Nathaniel Lichfield & Partners

nlp

Planning. Design. Economics.

Strategic Housing Market Assessment and Housing Needs Study

Final Report

High Peak Borough Council

April 2014

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Contents

1.0   **Introduction**

1.1   Nathaniel Lichfield & Partners [NLP] was appointed by High Peak Borough Council [HPBC] and Staffordshire Moorlands District Council [SMDC] to undertake a Strategic Housing Market Assessment [SHMA] and Local Housing Needs Study for their areas. The purpose of the study is to provide robust and up-to-date evidence on the potential scale of future housing need and demand in High Peak and Staffordshire Moorlands based upon a range of housing, economic and demographic factors, trends and forecasts. This will provide the Councils with evidence on the future housing requirements of the authority areas to help HPBC and SMDC plan for future growth and make informed policy choices through their emerging Local Plan process.

1.2   High Peak and Staffordshire Moorlands Councils operate a strategic alliance but do not form a discrete Housing Market Area. As such, although the reports were prepared simultaneously, they do not represent a Joint SHMA and Local Housing Needs Study. Separate SHMAs have therefore been prepared for each authority.

Background to the Study

1.3   This work will replace HPBC's Peak Sub Region Housing Market Assessment, December 2008 [PSRHMA] and SMDC's West Midlands North Housing Market Area Strategic Housing Market Assessment [WMNSHMA] (April 2008). There have been significant economic and policy changes since the original SHMA's were adopted in 2008 and new population and household data from the 2011 Census is now available. Whilst the previous SHMAs will provide useful background information, a more robust and transparent methodology enabling High Peak and Staffordshire Moorlands to update their SHMA on a regular basis is required.

1.4   This report also summarises the outputs of the application of NLP's HEaDROOM work. HEaDROOM is NLP's bespoke framework for identifying locally generated housing requirements based upon an analysis on the housing, economic and demographic factors in the area.

1.5   This report will sit alongside (and subsequently inform) other evidence base documents such as Strategic Housing Land Availability Assessments [SHLAA] and Infrastructure Delivery Plans as well as other environmental and technical studies. It will assist the LPAs in formulating their spatial strategies and enable the Councils to make the informed policy choices required for a sound Local Plan.

1.6   The core outputs of this study cover the following:

    1   Estimates of current dwellings in terms of size, type, condition, tenure, including the extent to which they are lacking or sharing basic amenities;

2   Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price/affordability;

3   Description of key drivers underpinning the housing market and an assessment of whether the relative housing market areas are self-contained or not;

4   Estimate of the number of houses in multiple occupation, households within them and the extent of shared facilities;

5   Estimate of total future number of households, broken down by age and type where possible;

6   Estimate of current number of households in housing need;

7   Estimate of future households that will require i) market housing and ii) affordable housing;

8   Estimate of the sizes, types and range of tenures of affordable housing and the size and types of market housing required;

9   Estimate of household groups who have particular housing requirements and may have access barriers to housing e.g. families, older people, key workers, black and minority ethnic groups, disabled people, young people, people in rural areas etc. and quantify this in terms of size, type, and range of tenure;

10   Advice in relation to the Affordable Rent model and intermediate housing products;

11   Advice with regard to translating housing need into policy, including a review of existing policy; and,

12   A framework to practically enable the future and regular up-date of Housing Needs information.

1.7   The proposed study will advise on all housing sectors, including the size and type of market housing that is required to reflect local demand. The base date of the report will be 2011 and in-depth analysis will be provided to 2031.

1.8   The study will need to provide a robust and credible evidence base to inform the Council's new Local Plan policies, be compliant with existing and emerging Government planning policy, and be robust in terms of EiPs or Planning Inquiries.

National Planning Policy Framework (The Framework)

1.9   The Government's policy approach to planning has been focused on applying the principles of 'localism' to give Local Planning Authorities [LPAs] greater autonomy in planning for housing, and in particular setting local housing requirements in their local plans. This presents a major opportunity for local authorities to shape the agenda for their localities, but with it comes new responsibilities.

1.10   Following the revocation of Regional Strategies and the consequent removal of the housing requirements and job targets therein, it now falls upon LPAs to establish local development requirements.

Plan Making and Using a Proportional Evidence Base

1.11   The Framework states that LPAs 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, as far as is consistent with the policies set out in this Framework …" [§47]

1.12   To deliver a wide choice of quality homes and widen opportunities for home ownership, LPAs should:

1   Plan for a mix of housing based current and future demographic trends, market trends and the needs of different groups in the community (such as families with children, the elderly and people with disabilities); and,

2   Identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand [The Framework §50].

1.13   The Framework [§159] outlines the evidence required to underpin a local housing target, and concludes that LPAs should:

"Prepare a Strategic Housing Market Assessment [SHMA] to assess their full housing needs, working with neighbouring authorities where HMAs cross administrative boundaries. The SHMA 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 needs 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*

• *Cater for housing demand and the scale of housing supply necessary to meet this demand."*

1.14   The starting point for plan making is to use the evidence base to objectively assess the need for development within an area and then seek to meet that in full, where it is appropriate to do so. This is underlined in The Framework which identifies in respect of plan-making that local plans should, *"meet objectively assessed needs … unless any adverse impacts of doing so would significantly and demonstrably outweigh the benefits…"* [§14] As such, it is clear that LPAs should plan to meet their full, properly assessed, housing needs for their area unless it can be properly considered that there is an overwhelming case to justify a lower level of provision, for example due to insurmountable constraints on environmental and/or infrastructure capacity grounds.

1.15 The Framework also outlines the importance of LPAs promoting economic growth [§19 and §21]:

"The Government is committed to ensuring that the planning system does everything it can to support sustainable economic growth. Planning should operate to encourage and not act as an impediment to sustainable growth. Therefore significant weight should be placed on the need to support economic growth through the planning system… Planning policies should recognise and seek to address potential barriers to investment, including… any lack of infrastructure, services or housing."

1.16 With the planning system expected to do '*everything it can*' to support economic growth and strategic plans required to address any potential barriers to achieving this, Local Plans need to demonstrate how they are effectively and positively planning to support the economy in their local area, including delivering sufficient housing to ensure economic potential is realised.

1.17 Where objectively assess development needs [OAN] are evidence, but are not achievable within the boundaries of a Local Authority. The Framework sets out a requirement to plan positively across boundaries to meet the need elsewhere within the market area. This ensures that any shortfall in provision in one authority area is still met in other local authority area. This is practically achieved through the statutory 'duty to cooperate'.

Localism Act and Duty to Cooperate

1.18 The statutory duty to cooperate in respect of plan making is set out in Section 33A of the Localism Act (2011). The Framework [§178] sets out how public bodies have a duty to cooperate on planning issues that cross administrative boundaries, highlighting the strategic priorities of Local Plans which includes delivering the homes and jobs needed in the area. The Framework [§182] sets out the tests of soundness for Local Plans, crucially identifying that plans should be 'positively prepared' based on a strategy which seeks to meet OAN, including unmet requirements from neighbouring authorities.

SHMA Practice Guidance

1.19 The Framework identifies that Strategic Housing Market Assessments [SHMAs] are the vehicle through which LPAs should put forward evidence on objectively assessed housing needs. In this respect the SHMA Practice Guidance (Version 2) published by CLG in August 2007, provides a framework, along with a step-by-step approach, to follow in assessing housing need and demand. Whilst this is now revoked following the Government's adoption of the National Planning Practice Guidance [the Practice Guidance], it arguably remains a source of best practice.

1.20   The former guidance sets out a wide-ranging and holistic approach to assessing housing markets. It sets this out in a structure which broadly covers:

a   How to assess current housing markets, including existing housing demand;

b   How to estimate changes in household numbers to assess total future housing demand;

c   How to assess current and future levels of housing need; and

d   How to consider the requirements of particular household groups.

1.21   The SHMA Guidance identifies a range of core outputs that it is necessary for a SHMA to cover, along with a SHMA process checklist. In respect of these the SHMA Guidance states:

"…a strategic housing market assessment should be considered robust and credible if, as a minimum, it provides all of the core outputs and meets the requirements of all of the process criteria in Figure 1.1 *and* Figure 1.2.*"*

1.22   These core outputs and processes are identified in Figure 1.1.

Figure 1.1   SHMA Core Output and Process Checklist

Figure 1.1: Strategic Housing Market Assessment core outputs (further details are set out in Table 2.1, Chapter 2)	
1	Estimates of current dwellings in terms of size, type, condition, tenure
2	Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price/affordability. Description of key drivers underpinning the housing market
3	Estimate of total future number of households, broken down by age and type where possible
4	Estimate of current number of households in housing need
5	Estimate of future households that will require affordable housing
6	Estimate of future households requiring market housing
7	Estimate of the size of affordable housing required
8	Estimate of household groups who have particular housing requirements eg families, older people, key workers, black and minority ethnic groups, disabled people, young people, etc.

NB. Estimates of household numbers (3, 4, 5 and 6) may be expressed as a number or a range.

Figure 1.2: Strategic Housing Market Assessment process checklist	
1	Approach to identifying housing market area(s) is consistent with other approaches to identifying housing market areas within the region
2	Housing market conditions are assessed within the context of the housing market area
3	Involves key stakeholders, including house builders
4	Contains a full technical explanation of the methods employed, with any limitations noted
5	Assumptions, judgements and findings are fully justified and presented in an open and transparent manner
6	Uses and reports upon effective quality control mechanisms
7	Explains how the assessment findings have been monitored and updated (where appropriate) since it was originally undertaken

Source: CLG SHMA Guidance (2007)

The Practice Guidance: Assessment of Housing and Economic Development Needs

1.23   The Government has recently adopted Practice Guidance on the Assessment of Housing and Economic Development Needs. The existing SHMA Practice Guidance published in 2007 has now been cancelled. Although the new Practice Guidance is more succinct and provides less detail on the assessment of affordable housing need than the 2007 Guidance, the overall approach remains essentially the same.

1.24   The Guidance states that 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 infrastructure or environmental constraints. However, these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans.

1.25   The Guidance advises that HMAs can be broadly defined by using three different sources of information as follows: house prices and rates of change in house prices; household migration and search patterns; and, contextual data (e.g. travel to work area boundaries, retail and school catchment areas).

1.26   The Guidance states that household projections published by CLG should provide the starting point estimate of overall housing need.

1.27   The Guidance advises that housing need, as 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. Relevant signals may include land prices, house prices, rents, affordability (the ratio between lower quartile house prices and the lower quartile income or earnings can be used to assess the relative affordability of housing), rate of development and, overcrowding.

1.28   In areas where an upward adjustment is required, plan makers should set this adjustment at a level that is reasonable. The more significant the affordability constraints (as reflected in rising prices and rents, and worsening affordability ratio) and the stronger other indicators of high demand (e.g. the differential between land prices), the larger the improvement in affordability needed and, therefore, the larger the additional supply response should be.

1.29   The Guidance recognises that market signals are affected by a number of economic factors, and plan makers should not attempt to estimate the precise impact of an increase in housing supply. Rather they should increase planned supply by an amount that, on reasonable assumptions and consistent with principles of sustainable development, could be expected to improve affordability, and monitor the response of the market over the plan period.

1.30   Against this background, The Framework [§159] provides the starting point for considering the key requirements of what SHMAs now need to cover, namely

household and population projections taking account of migration, the need for all types housing including affordable and the housing needs of different groups. The Framework [§50] also identifies other relevant considerations that will need to be evidenced around housing market trends and size/type/tenure requirements by location.

Approach to Undertaking the SHMA and Identifying Local Housing Needs

1.31　In response to the need to generate locally derived requirements for growth, NLP developed HEaDROOM, a conceptual framework for identifying local housing requirements providing a robust basis for planning through Local Plans. NLP's HEaDROOM framework (so-called given its focus on the Housing, Economic and Demographic factors underpinning the need for housing in a locality) has been applied in this study (See Figure 1.2) to identify the OAN for Housing.

Figure 1.2　HEaDROOM Framework for Objective Assessment of Need for Housing
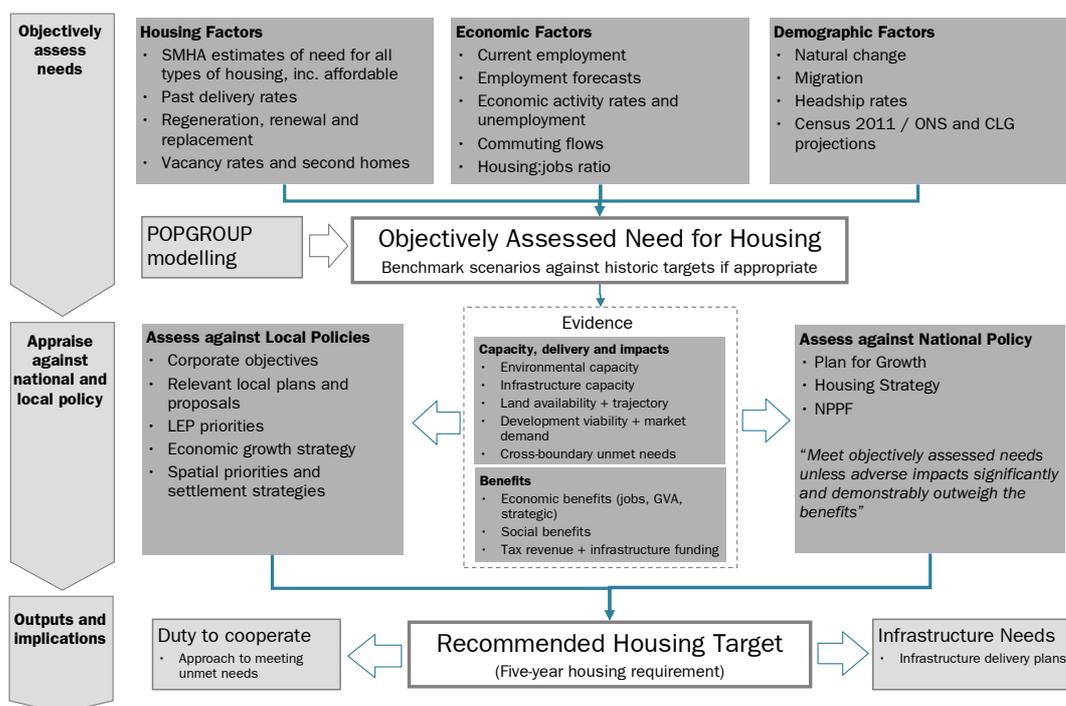
Source:　NLP

1.32　The approach adopted is consistent with the requirements of the Practice Guidance, the former CLG SHMA Guidance; and The Framework, providing the necessary evidence and 'core outputs' to estimate future housing need and demand. The approach taken in arriving at a housing target for the Local Plan will need to consider relevant national and local policy factors at a high level; the deliverability of any target; and, the duty to cooperate. Although these are strictly factors outwith the remit of this SHMA, it will nevertheless have due regard to them.

Overall Approach

Objective Assessment of Housing Need

1.33   In essence, the approach adopted to identify the housing need element of the study is to derive a series of scenarios based on housing, economic and demographic factors, and to identify the potential housing and employment growth needs arising within the parameters of any given scenario.

1.34   The key outputs of the study are presented for the period 2011 to 2031. This it to fit with the timescales of the emerging Local Plan for High Peak which will extend to 2031. The 2011 base date also aligns with the point in time for which the most recent comprehensive base data is available (e.g. data, including a population base, derived from the Census).

1.35   HEaDROOM is dependent upon the availability of a wide range of existing data sources. Many of the modelled assumptions take account of datasets (particularly those demographically-driven) that are updated annually. It also relies on a number of older datasets which, due to reporting periods and data availability, represent the most recently available and/or most appropriate and robust data to use.

1.36   It will be important to keep the analysis under review and to take account of emerging information as it arises as part of the evidence base informing the Council's Local Plan Review.

1.37   The analysis of housing market factors, the outputs of each of the scenarios and much of the assessment is undertaken cognisant of the geography of the district.

1.38   Results are disaggregated into four sub-areas that have been defined through the Local Plan reparation process. These are:

- Glossop
- Central Area
- Buxton
- Rural Areas

1.39   The Council has divided the district into these four broad sub-areas encompassing the main settlements of the Borough, with the rural sub-area encapsulating the remainder. It should be noted that the rural sub-area is predominantly that part of High Peak that lies within the Peak District National Park and as such is outside the Local Plan area. The settlements included in each of the Sub-Areas are set out in Table 1.1.

Table 1.1   Locations within Each Settlement Area

Settlement Area:	Locations Included:
Sub Area 1 – Glossop	Glossop, Hadfield, Gamesley, Charlesworth
Sub Area 2 – Central Area	Whaley Bridge, New Mills, Hayfield, Chapel-en-le-Frith
Sub Area 3 – Buxton	Buxton
Sub Area 4 – Rural Areas	Hope Valley, Thornhill, Sparrowpit, Little Hayfield, Castleton, Bradwell

Source: NLP/High Peak Borough Council

1.40   The area covered by each of the four Sub-Areas is illustrated in Figure 1.3. The different coloured areas represent the boundaries of each settlement area.

1.41   Postcode boundaries within each of the Settlement Areas have informed the analysis undertaken as part of the preparation of the SHMA. As local authority boundaries do not align exactly with postcode boundaries, a 'best fit' approach has been used. In the majority of instances, this only encompasses countryside or undeveloped areas and hence does not result in any significant bias in the results.

Figure 1.3   High Peak Sub-Area Boundaries
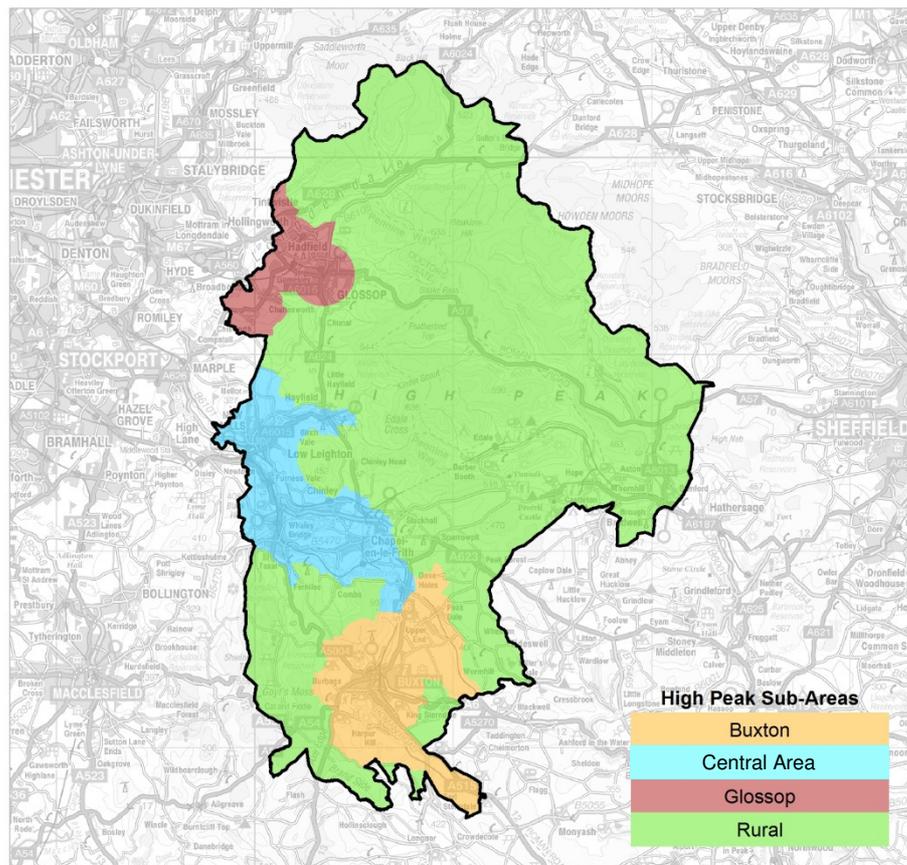
Source: NLP

Affordable Housing

1.42 In addition, to establish the overall housing requirement associated with different scenarios, this study also seeks to assess the level of affordable housing need. This appraisal draws upon a wide range of existing sources of data relating to:

1 The local housing market;

2 Market signals, including housing process and affordability issues;

3 The existing stock of affordable housing;

4 Anticipated future changes in the affordable housing stock; and,

5 Current and anticipated future levels of need for affordable housing.

1.43 The affordable housing target will be broken down by tenure, size and type, for each sub-housing market area, and for special needs households.

1 Families with children;

2 Older people;

3 Households with specific needs (such as disabled people);

4 Minority and hard to reach households;

5 Rural communities;

6 First time buyers and young people; and,

7 Key workers and service personnel.

1.44 In settling this housing target by tenure, NLP also considered the affordable rent model and the ability of households across the district to pay up to 80% market rents. This required an analysis of the affordable rent model and the identification of suitable rent thresholds for local authority and sub areas having regard to local incomes, the mortgage market and the supply of private rented and affordable housing, including consideration of its likely impact on the supply and demand of social rented housing and its implication for households in need of affordable housing.

1.45 The appendices set out the relevant assumptions used for the demographic modelling and also provide a technical guide to the approach adopted.

Stakeholder Consultation

1.46 Stakeholder consultation is vital for realistic and robust outputs, particularly when it must be defensible in EiPs and Planning Inquiries. In this situation, significant weight has been given to the views of neighbouring local authorities as per the duty to co-operate, Registered Providers [RPs] who operate in the area, local agents, developers and other key stakeholders.

1.47 A stakeholder meeting was held by NLP and High Peak Borough Council at Pavilion Gardens Centre, Buxton in December 2013. The meeting was conducted over the course of a morning and an extensive list of potential

stakeholders were invited to attend. The workshop was split into two discrete elements: initial findings on housing requirement; and initial findings on the SHMA. Both stages involved representatives from NLP presenting the initial findings and a question and answers session was conducted in relation to the initial housing requirement findings. Following the second presentation, the participants were involved in detailed workshop discussions.

1.48   Stakeholders involved included representatives of High Peak Strategic Housing, Tenancy Services and Planning Policy departments, Registered Providers who operate in the area, neighbouring local authorities, developers, landowners and other key stakeholders. The local authorities invited to the Stakeholder Workshops were: Cheshire East, Stockport, Tameside, Oldham, Derbyshire Dales, Sheffield, Staffordshire Moorlands, Newcastle-under-Lyme and Peak District National Park.

1.49   In addition to the Stakeholder Workshops mentioned above, questionnaires were sent to RPs operating in the area to gain a more detailed view on the affordable housing requirements in the HMA, including any recent key changes in the sector, the needs of specific groups, and the impact of the new Affordable Rent model. Questionnaires were also sent to local agents covering questions on the housing market and the private rental market. The questionnaire sought the views on a number of topics including the outlook for the local housing market in the future, the demand for sales and rental properties from different groups, the impacts of a lack of access to mortgage finance, and any perceived shortages in supply. The content of these questionnaires was agreed with High Peak Borough Council beforehand.

1.50   The feedback from stakeholders at the Workshop has assisted NLP in assessing the assumptions in the SHMA and the assessment of housing requirement. Details of this feedback are set out in various sections of this report.

2.0   **Defining the Housing Market Area**

Introduction

2.1   The Localism Act 2011 includes the statutory duty to cooperate on strategic planning for cross-boundary issues, and this requirement is reiterated in The Framework in terms of addressing housing figures and job growth. In particular, The Framework states:

"…LPAs 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." [§159]

2.2   In recent months Inspectors[1] have taken the view that SHMAs must be undertaken for the whole Housing Market Area [HMA] and that objectively assessed housing needs should reflect such geographies. This section considers the appropriate HMA for High Peak.

CLG Guidance on Defining Housing Market Areas

2.3   The CLG's guidance note '*Identifying sub-regional housing market areas'* (March 2007) was revoked in March 2014. However, in the absence of any replacement detailed guidance, it provides a reasonable basis for defining HMAs. In this context, it notes that:

1   HMAs are inherently difficult to define. They are a geographic representation of people's choices and preferences on the location of their home, accounting for live and work patterns. They can be defined at varying geographical scales from the national scale to sub-regional scale, down to local and settlement specific scales.

2   HMAs are not definitive. As well as a spatial hierarchy of different markets and sub-markets, they will inevitably overlap.   However, CLG provides some advice in this regard.

2.4   The CLG Guidance recommends that a measure of migration flow patterns can identify the geographical relationships of where people move house within an area with a 70% containment rate of migratory activity typically representing a HMA. In particular:

"The typical threshold for self-containment is around 70 per cent of all movers in a given time period. This threshold applies to both the supply side (70 per cent of all those moving out of a dwelling move within that same area) and the demand side (70 per cent of all those moving into a dwelling have moved from that same area). Some areas may be relatively more or less self-contained, and it may be desirable to explore different thresholds."

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[1] Waverley Borough Council Core Strategy Examination in Public, Letter from Inspector Michael Hetherington June 2013; and Hart District Council Core Strategy Examination in Public, Letter from Inspector Kevin Ward July 2013

2.5　　　This level of self-containment is also recommended in the Practice Guidance (March 2014). This provides some guidance on defining housing market areas including consideration of household migration and search patterns. The Practice Guidance states:

"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 (e.g. those due to a change of lifestyle or retirement), reflecting the fact that most people move relatively short distances due to connections to families, friends, jobs, and schools." [§2a-011-20140306]

2.6　　　Migration flows and calculation of self-containment percentages within and between local authorities have been used by NLP to assist in defining the High Peak HMA.

Previous SHMAs and Housing Market Area Analyses

CLG Geography of HMAs Study (2010)

2.7　　　Figure 2.1 presents the 'Buxton' HMA as defined in the CLG publication *'Geography of HMAs: Final Report'* (November 2010), mapped against the High Peak Local Authority Boundary and those of adjoining districts.

2.8　　　This study defined wider strategic HMAs based on commuting flows and then subdivided these strategic areas into smaller local housing market areas. High Peak was identified as being within 3 separate local HMAs – Hyde, Buxton, and Sheffield (North and South) - which includes wards in Stockport, Tameside, Cheshire East and Derbyshire Dales. The Buxton HMA includes a significant proportion of High Peak Borough, as well as parts of Cheshire East and Derbyshire Dales. High Peak forms part of the wider 'Manchester' strategic HMA, and also the 'Sheffield' strategic HMA to the east.

2.9　　　Self-containment within these local-level HMAs is between 56% and 63%, which is below the 70% requirement set out in the Practice Guidance. However these figures do not consider the impact of long distance moves. Furthermore, High Peak is a rural local authority and it is generally accepted that rural areas have lower levels of self-containment.

Figure 2.1   Local HMAs
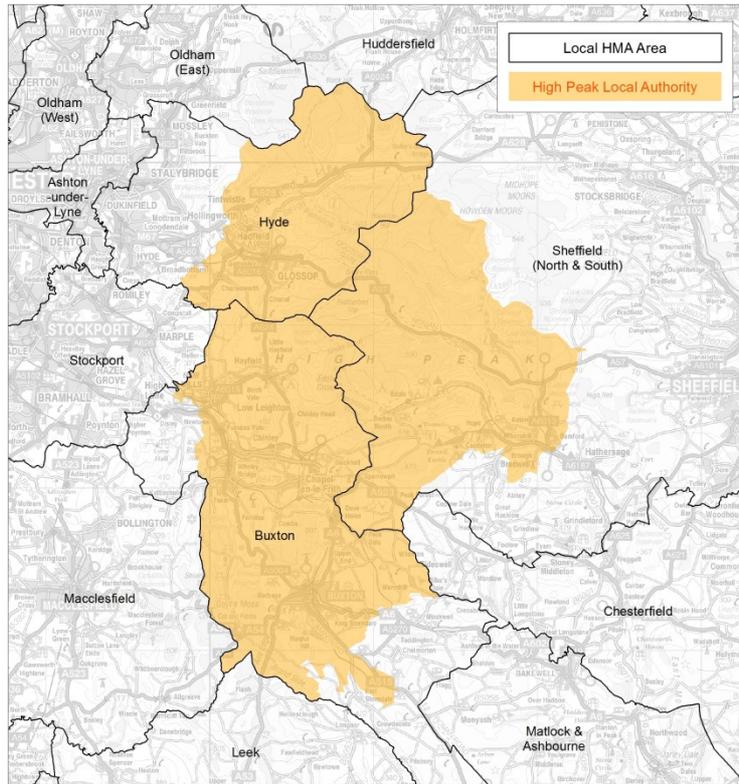
Source: NLP / CLG

Peak Sub Region Strategic HMA (2008)

2.10   The Peak Sub Region Strategic Housing Market Assessment [SHMA] was published in December 2008. The aim of the SHMA was to help identify key issues and solutions to housing in the area. The study covered High Peak, Derbyshire Dales and the remaining parts of Peak District National Park, within Derbyshire.

2.11   This study was commissioned for the area that covers the whole of the Derbyshire Dales District Council and HPBC's jurisdiction. Whilst this area includes a significant area of the Peak District National Park the SHMA did not cover the areas outside of Derbyshire. Also, although a large proportion of the Peak District National Park fell within the chosen study area, parts of the National Park were outside of it.

2.12   The 2008 SHMA referenced earlier HMA work undertaken by DTZ, which identified the spatial extent of sub-regional housing markets within the East Midlands in March 2005 (Figure 2.2). This exercise identified ten housing markets within the region. It was concluded that the majority of the area of the Borough of High Peak and District of Derbyshire Dales comprised a single housing market (Figure 2.2), and that it made sense for a single HMA to be undertaken for both local authority areas, while acknowledging that parts of the Boroughs might fall into adjacent housing markets. The delineation of the

HMA was informed by analysis of a range of data across the whole of the East Midlands, focussing on district-level analysis.

Figure 2.2   Spatial Delineation of Sub-Regional Housing Markets in the East Midlands
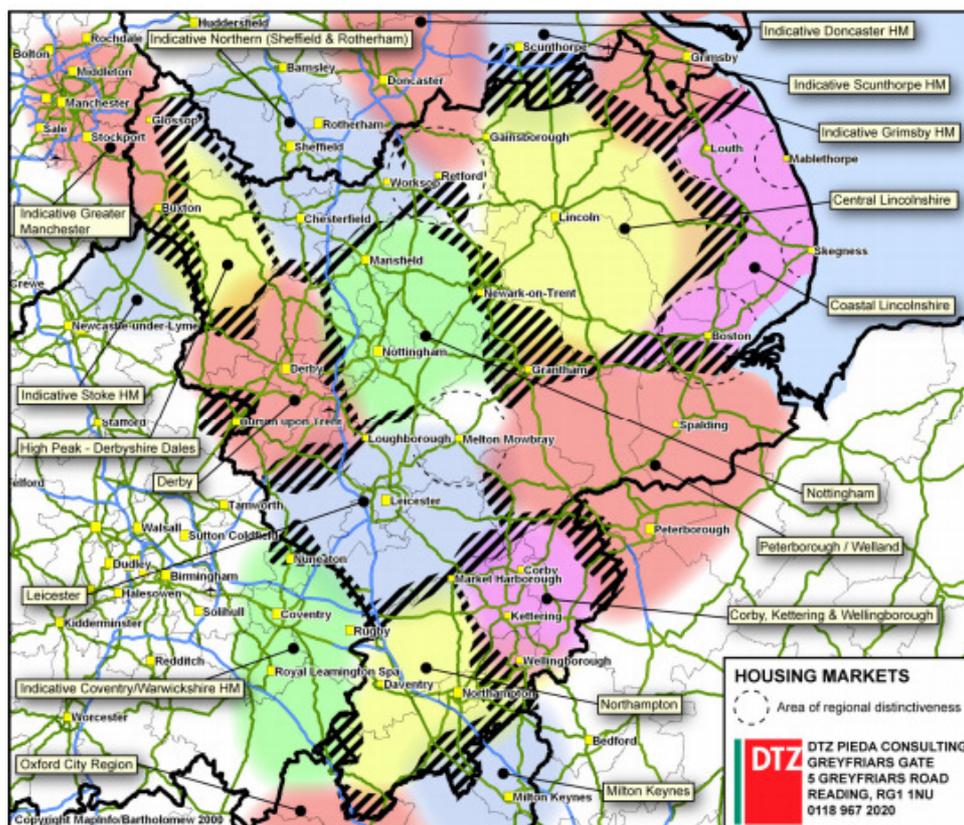
Source: DTZ

2.13   For the reasons outline above and for the purposes of the 2008 SHMA report, the study area was defined as the High Peak Derbyshire Dales Sub Area (HPDD Sub Area). Figure 2.3 is taken from the 2008 SHMA and illustrates the extent of the chosen study area.

2.14   The SHMA justifies undertaking an HMA for the HPDD Sub-Region due to the commonality of the housing context and the policy environment associated with the designation of a large area of the two Districts as a National Park and the influence this exerted on settlements not in the Peak Park.

2.15   However the Peak Sub-Region SHMA (2008) admitted that:

"In strict terms the area does not have a unified housing market, with stronger ties to proximate urban settlements to east and west than within the area. The existence of two travel to work areas covering the majority of the area confirms this." [key points table, page 17]

As a consequence, the Peak Sub-Region (i.e. High Peak and Derbyshire Dales) cannot be considered an HMA in terms of the Practice Guidance.

Figure 2.3   High Peak – Derbyshire Dales Sub/Study Area: Spatial Definitions of Urban Centres
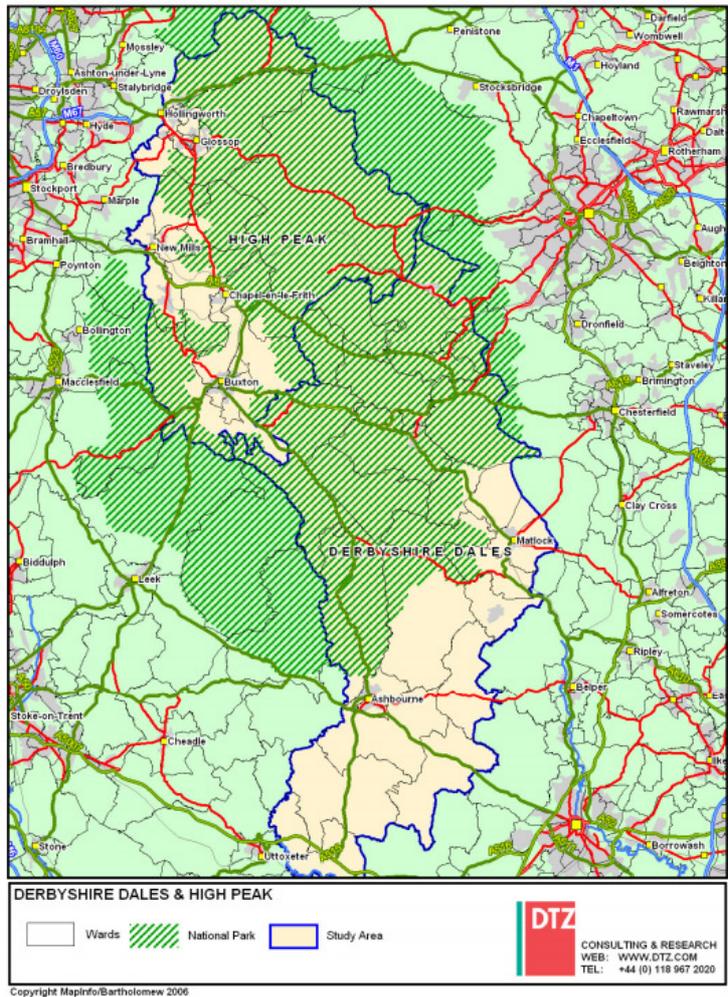
Source: DTZ

Greater Manchester SHMA (2008)

2.16   This study was undertaken by Deloitte and GVA Grimley on behalf of the Association of Greater Manchester Authorities [AGMA] in December 2008. The report subscribes to the four Housing Market Areas illustrated in Figure 2.4 as defined by work led by the North West Regional Assembly, i.e. Central, Southern; North Eastern and North Western.

2.17   The SHMA recognised however that in practice there are significant overlaps at District level. It states that previous work identified that there are potentially significant housing and economic relationships between the Greater Manchester area and contiguous districts that fall within the Manchester City Region. Although these fall outside the defined HMAs, the analysis highlighted the key aspects of these relationships where relevant. As well as the 10 authorities within Greater Manchester, the Manchester City Region includes High Peak, alongside Macclesfield, Warrington, Congleton and Vale Royal.

2.18   The SHMA notes that Tameside, in the North Eastern HMA, has links from different parts of the District to Manchester (in the West), Oldham (in the North), Stockport (in the South) and High Peak (in the east).

Figure 2.4   Greater Manchester and HMAs
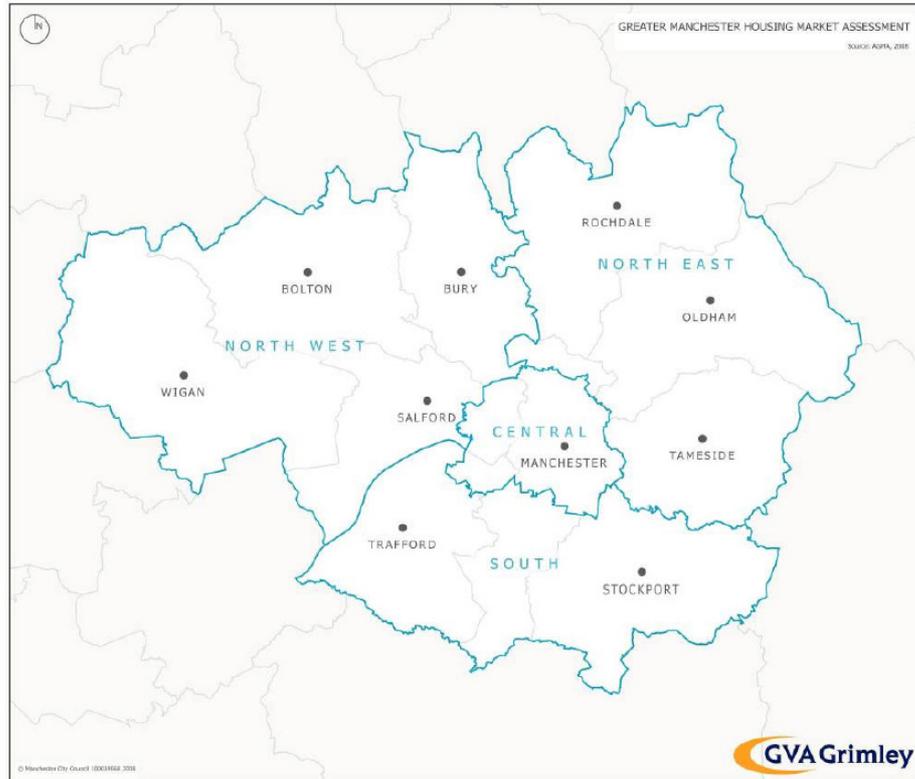
Source: NWRA, GVA Analysis 2008

2.19   In conclusion, evidence demonstrates that High Peak is in an area of overlapping HMAs. Previous work has not settled on a particular boundary or defined with absolute certainty the HMA in which High Peak sits. This has influenced this study and must be taken into account by the LPA going forward.

Extent of the High Peak HMA

Migration & Travel to Work Patterns

2.20   NLP has analysed the latest available data on commuting, migration and other relevant HMA indicators in line with the Practice Guidance. The most detailed data remains the migration and commuting statistics from the 2001 Census. Although some migratory data is available for 2011, this was obtained from the ONS's Migration Statistics Unit and not the 2011 Census (which remains unavailable at the time of writing), hence it does not provide the detailed internal migration or ward-based statistics necessary for an in-depth analysis.

2.21   As noted above, patterns of migration are a function of a range of housing market factors combined with household circumstances. Key factors which influence migration patterns and the geography of housing markets include

affordability, which itself is influenced by a range of factors, and accessibility, particularly related to place of work and ease of commuting.

2.22   Figure 2.5 demonstrates that there are high levels of inter-dependency between High Peak and the surrounding Local Authority areas of Cheshire East, Derbyshire Dales, Manchester, Sheffield, Stockport and Tameside. The greatest migratory relationships are between High Peak and Tameside, with 370 migrating into High Peak from Tameside and 340 moving in the opposite direction in 2011. Migration rates between Stockport and High Peak are also relatively high with 320 migrating from Stockport into High Peak in 2011 and 280 migrating in the opposite direction in the same year. This accords with the conclusions reached in the earlier SHMAs done for both High Peak and Greater Manchester.

Figure 2.5   Internal Migration Flows 2011
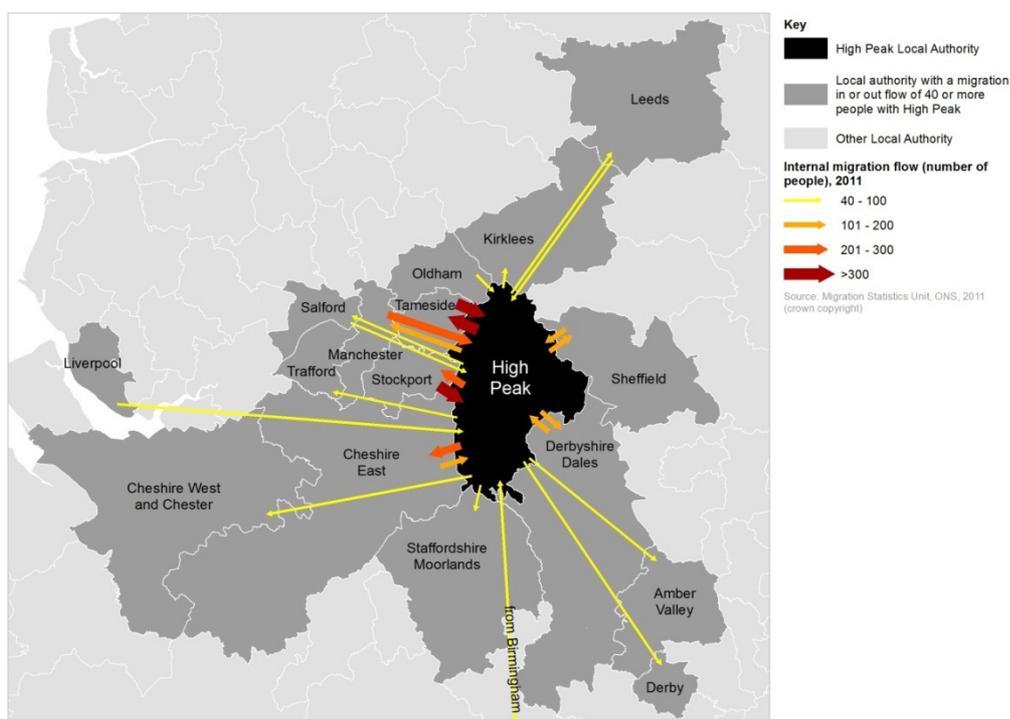
Source: ONS Migration Statistics Unit (2011)

2.23   Although both inward and outward migration is relatively high, the general trend is that there is a greater level of in-migration than out migration, with 2,960 people choosing to migrate out of High Peak compared to 3,220 moving in.

2.24   This is likely to be fuelled by the attractiveness of the Borough as a place to live and retire to, rather than specific economic reasons (job growth) as neighbouring Stockport and nearby Manchester are clearly the economic drivers of the wider area (evidenced in Figure 2.6).

2.25   In terms of other HMA indicators, High Peak shows high levels of commuting to Manchester, Stockport, Macclesfield and Tameside, with a smaller amount of

commuting to other Local Authority Areas including Sheffield, Staffordshire Moorlands and Trafford.

2.26   The levels of commuting into High Peak are lower than those commuting out, with 6,306 commuting in and 17,669 commuting in the other direction (excluding the 26,082 individuals that live and work in High Peak). This results in a labour force ratio of 1.35 in 2001. The highest levels of commuting flows come from Derbyshire Dales, Stockport and Tameside, although for both Stockport and Tameside significantly more residents commute into these Greater Manchester authorities from High Peak every day than in the opposite direction.

2.27   Manchester and Stockport see the highest levels of commuter flows from High Peak with 3,704 and 3,725 individuals travelling to work in these local authority areas respectively.

Figure 2.6   Travel to work commuting flow 2001
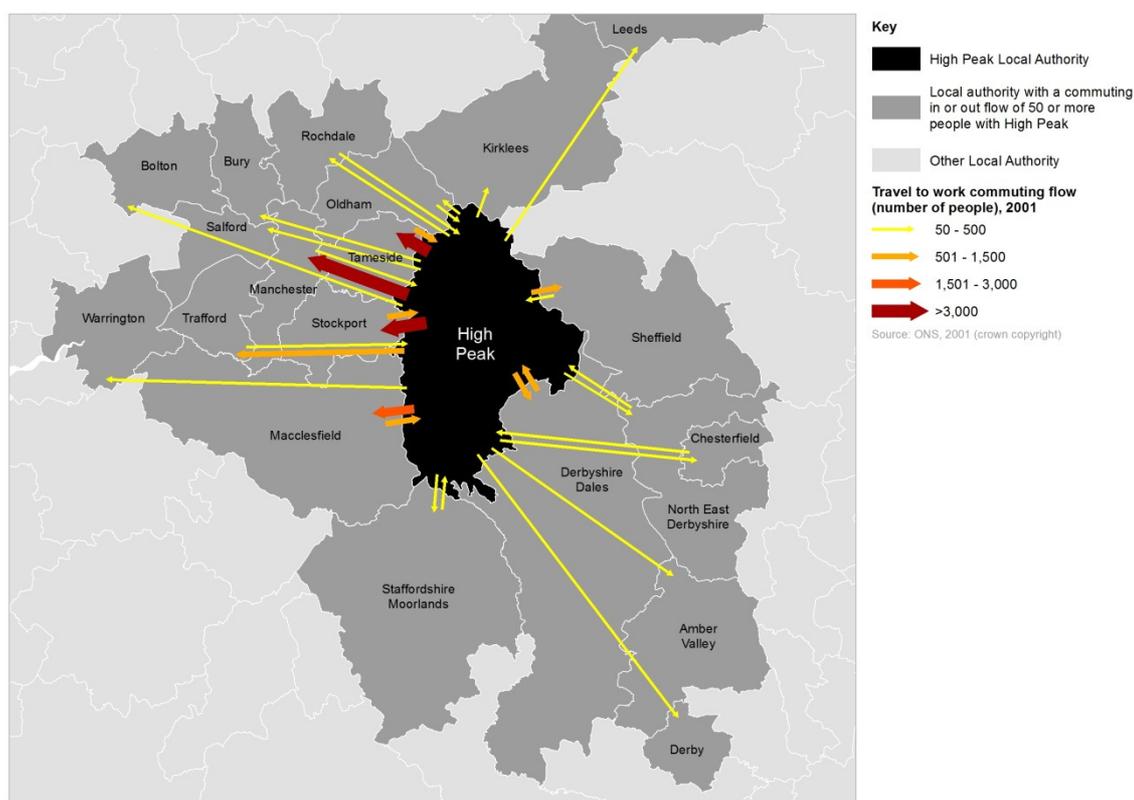
Source: Census 2001 / NLP Analysis

Implications for the High Peak HMA

2.28   In accordance with the Practice Guidance's approach to defining HMAs on the basis of migratory patterns at a lower level, NLP undertook a modelling exercise to ascertain the extent to which a 70% self-containment threshold could be said to apply to High Peak. This involved a breakdown of the internal migratory relationships between wards both within and without High Peak

Borough, using the most detailed information currently available (specifically the 2001 Census).

2.29 The previous 2008 SHMA for High Peak grouped Derbyshire Dales and High Peak into one HMA even though it acknowledged that this did not comprise a unified housing market on the basis of either migratory or commuting patterns. Figure 2.5 and Figure 2.6 suggest that there are relatively low levels of interdependency between these two Boroughs, and therefore NLP concurs that a unified housing market does not exist between these two authorities.

2.30 Table 2.1 presents an overview of migration for each ward in High Peak Borough in 2001, with the percentage figure quoted representing the proportion who moved elsewhere in the Borough. It is apparent that the Borough has a self-containment rate of 67.8% based on household origin (i.e. of all movers who lived in High Peak the previous year, 67.8% had moved to another home within the Borough, whilst 32.2% had moved from the Borough to another authority area), and a self-containment rate of 68.4% was achieved for High Peak based on household destination. These percentages are calculated on the basis of excluding all 'long distance[2]' moves in accordance with the Practice Guidance. Whilst these figures are still slightly below the 70% self-containment rate suggested by the Practice Guidance as being necessary to justify a self-contained HMA, the former 2007 CLG Guidance does suggest that rural local authorities (such as High Peak) typically have lower levels of self-containment.

Table 2.1   High Peak Wards –Migratory Self-Containment including long distance moves (2001 Census)

Ward	Self-containment within High Peak (%)	Ward	Self-containment within High Peak (%)
Barms	67.7%	Howard Town	59.3%
Blackbrook	47.9%	Limestone Peak	62.7%
Burbage	82.1%	New Mills East	66.7%
Buxton Central	73.4%	New Mills West	58.6%
Chapel East	62.0%	Old Glossop	59.7%
Chapel West	65.0%	Padfield	63.1%
Corbar	56.7%	Sett	38.1%
Cote Heath	84.0%	Simmondley	54.0%
Dinting	73.1%	St John's	23.1%
Gamesley	69.4%	Stone Bench	79.4%
Hadfield North	63.0%	Temple	51.0%
Hadfield South	56.5%	Tintwistle	59.7%
Hayfield	41.9%	Whaley Bridge	53.3%
Hope Valley	35.2%	Whitfield	71.1%

Source: 2001 Census / NLP

2.31 Whilst it is arguable that on the basis of the Practice Guidance's definition, High Peak Borough could be seen as a self-contained HMA, the situation is clearly very complex and parts of the Borough have much stronger relationships with adjoining districts than with other settlements in High Peak.

2.32 For example, areas such as New Mills West and Whaley Bridge to the west of the Borough have strong migratory relationships with the Cheshire East wards

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[2] Long distance moves are all moves equal to or exceeding 100 miles as this is considered to be a change in lifestyle.

of Disley and Lyme Handley. Similarly, Hope Valley, a very large ward encompassing most of the eastern half of the Borough, has very weak migratory relationships with the other parts of High Peak Borough and has much stronger relationships with Derbyshire Dales and Sheffield to the south and east. In contrast, the six wards that comprise the settlement of Buxton (Barms, Buxton Central, Cote Heath, Corbar, Stone Bench and Temple) and Burbage immediately to the west, have a very high level of self-containment within the Borough.

Figure 2.7   High Peak Wards – Migratory Self Containment 2001
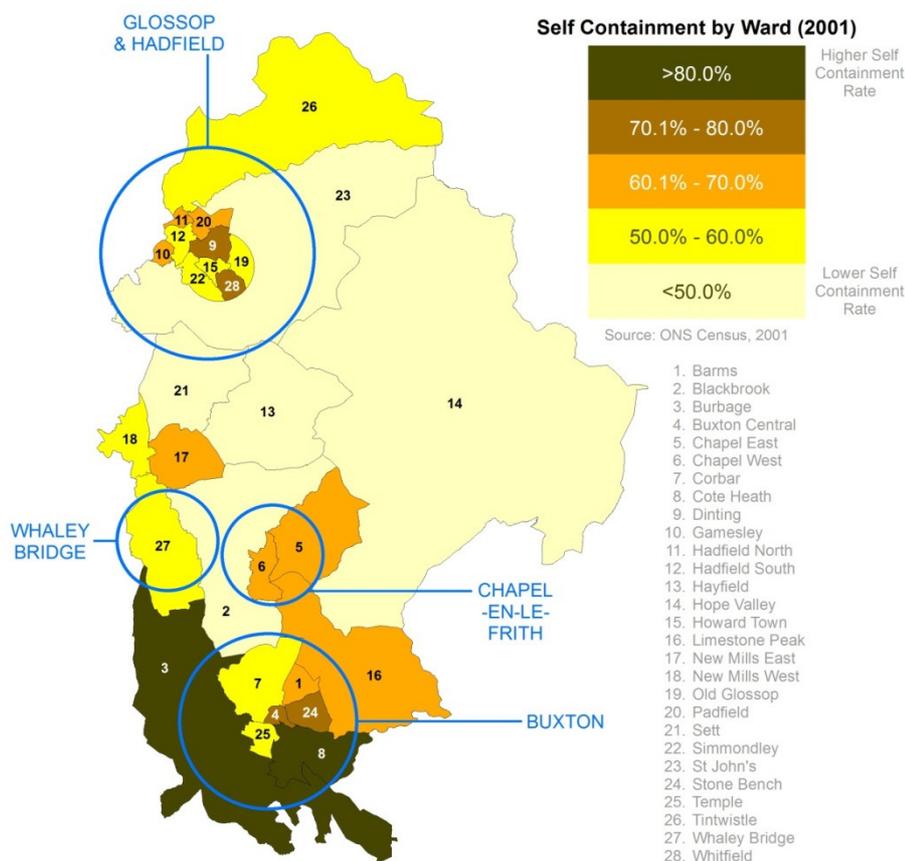
Source: Census 2001 / NLP Analysis

2.33   Furthermore, other indicators such as commuting suggest weaker levels of self-containment. The 2001 Census commuting data suggests that around 60% of all residents of High Peak also work in the Borough, which leaves 40% commuting out of the borough to work. Of this 40%, the vast majority commute to Stockport, Manchester and Tameside.

2.34   Considering the extent of the inter-relationships between High Peak, Tameside and Stockport it is important to consider these neighbouring authorities when analysing High Peak's housing market. It is the view of NLP that both Tameside and Stockport have significant housing market relationships with High Peak and therefore cannot be considered as entirely independent HMAs, but as Local Authorities with overlapping housing markets. The same could be

2.35   In this regard, the CLG publication '*Geography of housing market areas: Final report*'[3] identified a series of local level HMAs, three of which included parts of High Peak Borough. This specifically comprises the 'Hyde' local HMA, which includes Glossop; the Sheffield (North and South) local HMA, which includes Hope Valley (essentially the eastern part of the Borough); and the Buxton local HMA, which encompasses the remainder of the Borough along with a small parts of Derbyshire Dales to the south east. Both the Hyde and Buxton local HMAs are included within the larger Manchester Strategic HMA, with the other being included within the Sheffield Strategic HMA.

2.36   Table 2.2 presents levels of self-containment within these local HMAs based on 2001 Migration statistics presented in the CLG 2010 Report. It demonstrates that on their own, none of these three local HMAs are above the 70% self-containment threshold and most are well below this level. It is clear that this approach is much looser and does not appear to result in a level of self-containment any higher than within High Peak Borough itself.

Table 2.2   High Peak HMAs

HMA	Wards	Self-containment In %	Self-containment Out %
Buxton	**High Peak:** Barms, Blackbrook, Burbage, Buxton Central, Chapel East, Chapel West, Corbar, Cote Heath, Hayfield, Limestone Peak, New Mills East, New Mills West, Sett, Stone Bench, Temple, Whaley Bridge **Derbyshire Dales:** Hartington and Taddington **Macclesfield:** Disley & Lyme Handley	60.3	63.5
Hyde	**High Peak:** Dinting, Gamesley Hadfield North, Hadfield South, Howard Town, Old Glossop, Padfield, St John's, Simmondley, Tintwistle, Whitfield **Tameside:** Dukinfield, Dukinfield Stalybridge, Hyde Godley, Hyde Newton, Hyde Werneth, Longdendale, Mossley, Stalybridge North, Stalybridge South	62.9	56.3
Sheffield (North & South)	**High Peak:** Hope Valley **Barnsley:** Hoyland East, Hoyland West, Penistone East, Penistone West, Wombwell North, Wombwell South **Derbyshire Dales:** Bradwell, Hathersage and Eyam **Sheffield:** Beauchief, Brightside, Broomhill, Burngreave, Chapel Green, Dore, Ecclesall, Firth Park Hallam, Heeley, Hillsborough, Nether Edge, Nether Shire, Netherthorpe Owlerton, Sharrow, Southey Green South Wortley, Stocksbridge, Walkley	67.5	63.3

Source: CLG / NLP

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[3]CLG (November 2010): Geography of housing market areas: Final report

2.37 High Peak is close to being a self-contained HMA with almost 70% self-containment when long distance moves are excluded. However, when analysed individually, some wards have lower levels of containment which shows there is some overlap with adjoining wards. As a consequence NLP emphasises that under the Duty to Co-operate High Peak Borough Council should continue to liaise with Sheffield City Council, Derbyshire Dales Borough Council, East Cheshire Council, Tameside Borough Council and Stockport Borough Council to ensure that housing needs are met in full at a strategic level.

Summary

2.38 The assessment of the extent of the HMA for High Peak demonstrates that the situation is complex and does not necessarily allow for a straightforward demarcation of the boundary, as there are considerable overlaps with the HMAs within the Manchester/Sheffield Strategic HMAs (see Figure 2.1).

2.39 In summary:

1   The Practice Guidance defines an HMA as a geography at which 70% of local moves are contained, whilst the former CLG Guidance notes that the benchmark for self-containment may be lower in more rural areas;

2   The 2008 SHMA covering High Peak Borough argued that the appropriate HMA should also incorporate the adjoining Borough of Derbyshire Dales to the south and east, primarily due to commonalities in the geography and housing stock. However, the document acknowledged that there were limited migratory and commuting linkages between the two Boroughs and that no strictly unified housing market existed;

3   Excluding long-distance movements, an assessment of 2001 Census data on migration suggests that the Borough has a self-containment of just under 70%, at around 68%. Given that the former CLG Guidance recognises that the level of self-containment in rural authorities is often lower than elsewhere, it could be argued that the Borough represents a self-contained HMA;

4   However, the situation in High Peak is clearly highly complex, with the 2010 CLG analysis suggesting that the Borough is split between three separate Local HMAs (Buxton, Hyde and Sheffield North & South), and at a more strategic scale, the wider HMAs of Manchester and Sheffield. However, none of the three Local HMAs appear to have a self-containment level any higher than that of High Peak Borough in isolation;

5   The complex nature of the relationships of wards within High Peak and neighbouring authorities means that there are clear relationships with bounding authorities that need to be taken into account. The migration data was collected for the Census 2001 and the analysis should be refreshed when new Census 2011 data is released.

Meeting the full housing needs within these overlapping HMAs will therefore require co-operation between the various authorities in these adjoining Strategic HMA areas, and specifically the LPAs of Tameside, Derbyshire Dales, Stockport, Cheshire East and Sheffield. High Peak Borough Council, through the duty to cooperate, should further address how this interdependence impacts upon housing requirements within the wider HMA.

3.0 **Market Signals**

Introduction

3.1   The Practice Guidance indicates that once an assessment of need based upon household projections is established, this should be adjusted to reflect appropriate market signals and indicators of the balance between the demand for and supply of housing. The Guidance explicitly sets out six market signals:

1   land prices;

2   house prices;

3   rents;

4   affordability;

5   rate of development; and,

6   overcrowding.

3.2   It goes on to indicate that appropriate comparison of these should be made with upward adjustment made where such market signals indicate an imbalance in supply and demand, and the need to increase housing supply to meet demand and tackle affordability issues:

"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. A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections. Volatility in some indicators requires care to be taken: in these cases rolling average comparisons may be helpful to identify persistent changes and trends.

In areas where an upward adjustment is required, plan makers should set this adjustment at a level that is reasonable. The more significant the affordability constraints (as reflected in rising prices and rents, and worsening affordability ratio) and the stronger other indicators of high demand (e.g. the differential between land prices), the larger the improvement in affordability needed and, therefore, the larger the additional supply response should be." [§2a-020-20140306]

3.3   The Guidance sets out a clear and logical 'test' for the circumstances in which objectively assessed needs (including meeting housing demand) will be in excess of demographic-led projections.

Housing Market Indicators

3.4   Each of the housing market indicators is taken and applied to data for High Peak local authority area. As detailed in Section 2.0 of this report, it could be argued that High Peak is not a self-contained HMA and as a result, when considering housing need for the defined HMA, the LPA may wish to examine the signals across the wider strategic HMA area.

Land Prices

3.5 There is no readily available and nationally consistent data on unequipped agricultural land values or residential building land prices from the VOA for High Peak. This is because the VOA only covers major centres or areas which generate sufficient activity to determine a market pattern. The national average bulk residential building land prices were £1.77m per hectare in 2010 and data is available for areas such as Derby but this data is not useful to apply to High Peak as the nearby areas are not considered sufficiently similar.

House Prices

3.6 The Practice Guidance identifies that longer term changes in house prices may suggest an imbalance between the demand for and supply of housing. Although it suggests using mix-adjusted prices and/or House Price Indices, these are not available at local authority level on a consistent basis, and therefore for considering market signals in the High Peak housing market area, price paid data is the most reasonable indicator.

3.7 Land registry price paid data suggests current (September 2013) prices in High Peak are 17% lower than the national average but 10% higher than in Derbyshire as a whole (see Table 3.1). These prices illustrate that the housing stock in High Peak is relatively cheap when compared to national rates, although it is higher than the County median rate. The data represents the dwelling price across both new and old housing.

Table 3.1 Median Dwelling Prices (2013)

	Dwelling Prices
High Peak Borough	£157,000
Derbyshire County	£142,000
England	£190,000

Source: Land Registry Price Paid Date (September 2013)

3.8 CLG publish series data on median house prices based on the same Land Registry price paid data series. This currently runs from 1996 to 2011 and is illustrated in Figure 3.1. It indicates that High Peak has experienced consistently lower house prices than the country as a whole, although it remains slightly above the Derbyshire County median. The median house price for High Peak has been changing at a similar rate and displays similar trends to Derbyshire. However, since 2010 High Peak has begun to diverge from the Derbyshire median, illustrated by the widening separation in Figure 3.1.

Figure 3.1   Median House Prices
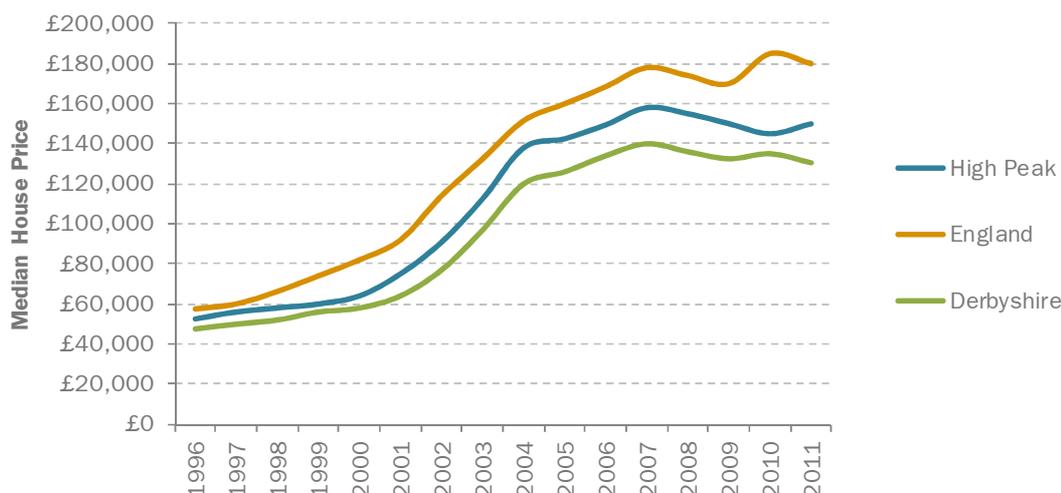
Source: CLG Live Table 586

3.9   In 2011 median house prices in Derbyshire were 27% lower than the national average, whilst house prices in High Peak were 17% lower than national average. The Borough ranked as being the 91st cheapest place to live in England, just outside the cheapest 25%.

3.10   Over the previous 15 years (1996-2011), median house prices increased 175% in Derbyshire to £130,500 by 2011; and by 186% in High Peak, to £149,950 in 2011. Using affordability ratios in 1997, the ratio of median house price to median earnings in High Peak was 3.73, compared with 6.15 in 2012. Affordability has therefore almost halved over this period. This has contributed to worsening affordability in the High Peak housing market area.

3.11   As set out in the Practice Guidance, higher house prices than comparator areas and long term rises tend to indicate an imbalance between the demand for housing and the supply.

Rents

3.12   On a similar basis, high and increasing rents in an area are a further signal of stress in the housing market. Median rents in High Peak are £495 per month, with median rents ranging from £400 per month for a 1 bed flat, to £798 per month for a 4+ bed house. The median rent paid in Derbyshire County as a whole is similar, at £495 per month. However, this ranges from £395 per month for a 1-bedroom dwelling, to £775 for a 4+ bed house and irrespective of the number of bedrooms median rent is slightly cheaper in Derbyshire than High Peak. Overall, rental values in High Peak are 15% lower than the national average.

3.13   Series data for rents from VOA statistics is only available for Q2 2011 to Q1 2013. However, the VOA data demonstrates that median rents in High Peak Borough have stayed static since 2011, compared with growth of 2.6% nationally. This suggests that affordability within the private market rental sector has remained relatively stable, in the last couple of years, in High Peak,

indicating there has not been much greater demand for housing in this tenure than there has been supply during this period. However nationally and with then East Midlands real incomes have declined which worsens affordability of the private market sector even with relatively static prices. This is likely to cause an underrepresentation of the scale of the pressures on the private rental market in High Peak.

Affordability

3.14   The former CLG SHMA Practice Guidance defines affordability as a '*measure of whether housing may be afforded by certain groups of households'*. The Practice Guidance concludes that assessing affordability involves comparing costs against the ability to pay, with the relevant indicator being the ratio between lower quartile house prices and lower quartile earnings. Using CLG affordability ratios, Figure 3.2 illustrates that following a period of prolonged improvements in housing affordability since the onset of the recession, post 2010 the situation has reversed and the housing affordability gap between Derbyshire and High Peak has widened each year since.

3.15   It can be seen in Figure 3.2 that over the past 15 years, the ratio of lower quartile house prices to lower quartile earnings in High Peak has been variable, increasing above the national average in 2002 and dipping below and remaining below since 2008. The Borough ratio increased relatively consistently to 2007 and then began to fall as the recession hit. The ratio has begun to increase since 2010. In 2012, the lower quartile house price to earnings ratio was 6.15 in High Peak.

3.16   This indicates that levels of affordability are worsening in High Peak at an accelerating rate which is not the case for Derbyshire overall.

Figure 3.2   Affordability Ratio, High Peak
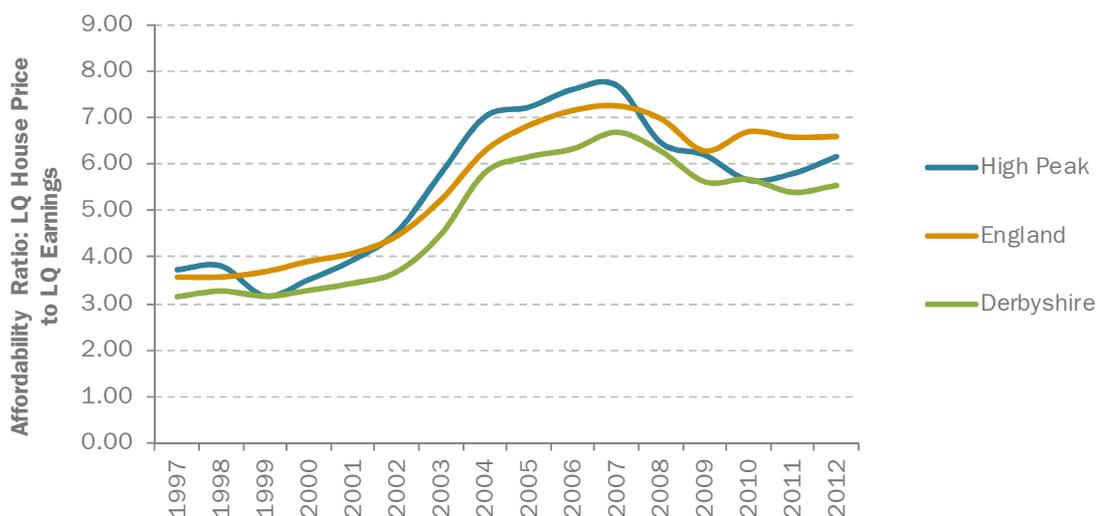
Source: CLG Live Table 576

Rate of Development

3.17   The rate of development is intended to be a supply-side indicator of previous under-delivery. The Practice Guidance states that:

"if the historic rate of development shows that actual supply falls below planned supply, future supply should be increased to reflect the likelihood of under-delivery of a plan"

3.18   The rate of development is therefore a market signal relating to the quantity of past under-supply, which will need to be made up. Against this there is one relevant 'planned supply' figure which could be considered: the target within the East Midlands Regional Strategy [RS].

3.19   East Midland RS planned for 6,000 dwellings between 2006 and 2026 in High Peak. This is equivalent to target of 300 dwellings per annum [dpa] over the period 2006 to 2026. By comparison, the delivery in High Peak totalled 1,420 in the period 2006/07 – 2010/11, which is an under-supply of 80 dwellings as illustrated in Table 3.2.

Table 3.2   Rate of delivery against the East Midlands RS (dpa)

	Target (2006/07 – 2010/11)	Delivery (2006/07 – 2010/11)	Shortfall/Surplus
High Peak	1,500	1,420	80

Source: East Midlands Regional Plan and NLP Analysis

3.20   The implication is that the rate of delivery in the High Peak HMA has fallen slightly short of planned supply. Although not significant, this will have contributed in a small way towards the other housing market signals which indicate that there has been increasing stress in the housing market as a product of demand not being met. There was a peak in delivery in 2006/07 supply almost doubled the required target, with delivery of 599 dwellings. Since then (in common with many other parts of the country) delivery has declined significantly, with 137 dwellings being delivered in 2009/10 and 157 in 2010/11. This correlates with a change in affordability which has worsened since the 2006/07 peak in delivery. Although not significant it is considered reasonable that the scale of previous under-supply should be added on to future supply in order to reverse unsustainable trends in the housing market.

Overcrowding

3.21   Indicators on overcrowding, sharing households and homelessness demonstrate unmet need for housing within an area. The Practice Guidance suggests that long-term increases in the number of such households may be a signal that planned housing requirements need to be increased.

3.22   The 2011 Census includes data on household occupancy. The occupancy rating provides a measure of whether a household's accommodation is overcrowded or under-occupied based upon the number of rooms in a household's accommodation. The ages of the household members and their relationships to each other are used to derive the number of rooms they require, based on a standard formula. The number of rooms required is

subtracted from the number of rooms 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.

3.23   Table 3.3 illustrates that overcrowding against the occupancy rating in High Peak is not considered to be severe, with just 4.8% of households living in a dwelling that is too small for their household size and composition. This compares to 8.7% nationally. However, it represents a slight increase on the 4.3% recorded in High Peak a decade earlier in 2001 which is less than the national trend which had increased by 1.6% from 7.1% in 2011.

Table 3.3   Overcrowding: Household Room Occupancy Rating

	2001			2011		
	Total Households	-1 room occupancy or less	-1 room occupancy or less (%)	Total Households	-1 room occupancy or less	-1 room occupancy or less (%)
High Peak	37,053	1,583	**4.3%**	38,946	1,857	**4.8%**
England	20,451,427	1,457,512	**7.1%**	22,063,368	1,928,596	**8.7%**

Source: Census 2001 / Census 2011

3.24   The levels of overcrowding are likely to be a symptom associated with affordability in High Peak. Due to a slight shortfall in supply and relative demand people are either willing to accept sub-optimal living conditions (e.g. living in smaller houses to manage costs) or are forced into accepting such housing outcomes (e.g. are priced out and have to share with friends/family). In such circumstances overcrowding is indicative of insufficient supply to meet demand. Although it has to be acknowledged that levels of overcrowding are increasing at a higher rate than the national level over the past ten years, it is starting from a much lower base. This relatively small rate of change may be a function of low private rent (which is slightly below the County average), particularly when compared to the relatively high median house prices in the Borough.

Synthesis of Market Signals

3.25   Drawing together the individual market signals above begins to build a picture of the current housing market in and around High Peak, the extent to which demand for housing is not being met and the outcomes that are occurring because of this.

High Peak Housing Market

3.26   It is clear from this analysis that the High Peak housing market faces some challenges. The market signals point towards a housing market which, to some extent, is failing to match demand with supply. Delivery figures have been decreasing since 2006/07, primarily due to the recession and subsequent economic downturn, but even allowing for a significant recovery they would have to almost double in the coming years to match the current planned target of 300 dpa. The peak in supply in 2006/07 and subsequent decline correlates with adverse market signals such as declining affordability and increasing

median house prices. The spread of delivery over the period 2006 to 2011 appears to be causing problems of affordability, pushing up prices and generating adverse outcomes for people who still need to access the housing market, although it is possible that the relatively cheap (compared to the county average) rented sector is lessening the impact of other indicators such as overcrowding.

3.27   In order to draw meaningful conclusions regarding the extent to which such market signals indicate housing market stress in High Peak and a level of supply that is not meeting demand, the Practice Guidance suggests that comparison of both absolute levels and rates of change in such indicators should be made with similar areas and nationally. In this respect, High Peak has been compared and ranked against other nearby Local Authorities and the overall indicators for England. These comparator centres have been chosen as they constitute areas which border High Peak and/or have some connection through migration and commuting as described in Section 2.0 of this report:

1   Cheshire East UA

2   Sheffield

3   Derbyshire Dales

4   Staffordshire Moorlands

5   Stockport

6   Tameside

7   Oldham

3.28   The intention of using these 7 comparator centres is to provide a range of benchmark centres which will either compete economically with High Peak for businesses or are similar in certain geographic, economic or demographic factors. The national average also compares how High Peak's housing market fares in comparison to overall trends across the country.

3.29   Table 3.4 sets out a comparison across the range of market signals.

Table 3.4   Comparison of High Peak's Housing Market Signals

Rank	House Prices		Rents		Affordability Ratio		Rate of Development	Overcrowding	
	Median (2011)	Change % (1996-2011)	Median Monthly Rent 2013	Change % (Q2 2011 – Q1 2013)	Ratio 2012	Change (1998-2012)	Shortfall of Supply (2011/2012)	% of Housing Over-Occupied	Change 2001 – 2011 (% Points)
1	Derbyshire Dales	Cheshire East	Derbyshire Dales	Derbyshire Dales	Derbyshire Dales	Cheshire East	Cheshire East	Sheffield	Sheffield
2	**England**	**England**	**England**	Stockport	**England**	Staffordshire Moorlands	Tameside	**England**	**England**
3	Cheshire East	Derbyshire Dales	Stockport	Oldham	Cheshire East	**England**	Stockport	Oldham	**High Peak**
4	Stockport	**High Peak**	Cheshire East	Sheffield	Staffordshire Moorlands	Derbyshire Dales	Oldham	Tameside	Cheshire East
5	**High Peak**	Stockport	Oldham	Tameside	**High Peak**	Oldham	**High Peak**	Stockport	Tameside
6	Staffordshire Moorlands	Staffordshire Moorlands	Sheffield	**England**	Stockport	Sheffield	Staffordshire Moorlands	**High Peak**	Stockport
7	Sheffield	Sheffield	**High Peak**	Cheshire East	Sheffield	Stockport	Sheffield	Cheshire East	Oldham
8	Tameside	Tameside	Tameside	**High Peak**	Tameside	**High Peak**	Derbyshire Dales	Derbyshire Dales	Staffordshire Moorlands
9	Oldham	Oldham	Staffordshire Moorlands	Staffordshire Moorlands	Oldham	Tameside	-	Staffordshire Moorlands	Derbyshire Dales
Source:	*CLG Live Table 586*	*CLG Live Table 586*	*VOA Private Market Rental Statistics*	*VOA Private Market Rental Statistics*	*CLG Live Table 576*	*CLG Live Table 576*	*NLP Analysis*	*Census 2011 Room Occupancy*	*Census 2001/2011*

Source: NLP analysis of VOA, CLG and ONS Statistics

3.30 The comparative assessment of market signals highlights the scale of housing market stress within High Peak. Across the nine indicators, High Peak is performing better than the national average on all of them with lower median house prices, lower average rents, greater levels of affordability and lower levels of overcrowding. These indicators suggest limited housing market stress when compared with national market signals.

3.31 However, when compared with several local areas, notably Staffordshire Moorlands, Tameside, Stockport and Sheffield, High Peak often has worsening market indicators. Hence whilst on balance High Peak is a mid-ranking authority which is performing better than the national average, on some indicators it is experiencing worsening market conditions compared to comparator areas nearby.

3.32 The market signals therefore provide an indication of demand and suggest that there needs to be some improvement in affordability within High Peak and a requirement to stabilise the increasing house prices. The extent to which the demographic 'starting point' for identifying OAN for housing needs to be boosted to address market signals is necessarily an area of judgement, the Practice Guidance is clear that the more significant the affordability constraints and the stronger other indicators of high demand, the larger the improvement in affordability needed and, therefore the larger the additional supply response should be. Hence whilst it is considered that some upward adjustment could be necessary relative to adjoining areas, the scale of adjustment to housing supply over and above demographic-led projections at this time would not need to be substantial in line with the Practice Guidance.

4.0   # The Current Housing Market

Introduction

4.1   This local contextual review assesses the demographic, housing stock and supply/demand dynamics of High Peak in order to provide an understanding of the key drivers that are underpinning the housing market within the Borough. In particular, long term trends have been considered to form the basis for what could occur in the future housing market.

Challenges

4.2   The economic focus of High Peak, for both geographical and historic reasons, is towards the west, focussing on the Manchester City Region. Notwithstanding this, the Sheffield City Region to the east also has an influence on High Peak albeit to a lesser degree. The presence of these two major and economically diverse cities acts as strong pulling forces for the residents of High Peak and results in significant levels of out-commuting from the area.

4.3   The earning potential of employees in both City Regions are significantly higher than those on offer in companies within High Peak. The subsequent high levels of out-commuting leads to resident earnings being considerably higher than workplace earnings for High Peak[4]. The data indicates that the average gross weekly pay for High Peak residents (in 2013) was £508.90 whilst the average gross weekly pay by workplace (in 2013) was just £445.20. The difference between the two equates to almost £3,500 per annum. This clearly demonstrates that a high proportion of High Peak residents commute out to other areas in search of higher paid jobs.

4.4   Furthermore, unemployment is lower in High Peak when compared with regional and national rates. These figures disguise local disparities however, where local unemployment rates are higher. For example, the ward of Gamesley in Glossopdale has significant levels of benefit claimants, comprising 31% of the working age population (May 2013). The High Peak average is 11.2% whilst the Great Britain average is 13.9%. This illustrates that localised pockets of deprivations are present in High Peak and cannot be neglected.

4.5   High Peak Borough comprises a high quality environment and as a consequence remains a very attractive place to live. A significant proportion of the Borough comprises the Peak District National Park, which places severe practical constraints on development. Coupled with this, the Borough's topography varies considerably and this acts as a further barrier to development. The emerging High Peak Local Plan places a strong emphasis

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[4] ONS Annual Survey of Hours and Earnings – Workplace Analysis, 2013

4.6   High Peak is ranked as being the 189th most deprived local authority area in England of 326 according to the 2010 Indices of Multiple Deprivation [IMD] (based on the rank of average score). On average, the authority area falls within the top 60% least deprived Local Authority in England. The previous IMD (2007) indicated that High Peak was ranked at 211 of 355 authorities and again falls within the top 60% least deprived Local Authority in England. As such, High Peak's relative position has broadly remained constant. As illustrated in Figure 4.1, the majority of the Local Authority falls within the 50% least deprived areas of the country. However, one pocket of High Peak (Gamesley ward) falls within the top 10% lowest ranged within England and this would indicate that the ward performs very poorly on a number of deprivation criteria.

Figure 4.1   Indices of Multiple Deprivation in High Peak
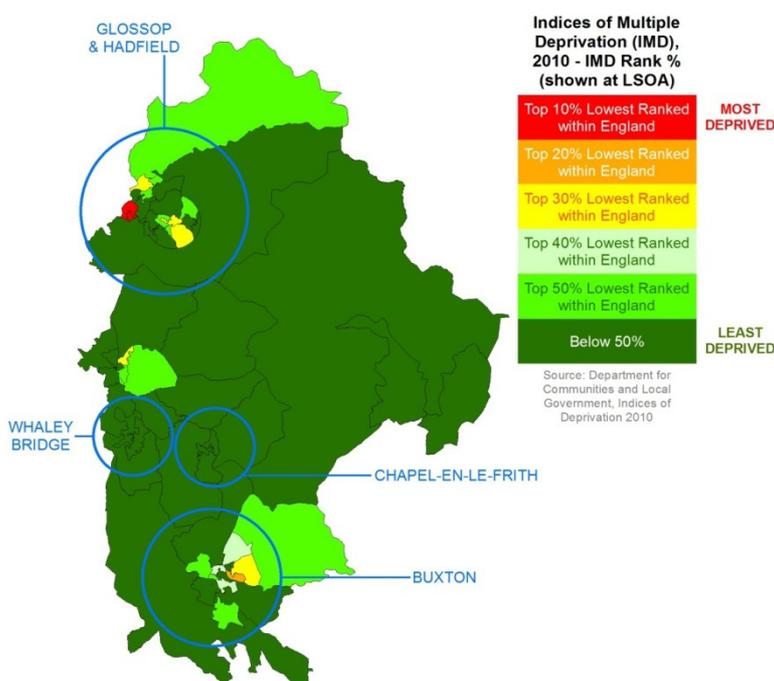
Source: CLG Indices of Deprivation 2010

Demographic Context

4.7   Understanding the demographic context of an area is critical in order to set the foundations for a robust objective assessment of housing need. Up to date demographic evidence, informed by the 2011 Census and other nationally consistent data sources such as the Annual Population Survey [APS] and ONS Mid-Year Population Estimates, enables us to understand how a district's population has evolved on the past; how the key components of change (notably births, deaths and migration) have influenced this and how they are likely to continue shaping population and household changes in the future.

4.8   The Census 2011 data for High Peak indicates that the population of the Borough comprised 90,892 residents in 2011. This represents a very minor increase in the decade since the last Census was conducted. The population in High Peak in 2001 stood at 89,433, hence there has been an increase of 1.6%. The previous decade (between 1991 and 2001) saw much higher levels of population growth equal to +5.1% across that ten year period.

Figure 4.2   Population and Household Change in High Peak
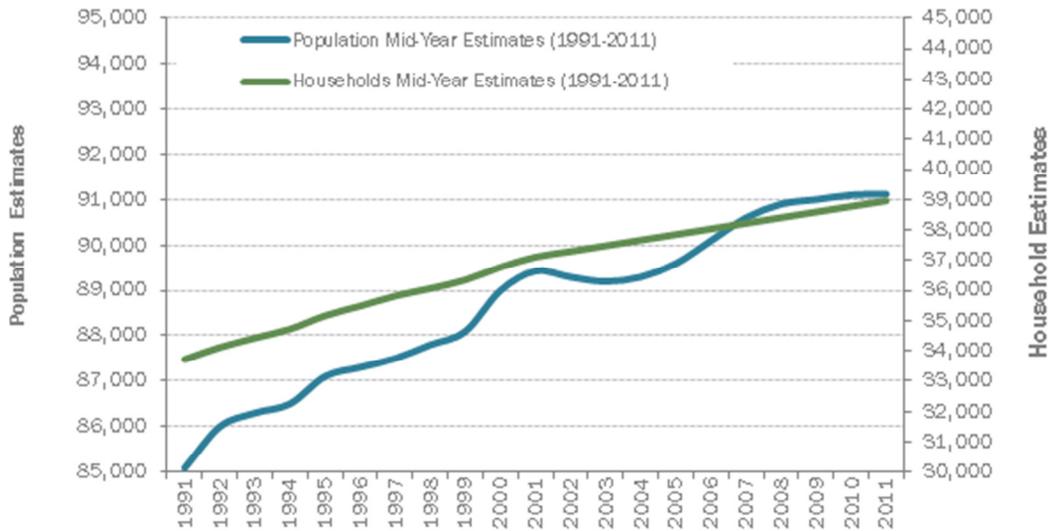
Source: Census Data / ONS Mid-Year Population and Household Estimates (1991-2011)

4.9   In respect of the number of households in the Borough, these have continued to grow at a relatively consistent pace since 1991, although the rate of household increase has declined slightly over the past decade as has occurred elsewhere in the country following the recession and subsequent economic downturn. Between 1991 and 2001, the number of households increased by 3,400 but the increase between 2001 and 2011 was just 1,843.

4.10   Looking forward, Figure 4.3 illustrates that High Peak can expect continued growth over the coming years to 2021. The Borough's population is expected to increase by 6,682 people by 2021 (to 97,800). Furthermore, households are expected to increase by 3,994 to 42,954 between 2011 and 2021, averaging 399 net additional households per annum.

Figure 4.3   Population and Household Projections in High Peak 2011 -2021
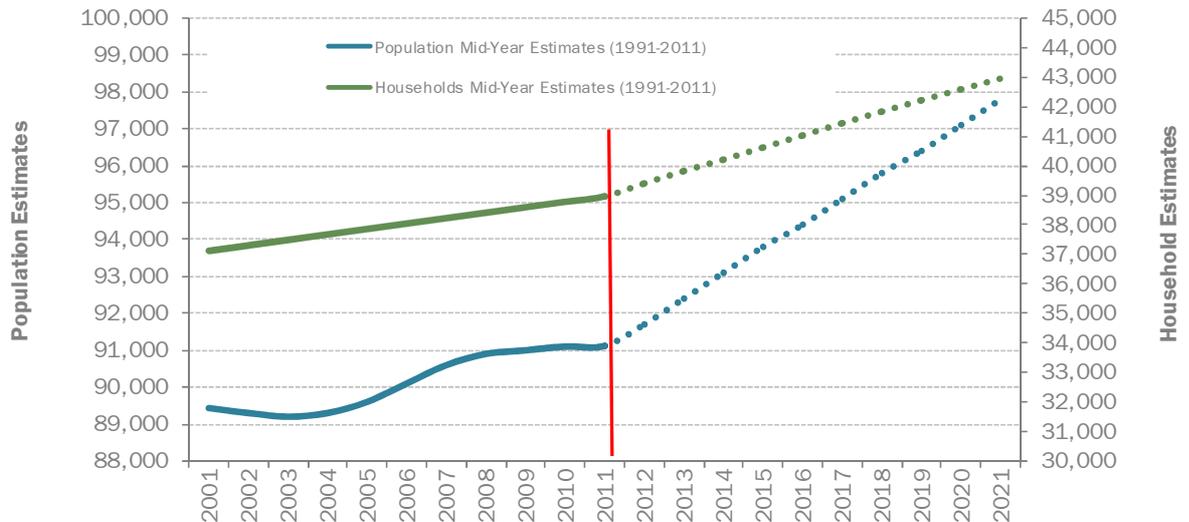
Source: CLG/ONS (Interim) 2011-based Household and Population Projections

Migration

4.11   A considerable proportion of the increase in population since 2001 in High Peak is attributable to migration (i.e. more people moving into the Borough than are moving out). Natural change is also a contributing factor in the steady population growth over the past decade. This trend is likely to continue in the future, with net migration expected to be a positive influence on population growth over the coming years. Between 2001 and 2011, net migration totalled 2,663 people.

4.12   Figure 4.4 illustrates that net migration has been consistently positive over the past ten years. However, natural change is also positive and it was indicated that the total number of births outnumbered deaths by 1,010 over the ten year period. This must be viewed in the context that the total population growth in the period was 1,685 people. When ONS re-based the population estimates, it suggested that High Peak's population was 2,036 people fewer than expected and it categorised this as 'unattributable' change. It can be expected that a significant proportion of this 'unattributable' change can be accounted for by out-migration.

Figure 4.4   Net internal and international migration for High Peak 2001/02 - 2010/11
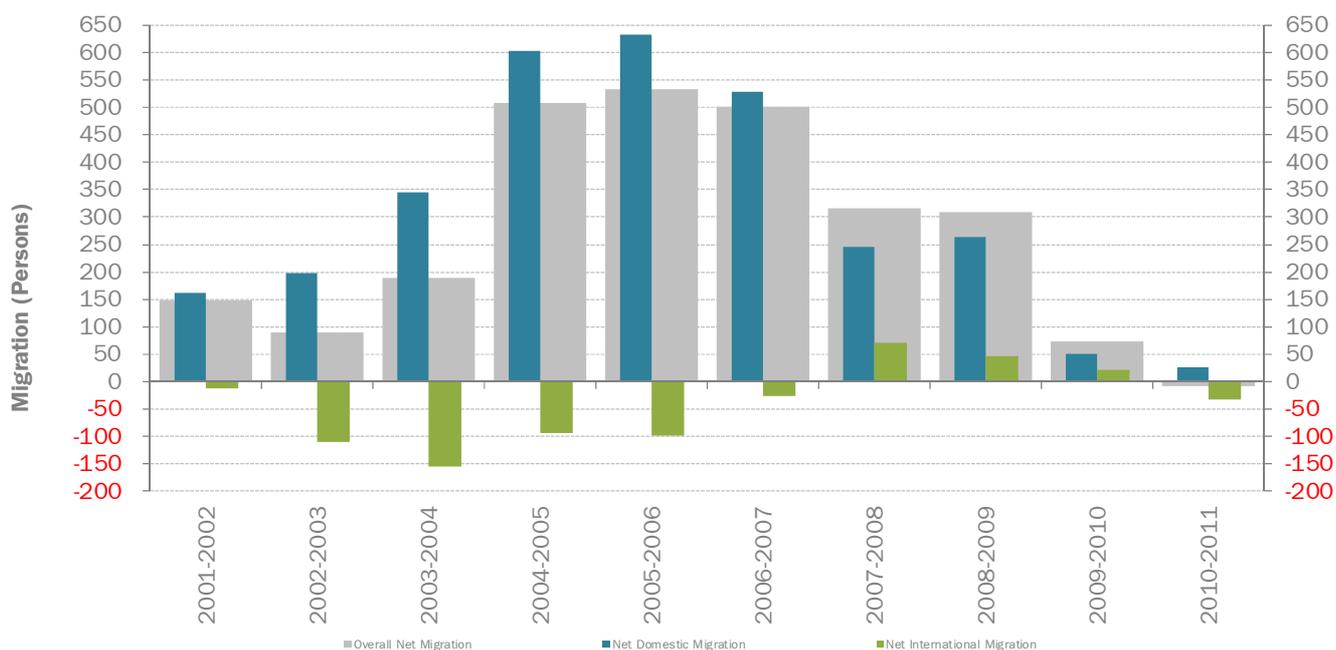
Source: ONS Migration Estimates - Revised Mid-Year Estimates Series following the Census 2011

2011-based Interim Household Projections

4.13   The 2011-based (interim) household projections produced by CLG represent the most up-to-date indication of household change currently available at a national, regional and local level. The projections incorporate the most up-to-date information from the 2011 Census, and supersede the 2008-based household projections.

4.14   It is important to note that there are a variety of limitations with the projections, not least the fact that these are demographic and trend-based only. They do not take into account any policy changes that may affect actual household formation in future.

4.15   The most obvious statistical shortcoming is that the projections only span a 10-year period, which presents difficulties for LPAs looking to plan for a minimum of 15 years into the future. Furthermore, although Census 2011 data was used where possible, where data was not available (for example, household representative rates by age and marital status) information was used from the Labour Force Survey data or from previous projections instead. In this regard:

"The household projections are derived from the SNPP, so any limitations with the interim population projections would also need to be taken into account when interpreting household projections. For example, population projections generally update underlying demographic assumptions on fertility and migration in line with new available data, but for the 2011-based SNPP trends from the 2010-based projections were used."

4.16   The extent to which the associated trends in household formation will continue over the longer term is unclear. In their Quality Report accompanying the new household projections, CLG cautions against simply rolling forward the household growth projected for 2011 to 2021 over the longer term beyond 2021. Instead they identify:

"There are also particular limitations in the use of the 2011-based interim household projections. The projections only span for a 10-year period so users that require a longer time span would need to judge whether recent household formation trends are likely to continue."

4.17   Looking at the headline household projections for High Peak, the household growth has remained very similar between both the 2008-based projections and the 2011-based (Interim) projections. The 2011 Interim projections identify a household change of 399 households per annum to 2021 whilst the 2008 based projections indicate an annual change of 400 households per annum. As such, the household projections for the High Peak have remained relatively constant over time.

4.18   Figure 4.5 illustrates trends in household formation from 1991 to 2033. Interestingly, the trend is consistently towards smaller household size with only a slight deviation between 2002 and 2008. This trend is at variance with experiences nationally where over the latter part of the decade between 2001 and 2011, reduction in household size stagnated due to constraints on housing availability and affordability.

4.19   In High Peak, the 2011-based projections continue to project an increasing household formation rate for the authority area and a continuing decrease in household size, in line with the previous 2008-based household projections.

Figure 4.5   Trend in Household Formation (Average Household Size in High Peak (1991-2033)
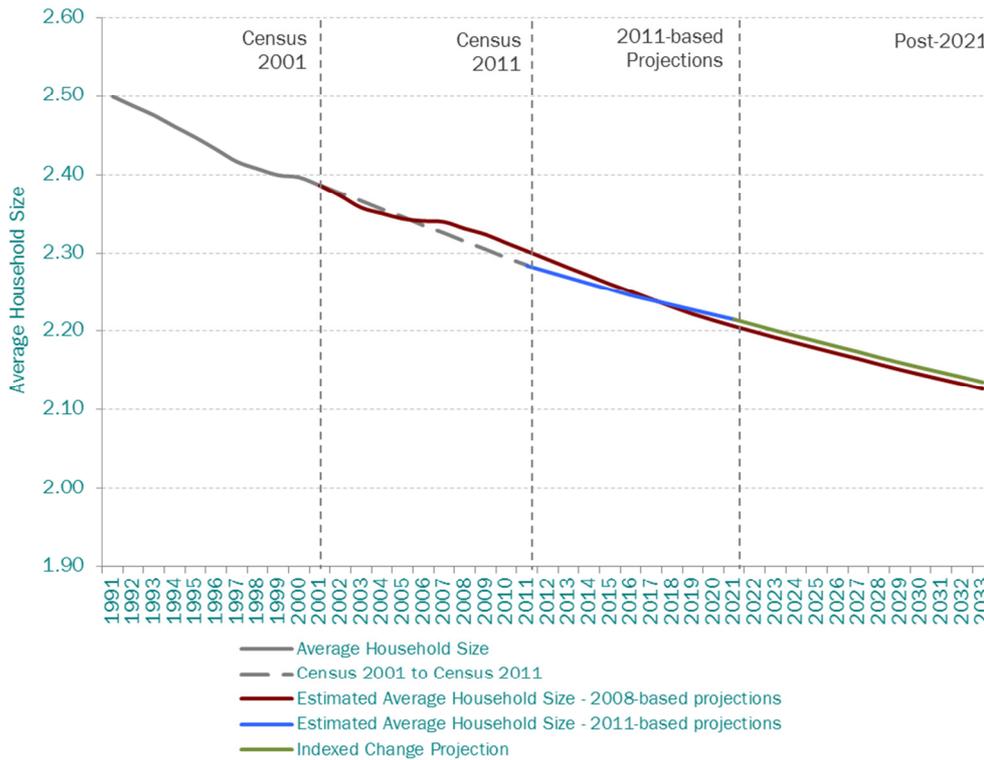
Source: Census 2001, Census 2011 and ONS/CLG Population and Household Estimates and
Projections

4.20   Considering High Peak Borough has experienced a pattern of decreasing
household size since 2001, including during the recession, it would be difficult
to substantiate a plausible reason whereby average household size would not
continue to decrease (with household formation rates increasing) post 2021.

4.21   For the purpose of this SHMA, NLP has considered which rates of household
formation are appropriate for testing beyond 2021. Given long term trends,
and the way the recession has impacted slightly upon household formation, it
is anticipated that formation rates will broadly reflect change in line with long
term trends. Over a longer period to 2031, it is considered likely that
household formation will begin to accelerate slightly in High Peak, particularly
as the wider economy returns to growth, peoples' circumstances improve,
household incomes increase and there is better access to mortgage finance.
Such factors will improve peoples' confidence and their ability to form a new
household. Notwithstanding this, an assumption could be that this increase in
household formation will potentially not be to the same degree as previously
assumed in the 2008-based projections.

4.22   NLP has projected forward a scenario for household formation beyond 2021,
which indexes formation against the 2008 projections beyond 2021. The
household formation rates within these projections are applied to the projected
population in the High Peak to arrive at an estimate of likely growth in
households at the local level.

4.23   On the above basis, as a baseline position, NLP has assumed that beyond 2021, the rate of change in household formation for High Peak will again move in line with the rate of change assumed for that period within the 2008- based household projection. This essentially indexes post-2021 change to the 2008 projections on the assumption that household formation will increase in line with long term trends. This is considered reasonable in that it does not perpetuate recession-based trends of suppressed household formation beyond 2021, whilst still being more conservative than some evidence may suggest.

4.24   For example, Cambridge Centre for Housing and Planning Research [CCHPR] reviewed work undertaken by NLP in relation to the Joint Core Strategy for Cheltenham Borough Council, Gloucester City Council and Tewkesbury Borough Council and concluded that the assumptions NLP made around indexing the 2011-based household projections post 2021 to the 2008 projections could be regarded as a cautious estimate in terms of a return to longer term household formation rates[5]. Notwithstanding this, NLP's baseline position on household formation represents a balanced projection which falls between merely trending forward supressed household formation rates and assuming that household formation rates will fully recover to the rates projected in the 2008-based projections.

4.25   NLP considers that as the market recovers the suppressed demand resulting from the recessionary constraints on household formation will simply be unlocked. In particular, this will include people in the 25-44 age bracket (and in many cases seeking to start families) being able to get on the housing ladder and form new households.

4.26   The indexed projection beyond 2021 applies the rate of annual change in household formation from the 2008-based household projections, to reflect such long term trends and in the absence of other long term projections of household formation. This is illustrated for individual age cohorts in Figure 4.6 shows increasing headship rates (the proportion of population that will form a head of household) within High Peak among the 35-44 in particular (and to a less pronounced extent, 15-24 and 45-54 year olds) but a decreasing headship rates amongst most other age cohorts (albeit older cohorts continue to have significantly higher headship rates than younger groups). In general, the increases and decreases in headship rates appear to be in the earlier plan period with most age cohort plateauing after 2021.

4.27   These age specific projections of household 'headship rates[6]' are applied to the projected population of High Peak Borough to arrive at an estimate of the future number of households in the area.

Figure 4.6   Projected Household Headship Rates for High Peak using indexed projections
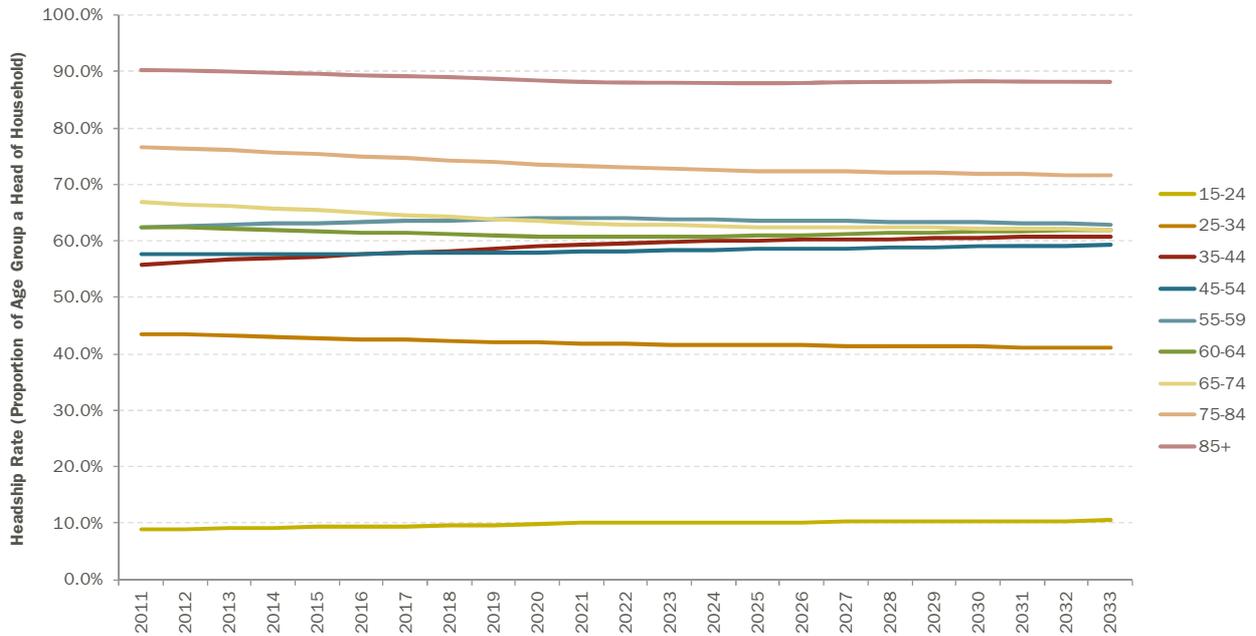
Current Demographic Profile

4.28   The demographic trends have led to a 2011 population profile in High Peak as illustrated in Figure 4.7 and Figure 4.8. The 2011 population profile is compared to the 2001 population profile, illustrating the relative change in population for each age group over the previous 10 years. In particular, Figure 4.7 highlights the severe contraction in the number of both males and females under 15 years of age and between 25 and 40. Interestingly, the proportion of the population between 15 and 25 increased significantly amongst both males and females. Similarly, the numbers between 60 and 75 has grown steadily and this brings with it considerable challenges when assessing future housing requirements.

4.29   Figure 4.7 demonstrates that the relatively low fertility rate experienced across High Peak in recent years and the ageing population structure. It would also appear to indicate that many people leave the area in their late teens and early twenties and do not return until their middle age. A significant proportion of the population growth experienced has been in the age categories over 60.

Figure 4.7   Census 2001 and Census 2011 population profile
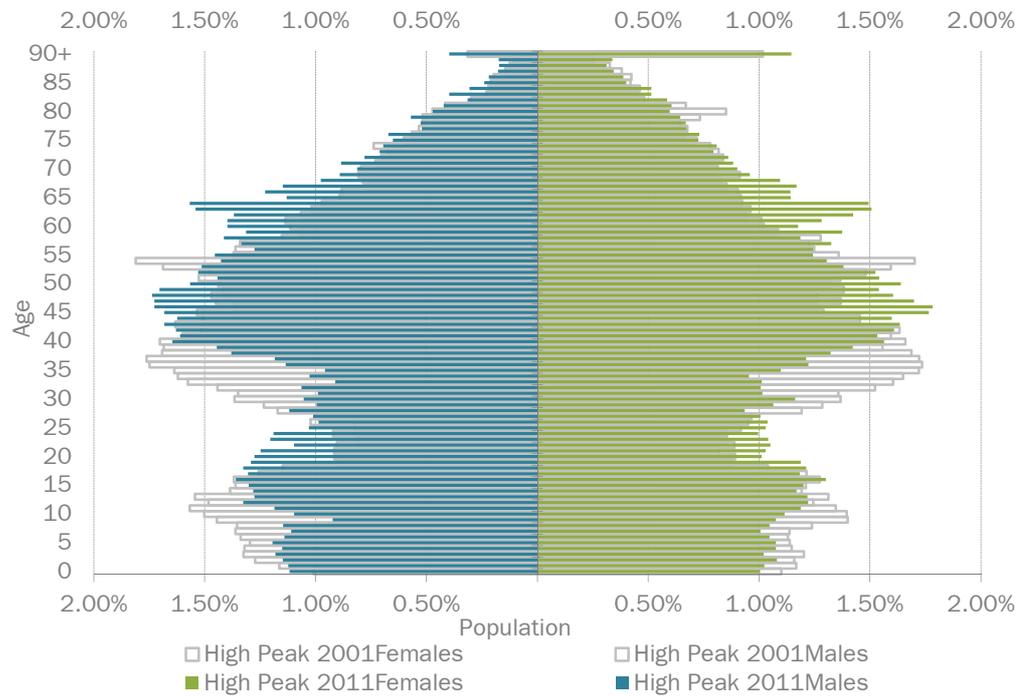
Source: High Peak Population Profile 2001 and 2011

4.30   If such population trends continue, High Peak will see an increasingly ageing population, with particular implications around delivering housing suitable for the retired and elderly. More broadly, population growth in general will drive need and demand for new houses, as will the changing household structure that changing population can bring along with them.

4.31   Figure 4.8 illustrates the changes in total population structure in the decade between 2001 and 2011. As one would expect, the greatest contraction in population was in the 25 to 40 age cohorts followed closely by the age cohorts under 15. In contrast, the highest growth was experienced in those aged 60 to 70 but there was also a significant increase in the cohorts between 15 and 25. Finally, the numbers aged 90+ grew dramatically also.

Figure 4.8   High Peak Population Structure 2001 and 2011
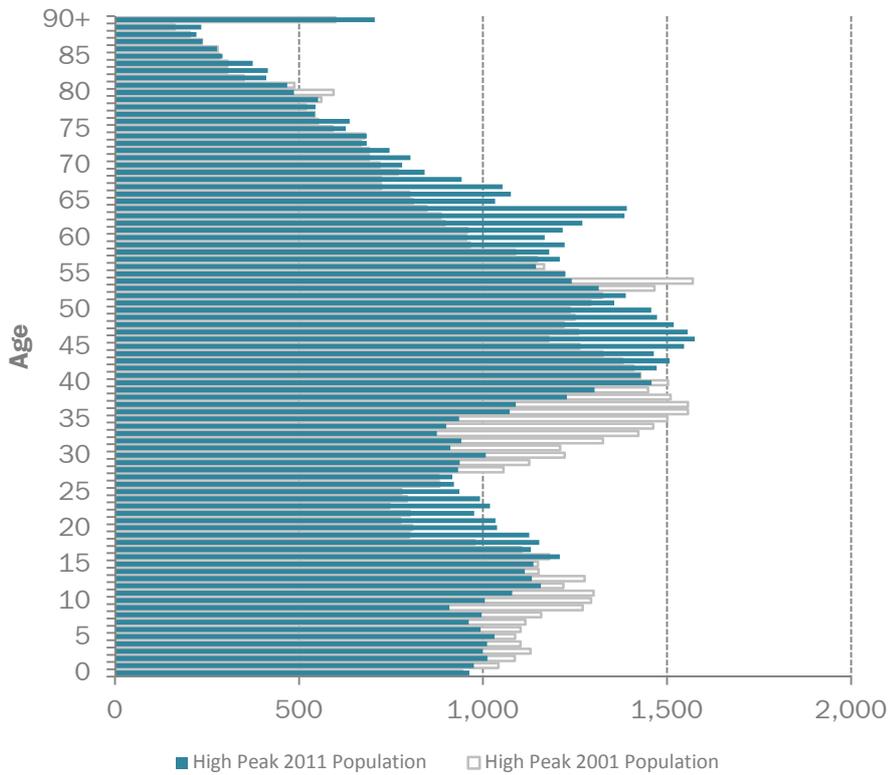
Source: Census 2001 and Census 2011 Population

The Housing Stock

Existing Stock

4.32   The 2011 Census identifies that High Peak has an existing stock of 38,960 dwellings. The tenure profile of households in High Peak is shown in Table 4.1 and Figure 4.9. The proportion of households that own and occupy their accommodation (outright and mortgage) totals 72.1% in High Peak, which is slightly higher than the Derbyshire average (71%) and even higher than the East Midlands figure (67.3%). The percentage of households living in the private rented sector in High Peak (13.4%) is slightly higher than the Derbyshire average (12%) but lower than the regional (14.9%) and the national (16.7%) average.

Figure 4.9   Tenure Profile in High Peak: Owner Occupation/Social Rented Rates (2011)
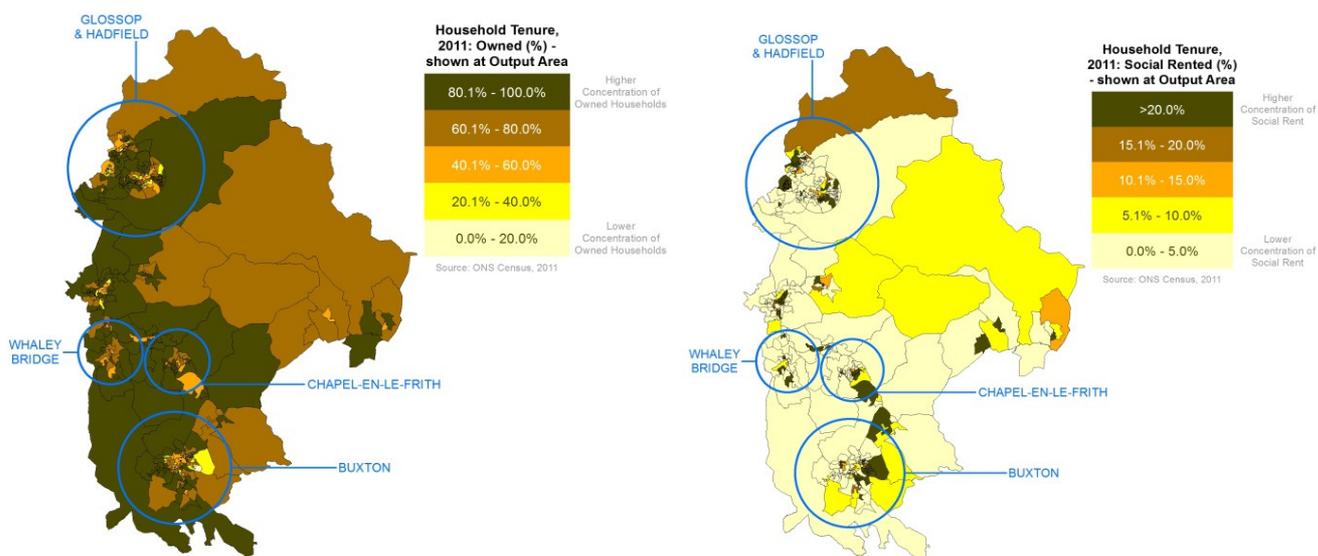
Source: NLP Analysis 2013

4.33   Households in affordable tenures totalled 13.2% in High Peak, which is lower than Derbyshire (15.7%), the region (16.5%) and England (18.4%). The proportion of households privately renting/living rent free in High Peak (1.2%) is broadly in line with the Derbyshire (1.3%), East Midlands (1.3%) and the national average (1.3%).

Table 4.1   Tenure Profile of Households in High Peak, Derbyshire, East Midlands and England 2011

Tenure	High Peak		Derbyshire		East Midlands		England
	#	%	#	%	#	%	%
Owned: Outright	13,693	35.2%	119,282	35.9%	621,224	32.8%	30.6%
Owned: With a mortgage or loan	14,366	36.9%	116,767	35.1%	653,441	34.5%	32.8%
Shared ownership (part owned and part rented)	229	0.6%	1,463	0.4%	12,744	0.7%	0.8%
Social rented: From Council (LA)	3,836	9.8%	34,960	10.5%	192,049	10.1%	9.4%
Social rented: Other	1,109	2.8%	15,995	4.8%	108,374	5.7%	8.2%
Private rented: landlord or letting agency	4,706	12.1%	36,074	10.8%	257,017	13.6%	15.3%
Private rented: Other	525	1.3%	3,841	1.2%	25,426	1.3%	1.4%
Living rent free	482	1.2%	4,255	1.3%	25,329	1.3%	1.4%
Total	**38,946**	**100%**	**332,637**	**100%**	**1,895,604**	**100%**	**100%**

Source: 2011 Census: KS402EW Tenure, LAs in England and Wales

4.34   The type of housing stock in High Peak is illustrated in Figure 4.10.

Figure 4.10 Stock Profile in High Peak: Detached/Semi Detached/Terraced/Flats % of Total Stock (2011)
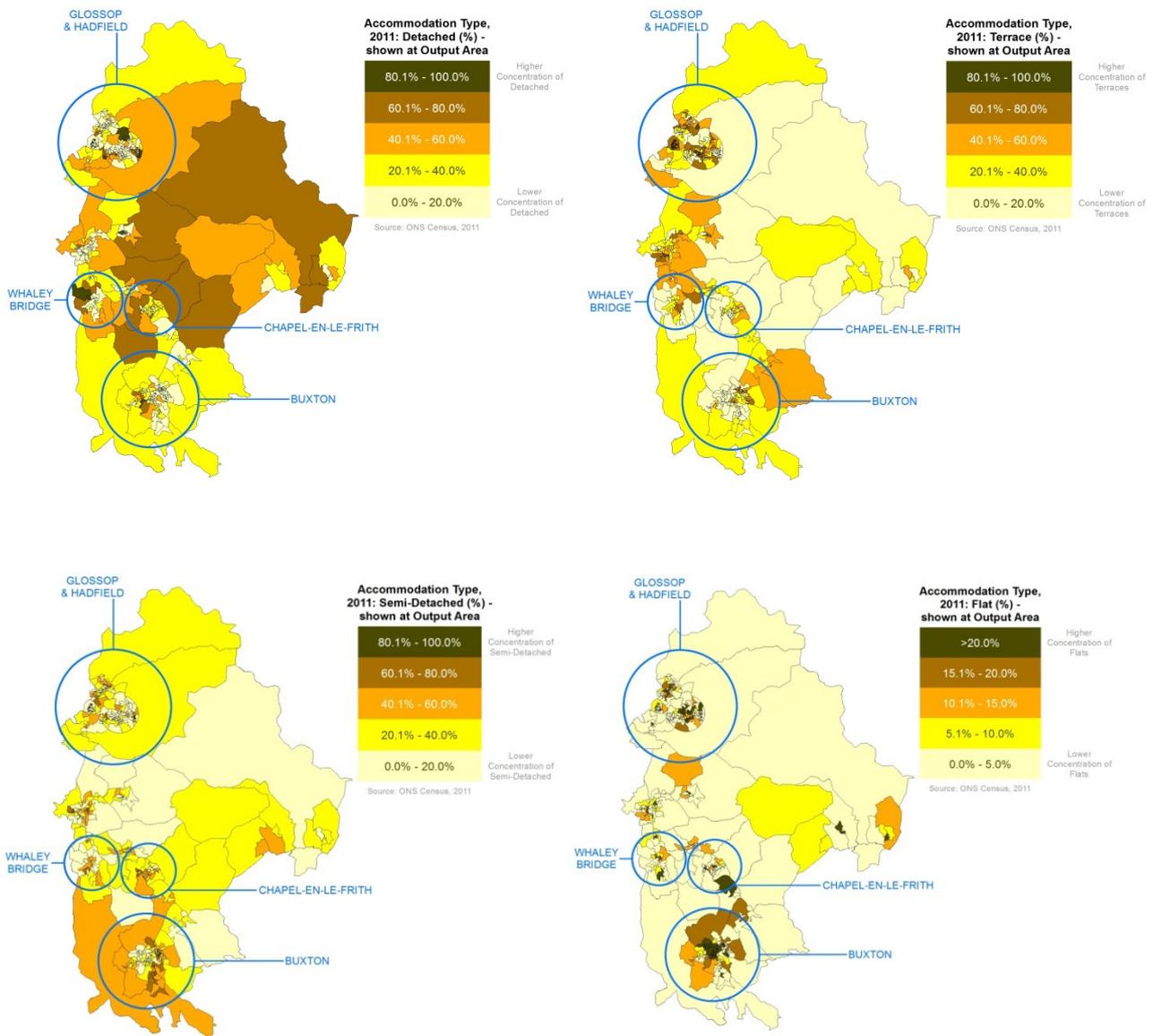
Source: NLP Analysis 2013

4.35   Figure 4.10 and Table 4.2 indicate that the largest proportion of the housing stock in High Peak is terraced properties (34.4%), which is significantly higher than the regional and national average. Consequently, the proportion of detached and semi-detached properties (52.7%) is much lower than the Derbyshire (70.5%) and East Midlands (67.3%) averages but remains broadly in line with the national average (53.3%).

4.36   High Peak has more flats, maisonettes and apartments than the Derbyshire average. However, when compared to the regional and national average, High Peak is broadly in line with the East Midlands but is almost half the national average. In terms of Purpose Built blocks of flats, High Peak (8.4%) has approximately half the national average (16.4%).

Table 4.2   Types of Housing

Type	Sub-Type	Census 2011						
		High Peak		Derbyshire		East Midlands		England
		#	%	#	%	#	%	%
House or Bungalow	Detached	9,613	23.5%	110,475	31.8%	634,599	32.2%	22.3%
	Semi-detached	11,915	29.2%	134,321	38.7%	692,791	35.1%	31.0%
	Terraced	14,040	34.4%	71,498	20.6%	406,998	20.6%	24.3%
Flat, maisonette or apartment	Purpose-built block of flats	3,414	8.4%	22,477	6.5%	183,026	9.3%	16.4%
	Part of a converted or shared house	1,227	3.0%	4,252	1.2%	31,627	1.6%	3.8%
	In a commercial building	511	1.3%	3,234	0.9%	17,113	0.9%	1.0%
Other	Caravan or other mobile/temp. structure	101	0.2%	907	0.3%	7,674	0.4%	0.4%
Total	All Occupied Household Spaces	40,821	100%	347,164	100%	1,895,604	100%	100%

Source: 2011 Census: KS401EW Accommodation Type-Households

4.37   In respect of the size of accommodation, the most up-to-date and robust indication of the size of stock is the Census 2011. Figure 4.11 illustrates that in 2011 High Peak had a level of 4, 5 and 6 room homes (63.6%) almost identical to the national average (63.3%) (a size which broadly correlates to a 3 to 4 bed property assuming a kitchen and 1 or 2 reception rooms). High Peak has a higher proportion of 7, 8 or more room homes (26.6%) than the Derbyshire (23.7%), East Midlands (25.3%) and national average (22.8%).

Figure 4.11   Size of Accommodation 2011
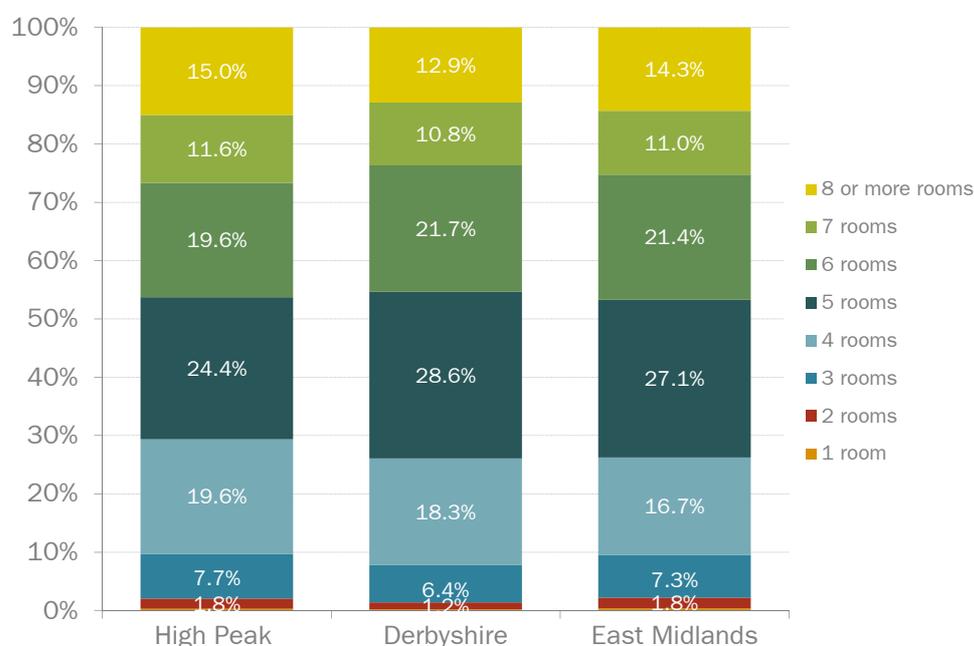
Source: 2011 Census: QS407EW Number of rooms, local authorities in England and Wales (rooms excludes bathrooms, toilets, halls, landings and storage space).

4.38   The 2011 Census also measured occupancy rating in local authority areas. Occupancy rates (rooms) provide a measure of whether a household's accommodation is overcrowded or under occupied. The number of rooms required (based on a standard formula) is subtracted from the number of rooms present to obtain the occupancy rating. For example, an occupancy rating of -1 implies that a household has one less room than required, whereas +1 implies that they have one more room than the standard requirement.

4.39   The data indicates that as of 2011, High Peak had households with an occupancy of 1 or more, comprising 74.7 % of all households in the Borough. This is broadly in line with the East Midlands average (74.9%) but significantly higher than the national average national average (68.7%). This would appear to indicate that the Borough has a mismatch between the size of households and the size of dwellings they occupy.

4.40   This could become more of an issue following the Government's implementation of the well-publicised under-occupancy penalty 'bedroom tax', where for social tenants deemed to have one spare room relative to the size of the household, their housing benefit will be cut by 14%. If they have 2 or more spare rooms, the cut will be in the order of 25%. Whilst tenants can downsize, problems would arise if there are parts of High Peak where this is a shortage of smaller social homes. Notwithstanding, the Government policy will not have an effect on owner occupied properties or the private rented sector and as such, under-occupation of properties could continue.

Stock Condition

4.41   Michael Dyson Associates Limited conducted a Stock Condition Survey to assess the condition of Local Authority housing stock in 2012. The survey was completed from January to February 2012 and 820 of the Council's 4,098 dwellings were surveyed.

4.42   The report concluded that the stock is generally in good condition. It also indicates that there is evidence of investment been made to the stock over the recent years with many properties benefiting from new, modern components, however, in order to maintain and improve the stock further, continued investment will be required.

Core Output: Estimates of current dwellings in terms of size, type, condition and tenure.

High Peak has a significantly higher proportion of larger properties (in terms of the number of bedrooms) than the Derbyshire, regional and national averages although there is a higher degree of under-occupation of these properties particularly when compared to the national average.

34.4% of the dwelling stock in High Peak comprises terraced properties which is significantly above the Derbyshire and East Midlands average. As a result, there are fewer detached and semi-detached properties than one might expect.

> The proportion of households that own and occupy their accommodation totals 72.1% in High Peak which is higher than Derbyshire (71%), the regional figure (67.3%) and the national average (63.4%).
>
> Households in affordable tenures totalled 12.6% in High Peak which is considerably lower than the Derbyshire, East Midlands and National average.
>
> The private rented sector is below (13.4%) the East Midlands average (14.9%) but higher than the Derbyshire average (12%).
>
> The Local Authority owned stock is generally in good condition but continued investment will be required.

The Active Market

Change in Stock

4.43   Dwelling completions in High Peak over the past decade have varied considerably and have been severely impacted upon by the recession and its aftermath. Completions on an annual basis have ranged from 599 (net) new dwellings in 2006/07, to 102 (net) new dwellings in 2011/12. Past completions have averaged 287 dpa (net) since 2001/02.

4.44   Figure 4.12 illustrates the annual net completions in High Peak since 2006 in comparison to the annual requirement (as previously set out in the revoked East Midlands RS). It illustrates that completions in High Peak have tailed off considerably as a result of the recession but appear to be recovering slightly of late. Despite this recovery in 2012/13, completions remain considerably below the annual requirement and High Peak has experienced significant under delivery since 2008/09.

Figure 4.12 Dwelling Completions in High Peak 2006/07 to 2012/13
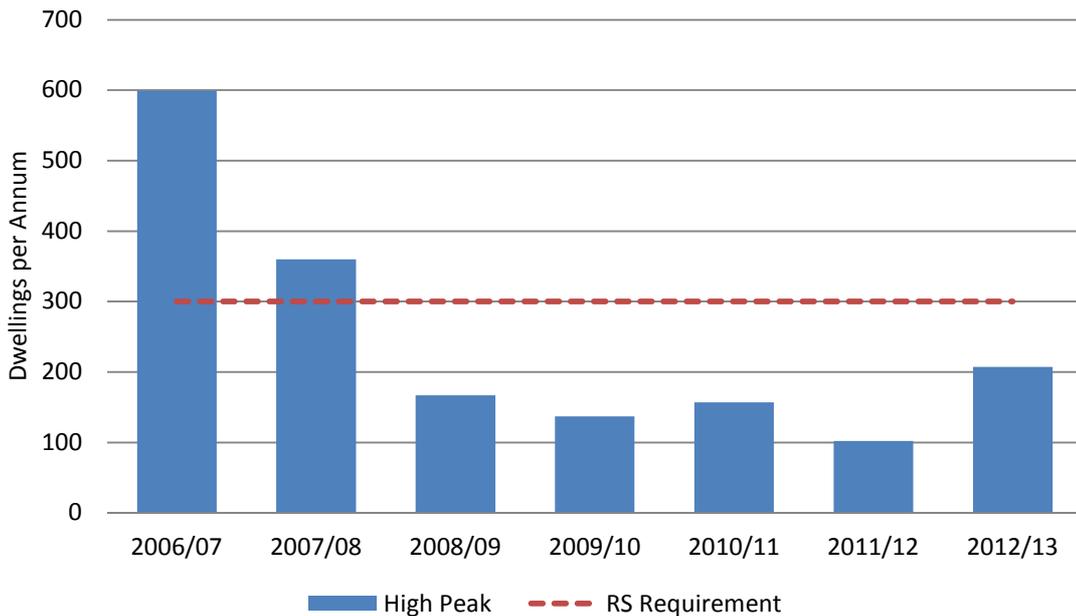
Source: High Peak Borough Council

4.45   Although past housing delivery has been influenced by previous planning policy and past economic conditions, over a long term period it provides an indicator of the ability of the market to bring forward development within the Borough. This is an important framing factor for considering the Borough's ability to deliver housing to meet needs in the future. Although this data only goes back 7 years, it remains useful of pre-recession performance. It is important to point out that in between 2004 and 2007, the average annual completion rate for High Peak was 479 dwellings. This level of completions has not been reached since.

Transaction and Prices in the Private Market

4.46   Pre-recession dwelling sales across High Peak were between 1,474 and 1,959, representing c.4.5% - 6% of stock. However, since 2008, transactions have declined dramatically and have average 963 per annum. This is less than half the pre-recession peak. This is equivalent to approximately 2.4% of the total stock in the Borough, which is a significant reduction from the pre-recession peak.

Figure 4.13 Property and Sales and Stock Turnover 2001-2011
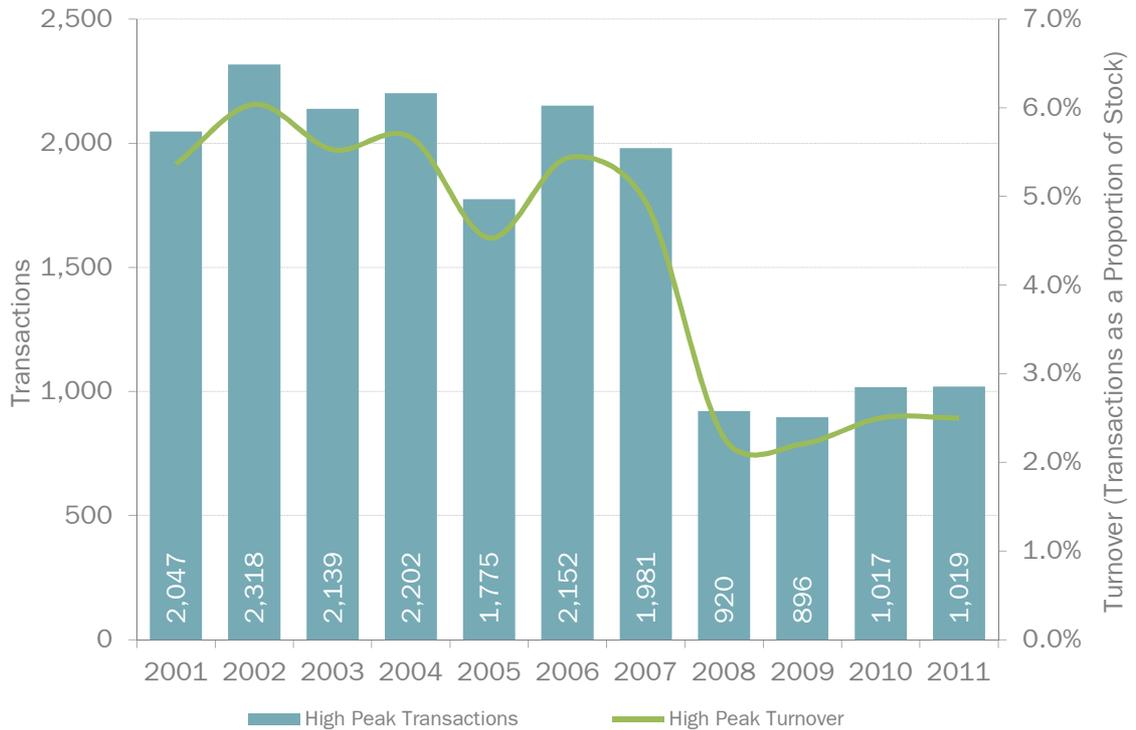
Source: CLG Live Table 588: Property Sales based on land registry data, by District
            CLG Live Tables 125: Dwelling Stock Estimates by Local Authority District

4.47   House prices between 1996 and 2008 increased rapidly within High Peak and the County as a whole. High Peak has consistently experienced higher house prices than the Derbyshire average. Looking at the change in average house prices for High Peak and Derbyshire, it is clear that there have been impacts on the housing market associated with the recession. Figure 4.14 illustrates that High Peak house prices have consistently been higher than the Derbyshire average since 1996, with the gap widened considerably between 2006 and 2009 before contracting slightly thereafter.

Figure 4.14 Average House Prices in High Peak 1996 to 2011
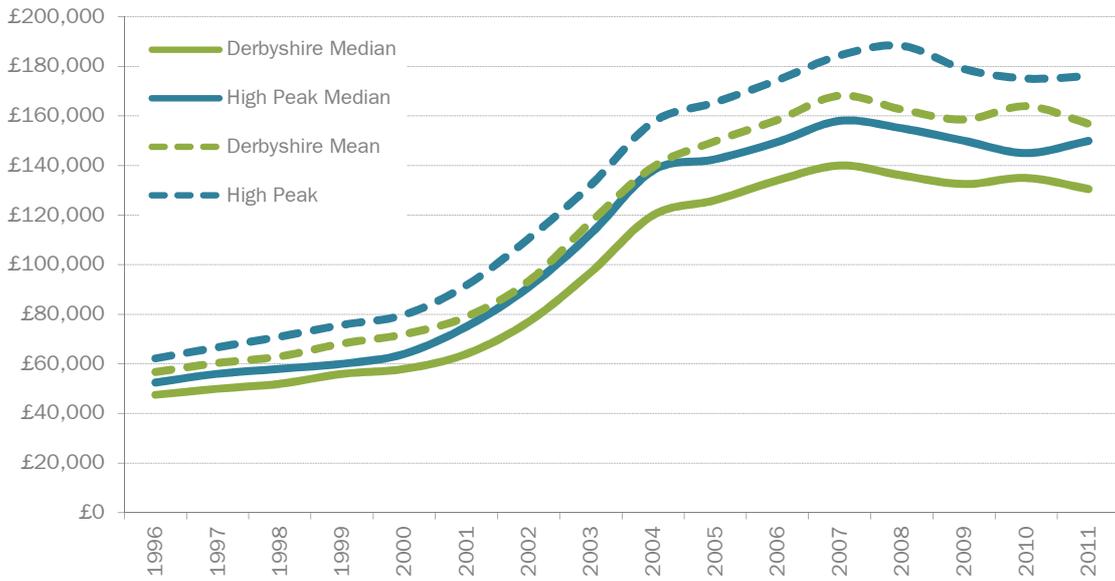
Source: CLG Live Table 585: Mean house prices based on Land Registry data, by District and CLG Live Table 586: Median House Prices based on Land Registry data by District

4.48   In the period 2000 to 2012, lower quartile house prices in High Peak had been consistently above the Derbyshire average but mirrored the England trend from 1996 to 2008, before falling behind in subsequent years. In 2012, the average lower quartile house price in High Peak was £110,500. Lower Quartile house prices in Derbyshire and England at the time were £98,332 and £126,666. This would appear to indicate that High Peak sits almost half way between the Derbyshire and England average in terms of lower quartile house prices.

4.49   Lower quartile house prices in High Peak have climbed steadily between 1997 and 2012 and are now over 2.5 times the 1997 average. Notwithstanding this, lower quartile house prices have declined considerably from £123,750 to £110,500 in the past 5 year period.

Figure 4.15 Lower Quartile House Prices in High Peak, Derbyshire and England
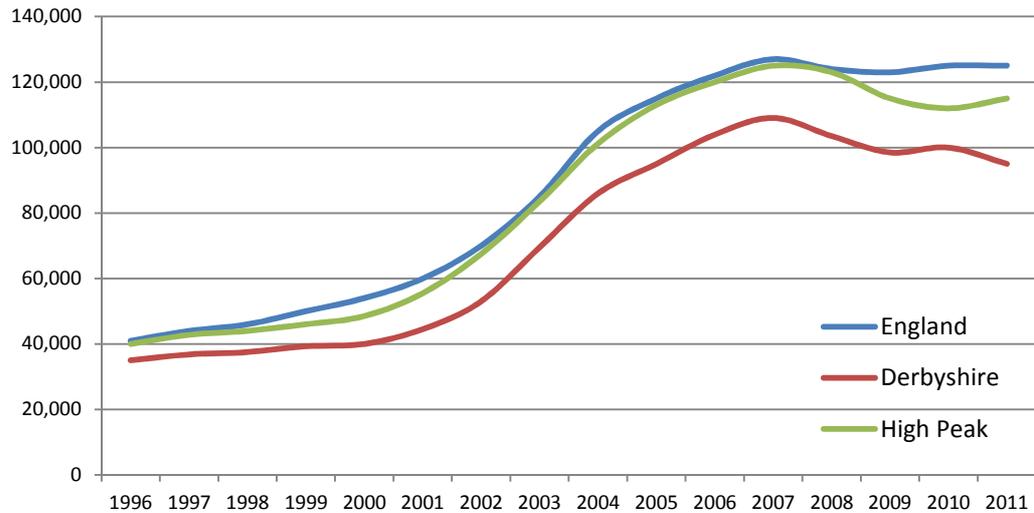
Source: CLG Live Table 583, Lower Quartile House Prices based on Land Registry Data by District

4.50   An internet search of current (November 2013) advertised private sector rent costs identified lower quartile rents of £475 for High Peak. When the make-up of this average is more closely analysed, it would appear that the difference between the four sub-areas is considerable and the authority average does not portray a true picture for High Peak as a whole.

4.51   Table 4.3 and Table 4.4 set out the relationship between property sizes and private sector rental levels in the four sub areas in High Peak (based on a snapshot of advertised rents in November 2013).The search identified wide variations in private rent levels in High Peak in the four sub-areas identified, with lower quartile rents varying from £400 in Buxton to £529 in the rural areas of High Peak. The variation in lower quartile rental levels is partly explained by variations in property size and the attractiveness of settlements. Furthermore, the demand for, and attractiveness of dwellings in rural areas also increases their rental values. These figures only provide a snapshot in time and do not portray rental values over a longer period.

Table 4.3   Private Sector Rent Levels (£ per month)

	High Peak			
	Buxton	**Central Area**	**Glossop**	**Rural Areas**
1-Bedroom entry level cost	382	435	450	525
2/3 Bedroom entry level cost	515	592	561	761
Lower Quartile cost (all sizes of property)	400	495	485	529
Mean (all sizes of property)	**499**	**597**	**572**	**693**

Source: Rightmove, November 2013

Table 4.4   Private Sector Rent Levels - Range (£ per month)

	High Peak			
	Buxton	**Central Area**	**Glossop**	**Rural Areas**
1 – Bedroom	260 – 625	350 – 525	299 – 575	525
2/3 – Bedroom	425 – 725	450 – 950	425 – 750	533 – 1,200
4+ Bedrooms	695 – 900	650 – 1,100	725 – 1,200	N/A

Source: Rightmove, November 2013

Current house prices and private rental values

4.52   The current median house price in High Peak is £148,000 with lower quartile house prices of £107,875, based upon Land Registry data for the 12 months to November 2013.

4.53   Table 4.5 and Figure 4.16 illustrate the significant difference between the average house price and the Lower Quartile house price. This ultimately affects the affordability of the housing stock in High Peak for many of its residents. In particular, it is notable that both Lower Quartile and average house prices are significantly higher for the rural areas of High Peak than the more urbanised locations, particularly Glossop, where Lower Quartile prices are 11.5% lower than the Borough-wide average, but 47.4% lower than the surrounding rural areas.

Table 4.5   House Price data for High Peak Borough, 2012/13

	High Peak				
	Buxton	**Central Area**	**Glossop**	**Rural Areas**	**TOTAL**
Lower Quartile House Price	£110,000	£115,000	£95,375	£181,250	**£107,875**
Median House Price	£155,000	£144,000	£130,000	£237,000	**£148,000**
Mean House Price	£177,446	£160,373	£149,716	£265,694	**£170,157**

Source: NLP Analysis from Land Registry Price Paid Data, year ending September 2013

Figure 4.16 Distribution of House Prices 2013
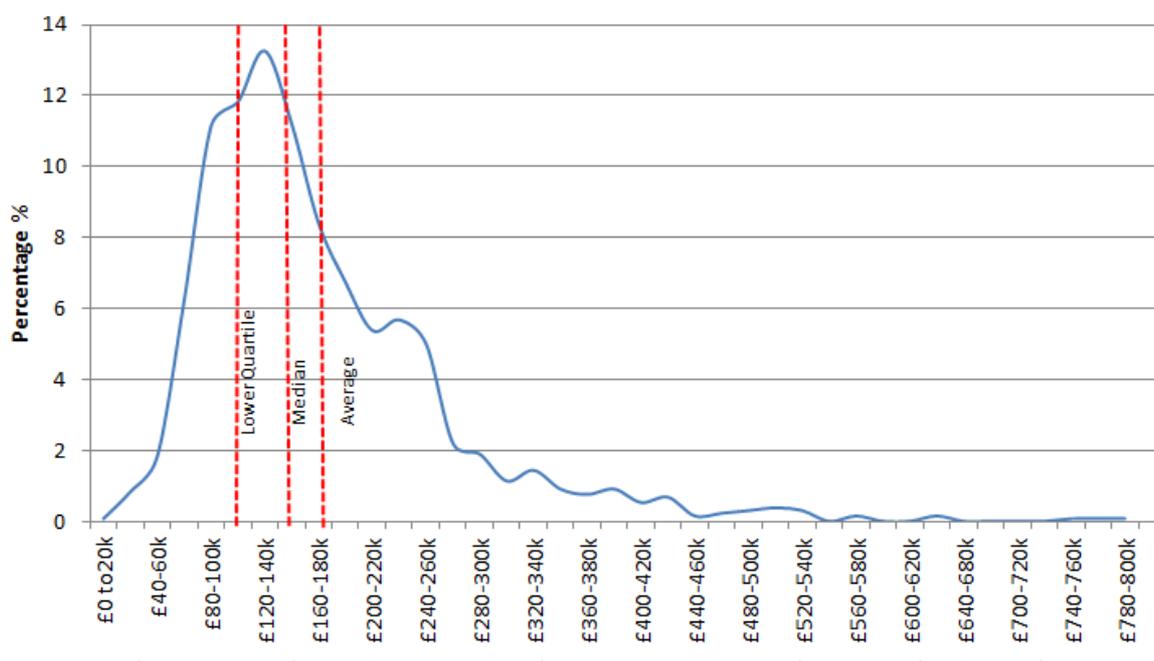
Source: NLP Analysis from Land Registry Price Paid Data

4.54   Figure 4.17 displays primary weekly private rental data for all types of property as at November 2013. It is clear from the chart that the majority of private rental properties are at the lower end of the weekly rental values, however, a fair proportion of more expensive properties have distorted the average private rental value. As such the lower quartiles, median and mean data values have been displayed to address the skewed average. The lower quartile private rental value is £475 per month week which equates to a weekly rent of circa £120 with the median reaching £500 per month, or circa £125 per week. The mean average is even higher again with the monthly rental value reaching £552 (or just under £140 per week).

Figure 4.17 Distribution of Private Market Rent in High Peak
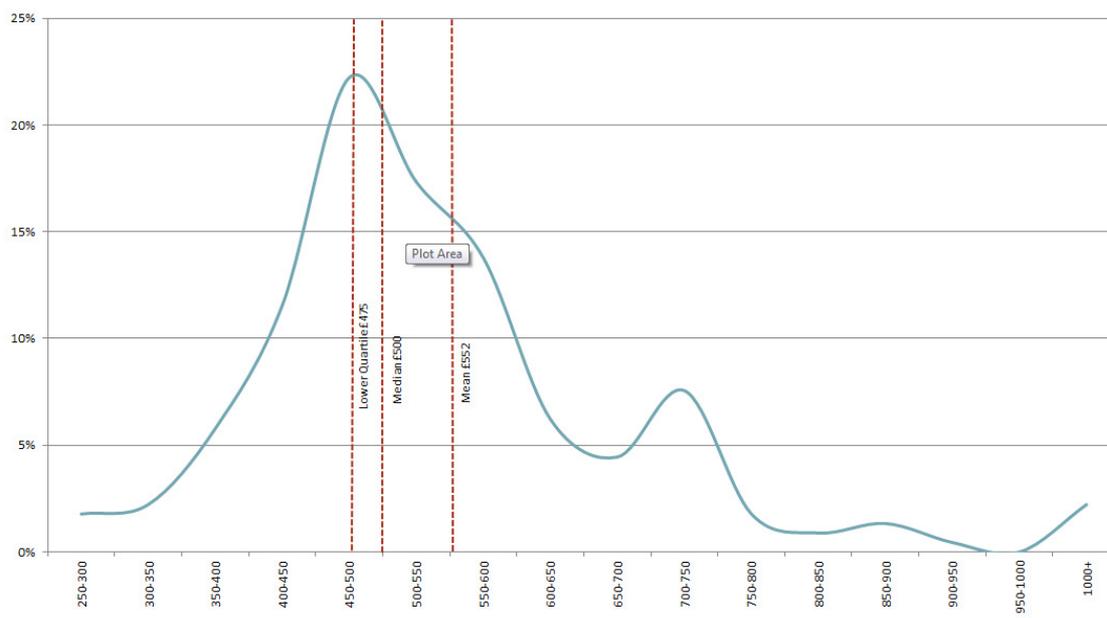
Source: NLP Primary Research

Vacancy

4.55   On 1st October 2012, CLG[7] recorded that there were a total of 1,300 vacant dwellings in High Peak, representing 3.2% of the total stock. Of these dwellings, 535 were classified as being long term vacant (i.e. vacant for longer than 6 months). Homes become vacant for many reasons, including natural vacancy in the market (e.g. a void between tenancies or short term vacancies as people move elsewhere). However, long term vacancies may be an indication of either structural weaknesses in the housing market (e.g. low demand for a particular type of property) or may be reflective of problems with the stock of housing (e.g. condition or type).

4.56   Interestingly, over 34% of the households paying Council Tax in High Peak Borough were claiming a 25% discount on their payment due to the fact that only one adult was living in the property at the time. This high percentage could be caused by a multitude of different factors but the most likely reasons for this percentage is down to personal choice, limited supply of smaller units or marital/relationship breakdown.

4.57   In High Peak, overall vacancy rates have ranged between 2.44% and 3.7% over the period 2004 to 2012 (Figure 4.18). This indicates that although the vacancy rate has increased since 2004, it has remained relatively constant since 2007 with only slight adjustments year on year. Similarly, long term vacancy has increased slightly since 2004 but has remained almost constant between 2006 and 2012 between 1.26% and 1.47%. This would appear to indicate that long term vacancy is not a particular problem in High Peak. In

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[7] Calculation of Council Tax Base for Formula Grant Purposes, October 2012

comparison with the Derbyshire figures, High Peak is very closely aligned to the Derbyshire average in terms of vacancy and long term vacancy.

Figure 4.18 Total and Long Term Vacancy Rates in High Peak and Derbyshire
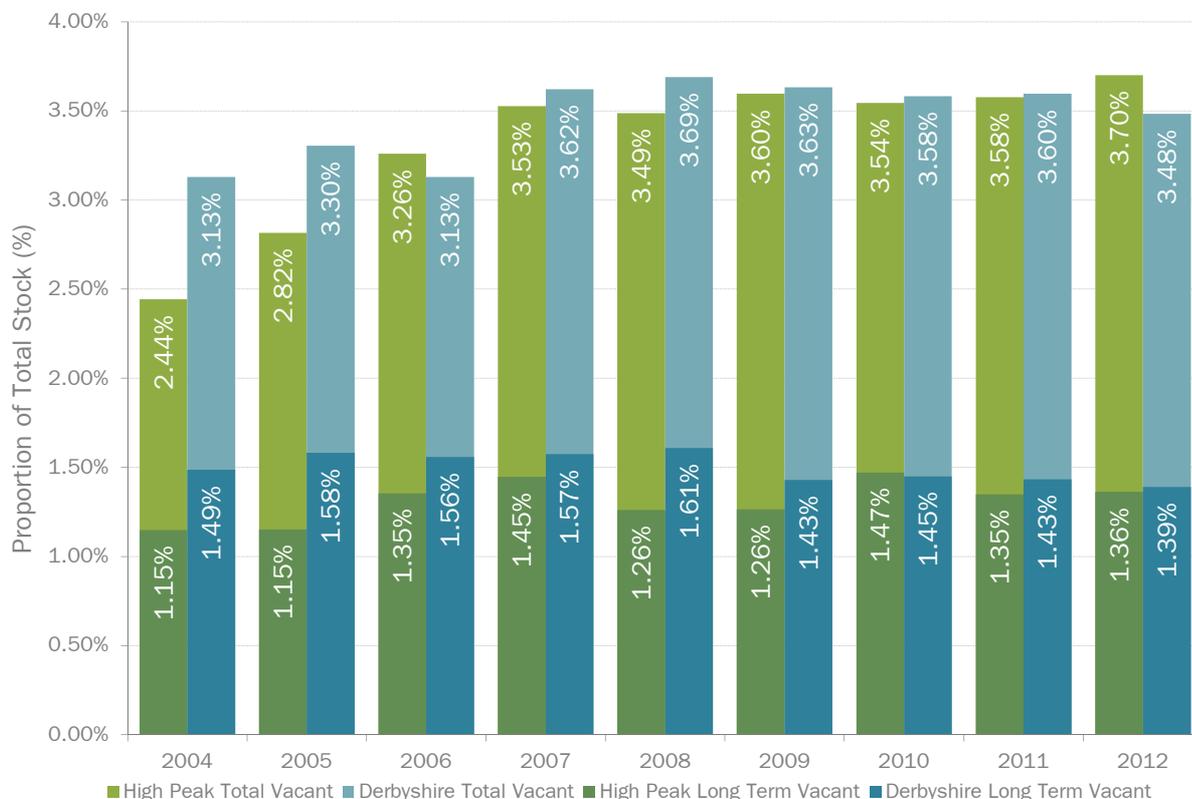
Source: CLG Live Table 615: Vacant Dwellings by Local Authority District and CLG Live Table 152: Dwelling Stock Estimates by Local Authority District

4.58   Figure 4.18 excludes vacant properties that comprise second homes. The proportion of all dwellings in High Peak (0.9%) that are categorised as second homes are relatively low when compared to other rural and similarly picturesque boroughs across the country. In total, only 356 dwellings in High Peak are categorised as second homes. This could be considered surprising given the attractiveness of High Peak and its proximity to the National Park.

4.59   In terms of the differences in tenure on vacant homes, CLG data for High Peak shows that only 4 social housing properties were vacant in 2012, with just 1 of these properties being considered long term vacant. This suggests a significantly lower level of total vacancy within affordable tenures than the private market and a lower level of long term vacancy also. This would indicate a significant demand for social housing in High Peak.

4.60   Figure 4.19 illustrates the number of vacant public sector dwellings in High Peak between 2005 and 2012. In 2012, the amount of vacant dwellings as a proportion of the total stock stood at 0.28% of the total stock with 0.09% of this being classified as long term vacant. This is a very low percentage and would appear to indicate a shortage of stock and significant demand for existing properties.

Figure 4.19 High Peak and Derbyshire HA General Needs Vacancy and Long Term Vacancy Rates
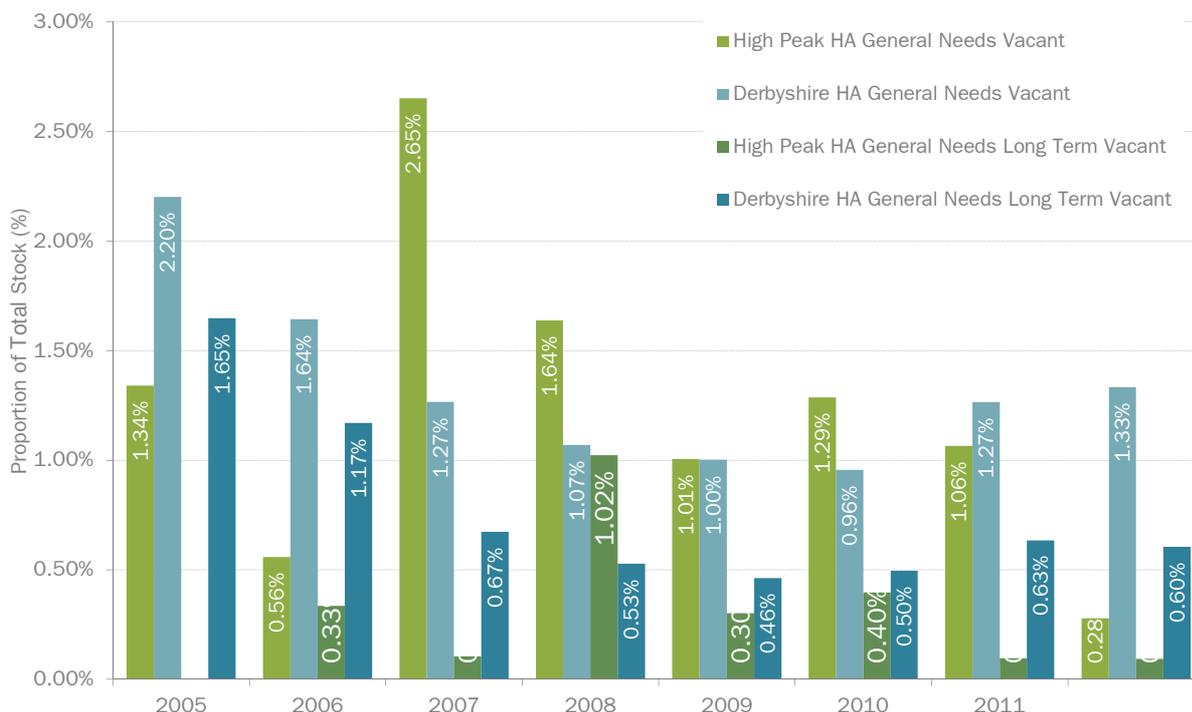
Source: CLG Live Tables 615: Other Public Sector Vacant Dwellings by Local Authority District

4.61   Figure 4.20 illustrates, in numerical terms, the number of annual vacancies across High Peak in Housing Associations and Local Authority-owned properties. This emphasises the relatively small number of vacancies across the authority area.

4.62   However, it should be noted that the recording mechanisms for the CLG's vacancy data have changed over time, with slightly different definitions as to what was recorded, hence the data referred to in the table above (Figure 4.19), and in Figure 4.20 should be treated with a degree of caution. In reality, the proportion of vacant social dwellings in High Peak appears to be very low when compared with other authority areas. Discussions with RPs have verified this, and they have indicated similar experiences across High Peak.

Figure 4.20 Vacant Public Sector Dwellings in High Peak 2004-12
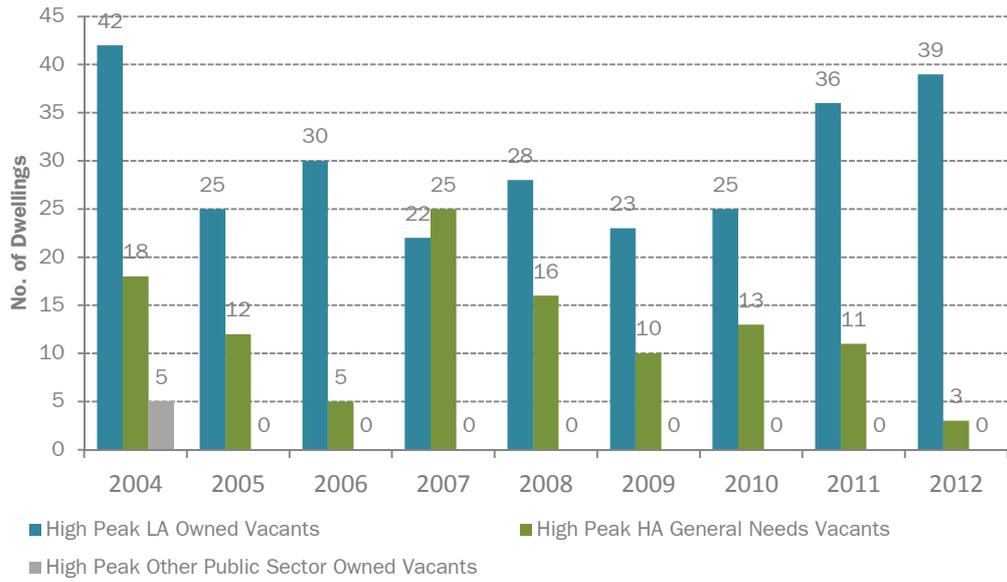
Source: CLG Table 615, Vacant Dwellings by District 2012

Supply and Demand for Affordable Dwellings

4.63   The supply of new affordable housing varied considerably since 1996/97. This has been illustrated in Figure 4.21 and appears to indicate a significant increase on the number of people on the Housing Register post 2006/07.

Figure 4.21 Affordable Housing Completions and Waiting List in High Peak 1996/97 - 2011/12
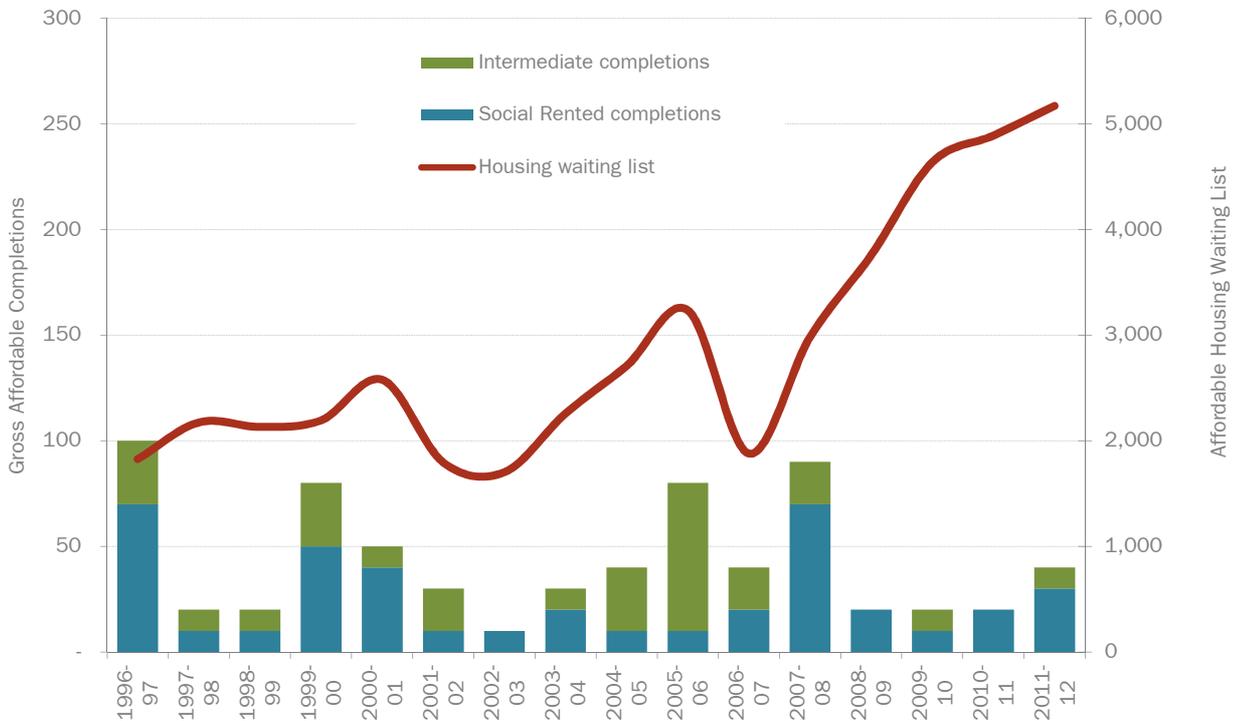
Source: CLG 2013

4.64   This would broadly align with the recession which would inevitably increase numbers on the Housing Register. In direct contrast, the number of completions over the past four years in particular has been relatively low. The highest rate of completions occurring in 2011/12 at just 40 units.

4.65   The Housing Register and HSSA data shows that there has been a significant increase in the Housing Waiting List since 1996/97 with significant increases in recent years. In 1997, the Waiting List stood at 1,826 people. Since this time, it has risen dramatically to a high of 5,171 in 2012. This represents a three and a half fold increase. Affordable housing completions have fluctuated considerably year on year in High Peak but have only once met 100 dwellings per annum. This has had considerable implications for the Housing List which has grown exponentially. In particular the increase since 2006/07 (i.e. since the recession) has been considerable.

4.66   In the decade from 1996/07 to 2006/07, the number of households on the waiting lists for properties in High Peak remained relatively stable with slight fluctuations year on year. Thereafter, the number on the Housing Waiting List has increased considerably to a high of 5,171 in 2011/12. The impacts of the recession in High Peak are likely to be a key factor for this increase.

4.67   Completions over the past four years (outlined in Figure 4.21) have declined, but and have consistently ranged from 20 to 40 units per annum. This contrasts with the considerable increase in the number of households on the housing waiting list.

4.68   There were 40 Affordable Rent completions in 2011/12 following the introduction of the Affordable Rent model by the Government from May 2011 (where rent is around 80% of the cost of private rent) as illustrated in Figure 4.21.

Modelling Affordability

4.69   The former CLG SHMA Practice Guidance (2008) defines affordability as a *"measure of whether housing may be afforded by certain groups of households"*. In identifying affordability of housing there are two key elements: the amount of income a household has available to access housing, and the cost of accessing housing. Comparing house costs against the ability to pay provides indications of the relative affordability. In particular, looking at the minimum incomes required to access housing at lower quartile prices provides an indication of entry-level prices to the property market. This can then be compared with the income distribution of both households overall and for newly forming households. Households unable to afford entry level prices on the private housing market, either renting or purchasing, will find themselves needing affordable housing tenures.

Affordability Ratios

4.70   The above price dynamics can be compared with changes in earnings to provide an indicator to the relative affordability of housing. Lower quartile

house prices peaked in 2007 at 7.76 times greater than lower quartile incomes in High Peak[8]. This subsequently dropped considerably to 5.65 in 2010 before steadily increasing to 6.15 by 2012. A similar trend was experienced in median house prices in the Borough which peaked at 7.4 in 2007 before dropping to 5.41 in 2010.

4.71   Over the period 2007-2012, both ratios experienced high levels of volatility, reflecting price/income adjustments in both the labour market and the housing market. By 2010, both ratios had dropped considerably from their 2007 peak but this decline reversed in 2011 and 2012. The longevity of the trend reversal is uncertain however.

4.72   Based on the above analysis house prices in High Peak appear to have experienced rises and falls in a similar manner to the ratio of house prices to earnings. As illustrated in Figure 4.22 and discussed in further detail in Section 3.0, this suggests that it is unlikely that incomes in High Peak have substantially increased over this period and that the increased affordability on 2007 rates is associated with falling house prices.

Figure 4.22 Housing affordability - ratio of house prices to earning
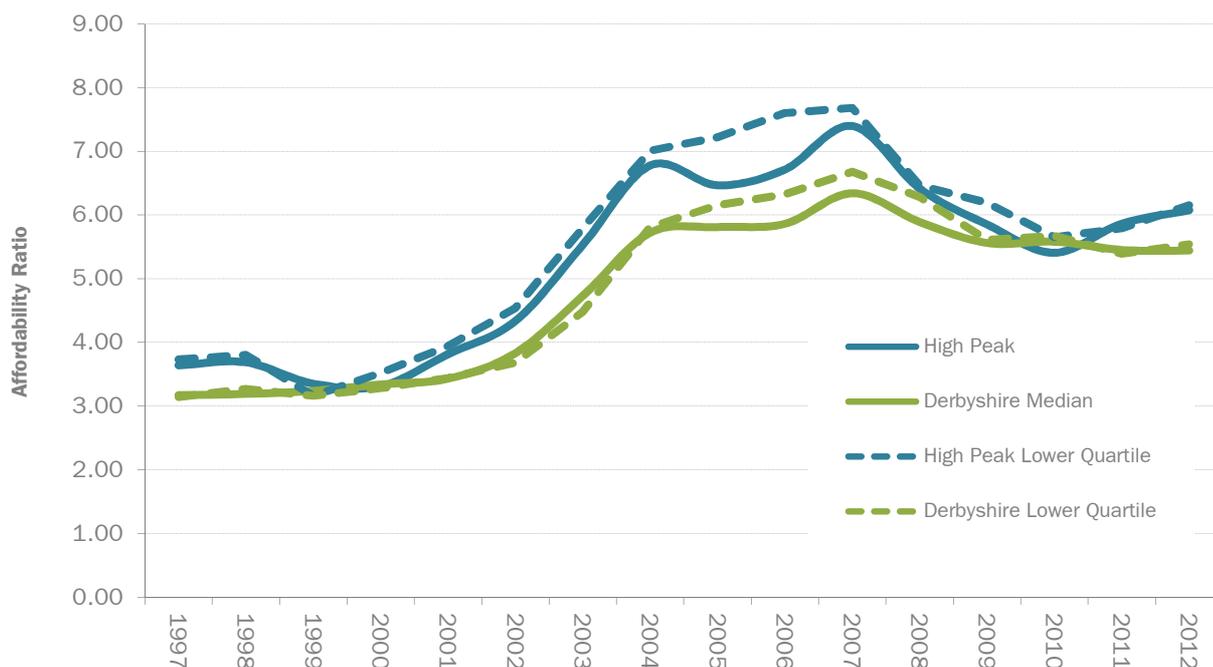
Source: CLG Live Tables 576 & 577

Income and Earnings

4.73   The income and earnings of households directly influences their relative ability to access housing. Information on household incomes at a local level is not widely published and crucially does not provide information on the number of households within different bands of income, although there is some

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[8] CLG, Live Table 576

information on personal incomes from the ONS Annual Survey of Hours and Earnings (ASHE). In order to overcome this, NLP has drawn upon household income data which was purchased from Experian Business Strategies.

4.74   The resulting banded income data for 2011 is illustrated in Figure 4.23. This shows the proportion of households within each £5,000/£10,000 income bands. It demonstrates that household incomes (i.e. the combined gross income of those within a household) in High Peak have a distribution whereby 18% of all households have an annual income of less than £10,000 a year, whilst almost 45% of all households in the Borough have an income of less than £20,000. Just 11% of all households in the Borough have an annual income over and above £50,000.

Figure 4.23 Distribution of Household Incomes in High Peak for 2011
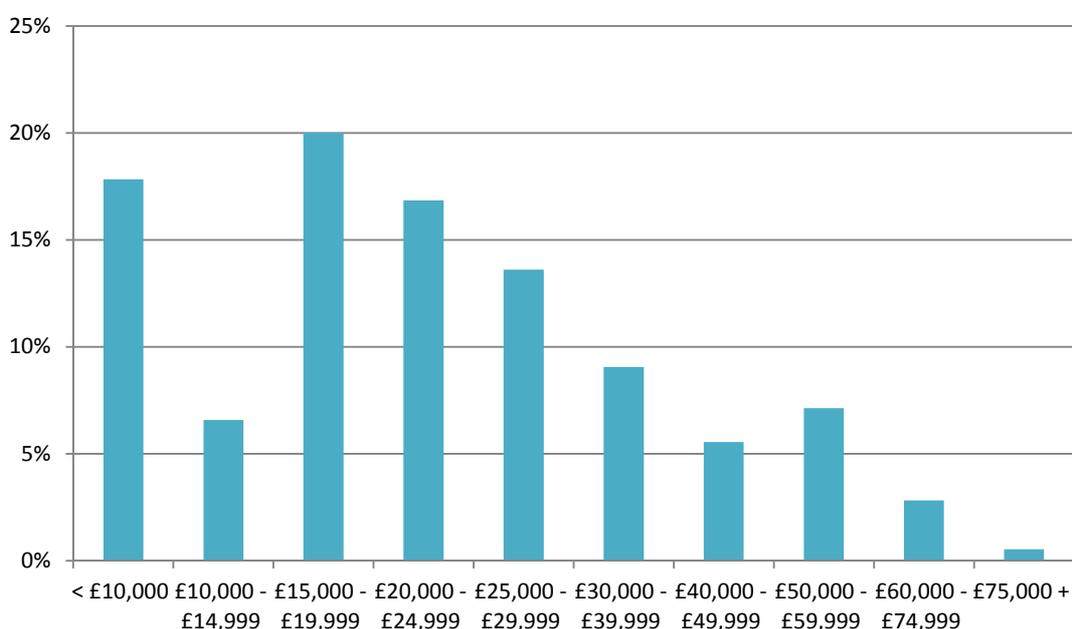
Source: Experian Household Income Data 2011

4.75   Table 4.6 presents the banded income data for households across the four sub-areas of High Peak Borough. It demonstrates that there is a wide variety of incomes depending on where the household is resident, with the more affluent rural areas having a much higher level of income when compared to Glossop and Buxton in particular. As a result, the proportion of households with a gross household income of over £50,000 is more than double the equivalent proportion of households living in either Buxton or High Peak. However, the commensurate increase in house prices in these more affluent rural areas does not mean that it is more affordable for such residents to access the housing ladder.

Table 4.6   Banded Income data for High Peak Borough, 2011

Percentage of Households with a Gross Income:	High Peak				
	Buxton	Central Area	Glossop	Rural Areas	TOTAL
Below £10,000	20%	16%	19%	13%	**18%**
Between £10,000 and £19,999	29%	24%	29%	17%	**27%**
Between £20,000 and £29,999	31%	33%	28%	29%	**30%**
Between £30,000 and £39,999	8%	10%	9%	12%	**9%**
Between £40,000 and £49,999	4%	6%	5%	9%	**6%**
Over £50,000	8%	11%	10%	21%	**11%**

Source: NLP Analysis from Experian Banded Income Data 2011

4.76   Furthermore, this income distribution is, however, spread across all households within High Peak Borough. Newly forming households are those that will typically drive the need for housing, whilst existing households will already occupy property. However, newly formed households typically have weaker incomes and therefore have lower purchasing power in the housing market. Evidence from the English Housing Survey (and its predecessors the Survey of English Housing – SHE) demonstrates that over the previous decade the incomes of newly forming households have been relatively consistently between 60% and 70% of existing households. Looking further at data from the English Housing Survey (EHS) shows a substantially different distribution if incomes between newly forming households and existing households are distinguished. This is illustrated in Figure 4.24.

Figure 4.24 Difference between Income Profile of Newly Forming Households and Existing Households
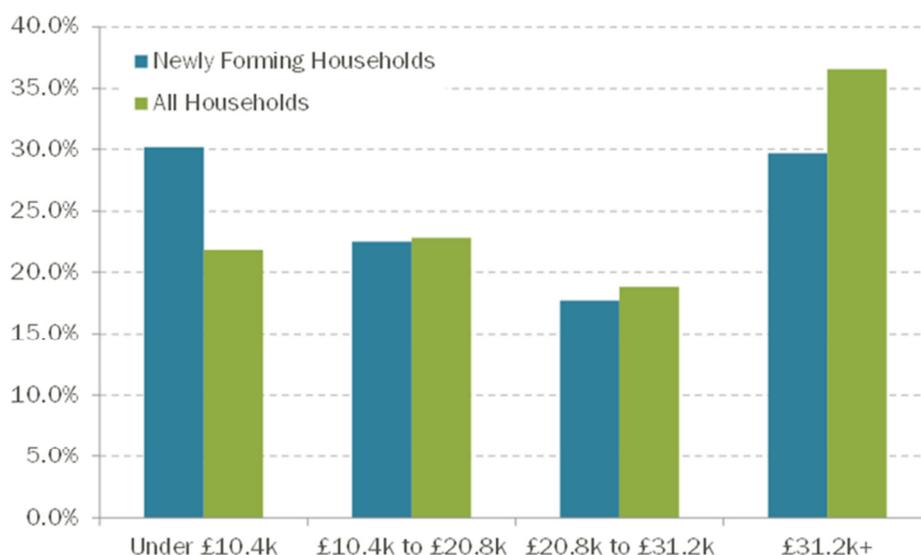
Source: CLG English Housing Survey 2011-2012, Table FA4211 (December 2012)

Conclusion

4.77   Overall, the evidence on High Peak's current demographic background and on the active housing market in the Borough provides a backdrop against which to consider future changes in High Peak's housing market and similarly its economy. The evidence highlights that there have been strong structural demographic drivers of the housing market, caused by declining household sizes and in-migration leading to a growing population for the Borough in recent years, although this trend masks an ageing population structure.

4.78   These factors have influenced the operation of the housing market in High Peak and have directly affected the supply/demand balance. This has led to relative in-affordability in the private housing market, with median prices estimated to be 6.15 times median earnings in 2012, which outstrips the Derbyshire average of 5.54, representing the higher cost of housing in High Peak Borough in comparison to other parts of the County.

4.79   These affordability pressures have led to an increase in demand for affordable housing, with total waiting lists (rather than those just in a relevant priority banding) increasing substantially over time (part of which can be attributed to the introduction of choice based lettings which enables anyone to apply to go on the housing waiting list).

4.80   This forms the basis for considering future projections of High Peak's economic performance and future projections of the Borough's population.

5.0 # The Future Housing Market

Introduction

5.1 Based on past trends and the baseline housing economic and demographic context of High Peak, a number of scenarios were identified, discussed and agreed with the Borough Council. The various scenarios were carefully chosen to reflect the alternatives for future growth within the Borough. These have been identified to reflect what has occurred previously, as well as what might occur in the future given the range of factors which affect population and household growth within the Borough. These scenarios are introduced in this section and assessed in terms of how they relate to housing requirements.

5.2 The scenarios are designed to give 'book-end' estimates to illustrate what may happen in demographic and economic terms if a given set of conditions prevail and are intended to provide the basis for assessing (and if necessary planning) the implications. The scenarios demonstrate the extent to which the population of the Borough is likely to change over the Plan period, and how this growth would be translated into households, dwellings, numbers of economically active residents and the number of jobs that might be expected to support.

5.3 The number of households is translated into dwelling requirements through the application of an assumption regarding the proportion of vacant properties / second homes that are currently recorded in High Peak.

5.4 NLP has modelled each of these scenarios using industry standard PopGroup demographic modelling software. More information on PopGroup, and the technical methodology of the model itself, is set out in further detail in Appendix 2 and can also be found via the following weblink: www.ccsr.ac.uk/popgroup.

Existing Housing Needs Evidence Base for High Peak

Derbyshire Dales and High Peak Housing Targets Options Paper December 2011

5.5 The Framework requires LPAs to '*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'* [para 47]. In this regard, HPBC has produced a document entitled '*Derbyshire Dales and High Peak Housing Targets Options Paper (Final)*' [HTOP] (December 2011), which informed earlier iterations of the Local Plan.

5.6 The HTOP assessed the drivers behind the need and demand for new housing; risks to delivery (including the availability of land); modelled a range of scenarios of housing growth; and outlined the implications of different levels of housing growth on land availability in both High Peak and Derbyshire Dales.

5.7   In total, sixteen housing 'targets' were modelled by KBC to inform the definition of the Objectively Assessed Need [OAN] for housing in the Borough over the 18-year Plan period 2010 to 2028. These are set out in Table 5.1.

Table 5.1   Summary of HTOP Housing Scenarios for High Peak Borough

Scenario	Annual dpa
1) 2008-based Sub-National Population Projections	430
2) Long-Term Migration-based Projections	375
3) Long term Completion Rates	330
4) Maintain Labour Force and Support Economic Growth	405
5) Maintain Housing Provision in East Midlands RS	300
6) Housing Provision in East Midlands RS less 10%	270
7) Housing Provision in East Midlands RS plus 10%	330

Source: Table 37 Summary of Future Housing Growth Scenarios 2008-2028, Derbyshire Dales and High Peak Housing Targets Options Paper December 2011

5.8   The report concluded that High Peak's requirement should fall within the range of 5,400-6,600 dwellings over the period 2008-2028. This is equivalent to **between 270 dpa and 330 dpa**, equal to Scenario 6 (RS housing provision minus 10%) at the lower end, and Scenarios 3 (Long term completion rates) and 7 (RS plus 10%) at the top end.

5.9   The report considers that anything lower than the 270 dpa figure would lead to difficulties in meeting the needs of those currently excluded from the general housing market, may increase house prices and may severely undermine the regeneration and economic aspirations for the Borough [§9.27].

5.10   At the upper end, the report concluded that anything higher would cause significant environmental pressures and undermine the wider regeneration initiatives of the Manchester area and is also highly unlikely to be capable of being delivered given the current housing market assumption [§9.28].

5.11   Clearly the report was produced before the publication of The Framework in March 2012, and also precedes the Practice Guidance (both draft and adopted versions). As such, it needs to be read in that context and it is understandable that the scenarios modelled do not necessarily comprise what is now considered to be a robust approach to identifying objectively-assessed housing need.

5.12   Nevertheless, NLP would question the relevancy of this work in the current post-Framework climate, with the following weaknesses identified:

a   It relies upon 2008-based ONS SNPP and equivalent CLG household projections. These have been superseded by the 2010-based SNPP, 2011-based (interim) SNPP and equivalent (interim) CLG Household projections. As such, it is not based on the latest and most up-to-date information;

b   The scenarios modelled are primarily supply-led and are constrained by assumptions regarding environmental capacity and delivery, rather than meeting the full objectively assessed demand for housing in the Borough;

c   The modelling period (2008-2028) is shorter than HPBC's plan period (to 2031);

d   The East Midlands RS has now been revoked and the housing numbers and the evidence supporting them now have very limited, if any, weight;

e   Neither the upper or lower end of the range relate to demographic modelling and are instead defined on the basis of the revoked RS and past delivery rates. As regards historic build rates, they are not in themselves assessments of need; rather they provide an indication of the level that has been delivered in the past (often during times of housing supply constraint due to planning policy choices/the economic downturn);

f   The CLG household projections and SNPP modelling suggests a level of need well above the upper end of the range;

g   The justification of the 270-330 dpa range is confined primarily to supply-side environmental and delivery issues, which is against the ethos of the Practice Guidance and would not meet the full demographic needs of local residents.

h   HPBC has not modelled any scenario that explicitly seeks to provide a level of housing growth that would enable the Council's economic aspirations to be sustainably realised. As noted in the Government's Practice Guidance, '*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*.' [2a-019-20140306]

5.13   In summary, whilst the study provides some useful context, it is now out of date, both in terms of the data underpinning its analysis and its choice of scenarios, and it is right and proper that a new, Framework-compliant analysis of objectively assessed need for housing be undertaken.

5.14   Our approach to providing this updated analysis is provided below.

Scenarios – Assumptions and Approach

5.15   The scenarios adopted for testing fall into three broad groups, demographic led, economic-led and supply/policy led. The starting point remains the baseline scenario, with various data variables and assumptions applied for each other subsequent scenarios, for the Plan period 2011-2031, as follows:

1   Demographic-led - "How much development is required to meet projected levels of population change?":
i   **Scenario A: Baseline 2011** - A scenario utilising the latest ONS 2011-based sub-national population projections [SNPP] and the headship rates from the CLG 2011-based household projections. It has been assumed that post 2021, the 2008-based headship rates are applied (the 'index' approach);

Sensitivity Tests:

-     **Scenario Aa: Static Headship Rates** - A scenario which incorporates the ONS/CLG inputs of Scenario A to provide a projections to 2021; between 2022 and 2030, the 2021 headship rate are held constant;

-     **Scenario Ab: Trend Headship Rates** - As above, although post-2021 the CLG 2011-based household projection trends are continued on a linear basis;

-     **Scenario Ac: Catch-Up Headship Rates** - As above; change post 2021 is targeted to achieve the CLG 2008-based Household Projections end-rates by 2033;

ii   **Scenario B: Natural Change** - Where in and out-migration is reduced to zero, hence growth is driven purely by natural change, or the interaction between births and deaths;

iii   **Scenario C: Zero Net-Migration** - A theoretical demographic scenario whereby in and out migration is balanced, meaning there is only population 'churn' within each district and no growth from net in-migration;

iv   **Scenario D: Short Term Migration Trends** - A scenario based upon migration trends observed for High Peak over the previous 5 years;

v   **Scenario Da: Short Term Migration Trends + 50% Unattributal Change** - A scenario based upon migration trends observed for High Peak with a 50% allowance for 'unattributal change' over the previous 5 years;

vi   **Scenario E: Long Term Migration Trends** - A scenario based upon migration trends observed for High Peak over the previous 10 years;

vii   **Scenario Ea: Long Term Migration Trends + 50% Unattributal Change** - A scenario based upon migration trends observed for High Peak with a 50% allowance for unattributal change over the previous 10 years;

viii   **Scenario F: CLG Household Projections** - annualising the CLG Household Projections (2011-2021) whilst making an allowance for vacancy rates (412 dpa for High Peak);

2   Economic-led - "How much development is required to ensure forecasts of future employment change are supported by the local labour supply?":

i   **Scenario G: Oxford Economics Job Growth** - A 'policy-off' trend-scenario based upon Oxford Economics local area-based econometric model. This provides potential unconstrained employment growth in High Peak (-306 jobs 2013-2031) over the Plan period;

ii **Scenario Ga: Oxford Economics Job Growth + 5% Reduction in Out-commuting** – This scenario applies the above assumptions whilst factoring in a 5% reduction in out-commuting;

iii **Scenario H: Policy On Job Growth Target** – A 'Policy-on' trend scenario based upon the Council's economics aspirations whilst factoring in increased economic growth in the key sectors in line with regional average. This provides potential unconstrained employment growth in High Peak of 469 jobs over the course of the plan period;

iv **Scenario Ha: Policy On Job Growth Target + 5% Reduction in Out-Commuting** – This scenario applies the above assumptions whilst factoring in a 5% reduction in out-commuting;

v **Scenario I: Job Stabilisation** - taking forward a net total of zero job growth over the period 2013-31.

3 Policy/Supply led - "What are the implications in terms of the number of people, households and jobs of delivering a certain amount of development?"

i **Scenario J: Average Past Delivery** - using past delivery trends to illustrate what the market has previously delivered and project these forward over the Plan periods (287 dpa for High Peak net).

5.16 The above 10 main scenarios (one supply driven, three economic driven and six demographic driven) provide a wide range of outputs evidencing housing and employment development needs based upon different factors under different scenarios. All scenarios provide development requirements over a timeframe starting in 2011 and ending in 2031. There are a number of assumptions which NLP has adopted to form the basis for all modelled scenarios. These include:

a A base population derived from 2011 Mid-Year Population Estimates by single year of age and gender which are based on the 2011 Census population counts. Equivalent 2012 Mid-Year Population Estimates by single year of age and gender are also factored into the model;

b Fertility rates are applied to the population using projected Fertility Rates and differentials for High Peak from the ONS 2010-based SNPP;

c Mortality rates are applied to the population forecast using projected Mortality rates and differentials for High Peak from the ONS 2010-based SNPP;

d Inputs on headship rates (using the CLG 2011-based household forecast headship rates up to 2021, and the 2008-based rates after this time);

e In High Peak (as in any area), it is expected that housing vacancies and second homes will result in the number of dwellings exceeding the number of households. In establishing future projections, it is likewise expected that the dwelling requirement will exceed the household forecast. Hence a rate of 3.2% has been factored into the model, based upon the most recent vacancy data available for the Borough;

f   To calculate the unemployment rate, NLP took the December 2010 NOMIS unemployment figure (6.7%) to equate to the 2010 rate; the December 2011 figure of 6.4% to equate to the 2011 rate; and the December 2012 figure (7.4%) to equate to 2012. NLP kept the former figure constant for 2013 and 2014 to reflect initial stabilisation at the current high rate, and then gradually reduced the rate on a linear basis to the 7-year average (05-12) over a five year time frame. This figure was then held constant to the end of the forecasting period on the grounds that this is a better reflection of the long term trend than the current high rate;

g   It has been assumed that the commuting rate (1.32) remains static with no inferred increase or decrease in commuting levels for the majority of the scenarios (see below).

h   Economic activity by age cohort is taken from ONS and NLP projections of future economic activity, which take account of shifting trends in economic activity and changes to pension ages.

5.17   There will also be an additional driver underpinning growth in household formation due to the strong trend towards smaller average household sizes nationally.

5.18   Where scenarios have been demographically modelled, a full schedule of the assumptions and inputs underpinning each one is contained within Appendix 1, and the outputs from the modelling are contained within Appendices 3 and 4.

Modelling Results

Demographic-led Scenarios

5.19   The demographic scenarios use components of population change (births, deaths and migration) to project how the future population, their household composition, and consequently their requirements for housing, will shift in the future. It also projects the proportion of the population who will be economically active and will support employment growth. The headline results for each scenario are outlined below.

Scenario A – Baseline 2011

5.20   The baseline scenario is predicated upon the rates of projected migration, births and deaths in High Peak identified within the ONS 2011-based (interim) sub-national population projections [SNPP] and the 2011-based (interim) household projections.

5.21   Under this scenario the population of High Peak is projected to increase considerably by 14,773 people over the period 2011 to 2031, made up predominantly by net in-migration consisting of 10,173 and to a lesser extent natural change by 3,800 people. The resulting increase in households in High Peak is projected to be 8,731.

5.22   Interestingly, the number contained within the baseline indicate that the working age population will remain almost constant across the plan period and increase slightly by 1,595 people over the 20 year plan period. This is being supported by the high proportion of in-migration of people of working age. In contrast, the number of residents of retirement age is projected to increase considerably by a massive 12,851. In 2031, it is expected that 30% of the population will be of retirement age. To put this in perspective, in 2011 only 20% of the population was of retirement age.

5.23   As a result, despite the substantial increase in the population under this scenario, it would actually result in the labour force remaining almost constant over the plan period. Furthermore, the scenario would, assuming current commuting rates, result in an additional 75 jobs per annum (1,492 in total). This scenario would lead to a demographic-led housing need of 9,020 additional dwellings, equivalent to 451 dpa.

> **Scenario A:**
>
> - High Peak: 451 dpa 2011-2031

Scenario A – Sensitivity Tests

Headship Rate Adjustments

5.24   As noted earlier in Section 4, there are specific issues regarding the headship rates used to underpin the latest 2011-based interim household projections, not the least of which is the fact that headship rates are only provided for the period 2011-2021. To demonstrate the extent to which NLP's 'index' approach that underpins Scenario A represents a reasonable compromise, a variety of sensitivity tests were modelled using higher/lower household representations post 2021 as illustrated in Table 5.2 and Figure 5.1. The data indicates that the indexed household representation scenario sites roughly midway between the lowest projections (trend) and the highest (catch-up).

Table 5.2   Modelling Scenarios Varying Household Representation Rate assumptions post 2021

Dwelling Change	2011-2031	Dpa
PopGroup Baseline (Index)	9,020	451
Static Headship Rates	8,962	448
Trend Headship Rates	8,472	424
Catch Up Headship Rates	9,271	464

Source: NLP PopGroup Modelling
Index= Annual change for 2021 to 2031 from CLG 2008-based Household Projections
Static= Constant 2021 rate applied for each year post-2021
Trend= CLG 2011-based household projection trend on a linear basis post 2021
Catch Up= Change post 2021 is targeted to achieve CLG 2008-based Household Projections end rates by 2033 (High Rate)

Figure 5.1   Implications of applying different headship rates post 2021 to household size
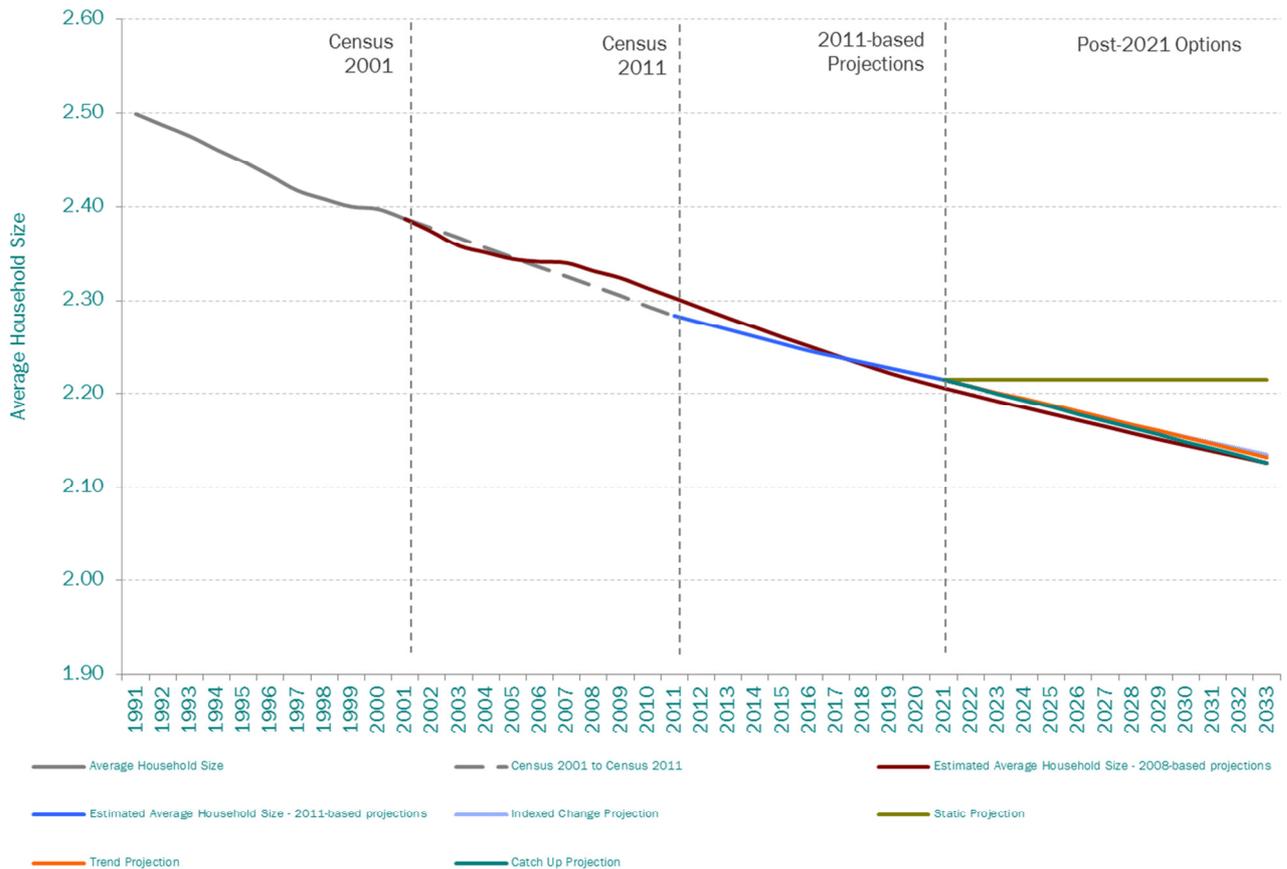
Source: ONS/CLG & NLP Analysis

Scenario B – Natural Change

5.25   This scenario examined the consequences of stripping out all the migration both into and out of High Peak over the period 2011-2031. As a consequence, the only population growth that can be generated results from the interaction of births and deaths, i.e. natural change.

5.26   By removing all migration inputs, the population is forecast to increase 3,524 residents between 2011 and 2031. This equates to household growth over the plan period of 3,642, or 182 per annum. Under this scenario, the workforce will shrink considerably by 5,624 over the plan period. In terms of a dwelling requirement simply to cater for natural change, High Peak would need to cater for 3,642 dwellings, or 182 dpa.

5.27   Whilst this scenario is unrealistic, it provides a useful indication of the level of housing that is required simply to meet annual household demand created by natural change.

> **Scenario B:**
> - High Peak: 182 dpa 2011-2031

Scenario C – Zero Net Migration

5.28   The zero net migration scenario represents the population impacts of equalising migration (i.e. ensuring that the number of international and domestic migrants coming into the district, equal the number moving out). Thus whilst in the short term the population is unchanged from the natural change scenario, the profile of the population changes over time due to the different profile of in-migrants and out-migrants.

5.29   This scenario would lead to a population increase of just 2,585 people over the period 2011-2031. This equates to an increase of 3,716 new households in High Peak. The Zero Net Migration scenario would result in a decrease of 5,454 (the largest of all the scenarios) economically active people within High Peak over this period, and decrease jobs by 177 per annum. This generates a requirement for 3,839 new dwellings over the 20 year plan period, or 192 dpa.

5.30   The commentary provided in Scenario B considering the realism of practically excluding net out-migration is also relevant here - thus the scenario presents a hypothetical 'what if' scenario that once again demonstrates the importance of migration to High Peak's future economic growth prospects.

> **Scenario C:**
> - High Peak: 192 dpa 2011-2031

Scenario D – Short Term Migration Trend

5.31   This scenario is based upon a continuation into the future of the average past migration trends observed in High Peak over the short term (past 5 years) and applies these to the ONS 2011-based (interim) SNPP. This draws upon ONS estimates of domestic and international migration over the previous 5 years for the district.

5.32   Under this scenario, and due to the modest levels of net in-migration in comparison to natural change over the past 5 years, the population in High Peak is projected to increase by 7,424 people. This would lead to an increase in households by 5,477. However, it would result in a fall in the labour force by 2,692 people, resulting in a fall in the number of jobs by 1,567. The overall housing requirement for this scenario for High Peak totals a net gain of 5,658 dwellings, equivalent to 283 per annum over the period 2011 to 2031.

Scenario Da – Sensitivity: Short Term Migration Trend plus unattributable populations

5.33   Within the ONS's revised Mid-Year Population Estimates rebased to the 2011 Census, an allowance is made for 'other unattributable populations'. These comprise differences between the rolled forward MYE and the revised MYE, which ONS are unable to statistically account for (i.e. they are people that are definitively living in a particular area, but ONS cannot specifically account for how they got there). One explanation is that the level of migration estimated in

the MYE, which is notoriously difficult to accurately register, was incorrect. For High Peak, the level of 'unattributable' residents impacts negatively on the figures, at -1,109 over the past 5 years.

5.34   On this basis, a sensitivity test was applied where half of those unattributable residents (i.e. -111 per annum) were included as immigrants on top of the level projected under Scenario D (above). Unsurprisingly, this has an impact on the population projections, with the number of residents decreasing by 2,443 over the plan period. Translated in dwelling requirement, there would be a requirement to provide 4,609 (230 per annum) over the plan period.

> **Scenario D:**
> - High Peak: 283 dpa 2011-2031
>
> **Scenario Da:**
> - High Peak: 230 dpa 2011-2031

Scenario E – Long Term Migration Trend

5.35   This scenario is based upon continuation into the future of the average past migration trends observed in High Peak over the longer term. This draws upon ONS estimates of domestic and international migration over the previous 10 years for the Borough. Given that the 10 years run from 2002 to 2011, and encompass a period of boom, recession and economic stagnation, whereas the short term migration projections outlined in Scenario D above focus primarily on the recession and its aftermath, it could be argued that the former projections have a greater degree of validity when projected into the longer term.

5.36   Under this scenario the population of High Peak is projected to increase by 7,969 people, comprising 3,114 by natural change and 4,620 more people as a result of net in-migration. This equates to an increase in households of 5,649 and an overall housing requirement of 5,836, or 292 dpa.

5.37   As above, a sensitivity test was run that made an allowance for 'other unattributable populations' (over ten years, this equated to 1,018 residents). Again, this has an impact on the population projections, with the number of residents increasing by 5,723 over the plan period. This equates to 4,716 households, or 4,872 dwellings (244 dpa).

> **Scenario E:**
> - High Peak: 292 dpa 2011-2031
>
> **Scenario Ea:**
> - High Peak: 244 dpa 2011-2031

Scenario F – 2011 CLG (Interim) Household Projections

5.38　This scenario takes the latest national population and household projections at face value and projects the average annual increase forward beyond 2021 to the end of the plan period. This scenario does not incorporate the projections into the PopGroup model.

5.39　The 2011-based (interim) SNPP indicates that the population of High Peak will increase by 6,800 residents to 97,800, between the period 2011 to 2021. The interim 2011-based CLG household projections for the same base year translate this into an increase in households by 3,994 to 42,954 over the period 2011-2021. Taking into consideration vacant/second home rate (3.2%), this would result in a requirement of 412 dpa.

> **Scenario F:**
> - High Peak: 412 dpa 2011-2031

Employment-led Scenarios

5.40　There are a complex set of issues involved in matching labour markets and housing markets (with different occupational groups having a greater or lesser propensity to travel to work). However, there are some simple calculations that can explore the basic alignment of employment, demographic and housing change, notably the amount of housing needed to sustain a given labour force assuming certain characteristics of commuting and employment levels.

5.41　Ensuring a sufficient supply of homes within easy access of employment opportunities represents an important facet of an efficiently functioning economy and can help to minimise housing market pressures and unsustainable levels of commuting (and therefore congestion and carbon emissions). If the objective of employment growth is to be realised, then it will generally need to be supported by an adequate supply of suitable housing.

5.42　The economic-led scenarios are based upon an understanding of the relationship between employment and housing. These scenarios are demographically modelled using the number of jobs as the fixed variable, with the projected migration constrained or inflated to a level, which alongside the profile of migrants in and out and natural change within the population produces a labour force which is sufficient to support a given level of employment growth within the district. This assumes that the current commuting dynamic inferred by the balance of workers and jobs in High Peak (the Labour Force ratio) will either remain static or shift based on the assumed outcomes of the scenarios.

Scenario G – Oxford Economics Job Growth

5.43　This comprises a 'policy-off' trend based scenario using Oxford Economics' local area based model. This modelling has also informed the Borough's ELR.

5.44   This represents an unconstrained, 'policy off', estimate of how High Peak's economy is expected to perform in the future. It therefore presents an objective forecast of how this part of the country could perform in economic terms in the future based on the nature of its economy and current expectations of future national and regional economic performance.

5.45   In the wake of job losses between 2011 and 2013 which have already happened, the job growth scenario has incorporated the 2011 and 2012 Mid Year Population Estimates and used annual projected job growth figures thereafter. To sustain a negative job growth of 306 jobs would require a decrease in the number of economically active residents by 1,614, equating to 9,020 additional residents. The reason for the significant change in population is purely down to an ageing population and les economically active residents residing in the authority area. This in turn would require an increase of 6,137 households and 6,339 dwellings.

Scenario Ga – Sensitivity: reduced net out-commuting (5%)

5.46   A sensitivity test was modelled on the above job projections, allowing for a reduction in the level of net out-commuting over the Plan period by 5%. Whilst recognising this would be challenging, it is understood that such a scenario is a long term objective of the Council.

5.47   Such an outcome would result in job growth remaining the same as Scenario G, but reducing the number of in-migrants required to take up those job opportunities as they would be more effectively serviced by the existing resident population. As such, the number of new dwellings required would be significantly lower, at 4,840 over the Plan period (or 236 dpa).

> **Scenario G:**
> - High Peak: 317 dpa 2011-2031
>
> **Scenario Ga:**
> - High Peak: 236 dpa 2011-2031

Scenario H – Policy On Job Growth

5.48   A further job-based estimate of future needs was based upon the job creation estimated in the Council's ELR, applying the 'Policy On' level of job growth. This was derived based on the figures contained within the ELR, which set to increase growth in targeted industrial sectors in line with the regional average. This projection estimates that there may be a total (net additional) job growth of around -24 to 2031[9], 282 higher than the Oxford Economics Baseline Job Growth Scenario.

5.49   This represents an unconstrained, 'policy on', estimate of how High Peak's economy is expected to perform in the future. It therefore presents an

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[9] Please note that to inform the projections, NLP have used the Jobs figure as opposed to the Full Time Equivalent Jobs which informed the ELR. Furthermore, the data from the Mid Year Estimates (2011 & 2012) have been incorporated into the model.

objective forecast of how this part of the country could perform in economic terms in the future based on the nature of its economy and current expectations of future national and regional economic performance.

5.50   To underpin this level of job growth in High Peak, there would need to be an increase in the population by 10,720 and of households by 6,995 due to the ageing population and sharp decline in the number of economically active residents. This would equate to an annual requirement of 350 dpa.

Scenario Ha – Sensitivity: reduced net out-commuting (5%)

5.51   A further scenario was run similar to the above but gradually reducing the level of net out-commuting by 5% over the plan period. Such an outcome would result in job growth remaining the same as Scenario H above, but reducing the number of in-migrants required to take up those job opportunities as they would be more effectively serviced by the existing resident population. As such, the number of new dwellings required would be significantly lower, at 5,346 over the Plan period (or 267 dpa).

> **Scenario H:**
> - High Peak: 350 dpa 2011-2031
>
> **Scenario Ha:**
> - High Peak: 267 dpa 2011-2031

Scenario I – Job Stabilisation

5.52   A final employment-led scenario examined the number of dwellings necessary to sustain a broadly neutral level of job growth over the Plan period. Given that under the baseline scenario it is expected that economically active residents will increase slightly, under this scenario population growth is expected to be lower in the Borough. To sustain the current level of jobs in the authority area it is expected that population will increase by 9,640 resident; the number of households by 6,374; and the number of dwellings by 6,585 (or 329 dpa).

> **Scenario I:**
> - High Peak: 329 dpa 2011-2031

Policy/Supply-Led Scenarios

5.53   The policy/supply led scenarios test the implications of delivering a certain level of development (i.e. a set number of dwellings) based on the given parameters of the scenario. We recognise that the Objective Assessment of Need cannot be founded on supply led scenarios as per the National Planning Practice Guidance [Practice Guidance] but they are useful comparators.

Scenario J – Past Delivery Rates

5.54   The past rate of delivery of dwellings ostensibly provides a proxy for realisable demand for housing development in High Peak. However, it should be noted that whilst past delivery may provide a reasonable guide, it may have been constrained by a wide variety of factors such as land availability and planning policy constraints as well as any wider macro-economic issues or market trends prevailing during that period (i.e. the recession and its aftermath reducing viability levels and hence depressing build rates). Consequently, the 'predict and provide' approach should be treated with a degree of caution when estimating what is likely to happen to the development market in the future.

5.55   For example, High Peak is a predominantly rural and highly constrained authority area both in terms of geography and planning policy. As such, despite obvious demand for properties in the authority area and in particular, demand from households currently living outside the area, the supply of new housing has been constrained.

5.56   The level of past housing delivery between 2001/02 and 2011/12 varies considerably from a high of 599 dpa to a low of 102 dpa. This time period covers the recent recessionary years and the strong economy experienced pre-recession and it is considered to provide a holistic perspective on past trends in housing delivery. The total net housing completion in High Peak in this 12 year period was 3,440, or an average of 287 dpa.

> **Scenario J:**
> - High Peak: 287 dpa 2011-2031

Summary of Scenarios

5.57   A summary of the dwelling requirements for each scenario between 2011 and 2031 is set out in Table 5.3. It demonstrates that there is considerable variation between the 18 scenarios, with requirements fluctuating from a low of 182 dpa under the Natural Change Scenario, to a high of 464 dpa under the Baseline Catch Up Scenario. Alternative demographic-led scenarios, as well as each of the economic-led scenarios, fall between these two 'book-ends'.

Table 5.3   Summary of Scenarios 2011-2031

	Natural Change	Net Migration	Population Change	Dwelling Change p.a.	Dwelling 2011-2031	Job Growth
A. Baseline 2011 SNPP				451	9,020	
Aa. Baseline – Static	4,000	10,773	14,773	448	8,962	1,492
Ab. Baseline – Trend				424	8,472	
Ac. Baseline – Catch Up				464	9,271	
B. Natural Change	3,198	326	3,524	182	3,642	-3,660
C. Zero Net Migration	2,259	326	2,585	192	3,839	-3,538
D. Short Term Migration Trends	3,015	4,409	7,424	283	5,658	-1,567
Da. Short Term Migration Trends Sensitivity	2,681	2,300	4,981	230	4,609	-2,679
E. Long Term Migration Trends	3,086	4,884	7,969	292	5,836	-1,389
Ea. Long Term Migration Trends Sensitivity	2,777	2,946	5,723	244	4,872	-2,411
F. CLG 2011 Household Projections		-		412	8,240	-
G. OE Job Growth	3,103	5,917	9,020	317	6,339	-798
Ga. OE Job Growth +5% Reduction in Commuting	2,470	2,370	4,840	236	4,718	-808
H. HP Policy On Job Growth	3,218	7,501	10,720	350	6,995	-24
Ha. HP Policy On Job Growth + 5% Reduction in Commuting	2,577	3,886	6,462	267	5,346	-32
I. Job Stabilisation	3,121	6,519	9,640	329	6,585	-494
J. Average Past Delivery		-		287	5,740	-

Source: CLG Household Projections/NLP Analysis of PopGroup Outputs/HPBC

5.58   The wide variation in the demographic-led scenarios is primarily attributable to the different scales of net migration each one assumes. Each of these scenarios represent a different estimate of future migration, which is based upon observed past migration trends over different time periods. The issue of how these estimates of future need relate to 'backlog' of unmet need is considered in Section 6.0.

5.59   Whilst the above provides overall change, the SHMA guidance also requires housing assessments to break down estimates of future household growth into

age and types where possible. Figure 5.2 illustrates the scale of net household change under the Baseline 2011 SNPP scenario, showing both change overall as well as change associated with retired and elderly households (aged 65+), as well as the change in the number of households headed by a resident of working age. This illustrates that the majority of net household growth is projected to be associated with one person households both male and female (+4,928 households), and to a lesser extent families with no dependent children. In contrast, the number of households headed by a couple and one or more adult (with no children) is expected to decline substantially, by 531.

5.60 The modelling outputs also indicate that the number of households headed by an elderly resident is expected to increase by around 7,613 over the Plan period (87% of the growth), predominantly residents either living alone or as a couple with no dependent children. In contrast, the number of households headed by a resident of working age is projected to only increase by 1,118, with the only real growth coming from lone households or lone parents.

Figure 5.2   Net Change in Households in High Peak 2011-2031
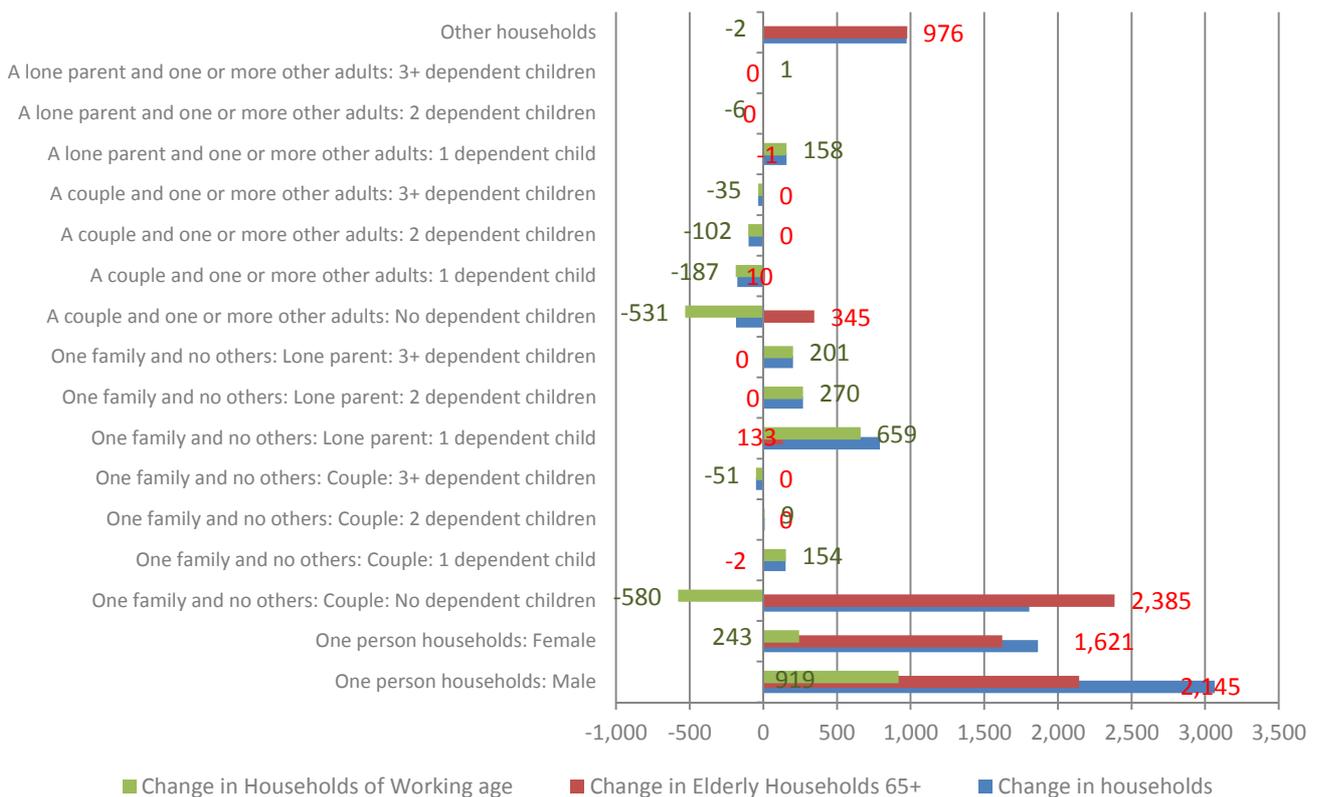
Source: NLP analysis - 2011 SNPP scenario

5.61 Whilst the scale of household growth is variable depending on the scenario adopted, the above does represent broad trends in household formation for High Peak which underpin all of the scenarios, with a rise in smaller households, largely driven by an ageing population and a substantial reduction in the number of economically active residents in the key 15-64 age cohorts.

5.62   A number of key themes are evident for all of these scenarios and are likely to be central to future housing provision in High Peak. Accordingly, it will be necessary for the LPA to pay due consideration to the following implications of these matters if the objective of ensuring and enhancing the social, economic and environmental well-being of the wider area is to be realised:

1   An Ageing Population;

2   The number of residents of working age remains relatively constant over the entire plan period. However, the number of residents aged 75+ more than double over the 20 year plan period;

3   The reality that, regardless of the housing option that is ultimately selected by the LPA, migration will continue in the future; and,

4   A clear migration pattern, whereby international migration has been neutralised over the plan period but domestic migration results in a net gain in population.

5.63   Furthermore, whilst it is useful to compare each of the scenarios in graphical and tabular form, careful regard should be given to the implications of each in terms of:

1   Their economic implications;

2   Their impact upon the demographic structure of the wider area;

3   The reliance upon natural change to achieve the necessary level of population change and the implications associated with this for services and infrastructure provision; and,

4   Their deliverability, judged against past trend completions, land availability and challenging viability factors.

5.64   It is also important to note that the Oxford Economics job growth projections are founded on very different assumptions concerning population change over time, and for changes in unemployment and net commuting, compared to the PopGroup model and the results should therefore be treated with a high degree of caution. Taking account of all of these matters, we set out below an assessment of our recommendations regarding the most appropriate level of growth within the Borough over the Plan period 2011 to 2031.

Core Output: Estimate of the total future number of dwellings

The demographic-led projections illustrate that total dwelling change in High Peak is projected to range from 182 dpa under the Natural Change Scenario, to 464 dpa under the Baseline Catch Up Scenario. The employment-led projections vary from a low of 236 dpa based on the Oxford Economics + 5% Reduction in Commuting Scenario, to a high of 350 dpa based on the Policy On Job Growth Scenario. The past delivery rate of 287 dpa and RS figure of 300 dpa sit significantly below most of the demographic-led scenarios.

Net inward-migration is the major demographic factor underpinning population growth in the Borough, but natural change also contributes toward population

growth (albeit to a lesser extent).

The Borough is projected to experience an ageing population under the majority of the scenarios, but the actual numbers of residents of working age is expected to remain almost constant over the plan period.

Bringing the Evidence Together

5.65   The outputs from the modelling show a range of outcomes, but also highlight a number of common trends, particularly the ageing population. This will have implications for planning for an elderly population, including elderly housing and constraints on the labour supply, with lower economic activity associated with an older demographic profile. In-migration is expected to be the driving force behind the population growth in the authority area but natural change is also a contributing factor.

5.66   It is important to note that it is implied within each of the scenarios where net in-migration is a component, that High Peak will be meeting needs originating from outside of the Borough. Such migration flows are a key component of the existing, and varied, wider housing markets of which High Peak is part. Key migratory relationships with areas where High Peak receives net in-migration, such as Tameside and Stockport, are integrated into the assessment of future needs, and therefore it is implicit that High Peak will need to plan for such needs as a component of the housing requirements associated with each scenario, rather than adding needs from those areas on top (unless those areas, through the duty to co-operate, will have additional unmet needs that might be met within High Peak and that are not already reflected in the relevant scenarios).

5.67   Simply put, this SHMA and the assessments of need for High Peak Borough, takes full account of the migratory relationship of High Peak with the rest of the wider sub-region. This is consistent with The Framework, which states that objective assessments of housing need should take account of migration.

5.68   These projections form a core component of evidence for informing what an objective assessment of overall housing need and demand in High Peak will be. Although they will have to be considered alongside other indications, including an assessment of affordable housing need, they provide 'book-end' scenarios of bottom-up, locally derived, estimates of future housing need based on structural demographic and economic drivers in the Borough.

6.0 An Objective Assessment of Housing Need

Introduction

6.1 The Framework identifies that Local Authorities should use their evidence base to define the full, objectively assessed, need for both business and housing in their area, and then seek to ensure that their Local Plan meets these needs.

6.2 This SHMA and Housing Needs Study provides the necessary evidence for considering the scale of objectively assessed development needs.

6.3 It is important to note that this chapter of the SHMA focuses on the requirements of High Peak Borough. However, it must be seen within the context of the wider HMA, which for High Peak (on the basis of current patterns of migration and commuting as reported in Section 2.0) may include parts of Tameside, Derbyshire Dales, Stockport, Sheffield and Cheshire East (predominantly but not exclusively). Meeting the full objectively assessed needs for these areas in concert will require discussions between the various authorities under the duty to co-operate. Depending upon the outcomes of those discussions, this may require a revision to the figures.

Addressing the Backlog

6.4 The Practice Guidance has the following to say regarding how past under-delivery should be factored into the establishment of OAN:

"Formation rates may have been suppressed historically by under-supply and worsening affordability of housing. The assessment will therefore need to reflect the consequences of past under-delivery of housing. As household projections do not reflect unmet housing need, LPAs should take a view based on available evidence of the extent to which household formation rates are or have been constrained by supply." [§2a-016-20140306]

6.5 This is clarified further: *"If the historic rate of development shows that actual supply falls below planned supply, future supply should be increased to reflect the likelihood of under-delivery of a plan."* [§2a-020-20140306]

6.6 In respect of how this is practically achieved, the Planning Advisory Service [PAS] Guidance note on OAN (July 2013)[10] discusses the issue of backlog. It provides two views surrounding unmet need:

    a   that household projections, if they are based on the most up to date data, take into account unmet need and as such does not need adding into a future housing target based on these projections;

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[10] PAS (July 2013) Ten Key Principles for Owning your Housing Number – finding your objectively assessed need

b   that both demand and supply side constraints on housing development in recent years has forced people into sub-optimal housing arrangements which have manifested themselves in the household projections, with the PAS guidance stating this view is taken:

"…because there has been a lack of suitable accommodation, households have not formed which means that the trends on which the projections are based do not reflect the real need. This creates a 'pent-up demand' for housing, which should be measured or estimated, and added on to household projections."

6.7   Any calculation of affordable housing needs will inherently include allowance for backlog in affordable housing needs, with full account taken of the previous unmet needs as reflected by the Housing Register. In respect of the demographic led projections of future need, there is no definitive approach to dealing with the issue of backlog. The use of up-to-date data, and assumptions around how future household formation will change[11] means that to some extent, PAS's point a) has validity. However, the demographic led projections are trend based, and hence they do not make an explicit attempt to deal with unmet need over the period upon which the trend is based.

6.8   One way to overcome the difficulties of dealing with backlog needs is to compare past completions against the relevant housing requirement for that period; assuming that this housing requirement was a reasonable and fully tested basis for that period in order to meet development requirements. This provides an indicator of the extent to which there may have been previous unmet needs.

6.9   Table 6.1 presents the housing target for High Peak as set out in the East Midlands RS 2006 – 2021 and outlines the actual level of (net) completions in the Borough between 2006 and 2011.

6.10   The level of housing under-delivery in the period prior to the plan period is minimal and totals 80 units. Averaging the backlog across the proposed plan period 2011 to 2031 would mean there is a requirement for an additional 4 dpa on top of the outcomes of the demographic-led modelled scenarios in the Future Housing Market section in order to account for the backlog of unmet needs.

6.11   It should be noted that this 4dpa is spread across the full Plan period for illustrative purposes only. In terms of how and when this backlog should be practically addressed by HPBC, it is important to recognise that the Practice Guidance states that "*LPAs should aim to deal with any undersupply within the first 5 years of the plan period where possible*". [§3-036-20140306]

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[11] For example, NLP's approach does not seek to simply trend forward any recent supressed household formation as outlined in Section 5.0 of this SHMA

Table 6.1   Backlog of unmet need in High Peak since the introduction of the East Midlands RS

	2006/07	2007/08	2008/09	2009/10	2010/11	Total
Net Completions	599	360	167	122	157	**1,420**
East Midlands RS 2006 – 2021 Target (300 dpa)	300	300	300	300	300	**1,500**
Residual	299	60	-133	-178	-143	-80

Source: High Peak Annual Monitoring Report

Future Housing Need

6.12   The backlog of housing need (4 dpa) has been included in the total dwelling requirement per annum of each demographically modelled scenario. It is assumed that the backlog element is necessary to meet needs that have been supressed within the existing demographic characteristics of the Borough, and therefore would only meet change within the existing population such as allowing concealed households to 'emerge'.

6.13   An additional allowance for backlog of need has not been added to the economic scenarios. This is because the economic scenarios are modelled to a constrained job number and housing need is measured against this figure, hence adding on an additional backlog requirement would be unnecessary when the outcome of the scenario is solely linked to labour force jobs. Furthermore, it could be argued that the economic scenarios (particularly the more aspirational projections), are already planning for an upsurge in demand and levels of in-migration, which would eliminate a significant proportion of the outstanding backlog.

6.14   The overall quantum of OAN for housing including backlog for the period 2011 to 2031 varies considerably depending upon the demographic or economic scenarios adopted. As summarised below in Figure 6.1, the need and demand, including an allowance for backlog varies from 186 dpa (based on Natural Change), up to 468 dpa based on the Baseline with Catch Up Headship Rates Scenario. The baseline demographic scenarios are considerably above the Oxford Economics Job Forecast scenario and the Policy On Job Growth scenarios.

Figure 6.1   Summary of Housing Need and Demand Scenarios

	A. Baseline	Aa. Baseline - STATIC HEADSHIP	Ab. Baseline - TREND HEADSHIP	Ac. Baseline - CATCH UP HEADSHIP	B. Natural Change	C. Zero Net Migration	D. Short Term Migration Trends	Da. Short Term Migration + sensitivity	E. Long Term Migration Trends	Ea. Long Term Migration + Sensitivity	F. CLG Projections + Vacancy	G. HP Oxford Economics	Ga. HP Oxford Economics + 5% Reduction in Comm	H. HP Policy On Job	Ha. HP Policy On + 5% Reduction in Comm	I. HP Job Stabilisation	J. Average Past Delivery 01/02-12/13
High Peak	451	448	424	464	182	192	283	230	292	244	412	317	236	350	267	329	289
E Mid RS	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Including Backlog	455	452	428	468	186	196	287	234	296	248	416						

Source: NLP Analysis

6.15   Table 5.3 provides a clear overview of the findings of all scenarios that were modelled. It provides outcomes of the modelling in terms of population change, dwellings per annum and the job growth per annum.

6.16   The main demographic scenarios (A, B, C, D, E, F) provide an objective assessment of demographic led needs, demonstrating that to meet projected demographic change (including migration), and to make up for backlog needs, would require the delivery of between 186 dpa and 468 dpa. The CLG 2011-based household projections are the most up to date central government household forecast at the time of writing and estimate future household growth totalling 399 households per annum over the period 2011 to 2021. Rolling this figure forward, incorporating an allowance for backlog and vacancy rates, the resultant figure (416 dpa 2011-2031 including an allowance for backlog) falls within the lower end of the range of demographic-led scenarios tested. The latest household projections should be the 'starting point' when assessing an appropriate OAN for an authority area.

6.17   It would appear that the 2011-based interim SNPP are more optimistic than the 5-year/10-year migration trends incorporating an allowance for vacancies. The migration scenarios indicate a requirement for 287 dpa and 296 dpa (including an allowance for backlog) respectively. Notwithstanding, it is expected that High Peak's OAN would need to meet the CLG 2011-based interim SNPP as an absolute minimum (including an allowance for past under-delivery).

6.18   A range of potential economic growth targets were considered to provide a holistic picture of future housing needs in High Peak. At the lower end of the scale, the Oxford Economics Job Forecast scenario (G) presents the lowest dwelling requirement of the economic scenarios, at 317 dpa. This scenario is actually planning for job growth of -798 over the plan period. In order for High Peak to sustain the current number of jobs in the area (Job Stabilisation scenario), the housing requirement must be at least 329 dpa.

6.19   The highest employment led scenario is the Policy On Job Growth scenario which is derived based on the job figures contained in the Employment Land Review whilst increasing the key economic growth sectors in line with the regional average. This indicates that to achieve the desired level of job growth, High Peak needs to be planning for 350 dpa over the course of the plan period.

Appropriateness of Scenarios

Demographic scenarios (Scenarios A, Aa-Ac, D, E and F)

6.20   The starting point for assessing an appropriate OAN is the latest Household Projections, but it is only one part of the considerations. The housing requirement figure for High Peak should not solely rely on demographic data but (in accordance with The Framework and the Practice Guidance) should also be balanced against the economic aspirations for the area. The baseline (demographic-led) scenario (Scenario A) factors in an increase in household formation over time above and beyond the level forecast in the latest CLG

(interim) 2011-based household projections. Despite the expected ageing population, the labour force will not decline to 2031.

6.21 As might be expected, the catch up headship rate sensitivity test (Scenario Ac) results in a higher dwelling requirement than the 'indexed' dwelling requirement for the Borough (by 13 dwellings). This is due to the 2011 CLG Population Projections headship rates growing at a lower rate than those applied in the CLG 2008 based household projections. The Static and Trend Headship rates can be excluded based on their more pessimistic nature.

6.22 Two scenarios were run based on adjusting past migration trends (Scenarios D and E). As the level of domestic out migration is expected to be significantly higher than experienced in recent years for High Peak, projecting this forward would result in a more pessimistic dwelling requirement that for the baseline. Notwithstanding, if the sensitivity tests are applied to allow for the 'missing population' in the Borough between the two Census periods of 2001 and 2011, the difference is exacerbated further.

6.23 The zero net migration and natural change scenarios project forward unsatisfactory trends, whereby people could not afford to move into the Borough and therefore should be excluded.

6.24 Recognising the importance of achieving a balanced strategy that is internally consistent and seeks to balance future housing and employment growth, it is evident that the objectively assessed housing requirement should balance both demographic and economic considerations.

6.25 Helping to stem the outflow of working age residents and achieving a more balanced community (in demographic terms at least) will ensure that the Borough avoids the economic difficulties associated with an ageing population. In particular, a greater demand for services but a more limited supply of labour to provide such services and a reduced income from taxation to fund them. The demographic scenarios would result in an increase in the working-age population which are above the employment-led Oxford Economics scenarios for the Borough.

Excluding net in-migration (Scenarios B and C)

6.26 The zero-migration and natural change scenarios are useful to demonstrate the future need that is generated by the existing resident population across the area. However, they do not offer realistic scenarios of what will happen in High Peak in the years to come.

6.27 For example, it is not possible to prevent the movement of people into or out of the Borough and, following on from an understanding of what has happened in the past, it is evident that migration will continue to play an important part in demographic change in the future. Migration can be of considerable benefit for the social and economic well-being of an area. It ensures a good mix of people of all age groups, including those of working age that are able to work within the local area. As such, it can contribute towards a more balanced and

economically functional society. It is important to acknowledge these benefits and to respond to them by making adequate housing provision for the future needs of migrants in High Peak.

6.28   Reliance only upon natural change would result in a significant change in the demographic profile of the area. The number of people of retirement age in High Peak is anticipated to increase significantly over the plan period, compared to an overall population growth of just 3,524 between 2011 and 2031. The number of working age residents is anticipated to fall by 5,624 over the 20 year plan period in the Natural Change scenario.

6.29   Without migration, the Borough would only experience very modest levels of population growth and a significant decline in economic activity levels. This would lead to a stagnant economy and could lead to serious economic decline. This would undermine the Borough's attractiveness to potential investors and will also lead to an ageing population and increased dependency. The smaller pool of local workers would be required to bear the additional financial and other burdens associated with the demands placed on services by an increased number of retired people. This would affect the potential delivery of the LPA's vision for the area and would significantly weaken High Peak's overall economic position.

6.30   As such, it is not considered to be either realistic or robust to pursue these forecasts further.

Employment-led Projections (Scenarios G-I)

6.31   A number of scenarios have been modelled in an attempt to ensure that the Council's housing position supports anticipated economic growth levels and (by accommodating an increased number of economically active residents) enhance the attractiveness of the area, to encourage existing businesses to expand. High Peak commissioned Oxford Economics to provide economic job forecasts for the Borough. When modelled, the figures produced were below the Baseline demographic scenarios that were modelled.

6.32   In total, three employment led scenarios were run: Baseline Oxford Economics Job Growth; Policy-On Job Growth and Job Stabilisation. It is recognised that there is no direct causal relationship between job growth and housing need, but the two are nevertheless fundamentally related.

6.33   All three employment led scenarios produce levels of population growth and housing need lower than the baseline demographic projections. Therefore, as these are the starting point for identifying OAN, it would not be appropriate to take the employment led scenarios forward.

6.34   For consistency of approach, a scenario was modelled whereby out commuting was reduced by 5% over the course of the plan period to reflect High Peak's long term aspirations. The housing requirement under this scenario would reduce to 267 dpa.

Conclusion on Objectively Assessed Need

6.35   These housing needs are set out for the period 2011 to 2031 to match the horizon of the emerging High Peak Local Plan. An allowance for previously unmet need when assessed against the East Midlands RS has been incorporated on the demographic scenarios. This SHMA provides a forward looking objective assessment of future housing needs using a base date of 2011, to 2031.

6.36   Due to the various factors and assumptions which feed into the assessment of future needs, there is not a single figure which can be definitively identified as High Peak's objectively assessed development needs. This is noted in the former CLG SHMA Guidance which identifies that estimates of need may be expressed as a single number or a range. On the basis of the above, it is considered **an objective assessment of housing need and demand for High Peak including backlog falls within the range 420 to 470 dpa,** equivalent to 8,400 to 9,400 units.

6.37   This range encompasses the baseline demographic-led needs for development at the upper end of the range (Scenario A). It also encompasses the CLG Projections with an allowance for vacancy at the lower end of the range. This range would ensure positive economic growth in line with High Peak's aspirations whilst meeting the needs of future residents.

6.38   In particular, delivering between 420 dpa and 470 dpa would:

a   Be the only appropriate housing target which allows for the demographically generated demand in High Peak to be reached. A level below 420 dpa would not ensure that the needs of future residents were fully catered for.

b   Broadly correspond with the latest CLG Household Projections (projected forward to 2031 with appropriate accelerated headship rates and vacancy rates), whilst the higher end of the range encompasses the Catch Up Headship scenario for the plan period to 2031.

c   Deliver a level of housing in this range which would broadly accord or even exceed the latest household projections would help to alleviate the significant affordability challenges across the Borough. The affordability challenges will be explored and summarised in the SHMA.

d   Identify an appropriate housing requirement would help address the issues of comparatively high and increasing house prices, worsening affordability and overcrowding within the existing stock that exists within the current High Peak housing market. This would align with the Practice Guidance's requirement to assess market signals when deciding on an appropriate housing requirement;

e   Exceed economic growth forecasts and aim to meet the authority's full housing need and reverse recent trends of increasing housing need. An OAN closely aligned to the Catch-Up Headship rate Scenario would

> ensure that pent up demand for housing in High Peak would be met over the plan period;

f   Be in accordance with The Framework which seeks to 'boost significantly' the supply of housing nationally.

g   Help to meet a significant proportion of the acute need for affordable housing need in the Borough. The housing waiting list has experienced considerable growth over the past number of years and action is required to reverse this trend;

h   Represent a scale of delivery that helps to make up the undersupply in housing dwelling arising in High Peak in comparison to the housing East Midlands RS target of 300 dpa net over the period 2006 to 2011. Although the backlog is not as significant as neighbouring authorities, nonetheless the under-supply has created a backlog of demand, and is one factor that will have led to the negative outcomes experienced in the housing market area. This means that additional supply over and above demographic-led needs is now required to meet full needs and demand..

6.39   It is unusual that the demographic led scenarios are in excess of the economic led scenarios as is the case at High Peak. As such, the proposed OAN has been pinned to the CLG Projections and the Demographic scenarios. The level of housing growth as suggested by the top end of the range is aligned with the Baseline Catch Up scenario and would represent an aspirational housing requirement. Furthermore, it would seek to ensure sufficient job growth over the course of the plan period and potentially reverse the rising Housing Waiting list.

6.40   To ensure compliance with national planning policy, providing a level of housing significantly below 420 dpa would mean that High Peak is not meeting its own housing requirement. Without sufficient mitigation measures in place to avoid the adverse housing, economic and other outcomes that a lower-growth approach could give rise to, a housing requirement lower than 420 dpa would be inappropriate unless (and in accordance with The Framework §14) HPBC can robustly demonstrate that the "*adverse impacts of doing so would significantly and demonstrably outweigh the benefits.*" This may require HPBC to explore the extent to which any shortfall could be met in neighbouring authorities within the same HMA, as discussed in the section below.

Cross Boundary Housing Dynamics

6.41   The Framework states that housing needs should be met across housing market areas. It also sets out that where needs go unmet in one Local Authority area they should be met elsewhere in the housing market area (e.g. in a neighbouring local authority). There is a practical expectation that this should be substantiated through the duty-to-cooperate, albeit this must be undertaken in advance of submission of a Local Plan, with the duty-to-co-operate not able to be undertaken retrospectively (section 20 (7B) and 33A of

the Planning Compensation Act 2004 refer, and the position is summarised in the recent Inspector's ruling in respect of the Selby Local Plan) [12].

6.42   Analysis of High Peak's role within overlapping HMAs is reviewed in Section 2.0. Given that it could be argued that High Peak is not a standalone HMA but instead is covered by a series of overlapping local and strategic HMAs, one must also consider the context of the neighbouring authorities which have a strong migratory/commuting linkages with High Peak. An audit of the current position of their respective SHMAs and evidence on objectively assessed housing needs has been undertaken. This review seeks to factually capture the evidence available, the approach to arriving at a housing target being progressed by each authority and the degree of complementarity with the evidence presented as part of this SHMA. As part of this, NLP has consulted with Officers at each Local Authority to establish the position including inviting Officers to a stakeholder workshop in winter 2013.

6.43   Crucially this SHMA contains a range of demographic scenarios which assume particular levels of net migration with other areas, drawing primarily on past trends and central government projections within the ONS SNPP. Where those areas which have key migratory relationships with High Peak adopt significantly different assumptions, it will be necessary to consider the impacts of doing so upon an assessment of future housing needs, and the extent to which any approach within any Local Authority meets the requirements of The Framework.

6.44   Against this backdrop, the purpose of this review is to give HPBC a platform for considering the housing needs of High Peak in the context of its neighbours and consider the extent to which the various approaches adopted could indicate areas where unmet housing needs will arise (potentially creating pressures on High Peak) or where unmet needs from High Peak might be able to be accommodated. Notwithstanding, the extent to which this can be applied, will depend upon the current progress on preparation of the Development Plan. This review is set out in Table 6.2.

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[12] Report on the Examination into Selby District Core Strategy Local Plan, Martin Pike, 19th June 2013

Table 6.2   Position of Neighbouring Authority on SHMA and Housing Strategy

| Local Authority | CLG 2011 HH projections p.a. | LPA view on its objectively assessed housing need | | Current Local Plan position and preferred/adopted target | |
		Basis for evidence	Figure	Stage	Target
Tameside	769	The Council consulted on its preferred options Core Strategy in Spring 2013. The Submission version is expected to be released for consultation during the summer of 2014 with adoption anticipated in Summer 2015. The Council identify in their Topic Paper 1 – Housing (January 2013) that the broad evidence still suggests that around 750 units per year will be required in order to meet the demands and needs of a growing and varied population in Tameside. The topic paper explores 4 housing requirement options: 1) UDP Target – 370 dpa 2) Average Completion rate 2003-2011 – 516 dpa 3) RSS Target – 750 dpa 4) Urban and Green Belt Growth – 800+ dpa The Council's preferred option was to set a requirement from 2012 of: Years 1-5 – 500dpa Years 6-10 – 650 dpa Years 11-17 – 750 dpa In total, the Council plan to deliver 11,000 units over the 17 year period, 2,333 short of the 2008 based CLG Household Projections.	11,000 units (2012-29) Average 647 per annum	Consultation on the Preferred Options Core Strategy took place in Spring 2013. The next stage of consultation (submission) is anticipated to take place in summer 2014 with adoption expected by summer 2015.	11,000 units (2012-29) Average 647 per annum
Stockport	836	Stockport's Core Strategy was formally adopted in March 2011. In terms of housing requirement it outlines that provision will be made for an additional 7,200 units. The plan is to deliver 450dpa from 2011-2013, 495dpa from 2013-2023, and 450 dpa from 2023-2026. In November 2010, the Council prepare a Housing Topic Paper which justified the figure of 7,200 as being the appropriate housing requirement figure.	Average 480 dpa (2011-2026)	Core Strategy adopted March 2011	7,200 over 15 year plan period Average 480 dpa

Local Authority	CLG 2011 HH projections p.a.	LPA view on its objectively assessed housing need		Current Local Plan position and preferred/adopted target	
		Basis for evidence	Figure	Stage	Target
Derbyshire Dales	240	The LPA considers that its OAN is 4,400 over the period 2006-2028 (200 dpa). This option maintains the annual housing requirement previously set at the regional level. This option would be 33% below the latest projected annual rate of household growth which is a rate higher than the now revoked East Midlands Regional Plan. This option would result in a drop in labour force of approximately 3,700 over the plan period (Derbyshire Dales Strategic Housing Options, June 2012).	200 dpa	Pre-submission consultation took place in June 2013. Submission to SoS is anticipated in April 2014 with Examination likely in 2014 and Adoption by October 2014.	200 dpa
Manchester	1,571	Manchester City Council adopted their Core Strategy in July 2012 and Policy H1 sets out the Council's housing requirement for the period 2009-2027. This requirement equates to 3,333 dpa but Manchester have adopted a phased requirement: 730 units in 2010-11 2,540 units 2011-16 4,400 units 2016-21 3,870 units 2021-27	60,000 dwellings (2009-2027)	Adopted Core Strategy July 2012	60,000 (2009-2027) Phased policy but equates to an average of 3,333 per annum
Peak District National Park		The adopted Core Strategy carries forward the policy approach used in the Peak District National Park since 1994: that it is not appropriate to permit new housing simply in response to the significant open market demand to live in its sought after environment. Provision was not made for open market housing in the Development plan and furthermore, housing land was not allocated for in the Development Plan. The limited number of opportunities for new residential development emphasises the importance of concentrating on the eligible need within the National Park for affordable (intermediate) homes, rather than cater for a wider catchment area.	N/A	The Peak District National Park adopted its Core Strategy in October 2011 and it covers the period 2011-26.	No housing target is adopted in the plan due to it being a National Park Authority

Local Authority	CLG 2011 HH projections p.a.	LPA view on its objectively assessed housing need		Current Local Plan position and preferred/adopted target	
		Basis for evidence	Figure	Stage	Target
Cheshire East	1,041	Cheshire East Council has selected 1,350 dpa as an appropriate housing requirement which provides the closest match to the CLG household projections. It was considered that this target would provide a more balanced sustainable approach to support a job led strategy, better able to address the competing factors associated with the need for development and constraints to growth.

Policy PG1 of the Cheshire East Local Plan Submission Version (March 2014) does, however, make allowance for meeting some of High Peak's needs:
*"In addition to meeting the full, objectively assessed needs of Cheshire East, **provision will be made for up to 500 homes to assist with meeting the housing needs of High Peak Borough** during the period 2020 to 2030. These will be delivered as follows:*
- *2020/21 to 2029/30 - an average of 50 homes each year (500 in total)"* | 1,350 dpa | Cheshire East Local Plan Submission Version (March 2014).
It is anticipated that they will submit their Plan to the Inspectorate during 2014 | 1,350 dpa phased as follows:

2010/11 to 2014/15 – average of 1,200 dpa;

2015/16 to 2019/20 – average of 1,300 dpa;

2020/21 to 2024/25 – average of 1,400 dpa;

2025/26 to 2029/30 – average of 1,500 dpa. |
| Sheffield | 1,951 | Sheffield City Council has adopted a Core Strategy in 2009 which outlined the Council's housing requirement to 2026. Policy CS22 outlined a housing requirement of 1,025 dpa from 2004/05 – 2008/09, increasing to 1,425 dpa thereafter.

The Council prepared a Pre Submission Draft City Policies and Sites document which was released for consultation in September 2013. Following the consultation exercise it was decided that the Council would not submit the plan for examination and are instead pursuing a new Local Plan which will supersede the Core Strategy, once adopted. The Council are in the early stages of preparation of this document. | 1,025 dpa (04/05-07/08)

1,425 dpa (08/09-25/26) | Core Strategy adopted March 2009.

Recently decided to prepare a new Local Plan. No draft has been released as of yet. | n/a |

7.0 **Affordable Housing Need**

Introduction

7.1 A calculation of affordable housing need, in line with the former CLG SHMA Guidance[13] and the Practice Guidance has been undertaken for the High Peak SHMA. The basic approach to this is:

> **Total Current Housing Need (gross) to be addressed**
> Plus
> **Total Newly Arising Housing Need (gross per annum)**
> Less
> **Annual Supply of Affordable Housing**
> Equals
> **Net Housing Need**

7.2 Current housing need seeks to identify those households in High Peak who currently lack their own housing or live in unsuitable housing and cannot afford to meet their needs in the housing market. Components of housing need are not definitive and can encompass drawing together statistics from a wide range of sources. Although potentially not including all households in need of housing, and conversely including those who do not fall within the definition of being in need of affordable housing, the local Housing Register forms the starting point for estimating what the need and demand for affordable housing is. At the very least, if all of the households on the Housing Register were accommodated, it would be reasonable to assume that all demand for affordable housing would be met, even if there remain households in need which are not reflected in the Housing Register.

Number of Current and Future Households in Need

Data Sources for Stage 1 & 2

7.3 This section estimates the number of current and future households in need. Table 7.1 summarises the data sources used by Stage One and Two of the affordable housing model.

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[13] Strategic Housing Market Assessment: Practice Guidance (August 2007)

Table 7.1   Summary of Data Required for Stage One and Two

Stage of the Model	Data Items
Stage One: Current Housing Need (Chapter 6)	
Affordability Test	Land Registry House Price Data (2013), Rightmove (October 2013), Experian Income Data (2011)
1.1: Homeless Households and those in temporary Accommodation	Estimate from P1e Quarterly Homeless Returns (CLG Data) – Annual average from past 3 years data (Q3 2010 to Q2 2013)
1.2 and 1.3: Households in Unsuitable Housing	Housing Register Bands A-C (November 2013), excluding those already in social housing
1.4: Total Current Housing Need (Gross)	Step 1.1 PLUS 1.2 PLUS others from Step 1.3.
Stage Two: Future Housing Need (Chapter 6)	
2.1: New Household Formulation	NLP PopGroup Modelling (Baseline Scenario)
2.2: Number of Newly Forming Households Unable to Buy or Rent in the Market (Annual)	Land Registry House Price Data (2013), Rightmove (September 2013), Experian Income Data (2011)
2.3: Existing Households Falling into Need	CORE data (2010/11-2012/13), Land Registry House Price Data (2012/2013), Rightmove (October 2013), Experian Income Data (2011)
2.4: Total newly arising housing need (gross per year)	Step 2.2 PLUS 2.3

Affordability

7.4   Step 1.4, 2.2 and 2.3 of the affordable housing calculation refer to the results of an affordability test. Information in respect of local house prices, market rents and household income levels is set out as part of the contextual analysis in Section 2.0. This data has informed an affordability test which estimates the ability of households to afford market housing.

7.5   The affordability test has been calculated by identifying the costs of entry level market housing (including private rented). This utilised the following data:

1   Land Registry house price data. Banded house price data was obtained at a postcode sector level and amalgamated to reflect study's four sub areas. It is acknowledged that the geographical boundaries of postcodes and the sub areas do not accord exactly. However, a best-fit was made, by placing postcodes which cover more than one housing market area in the area in which the majority of the postcode is located. An assumption of 'entry level' house prices was then made using 'lower quartile' prices.

2   Due to the lack of up-to-date sub-area data on private rents, an internet search of advertised private sector rental costs was undertaken to identify entry level (lower quartile) rents for each of the sub areas.

3   Using the above information on market housing costs to estimate the minimum income required to access entry level market housing. The calculation assumes that households can afford a 3.5 x income multiplier to purchase a home or up to 25% of gross household income on rent.

These assumptions are in accordance with the former CLG Guidance, which whilst no longer extant, still represents best practice.

4   Using the above data to compare entry-level house prices and rents with household incomes to calculate the proportion of households unable to afford access to market housing.

7.6   Separate affordability calculations have been carried out in respect of existing households (used in Step 1.4 and 2.3 of the model) and newly forming households (used in Step 2.2). This is because newly forming households generally have lower than average incomes. The Survey of English Homes [SEH] has been used, which shows that newly forming households have approximately 66% of the average income of all households. This proportion was applied to the income data provided by Experian, to enable a separate affordability calculation to be undertaken identifying the (higher) un-affordability levels of newly forming households.

7.7   The proportions of households estimated to be unable to afford lower quartile marker housing are set out in Table 7.2 (for existing households) and Table 7.3 (for newly forming households). For High Peak Borough as a whole, given the generally higher monthly costs of servicing a mortgage than renting mean that a higher proportion of households are unable to buy than are unable to rent. Therefore, it is assumed that all of those households who can afford to buy a market house could also afford to rent.

7.8   Table 7.2 and Table 7.3 show High Peak Rural Areas and Buxton are estimated to have the highest proportion of households unable to afford access to owner occupier market housing. Table 7.3 clearly demonstrates that even in the lower priced areas such as Glossop, a reduction in income by a third would have severe consequences for the vast majority of local households being unable to access entry level housing, increasing from 69% to 86%.

7.9   In terms of market rents, a very different picture is presented, with higher rental levels in the more affluent rural areas compensated for by the commensurate increase in income levels of local residents in these areas. Hence Glossop, with higher rental levels than Buxton, fares comparatively worse when it comes to affordability.

Table 7.2   Affordability Test Results - Proportion of **Existing** Households Unable to Afford LQ Market Housing

Area	% Unable to Afford to Buy	% Unable to Afford to Rent
Area 1) Buxton	81.2%	45.7%
Area 2) Central Area	75.2%	53.2%
Area 3) Glossop	69.4%	58.2%
Area 4) High Peak Rural	81.4%	45.8%
High Peak Borough	75.6%	53.9%

Source: Land Registry Data (2013), Rightmove (2013), Experian Income Data (2011)

Table 7.3   Affordability Test Results - Proportion of **Newly Forming** Households Unable to Afford LQ Market Housing

Area	% Unable to Afford to Buy	% Unable to Afford to Rent
Area 1) Buxton	91.2%	78.2%
Area 2) Central Area	88.7%	78.5%
Area 3) Glossop	86.0%	81.3%
Area 4) High Peak Rural	99.1%	68.7%
High Peak Borough	87.8%	79.2%

Source: Land Registry Data (2013), Rightmove (2013), Experian Income Data (2011)

7.10   It is accepted that the figures in the Tables above are likely to over-estimate the proportion of households likely to be unable to afford to buy a property, as due to a lack of primary data sources, the analysis does not allow for any savings that households may have to put towards the purchase of their property. The analysis also does not allow for residents transferring equity from their existing property into the purchase of a new dwelling.

7.11   For example, there will also be many instances whereby households with comparatively low income levels (i.e. the elderly) are asset rich and may already own their own home, hence they would not necessarily be in housing need. However, given the lack of data available for the Borough and the complexity involved, it has not been possible to model the detailed quantitative implications of this.

7.12   As a sensitivity test therefore, an analysis was undertaken of the implications of reducing the average house price in High Peak by factoring in an allowance for deposits. Based on the latest lending data from the Council of Mortgage Lenders [CML], it was estimated that the average loan-to-value for first time buyers is 80%, compared to 71% for existing home movers[14]. An assumption was made that these levels of deposits for new and existing households would be replicated in the High Peak local authority area.

Table 7.4   Sensitivity Test –Newly Forming Households Unable to Afford LQ Market Housing following application of 71%/80% Loan to Value Ratio

Area	% Existing Households Unable to Afford to Buy	% Newly Forming Households Unable to Afford to Buy
Area 1) Buxton	57.4%	86.5%
Area 2) Central Area	51.6%	82.3%
Area 3) Glossop	45.3%	79.4%
Area 4) High Peak Rural	66.3%	93.2%
High Peak Borough	50.8%	81.8%

Source: Land Registry Data (2013), Rightmove (2013), Experian Income Data (2011) CML 2014

7.13   This approach would reduce the proportion of both existing and newly forming households unable to afford to buy, as set out in Table 7.4, with the difference being particularly pronounced for existing households. However, it is important to note that this actually has a far less pronounced impact on the calculations than might be expected, as in many instances the percentage is still higher than the proportion of households who are unable to rent, with the lowest figure

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[14]Council of Mortgage Lenders (12/02/2014): "*First Time Buyer lending up 37% year-on-year in December 2013*".

used in the analysis. The data in red in Table 7.4 highlights those instances where the proportion of households who are unable to buy a house with an allowance for a deposit is lower than the proportion who cannot afford to rent. Whilst this is the case for existing households living in three of the four sub-areas, as we have used the Housing Register as a proxy for households in need, the relevant data relates to newly forming households only. For this latter category, only Glossop would be affected by this changed methodology. The overall percentage figure for High Peak would remain the number of households who cannot afford to access the private rented sector, and as such this approach is likely to have only a very minimal impact on the overall affordable housing requirement figure, and limited to Glossop.

7.14   Furthermore, it is acknowledged that this model does not fully allow for problems which households face in saving for a deposit (either a house purchase deposit or rental security deposit). It is also acknowledged that affordability is not just about being able to access the mortgage products in the first place and the deposit that is required. Assuming that all newly forming households (such as those moving out from their parents house, or those currently living in the private or social rented sector) have access to a deposit of over £20,000 (i.e. 20% of the average house price in High Peak Borough) would seem to us to over-state affordability. As such, it is considered that even with the aforementioned caveats, in this instance it would be appropriate to assume a worst case scenario regarding the availability of deposits and incorporate the data within Table 7.2 and Table 7.3 in the assessment[15].

Current Housing Need (Stage 1) Steps 1.1 to 1.4

7.15   The first stage of the assessment considers current (backlog) need. The Practice Guidance is clear that an estimate should be made of the number of households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the open market. The Practice Guidance provides an indication of the types of households that can be considered in housing need:

1   Homeless households or insecure tenure (e.g. housing that is too expensive compared to disposable income);

2   Where there is a mismatch between the housing needed and the actual dwelling (e.g. overcrowded housing);

3   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;

4   Households that lack basic facilities (e.g. a bathroom or kitchen) and those subject to major disrepair or that are unfit for habitation; and

5   Households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move.

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[15] It is also acknowledged that there can be instances of unsustainable home ownership in terms of people being able to afford to maintain their property. Hence whilst they may be able to theoretically afford the mortgage payment, they cannot afford the maintenance costs. This has further implications relating to the poor stock conditions in parts of High Peak.

7.16   Current housing need therefore seeks to identify those households in High Peak who currently lack their own housing, or live in unsuitable housing and cannot afford to meet their own housing or live in unsuitable housing and cannot afford to meet their needs in the housing market. Components of housing need are not definitive and can encompass drawing together statistics from a wide range of sources. Although potentially not including all households in need of housing, and conversely including those who do not fall within the definition of being in need of affordable housing, the local Housing Register forms the starting point for estimating what the need and demand for affordable housing is. At the very least, if all of the households on the Housing Register were accommodated, it would be reasonable to assume that all demand for affordable housing would be met, even if there remain households in need which are not reflected in the Housing Register.

7.17   Therefore, we have considered the components of housing need as those in need and within a priority need banding (e.g. in need for affordable housing for a variety of reasons including homelessness, overcrowding etc.), currently concealed households and other groups in need, for which the existing Housing Register has been used as a best case proxy in the absence of alternative primary data such as a Housing Needs Survey.

7.18   As of November 2013, the Home Options Housing Register for High Peak indicates that there are currently 3,546 households seeking social housing. However, this includes all applicants across all bandings (bands A-D), and may include households whose circumstances do not fall within the criteria of housing needs, which would be restricted to those registered in bands A-C.

7.19   HPBC identified that as of November 2013, a total of 2,115 households were on the Register and within a priority band of A-C. These applicants have a clear priority need for housing in the Borough. Recent data from HPBC suggests that 321 of these households comprise transfers (i.e. they are existing social rented or affordable rent tenants seeking a move), meaning that the remaining 1,794 households are living in other tenures and in need.

7.20   To provide an estimate of those within key priority banding, data from CLG and the 2001/2011 Census has been utilised to illustrate the extent to which households identified as in need are either homeless or within concealed households. Whilst this is consistent with the Practice Guidance, given the potential for double counting and the recency of some of the concealed households data, the current Housing Register provides the most appropriate gross estimate of housing need.

Table 7.5   Current Backlog of Housing Need

	Households	Source
Housing Register Priority Bands A-C	**2,115**	**Home Options Housing Register November 2013**
…of which Homeless households (including those in temporary accommodation)	31	Estimate from P1E Quarterly Homeless Returns (CLG Data) – average past 3 years data (Q3 2010 to Q2 2013)
…of which Concealed households	314	Estimate from Census 2001 based upon Concealed Families & All households without sole use of bath/shower and toilet.
Gross Estimate of Current Housing Need	**2,115**	**Households in priority bandings**
…of which current occupiers of affordable housing	321	Housing Register November 2013
Net Estimate of Current Housing Need (Backlog)	**1,794**	

7.21   Whilst the former SHMA Practice Guidance suggested that transfers should be added in at the supply stage (i.e. units becoming available when existing tenants are re-housed), NLP has presented this in the 'need' stage to reflect the fact that some of those currently in need of affordable housing and on the Housing Register are current occupiers, and that the net backlog is reduced accordingly at this stage. This backlog will need to be factored into future provision in order to reduce the scale of those in need of housing.

7.22   Although existing households in need already occupying affordable housing are excluded from the affordable housing calculation, it is noted that they do still have a requirement for the right type of affordable housing to become available to meet their needs. If an appropriate unit does not become available (e.g. due to shortage of supply of a specific type or size of unit) then these households will remain in need, despite not contributing to a net need requirement. New affordable housing provision provides the opportunity to focus on the size/type of provision to balance affordable housing mix, as explained at Section 8.0.

Future housing Need (Stage 2)

New Household Formation (Step 2.1)

7.23   Newly forming households have been calculated using the demographic modelling noted previously. Each of the scenarios modelled provide outputs on estimates of household change by type and by age band.

7.24   The Practice Guidance recommends that gross household formation should be used as the measure of newly forming households (under 45 years of age), as opposed to net household growth which takes into account household

dissolution[16]. This is required to ensure that household dissolution is not double-counted in the calculation, once as a net loss of households and potentially again as a re-let of the house they may have occupied. However, gross household formation is typically much higher than net rates, and may represent an overestimate of the amount of households seeking new housing in each year within the Borough.

7.25   Each of the different scenarios of future population growth identified in Section 5.0 of this report produces different estimates of household growth. The demographic-led Baseline Scenario has been used for the purposes of considering future newly forming households, as this represents a reasonable mid-point of the various scenarios tested. Naturally, if an alternative scenario with lower or higher rates of household growth is adopted for the purposes of assessing future need, the inferred newly arising need would also be commensurately different. Table 7.6 presents the number of newly forming households (gross) in the Borough.

Table 7.6   Number of Newly Forming Households Annually (Gross)

	No. Newly Forming Households Annually (gross)
High Peak	881

Source: NLP

7.26   This output of future housing need should be treated with caution. By utilising gross household formation from a single scenario, it takes no account of potential population change under alternative scenarios, nor the balance of overall structural housing demand based upon demographic-led estimates, excluding as it does household dissolution. Such gross estimates may include people that form several different households over the period at different stages of their life, but does not account for their previous household no longer existing.

7.27   By way of comparison, if net household formation from the Baseline scenario was utilised, this would total only 437 additional households each year for the Borough, which is a significant reduction from the 881 presented in Table 7.6.

Table 7.7   Number of Newly Forming Households Annually (net) 2011-2031

	No. Newly Forming Households Annually (net)
High Peak	437

Source: NLP

Newly Forming Households Unable to Buy or Rent in the Market (Step 2.2)

7.28   This stage uses the figure for the number of newly forming households from Step 2.1 and estimates how many of these households are likely to be unable

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[16] This occurs when a property is vacated following 'household dissolution' due to death or two or more existing households merging together to form one 'new' household. In contrast, 'Net' household formation is the net growth in households resulting from new households forming less the number of existing households dissolving (e.g. through death or joining up with other households). 'Gross' household formation is the equivalent growth in household forming without removing dissolutions.

to afford to access market housing. This is done by applying the figure for newly forming households from the results of the affordability test.

7.29　　As discussed above, newly forming households generally have lower than average incomes and hence an adjustment was made to the income data provided by Experian to enable a separate affordability test to be undertaken identifying the (higher) unaffordability levels of newly forming households.

7.30　　This analysis estimated that 79% of newly-forming households in High Peak Borough are likely to be unable to meet their housing needs in the private market. This is applied to the household formation to identify the likely scale of newly forming households that will fall below the minimum income threshold for market housing, and will therefore require affordable housing.

7.31　　This enables the number of newly forming households unable to access market housing (per year) to be estimated, as shown in Table 7.8. In accordance with the Practice Guidance, the affordability test identifies the proportion of households unable to buy *or* rent in the market.

Table 7.8　　Number of Newly Forming Households unable to buy or rent in the market (annual)

	Gross Household Formation Approach			Net Household Formation Approach		
	No. Newly Forming Households	% Unable to Buy or Rent Market Housing	No. Unable to access market housing	No. Newly Forming Households	% Unable to Buy or Rent Market Housing	No. Unable to access market housing
High Peak	881	79.2%	**698**	437	79.2%	**346**

Source:　　Land Registry House Price Data (2013), Rightmove (October 2013), Experian Income Data (2011)

7.32　　Based upon the above, these calculations of future need based upon gross household formation must therefore be seen only as one factor in assessing and considering an objective assessment of future housing need and demand. They also take no account of the deliverability of providing up to 79% of total dwellings as affordable tenures (as would be inferred by the Practice Guidance's methodology) with factors such as viability affecting the proportion of housing that will be able to be delivered as affordable.

7.33　　In general, NLP considers that gross household formation is a relatively abstract concept in the identification of affordable housing needs. In not accounting for future dissolution of households it inevitably arrives at a need figure which is disproportionate to net household formation (as set out by the household projections, which are the starting point for identifying objectively assessed needs).

7.34　　Furthermore, household dissolution is projected to increase in the future, with an ageing population, and this factor is not reflected in the SHMA's estimate of re-lets based on backwards looking trend data (i.e. leading to undercounting in supply, rather than double counting of dissolution). This is a further statistical limitation to applying gross household formation rates.

7.35   Flowing from the above, the outcome of using gross household formation and the higher levels of affordable (and overall) housing needs that such an approach invariably indicates, takes no account of the moderating effect that such high levels of supply would have upon prices and affordability. Whilst the analysis indicates that currently 79% of newly forming households in High Peak may be unable to afford housing in the market (and this assumption is applied going forward), if housing were delivered at a rate above that indicated as structurally required to meet demographic-led needs (i.e. the household projections) then this, by virtue of supply and demand, would moderate affordability and reduce that proportion from 79%.

7.36   The extent to which this would occur is obviously difficult to assess and the Practice Guidance advises against doing so, stating that *"plan makers should not attempt to estimate the precise impact of an increase in housing supply."* It stands, however, that in using gross household formation, there would be significant downward pressure on the 79%.

Existing Households Falling into Need (Step 2.3)

7.37   Step 2.3 uses secondary data for the number of households who move house each year (based on past trends) to estimate the number of existing households falling into need annually. Using data for the number of people actually moving (from the Land Registry and CORE data) provides a good indicator of need, as it shows actual moves; whereas the Housing Register only provides an indication of intentions.

7.38   Existing households falling into need is therefore based upon an analysis of recent trends of movements from the private sector into the social sector as a proxy for existing households falling into need. These figures were averaged from CORE data. The resultant calculation is set out in Table 7.9.

Table 7.9   Existing Households Falling into Need in High Peak

	High Peak
Fiscal Calendar 2010	107
Fiscal Calendar 2011	64
Fiscal Calendar 2012	106
Number of new lettings per year (identified from CORE data – average from past 3 years) – previous tenure in the private sector	**92**

Source: CORE data 2010/11-2012/13

7.39   It is recognised that these figures only relate to those households who are successful at gaining entry to social housing. There will be a proportion of households in need and unable to afford market housing who either do not apply for affordable housing or are not successful in gaining entry, and as such the figures in Table 7.9 could be an underestimation.

Total Newly Arising Housing Need (gross per year) (Step 2.4)

7.40   Step 2.4 simply adds together the number of newly forming households unable to access market housing (Step 2.1 and 2.2 above) to the number of existing households falling into need (Step 2.3). This provides an annual gross figure for future households in need. The resulting figures are set out in Table 7.10.

Table 7.10   Total Newly Arising Housing Need (Gross/Net per year)

	High Peak
Newly forming households unable to access market housing gross (Steps 2.1/2.2)	698
Existing households falling into need (Step 2.3)	92
Total Newly Arising Housing Need (Gross household formation approach per year)	**790**
Newly forming households unable to access market housing net (Steps 2.1/2.2)	346
Existing households falling into need (Step 2.3)	92
Total Newly Arising Housing Need (Net household formation comparison per year)	**438**

Source: NLP Analysis

Core Output: Estimate of Backlog and Newly Arising Households in Need

It is estimated that there will be **790** newly arising households in need of affordable housing in High Peak per annum based on the gross household formation approach (or 438 based on the net household formation approach).

This should be set alongside the existing backlog affordable housing need of **1,794** dwellings in High Peak. This does not take into account existing and future likely supply of affordable housing, which is analysed in Section 8.0.

8.0   # Supply of Affordable Housing

Introduction

8.1   This Section estimates the existing and forthcoming stock of affordable housing as per the Practice Guidance. Table 8.1 summarises the data sources used by Stage Three of the affordable housing model.

Table 8.1   Summary of Data Required for Stage Three

Stage of the Model	Data Items
Stage Three: Affordable Housing Supply	
3.1: Affordable Dwellings Occupied by Households in Need	None - already netted off at Stage 1 (Step 1.4)
3.2: Surplus Stock	CLG Data: Table 100 (2012) and Table 615 (2012)
3.3: Committed Supply of New Affordable Housing	Local Authority Information
3.4: Units to be taken out of management	Local Authority Information / RP information
3.5: Total Affordable Housing Stock Available	Step 3.1 PLUS 3.2 PLUS 3.3 MINUS 3.4
3.6: Future Annual Supply of Social re-lets (net)	CORE Data (2010/11-2012/13)
3.7: Future Annual Supply of Intermediate affordable housing available for re-let or resale at sub market levels	CORE Data (2010/11-2012/13)
3.8: Annual Supply of Affordable Housing	Step 3.6 PLUS 3.7

Affordable Housing Supply (Stage 3)

8.2   This stage examines housing stock that can accommodate households in housing need. The information is required in order to calculate net affordable housing requirements.

8.3   The model considers both existing affordable housing stock (including how much of this is available) as well as the level of future annual new supply. This process is set out in steps 3.1-3.8.

Affordable Dwellings occupied by households in Need (Step 3.1)

8.4   The purpose of Step 3.1 is to identify the number of affordable dwellings which become available but are occupied by households in housing need. Thus, this step considers transfers within the affordable housing stock. The movement of these households (within affordable housing) will have a nil effect overall in terms of housing need. These households have already been netted off at Stage 1 of the calculation and the figure for this step is therefore zero.

Surplus Stock

8.5   A certain level of voids are normal and allow for transfers and works properties. The former CLG Guidance (page 48) notes that a vacancy rate in excess of 3% and properties which are vacant for considerable periods of time should be counted as surplus stock.

8.6   An analysis has been undertaken utilising vacancy level data for the last 3 years. This shows that social housing stock in the authority has a vacancy level of 0.06% in 2012[17] which is considered to be extremely low.

8.7   Therefore, as the current rate of vacancy is significantly below the 3% rate recommended by CLG, a surplus stock rate of zero has been included within the model.

Committed Supply of New Affordable Housing (Step 3.3)

8.8   The former CLG Guidance stated that this step of the model should utilise information about new social rented and intermediate affordable dwellings which are committed at the point of assessment. The HSSA data no longer shows the number of planned and proposed affordable units. However, data on committed supply of affordable housing (annualised) has been provided by HPBC (Table 8.2) and suggests that a substantial amount of affordable housing is currently in the development pipeline.

Table 8.2   Supply of New Affordable Units

	High Peak
Supply of New Affordable Housing (Committed Supply)	226

Source: HPBC (2013)

Units to be taken out of Management (Step 3.4)

8.9   The former CLG Guidance states that this stage should "*estimate the number of social rented or intermediate affordable housing units that will be taken out of management.*" This includes properties which are planned to be demolished or redeveloped (with a net loss of stock). In accordance with advice received from the authority and RPs operating in this part of Derbyshire, a figure of zero has been used for this step.

Total Affordable Housing Stock Available (Step 3.5)

8.10   This step calculates total housing stock available by simply adding together steps 3.1 (affordable dwellings occupied by households in need), 3.2 (surplus stock) and 3.3 (committed additional housing stock) and subtracting 3.4 (units to be taken out of management). This is shown in Table 8.3.

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[17] CLG Data: Table 100 (2012) and Table 615 (2012)

Table 8.3   Current Supply of Affordable Housing

	High Peak
Step 3.1 (Affordable Dwellings Occupied by households in need)	0 (already taken off need identified by Step 1.4)
PLUS Step 3.2 (Surplus Stock)	0
PLUS Step 3.3 (Committed Supply of New Affordable Housing)	226
MINUS Step 3.4 (Units to be taken out of management)	0
EQUALS Step 3.5 Current Supply of Affordable Housing	**226**

Source: CLG Data: Table 100 (2013) and Table 615 (2013) Local Authority Information

Future Annual Supply of Social Re-Lets (Step 3.6)

8.11   Steps 3.6 and 3.7 focus on the future supply of affordable housing arising from existing stock. The former CLG Guidance recommends that the number of social re-lets per year should be assessed by looking at past trends over the previous 3 years.

8.12   CORE data in respect of the number of lettings by RPs in the last 3 years has therefore been assessed. This excludes transfers from other affordable dwellings as they were removed from the assessment of 'need' at Step 2.3. The average figure for the last 3 years has been used in the model (Table 8.4).

Table 8.4   Future Annual Supply of Social Re-lets

	Number of Social re-lets (excluding transfers)
	High Peak
2010/11	266
2011/12	128
2012/13	268
Average	**221**

Source: CORE Data (2010/11-2012/13)

8.13   Whilst the level of re-lets appears relatively modest, discussions with several of the major RPs operating in this part of Derbyshire suggest that the figure does not appear to be unrealistic. However, it is possible that this trend may increase in the near future as more customers end their tenancy and move to a smaller home as part of their response to the Government's under-occupation penalty (the 'bedroom tax').

8.14   The level of stock turnover due to re-lets was around 9% in 2012. The former CLG SHMA Guidance states that for this stage of the SHMA assessment, in areas where the stock base of affordable housing is changing substantially (e.g. due to high levels of Right to Buy) it may be appropriate to take into account the changing stock base when predicting the future levels of future voids. An assessment of the CORE database indicated that over the past

three years, no social housing units have been 'lost' due to tenants exercising their 'Right to Buy'/Acquire.

8.15   Whilst there has therefore been no further deductions from the annual supply of social re-lets to derive a total social re-lets figure moving forward of 213 per annum, it is possible that the Government's renewed endorsement of the scheme, and more specifically the provision of greater discounts being offered to social tenants to buy their property, could increase the level of RTB in High Peak substantially over the next few years.

8.16   The Government decided, with effect from April 2012, to increase the maximum cap on the Right-to-Buy discount, to be determined by the length of a tenant's qualifying period or the maximum discount allowed (now up to £75,000 across England). The Government is seeking to achieve one-for-one replacement (for England as a whole) whilst ensuring value for money. The Government anticipates that some 20,000 additional Right to Buy sales would take place over the next 3 years as a result of the restoration and increase in the national maximum discount cap. There are no proposals to extend the RTB to housing association tenants who have the Right to Acquire or to housing association tenants without a right to purchase[18].

8.17   This clearly has long-term implications for High Peak Borough, which has a significant social housing stock and a considerable number of tenants that have retained their 'Preserved Right-To-Buy'. As such, it is possible that there will be an increase in the number of sales per annum in future, which could reduce the long-term capacity of High Peak Borough to meet its own housing needs. This would clearly need to be closely monitored by the Council and Registered Providers operating in the area.

Future Annual Supply of Intermediate Affordable Housing (Step 3.7)

8.18   This step takes into account the very low number of shared ownership affordable homes which become available as a result of re-sales each year. CORE data on re-sales of intermediate (shared ownership) housing for the last 3 years is usually assessed. This has totalled just 14 over the past three years, equating to an annual average rate of just under **5 dpa**.

Future Supply of Affordable Housing (Step 3.8)

8.19   This is simply the sum of Step 3.6 (social re-lets and Step 3.7 shared ownership re-sales. The results are shown in Table 8.5.

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[18] House of Commons Library Standard Note: Reforming the Right to Buy in 2012 & 2013 (July 2013)

Table 8.5   Annual Supply of Affordable Housing

	High Peak
Step 3.6 (Future Annual Supply of Social re-lets)	221
PLUS Step 3.7 (Future Supply of Intermediate Affordable Housing)	5
EQUALS Step 3.8 Annual Supply of Affordable Housing	**225**

9.0 **Affordable Housing Requirements**

Introduction

9.1 This section of the report draws together the analysis conducted as part of Sections 7.0 and 8.0 in order to provide an assessment of net affordable housing need for High Peak. This section also examines the type of accommodation most appropriate to meet this need.

Estimate of Net Affordable Housing Needs

9.2 The starting point in calculating the net affordable housing need is the Total Current Housing Need (Gross) established at Step 1.4. This figure takes account of any backlog in provision. By deducting the current available stock of affordable housing (step 3.5), this results in a backlog of 1,568 dwellings for High Peak. Annualised over 5-years this equates to a backlog of 314 dwellings per annum.

9.3 In defining newly arising need, the future annual supply of affordable housing identified in Step 3.8 (225 dpa) is removed from the annual future housing need of 790 dpa gross/438 dpa net as set out in Table 9.1. When added to the backlog, this indicates that High Peak has a net annual need of 878 dpa based on the gross household formation approach.

Table 9.1   Net Annual Housing Need

	High Peak	
	Gross	**Net**
Current Need (Including Backlog)		
Total Current Need (Step 1.4)	1,794	
MINUS Total Available Stock of Affordable Housing (Step 3.5)	226	
Equates to Net Current Need	1,568	
Net Backlog: Annualised (5 years) (A)	**314**	
Total Newly Arising Need		
Newly Arising Housing Need (Annual) (Step 2.4)	790	438
MINUS Future Annual Supply of Affordable Housing (Step 3.8)	225	
Equates to Net Newly Arising Need (net) (B)	**565**	**213**
NET ANNUAL NEED = A+B	**878**	**526**

9.4 This largely reflects the high levels of gross household formation that are projected to occur. Such outputs are clearly outliers flowing from an affordable housing need methodology that is largely hypothetical and not related to any realistic estimate of household growth in High Peak. Applying an alternative approach to household formation through the use of net household projections for illustrative purposes would reduce the level of affordable housing need significantly, to 526 dpa.

9.5 By way of further comparison, a sensitivity test that factored in a Loan-to-Value-Ratio [LVR] of 71% for existing households and 80% for first-time buyers would have no effect on reducing the overall level of affordable housing need.

This is because the proportion of households who cannot afford to rent privately remains lower than the adjusted proportion of households unable to buy, at least across the Borough as a whole.

Core Output: Estimate of Net Annual Affordable Housing Need

Applying the current (backlog) affordable housing need to the newly arising housing need annually suggests that High Peak has an affordable housing need of **878 dpa** over five years based on the use of gross affordable household projections (or **526 dpa** based on the use of net affordable household projections for illustrative purposes).

The Role of the Private Rented Sector in Meeting Affordable Housing Needs

9.6   CLG's former SHMA Practice Guidance (2007) recognises that "*some households in need may choose to live in the private rented sector (possibly with the use of housing benefit) or housing that would be classified as unsuitable, even though they are eligible for affordable housing.* [p49]". As such, SHMAs are required to analyse how the private rented sector is being used to accommodate housing need in an HMA, even though it is not specifically identified as a potential source of affordable housing in the Practice Guidance.

9.7   As such, whilst it is not appropriate to simply 'net off' households in need living in private rented housing from the overall affordable housing requirement figure (due to a variety of reasons including the associated greater insecurity of tenure), in practice it makes an important contribution to filling the often sizeable gap between affordable housing supply and demand. The private rented sector has increased in size significantly in recent years and it is therefore necessary to review its role in any objective assessment of affordable housing requirements.

9.8   An analysis of the 2011 Census indicates that some 5,231 households rent privately in High Peak Borough, 13.4% of all households. This is slightly lower than the equivalent rates at regional (14.9%) and national (16.8%) levels. However, this masks a substantial increase in the role of private rented accommodation in the Borough – the 2001 Census reported that just 3,532 households privately rented in High Peak Borough, just 9.3% of the total – well below the current rate. This broadly reflects the rate of increase in this form of tenure at a regional and national level between 2001 and 2011 and is likely to be indicative of the increasing affordability problems for prospective households purchasing their own home in the intervening period.

9.9   The former CLG SHMA Guidance suggests that turnover rates should be calculated, although they require careful interpretation. According to that document, turnover rates vary significantly depending upon the tenure – for example in the private rented sector, the average length of stay is 6-12 months reflecting the leasehold structure, whilst homeowners move on average every

3 to 7 years. "*In the social rented sector, high turnover can be created in part by the allocations system; social-rented properties can have high turnover rates where vulnerable households are placed in housing not suited to long term tenancies*" [page 32].

9.10   According to the 2012/13 English Housing Survey, the total turnover of the private rented stock at a national level is 34.3% annually, the highest of any form of tenure. Applying this figure to the number of households in private rented accommodation (as reported in the 2011 Census) implies an **annual turnover of 1,794 private rented dwellings**. This figure does not separate out the proportion of private rented properties that are likely to become available to households in receipt of housing benefit.

9.11   Table 9.2 presents data from the Department for Work and Pensions in respect of the number of Housing Benefit claimants in the Private Rented Sector. It indicates that over the past four years or so, there has been a consistent level in the number of housing benefits claimants who are meeting their needs in the private rental market, up from 2,190 in 2010 to 2,277 by 2013.

Table 9.2: Housing Benefit Claimants in High Peak Borough

Year	No. of Housing Benefit Claimants in Private Rented Sector	Annual Increase
November 2010	2,190	-
November 2011	2,240	+50
November 2012	2,300	+60
November 2013*	2,277	-23
Annual Average:		**+87**

Source: DWP 2014

9.12   DWP data suggests that as at March 2011 there were 2,270 claimants in receipt of Housing Benefit living within the private rented sector in High Peak Borough, out of 5,590 housing benefit recipients in total.

9.13   Again, based upon the 2011 Census this would imply that 43.4% of the 5,231 households living in private rented accommodation are reliant to a greater or lesser extent on housing benefit, although it is recognised that this is clearly an over-estimation given that there can be multiple claimants living in the same dwelling.

9.14   By comparing the English Housing Survey data with DWP data (2012) at a national level, it is suggested that the number of households claiming is 66.3%[19] of the total number of claimants at a national level, to reflect the issue of multiple claimants. Applying this rate to the 43.4% figure quoted above would suggest that **28.8%** of High Peak households living in private rented accommodation are reliant to a greater or lesser extent on housing benefit.

9.15   By comparison, the British and Social Housing Foundation's report "*Who Lives in the Private Rented Sector*" (January 2013) indicates that on average 19% of

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[19]Calculated on the basis of dividing the total number of households claiming housing benefits and living in the private rented sector (987,647 in England in 2012/13, according to the EHS Annex Table 5) by the total number of housing benefit claimants living in the private rented sector (1,489,254 according to the DWP April 2013).

the total stock of private rented dwellings is benefit supported. It does, however, accept that this is likely to be an underestimation and that typically the figure has been around a quarter [page 30]. However, taking this lower figure on a precautionary basis, it could be suggested that **341** of the 1,794 annual private rented housing turnover (as at 2011) could be available as re-lets to households in receipt of Housing Benefit (517 based on the DWP data approach).

9.16   We are not suggesting that this figure of 341 should be 'netted off' the affordable housing requirements. For example, recent Government reforms to the benefits system, not least the payment of Universal credit to the tenant rather than the landlord, may increase risk to the latter's portfolio and therefore slow the rapid increase of the private rented accommodation recorded in recent years. Furthermore, it is not a designated form of affordable housing and may not be suitable for many households in need.

9.17   Nevertheless, it is important to recognise that the private rented sector plays a very significant role in helping households in constrained circumstances to meet their housing needs independently, and for addressing the slack between affordable housing need and provision. This is likely to continue for the foreseeable future.

9.18   The extent to which HPBC wishes to see this situation continue over the course of the Plan period is a policy intervention issue for the Council to consider, and one that is outwith the scope of this study.

Choices within Existing Affordable Housing Stock

9.19   Table 9.3 shows the number of bedrooms required by households on the Housing Register. Table 9.3 can be compared with Table 9.4 which shows the number of bedrooms in affordable dwellings which were let during 2012/13. The table suggests that households requiring only 1 bedroom are being housed in properties with more bedrooms. Conversely, the proportion of households requiring 3+ bedrooms is significantly lower than the proportion of properties with 3 or more bedrooms. This would suggest that additional smaller properties are needed, particularly 1-bed, within the affordable housing stock.

9.20   Following the imposition of the under-occupancy penalty, discussions with local RPs have suggested that there is now a very strong increase in demand for smaller properties, and specifically for 1 and 2 bed units, although this can also be partly explained by the increasing number of elderly and newly forming households. The demand for 3 bed properties in High Peak has declined substantially in recent months as a result of the potential financial penalties involved with under-occupation of social rented properties.

Table 9.3   Households on the Housing Register - Number of Bedrooms Required

No. of Bedrooms	High Peak (%)
1-bed	62.6%
2-bed	24.6%
3-bed	10.0%
4-bed	2.4%
5+ bed	0.4%
Total	100.0%

Source: Housing Register Quarterly Monitoring 2013

Table 9.4   Affordable Housing General Needs Lettings in 2010-12 - Number of Bedrooms in Property

No. of Bedrooms	High Peak (%) 2010	High Peak (%) 2011	High Peak (%) 2012
1-bed	46.6%	31.3%	47.6%
2-bed	38.3%	48.6%	35.2%
3-bed +	15.1%	20.1%	17.2%

Source: CORE Data 2010-12

Housing Requirement of Specific Groups in Need

9.21   Overall housing requirements are useful for considering the scale of need but the composition of that need is a further important consideration. In particular, different household groups have different needs and demands from their housing and therefore influence the housing market in different ways.

9.22   Incorporating the latest Census 2011 data, this SHMA presents analysis of tenure by household type, including analysis of household age and factors such as disability. Using data from the current Housing Register, the PopGroup Baseline projections and the Census 2011 key statistics, updated analysis of the housing requirements of specific groups has been therefore been undertaken.

9.23   The brief for the study requested that consideration should be given to the housing needs of the following groups (where the dataset is available).

1   Families with children;

2   Older people;

3   Households with specific needs such as disabled people;

4   Minority and hard to reach households;

5   Rural communities;

6   First time buyers and young people; and,

7   Key workers.

9.24   The analysis includes reference to the results of a Survey of RPs, which was carried out as part of the data gathering element of the SHMA work. Questionnaires were completed by Allocations Managers and Development Managers at the RPs. The questionnaire was drafted and prepared in conjunction with local authority officers. It is emphasised that reference to the results of the Survey of RPs reflects the opinions of respondents of the Survey and not necessarily the opinion of the authors of this report or High Peak Borough Council.

Household Types

9.25   The 2011 Census provides a breakdown of household composition as illustrated in Figure 9.1. This shows that the majority of households within High Peak are defined by the ONS as family units, mainly couples (married, co-habiting or same sex civil partnerships). Elderly households, where all occupants are aged 65+, comprise 22% of all households in High Peak.

Figure 9.1   Breakdown of Household Composition in High Peak 2011
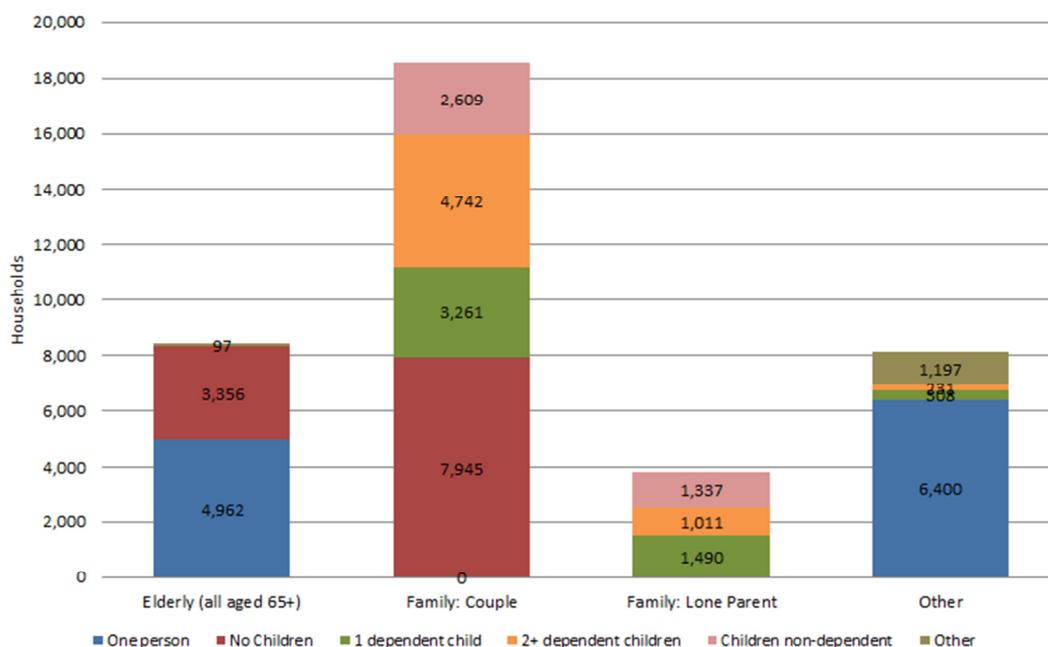
Source: Census 2011

9.26   Families with dependent children number over 10,000 of all households in High Peak (27% of all households), whilst families with non-dependent children total almost 3,950 households (10% of all households, similar to the national rate of 9.5%). Such families with non-dependent children will include young adults who still live at home with their parents and may be seeking to move out.

9.27   The remainder of this section of the SHMA analyses the future change in growth in different household types, demonstrating that smaller household types of one person/couple households (both younger and in elderly households) look set to account for the majority of future household growth in High Peak.

Families with Children

9.28   The National Planning Policy Framework recognises the importance of providing housing for families, especially those with children, in the context of creating mixed communities.

Demographics

9.29   NLP's PopGroup Baseline analysis has provided an indicative estimate of the likely future numbers of families with children in High Peak. This accords with the approach set out in the former CLG SHMA Guidance.

9.30   Table 9.5 shows the number (and proportion) of households with one or more children estimated to be living in High Peak in 2011. Table 9.5 also demonstrates how the number and proportion of families with children is projected to change by 2030. The number of families with children is likely to increase quite significantly in High Peak, by over 10% over the next twenty years, although as the number of households is projected to increase by 21% in the Borough over that time period, the proportion of households with children actually declines by 2031.

Table 9.5   Projected Change in the number of Households with Children 2011-2031

	2011		2031		Difference 2011-2031	
	Number	%	Number	%	Number	%
High Peak	10,625	27.3%	11,784	30.2%	+1,160	+10.9

Source: NLP PopGroup Baseline

9.31   Table 9.6 breaks the above figures down to identify how many of these households are expected to have 1 or 2 children, and how many 3 + children. It shows that the majority of households with children in 2031 are expected to have 1 or 2 children. The proportion of households comprising larger families (with 3 or more children) is projected to be lower than 4% of all households, with the vast majority comprising smaller family units. This is slightly down from 4.2% in 2011.

Table 9.6   Projected Number of Families with Children in 2031

	Families with 1 or 2 Children		Families with 3 + Children	
	Number	%	Number	%
High Peak	10,037	21.3%	1,747	3.7%

Source: NLP PopGroup Baseline

9.32   An analysis of the detailed figures suggests that although the number of families with children is expected to increase by over 10% over the next 20 years or so, the social shift towards smaller family sizes and single parents brining up children alone is expected to accelerate in High Peak – for example, the number of lone parent families with 1 dependent child is expected to increase by 57% between 2011 and 2031 in High Peak, whilst single parent

families supporting 3 or more dependent children is expected to increase by a substantial 64% over the same time period. In contrast, the number of households constituting a family comprising of a couple and three or more children is projected to decline by 4.1% between 2011 and 2021.

9.33 In terms of policy implications, it is important that the housing needs of these families are met, through the provision of sufficient, good quality family accommodation in sustainable locations. However, the provision of family housing should be balanced against the requirement for smaller housing to meet the needs of an ageing population with increasing numbers of single person households (see Section 10.0).

9.34 Although larger families will form only a relatively small proportion of the population as a whole, policy will still need to ensure that housing is available to meet the requirements of these households (for larger houses). Hence there is a need for properties of all types, with the provision of bungalows and smaller 1-bed properties alongside continued provision for larger family properties, although the general trend is still towards smaller 1/2 bed properties overall.

Housing Need Identified by the Housing Register

9.35 Table 9.7 presents the proportion of households with one or more children on High Peak's Housing Register. It should be noted that this does not take into account their ability to afford to access suitable market housing, due to the lack of available data.

Table 9.7   High Peak Housing Register – Families with children

Applicant Household Type	Number of Households	% of Total on Register
Family with 1 child	578	16.3%
Family with 2 children	418	11.8%
Family with 3 children	145	4.1%
Families with 4 or more children	71	2.0%
Single person household	1,739	49.0%
Couple	578	16.3%
Other	17	0.5%
TOTAL	3,546	100.0%

Source: Housing Register HPBC 2013

9.36 It is evident from Table 9.7 that the proportion of families with children who are seeking social housing, at 34.2% of all households on the Housing Register, is higher than might be expected given their representation in the 2011 Census for the Borough (at 27.3%).

Results of the Stakeholder Consultation

9.37 The results of the workshop, questionnaire and stakeholder meetings suggested that there is no apparent shortage of larger housing and/or housing suitable for families. It was considered that most three or four-bed properties are occupied but the demand for such properties has tapered off. It was suggested that the recently introduced 'under occupation penalty' (commonly known as the 'bedroom' tax') has highlighted that there is a mismatch between supply and demand. The greatest demand is for smaller properties but RPs are conscious that a change in Government could lead to the reversing of this trend. Some RPs are now building 1 bed apartments in blocks of 4, which could be converted back to a semi-detached property in the future if demand changed. Notwithstanding the above, it is noted that there is still a demand for larger family properties but to a lesser degree than has been experienced in previous years.

Older Person Households (Aged 65+)

Demographics

9.38 Table 9.8 presents the number of households headed by older people (aged 65+) estimated to be living in High Peak in 2011 as a proportion of the entire population. Table 9.8 also shows how the number of households headed by older people is projected to change by 2031. This is based on NLP's PopGroup Baseline analysis of population projections, incorporating the headship rates with the CLG's 2011-based (interim) household projections.

9.39 It is evident that both the number and proportion of such households is expected to increase in the Borough over the period to 2031. High Peak is projected to see a very significant proportionate increase in net additional elderly households, of 70% between 2011 and 2031 (+7,613).

Table 9.8   Projected Change in Number of Households headed by Older People (aged 65+) 2011-2031

	2011		2031		Difference 2011-2031	
	Number	%	Number	%	Number	%
High Peak	10,830	27.8%	18,443	38.7%	7,613	+70.3%

Source: NLP PopGroup Baseline

9.40 Table 9.9 breaks down the projected change in the number of households headed by a resident aged 65+ in 2031 to identify how many of these households are expected to be headed by a resident aged 65-84, and how many are headed by a resident aged 85 and over, who tend to need higher levels of care intervention and often have more specialised housing requirements as a consequence. It demonstrates that the proportion aged 85+ is likely to be significantly higher in High Peak than at present.

Table 9.9   Projected Number of Households headed by Older People (aged 65+) in High Peak Borough

High Peak	Aged 65-84		Aged 85 +	
	Number	% (of over 65s)	Number	% (of over 65s)
2011	9,486	87.6%	1,345	12.4%
2031	14,343	77.8%	4,100	22.2%

Source: NLP PopGroup Baseline

9.41   Furthermore, there is also the issue that the number of residents aged over 65 in the Borough is projected to rise at a much higher rate between 2011 and 2030 than for the rest of the population as a whole. In High Peak, the number of residents aged 65 and over is projected to increase by 12,357, or 78%, which is in stark contrast to the overall population growth of 14,773 residents (+16%). Furthermore, the figures are even more extreme when one considers the increase in the population aged over 85, with a growth of 3,968 residents in this age category to 5,965 (almost triple the current level of 1,997 residents aged 85+ in 2011).

9.42   The projected increase in older people (both in absolute and relative terms) is therefore striking and has a number of severe housing, health and social care service implications which must be planned for accordingly.

9.43   Housing implications include increased demand for both specialist accommodation for older people and for services and home adaptations to enable older people to remain 'at home' living independently. There will be a requirement for additional sheltered housing to meet this need or, potentially, greater provision of bungalows.

9.44   There will be a particular need to adapt existing stock to lifetime homes standards; and providing appropriate opportunities for elderly households to downsize where they may be under-occupying larger homes. This latter point is not one which a change can be brought about in the private market through local policy intervention, with many elderly households likely to choose to stay within larger properties. However, providing good quality alternative accommodation (e.g. retirement style housing schemes and Extra Care facilities) may incentivise elderly households to release equity and down-size.

9.45   The issue of under-occupation remains; hence there is a need to enable/encourage older people to downsize if possible (recognising the inherent problems of this, given that many people tend to prefer to stay in the 'family home' even though they may be better suited to moving to a smaller property). In addition to population growth, demand for services will also be influenced by changing attitudes to what comprises an acceptable quality of life amongst older generations and changing service provision.

Housing Need Identified by the Housing Register

9.46   Table 9.10 demonstrates that older households are less likely to consider that they are in need of moving into a social property than might be expected, given

their overall representation. The local Home Options choice-based Housing Register demonstrates a relatively modest level of housing need amongst the elderly in the Borough, where 19.1% of applicants in Bands A-D are aged over 60. This may indicate a lower level of dissatisfaction amongst older residents with their current accommodation, although it should be noted that the rate of elderly households in priority need (Bands A-C) rises slightly to 21.5% of the total.

Table 9.10   High Peak Housing Register Bands A-D – Older People

Applicant Age Band	Number of Households	% of Total on Register
Under 25	499	14.1%
Between 25 and 39	1305	36.8%
Between 40 and 49	652	18.4%
Between 50 and 59	414	11.7%
Aged 60 and Over	676	19.1%
TOTAL	3,546	100.0%

Source: Housing Register HPBC 2013

Results of the Stakeholder Consultation

9.47   The Stakeholder Consultation produced some interesting findings on the housing requirements of older people. It was noted that there was a significant commitment for Extra Care development in the County from past regimes. There have been significant levels of development over the past number of years across Derbyshire as a whole, although operators were now beginning to struggle to let all of the facilities.

9.48   Participants at the workshop event suggested that there was a need for additional bungalows in High Peak Borough generally, as older people may not necessarily need/want to move out into supported care. Providing additional bungalows in the Borough would also 'free up' larger, under-occupied properties when older people want to downsize.

9.49   One stakeholder spoke about the provision of sheltered accommodation for older people in the Borough and suggested that based on his experience, older people don't necessarily want to move into sheltered accommodation (and bed-sits in particular) and are keen to remain in their own home for as long as possible, adapted if necessary.

9.50   In summary, given the high growth in the number of elderly residents in High Peak Borough over the Plan period, there will be a number of severe housing, health and social care service implications which will raise difficult policy choices. In particular, the provision of sheltered accommodation to meet this high level of need will be a priority, although practical measures seeking to

reduce under-occupancy of larger homes and allowing elderly residents to stay in their own homes for longer through adaptations should also be explored.

Households with Specific Needs

9.51   Housing may need to be purpose built or adapted for households with specific needs, including people with disabilities.

9.52   The Disabled Housing Needs Study produced on behalf of the Nottinghamshire and Derbyshire Strategic Housing Local Authorities in September 2012[20] estimated that by 2015 between 383 and 608 households in High Peak Borough with a disabled member will be in unsuitable accommodation, and will require measures to be able to remain in their home or move to a suitable property. The high estimates of these forecasts indicate that by 2030, these will have increased to 833.

9.53   The Study suggested that whilst a proportion (between 7% and 15%) of the households will be able to pay for suitable adaptations themselves (or are able to find and afford an alternative property which meets their needs), there remains an undersupply of accommodation of different types and sizes and tenures available to meet the needs of people with physical disabilities. This shortfall could potentially be met by the provision of new homes.

9.54   The Study concluded that private sector provision being developed to meet the needs of disabled households should be mainly two-bedroomed bungalows:

"Affordable housing to meet the needs of disabled housing should be mainly two-bedroomed bungalows or flats, although provision also needs to be made for one-bedroomed and larger properties. It is not assessed here, whether/how the demands of people wanting a bungalow ideally, might be met through suitable, well-designed ground floor flats, although this may be necessary to consider in the light of financial constraints." [§18]

Demographics

9.55   ONS Census Data (2011) indicates that High Peak Borough has levels of limiting long-term illness which are above the regional and national averages. 18.1% of High Peak residents reported that their day-to-day activities were limited either 'a little' or 'a lot', compared to 18.6% at a regional, and 17.6% at a national, level. Similarly, 5.2% of High Peak residents reported themselves as being in 'bad' or 'very bad' health, which is broadly comparable with the East Midlands average and the England average (5.5%) as a whole.

9.56   It is emphasised that older people are more likely than average to suffer limiting long-term illness and disability. The previous section relating to the housing requirements of older people detailed the increasing number of older residents projected for High Peak. Thus, it is probable that the ageing population is likely to lead to greater rates of limiting long-term illness and

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[20]Ecorys and ConsultCIH for Nottinghamshire and Derbyshire Strategic Housing Local Authorities (September 2012): "*Disabled People's Housing Needs Study - An Assessment of the Housing Needs of People with Physical Disabilities. Local Report for High Peak Borough Council*"

disability, with associated requirements for appropriate housing provision and adaptations.

Housing Need Identified by the Housing Register

9.57   The local Home Options choice-based Housing Register demonstrates a relatively high level of housing need amongst households with special medical needs in the Borough, whereby 550 households were identified as needing to move due to a 'medium' category medical priority, with a further 16 needing to move due to an urgent medical priority. All of these households fall into the priority needs Bands A-C, and comprise 18.8% of the total number of households at this category level.

Results of the Stakeholder Consultation

9.58   RPs were asked whether there was a shortage of homes for people in different categories of specific need (e.g., housing for the blind, physically disables, mentally impaired etc.) In general, the participants indicated that there was a shortage of properties suitable for disabled people in the Borough. They could not quantify the numbers of people seeking such properties but respondents were keen to stress that it was an issue that needed addressing.

9.59   In geographical terms, it was suggested that there was a need for accommodation suitable for disabled people across the Borough. It was considered that there was no single area of High Peak in particular that they were aware of, where the need was more acute than in other parts of the Borough. This would appear to indicate that the need for such properties is generalised across the Borough as a whole.

Minority and Hard to Reach Households

Demographic

9.60   Black and Minority Ethnic [BME] households may have particular requirements in relation to housing needs, often reflecting different social norms and family structures.

9.61   According to the 2011 Census (Table 9.11) in Staffordshire Moorlands, 97.9% of the population is classified as being 'white' which is considerably higher than the equivalent figure at a regional (89.3%) and national (85.4%) level. The remaining 2.1% of the population comprises a wide range of ethnicities with a particular concentration in the mixed/multiple ethnic group which accounts for almost half of the remaining population.

Table 9.11 Population and Housing Register Bands A-D by Ethnicity

Ethnic Group		Staffordshire Moorlands			
		Ethnicity (Census 2011)		Total on Housing Register 2013	
White	English/Welsh/Scottish/ N. Irish/British	87,131	95.9%	3,086	96.50%
	Irish	596	0.7%	16	0.50%
	Gypsy or Irish Traveller	10	0.0%	1	0.03%
	Other White	1,217	1.3%	45	1.41%
Mixed/ multiple ethnic group	White & Black Caribbean	348	0.1%	8	0.25%
	White & Black African	113	0.1%	0	0.00%
	White & Asian	284	0.3%	1	0.03%
	Other Mixed	199	0.2%	5	0.16%
Asian/Asian British	Indian	148	0.2%	1	0.03%
	Pakistani	78	0.1%	5	0.16%
	Bangladeshi	10	0.0%	0	0.00%
	Chinese	228	0.3%	3	0.09%
	Other Asian	247	0.3%	2	0.06%
Black/ African/ Caribbean/Black British	African	87	0.1%	5	0.16%
	Caribbean	82	0.1%	5	0.16%
	Other Black	15	0.0%	3	0.09%
Other ethnic group	Arab	33	0.0%	0	0.00%
	Any other ethnic group	66	0.1%	12	0.38%
	Total	**90,892**		**3,198**	
	Refused/Did Not Say	-	-	348	-

Source: Census 2011 and Housing Register Bands A-D

9.62 Table 9.11 compares the ethnic profile of High Peak Borough's total population with the ethnic profile of the Housing Register (Bands A-D). Although imprecise, this analysis seeks to identify any ethnicities which may be disproportionately represented on the Housing Register, and therefore may provide an indication of particular problems accessing housing. In this respect, it would appear that there are no specific ethnic groups which are disproportionately represented. That said, a significant proportion of the Housing Register refused/did not state their ethnicity. If included, this could potentially alter the proportions in each category.

Results of the Stakeholder Consultation

9.63 The stakeholder consultation did not raise minority and hard to reach households as being a particular issue in High Peak Borough given the relatively small number of other ethnicities present. This can be seen in Table 9.11 whereby 96.5% of the people on the Housing Register are defined as 'British', whilst the percentage increases to 98.4% if Irish, Travellers and Other White ethnicities are included.

9.64   On the basis of this anecdotal evidence it would appear that the needs of minority and hard to reach households are being met by the existing social housing stock in High Peak.

Rural Communities

9.65   The Affordable Rural Housing Commission (ARHC) was set up in July 2005 to enquire into the scale, nature and implications of the shortage of affordable housing for rural communities in England and make recommendations to help address unmet need.

9.66   The ARHC identified a number of trends in rural communities:

1.   Inward migration of commuters, retirees and owners of second or holiday homes contributing to demand-led house price inflation;

2.   Right-to-buy has had a proportionally greater impact in reducing the stock of social housing in rural areas;

3.   Fewer new homes have been built to replace those sold in rural areas;

4.   Planning policies have prioritised the protection of the environment and limited the availability of land for market and affordable housing;

5.   While average earnings in rural areas match those elsewhere, the affluence of commuters and others masks the fact that many of the lowest paid wage-earners are employed in the rural economy and often face the highest and least affordable house prices.

9.67   It is also noted that there is growing pressure nationally to assess the housing needs of rural communities, as a separate and distinct study from more broad based housing needs assessment and this is now reflected in the Practice Guidance.

Results of the Stakeholder Consultation

9.68   Given the geography of High Peak, meeting the housing needs of rural communities remains a particular area of concern for HPBC. The stakeholders indicated that there have been many anecdotal instances of households in rural areas not applying for a place on the Housing Register as they considered that their chances of getting a place close by to where they reside at present (i.e. in the rural parts of High Peak Borough) is slim.

9.69   One participant suggested that the affordability of dwellings in the outlying rural areas was a considerable issue and younger people are unable to attain dwellings in rural areas. This appears to be borne out in the affordability assessment presented earlier in this report, whereby Lower Quartile house prices in the High Peak Rural sub-areas are around £181,250 compared to £107,875 for the Borough as a whole, thus requiring an income level of £51,786 assuming a 3.5 times income multiplier, which is clearly unaffordable for the vast majority of newly forming households without assistance on the part of family members/friends.

First Time Buyers and Young People

9.70   The number of family households with non-dependent children still living at home in High Peak Borough highlights the difficulties faced by young people in accessing housing. Ineligibility for social housing, lower household incomes and the unaffordability of owner occupation for such groups are common factors that apply to High Peak as they do elsewhere in England.

9.71   Earlier sections of this report have focussed on the affordability for households seeking to access market housing (to rent or buy). This identified that newly forming households generally have lower incomes than the average population (equating to around 66% of the total income of the average household according to the Survey of English Housing). A proportion of these newly forming households with lower incomes comprise young people seeking to leave their parental home to establish a new household. Younger people also have had less opportunities than older households (who may also have equity in their existing house) to accumulate the wealth required in order to afford a deposit for a house purchase.

9.72   The particular problems faced by young people with aspirations to access home ownership are a high-profile concern nationally and the Government has introduced various schemes with the aim of contributing to tackling the issue. Although house prices have reduced in recent years (compared to the peak in 2007-08), the requirements of mortgage providers have become more stringent, including less availability of mortgages at a high loan to value ratio.

9.73   Private sector renting provides a significant tenure for young people and provides particular benefits for this age group such as flexibility to move home relatively easily. However, private rented accommodation may be considered by some as a 'gateway tenure' for households with aspirations for home ownership and the associated benefits such as security of tenure. It is noted that the private rented sector forms a smaller proportion of the housing stock in the authority (13.4% of households rent privately in High Peak Borough, compared to an average for the East Midlands of 14.9% and 16.7% nationally[21]).

Demographics

9.74   Table 9.12 presents the number of households headed by younger people (aged 24 and under) estimated to be living in High Peak as a proportion of all households, and how this is projected to change over the Plan period. It is evident that the proportion of households headed by a resident aged 24 or younger is low, at less than 3%, with this staying at a relatively constant level over the plan period.

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[21] Census 2011: Tenure - Households, 2011 (QS405EW)

Table 9.12 Projected Change in Number of Households headed by Younger People (aged 15-24) 2011-2031

	2011		2031		Difference 2011-2031	
	No.	%	No.	%	No.	%
High Peak	959	2.5%	1,134	2.4%	+175	0%

Source: NLP PopGroup Baseline

Housing Need Identified by the Housing Register

9.75   Table 9.13 demonstrates that young households are far more likely to consider that they are in need of moving into a social property than might be expected, given their overall representation. The local choice-based Housing Register demonstrates a relatively modest level of housing need amongst younger people in the Borough, where 14.1% of applicants in Bands A-D are aged under 25. This may indicate a much higher level of dissatisfaction amongst younger residents with their current accommodation.

Table 9.13 High Peak Housing Register Bands A-D – Younger Households

Applicant Age Band	Number of Households	% of Total on Register
Under 25	499	14.1%
TOTAL	3,546	100.0%

Source: Housing Register HPBC 2013

Results of the Stakeholder Consultation

9.76   The stakeholders were asked for their thoughts regarding the shortage of dwellings suitable for first time buyers in High Peak. The participants indicated that there were affordability issues across the local authority area. Furthermore, access to mortgage finance and a suitable deposit was seen as another obstacle to getting on the property ladder for first time buyers.

9.77   The participants did not indicate that any particular areas were affected more than any others, and it was implied that the issues were Borough-wide. In relation to the size of property required, the general consensus was that first time buyers generally require smaller properties, and that these were in relatively short supply.

9.78   The feedback received from the stakeholder workshops would appear to indicate that the introduction of the 'under occupation' penalty through welfare reform may create further pressure on supply in many areas of High Peak Borough. However, coupled with this, the lack of mortgage availability and suitable deposits is still preventing people from accessing the property ladder.

Key Workers

Results of the Stakeholder Consultation

9.79 Feedback from stakeholders on Key Workers in High Peak was very limited. Most RPs were not aware of any specific issues surrounding Key Workers.

9.80 However, the Derbyshire Dales & High Peak Joint Housing Needs Survey 2006[22] involved a detailed review of the housing needs of key workers. The report noted that a significant number of firms had difficulty recruiting skilled labour from within the Peak sub-region. The low wages paid to skilled, clerical and middle management priced many key workers out of the housing market and forced them to travel from outside the sub-region. All employers interviewed as part of the Survey stated that house prices in their place of work were far too high for their middle management staff and below to afford. The consultants estimated that, apart from senior managers, most key workers would be likely to struggle to afford modest 1 and 2 bedroom homes.

9.81 Employers in Glossop, Buxton and Hayfield stated that house prices[23] were beyond the range of many key workers:

"Finding a more moderately priced house in another town often entails additional travel costs. The household survey estimated that 627 households contained a key worker who had moved away in the last 5 years because they could not find affordable housing locally and 90% of these stated that the person would move back if affordable housing was available to them."

9.82 The Study advised, on the basis of the survey evidence, the provision of 65 affordable homes annually for key workers over the next 5 years, with specific targets for key worker housing of 38% social rent and 62% intermediate housing.

Bring the Evidence Together

9.83 There are a range of housing requirements which are specific to certain groups in High Peak. In particular, the area faces significant growth in the number of elderly households and this will commensurately increase the need for both housing to accommodate such households, as well as potentially residential care solutions.

9.84 Housing needs for households with specific needs suggests that there is a shortage of suitably adapted vacancies for people who have physical disabilities.

9.85 There appears to be an issue relating to sufficient supply of housing for first time buyers and young people and there are considerable barriers to the market for these people in terms of lack of available mortgage finance and high prices in areas where people would like to live.

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[22]John Herington Associates (2007): Derbyshire Dales & High Peak Joint Housing Needs Survey 2006
[23] It should be noted that the HNS was undertaken at the height of the market; house prices are likely to be lower at the time of writing (April 2014)

Core Output: Household groups with particular housing requirements.

Families with Children:

Whilst the proportion of households which are families with children is expected to decline, the number of households with children will remain high. It will be important to ensure that the housing needs of these families are met, through the provision of sufficient, good quality family accommodation in sustainable locations. There is a need for properties of all types, although the general trend is still towards smaller 1/2 bed properties overall.

Older People:

The very considerable growth in the number of elderly households in High Peak Borough will need particular consideration in the types of new housing brought forward.

Households with specific needs such as disabled people:

There is a clear need for properties that can be adapted to suit their occupant across the authority area.

Minority and hard to reach households:

The vast majority of the population in High Peak, and commensurately the majority of the Housing Register, classifies themselves as 'white British', and there is a particularly small percentage of ethnic groups. No considerable barriers to the High Peak housing market for minority groups were identified.

Rural Communities:

Residents in rural areas were much less likely to apply for a place on the Council's Housing Register given the limited supply of units becoming available in rural parts of the Borough. Stakeholders considered that there remained a strong demand for housing in rural areas and an overall shortage of social rented stock, with much lower stock turnover compared to the urban areas of the Borough.

First time buyers and young people:

The proportion of households headed by a resident aged 24 or under is projected to increase over time in the Borough and the particular problems faced by young people with aspirations to access home ownership is likely to continue for the foreseeable future. At present, the private rented sector is a key tenure for young households looking to live independently, but the percentage of the stock being used for the purposes of private rent is lower than the regional and national average. This may also have effects on young people trying to establish a household. It is considered that the largest obstacle to young people is the availability of mortgage finance and an adequate deposit.

Key Workers:

It was generally considered by stakeholders that there were few specific issues surrounding Key Workers and their ability to access either social or market housing in the Borough. However, earlier survey work undertaken in 2006/07 suggested that high house prices in High Peak were forcing many key workers on lower pay scales to live outside of the Borough and commute in.

10.0 # **Key Issues for Future Policy**

Introduction

10.1 This analysis draws upon what has proceeded and considers the implications of future policy changes on the delivery of affordable housing and particularly the impact of changes in housing costs. It also examines affordable housing requirement as a proportion of overall supply and the tenure mix.

Impact of Changes in House Prices and Market Rents

10.2 This section of the report applies sensitivity testing to examine the impacts on affordability of an increase or decrease in housing costs. A range of scenarios are tested as follows:

1 Land Registry data on house prices (2012/2013);

2 Current (2013) market rents (used in the affordable housing model at Sections 6.0 and 7.0 of this report);

3 5% and 10% increase in house prices;

4 5% and 10% decrease in house prices;

5 5% and 10% increase in market rents, and,

6 5% and 10% decrease in market rents.

10.3 Table 10.1 and Table 10.2 show the proportions of households in each Sub-Area which are estimated to be unable to afford access to market housing. Table 10.1 shows the affordability of existing households (used in steps 1.4 and 2.3 of the affordable housing model) and Table 10.2 shows the affordability of newly forming households, who generally have lower incomes (used in Step 2.2 of the model). As outlined previously, the higher monthly costs of buying a property rather than renting in most areas means that a higher proportion of households are unable to buy than the proportion unable to rent in all of the areas. Housing affordability appears to be a particular problem in Buxton and the surrounding rural areas of High Peak.

10.4 As might be expected:

1 An increase in housing prices or rental levels results in a corresponding increase in the percentage of households unable to afford access to market housing; and,

2 A decrease in housing costs causes the percentage of households unable to afford access to market housing to decrease accordingly.

Table 10.1   Affordability Test Results – Proportion of **Existing** Households Unable to Afford LQ Market Housing

% Unable to Buy/Rent Lower Quartile House:	High Peak Borough				
	ALL	**Buxton**	**Central Area**	**Glossop**	**High Peak Rural**
% Unable to BUY	**75.6%**	**81.2%**	**75.2%**	**69.4%**	**81.4%**
…with 5% increase	77.0%	82.4%	76.8%	73.0%	84.6%
…with 10% increase	78.4%	83.6%	78.4%	76.5%	87.8%
…with 5% decrease	72.9%	79.7%	73.5%	65.9%	78.5%
…with 10% decrease	68.7%	75.6%	71.1%	62.1%	76.2%
% Unable to RENT	**53.9%**	**45.7%**	**53.2%**	**58.2%**	**45.8%**
…with 5% increase	57.7%	49.8%	57.5%	61.8%	49.2%
…with 10% increase	61.5%	53.2%	61.0%	65.1%	52.7%
…with 5% decrease	50.0%	41.4%	48.9%	54.6%	42.1%
…with 10% decrease	46.2%	37.2%	44.6%	51.0%	38.3%

Source: Land Registry Data (2013), Rightmove (2013), Experian Income Data (2013)

Table 10.2   Affordability Test Results – Proportion of **Newly Forming** Households Unable to Afford LQ Market Housing

% Unable to Buy/Rent Lower Quartile House:	High Peak Borough				
	ALL	**Buxton**	**Central Area**	**Glossop**	**High Peak Rural**
% Unable to BUY	**87.8%**	**91.2%**	**88.7%**	**86.0%**	**99.1%**
…with 5% increase	89.1%	92.2%	90.6%	87.1%	99.2%
…with 10% increase	92.0%	93.6%	92.6%	88.2%	99.2%
…with 5% decrease	86.5%	90.2%	87.1%	84.8%	99.1%
…with 10% decrease	85.2%	89.2%	85.5%	83.0%	97.1%
% Unable to RENT	**79.2%**	**78.2%**	**78.5%**	**81.3%**	**68.7%**
…with 5% increase	80.8%	80.7%	80.3%	82.9%	70.8%
…with 10% increase	82.3%	81.8%	82.1%	84.4%	72.5%
…with 5% decrease	77.6%	74.3%	76.7%	79.8%	66.4%
…with 10% decrease	76.0%	70.5%	74.9%	78.3%	64.0%

Source: Land Registry Data (2013), Experian Income Data (2013)

10.5   The results of the above affordability calculation (based upon higher and lower housing costs) have been inputted into the affordable housing model to enable an assessment to be made of the impact of changes in market rents on the net affordable housing requirement. The findings are set out in Table 10.3, which

demonstrates the significant impact which relatively minor changes in house prices/rental levels would have on affordable housing requirements.

Table 10.3   Net Annual Housing Need - with changes in market prices/rents

High Peak	Net Household Formation Approach	Gross Household Formation Approach
Current (2013) Lower Quartile House Prices	**564**	**954**
…with 5% increase	570	966
…with 10% increase	582	991
…with 5% decrease	558	943
…with 10% decrease	553	931
Current (2013) Lower Quartile Rents	**526**	**878**
…with 5% increase	533	892
…with 10% increase	540	906
…with 5% decrease	519	864
…with 10% decrease	513	851

Impact of the Affordable Rents Model

10.6   The Government introduced a new Affordable Rent Model in April 2011 as part of its spending review. Affordable Rent offers shorter term tenancies at a rent higher than social rent. This is set at up to 80% of local market rent.

10.7   It is the Government's intention that the additional rental income will contribute to the delivery of 150,000 new affordable homes over the period 2011-15. However, the earlier October 2010 Spending Review also announced a reduction in the capital funding available to 2014/15 for the development of new social housing to £4.5bn (down from £8.4bn). Concerns have been expressed by some that the new arrangements could reduce the number of affordable homes that can be delivered. Concerns have also been expressed over the affordability of the increased rents and the associated increased role of benefits to fill the gap created.

10.8   The Government's recommendations have been broadly welcomed by many RPs. There are new opportunities to better manage their assets and to tailor tenancies and rent levels to more accurately meet their needs. However, the structure of the new system also means that in areas where private rents are low, social housing currently offers close to - or greater than - 80% of market rents. For these places, there will be little or no increase in subsidy. This means that there will be very little additional money available with which to build new homes in some parts of the country.

10.9   The purpose of this section of the report is to examine the anticipated positive and negative impacts of the affordable rent model. This report only focuses on

affordability aspects; it does not consider other impacts of the affordable rent model.

10.10 In addition, the potential opportunities for utilising affordable rent housing as part of a recommended tenure split for future affordable housing supply are explored later in this report (under the heading Suggested Affordable Housing Requirements).

Suggested Affordable Housing Requirements

10.11 Table 10.4 shows the changes to rental levels by comparing current social rents with 80% of market rents. This does not take into account variations of income/rent levels in different locations within High Peak. However, the calculation is useful in broadly demonstrating the extent to which affordable rent levels (on average) at 80% of market rent, compared with the cost of social rent. It shows significant differences between social and 80% market rents, with the latter around 22% higher.

10.12 The Tables below compare the differences between current social rents and 80% market rents by property size. These tables show that although social rent is lower than affordable rents (80% market rent) for all property sizes in High Peak, the difference is particularly pronounced for larger properties. For example, the analysis indicates that for 2/3 bedroom properties, average rents are around 41% higher than equivalent social rented properties in High Peak, whilst the difference for 1-bedroom properties is only 13%.

Table 10.4 Difference between Current Social Rents and 80% Market Rent - Overall Average

Overall Average			
District	Social Rents (Average)	80% Market Rents (Lower Quartile)	Difference
High Peak	£311	£380	+£69 (22.2%)

Table 10.5 1 Bedroom Properties - Difference between Current Social Rent and 80% Market Rents

1-Bedroom Properties			
District	Social Rents (Average)	80% Market Rents (Lower Quartile)	Difference
High Peak	£297	£335	+£38 (12.8%)

Table 10.6 2/3 Bedroom Properties - Difference between Current Social Rents and 80% Market Rents

2/3-Bedroom Properties			
District	Social Rents (Average)	80% Market Rents (Lower Quartile)	Difference
High Peak	£319	£451	+£132 (41.4%)

Source: CORE DATA (2013) and Rightmove (2013)

Comparing Rent with Household Income

10.13   Figure 10.1 draws together the information on rent differences with Experian household income band data for the general population (i.e. all households who live in High Peak). They show the number of households in each of the income bands within the Local Authority. The orange vertical line shows the income required to afford existing social rents (average: £14,930) and the blue vertical line shows the income required to afford 80% of lower quartile market rents (average: £18,240). This assumes that up to 25% of gross household income is spent on rent. Thus, any households to the left of the vertical lines would need to pay more than 25% of their income on rent or require the receipt of benefits.

Figure 10.1 High Peak Affordability

■ HIGH PEAK TOTAL
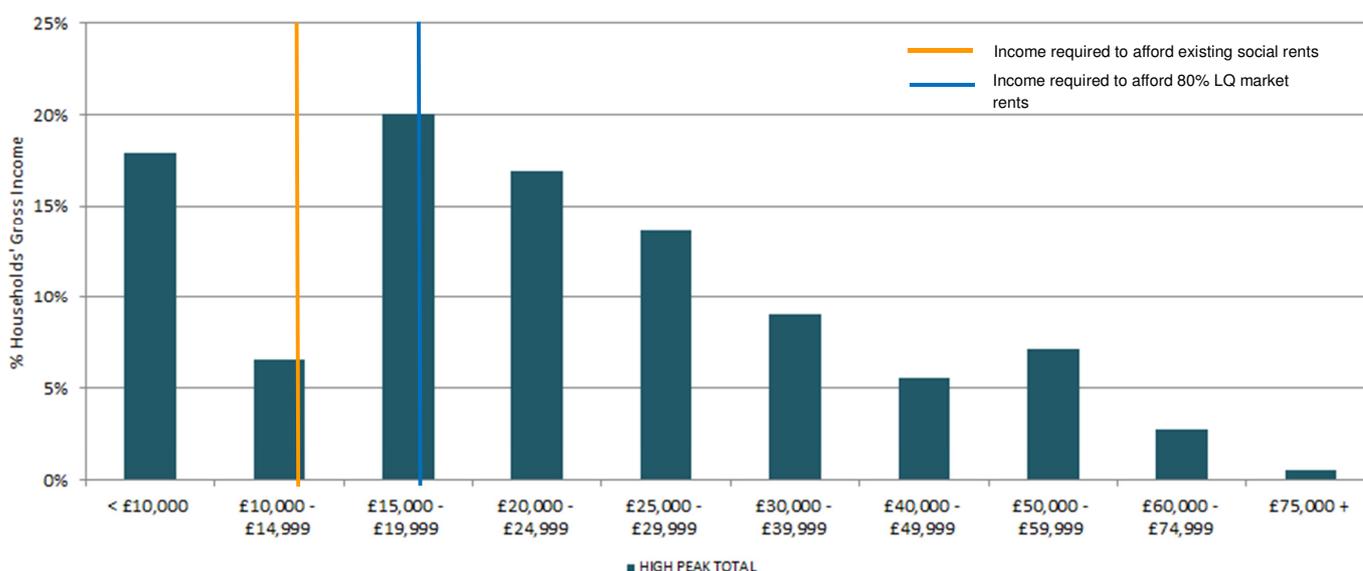
Source: Experian (2013), CORE, Rightmove (2013)

Affordability of existing and newly forming households

10.14   The above information relates to the general (existing) population. However, the affordable housing calculation (Section 7.0) explained how the incomes of newly forming households are generally lower than that of the general population. This is reflected in Figure 10.2, which contrasts the percentage of existing and newly forming households unable to afford existing social renting and 80% market rent. There is a huge difference between the number of existing and new households that can afford either affordable or social rented accommodation due to the substantial drop in income estimated for the latter group.

10.15   There remains a very substantial difference between the ability of existing and newly forming households to afford either social or affordable rent. Indeed, it appears that:

1   24% of existing households and 54% of newly forming households

cannot afford existing social rent; and,

2   Some 37% of existing households and 69% of newly forming households in High Peak cannot afford 80% LQ market rent.

Figure 10.2 % of Existing/Newly Forming Households Unable to Afford Existing Social Rent or 80% LQ Market Rent
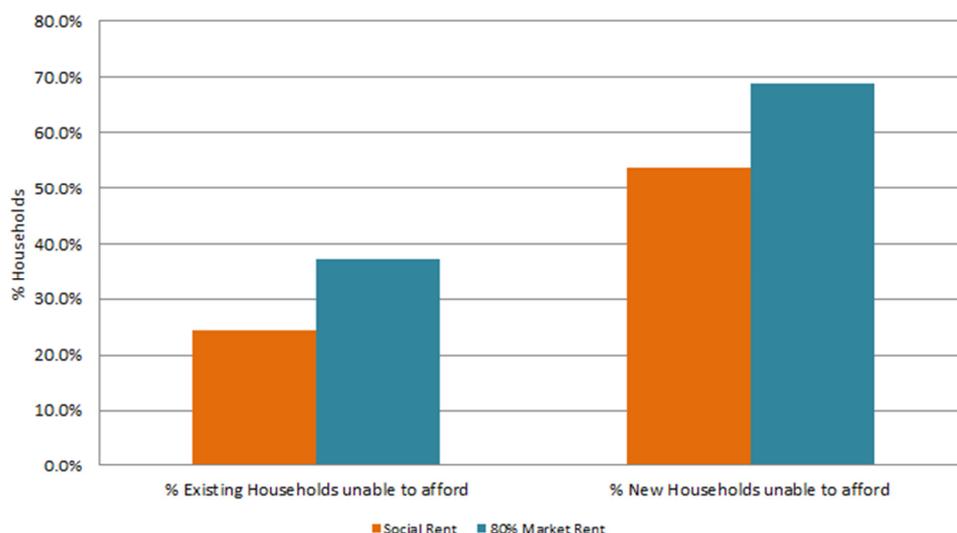
Source: Experian 2013, CORE 2013, Rightmove 2013

10.16   The income data used to inform this analysis does not take into account benefits received by households (including Housing Benefit). The analysis suggests that the proportion of households receiving Housing Benefit as part of the all-encompassing Universal Credit, could rise significantly with rents for new properties set at 80% of market rents, due to the relatively high price of the latter.

Proportion of Housing to be Affordable

10.17   An overall housing requirement has been identified (Section 6.0) of **420-470 dpa for High Peak Borough,** equivalent to 8,400 to 9,400 additional dwellings over the plan period 2011 to 2031.

10.18   An affordable housing requirement has been identified (Section 9.0) of 878 dpa based on the gross household formation approach, or 526 dpa over five years based on the net household formation comparator approach.

10.19   An assessment of the amount of net annual affordable housing need identified for the Borough as a proportion of the total housing requirement suggests that, in quantitative terms at least, and based on the net household formation approach, theoretically High Peak would need between 112%-125% of its total annual housing requirement to comprise social housing if it is to meet all of its affordable housing need (for the first five years).

10.20   The 878 gross household formation calculation is significantly higher than the figure quoted for the wider Peak Sub-Region in the previous 2008 SHMA covering High Peak Borough, which identified a requirement of 604-752 dpa

and considered that a target upwards of 30% of new-build housing being affordable would be appropriate.

Policy Advice

Ultimately, the affordable housing target to be established by High Peak Borough Council is a decision to be made through the Local Plan. The Council will need to establish a balance between housing need requirements and viability of delivery. The study has demonstrated that the quantitative need for affordable housing is high, particularly using the gross household formation approach, at almost **880 dpa**. However, this does not take into account the continued ability of the Private Rented Sector to accommodate households in need, which in practice occurs through the payment of housing benefit.

The Government's Planning Practice Guidance states that the total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing 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.*' [§2a-029-20140306]

However, there remains a clear requirement to balance the need to boost the delivery of affordable housing against viability concerns for parts of High Peak Borough.

The current adopted Local Plan for High Peak Borough (2005) seeks an affordable housing provision of 30% provision on site areas of 0.5 ha and over or 15 units or more in the relevant areas. Due to the high level of affordable housing need identified in this SHMA, it is suggested that this 30% threshold should be the absolute **minimum** sought on viable sites, and that a higher figure should be considered by the Council subject to viability testing on delivery.

This does not include any allowance for the private rented sector to make up some of the shortfall, although it is recognised that it plays a very significant role in helping High Peak households in constrained circumstances to meet their housing needs independently, and for addressing the slack between affordable housing need and provision. This is likely to continue for the foreseeable future.

It is stressed that the deliverability of the indicative 30% minimum target has not been tested in this SHMA, and it is recognised that such a level of affordable housing may be challenging to deliver on some sites in the Borough. It will be for HPBC to **undertake further housing viability work** to test the extent to which this target can realistically be achieved in the current economic climate, or the extent to which it aligns with other policy objectives.

In this regard, it should be noted that the 2010 Affordable Housing Viability Study concluded that at current market values and costs a minimum of 25%

> should be affordable in High Peak on sites of 5-24 units. Elsewhere there should be 30% of affordable housing on sites of more than 25 dwellings [para 4.15].

Suggested Affordable Housing Split

10.21   An assessment has also been undertaken to establish a suggested split between social rent, affordable rent and intermediate affordable housing. Again, the targets to be established are a policy decision for HPBC to make through its Local Plan formulation process.

10.22   This assessment has been undertaken by examining the interaction between housing costs and household income. The suggested tenure split has been informed by our analysis of the ability of households with insufficient income to access market housing to afford different types of affordable housing.

10.23   Housing costs have been examined by looking at the following sources:

1   **Social rent levels**: CORE data.

2   **Intermediate housing costs**: CORE data setting out the market value of shared-ownership purchases has been assessed. Indicative monthly housing costs have been identified using lower-quartile market values and based on the purchaser buying a 50% equity share in the property. Monthly mortgage costs are calculated based on 4% interest rate mortgage on the 50% equity. Rent levels are calculated on the basis that 3% of the equity retained by the RP is paid per year. For example, for a typical LQ property in High Peak valued at £107,875, where 50% is rented, rental costs are assumed to be £5,071 per year, or £423 per month.

3   **Private rent levels**: Rightmove data on advertised rents, cross-checked against VOA data.

4   **Affordable Rent levels**: (assuming affordable rent is at 80% market rents): 80% of private rented costs.

10.24   This has identified average housing costs, which are set out in Table 10.7.

Table 10.7   Monthly Rents and Costs

	Intermediate shared ownership (50% equity)	Affordable Rent (80% market rent)	Social Rent (average)	Lower Quartile Private Rent	LQ Home Ownership (10% deposit)[24]
High Peak	£423	£380	£311	£475	£518

Source: CORE (2013), Land Registry 2013 and Rightmove (2013)

10.25   Information on household income has been obtained from Experian data, which estimates the number of households with a household income in each of ten different income bands. The income data used to inform this analysis does

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[24] Calculated on the basis of a 10% deposit for a typical Lower Quartile house in High Peak, at an interest rate of 4% over 25 years

not take into account benefits received by households (including Housing Benefit).

10.26   The analysis then seeks to estimate the number of households unable to afford market housing. This assumes that a household does not spend more than 25% of their income on rent (or for intermediate properties, combined mortgage/rent payments). Thus, to afford a lower quartile private rented monthly rent of £475, a household would require a yearly income of £22,800; 80% market rent would require an income of £18,240; to afford intermediate a household income of £20,283 would be required; and to afford social rent, a household would need a household income of £14,930.

10.27   In total, it is estimated that around 22,205 households cannot afford private rent, which would equate to around 54% of all households in the Borough.

10.28   The analysis has enabled an estimate to be made of the proportion of households in each area with insufficient income to afford market rent and therefore requiring affordable housing. The analysis at Figure 10.3 relates specifically to households unable to afford to access the private-rented market housing (i.e. households in need of affordable housing). It shows the proportion of these households:

1   Unable to afford social rent;

2   Able to afford social rent, but not affordable rent;

3   Able to afford 80% of the cost of market housing but not intermediate housing;

4   Able to afford intermediate housing but not private rent without benefits.

Figure 10.3 Existing Households Unable to Access Private Rented Accommodation – Affordability
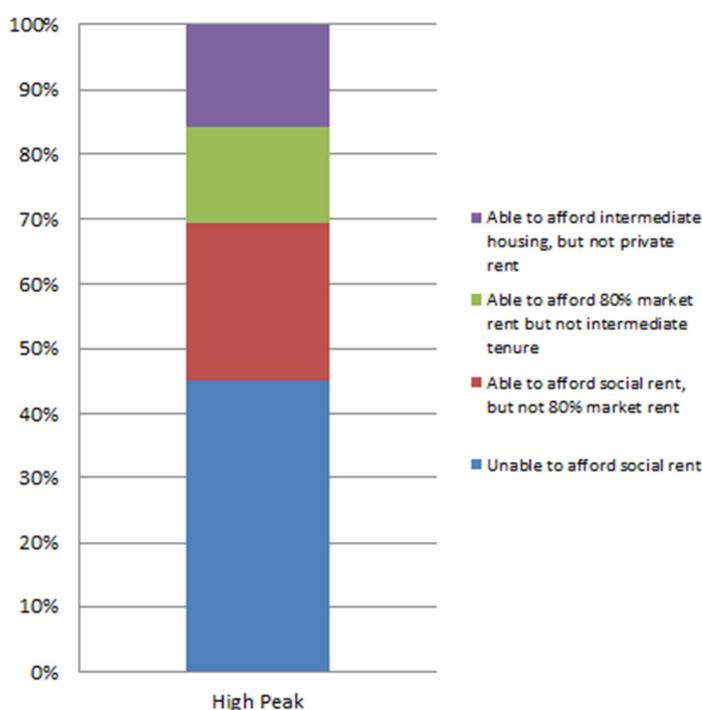
Source: Experian, CORE, Rightmove 2013

10.29   The suggested percentage split at Table 10.8 reflects the ability of households requiring affordable housing to afford the different affordable housing tenures (social rent, affordable rent and intermediate) as identified by the affordability calculation. This is indicated by Figure 10.3, which shows:

1   Of the estimated 22,205 households in High Peak Borough who cannot afford to enter the private market for housing without some form of subsidy, 45% have such low household incomes that they cannot even afford the basic level of social rented accommodation. These households cannot access even the most affordable type of housing without assistance from the state in the form of additional benefit payments to cover the difference. A further 24% can afford social rent, but not affordable rent. It is considered that these households are most appropriately housed in social/affordable rent housing with the support of benefit payments to cover the difference in rent.

2   Furthermore, an additional 15% of these households can afford affordable/social rent, but not intermediate housing;

3   The proportion of households in need of affordable housing who are able to afford intermediate housing (without benefits) but not private rented housing is 16%.

10.30   The recommended percentage split for social rent/affordable rent/intermediate affordable housing (based on the identified net requirements) is set out in Table 10.8.

10.31   This is based on the analysis above and the progressive move at a national level away from social rented towards affordable rented tenure provision.

10.32   For example, 45% of households cannot afford any form of housing (whether it is social rented or private) without any form of housing subsidy, whilst a further 24% can afford social rented properties but not any other form of tenure. In theory, therefore, almost three quarters of the affordable properties should be targeted towards meeting this need. A further 15% can afford affordable and social rent, but not intermediate housing.

10.33   As noted above, the Government has introduced measures to facilitate the provision of affordable rented properties at the expense of social rented dwellings. There is therefore a need to rebalance the stock to reflect this shift.

10.34   In addition, as 45% of these households cannot afford even social rented accommodation, a significant proportion will be reliant on housing benefit to meet their housing needs, which would be paid out to households whether they are in social rented or affordable rented properties.

10.35   Hence it was considered that around 30% of the affordable properties should be social rented, with 50% affordable rented.

10.36   It is recognised that the financing of social rented accommodation is becoming increasingly difficult, as funding streams to RPs are more constrained for this

form of tenure. In addition, social rented accommodation is the most expensive form of affordable tenure for housebuilders to provide as it requires a greater subsidy from the developer.

10.37   As a consequence, the Council will need to consider the delivery implications of the social/affordable renting tenure split in formulating their policy. If the provision of social rent adversely affects viability, and thereby the overall provision of affordable housing units, the proportion of social rented accommodation may need to be reduced accordingly. This is a policy choice which the Council will need to consider carefully.

Table 10.8   Suggested Social Rent/Intermediate Affordable Housing Split

	High Peak
Net Annual Affordable Housing Need (gross household formation approach)	878
Net Annual Affordable Housing Need (net household formation approach)	526
% Social Rented	30%
% Affordable Rented	50%
% Intermediate Tenure	20%

10.38   In justifying the remaining 20% of affordable housing to comprise intermediate tenure, it is recognised that this represents a slight uplift on the 16% identified in Figure 10.3 as being the proportion who can afford intermediate housing, but not private rent. The above recommended split has been based upon an assessment of the affordability of households in need for different forms of affordable housing. Policy choices on the delivery of affordable housing will need to balance affordability against the deliverability of social rented, affordable rented and intermediate tenures (intermediate being generally cheaper to deliver per unit than social rented and affordable rent offering a new choice and opportunity for delivery).

10.39   It is accepted that there has been relatively limited use of intermediate tenure property in High Peak. However, it is a relatively cheap form of affordable tenure (see Figure 10.3) and offers significant benefits to the occupants by providing them with a financial stake in the property. In addition, this tenure is often preferred by housebuilders as it is cheaper to deliver and does not have an impact on the marketability of the adjacent open market housing.

10.40   In these circumstances, it will require a shift in delivery and the Council/RPs to market this form of tenure to demonstrate its benefits to future residents but it has the potential of providing an attractive and more viable form of affordable housing to meet local needs.

10.41   The amount of income from affordable housing varies depending on the type of tenure proposed. This is not generally related to the costs of building the dwelling (although the specification may be slightly higher for intermediate rather than social rent) but to the sale price to Registered Providers [RPs]. RPs are generally able to pay more for intermediate stock because of they

receive part of the purchase price and market rent from the future occupier. This means that housebuilders receive a premium for this type of tenure which assists the viability of the development as a whole. In addition, housebuilders are often able to make a greater provision of intermediate housing due to the reduced implications on market sales and the higher premium from RPs. This form of tenure also provides tenants part ownership of their property which helps first time buyers to enter the property market.

10.42 Housebuilders determine the affordable housing they prefer to provide based on the financial implications for the development. In particular, housebuilders prefer to provide intermediate housing because there is less market resistance amongst house purchasers to buy houses next to intermediate tenures; indeed much of the concern over social housing relates to the implications for house sales nearby. As a consequence, the plots adjacent to the affordable housing units are generally sold at a discount with the greatest discount reserved for those properties close to social rented accommodation.

10.43 It is noted that this analysis has been undertaken before all of the affordability and deliverability implications of the new affordable rent tenure have become apparent. It is of note that the analysis carried out for this report assumed affordable rents based on 80% of current market rents. The emerging role of affordable rent will require close monitoring and if new evidence emerges on the affordability impacts of affordable rent properties then the recommended tenure split between social rent and affordable rent housing may require amendment. As mentioned above, policy decisions on the required split between social rent and affordable rent provision should also take into account the comparative deliverability of affordable rent and social rent housing.

Conclusions

10.44 Sensitivity testing has been undertaken to examine the impacts on net affordable housing requirements of an increase or reduction in housing costs. It demonstrates the significant impact which a relatively minor change in rental levels would have on affordable housing requirements. This reinforces the importance of monitoring the situation and updating the affordable housing calculation if significant changes in the costs of market housing occur.

10.45 This section of the report has also examined affordable housing requirements as a proportion of overall supply. It notes that the housing needs model implies that in quantitative terms at least, theoretically affordable housing targets of over 100% would be needed if High Peak were to meet all of its affordable housing need, which is clearly impractical.

10.46 The suggested range has sought to balance the need to boost the delivery of affordable housing set against viability concerns for parts of High Peak in order to provide an ambitious, but ultimately realistic, level of affordable housing provision in the Borough.

Policy Advice

An assessment has been undertaken of the split required between social rent, affordable rent and intermediate housing. Affordable housing targets are a policy decision to be made through the Local Plan. However, the following indicative percentage split for affordable housing has been identified by this report (bearing in mind that there is very limited difference between the cost of affordable rent and intermediate tenure in the Borough):

- High Peak: 30% Social Rented: 50% Affordable Rented: 20% Intermediate.

It is recommended that HPBC takes a flexible approach to affordable housing requirements when dealing with housing applications in the Borough, as the lower level of housing viability in certain urban parts of the Borough could be compromised by an excessive affordable housing requirement. This applies not only to the amount of affordable housing to be provided, but also the tenure type, with social rented accommodation generally being less profitable for a volume house builder than intermediate, or shared, ownership. Therefore in weighing the amount of affordable housing to be provided, the LPA should treat each case on its merits.

It is acknowledged that levels of intermediate housing provision in High Peak have been low to date. However, the provision of this tenure is becoming increasingly popular across the Country as it offers developers a more profitable and lower risk affordable housing alternative to social rented properties. The provision of intermediate housing can thus assist in improving the viability of development, which is an important issue in High Peak Borough. This form of tenure also provides tenants part ownership of their property which helps first time buyers to enter the property market. It is therefore considered that the popularity of the intermediate housing tenure will increase in High Peak over time, hence the 20% recommendation for intermediate tenure provision. This also mirrors the recommendation of the 2007 Peak Sub-Region SHMA.

11.0   Housing Requirements by Size and Type

Introduction

11.1   The modelling undertaken for High Peak, and discussed in detail in Section 5.0, has provided a range of housing requirements for the Borough. This section provides a more detailed analysis of the requirement split by size and type for affordable/market housing combined.

Housing Requirements Split by Size and Tenure

11.2   There is no exact formula for setting the approach to defining housing size and type requirements, and no way to 'model out' the need for judgement when balancing a range of different factors. The starting point for the analysis involves revisiting the outputs of the PopGroup model. This splits the population forecasts into various household groupings based on 17 ONS derived codes (i.e. single household, married couple with two children etc.).

11.3   It is possible to link the changes in household characteristics with the housing types/sizes they are likely to require, based on assumptions stated in the Government's Survey of English Housing (2008) and Housing Vision. The assumptions made are presented in Table 11.1.

Table 11.1   Estimated Housing Size required by Household Type, by Age of Head of Household

Age Range 2013	One Person	Married Couple / With 1/2 Children	Married Couple / With 3+ Children	Cohabiting Couple / With 1/2 Children	Cohabiting Couple / With 3+ Children	Lone Parent / With 1/2 Children	Lone Parent / With 3+ Children	Other Multi-Person
0-14	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
15-24	1 bed flat/house	2 bed flat/house	3 bed house	2 bed flat/house	3 bed flat/house	2 bed flat/house	3 bed house	1 bed flat
25-34	1 bed flat/house	3 bed house	3 bed house	3 bed house	3 bed house	3 bed house	3 bed house	1 bed flat
35-44	2 bed flat/house	3 bed house	4 bed house	3 bed house	4 bed house	3 bed house	4 bed house	2 bed flat
45-59	2 bed flat/house	3 bed house	4 bed house	3 bed house	4 bed house	3 bed house	4 bed house	2 bed flat
60-84	2 bed flat/bungalow	2 bed flat/bungalow	3 bed bungalow	2 bed flat/bungalow	3 bed bungalow	2 bed flat/bungalow	3 bed bungalow	2 bed flat
85+	Housing with care	Housing with care	Housing with care	Housing with care	Housing with care	Housing with care	Housing with care	Housing with care

Source: NLP after Survey of English Housing and Housing Vision/Northern Peninsula Strategic Housing Market Assessment 2008

11.4   This table has been defined on the basis of the following assumptions[25]:

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[25] Northern Peninsula SHMA (December 2008)

1   Smaller flatted accommodation or houses will be more suitable for meeting the initial requirements of married couples until the age they have a family. Those households without children could occupy either houses or flats of the appropriate size;

2   Cohabiting couples and lone parents will want and require similar sizes of housing to married couples. Those households without children could occupy either houses or flats of the appropriate size;

3   Smaller flatted accommodation or houses will be more suitable to meeting the requirements of single person households;

4   According to their composition, flatted provision such as a residential care home, hostel or purpose-built student accommodation will be more suitable for multi-person households;

5   Further qualitative allowances will need to be made of households at retirement age who are likely to continue living in their previous home unless more manageable two bed flats, houses and bungalows are available; and

6   The requirement for housing with care, including supported housing and extra care provision, is likely to increase at 85 and above.

11.5   Applying the matrix to the PopGroup data allows an initial (and indicative) understanding of the composition of future dwelling type requirements in High Peak.

11.6   Table 11.2 demonstrates that due to the high numbers of one-person households in the area by 2031, coupled with an ageing population, the need for smaller units exceeds the need for larger, family units for High Peak, and that the trend is likely to become accentuated over time. For example, given the changing household characteristics, the proportion of households who could be adequately housed in 2-bed accommodation could increase from 48.1% in 2011, to 52.0% in 2031. The need for housing with care could increase substantially for High Peak Borough over the 20-year time period, whilst conversely the need for larger 3 bed homes could fall significantly.

Table 11.2   Estimated Housing Type and Size 'needed'

	High Peak	
	2011	2031
1 bed flat	3.6%	3.7%
2 bed flat/house/bungalow	48.1%	52.0%
3 bed house/bungalow	41.5%	32.9%
4 bed house	3.3%	2.8%
Housing with Care	3.5%	8.6%
TOTAL	100.0%	100.0%

Source: NLP / PopGroup Baseline Model Run 2013

11.7   Table 11.3 presents the difference, in absolute terms, for each of the house types based on the PopGroup baseline model and demonstrates an increased 'need' for 1 and 2 bed properties and particularly housing with care (the 'need' for which could more than triple in size), with a decline in the need for 3-bed

houses. This requirement for smaller residential units[26] for High Peak Borough would correlate with the national trend towards an ageing population and smaller household sizes generally.

Table 11.3   Change in House Size and Types, 2011-30

	High Peak		
	2011	2031	Difference (%)
1 bed flat	1,404	1,754	+350 (25%)
2 bed flat/house/bungalow	18,756	24,790	+6,034 (+32%)
3 bed /house/bungalow	16,178	15,697	-481 (-3%)
4 bed house	1,275	1,349	+73 (+6%)
Housing with Care	1,345	4,100	+2,755 (+205%)
TOTAL	**38,958**	**47,689**	**+8,731 (+22%)**

Source: NLP / PopGroup Baseline Model Run 2013

11.8   However, the figures are indicative and do not take into account a range of critical qualitative considerations. In particular, the modelling does not fully address people's aspirations and the viability of particular dwelling types. As a result, the modelling is a relatively weak match with the current 'stock' of house sizes in the Borough, as illustrated in Figure 11.1. For example, whilst the modelled **need** for 2-bed properties is very high in High Peak Borough in 2011 (49%, redistributing housing with care), the **actual** stock of 2-bed homes recorded in the 2011 Census was 29%. It is therefore important to recognise that in practice, providing a range of dwelling sizes specifically to match the quantitative need would not address people's aspirations and could discourage more affluent households from moving to/remaining in the Borough.

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[26] It should be noted that the need for 'smaller' properties refers to 1/2 bed properties instead of 3/4 bed properties. This does not necessarily mean there is a need for properties with a smaller footprint.

Figure 11.1 Modelled 'need' compared with 2011 Census 'actual' stock (redistributing housing with care)
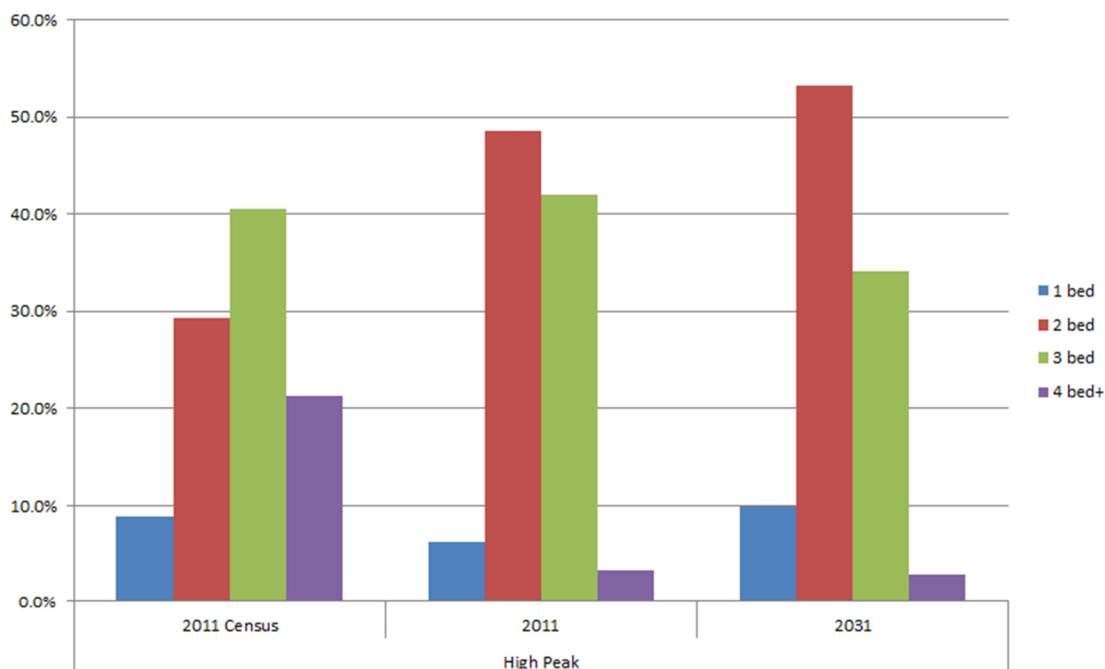
Source: NLP PopGroup Analysis / Census 2011

Aspirations and Viability Considerations

11.9   Research by CABE shows that semi-detached and detached houses are the preferred house type for the majority of households, particularly families (but not limited to this household type). Older couples also aspire to live in detached houses. In terms of past supply, 1 and 2-bed flats have contributed significantly to supply over recent years. They are viewed as a short-term housing option for many households, with a large number of purchases resulting from their relative affordability and their being located primarily in central locations[27].

11.10   Underlying trends in the wider economy - and particularly the ability of households to pay for 'more' housing than they strictly need - has resulted in increasing housing consumption (in terms of numbers of rooms for most household types), especially in owner occupation. This is accentuated by the generally progressive nature of housing aspirations.

11.11   Hence aspirations are generally for larger homes and the size of dwelling that people actually 'need' (as calculated in Table 11.2) is often significantly smaller than the size of dwelling they actually want, or can afford. Furthermore, at the current time (2014), viability challenges are presenting a barrier to policy makers seeking to influence size/mix. Many developers quite correctly cite squeezed development margins in a risk averse commercial market as a barrier to making amendments to the mix of dwellings where any such changes might be 'sub optimal' in terms of sales and marketing.

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[27] CABE 2005, 'What home buyers want: attitudes and decision making among consumers'

11.12   In the public sector, changes to the benefits system (especially the advent of the Government's new fiscal penalty for under-occupancy) is incentivising households to move to smaller properties in order to avoid a reduction in the level of housing benefit they receive. Discussions with a number of RPs has indicated that the under-occupancy penalty has already started to have a significant impact on household's requirements (in the social sector), with a substantial increase in the number of respondents wanting 1 and 2-bed properties and a commensurate reduction in the number of households asking for 3-bed properties. This is at variance with what was experienced previously. This is presenting significant problems for RPs as there is insufficient 2-bed stock to meet this demand and RPs are concerned that another change in Government could lead to a reversal of these recent trends.

11.13   Equally, in the current property market, the assumption that high density apartment schemes will come forward in substantial numbers (particularly for market housing) must be tempered with the fact that there are many examples across the country of sites with extant planning permission for small apartments lying vacant. This is of particular interest to High Peak where there is considerable potential to convert the numerous mill buildings in the authority area. Many informed industry sources suggest that due to saturation in supply, the apartment market may not pick up substantively for at least the next 2 years. As such, there is a risk in deliverability should HPBC be too prescriptive with regards an overly high requirement for small, high density 1 and 2-bed apartment schemes.

Housing Size and Type Summary and Qualitative Balancing

11.14   In summary, the evidence base suggests that there is a need to encourage the development of smaller properties to provide choice in terms of both size and price, particularly in the social rented sector. Through the application of various assumptions on housing need by household type, the results suggest that, based on the characteristics of existing and new residents in High Peak in the period up to 2031, there would be a need for the following:

1   An increased need for 1-bed apartments, in the order of 25%;

2   An increased need for 2-bed apartments/houses/bungalows, in the order of 32% for High Peak Borough;

3   A decreased need for 3-bed apartments/houses/bungalows, in the order of -3%;

4   An increased requirement for 4-bed semi-detached and detached houses (+6%); and

5   A substantial increased need for housing with care, at levels more than triple the 2011 position.

11.15   However, this level of 'need' does not factor in critical issues such as aspirations and viability. Realistically, although a couple aged 65+ living in the large former family home, may only 'need' a 1 or 2 bed dwelling, they are quite likely to remain and 'under-occupy' their existing, larger house (particularly if

they own their own home), or even move to a similarly sized property. Similarly, families will often seek a spare bedroom if affordability permits.

11.16   Furthermore, an over-representation of smaller 1/2 bed apartments could be detrimental to the viability of many proposed developments in the Borough. As such, a rational, balanced approach needs to be taken using the modelled approach to guide, rather than dictate, the proposed mix of units. The aspirations of local residents have been obtained following the stakeholder workshops and referencing the Housing Register.

11.17   The Housing Register, SHMA modelling work discussed in Section 7.0, 8.0 and 9.0 and the 2006/07 Housing Needs Survey suggests the following (summarised in Table 11.4 and Table 11.5):

1   The Housing Register data suggests a pronounced need for additional 1-bedroom properties, at a level significantly above current stock levels. The need for smaller properties in the social rented sector is also much greater than the aspirations of existing households who can afford market housing;

2   The modelled need and HNS aspirations for 2-bedroomed properties is also significantly above the stock of properties according to the 2011 Census, suggesting a clear need for smaller dwellings;

3   The greatest imbalance is in the 4+ bed properties, which comprise around a fifth of the total stock, yet only a fraction of the modelled 'need' going forward. Whilst household's aspirations for the larger 4+ bed properties is greater than their specific need, again this sits at a level below the current representation of such properties in the Borough;

4   In terms of property type, whilst it is difficult to compare the existing stock as recorded in the 2011 Census with household's aspirations due to the absence of a separate category for 'bungalows' for the former data source, nevertheless it appears that there is a clear unmet need for bungalows, and a reduced desire to move to a terraced property despite the high level of such properties available in High Peak Borough.

Table 11.4   Estimated Housing Size 'needed' / aspired towards

	High Peak (%)				
	Stock (2011 Census)	'Need' (PopGroup Modelling, redistributing housing with care)		Required (Housing Register)*	HNS Aspirations**
	2011	2011	2031	2013	2006/07
1 bed flat	8.8%	6.2%	9.9%	62.6%	8.6%
2 bed flat / house / bungalow	29.4%	48.6%	53.2%	24.6%	51.1%
3 bed house / bungalow	40.6%	42.0%	34.1%	10.0%	28.4%
4 bed+ house	21.2%	3.3%	2.8%	2.8%	11.9%
TOTAL	100%	100%	100%	100%	100%

Source: Census 2011 / NLP / Housing Register 2013[28] / 2006/07 Housing Needs Survey[29]
*Excludes 'Don't knows' from responses
**Based on a 2006 Housing Needs Survey comprising of Existing Households who can afford market
 housing

Table 11.5   Estimated Property Type aspired towards

	High Peak (%)	
	Estimated Stock	HNS Aspirations*
	2011 Census	2006/07
Semi-detached house	29.2%	25.2%
Detached house	23.5%	21.0%
Terraced house	34.4%	24.9%
Flat/Maisonette	8.4%	10.9%
Bedsit/Studio/Room Only	3.0%	0.2%
Bungalow	n/a	16.0%
Other, including Caravan or temporary structure	1.5%	1.8%
TOTAL	100.0%	100.0%

Source: 2006/07 Housing Needs Survey[29]
Note: Bungalows included within detached, semi-detached and terraced dwelling categories in 2011 Census
*Excludes 'Don't Knows'/'Any Type of House' responses

11.18   Table 11.6 brings together the quantitative analysis discussed above to provide an indicative forward requirement for house sizes between 2011 and 2031. The indicative requirement highlighted in the table represents a balanced judgement, based on the results of the stock, need, and aspirations categories. No specific weighting has been attached to any of these three categories.

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[28]Given the absence of data available on 'need' and aspirations for extra care housing, this house type has been excluded from the calculations. However, given the characteristics of those households requiring extra care accommodation, it seems reasonable to suppose that the majority will require smaller properties, and particularly 1/2 bed flats/bungalows.
[29] John Herington Associates (2007): Derbyshire Dales & High Peak Joint Housing Needs Survey 2006

Table 11.6   Policy Advice – Property Size and Type 2011-2031

	High Peak (%)
1 bed flat	10%
2 bed flat / house / bungalow	45%
3 bed house / bungalow	35%
4 bed house	10%
Semi-detached House	30%
Detached house	25%
Terraced house	15%
Flat/Maisonette	10%
Bedsit/Studio/Room Only	0%
Bungalow / Elderly Housing	20%
Caravan or temporary structure	0%

Source: NLP

11.19   It should be noted that even if 470 dpa were delivered over the plan period, this would still only comprise a relatively small percentage of the total dwelling stock in the Borough by 2031 (less than 25%), and as such, it would take a substantial amount of time to rebalance the stock to meet identified needs, as exemplified in the (indicative) Table 11.7.

Table 11.7   Indicative Changes to Dwelling Stock

	High Peak			
	Current Stock	Recommended New Stock	Additional Housing (470 dpa)	Estimated Future Housing Stock
	2011	2011-2031	2011-2031	2031
1 bed flat	3,411 (8.8%)	10%	940	9,195 (19.0%)
2 bed flat / house / bungalow	11,421 (29.4%)	45%	4,230	15,651 (32.4%)
3 bed house / bungalow	15,786 (40.6%)	30%	2,820	18,606 (38.5%)
4 bed + house	8,255 (21.2%)	10%	940	9,195 (19.0%)
TOTAL	**38,873 (100%)**	**100%**	**9,400**	**48,273 (100%)**

11.20   The future requirement for High Peak Borough is justified on the following grounds:

1   **1 bed dwellings:** the proportion of the Borough's stock that comprises the smallest unit type is projected to be slightly higher than the identified need by 2031, and also household's requirements on the Housing Register. Furthermore, in deriving an indicative figure for the amount of 1-bed properties that should be developed to 2031, consideration was given to the comments received from the stakeholder workshop, which indicated that although demand for smaller apartments had been weak, the changes to the benefits system was forcing more residents to consider smaller housing options than before to avoid losing part of their housing benefit. As a consequence, and bearing in mind viability considerations (which would need to be considered in greater detail by HPBC as this is outwith the scope of this SHMA), it is suggested that

around 10% of new units in High Peak could comprise 1-bed apartments.

2   **2 bed dwellings:** Around 30% of the current stock of properties in the Borough has 2-bedrooms, yet the modelled 'need' is closer to 49% in 2011 and is forecast to rise to 53% by 2031, whilst over half of respondents to the 2006/07 Housing Needs Survey expressed a desire to live in such properties in future. However, only around 1 in 4 of all households on the Housing Register requires a 2-bedroomed property. The stakeholder consultation did, however, reveal a relatively high and increasing demand for smaller 2-bed properties at present due to the under-occupancy penalty, and an under-supply in the social rented sector of such properties as a result. As a consequence, it is suggested that around 45% of all new properties developed over the Plan period should be two bed.

3   **3 bed dwellings:** this size of house has the greatest representation in the stock of the Borough, and over 28% of all respondents to the 2006/07 HNA aspired to move into it. However, in terms of the physical 'need' for such properties, the trend over the study period is declining. For example despite comprising 40% of the total stock at present (according to the 2011 Census), it is estimated that High Peak Borough would ultimately 'need' only around 34% of its total stock to comprise this house size by 2031. The stakeholder discussions also revealed there to be a serious imbalance in the social rented sector regarding supply and demand for these types of properties, which are becoming increasingly hard to let as a result of the fiscal penalties associated with under-occupation. Adjusting the balance between 'need' and aspirations suggests that the Borough should provide around 35% of the total stock as 3-bed in future;

4   **4 bed houses:** this is the house size where there is presently the greatest imbalance between identified 'need' and supply. Around a fifth of all housing stock in the Borough currently has at least 4 bedrooms, whilst the identified 'need' for these larger house sizes is low– less than 4%; this need is also forecast to increase only very slightly going forward. However, there is very much a mismatch with this level of 'need'; the amount of stock available and people's aspirations, which unsurprisingly are for larger homes, with 12% of respondents expressing a desire to live in this size of property. Allowing for the desires expressed in the HNS against the need to rebalance the stock towards smaller properties, it is suggested that the amount of larger units be set around the 10% level;

5   **Type of property:** Linked to points 1-4 above, there is a clear need to rebalance the stock away from the traditional 2-up, 2-down terraced properties in parts of the Borough such as Glossop and Buxton. As such, it is recommended that around 25% of all new stock should comprise more aspirational property types, specifically detached dwellings. There is also a clear need for smaller units, i.e. flats/apartments, although it is recognised that at present the viability of large scale apartment schemes (in the private sector at least) is often

marginal. On this basis, it is suggested that around 30% of the total stock developed over the Plan period should comprise semi-detached housing; 25% detached housing; 15% terraced properties; 10% flats/maisonettes; whilst the remaining 20% in High Peak Borough should comprise properties tailored for the elderly market (i.e. bungalows, extra care facilities, sheltered housing etc).

Policy Advice

An assessment has been undertaken of the split required between affordable/market housing type and size over the Plan period. Such housing targets are a policy decision to be made through the Local Plan. However, the following percentage targets are suggested for High Peak, with the intention of rebalancing the stock away from small terraced properties and 3-bed accommodation, towards 2-bed dwellings and good quality accommodation designed specifically for the growing elderly population:

- **Property Sizes: 10% 1-bed; 45% 2-bed; 35% 3-bed and 10% 4-bed+ dwellings**

- **Property Type: 30% semi-detached; 25% detached; 15% terraced; 10% flat/maisonette; 20% bungalow/specialist elderly accommodation**

It is recommended that HPBC Officers take a flexible approach to applying this advice when dealing with housing applications in their Borough, as relatively lower levels of housing viability in certain urbanised parts of the Borough, could be compromised by an unsuitable housing mix. **This advice, which is primarily needs based, must be subjected to further detailed assessment through the Council's ongoing housing viability work to test the deliverability of these rates.**

12.0   # Conclusions and Recommendations

12.1   This report has been prepared by NLP to advise High Peak Borough Council on the housing requirement necessary for their emerging Local Plan. The study advises on all housing sectors, including the size, type and sub-area split that is required to reflect local demand.

12.2   The report also summarises the output of the application of NLP's HEaDROOM work which forms an integral part of this report's findings. The HEaDROOM results will also be fed into High Peak's Employment Land Review Study which NLP is also preparing presently. This will ensure consistency of approach between these two key elements of High Peak's Evidence Base.

Housing Requirements

12.3   Having assessed all the scenarios tested and the core constraints on development delivery as shown by current evidence, it is NLP's recommendation that a dwelling requirement of between **420 dpa and 470 dpa** represents a sensible range for High Peak, providing a realistic level of housing delivery which will aid economic growth aspirations, whilst meeting the full demographically assessed need for housing in the Borough.

12.4   If the Council were to pursue a figure significantly lower than 420 dpa whilst also planning for annual job growth despite an ageing population, it would need to justify how it would mitigate or avoid the adverse housing, economic and other outcomes that a lower-growth approach would give rise to. It would also need to evidence how the adverse impacts of meeting housing need would *'significantly and demonstrably outweigh the benefits'* [The Framework, §14] as well as make provision, through the duty-to-cooperate, for those needs to be met in full elsewhere within the wider housing market area.

12.5   This range encompasses the most realistic demographic-led needs for development (Scenarios A and F). At the top end of the range this would deliver sufficient dwellings to meet the baseline demographic needs whilst applying the Catch Up headship rate, uplifting the figure from the demographic starting point (Scenario F) to take into account worsening housing market indicators as prescribed by the Practice Guidance. This range would also surpass the economically led scenarios and exceed the latest 2011-based (interim) Household Projections for High Peak.

12.6   High Peak's under-delivery against its past requirement is relatively small (80 dwellings) but nonetheless an allowance has been made to meet this under provision in full over the course of the plan period.

12.7   Supply-side factors, such as development constraints, policy constraints, infrastructure and environmental capacity, land supply and development viability amongst other considerations, are beyond the remit of a SHMA, but

may give an indication as to where a target may sit within the OAN range defined above. Similarly, such factors may provide HPBC with the rationale to deliver more or less than an objective assessment of need, based upon the range of evidence supporting the Local Plan.

Affordable Housing Need

12.8   The starting point in calculating the net affordable housing need is the Total Current Housing Need (Gross) established at Step 1.4. This figure takes account of any backlog in provision. By deducting the current available stock of affordable housing (step 3.5), this results in a net backlog of 1,568 dwellings for High Peak. Annualised over 5-years (page 52 in the former CLG Guidance) this equates to a backlog of 314 dwellings for High Peak.

12.9   In defining newly arising need, the future annual supply of affordable housing identified in Step 3.8 (225 dpa for High Peak) is removed from the annual future housing need of 790 dpa gross/438 dpa net for High Peak. When added to the backlog, this indicates that High Peak has a net annual need of 878 dpa based on the gross household formation approach. These figures make allowance for addressing the net backlog (annualised over 5 years) as indicated in Table 12.1.

Table 12.1   Annual Affordable Housing Need

	High Peak	
	Gross	**Net**
Current Need (Including Backlog)		
Total Current Need (Step 1.4)	1,794	
MINUS Total Available Stock of Affordable Housing (Step 3.5)	226	
Equates to Net Current Need	1,568	
Net Backlog: Annualised (5 years) (A)	**314**	
Total Newly Arising Need		
Newly Arising Housing Need (Annual) (Step 2.4)	790	438
MINUS Future Annual Supply of Affordable Housing (Step 3.8)	225	
Equates to Net Newly Arising Need (net) (B)	**565**	**213**
NET ANNUAL NEED = A+B	**878**	**526**

12.10   This largely reflects the high levels of gross household formation that are projected to occur. Such outputs are clearly outliers flowing from an affordable housing need methodology that is largely hypothetical and not related to any realistic estimate of household growth in the High Peak authority area. Applying an alternative (and arguably more realistic) approach to household formation through the use of net household projections would reduce the level of affordable housing need significantly, to 526 for High Peak over the next 5 years. Despite this significant reduction, the affordable housing is need is nonetheless considerable.

12.11   An assessment of the amount of net annual affordable housing need identified for the Borough as a proportion of the total housing requirement suggests that, even based on the net household formation approach, High Peak would need

to provide more than 100% of its total annual housing requirement to comprise affordable housing if it is to meet all of its affordable housing need. This is neither achievable nor realistic.

12.12   The above calculations are higher than the previous 2008 SHMA for the Peak Sub-Region suggested. This document concluded that the annual net affordable need for the sub-region as a whole was in the order of 604-752 dpa and considered that a target upwards of 30% of new-build housing being affordable would be appropriate.

12.13   Ultimately, the affordable housing target to be established by High Peak Borough Council is a decision to be made through the Local Plan. The Council will need to establish a balance between housing need requirements and viability of delivery. This study has demonstrated that the quantitative need for affordable housing in High Peak is considerable. In particular, affordability and the supply of both market and affordable housing must be tackled to prevent the problem from becoming more acute.

12.14   The current adopted Local Plan for High Peak Borough (2005) seeks an affordable housing provision of 30% provision on site areas of 0.5 ha and over or 15 units or more in the relevant areas. Due to the high level of affordable housing need identified in this SHMA, it is suggested that this 30% threshold should be the absolute **minimum** sought on viable sites, and that a higher figure should be considered by the Council subject to viability testing on delivery.

Table 12.2   Recommended Social Rent/Affordable Rent/Intermediate Tenure Housing Split

	High Peak
Net Annual Affordable Housing Need (based on the gross household formation approach)	878
Net Annual Affordable Housing Need (based on the net household formation approach)	526
% Social Rented	30%
% Affordable Rented	50%
% Intermediate Tenure	20%

12.15   It is acknowledged that levels of intermediate housing provision in High Peak have been low to date. However, the provision of this tenure is becoming increasingly popular across the Country as it offers developers a more profitable and lower risk affordable housing alternative to social rented properties. The provision of intermediate housing can thus assist in improving the viability of development. This form of tenure also provides tenants part ownership of their property which helps first time buyers to enter the property market. It is therefore considered that the popularity of the intermediate housing tenure will increase in High Peak over time, hence the 20% recommendation for intermediate tenure provision. It is recognised that this already aligns with HPBC policy.

12.16   An assessment has been undertaken of the split required between housing type and size over the Plan period. Such housing targets are a policy decision to be made through the Local Plan. However, the following indicative percentage targets are recommended for High Peak, with the intention of rebalancing the stock away from small terraced properties and 3-bed accommodation, towards 2-bed dwellings and good quality accommodation designed specifically for the growing elderly population:

- **- Property Sizes: 10% 1-bed; 45% 2-bed; 35% 3-bed and 10% 4-bed+ dwellings;**

- **- Property Type: 30% semi-detached; 25% detached; 15% terraced; 10% flat/maisonette; 20% bungalow/specialist elderly accommodation**

12.17   It is recommended that HPBC Officers take a flexible approach to applying this advice when dealing with housing applications in their Borough, as relatively lower levels of housing viability in certain urbanised parts of the Borough, could be compromised by an unsuitable housing mix. This advice, which is primarily needs based, must be subjected to further detailed assessment through the Council's ongoing housing viability work to test the deliverability of these rates.

Housing Requirements of Specific Groups

12.18   NLP's PopGroup Baseline analysis, and the stakeholder consultation undertaken has enable an assessment to be made of the housing requirements of specific groups in need:

1   **Families with children:** Although the number of families with children is expected to increase by over 10% over the next 20 years or so, the social shift towards smaller family sizes and single parents brining up children alone is expected to accelerate in High Peak. It will be important to ensure that the housing needs of these families are met, through the provision of sufficient, good quality family accommodation in sustainable locations. There is a need for properties of all types, although the general trend is still towards smaller 1/2 bed properties overall.

2   **Older People**: It is evident that both the number and proportion of such households is expected to increase strongly in High Peak in the period to 2031. The projected increase in older people (both in absolute and relative terms) has a number of severe housing, health and social care service implications which must be planned for accordingly. Housing implications include increased demand for both specialist accommodation for older people and for services and home adaptations to enable older people to remain 'at home' living independently. There will be a requirement for additional sheltered housing to meet this need or, potentially, greater provision of bungalows. There will be a particular need to adapt existing stock to lifetime homes standards; and providing appropriate opportunities for elderly households to downsize where they may be under-occupying larger homes. Providing good quality alternative accommodation (e.g. retirement style housing schemes and

Extra Care facilities) may incentivise elderly households to release equity and down-size. There is a need to enable/encourage older people to downsize if possible (recognising the inherent problems of this, given that many people tend to prefer to stay in the 'family home' even though they may be better suited to moving to a smaller property).

3   **Households with specific needs such as disabled people**: The previous section relating to the housing requirements of older people detailed the increasing number of older residents projected for High Peak. Thus, it is probable that the ageing population is likely to lead to greater rates of limiting long-term illness and disability, with associated requirements for appropriate housing provision and adaptations. There is a clear need for properties that can be adapted to suit their occupant; whilst the need for this type of property across the authority area is expected to grow considerably in the coming years in line with the ageing population.

4   **Minority and hard to reach households**: The vast majority of the population in High Peak, and commensurately the majority of the Housing Register, classifies themselves as 'white British', and there is a very small representation of ethnic groups. No considerable barriers to the High Peak housing market for minority groups were identified.

5   **Rural communities**: Residents in rural areas were considered less likely to apply for a place on the Council's Housing Register given the limited supply of units becoming available in rural parts of the Borough. Stakeholders considered that there remained a strong demand for housing in rural areas and an overall shortage of social rented stock, with much lower stock turnover compared to the urban areas of the Borough.

6   **First time buyers and young people**: There is a relatively high level of housing need for the young in the Borough. However, the proportion of residents in the younger age categories is projected to decline over time as the population ages. The number of family households with non-dependent children still living at home in High Peak highlights the difficulties faced by young people in accessing housing. Ineligibility for social housing, lower household incomes and the unaffordability of owner occupation for such groups are common factors that apply to High Peak as they do elsewhere in England. A particular need for smaller houses suitable for small families was identified by stakeholders. Private sector renting provides a significant tenure for young people and provides particular benefits for this age group such as flexibility to move home relatively easily. Although private rented provides an important tenure for young people, obstacles such as the availability of appropriate accommodation and limited locational choice should be a consideration.

7   **Key workers**: It was generally considered by stakeholders that there were few specific issues surrounding Key Workers and their ability to access either social or market housing in the Borough. However, earlier survey work undertaken in 2006/07 suggested that high house prices in

High Peak were forcing many key workers on lower pay scales to live outside of the Borough and commute in.

12.19   There are a range of housing requirements which are specific to certain groups in High Peak Borough. In particular, the area faces considerable growth in the number of elderly households and this will commensurately increase the need for both housing to accommodate such households, as well as potentially residential care solutions.

Impacts of the new Affordable Rent Model

12.20   This study assessed the implications of the Government's new Affordable Rent Model, focussing on the implications of the shorter term tenancies to be offered at a rent higher than social rent, to be set at a maximum of 80% of local market rent. The data indicates that:

1   There are relatively moderate differences between social and 80% market rents for High Peak Borough, with affordable rent being approximately 22% higher.

2   The smallest difference relates to the comparison between social rents and 80% market rents for 1-bed properties in High Peak, with the latter 13% (or £38) higher on average.

3   There is a substantial difference between the number of existing and new households that can afford either affordable or social rented accommodation, due to the substantial drop in income estimated for the latter group:

-    24% of existing households and 54% of newly forming households cannot afford existing social rent; and,

-    Some 37% of existing households and 69% of newly forming households in High Peak cannot afford 80% market rent.

4   The income data used to inform this analysis does not take into account benefits received by households (including Housing Benefit). The analysis suggests that the proportion of households receiving Housing Benefit may rise with rents for new properties set at 80% of market rents due to the higher price of the latter compared to existing social rents.

12.21   It is noted that this analysis has been undertaken before all of the affordability and deliverability implications of the new affordable rent tenure have become apparent. It is of note that the analysis carried out for this report assumed affordable rents based on 80% of current market rents. The emerging role of affordable rent will require close monitoring and if new evidence emerges on the affordability impacts of affordable rent properties then the recommended tenure split between social rent and affordable rent housing may require amendment. As mentioned above, policy decisions on the required split between social rent and affordable rent provision should also take into account the comparative deliverability of affordable rent and social rent housing.

12.22   Consultation and discussions with local RPs has indicated that the effects of the Affordable Rents Model are impacting on their stock in High Peak. The greatest shift is in relation to the demand for 3 and 4 bedroom properties. In particular, the demand for 3 beds has dramatically reduced and there has been an increased requirement for smaller units. This is at variance with experiences previously. However, RPs expressed caution in relation to the overprovision of smaller units. They indicated that a change in Government could lead to a policy shift and 3 bed properties may become popular again in the future. As such, RPs are not planning on developing smaller units in isolation at present.

Next Steps and Monitoring

12.23   This report provides the baseline evidence for the likely scale of housing need and demand that High Peak will need to accommodate between 2011 and 2031. Whilst this report sets out a range of future potential scenarios, arriving at a final housing requirement will necessitate an iterative process utilising evidence contained within this report alongside other considerations material to the development of a spatial strategy. In this context necessary future work may include:

1   To continue to monitor and update existing evidence and consider the implications of any future evidence upon constraints or opportunities for housing growth which may alter the scale of housing considered to be deliverable. Monitoring data could include:
   - Housing land (current stock) database;
   - Housing completions/conversions/demolitions by sub-area;
   - Housing permissions granted, by type;
   - Housing land and premises available;
   - Housing premises enquiries;
   - Housing developer requirements for houses;
   - Housing waiting lists applications;
   - Market signals;
   - Dwelling vacancy levels, including the extent to which net vacancy levels can realistically be reduced in the future;
   - Changes to the unemployment rate;
   - Changes to the housing development pipeline by sub-area;
   - The provision of affordable housing by sub-area; and
   - Domestic migration levels and trends at a sub-area level.

2   Potential to undertake the following further monitoring work:
   - Undertake an assessment of the extent to which net vacancy levels can be reduced over time. Clearly this will not just be about analysing the number of dwellings that are brought back into use, but also the extent to which the existing occupied stock is falling vacant – the 'net' figure is therefore the most important indicator,

> although even a significant reduction in net vacancy levels will only be likely to lead to a modest reduction in any housing requirement;
>
> - Further evidence on housing need at a sub-area level to provide further context (but not sole determinant for) sub-area requirements;
>
> - Assessment of the deliverability of different types of affordable housing provision (particularly as further information on affordable rent deliverability becomes available);
>
> - On-going work on the evidence base for infrastructure, environmental and land supply constraints through on-going dialogue and annual updates/monitoring work;
>
> - On-going work on the evidence base in relation to site development viability issues;
>
> - An integrated infrastructure delivery plan that assesses the extent to which different scale and distribution of housing is able to deliver financial return (via CIL, New Homes Bonus, and other mechanisms) to address infrastructure requirements (site specific and area-wide, including specific CIL charging schedule;
>
> - Integrate this work into the economic base for High Peak, including identifying the appropriate economic strategy going forward given the potential implications of demographic change for labour supply and what policy options are available for High Peak, including on housing mix.

Glossary

ASMigR (Age Specific Migration Rate)	Average number of migrants per 1,000 people by year of age.
Base Year	Starting year for assessment. Currently 2011 due to data availability.
Concealed Households	A household that neither owns nor rents the dwelling within which they reside <u>AND</u> which wants to move into their own accommodation and form a separate household.
Derived Forecast Model	New development in the PopGroup suite of software that incorporates the previous features of HouseGroup and LabGroup. The DF model allows data to be entered for any variable that is closely related to the age-sex structure of the population as forecast by PopGroup or independently, including household structure, economic activity rates and disability projections, and to prepare projections from these data sources.

In specific respect of this analysis, the DF model projects future household levels and resultant dwelling requirements and future economic activity and the number of jobs likely to be sustained in a particular area. |
Economic Activity Rate	The % of population (both employed and unemployed) that constitutes the manpower supply of the labour market.
HEaDROOM	NLP housing requirement framework which takes account of demographic, housing and economic factors as well as policy and delivery matters to set out future housing requirements.
Household Headship	Head of a household expressed as % of each age – sex population category. For married/cohabiting couples, males are taken as heads of household.
Household to Dwelling Conversion Factor	Factor for conversion of number of households to the number of dwellings. It takes account of transactional and long term vacancies and 2nd/holiday homes.

Expressed as 100 minus the vacant homes/2nd homes rate (%) Over time, an objective would be to move towards a 3% vacancy level – expressed as a household to dwelling factor of 97. |
Internal Migration	Migration to/from another part of UK.
International Migration	Migration to/from another country.
Labour Force / Employment Conversion Rate	Factor for conversion of number of workers to number of jobs in an area it takes account of economic activity and commuting levels calculated by # workers in area ÷ # jobs in area over time, an objective would be to move towards a ratio of 1 = self-containment
Natural Change	The difference (in any given time period) between the number of births and the number of deaths.

A natural change projection ignores migration and shows the future population where |

	any births and deaths affect it.
PopGroup	Forecasting model to project future population levels, based upon assumptions regarding fertility, mortality and migration when used in conjunction with HouseGroup and LabGroup it will also project the future dwelling requirements associated with the population change and the economic activity/job effects of change.
Sub-Groups	Individual areas to be tested that collectively form part of a broader study area.
Special Populations	Particular groups within the wider population that exhibit particular demographic characteristics (e.g. students/school boarders/armed forces/prisoners).
SMR (Standard Mortality Rate)	Number of deaths per 1,000 population per year.
TFR (Total Fertility Rate)	Average number of children that would be born to a woman over her lifetime if she were to experience the exact current age specific fertility rates (ASFR) through her lifetime and if she were to survive from birth to the end of her productive life.

Appendix 1 Inputs and Assumptions

DEMOGRAPHIC	Scenario A: Baseline (Scenario Aa: Static Headship / Ab: Trend Headship / Ac Catch up Headship)	Scenario B – Natural Change	Scenario C – Zero Net Migration	Scenario D: Short Term Migration Trend / Scenario E: Long Term Migration Trend
Population				
Baseline Population	A 2010 baseline population is taken from the 2010 Mid-year population estimates for High Peak Borough, split by age cohort and gender. The population for 2011-2021 is constrained to the 2011-based SNPP for the Borough, by age and sex.			
Births	Future change assumed in the Total Fertility Rate [TFR] uses the birth projections from the ONS 2010-based Interim SNPP. This in turn is used to derive future projected TFRs through PopGroup.			
Deaths	Future change assumed in the SMR uses the death projections from the ONS 2010-based Interim SNPP. This in turn is used to derive future projected SMRs through PopGroup.			
Internal Migration	Gross domestic in and out migration flows are adopted based on forecast migration in High Peak Borough from the ONS 2010-based SNPP for 2010, and using the 2011-based Interim SNPP for the actual internal migration flows 2011-2021. This is the sum of internal migration (elsewhere in England) and cross-border migration (elsewhere in the UK) (SNPP Table 5). Internal migration includes moves to all other Local Authority areas, including to neighbouring areas (i.e. a move of two streets might be classed as internal migration if it involves a move to another LA area). Beyond 2021, a trend rate is applied.	Internal in and out migration is set at zero over the Plan period.	Gross domestic in and out migration flows are adopted based on forecast migration in the Borough from the ONS 2010-based SNPP for 2010, and using the 2011-based Interim SNPP for the actual internal migration flows 2011-2021. To achieve zero net migration the difference between in and out flows is split to equalise the in and out flows at the middle point of the two.	Gross domestic internal migration flows are adopted based on average gross past trends for the past 5/10 years.
International Migration	Gross international in and out migration flows are adopted based on forecast migration in High Peak Borough from the ONS 2010-based SNPP for 2010, and using the 2011-based Interim SNPP for the actual internal migration flows 2011-2021. Beyond 2021, a trend rate is applied.	International in and out migration is set at zero over the Plan period.	As above, but for international rather than internal migration.	Gross international migration flows are adopted based on average gross past trends for the past 5/10 years.
Propensity to Migrate (Age Specific Migration Rates)	Age Specific Migration Rates (ASMigR) for both in and out domestic migration are based upon the age profile of migrants to and from High Peak Borough in the 2010-based SNPP. These identify a migration rate for each age cohort within the Borough (for both in and out flows separately) which is applied to each individual age providing an Age Specific Migration Rate. This then drives the demographic profile of those people moving into and out of the Borough (but not the total numbers of migrants).			

DEMOGRAPHIC	Scenario A: Baseline (Scenario Aa: Static Headship / Ab: Trend Headship / Ac Catch up Headship)	Scenario B – Natural Change	Scenario C – Zero Net Migration	Scenario D: Short Term Migration Trend / Scenario E: Long Term Migration Trend
Housing				
Headship Rates	Headship rates that are specific to High Peak Borough and forecast over the period to 2021 were taken from the government data which was used to underpin the 2011-based CLG household forecasts and applied to the demographic forecasts for each year as output by the PopGroup model. These headship rates were split by age cohort and by household typology. These are the most up-to-date headship rates available at the time of writing. Beyond 2021 this is assumed to resume the long term trends identified within the 2008-based household projections with index trends from the 2008-based projections applied to the 2021 end point of the 2011-based household projections. For the Baseline sensitivity tests (Aa, Ab and Ac), a variety of headship rates has been modelled using higher/lower household representation rates post 2021: • **Static** = Constant 2021 rate applied for each year post-2021; • **Trend** = CLG 2011-based household projection trend continued on a linear basis post 2021; • **Catch Up** = Change post 2021 is targeted to achieve CLG 2008-based Household Projections end rates by 2028 (generally the High Rate).			
Population not in households	The number of population not in households (e.g. those in institutional care) is similarly taken from the assumptions used to underpin the 2011-based CLG household forecasts. No change is assumed to the rate of this from the CLG identified rate.			
Vacancy / 2nd Home Rate	A vacancy and second homes rate is applied to the number of households, representing the natural vacancies/not permanently occupied homes which occur within the housing market. This means that more dwellings than households are required to meet needs. The vacancy/second home rate in High Peak Borough totals 3.2% (estimated using data from the Council Tax Base for Formula Grant Purposes (October 2012), held constant over the forecast period.			
Economic				
Economic Activity Rate	Age and gender specific economic activity rates are used. The basis for this is ONS 2006-based National Labour Force Projections. The economic activity annual growth rates for each age cohort from these national projections are applied to the Census 2001 economic activity profile for the two boroughs across the forecast period. At 2011 these have been rebased from their 2011 estimate using a uniform adjustment to all age cohorts to meet current total economic activity in the Boroughs from the Annual Population Survey (APS). These are assumed to remain the same as the projection with the exception of an adjustment to take account of changing pension ages beyond that already taken into account in the ONS 2006-based projections (i.e. to account for pension age increases for both men and women above age 65). In this regard, 1% has been added to the female 60-64 age cohort activity rates in 2011, 2% in 2012, 3% in 2013 and so forth up to 8% in 2018. This 2018 rate has then been held constant across the remainder of the forecasting period. Furthermore, 1% has been added to the Male 65-69 and Female 65-69 age cohorts' economic activity rates in 2019 and 2% in 2020. These 2020 rates were then held constant across the forecasting period.			
Commuting Rate	A standard net commuting rate is inferred through the modelling using a Labour Force Ratio which is worked out using the formula: (A) Number of employed workers living in area ÷ (B) Number of workers who work in the area (number of jobs). For High Peak Borough, data from the 2012 APS and 2012 BRES identifies an LF ratio of 1.325 (42,300 employed people ÷ 31,930 jobs in High Peak). This has not been flexed over the forecasting period with no assumed increase or reduction in net commuting rates.			

DEMOGRAPHIC	Scenario A: Baseline (Scenario Aa: Static Headship / Ab: Trend Headship / Ac Catch up Headship)	Scenario B – Natural Change	Scenario C – Zero Net Migration	Scenario D: Short Term Migration Trend / Scenario E: Long Term Migration Trend
Unemployment	To calculate the unemployment rate, NLP took the December 2010 NOMIS unemployment figure (6.7%) to equate to the 2010 rate for High Peak; the December 2011 figure of 6.4% to equate to the 2011 rate; and the December 2012 figure (7.4%) to equate to 2012. NLP kept the former figure constant for 2013 and 2014 to reflect initial stabilisation at the current high rate, and then gradually reduced the rate on a linear basis to the 7-year average (05-12) over a five year time frame. This figure was then held constant to the end of the forecasting period on the grounds that this is a better reflection of the long term trend than the current high rate.			

EMPLOYMENT FACTORS	Scenario G: OE Job Growth	Scenario H: HP Policy On Job Growth	Scenario I: Job Stabilisation
Population			
Baseline Population	A 2010 baseline population is taken from the 2010 Mid-year population estimates for High Peak Borough, split by age cohort and gender. The population for 2011-2021 is constrained to the 2011-based SNPP for the Borough, by age and sex.		
Births	Future change assumed in the Total Fertility Rate [TFR] uses the birth projections from the ONS 2010-based Interim SNPP. This in turn is used to derive future projected TFRs through PopGroup.		
Deaths	Future change assumed in the SMR uses the death projections from the ONS 2010-based Interim SNPP. This in turn is used to derive future projected SMRs through PopGroup.		
Internal Migration	Internal in-migration and outmigration is flexed (inflated or deflated) to achieve the necessary number of economically active people to underpin the economy in the Borough for this employment scenario. This was based on taking forward forecast job growth based on OE projections (-306 jobs 2013-2031 for High Peak)	Internal in-migration and outmigration is flexed (inflated or deflated) to achieve the necessary number of economically active people to underpin the economy in the Borough for this employment scenario. This was based on taking forward forecast job growth based on policy on OE projections (+469 jobs 2013-2031 for High Peak)	Internal in-migration and outmigration is flexed (inflated or deflated) to achieve the necessary number of economically active people to underpin the economy in the Borough in this employment scenario. This was based on job stabilisation between 2013 and 2031.
International Migration	As above, but for international rather than internal migration.		
Propensity to Migrate (Age Specific Migration Rates)	Age Specific Migration Rates (ASMigR) for both in and out domestic migration are based upon the age profile of migrants to and from High Peak Borough in the 2010-based SNPP. These identify a migration rate for each age cohort within the Borough (for both in and out flows separately) which is applied to each individual age providing an Age Specific Migration Rate. This then drives the demographic profile of those people moving into and out of the Borough (but not the total numbers of migrants).		

EMPLOYMENT FACTORS	Scenario G: OE Job Growth	Scenario H: HP Policy On Job Growth	Scenario I: Job Stabilisation
Housing			
Headship Rates	Headship rates that are specific to High Peak Borough and forecast over the period to 2021 were taken from the government data which was used to underpin the 2011-based CLG household forecasts and applied to the demographic forecasts for each year as output by the PopGroup model. These headship rates were split by age cohort and by household typology. These are the most up-to-date headship rates available at the time of writing. Beyond 2021 this is assumed to resume the long term trends identified within the 2008-based household projections with index trends from the 2008-based projections applied to the 2021 end point of the 2011-based household projections.		
Population not in Households	The number of population not in households (e.g. those in institutional care) is similarly taken from the assumptions used to underpin the 2011-based CLG household forecasts. No change is assumed to the rate of this from the CLG identified rate.		
Vacancy / 2nd Home Rate	A vacancy and second homes rate is applied to the number of households, representing the natural vacancies/not permanently occupied homes which occur within the housing market. This means that more dwellings than households are required to meet needs. The vacancy/second home rate in High Peak Borough totals 3.2% (estimated using data from the Council Tax Base for Formula Grant Purposes (October 2012), held constant over the forecast period.		
Economic			
Economic Activity Rate	Age and gender specific economic activity rates are used. The basis for this is ONS 2006-based National Labour Force Projections. The economic activity annual growth rates for each age cohort from these national projections are applied to the Census 2001 economic activity profile for the two boroughs across the forecast period. At 2011 these have been rebased from their 2011 estimate using a uniform adjustment to all age cohorts to meet current total economic activity in the Boroughs from the Annual Population Survey (APS). These are assumed to remain the same as the projection with the exception of an adjustment to take account of changing pension ages beyond that already taken into account in the ONS 2006-based projections (i.e. to account for pension age increases for both men and women above age 65).

In this regard, 1% has been added to the female 60-64 age cohort activity rates in 2011, 2% in 2012, 3% in 2013 and so forth up to 8% in 2018. This 2018 rate has then been held constant across the remainder of the forecasting period. Furthermore, 1% has been added to the Male 65-69 and Female 65-69 age cohorts' economic activity rates in 2019 and 2% in 2020. These 2020 rates were then held constant across the forecasting period. | | |
| **Commuting Rate** | A standard net commuting rate is inferred through the modelling using a Labour Force Ratio which is worked out using the formula: (A) Number of employed workers living in area ÷ (B) Number of workers who work in the area (number of jobs).

For High Peak Borough, data from the 2012 APS and 2012 BRES identifies an LF ratio of 1.325 (42,300 employed people ÷ 31,930 jobs in High Peak).

For the sensitivity tests of Scenario Ga and Ha, the net out commuting was reduced gradually by 5% over the Plan period. | | |
| **Unemployment** | To calculate the unemployment rate, NLP took the December 2010 NOMIS unemployment figure (6.7%) to equate to the 2010 rate for High Peak; the December 2011 figure of 6.4% to equate to the 2011 rate; and the December 2012 figure (7.4%) to equate to 2012. NLP kept the former figure constant for 2013 and 2014 to reflect initial stabilisation at the current high rate, and then gradually reduced the rate on a linear basis to the 7-year average (05-12) over a five year time frame.

This figure was then held constant to the end of the forecasting period on the grounds that this is a better reflection of the long term trend than the current high rate. | | |

Appendix 2 Introduction to PopGroup

For the employment land (labour supply) scenarios where demographic modelling is necessary, NLP has used specialist demographic modelling and forecasting tool **PopGroup** to model future trends in demography, household and dwelling estimates.

PopGroup was first developed at Bradford Council, supported by six Local Authorities: Shropshire, Worcestershire, Bradford, Derbyshire, Buckinghamshire and Staffordshire, and later by the Economic and Social Research Council (ESRC). It is now owned by the Local Government Association. Programming, support and promotion have been provided since 2009 by Edge Analtyics Ltd, UK.

The PopGroup software uses a variety of inputs including ONS population projections and comparable CLG household forecasts. It is widely used by over 100 LA and private sector bodies including Sheffield and Leeds.

PopGroup is a family of software developed to forecast population, household and labour force for areas and social groups. Users develop alternative assumptions as scenarios. PopGroup replicates official projections in regular Data Modules for population and households, with plans for Data Modules for illness and disability, the labour force, ethnic groups and adult care. PopGroup incorporates a cohort component methodology for its population projection model, a headship rate model for its household projection model and an economic activity rate model for its labour-force projection model.

In the UK, PopGroup replicates official projections in regular Data Modules for population and households, with plans for Data Modules for illness and disability, the labour force, ethnic groups and adult care. The software adopts authoritative methods also used by national and United Nations agencies, uses single years of age for population, and has published two peer reviews

Historical data on population, births, deaths and migration flows provides the basis for the development of alternative population forecasts. PopGroup provides national fertility, mortality and migration schedules against which local profiles can be calibrated. For scenario development, users may choose a time horizon up to 50 years and may select a variety of demographic assumptions and constraints to which scenarios are linked, allowing comparisons of a variety of official projections, trend-based scenarios or policy-constrained forecasts.

More information on PopGroup, and the technical methodology of the model itself, can be found via the following weblink: www.ccsr.ac.uk/popgroup

Appendix 3   PopGroup Summary

Table A12.3   High Peak Population Change, Economic and Dwelling Implications (2011-31)

High Peak	Demographic led										
	Scenario A: Baseline	Scenario Aa: Baseline STATIC Headship	Scenario Ab: TREND Headship	Scenario Ac: CATCH UP Headship	Scenario B: Natural Change	Scenario C:Zero Net Migration	Scenario D: Short Term Migration Trend	Scenario Da: Short Term Migration Trend Sensitivity	Scenario E: Long Term Migration Trends	Scenario Ea: Long Term Migration Trend Sensitivity	Scenario F: CLG 2011-based Household Projections (2011-21)
Population Change	14,773	14,773	14,773	14,773	3,524	2,585	7,424	4,981	7,969	5,723	-
of which Natural Change	4,000	4,000	4,000	4,000	3,198	2,259	3,015	2,681	3,086	2,777	-
of which Net Migration	10,773	10,773	10,773	10,773	326	326	4,409	2,300	4,884	2,946	-
Household Change	8,731	8,675	8,201	8,975	3,526	3,716	5,477	4,461	5,649	4,716	-
Dwelling Change	9,020	8,962	8,472	9,271	3,642	3,839	5,658	4,609	5,836	4,872	-
Dwellings p.a.	*451*	*448*	*424*	*464*	*182*	*192*	*283*	*230*	*292*	*244*	*412*
Economic Activity	1,595	1,595	1,595	1,595	-5,624	-5,454	-2,692	-4,250	-2,442	-3,875	-
Jobs	1,492	1,492	1,492	1,492	-3,660	-3,538	-1,567	-2,679	-1,389	-2,411	-
Jobs p.a.	75	75	75	75	-183	-177	-78	-134	-69	-121	-

High Peak	Employment led				
	Scenario G: OE Job Growth	Scenario Ga: OE Job Growth + 5% Reduction in Commuting	Scenario H: HP Policy On Job Growth	Scenario Ha: HP Policy On Job Growth + 5% Reduction in Commuting	Scenario I: Job Stabilisation
Population Change	9,020	4,840	10,720	6,462	9,640
of which Natural Change	3,103	2,470	3,218	2,577	3,121
of which Net Migration	5,917	2,370	7,501	3,886	6,519
Household Change	6,137	4,567	6,771	5,175	6,374
Dwelling Change	6,339	4,718	6,995	5,346	6,585
Dwellings p.a.	*317*	*236*	*350*	*267*	*329*
Economic Activity	-1,614	-4,077	-529	-3,043	-1,187
Jobs	-798	-808	-24	-32	-494
Jobs p.a.	-40	-40	-1	-2	-25

Appendix 4   PopGroup Modelling Outputs

A. PopGroup Baseline Scenario

Aa. PopGroup Baseline Static Headship Rates

Aa. PopGroup Baseline Static Headship Rates

Ab. PopGroup Baseline Trend Headship Rates

Ac. PopGroup Baseline Catch Up Headship Rates

Ac. PopGroup Baseline Catch Up Headship Rates

B. Natural Change Scenario

C. Zero Net Migration

C. Zero Net Migration

D. Short Term Migration Trend Scenario

Da. Short Term Migration Trend Sensitivity Scenario

Da. Short Term Migration Trend Sensitivity Scenario

E. Long Term Migration Trend Scenario

Ea. Long Term Migration Trend Sensitivity Scenario

Ea. Long Term Migration Trend Sensitivity Scenario

G. OE Job Growth

Ga. OE Job Growth +5% Reduction in Commuting

Ga. OE Job Growth +5% Reduction in Commuting

H. HP Policy On Job Growth

Ha. HP Policy On Job Growth +5% Reduction in Commuting

Ha. HP Policy On Job Growth +5% Reduction in Commuting

I. Job Stabilisation

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