore travel to work areas will form an important part of the evidence needed for establishing the most appropriate functional HMAs.

Analysis Method and Framework

- 2.20 The key steps in the initial analysis are:
- » **Step 1:** Each Middle Layer Super Output Area (MSOA) within the geographic area was identified where all of the constituent Census Output Areas have been classified as being “urban” under the 2011 Rural Urban Classification¹⁰. The 2011 Rural Urban Classification is used to distinguish between rural and urban areas; an area is classified as rural if it falls outside of a settlement with more than 10,000 residents.
 - » **Step 2:** We grouped together any contiguous urban MSOAs and each formed a single seed point, except for the contiguous urban area for London (Figure 6). Note that the London urban area is excluded from step 2 as this would create a single seed point covering the whole of London at the outset of the analysis process. Whilst London will clearly be an important housing market, this cannot be based simply on it being a contiguous urban area. London MSOAs are introduced into the process from step 3 onwards.
 - » **Step 3:** MSOAs within the geographic area (including those in the London contiguous urban area) were identified where the commuting ratio that was less than 1.0; i.e. those MSOAs where the workplace population is larger than the resident population (Figure 7).
 - » **Step 4:** These MSOAs with concentrations of employment are associated with the existing seed point with which they have the strongest relationship. Where these MSOAs are not contiguous with an urban area (including all MSOAs in Greater London) and have only weak relationships with the existing seed points, employment MSOAs form a new independent seed point (Figure 8).

¹⁰ Department for Environment, Food and Rural Affairs, Rural Urban Classification ; www.gov.uk, 2014; paragraph 3.3

Figure 6: Urban Areas based on DEFRA Classification



Figure 7: Areas with Commuting Ratio less than 1.0



Figure 8: Urban Areas outside London and Employment Areas

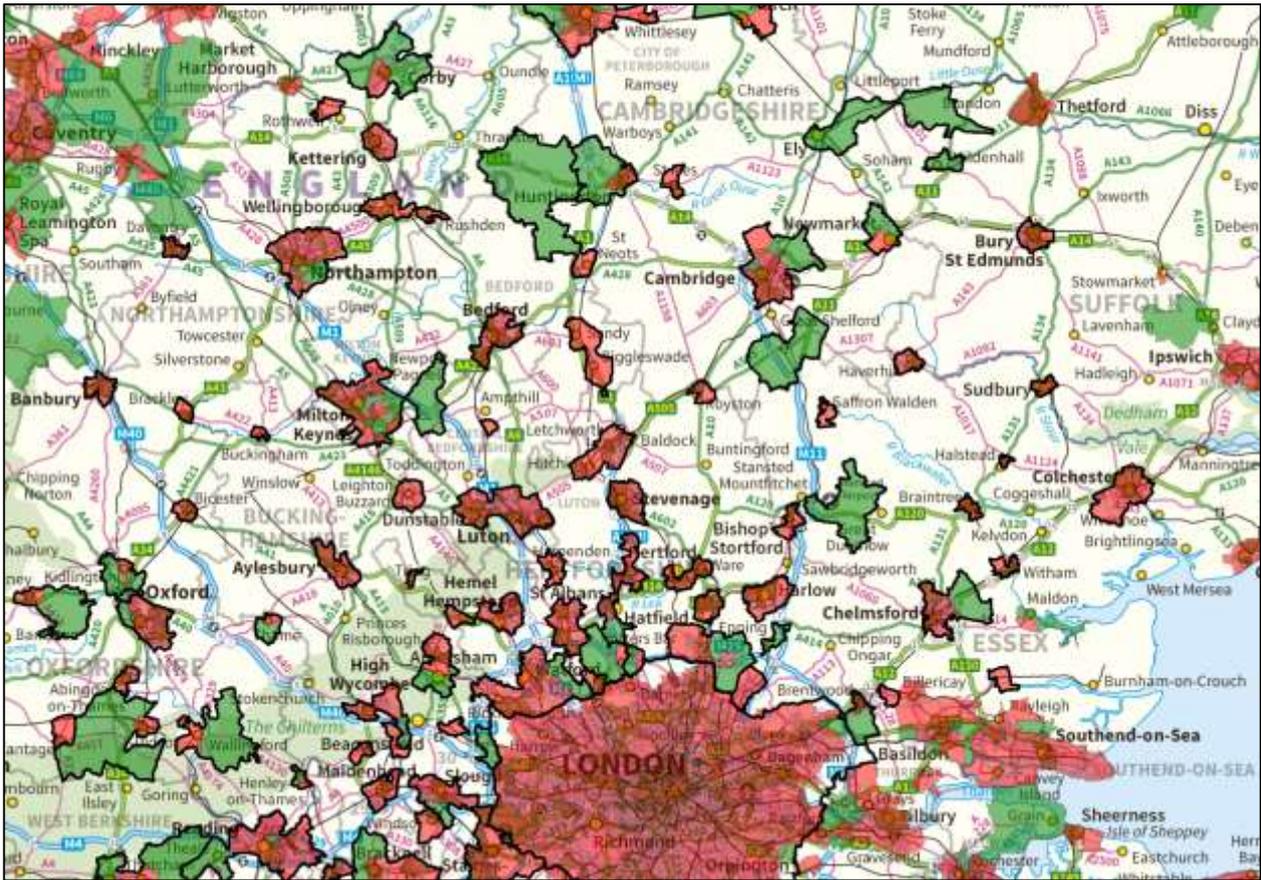
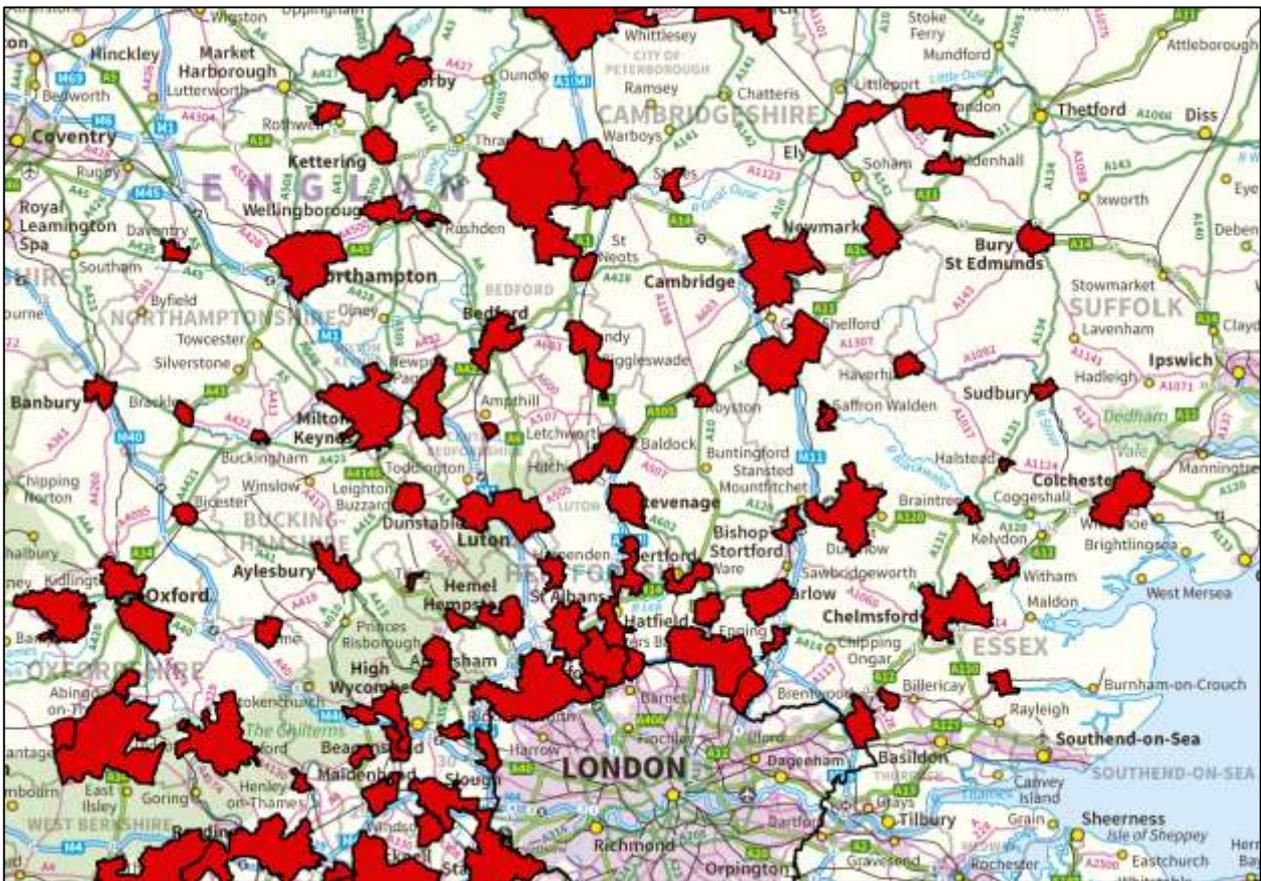


Figure 9: 'Seeds' for Housing Market Areas



Further Modelling restricting the growth of Greater London

- 2.25 The importance of London must be recognised when considering housing markets areas across the wider South East, given the number of workers that commute to London and the number of people that move from London to these areas each year. However, it is also useful to gain an understanding of other housing market areas at a more local level. The PPG recognises that *“it might be the case that housing market areas overlap”*; so whilst acknowledging that London is an important housing market area, it is also possible that London overlaps with other housing market areas.
- 2.26 Given this context, the latter part of the analysis (steps 5-7) was repeated; however this time when the seed (or seed cluster point) with the weakest self-containment was joined to the seed to which it had the strongest links, seed point within the Greater London region were excluded from the process. In other words, London could not “grow”.
- 2.27 At 60% self-containment (Figure 11), various local travel to work areas are starting to emerge – including Bedford, Bishop’s Stortford, Brentwood, Cambridge, Chelmsford, Epping, Harlow, Hertford, Letchworth, Potters Bar, Saffron Walden, St Albans, Stevenage and Watford.

Figure 11: Model outputs with restricted growth of Greater London at 60% containment threshold

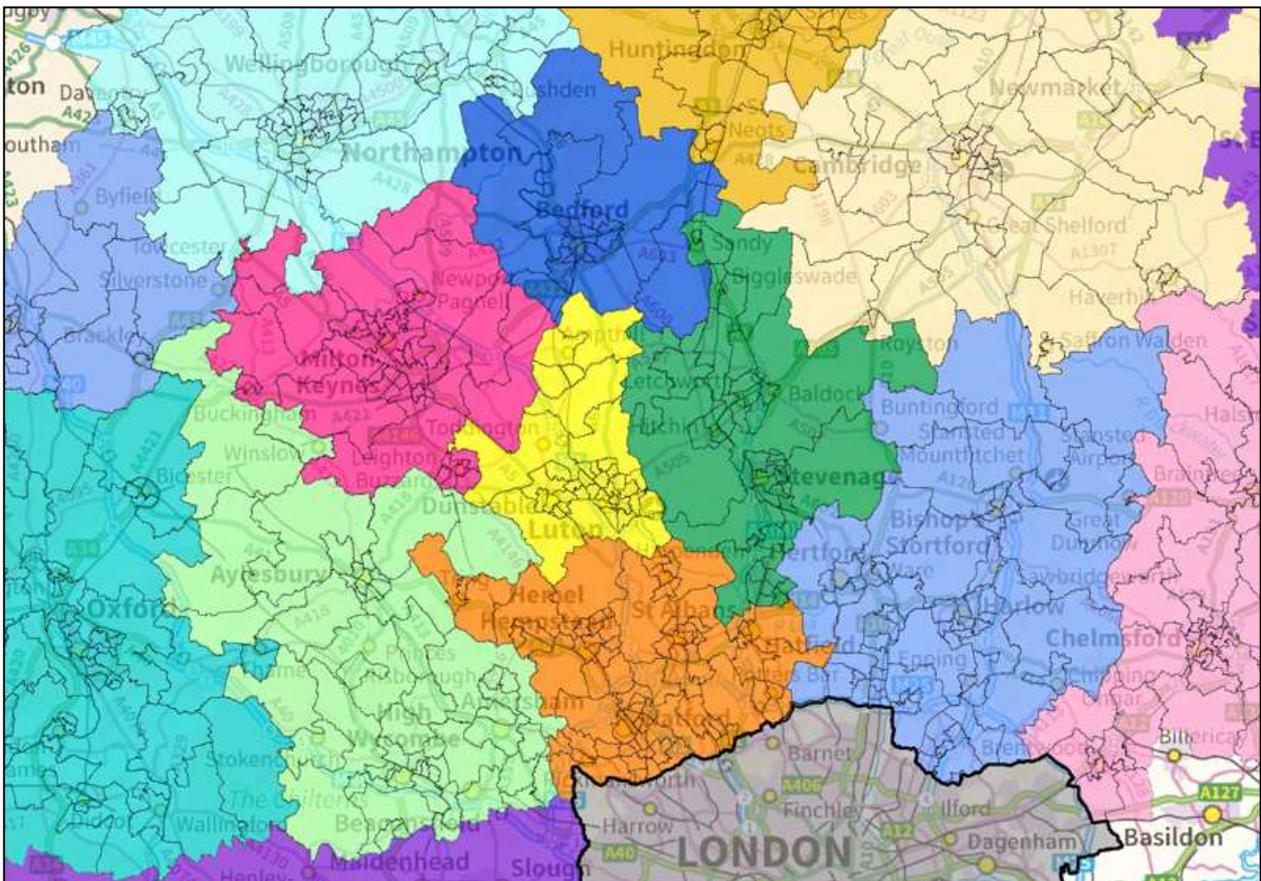


- 2.28 At 70% self-containment (Figure 12), a number of realignments have occurred where some of the smaller seeds have merged with other seeds to which they have the strongest link. Notably, Letchworth has now merged with Stevenage, the Epping and Stansted areas have merged with Harlow, and Potters Bar has joined with of St Albans and Hatfield.
- 2.29 At 72% self-containment (Figure 13), the smaller seeds have all merged with larger areas, and it is evident that some of these larger areas have merged too. For example, Aylesbury has merged with High Wycombe; Hemel Hempstead, Watford and St Albans have combined together; and Hertford has joined with Harlow.

Figure 12: Model outputs with restricted growth of Greater London at 70% containment threshold



Figure 13: Model outputs with restricted growth of Greater London at 72% containment threshold



Reviewing the preliminary outputs

- 2.30 The preliminary outputs were discussed at a stakeholder workshop with officers from the commissioning local authorities together with representatives from neighbouring areas as part of the Duty to Cooperate process.
- 2.31 A number of points were raised from the discussion where further analysis would be of benefit. The first related to the order in which seeds were processed and clustered, and whether or not the final clusters represented the strongest linkages between seeds. For example, Sandy and Biggleswade were clustered with Bedford, which represented the strongest link at the time they were processed; however, this was prior to Stevenage and Letchworth being clustered together – and the relationship that exists with Stevenage and Letchworth combined is stronger than the relationship with Bedford. Similar concerns were raised about other smaller settlements, such as Leighton Buzzard, which raised the question as to whether or not the final outputs could be further developed to reflect this.
- 2.32 Another point raised concerned the relationship between Hatfield, Welwyn Garden City and the Stevenage commuting zone. A review of the original seeds identified that Hatfield and Welwyn Garden City formed a continuous urban area (based on the statistical geographies used) and therefore had been defined as a single seed. The purpose of creating seed points was to enable separate places to be identified, and part of the reason for varying the approach in relation to London was to avoid predetermining the outputs. In a similar way, it was agreed at the workshop that it was not appropriate to presume that Hatfield and Welwyn Garden City should inevitably fall into the same area given the different functional relationships of the two places. On this basis, it was agreed to split the seed point into two distinct areas based on their individual MSOA boundaries.
- 2.33 The process for reviewing the cluster groupings was undertaken systematically to ensure a fair approach across the entire area. In each of the identified seed clusters, any individual seeds that represented less than 20% of the size of the largest seed in the seed cluster were considered to be “weak” and were therefore “unseeded”; that is, those areas were no longer considered to be a seed and treated in the same way as all other areas that had not originally been part of a seed.
- 2.34 Figure 14 shows the outcome of this process, identifying the original seeds which are “unseeded” in yellow. The areas in red form the seed clusters for the revised analysis.
- 2.35 Figure 15 the impact of the “unseeding” process on the identified areas.
- 2.36 The most notable changes include Sandy and Biggleswade moving from the Bedford to the Stevenage area, Leighton Buzzard moving from the Luton to the Milton Keynes area, and the area north of Tring moving from the Watford to the Aylesbury area.
- 2.37 Furthermore, following the separation of Hatfield and Welwyn Garden City into separate seeds, it is evident that whilst the strongest relationship for Welwyn Garden City continues to be with the Stevenage area, the strongest relationship for Hatfield is with the Watford area.
- 2.38 The outputs from this further process were discussed collectively with officers from the commissioning authorities, who accepted that this output provided an appropriate basis for developing the final commuting zones which, together with information on migration and house prices, would inform the functional housing market area definition.

Figure 14: Original seeds that have become 'unseeded'



Figure 15: The impact of "unseeding" smaller settlements; model outputs at 72% containment of seed clusters



Further Modelling based on Finer Grain Geographies

- 2.39 The analysis to define the commuting zone clusters was developed using the MSOA statistical geography. Whilst these areas are smaller than local authority areas, they each cover a relatively large population: a minimum of 2,000 households and an average of 3,000 households in each MSOA. Therefore, some MSOAs cover relatively large geographic areas, in particular those outside urban centres. This means that the boundaries that have been identified for the commuting zones are likely to be relatively imprecise, especially in areas that are currently less populated.
- 2.40 To refine the identified boundaries, the modelling was re-run using Census Output Areas (COA): the smallest statistical geographies available, covering a minimum of 40 households with a target of 125 households in each COA. In considering this finer grained geography, the modelling is revised using COA based on the final seed clusters (excluding those smaller settlements that had been “unseeded”).
- 2.41 The following maps show the strongest relationship for each COA. Figure 16 shows the areas where an absolute majority of workers (that is over 50%) travel to or from the COA to the identified area. At 50% absolute self-containment, the “core” of each travel to work area can be identified.
- 2.42 Figure 17 shows the outcome of the same analysis based on a simple majority of workers (that is the largest number) excluding the flows to Greater London, whereas Figure 18 also shows those COAs where the greatest flow is to Greater London. It is evident that there are no parts of the Bedford commuting zone where the largest flows are to Greater London.

Figure 16: COAs with absolute majorities (over 50%) of workers travelling to and from the area

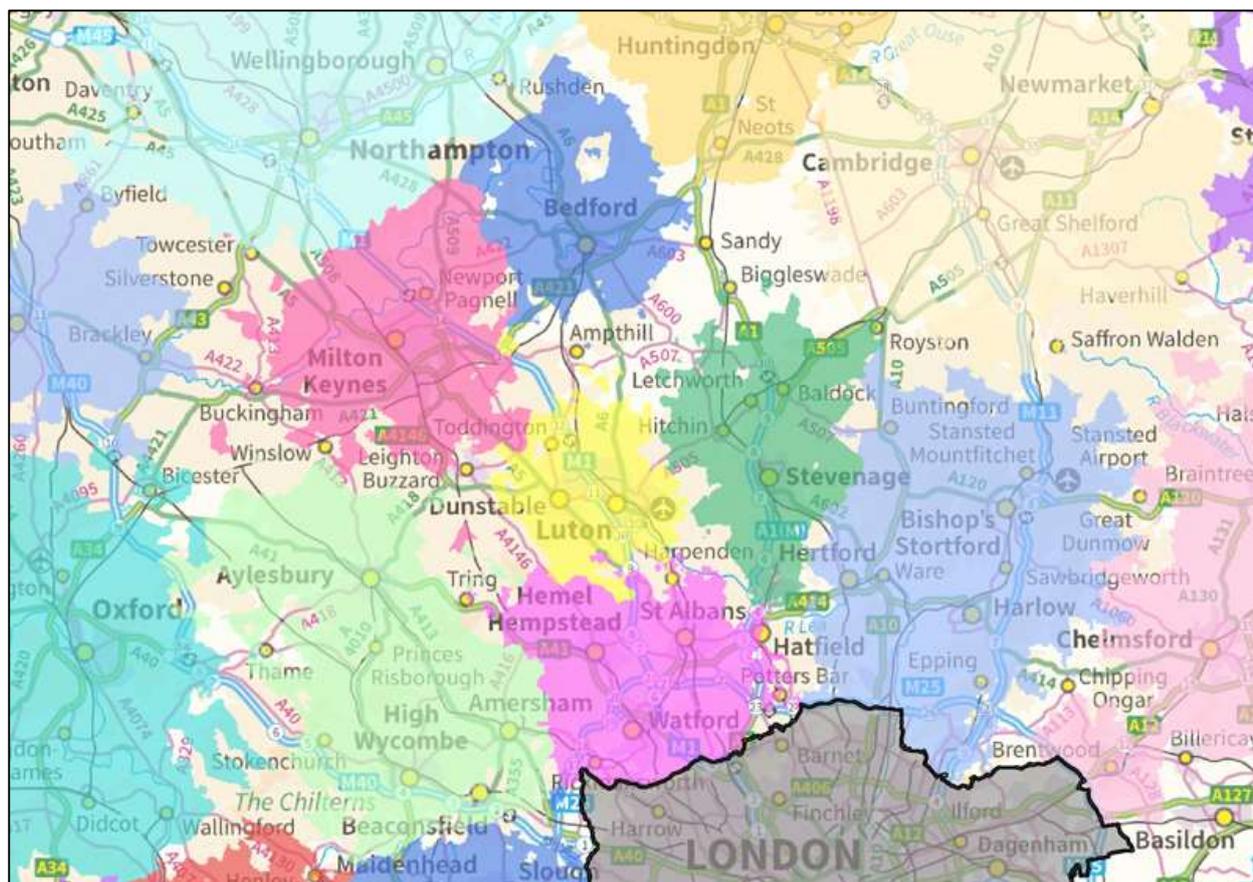


Figure 17: COAs based on simple majorities of workers travelling to or from the area

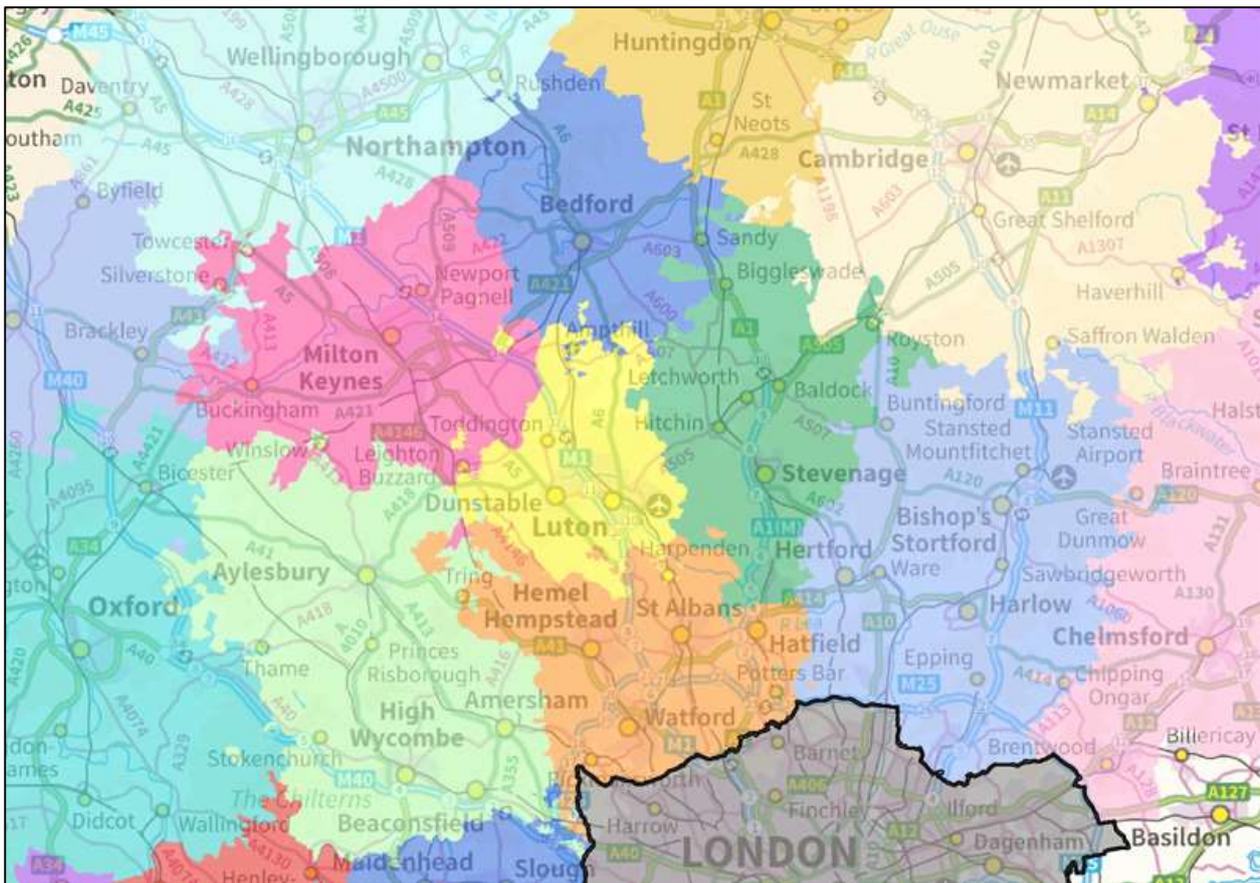
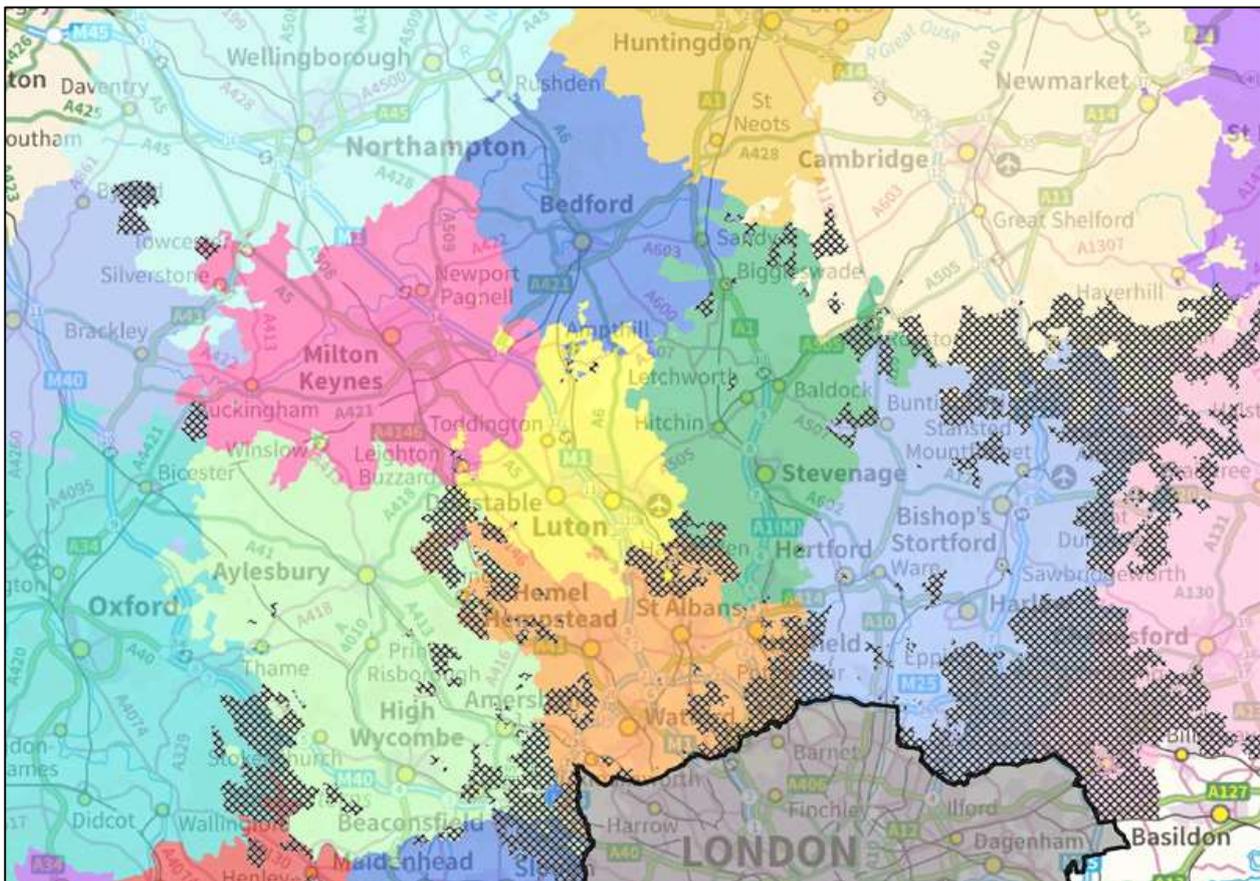


Figure 18: COAs based on simple majorities of workers travelling to or from the area, including Greater London (hatched)

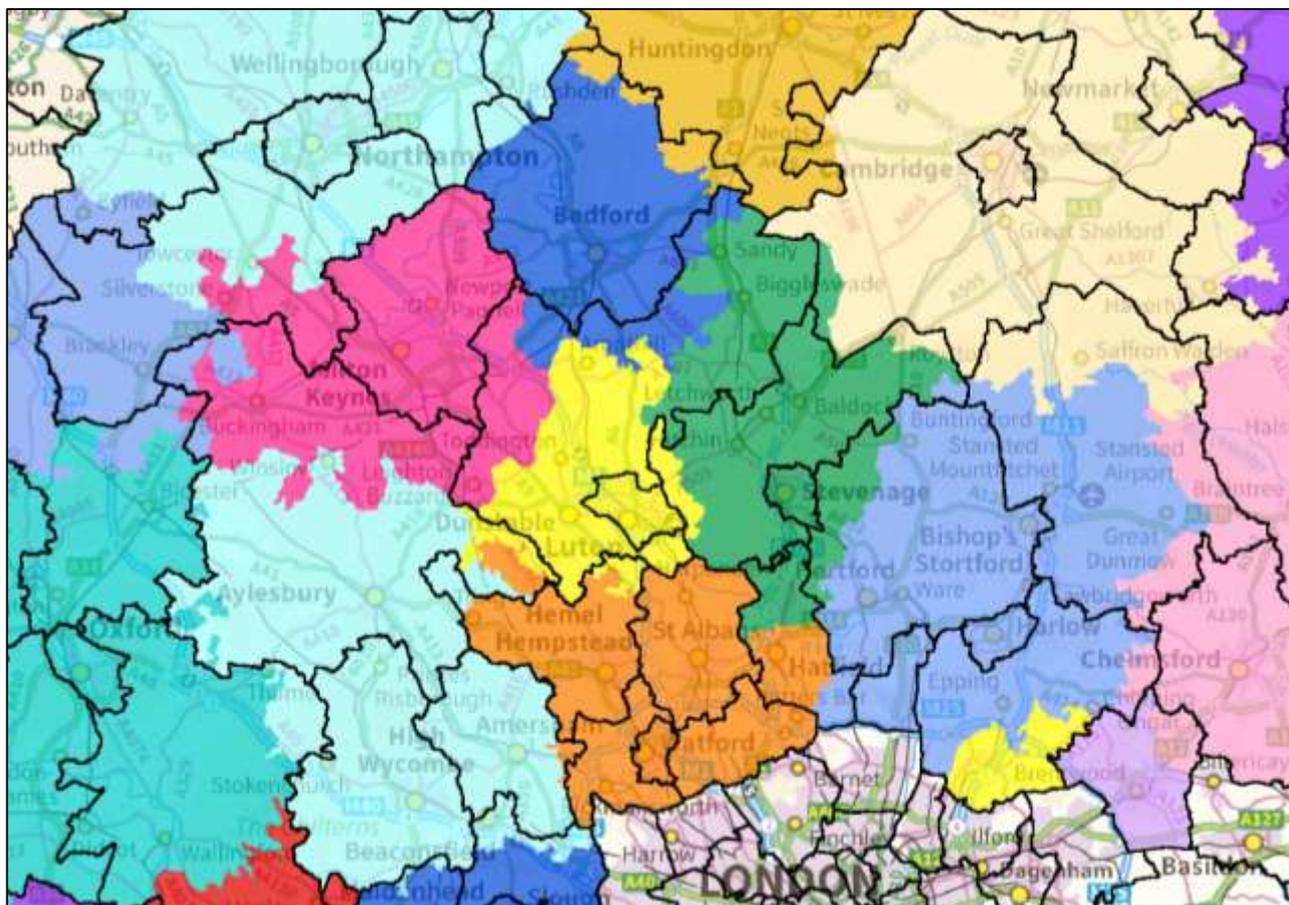


- 2.43 Greater London is evidently important when considering HMAs in this wider area. The modelling analysis has clearly shown that the commuting “pull” from Central London is often stronger than from more local employment centres, and it would be possible to define a Greater London travel to work area that included many areas outside the region boundary.
- 2.44 Whilst the functional relationships with London are important, the Mayor of London and the Greater London Authority are responsible for the London Plan and this is based on the administrative boundary for the region. Therefore, on balance, it is pragmatic and appropriate to define Greater London using the administrative boundary and then separately consider the commuting flows outside the region.
- 2.45 On this basis, our proposed commuting zones are based on the final iteration of the modelling analysis that excluded Greater London.

Proposed Commuting Zones

- 2.46 Figure 19 shows the proposed commuting zones together with the local authority administrative boundaries. While this study has clearly defined the boundaries for these commuting zones inside the study area, the boundaries outside of this area should be treated with caution given the geographic area that was included within the modelling analysis. This would not affect the boundaries or distribution within the area which is the focus of the study.

Figure 19: Proposed Commuting Zones showing Local Authority administrative boundaries



- 2.47 Figure 20 sets out the key statistics for these final commuting zones, presented in descending order of containment score. The table also shows the overall commuting flows (including flows to and from Greater London) and highlights those that reach the ONS target of 75% and the ONS threshold of 66.7% in green

(dark green and light green respectively), with the remaining flows (that fail to reach the ONS threshold of 66.7%) highlighted in red.

- 2.48 In terms of workplace population, the data shows that the commuting zone centred on Bedford has 72.8% of workers resident inside the commuting zone, with 70.0% of the zone's working residents having jobs within the area (increasing to 73.3% when those that work in London are excluded).

Figure 20: Statistics for Proposed Commuting Zones (Source: 2011 Census; Note: Dark green cells meet the ONS TTWA target of 75%; light green cells meet the ONS TTWA threshold of 66.7%, red cells do not meet the ONS TTWA threshold)

Commuting Zone	Living and Working in area	Workplace Population		Resident Population				Containment Score	
		Total workers	% living in area	All workers		Exc. London		Overall	Exc. Central London
				Total workers	% working in area	Total workers	% working in area		
Cambridge	195,200	242,000	80.6%	235,300	83.0%	226,700	86.1%	81.8%	83.3%
Milton Keynes	135,900	183,400	74.1%	177,300	76.7%	168,500	80.7%	75.4%	77.3%
Bedford	57,700	79,300	72.8%	82,400	70.0%	78,800	73.3%	71.4%	73.0%
Luton	100,500	135,100	74.4%	150,700	66.7%	139,600	72.0%	70.3%	73.2%
Stevenage	111,900	153,400	72.9%	172,700	64.8%	154,100	72.6%	68.6%	72.8%

- 2.49 Figure 21 details the distribution of the resident population for these commuting zones by local authority area. It is evident that the Bedford commuting zones covers the almost the entire population (98.2%) of Bedford Borough, with 154,700 residents living within the Bedford commuting zone and the local authority area. The total population for the commuting zone is around 169,000 persons, with almost all of those that live outside Bedford Borough resident in Central Bedfordshire (14,100 persons).

Figure 21: Proposed Commuting Zones Resident Population by Local Authority Area (Source: 2011 Census. Note: Population rounded to nearest 100. Figures may not sum due to rounding)

Local Authority Area	Proposed Commuting Zone									
	Milton Keynes		Bedford		Luton		Stevenage		Elsewhere	
	N	%	N	%	N	%	N	%	N	%
Bedford	-	-	154,700	98.2%	-	-	-	-	2,800	1.8%
Central Beds	49,700	19.5%	14,100	5.5%	114,900	45.2%	75,700	29.8%	-	-
Luton	-	-	-	-	203,200	100.0%	-	-	-	-
Milton Keynes	248,800	100.0%	-	-	-	-	-	-	-	-
North Herts	-	-	-	-	1,700	1.3%	109,200	85.9%	16,300	12.8%
Stevenage	-	-	-	-	-	-	84,000	100.0%	-	-
Elsewhere	43,700	-	200	-	700	-	66,900	-	-	-
TOTAL	342,300	-	169,000	-	323,100	-	335,700	-	9,500	-

Migration

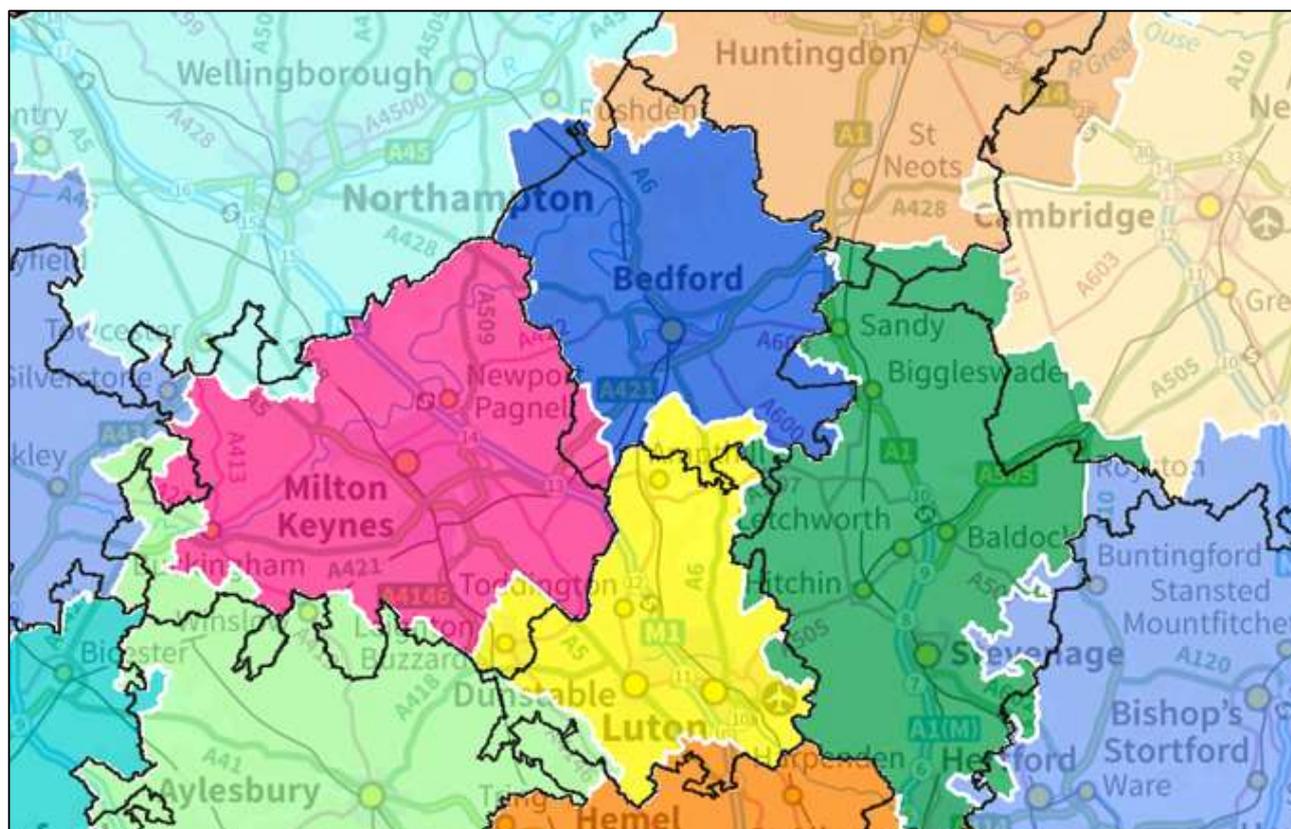
- 2.50 Whilst commuting flow data helps identify “the key functional linkages between places where people live and work”, PPG also suggests that migration patterns should be considered when defining functional housing market areas:

Migration flows and housing search patterns reflect preferences and the trade-offs made when choosing housing with different characteristics. Analysis of migration flow patterns can help to identify these relationships and the extent to which people move house within an area. The findings can identify the areas within which a relatively high proportion of household moves (typically 70 per cent) are contained. This excludes long distance moves (eg those due to a change of lifestyle or retirement), reflecting the fact that most people move relatively short distances due to connections to families, friends, jobs, and schools.

Planning Practice Guidance (March 2014), ID 2a-011

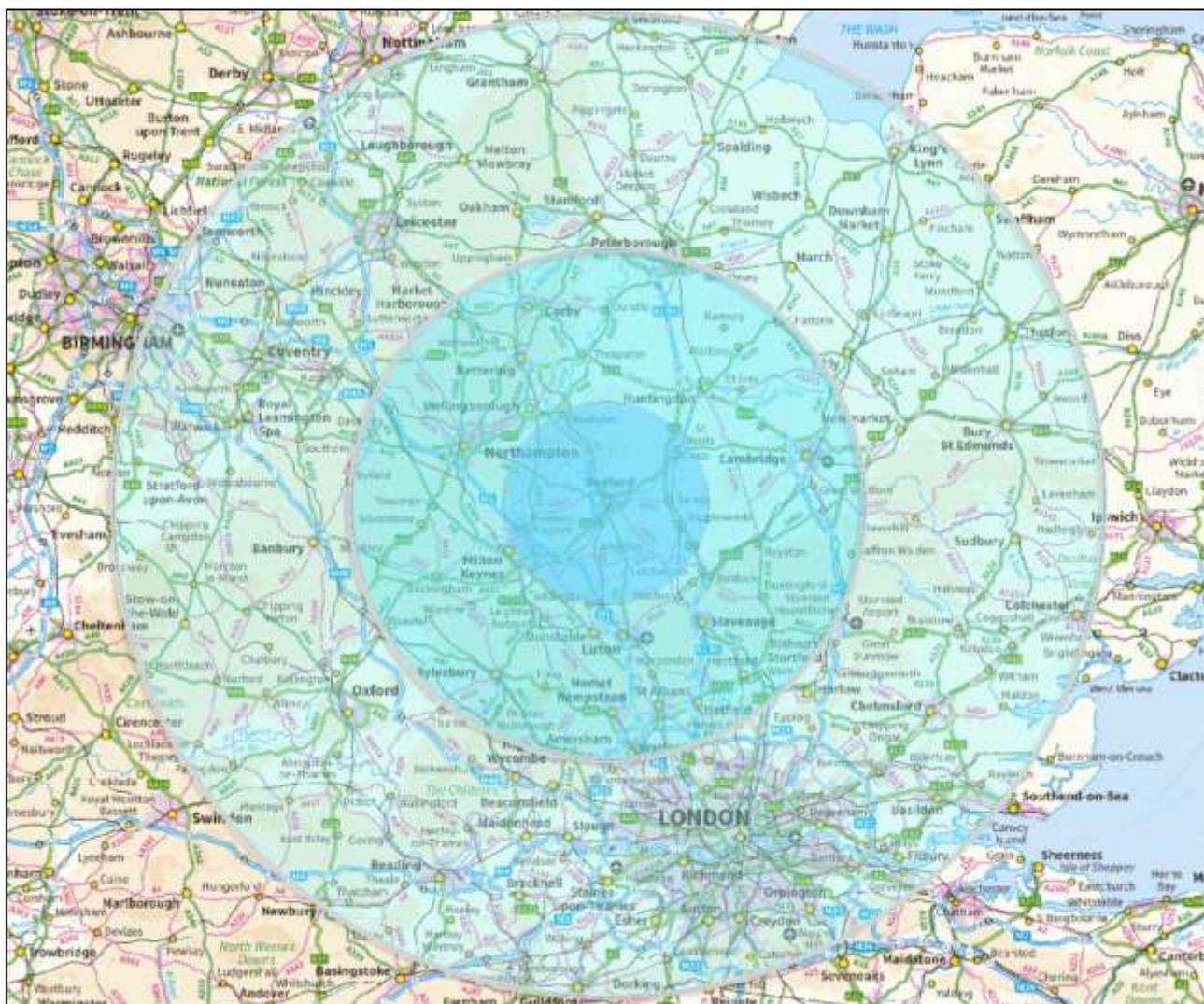
- 2.51 Analysis of Census migration flow data shows the strongest relationships in terms of migration flows mirror exactly the strongest relationships in terms of commuting flow data.
- 2.52 Figure 22 shows the strongest relationships in terms of migration flows between each MSOA and the identified seed clusters. It is evident that the migration patterns largely reflect the travel to work patterns previously illustrated by the commuting zone analysis, although there are some notable differences. In particular, the Luton and Milton Keynes migration zones both extend into the south of the Bedford commuting zone.

Figure 22: MSOAs with the strongest migration links to the final seed clusters based on data from the 2011 Census, showing commuting zone boundaries (Source: ONS)



- 2.53 PPG identifies that a “relatively high proportion of household moves” will be contained within a housing market area, and suggests that this will be “typically 70%” or more; however this “excludes long-distance moves” (ID 2a-011).
- 2.54 As the PAS OAN technical advice note confirms, “what counts as a long-distance move is a matter of judgment” (second edition, paragraph 5.16). Data from the English Housing Survey 2013-14 household report¹¹ (figure 6.4) shows that over 7 in every 8 moves in the UK involved distances of less than 50 miles, with almost 5 in every 6 involving distances of less than 20 miles. It would therefore seem appropriate for long-distance moves to include all moves of at least 50 miles, and for moves of 20 miles or more to also be considered.
- 2.55 Figure 23 illustrates the relevant catchment areas based on distances of both 50 miles and 20 miles beyond the Bedford migration zone. It is evident that the 20 mile zone covers numerous settlements in the surrounding area such as Aylesbury, Cambridge, Hemel Hempstead, Huntingdon, Luton, Milton Keynes, Northampton and Stevenage. The 50 mile zone covers Greater London together with most of the wider East of England and East Midlands.

Figure 23: Catchment area for moves to and from Bedford migration zone, excluding long-distance moves (Note: Inner circle based on moves of up to 20 miles; outer circle based on moves of up to 50 miles)



¹¹ <https://www.gov.uk/government/statistics/english-housing-survey-2013-to-2014-household-report>

- 2.56 The concept of excluding “*long-distance moves*” relates back to the early definition of a functional housing market area that was set out at the start of this chapter. That definition focused on “*those moving house without changing employment*”, and long-distance moves will generally involve a change of job or other change of lifestyle (such as retirement). On balance, it seems unlikely that many people would move more than 20 miles in this part of the country without a change of job; so it would seem reasonable to consider moves of over 20 miles as being “*long-distance*” in the context of this specific area.
- 2.57 Figure 24 sets out these key statistics for the Bedford migration zone based on the two migration containment ratios set out in the PAS OAN technical advice note (second edition, paragraph 5.15):

“Supply side (origin); moves within the area divided by all moves whose origin is in the area, excluding long-distance moves

Demand side (destination): moves within the area divided by all moves whose destination is in the area, excluding long-distance moves.”

Figure 24: Statistics for Bedford Migration Zone (Source: ONS, 2011 Census)

		Supply side (origin)	Demand side (destination)
Moved within area		10,900	10,900
Moved from elsewhere	Moves of up to 20 miles	2,267	2,754
	Moves of between 20 and 50 miles	1,483	1,721
	Moves of at least 50 miles	2,398	2,074
Total moves		17,048	17,449
Moves within area as...	% of all moves	63.9%	62.5%
	% of moves up to 50 miles	74.4%	70.9%
	% of moves up to 20 miles	82.8%	79.8%

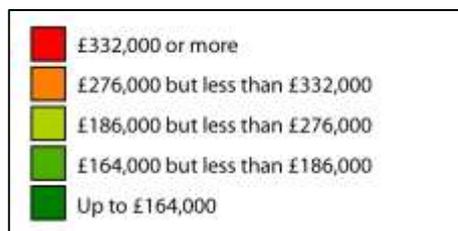
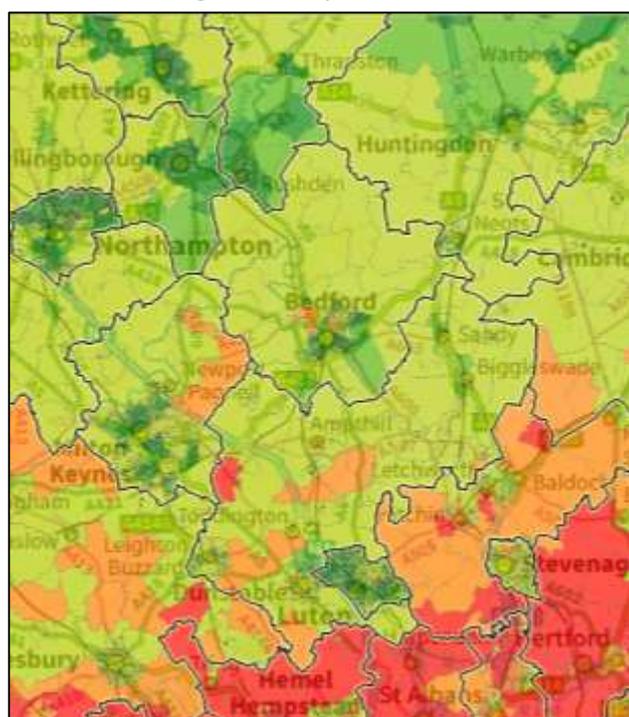
- 2.58 On the supply side (i.e. moves originating in the area); it is evident that almost 75% of migrants moving within the wider area (moves of up to 50 miles) stayed within the identified area, with around 5-in-6 moves of up to 20 miles being within the identified area.
- 2.59 On the demand side (i.e. moves whose destination is in the area) the proportions are lower; however over 70% of those moving within the wider area (moves of up to 50 miles) and four fifths of those moving within a 20 mile catchment originated within the identified area.
- 2.60 Based on the statistics, it is reasonable to conclude that a “*relatively high proportion of household moves*” are contained within the migration zone identified for Bedford, and therefore this functional area meets the requirements of PPG in this regard.

House Prices

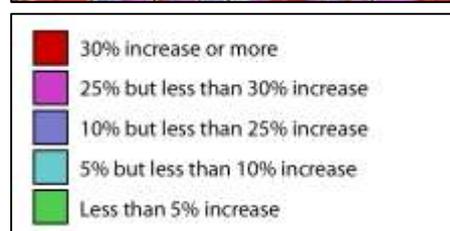
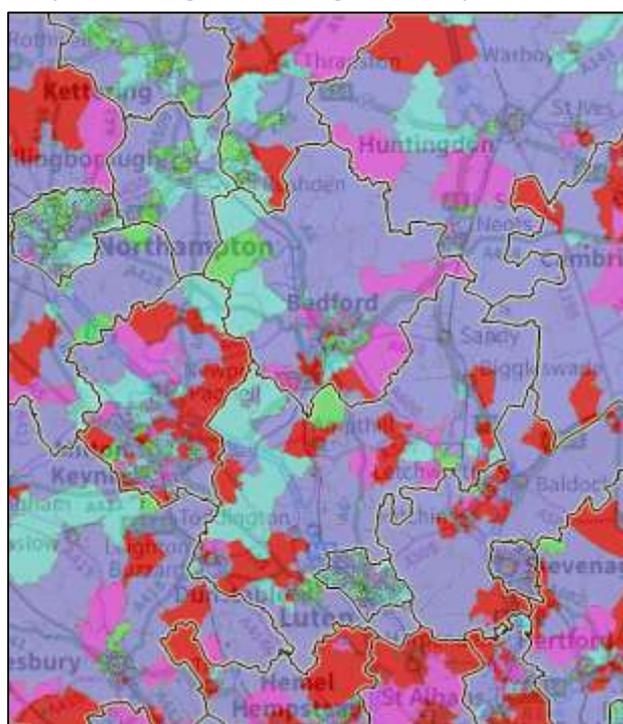
- 2.61 As previously noted, CLG research and the PAS OAN technical advice note have both suggested that house prices are less relevant when defining upper-tier housing market areas but can provide a useful context for identifying housing sub-markets. Figure 25 shows current shows mix-adjusted average house prices relative to the average for the overall area, alongside the relative change in average house prices over the last 10 years.
- 2.62 House prices are generally higher to the south and lower to the north of the area, but there are pockets of higher and lower prices in contrast to this trend.

Figure 25: Mix adjusted average house prices and 10-year change by MSOA (Source: HM Land Registry)

Current average house prices



10-year change in average house prices

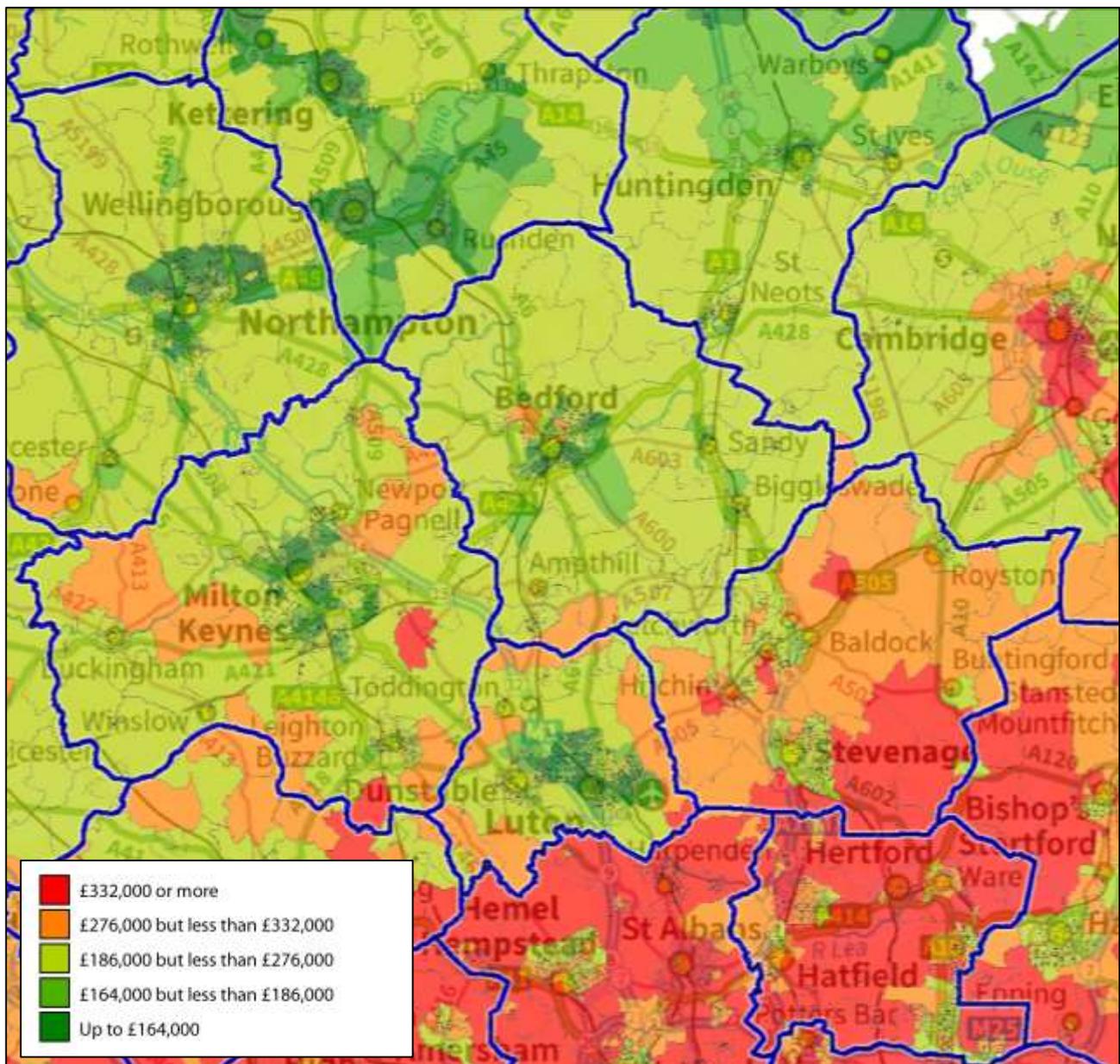


- 2.63 Neither the geographic spread of areas with higher and lower house prices nor the geographic spread of average house price changes would appear to provide a clear basis on which to define housing market areas. However, when this information is considered within the framework of the Valuation Office Agency (VOA) Broad Rental Market Area (BRMA) boundaries, some patterns do emerge (Figure 26).
- 2.64 BRMAs are the geographical area used by the Valuation Office Agency (VOA) to determine the Local Housing Allowance (LHA), the allowance paid to Housing Benefit applicants. The BRMA area takes into account local house prices and rents, and is based on where a person could reasonably be expected to live taking into account access to facilities and services.

2.65 Figure 26 clearly shows that mix-adjusted average house prices (and consequently market rents) are highest in and around North London:

- » South East Herts BRMA and South West Herts BRMA generally cover areas in the highest price band outside London, in particular those MSOAs covering areas outside the main urban centres;
- » There is a greater mix of areas in the top two bands covering Stevenage & North Herts BRMA;
- » Bedford BRMA, Luton BRMA and Milton Keynes BRMA generally cover areas with lower house prices, with some more expensive areas particularly in rural locations;
- » Huntingdon BRMA, Northampton BRMA and Northants Central BRMA generally cover the areas with the lowest house prices, especially in the more urban areas; however
- » The situation in the Cambridge BRMA differs from the BRMAs surrounding London: the highest house prices tend to be in the main urban centre with most other areas in the middle price band.

Figure 26: Mix adjusted average house prices by MSOA with Valuation Office Agency Broad Rental Market Area Boundaries
(Source: HM Land Registry)



2.66 The Rent Officer Handbook: Broad Rental Market Areas (Local Reference Rent)¹² identifies that:

“A BRMA (LRR) is an area: within which a tenant of the dwelling could reasonably be expected to live having regard to facilities and services for the purposes of health, education, recreation, personal banking and shopping, taking account of the distance of travel, by public and private transport, to and from those facilities and services

The BRMA (LRR) is subject to two conditions.

Firstly it must contain: residential premises of a variety of types, including such premises held on a variety of tenures.

Secondly, a BRMA (LRR) must contain sufficient privately rented residential premises, to ensure that, in the rent officer’s opinion, the local reference rents for tenancies in the area are representative of the rents that a landlord might reasonably be expected to obtain in that area.”

2.67 The boundaries of a BRMA do not have to match the boundaries of a local authority and BRMAs will often fall across more than one local authority area. Housing Market Areas (HMAs) and Broad Rental Market Areas (BRMAs) therefore both define areas based on housing along with the need to travel for work or to access services.

2.68 Bringing this together, it can be seen that HMAs are defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work; while BRMAs are areas within which a tenant of the dwelling could reasonably be expected to live having regard to facilities and services. Given that BRMAs should include residential premises of a variety of types, including such premises held on a variety of tenures, it is evident that the two definitions will tend to identify similar geographic areas in that they will be large enough to contain sufficient properties to be a market area, but limited in size by the need to travel for work or to access services. Travel, either for work or to access services is a key element of both definitions.

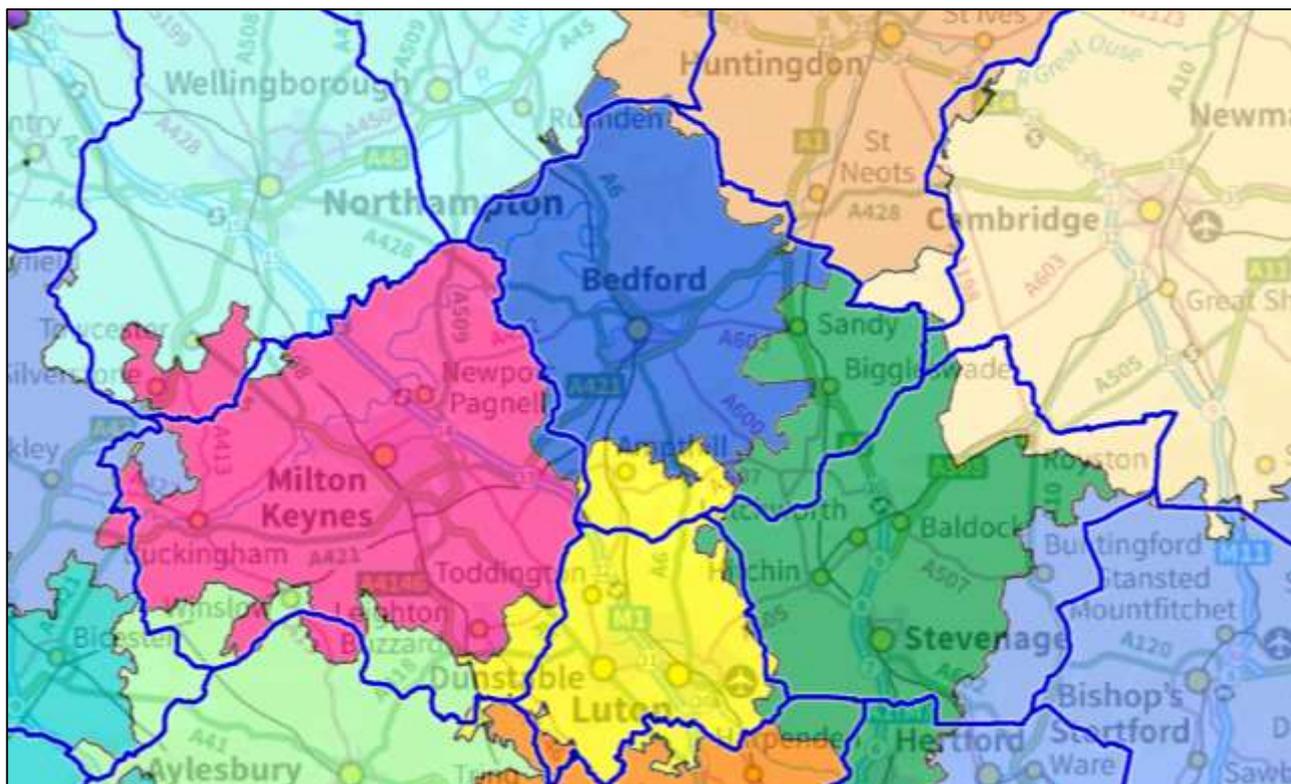
2.69 Both HMAs and BRMAs are based on *functional linkages* between where people live and work or where they live and access services. Places of work and services such as *health, education, recreation, personal banking and shopping* are predominantly based in larger settlements, becoming increasingly less common in smaller settlements and rural areas. Because of this, the definitions of HMAs and BRMAs in any area will tend to be centred around those urban centres, or on collections of settlements in rural areas without a major urban centre.

2.70 On this basis, it is helpful to review the previously identified commuting zones and migration zones (which both showed very similar patterns) with the BRMAs to understand the ways in which they are consistent and where they may differ.

2.71 Figure 27 shows the BRMA boundaries overlaid on the commuting zones previously identified. It is evident that there are many similarities between the two geographies. Whilst the precise boundaries may differ, each of the commuting zones generally corresponds with an equivalent BRMA: Bedford, Cambridge, Chelmsford, Harlow, Luton, Stevenage and Watford were all identified as commuting zones and there is a BRMA equivalent for each. Nevertheless, the South East Herts BRMA (covering Broxbourne, Hatfield, Hertford, and Welwyn Garden City) does not have an equivalent commuting zone.

¹² <http://manuals.voa.gov.uk/corporate/publications/Manuals/RentOfficerHandbook/HousingBenefitReferral/Determination/b-roh-broad-rental-market-areas-LRR.html>

Figure 27: Final commuting zones with VOA Broad Rental Market Area Boundaries



- ^{2.72} It is evident that the Bedford BRMA extends beyond the identified commuting zone, and includes Amptill (in the Luton commuting zone) and Sandy and Biggleswade (in the Stevenage commuting zone). However, the BRMA boundary is largely the same as the commuting zone boundary between Bedford and Huntingdon and Northamptonshire to the north, and between Bedford and Milton Keynes to the west.

Administrative Boundaries and Housing Market Areas

- ^{2.73} The NPPF recognises that housing market areas may cross administrative boundaries, and PPG emphasises that housing market areas reflect functional linkages between places where people live and work. The previous 2007 CLG advice note¹³ also established that functional housing market areas should not be constrained by administrative boundaries, nevertheless it suggested the need for a “best fit” approximation to local authority areas for developing evidence and policy (paragraph 9):

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

- ^{2.74} This “best fit” approximation has also been suggested by the PAS OAN technical advice note, which suggests (second edition, paragraph 5.9):

“boundaries that straddle local authority areas are usually impractical, given that planning policy is mostly made at the local authority level, and many kinds of data are unavailable for smaller areas.”

¹³ Identifying sub-regional housing market areas (CLG, March 2007)

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

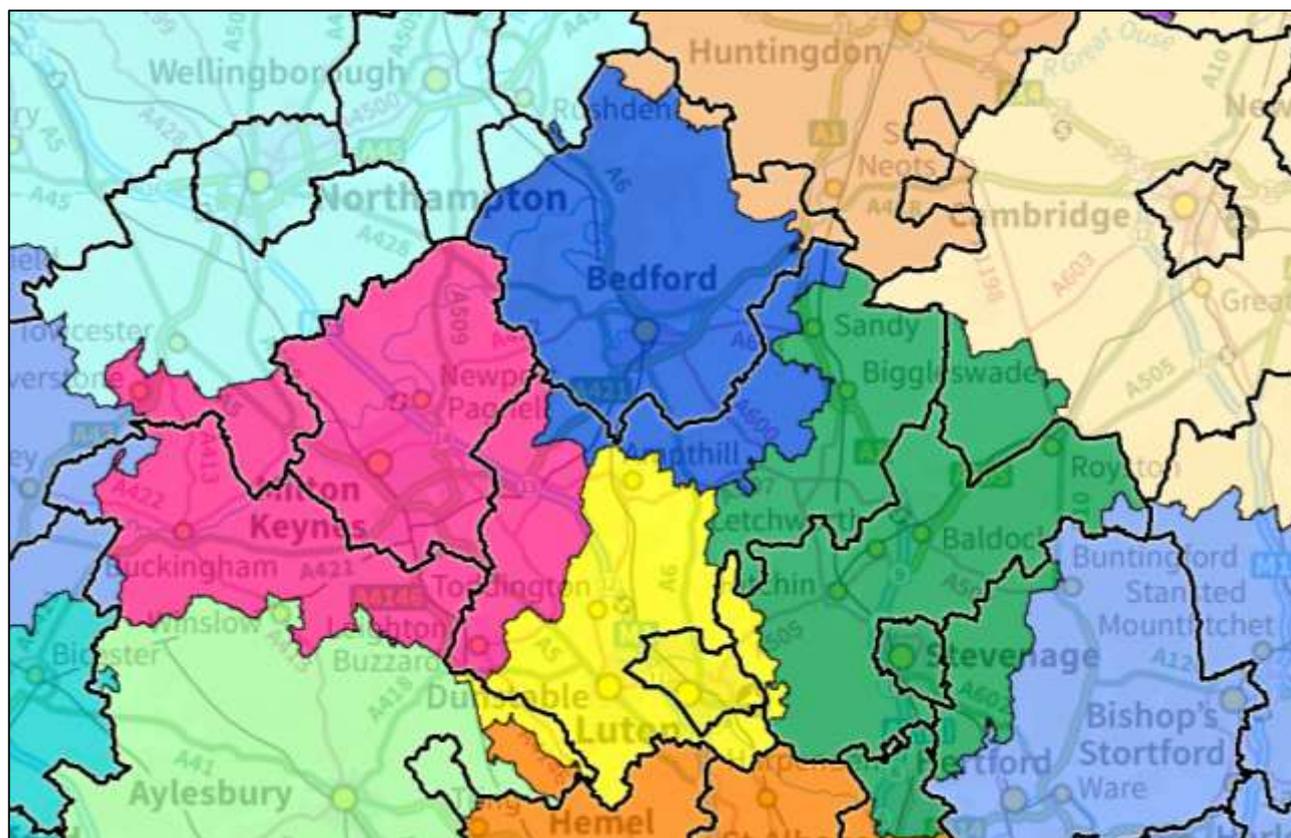
- » On the one hand, it is important that the process of **analysis and identification of the functional housing market areas should not be constrained by local authority boundaries**. This allows the full extent of each functional housing market to be properly understood and ensures that all of the constituent local planning authorities can work together under the duty to cooperate, as set out in Guidance (PPG, paragraph 10).
- » On the other hand, and as suggested by the PAS OAN technical advice note (and the previous CLG advice note), **it is also necessary to identify a “best fit” for each functional housing market area that is based on local planning authority boundaries**. This “best fit” area provides an appropriate basis for analysing evidence and drafting policy, and would normally represent the group of authorities that would take responsibility for undertaking a Strategic Housing Market Assessment.

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

2.77 In establishing the most appropriate functional housing market areas, it is necessary to consider all of the evidence based on commuting zones, migration zones and house prices (based on Broad Rental Market Areas). We have previously identified clear similarities between the commuting zones and migration zones, albeit that the direction of travel is reversed (net commuting flows tend to be towards London, whilst net migration flows tend to be away from London). Furthermore, we have demonstrated that these zones generally reflect the BRMA boundaries.

2.78 Given this context, Figure 28 illustrates the proposed functional housing market areas, which are based on majority agreement between these three geographies.

Figure 28: Functional Housing Market Areas with Local Authority Boundaries



- 2.79 Figure 29 details the distribution of the resident population for these functional housing market areas by local authority. It is evident that there is substantial overlap between the Bedford functional housing market area and Bedford Borough, with 98.2% of the Borough's population resident in the functional housing market area. Of the remaining residents, 1,300 live in the Northampton area (0.8%) and 1,500 live in the Huntingdon area (1.0%).

Figure 29: Proposed Functional Housing Market Areas Resident Population by Local Authority Area (Source: 2011 Census. Note: Population rounded to nearest 100. Figures may not sum due to rounding)

Local Authority Area	Functional Housing Market Area									
	Bedford		Luton		Milton Keynes		Stevenage		Elsewhere	
	N	%	N	%	N	%	N	%	N	%
Bedford	151,800	98.2%	-	-	-	-	-	-	2,700	1.8%
Central Beds	15,400	6.1%	112,900	44.8%	50,200	19.9%	73,600	29.2%	-	-
Luton	-	-	201,500	100.0%	-	-	-	-	-	-
Milton Keynes	-	-	-	-	246,700	100.0%	-	-	-	-
North Herts	-	-	1,400	1.1%	-	-	124,300	98.8%	100	0.1%
Stevenage	-	-	-	-	-	-	83,400	100.0%	-	-
Elsewhere	200	-	2,800	-	40,400	-	72,200	-	-	-
TOTAL	167,400	-	318,600	-	337,400	-	353,500	-	-	-

Conclusions

- 2.80 PPG defines housing market areas as “reflecting the key functional linkages between places where people live and work” (ID 2a-010). Given this context, it is appropriate to place substantial weight on commuting patterns when establishing housing market areas.
- 2.81 The ONS identify Bedford as an official Travel to Work Area and the modelling analysis undertaken for this study confirms that Bedford forms the core of a separate commuting zone. The Bedford commuting zone has 72.8% of workers resident inside the commuting zone, with 70.0% of the zone's working residents having jobs within the area (increasing to 73.3% when those that work in London are excluded). The area clearly reflects the “key functional linkages between places where people live and work”. Both the official ONS TTWA and the commuting zone identified by the SHMA broadly reflect the borough boundary.
- 2.82 The SHMA has also identified an equivalent migration zone. Whilst migration patterns largely reflect the travel to work patterns illustrated by the commuting zone analysis, there are some notable differences. In particular, the Luton and Milton Keynes migration zones both extend into the south of the Bedford commuting zone. However, the area demonstrates “a relatively high proportion of household moves”; at least 70% on each of the identified measures that exclude long distance moves.
- 2.83 When considering house prices and rents, it is important to note that the Valuation Office Agency has identified Bedford as its own Broad Rental Market Area. The BRMA boundaries broadly align with the commuting and migration zones that the SHMA has identified.
- 2.84 Using all of the evidence available it is reasonable to conclude in line with PPG and PAS OAN technical advice note that the most appropriate functional housing market area should be based on Bedford, and that **Bedford Borough represents the most appropriate “best fit” for Bedford functional HMA.**
- 2.85 This “best fit” does not change the actual geography of the functional housing market areas that have been identified – it simply provides a pragmatic arrangement for the purposes of establishing the evidence

required and developing local policies, as suggested by the CLG advice note and reaffirmed by the PAS technical advice note.

^{2.86} Whilst we believe that Bedford Borough provides the overall “best fit” for the functional housing market area on the basis of all of the available evidence, the more important issue is the need for the Borough to maintain dialogue with Milton Keynes, Central Bedfordshire, North Hertfordshire, Huntingdonshire, East Northamptonshire and Wellingborough, and other local authorities in the surrounding area.

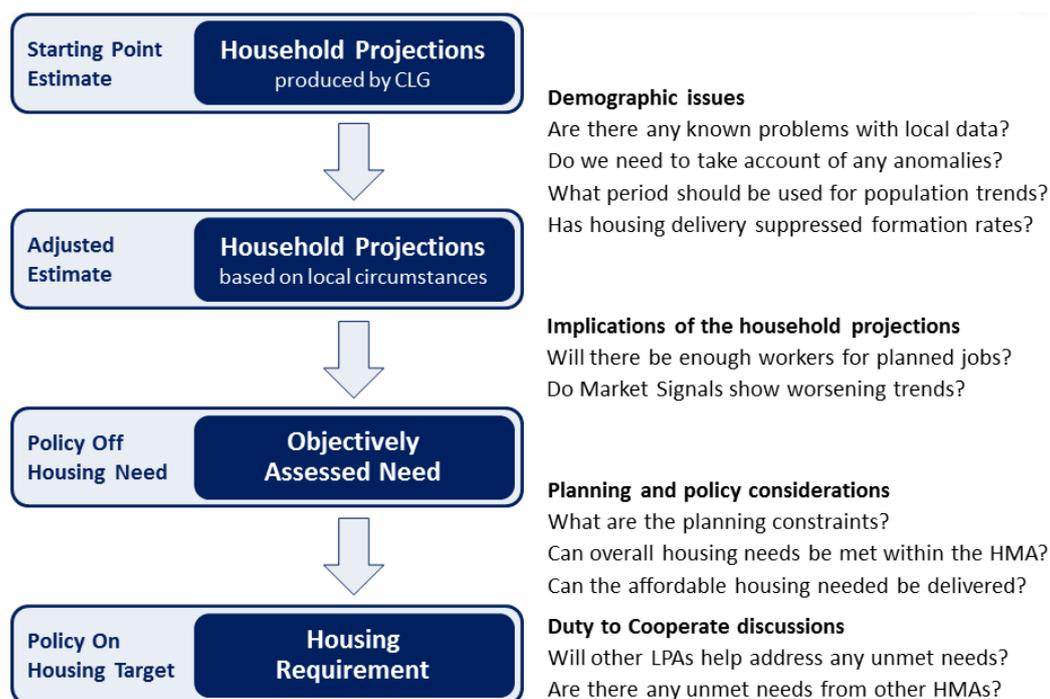
3. Demographic Projections

The starting point for Objectively Assessed Need

Process for Establishing Objectively Assessed Need

- 3.1 The Objective Assessment of Need (OAN) identifies the total amount of housing needed in the Housing Market Area (HMA). This evidence assists with the production of the Local Plan (which sets out the spatial policy for a local area).
- 3.2 The process for developing OAN is now a demographic process to derive housing need from a consideration of population and household projections. To this, external market and macro-economic constraints are applied ('Market Signals') in order to embed the need in the real world.

Figure 30: Process for establishing a Housing Number for the HMA (Source: ORS based on NPPF and PPG)



- 3.3 It is important to recognise that the OAN does not take account of any possible constraints to future housing supply. Such factors will be subsequently considered by the Council before establishing the final Housing Requirement.

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

Planning Practice Guidance (March 2014), ID 2a-004

Official Population and Household Projections

- 3.4 Planning Practice Guidance places emphasis on the role of **CLG Household Projections** as the appropriate starting point in determining objectively assessed need. PPG was updated in February 2015 following the publication of the 2012-based Household Projections, but has yet to be updated to reflect the publication of the 2014-based Household Projections.

Household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need.

The household projections are produced by applying projected household representative rates to the population projections published by the Office for National Statistics.

Planning Practice Guidance (March 2014), ID 2a-015

The 2012-2037 Household Projections were published on 27 February 2015, and are the most up-to-date estimate of future household growth.

Planning Practice Guidance (March 2015), ID 2a-016

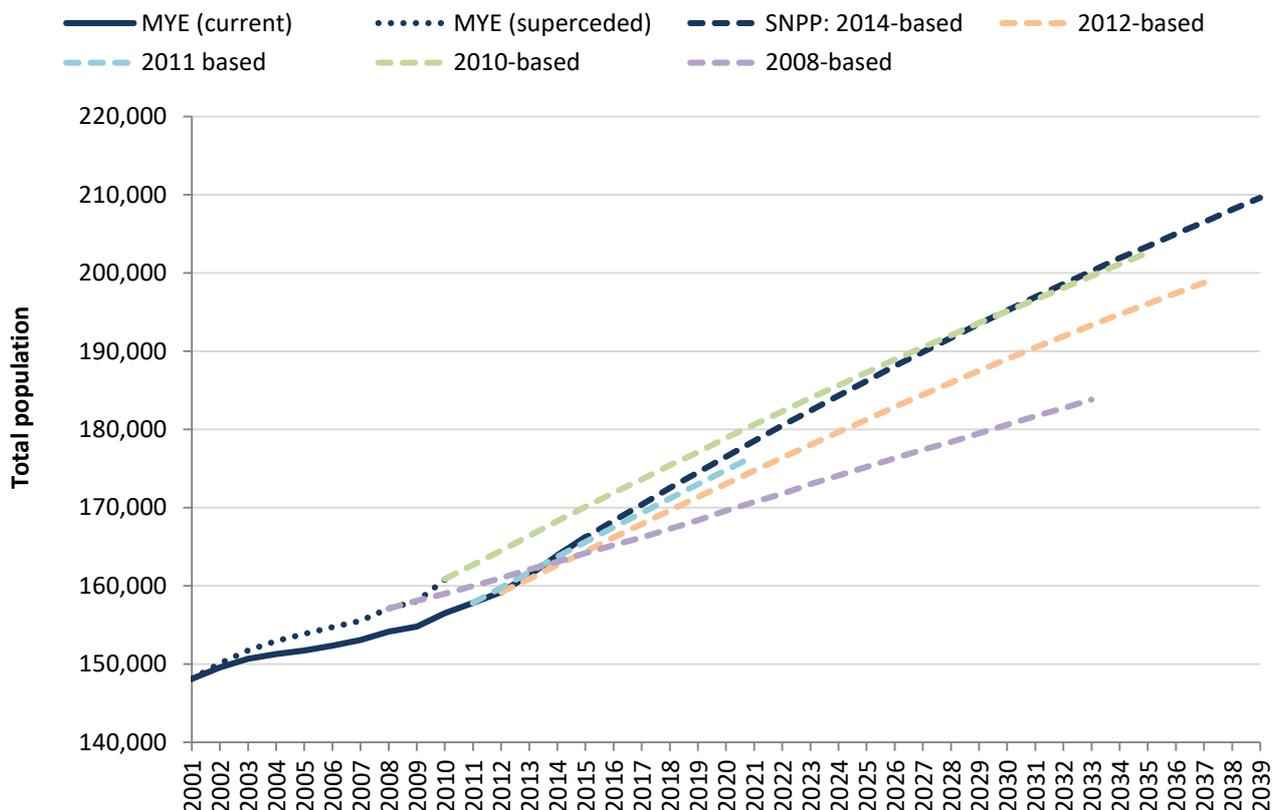
- 3.5 Given this context, Figure 31 sets out the 2014-based and 2012-based **household** projections, together with previous household projections that CLG has produced for the borough. It is clear that the projections have varied over time, with the projected increase in households in Bedford ranging from 700 up to 1,010 additional households each year. Each set of household projections will be influenced by a wide range of underlying data and trend-based assumptions, and it is important to consider the range of projected growth and not simply defer to the most recent data.

Figure 31: CLG Household Projections for Bedford (Source: CLG Household Projections)

CLG Household Projections	10-year period			25-year period		
	Period	Total Change	Annual Average	Period	Total Change	Annual Average
2014-based	2014-24	10,100	1,010	2014-39	24,400	970
2012-based	2012-22	8,900	890	2012-37	21,700	870
Interim 2011-based	2011-21	8,800	880	-	-	-
2008-based	2008-18	7,000	700	2008-33	18,000	720

- 3.6 The CLG 2014-based household projections show an increase of 970 households each year over the 25-year period 2014-39, and a marginally higher rate (1,010 p.a.) in the initial 10-year period. These figures project forward over the normal 25-year period and supersede the 2012-based household projections (which projected a household growth of 870 per year from 2012-37). The differences are largely due to changes in the ONS population projections (Figure 32) on which the CLG household projections are based; although there have also been changes to household representative rates (considered later in this chapter).
- 3.7 Given that the 2014-based household projections show an increase from 68,060 to 87,721 households in Bedford over the 20-year Plan period 2015-35, we can establish that the “starting point estimate of overall housing need” for the Plan period should be based on an overall growth of 19,661 households, equivalent to an average of 983 households per year.

Figure 32: ONS Mid-Year Estimates and Sub-National Population Projections for Bedford (Source: ONS)



- 3.8 Figure 32 shows the outputs from the latest (2014-based) SNPP together with the previous projections that have informed the various CLG household projections (though note that CLG did not produce household projections based on the 2010-based SNPP). It is evident that the 2014-based projections follow a steeper trajectory than the 2010-based, interim 2011-based and 2012-based projections, which all showed similar rates of population growth.
- 3.9 Differences in the projected increase in population between the different projections are largely associated with the assumed migration rates, which are typically based on recent trends using 5-year averages – so short-term changes in migration patterns can significantly affect the projected population growth.

Population and Household Projections based on Local Circumstances

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

Plan makers may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates. Account should also be taken of the most recent demographic evidence including the latest Office of National Statistics population estimates

Any local changes would need to be clearly explained and justified on the basis of established sources of robust evidence.

Planning Practice Guidance (March 2014), ID 2a-017

- 3.11 Given that the demographic projections are trend-based, one of the most critical factors is the period over which those trends are based. The PAS OAN technical advice note considers this issue in relation to the ONS population projections (first edition, paragraphs 5.12-5.13):

“To predict migration between local authorities within the UK, the ONS population projections carry forward the trends of the previous five years. This choice of base period can be critical to the projection, because for many areas migration has varied greatly over time. ... The results of a demographic projection for (say) 2011-31 will be highly sensitive to the reference period that the projection carries forward.”

- 3.12 This issue has also been reinforced in PAS advice to Local Authorities¹⁴, where it has been emphasised that whilst the CLG household projections provide the starting point, these official projections can be very unstable given that they are based on migration trends covering only five years:

“For migration the base period is only five years:

- *Makes the official projections very unstable*
- *And recent projections lock in the recession”*

- 3.13 The second version of the PAS OAN technical advice note (July 2015)¹⁵ has also strengthened the recommendation on the relevant period for assessing migration (second edition, paragraph 6.24):

“In assessing housing need it is generally advisable to test alternative scenarios based on a longer reference period, probably starting with the 2001 Census (further back in history data may be unreliable). Other things being equal, a 10-to-15 year base period should provide more stable and more robust projections than the ONS’s five years. But sometimes other things will not be equal, because the early years of this long period included untypical one-off events as described earlier. If so, a shorter base period despite its disadvantages could be preferable.”

- 3.14 The relevant period for assessing migration trends was considered by an article by Ludi Simpson (Professor of Population Studies at the University of Manchester) and Neil MacDonald (previously Chief Executive of the National Housing and Planning Advice Unit) published in Town and Country Planning (April 2015)¹⁶.

“The argument for using a five-year period rather than a longer one is that the shorter the period, the more quickly changes in trends are picked up. The counter-argument is that a shorter period is more susceptible to cyclical trends, an argument that has particular force when the five-year period in question – 2007-12 – neatly brackets the deepest and longest economic downturn for more than a generation. ... A large number of local authority areas are affected by this issue. For 60% of authorities the net flow of migrants within the UK in 2007-12 was different by more than 50% from the period 2002-07. While this is comparing a boom period with a recession, it serves to indicate the impact of the choice of reference period for trend projections.”

- 3.15 The issue has also been referenced by Inspectors examining numerous Local Plans, for example the following comments provided by the Cornwall Inspector in the letter setting out his preliminary findings (June 2015)¹⁷:

¹⁴ “SHLAA, SHMA and OAN aka ‘Pobody’s Nerfect’”, PAS presentation at Urban Design London (July 2015)

<http://learningspace.urbandesignlondon.com/course/view.php?id=339>

¹⁵ <http://www.pas.gov.uk/documents/332612/6549918/OANupdatedadvicenote/f1bfb748-11fc-4d93-834c-a32c0d2c984d>

¹⁶ “Making sense of the new English household projections”, Town and Country Planning (April 2015)

“3.6 Migration. The demographic model used in the SHMNA and the more recent ONS projection uses migration flows from the previous 5 years only. Given the significance of migration as a component of change for Cornwall and to even-out the likely effect of the recent recession on migration between 2008-2012 a longer period than 5 years would give a more realistic basis for projecting this component. A period of 10-12 years was suggested at the hearing and I consider that this would be reasonable, rather than the 17 year period used in ID.01.CC.3.3. I also consider that the ONS’ Unattributable Population Change component should be assigned to international migration for the reasons given by Edge Analytics in ID.01.CC3.3. This approach was not disputed at the hearing.”

3.16 On balance, we consider that:

- » 5-year trend migration scenarios are less reliable: they have the potential to roll-forward short-term trends that are unduly high or low and therefore are unlikely to provide a robust basis for long-term planning.
- » 10-year trend migration scenarios are more likely to capture both highs and lows and are not as dependent on trends that may be unlikely to be repeated. **Therefore, we favour using 10-year migration trends as the basis for our analysis.**

3.17 This SHMA has, therefore, produced additional projections based on long-term migration trends as part of the analysis. Whilst no one scenario will provide a definitive assessment of the future population; considering demographic projections where migration is based on long-term trends provides a more appropriate basis on which to consider future housing need.

3.18 Given the inherent uncertainties associated with the estimates of migration flows within the ONS Mid-Year Estimates, it is important to consider changes recorded for the most recent inter-censal period (2001-11) as the data for inter-censal periods is far more robust than other 10-year periods, especially in areas where there are UPC issues identified. This approach was supported by the Inspector examining the Core Strategy for Bath and North East Somerset. His report¹⁸ concluded (paragraphs 42-43):

“Given the uncertainties inherent in some of the data, particularly for flows of migrants internationally, a 10 year period is a reasonable approach ... The inter-censal period provides a readily understandable and robust check on the reasonableness of the average of about 550 per year for migration and other change used in the ORS model. Thus I consider that the ORS mid-trend population projection is a reasonable demographic projection.”

3.19 Nevertheless, it is also important to recognise long-term trends in migration patterns which could suggest that future migration patterns may differ from those over the period 2001-11.

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

¹⁷ <https://www.cornwall.gov.uk/media/12843214/ID05-Preliminary-Findings-June-2015-2-.pdf>

¹⁸ Report on the Examination into Bath and North East Somerset Council’s Core Strategy (June 2014)

Reviewing the Official Population Estimates

3.21 Figure 33 shows the current and historic mid-year population estimates and Census estimates for Bedford over the period since 1981. The data suggests that the borough’s population increased moderately over the period 1981-1991 but with more rapid growth over the following decade (1991-2001). ONS Mid-Year Estimates for the period since 2001 originally assumed that this growth had continued at a similar rate (Figure 34), but the 2011 Census suggested that there were fewer people living in the borough than had previously been estimated. The ONS therefore revised downwards the previous estimates to reflect the Census data, with lower levels of growth assumed for the period 2003-2009 in particular.

Figure 33: Official population estimates for the period 1981-2015 (Source: UK Census of Population 1981, 1991, 2001 and 2011; ONS Mid-Year Estimates, including data since superseded)

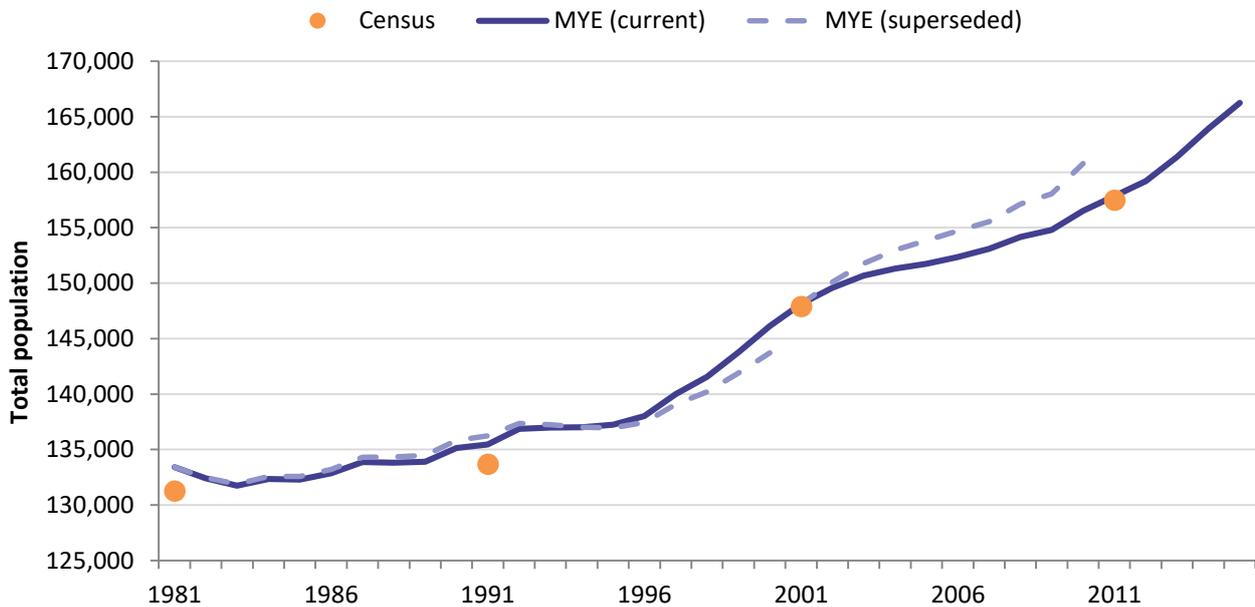
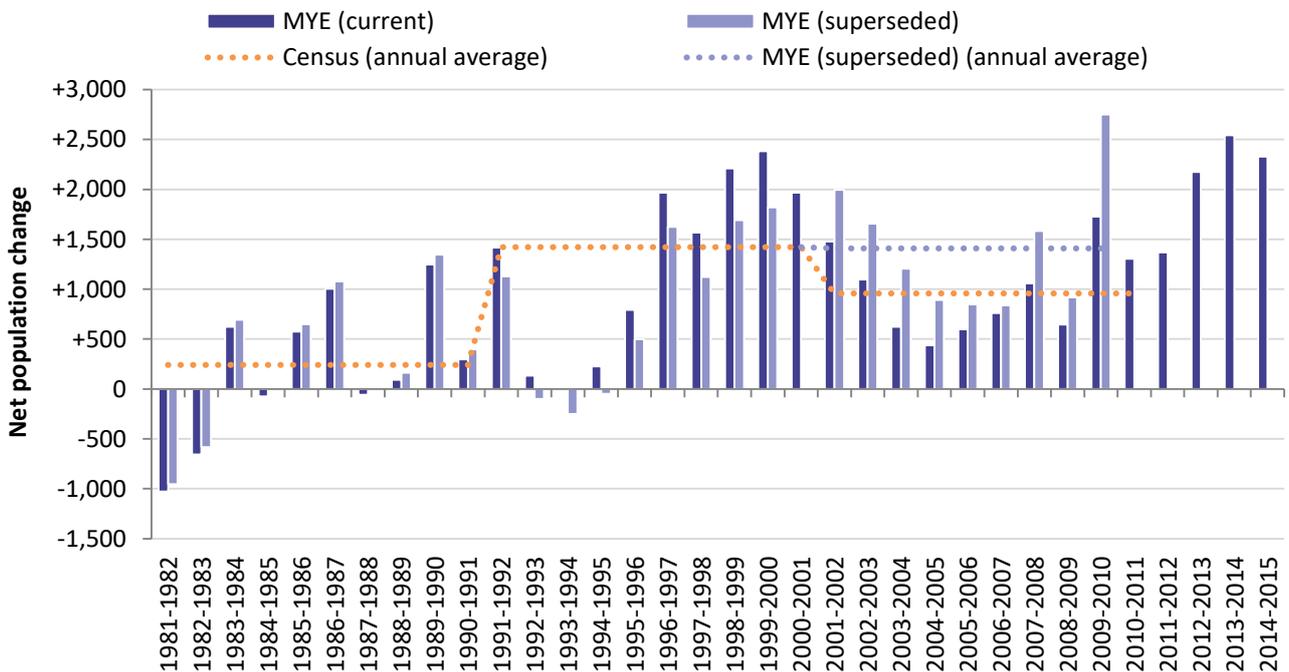


Figure 34: Annual net change in population based on official population estimates for the period 1981-2015 (Source: UK Census of Population 1981, 1991, 2001 and 2011; ONS Mid-Year Estimates, including data since superseded)

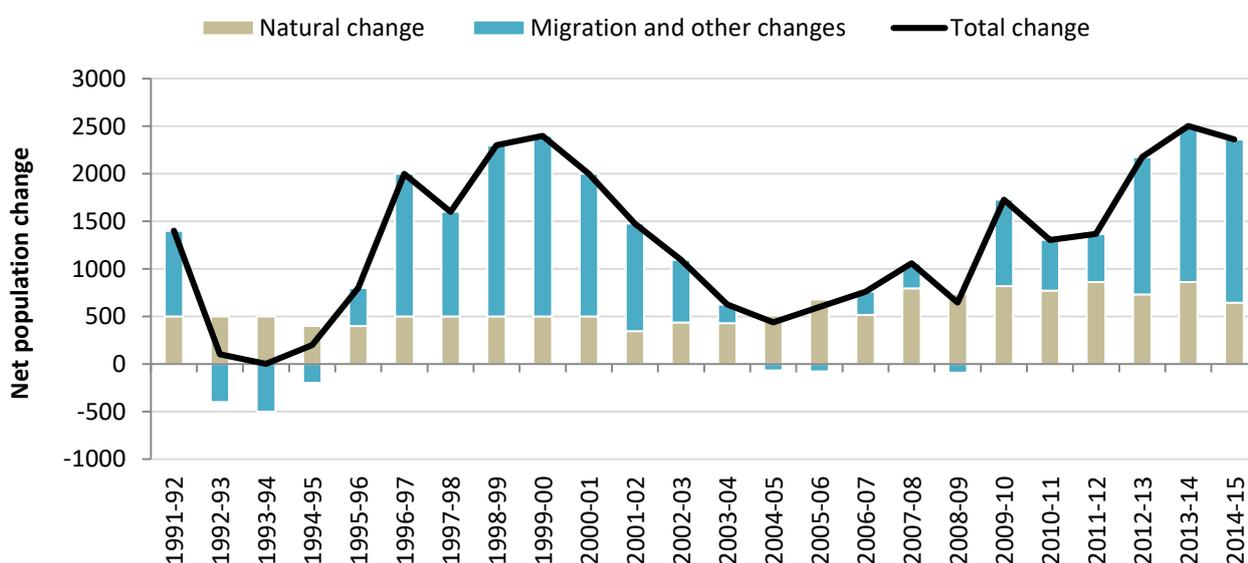


- 3.22 Population estimates for the 5-year period 2010-2015 have suggested that the current population growth is higher than the previous decade (1991-2001) and also the original figures (now superseded) for the period 2001-2011 (Figure 34), which both suggested an increase of around 1,400 persons each year on average:
- » Population increase from 2010-2015 averaged 1,943 persons annually based on the current ONS Mid-Year Estimates;
 - » Population increase from 1991-2001 averaged 1,422 persons annually based on Census data; and
 - » Population increase from 2001-2010 averaged 1,409 persons annually based on the original ONS Mid-Year Estimates (which were superseded following the 2011 Census).
- 3.23 Given the consistency between the average for the period 1991-2001 and the original estimates for the period 2001-2011, and the estimates for the recent 5-year period 2010-15 being notably higher, the reduced estimates for the period 2001-11 are evidently different with the adjustment essentially being driven exclusively by the Census.

Components of Population Change

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

Figure 35: Components of population change (Source: ONS Mid-Year Population Estimates, revised)



- 3.25 It is evident from Figure 35 that natural change remained relatively consistent over the period 1991-2007, averaging an additional 500 persons each year. Nevertheless, it is worth noting that recently rates have consistently exceeded 700 persons annually; with a higher number of births and fewer deaths recorded. Migration and other changes vary much more – ranging from a net loss of 500 persons recorded for 1993-94 up to a net gain of more than 1,900 persons recorded for 1999-2000; with an **annual average gain of 708 persons each year over the period 1991-2015 due to migration and other changes** based on official ONS Mid-Year Population Estimates.

- 3.26 Whilst it is relatively straightforward to measure natural population change, it is much more difficult to measure migration. Furthermore, the number of migrants can vary substantially from year to year; and relatively small changes in gross flows can have a significant impact on overall net migration, and it is recognised that the impact of international migration has been particularly difficult to measure; and although current estimates have been improved, some historic data can be unreliable.
- 3.27 Figure 36 presents the underlying data from the components of annual population change over the period 1991 to 2015.

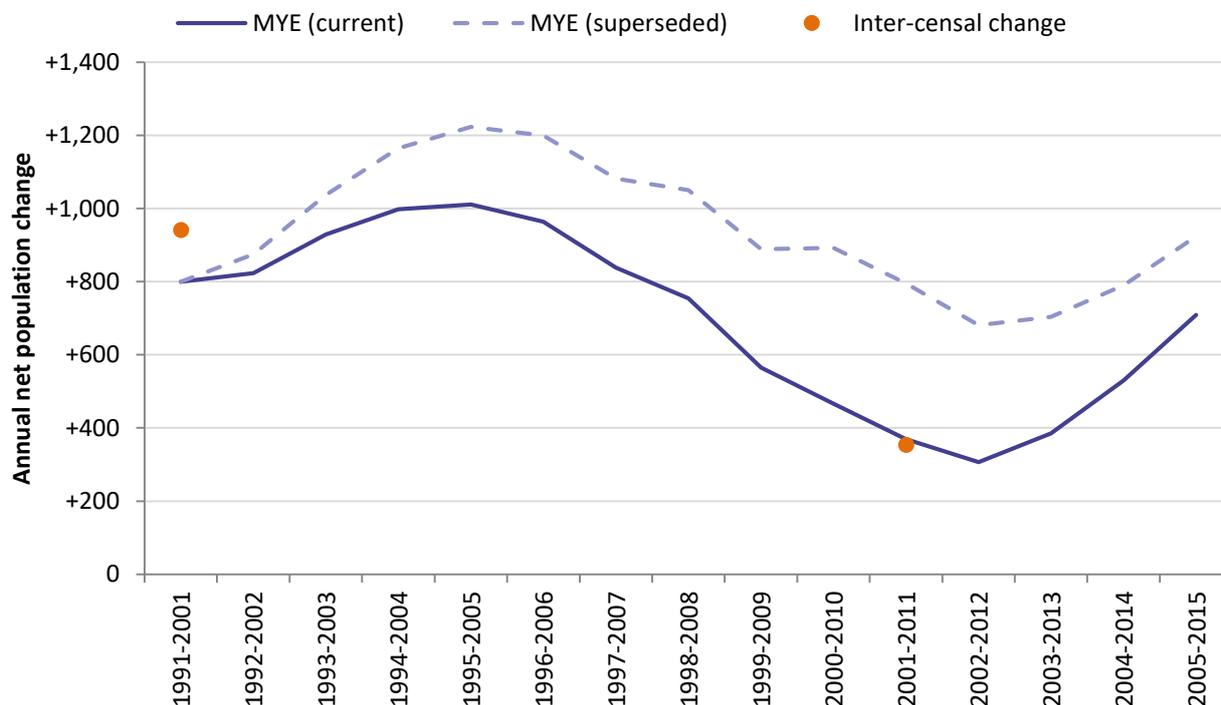
Figure 36: Components of population change, revised in the light of the 2011 Census (Source: ONS Mid-Year Population Estimates, revised. Note: "Other Changes" includes adjustments for prisoners, armed forces and other unattributable changes. Figures for 2001-02 onward presented unrounded for transparency, but should only be treated as accurate to the nearest 100. Figures for earlier years rounded to the nearest 100)

Year	Births	Deaths	Natural Change	UK Migration		International Migration		Other Changes	Migration and Other Changes	Total Change
				In	Out	In	Out			
1991-92	1,800	1,300	500	-	-	-	-	-	900	1,400
1992-93	1,800	1,300	500	-	-	-	-	-	-400	100
1993-94	1,900	1,400	500	-	-	-	-	-	-500	0
1994-95	1,700	1,300	400	-	-	-	-	-	-200	200
1995-96	1,800	1,400	400	-	-	-	-	-	400	800
1996-97	1,800	1,300	500	-	-	-	-	-	1,500	2,000
1997-98	1,800	1,300	500	-	-	-	-	-	1,100	1,600
1998-99	1,800	1,400	500	-	-	-	-	-	1,800	2,200
1999-00	1,800	1,300	500	-	-	-	-	-	1,900	2,400
2000-01	1,800	1,300	500	-	-	-	-	-	1,500	2,000
2001-02	1,737	1,393	344	6,694	6,765	2,353	640	-510	1,132	1,476
2002-03	1,777	1,341	436	6,741	6,869	2,120	849	-484	659	1,095
2003-04	1,817	1,387	430	6,874	6,781	2,006	1,289	-616	194	624
2004-05	1,895	1,387	508	6,806	6,547	1,137	857	-608	-69	439
2005-06	1,972	1,294	678	6,610	6,514	1,790	1,348	-617	-79	599
2006-07	1,860	1,345	515	6,848	6,789	1,933	1,099	-646	247	762
2007-08	2,068	1,273	795	6,682	6,554	1,715	942	-637	264	1,059
2008-09	2,132	1,396	736	6,331	6,414	1,774	1,108	-674	-91	645
2009-10	2,154	1,335	819	7,522	6,582	1,691	928	-794	909	1,728
2010-11	2,042	1,271	771	7,400	6,423	1,337	1,010	-770	534	1,305
2011-12	2,137	1,275	862	7,676	7,203	1,079	1,066	19	505	1,367
2012-13	2,106	1,375	731	7,937	6,869	1,114	749	12	1,445	2,176
2013-14	2,130	1,267	863	8,097	7,216	1,419	659	37	1,678	2,541
2014-15	2,107	1,463	644	8,168	7,301	1,511	661	-33	1,684	2,328

Considering Migration Assumptions

- 3.28 Figure 37 shows how 10-year migration trends have changed since 1991. The current mid-year estimates suggest that annual average migration peaked at around a gain of 1,000 persons in the period 1995-2005 and then steadily reduced to an average gain of just over 300 persons each year in the period 2002-2012; however, rates for the most recent 10-year period now show a gain of just over 700 persons annually.

Figure 37: 10-year migration trends 1991-2001 to 2005-2015 (Source: UK Census of Population 1991, 2001 and 2011; ONS Mid-Year Population Estimates, revised)



- 3.29 As previously noted, the ONS places far more weight on population estimates based on Census data and retrospective adjustments are made to the Mid-Year Estimates when these differ from the Census. Given this context, it is appropriate that Census data is also given significant weight when establishing long-term projections. On this basis, it is appropriate to consider 10-year migration trends based on the inter-censal period 2001-2011 alongside more recent data.
- 3.30 The population projections for this study therefore present a range, with a baseline projection based on migration trends for the 10-year period 2001-2011 and also an alternative projection based on migration trends for the more recent 10-year period 2005-2015, which includes the latest available data. The trends for the period 2001-2011 do not depend on component of change data for establishing overall migration levels, and therefore normally provide a more robust basis for the analysis. The trends for the period 2005-2015 are dependent on the component of change data which introduces more uncertainty into the figures; however this is based on a more recent period.
- 3.31 Consistent with the base date of the Plan period, both the baseline and alternative population projections adopt a baseline population estimate for 2015 (rather than a projection). PPG also identifies that:

Account should also be taken of the most recent demographic evidence including the latest Office of National Statistics population estimates.

Planning Practice Guidance (March 2014), ID 2a-017

- 3.32 The ONS has published population estimates for mid-2015, therefore in line with the PPG both population projections (the baseline projection based on migration trends for the period 2001-11 and the alternative projection based on migration trends for the period 2005-15) take account of the ONS population estimates recorded for the period 2014-15, and then project forward from 2015 onwards.

Establishing Population Projections

3.33 Figure 38 compares the 2014-based sub-national population projections (SNPP) (based on short-term migration trends) with the projections based on longer-term migration trends over the 20-year period 2015-35. The SNPP projections suggest that the population will increase by 37,200 during this period, whilst the 10-year trends project a growth of between 21,600 and 26,500 persons over the same time.

Figure 38: Bedford population projection based on migration trends

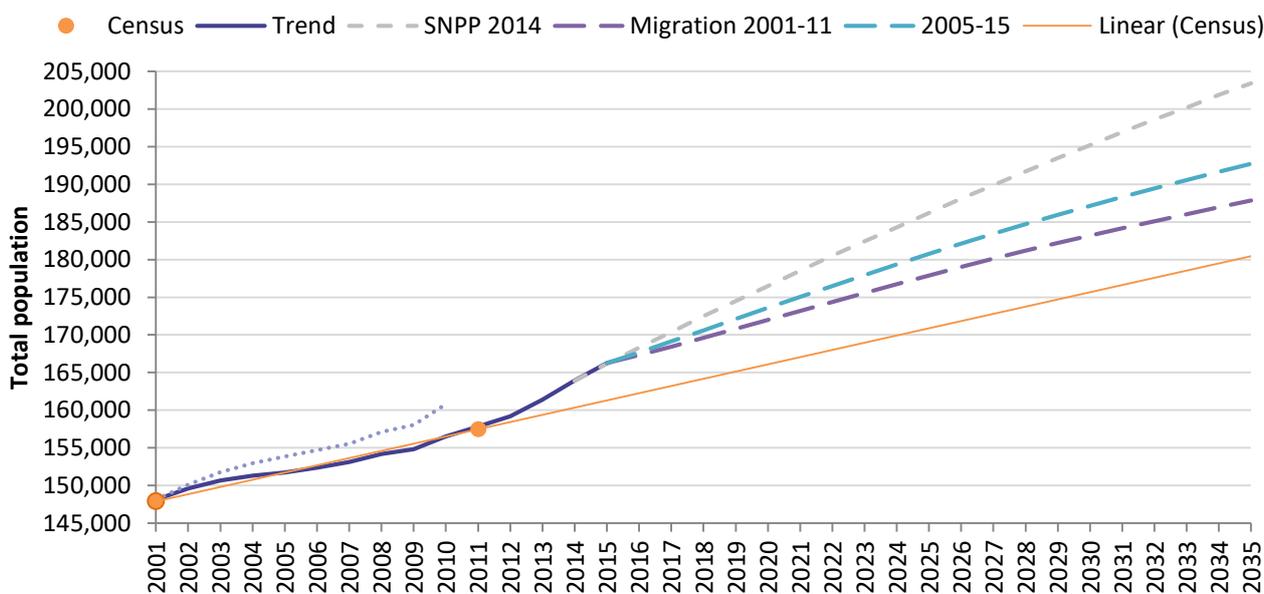


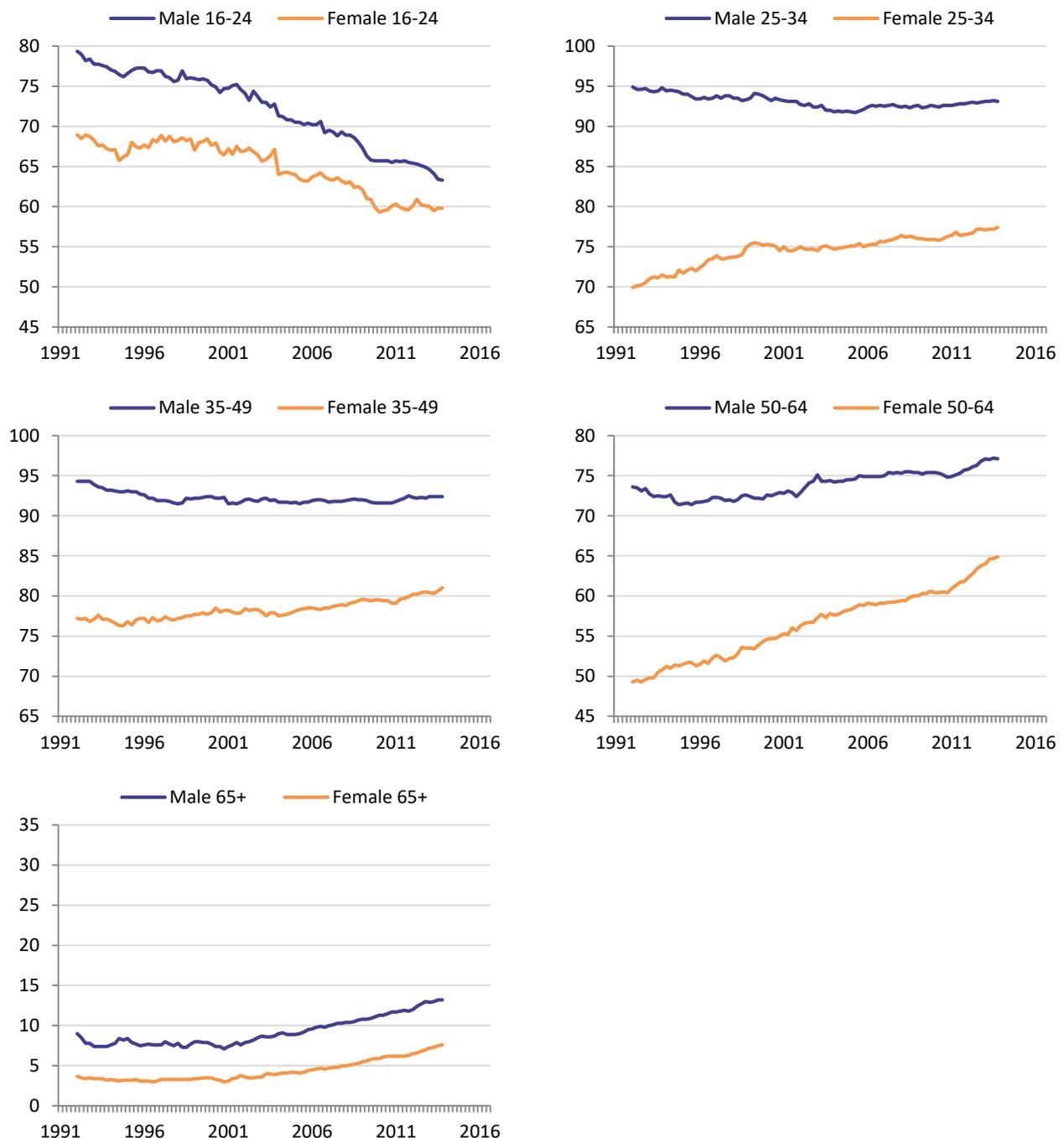
Figure 39: Bedford population projections 2015-35 by gender and 5-year age cohort based on 2014-based SNPP and 10-year migration trend scenarios (Note: All figures presented unrounded for transparency)

Age	2015			2035								
				2014-based SNPP			Baseline 10-yr trend (2001-11)			Alternative 10-yr trend (2005-15)		
	M	F	Total	M	F	Total	M	F	Total	M	F	Total
Aged 0-4	5,653	5,416	11,069	6,003	5,692	11,698	5,365	5,084	10,449	5,555	5,265	10,820
Aged 5-9	5,516	5,258	10,774	6,312	5,855	12,169	5,701	5,276	10,977	5,890	5,453	11,343
Aged 10-14	5,049	4,717	9,766	6,693	5,966	12,662	6,131	5,446	11,577	6,308	5,609	11,917
Aged 15-19	5,446	4,834	10,280	6,627	5,894	12,523	6,163	5,447	11,610	6,315	5,587	11,902
Aged 20-24	4,937	4,545	9,482	5,987	5,770	11,760	5,444	5,141	10,585	5,617	5,318	10,935
Aged 25-29	4,916	5,093	10,009	5,888	5,607	11,498	5,286	4,952	10,237	5,470	5,138	10,608
Aged 30-34	5,290	5,785	11,075	5,445	5,401	10,850	4,902	4,804	9,706	5,080	4,984	10,064
Aged 35-39	5,246	5,704	10,950	5,994	5,965	11,962	5,387	5,320	10,707	5,582	5,516	11,098
Aged 40-44	5,638	5,757	11,395	6,497	6,442	12,941	5,880	5,801	11,681	6,075	5,990	12,065
Aged 45-49	6,178	6,102	12,280	6,359	6,577	12,936	5,832	6,073	11,905	6,007	6,237	12,244
Aged 50-54	5,861	5,994	11,855	6,232	6,572	12,806	5,797	6,183	11,981	5,950	6,320	12,270
Aged 55-59	5,006	5,053	10,059	5,760	6,021	11,785	5,391	5,720	11,111	5,516	5,828	11,344
Aged 60-64	4,223	4,392	8,615	5,697	5,802	11,503	5,373	5,510	10,883	5,481	5,602	11,083
Aged 65-69	4,394	4,468	8,862	5,763	5,843	11,609	5,458	5,560	11,018	5,553	5,645	11,197
Aged 70-74	3,138	3,365	6,503	5,104	5,460	10,567	4,911	5,234	10,145	4,985	5,305	10,291
Aged 75-79	2,441	2,753	5,194	4,044	4,368	8,414	3,901	4,207	8,108	3,952	4,257	8,209
Aged 80-84	1,679	2,336	4,015	3,015	3,519	6,536	2,922	3,410	6,332	2,955	3,446	6,401
Aged 85+	1,459	2,610	4,069	3,908	5,267	9,177	3,786	5,068	8,854	3,826	5,126	8,951
Total	82,070	84,182	166,252	101,371	102,069	203,441	93,630	94,235	187,865	96,117	96,626	192,742

Economic Activity Projections

- 3.34 Forecasting future economic activity rates is a challenge: the analysis is inherently complex and dependent on a range of demographic, socio-economic and structural changes in the labour market. However, the performance of the labour market in future years (and especially the impact of changing employment patterns) is an important factor which affects demand for housing.
- 3.35 The Labour Force Survey (LFS) is a continuous survey of the employment circumstances of the nation's population: it provides the official measures of employment and unemployment. Figure 40 shows economic activity rates by age and gender for the UK since 1991, based on LFS data. It is evident that EAR rates are unlikely to remain constant in future as illustrated by past trends.

Figure 40: Economic Activity Rate long-term UK trends (Source: Labour Market Statistics based on Labour Force Survey)



3.36 There are a number of notable trends evident:

- » Economic activity rates for people aged under 25 have steadily declined, primarily as a consequence of the increased numbers remaining in full-time education;
- » Economic activity rates for women in all groups aged 25+ have tended to increase, in particular those aged 50-64 where the rate has increased by almost a third (from 49% to 65%); and
- » Economic activity rates for men and women aged 50+ have tended to increase, in particular over the period since 2001.

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

3.38 The most recent economic activity rate projections produced by ONS were published in January 2006 and covered the period to 2020¹⁹; however these figures suggested substantially lower changes in activity rates than actually experienced over the last decade. However, the performance of the labour market is important for national government, particularly in terms of forecasting the long term sustainability of tax revenues. As part of their scrutiny of Government finances, the Office for Budget Responsibility (OBR) provide an independent and authoritative analysis of the UK's public finances for Government, which includes detailed analysis of past and future labour market trends²⁰.

Labour Market Participation Projections

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

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

3.40 Their analysis concludes:

- » **Older people;** economic activity rates of older people will increase in future years, mainly from a combination of factors including changes to State Pension age, less generous final salary pensions and increasing healthy longevity;
- » **Female participation;** in addition to changes to state pension age, economic activity rates for women will also increase due to cohort change: more women born in the 1980s will work compared to those born in the 1970s across all comparable ages, and the rates for women born in the 1970s will be higher than for those born in the 1960s and so on; and
- » **Young people;** economic activity rates of younger people will stop declining, although young people will continue to stay longer in education and the lower participation rates recently observed are not assumed to increase in future.

¹⁹ Projections of the UK labour force, 2006 to 2020 by Vassilis Madouros; published in ONS Labour Market Trends, January 2006

²⁰ OBR Fiscal Sustainability Report, July 2014: <http://cdn.budgetresponsibility.org.uk/41298-OBR-accessible.pdf>

Older People

3.41 Recent increases in State Pension age (SPA) are expected to prompt a labour market response as people retiring at an older age will exit the labour market later. Recent research from the Institute for Fiscal Studies (IFS) and University College London²¹ concluded that:

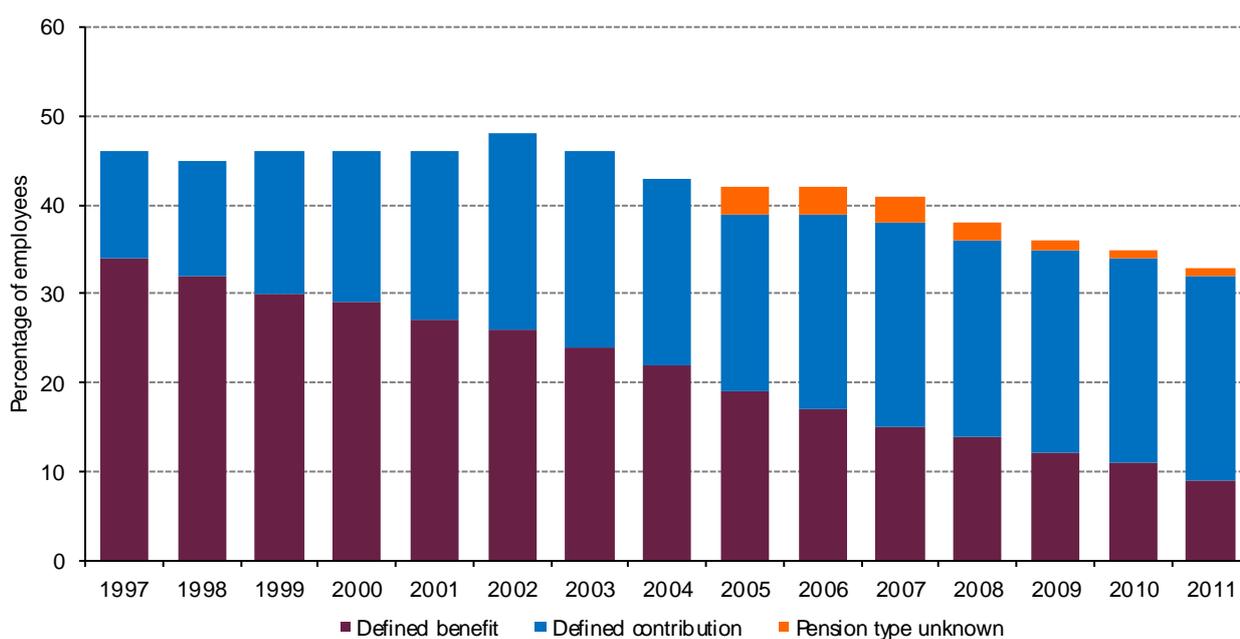
“Future increases in the state pension age will lead to a substantial increase in employment”.

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

- » **Health:** longer, healthier lives mean people spend longer in employment;
- » **Education:** higher levels of education are associated with working for longer and service sector expansion (including new technology and self-employment) give new options for some people to work for longer;
- » **Family circumstances:** evidence suggests couples make joint retirement decisions, choosing to retire at similar points in time;
- » **Financial considerations:** expectations of post-retirement incomes are changing as people (especially women) have to wait longer before receiving their State Pension and defined benefit pensions continue to decline; and
- » **Compulsory retirement age:** the default retirement age (formerly 65) has been phased out – most people can now work for as long as they want to. Retirement age, therefore, is when an employee chooses to retire. Most businesses don’t set a compulsory retirement age for their employees²².

3.43 Nevertheless, the financial drivers are particularly important to the decision of when to retire, and changes to the State Pension age coupled with reduced membership of private schemes (Figure 41) will inevitably lead to higher economic activity rates amongst the older population.

Figure 41: Membership of private sector defined benefit and defined contribution schemes (Source: NAO)

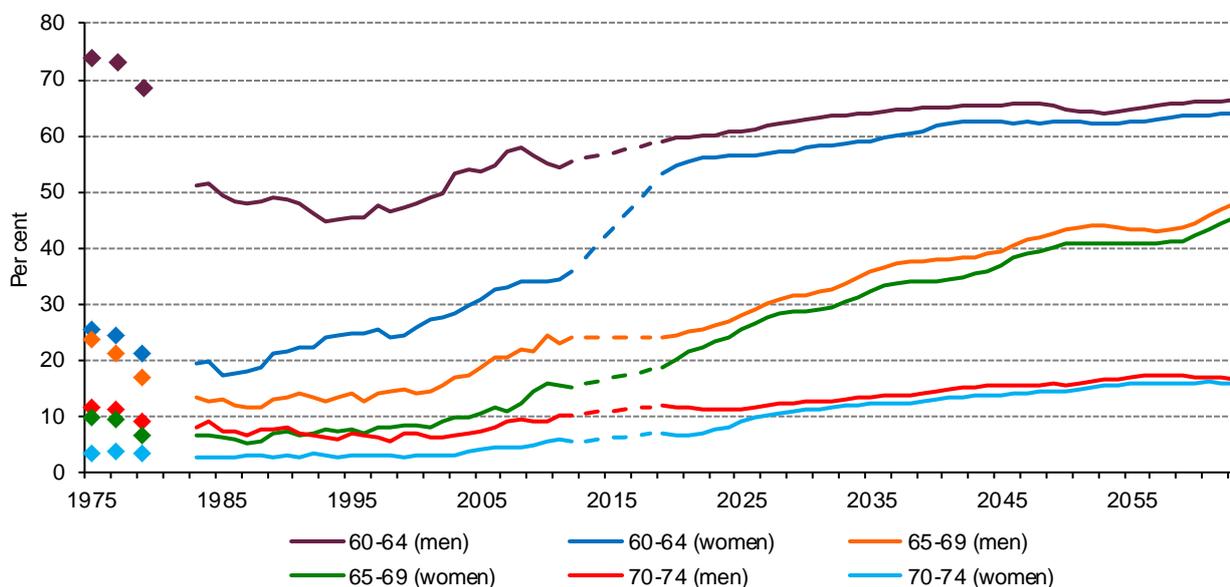


²¹ http://www.ifs.org.uk/pr/spa_pr_0313.pdf

²² <https://www.gov.uk/retirement-age>

3.44 Figure 42 shows the long-term trends in employment rates for men and women aged 60-74 together with the OBR short-term and longer-term projections.

Figure 42: Employment rates for 60-74 years olds (Source: ONS, OBR. Note: Prior to 1983, the Labour Force Survey does not contain an annual series for these indicators, so only available years are shown. The OBR medium-term forecast to 2018 is produced top-down, not bottom-up, so the dotted lines for that period are a simple linear interpolation)



3.45 In summary, for those:

- » **Aged 60-64:** employment rates for women are projected to continue increasing rapidly over the short-term as the SPA is equalised. Rates for both men and women are then projected to increase more marginally over the longer-term, although the projected rates for men remain notably lower than those actually observed in the late 1970s;
- » **Aged 65-69:** the gap between rates for men and women is projected to reduce over the short-term, with rates for both expected to increase progressively over the longer-term; and
- » **Aged 70-74:** the rates for these older men and women are projected to converge, although only marginal increases in the rates are otherwise expected – fewer than 1-in-8 people in this age group are expected to be working until at least the 2030s.

Female Participation

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

- » **Childbirth:** decisions regarding children are changing. More women choose childlessness, or childbirth is delayed until women are in their 30s or 40s. Post childbirth decisions on return to the workforce are also influenced by a variety of factors (e.g. childcare arrangements, tax implications for second incomes, family circumstances);
- » **Lone parents:** employment rates for lone parents lag behind mothers with partners, but this gap has been closing;
- » **Support services for women in work:** an increase in available options to support women in work (e.g. childcare services, flexible working arrangements);

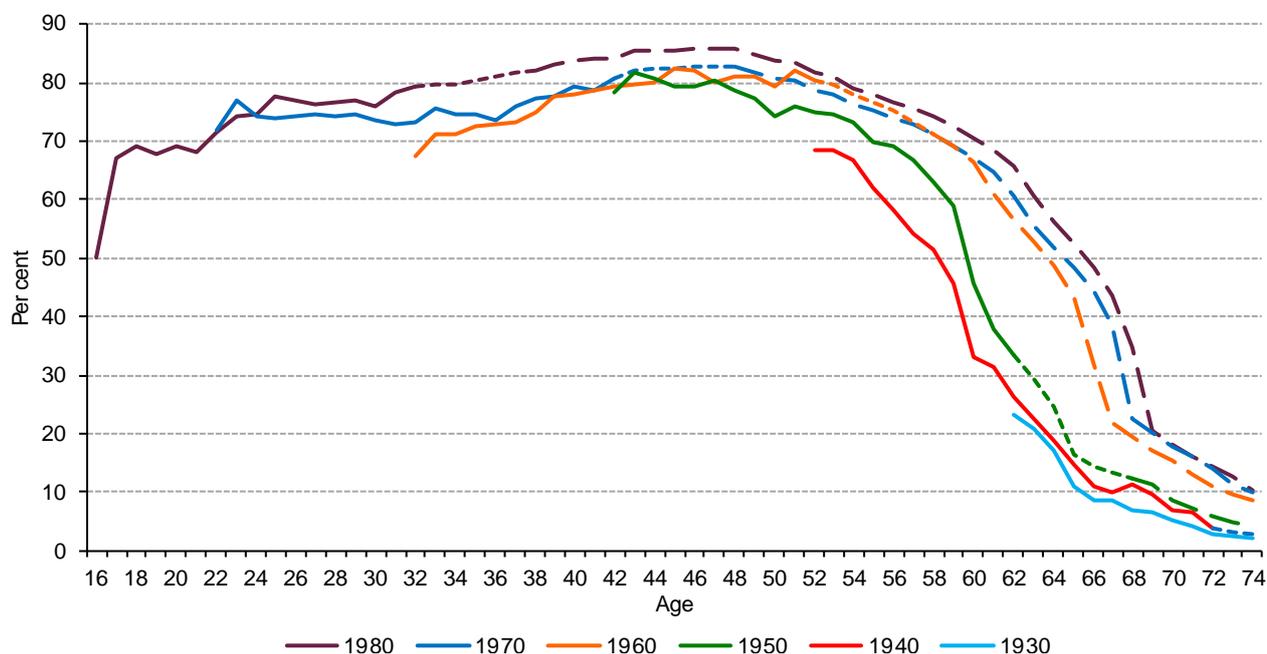
- » **Equal pay:** the gender wage differential has been narrowing (although still exists) giving women higher rewards for work; and
- » **Education:** higher levels of education have opened new career opportunities outside historically traditional female sectors.

3.47 National policy still aspires to encourage more women into work. The Government is seeking to “*incentivise as many women as possible to remain in the labour market*”²³ and the Autumn Statement in 2014 included plans for more support for childcare (for example, Tax Free Childcare; Childcare Business Grant) and an ambition to match countries with even higher employment rates for women.

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

3.49 Figure 43 shows the trends in female economic participation rates by year of birth together with the OBR projections, which show how this cohort effect is likely to contribute towards higher economic activity rates in future.

Figure 43: Female participation rates by Cohort (Source: ONS, OBR)



²³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/371955/Women_in_the_workplace_Nov_2014.pdf

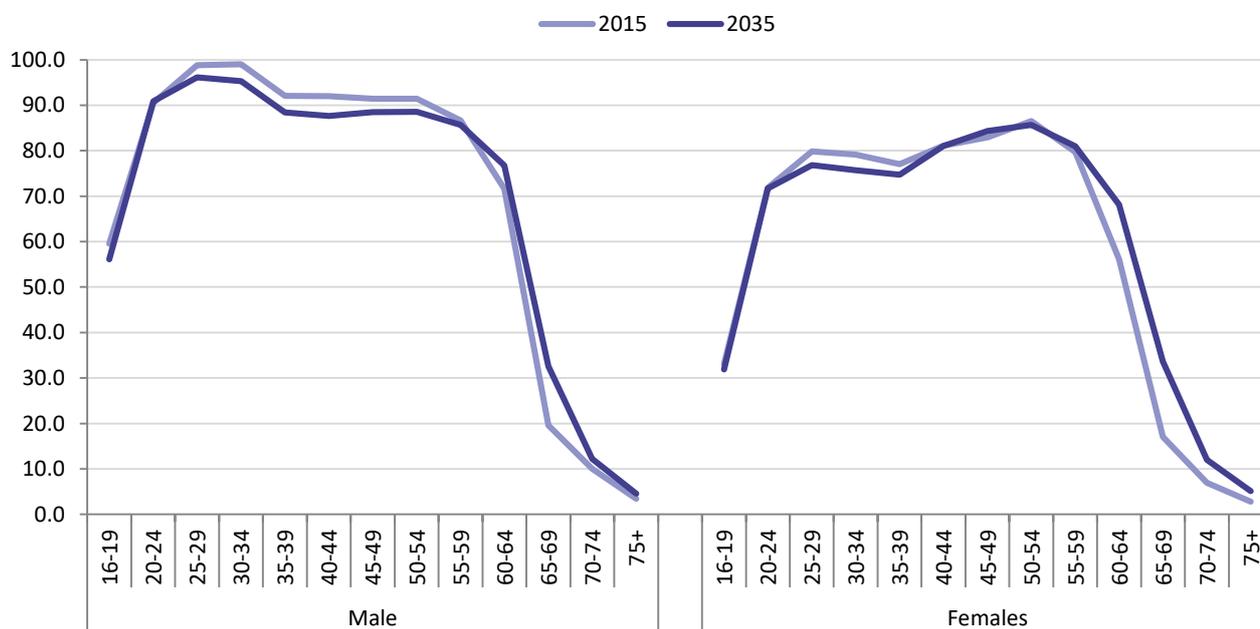
Young People

- 3.50 The key issue for young people is at what age they enter the labour market. There has been a pronounced fall in economic participation rates for 16 and 17 year olds over time, but this fall in economic activity complements an increase in academic activity as young people stay longer in education²⁴. There have been similar (though less pronounced) declining trends for 18-20 year olds.
- 3.51 National policy is also changing. The school leaving age rises to 18 in 2015 and the Government has removed the cap on student numbers attending higher education²⁵.
- 3.52 The policy changes indicate it is unlikely that economic participation rates will increase for these younger age groups. However, it should be noted that OBR projections expect these lower participation rates to stabilise at the current level rather than continue to decline. Further, the projections assume that this increased academic activity will not reduce economic activity rates as individuals get older. For example, entry rates into the labour market for people in their twenties are assumed to be higher than previously observed to take account of those who have deferred economic activity due to academic study.

Projecting Future Economic Activity for Bedford

- 3.53 Figure 44 shows the estimated economic activity rates for 2015 and the projected rates for 2035 based on Census and Annual Population Survey (APS) data for Bedford and the OBR labour market participation projections.

Figure 44: Economic activity rates in 2015 and 2035 by age and gender based on OBR Labour Market Participation Projections



- 3.54 Participation rates for men under 60 are forecast to reduce whereas there is increased in participation projected for men aged 60 and over, but most of these changes are only relatively marginal. Participation rates for women are projected to change due to the cohort effects previously discussed. The rates for those aged under 40 increase marginally, but there are increased participation rates projected for all older age groups.

²⁴ <http://www.hefce.ac.uk/pubs/year/2015/201503/>

²⁵ <http://www.bbc.co.uk/news/education-25236341>

- ^{3.55} Figure 45 shows the estimated economically active population for Bedford in 2015 and the projected economically active population in 2035 based on the range of population projections previously produced.

Figure 45: Projected economically active population 2015-35 (Note: All figures presented unrounded for transparency)

Age	2015			2035					
				Baseline 10-yr trend (2001-11)			Alternative 10-yr trend (2005-15)		
	M	F	Total	M	F	Total	M	F	Total
Aged 16-19	2,607	1,294	3,900	2,747	1,383	4,129	2,814	1,418	4,232
Aged 20-24	4,470	3,264	7,734	4,946	3,687	8,633	5,104	3,814	8,918
Aged 25-29	4,858	4,066	8,924	5,084	3,805	8,889	5,261	3,948	9,209
Aged 30-34	5,238	4,578	9,816	4,673	3,638	8,311	4,842	3,774	8,616
Aged 35-39	4,830	4,394	9,224	4,765	3,974	8,739	4,938	4,121	9,059
Aged 40-44	5,188	4,670	9,857	5,153	4,703	9,856	5,324	4,856	10,180
Aged 45-49	5,650	5,062	10,712	5,162	5,124	10,286	5,317	5,262	10,579
Aged 50-54	5,358	5,187	10,545	5,135	5,299	10,435	5,271	5,416	10,687
Aged 55-59	4,338	4,030	8,367	4,619	4,632	9,252	4,727	4,719	9,446
Aged 60-64	3,026	2,464	5,489	4,125	3,753	7,878	4,208	3,816	8,024
Aged 65-69	860	761	1,621	1,780	1,872	3,651	1,811	1,900	3,711
Aged 70-74	315	234	549	601	629	1,230	610	638	1,248
Aged 75+	190	217	407	481	651	1,132	487	659	1,145
Total	46,926	40,221	87,147	49,271	43,151	92,422	50,712	44,342	95,054
<i>Total Change 2015-2035</i>	-	-	-	+2,346	+2,929	+5,275	+3,786	+4,121	+7,907

- ^{3.56} The economically active population is likely to increase by between 5,300 people and 7,900 people over the 20-year period 2015-35 given the population projections based on 10-year migration trends.

Establishing Household Projections

Household Population and Communal Establishment Population

- 3.57 Prior to considering household projections, it is necessary to identify the household population and separate out the population assumed to be living in Communal Establishments (institutional population). The methodology used by the SHMA is consistent with the CLG approach²⁶:

“For the household projections, the assumption is made that the institutional population stays constant at 2011 levels by age, sex and marital status for the under 75s and that the share of the institutional population stays at 2011 levels by age, sex and relationship status for the over 75s. The rationale here is that ageing population will lead to greater level of population aged over 75 in residential care homes that would not be picked up if levels were held fixed but holding the ratio fixed will.” (page 12)

- 3.58 Figure 46 shows the breakdown between the household population and the population living in Communal Establishments for both of the scenarios.

Figure 46: Population projections 2015-35 by gender and 5-year age cohort (Note: Communal Establishment population held constant for population aged under 75 (light blue cells), and held proportionately constant for each relationship status for population aged 75 or over (orange cells))

Age	2015			2035					
	HH	CE	Total	Baseline 10-yr trend (2001-11)			Alternative 10-yr trend (2005-15)		
				HH	CE	Total	HH	CE	Total
Aged 0-4	11,056	13	11,069	10,436	13	10,449	10,807	13	10,820
Aged 5-9	10,766	8	10,774	10,969	8	10,977	11,335	8	11,343
Aged 10-14	9,698	68	9,766	11,509	68	11,577	11,849	68	11,917
Aged 15-19	9,483	797	10,280	10,813	797	11,610	11,105	797	11,902
Aged 20-24	9,091	391	9,482	10,194	391	10,585	10,544	391	10,935
Aged 25-29	9,894	115	10,009	10,122	115	10,237	10,493	115	10,608
Aged 30-34	10,957	118	11,075	9,588	118	9,706	9,946	118	10,064
Aged 35-39	10,851	99	10,950	10,607	99	10,707	10,998	99	11,098
Aged 40-44	11,305	90	11,395	11,591	90	11,681	11,975	90	12,065
Aged 45-49	12,188	92	12,280	11,813	92	11,905	12,152	92	12,244
Aged 50-54	11,767	88	11,855	11,893	88	11,981	12,182	88	12,270
Aged 55-59	9,988	71	10,059	11,040	71	11,111	11,273	71	11,344
Aged 60-64	8,551	64	8,615	10,819	64	10,883	11,019	64	11,083
Aged 65-69	8,815	47	8,862	10,971	47	11,018	11,150	47	11,197
Aged 70-74	6,438	65	6,503	10,080	65	10,145	10,226	65	10,291
Aged 75-79	5,083	111	5,194	7,918	190	8,108	8,017	192	8,209
Aged 80-84	3,829	186	4,015	6,046	286	6,332	6,113	289	6,401
Aged 85+	3,430	639	4,069	7,612	1,242	8,854	7,695	1,256	8,951
Total	163,190	3,062	166,252	184,020	3,844	187,865	188,878	3,864	192,742

- 3.59 It is important to recognise the growth of population aged 75 or over living in communal establishments when considering the needs for older person housing, which is considered further in chapter 6 of the SHMA Update.

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

Household Representative Rates

^{3.60} Household Representative Rates (HRRs) are a demographic tool used to convert population into households and are based on those members of the population who can be classed as “household representatives” or “heads of household”. The HRRs used are key to the establishment of the number of households and, further, the number of households is key to the number of homes needed in future.

^{3.61} The proportion of people in any age cohort who will be household representatives vary between people of different ages, and the rates also vary over time. HRRs are published as part of the household projections produced by CLG. The 2011 Census identified that the CLG 2008-based household projections had significantly overestimated the number of households. Nevertheless, this had been anticipated and the methodology report published to accompany the 2008-based projections acknowledged (page 10):

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

^{3.62} The CLG 2012 based household projections technical document confirmed the findings (page 24):

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

^{3.63} Prior to the publication of CLG 2012-based household projections, Inspectors had been keen to avoid perpetuating any possible “recessionary impact” associated with the lower formation rates suggested by the interim data. Nevertheless, the interim 2011-based household projections were prepared before the necessary Census data was available and it has become evident that some of the historic household representative rates were estimated inaccurately. The 2012-based household projections published in February 2015 incorporated far more data from the 2011 Census which has now been incorporated into the 2014-based household projections, which provide data for the 25-year period 2014-39 based on long-term demographic trends. The household representative projections use a combination of two fitted trends through the available Census points (1971, 1981, 1991, 2001 and 2011).

^{3.64} Ludi Simpson (Professor of Population Studies at the University of Manchester and the originator and designer of the PopGroup demographic modelling software) considered the CLG household projections in an article published in *Town and Country Planning* (December 2014):

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

^{3.65} It is possible to understand the impact of the new household representative rates through applying the 2012-based rates and the 2008-based and interim 2011-based rates to the same population. Using the household population data in the 2012-based projections for the 10-year period 2011-2021 (the only years where household representative rates are available from all three projections), the 2012-based rates show an annual average growth of 218,600 households across England. This compares to 241,600 households using the 2008-based rates and 204,600 households using the interim 2011-based rates. Therefore, the

2012-based rates yield household growth that is 7% higher than the interim 2011-based rates and only 10% lower than the 2008-based rates. At a local level, a third of local authorities have 2012-based rates that are closer to 2008-based rates than the interim 2011-based rates.

- 3.66 The 2014-based household projections supersede the 2012-based projections (which in turn superseded both the 2008-based projections and the interim 2011-based projections). The changes since 2008 were anticipated and these reflect real demographic trends, and therefore we should not adjust these further; although the extent to which housing supply may have affected the historic rate is one of the reasons that we also consider market signals when determining the OAN for housing.

Household Projections

- 3.67 Through applying the CLG 2014-based household representative rates to the household population, we established the projected number of additional households. The projected increase in households for Bedford is summarised in Figure 47.

- 3.68 Figure 47 also provides an estimate of dwelling numbers, which takes account of vacancies and second homes.

Figure 47: Projected households and dwellings over the 20-year period 2015-35 (Note: Dwelling numbers all assume 3.0% vacancy rate)

Area	Total		Net change 2015-35	
	2015	2035	20-year change	Annual average
CLG 2014-based projection				
Households	68,060	87,721	+19,661	+983
Dwellings	70,165	90,434	+20,269	+1,013
Baseline 10-year trend (2001-11)				
Households	68,247	81,723	+13,475	+674
Dwellings	70,358	84,250	+13,892	+695
Alternative 10-year trend (2005-15)				
Households	68,247	83,630	+15,382	+769
Dwellings	70,358	86,216	+15,858	+793

- 3.69 Whilst the CLG 2014-based household projection identifies an increase of 983 households per year (which represents a need for around 1,013 dwellings per annum), the increase based on 10-year migration trends ranges from 674 to 769 extra households annually (695-793 dpa).
- 3.70 This difference is mainly due to a lower projected increase in population: the 2014-based SNPP suggests that the population will increase by 37,200 people over the 20-year period 2015-35, whereas the SHMA projections based on 10-year migration trends identify a notably lower increase of between 21,600 and 26,500 persons over the same 20-year period.
- 3.71 To help understand this difference, we have undertaken a more detailed review the historic population data for the borough.

Census 2011: evidence of under-enumeration

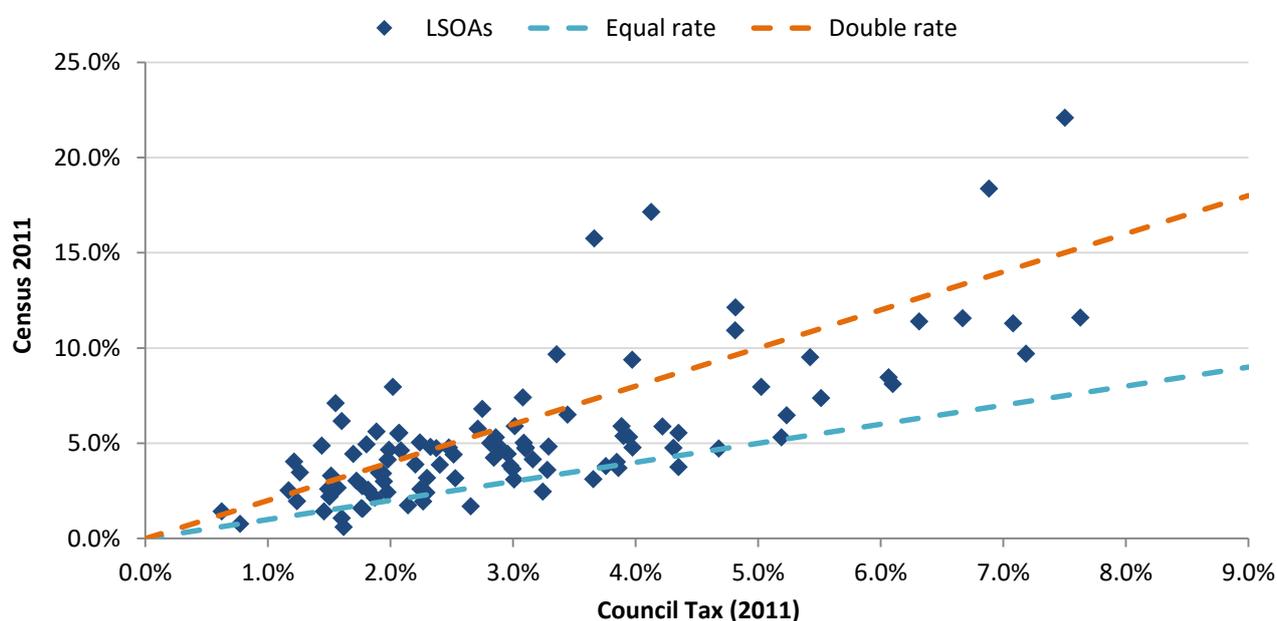
- 3.72 Bedford Borough is concerned that the 2011 Census estimate of 157,479 persons was an underestimate of their resident population, with too many dwellings assumed to be empty at the time of the Census. Given this context, it is necessary to critically review the range of data that informs the official population estimates to ensure that basis for future demographic projections is reliable. The SHMA has therefore reviewed the available evidence.
- 3.73 The 2011 Census concluded that 5.7% of dwellings (or household spaces) in Bedford did not have a usually resident household – i.e. properties that are either vacant or where the dwelling is not the main residence for any household (e.g. second homes or holiday homes). This is notably different to estimates of empty properties and second homes derived from the Council Tax register on Census day in March 2011, which suggested this figure to be 3.2%. The 2001 Census concluded that the proportion of household spaces without a usually resident household at that time was 3.0% – broadly consistent with the estimate based on the Council Tax register in 2011, but notably lower than the equivalent estimate from the 2011 Census.
- 3.74 Further to this, ONS ranked Bedford 57th of 348 LAs in England and Wales for household spaces with no usual residents and the Borough undertook a review of the characteristics of those LAs ranked 1-75. The Borough found that LAs with higher vacancy factors almost all have one or more of the following characteristics:
- » they are in tourist areas and areas with large numbers of holiday lets and second homes (that is the majority of the high-ranking LAs);
 - » they have large short-term migrant populations; or
 - » they are highly deprived and have large tracts of vacant homes.
- 3.75 It was found that Bedford had none of these characteristics.
- 3.76 The Borough also compared the ranking of the second home/vacant dwelling level in 2001 (where second homes were treated differently in 2001) and their 2001 position was shown to be out of step with those LAs ranked highly on the proportion of dwellings with no usual resident household in 2011.
- 3.77 Figure 48 shows the proportion of dwellings with no usual resident household for surrounding local authorities and it is noted that Bedford is markedly different. Whilst in itself this is not demonstrative that the rate is incorrect, it does add credence to the evidence above that there is a need to consider the implications of a lower rate for Bedford.

Figure 48: Household Vacancy Rates (Source: UK Census of Population 2011)

Local Authority	Household spaces	Household spaces with no usual residents	
		N	%
Bedford	67,653	3,841	5.7%
Central Bedfordshire	108,733	4,334	4.0%
Luton	76,295	2,002	2.6%
Aylesbury Vale	72,072	2,666	3.7%
Milton Keynes	102,048	3,464	3.4%
Northampton	91,700	2,969	3.2%
Wellingborough	33,083	1,026	3.1%

- 3.78 A higher proportion of empty household spaces inherently suggests fewer households resident in the borough and consequently a lower population. The 2011 Census estimated there to be around 63,800 households resident in the borough, whereas the Council Tax register suggests that there were around 64,700 households and CLG estimates suggested there were 64,900 households resident at that time (although it should be noted that the CLG figures were informed by data from Council Tax, and therefore it is perhaps not surprising that these estimates are relatively similar).
- 3.79 The Census identified many areas, particularly in the centre of Bedford, where more than 10% of the dwelling stock has no usually resident household. The Council Tax data also shows higher levels of vacancies in this urban area, but no LSOA has more than 10% of properties vacant. Figure 49 compares these two estimates for each individual LSOA.

Figure 49: Comparison of estimates for dwellings without a usually resident household for each LSOA (Source: UK Census of Population 2011; Bedford BC Council Tax Register)



- 3.80 It is evident from Figure 49 that the proportion of dwellings without a usually resident household identified by the Census is more than double the proportion recorded on the Council Tax register for a number of LSOAs. Whilst small differences between the different sources would be expected, it seems likely that such substantial variation is associated with a more systematic problem.
- 3.81 If the Census failed to identify households at some addresses, then the population at those addresses would not have been counted. Furthermore, if particular types of household had tended to be missed, then the characteristics of those households that were included in the Census would not necessarily be representative of the potentially “missing” households. Nevertheless, by simply constraining the Census estimates to reflect Council Tax data on the proportion of dwellings without any households, then on the basis of any additional households having similar characteristics to other households living in the same area, the population is estimated to be around 161,400 persons.
- 3.82 This represents an increase of 13,500 persons over the period 2001-2011, equivalent to a rate of around 1,400 persons each year on average over the 10-year period. This rate is broadly consistent with the range of other population estimates previously discussed (para 3.22). On this basis, it would appear reasonable to conclude that the proportion of dwellings without a usually resident household that was identified by the Census has directly impacted the associated population estimate.

Estimating the population for Bedford in 2011

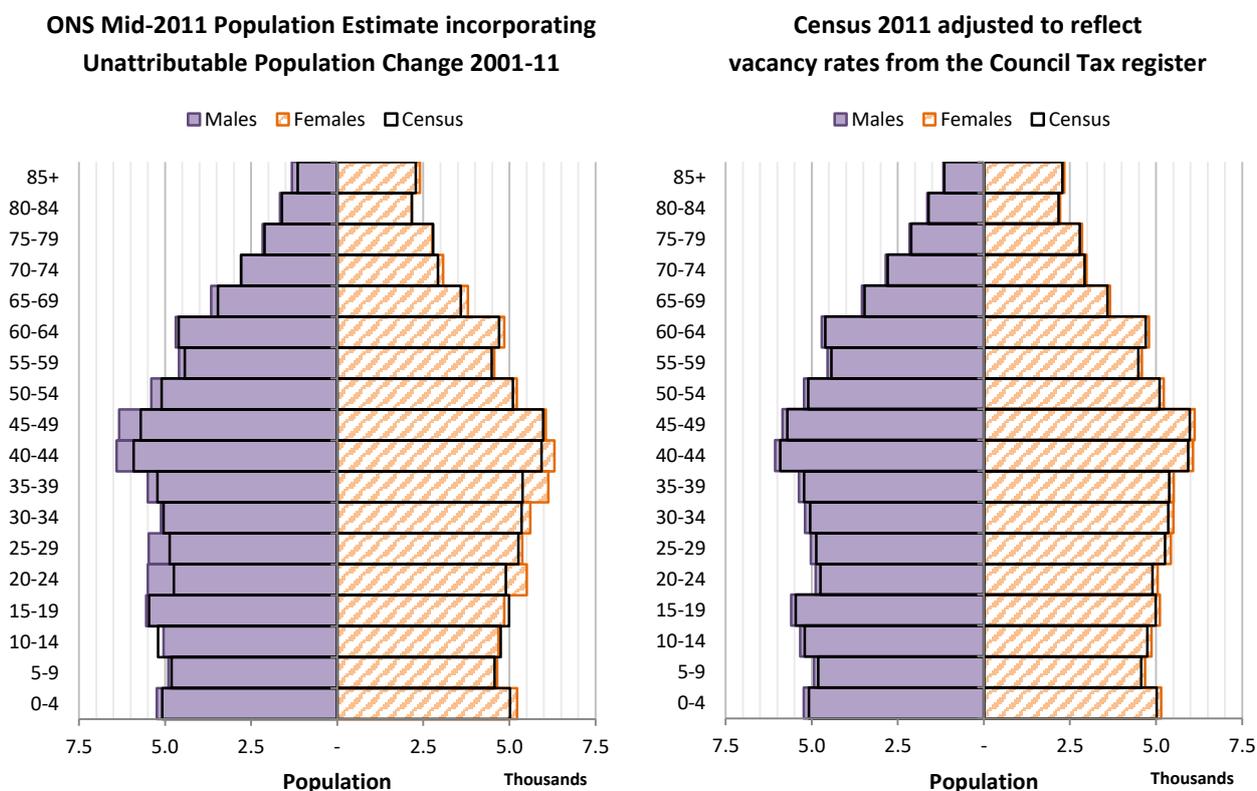
3.83 Given the concerns about the 2011 Census population estimate for Bedford, it is necessary to establish a new population base before any demographic projections can be developed. In terms of the overall population, we have established that the number of residents increased by an average of around 1,400 persons each year once Census 2011 data has been adjusted to reflect vacancy rates from the Council Tax register. This yields an **overall population of around 161,400 persons resident in Bedford in 2011.**

3.84 It is also necessary to consider the likely age and gender structure for this population. Figure 50 compares the age-gender distribution from the 2011 Census with alternative sources:

- » ONS Mid-2011 Population Estimate with the unattributable population change for the period 2001-11 reintroduced based on age in 2011; and
- » Census 2011 adjusted to reflect vacancy rates from the Council Tax register (though as previously noted, this assumes that the age-gender characteristics of the “missing” population are the same as the population that was counted).

3.85 Whilst the adjustment to reflect Council Tax vacancies tends to inflate the Census distribution across all age groups (albeit a slightly higher proportionate increase for the population aged 20-39) whereas the ONS unattributable adjustments suggest the differences are more focussed on specific age groups.

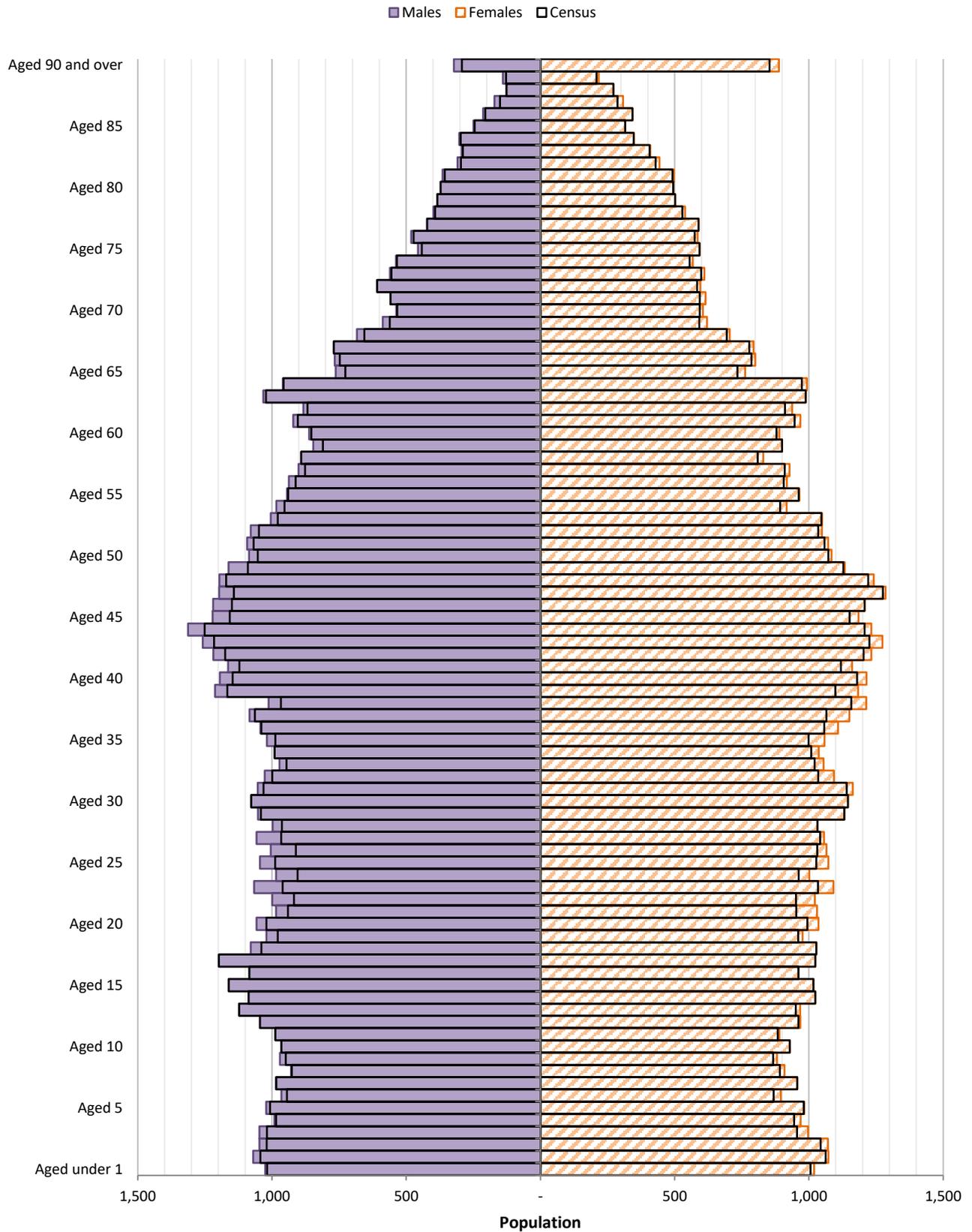
Figure 50: Comparison of alternative age-gender population distributions (Source: UK Census of Population 2011; ONS Mid-Year Estimates; Bedford BC Council Tax Register)



3.86 On the basis of the two alternative age distributions, together with the data from the 2011 Census, we have estimated the age-gender mix based on an overall population of 161,440 persons. For each age-gender cohort, the 2011 Census is taken as the minimum number of persons. The additional population is based on the mid-point of the proportionate distribution from the two alternative sources.

3.87 Figure 51 shows the final age-gender distribution for the adjusted population estimate for 2011.

Figure 51: Adjusted age-gender population distribution for 2011 by single year of age (Source: UK Census of Population 2011; Bedford SHMA)

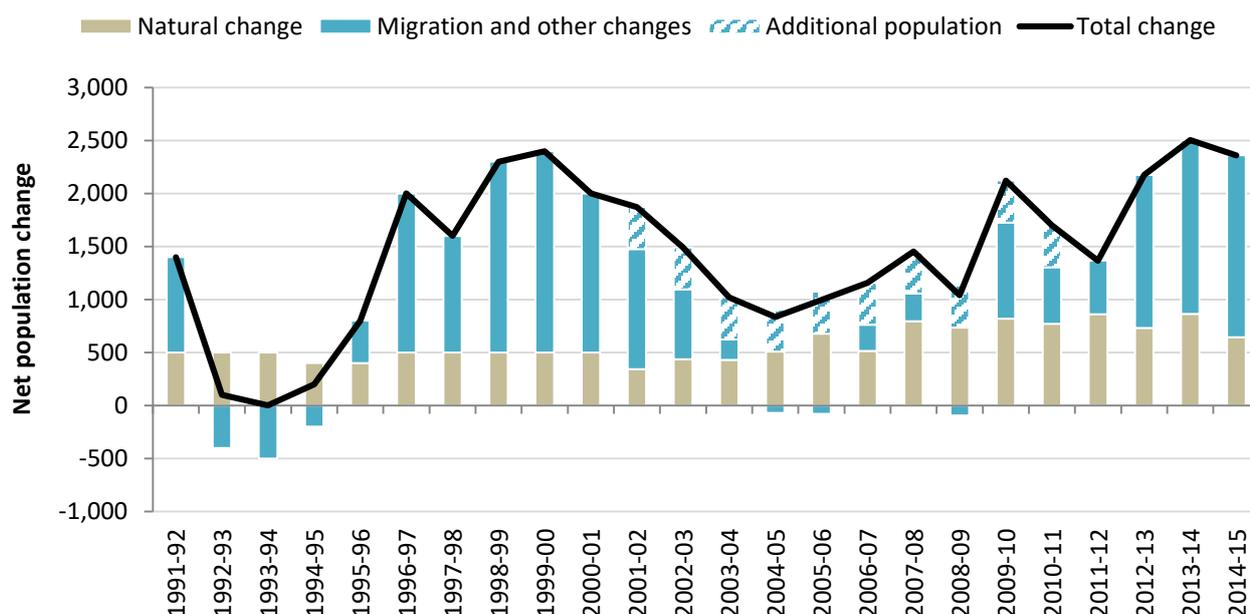


Revising the Population and Households Projections

Updated Components of Population Change

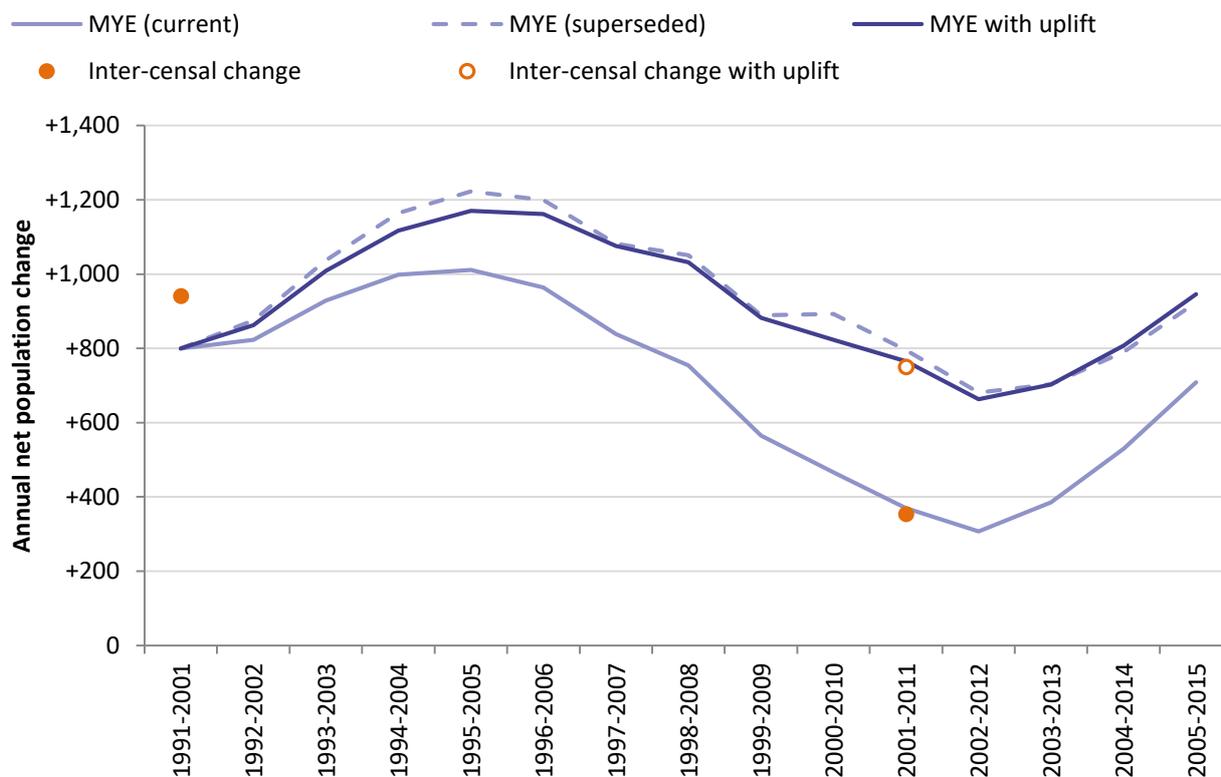
- ^{3.88} We previously identified that that natural change remained relatively consistent each year, although recently annual rates had increased with a higher number of births and fewer deaths recorded. Migration and other changes vary much more – ranging from a net loss of 500 persons recorded for 1993-94 up to a net gain of more than 1,900 persons recorded for 1999-2000; with an **annual average gain of 708 persons each year over the period 1991-2015 due to migration and other changes** based on ONS Mid-Year Population Estimates.
- ^{3.89} Nevertheless, this does not include the additional population gain associated with the 2011 Census underestimating the resident population. Assuming that an additional 3,960 persons were resident in 2011, these would need to be factored in to migration and other changes over the period 2001-2011. Figure 52 shows the impact of this additional population, with the gain spread evenly over the period. This increases the annual average gain to around **750 persons each year due to migration and other changes**.

Figure 52: Components of population change incorporating the additional population (Source: ONS Mid-Year Population Estimates, revised. Note: additional population averaged over the 10-year period)



- ^{3.90} Figure 52 shows the impact of the additional population on the 10-year migration trends. It is evident that the trends which incorporate the uplift are broadly in line with the original ONS mid-year estimates; however, that would be expected given that the adjusted population estimate is consistent with the superseded data.
- ^{3.91} Following the uplift, the estimates now suggest that annual average migration peaked at around a gain of 1,170 persons in the period 1995-2005 and then steadily reduced to an average gain of just over 660 per year in the period 2002-2012. As noted above, rates based on Census data averaged 750 persons annually (after taking account of the additional population) and the most recent 10-year period 2005-2015 now shows a gain of 946 persons per year.

Figure 53: 10-year migration trends 1991-2001 to 2005-2015 (Source: UK Census of Population 1991, 2001 and 2011; ONS Mid-Year Population Estimates, revised)



Adjusted Population Projections

- ^{3.92} We have previously developed scenarios based on two migration trends based on 10-year periods: the inter-censal period 2001-2011 and the most recent period 2005-15. Both of these scenarios were based on the Census population estimate and latest ONS Mid-Year Estimates (the “Official Population Data”).
- ^{3.93} Given the concerns about the 2011 population estimate, we have also developed scenarios based on the adjusted population estimate (the “Adjusted Population Data”, shown in Figure 51) using the same 10-year migration periods; however we have also factored the additional migration shown in Figure 52 into the assumptions analysis.
- ^{3.94} Having developed this range of different migration scenarios, we have derived further population projections. The migration trends based on official population data use the ONS Mid-Year Population Estimate as a base population, whilst the trends based on the adjusted data use the base population that we previously established.
- ^{3.95} Figure 54 shows the overall population projections for the migration trend-based scenarios over the period 2015-35. The short dashed lines are based on official population data (previously calculated), whereas the long dashed lines are based on the adjusted population estimates. The SHMA projections based on ONS data range from 187,900 to 192,700 persons, which represent 20-year increases of 21,600 persons and 26,500 persons respectively. The projections based on the adjusted population data range from 198,700 to 201,500 persons, although these are from a higher base population in 2015 and represent a 20-year increase of 28,500 to 31,300 persons.

Figure 54: Population projection based on migration trends (Note: long dashed line projections based on adjusted population; short dashed line projections based on official population data)

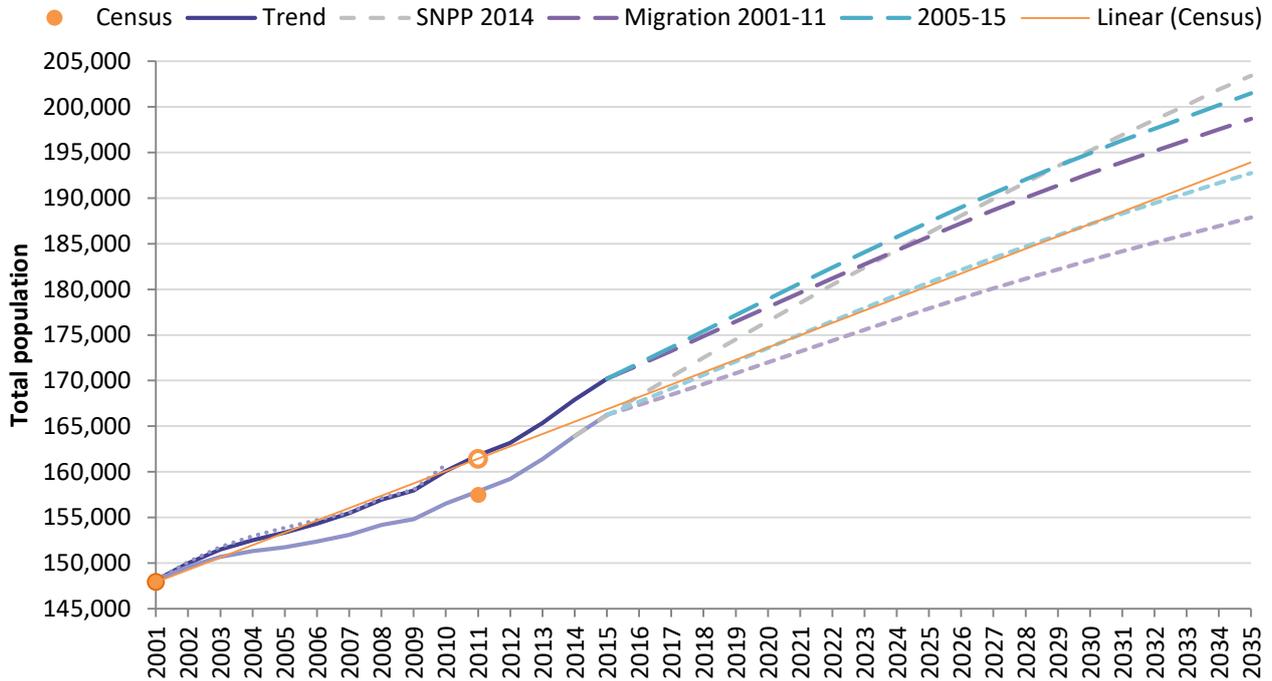


Figure 55: Population projections 2015-35 by gender and 5-year age cohort using Adjusted Population Data (Note: All figures presented unrounded for transparency, but should only be treated as accurate to the nearest 100)

Age	Adjusted Population Data 2015			Adjusted Population Data 2035					
	M	F	Total	Baseline 10-yr trend (2001-11)			Alternative 10-yr trend (2005-15)		
				M	F	Total	M	F	Total
Aged 0-4	5,747	5,531	11,278	5,734	5,435	11,168	5,843	5,538	11,381
Aged 5-9	5,577	5,317	10,894	6,075	5,628	11,702	6,183	5,729	11,912
Aged 10-14	5,049	4,747	9,796	6,501	5,788	12,289	6,602	5,880	12,482
Aged 15-19	5,529	4,850	10,379	6,514	5,770	12,285	6,600	5,850	12,450
Aged 20-24	5,283	4,832	10,116	5,796	5,495	11,290	5,894	5,596	11,490
Aged 25-29	5,203	5,186	10,388	5,642	5,308	10,951	5,747	5,415	11,162
Aged 30-34	5,365	5,927	11,292	5,234	5,144	10,378	5,336	5,248	10,583
Aged 35-39	5,393	6,040	11,433	5,761	5,688	11,449	5,873	5,801	11,674
Aged 40-44	5,876	5,937	11,813	6,308	6,205	12,514	6,420	6,314	12,735
Aged 45-49	6,464	6,171	12,635	6,231	6,406	12,637	6,331	6,499	12,830
Aged 50-54	6,006	6,059	12,065	6,108	6,506	12,614	6,195	6,582	12,777
Aged 55-59	5,095	5,107	10,202	5,689	6,105	11,794	5,760	6,166	11,926
Aged 60-64	4,276	4,471	8,747	5,693	5,786	11,479	5,753	5,838	11,591
Aged 65-69	4,503	4,566	9,069	5,787	5,760	11,547	5,841	5,807	11,648
Aged 70-74	3,151	3,432	6,583	5,130	5,407	10,536	5,172	5,446	10,617
Aged 75-79	2,471	2,773	5,245	4,044	4,334	8,378	4,072	4,362	8,434
Aged 80-84	1,710	2,359	4,069	3,010	3,523	6,533	3,028	3,543	6,572
Aged 85+	1,534	2,673	4,208	3,912	5,245	9,156	3,934	5,277	9,211
Total	84,232	85,981	170,213	99,170	99,532	198,701	100,583	100,890	201,473
<i>Total Change 2015-2035</i>	-	-	-	+14,938	+13,551	+28,488	+16,351	+14,909	+31,260

Adjusted Economic Activity Projections

^{3.96} We have once again considered the economically active population based on the adjusted population projections. Figure 56 shows the estimated economically active population for Bedford in 2015 and the projected economically active population in 2035 based on the range of population projections previously produced.

Figure 56: Projected economically active population 2015-35 using Adjusted Population Data (Note: All figures presented unrounded for transparency)

Age	2015			2035					
				Baseline 10-yr trend (2001-11)			Alternative 10-yr trend (2005-15)		
	M	F	Total	M	F	Total	M	F	Total
Aged 16-19	2,653	1,298	3,951	2,900	1,463	4,364	2,938	1,483	4,422
Aged 20-24	4,778	3,467	8,245	5,261	3,937	9,198	5,350	4,009	9,359
Aged 25-29	5,136	4,135	9,271	5,422	4,075	9,497	5,522	4,157	9,680
Aged 30-34	5,306	4,686	9,992	4,984	3,891	8,876	5,081	3,970	9,051
Aged 35-39	4,960	4,649	9,608	5,091	4,245	9,337	5,190	4,330	9,520
Aged 40-44	5,401	4,810	10,212	5,523	5,027	10,550	5,621	5,115	10,736
Aged 45-49	5,905	5,114	11,019	5,509	5,400	10,910	5,598	5,479	11,076
Aged 50-54	5,485	5,238	10,722	5,405	5,571	10,976	5,482	5,637	11,119
Aged 55-59	4,410	4,068	8,479	4,870	4,940	9,810	4,930	4,989	9,920
Aged 60-64	3,060	2,505	5,565	4,367	3,939	8,306	4,414	3,974	8,388
Aged 65-69	621	548	1,169	1,619	1,717	3,336	1,634	1,732	3,365
Aged 70-74	223	168	391	499	556	1,056	503	560	1,064
Aged 75+	137	155	292	399	568	967	402	571	973
Total	48,076	40,842	88,918	51,850	45,331	97,182	52,665	46,006	98,671
<i>Total Change 2015-2035</i>	-	-	-	<i>+3,775</i>	<i>+4,489</i>	<i>+8,264</i>	<i>+4,590</i>	<i>+5,164</i>	<i>+9,753</i>

^{3.97} Based on the adjusted population projections, the economically active population is likely to increase by between 8,300 people and 9,000 people over the 20-year period 2015-35.

Adjusted Household Projections

^{3.98} We have once again considered the projected household population and communal establishment population. Figure 57 shows the adjusted breakdown for each of the three scenarios.

Figure 57: Population projections 2015-35 by gender and 5-year age cohort using Adjusted Population Data (Note: Communal Establishment population held constant for population aged under 75 (light blue cells), and held proportionately constant for each relationship status for population aged 75 or over (orange cells))

Age	2015			2035					
	HH	CE	Total	Baseline 10-yr trend (2001-11)			Alternative 10-yr trend (2005-15)		
				HH	CE	Total	HH	CE	Total
Aged 0-4	11,265	13	11,278	11,155	13	11,168	11,368	13	11,381
Aged 5-9	10,886	8	10,894	11,694	8	11,702	11,904	8	11,912
Aged 10-14	9,728	68	9,796	12,221	68	12,289	12,414	68	12,482
Aged 15-19	9,582	797	10,379	11,488	797	12,285	11,653	797	12,450
Aged 20-24	9,725	391	10,116	10,899	391	11,290	11,099	391	11,490
Aged 25-29	10,273	115	10,388	10,836	115	10,951	11,047	115	11,162
Aged 30-34	11,174	118	11,292	10,260	118	10,378	10,465	118	10,583
Aged 35-39	11,334	99	11,433	11,349	99	11,449	11,574	99	11,674
Aged 40-44	11,723	90	11,813	12,424	90	12,514	12,645	90	12,735
Aged 45-49	12,543	92	12,635	12,545	92	12,637	12,738	92	12,830
Aged 50-54	11,977	88	12,065	12,526	88	12,614	12,689	88	12,777
Aged 55-59	10,131	71	10,202	11,723	71	11,794	11,855	71	11,926
Aged 60-64	8,683	64	8,747	11,415	64	11,479	11,527	64	11,591
Aged 65-69	9,022	47	9,069	11,500	47	11,547	11,601	47	11,648
Aged 70-74	6,518	65	6,583	10,471	65	10,536	10,552	65	10,617
Aged 75-79	5,133	112	5,245	8,182	196	8,378	8,237	197	8,434
Aged 80-84	3,881	189	4,069	6,238	295	6,533	6,275	297	6,572
Aged 85+	3,549	659	4,208	7,871	1,285	9,156	7,918	1,292	9,211
Total	167,128	3,085	170,213	194,799	3,903	198,701	197,560	3,913	201,473

^{3.99} We have then updated the projected number of additional households using the adjusted household population and the CLG 2014-based headship rates.

Figure 58: Projected households and dwellings over the 20-year period 2015-35 (Note: Dwelling numbers all assume 3.0% vacancy rate)

Area	Total		Net change 2015-35	
	2015	2035	20-year change	Annual average
CLG 2014-based projection				
Households	68,060	87,721	+19,661	+983
Dwellings	70,165	90,434	+20,269	+1,013
Baseline 10-year trend (2001-11)				
Households	69,991	86,177	+16,187	+809
Dwellings	72,155	88,842	+16,687	+834
Alternative 10-year trend (2005-15)				
Households	69,991	87,258	+17,268	+863
Dwellings	72,155	89,957	+17,802	+890

Conclusions

- ^{3.100} PPG identifies that the starting point for estimating housing need is the CLG household projections, and the latest data is the 2014-based projection. For the 20-year Plan period 2015-35, these projections suggest an overall growth of 19,661 households, equivalent to an average of 983 households per year.
- ^{3.101} ORS have reviewed and assessed household projections as part of this study, considering migration based on 10-year trends. On this basis, the official population data show household numbers across the study area would increase over the 20-year Plan period 2015-35 by an average of 674 per year (based on migration trends from 2001-11) or 769 per year (based on trends for the period 2005-15).
- ^{3.102} Nevertheless, it is likely that the 2011 Census under-enumerated the population for Bedford by around 4,000 persons. This increases the baseline population in 2015; but more importantly, it also increases the rate of population growth that is attributed to migration. Adjusting the population trends to take account of this issue suggests an increase of 809 households each year (based on migration trends from 2001-11) or 863 per year (based on trends for the period 2005-15); both notably higher than the estimate previously derived based on official population data.
- ^{3.103} The long-term migration trends based on the intercensal period normally provide the most robust and reliable basis for projecting the future population, but the trends in the 10-year average show that the period 2001-11 was towards a low point in the cycle. Given this context, **we have based the further analysis of overall housing need on migration trends from the 10-year period 2005-15. This represents a growth of 17,268 households (17,802 dwellings) over the 20-year Plan period 2015-35**, and these figures provide the most appropriate demographic projection on which to base the Objectively Assessed Need (OAN) for housing.

4. Affordable Housing Need

Identifying households who cannot afford market housing

- 4.1 Demographic projections provide the basis for identifying the Objectively Assessed Need for all types of housing, including both market housing and affordable housing.
- 4.2 PPG notes that affordable housing need is based on households “*who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market*” (paragraph 22) and identifies a number of different types of household which may be included:

What types of households are considered in housing need?

The types of households to be considered in housing need are:

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

Planning Practice Guidance (March 2014), ID 2a-023

- 4.3 PPG also suggests a number of data sources for assessing past trends and recording current estimates for establishing the need for affordable housing (paragraph 24):
- » Local authorities will hold data on the number of homeless households, those in temporary accommodation and extent of overcrowding.
 - » The Census also provides data on concealed households and overcrowding which can be compared with trends contained in the English Housing Survey.
 - » Housing registers and local authority and registered social landlord transfer lists will also provide relevant information.
- 4.4 The following section considers each of these sources in turn, alongside other relevant statistics and information that is available.

Past Trends and Current Estimates of the Need for Affordable Housing

Local Authority Data: Homeless Households and Temporary Accommodation

- 4.5 Local authorities hold data on the number of homeless households and those in temporary accommodation. In Bedford, the quarterly number of households accepted as being **homeless** and in priority need has seen a downward trend over the period 2005 to 2015. There were 302 such households in 2005 which reduced to 164 households by 2015, a net reduction of 138 households (Figure 59). The current annual rate represents 2.5 presentations per 1,000 households, which is comparable with the equivalent rate for England (2.4 per 1,000).
- 4.6 There has been a marginal increase in households living in **temporary accommodation** (net increase of 14 households) but fewer households accepted as homeless without temporary accommodation provided (net reduction of 39 households). Of the households in temporary accommodation in 2005, most were housed on temporary licences in social rented housing; however, the 61 such households in 2015 were mainly living in private sector leased housing managed by the Council or an RSL. The current rate represents 0.9 households in temporary housing per 1,000 households, which is much lower than the equivalent rate for England (2.9 per 1,000).

Figure 59: Households accepted as homeless and in priority need (Source: CLG P1E returns March 2005 and March 2015)

		Bedford			England 2015
		2005	2015	Net change 2005-15	
Number accepted homeless and in priority need during year		302	164	-138	-
<i>Rate per 1,000 households</i>		4.8	2.5	-2.3	2.4
Households in temporary accommodation	Bed and breakfast	-	5	+5	-
	Hostels	3	-	-3	-
	Local Authority or RSL stock	44	-	-44	-
	Private sector leased (by LA or RSL)	-	56	+56	-
	Other (including private landlord)	-	-	-	-
	TOTAL	47	61	+14	-
	<i>Rate per 1,000 households</i>	0.8	0.9	+0.1	2.9
Households accepted as homeless but without temporary accommodation provided		68	29	-39	-

- 4.7 It is evident that homelessness has not become significantly worse in Bedford over the last decade, but this does not necessarily mean that fewer households risk becoming homeless. Housing advice services provided by the council limit the number of homeless presentations, through helping people threatened with homelessness find housing before they become homeless. Housing allocation policies can also avoid the need for temporary housing if permanent housing is available sooner; however, many households facing homelessness are now offered private rented housing.
- 4.8 Changes to the Law in 2010 means private sector households can now be offered accommodation in the Private Rented Sector and this cannot be refused, provided it is a reasonable offer. Prior to this change, Local Authorities could offer private sector housing to homeless households (where they have accepted a housing duty under Part 7 of the Housing Act 1996) but the applicant was entitled to refuse it. The Localism Act 2010 means refusal is no longer possible providing the offer is suitable. While the change aims to reduce the pressures on the social housing stock, an indirect result is that there are further demands on the private rented sector as Councils seek to house homeless households.

Census Data: Concealed Households and Overcrowding

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

Concealed Families

- 4.10 The number of **concealed families** living with households in Bedford increased from 559 to 949 over the 10-year period 2001-11 (Figure 60), an increase of 390 households (70%).
- 4.11 Although many concealed families do not want separate housing (in particular where they have chosen to live together as extended families), others are forced to live together due to affordability difficulties or other constraints – and these concealed families will not be counted as part of the CLG household projections. Concealed families with older family representatives will often be living with another family in order to receive help or support due to poor health. Concealed families with younger family representatives are more likely to demonstrate un-met need for housing. When we consider the growth of 390 families over the period 2001-11, over three quarters (308) have family representatives aged under 55, with substantial growth amongst those aged under 35 in particular (in line with national trends).

Figure 60: Concealed families in Bedford by age of family representative (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Aged under 25	81	164	+83
Aged 25 to 34	177	336	+159
Aged 35 to 44	87	99	+13
Aged 45 to 54	32	86	+54
Sub-total aged under 55	377	685	+308
Aged 55 to 64	54	72	+18
Aged 65 to 74	97	120	+23
Aged 75 or over	31	72	+41
Sub-total aged 55 or over	182	264	+82
All Concealed Families	559	949	+390

Sharing Households

- 4.12 The number of **sharing households** increased from 181 to 291 over the 10-year period 2001-11 (Figure 61), an increase of 110 households (61%).

Figure 61: Shared Dwellings and Sharing Households in Bedford (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Number of shared dwellings	78	88	+10
Number of household spaces in shared dwellings	246	408	+162
All Sharing Households	181	291	+110
Household spaces in shared dwellings with no usual residents	65	117	+52

- 4.13 Figure 62 shows that the number of **multi-adult households** living in the area increased from 2,769 to 2,847 households over the same period, an increase of 78 (3%). These people also have to share basic facilities, but are considered to be a single household as they also share a living room, sitting room or dining area. This includes **Houses in Multiple Occupation (HMOs) with shared facilities**, as well as **single people living together as a group and individuals with lodgers**.

Figure 62: Multi-adult Households in Bedford (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Owned	1,580	1,398	-182
Private rented	941	1,221	+280
Social rented	248	228	-20
All Households	2,769	2,847	+78

- 4.14 The growth in multi-adult households was focussed particularly in the private rented sector, with an increase in single persons choosing to live with friends together with others living in HMOs. This growth accounts for 280 households (an increase from 941 to 1,221 households over the period) which offsets the reduction in multi-adult households living owner occupied and social rented properties in the area.
- 4.15 Nevertheless, shared facilities is a characteristic of HMOs and many people living in this type of housing will only be able to afford shared accommodation (either with or without housing benefit support). Extending the Local Housing Allowance (LHA) Shared Accommodation Rate (SAR) allowance to cover all single persons up to 35 years of age has meant that many more young people will only be able to afford shared housing, and this has further increased demand for housing such as HMOs.
- 4.16 There is therefore likely to be a continued (and possibly growing) role for HMOs, with more of the existing housing stock possibly being converted. Given this context, it would not be appropriate to consider households to need affordable housing only on the basis of them currently sharing facilities (although there may be other reasons why they would be considered as an affordable housing need).

Overcrowding

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

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

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

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

- » Where there are two or more residents it is assumed that they require a minimum of two common rooms plus one bedroom for:
 - each couple (as determined by the relationship question)
 - each lone parent
 - any other person aged 16 or over
 - each pair aged 10 to 15 of the same sex
 - each pair formed from any other person aged 10 to 15 with a child aged under 10 of the same sex
 - each pair of children aged under 10 remaining
 - each remaining person (either aged 10 to 15 or under 10).

^{4.19} For Bedford, **overcrowding** increased from 4,530 to 4,885 households (an increase of 355) over the 10-year period 2001-11 (Figure 63). This represents a growth of 1%, which is much lower than comparator authorities; Aylesbury Vale (20%), Colchester (32%) and Northampton (43%). It is also notably lower than the national increase for England (23%).

^{4.20} When considered by tenure, overcrowding has reduced by 349 households in the owner occupied sector and increased by 128 households in the social rented sector; however the largest growth has been in the private rented sector where the number of overcrowded households has increased from 1,459 to 2,035, a growth of 576 households over the 10-year period. Nevertheless, the percentage of overcrowded households in the private rented sector has reduced from 20.7% to 18.6% (a reduction of 10%).

Figure 63: Proportion of overcrowded households 2011 and change 2001-11 by tenure (Note: Overcrowded households are considered to have an occupancy rating of -1 or less. Source: UK Census of Population 2001 and 2011)

	Occupancy rating (rooms)						Occupancy rating (bedrooms) 2011	
	2001		2011		Net change 2001-11		N	%
	N	%	N	%	N	%		
BEDFORD								
Owned	1,469	3.4%	1,120	2.6%	-349	-23%	885	2.1%
Private rented	1,459	20.7%	2,035	18.6%	+576	-10%	845	7.7%
Social rented	1,602	17.0%	1,730	16.9%	+128	-1%	900	8.8%
All Households	4,530	7.6%	4,885	7.7%	+355	+1%	2,630	4.1%
ENGLAND								
Owned	-	3.3%	-	3.3%	-	-3%	-	2.3%
Private rented	-	16.4%	-	20.2%	-	+23%	-	8.8%
Social rented	-	14.9%	-	16.9%	-	+14%	-	8.9%
All Households	-	7.1%	-	8.7%	-	+23%	-	4.6%
All Households								
Aylesbury Vale	-	5.3%	-	6.3%	-	+20%	-	3.6%
Colchester	-	5.6%	-	7.3%	-	+32%	-	2.9%
Northampton	-	6.2%	-	8.8%	-	+43%	-	4.4%

English Housing Survey Data

Overcrowding

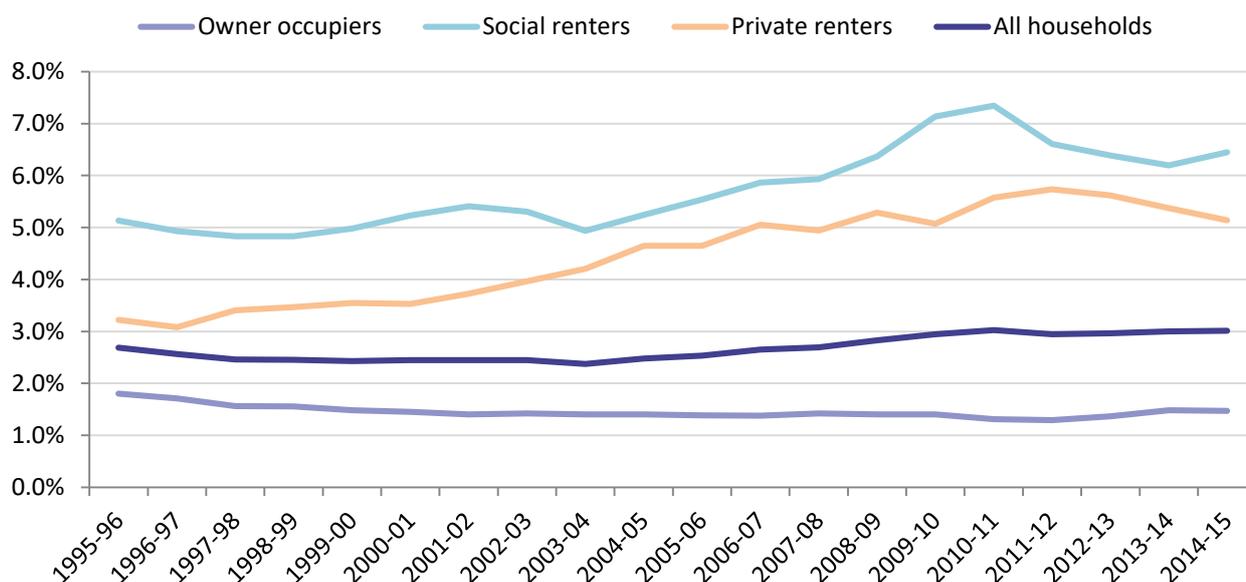
- 4.21 The English Housing Survey (EHS) does not provide information about individual local authorities, but it does provide a useful context about these indicators in terms of national trends between Census years.
- 4.22 The measure of overcrowding used by the EHS provides a consistent measure over time **however the definition differs from both occupancy ratings provided by the Census**. The EHS approach²⁷ is based on a “*bedroom standard*” which assumes that adolescents aged 10-20 of the same sex will share a bedroom, and only those aged 21 or over are assumed to require a separate bedroom (whereas the approach used by the ONS for the Census assumes a separate room for those aged 16 or over):

“The ‘bedroom standard’ is used as an indicator of occupation density. A standard number of bedrooms is calculated for each household in accordance with its age/sex/marital status composition and the relationship of the members to one another. A separate bedroom is allowed for each married or cohabiting couple, any other person aged 21 or over, each pair of adolescents aged 10-20 of the same sex, and each pair of children under 10. Any unpaired person aged 10-20 is notionally paired, if possible, with a child under 10 of the same sex, or, if that is not possible, he or she is counted as requiring a separate bedroom, as is any unpaired child under 10.

“Households are said to be overcrowded if they have fewer bedrooms available than the notional number needed. Households are said to be under-occupying if they have two or more bedrooms more than the notional needed.”

- 4.23 Nationally, overcrowding rates increased for households in both social and private rented housing, although the proportion of overcrowded households has declined in both sectors since 2011. Overcrowding rates for owner occupiers have remained relatively stable since 1995.

Figure 64: Trend in overcrowding rates by tenure (Note: Based on three-year moving average, up to and including the labelled date. Source: Survey of English Housing 1995-96 to 2007-08; English Housing Survey 2008-09 onwards)



²⁷ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/284648/English_Housing_Survey_Headline_Report_2012-13.pdf

- 4.24 Whilst the EHS definition of overcrowding is more stringent than the Census, the measurement closer reflects the definition of statutory overcrowding that was set out by Part X of the Housing Act 1985 and is consistent with statutory Guidance²⁸ that was issued by CLG in 2012 to which authorities must have regard when exercising their functions under Part 6 of the 1996 Housing Act (as amended).
- 4.25 This Guidance, “Allocation of accommodation: Guidance for local housing authorities in England”, recommends that authorities should use the bedroom standard when assessing whether or not households are overcrowded for the purposes of assessing housing need:

4.8 The Secretary of State takes the view that the bedroom standard is an appropriate measure of overcrowding for allocation purposes, and recommends that all housing authorities should adopt this as a minimum. The bedroom standard allocates a separate bedroom to each:

- married or cohabiting couple
- adult aged 21 years or more
- pair of adolescents aged 10-20 years of the same sex
- pair of children aged under 10 years regardless of sex

- 4.26 The bedroom standard therefore provides the most appropriate basis for assessing overcrowding. By considering the Census and EHS data for England, together with the Census data for Bedford, we can estimate overcrowding using the bedroom standard. Figure 65 sets out this calculation based on the Census occupancy rating for both rooms and bedrooms. Based on the bedroom standard, it is estimated that **537 owner occupied, 390 private rented and 657 social rented households were overcrowded** in Bedford at the start of the Plan period in 2015. Student households in the private rented sector have been excluded from this calculation given that their needs are assumed to be transient.

Figure 65: Estimate of the number of overcrowded households in Bedford by tenure based on the bedroom standard (Source: EHS; UK Census of Population 2011)

	Owned		Private Rented		Social Rented	
ENGLAND						
EHS bedroom standard 2011						
Percentage of households overcrowded [A]	1.3%		5.6%		7.3%	
Census occupancy rating	<i>Bedrooms</i>	<i>Rooms</i>	<i>Bedrooms</i>	<i>Rooms</i>	<i>Bedrooms</i>	<i>Rooms</i>
Percentage of households overcrowded [B]	2.3%	3.3%	8.8%	20.2%	8.9%	16.9%
Proportion of these overcrowded households based on bedroom standard [C = A ÷ B]	57%	40%	64%	28%	83%	43%
BEDFORD						
Census occupancy rating	<i>Bedrooms</i>	<i>Rooms</i>	<i>Bedrooms</i>	<i>Rooms</i>	<i>Bedrooms</i>	<i>Rooms</i>
Number of overcrowded households [D]	885	1,120	845	2,035	900	1,730
Full-time student households [E]	-	-	245	353	-	-
Overcrowded households (excluding students) [F = D - E]	885	1,120	600	1,682	900	1,730
Estimate of overcrowded households based on the bedroom standard [G = C × F]	503	452	382	465	743	752
Estimate of overcrowded households in 2011 based on the bedroom standard (average)	478		424		748	
EHS bedroom standard						
Change in overcrowding from 2011 to 2015	+12%		-8%		-12%	
Estimate of overcrowded households in 2015 based on the bedroom standard	537		390		657	

²⁸ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5918/2171391.pdf

Housing Condition and Disrepair

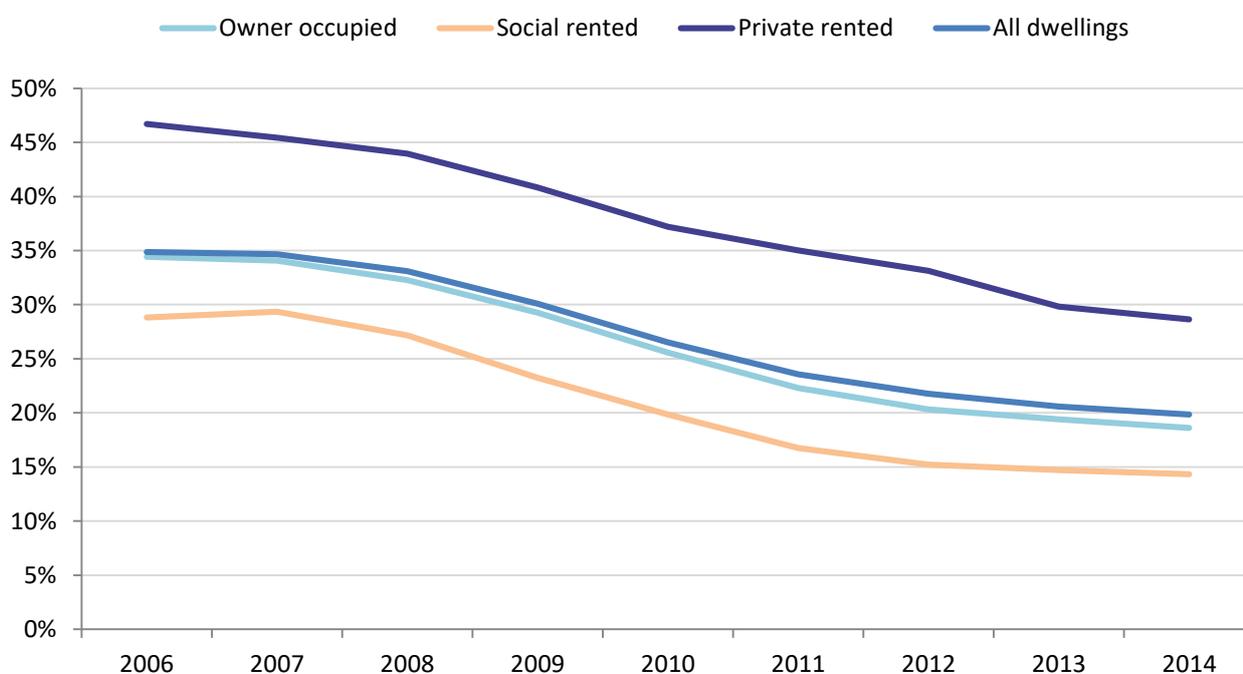
4.27 The EHS also provides useful information about **housing condition**. The Decent Homes Standard provides a broad measure which was intended to be a minimum standard that all housing should meet, and that to do so should be easy and affordable. It was determined that in order to meet the standard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

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

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

4.29 Figure 66 shows the national trends in non-decent homes by tenure. It is evident that conditions have improved year-on-year (in particular due to energy efficiency initiatives), however whilst social rented properties are more likely to comply with the standard, over a quarter of the private rented sector (29.8%) currently remains non-decent. This is a trend that tends to be evident at a local level in most areas where there are concentrations of private rented housing, and there remains a need to improve the quality of housing provided for households living in the private rented sector.

Figure 66: Trend in non-decent homes by tenure (Source: English House Condition Survey 2006 to 2007; English Housing Survey 2008 onwards)

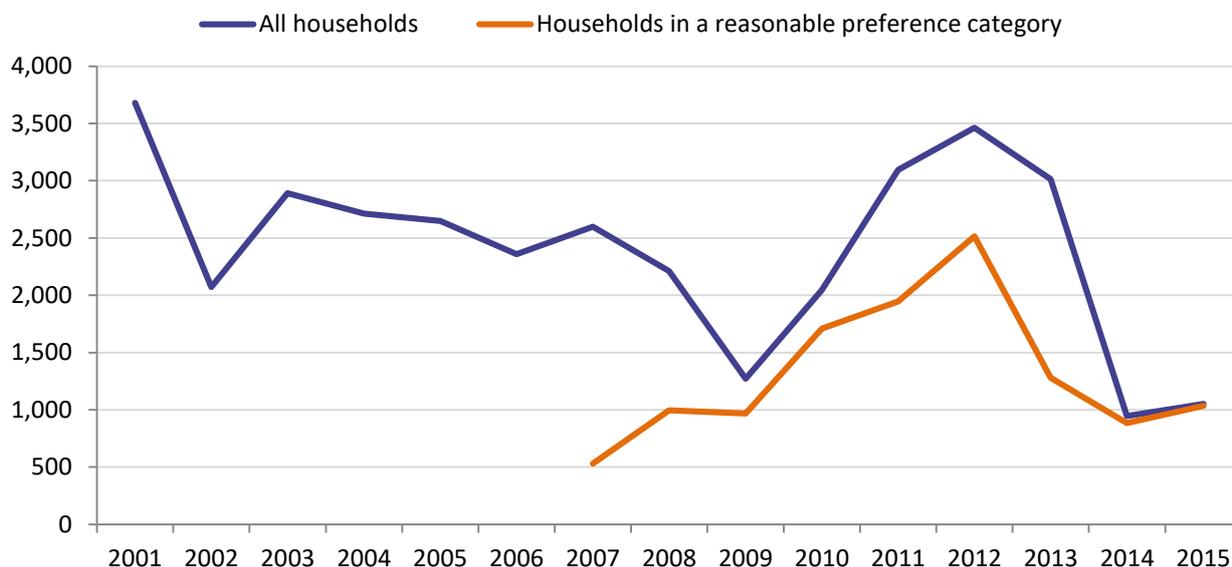


Housing Register Data

4.30 The local authority **housing register** and **transfer lists** are managed through a Choice Based Lettings scheme managed by the local authority. Households apply for a move via the scheme and ‘bid’ for homes along with applicants from various sources, including homeless households, housing register and transfer applicants.

4.31 Figure 67 shows the trend in households on the housing register over the period since 2001. Whilst the overall number of households on the housing register as varied over the period: around 3,500 in both 2001 and 2012, but around 2,000 in 2002, 2010 and 2014. It is therefore difficult to identify a clear trend, but following a review of the housing register in 2014 there were 945 applicants on the register which had increased to 1,035 applicants by 2015 – suggesting that the underlying number of households needing affordable housing in Bedford has not substantially increased (and has possibly reduced) over the last decade.

Figure 67: Number of households on the local authority housing register 2001-15 (Source: LAHS and HSSA returns to CLG)



4.32 Figure 67 also shows the number recorded in a reasonable preference category since 2007. Reasonable preference categories are defined in the Housing Act 1996, which requires “reasonable preference” for housing to be given to people who are:

- » Legally homeless;
- » Living in unsatisfactory housing (as defined by the Housing Act 2004);
- » Need to move on medical/welfare grounds; or
- » Need to move to a particular area to avoid hardship.

4.33 The number of households in reasonable preference categories has also been subject to large variations from year-to-year, although this has broadly followed the trends in the overall number of households on the register.

4.34 Figure 68 provides further detailed information for the last three years.

Figure 68: Number of households on the local authority housing register at 1st April (Source: LAHS returns to CLG)

	2012	2013	2014	2015
Total households on the housing waiting list	3,461	3,013	945	1,051
Total households in a reasonable preference category	2,516	1,279	884	1,035
People currently living in temporary accommodation who have been accepted as being homeless (or threatened with homelessness)	40	40	23	40
Other people who are homeless within the meaning given in Part VII of the Housing Act (1996), regardless of whether there is a statutory duty to house them	77	405	94	120
People occupying insanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions	2,439	664	497	409
People who need to move on medical or welfare grounds, including grounds relating to a disability	40	154	151	189
People who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others)	0	0	3	0

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

4.36 The number of people recorded as “*occupying insanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions*” reduced from 2,439 applicants in 2012 to 664 applicants in 2013, although this was due to a review of the criteria. The number of applicants further reduced to 409 people in 2015. We previously estimated that there were around 1,584 overcrowded households in Bedford, based on the bedroom standard (Figure 65) – therefore, there are likely to be many households who are not registered for affordable housing despite being overcrowded. This will partly reflect their affordability (for example, most owner occupiers would not qualify for rented affordable housing due to the equity in their current home) whilst others may only be temporarily overcrowded and will have sufficient space available once a concealed family is able to leave and establish an independent household.

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

4.38 At the start of the Plan period in 2015 there were 189 people registered “*who need to move on medical or welfare grounds, including grounds relating to a disability*” with none registered “*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)*”.

Households Unable to Afford their Housing Costs

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

Plan makers ... will need to estimate the number of households and projected households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market (ID 2a-022, emphasis added)

Plan makers should establish unmet (gross) need for affordable housing by assessing past trends and recording current estimates of ... those that cannot afford their own homes. Care should be taken to avoid double-counting ... and to include only those households who cannot afford to access suitable housing in the market (ID 2a-024, emphasis added)

Projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area (ID 2a-025, emphasis added)

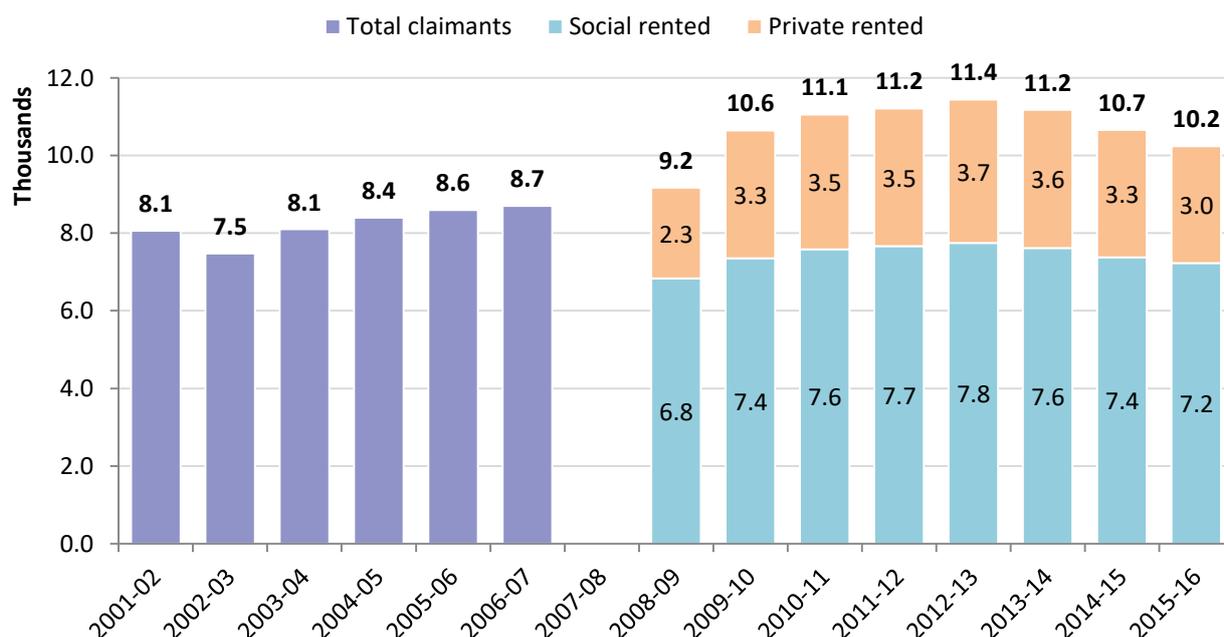
Planning Practice Guidance (March 2014), ID 2a-022-025

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

Housing Benefit Claimants in Bedford

4.41 Figure 69 shows the trend in the number of housing benefit claimants in Bedford.

Figure 69: Number of claimants in receipt of housing benefit in Bedford by tenure (Source: DWP. Note: No breakdown by tenure is available for the period 2001-07 and data for 2007-08 was not published)



- 4.42 Considering the information on tenure, it is evident that the number of claimants in social rented housing increased from 6,800 to 7,800 over the period 2008-09 to 2012-13 – an increase of 920 families (13%). Over the same period the number of claimants in private rented housing also increased from 2,300 to 3,700 families – an increase of 1,360 families (58%).
- 4.43 This increase in housing benefit claimants, in particular those living in private rented housing, coincides with the substantial increases observed on the housing register in Bedford during the period 2008-09 to 2010-11. Indeed, it is likely that many households applying for housing benefit would have also registered their interest in affordable housing. Nevertheless, many of them will have secured appropriate housing in the private rented sector which housing benefit enabled them to afford; so it is perhaps not surprising that many did not renew their interest in affordable housing when the number of applicants reduced substantially between 2012 and 2014.
- 4.44 The information published by DWP provides the detailed information needed for understanding the number of households unable to afford their housing costs. Of course, there will be other households occupying affordable housing who do not need housing benefit to pay discounted social or affordable rents but who would not be able to afford market rents. Similarly there will be others who are not claiming housing benefit support as they have stayed living with parents or other family or friends and not formed independent households. However, providing that appropriate adjustments are made to take account of these exceptions, **the DWP data provides the most reliable basis for establishing the number of households unable to afford their housing costs and estimating affordable housing need.**

Establishing Affordable Housing Need

- 4.45 In establishing the Objectively Assessed Need for affordable housing, it is necessary to draw together the full range of information that has already been considered in this report.
- 4.46 PPG sets out the framework for this calculation, considering both the current unmet housing need and the projected future housing need in the context of the existing affordable housing stock:

How should affordable housing need be calculated?

This calculation involves adding together the current unmet housing need and the projected future housing need and then subtracting this from the current supply of affordable housing stock.

Planning Practice Guidance (March 2014), ID 2a-022

Current Unmet Need for Affordable Housing

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

How should the current unmet gross need for affordable housing be calculated?

Plan makers should establish unmet (gross) need for affordable housing by assessing past trends and recording current estimates of:

- » *the number of homeless households;*
- » *the number of those in priority need who are currently housed in temporary accommodation;*
- » *the number of households in overcrowded housing;*
- » *the number of concealed households;*
- » *the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings);*
- » *the number of households from other tenures in need and those that cannot afford their own homes.*

Care should be taken to avoid double-counting, which may be brought about with the same households being identified on more than one transfer list, and to include only those households who cannot afford to access suitable housing in the market.

Planning Practice Guidance (March 2014), ID 2a-024

- 4.48 Earlier sections of this chapter set out the past trends and current estimates for relevant households based on the data sources identified by PPG (using the start of the Plan period in 2015 as a reference point where possible). Although this evidence does not provide the basis upon which to establish whether or not households can afford to access suitable housing, we believe that it is reasonable to assume that certain households will be unable to afford housing, otherwise they would have found a more suitable home.

Establishing the Current Unmet Need for Affordable Housing

- 4.49 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.
- 4.50 Given this context, our analysis counts the needs of all of these households when establishing the Objectively Assessed Need for affordable housing at a base date of 2015.
- 4.51 Only around a quarter of households currently living in **overcrowded** housing (based on the bedroom standard) are registered in a reasonable preference category, which will partly reflect their affordability. It is likely that most owner occupiers would not qualify for rented affordable housing (due to the equity in their current home); but it is reasonable to assume that households living in overcrowded rented housing are unlikely to be able to afford housing, otherwise they would have found a more suitable home.
- 4.52 **Our analysis counts the needs of all households living in overcrowded rented housing** when establishing the OAN for affordable housing (which could marginally overstate the affordable housing need) **but it does not count the needs of owner occupiers living in overcrowded housing** (which can be offset against any previous over-counting). Student households living in private rented housing are also excluded, given that their needs are assumed to be transient and do not count towards the need for affordable housing in Bedford.
- 4.53 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 has a range of statutory enforcement powers to improve housing conditions.
- 4.54 When considering **concealed families**, it is important to recognise that many do not want separate housing. Concealed families with older family representatives will often be living with another family, perhaps for cultural reasons or in order to receive help or support due to poor health. However, those with younger family representatives are more likely to experience affordability difficulties or other constraints (although not all will want to live independently).
- 4.55 **Concealed families in a reasonable preference category on the housing register will be counted regardless of age, but our analysis also considers the additional growth of concealed families with family representatives aged under 55** (even those not registered 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).
- 4.56 The needs of these households are counted when establishing the OAN for affordable housing and **they also add to the OAN for overall housing, as concealed families are not counted by the CLG household projections.**

4.57 Figure 70 sets out the assessment of current affordable housing need for Bedford.

Figure 70: Assessing current unmet gross need for affordable housing (Source: ORS Housing Model)

	Affordable Housing		Increase in Overall Housing Need
	Gross Need	Supply	
Homeless households in priority need (see Figure 59)			
Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	5		5
Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	56		
Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	0	0	
Households accepted as homeless but without temporary accommodation provided	29		29
Concealed households (see Figure 60)			
Growth in concealed families with family representatives aged under 55	308		308
Overcrowding based on the bedroom standard (see Figure 65)			
Households living in overcrowded private rented housing	390		
Households living in overcrowded social rented housing	657	657	
Other households living in unsuitable housing that cannot afford their own home (see Figure 68)			
People who need to move on medical or welfare grounds, including grounds relating to a disability	189	27	
People who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others)	0	0	
TOTAL	1,634	684	342

4.58 Based on a detailed analysis of the past trends and current estimates of households considered to be in housing need, our analysis has concluded that **1,634 households are in affordable housing need in Bedford and unable to afford their own housing**. This assessment is based on the criteria set out in the PPG and avoids double-counting (as far as possible).

4.59 Of these households, 684 currently occupy affordable housing that does not meet the households' current needs, mainly due to overcrowding. Providing suitable housing for these households will enable them to vacate their existing affordable housing, which can subsequently be allocated to another household in need of affordable housing. **There is, therefore, a net need from 950 households (1,634 less 684 = 750) who currently need affordable housing and do not currently occupy affordable housing in Bedford** (although a higher number of new homes may be needed to resolve all of the identified overcrowding).

4.60 This number includes 342 households that would not be counted by the household projections. There is, therefore, a need to increase the housing need based on demographic projections to accommodate these additional households. As for the household projections, we have also added an additional allowance for transactional vacancies. Data from the HCA Statistical Data Return identifies a vacancy rate of 0.5% for affordable housing in Bedford, therefore adding an additional allowance for vacancies this increases the need for overall housing provision by 344 dwellings (342 plus 0.5% = 344).

4.61 Providing the net additional affordable housing needed will release back into the market (mainly in the private rented sector) the dwellings occupied by a total of 608 households (950 less 342) that are currently in affordable housing need who are unable to afford their own housing.

Projected Future Affordable Housing Need

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

How should the number of newly arising households likely to be in housing need be calculated?

Projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need. This process should identify the minimum household income required to access lower quartile (entry level) market housing (plan makers should use current cost in this process, but may wish to factor in changes in house prices and wages). It should then assess what proportion of newly-forming households will be unable to access market housing.

Planning Practice Guidance (March 2014), ID 2a-025

- 4.63 The ORS Housing Mix Model considers the need for market and affordable housing on a longer-term basis that is consistent with household projections and Objectively Assessed Need. The Model provides robust and credible evidence about the required mix of housing over the full planning period, and recognises how key housing market trends and drivers will impact on the appropriate housing mix.
- 4.64 The Model uses a wide range of secondary data sources to build on existing household projections and profile how the housing stock will need to change in order to accommodate the projected future population. A range of assumptions can be varied to enable effective sensitivity testing to be undertaken. In particular, the Model has been designed to help understand the key issues and provide insight into how different assumptions will impact on the required mix of housing over future planning periods.
- 4.65 The Housing Mix Model considers the future number and type of households based on the household projections alongside the existing dwelling stock. Whilst the Model considers the current unmet need for affordable housing (including the needs of homeless households, those in temporary accommodation, overcrowded households, concealed households, and established households in unsuitable dwellings or that cannot afford their own homes), it also provides a robust framework for projecting the future need for affordable housing.

Households Unable to Afford their Housing Costs

- 4.66 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-025); **however, the Model recognises that the proportion of households unable to buy or rent in the market area will not be the same for all types of household, and that this will also differ between age groups.** Therefore, the appropriate proportion is determined separately for each household type and age group.
- 4.67 The affordability percentages in Figure 71 are calculated using data published by DWP about housing benefit claimants alongside detailed information from the 2011 Census. There are several **assumptions** underpinning the Model:
- » Where households are claiming housing benefit, it is assumed that they cannot afford market housing; and the Model also assumes that households occupying affordable housing will continue to do so;
 - » Households occupying owner occupied housing and those renting privately who aren’t eligible for housing benefit are assumed to be able to afford market housing; so the Model only allocates affordable housing to those established households that the Government deems eligible for housing support through the welfare system; and
 - » The Model separately considers the needs of concealed families and overcrowded households (both in market housing and affordable housing) which can contribute additional affordable housing need.

Figure 71: Assessing affordability by household type and age (Source: ORS Housing Model based on Census 2011 and DWP)

	Under 25	25-34	35-44	45-54	55-64	65+
Percentage unable to afford market housing						
Single person household	26%	16%	26%	31%	30%	28%
Couple family with no dependent children	10%	5%	8%	9%	6%	9%
Couple family with 1 or more dependent children	55%	29%	16%	10%	11%	33%
Lone parent family with 1 or more dependent children	75%	83%	55%	37%	34%	33%
Other household type	16%	16%	24%	23%	17%	10%

Components of Projected Household Growth

- 4.68 PPG identifies that the CLG household projections “should provide the starting point estimate for overall housing need” (ID 2a-015) and that “the 2012-2037 Household Projections ... are the most up-to-date estimate of future household growth” (ID 2a-016). **However, when considering the number of newly arising households likely to be in affordable housing need, the PPG recommends a “gross annual estimate” (ID 2a-025) suggesting that “the total need for affordable housing should be converted into annual flows” (ID 2a-029).**
- 4.69 The demographic projections developed to inform the overall Objectively Assessed Need include annual figures for household growth, and these can therefore be considered on a year-by-year basis as suggested by the Guidance; but given that elements of the modelling are fundamentally based on 5-year age cohorts, it is appropriate to annualise the data using 5-year periods.

4.70 Figure 72 shows the individual components of annual household growth.

Figure 72: Components of average annual household growth by 5-year projection period (Source: ORS Housing Model)

	Annual average based on 5-year period				Annual average 2015-35
	2015-20	2020-25	2025-30	2030-35	
New household formation	1,537	1,558	1,615	1,673	1,596
Household dissolution following death	1,015	1,051	1,117	1,223	1,101
Net household growth within Bedford	+522	+507	+498	+450	+494
Household migration in	3,174	3,261	3,341	3,446	3,305
Household migration out	2,805	2,885	2,972	3,084	2,937
Net household migration	+368	+376	+370	+362	+369
Total household growth	+891	+883	+867	+813	+863

4.71 Over the initial 5-year period (2015-20) the model shows that:

- » There are projected to be 1,537 new household formations each year; but this is offset against 1,015 household dissolutions following death – so there is an **average net household growth of 522 households** locally in Bedford;
- » There are also projected to be 3,174 households migrating to Bedford offset against 2,805 households migrating away from the area – which yields an **additional 368 households attributable to net migration**;
- » The total household growth is therefore **projected to be 891 (522 plus 368) households each year** over the initial 5-year period of the projection.

4.72 During the course of the full 20-year projection period, annual net household growth is projected to decline (from a gain of 891 households in 2015-20 to a gain of 813 households in 2030-35). This coincides with a larger number of household dissolutions in later years (consistent with a larger number of deaths). Net household migration is projected to remain relatively stable over the full period.

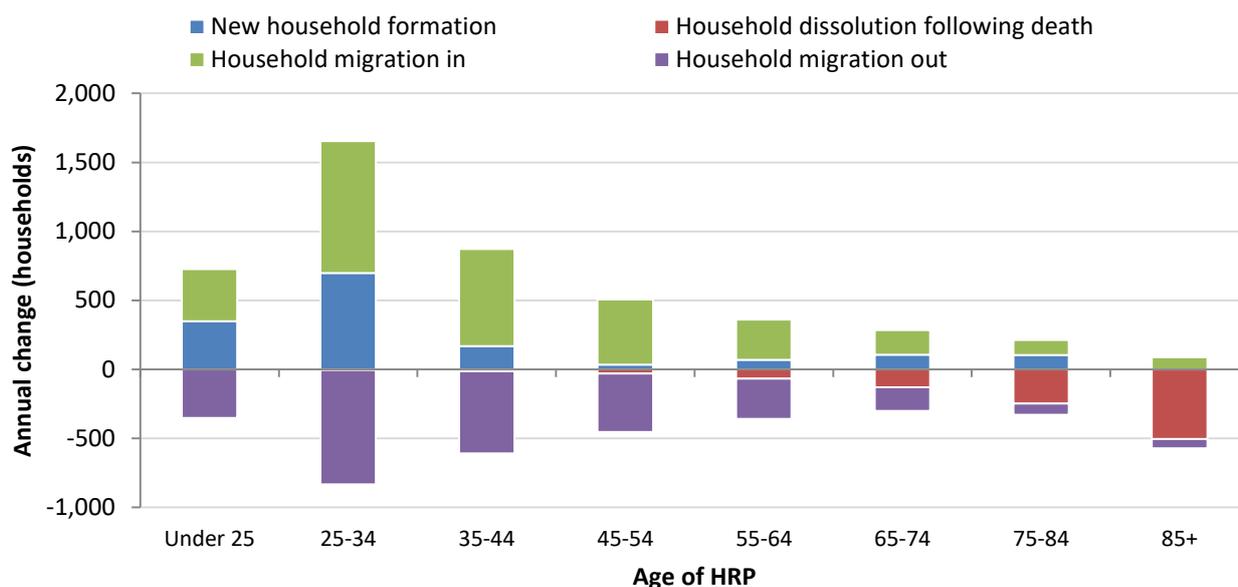
4.73 Over the 20-year Plan period 2015-35, total **household growth averages 863 households** each year.

Change in Household Numbers by Age Cohort

4.74 To establish the **proportion of newly forming households unable to buy or rent** in the market area, it is necessary to consider the characteristics of the 1,537 new households projected to form in Bedford each year over the period 2015-20 (Figure 72) alongside the detailed information about household affordability (Figure 71).

4.75 Figure 73 shows the age structure of each of the **components of household change**. Note that this analysis is based on changes within each age cohort, so comparisons are based on households born in the same year and relate to their age at the end of the period. Therefore all new households are properly counted, rather than only counting the increase in the number of households in each age group.

Figure 73: Annual change in household numbers in each age cohort by age of HRP (Source: ORS Housing Model)



4.76 **Together with information on household type, this provides a framework for the Model to establish the proportion of households who are unable to afford their housing costs.**

4.77 The Model identifies that 27% of all newly forming households are unable to afford their housing costs, which represents 411 households each year (Figure 74). The Model shows that a lower proportion of households migrating to the area are unable to afford (24%), but this still represents 765 households moving in to the area. Some of these households will be moving to social rented housing, but many others will be renting housing in the private rented sector with housing benefit support. **Together, there are 1,177 new households each year who are unable to afford their housing costs.**

Figure 74: Affordability of new households over the initial 5-year period 2015-20 (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	1,537	1,126	411	27%
Households migrating in to the area	3,174	2,408	765	24%
All new households	4,711	3,534	1,177	25%

4.78 Having established the need for affordable housing and the dwellings likely to be vacated, the PPG suggests that the total net need can be calculated by subtracting “total available stock from total gross need” (ID 2a-029), **but this over-simplifies what is a very complex system.**

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

- » Two newly formed single person households may both be unable to afford housing, but together they might create a couple household that can afford suitable housing;
- » Similarly, not all households that are unable to afford housing are allocated affordable housing;
- » Some will choose to move to another housing market area and will therefore no longer require affordable housing.

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

- 4.81 The Model recognises these complexities, and through considering the need for affordable housing as part of a whole market analysis, it maintains consistency with the household projections and avoids any double counting.
- 4.82 Considering those components of household change which reduce the number of households resident in the area, the Model identifies **1,015 households are likely to dissolve** following the death of all household members. Many of these households will own their homes outright; however 21% are unable to afford market housing: most living in social rented housing.
- 4.83 When considering **households moving away** from Bedford, the Model identifies that an average of 2,805 households will leave the area each year including 673 who are unable to afford their housing costs. Some will be leaving social rented housing, which will become available for another household needing affordable housing. Whilst others will not vacate a social rented property, those unable to afford their housing costs will have been counted in the estimate of current need for affordable housing or at the time they were a new household (either newly forming or migrating in to the area). Whilst some of these households might prefer to stay in the area if housing costs were less expensive or if more affordable housing was available, given that these households are likely to move from the HMA it is appropriate that their needs are discounted to ensure consistency with the household projections used to establish overall housing need.
- 4.84 Figure 75 summarises the total household growth. This includes the 1,157 new households on average each year who are unable to afford their housing costs, but offsets this against the 842 households who will either vacate existing affordable housing or who will no longer constitute a need for affordable housing in Bedford (as they have moved to live elsewhere).

Figure 75: Components of average annual household growth 2012-17 (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	1,537	1,126	411	27%
Households migrating in to the area	3,174	2,408	765	24%
All new households	4,711	3,534	1,177	25%
Household dissolutions following death	1,015	803	212	21%
Households migrating out of the area	2,805	2,132	673	24%
All households no longer present	3,820	2,935	885	23%
Average annual household growth 2015-20	891	599	291	33%

- 4.85 Overall, the Model projects that household growth will yield a net increase of 291 households on average each year (over the period 2015-20) who are unable to afford their housing, which represents 33% of the 891 overall annual household growth for this period.

Projecting Future Needs of Existing Households

- 4.86 PPG also identifies that in addition to the needs of new households, it is also important to estimate “*the number of existing households falling into need*” (ID 2a-025). Whilst established households that continue to live in Bedford will not contribute to household growth, changes in household circumstances (such as separating from a partner or the birth of a child) can lead to households who were previously able to afford housing falling into need. The needs of these households are counted by the Model, and it is estimated

that an average of **213 established households fall into need each year** in Bedford. This represents a rate of 3.0 per 1,000 household falling into need each year.

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

- » When two people living as single person households join together to form a couple, pooling their resources may enable them to jointly afford their housing costs (even if neither could afford separately). Figure 71 showed that 26% of single person households aged under 25 could not afford housing, compared to 10% of couples of the same age; and for those aged 25 to 34, the proportions were 16% and 5% respectively.
- » Households also tend to be more likely to afford housing as they get older, so young households forming in the early years of the projection may be able to afford later in the projection period. Figure 71 showed that 29% of couple families with dependent children aged 25 to 34 could not afford housing, compared to 16% of such households aged 35 to 44.

4.88 Given this context, it is clear that **we must also recognise these improved circumstances which can reduce the need for affordable housing over time**, as households that were previously counted no longer need financial support. The Model identifies that **the circumstances of 302 households improve each year** such that they become able to afford their housing costs despite previously being unable to afford. This represents a rate of 4.3 per 1,000 household climbing out of need each year.

4.89 Therefore, considering the overall changing needs of existing households, **there is an average net reduction of 89 households** (302 less 213 = 89) **needing affordable housing each year**.

Projecting Future Affordable Housing Need (average annual estimate)

4.90 Figure 76 provides a comprehensive summary of all of the components of household change that contribute to the projected level of affordable housing need. More detail on each is provided earlier in this Chapter.

Figure 76: Components of average annual household growth 2015-20 (Source: ORS Housing Model)

	All households (annual average)	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	1,537	1,126	411	27%
Households migrating in to the area	3,174	2,408	765	24%
All new households	4,711	3,534	1,177	25%
Household dissolutions following death	1,015	803	212	21%
Households migrating out of the area	2,805	2,132	673	24%
All households no longer present	3,820	2,935	885	23%
Average annual household growth 2015-20	891	599	291	33%
Existing households falling into need	-	-213	213	100%
Existing households climbing out of need	-	302	-302	0%
Change in existing households	-	89	-89	-
Average annual future need for market and affordable housing 2015-20	891	688	203	23%

- 4.91 Overall, there is a projected need from 1,177 new households who are unable to afford their housing costs (411 newly forming households and 765 households migrating to the area); however, 885 households will either vacate existing affordable housing or will no longer need affordable housing in Bedford (as they have moved to live elsewhere) thereby reducing the new need to a net total of 291 households.
- 4.92 Considering the needs of existing households, there are 213 households expected to fall into need each year (a rate of 3.0 per 1000 households) but this is offset against 302 households whose circumstances are projected to improve. There is, therefore, an **average net reduction of 89 existing households that need affordable housing each year.**
- 4.93 Based on the needs of new households and existing households, there is a projected increase of 203 households each year on average for the initial period 2015-20 who will need affordable housing (291 less 89).
- 4.94 Using the approach outlined above for the initial 5-year period of the projection, the Model considers the need for affordable housing over the full 20-year projection period 2015-35. The Model identifies that **the number of households in need of affordable housing will increase by 4,349 households over the period 2015-35**, equivalent to an annual average of 217 households per year. This represents 25.2% of the total household growth projected based on demographic trends.

Assessing the Overall Need for Affordable Housing

- 4.95 Figure 77 brings together the information on assessing the unmet need for affordable housing in 2015 and the future affordable housing need arising over the 20-year Plan period 2015-35.

Figure 77: Assessing total need for market and affordable housing (Source: ORS Housing Model)

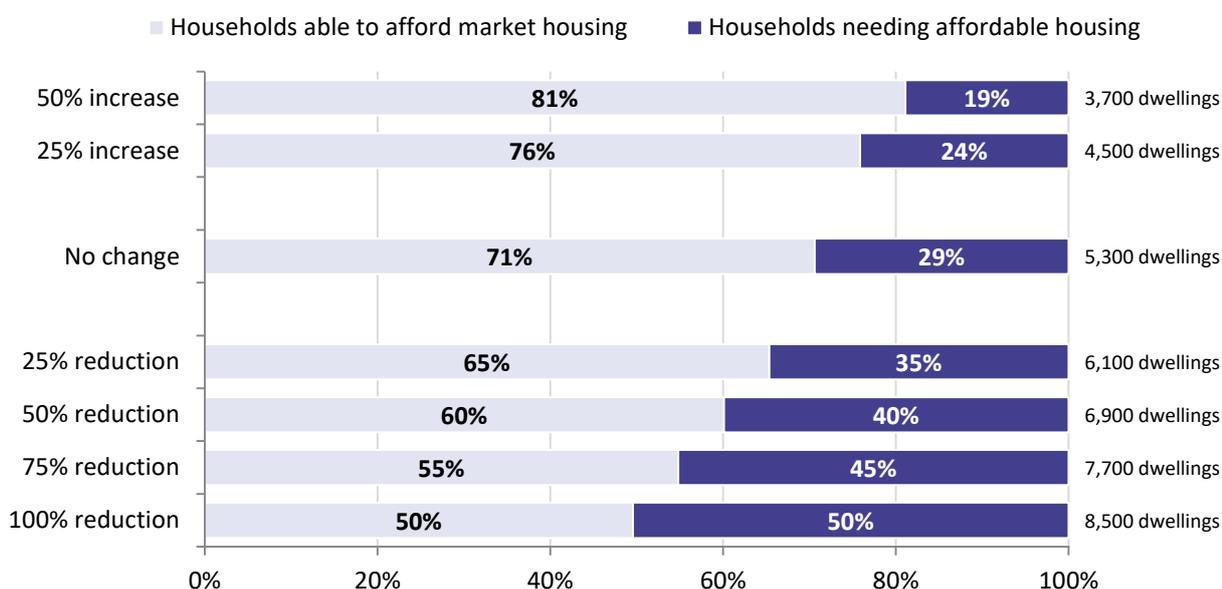
	Housing Need (households)		Overall Housing Need
	Market housing	Affordable housing	
Unmet need for affordable housing in 2015 (see Figure 70)			
Total unmet need for affordable housing	-	1,634	1,634
Supply of housing vacated	608	684	1,292
Overall impact of current affordable housing need	-608	+950	+342
Projected future housing need 2015-35			
Newly forming households	23,038	8,879	31,918
Household dissolutions following death	17,422	4,607	22,029
Net household growth within Bedford	+5,616	+4,273	+9,889
Impact of existing households falling into need	-4,765	+4,765	-
Impact of existing households climbing out of need	+6,603	-6,603	-
Impact of households migrating to/from the area	+5,465	+1,914	+7,379
Future need for market and affordable housing 2015-35	+12,919	+4,349	+17,268
Total need for market and affordable housing			
Overall impact of current affordable housing need	-608	+950	+342
Future need for market and affordable housing 2015-35	+12,919	+4,349	+17,268
Total need for market and affordable housing	+12,311	+5,299	+17,610
Average annual need for housing	+616	+265	+881
Proportion of overall need for market and affordable housing	69.9%	30.1%	100.0%

- 4.96 Figure 70 estimated there to be **1,634 households in need of affordable housing at the start of the Plan in 2015**. However, as 684 of these already occupied an affordable home, our previous conclusion was therefore a net need from 950 households (1,634 less 684 = 950) who need affordable housing and do not currently occupy affordable housing.
- 4.97 The 20-year projection period 2015-35 then adopts the approach that was previously outlined for the initial 5-year period of the projection. The Model identifies that **the number of households in need of affordable housing will increase by 4,349 households over the period 2015-35**, alongside an increase of 12,919 households able to afford market housing.
- 4.98 Overall, there will be a **need to provide additional affordable housing for 5,299 households** over the Plan period 2015-35 (30% of the projected household growth). This is equivalent to an average of **265 households per year**.
- 4.99 As previously noted, data from the HCA Statistical Data Return identifies a vacancy rate of 0.5% for affordable housing in Bedford, therefore adding an additional allowance for vacancies this **identifies a total affordable housing need of 5,326 dwellings** in addition to the current stock, an average of 266 dwellings per year. Any losses from the current stock (such as demolition or clearance, or sales through Right to Buy) would increase the number of affordable dwellings needed by an equivalent amount.

Future Policy on Housing Benefit in the Private Rented Sector

- 4.100 The Model recognises **the importance of housing benefit and the role of the private rented sector**. The Model assumes that the level of housing benefit support provided to households living in the private rented sector will remain constant; however, this is a national policy decision which is not in the control of the Council.
- 4.101 It is important to note that private rented housing (with or without housing benefit) does not meet the definitions of affordable housing. However, many tenants that rent from a private landlord can only afford their housing costs as they receive housing benefit. These households aren't counted towards the need for affordable housing (as 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.
- 4.102 The model adopts a neutral position in relation to this housing benefit support, insofar as it assumes that the number of claimants in receipt of housing benefit in the private rented sector will remain constant. **The model does not count any dwellings in the private rented sector as affordable housing supply;** however it does assume that housing benefit will continue to help some households to afford their housing costs, and as a consequence these households will not need affordable housing.
- 4.103 To sensitivity test this position, Figure 78 shows the impact of reducing (or increasing) the number of households receiving housing benefit to enable them to live in the private rented sector.
- 4.104 If no households were to receive housing benefit support in the private rented sector, half of the growth in household numbers would need affordable housing. In this scenario, it is also important to recognise that the private rented housing currently occupied by households in receipt of housing benefit would be released back to the market, which is likely to have significant consequences on the housing market which are difficult to predict.

Figure 78: Theoretical impact of reducing or increasing Housing Benefit support for households living in private rented housing: Balance between households able to afford market housing and households needing affordable housing 2015-35 and associated number of affordable dwellings



Conclusions

^{4.105} Based on the household projections previously established, we have established the balance between the need for market housing and the need for affordable housing. This analysis has identified a need to increase the overall housing need by 342 households to take account of concealed families and homeless households that would not be captured by the household projections. **These additional households increase the projected household growth from 17,268 to 17,610 households (18,155 dwellings) over the 20-year Plan period 2015-35; equivalent to an average of 881 households and 908 dwellings per year.**

^{4.106} **The housing mix analysis identified a need to provide 5,326 additional affordable homes over the 20-year Plan period 2015-35 (an average of 266 dwellings per year).** This would provide for the current unmet needs for affordable housing in addition to the projected future growth in affordable housing need, but assumes that the level of housing benefit support provided to households living in the private rented sector remains constant.

^{4.107} Providing sufficient affordable housing for all households that would otherwise be living in the private rented sector with housing benefit support would increase the need to around 8,500 affordable homes over the Plan period (425 each year); but it is important to recognise that, in this scenario, the private rented housing currently occupied by households in receipt of housing benefit would be released back to the market and this is likely to have significant consequences which would be difficult to predict.

5. Objectively Assessed Need

Analysing the evidence to establish overall housing need

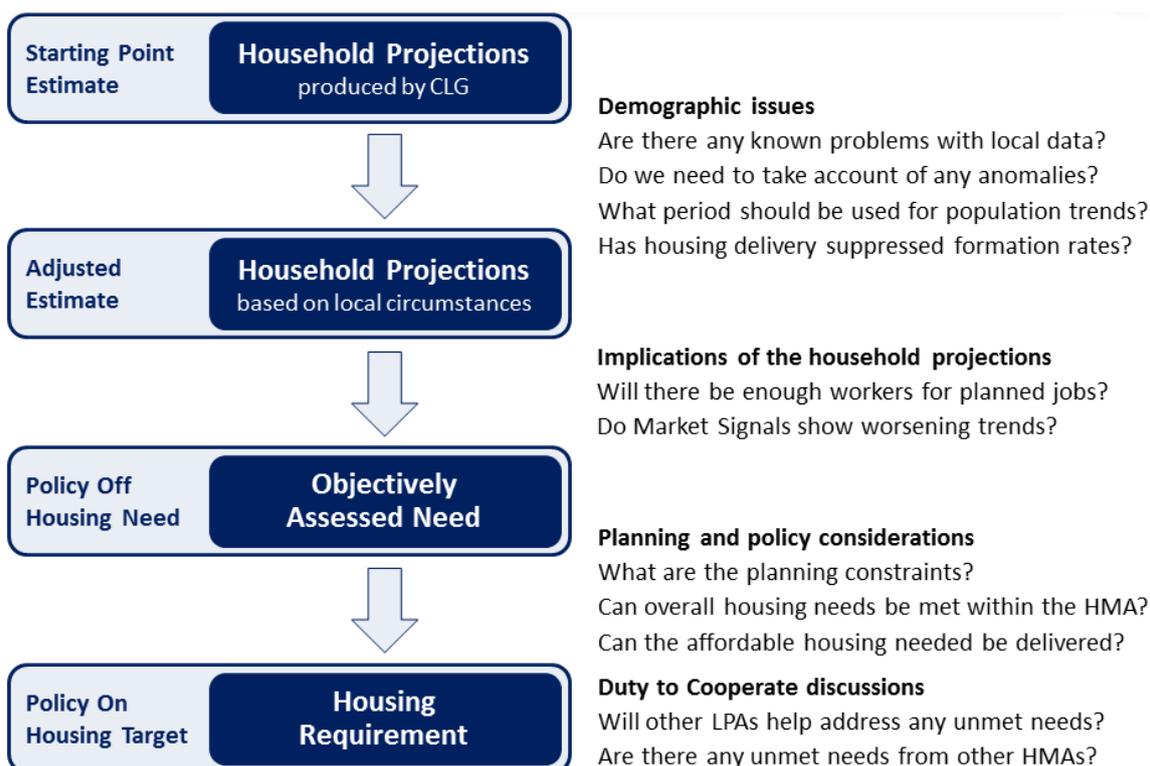
5.1 The primary objective of this study is to establish the Objectively Assessed Need (OAN) for housing. The OAN identifies the future quantity of housing that is likely to be needed (both market and affordable) in the Housing Market Area over future plan periods. It is important to recognise that the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

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

Planning Practice Guidance (PPG), paragraph 4

5.2 Figure 79 sets out the process for establishing OAN. It starts with a demographic process to derive housing need from a consideration of population and household projections, as set out in chapter 3 of the SHMA. To this, external market and macro-economic constraints are applied ('market signals'), in order to embed the need in the real world.

Figure 79: Process for establishing a Housing Number for the HMA (Source: ORS based on NPPF and PPG)



National Context for England

- 5.3 The NPPF requires Local Planning Authorities to “ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area” and “identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which meets household and population projections, taking account of migration and demographic change” (paragraphs 47 and 159).
- 5.4 PPG further identifies that “household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need” (ID 2a-015 to 016).

Household Growth

- 5.5 The 2014-based CLG household projections show that the number of households in England will increase from 22.7 million to 28.0 million over the 25-year period 2014 to 2039. This represents a growth of 5.3 million households over 25 years, equivalent to an annual average of 210,300 households each year, and this provides the starting point estimate of overall housing need for England.
- 5.6 It should be noted that the annual average of 210,300 households is already much higher than current housing delivery: provisional data for England published by CLG for the period April 2015 to March 2016 identifies that construction started on 139,700 dwellings and 139,700 dwellings were also completed during the year. Therefore, to build sufficient homes to meet annual household growth would require housebuilding to increase by over 50% – so providing for household growth in itself would require a significant step-change in the number of homes currently being built.

International Migration

- 5.7 The 2014-based CLG household projections are based on the ONS 2014-based sub-national population projections. These projections identify an average net gain of 182,400 persons each year due to international migration, and a net loss of 6,200 persons each year from England to other parts of the UK. Therefore, the 2014-based projections are based on net migration averaging 176,100 persons each year.
- 5.8 However, these estimates for future international migration may be too low. Oxford University research (March 2015) showed net international migration to be 565,000 persons over the 3-year period 2011-14, an average of 188,300 per annum; and net migration to England averaged 211,200 persons annually between the Census in 2001 and 2011. Both figures suggest that the 2014-based SNPP may underestimate international migration, which would have knock-on implications for projected population growth. Nevertheless, it is important to recognise that future migration trends may also be affected by the UK leaving the EU; and whilst it is currently unclear what arrangements might be put in place to restrict immigration, it is possible that this could have a significant impact on future international migration.
- 5.9 As previously noted, longer-term projections typically benefit from longer-term trends and therefore ORS normally consider migration based on 10-year trends. As noted above, the Census identified that net migration to England averaged 211,200 persons each year over the period 2001-11 and more recent data from the ONS Mid-Year Estimates identifies an average of 210,800 persons each year from 2005-15. The approach taken for establishing migration based on longer-term trends is therefore based on a period when net migration to England was around 35,000 persons higher than assumed by the 2014-based SNPP. This would represent an additional 15,400 households each year (based on CLG average household sizes); increasing the growth for England from 210,300 households to 225,700 households each year on average.

Market Signals

- 5.10 The NPPF also sets out that “Plans should take account of market signals, such as land prices and housing affordability” (ID 2a-017) and PPG identifies that “the housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals”.
- 5.11 The market signals identified include land prices, house prices, rents, affordability and the rate of development; but there is no formula that can be used to consolidate the implications of this data. Nevertheless, the likely consequence of housing affordability problems is an increase in overcrowding, concealed and sharing households, homelessness and the numbers in temporary accommodation. PPG identifies that these indicators “demonstrate un-met need for housing” and that “longer term increase in the number of such households may be a signal to consider increasing planned housing numbers” (ID 2a-019).
- 5.12 The Census identified that the number of concealed families living in England increased from 161,000 families to 276,000 families over the decade 2001 to 2011, which represents a growth of 115,000 families over 10 years. Although many concealed families do not want separate housing (in particular where they have chosen to live together as extended families), others are forced to live together due to affordability difficulties or other constraints – and these concealed families will not be counted as part of the CLG household projections.
- 5.13 Concealed families with older family representatives will often be living with another family in order to receive help or support due to poor health. Concealed families with younger family representatives are more likely to demonstrate un-met need for housing. When we consider the growth of 115,000 families over the period 2001-11, over three quarters (87,100) have family representatives aged under 55, with substantial growth amongst those aged 25-34 in particular. This is a clear signal of the need to increase the planned housing numbers in order to address the increase in concealed families over the last decade and also factor in their impact on current and future average household sizes.
- 5.14 Addressing the increase in concealed families would increase projected household growth by 87,100 over the 25-year period, an average of 3,500 households each year over the period 2014-39 (or higher if the need is addressed over a shorter period). Therefore, adjusting for longer-term migration trends and taking account of the market signals uplift for concealed families yields an average household growth for England of 229,200 each year.

Converting to Dwellings

- 5.15 Finally, in converting from households to dwellings we need to allow for a vacancy and second home rate as not all dwellings will be occupied. At the time of the 2011 Census this figure was 4.3% of all household spaces in England: we have applied this to future household growth, and on this basis the growth of 229,200 households would require the provision of **239,500 dwellings each year across England**. This is the average number of dwellings needed every year over the 25-year period 2014-39 and represents a 1.0% increase in the dwelling stock each year.
- 5.16 This takes account of household growth based on CLG 2014-based projections (the starting point); adjusts for long-term migration trends which assume a higher rate of net migration to England; responds to market signals through providing for the growth of concealed families; and takes account of vacant and second homes.

- 5.17 Whilst the uplift for market signals represents less than 2% of the projected household growth, the household growth itself is much higher than current rates of housing delivery. **The identified housing need of 239,500 dwellings requires current housebuilding rates to increase by 71%** (based on dwelling starts in 2015-16).
- 5.18 Development industry campaigners (such as Homes for Britain²⁹) are supporting a position which requires 245,000 homes to be built in England every year, a figure derived from the Barker Review (2004)³⁰. It is evident that objectively assessed need based on household projections which take account of longer-term migration trends together with a market signals adjustment for concealed families is consistent with this target, so any further increase in housing numbers at a local level (such as adjustments which might be needed to deliver more affordable housing or provide extra workers) must be considered in this context.

Establishing Objectively Assessed Need for Bedford

- 5.19 The earlier part of this Chapter sets out the context for national change in households, and the underlying complexities and features around this. We now move on to the position for Bedford. Our approach for this section follows the format of the earlier section, albeit with specific reference to Bedford. Essentially, therefore, this section is concerned with:
- » CLG 2014-based household projections (the starting point);
 - » Migration adjustments, based on Census, for longer-term migration trends (which incorporate higher international migration rates);
 - » Market signals, including an uplift for concealed families;
 - » Converting from household growth to a requirement for dwellings, taking account of vacancies and second homes.
- 5.20 In addition, we consider employment trends and the relationship between the jobs forecast and projected number of workers.

CLG Household Projections

- 5.21 The “starting point” estimate for OAN is the CLG household projections, and the latest published data is the 2014-based projections for period 2014-39. These projections suggest that household numbers across the study area will increase by 19,661 over the 20-year Plan period 2015-35, an average of 983 per year.
- 5.22 However, the notes accompanying the CLG Household Projections explicitly state that:
- The 2014-based household projections are linked to the Office for National Statistics 2014-based sub-national population projections. **They are not an assessment of housing need** or do not take account of future policies, they are an indication of the likely increase in households given the **continuation of recent demographic trends**.*
- 5.23 The ONS 2014-based sub-national population projections are based on migration trends from the 5-year period before the projection base date; so trends for the period 2009-2014. Short-term migration trends are generally not appropriate for long-term planning, as they risk rolling-forward rates that are unduly high or unduly low. Projections based on long-term migration trends are likely to provide a more reliable estimate of future households.

²⁹ <http://www.homesforbritain.org.uk>

³⁰ http://webarchive.nationalarchives.gov.uk/+/http://www.hmtreasury.gov.uk/barker_review_of_housing_supply_recommendations.htm

Adjustments for Local Demography and Long-term Migration

- 5.24 ORS have calculated household projections also include a scenario using 10-year migration trends, based on information from the Census for the period 2001-11 and more recent mid-year estimate data for the period 2005-15. These scenarios show that household numbers across the study area would increase by an average of 674 per year (based on migration trends from 2001-11) or 769 per year (based on trends for the period 2005-15) over the 20-year Plan period 2015-35.
- 5.25 Nevertheless, the SHMA has identified concerns that the 2011 Census under-enumerated the population for Bedford in 2011 by around 4,000 persons. Adjusting for this increases the baseline population in 2015; but more importantly, it also increases the rate of population growth that is attributed to migration. It is essential that the demographic projections are based on accurate estimates of past trends if they are to provide a robust basis on which to plan future housing need; therefore, consistent with PPG, the SHMA takes full account of these “*factors affecting local demography*” through developing independent household and population projections.
- 5.26 The long-term migration trends based on the intercensal period normally provide the most robust and reliable basis for projecting the future population, which recognises that Census data is inherently more reliable than any other population estimates at a local level. However, the trends in the 10-year average migration rate show that the period 2001-11 was towards a low point in the cycle. Given this context, we have based the analysis of overall housing need on migration trends from the 10-year period 2005-15.
- 5.27 On the basis of 10-year migration trends based on the period 2005-2015, **household numbers across the study area are projected to increase by 17,268 households over the 20-year period 2015-35, an average of 863 per year. Providing for an annual increase of 863 households yields a housing need of 890 dwellings each year.**
- 5.28 Whilst this projection is lower than the CLG 2014-based household projection (983 p.a.), as this scenario takes account of issues affecting local demography and is based on long-term migration trends, it provides the most reliable and appropriate demographic projection for establishing future housing need.

Affordable Housing Need

- 5.29 The SHMA has undertaken a comprehensive analysis of the existing unmet need for affordable housing. This analysis identified that **overall housing need should be increased by 342 households (344 dwellings)** to take account of **concealed families** and **homeless households** that would not be captured by the household projections. When the unmet needs from existing households living in unsuitable housing were also included, the analysis established there to be **1,634 households in need of affordable housing at the start of the Plan in 2015.**
- 5.30 Nevertheless, 684 of these households already occupy an affordable home (albeit unsuitable for their current needs) – so the home that will be vacated when their needs are resolved must be offset against the overall need to establish the unmet need. **There is an unmet need from 950 households (1,634 less 684 = 950) who will need affordable housing at the start of the Plan period 2015-35 and do not already occupy affordable housing in Bedford.**
- 5.31 Based on the household projections, the SHMA has established the balance between the future need for market housing and affordable housing. The analysis identifies that **the number of households in need of affordable housing will increase by 4,349 households over the period 2015-35**, alongside an increase of 12,919 households able to afford market housing.

- 5.32 Overall, there will be a **need to provide additional affordable housing for 5,299 households over the 20-year Plan period 2015-35** (an average of 265 per year). This would provide for the current unmet needs for affordable housing in addition to the projected future growth in affordable housing need, but assumes that the level of housing benefit support provided to households living in the private rented sector remains constant. Furthermore, any losses from the current stock (such as demolition or clearance, or sales through Right to Buy) would increase the number of affordable dwellings needed by an equivalent amount.

Need for Older Person Housing

- 5.33 The SHMA has identified that the institutional population is likely to increase by around 828 persons over the period 2015-35 (Figure 57). This increase in institutional population is a consequence of the CLG approach to establishing the household population³¹, which assumes “*that the share of the institutional population stays at 2011 levels by age, sex and relationship status for the over 75s*” on the basis that “*ageing population will lead to greater level of population aged over 75 in residential care homes*”.
- 5.34 However, it does not necessarily follow that all of the increase in institutional population should be provided as additional bedspaces in residential institutions in Use Class C2; some of the specialist older person housing may be more appropriate for their needs.
- 5.35 Chapter 6 of the SHMA considers the need for specialist older person housing, and concludes that Extra Care housing is likely to divert around 292 persons from residential care. This would reduce the identified need for additional bedspaces in residential institutions in Use Class C2 from 828 to 536; however, there would be **an additional 292 households needing housing (178 needing market housing and 114 needing affordable housing) over the 20-year Plan period 2015-35 which would not be counted by the household projections.**

Employment Trends

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

Plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area.

Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems.

Planning Practice Guidance (March 2014), ID 2a-018

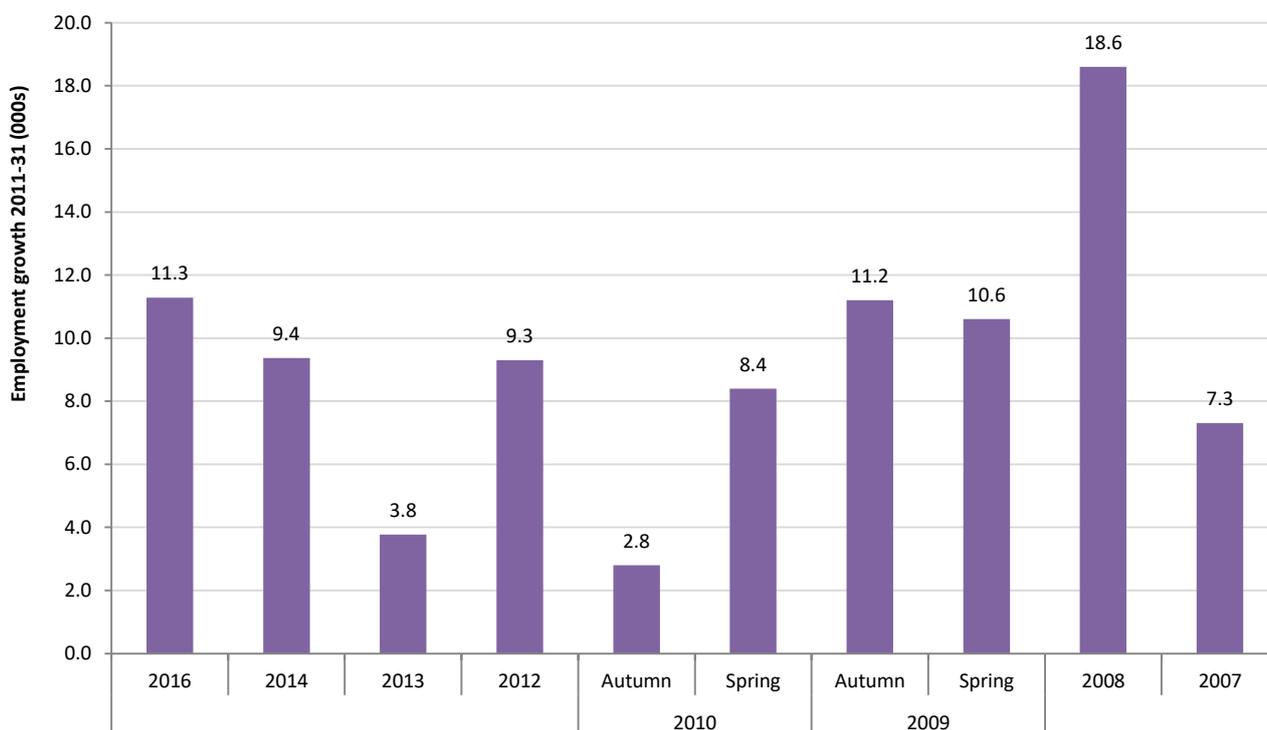
- 5.37 The demographic analysis has identified that on the basis of providing 890 additional dwellings each year over the 20-year Plan period 2015-35, it is likely that the economically active population would increase by around 9,800 people (490 per year on average).

³¹ Household Projections 2012-based: Methodological Report, Department for Communities and Local Government, February 2015

East of England Forecasting Model (EEFM)

- 5.38 Regular forecasts of jobs growth have been regularly produced for each local authority in the East of England from the East of England Forecasting Model (EEFM). The EEFM was originally developed by Oxford Economics to project economic, demographic and housing trends in a consistent manner. It covers a wide range of variables, and is designed to be flexible so that alternative scenarios can be run. The model is available at regional, sub regional (counties, unitaries and district authorities).
- 5.39 Previous outputs from the EEFM model covered the period to 2031, and considering forecasts for Bedford for the 20-year period 2011-31 it is evident that the outputs have varied over time (Figure 80).

Figure 80: Employment growth forecasts 2011-31 (Source: EEFM)



- 5.40 The most recent outputs (EEFM 2016) produced by Cambridge Econometrics were published in July 2016 and the baseline forecast for Bedford suggested that employment growth for the period 2011-31 would be around 11,300 jobs; however, estimates of actual growth for the period 2011-14 were particularly high as the country emerged from recession. For the 20-year Plan period 2015-35, the EEFM 2016 outputs suggest that total employment in Bedford would increase from 81,600 in 2015 to 88,300 in 2035; an increase of only 6,700 jobs over this later 20-year period; notably lower than the range of estimates for the previous 20-year period 2011-31.
- 5.41 Whilst the EEFM baseline forecast identifies an increase of 6,700 jobs, the number of workplace employed people is only forecast to increase by 5,500 workers – which implies that 1,200 of the extra jobs will be fulfilled by an increase in “double jobbing”. The EEFM also identifies that net commuting will change from a net inflow of 300 workers commuting to Bedford in 2015 to a net outflow of 4,400 workers commuting away from Bedford by 2035; suggesting that net outward commuting will increase by 4,700 workers over the period. Given this context, if the level of net commuting did not change over the 20-year period (and remained at a net inflow of 300 workers) then there would be sufficient workers available to provide for around 11,400 extra jobs in Bedford over the 20-year Plan period: an increase of 10,200 workers living in the area, together with the 1,200 extra jobs associated with the forecast increase in “double jobbing”.

Conclusions on Jobs and Workers

- 5.42 The EEFM increase of 10,200 workers is consistent with the 9,800 increase in economically active population identified by the SHMA demographic analysis (on the basis of providing 17,800 dwellings) together with a small assumed reduction in unemployment; and on this basis, there would be no need to increase the housing number to satisfy employment growth based on the forecast of 6,700 extra jobs. Furthermore, without any change to net commuting, there would be sufficient workers available to provide for up to 11,400 jobs in Bedford over the 20-year Plan period. The SHMA trend-based population projections would therefore support jobs growth in the area: **no additional uplift to housing delivery is required to accommodate the likely increase in the need for workers in the area.**
- 5.43 Nevertheless, the EEFM baseline forecast assumes that an increase of 10,200 workers would yield a demand for 16,500 dwellings; 1,300 fewer than the housing need identified by the SHMA based on demographic projections. Therefore, if 17,800 dwellings were provided, the EEFM assumptions would yield a larger increase in workers (given a larger increase in the overall population); so this level of housing could possibly provide sufficient workers for more than 11,400 extra jobs. Furthermore, any increase to the overall housing need in response to market signals would also increase the number of additional workers available over the 20-year Plan period.

Market Signals

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

The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings (ID 2a-019)

A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections (ID 2a-020)

Planning Practice Guidance (March 2014), ID 2a-019/020

- 5.45 The Market Signals include:
- » Land and house prices;
 - » Rents and affordability;
 - » Rate of development; and
 - » Overcrowding.
- 5.46 Furthermore, there are other issues that should be considered, for example the macro-economic climate (PAS OAN technical advice note, para 5.22). There are also wider market trends and drivers to consider. A full range of market signals are reviewed and their implications are considered especially where these may indicate undersupply relative to demand and the need to deviate from household projections.
- 5.47 PPG and the PAS OAN technical advice note emphasise the importance of considering indicators in the context of longer-term trends and looking at rates of change as well as absolute levels – for example, house

prices in the housing market may be higher or lower than the national average, however the more important consideration is whether or not they are becoming more (or less) expensive at a rate that differs from the national rates or rates in similar areas.

Appropriate comparisons of indicators should be made. This includes comparison with longer term trends (both in absolute levels and rates of change) in the housing market area; similar demographic and economic areas; and nationally.

Planning Practice Guidance (March 2014), ID 2a-020

- 5.48 To identify areas with similar demographic and economic characteristics to Bedford, we have analysed a range of comparative data. The outcome of this analysis suggests that many of Bedford's demographic and economic characteristics are similar to the England average; therefore national comparisons will typically be appropriate. The data has also identified that Colchester, Northampton and Aylesbury Vale also have demographic and economic characteristics that are similar to Bedford and the England average; therefore, in considering market signals, we have considered these district council areas as appropriate comparators and compared them against Bedford.

House Prices

- 5.49 House prices in the UK have been relatively volatile in the past 10 years. Prices increased by 8.7% in the 12 months to June 2016³²; prices rose fastest in the East of England (14.3%), London (12.6%), and the South East (12.3%).
- 5.50 The average UK house price was £214,000 in June 2016 compared to the peak of the previous high of £190,000 in the three months August to October 2007, which was overtaken in 2014. Average house price trends 2006 - 2016 as demonstrated by the House Price Index (HPI) show the price divergence between London and the rest of the UK.

Figure 81: Annual house price rates of change, UK all dwellings 2004-2016 (Source: Regulated Mortgage Survey. Note: Not seasonally adjusted)

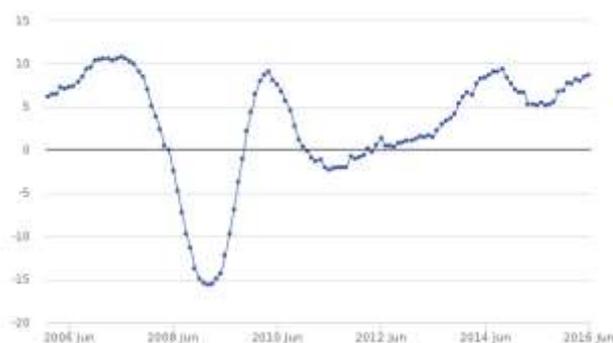
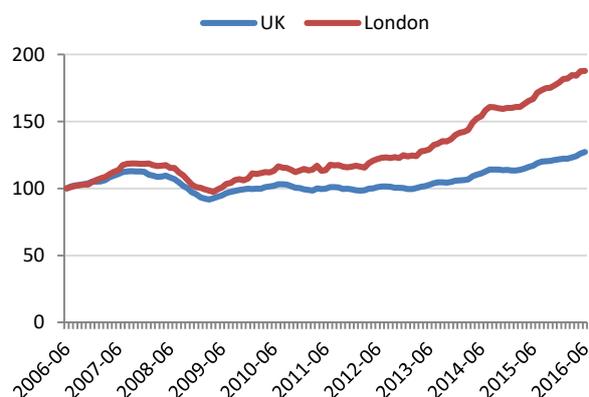


Figure 82: UK and London House Price Index 2008-2016 (Source: ONS)



- 5.51 The Bank of England has overall responsibility for UK monetary policy: it has become concerned about the risks posed by house prices, high levels of borrowing and any housing 'bubble' to national economic recovery.

³² <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/june2016>

5.52 In his speech at the Mansion House in June 2014, the Governor of the Bank said:

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

5.53 These concerns remain. The Financial Policy Committee (FPC) Financial Stability Report July 2016³³ states:

“The FPC is alert to risks arising from household indebtedness. Survey evidence on the housing market has been difficult to interpret in recent months because of the impact of the pre-announced increase in stamp duty, which boosted activity in March and has dampened activity in April and May. Nevertheless, in advance of the referendum, there was evidence that uncertainty about the outcome was contributing to a slowdown in housing activity. For example, the May RICS survey of chartered surveyors reported a sharp decline in new buyer enquiries ... to their lowest level since 2008.”

5.54 The FPC also states concern about the effects of rapid growth in the buy-to-let sector:

“The stock of buy-to-let lending grew by 12.3% in the year to 2016 Q1. Activity fell off sharply in April, such that buy-to-let mortgage lending for house purchase was 85% lower than in March.”

5.55 The risk centres on the possibility of buy-to-let investments “amplifying cycles in the housing market as a whole” which “could put upward pressure on household indebtedness in an upswing and have an impact on consumption and broader economic activity in a downturn”.

5.56 The RICS UK Residential Market Survey³⁴ is updated monthly. While there are many uncertainties following the June 2016 referendum, the July 2016 Survey gives an early indication of the direction of prices in the short to medium term, and reports an increase in optimism among respondents:

“the net balance of those expecting prices to increase over the year ahead rising from zero to +23%. Even so, this still represents a significant softening compared to six months ago, when +66% more surveyors anticipated rising prices. For the second month running, the regional breakdown shows London and East Anglia are the only areas in which prices are expected to fall over the year ahead.”

5.57 Overall respondents to the Survey expect prices to rise over the medium term, with higher rises in London compared to the UK:

“London exhibits amongst the strongest projections over the medium term (three-month average), with respondents pencilling in around 4% growth, per annum, over the next five years. On the same basis, prices are expected to rise by close to 3% nationally.”

5.58 The Survey suggests that, currently, an “acute shortage of property for sale” could be underpinning prices.

³³ <http://www.bankofengland.co.uk/publications/Pages/fsr/2016/jul.aspx>

³⁴ <http://www.rics.org/uk/knowledge/market-analysis/rics-residential-market-survey/>

Local House Prices

5.59 House price trends (2001-2015) are shown in Figure 83 based on lower quartile house prices. Of course, the value of money has also changed during this period, therefore Figure 84 shows data adjusted to take account of the impact of inflation. Therefore, the values in Figure 84 reflect real changes which have occurred since 2001 when removing the impact of background inflation.

5.60 It is evident that real house prices across Bedford increased substantially in the period 2001-2005 (from £82,400 to £158,700 at 2015 values, a real increase of 93%), and prices continued to rise to a peak of £169,900 by the end of 2007. Nevertheless, values reduced to £150,200 by the start of 2010 and have largely plateaued until around 2014 when they started to increase again.

Figure 83: House Price Trends: Lower Quartile Prices (Source: ONS)

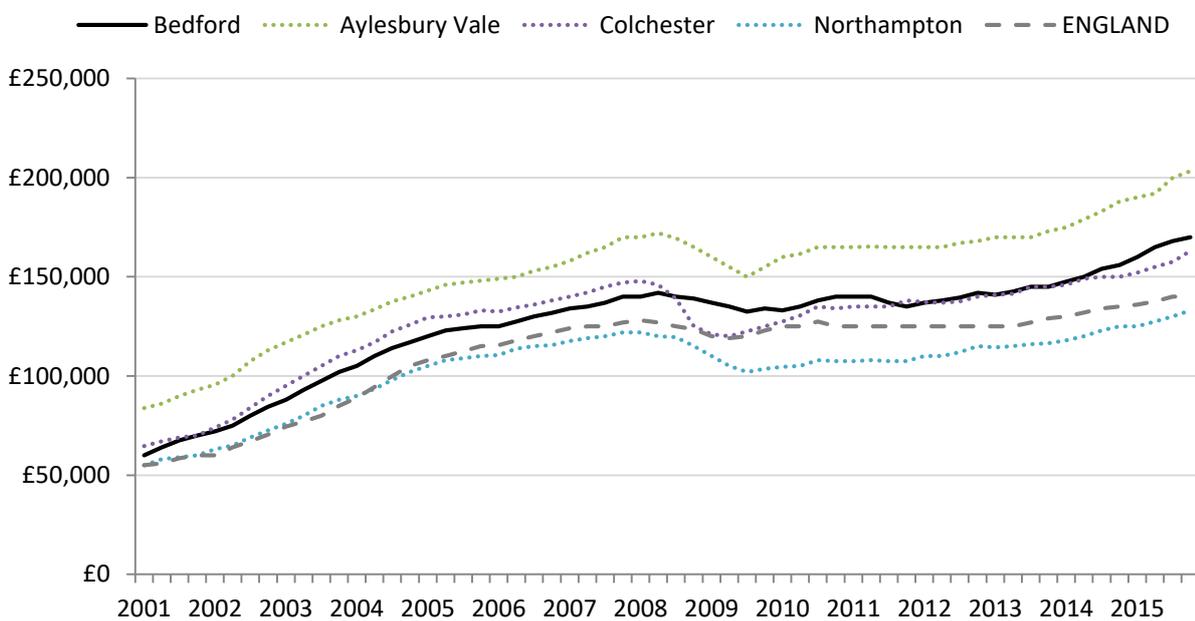
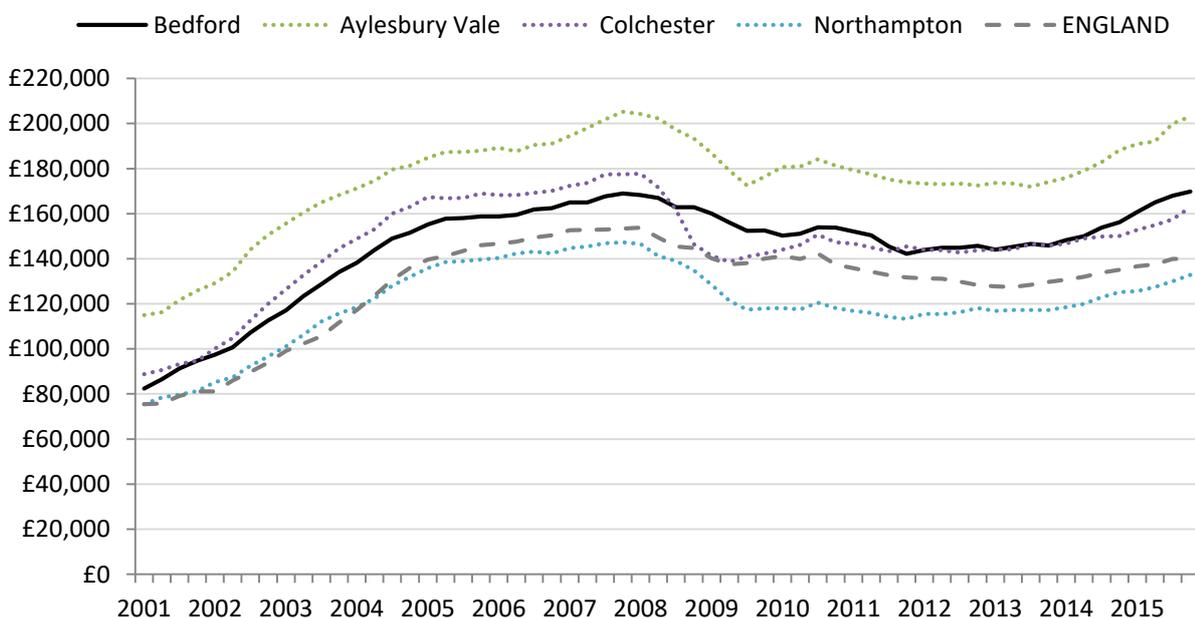
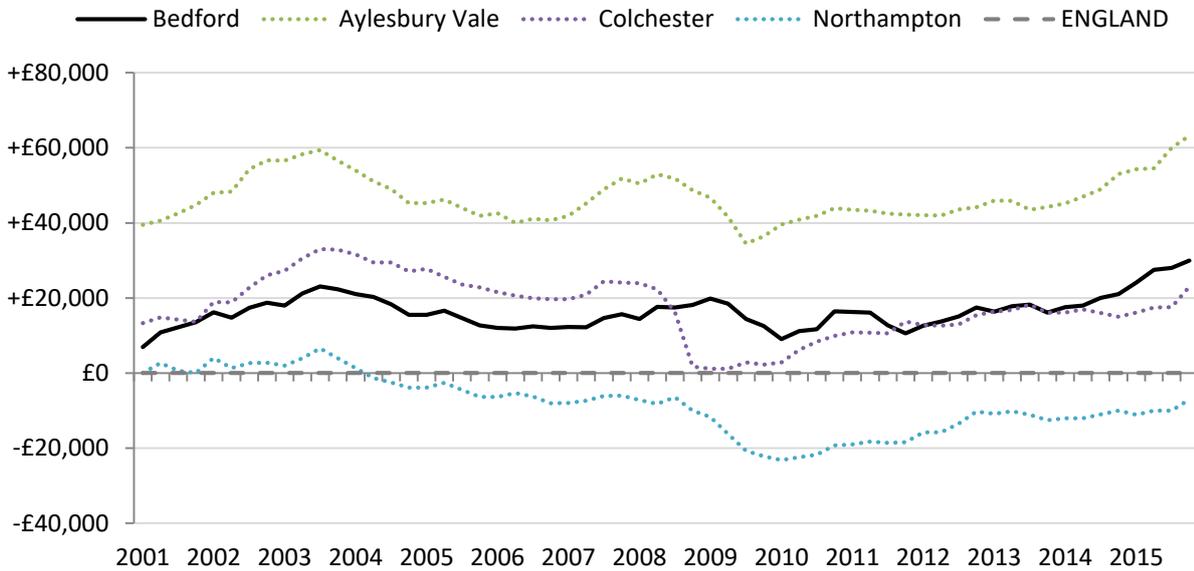


Figure 84: Real House Price Trends: Lower Quartile Prices adjusted to 2015 values using CPI (Source: CLG Live Tables; BoE)



5.61 Figure 85 shows how real house prices in Bedford and the comparator areas have varied when compared with the English average. This shows that real house prices in Bedford have stayed at a relatively consistent rate relative to the English average over the period since 2001.

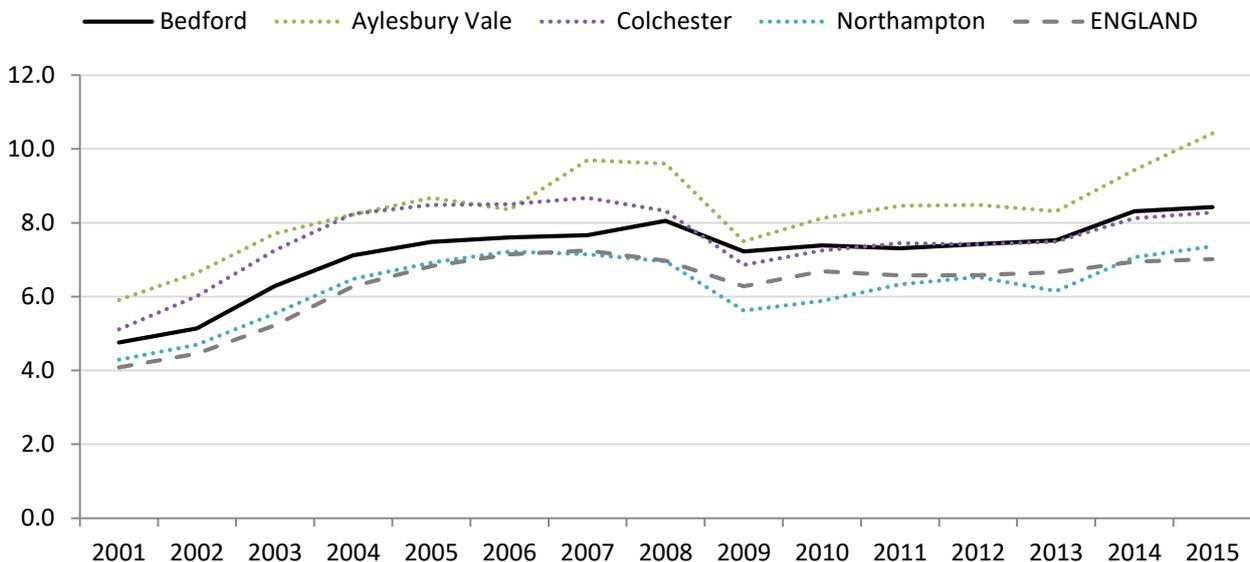
Figure 85: Real House Price Trends relative to England: Lower Quartile Prices adjusted to 2015 values using CPI (Source: CLG Live Tables; Bank of England)



Affordability

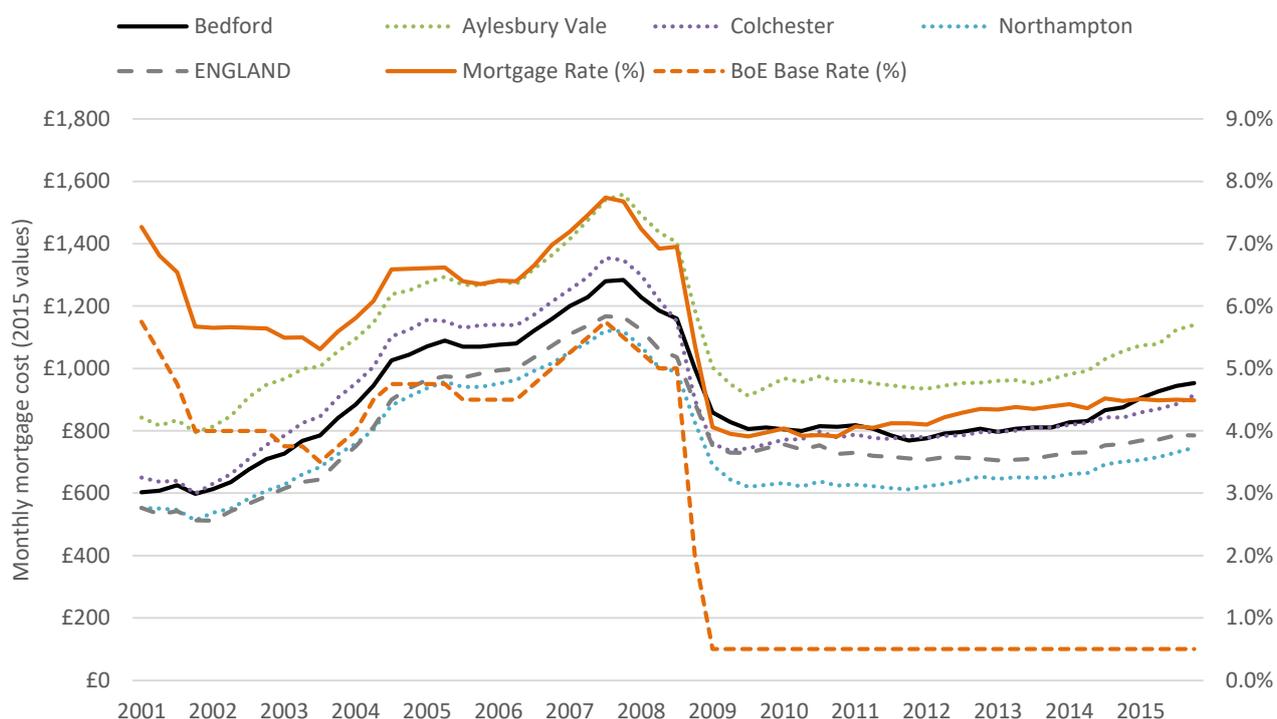
5.62 Figure 86 below shows the ratio of lower quartile house price to lower quartile earnings in Bedford and the comparator areas between 2001 and 2015. This long term trend for the HMA is similar to comparator authorities; while worsening in the period 2001-05 (when there was an increase in real house prices), the multiplier has been relatively stable over the period 2005-13 with an increase reflecting the change in house prices over the last two years.

Figure 86: Ratio of Lower Quartile House Price to Lower Quartile Earnings (Source: DCLG. Note: Ratios prior to 2013 are calculated using a different source of house price data)



- 5.63 Of course, it is important to remember that affordability can be influenced by both supply side issues (e.g. lower housing delivery levels) and demand side issues (e.g. availability of mortgage finance).
- 5.64 It is generally recognised that the availability and affordability of mortgage finance in the early part of the last decade contributed to house price growth during this period. Borrowers were readily able to access mortgages with high LTV rates (including rates of 100% or more) based on high income multipliers; with the associated interest rates being relatively low compared to previous years. Standard variable rate mortgages were typically around 8% in the late 1990s (having previously been much higher); but rates approached 5% by 2003 (when the Bank of England base rate was at 3.5%).
- 5.65 Figure 87 shows the real trends in monthly mortgage costs based on 2015 values. This is based on the lower quartile house price with a 100% repayment mortgage at the standard variable rate with a 25-year term. It is evident that house price increases around 2001 were being offset against interest rate reductions, although mortgage costs on lower quartile prices still increased over the period to 2007. The Bank of England base rate has been at an historic low of 0.5% since 2009, and whilst standard variable rate mortgages have stayed above 4% the mortgage costs for Bedford (based on lower quartile house prices) have remained at around £800 pcm (at 2015 values) which is equivalent to the real cost in 2004 and only marginally higher than the cost in 2001 (£600 pcm). Nevertheless, any increase in interest rates will lead to higher mortgage costs again unless the recent reduction in real house prices can be sustained.

Figure 87: Monthly mortgage costs based on 2015 values (Source: CLG Live Tables; Bank of England)



Private Rent

- 5.66 Private Rented Housing has become a significant part of the national housing offer; further, many households with housing need are now meeting those needs in the sector.
- 5.67 The English Housing Survey confirmed that more households in England rent from private landlords than councils or housing associations (4.3m cf. 3.9m in 2014-15). Given very limited new build private rent supply, sector growth is driven by conversion of existing owner occupied stock to private rent, either as individual homes or as Houses in Multiple Occupation (HMO).
- 5.68 The Institute of Mortgage Lenders Association (IMLA) forecasts suggest that the sector will continue to increase in size in coming years. More than a third of all households could rent privately within two decades – twice as many as today.

Figure 88: UK household tenure projections to 2032 (Source: DCLG/IMLA)

	Owner-occupied		Private rented		Social rented		Total
	units (thousan	% of total	its (thousan	% of total	its (thousan	% of total	
2007	18,206	68.00%	3,606	13.50%	4,886	18.30%	26,698
2012	17,835	64.20%	4,920	17.70%	4,936	17.80%	27,691
2017f	17,445	61.10%	6,106	21.40%	4,996	17.50%	28,548
2022f	17,064	57.50%	7,578	25.50%	5,058	17.00%	29,700
2032f	16,326	49.20%	11,672	35.20%	5,182	15.60%	33,181

Private Rented Sector in Bedford

- 5.69 Whilst the dominant form of housing tenure in Bedford continues to be owner occupation, the sector has declined relatively by 5.6% since 2001. In the same period, the private rented sector has grown by 5.5%, although at a lower relative rate than England. Affordable housing is also declining slightly relative to other tenures.

Figure 89: Household Tenure by Area (Source: UK Census of Population 2001 and 2011. Note: Private Rent includes tied housing and living rent free)



- 5.70 The rate of increase in the PRS is revealing: over the period 2001-11, the PRS sector has grown by 45% across the area; although this is marginally lower than England and the Eastern region, where growth has been 51% and 48% respectively over the same period.
- 5.71 Whilst there are some examples of private rent contributing directly to new housing supply in Bedford (in particular where offices are being converted under permitted development to residential use), it is important to recognise that much of the sector's growth is via the existing dwellings from other tenures now being rented privately. However, there is considerable current interest in attracting investment to boost new build PRS supply, particularly from Government³⁵.

Private Sector Rents

- 5.72 Median rents have increased across all property sizes in Bedford in the private rented sector over the period since 2013/14, suggesting that demand probably exceeds supply. Average rents in Bedford are now higher than nationally across England. The upward trend would indicate that the sector still has growth potential both nationally and locally in Bedford.

Figure 90: Median Monthly Rent Values (Source: Valuation Office Agency 2013-2016)

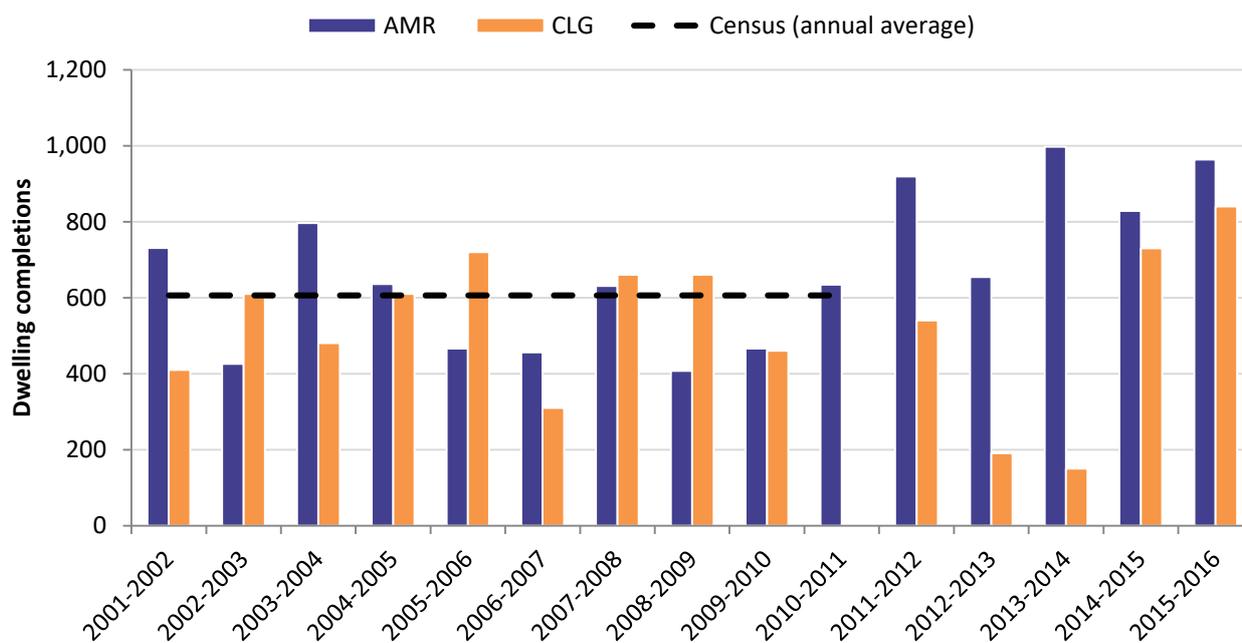
	April 2013- March 2014	April 2014- March 2015	April 2015- March 2016
Bedford			
1 bedroom	£475	£495	£525
2 bedroom	£600	£650	£695
3 bedrooms	£750	£750	£815
4 or more bedrooms	£1,000	£1,000	£1,250
Colchester			
1 bedroom	£490	£500	£525
2 bedroom	£625	£650	£660
3 bedrooms	£775	£825	£850
4 or more bedrooms	£1,150	£1,200	£1,200
Northampton			
1 bedroom	£475	£495	£500
2 bedroom	£575	£595	£625
3 bedrooms	£650	£675	£710
4 or more bedrooms	£898	£900	£950
Aylesbury Vale			
1 bedroom	£575	£595	£650
2 bedroom	£695	£725	£795
3 bedrooms	£900	£925	£1,000
4 or more bedrooms	£1,350	£1,400	£1,500
England			
1 bedroom	£500	£525	£550
2 bedroom	£575	£595	£600
3 bedrooms	£650	£675	£695
4 or more bedrooms	£1,100	£1,175	£1,250

³⁵ Review of the Barriers to Institutional Investment in Private Rented Homes; Montague Review

Housing Development

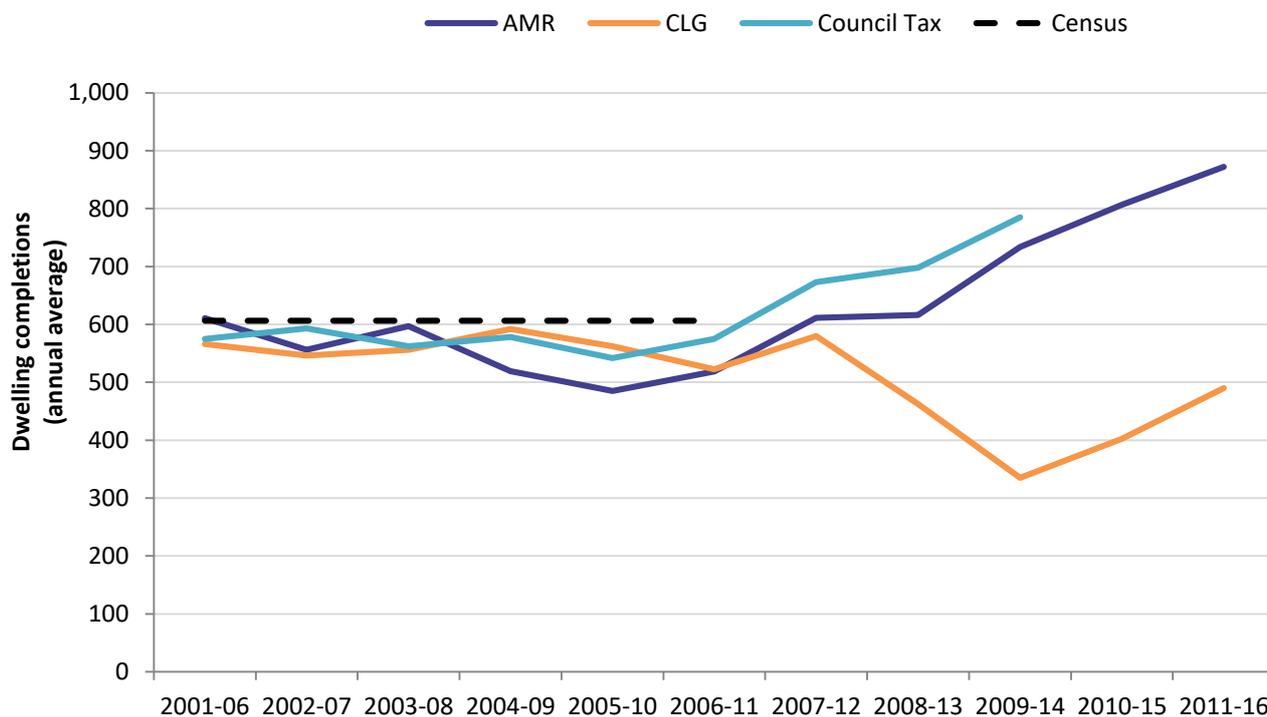
- 5.73 Census data shows that the number of dwellings in Bedford increased from 61,300 to 67,300 over the 10-year period 2001-11. This represents an increase of 6,100 dwellings equivalent to 9.9% of the stock. Over the same period, the number of dwellings in England increased from 21.2 million to 23.0 million, equivalent to around 8.3% of the stock. Therefore, housing development in Bedford has been around 19% higher than development across England over the last decade (9.9% divided by 8.3% = 119%).
- 5.74 Figure 91 compares the data from the Census against housing completions recorded in the Council's Annual Monitoring Report (AMR) and data on housing completions published by CLG. The AMR data suggests an annual average of 560 additional dwellings over the period 2001-11 whilst the CLG data suggests an annual average of 550 additional dwellings over the period 2001-10 (the data for Bedford was not available in 2010-11). Whilst these rates are marginally lower than the increase suggested by the Census, it is likely that at least some of the difference will be associated with the conversion of existing dwellings that have not been recorded by the planning system.

Figure 91: Annual Housing Completions for Bedford (Source: Bedford BC Annual Monitoring Report; CLG Live Tables; Census 2001 and 2011)



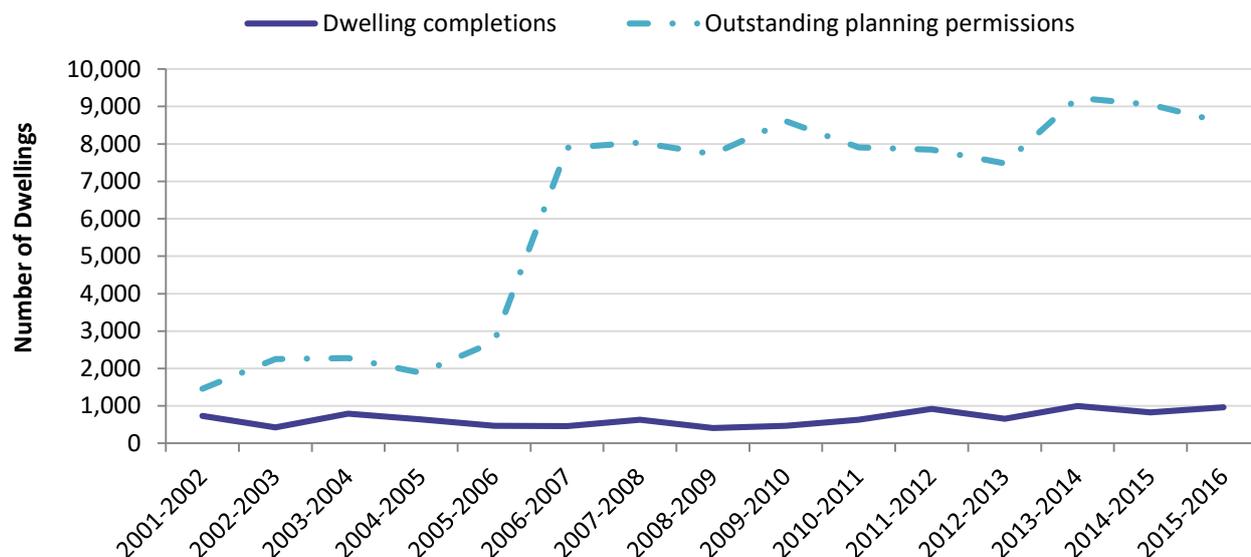
- 5.75 Whilst the AMR data and CLG data are broadly consistent with each other over the period 2001-11 (and also broadly consistent with the Census), data from the two sources has been notably different over the three-year period 2011-14. The AMR has recorded 2,570 additional dwellings over the period compared to only 880 dwellings recorded by CLG for the same period (annual averages of 860 and 290 dwellings respectively). Whilst the reason for the under reporting to CLG is unclear, the Council is confident that the AMR data is accurate and consistent with the increase in dwellings paying Council Tax.
- 5.76 Figure 92 shows average annual housing completions based on rolling 5-year periods, which illustrates the changes in underlying trends. The AMR and CLG data show that completion rates have been relatively stable, consistently averaging around 500-600 dwellings each year; though more recently average rates have climbed year-on-year and have routinely exceeded 600 dwellings per year, with AMR data for the most recent 5-year period 2011-16 averaging 870 annually.

Figure 92: Trends in 5-year Average Annual Housing Completions for Bedford (Source: Bedford BC Annual Monitoring Report; CLG Live Tables; Bedford BC Council Tax Records; Census 2001 and 2011)



- 5.77 The Milton Keynes South Midlands (MKSM) Plan identified Bedford as a Growth Area, and its housing allocation was higher than demographic projections suggested at that time. Projections of households in England to 2016 (produced by the Department of the Environment) identified that the number of households in Bedfordshire (including Luton) would increase from 219,000 to 269,000 over the 20-year period 1996-2016; an average increase of 2,500 households each year across the historic county. Proportionately, this represented an annual growth of around 650 households in Bedford Borough.
- 5.78 The MKSM Plan allocated 16,270 dwellings to the Bedford Growth Area over the 20-year period 2001-2021 (an average of 810 per year) and the East of England Plan allocated a further 1,300 dwellings over 20 years to the borough outside the identified Growth Area. Therefore, the overall planned delivery of 880 dwellings each year at that time was notably higher than demographic projections which suggested an annual increase of around 650 households. This was a strategic decision with the intention of increasing net migration to the borough to ease housing pressures across the wider MKSM sub-region; and the housing targets were around a third higher than need or demand, so there was no planning constraint on the housing developed.
- 5.79 In the context of the MKSM Plan, the local planning authority significantly increased the number of planning consents for dwellings in Bedford Borough (Figure 93). The number of outstanding permissions increased from a baseline of around 2,000 prior to the MKSM Plan being published and has been sustained at a level of around 8,000 in the period since – but the actual number of dwelling completions has not experienced the same step-change.

Figure 93: Dwelling Completions and Outstanding Planning Permissions (Source: Bedford BC Annual Monitoring Report)



- 5.80 Whilst the MKSM Plan sought to increase dwelling provision in Bedford beyond the level suggested by household projections (and therefore change migration patterns through increasing net inward migration) and Bedford Council provided the planning permissions for this to happen, dwelling delivery has been below the Plan targets and has stayed broadly in line with the need identified by the historic household projections. Given this context, whilst the strategic ambition to increase migration to the borough through higher levels of housing delivery may not have been achieved (as the increase in dwellings averaged 610 annually over the period 2001-11 compared to a dwelling delivery target of 810 each year), dwelling delivery in the borough has not unduly constrained the migration trends that were already established.

Overcrowding

- 5.81 Overcrowding was considered in detail when establishing the need for affordable housing, and based on the bedroom standard we estimated that 1,584 households were overcrowded in the HMA (Figure 65), including 537 owner occupiers, 390 households renting privately and 657 households in the social rented sector.
- 5.82 PPG also identifies a series of other factors to monitor alongside overcrowding, including concealed and sharing households, homelessness and the numbers in temporary housing:

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

Planning Practice Guidance (March 2014), ID 2a-019

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

Summary of Market Signals

5.84 In terms of headline outputs, the market signals when compared to relevant comparator areas show:

Figure 94: Summary of Market Signals: Indicators Relating to Price (Note: Affordability Ratios prior to 2013 are calculated using a different source of house price data)

		Bedford	Colchester	Northampton	Aylesbury Vale	England
INDICATORS RELATING TO PRICE						
House prices						
Lower quartile house price	2014-15 price	£160,000	£152,000	£125,000	£190,000	£136,000
	Relative to England	+18%	+12%	-8%	+40%	-
	2009-10 price	£133,000	£127,500	£104,500	£160,000	£125,000
	5-year change	+20%	+19%	+20%	+19%	+9%
	2004-05 price	£120,000	£129,500	£105,000	£143,000	£108,000
	10-year change	+33%	+17%	+19%	+33%	+26%
Affordability						
Lower quartile house price to earnings	2015 ratio	8.4	8.3	7.4	10.4	7.0
	Relative to England	+20%	+18%	+5%	+49%	-
	2010 ratio	7.4	7.2	5.9	8.1	6.7
	5-year change	+14%	+14%	+25%	+28%	+5%
	2005 ratio	7.5	8.4	6.9	8.7	6.8
	10-year change	+13%	-2%	+7%	+20%	+3%
Rents						
Average monthly rent	2015-16 cost	£725	£728	£614	£892	£820
	Relative to England	-12%	-11%	-25%	+9%	-
	2010-11 cost	£595	£657	£536	£759	£694
	5-year change	+22%	+11%	+15%	+18%	+18%
INDICATORS RELATING TO QUANTITY						
Rate of development						
Increase in stock	2001-11 change	+9.9%	+14.1%	+9.6%	+8.8%	+8.3%
	Relative to England	+19%	+69%	+16%	+6%	-
Overcrowding						
Overcrowded households	2011 proportion	7.7%	7.3%	8.8%	6.3%	8.7%
	Relative to England	-12%	-16%	+1%	-28%	-
	2001 proportion	7.6%	5.6%	6.2%	5.3%	7.1%
	10-year change	+1%	+31%	+42%	+20%	+23%

5.85 As acknowledged earlier in this section, there is no single formula that can be used to consolidate the implications of this information; and furthermore the housing market signals will have been predominantly influenced by relatively recent housing market trends. Nevertheless, on the basis of this data we can conclude:

- » **House Prices:** lower quartile prices are higher than the national average, with a lower quartile price of £160,000 compared to England's £136,000 (based on 2014-15 prices). The current price in Bedford is higher than both Colchester and Northampton, but lower than Aylesbury Vale; and all have increased by around 20% over the last 5 years (though increases in Bedford and Aylesbury Vale have been higher over the last 10 years than in Colchester and Northampton). These relative prices are likely to be due to each area's relative proximity to and connectivity with London;

- » **Rents:** for average private sector rents in 2015-16, Bedford is lower than the national average. While rents in Aylesbury Vale are higher than Bedford, rents in Northampton are lower and rents in Colchester are comparable; this is consistent with house prices in those areas. Nevertheless, average rents in all areas have increased significantly in the last 5 years;
- » **Affordability** (in terms of the ratio between lower quartile house prices and lower quartile earnings) is marginally higher in Bedford than across England as a whole (8.4 cf. 7.0). The current rate is consistent with Colchester (8.3), and between the multipliers in Aylesbury Vale (10.4) and Northampton (7.4). Affordability ratios have got “worse” since 2010, with the ratio in Bedford increasing from 7.4 to 8.4 representing a 5-year change of 14%. This is higher than the equivalent rate for England, where the ratio increased from 6.7 to 7.0, a change of 5%;
- » **Rate of development** (in terms of increase in dwelling stock over the last 10 years) shows that rate of development in Bedford has been around a fifth higher than England (9.9% cf. 8.3%). This rate is consistent with Northampton (9.6%), and between the rates of development in Aylesbury Vale (8.8%) and Colchester (14.1%). Of course, these figures will inevitably be influenced by local constraints as well as individual policies;
- » **Overcrowding** (in terms of Census occupancy rates) shows that 7.7% of households in Bedford are overcrowded based on an objective measure, which is lower than England (8.7%). The proportion of overcrowded households has not changed over the last 10 years, whereas overcrowding has increased in each of the comparator areas and across England.

^{5.86} Given this context, it is apparent that the indicators generally indicate that housing market pressure in Bedford are comparable to those in similar areas – but given that many of these areas show greater pressures than the national average (in particular the market signals relating to price), conditions across Bedford suggest that the level of **Objectively Assessed Need for Bedford should be higher than suggested by household projections** in isolation.

^{5.87} The analysis of overcrowding for the SHMA Update has already identified that the overall housing need should be increased by 344 dwellings to take account of **concealed families** and **homeless households** that would not be captured by the household projections. This specific adjustment should be incorporated as a response to market signals to take account of the identified un-met need for housing, representing an uplift of 2.0% on the household projections; nevertheless, given the market signals context, it is probably appropriate to increase this uplift.

Conclusions on Market Signals

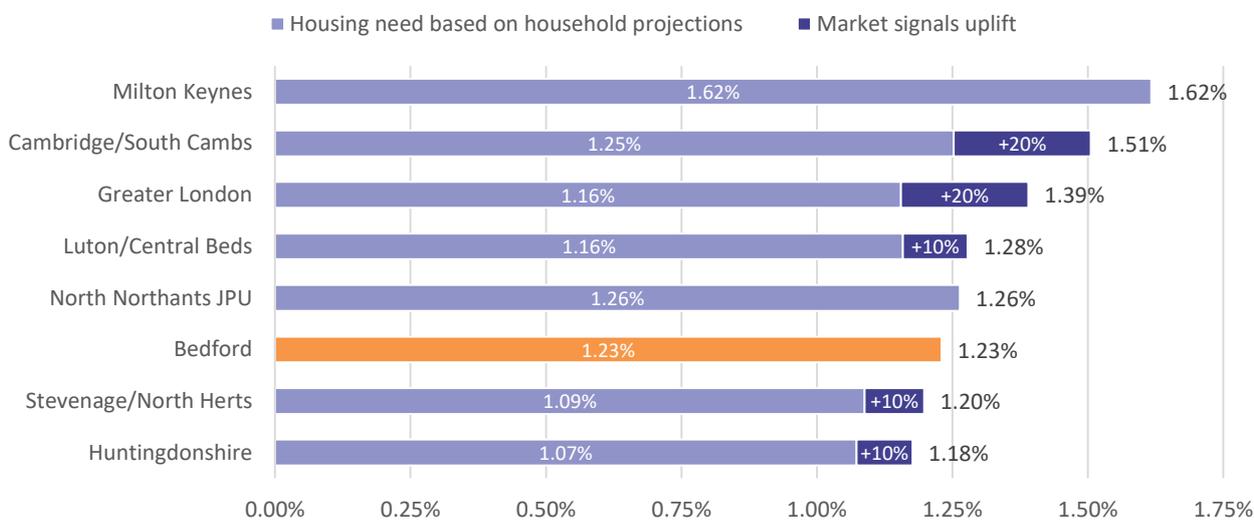
^{5.88} There is no definitive guidance on what level of uplift is appropriate. However, the PAS technical advice note identifies that (second edition, paragraph 7.19):

“Some Local Plan Inspectors have used a rule of thumb, suggesting that in places where the evidence suggests moderate under-provision, or the signals are mixed the projected housing need might be increased by 10%”

^{5.89} Nevertheless, it is also important to consider any uplift in the context of the growth that is identified by the household projections, and also the alignment between jobs and workers.

^{5.90} Figure 94 identifies the annual housing need based on household projections together with any market signals uplift for areas surrounding Bedford as a percentage of stock at the start of the period.

Figure 95: Annual housing need for Bedford based on household projections and for surrounding areas based on household projections and any market signals uplift as a percentage of stock at the start of the period (Source: Strategic Housing Market Assessments and other Local Plan evidence. Note: The uplift for Greater London was based on housing backlog and suppressed household formation, Huntingdonshire was a jobs-led housing figure)



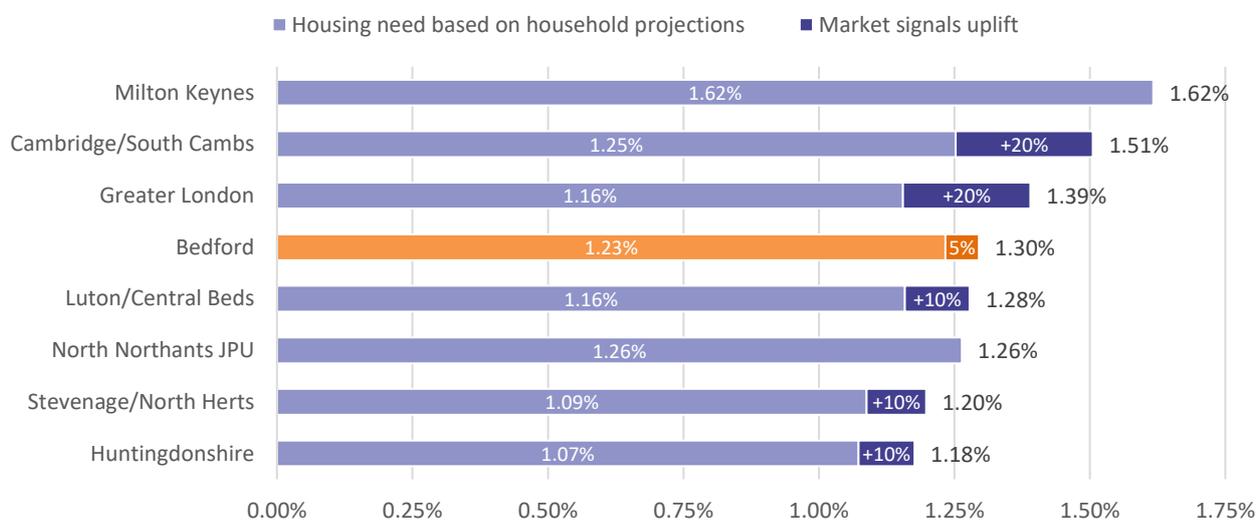
- 5.91 The SHMA household projections for Bedford (which take account of local demography and are based on 10-year migration trends) represent an average increase of 1.23% per year over the 20-year Plan period; so **housing need based on the household projections without any uplift in Bedford is already comparable with the housing need incorporating a 10% uplift in many surrounding areas** (which range from 1.18% in Huntingdonshire to 1.28% in Luton and Central Bedfordshire). Whilst the housing need for Bedford is lower than the housing need identified for Greater London and the wider Cambridge area, the market signals for Bedford are significantly less acute than those for these housing markets; and whilst it is lower than Milton Keynes, that rate is driven exclusively by the household projections and past migration trends.
- 5.92 It is also important to recognise that whilst uplifts were needed in Huntingdonshire and in Luton and Central Bedfordshire to help align jobs and workers, the earlier analysis for Bedford concluded that there was likely to be a larger increase in workers (based on the SHMA household projection) than the number of extra jobs currently forecast – so there is no justification for increasing the housing number on this basis. Therefore, the rationale for any further market signals uplift must be to ensure that sufficient housing is available to enable households to form in the housing market area rather than to draw in extra people.
- 5.93 Given this context, the previous Bedford SHMA concluded that a specific uplift of 376 additional dwellings should be included in response to market signals, which was based on suppressed household formation. That study also showed that the different household formation rates in Bedford yielded a difference of only 497 dwellings over 20 years when rates from the CLG 2008-based household projections were compared with the CLG 2012-based rates. Both figures suggest that any suppressed household formation is relatively modest in the area. Further work undertaken by ORS for the Council to test the impact of no further decrease in household representative rates³⁶ yielded an uplift of 188 dwellings; and analysis of the current SHMA household projections to ensure that the rates for younger households (aged under 40) remain above those recorded in 2001 across all 5-year age groups yields an uplift of 779 dwellings.
- 5.94 Taking everything into account, it is evident that the household projections already suggest a relatively high rate of growth for Bedford. As there is alignment between future jobs and workers, there isn't any need to

³⁶ Based on the scenario suggested by Ludi Simpson and Neil MacDonald in their article "Making sense of the new English household projections" Town & Country Planning April 2015, page 178

draw in a larger population – so the response to market signals must fundamentally ensure that sufficient housing is provided to ensure households can readily form. Depending on how this is measured, the required uplift would appear to sit within the range of 188 dwellings to 779 dwellings over the 20-year Plan period, equivalent to an uplift of between 1.1% and 4.4% of the housing need based on household projections.

- 5.95 On this basis, an uplift of 10% in response to market signals would not appear to be justified for the Bedford housing market area; and **on balance we would recommend that an uplift of 5% of the housing need identified based on household projections provides an appropriate response to market signals**. This uplift is higher than identified by all of the different measures of suppressed household formation, and is more than double the specific uplift already incorporated to take account of concealed families and homeless households that would not be captured by the household projections.
- 5.96 The household projections previously identified an increase of 17,268 households (17,802 dwellings); so the proposed market signals uplift of 5% represents an additional 890 dwellings, and the overall housing need yields an average increase in the overall number of dwellings of 1.30% per year over the 20-year period 2015-35. On this basis, annual housing need in Bedford would be higher than for most surrounding areas; the exceptions being Milton Keynes, the wider Cambridge housing market and Greater London (Figure 96).

Figure 96: Annual housing need for Bedford and surrounding areas based on household projections and any market signals uplift as a percentage of stock at the start of the period (Source: Strategic Housing Market Assessments and other Local Plan evidence. Note: The uplift for Greater London was based on housing backlog and suppressed household formation, Huntingdonshire was a jobs-led housing figure)



- 5.97 As the proposed 5% uplift responds to suppressed household formation, it includes the specific adjustment already incorporated for concealed families and homeless households; therefore, **a further 546 dwellings will be needed to deliver the overall uplift of 890 dwellings identified in response to market signals**.
- 5.98 Whilst this additional uplift could further increase the number of workers commuting out of the area each day (unless a higher increase in jobs is achieved than is currently forecast), the added impact would be relatively marginal; but any further increase would lead to an even higher increase in outward commuting, and this could not be justified.

Housing Backlog

- 5.99 The Planning Advisory Service Good Plan Making Guide³⁷ identifies that the SHMA should “*re-set the clock*” and provide a new baseline assessment of all housing need. However, the SHMA must take account of ‘backlog’: any unmet need for housing that exists at the start of the plan period.

“Having an up-to-date, robust Strategic Housing Market Assessment should re-set the clock, and therefore carrying forward under-provision from a previous plan period would be ‘double counting’. Make sure however that the Strategic Housing Market Assessment takes account of ‘backlog’ which is unmet need for housing that still exists at the start of the new plan period (for example, the needs of the homeless and other households living in unacceptable accommodation). The Strategic Housing Market Assessment should show all those in need. It is therefore vitally important to have a properly done Strategic Housing Market Assessment that has the right scope.” (page 49)

- 5.100 This SHMA has fully considered the unmet needs of homeless and other households living in unacceptable accommodation (such as concealed families and sharing households) that existed in 2015. Furthermore, given that the SHMA also identifies all new housing need from the baseline date of 2015, all needs arising over the 20-year period 2015-35 have been identified and there will be no additional unmet need for housing to be counted for a new Plan with this base date.

Conclusions

- 5.101 The “*starting point*” estimate for OAN is the CLG household projections, and the latest published data is the 2014-based projections for period 2014-39. These projections suggest that household numbers across the study area will increase by 19,661 over the 20-year Plan period 2015-35, an average of 983 per year.
- 5.102 However, a comprehensive review of the local demographic evidence identifies some significant problems with the official population data for the area which affect the official population projections. Consistent with PPG, the SHMA therefore takes full account of these “*factors affecting local demography*” through developing independent household and population projections based on 10-year migration trends using robust Census data. These projections identify that **household numbers across the study area are projected to increase by 17,268 households over the 20-year Plan period 2015-35.**
- 5.103 We have identified that the baseline household projections should be increased by 344 dwellings to take account of **concealed families** and **homeless households** that would otherwise not be captured due to suppressed household formation rates. Furthermore, Extra Care housing is likely to divert some people from residential care, which is likely to yield an additional 292 households (301 dwellings) not counted by the household projections. On this basis, the number of households in the Borough is likely to increase by 17,902 households over the 20-year Plan period 2015-35. This adjustment responds to identified un-met need for affordable housing, addresses suppressed household formation rates and takes account of the future Extra Care housing. **Providing for an increase of 17,902 households yields a baseline housing need of 18,447 dwellings; an average of 922 dwellings per year over the 20-year Plan period 2015-35.**
- 5.104 While demographic projections form the starting point for Objectively Assessed Need calculations, it is necessary to consider whether a higher rate of housing delivery may be needed to help address housing market problems. Further adjustments may be needed in response to balancing jobs and workers, market

³⁷ <http://www.pas.gov.uk/documents/332612/6363137/Pages+from+FINAL+PAS+Good+Plan+Making+-6.pdf>

signals or any backlog of housing provision. However, it is important to recognise that these adjustments are not necessarily cumulative: it is necessary to consider them collectively.

- 5.105 The evidence from the forecast increase in jobs and the projected increase in workers identifies that there will be more than sufficient extra workers for the extra jobs, so there is no need to increase housing delivery to provide any additional workers.
- 5.106 **An uplift of 5% is proposed as an appropriate response to the market signal indicators, which represents an additional 890 dwellings.** The overall housing need has already been increased by 344 dwellings to take account of concealed families and homeless households not captured by the household projections, and this should be considered as part of the response to market signals; but an additional increase of 546 dwellings is needed to deliver the overall uplift of 890 dwellings that has been identified.
- 5.107 Figure 97 summarises each of the stages for establishing the Full Objectively Assessed Need for Housing in Bedford for the 20-year Plan period 2015-35.

Figure 97: Full Objectively Assessed Need for Housing for Bedford 2015-35

Stage		Households	Dwellings
Demographic starting point CLG household projections 2015-35		19,661	20,269
Adjustment for local demographic factors and migration trends Correcting issues in the trend-based data and adopting 10-year migration trends		-2,393	-2,467
Baseline household projections taking account of local circumstances		17,268	17,802
Adjustment for suppressed household formation rates Concealed families and homeless households		+342	+344
Adjustment for Extra Care housing Additional households diverted from residential care		+292	+301
Baseline housing need based on demographic projections		17,902	18,447
Further adjustments needed...	In response to balancing jobs and workers Projected growth in workers exceeds forecast jobs growth and planned jobs growth therefore no further adjustment needed	-	0
	In response to market signals 546 dwellings needed (in addition to the 344 dwellings for concealed families and homeless households) to deliver the overall 5% uplift of 890 dwellings proposed	-	5% x 17,802 = 890 890 - 344 = +546
Combined impact of the identified adjustments		-	+546
Full Objectively Assessed Need for Housing 2015-35		-	18,993

- 5.108 Of course, it is important to remember that *“establishing future need for housing is not an exact science”* (PPG ID 2a-014). Whilst the OAN must be underwritten by robust evidence that is based on detailed analysis and informed by reasonable assumptions, the final conclusions should reflect the overall scale of the housing needed in the housing market area without seeking to be spuriously precise.
- 5.109 **The SHMA therefore identifies the Full Objective Assessed Need for Housing in Bedford to be 19,000 dwellings over the 20-year period 2015-35, equivalent to an average of 950 dwellings per year. This includes the Objectively Assessed Need of Affordable Housing for 5,500 dwellings over the same period, equivalent to an average of 275 per year.**

- ^{5.110}The OAN takes full account of household growth based on CLG 2014-based projections (the starting point); adjusts for long-term migration trends (which assume a higher rate of net migration to England); responds to suppressed household formation through providing for the growth of concealed families; considers the impact of Extra Care housing; responds to market signals and takes account of vacant and second homes.
- ^{5.111}This is the average number of dwellings needed every year over the period 2015-35 and represents an average increase in the dwelling stock of 1.3% each year over the 20-year Plan period, notably higher than the 1.0% growth required across England to deliver 239,500 dwellings annually and at the upper-end of the rate of housing need identified in areas surrounding Bedford (with the exception of Milton Keynes, the wider Cambridge housing market and Greater London).
- ^{5.112}The annual average OAN of 950 dwellings is also notably higher than rates of housing delivery in Bedford over the 10-year period 2001-11 (which have consistently averaged around 500-600 dwellings each year) and therefore represents a step-change in historic rates of housing supply, which have already started to increase. Housing completion rates for recent years have reached almost 1,000 dwellings (997 in 2013/14 and 964 in 2015/16), and AMR data for the period 2011-16 averages around 870 annually. The OAN identified therefore requires these recent higher rates of housing delivery to be sustained over the 20-year Plan period.

6. Housing needs of different groups

Considering the need for all types of housing

- 6.1 The National Planning Policy Framework states that Local Plans should meet the “*full, objectively assessed needs for market and affordable housing in the housing market area*” (paragraph 47) and identifies that local planning authorities should seek to “*deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities*” and plan for the “*needs of different groups*”:

To deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities, local planning authorities should:

- » *plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes);*
- » *identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand; and*
- » *where they have identified that affordable housing is needed, set policies for meeting this need on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example to improve or make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities. Such policies should be sufficiently flexible to take account of changing market conditions over time.*

National Planning Policy Framework (NPPF), paragraph 50

- 6.2 On this basis, Planning Practice Guidance (PPG) sets out that:

Once an overall housing figure has been identified, plan makers will need to break this down by tenure, household type (singles, couples and families) and household size. Plan makers should therefore examine current and future trends of:

- » *the proportion of the population of different age profile;*
- » *the types of household (e.g. singles, couples, families by age group, numbers of children and dependents);*
- » *the current housing stock size of dwellings (e.g. one, two+ bedrooms);*
- » *the tenure composition of housing.*

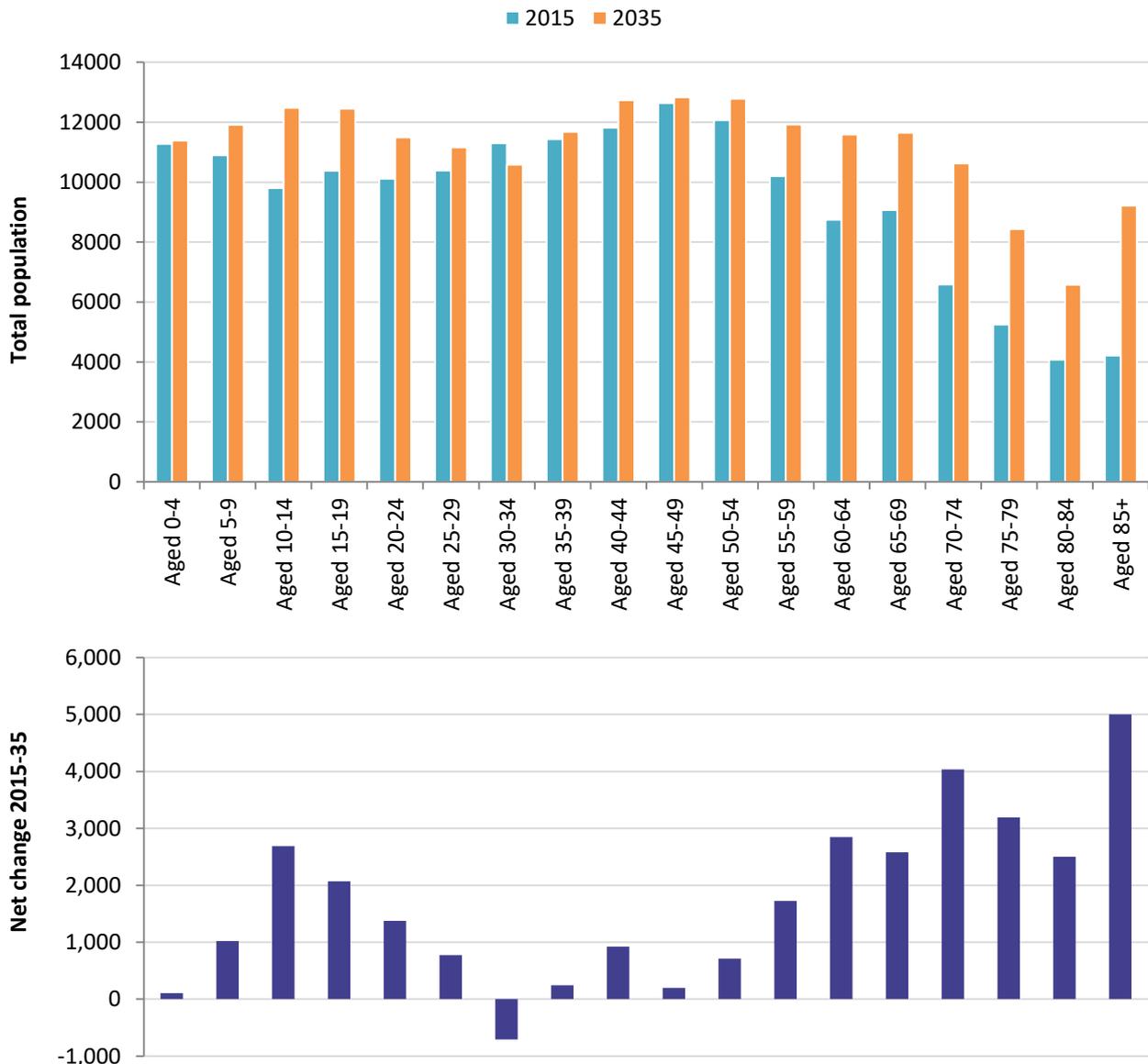
This information should be drawn together to understand how age profile and household mix relate to each other, and how this may change in the future. When considering future need for different types of housing, plan makers will need to consider whether they plan to attract a different age profile e.g. increasing the number of working age people.

Planning Practice Guidance (March 2015), ID 2a-021

Projected Population Age Profile

- 6.3 Population projections based on long-term migration trends and which take account of local demographic factors were considered in chapter 3. These projections show that the population is likely to increase from 170,200 persons to 201,500 persons over the 20-year Plan period 2015-35; a 20-year increase of around 31,300 persons. Figure 98 shows the projected change in population by 5-year age band for the 20-year Plan period 2015-35 based on the detailed data previously presented (Figure 55).
- 6.4 The number of persons in almost all age groups is projected to increase. The population aged 20-59 is projected to increase by 5,600 persons (which accounts for less than a fifth of the overall growth) and an increase of 5,400 persons aged under 20 accounts for around another fifth (18%). Nevertheless, almost two thirds of the overall population growth (18,800 persons equivalent to 63%) is projected to be aged 60 or over, including an increase of 9,600 persons aged 75 or over (32% 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 98: Bedford population projections 2015-35 by 5-year age cohort based SHMA population projections



Household Projections

- 6.5 Figure 99 summarises the total number of households in 2015 and 2035 in terms of the age of household representatives, together with the change in the number of households in each category over the 20-year Plan period 2015-35.
- 6.6 The trend-based household projections identified a growth of around 17,300 households based on the population projections above, which yielded a housing need of around 17,800 dwellings (Figure 97). Nevertheless, the SHMA recommended that a higher number of dwellings should be provided to respond to market signals and suppressed household formation.
- 6.7 The Full Objectively Assessed Need (OAN) was established to be 19,000 dwellings over the 20-year Plan period 2015-35. Providing a larger number of homes will yield a higher number of households than suggested by the trend-based projections; around an extra 1,200 households over the 20-year period. Therefore, the total household growth is likely to be around 18,400 additional households.

Figure 99: Total projected households for 2012 and 2032 and summary of 20-year change by age of household representative
(Note: Figures may not sum due to rounding)

	Age of Household Representative								TOTAL
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
TOTAL HOUSEHOLDS									
2015	2,200	9,600	13,100	14,400	11,300	10,000	6,600	2,900	70,000
2035	2,600	10,000	14,800	15,200	14,500	14,600	10,400	6,300	88,400
TOTAL CHANGE 2015-2035	+500	+500	+1,700	+700	+3,200	+4,600	+3,800	+3,400	+18,400

- 6.8 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. Whilst the increase in people aged 65+ represented 55% of the overall population growth, the increase in households aged 65+ represents almost two thirds (65%) of the household growth: 11,900 households out of the 18,400 total.
- 6.9 Many of these older households will already be established and living in existing homes in Bedford; they will simply get older during the Plan period. It is therefore also important to consider household growth in relation to age cohorts.
- 6.10 Figure 100 shows the projected number of households in each cohort, showing their age in both 2015 and 2035.

Figure 100: Total projected households for 2015 and 2035 and summary of 20-year change by age cohort of household representative
(Note: Figures may not sum due to rounding)

	Age of Household Representative									TOTAL
	Age in 2015	< 5	5-14	15-24	25-34	35-44	45-54	55-64	65+	
	Age in 2035	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
TOTAL HOUSEHOLDS										
2015	-	-	2,200	9,600	13,100	14,400	11,300	19,400	70,000	
2035	2,600	10,000	14,800	15,200	14,500	14,600	10,400	6,300	88,400	
TOTAL CHANGE 2015-2035	+2,600	+10,000	+12,600	+5,600	+1,500	+200	-900	-13,100	+18,400	

- 6.11 For example, there were 9,600 households aged 25-34 in 2015 and these same households would be aged 45-54 by 2035. The SHMA identified that total number of households aged 45-54 in 2035 would be 15,200; therefore, an extra 5,600 households: partly due to new household formations and partly due to net migration.
- 6.12 Based on the cohort analysis, it is apparent that around 32,400 extra households aged under 65 (in 2035) will be likely to form in Bedford over the 20-year Plan period 2015-35. This includes 10,000 households aged 25-34 and 12,600 households aged 35-44 (although many of those aged 35-44 in 2035 may have already formed households by 2025, at which time that they were also aged 25-34).
- 6.13 We previously noted that the overall growth was 18,400 households over the 20-year Plan period 2015-35, which is lower than the number of new households forming. Nevertheless, the 32,400 extra household aged under 65 are offset against a reduction of 14,000 households aged 65 or over (in 2035). Most of this reduction is due to household dissolution following death (although some may be due to net migration):
- » 19,400 households were aged 65+ in 2015, who would be aged 85+ in 2035 if they had survived;
 - » The projected number of households aged 85+ in 2035 is 6,300, which represents a reduction of 13,100 households whose existing homes would be vacated.
- 6.14 Whilst the increase in overall households is largely amongst those aged 65+, most of the new households seeking housing will actually be in their twenties and thirties at the time that they form. However, the total number of new households is likely to be approaching double the overall household growth; so it is also 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

- 6.15 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.
- 6.16 Figure 101 shows the household numbers for 2015 and 2035 based on the trend-based 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 the housing needs are more likely to be influenced by the actual age rather than the year of birth.
- 6.17 In summary:
- » Single person households represent over a third (36%) of the overall household growth: an increase of 6,900 over the 20-year period, including 2,300 extra single person households aged 85 or over;
 - » Couples without dependent children represent almost a third (31%) of the growth: an increase of 7,400 households aged 55+ offset against a reduction of 1,500 younger couples without children;
 - » Families with dependent children represent just over a quarter (26%) of the overall growth: an increase of 3,700 lone parent households and 1,300 extra couples with dependent children; and
 - » "Other" households represent 8% of the total, with an increase of 1,500 households over the 20-year Plan period.

Figure 101: Total projected households for 2015 and 2035 and summary of 20-year change by household type and age of household representative (Note: Figures may not sum due to rounding)

Household Type	Age of Household Representative								TOTAL
	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	
Total Households 2015									
Single person	600	2,000	2,700	3,100	3,000	3,400	3,800	2,100	20,600
Couple without children	300	2,400	1,400	4,700	6,900	6,000	1,700	600	24,200
Couple with child(ren)	100	2,700	6,300	4,700	800	100	0	0	14,800
Lone parent	600	1,500	2,200	1,300	200	0	100	100	5,900
Other households	500	1,100	400	600	300	500	900	100	4,500
TOTAL	2,200	9,600	13,100	14,400	11,300	10,000	6,600	2,900	70,000
Total Households 2035									
Single person	500	1,600	3,500	3,900	4,000	4,600	4,800	4,300	27,300
Couple without children	400	2,400	1,000	3,600	8,600	9,300	2,900	1,700	29,800
Couple with child(ren)	100	2,300	6,400	5,300	1,400	300	100	0	15,900
Lone parent	1,000	2,100	3,500	2,000	400	0	300	200	9,400
Other households	600	1,700	400	400	100	300	2,400	100	6,000
TOTAL	2,600	10,000	14,800	15,200	14,500	14,600	10,400	6,300	88,400
Total Change 2015-2035									
Single person	-100	-300	+800	+800	+1,100	+1,300	+1,000	+2,300	+6,700
Couple without children	+100	-100	-400	-1,100	+1,700	+3,300	+1,200	+1,000	+5,700
Couple with child(ren)	0	-400	+100	+600	+600	+200	+100	0	+1,100
Lone parent	+400	+600	+1,300	+800	+200	0	+200	+200	+3,500
Other households	+100	+600	0	-300	-300	-100	+1,400	-100	+1,500
TOTAL CHANGE	+500	+500	+1,700	+700	+3,200	+4,600	+3,800	+3,400	+18,400

Housing Mix: Size and Tenure

- 6.18 When considering future need for different types of housing, the model assumes that the housing mix needed by households of each household type and age will reflect current patterns. For example, a growth in single person households aged 65-74 will lead to an increase in the need for the type of housing currently occupied by single person households of this age. On this basis, where such households continue to live in family housing despite no longer having a family living with them, this need for family housing will still be counted.
- 6.19 Figure 102 identifies the need for market housing and affordable housing of different types (in terms of flats and houses) and sizes (in terms of number of bedrooms). Whilst there is projected to be an increase of 6,900 extra single person households, only 1,849 extra dwellings have one bedroom (534 market homes and 1,315 affordable homes). This reflects that many single person households will continue to occupy family housing in which they already live.
- 6.20 Overall, most of the market housing need is for housing (13,300 dwellings over the 20-year period) with a need for 1,100 flats also identified (around 8%). The need for affordable housing is also predominantly for housing (around 3,500 dwellings) with a need for around 2,000 flats (around 37%). Whilst the need for affordable housing with four or more bedrooms is around 10% of the overall need, this represents a need for over 500 large affordable homes that need to be provided over the 20-year period 2015-35. Much of this need will be from existing households living in overcrowded accommodation.

Figure 102: Housing mix of OAN for market and affordable housing (Source: ORS Housing Model. Note: Figures may not sum exactly due to arithmetic rounding)

		Market Housing	Affordable Housing	TOTAL
Flat	1 bedroom	460	1,320	1,780
	2+ bedrooms	500	690	1,190
House	2 bedrooms	1,360	1,460	2,820
	3 bedrooms	7,950	1,510	9,460
	4 bedrooms	2,650	430	3,080
	5+ bedrooms	580	90	670
TOTAL		13,500	5,500	19,000

Affordable Housing Tenure

- 6.21 Within the overall need of 5,466 affordable homes identified by the model, it is possible to consider the mix of different affordable housing products that would be appropriate based on the mix of households needing affordable housing.
- 6.22 Figure 103 sets out the weekly rents for different property sizes in Bedford. This includes:
- » Median private rent;
 - » Local Housing Allowance (LHA) maximum (previously based on the 30th percentile private rent, however more recent increases have based on CPI and rates were frozen in the July 2015 Budget);
 - » Affordable rent, based on 80% of the median private rent; and
 - » Social rent.

Figure 103: Weekly rent thresholds as at April 2015 (Source: Valuation Office Agency; Homes and Communities Agency)

Weekly Rent £	Median Private Rent	Maximum Local Housing Allowance	Affordable Rent (80% of median)	Social Rent
1 bedroom	113.80	103.00	91.10	73.40
2 bedrooms	149.50	133.30	119.60	75.10
3 bedrooms	172.50	156.40	138.00	96.00
4+ bedrooms	230.00	209.10	184.00	97.00

- 6.23 It is evident that across all property sizes, the median private rent is the highest followed in turn by the maximum LHA, affordable rent and social rent. As affordable rent (at 80% of median private rent) is generally lower than the maximum LHA rate for the equivalent property size, households would currently be able to claim housing benefit to cover the full cost of affordable rent (where they were entitled to do so based on their circumstances); although the relationship between these two rates could change in future.
- 6.24 Households claiming out-of-work benefits are also subject to a cap of £500 per week (for lone parents and couples) or £350 per week (for single persons), which could affect the amount of housing benefit received by some households (especially those with larger families needing larger properties). These limits were reduced in the July 2015 Budget to a maximum of £20,000 per year (outside London) and this lower rate will affect more households. Nevertheless, households that qualify for Working Tax Credit and those that receive various disability related benefits or armed forces pensions are exempt from the cap.

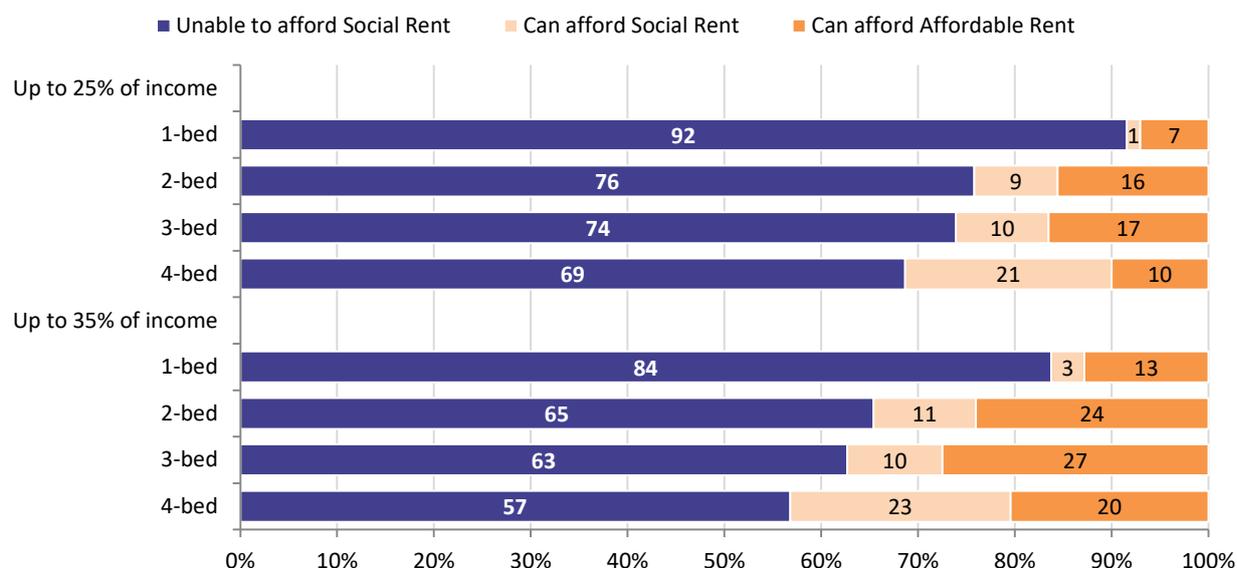
Household Affordability

6.25 In order to profile the affordability of the mix of households needing affordable housing, income data from the English Housing Survey and ONS Survey of Personal Incomes has been combined and modelled to establish the income distribution by household type and age in the local authority area. 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.

6.26 Figure 104 illustrates the affordability of households needing affordable housing by property size in Bedford; identifying those able to afford affordable rent and social rent (all without housing benefit subsidy) and those that would need financial support to afford social rent. The analysis is based on two scenarios:

- » Spending up to 25% of gross household income (excluding housing benefit) on housing costs; and
- » Spending up to 35% of gross household income (excluding housing benefit) on housing costs.

Figure 104: Affordability of households needing affordable housing by property size and local authority area (Note: Weekly costs based on data in Figure 103)



6.27 Figure 105 sets out the affordable housing mix broken down by the modelled household affordability for the two scenarios. In both scenarios, more than half of the households in need of affordable housing would not be able to afford the relevant Social Rent for a property of the size needed:

- » 3,730 households (68%) based on up to 35% of income being spent on housing costs; and
- » 4,290 households (78%) based on up to 25% of income being spent on housing costs.

6.28 Providing new affordable rented housing based on Social Rents would enable around 500 more households to pay their rent without housing benefit support than would be able to do so if new housing was provided as Affordable Rent. If new affordable rented housing was provided with Affordable Rents (based on 80% of median private rent), these households would continue to depend on housing benefit.

6.29 Between 720 and 1,200 households in need of affordable housing (depending on the proportion of income assumed) could afford Affordable Rent (without housing benefit support). Some of these households may also be able to afford shared equity or other forms of low cost home ownership, if this can be delivered based on a model where the weekly costs are similar to Affordable Rent.

Figure 105: Affordable housing mix by household affordability (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

		Unable to afford Social Rent	Can afford Social Rent	Can afford Affordable Rent	TOTAL
25% OF INCOME					
Flat	1 bedroom	1,210	20	90	1,320
	2+ bedrooms	520	60	100	680
House	2 bedrooms	1,090	130	230	1,450
	3 bedrooms	1,110	140	250	1,500
	4+ bedrooms	360	110	50	520
TOTAL		4,290	460	720	5,470
35% OF INCOME					
Flat	1 bedroom	1,100	50	170	1,320
	2+ bedrooms	450	70	160	680
House	2 bedrooms	950	150	350	1,450
	3 bedrooms	940	150	410	1,500
	4+ bedrooms	290	120	110	520
TOTAL		3,730	540	1,200	5,470

Low Cost Home Ownership

^{6.30} In addition to affordable housing for rent, a range of Low Cost Home Ownership (LCHO) products have also been developed to assist households into homeownership. Figure 106 sets out the weekly costs associated with shared ownership properties of different sizes, taking account of the differential full market prices. This illustration is based on a shared ownership model currently promoted in the HMA:

- » 40% equity share purchased by the occupier;
- » 5% of the equity purchased is available as a deposit;
- » Mortgage costs based on a 25-year repayment mortgage at 6.0% interest;
- » Rent based on 2.75% of the retained equity paid each year; and
- » Service charge of £10 per week.

^{6.31} Based on this model, it is evident that the weekly costs are higher than the equivalent median private rent and the maximum LHA.

Figure 106: Shared ownership costs (Note: Mortgage costs based on a 25-year repayment mortgage at 6.0% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £10 per week)

	Property Value	40% Equity Share	5% Deposit	Weekly Costs			
				Mortgage	Rent	Service Charge	TOTAL
1 bedroom	145,000	58,000	2,900	82.66	45.88	10.00	138.55
2 bedrooms	205,000	82,000	4,100	116.87	64.87	10.00	191.74
3 bedrooms	230,000	92,000	4,600	131.12	72.78	10.00	213.90
4+ bedrooms	275,000	110,000	5,500	156.77	87.02	10.00	253.80

- 6.32 Figure 107 shows the sensitivity of weekly costs to the equity share purchased and presents this relative to the equivalent local rents. It would appear that the model currently promoted (based on 40% equity share) remains appropriate for the area, given that higher equity shares tend to yield weekly costs that are higher than private rent.
- 6.33 There may also be a role for LCHO products at higher equity shares targeted at households able to afford private rent but unable to afford home ownership. This would help “*widen opportunities for home ownership*” (NPPF paragraph 50), but would be in addition to the need to deliver 5,470 affordable homes in the HMA over the 20-year Plan period.

Figure 107: Total weekly costs for shared ownership based on different equity shares (Note: Mortgage costs based on a 25-year repayment mortgage at 6.0% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £10 per week. Cells highlighted in brown are above the LHA rate but below median private rent, cells in red are above the equivalent median private rent. No cells are lower than the equivalent maximum LHA)

Total Weekly Cost £	Property Value	Equity Share					
		25%	30%	35%	40%	45%	50%
1 bedroom	145,000	119.02	125.53	132.04	138.55	145.06	151.57
2 bedrooms	205,000	164.13	173.33	182.54	191.74	200.94	210.14
3 bedrooms	230,000	182.93	193.25	203.58	213.90	224.23	234.55
4+ bedrooms	275,000	216.76	229.11	241.45	253.80	266.14	278.49

Starter Home Initiative

- 6.34 The NPPF identifies that local authorities should seek to “*widen opportunities for home ownership*” (paragraph 50). Given this context, the Housing and Planning Act 2016 furthers this policy of encouraging home ownership through promoting Starter Homes to provide properties that are more affordable for first time buyers. The Act includes clauses stating that local authorities will have a general duty to promote the supply of Starter Homes through planning.
- 6.35 The Act defines a Starter Home as a new dwelling, only available for purchase by qualifying first-time buyers, which is to be sold at a discount of at least 20% of the market value and for less than the price cap (of £250,000 outside Greater London), and is subject to restrictions on sale or letting for the initial 5-year period of occupancy. Figure 108 sets out the weekly costs based on the same property values considered when analysing low cost home ownership housing options.

Figure 108: Starter Home Initiative (Note: Mortgage costs based on a 25-year repayment mortgage at 6.0% interest)

	Property Value	80% Equity Share	10% Deposit	Weekly Costs		
				Mortgage	Service Charge	TOTAL
1 bedroom	145,000	116,000	11,600	156.62	10.00	181.92
2 bedrooms	205,000	164,000	16,400	221.44	10.00	253.06
3 bedrooms	230,000	184,000	18,400	248.44	10.00	282.70
4+ bedrooms	275,000	220,000	22,000	297.05	10.00	336.05

- 6.36 It is evident that the weekly costs associated with Starter Homes are notably higher than low cost home ownership and also much higher than median private sector rents, and therefore they are unlikely to be affordable to those households identified as being unable to afford market housing. Nevertheless, the initiative could to widen opportunities for homeownership for those households able to afford market rents but unable to afford to buy housing in the HMA.

- 6.37 The NPPF definition of affordable housing identifies that it is “*provided to eligible households whose needs are not met by the market*” (Annex 2) and PPG confirms that affordable housing need should be counted based on those “*who cannot afford to meet their needs in the market*” (ID 2a-022) and notes that “*care should be taken ... to only include those households who cannot afford to access suitable market housing*” (ID 2a-024). Figure 109 summarises the weekly costs for the range of different housing options discussed above for each property size, where it is evident that the weekly cost of rent are notably lower than the weekly costs of homeownership.

Figure 109: Comparison of weekly housing costs by property size

	Starter Home Initiative (80% equity)	Shared ownership (40% equity)	Median Private Rent	Maximum Local Housing Allowance	Affordable Rent (80% median)	Target Social Rent
1 bedroom	181.92	138.55	113.80	103.00	91.10	73.40
2 bedrooms	253.06	191.74	149.50	133.30	119.60	75.10
3 bedrooms	282.70	213.90	172.50	156.40	138.00	96.00
4+ bedrooms	336.05	253.80	230.00	209.10	184.00	97.00

- 6.38 Neither the NPPF nor PPG make specific reference to tenure in terms of the overall affordable housing need; however, PPG states that when considering affordable housing need in the context of new household formation, it is necessary to consider “*the proportion of newly forming households unable to buy or rent in the market area*” (ID 2a-025). On this basis, such households are considered to be able to afford market housing where they can either afford to buy or they can afford to rent suitable housing. Given this context, the assessment of affordable housing need in Chapter 4 was based on those households unable to afford to rent market housing; households able to afford market rent were counted within the need for market housing, regardless of whether or not they wanted to own or rent or whether they could or could not afford home ownership.
- 6.39 Therefore, whilst providing Starter Homes could widen the opportunity for homeownership, it is unlikely that this would reduce the identified need for affordable rented housing products. Any target for Starter Homes should therefore be considered as being additional to the overall affordable housing need that the SHMA has identified; although both targets will need to be considered together to ensure that development viability is not compromised.

The Private Rented Sector

- 6.40 The English Housing Survey (EHS) 2014-15³⁸ identified that 19% (4.3 million) of households were renting from a private landlord, much higher than the rate of 12% a decade earlier in 2004-05. The EHS also shows that households aged 25-34 were more likely to be renting privately (46%) than buying a home, up from 24% in 2004-05. Owner occupation in this age group dropped from 57% to 37% over the same 10-year period.
- 6.41 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);
 - » Affordability of owner occupation reducing;
 - » Changing Bank lending practices: the number of Buy-to-Let (BTL) mortgages granted in 2014 (c.30,000 monthly average) is higher than those granted to First-time Buyers (c.25,000); and
 - » Pensions reform: pension drawdowns invested in BTL property.
- 6.42 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 2032³⁹. On this basis, the number of households renting privately could double again over the next twenty years.
- 6.43 Given this context, PPG recognises the importance of understanding the likely future role of the private rented sector:

The private rented sector

Tenure data from the Office of National Statistics can be used to understand the future need for private rented sector housing. However, this will be based on past trends. Market signals in the demand for private rented sector housing could be indicated from a change in rents.

Planning Practice Guidance (March 2014), ID 2a-021

- 6.44 Policy by both Government and Local Authorities is focussed on improving Management and Maintenance in the sector (via licensing or self-regulation schemes) and expanding supply⁴⁰ (including the Build to Rent investment scheme⁴¹). The Government published "*Improving the Private Rented Sector and Tackling Bad Practice: A guide for local authorities*" in March 2015⁴², and the Forward 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."

³⁸ <https://www.gov.uk/government/statistics/english-housing-survey-2013-to-2014-headline-report>

³⁹ <http://news.rla.org.uk/rpi-rent-revolution/>

⁴⁰ <https://www.gov.uk/government/publications/private-rented-homes-review-of-the-barriers-to-institutional-investment>

⁴¹ <https://www.gov.uk/government/publications/build-to-rent-round-2-initial-due-diligence>

⁴² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/412921/Improving_private_rented_sector.pdf

6.45 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. However, there have been a number of legislative changes affecting the calculation and payment of housing benefit in the private rented sector, and these are set out below:

Figure 110: Summary of legislative changes affecting private tenants' LHA (Source: HM Treasury, DWP)

Effective from	Change
April 2011	Introduction of absolute caps on the maximum rates that can be paid for each size of property
	Ending of the 5 bedroom rate – LHA restricted to 4 bedroom rate
	Stopping claimants being able to keep up to a £15 'excess' above their actual rent if it is below the LHA
	Increasing deductions for non-dependants living with HB claimants
	Increasing the Government's contribution to Discretionary Housing Payments
	Amending size criteria to allow an extra bedroom for disabled claimants with a non-resident carer
October 2011	Setting maximum LHA at the 30th percentile of local rents instead of the median
January 2012	Increasing age qualification for Shared Accommodation Rate from 25 to 35 years old
April 2013	Increasing LHA rates over time by the Consumer Price Index instead of referencing market rents – increase by 1% from April 2014 except in high rent areas
	Reducing LHA by 10% for those claiming JSA for over a year – not implemented
	Council Tax Benefit replaced by localised Council Tax Reduction schemes
	Parts of the Social Fund abolished, including Community Care grants and Crisis Loans
	Universal Credit implementation begins (with a pathfinder) to complete by 2017
	Spare room subsidy ('bedroom tax') introduced
June 2013	End of DLA, PIP begins for new claims
July 2013	Benefit cap implementation
	Universal Credit pathfinder expands
October 2013	Temporary Accommodation to have housing costs met in line with Local Housing Allowance rates
	Reassessment of existing Disability Living Allowance migration to Personal Independence Payment begins
	Universal Credit roll-out begins
	Incapacity benefit abolished; all claimants move to Employment Support Allowance (ESA) by late 2017
	Expansion of PIP/DLA reassessment for existing claimants
April 2014	Removal of access to Housing Benefit for EEA Jobseekers
	LHA uprating limited to 1 per cent
	Help to work scheme introduced for those unemployed 2 years +
April 2016	State Pensions Age increases begin
	Four year freeze to certain working age benefits (pensioner benefits, DLA, PIP not frozen)
	Four-year freeze to local housing allowance rates
	Lowering the benefit cap to £23,000 in London and £20,000 elsewhere
	Universal credit claims will be limited to two children from April 2017 (with some exceptions)
	Removing entitlement to housing support for those aged 21 or under (with some exemptions)

6.46 It is therefore important for local authorities to consider the role of the private rented sector at a local level and recognise the way in which private rented housing will continue to provide housing options for households unable to afford their housing costs in future. Nevertheless, local authorities need to understand the range of different households in their areas that currently rent from private landlords and consider their policy responses accordingly.

Private Rented Sector in Bedford

6.47 Considering the trends of tenure mix for Bedford, it is evident that there have been some significant changes in the balance between owner occupiers and tenants renting their home.

- » **From 1981-1991:** the number of owner occupiers climbed significantly (increasing from 30K to 38K households, a gain of eight thousand). This was partly as a consequence of the Right to Buy, which led to a decline in the number of social tenants (reducing from 10,500 to 8,900 households, a loss of 1,600); however there was no change in the number of private tenants (constant at around 5K).
- » **From 1991-2001:** the number of owner occupiers continued to climb albeit at a slower pace (increasing from 38K to 43K households, a gain of five thousand); however this was alongside a growth of private tenants (increasing from 5K to 7K households, a gain of two thousand). The number of social tenants increased marginally (from 8,900 to 9,400 households).
- » **From 2001-2011:** the number of owner occupiers reduced fractionally (falling from 43,100 to 42,600 households, a loss of a 500) whilst the number of private tenants increased substantially (from 7K to 11K households, a gain of four thousand). The number of social tenants also increased marginally (from 9,400 to 10,300 households, a gain of just under a thousand), though still remained below the number of social tenants recorded in 1981.

6.48 It is evident that the overall balance between owners and renters is similar in 2011 to the position in 1981, with around a third renting and two thirds owning. Nevertheless, the balance between social rent and private rent has changed significantly: less than a third of tenants rented privately in 1981 (11% out of 34%) whereas more than half rented privately in 2011 (17% out of 33%).

Figure 111: Number of Households by Tenure 1981-2011
(Source: UK Census of Population)

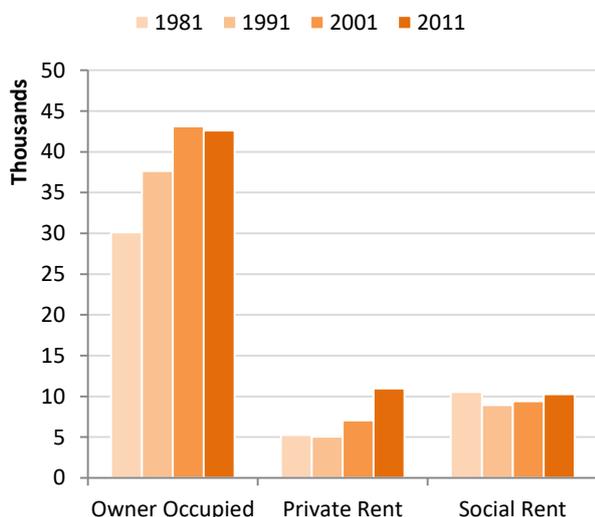


Figure 112: Percentage of Households by Tenure 1981-2011
(Source: UK Census of Population)

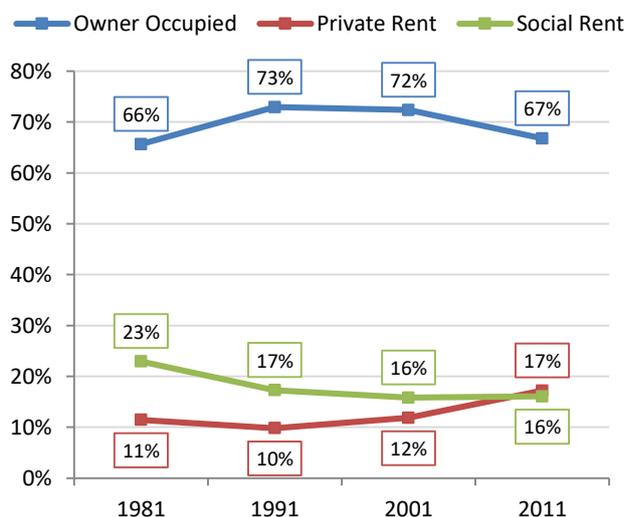


Figure 113: Households by Tenure 1981-2011 (Source: UK Census of Population)

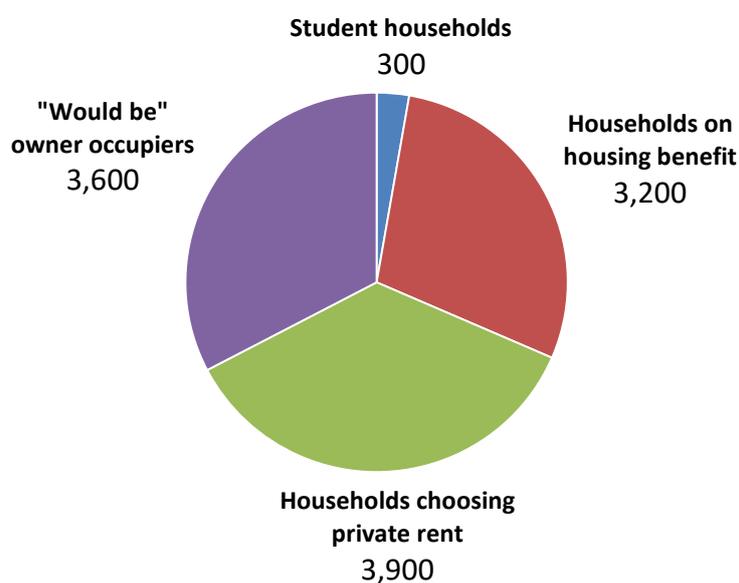
Tenure	Total Households				Net Change		
	1981	1991	2001	2011	1981-1991	1991-2001	2001-2011
Owner occupied	30,100	37,600	43,100	42,600	+7,500	+5,500	-500
Private rent	5,200	5,100	7,100	11,000	-200	+2,000	+3,900
Social rent	10,500	8,900	9,400	10,300	-1,600	+500	+800
TOTAL	45,900	51,600	59,600	63,800	+5,700	+8,000	+4,200
Owner occupied	65.6%	72.9%	72.4%	66.8%	+131%	+69%	-12%
Private rent	11.4%	9.8%	11.8%	17.2%	-3%	+25%	+92%
Social rent	22.9%	17.3%	15.8%	16.1%	-28%	+6%	+20%

6.49 Based on the range of information available about tenants currently renting privately in Bedford, it is helpful to consider the mix of different types of household living in the area:

- » 300 properties are rented by households that are students, although this is only 3% of the sector;
- » 3,200 properties are rented by households in receipt of housing benefit, over a quarter (29%) of the sector;
- » A further 7,500 households are renting privately; however if the proportion of owner occupiers had not changed between 2001 and 2011, 3,600 of these households would have owned their home. This represents almost a third (33%) of all households renting privately; and
- » 3,900 households are therefore renting privately through choice, due to their current personal, family, employment or other circumstances.

6.50 It is important to recognise that the 3,600 households identified as “would be” owner occupiers are not included within the need for affordable housing, as they are able to rent market housing without financial support through housing benefit even if they cannot afford to buy. As previously noted, the NPPF seeks to “widen opportunities for home ownership” (paragraph 50) and national schemes such as Help-to-Buy and the Starter Home Initiative aim to help people onto the housing ladder.

Figure 114: Mix of household types living in the private rented sector (Source: UK Census of Population 2011 and DWP)



Student Housing

- 6.51 PPG was updated in March 2015 to include specific reference to identifying the needs of students:

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

Planning Practice Guidance 2014, paragraph 21

- 6.52 The key Higher Education Provider (HEP) in Bedfordshire is Bedfordshire University. The University has six campuses in Luton, Bedford, Milton Keynes and Aylesbury and a total of over 24,000 students. There are two main 'student villages' of specialist student accommodation providing a total of 2,560 units of accommodation. These comprise:

- » 715 units of accommodation in the centre of Bedford; Polhill Student Village, with 168 rooms, and Liberty Park with 430 single and 113 double study bedrooms plus four studio flats; and
- » 1,845 bedrooms in various halls in the centre of Luton provided by Campus Living Villages.

- 6.53 The University also provides advice and support with finding private rented accommodation; though as previously illustrated in Figure 114, there are only around 300 student households renting privately in Bedford.

- 6.54 The University Strategic Plan 2012-17⁴³ has the objective:

"To grow our student population by diversifying our teaching activity to include new courses and delivery modes that meet the needs of a broader range of learners".

- 6.55 Key measures of success against this and other objectives include that the "student community will comprise 26,000 students" by 2017, and over the same period the University "will have invested a further £100m in strategic development of our campuses and facilities". Given that the Strategic Plan is aiming for growth, this could have some impact on the private rented sector; however, the target increase in student numbers to 2017 is relatively modest so demand for specialist student accommodation in the area is unlikely to change significantly as a result.

- 6.56 In establishing the OAN for the HMA, students were included in the trend-based analysis; therefore the needs of student households are counted as part of the overall OAN. The household projections assume that the number of students living in communal establishments (including university halls of residence and student housing provided by private sector providers) remains constant over the Plan period 2015-35.

⁴³ http://www.beds.ac.uk/_media/dl/Strategic2012-lr.pdf

Service Families

- 6.57 Paragraph 50 of the NPPF identifies that local planning authorities should plan for the needs of different groups in the community, including service families.
- 6.58 The Government made a commitment towards housing members of the armed forces in the Armed Forces Covenant (2011) and *“Laying the Foundations: A Housing Strategy for England 2011”* (HM Government). Subsequently, in June 2012, the Government revised Guidance regarding priority for access to social housing for former members of the armed forces above that offered to other people in housing need. Whereas Local authorities had been **expected** to give seriously injured service personnel “additional preference” (higher priority) for the allocation of social housing since 2009, this “additional preference” **should** now be given to applications from certain serving and ex-members of the armed forces who come within the reasonable preference categories defined in sub-section 166A (3) of the *“Housing Act 1996”* who have urgent housing needs.
- 6.59 *“The Allocation of Housing (Qualification Criteria for Armed Forces Personnel) (England) Regulations 2012”* and the *“Housing Act 1996 (Additional Preference for Former Armed Forces Personnel) (England) Regulations 2012”* both strengthened the position of some armed forces personnel in seeking to access social housing. There are a number of housing schemes that are available to the Service and Ex-Service community under the HomeBuy umbrella. HomeBuy enables social tenants, Ministry of Defence Personnel and other first time buyers to buy a share of a home and get a first step on the housing ladder in England. In addition, the MOD Referral Scheme with Housing Associations in c.180 locations aims to provide low-cost, rented accommodation for people coming out of the Services.
- 6.60 Mandatory Disabled Facilities Grants (DFGs) are available from local authorities, subject to a means test, for essential adaptations to give disabled people better mobility at home and access to essential facilities. *“The Nation’s Commitment: Cross Government Support to our Armed Forces, their Families and Veterans”* (July 2008) made it clear that injured service personnel who bought a home through what was then the Key Worker Living Scheme might be eligible for a DFG to carry out necessary adaptation work.
- 6.61 Considering service families in Bedford HMA, Figure 115 shows the number of residents employed in the Armed Forces. There were a total of 133 service personnel living in the area at the time of the 2011 Census, all living in households.

Figure 115: Bedford residents employed in the Armed Forces (Source: 2011 Census)

	Bedford
Usual residents employed in the Armed Forces	
Living in a household	133
Living in a communal establishment	0
TOTAL	133
Percentage of population aged 16+	0.1%

- 6.62 This represents only 0.1% of the population aged 16 or over, therefore service families are relatively small in number in the area. The needs of these families are already included within the overall level of housing need identified for Bedford HMA.

People Wishing to Build their Own Homes

- 6.63 Paragraph 50 of the NPPF identifies that local planning authorities should plan for people wishing to build their own homes, and PPG states:

People wishing to build their own homes

The Government wants to enable more people to build their own home and wants to make this form of housing a mainstream housing option. There is strong industry evidence of significant demand for such housing, as supported by successive surveys. Local planning authorities should, therefore, plan to meet the strong latent demand for such housing.

Planning Practice Guidance (March 2014), ID 2a-021

- 6.64 Over half of the population (53%) say that they would consider building their own home⁴⁴ (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 10% of housing completions in the UK, compared to rates of around 40% in France and 70 to 80% elsewhere in Europe.
- 6.65 The attractiveness of self-build is primarily reduced costs; however the Joseph Rowntree Foundation report *"The current state of the self-build housing market"* (2001) showed how the sector in the UK had moved away from those unable to afford mainstream housing towards those who want an individual property or a particular location.
- 6.66 *"Laying the Foundations – a Housing Strategy for England"* (HM Government, 2011)⁴⁵ redefined self-build as 'Custom Build' and aimed to double the size of this market, creating up to 100,000 additional homes over the decade. *"Build-it-yourself? Understanding the changing landscape of the UK self-build market"* (University of York, 2013) subsequently set out the main challenges to self-build projects and made a number of recommendations for establishing self-build as a significant contributor to housing supply. The previous Government also established a network of 11 Right to Build 'Vanguards' to test how the 'Right to Build' could work in practice in a range of different circumstances.
- 6.67 In the Budget 2014, the Government announced an intention to consult on creating a new 'Right to Build', giving 'Custom Builders' a right to a plot from councils. The Self-Build and Custom Housebuilding Act⁴⁶ 2015 placed 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;
 - » Plan to bring forward sufficient serviced plots of land, probably with some form of planning permission, 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.
- 6.68 Limited Government funding⁴⁷ is currently available via the HCA Custom Build Homes Fund programme (short-term project finance to help unlock group custom build or self-build schemes). The Government

⁴⁴ Building Societies Association Survey of 2,051 UK consumers 2011

⁴⁵ <https://www.gov.uk/government/publications/laying-the-foundations-a-housing-strategy-for-england--2>

⁴⁶ <http://services.parliament.uk/bills/2014-15/selfbuildandcustomhousebuilding.html>

⁴⁷ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/364100/custom_build_homes_fund_prospectus_120712.pdf

announced further measures in 2014 (Custom Build Serviced Plots Loan Fund) to encourage people to build their own homes, and to help make available 10,000 'shovel ready' sites with planning permission. Given this context, it is important to recognise that self-build could either be market housing or low cost home ownership affordable housing products. Nevertheless, it is likely that the majority will be market homes.

- 6.69 In May 2012 a Self-Build Portal⁴⁸ run by the National Custom and Self Build Association (NCSBA) was launched. Whilst this clearly shows some interest in self-build across the HMA, this represents only a very limited number of people and an exceptionally small proportion of the overall housing need identified each year. Given the historic low supply of self-build homes it will take time for self-build to make a significant contribution locally to meeting housing need in its current form; but any self-build properties delivered would be a component of (and not additional to) the overall housing need identified.
- 6.70 The Council has put arrangements in place to comply with the Self-Build and Custom Housebuilding Act, including a self-build and custom housing register. There are currently 41 households registered on this register, and the register will help inform the extent to which policy will need to be in place to reflect that demand and consideration will need to be given to schemes to determine the extent to which they contribute to affordable housing.

Housing for Older People

- 6.71 Britain's population is ageing, and people can expect to live longer healthier lives than previous generations. The older population is forecast to grow to 21.9m by 2039⁴⁹ for the over 60s, and from 1.5m (2014) to 3.6m by 2039 for the over 85s. Given this context, PPG recognises the importance of providing housing for older people:

Housing for older people

The need to provide housing for older people is critical given the projected increase in the number of households aged 65 and over ... Plan makers will need to consider the size, location and quality of dwellings needed in the future for older people in order to allow them to live independently and safely in their own home for as long as possible, or to move to more suitable accommodation if they so wish. Supporting independent living can help to reduce the costs to health and social services, and providing more options for older people to move could also free up houses that are under occupied.

The future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered, enhanced sheltered, extra care, registered care) should be assessed and can be obtained from a number of online tool kits provided by the sector. The assessment should set out the level of need for residential institutions (Use Class C2). Many older people may not want or need specialist accommodation or care and may wish to stay or move to general housing that is already suitable, such as bungalows, or homes which can be adapted to meet a change in their needs.

Planning Practice Guidance (March 2015), ID 2a-021

⁴⁸ <http://www.selfbuildportal.org.uk/>

⁴⁹ <http://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/bulletins/nationalpopulationprojections/2015-10-29>

- 6.72 The SHMA Update population projections identified that the population was likely to increase from 170,200 persons to 201,500 persons over the 20-year period 2015-35; a 20-year increase of 31,300 persons. The population in older age groups is projected to increase substantially during this period, with over half (55%) of the overall population growth (17,300 persons) projected to be aged 65 or over and almost a third projected to be 75+ (10,700 persons, equivalent to 34%). This is particularly important when establishing the types of housing required and the need for housing specifically for older people. Whilst most of these older people will already live in the area and many will not move from their current homes; those that do move home are likely to be looking for suitable housing.
- 6.73 The Housing Learning and Improvement Network (LIN) published *“More Choice, Greater Voice: a toolkit for producing a strategy for accommodation with care for older people”*⁵⁰ in February 2008; and subsequently published the *“Strategic Housing for Older People (SHOP)”*⁵¹ resource pack in December 2011. Both the toolkit and the resource pack provide standardised rates for estimating the demand for a range of specialist older person housing products, based on the population aged 75 or over.

Figure 116: Benchmark Figures for Specialist Older Person Housing

Form of Provision	More Choice, Greater Voice toolkit			SHOP resource pack		
	Owned	Rented	TOTAL	Owned	Rented	TOTAL
Demand per 1,000 persons aged 75+						
Leasehold Schemes for the Elderly (LSE)	75	-	75	120	-	120
Conventional Sheltered Housing	-	50	50	-	60	60
Sheltered ‘plus’ or ‘Enhanced’ Sheltered	10	10	20	10	10	20
Extra care	12.5	12.5	25	30	15	45
Dementia	-	10	10	-	6	6
TOTAL	97.5	92.5	180	160	91	251

- 6.74 These rates provide a useful framework for understanding the potential demand for different forms of older person housing, but neither publication provides any detail about the derivation of the figures.
- 6.75 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)
- 6.76 Similarly, the SHOP resource pack acknowledges that the framework simply provides a baseline, which extrapolates *“...crude estimates of future demand from existing data”* (page 36).
- 6.77 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. The Bedford Borough Council Older People’s Accommodation Strategy 2011-16 considered the future need for specialist older person housing in Bedford based on an adaptation of the More Choice, Greater Voice toolkit. This considered the existing provision and the likely future demand for sheltered housing (with limited care provision) and the need for extra care housing (where an element of care would be needed by a proportion of residents).

⁵⁰ http://www.housinglin.org.uk/library/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf

⁵¹ <http://www.housinglin.org.uk/library/Resources/Housing/SHOP/SHOPResourcePack.pdf>

Figure 117: Specialist Older Person Housing in Bedford (Source: Older People’s Accommodation Strategy 2011-16)

Form of Provision	Existing Provision (2010)			Future Demand		
	Owned	Rented	TOTAL	Owned	Rented	TOTAL
Rate per 1,000 persons aged 75+						
Sheltered Housing	16	85	101	30	62	92
Extra care	11	0	11	22	22	44
TOTAL	27	85	112	52	84	136

- 6.78 It was therefore assumed that the rate of specialist older person housing provision would need to increase by around 21%: from a rate of 112 properties per 1000 persons aged 75 or over, to an overall rate of around 136 dwellings per 1000 persons aged 75 or over.
- 6.79 Whilst the overall rate for rented properties was assumed to stay broadly the same (at around 85 dwellings per 1000 persons), this offset a reduction in conventional sheltered housing against an increase in extra care provision. The rate for owner occupied properties was assumed to double for both leasehold sheltered and extra care housing, with the respective rates increasing from 16 to 30 dwellings and from 11 to 22 dwellings per 1000 persons aged 75 or over. This recognised the relatively low levels of specialist older person housing available to purchase (only 24% of the stock in 2010) in the context of general levels of owner occupation amongst older households in the Borough (the 2011 Census identified that 75% of households aged 75 or over owned their own home).
- 6.80 PPG also identifies that “assessments should set out the level of need for residential institutions (Use Class C2)” (ID 2a-021). The demographic projections have projected that the institutional population is likely to increase by around 828 persons over the period 2015-35 (Figure 46). This increase in institutional population is a consequence of the CLG approach to establishing the household population⁵², which assumes “that the share of the institutional population stays at 2011 levels by age, sex and relationship status for the over 75s” on the basis that “ageing population will lead to greater level of population aged over 75 in residential care homes”.
- 6.81 Figure 118 sets out the proportion of institutional population for each age group aged 75 or over, by gender and relationship status; together with the overall rate for each age-gender in 2015 and 2035 (which takes account of underlying trends and the projected changes in relationship status over the 20-year period).

Figure 118: Proportion of institutional population aged 75 and over by gender, age group and relationship status (Source: CLG 2014-based household projections)

Relationship	Male			Female			
	75-79	80-84	85+	75-79	80-84	85+	
Single	10.6%	16.0%	35.8%	9.6%	9.6%	34.4%	
Couple	0.6%	1.2%	5.6%	1.6%	2.4%	8.4%	
Previously Married	3.4%	7.0%	12.8%	2.9%	6.9%	19.9%	
Overall	2015	1.7%	3.6%	10.2%	2.5%	5.4%	18.8%
	2035	2.1%	3.9%	9.9%	2.6%	5.0%	17.1%

- 6.82 It is perhaps not surprising that the institutional population proportion is generally highest amongst the oldest age groups, with one-in-ten men (10%) and close to one-in-five women (19% in 2015; 17% in 2035) aged 85 or over living in communal establishments. It is also notable that the proportions of people in couples (which includes both married couples who live together and cohabiting couples) are notably lower than those who are single (who have never been married and are not cohabiting) and those who are previously married (and are now separated, divorced or widowed).

⁵² Household Projections 2012-based: Methodological Report, Department for Communities and Local Government, February 2015

- 6.83 By applying these rates from the CLG 2014-based household projections to the SHMA population projections, the institutional population was estimated to be 3,085 persons in 2015 and projected to increase to 3,913 persons by 2035 based on migration trends for the period 2005-15 (Figure 57); an additional 828 persons likely to be living in residential care homes over the 20-year Plan period 2015-35.
- 6.84 However, older people are living longer, healthier lives, and the Government's reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible – so despite the ageing population, current policy means that the number of care homes and nursing homes may actually decline, as people are supported to continue living in their own homes for longer.
- 6.85 Given this context, it does not necessarily follow that all of the increase in institutional population should be provided as additional bedspaces in residential institutions in Use Class C2; some of the specialist older person housing may be more appropriate for their needs. Nevertheless, whilst specialist older person housing would generally be included within the overall OAN, **if fewer older people are expected to live in communal establishments than is currently projected, the housing needs of any additional older people in the household population would need to be counted in addition to the assessed OAN.**
- 6.86 Based on the growth of 10,700 persons aged 75+, the table below identifies the potential requirement for new specialist housing (using the rates from the Older People's Accommodation Strategy 2011-16).

Figure 119: Modelled Demand for Older Person Housing

		Rate per 1,000 persons aged 75+	Gross need 2015	Existing supply 2015	Backlog at start of Plan period	Gross need 2035	New need 2015-35	Total need 2035
Sheltered Housing	Owned	30	406	192	214	727	321	535
	Rented	62	838	1,143	-305	1,501	663	358
Extra Care	Owned	22	297	0	297	533	235	533
	Rented	22	297	190	107	533	235	343
TOTAL		136	1,839	1,525	314	3,294	1,455	1,769

- 6.87 The analysis of the need for specialist older person housing identifies a backlog of 314 dwellings at the start of the Plan period in 2015; however, this comprises a need for 511 owner occupied properties (214 leasehold sheltered housing units and 297 owner occupied extra care homes) and a need for 107 rented extra care homes, offset against a surplus of 305 conventional sheltered homes for rent (given a supply of 1,143 units set against a need for 838 units in 2015).
- 6.88 Over the 20-year Plan period 2015-35, the analysis identifies a need for 1,455 additional homes; yielding an overall need of up to 1,800 dwellings to be provided over the Plan period. This includes around 900 sheltered homes (535 owner occupied and 358 for rent) and approaching 900 extra care homes (533 owner occupied and 343 for rent). Most of these properties will already be counted as part of the overall housing need; however some extra care provision may offset some of the identified need for residential care, and would therefore be additional to the household projections.
- 6.89 The SHOP toolkit and the Housing LIN toolkit on the financial benefits of extra care⁵³ both suggest that around a third of those older persons living in extra care housing would otherwise need residential care. Therefore, the provision of an additional 876 extra care homes would divert around 292 persons from

⁵³ [http://www.housinglin.org.uk/library/Resources/Housing/Support materials/Other reports and guidance/HSU/Extra Care - The Financial Benefits.pdf](http://www.housinglin.org.uk/library/Resources/Housing/Support%20materials/Other%20reports%20and%20guidance/HSU/Extra%20Care%20-%20The%20Financial%20Benefits.pdf)

residential care. This would reduce the identified need for additional bedspaces in residential institutions in Use Class C2 from 828 to 536; however, the number of households needing housing would increase by 292 over the 20-year Plan period 2015-35. **This diversion from C2 bedspaces therefore increases the overall housing need by 301 dwellings, equivalent to 15 dwellings per year.**

^{6.90} Of course, it is important that the delivery of specific schemes for specialist older person housing are considered in partnership with other agencies, in particular those responsible for older person support needs. It will also 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 needs;
- » **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:** while there is considerable existing specialist supply, this may be either inappropriate for future households or may already be approaching the end of its life. Nevertheless, other forms of specialist older person housing may be more appropriate than conventional sheltered housing to rent when considering future needs;
- » **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; and
- » **National strategy and its implications for Older People:** national strategy emphasises Older People being able to remain in their own homes for as long as possible rather than specialist provision, so future need may, again, be overstated.

Households with Specific Needs

^{6.91} Paragraph 50 of the NPPF identifies that local planning authorities should plan households with specific needs, and PPG states:

Households with specific needs

There is no one source of information about disabled people who require adaptations in the home, either now or in the future.

The Census provides information on the number of people with long-term limiting illness and plan makers can access information from the Department of Work and Pensions on the numbers of Disability Living Allowance/Attendance Allowance benefit claimants. Whilst these data can provide a good 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 Grant will provide an indication of levels of expressed need, although this could underestimate total need. If necessary, plan makers can engage with partners to better understand their housing requirements.

Planning Practice Guidance (March 2015), ID 2a-021

- 6.92 Personal Independence Payments started to replace the Disability Living Allowance from April 2013, and these 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). Higher Mobility Component (HMC) is awarded when applicants have “*other, more severe, walking difficulty*” above the Lower Mobility Component (which is for supervision outdoors).
- 6.93 Attendance Allowance contributes to the cost of personal care for people who are physically or mentally disabled and who are aged 65 or over. It is paid at two different rates: a lower rate is paid for those who need help or constant supervision during the day, or supervision at night; a higher rate is paid where help or supervision throughout both day and night is needed, or if people are terminally ill. Nevertheless, PPG recognises that neither of these sources provides information about the need for adapted homes as “*not all of the people included within these counts will require adaptations in the home*”.
- 6.94 Disabled Facilities Grants (DFG) are normally provided by Councils and housing associations to adapt properties for individuals with health and/or mobility needs. Grants cover a range of works, such as:
- » Widening doors and installing ramps;
 - » Improving access to rooms and facilities, for example stair lifts or a downstairs bathroom;
 - » Providing a heating system suitable for needs; and
 - » Adapting heating or lighting controls to make them easier to use.
- 6.95 Local authority data about DFGs indicates that 476 DFGs were funded in the study area over the 3-year period 2013-16, an average of 159 per year. This represents around 17% of the overall annual housing need identified, however PPG notes that whilst patterns of DFG applications “*provide an indication of expressed need*” it cautions that this could “*underestimate need*”. Of course, it is also important to recognise that DFGs typically relate to adaptations to the existing housing stock rather than new housing provision.
- 6.96 As previously noted, 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 2015 edition of Approved Document M: Volume 1 (Access to and use of dwellings)⁵⁴. This introduces three categories of dwellings:
- » Category 1: Visitable dwellings – Mandatory, broadly about accessibility to ALL properties
 - » Category 2: Accessible and adaptable dwellings – Optional, similar to Lifetime Homes
 - » Category 3: Wheelchair user dwellings – Optional, equivalent to wheelchair accessible standard.
- 6.97 Local authorities should identify the proportion of dwellings in new developments that should comply with the requirements for Category 2 and 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. Planning Practice Guidance for Housing optional technical standards states:

⁵⁴ <http://www.planningportal.gov.uk/buildingregulations/approveddocuments/partm/adm/admvol1>

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 (March 2015), ID 56-007

- 6.98 The SHMA demographic projections showed that the population of Bedford was projected to increase by around 31,300 persons over the 20-year period 2015-35 based on long-term migration trends. The number of people aged 65 or over is projected to increase by around 17,300 persons, which equates to over half (55%) of the overall growth; which includes an extra 5,000 persons aged 85 or over. Most of these older people will already live in the area and many will not move from their current homes; but those that do move home are likely to need accessible housing.
- 6.99 Considering the increase in households, two-thirds (11,600 out of 17,300 households) are likely to have household representatives aged 65 or over. **Given this context, the evidence supports the need for at least 60% of all dwellings to meet Category 2 requirements, providing that this does not compromise viability.**
- 6.100 The CLG guide to available disability data⁵⁵ (referenced by PPG above) shows that currently around 1-in-30 households in England (3.3%) have 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, and given that the number of older person households is likely to increase over the period to 2035, the proportion of households needing wheelchair housing in future is also likely to be higher. Figure 120 identifies the proportion of households with a wheelchair user currently living in market housing and affordable housing by age of household representative.

Figure 120: Percentage of households with a wheelchair user by type of housing and age of household representative
(Source: English Housing Survey 2013-14)

Housing Type	Age of Household Representative							
	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%

- 6.101 Figure 121 identifies the net change in the number of households with a wheelchair user over the 20-year Plan period 2015-35. It is evident that the number of households likely to need wheelchair adapted housing in Bedford is likely to increase by just over 1,000 over the period, equivalent to around 6% of the overall OAN.

⁵⁵ <https://www.gov.uk/government/publications/building-regulations-guide-to-available-disability-data>

Figure 121: Households needing Wheelchair Adapted Housing (Source: ORS Housing Model. Note: Figures may not sum due to arithmetic rounding)

Modelled Need for Wheelchair Adapted Housing	Households aged under 75			Households aged 75+			Overall change 2015-35	% of OAN
	2015	2035	Net change 2015-35	2015	2035	Net change 2015-35		
Housing type								
Market housing	940	1,190	+250	550	1,000	+450	+700	5.2%
Affordable housing	580	750	+180	260	480	+210	+390	7.1%
All households	1,510	1,940	+430	810	1,480	+660	+1,090	5.7%

^{6.102} This comprises 700 households in market housing (5% of the market housing OAN) and almost 400 households in affordable housing (7% of the affordable housing OAN). The evidence therefore supports the need for a proportion of both market and affordable housing to be wheelchair accessible, and **the Council should plan for a minimum of 5% of all market housing and 7% of affordable housing to meet Category 3 requirements.**

^{6.103} It is evident that the majority of the identified growth (600 households, equivalent to 60%) are households aged 75 or over. It is likely that many of these households would also be identified as needing specialist housing for older persons. The earlier analysis identified a need for up to 1,800 specialist older person housing units for households aged 75 or over, whilst the above analysis identifies a need for around 660 wheelchair adapted dwellings for households in the same age group.

^{6.104} Whilst not all households aged 75 or over needing wheelchair adapted housing will live in specialist older person housing, at any point in time it is likely that around two-fifths of those living in specialist housing will need wheelchair adapted homes. However, it is important to recognise that as individual household circumstances change, it is likely that some households will start using a wheelchair whilst living in specialist housing if their health deteriorates. On this basis, a higher proportion of specialist older person housing units will need to be wheelchair adapted. **The evidence supports the need for a target for all specialist housing for older people to meet Category 3 requirements.**

^{6.105} When developing appropriate policies, it is important to note that Planning Practice Guidance for Housing optional technical standards states:

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

Planning Practice Guidance (March 2015), ID 56-009

^{6.106} On this basis, it is appropriate for the local authority to set a target requiring the provision of wheelchair accessible housing that meets Category 3 requirements in relation to affordable housing. Furthermore, as there is clearly evidence to support the need to provide market housing that is wheelchair accessible, it would be appropriate for the local authority to set a target requiring that a proportion of market housing is readily adaptable to wheelchair accessible housing that meets Category 3 requirements.

Supported Housing Needs

^{6.107} Whilst it is important for SHMAs to consider the support needs of disabled people in terms of the housing requirement, it is necessary for this to be within the context of their support needs more generally. Figure 122 sets out the growth in vulnerable and older people needs for each client group over the 10-year period 2011-21 based on estimates from the Homes and Communities Agency Vulnerable and Older People Needs Estimation Toolkit.

Figure 122: Estimates of Vulnerable and Older People Needs in Bedford 2011-21 (Source: Homes and Communities Agency Vulnerable and Older People Needs Estimation Toolkit)

	2011	2021	Change 2011-21
People aged under 18 in need			
Teenage parents	360	350	-10
Young people aged 16-17	30	30	-
People aged 18-64 in need			
Alcohol misuse	530	570	+40
Learning disabilities	260	280	+20
Mental health problems	410	440	+30
Offenders	240	260	+20
Moderate physical or sensory disability	180	200	+20
Serious physical or sensory disability	50	60	+10
Refugees	10	20	+10
Rough sleepers	10	10	-
Single homeless with support needs	310	340	+30
People aged 65+ in need			
Frail elderly	580	740	+160
Older people with mental health needs	960	1,210	+260
Older people with support needs	3,140	3,990	+850

^{6.108} The modelling of supported housing needs is complex and it is essential that housing options are established within the context of the strategy for wider support. It therefore isn't appropriate for the SHMA to determine these figures in isolation. Nevertheless, the numbers of people involved are relatively low; so the overall need for various types of specialist housing is likely to represent a very small proportion of the overall housing need for 19,000 dwellings over the 20-year Plan period 2015-35.

^{6.109} There are also issues regarding new build viability; economies of scale are not strong (schemes tend to be bespoke or involve low volumes) and competition for land (especially in desirable areas) drives up values and costs. Further, the role of housing benefit in viability becomes more pronounced, and the impact of Welfare reform will need to be taken into account. Consequently, some form of subsidy will be required either from planning gain, land subsidy or capital contribution. On this basis, the proposed delivery level may be lower than the identified need due to viability constraints. It will therefore be important for housing and planning officers to continue liaising with their colleagues from social care to ensure that appropriate housing is provided for the needs of Bedford's residents.

7. Housing Requirements

Considering the policy response to identified housing need

- 7.1 The SHMA has established the Full Objectively Assessed Need for Housing in Bedford to be 19,000 dwellings over the 20-year Plan period 2015-35, however this figure will need to be tested through the statutory Plan-making process.
- 7.2 This is confirmed by Planning Practice Guidance for housing and economic land availability assessment, which states that *“housing requirement figures in up-to-date adopted Local Plans should be used as the starting point for calculating the five year supply”* (ID 2a-030). This point was further emphasised in a letter from the Housing Minister to the Planning Inspectorate in December 2014:

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

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

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

- 7.3 The local authority is currently in the process of preparing a Local Plan. In establishing the OAN, the SHMA has taken full account of all unmet need for housing that is likely to exist at the start of the new Plan period; therefore any under-delivery against current housing targets need not be counted again. However, whilst the OAN identified by the SHMA will be a key part of the evidence base, the Local Plans will be the mechanism through which the SHMA evidence will be assessed against environmental and policy constraints to identify a sustainable and deliverable plan requirement.
- 7.4 The Local Plan will also consider the spatial distribution of the OAN across the functional housing market area for Bedford.

Affordable Housing Need

- 7.5 The SHMA has identified a substantial need for additional affordable housing: a total of 5,500 dwellings across Bedford over the 20-year Plan period 2015-35. Given the level of affordable housing need identified, it will be important to maximise the amount of affordable housing that can be delivered through market housing led developments. Key to this is the economic viability of such developments, as this will inevitably determine (and limit) the amount of affordable housing that individual schemes are able to deliver.
- 7.6 As part of their strategic planning and housing enabling functions, the Council will need to consider the most appropriate affordable housing target in order to provide as much affordable housing as possible without compromising overall housing delivery. This target should provide certainty to market housing developers about the level of affordable housing that will be required on schemes, and the Council should ensure that this target is achieved wherever possible in order to increase the effective rate of affordable housing delivery.
- 7.7 PPG identifies that the Council should also consider “an increase in the total housing figure” where this could “help deliver the required number of affordable homes”; although this would not be an adjustment to the OAN, but a policy response to be considered in the Local Plan:

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

Planning Practice Guidance (March 2014), ID 2a-029

- 7.8 It will therefore be important for the Council to consider the need for any further uplift once the affordable housing target has been established. However, as confirmed by the Inspector examining the Cornwall Local Plan in his preliminary findings⁵⁶ (paragraphs 3.20-21):

*“National guidance requires **consideration** of an uplift; it does not automatically require a mechanistic increase in the overall housing requirement to achieve all affordable housing needs based on the proportions required from market sites. The realism of achieving the intended benefit of additional affordable housing from any such uplift is relevant at this stage, otherwise any increase may not achieve its purpose.*

Any uplift on the demographic starting point ... would deliver some additional affordable housing and can be taken into account in judging whether any further uplift is justified.”

- 7.9 Given that the identified OAN already incorporates an uplift from the baseline household projections in response to market signals and to take account of suppressed household formation, this will contribute to increasing the supply of affordable homes through market housing led developments. The Council will need to consider whether there is sufficient justification for any further increase in the total housing figures included in their Local Plan (beyond the identified OAN) as part of their policy response to meeting the identified need for affordable housing; although it will be important to consider the implications of providing a higher level of market housing than identified by the OAN, in particular the consequences on the balance between jobs and workers.

⁵⁶ <https://www.cornwall.gov.uk/media/12843214/ID05-Preliminary-Findings-June-2015-2-.pdf>

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

- » **Affordable Homes Programme:** the flagship HCA 2015-18 investment programme(s) for new affordable homes which ends in 2018 and will deliver c. 43,000 affordable homes. A new Shared Ownership & Affordable Homes Programme 2016-21 was launched in April 2016 which will reflect the Housing and Planning Act 2016
- » **Affordable Homes Guarantees Programme:** guaranteeing up to £10bn of housing providers' debt in order to bring schemes forward
- » **Care and Support Specialised Housing Fund:** funding used to accelerate the development of the specialised housing market such as Older People and those with disabilities
- » **Community Right to Build:** (Outside London) including some provision for affordable homes
- » **Empty Homes programme**
- » **Estate Regeneration Programme:** often creating mixed tenure communities
- » **Get Britain Building:** aiming to unlock locally-backed stalled sites holding planning permission and including affordable homes

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

Constraints affecting the delivery of new affordable housing	Other initiatives potentially increasing the delivery of new affordable housing
<p>Welfare reform Most stakeholders (including private landlords, house builders, local authorities and RPs) are concerned at the impact of benefit reform and the risk to their revenue. Credit rating agencies have also signalled concerns.</p> <p>Rent formula reform The change to rent increase formula for Registered Providers has constrained capacity for new affordable developments.</p> <p>Registered Providers Many RPs have become more risk averse in their approach to developing new homes in the light of grant rate reductions for affordable homes and the absence of grant post the 2015-18 HCA investment programme.</p> <p>Stock rationalisation by Registered Providers The new regulatory framework for RPs continues the emphasis on economic regulation. This could, potentially, reduce current supply of affordable housing. Already, sector trends indicate many associations are identifying under-performing stock with a view to rationalisation.</p> <p>Extension of Right to Buy (RTB) to Registered Providers The Government pledge to introduce an RTB for RP tenants mean many associations will need to assess the risk to their Business Plans and this might also reduce appetite for new development.</p> <p>Starter Homes Including Starter Homes in the affordable housing definition may lead to fewer affordable homes for rent being developed.</p>	<p>Starter Homes The Government has signalled its support for Home Ownership in general, and Starter Homes in particular. A planned broadening of the affordable housing definition to include Starter Homes may lead to an increase in affordable housing delivery if Starter Homes are also counted.</p> <p>Councils building more new homes Many Councils are now trying to bring new rental schemes forward following reform of the HRA system.</p> <p>New 'for profit' providers Over 30 'for profit' providers to deliver AHP homes have so far registered with the HCA, mainly in order to deliver non-grant affordable housing. There is arguably potential for increased supply of affordable homes for rent by 'for profit' providers.</p> <p>Co-operative Housing Given current delivery constraints, co-operative housing has been identified as a further alternative supply for households unable to access ownership or affordable housing. The Confederation of Co-operative Housing, working with RPs, is currently trying to bring schemes forward. The HCA has held back funding for Co-operative Housing in the previous AHP.</p>

- 7.12 The Government also sees the growth in the private rented sector as positive. Whilst private rented housing (with or without housing benefit) does not meet the definitions of affordable housing, it offers a flexible form of tenure and meets a wide range of housing needs. The sector also has an important role to play given that many tenants that rent from a private landlord can only afford their housing costs as they receive housing benefit. If there isn't sufficient private rented housing available at a price these households can afford, the need for affordable housing would be even higher.
- 7.13 A Government task force was established in 2013 to encourage and support build-to-let investment⁵⁷. The HCA also has several investment programmes to help bring schemes forward. These include a £1 billion Build to Rent Fund, which will provide equity finance for purpose-built private rented housing, alongside a £10 billion debt guarantee scheme to support the provision of these new homes. New supply of private rented housing therefore seems likely from various sources, despite current volumes being relatively low:
- » **Registered Providers** are potential key players in the delivery of new PRS supply and recently several have begun to enter the market in significant scale⁵⁸, particularly in response to the Build to Rent Fund, although other institutional funding is also being sought. Overall, although interest is high, it remains unclear as to the scale of development which may deliver.
 - » **Local Authorities** can also enable new PRS supply to come forward investing local authority land, providing financial support (such as loan guarantees), and joint ventures with housing associations, developers or private investors under the Localism Act. Whilst LA initiatives may contribute to new build PRS, these will take time to deliver significant numbers of units.
 - » **Local Enterprise Partnerships** are another potential source of new build PRS homes⁵⁹. The Growing Places Fund provides £500 million to enable the development of local funds to promote economic growth and address infrastructure constraints in order to enable the delivery of jobs and houses. Any funding for housing, however, has to compete with other priorities e.g. skills and infrastructure. However, LEPs could potentially enable new PRS housing delivery and some attempts have been made in this regard to increase supply.
 - » **Insurance companies** and **pension funds** have been expanding into property lending in recent years; especially schemes in London. Nearly a quarter of new UK commercial property finance came from non-bank lenders in 2013.
- 7.14 National Government policy is also focussed on improving the quality of both management and stock in the private rented sector, and local councils also have a range of enforcement powers. This is particularly important given the number of low income households that rent from a private landlord.
- 7.15 Given the substantial need for affordable housing identified for Bedford, the Council will need to consider the most appropriate affordable housing target as part of their strategic planning and housing enabling functions. However, it will also be important for the Council to consider all of the options available to help deliver more affordable homes in the area.

⁵⁷ <https://www.gov.uk/government/publications/2010-to-2015-government-policy-rented-housing-sector/2010-to-2015-government-policy-rented-housing-sector#appendix-9-private-rented-sector>

⁵⁸ <http://www.insidehousing.co.uk/business/development/transactions/lq-to-launch-prs-subsiary/7009701.article>

⁵⁹ <https://www.gov.uk/government/publications/growing-places-fund-prospectus>

Older People in Residential Institutions (Use Class C2)

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

How should local planning authorities deal with housing for older people?

Older people have a wide range of different housing needs, ranging from suitable and appropriately located market housing through to residential institutions (Use Class C2). Local planning authorities should count housing provided for older people, including residential institutions in Use Class C2, against their housing requirement. The approach taken, which may include site allocations, should be clearly set out in the Local Plan.

Planning Practice Guidance (March 2014), ID 3-037

- 7.17 The identified OAN of 19,000 dwellings includes the housing needs of older people and allows for around 292 persons to be diverted from residential care to Extra Care housing, but does not include the remaining growth of 536 persons in care homes. On this basis, all self-contained older person housing should be counted within the housing supply; but the supply of bedspaces in residential institutions (Use Class C2) should not be counted.

Gypsies and Travellers

- 7.18 A separate Gypsy and Traveller Accommodation Assessment for Bedford is being carried out by ORS at the same time as this SHMA, which will set out the need for Gypsy and Traveller accommodation.
- 7.19 Planning Policy for Traveller Sites (PPTS) came into force in March 2012 and was updated in August 2015. This document sets out the Government's policy for Gypsies and Travellers and represents the only policy for a particular household group which is not directly covered by the NPPF. However, at paragraph 1 PPTS notes that:

This document sets out the Government's planning policy for traveller sites. It should be read in conjunction with the National Planning Policy Framework.

Planning Policy for Traveller Sites, paragraph 1

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

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

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

- 7.21 Along with retaining the requirement for local authorities to assess their own needs for Gypsies and travellers, PPTS, August 2015, paragraph 10(a) retains the requirement to: *“identify and update annually, a supply of specific deliverable sites sufficient to provide 5 years’ worth of sites against their locally set targets”*.
- 7.22 The position proposed by the judgement is correct in that Gypsy and Traveller and Travelling Showpeople households will form part of the household projections, concealed households and market signals which underwrite the OAN calculation. The needs of these households are counted as part of the overall OAN; therefore, any needs identified as part of a Gypsy and Traveller and Travelling Showpeople Needs Assessment are a component of, and not additional to, the OAN figure identified by the SHMA.
- 7.23 This also means that any land supply for pitches and plots should be counted towards the general 5-year land supply as the needs they are addressing are included within the housing OAN.
- 7.24 It should be noted that PPTS, August 2015, sets out a new definition of Gypsies and Travellers who are to be included in the Gypsy and Traveller Accommodation Assessment (GTAA) which is on the basis of having a travelling lifestyle without reference to ethnicity:

Persons of nomadic habit of life whatever their race or origin, including such persons who on grounds only of their own or their family’s or dependants’ educational or health needs or old age have ceased to travel temporarily, but excluding members of an organised group of travelling showpeople or circus people travelling together as such.

Planning Policy for Traveller Sites, August 2015, Annex 1

- 7.25 This definition conflicts with the Housing Act (2004) definition used in the PPTS 2012. However, DCLG have stated that the Government will, when parliamentary time allows, seek to amend primary legislation to clarify the duties of local authorities to plan for the housing needs of their residents. This should bring the Housing Act definition in line with the PPTS definition.
- 7.26 Gypsies and Travellers who fall outside this definition will not necessarily be assessed in a GTAA and will need to be assessed separately under the NPPF because Romany Gypsies and Irish Travellers are recognised as having a protected characteristic under the Equality Act 2010 and culturally suitable accommodation should be provided.

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