

Report to:

**Sefton
Council**

**Strategic Housing
Market Assessment**

Draft Report

April 2019

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Summary

Introduction

1. This report provides an update to a previous Strategic Housing Market Assessment (SHMA) completed in 2014. The methodology used in this report responds to the revised National Planning Policy Framework (NPPF) of February 2019. This continues to set out the Government's objective to significantly boost housing supply. The analysis is also mindful of revised Planning Practice Guidance (PPG) on housing need assessment (also February 2019).
2. A key part of the revised NPPF/PPG is the introduction of a Standard Method for the assessment of housing need. Housing need in the context of guidance (and as used in this report) refers to "*an unconstrained assessment of the number of homes needed in an area*" and "*the number of homes identified as being needed through the application of the standard method set out in national planning guidance [or a justified alternative approach].*"
3. The analysis in the report is mindful of Key Policies in the Sefton Local Plan (adopted in April 2017). Important policies can be summarised as MN1 (Housing and Employment Requirements) which sets out an overall housing target; HC1 (Affordable and Special Needs Housing) which includes affordable housing policies and the areas to which they should be applied and HC2 (Housing Type, Mix and Choice) which amongst other things covers the size of homes expected to be delivered on market schemes.
4. To provide an evidence base, this report sets out a number of either linked or distinct sections to cover a range of core subject areas; the sections are summarised below:
 - Section 2 – Sefton – Area Profile;
 - Section 3 – Demographic Trends and Housing Need Projections;
 - Section 4 – Affordable Housing Need;
 - Section 5 – Family Households and Housing Mix;
 - Section 6 – Older People and People with Disabilities;
 - Section 7 – Private Rented Sector (PRS); and
 - Section 8 – Self- and Custom-Build

Sefton Borough Profile

5. A range of variables have been considered to look at the profile of the population and housing in the Borough (and for six sub-areas). Key variables have looked at population, household characteristics, housing profile and the economic profile of residents.
6. The analysis identifies a relatively old population age structure (although highly variable by area) and a population decline in the 2007-17 period. There has however been growth in the population aged 65 and over – increasing by 15% in the decade to 2017. Due to the population profile, household types are concentrated in older age groups; as of 2011, 25% of all households in the Borough were entirely composed of people aged 65 and over. Households with dependent children and lone parent households are concentrated in the Bootle and Netherton areas.

7. The tenure profile of the Borough sees a relatively large proportion of outright owners (which will to some extent be linked to the age structure). There are however significant differences across areas, with only 46% of households in Bootle being owner-occupiers, compared with 90% of households in Formby.
8. The dwelling stock in the Borough is predominantly of larger homes, with a greater average number of bedrooms and a high proportion of semi-detached homes. This again masks differences across areas – for example, 3% of homes in Bootle are detached, compared with 42% of homes in Formby.
9. Overcrowding in the Borough is generally low, and there is a significant level of under-occupation (39% of all households have at least two spare bedrooms). Under-occupancy is particularly great in the Formby, whilst overcrowding levels in Bootle and Netherton are high (albeit slightly below the national average).
10. The economic profile of the Borough looks to be fairly average in comparison with the regional and national position in terms of unemployment and the proportion of people in work; whilst levels of qualifications are also about average when looking across the whole Borough – again there are some notable sub-area differences.
11. Overall, the analysis identifies Sefton overall as having many similar characteristics to those seen regionally and nationally. However, the clear message is that the Borough is highly polarised for virtually all of the variables studied. There is a clear difference between the less prosperous areas of Bootle and Netherton in the South and other parts of the Borough. Within the Borough excluding Bootle/Netherton, Formby in particular has a number of characteristics that set it apart from other locations. The table below sets out a range of key variables and how they differ across locations (the highest and lowest figures in each category are highlighted in **bold** or *italic/underlined*).

Figure 1: Comparing a range of variable across sub-areas

	South-port	Formby	Maghull /Aintree	Crosby	Bootle	Nether-ton	Boroug h
% population aged 65+	25.6%	<u>31.4%</u>	26.5%	21.7%	15.5%	17.5%	23.1%
% lone parent households	10.7%	<u>7.8%</u>	9.6%	11.2%	18.9%	18.3%	12.5%
% owner-occupiers	73.2%	<u>89.6%</u>	88.0%	73.4%	46.1%	59.3%	71.1%
% social renting	7.0%	<u>2.9%</u>	4.7%	12.7%	35.7%	31.0%	14.5%
Average number of bedrooms	2.73	<u>3.20</u>	2.97	2.97	2.59	2.78	2.83
% detached homes	18.6%	<u>42.3%</u>	14.8%	12.1%	3.0%	5.6%	15.0%
% terraces/flats	34.1%	<u>11.2%</u>	15.1%	43.4%	74.9%	52.8%	39.6%
% households overcrowded	2.9%	<u>1.1%</u>	2.0%	2.5%	4.2%	3.8%	2.9%
% unemployment	3.9%	<u>2.6%</u>	3.3%	4.8%	8.5%	7.3%	4.9%
% population with no qualifications	22.6%	<u>16.5%</u>	24.0%	21.6%	35.4%	33.6%	25.1%

Source: Range of sources including mid-year population estimates and Census (2011)

12. Overall, the analysis confirms that a 'one size fits all' set of policies in terms of housing are unlikely to be relevant in the Borough. Differences between locations are stark and just from the initial data analysis it seems likely that local issues will be important in understanding how different areas function. Analysis to follow in the report therefore typically considers each of the six sub-areas and sets out the key differences between locations.

Demographic Trends and Housing Need Projections

13. Over the past five or more years, assessing the level of housing need has been for individual local authorities (or groups of local authorities) to prepare by following advice in Planning Practice Guidance (PPG). However, the new National Planning Policy Framework (NPPF) of February 2019 has introduced a Standard Method, based on looking at projected household growth (using 2014-based subnational household projections (SNHP)) and adjustments based on the level of affordability in an area.
14. Following the Standard Method suggests household growth of about 557 per annum, plus an uplift of around 16%¹ for market signals (affordability). Therefore, the objectively assessed housing need (OAN) for the Borough as a whole is for 645 dwellings per annum. This calculation has been based on household growth in the 2018-28 period and a 2017 affordability ratio. Since drafting this report a revised (2018) affordability ratio has been published; this is now shown as 6.43, which is not much different from the 6.55 used in the calculation below.

Figure 2: MHCLG Standard Method Housing Need Calculations	
Stage in calculation	Calculated figures
Households 2018	121,726
Households 2028	127,293
Change in households	5,567
Per annum change	557
Affordability ratio (2017)	6.55
Uplift to household growth	16%
Total need (per annum)	645
Capped	645

Source: Derived from ONS data

15. The figure of 645 dwellings per annum can be compared with the housing target in the Local Plan – this was for 11,520 dwellings over the 18-year period to 2030 (an annual average of 640 dwellings per annum, albeit with a stepped trajectory). Given levels of delivery since 2012 (i.e. an accumulated backlog) the average requirement to the end of the plan period is somewhat higher than the Standard Method and therefore the current Local Plan would comfortably meet this need. Therefore, at present the Local Plan target remains reasonable and is certainly not seeking to underprovide housing. Moving forward to the next Local Plan the Council should look at the Standard Method figures to inform a future housing requirement.
16. The Standard Method essentially provides the Council with a housing requirement figure for any future plan rather than this being determined through a locally derived analysis. However, the number itself does not show how the population of the Borough might develop in the future; it is therefore of use to understand some of the demographic trends underpinning future population and household growth and a range of analysis has been undertaken.

¹ This is based on a median price:income affordability ratio (using workplace incomes) and has been drawn from published ONS data

17. Over the longer-term, the population of Sefton has been falling, although over the past decade or so population levels have been fairly stable. The 2016-based SNPP projects that the population of the Borough will increase by about 8,400 people in the period from 2017 to 2036 – population growth is expected to be focussed in older age groups (the population aged 65 and over).
18. Alternative scenarios for population growth (e.g. looking at longer-term trends or factoring in more recent ONS mid-year population estimates (MYE)) suggest that the SNPP is a sound projection and forms a reasonable view about how demographics might develop in the Borough moving forward.
19. In converting population growth into household growth (and hence housing need) data from both the 2014- and 2016-based SNHP has been utilised. The older (2014-based) data has been accessed as there are some doubts about the robustness of 2016-based figures; these latest figures are based on short-term trends and it has been argued (widely in the planning press) that they build in a degree of suppression/constraint in the formation of younger households.
20. Focussing only on the 2016-based SNHP, it is estimated that the housing need in Sefton would be for around 393 dpa. However, applying the (arguably) less constrained 2014-based data increases this to 587 dpa. A further scenario where formation rates are partly returned to longer-term trends (an approach previously widely used) increases the need figure further (to 634 dpa).
21. As previously noted, DCHLG has suggested that the 2016-based SNHP be set aside in preference for the 2014-based version when calculating a Standard Method housing need. This report considers that there is merit in data from both the 2014- and 2016-based projections (particularly the SNPP) although the 2014-based data should be used for the overall housing need baseline.
22. On this basis, it is clear that if 645 dwellings per annum are provided moving forward from 2017, then some very modest increase in net in-migration might be expected. A scenario has been modelled where population growth is sufficient to fill 645 additional homes, this sees an additional 9,000 people in the Borough (2017-36) and a greater increase in the number of people of working-age.
23. A final analysis sought to estimate the number of jobs that would be supported by projected population growth. Including a number of assumptions around economic participation, commuting, double jobbing and unemployment, it was concluded that housing delivery in-line with the Standard Method would be likely to see job stabilisation (i.e. the population growth would continue to support the number of jobs currently available in the Borough).
24. Overall, the analysis of housing need based on the Standard Method, including an understanding of how the population profile might develop does not provide any basis for an early or partial Local Plan review at the present time.

Affordable Housing Need

25. Analysis has been undertaken to estimate the need for affordable housing in the 2017-36 period. The analysis is split between a 'traditional' need (which is mainly for social/affordable rented accommodation) and is based on households unable to buy or rent in the market and the 'additional' category of need introduced by the revised NPPF/PPG (which includes housing for those who can afford to rent privately but cannot afford to buy a home).
26. The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at traditional needs, consideration is given to household projections and estimates of the supply of social/affordable rented housing. For the additional definition, consideration is given to the size of the private rented sector and the potential supply (from Land Registry data) of cheaper accommodation to buy.
27. Using the traditional method, the analysis suggests a need for 391 affordable homes per annum and therefore the Council is justified in seeking to secure additional affordable housing. The analysis does however identify a small surplus of affordable housing in Bootle and Netherton, although there may be a mismatch in terms of the size of homes needed and those available, which justifies a requirement for additional affordable units in these areas.

Figure 3: Estimated Need for Affordable Housing by sub-area (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
Southport	46	266	77	389	163	226
Formby	6	61	6	73	13	60
Maghull/Aintree	11	86	17	113	36	77
Crosby	19	137	70	226	153	73
Bootle	18	142	174	334	351	-17
Netherton	15	126	171	313	341	-28
Total	114	819	515	1,448	1,057	391

Source: Census (2011)/CoRe/Projection Modelling and affordability analysis

28. The estimated level of affordable housing need in this assessment is slightly lower than suggested in the 2014 SHMA (a need for 434 affordable homes per annum). It is not however considered that this is a substantial change, with both assessments clearly demonstrating a significant need for affordable housing across the Borough.
29. It is suggested that the cost of housing to rent within this group is fixed by reference to local incomes (and the Living Rent methodology) although rents above Local Housing Allowance limits should be avoided (to ensure housing affordable to those needing to claim Housing Benefit or the Housing Cost Element of Universal Credit).

30. Using the expanded definition, a surplus of affordable housing is shown – essentially there is already a substantial stock of ‘cheaper’ homes to buy across the Borough. The analysis did however identify possible shortfalls in Formby, Maghull/Aintree and Crosby. However, it should be noted that all of the households in need (in those areas) can actually afford market housing (to rent).
31. On this basis the analysis suggests that a 10% target for affordable home ownership (AHO) may be appropriate in some locations (the 10% figure coming from the NPPF) and arguably also in those areas with an apparent surplus to help diversify the stock. There is no evidence to suggest any figure higher than the 10%. Overall, it is considered that a 10% AHO target is likely to be appropriate across the Borough.
32. If possible, it may be more appropriate for the Council to seek for the 10% of AHO housing to be made available with some initial upfront capital payment (such as a deposit contribution), rather than as a discount to Open Market Value (OMV). Such a payment could cover the deposit and other initial costs and would potentially need to be protected in some way so that the money is not lost if a household chooses to sell their property (i.e. to ensure that any subsidy is held in perpetuity). Schemes such as Help-to-Buy could form part of such a package. This would still be targeted at the same group of households (likely to mainly be those currently privately renting but who would like to buy).
33. In terms of setting housing costs in the affordable home ownership sector, it is recommended that the Council considers setting prices at a level which (in income terms) are equivalent to the levels needed to access private rented housing. This would ensure that all households in need under the new definition could potentially afford housing – this might mean greater than 20% discounts from Open Market Value (OMV) in some locations, most notably in the more expensive parts of the Borough, although this will to some extent depend of the OMV of newbuild homes.
34. Overall, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing remains an important and pressing issue in the Borough. It does however need to be stressed that this report **does not provide an affordable housing target**; the amount of affordable housing delivered will be limited to the amount that can viably be provided. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise, particularly of affordable housing to rent.
35. The Council may need to consider updating its viability assessment to see if a target in excess of the current 30% (outside of Bootle/Netherton) could be adopted. Any viability assessment would need to take account of the revised definition of affordable housing in the NPPF. Overall, in looking at the Council’s current affordable housing policy, it is likely that there would need to be some changes as a result of the NPPF.

36. In particular, the policy (outside of Bootle/Netherton) seeks for 30% of housing to be affordable with an 80:20 split between social/affordable rented and intermediate. If the 30% were retained (and this would need to be viability tested to take account of any changes in values and the new definition of affordable housing in the NPPF) then the policy might need to change to something in the region of a 67:33 split between social/affordable rented and affordable home ownership. On the basis of local housing costs, it would be recommended that as much of the affordable home ownership (AHO) as possible should be delivered as shared ownership – this is because shared ownership (due to the subsidised rent element) looks likely to be the most affordable form of AHO in the Borough.
37. In Bootle and Netherton a lower target of 15% was included in the plan (with a 50:50 split between tenures). Again, if the 15% is retained then the split might need to be 33:67 between social/affordable rented and affordable home ownership. Again, it is suggested that shared ownership is the most suitable form of affordable home ownership in terms of affordability although as previously noted, it may be more appropriate for the Council to seek for the AHO to be made available with some initial upfront capital payment (such as a deposit contribution). Additionally, it should be noted that whilst an overall surplus of affordable housing was shown in Bootle and Netherton, there was evidence of a shortage of 1-bedroom homes in these areas.
38. Overall, the Local Plan policy looks to continue to be sound, although changes might need to be made as a result of the new NPPF. It may also be necessary to undertake a new viability assessment to test if the overall percentages of affordable housing are relevant. It may be the case that inclusion of a greater proportion of affordable home ownership products would improve viability and therefore allow for overall targets to increase.
39. The Council should also consider if the affordable housing policy should be linked to units rather than bedspaces, although policies would need to be in place to ensure a reasonable mix of homes. Given that the need is shown to mainly be for smaller units, a unit-based approach could help to avoid situations where a developer might seek to provide larger affordable homes (i.e. more bedspaces) to reduce the overall number of affordable homes. Again, any change in approach should be viability tested.

Family Households and Housing Mix

40. The proportion of households with dependent children is about average in Sefton, although there are notable differences across areas, particularly higher numbers of lone parent households in Bootle and Netherton. There has been a decrease in the number of 'family' households in the past although there has been notable growth in the number of households with non-dependent children (likely in many cases to be grown-up children living with parents). Projecting forward, there is expected to be a fall in the number of households with dependent children (when looking at the 2016-based SNPP); although higher dwelling provision (i.e. 645 per annum) would be expected to see some increases.
41. There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The analysis linked to long-term (19-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes, this takes account of both household changes and the ageing of the population:

Figure 4: Suggested Mix of Housing by Size and Tenure				
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	5%	30%	45%	20%
Affordable home ownership	25%	40%	30%	5%
Affordable housing (rented)	35%	30%	30%	5%

Source: Derived from Housing Market Model

42. This mix is considered to largely be relevant in different parts of the Borough, although the evidence for Bootle and Netherton suggests that social/affordable rented housing provision should focus on 1-bedroom homes. Overall, the strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bed properties offer to changing household circumstances, which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing in the Borough (by tenure).
43. When compared with the previous SHMA, the figures here generally suggest a slightly larger profile of housing as being need in all tenures (noting that the previous SHMA did not consider affordable home ownership). For example, the previous SHMA suggested 5-10% of market homes to have 4+-bedrooms, whilst this SHMA puts the figure at 20%. The difference will be driven in part by this SHMA accessing more up-to-date information to set a baseline of data, along with updated population/household projections which have a slightly greater focus on people of working age (who tend to live in larger homes).
44. In terms of the relevant Local Plan policy (HC2) it is not considered that these updated figures suggest any changes as needing to be made. The current policy seeks for a minimum of 25% of market homes to have 1- or 2-bedrooms (35% in the table above) and for a minimum of 40% to have 3+-bedrooms (65% above).
45. The mix identified above could inform strategic policies although a flexible approach should be adopted. In applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.
46. Based on the evidence, it is expected that the focus of new market housing provision will be on 2- and 3-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retaining flexibility for friends and family to come and stay.

Older People and People with Disabilities

47. Planning Practice Guidance section 56 (Housing: optional technical standards) sets out how local authorities can gather evidence to set requirements on a range of issues (including accessibility and wheelchair housing standards, water efficiency standards and internal space standards). This study considered the first two of these (i.e. accessibility and wheelchair housing) as well as considering the specific needs of older people. A range of data sources are considered, as suggested by CLG and also some more traditionally used in assessments such as this (e.g. from Housing LIN and HOPSR). This is to consider the need for Building Regulations M4(2) (accessible and adaptable dwellings), and M4(3) (wheelchair user dwellings) as well as overall need for additional dwellings specifically for older people.
48. The data shows that in general, Sefton has higher levels of disability compared with other areas, and that an ageing population means that the number of people with disabilities is likely to increase substantially in the future. Key findings include:
- 33% increase in the population aged 65+ over 2017-2036 (potentially accounting for over 100% of total population growth);
 - A need for additional sheltered/retirement housing (currently in the leasehold sector but also for rent in the future)
 - A current and future need for housing with care (enhanced sheltered and extra-care housing) in both the rented and leasehold sectors;
 - A need for additional care bedspaces; and
 - a need for up to 780 dwellings to be for wheelchair users (meeting technical standard M4(3))
49. The table below shows an estimate of the potential need for specialist housing for older people, split between housing with support (retirement/sheltered), housing with care (enhanced sheltered/Extra-care) and care home bedspaces. A tenure split between rented (affordable) and leasehold (market) is also provided for some categories. The analysis shows a current surplus of rented housing with support, but a need for all types of housing moving through to 2036.
50. Overall, the analysis shows a need for 3,481 dwellings with support or care (183 per annum) – these are included within the 645 dwellings per annum and not additional to it. The need for care home bedspaces (1,442 – 76 per annum) are however considered to be in addition to the 645 per annum figure. Housing with support/care (e.g. sheltered/extra-care) should therefore be counted against the housing supply, even if such accommodation is classified as being in a C2 use class.
51. Focussing specifically on Extra-care housing, this would fall within a ‘housing with care’ category as used in this report. Overall the analysis identifies a total need for around 1,300 ‘extra-care’ dwellings to be provided in the 2017-36 period, with around 70% of these to be rented (affordable) housing and 30% leasehold (market) accommodation.

Figure 5: Older Persons' Dwelling Requirements 2017 to 2036 – Sefton (linked to dwelling provision of 645 per annum)

		Housing demand per 1,000 75+	Current supply	2017 demand	Current shortfall/ (surplus)	Additional demand to 2036	Shortfall/ (surplus) by 2036
Housing with support	Rented	82	2,801	2,514	-287	1,150	863
	Leasehold	55	1,167	1,709	542	782	1,324
Housing with care	Rented	21	33	657	624	300	925
	Leasehold	12	183	379	196	173	369
Care home bedspaces		106	3,312	3,262	-50	1,492	1,442

Source: Derived from demographic projections and Housing LIN/HOPSR/EAC

52. This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings. The Council's Local Plan policy (HC2) requires 20% of new market homes to be built at M4(2) Standards (on larger sites). This policy does not seem unreasonable, although given the evidence, the Council could consider (as a start point) requiring all dwellings to meet the M4(2) standards (which are similar to the Lifetime Homes Standards) and at least 10% of homes which are allocated by the local authority meeting M4(3). It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.
53. In seeking M4(2) compliant homes the Council should also be mindful that such homes could be considered as 'homes for life' and would be suitable for any occupant, regardless of whether or not they have a disability at the time of initial occupation.

Private Rented Sector

54. The private rented sector (PRS) accounts for around 13% of all households in Sefton (as of 2011), below the national average (17%). The number of households in this sector has however grown substantially (increasing by 64% in the 2001-11 period).

Figure 6: Change in tenure (2001-11) – Sefton				
	2001 households	2011 households	Change	% change
Owns outright	39,623	42,334	2,711	6.8%
Owns with mortgage/loan	47,046	41,467	-5,579	-11.9%
Social rented	18,649	17,063	-1,586	-8.5%
Private rented	9,616	15,804	6,188	64.4%
Other	1,913	1,262	-651	-34.0%
TOTAL	116,847	117,930	1,083	0.9%

Source: 2001 and 2011 Census

55. The PRS has some distinct characteristics, including a much younger demographic profile and a high proportion of households with dependent children (notably lone parents) – levels of overcrowding are relatively high. In terms of the built-form and size of dwellings in the sector, it can be noted that the PRS generally sits somewhere between owner-occupation and the social rented sector (i.e. homes owner-occupied sector are typically larger, and homes in the social rented sector smaller). This demonstrates the sector's wide role in providing housing for a range of groups, including those claiming Housing Benefit and others who might be described as 'would be owners' and who may be prevented from becoming owner-occupiers due to issues such as deposit requirements.
56. Additional analysis suggests that rent levels have not changed significantly over time (when looking at the 2011-18 period) – this would suggest that despite the large increase in the size of the sector, there is no obvious lack of supply of private rented homes. The increase in the size of the sector could however have a knock-on effect to the cost of owner-occupation, if for example buy-to-let homes reduce the supply available for owner occupation, this could drive-up prices. There is limited evidence that this is occurring.
57. There is no evidence of a need for Build to Rent housing (i.e. developments specifically for private rent). However, given the current Government push for such schemes, the Council should consider any proposals on their merit, including taking account of any affordable housing offer (such as rent levels and the security of tenure).
58. This study has not attempted to estimate the need for additional private rented housing. It is likely that the decision of households as to whether to buy or rent a home in the open market is dependent on a number of factors which mean that demand can fluctuate over time; this would include mortgage lending practices and the availability of Housing Benefit. A general (national and local) shortage of housing is likely to have driven some of the growth in the private rented sector, including increases in the number of younger people in the sector, and increases in shared accommodation. If the supply of housing increases, then this potentially means that more households would be able to buy, but who would otherwise be renting.

Self- and Custom-build

59. The Government's self and custom build initiative and the 'right to build' is likely to raise the profile of the self- and custom-build sector. The sector can make a significant contribution to the character of neighbourhoods, innovations in energy efficiency, new methods of construction and design.
60. The evidence of the demand for self-build (from both portals and the Council's self-build register) suggest that this is relatively minimal. It is however possible that these sources do not fully capture the extent of the market in the area and increasing the supply could increase awareness of self-build as an option. The council could consider looking at planning applications for single plot builds to provide an idea of the level of activity that is hidden from the main available sources.

61. The government White Paper “fixing our broken housing market” signals a strengthening of government support for this sector and illustrates the potential role of small and medium sized house builders in this sector. These are potentially crucial to the sector and may have the land, expertise and other resources to kick start and energise the sector. The involvement of small and medium sized local house builders and registered providers might be instrumental in making larger plots available.
62. Given the information available about self- and custom-build in Sefton, the Council’s current policy (part of HC2) to ‘*support proposals for custom or self-build homes on appropriate sites*’ seems reasonable and proportionate.

Overall Summary

63. Overall, the SHMA identifies that the Standard Method would lead to a housing need for 645 dwellings per annum, slightly above the annualised Local Plan figure, but lower than the ‘residual’ Local Plan need once account if taken of completions since 2012. Overall, the Local Plan is not under-delivering housing when compared with the Standard Method.
64. Analysis continues to show substantial spatial differences between different parts of the Borough, with Bootle and Netherton showing a more ‘deprived’ population and housing stock profile when compared with more northern parts of the Borough. This would suggest that in policy terms the Council should continue to consider if different policies are relevant in different parts of the Borough.
65. The affordable needs assessment continues to show a need for affordable housing in the Borough, but a surplus in Bootle and Netherton (albeit a shortage of 1-bedroom units for social/affordable rent). The evidence of a need for affordable home ownership products was far from clear-cut, however given the clear steer in the NPPF it is recommended that the Council do consider seeking 10% of housing on larger sites as affordable home ownership; where possible such housing would ideally be in a shared ownership tenure.
66. The analysis also identifies a need for all sizes of housing within all tenure groups. For market housing there is a focus on smaller family units, but also some larger (4+-bedroom) homes. For affordable home ownership the focus should be on 2-bedroom homes (along with 1- and 3-bedroom accommodation) whilst for social/affordable rented housing the need is particularly for 1- and 2-bedroom homes.
67. Finally, the analysis identifies a large and growing older person population. This is likely to drive the need for additional specialist accommodation in both the rented (affordable) and leasehold (market) sectors, as well as a need for additional care home bedspaces.

1. Introduction

Introduction

- 1.1 Justin Gardner Consulting (JGC) have been commissioned by Sefton Council to provide a Strategic Housing Market Assessment (SHMA). This is an update to the previous SHMA, completed in 2014. The methodology used in this report responds to the revised National Planning Policy Framework (NPPF) of February 2019. This continues to set out the Government's objective to significantly boost housing supply. The analysis is also mindful of revised Planning Practice Guidance (PPG) on housing need assessment (also February 2019).
- 1.2 A key part of the revised NPPF/PPG is the introduction of a Standard Method for the assessment of housing need. Housing need in the context of current and emerging guidance (and as used in this report) therefore refers *"the number of homes identified as being needed through the application of the standard method set out in national planning guidance, or a justified alternative approach."*

National Planning Policy Framework (NPPF)

- 1.3 In February 2019, the government published a revised National Planning Policy Framework. It identifies that local planning authorities should have a clear understanding of housing needs in their area.
- 1.4 Paragraph 31 of the NPPF states that local planning authorities in preparing and reviewing plans should ensure that the preparation and review of all policies should be underpinned by relevant and up-to-date evidence.
- 1.5 In ensuring that Local Plans deliver a sufficient supply of homes strategic policy-making authorities should establish a housing requirement figure for their whole area, with paragraph 60 stating that *'To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for'*.
- 1.6 Paragraph 61 further states *'Within this context, (determining the minimum number of homes needed) the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes'*.

- 1.7 One significant change in the revised NPPF from the earlier version is a revision of the definition of affordable housing (Annex 2 of both NPPF). The revised NPPF now includes a series of affordable home ownership options with the definition of need and paragraph 64 of the NPPF states that *'Where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups'*.
- 1.8 The NPPF also states that strategic policy-making authorities should establish a housing requirement figure for their whole area, which shows the extent to which their identified housing need (and any needs that cannot be met within neighbouring areas) can be met over the plan period.

Planning Practice Guidance (PPG)

- 1.9 The PPG explains how key elements of the NPPF should be interpreted. It also assists plan-making authorities in assessing and evidencing development needs for housing (both market and affordable), by introducing a standard approach for assessing local housing need. The National Planning Policy Framework expects strategic policy-making authorities to follow the standard method in the PPG for assessing local housing need.
- 1.10 It is clear from the NPPF that the Objectively Assessed Housing Need (OAN) derived from the standard methodology is to act as a minimum and there is scope and indeed it is encouraged for local authorities to provide housing in excess of this. Paragraph 10 of the PPG sets out the circumstances when a higher figure than the standard method can be considered. This includes where growth strategies are in place, where strategic infrastructure improvements are likely to drive and increase in the need for homes and where an authority has agreed to take on unmet need from a neighbouring authority. Authorities are also encouraged to consider situations where past delivery or previous assessments of need suggest a higher need than shown by the Standard Method.
- 1.11 In addition to setting out a Standard Method for assessing housing need, the PPG also provides some guidance about how specific elements of analysis should be undertaken (under the heading of *'Identifying the need for different types of housing'*). This includes advice about older people, people with disabilities and the private rented sector. The PPG also sets out a methodology for assessing affordable housing need; this is noteworthy for largely being the same as in the previous PPG (linked to the original NPPF) and for not providing any substantive advice about how to measure need captured under the new Annex 2 (NPPF) definition of affordable housing (affordable home ownership).

Sefton Local Plan

- 1.12 The Sefton Local Plan was adopted in April 2017; this sets out how new development will be managed in the period from 2015 to 2030. There are a number of policies in the Plan that are relevant to this report, and in some cases were developed on the basis of the previous SHMA research. Key policies are discussed below:

MN1 HOUSING AND EMPLOYMENT REQUIREMENTS (selected extracts)

Housing Requirement

1. During the period 2012 – 2030 provision will be made for the development of a minimum of 11,520 new homes in Sefton. The housing requirement will be met at the following average annual rates:

2012-2017: 500 dwellings per annum

2017-2030: 694 dwellings per annum

- 1.13 Policy MN1 sets out a housing requirement for 11,520 dwellings over the 18-year period to 2030 (an annual average of 640 dwellings per annum. However, the plan includes a stepped trajectory for this delivery, with a lower average number of homes to be provided in the first five years of the plan and a higher figure for the final 13 years.
- 1.14 According to the Council's Annual Monitoring Report (AMR) of 2016/17, from 2012 to 2017, a total of 1,655 additional dwellings (net) were completed – an annual rate of 331 per annum. On the basis of a housing requirement for 11,520 dwellings this leaves 9,865 to be provided post-2017 (around 759 per annum).

HC1 AFFORDABLE AND SPECIAL NEEDS HOUSING (selected extracts)

All of Sefton outside Bootle and Netherton

1. For new developments of 15 dwellings or more (or for residential and other conversions involving 15 or more additional dwellings net) 30% of the total scheme (measured by bedspaces) will be provided as affordable housing.
2. 80% of the affordable housing should be provided as social rented/affordable rented and the remaining 20% provided as intermediate housing.

Bootle and Netherton

3. Affordable housing will be required as part of proposals for new developments of 15 dwellings or more (or for residential and other conversions involving 15 or more additional dwellings net) on the basis of 15% of the total scheme (measured by bedspaces).
4. Affordable housing should be 50% social/affordable rented and 50% intermediate housing.

All Areas

6. Special needs housing can be substituted for up to 50% of the site affordable housing contribution on a bedspace for bedspace basis.
7. Where extra care or sheltered housing is proposed to be substituted for affordable housing, this must meet the tenure requirements set out in parts 2 and 4 of this policy.
9. Affordable and/or special needs housing will be provided in accordance with this policy unless a robust assessment of a scheme's economic viability confirms that this cannot be achieved.
10. Off-site provision of affordable housing, or a financial contribution of broadly equivalent value, will be considered where it can be robustly justified, and where the agreed approach contributes to the objective of creating mixed and balanced communities.
11. In implementing the policy, the Council will have regard to:
 - a. the definitions and provisions of affordable and/or special needs housing in relevant national guidance as they may change over time, and
 - b. changes in the Borough's requirements for affordable and special needs housing based on new evidence of need as set out in future commissioned Strategic Housing Market Assessments or similar studies.

1.15 Policy HC1 sets out policies for Affordable and Special Needs Housing. Of note within this policy is the different target depending on the location of housing, also the tenure split is different across areas. Overall, the north of the Borough (areas outside Bootle and Netherton) has a higher target and for more of this to be rented rather than intermediate housing. One key feature of the policy is that the affordable requirement is described in bedspaces rather than dwellings. The policies also allow for some special needs housing to be substituted for affordable housing, but that this housing should still match the tenure splits in each area.

1.16 Finally, and in relation to this report, part 11 of Policy HC1 notes that the implementation of the policy will have regard to definitions of affordable housing in guidance and also any evidence of the need for affordable housing. This is important given the changed definition of affordable housing in the NPPF (which is discussed in this report); additionally, this report does provide an update to the needs assessment in the 2014 SHMA.

HC2 HOUSING TYPE, MIX AND CHOICE (selected extracts)

1. In developments of 25 or more dwellings, the mix of new properties provided must be as follows unless precluded by site specific constraints, economic viability or prevailing neighbourhood characteristics:

A minimum of 25% of market dwellings must be 1 or 2 bedroom properties

A minimum of 40% of market dwellings must be 3 bedroom properties

These requirements do not apply to wholly apartment/flatted, extra care, and sheltered housing developments. Any new affordable dwellings are also exempt.

2. In developments of 50 or more dwellings, at least 20% of new market properties must be designed to meet Building Regulation Requirement M4(2) 'accessible and adaptable dwellings'.

- 1.17 Policy HC2 considers housing type and mix. The policy sets out some general guidance about the mix of market homes which looks to ensure that larger developments do have a reasonable balance of homes. The policy also seeks to ensure that some homes meet the M4(2) Housing Technical Standard. Both the general mix of housing and the need for accessible and adaptable dwellings (as well as specialist housing for older people) are issues picked up in this report.

Report Structure

- 1.18 This report sets out a number of either linked or distinct sections; these are summarised below with a brief description:
- Section 2 – Sefton – Area Profile – Provides background analysis about population and housing in Sefton to help provide context for the analysis to follow;
 - Section 3 – Demographic Trends and Housing Need Projections – Reviews a range of data about population and household growth and sets out the Objectively Assessed Housing Need (OAN) when using the Government's emerging Standard Method;
 - Section 4 - Affordable Housing Need – Updates previous analysis about the need for affordable housing and builds on this by considering the need under the new expanded definition of affordable housing in the NPPF;
 - Section 5 – Family Households and Housing Mix – This section assesses the need for different sizes of homes in the future, modelling the implications of demographic drivers on need/demand for different sizes of homes in different tenures. As well as looking at affordable housing need, this section also considers market size requirements;
 - Section 6 – Older People and People with Disabilities – Considers the need for specialist accommodation for older people (e.g. sheltered/Extra-care) and also the need for homes to be built to Building Regulations M4(2) any M4(3). The section studies a range of data around older persons and people with disabilities;
 - Section 7 – Private Rented Sector (PRS) – Analysis of the PRS in terms of characteristics and costs, and how this has changed over time; and
 - Section 8 – Self- and Custom-Build – Looks at a range of data to set out the evidence of a demand for self- and custom-build plots in Sefton.

1.19 In addition to the groups above, there are a number of groups suggested in the NPPF/PPG that could be considered in the analysis but are not specifically dealt with in this report. This includes:

- Students – Sefton Council does not have significant populations of further education students and there would not be expected to be any specific housing requirements
- Travellers who have ceased to travel – it is considered that this topic is best addressed through a Gypsy and Traveller Accommodation Assessment.
- Caravan and Houseboat Dwellers – In March 2016, CLG published draft guidance on the need for caravans and houseboats. This is important as it essentially fills the gap in the overall need from Gypsies and Travellers to cover the full range of households who live in some form of mobile or temporary accommodation. The 2011 Census show there to be just 40 dwellings in Sefton that comprised ‘caravans or other mobile or temporary structures’ and of these 33 are occupied. Additionally, data from CLG identifies no houseboats on the Council Tax Register in 2016. Given these low numbers, it is not practical to undertake an analysis of the demand for houseboats/caravans, although this data would suggest that numbers would be low.
- Armed Forces – There are no bases in Sefton and the 2011 Census records just 386 armed forces personnel as living in households. Hence there does not appear to be any specific issue.

Introduction: Key Messages

- This report provides an update to a previous Strategic Housing Market Assessment (SHMA) completed in 2014. The methodology used in this report responds to the revised National Planning Policy Framework (NPPF) of February 2019. This continues to set out the Government’s objective to significantly boost housing supply. The analysis is also mindful of revised Planning Practice Guidance (PPG) on housing need assessment (also February 2019).
- A key part of the revised NPPF/PPG is the introduction of a Standard Method for the assessment of housing need. Housing need, as used in this report, therefore refers to “*the number of homes identified as being needed through the application of the standard method set out in national planning guidance, or a justified alternative approach.*”
- The analysis is also mindful of Key Policies in the Sefton Local Plan (adopted in April 2017). Important policies can be summarised as MN1 (Housing and Employment Requirements) which sets out an overall housing target; HC1 (Affordable and Special Needs Housing) which includes affordable housing policies and the areas to which they should be applied and HC2 (Housing Type, Mix and Choice) which amongst other things covers the size of homes expected to be delivered on market schemes.
- To provide an evidence base, this report sets out a number of either linked or distinct sections to cover a range of core subject areas; the sections are summarised below:
 - Section 2 – Sefton – Area Profile;
 - Section 3 – Demographic Trends and Housing Need Projections;
 - Section 4 – Affordable Housing Need;
 - Section 5 – Family Households and Housing Mix;
 - Section 6 – Older People and People with Disabilities;
 - Section 7 – Private Rented Sector (PRS); and
 - Section 8 – Self- and Custom-Build

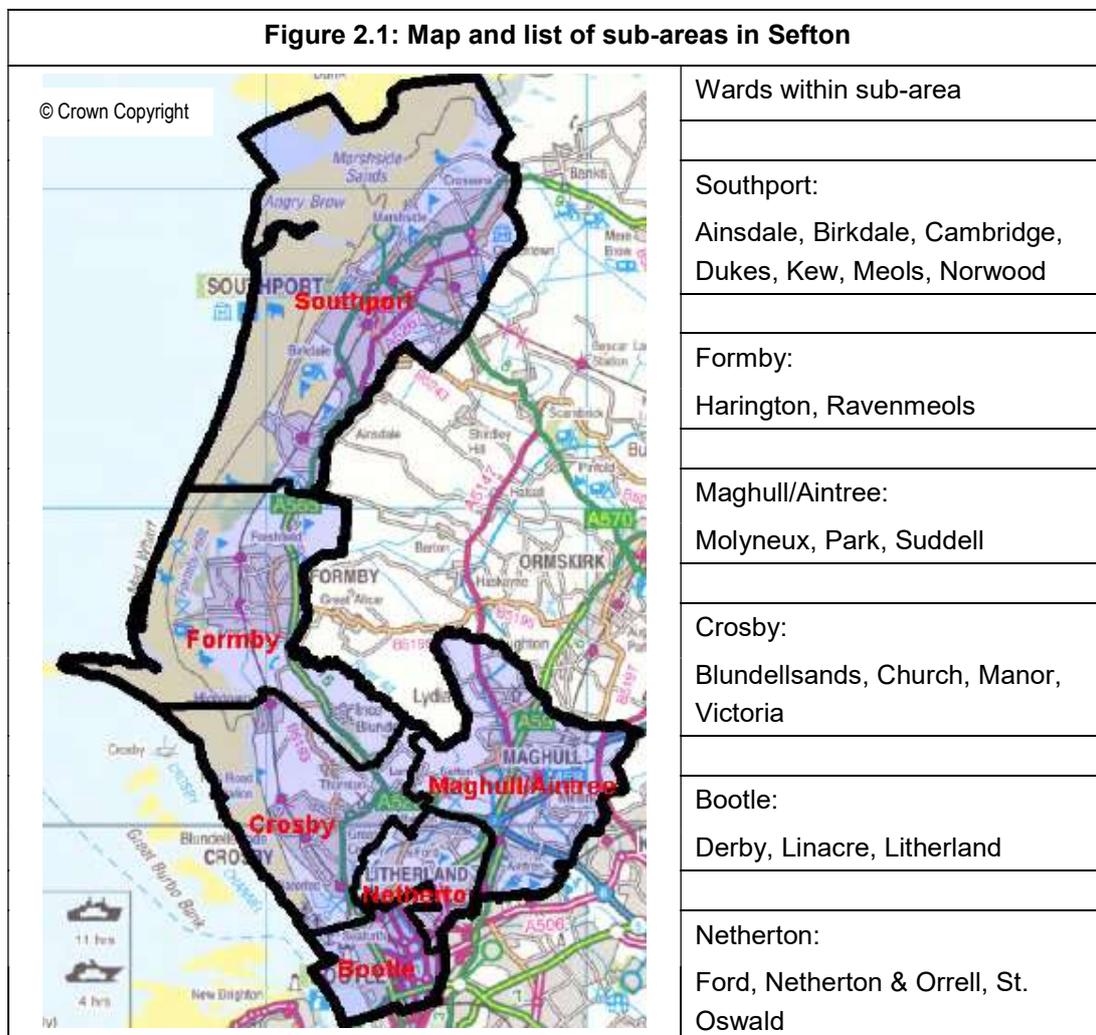
2. Sefton Borough Profile

Introduction

2.1 This section provides some background analysis about population and housing in Sefton (along with summary information for each of six sub-areas). Data is compared with local, regional and national data as appropriate. Data can be summarised as covering four main topic headings:

- Population (age/ethnic group)
- Household characteristics (type/tenure)
- Housing profile (size/accommodation type)
- Economic profile

2.2 The sub-areas used in analysis are consistent with those used in previous SHMA research and are shown on the map below. The areas are built up from groups of wards (as shown).



Source: 2014 SHMA

Population

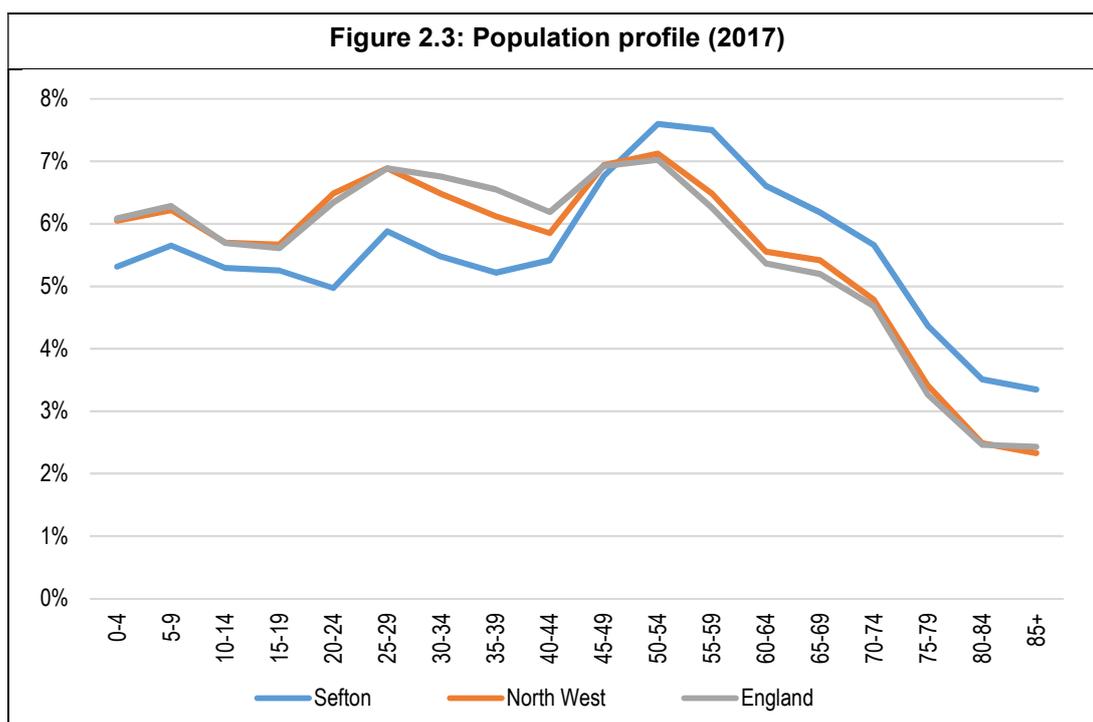
- 2.3 The table below shows the population profile of Sefton in five-year age bands compared with a range of other areas (data for mid-2017). The data shows a relatively old age structure with particularly notable differences from ages 50 onwards.

Figure 2.2: Population profile (2017)

	Sefton		North West	England
	Population	% of population	% of population	% of population
0-4	14,596	5.3%	6.1%	6.1%
5-9	15,514	5.6%	6.2%	6.3%
10-14	14,537	5.3%	5.7%	5.7%
15-19	14,419	5.3%	5.7%	5.6%
20-24	13,653	5.0%	6.5%	6.3%
25-29	16,149	5.9%	6.9%	6.9%
30-34	15,024	5.5%	6.5%	6.8%
35-39	14,331	5.2%	6.1%	6.5%
40-44	14,872	5.4%	5.9%	6.2%
45-49	18,584	6.8%	6.9%	6.9%
50-54	20,869	7.6%	7.1%	7.0%
55-59	20,596	7.5%	6.5%	6.3%
60-64	18,138	6.6%	5.6%	5.4%
65-69	16,979	6.2%	5.4%	5.2%
70-74	15,527	5.7%	4.8%	4.7%
75-79	11,981	4.4%	3.4%	3.3%
80-84	9,633	3.5%	2.5%	2.5%
85+	9,187	3.3%	2.3%	2.4%
All Ages	274,589	100.0%	100.0%	100.0%

Source: ONS mid-year population estimates

- 2.4 The differences between Sefton and other areas can more clearly be seen in the figure below. This identifies a relatively low proportion of the population aged up to 50 (in all age bands) and higher proportions for all age bands from about 50 upward.



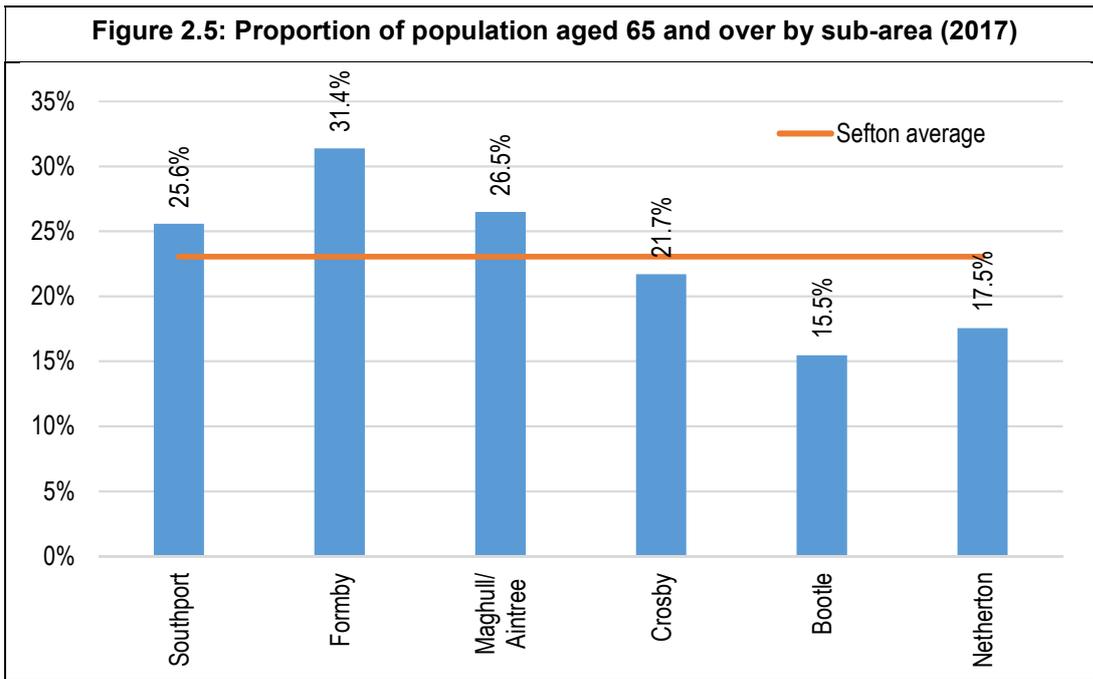
- 2.5 The analysis below summarises the above information by assigning population to three broad age groups (which can generally be described as a) children, b) working-age and c) pensionable age. This analysis shows that, compared with the region and national position, Sefton has a relatively high proportion of people aged 65 and over (23%) and consequently lower proportions of both children and people of working-age.

Figure 2.4: Population profile (2017) – summary age bands

	Sefton		North West	England
	Population	% of population	% of population	% of population
under 16	47,540	17.3%	19.0%	19.1%
16-64	163,742	59.6%	62.5%	62.8%
65+	63,307	23.1%	18.4%	18.0%
All Ages	274,589	100.0%	100.0%	100.0%

Source: ONS mid-year population estimates

- 2.6 The figure below takes this data forward to look at some differences by sub-area. This focusses on the population aged 65 and over. The analysis identifies quite a variation in the proportion of people in this age group in different locations. The proportion aged 65+ varies from 15% in Bootle up to 31% in Formby.



Source: ONS mid-year population estimates

2.7 As well as looking at the population profile, analysis has been carried out (below) to look at overall population change over the 10-year period to 2017 (a 10-year period being chosen as this is a fairly standard period over which to look at population change). The analysis shows over the period that the population of Sefton decreased by 0.2%; this compares to increases in the North West (4.8%) and England (8.2%).

	Population (2007)	Population (2017)	Change	% change
Sefton	275,085	274,589	-496	-0.2%
North West	6,929,277	7,258,627	329,350	4.8%
England	51,381,093	55,619,430	4,238,337	8.2%

Source: ONS mid-year population estimates

2.8 The table and figure below show population change by age (again for the 2007-17 period). This generally identifies the greatest increases to be in older age groups (aged 65 and over) along with some notable population declines (particularly in the 35-49 age group).

Figure 2.7: Population change by age (2007-17) – 5-year age bands (Sefton)

	Population (2007)	Population (2017)	Change	% change
0-4	13,660	14,596	936	6.9%
5-9	14,644	15,514	870	5.9%
10-14	17,432	14,537	-2,895	-16.6%
15-19	18,886	14,419	-4,467	-23.7%
20-24	15,031	13,653	-1,378	-9.2%
25-29	13,529	16,149	2,620	19.4%
30-34	13,451	15,024	1,573	11.7%
35-39	18,068	14,331	-3,737	-20.7%
40-44	20,988	14,872	-6,116	-29.1%
45-49	20,711	18,584	-2,127	-10.3%
50-54	18,593	20,869	2,276	12.2%
55-59	17,968	20,596	2,628	14.6%
60-64	17,072	18,138	1,066	6.2%
65-69	14,538	16,979	2,441	16.8%
70-74	13,849	15,527	1,678	12.1%
75-79	11,699	11,981	282	2.4%
80-84	8,114	9,633	1,519	18.7%
85+	6,852	9,187	2,335	34.1%
All Ages	275,085	274,589	-496	-0.2%

Source: ONS mid-year population estimates

- 2.9 This information has been summarised into three broad age bands to ease comparison. The table below shows a decrease in the number of children living in the Borough (reducing by about 4%) along with a decrease in the 'working-age' population. The key driver of population growth has therefore been in the 65 and over age group, which between 2007 and 2017 saw a population increase of about 8,300 people; this age group increasing in size by 15% over the decade.

Figure 2.8: Change in population by broad age group (2007-17) – Sefton

	2007	2017	Change	% change
Under 16	49,591	47,540	-2,051	-4.1%
16-64	170,442	163,742	-6,700	-3.9%
65+	55,052	63,307	8,255	15.0%
TOTAL	275,085	274,589	-496	-0.2%

Source: ONS mid-year population estimates

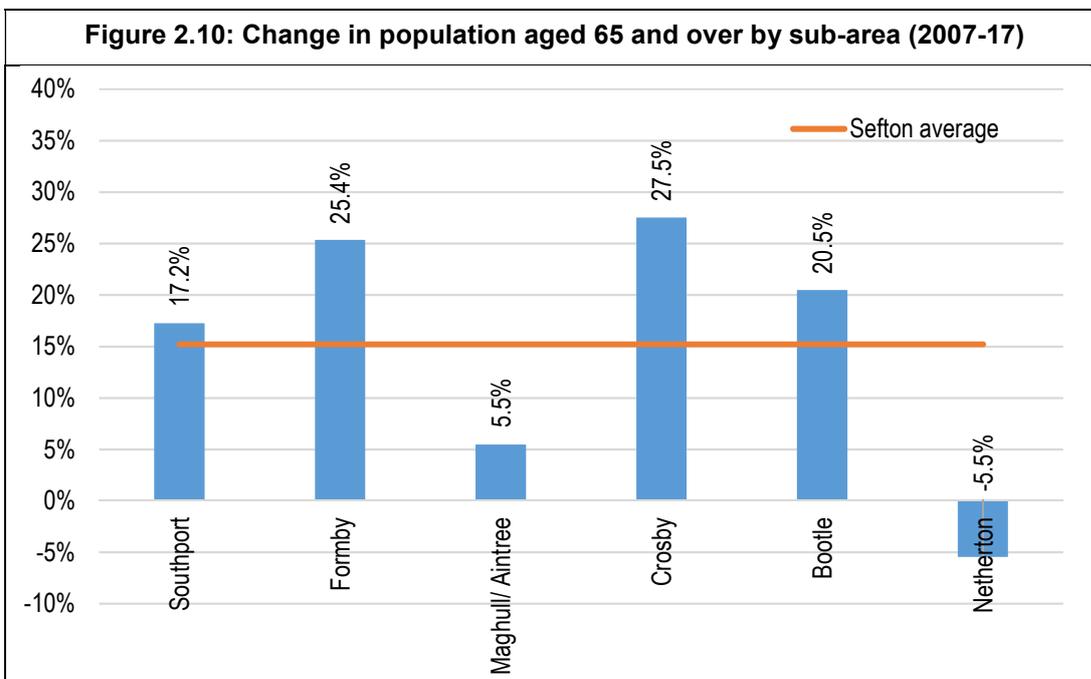
- 2.10 Additional analysis is provided below to look at the sub-area (for the 2007-17 period). The analysis shows a falling population in three of the six sub-areas, with a notable decline of 13% in Maghull/Aintree in just a decade. The strongest population growth has been seen in Crosby and Bootle; both increasing in excess of 6%. Levels of population growth/decline may to some degree to be driven by the locations of new housing development over this period. It should be noted that the ward level data (from which sub-area information has been built-up) shows a very slightly different estimate of population in 2007 than previously shown.

Figure 2.9: Change in population (2007-17) by sub-area

	2007	2017	Change	% change
Southport	89,863	92,050	2,187	2.4%
Formby	24,170	23,850	-320	-1.3%
Maghull/Aintree	41,268	35,975	-5,293	-12.8%
Crosby	45,960	48,749	2,789	6.1%
Bootle	34,816	37,354	2,538	7.3%
Netherton	38,983	36,611	-2,372	-6.1%
Total	275,060	274,589	-471	-0.2%

Source: ONS mid-year population estimates

2.11 The figure below shows the change in the proportion of the population aged 65 and over in each sub-area. Most areas have seen an increase in the proportion of older people, with the increase in the population in this age group ranging from 6% in Maghull/Aintree to over 25% in Formby and Crosby. Netherton stands out however as having seen a fall in the older person population – the number of people aged 65 and over fell by around 6% over the decade studied.



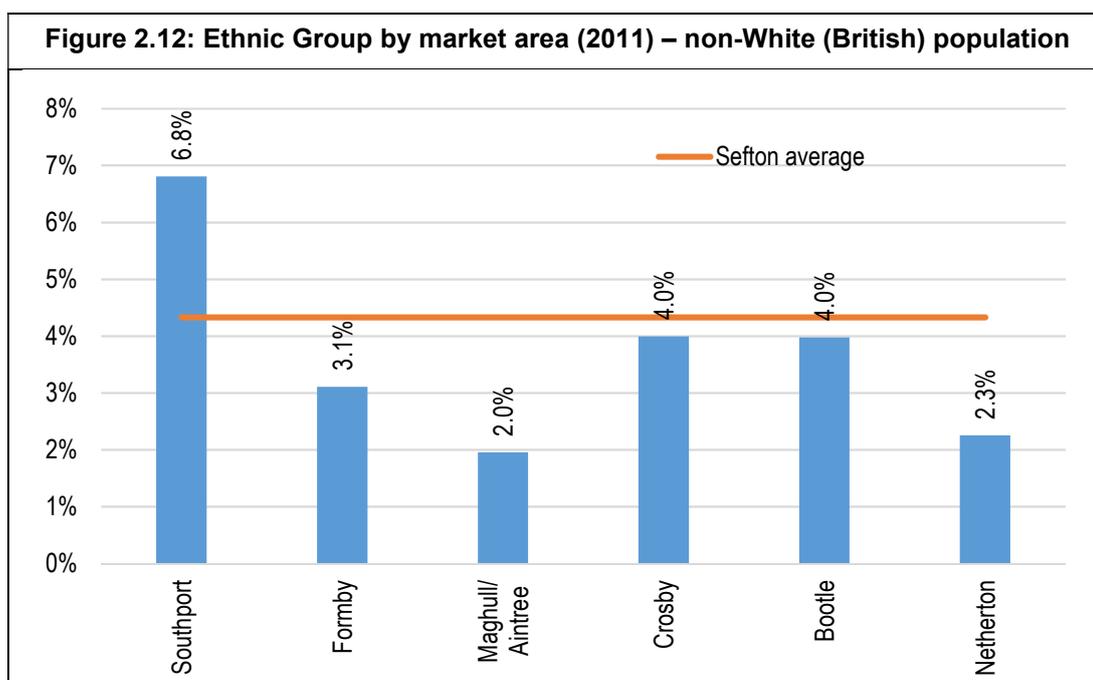
Source: ONS mid-year population estimates

2.12 The table below shows the ethnic group of the population (as of 2011) and compares this with a range of other areas. It can be seen that the Black and Minority Ethnic (BME) population of Sefton is very low when compared with other areas; only 4.3% of people are from a BME group, compared with 12% in the North West and 19% nationally. The main BME group in Sefton is White (Other) which makes up 1.8% of all people – this group is likely to contain a number of Eastern European migrants.

	Sefton		North West	England
	Population	% of population	% of population	% of population
White (British/Irish)	261,941	95.7%	88.0%	80.7%
White (Other)	4,800	1.8%	2.2%	4.7%
Mixed	2,820	1.0%	1.6%	2.3%
Asian	2,719	1.0%	6.2%	7.8%
Black	796	0.3%	1.4%	3.5%
Other	714	0.3%	0.6%	1.0%
TOTAL	273,790	100.0%	100.0%	100.0%
Non-White (British/Irish)	11,849	4.3%	12.0%	19.3%

Source: 2011 Census

- 2.13 The figure below shows the proportion of the population who are from a non-White (British) ethnic group by sub-area. This identifies that all areas have relatively low BME populations, with the range of figures being from 2% in Maghull/Aintree, up to 6.8% in Southport.



Source: 2011 Census

Household Characteristics

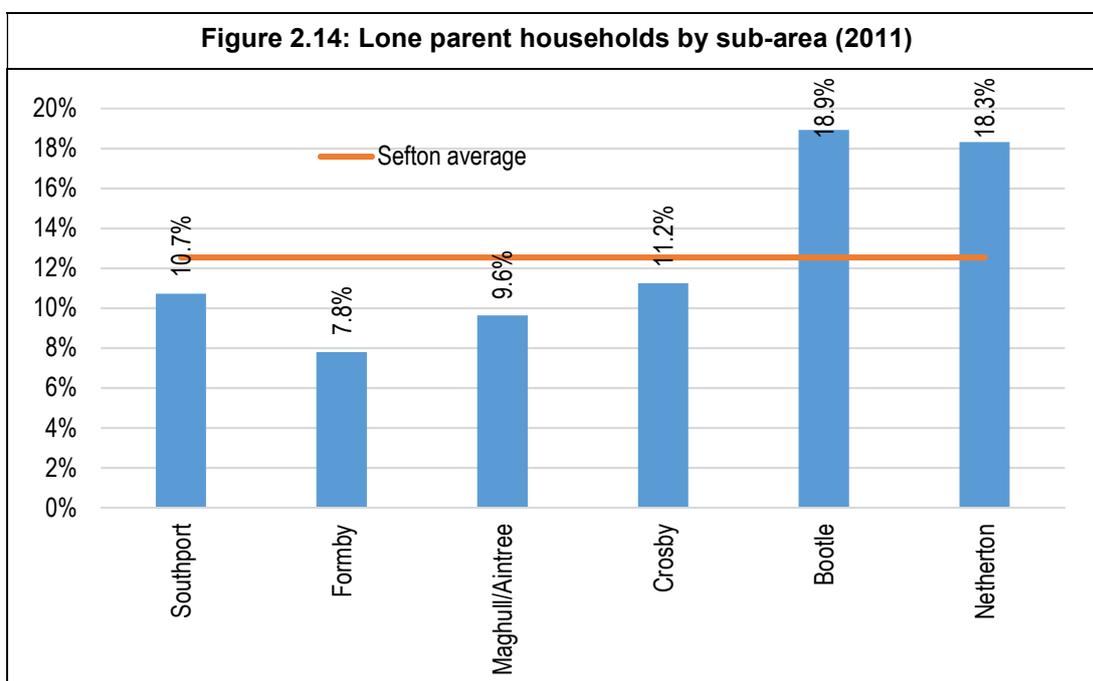
- 2.14 The table below shows household types (in 2011) in Sefton and compared with other areas. Compared with the regional and national position, this analysis shows a relatively high proportion of households with people aged 65 and over and relatively low levels of family households (i.e. a couple and dependent children). The analysis also shows a higher than average proportion of lone parent households (particularly those with non-dependent children).

Figure 2.13: Household Types (2011)

	Sefton		North West	England
	Households	% of households	% of households	% of households
One person 65 and over	18,414	15.6%	12.8%	12.4%
Couple 65 and over	11,419	9.7%	7.8%	8.1%
One person (under 65)	19,406	16.5%	19.4%	17.9%
Couple (no children)	17,495	14.8%	16.5%	17.6%
Couple (dependent children)	20,312	17.2%	18.4%	19.3%
Couple (non-dependent children only)	9,393	8.0%	6.5%	6.1%
Lone parent (dependent children)	9,216	7.8%	8.1%	7.1%
Lone parent (non-dependent children only)	5,576	4.7%	3.9%	3.5%
Other households	6,699	5.7%	6.6%	8.0%
TOTAL	117,930	100.0%	100.0%	100.0%

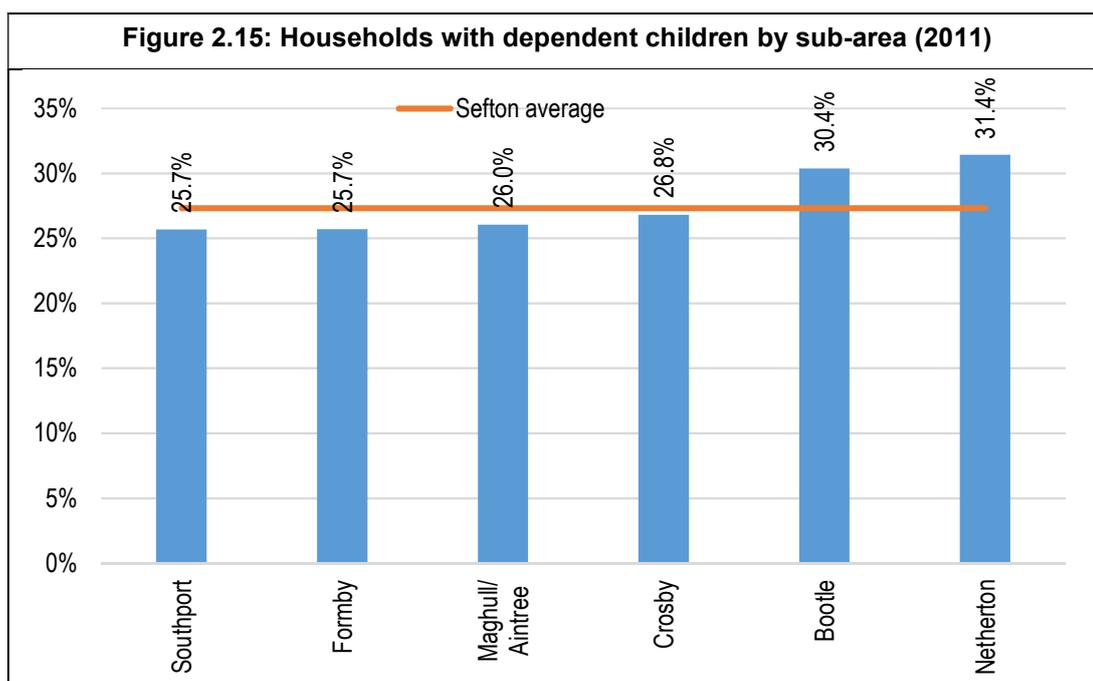
Source: 2011 Census

2.15 The figure below focuses on the proportion of lone parent households by sub-area (the figures are for lone parent households with both dependent and non-dependent children combined). This shows a notable range with the proportion of lone parent households going from 8% in Formby area, up to over 18% in both Bootle and Netherton.



Source: 2011 Census

2.16 A similar analysis has been undertaken below focussing on all households with dependent children. This again shows variation across areas, with the range of proportions of such households going from about 26% in Southport, Formby and Maghull/Aintree up to over 30% in Bootle and Netherton.



Source: 2011 Census

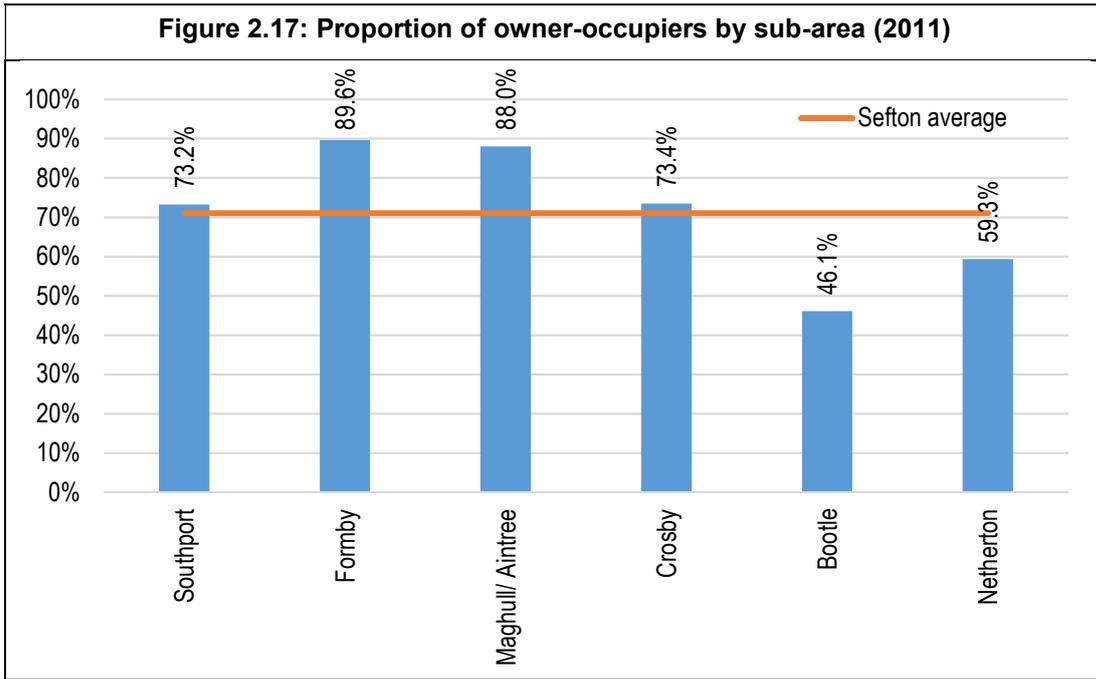
- 2.17 The table below shows household tenure compared with a number of other locations. The analysis identifies a relatively high proportion of owner-occupiers and particularly outright owners. The proportion of households living in both the social rented sector and private rented accommodation is slightly lower than is observed in other areas.

Figure 2.16: Tenure (2011)

	Sefton		North West	England
	Households	% of households	% of households	% of households
Owns outright	42,334	35.9%	31.0%	30.6%
Owns with mortgage/loan	41,467	35.2%	34.0%	33.6%
Social rented	17,063	14.5%	18.3%	17.7%
Private rented	15,804	13.4%	15.4%	16.8%
Living rent free	1,262	1.1%	1.3%	1.3%
TOTAL	117,930	100.0%	100.0%	100.0%

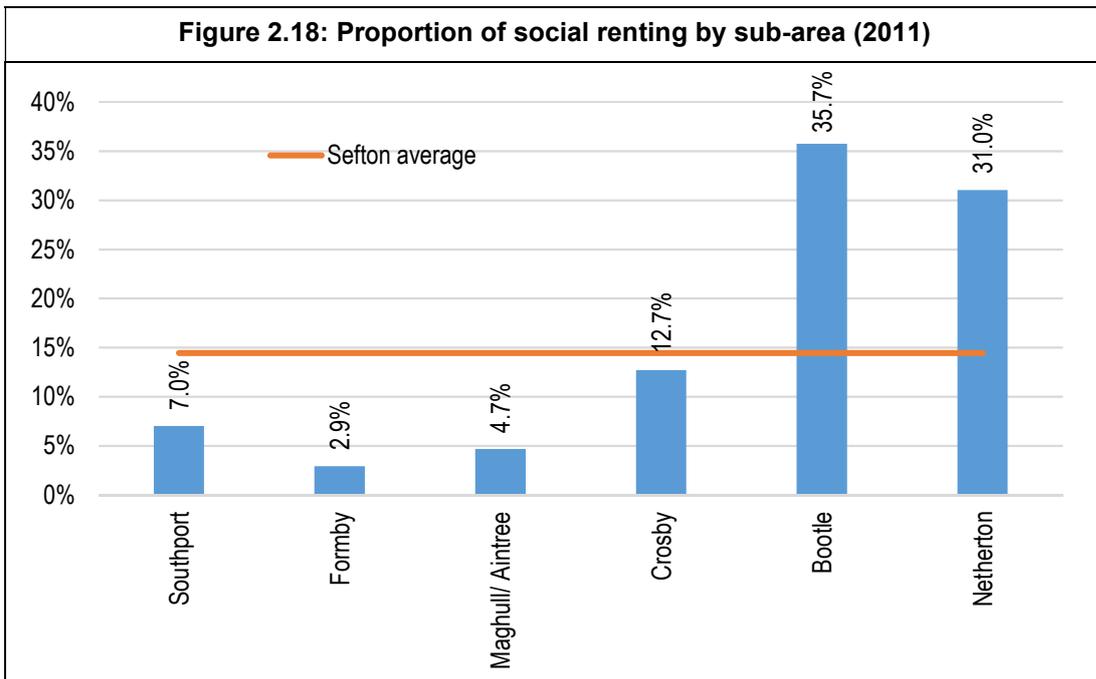
Source: 2011 Census

- 2.18 The three figures below show sub-area level data for three key tenure groups: a) owner-occupied (combining those with and without a mortgage/loan), b) social rent and c) private rent. Data for the 'living rent free' tenure group is not shown below; the proportion of households in the other category is relatively small (1.1% of all households in the Borough).
- 2.19 When looking at owner-occupation the analysis shows a range from about 46% of households in Bootle up to 90% in Formby. In Formby, as of 2011, over half (53%) of all households were outright owners (only 19% in Bootle).



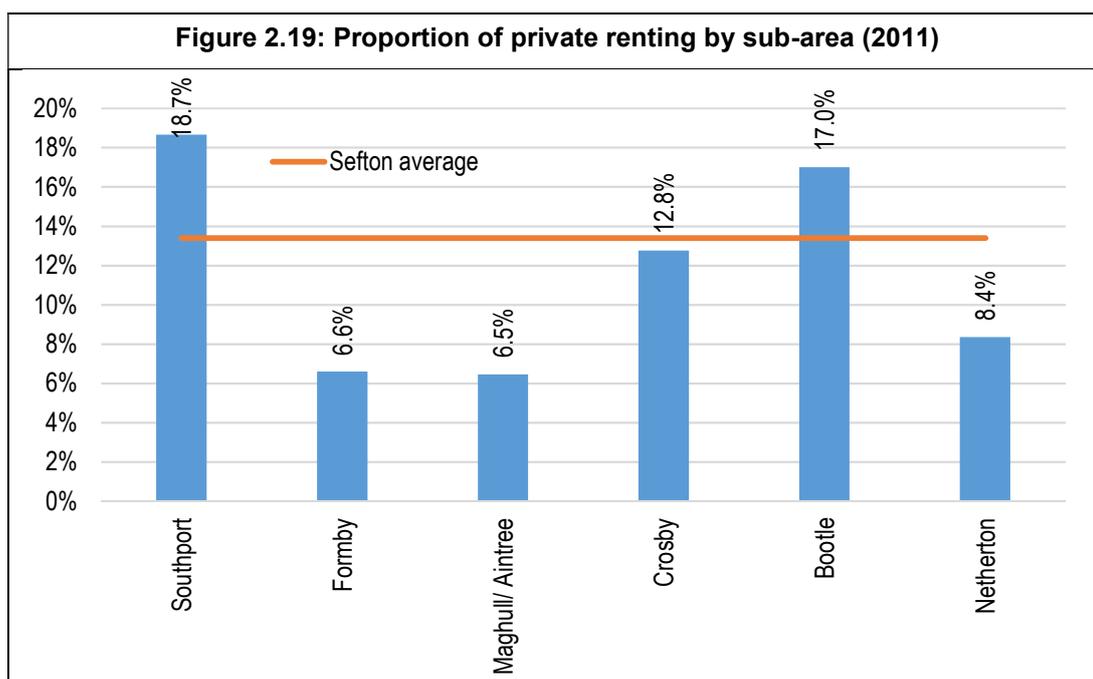
Source: 2011 Census

2.20 The proportion of households living in social rented housing (figure below) shows some significant variation by area with proportions varying from around 3% in Formby up to 36% in Bootle.



Source: 2011 Census

2.21 The final tenure analysis below focusses on the private rented sector; as with other tenures there is some variation between areas with the proportion of households living in this sector varying from 7% in Formby and Maghull/Aintree up to 19% in Southport.



Source: 2011 Census

2.22 As well as looking at the current tenure profile, it is of interest to consider how this has changed over time; the table below shows (for the whole of Sefton) data from the 2001 and 2011 Census. From this it is clear that there has been growth in the number of households living in privately rented accommodation as well as a notable increase in outright owners. There has been a substantial decline in the number of owners with a mortgage and a notable decline in the numbers in the social rented sector.

Figure 2.20: Change in tenure (2001-11) – Sefton

	2001 households	2011 households	Change	% change
Owns outright	39,623	42,334	2,711	6.8%
Owns with mortgage/loan	47,046	41,467	-5,579	-11.9%
Social rented	18,649	17,063	-1,586	-8.5%
Private rented	9,616	15,804	6,188	64.4%
Other	1,913	1,262	-651	-34.0%
TOTAL	116,847	117,930	1,083	0.9%

Source: 2001 and 2011 Census

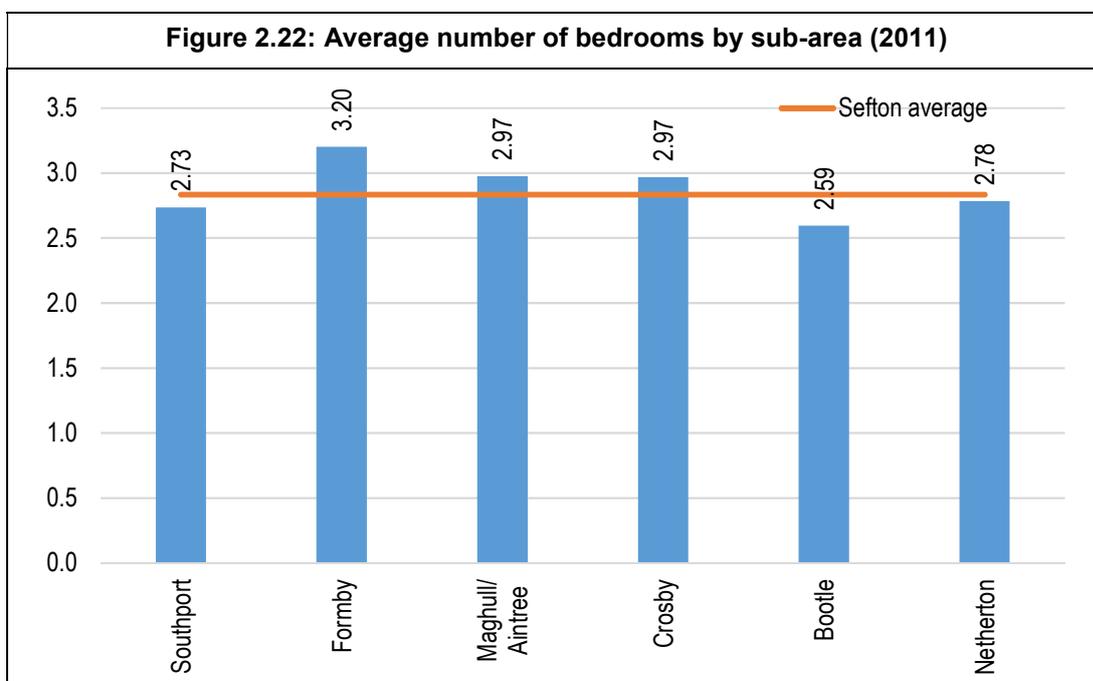
Housing Profile

2.23 The analysis below shows the number of bedrooms available to households as of the 2011 Census. Generally, the size profile in Sefton is one of larger homes with an average of 2.83 bedrooms compared with 2.72 in the North West and 2.72 nationally. The analysis shows that the dwelling stock of Sefton is dominated by 3-bedroom homes, making up half of all stock. The proportion of homes with two or fewer bedrooms is notably lower than regional and national figures.

	Sefton		North West	England
	Households	% of households	% of households	% of households
1-bedroom	10,933	9.3%	9.7%	12.0%
2-bedrooms	25,565	21.7%	28.5%	27.9%
3-bedrooms	58,900	49.9%	45.0%	41.2%
4-bedrooms	17,218	14.6%	13.1%	14.4%
5+-bedrooms	5,314	4.5%	3.7%	4.6%
TOTAL	117,930	100.0%	100.0%	100.0%
Average bedrooms	2.83		2.72	2.72

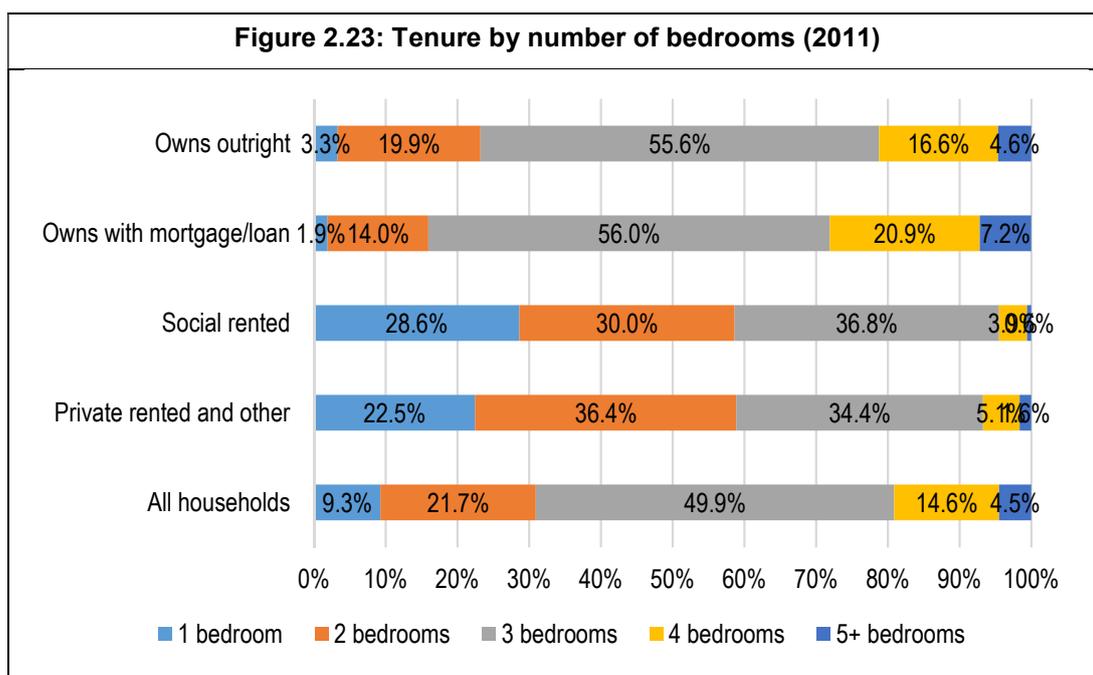
Source: 2011 Census

2.24 There is some variation in the average number of bedrooms across different locations (as shown in the figure below) – the average number of bedrooms varies from 2.59 in Bootle, up to 3.20 in Formby.



Source: 2011 Census

2.25 The figure below shows how the size of homes varies by tenure (for the whole of Sefton). From this it is clear that homes in the owner-occupied sector are significantly larger than either the private or social rented sectors. Some 80% of all owner-occupied homes have at least three bedrooms with 25% having four or more bedrooms. In the social rented sector, only 5% of homes have four or more bedrooms, along with 7% of private rented accommodation.



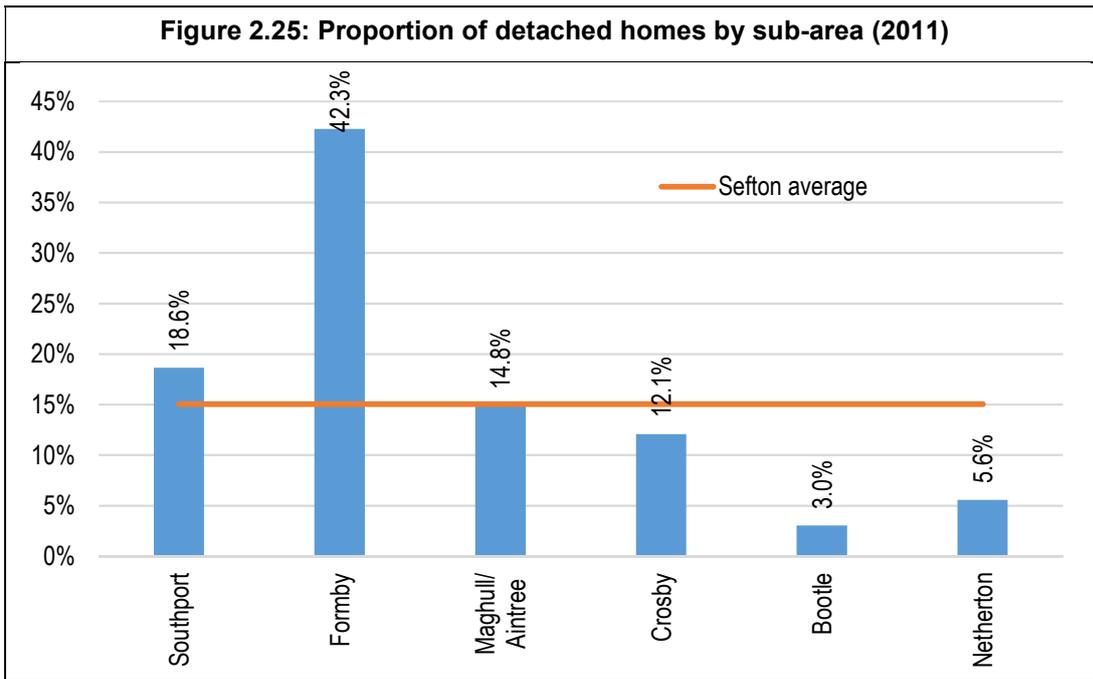
- 2.26 Leading on from the analysis of dwelling sizes, the analysis below looks at accommodation types. This identifies that Sefton has a particularly high proportion of semi-detached homes and relatively few detached and terraced homes – some 45% of homes are semi-detached, compared with 36% across the North West and 31% nationally; only 15% of homes are detached, compared with 22% nationally and 18% regionally.

Figure 2.24: Accommodation type (2011)

	Sefton		North West	England
	Dwellings	% of dwellings	% of dwellings	% of dwellings
Detached	18,752	15.0%	17.7%	22.3%
Semi-detached	56,512	45.4%	35.7%	30.7%
Terraced	23,915	19.2%	30.0%	24.5%
Flat/other	25,426	20.4%	16.6%	22.5%
TOTAL	124,605	100.0%	100.0%	100.0%

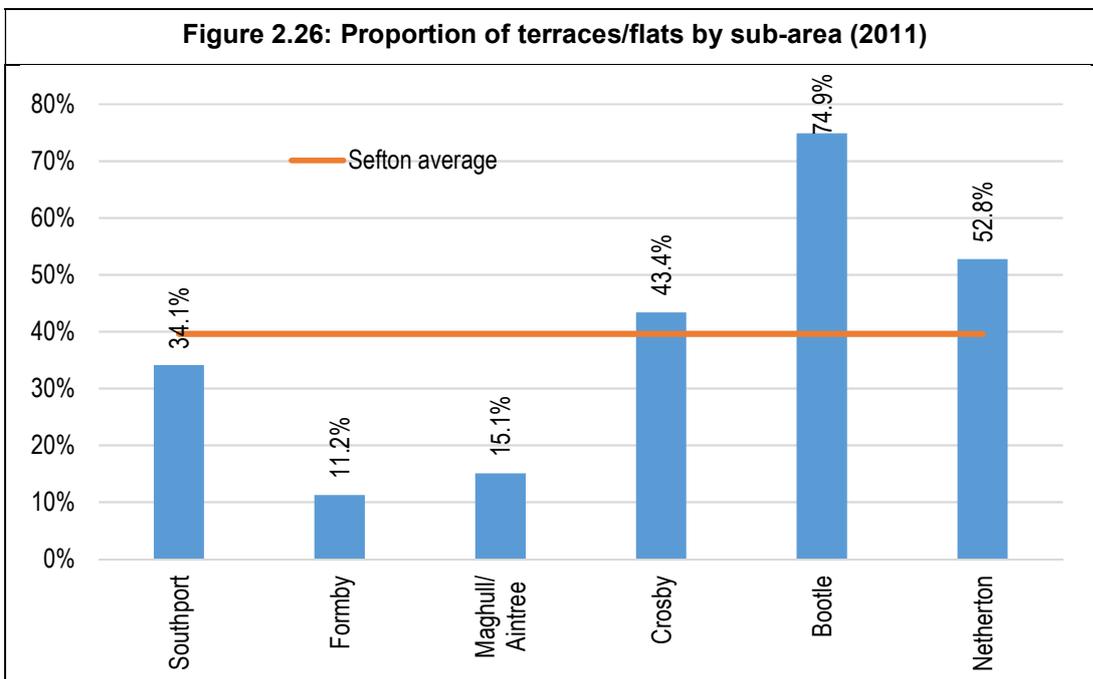
Source: 2011 Census

- 2.27 The figure below shows the proportion of detached homes in each sub-area. There is a notable variation with figures ranging from 3% in Bootle, up to 42% in Formby.



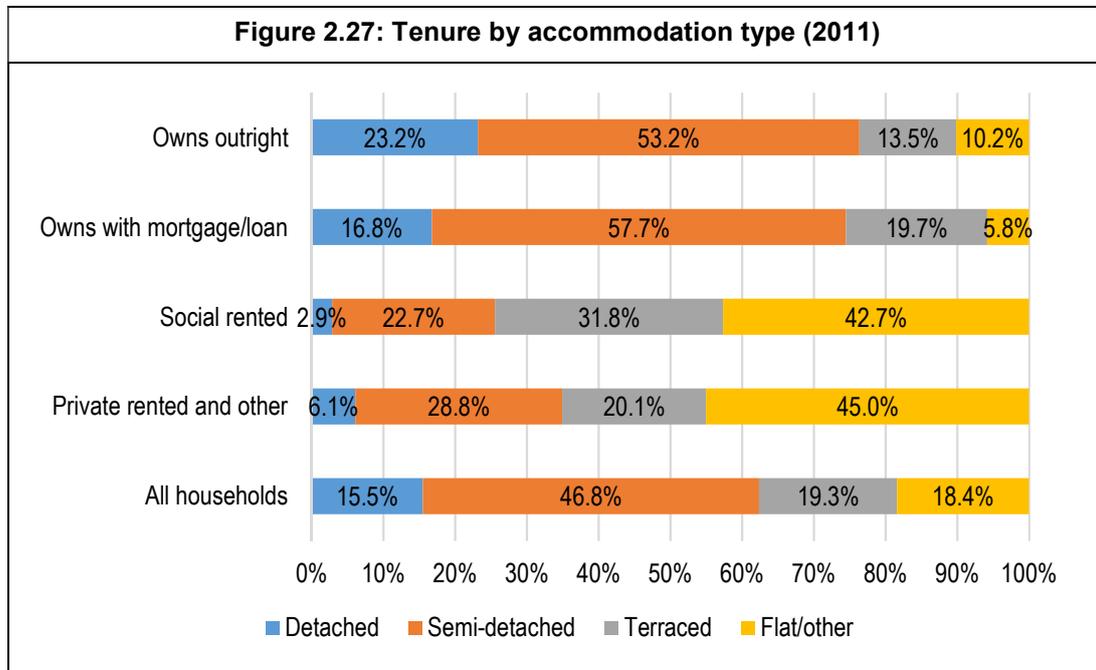
Source: 2011 Census

2.28 A similar analysis (below) focuses on the proportion of terrace homes and flats. This typically shows the opposite pattern to that for detached homes with the proportion of households living in terraces/flats ranging from 11% in Formby, up to 75% in Bootle.



Source: 2011 Census

- 2.29 The figure below shows how accommodation type varies by tenure (for the whole of Sefton Borough). From this it is clear that homes in the owner-occupied sector are more likely to be detached with relatively few terraced homes or flats. The private rented sector has the highest proportions of flats, whilst the social rented sector is focussed on flatted and terraced accommodation (making up about three-quarters all households living in this sector). It should be noted that the data below is for households and not dwellings (i.e. it includes only occupied homes).



Source: 2011 Census

- 2.30 The analysis below studies levels of overcrowding and under-occupation – this is based on the bedroom standard with data taken from the 2011 Census. The box below shows how the standard is calculated; this is then compared with the number of bedrooms available to the household (with a negative number representing overcrowding and a positive number being under-occupation). Households with an occupancy rating of +2 or more have at least two spare bedrooms.

For the purposes of the bedroom standard a separate bedroom shall be allocated to the following persons –

- (a) A person living together with another as husband and wife (whether that other person is of the same sex or the opposite sex)
- (b) A person aged 21 years or more
- (c) Two persons of the same sex aged 10 years to 20 years
- (d) Two persons (whether of the same sex or not) aged less than 10 years
- (e) Two persons of the same sex where one person is aged between 10 years and 20 years and the other is aged less than 10 years
- (f) Any person aged under 21 years in any case where he or she cannot be paired with another occupier of the dwelling so as to fall within (c), (d) or (e) above.

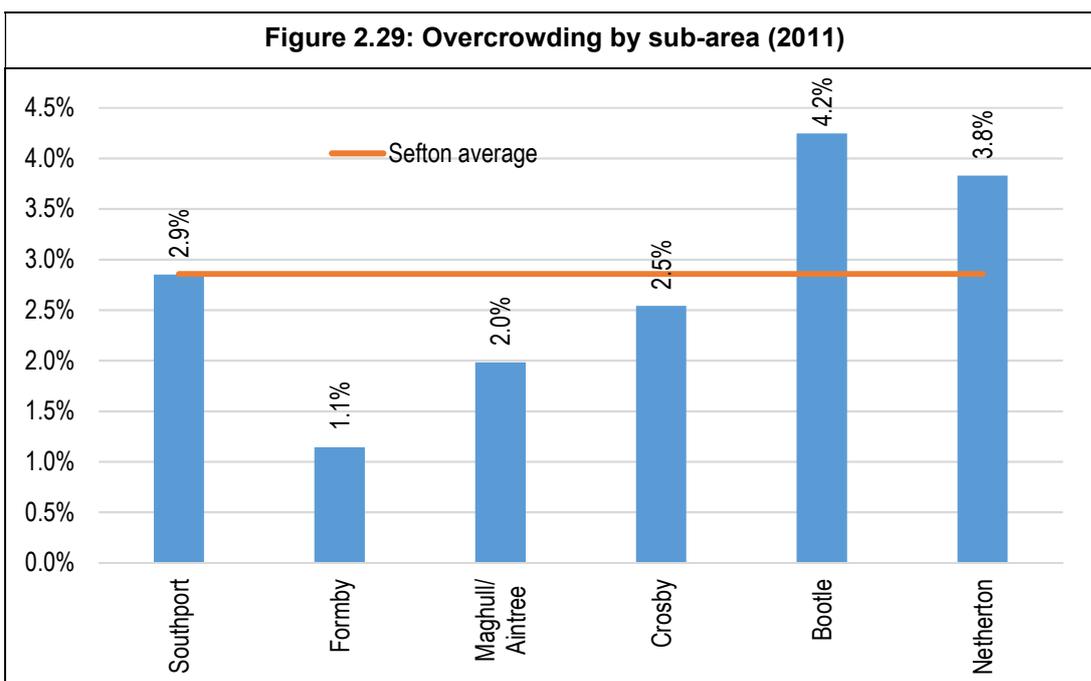
2.31 The analysis shows that levels of overcrowding in Sefton are low with only 2.9% of households being overcrowded in 2011 (compared with 3.6% in the North West and 4.6% nationally). Levels of under-occupation are however high with around 40% of households having a rating of +2 or more – this is notably higher than seen in any of the comparator areas.

Figure 2.28: Overcrowding and under-occupation (2011) – bedroom standard

	Sefton		North West	England
	Number of households	% of households	% of households	% of households
+2 or more	46,973	39.8%	34.5%	34.3%
+1 or more	40,827	34.6%	37.1%	34.4%
0	26,760	22.7%	24.8%	26.7%
-1 or less	3,370	2.9%	3.6%	4.6%
TOTAL	117,930	100.0%	100.0%	100.0%

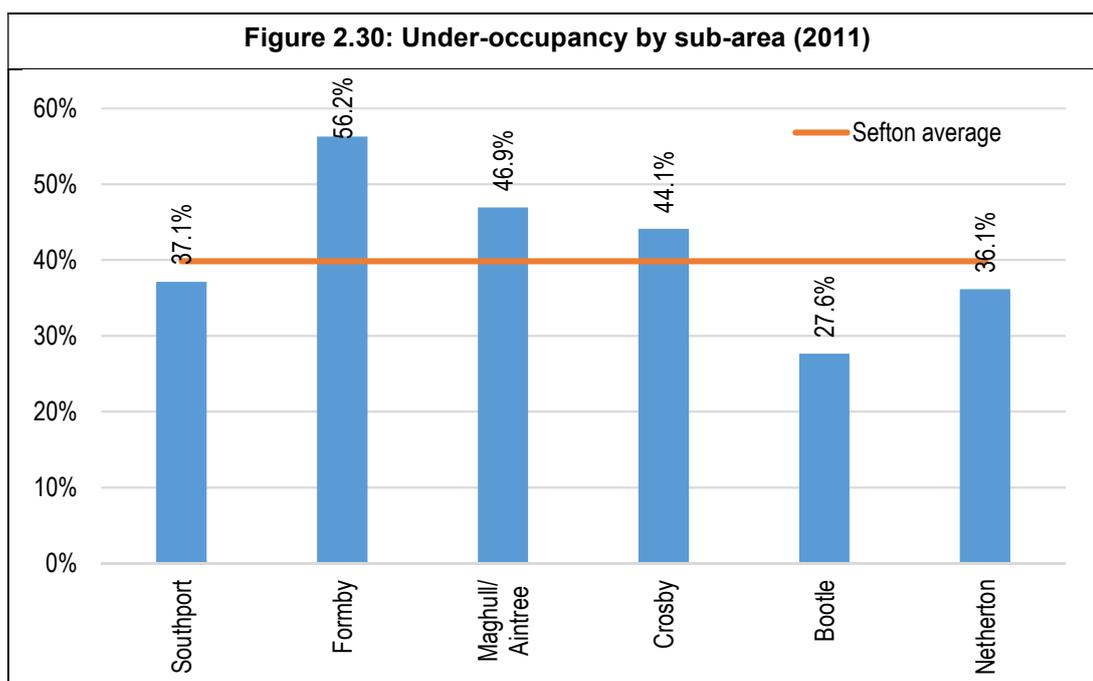
Source: 2011 Census

2.32 The figure below shows levels of overcrowding by sub-area. This identifies a range of overcrowding from 1.1% in Formby, up to 4.2% in Bootle.



Source: 2011 Census

2.33 A similar analysis (below) focuses on under-occupancy (using figures for the proportion of households with an occupancy rate of +2 or more). This shows the highest level of under-occupancy to be in the Formby area and the lowest in Bootle – in Formby, some 56% of households have at least two spare bedrooms.



Source: 2011 Census

Economic Profile

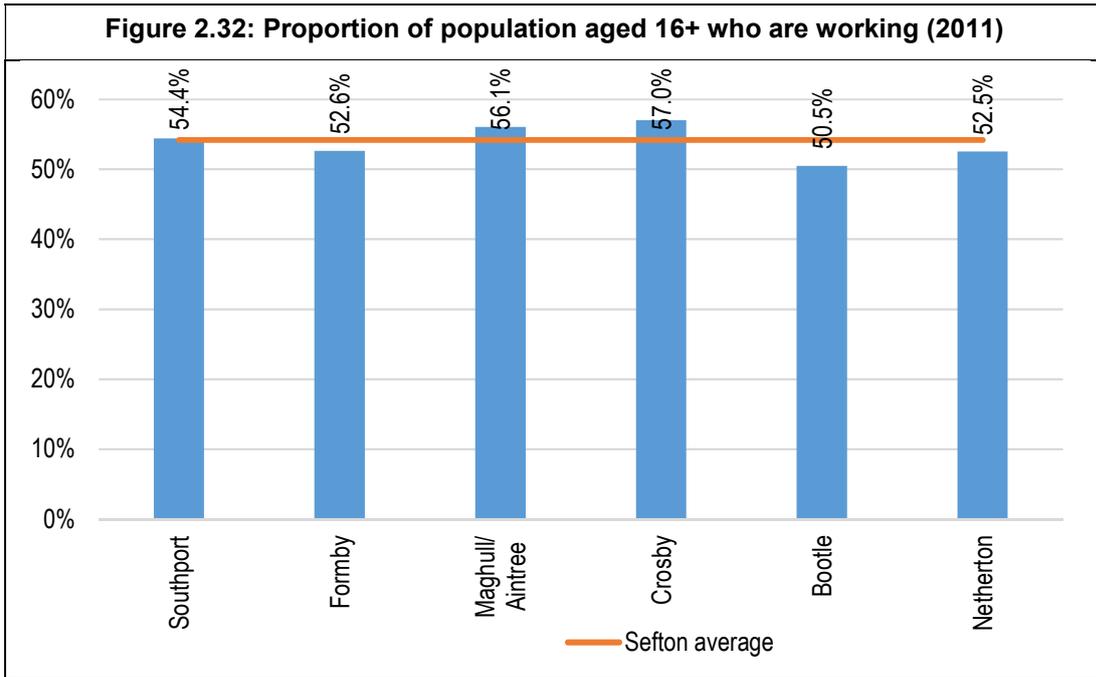
- 2.34 The series of analysis below looks at a range of economic issues (economic activity, qualifications and occupation profiles). The table below shows in comparison with other areas that Sefton has a similar economic profile. Small differences can be seen, and this includes a lower proportion of people in full-time employment and a higher proportion of people who are retired.

Figure 2.31: Economic Activity (2011) – population aged 16 and over

	Sefton		North West	England
	Population	% of population	% of population	% of population
In employment (part-time)	34,068	15.0%	14.7%	14.4%
In employment (full-time)	71,988	31.8%	34.4%	35.4%
Self-employed	16,653	7.4%	7.6%	9.1%
Unemployed	11,103	4.9%	5.0%	4.7%
Retired	60,606	26.8%	22.2%	21.2%
Other	32,017	14.1%	16.2%	15.2%
TOTAL	226,435	100.0%	100.0%	100.0%

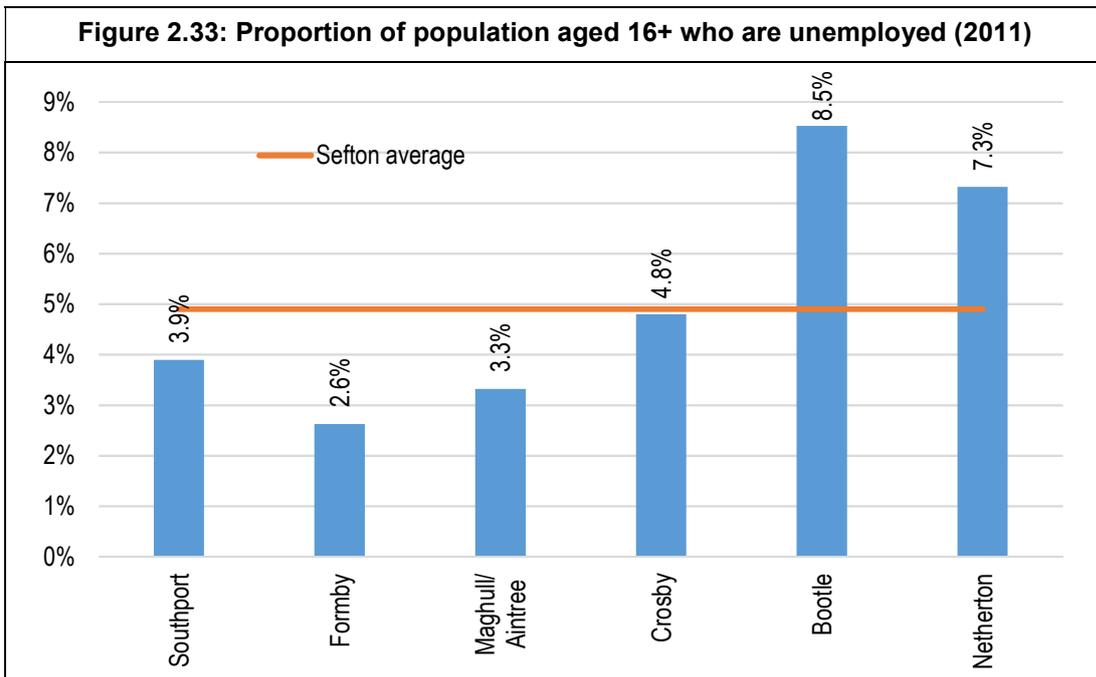
Source: 2011 Census

- 2.35 The figure below shows the proportion of people (aged 16+) who are working by sub-area. Although there are some variations, it is the case that all areas see between 50% (Bootle) and 57% (Crosby) of people with a job (including self-employed). The high figures for Maghull/Aintree is interesting given that this area also has a higher proportion of older people. This would suggest that a greater proportion of people in this area have continued working beyond retirement age.



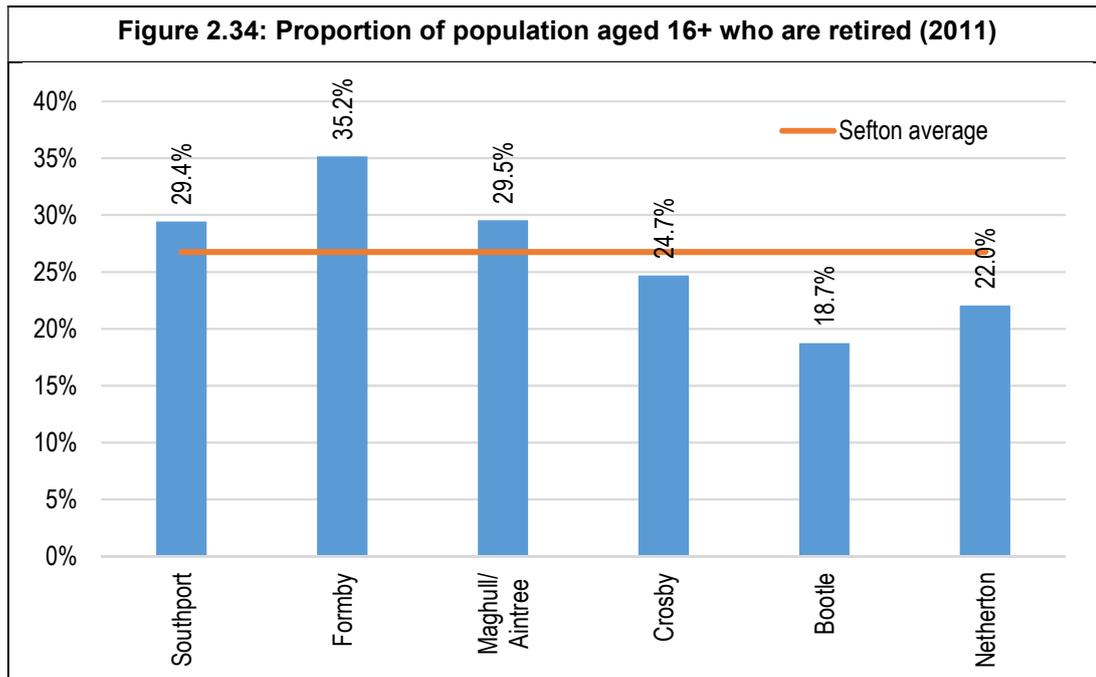
Source: 2011 Census

2.36 A similar analysis (below) focuses on the proportion of the population who are unemployed. In this case, the range of unemployment is from 2.6% in Formby, up to 8.5% in Bootle.



Source: 2011 Census

2.37 A similar analysis (below) focuses on the proportion of the population who are retired. The analysis shows that 35% of people aged 16 and over in Formby are retired, with the lowest proportion being in Bootle (at 19%).



Source: 2011 Census

- 2.38 The table below shows how economic activity has changed between 2001 and 2011. The analysis is based on slightly different categories to that above (mainly in being restricted to the population aged 16-74 and with a slightly different treatment of students). However, the categories used in each of 2001 and 2011 are the same, and comparison can therefore be made.
- 2.39 The analysis shows a notable increase in the number of people who were economically active, increasing by around 8,100 people over the 10-year period. This increase was driven by increases in full-time employees, as well as an increase in self-employment. The number of people who were economically inactive decreased by around 11,100 over the 10-years, this is despite an increase of 600 people who were retired. The decrease in those economically inactive was driven by notable reductions in people who were *Looking after family or home* or *Long-term sick or disabled*.

	2001	2011	Change
Employee: Part-time	25,554	29,799	4,245
Employee: Full-time	72,576	71,019	-1,557
Self-employed	13,871	16,267	2,396
Unemployed	7,961	9,708	1,747
Economically active students	4,953	6,219	1,266
<i>Total economically active</i>	<i>124,915</i>	<i>133,012</i>	<i>8,097</i>
Retired	33,692	34,329	637
Economically inactive students	8,183	8,676	493
Looking after family or home	11,911	6,705	-5,206
Long-term sick or disabled	16,348	11,612	-4,736
Other	6,135	3,863	-2,272
<i>Total economically Inactive</i>	<i>76,269</i>	<i>65,185</i>	<i>-11,084</i>
Total	201,184	198,197	-2,987

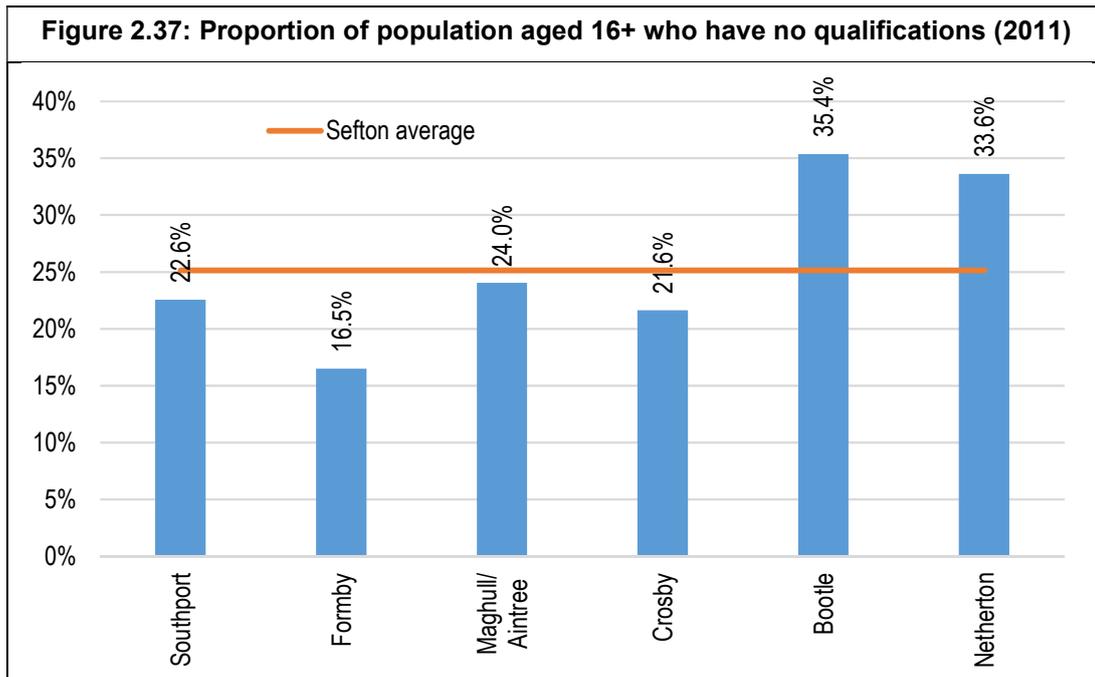
Source: 2001 and 2011 Census

2.40 The table below shows the level of qualifications in the population aged 16 and over. Generally, this suggests that Sefton has a similarly qualified population as is seen regionally, and a slightly less well qualified in comparison with national data. Compared with England as a whole, there is a high proportion with no qualifications and a relatively low proportion at Level 4 and above (degree level).

	Sefton		North West	England
	Population	% of population	% of population	% of population
No qualifications	56,921	25.1%	24.8%	22.5%
Level 1 qualifications	31,674	14.0%	13.6%	13.3%
Level 2 qualifications	37,522	16.6%	15.8%	15.2%
Apprenticeship	8,810	3.9%	3.9%	3.6%
Level 3 qualifications	28,214	12.5%	12.9%	12.4%
Level 4 qualifications and above	54,490	24.1%	24.4%	27.4%
Other qualifications	8,804	3.9%	4.5%	5.7%
TOTAL	226,435	100.0%	100.0%	100.0%

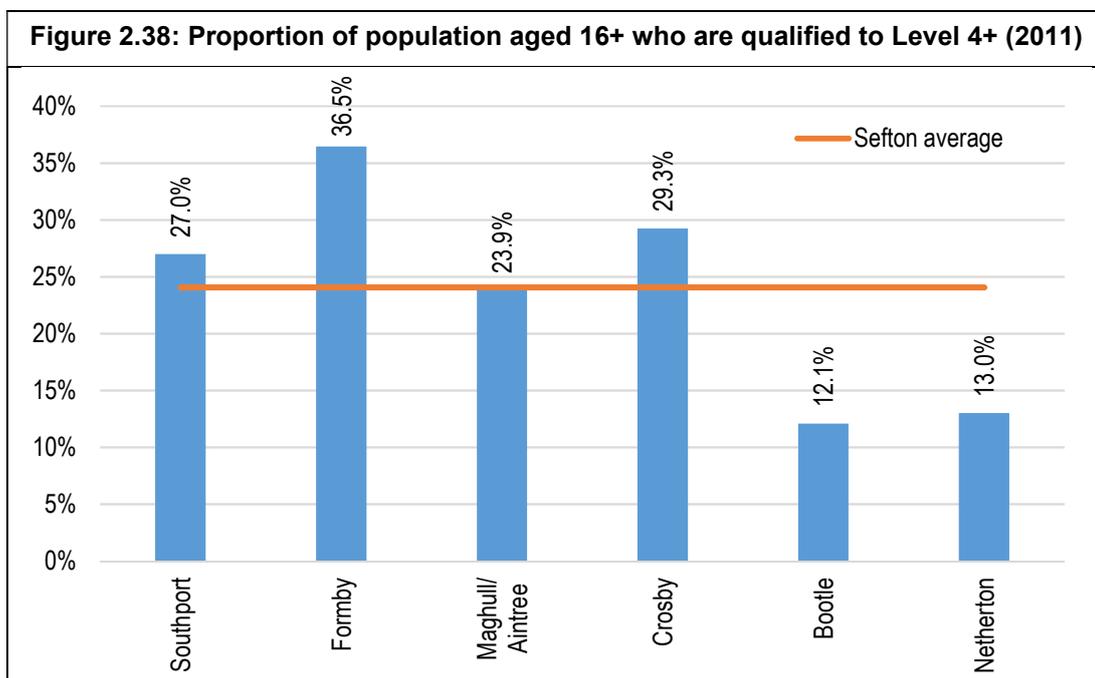
Source: 2011 Census

2.41 The figure below shows the proportion of people (aged 16+) who have no qualifications by sub-area. The highest proportions with no qualifications are seen in Bootle and Netherton (and the lowest in Formby).



Source: 2011 Census

- 2.42 A similar analysis (below) focuses on the proportion of the population who are qualified to Level 4 and above (degree level). This typically shows the opposite pattern to that found for no qualifications with higher proportions being seen in the Forby and the lowest in Bootle.



Source: 2011 Census

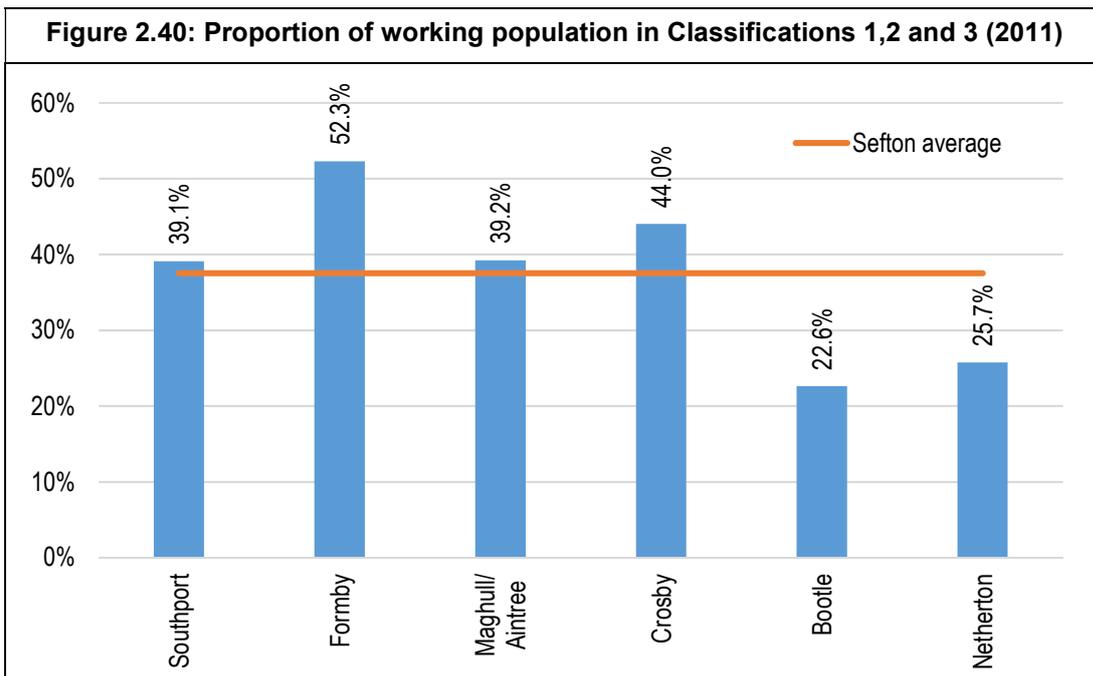
- 2.43 The final analysis under the economic activity heading looks at the types of occupations undertaken by people who are working – this analysis uses a slightly different base to those above in that it only uses data from people in employment (including self-employed). This analysis suggests that the occupation profile in the Borough does not vary notably from other comparator areas.

Figure 2.39: Occupation group (2011) – working population aged 16 and over

	Sefton		North West	England
	Population	% of population	% of population	% of population
1: Managers, directors and senior officials	11,967	9.8%	9.9%	10.9%
2: Professional occupations	19,587	16.1%	16.3%	17.5%
3: Associate professional and technical occupations	14,187	11.6%	11.5%	12.8%
4: Administrative and secretarial occupations	17,625	14.5%	11.8%	11.5%
5: Skilled trades occupations	12,867	10.6%	11.3%	11.4%
6: Caring, leisure and other service occupations	13,154	10.8%	10.1%	9.3%
7: Sales and customer service occupations	11,775	9.7%	9.4%	8.4%
8: Process, plant and machine operatives	8,272	6.8%	8.1%	7.2%
9: Elementary occupations	12,485	10.2%	11.6%	11.1%
TOTAL	121,919	100.0%	100.0%	100.0%

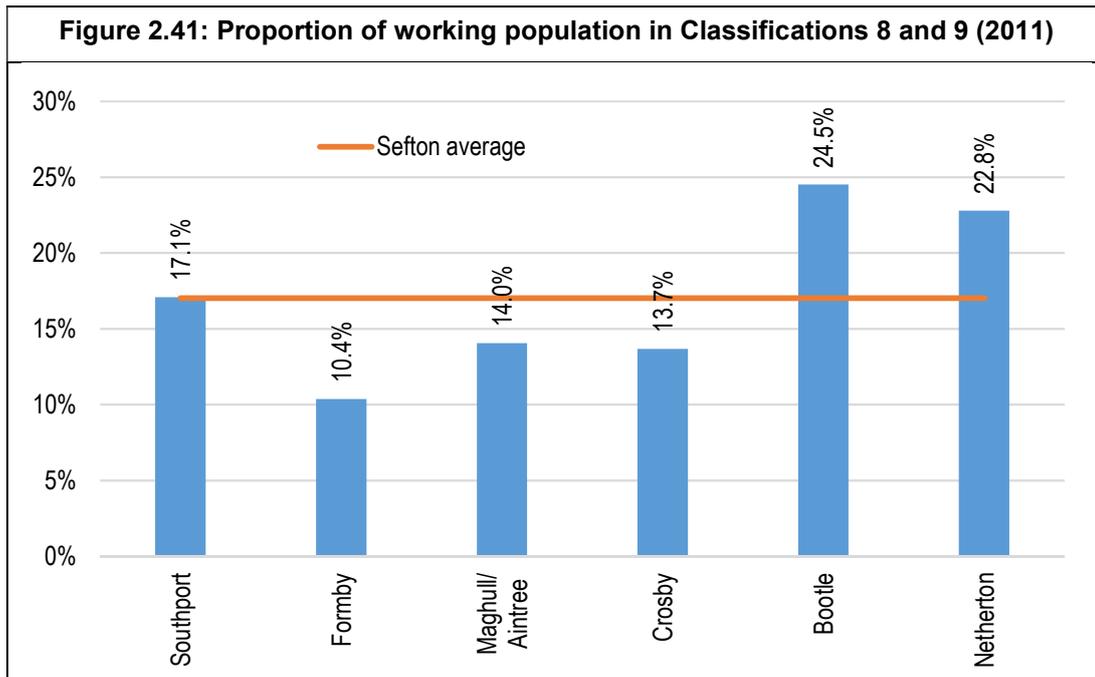
Source: 2011 Census

2.44 The figure below shows the proportion of workers (aged 16+) who are in the three highest classification bands by sub-area. The analysis shows that 52% of people who live in Formby are classified as working in bands 1 to 3, compared with 23% in Bootle.



Source: 2011 Census

2.45 A similar analysis (below) focuses on the proportion of the working population who are in the two lowest classifications (8 and 9). This typically shows the opposite pattern that found above with lower proportions being seen in the Formby. The proportion of working people in classifications 8 and 9 varies from 10% (Formby), up to 25% in Bootle.



Sefton Borough Profile: Key Messages

- A range of variables have been considered to look at the profile of the population and housing in the Borough (and for six sub-areas). Key variables have looked at population, household characteristics, housing profile and the economic profile of residents.
- The analysis identifies a relatively old population age structure (although highly variable by area) and a population decline in the 2007-17 period. There has however been growth in the population aged 65 and over – increasing by 15% in the decade to 2017. Due to the population profile, household types are concentrated in older age groups; as of 2011, 25% of all households in the Borough were entirely composed of people aged 65 and over. Households with dependent children and lone parent households are concentrated in the Bootle and Netherton areas).
- The tenure profile of the Borough sees a relatively large proportion of outright owners (which will to some extent be linked to the age structure). There are however significant differences across areas, with only 46% of households in Bootle being owner-occupiers, compared with 90% of households in Formby.
- The dwelling stock in the Borough is predominantly of larger homes, with a greater average number of bedrooms and a high proportion of semi-detached homes. This again masks differences across areas – for example, 3% of homes in Bootle are detached, compared with 42% of homes in Formby.
- Overcrowding in the Borough is generally low, and there is a significant level of under-occupation (39% of all households have at least two spare bedrooms). Under-occupancy is particularly great in the Formby, whilst overcrowding levels in Bootle and Netherton are high (albeit slightly below the national average).
- The economic profile of the Borough looks to be fairly average in terms of unemployment and the proportion of people in work; whilst levels of qualifications are also about average when looking across the whole Borough – again there are some notable sub-area differences.
- Overall, the analysis identifies Sefton overall as having many similar characteristics to those seen regionally and nationally. However, the clear message is that the Borough is highly polarised for virtually all of the variables studied. There is a clear difference between the less prosperous areas of Bootle and Netherton in the South and other parts of the Borough. With the Borough excluding Bootle/Netherton, Formby in particular has a number of characteristics that set it apart from other locations.
- Overall, the analysis confirms that a ‘one size fits all’ set of policies in terms of housing are unlikely to be relevant in the Borough. Differences between locations are stark and just from the initial data analysis it seems likely that local issues will be important in understanding how different areas function. Analysis to follow in the report therefore typically considers each of the six sub-areas and sets out the key differences between locations.

3. Demographic Trends and Housing Need Projections

Introduction

- 3.1 This section of the report considers demographic trends, in particular looking at past trends in population growth and future projections. The analysis draws on the 2016-based subnational population projections (SNPP) and the 2016-based household projections (SNHP) – both ONS data releases. The analysis also looks at the most recent population estimates (again from ONS) which date to mid-2017.
- 3.2 Consideration is also given to the 2014-based SNHP, as these projections form part of the Ministry of Housing, Communities and Local Government’s (MHCLG) Standard Method for assessing housing need. This section initially sets out the housing need using the Standard Method and then develops projections that can be used for subsequent analysis in the report. In looking at projections this report covers a 19-year period from 2017 to 2036.

Housing Need and the Standard Method

- 3.3 Planning Practice Guidance (PPG) on Housing Need Assessment sets out a standard method to be used in calculating a housing need. The PPG then sets out a three-step process.
- 3.4 The first step is to establish a demographic baseline of household growth; this is to be taken directly from published household projections and should be the annual average household growth over a 10-year period. For the purposes of this report a 10-year period from 2018 to 2028 has been used.
- 3.5 The second step of the proposed methodology seeks to adjust the demographic baseline on the basis of market signals. The adjustment increases the housing need where house prices are high relative to workplace incomes. This uses the published median affordability ratios from ONS based on workplace-based median house price to median earnings ratio for the most recent year for which data is available (2017 at the time of drafting this report).
- 3.6 Specifically, the PPG says that *‘for each 1% increase in the ratio of house prices to earnings, where the ratio is above 4, the average household growth should be increased by a quarter of a per cent’*. The equation to work out the adjustment factor is as follows:

$$\text{Adjustment factor} = \left(\frac{\text{Local affordability ratio} - 4}{4} \right) \times 0.25$$

- 3.7 As an example, if the workplace affordability ratio in an area was 8.00; i.e. median house prices were eight times the median earnings of those working in the area, then the adjustment would be 0.25 or 25%. This is calculated as follows: $(8 - 4) / 4 \times 0.25$.

- 3.8 The final step in the proposed standard method is to possibly cap the market signals uplift. There are two situations where a cap is applied. The first is where an authority has reviewed their plan (including developing an assessment of housing need) or adopted a plan within the last five years. In this instance the need may be capped at 40% above the requirement figure set out in the plan. The second situation is where plans and evidence is more than five years old. In such circumstances a cap may be applied at 40% of the higher of the projected household growth or the housing requirement in the most recent plan (where this exists).
- 3.9 In October 2018, MHCLG published a technical consultation on updates to national planning policy and guidance – the main part of this document was around the Standard Method for assessing housing need. Essentially, whilst Planning Practice Guidance had previously recommended using the latest evidence where possible, the consultation document suggested setting aside the latest (2016-based) household projections in preference for the previous (2014-based) set. In February 2019 a revised PPG confirmed that the 2014-based projections should be used for the baseline.
- 3.10 The reason for using the 2014-based SNHP is that (at least at a national level) the 2016-based SNHP show a much lower level of household growth (and hence housing need). The Government has decided *'it is not right to change its aspirations'* for housing supply to take account of the lower figures and has therefore proposed to continue using data from the older projections to inform housing need.
- 3.11 The table below therefore sets out a calculation of the need under the proposed Standard Method and also for context an indication of the figure if the 2016-based SNHP were used. The analysis shows a need for 645 dwellings per annum using the 2014-based SNHP (i.e. the confirmed Standard Method). The latest projections would have shown a lower need (411 dpa). The table also shows what the figures would be if capped at 40%, however, this capping is not relevant to Sefton given that the uplift is below this level.
- 3.12 It should also be noted that since these calculations were undertaken, ONS have published a revised set of affordability ratios (for 2018). In Sefton, the revised ratio is 6.43 (rather than the 6.55 shown below). This would only have a very modest impact on the assessed level of need and so the 645 figure continues to be used in this report.

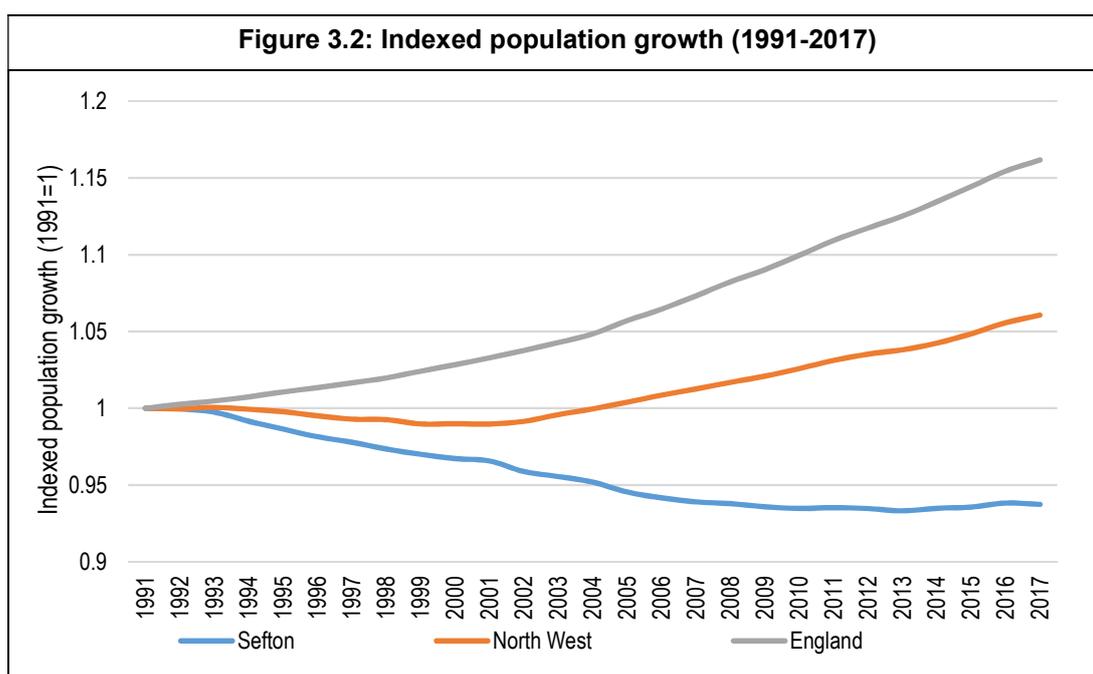
Figure 3.1: MHCLG Standard Method Housing Need Calculations		
	2014-based SNHP	2016-based SNHP
Households 2018	121,726	120,185
Households 2028	127,293	123,733
Change in households	5,567	3,548
Per annum change	557	355
Affordability ratio (2017)	6.55	6.55
Uplift to household growth	16%	16%
Total need (per annum)	645	411
Capped	645	411

Source: Derived from ONS data

- 3.13 For context, the adopted Local Plan includes a housing requirement (2012-30) of 11,520 dwellings per annum (640 per annum on average). This figure is clearly close to the higher of the Standard Method figures calculated above although it should additionally be noted that with housing delivery in the 2012-17 period, the annual housing requirement in Sefton (in Local Plan terms) has now risen to 759 dwelling per annum (2017-30).
- 3.14 On the basis of this analysis it is concluded that an Objectively Assessed Housing Need (OAN) of 645 dwellings per annum is appropriate and should be used in analysis in this report. The sections to follow look in more detail at linking a projection to the 645 dwellings per annum figure, and to provide a general discussion of demographic trends, including trends in household formation (which was one of the criticisms made by MHCLG of the 2016-based projections). Projections have been developed to cover a 19-year period from 2017 to 2036.

Past Population Growth

- 3.15 The figure below considers population growth in the period from 1991 to 2017. The analysis shows that generally over this period the population of Sefton has fallen, although over the past decade or so there has been little change in the number of people living in the Borough. In 2017, it is estimated that the population of the Borough had fallen by 6% from 1991 levels, this is in contrast with a 6% rise across the region and a 16% increase nationally.



Source: ONS (mid-year population estimates)

Components of Population Change

- 3.16 The table below considers the drivers of population change 2001 to 2017. The main components of change are natural change (births minus deaths), net migration (internal/domestic and international) and other changes. There is also an Unattributable Population Change (UPC) which is a correction made by ONS upon publication of Census data if population has been under- or over-estimated.

- 3.17 The data shows a negative level of natural change throughout the period, reflecting a relatively old age structure, whilst internal migration has been quite variable – positive in some years and negative in others; the last four years for which data is available does however show relatively strong net movement from other parts of the Country. International migration is also variable, although the data does suggest a positive net level for each year over the past decade. The data also shows a negative level of UPC, suggesting that between 2001 and 2011, ONS may have overestimated population growth within population estimates (and this was corrected once Census data had been published).

Figure 3.3: Components of population change, mid-2001 to mid-2017 – Sefton

	Natural change	Net internal migration	Net international migration	Other changes	Other (unattributable)	Total change
2001/2	-953	-599	-232	-12	-222	-2,018
2002/3	-944	132	95	-18	-218	-953
2003/4	-508	-58	-268	17	-243	-1,060
2004/5	-704	-573	-353	-2	-264	-1,896
2005/6	-619	-277	54	-9	-254	-1,105
2006/7	-351	-28	-178	12	-222	-767
2007/8	-545	-50	282	178	-215	-350
2008/9	-455	-254	345	-5	-213	-582
2009/10	-206	-350	421	-17	-181	-333
2010/11	-233	73	369	14	-74	149
2011/12	-356	-29	200	14	0	-171
2012/13	-480	-1	59	-4	0	-426
2013/14	-212	565	143	-12	0	484
2014/15	-624	599	245	13	0	233
2015/16	-368	784	291	57	0	764
2016/17	-499	471	68	-304	0	-264

Source: ONS

2016-based Subnational Population Projections (SNPP)

- 3.18 The latest (2016-based) set of subnational population projections (SNPP) were published by ONS in the May 2018 (replacing a 2014-based release). The projections provide estimates of the future population of local authorities, assuming a continuation of recent local trends in fertility, mortality and migration which are constrained to the assumptions made for the 2016-based national population projections. The projections do not attempt to predict the impact that future government or local policies, changing economic circumstances or other factors might have on demographic behaviour.
- 3.19 The table below shows projected population growth from 2017 to 2036 in Sefton and a range of comparator areas. The data shows that the population of the Borough is projected to increase slightly, despite a backdrop where population has generally been falling – projected growth is however fairly modest (3% increase over 19-years). In comparison, both the North West region (5%) and England (9%) are projected to see higher increases in population.

	Population 2017	Population 2036	Change in population	% change
Sefton	274,948	283,309	8,361	3.0%
North West	7,250,421	7,627,017	376,596	5.2%
England	55,628,538	60,905,483	5,276,945	9.5%

Source: ONS

- 3.20 The table below compares the 2016-based SNPP with the previous release (2014-based). This shows that there is only a very small difference in the projected level of growth in the 2017-36 period, the previous projections showing a figure of 8,100, compared with 8,400 in the more recent release – in both cases the population growth represents 3% of the population.

	Population 2017	Population 2036	Change in population	% change
2014-based	273,778	281,881	8,103	3.0%
2016-based	274,948	283,309	8,361	3.0%

Source: ONS

- 3.21 With the overall change in the population will also come changes to the age profile. The table below summarises findings for key (5 year) age groups. The largest growth will be in people aged 65 and over. In 2036 it is projected that there will be 83,900 people aged 65 and over. This is an increase of 20,700 from 2017, representing growth of 33%. The population aged 85 and over is projected to increase by an even greater proportion, 65%. Looking at the other end of the age spectrum the data shows that there is projected to be little change in the number of children (those aged Under 15), with increases or (mainly) decreases shown for other age groups.

Figure 3.6: Population change 2017 to 2036 by five-year age bands – Sefton (2016-based SNPP)

	Population 2017	Population 2036	Change in population	% change from 2016
Under 5	14,591	13,636	-955	-6.5%
5-9	15,468	14,796	-672	-4.3%
10-14	14,491	15,738	1,247	8.6%
15-19	14,345	15,273	928	6.5%
20-24	14,045	13,459	-586	-4.2%
25-29	16,328	14,575	-1,754	-10.7%
30-34	15,071	13,252	-1,818	-12.1%
35-39	14,337	14,643	306	2.1%
40-44	14,853	16,633	1,780	12.0%
45-49	18,622	17,877	-745	-4.0%
50-54	20,883	16,943	-3,940	-18.9%
55-59	20,646	15,844	-4,803	-23.3%
60-64	18,055	16,712	-1,343	-7.4%
65-69	16,992	19,226	2,234	13.1%
70-74	15,553	19,903	4,351	28.0%
75-79	11,962	17,102	5,140	43.0%
80-84	9,596	12,664	3,068	32.0%
85+	9,109	15,033	5,924	65.0%
Total	274,948	283,309	8,362	3.0%

Source: ONS

Alternative Demographic Scenarios

3.22 The SNPP is the latest official projection and is based on looking at migration trends over the past 5 to 6 years. However, given that levels of migration and population growth have been variable over time it is reasonable to consider alternative (sensitivity) scenarios. The sensitivity scenarios take account of longer-term migration trends and also data from the ONS 2017 mid-year population estimates (MYE). The analysis below considers three potential sensitivities to the SNPP figures. These can be described as:

- Including 2017 mid-year population data and retaining other assumptions in the SNPP – 2016-SNPP (+MYE);
- Implications of 10-year migration trends – 10-year migration; and
- Updating the 2016-based SNPP to take account of 2017 mid-year population data (i.e. updating migration estimates based on a different time series) – 2017-SNPP

2016-SNPP (+MYE)

3.23 This projection takes assumptions from the 2016-based SNPP, but overwrites the population projection figures for 2017 by those in the ONS MYE (by age and sex). Moving forward from 2017, this sensitivity uses the same birth and death rates as contained in the 2016-based SNPP and the actual projected migration figures (by age and sex).

10-year migration

- 3.24 This projection uses information about migration levels in the 10-year period (2007-17); the scenario therefore includes the most up-to-date MYE figures (for 2017). The projection does not just look at the migration figures and roll these forward but recognises that migration can be variable over time as the age structure changes. With international migration, this projection also takes account of the fact that ONS are projecting for international net migration to decrease in the longer-term.
- 3.25 To overcome the issue of variable migration, the methodology employed looks at the share of migration in the Borough compared to the share in the period feeding into the 2016-based SNPP (which is 2011-16 for internal migration and 2010-16 for international migration). Where the share of migration is higher in the 10-year period, the projection applies an upward adjustment to migration, and vice versa.

2017-SNPP

- 3.26 This projection uses the data from the 2017 MYE to develop a 2017-based projection. The 2016-based SNPP uses migration data for the 2011-16 period for internal migration and 2010-16 for international migration. For this scenario the data is rolled forward by one year so that the periods studied are 2012-17 and 2011-17 respectively.
- 3.27 It should be noted that this projection is only indicative as it only looks at overall migration trends and does not apply any adjustments to take account of potential changes to the age structure of migration. As with the 10-year migration projection, a migration share approach is taken so as to ensure consistency with both local and national projections.

Outputs from different demographic projections

- 3.28 The table below shows the estimated level of population growth in the SNPP and the alternative projections developed. The analysis shows that using longer-term (10-year) trends sees the projected growth decrease slightly, whereas developing an indicative (2017-based) SNPP shows virtually identical population growth to the latest published figures. Overall this analysis would suggest that the 2016-based SNPP is a reasonable projection and can be used when testing household growth (and ultimately housing need).
- 3.29 For information, it should be noted that since drafting this report, ONS has published a variant SNPP which looks at 10-year migration trends (for the 2006-16 period rather than 2007-17 used in this report) – published April 2019. The ONS variant suggest population growth of about 4,700 people in the 2017-36 period which is slightly higher than shown in this report, but still some way below the equivalent figures from other projections. The ONS variant projections do not therefore have any impact on the analysis to follow.

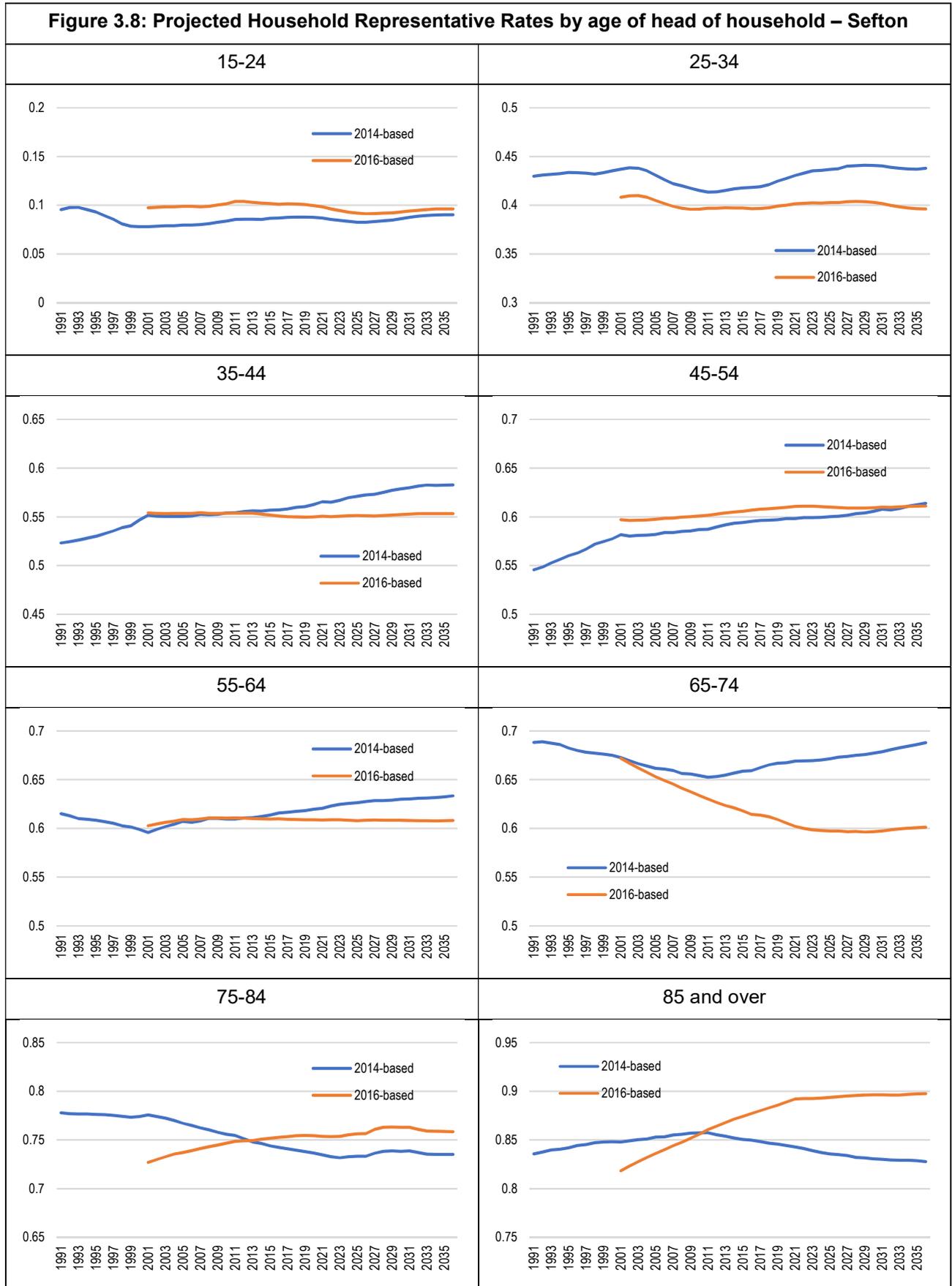
	Population 2017	Population 2036	Change in population	% change
2016-based SNPP	274,948	283,309	8,362	3.0%
2016-SNPP (+MYE)	274,589	282,485	7,896	2.9%
10-year migration	274,589	278,679	4,090	1.5%
2017-SNPP	274,589	283,375	8,786	3.2%

Source: Demographic projections

- 3.30 The finding that the 2016-based SNPP is sound in light of alternatives is noteworthy given that current planning practice guidance (including through the standard method) puts considerable emphasis on the use of official projections as a start point for analysis.

Household Representative Rates (Household Formation)

- 3.31 Having studied the population size, the next step in the process is to convert this information into estimates of the number of households in the area. To do this the concept of household representative rates (HRR) is used. HRRs can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)).
- 3.32 The latest HRRs are as contained in the ONS 2016-based subnational household projections (SNHP) – these were published in September 2018. It would be fair to say that the 2016-based SNHP have come under some criticism, this is largely because they are based only on data in the 2001-11 Census period and arguably build in the suppression of household formation experienced in that time. The previous (2014-based) projections used a longer time-series (all Census points back to 1971) and therefore do cover a wider housing market cycle.
- 3.33 Because of the criticisms of the 2016-based SNHP, and the fact that these have driven the Government to consider reviewing the Standard Method (which is directly linked to official household projections) it is considered prudent in this report to look at both the 2016- and 2014-based figures.
- 3.34 The figure below compares HRRs in the 2014- and 2016-based SNHP – the figures are essentially the proportion of a particular age group that is considered to be the 'head of household' (HRP as described above). The analysis shows that for many age groups the two projections are really quite different. When looking at some of the younger age groups (25-34 and 35-44) it is notable that the HRRs in the 2014-based projections are somewhat higher (certainly in moving through to 2036) – this does suggest in Sefton (as nationally) that there may be some degree of suppression being built into the 2016-based projections, or certainly not a positive improvement in the formation rates of younger people. This does suggest that a more positive approach to household formation could take account of the 2014-based projections.



Source: Derived from ONS and CLG data

3.35 As well as looking at the 2014-based SNHP, a sensitivity test has been developed to look at an alternative approach to HRRs. In this sensitivity, a ‘part-return-to-trend’ analysis has been developed, where the rate of household formation sits somewhere between figures in the 2014-based projections and those in an older 2008-based version. This approach was widely used prior to the 2016-based SNHP being published and was an approach previously suggested by the Local Plans Expert Group (LPEG). Therefore, three HRR scenarios have been used as described below:

- Linking directly to 2016-based SNHP – 2016-SNHP HRRs;
- Linking directly to 2014-based SNHP – 2014-SNHP HRRs; and
- Linking to the 2014-based SNHP but with a part-return to previous trends for the 25-34 and 35-44 age groups – 2014-PRT

Household Growth and Housing Need

3.36 The table below shows estimates of household growth with each of the three HRR scenarios, the table also shows an estimate of the number of additional dwellings expected to be needed. All of the figures link to population growth in the 2016-based SNPP – as previously discussed this looks to be a reasonable projection, taking account of reasonable alternatives.

3.37 To convert households into dwellings the analysis includes an uplift to take account of vacant homes. For the purposes of analysis, it has been assumed that the number of vacant homes in new stock would be 3% higher than the number of occupied homes (which is taken as a proxy for households) and hence household growth figures are uplifted by 3% to provide an estimate of housing need. This figure is a fairly standard assumption when looking at vacancy rates in new stock and will allow for movement within the housing stock and includes an allowance for second homes.

3.38 The analysis shows an overall housing need for 393 dwellings per annum (dpa) across the Borough when using the 2016-based SNHP as the underlying household projection. This figure increases to 587 dpa with the previous HRR figures and up slightly further (to 634 dpa) when a part-return to trend scenario is used. This latter figure is close to the need generated by the consultation Standard Method (a need for 645 dwellings per annum).

Figure 3.9: Projected housing need – range of household representative rate assumptions – Sefton

	Households 2017	Households 2036	Change in households	Per annum	Dwellings (per annum)
2016-SNHP HRRs	119,842	127,100	7,258	382	393
2014-SNHP HRRs	121,708	132,535	10,826	570	587
2014-PRT	121,752	133,439	11,687	615	634

Source: Demographic projections

- 3.39 Given the criticisms that have been made of the 2016-based SNHP it is considered that drawing conclusions about the level of housing need linked to official population projections are more robustly based on looking at the previous set of SNHP. These earlier projections looked at longer term trends in household formation and are therefore less likely to build in any of the suppression/constraints faced by households since the early 1990s. However, including a further adjustment to take a more positive view about household formation is considered prudent and therefore it is concluded that the most robust approach to household representative rates is a scenario using 2014-based figures with a part-return to 2008-based figures.

Developing a Standard Method Projection

- 3.40 Earlier in this section it has been calculated that the Standard Method would lead to a housing need of 645 dwellings per annum. It can be seen from the analysis above, that even by taking a fairly positive approach to HRRs there would not quite be the level of household growth required to fill this number of homes (albeit differences are very minor). Therefore, a final scenario has been developed which increases migration to the Borough such that there is sufficient population for 645 additional homes each year.
- 3.41 Within the modelling, migration assumptions have been changed so that across the Borough the increase in households matches the Standard Method housing need (including the 3% vacancy allowance). The changes to migration have been applied on a proportionate basis; the methodology assumes that the age/sex profile of both in- and out-migrants is the same as underpins the 2016-based SNPP with adjustments being consistently applied to both internal (domestic) and international migration. Adjustments are made to both in- and out-migration (e.g. if in-migration is increased by 1% then out-migration is reduced by 1%). In summary the method includes the following assumptions:
- Base population in 2017 from the latest mid-year population estimates;
 - Household representative rates from the 2014-based SNHP with an adjustment for a part-return to 2008-based trends; and
 - The migration profile (by age and sex) in the same proportions as the 2016-based SNPP
- 3.42 In developing this projection, a slightly higher level of population growth is derived (9,034 additional people compared with 8,362 in the SNPP as published). The age structure of the two projections is also slightly different, with the projection linked to the Standard Method slightly stronger growth in what might be considered as 'working-age' groups. This arises due to the fact that ONS data shows that migrants are heavily concentrated in those age groups (along with their associated children). The table below shows the age structure of the population projected to be consistent with delivery of 645 dwellings per annum over the 19-years to 2036.

Figure 3.10: Population change 2017 to 2036 by five-year age bands – Sefton (linked to delivery of 645 dwellings per annum)

	Population 2017	Population 2036	Change in population	% change from 2017
Under 5	14,596	13,714	-882	-6.0%
5-9	15,514	14,766	-748	-4.8%
10-14	14,537	15,665	1,128	7.8%
15-19	14,419	15,286	867	6.0%
20-24	13,653	13,531	-122	-0.9%
25-29	16,149	14,728	-1,421	-8.8%
30-34	15,024	13,411	-1,613	-10.7%
35-39	14,331	14,769	438	3.1%
40-44	14,872	16,270	1,398	9.4%
45-49	18,584	17,886	-698	-3.8%
50-54	20,869	16,965	-3,904	-18.7%
55-59	20,596	15,877	-4,719	-22.9%
60-64	18,138	16,754	-1,384	-7.6%
65-69	16,979	19,241	2,262	13.3%
70-74	15,527	19,876	4,349	28.0%
75-79	11,981	17,113	5,132	42.8%
80-84	9,633	12,737	3,104	32.2%
85+	9,187	15,034	5,847	63.6%
Total	274,589	283,623	9,034	3.3%

Source: Demographic projections

- 3.43 In much of the analysis to follow in this report, use is made to this Standard Method projection, although there are cases where for comparative purposes the 2016-based SNPP as published is used. Overall, there is relatively little difference between the projections in population terms and so and conclusions drawn from one source would be the same if taken from the other.

The Link Between Housing and Economic Growth

- 3.44 Before the Standard Method, and under the previous PPG, it was conventional for assessments such as this to consider the link between housing and economic growth. This generally took the form of establishing likely future job growth and then testing what level of population growth (and hence household growth/housing need) would be required for the two to be aligned. Whilst this step is not necessary for the purposes of OAN, it is of interest to estimate what level of job growth the projections might support.

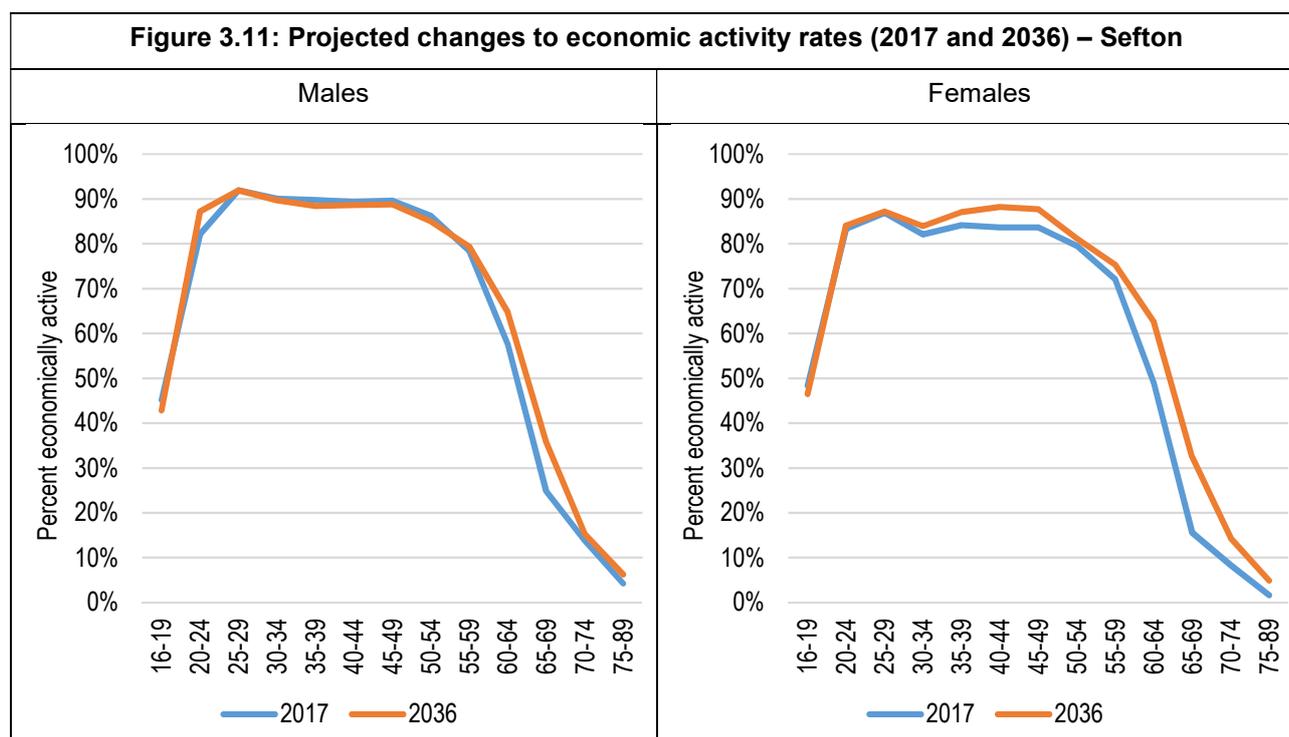
3.45 To look at estimates of the job growth to be supported, a series of stages are undertaken. These can be summarised as:

- Estimate changes to the economically active population (this provides an estimate of the change in labour-supply)
- Overlay information about commuting patterns, double jobbing (i.e. the fact that some people have more than one job) and potential changes to unemployment.
- Bringing together this information will provide an estimate of the potential job growth supported by the population projections

Growth in Resident Labour-Supply

3.46 The approach taken in this report is to derive a series of age and sex specific economic activity rates and use these to estimate how many people in the population will be economically active as projections develop. This is a fairly typical approach with data being drawn in this instance from the Office for Budget Responsibility (OBR) – July 2018 (Fiscal Sustainability Report).

3.47 The figure and table below show the assumptions made. The analysis shows that the main changes to economic activity rates are projected to be in the 60-69 age groups – this will to a considerable degree link to changes to pensionable age, as well as general trends in the number of older people working for longer (which in itself is linked to general reductions in pension provision).



Source: Based on OBR and Census (2011) data

Figure 3.12: Projected changes to economic activity rates (2017 and 2036) – Sefton

	Males			Females		
	2017	2036	Change	2017	2036	Change
16-19	45.1%	42.8%	-2.3%	48.4%	46.5%	-1.9%
20-24	82.2%	87.2%	5.1%	83.3%	84.1%	0.7%
25-29	92.0%	91.9%	0.0%	86.9%	87.2%	0.3%
30-34	90.1%	89.7%	-0.4%	82.1%	84.0%	1.8%
35-39	89.8%	88.5%	-1.3%	84.2%	87.1%	2.9%
40-44	89.3%	88.7%	-0.7%	83.7%	88.2%	4.5%
45-49	89.6%	88.8%	-0.8%	83.7%	87.7%	4.0%
50-54	86.3%	85.0%	-1.3%	79.5%	81.2%	1.6%
55-59	78.4%	79.4%	1.0%	72.0%	75.3%	3.3%
60-64	57.5%	64.7%	7.2%	48.9%	62.6%	13.7%
65-69	24.8%	35.9%	11.0%	15.6%	32.5%	16.9%
70-74	13.8%	15.3%	1.5%	8.3%	14.4%	6.1%
75-89	4.2%	6.2%	2.0%	1.6%	4.9%	3.3%

Source: Based on OBR and Census (2011) data

3.48 Working through an analysis of age and sex specific economic activity rates it is possible to estimate the overall change in the number of economically active people in the Borough – this is set out in the table below. The analysis shows that there would be a modest decrease in the economically active population for all of the initial demographic scenarios but that linking to the Standard Method housing need shows a very modest positive change.

Figure 3.13: Estimated change to the economically active population (2017-36) – Sefton

	Economically active (2017)	Economically active (2036)	Total change in economically active
2016-based SNPP	134,158	133,418	-740
2016-based SNPP (+MYE)	133,610	132,993	-617
10-year migration	133,610	130,905	-2,705
2017-SNPP	133,610	133,419	-191
Linked to 645 dpa	133,610	133,629	19

Source: Derived from demographic projections

Linking Changes to Resident Labour Supply and Job Growth

3.49 The analysis above has set out potential scenarios for the change in the number of people who are economically active. However, it is arguably more useful to convert this information into an estimate of the number of jobs this would support. The number of jobs and resident workers required to support these jobs will differ depending on three main factors:

- Commuting patterns – where an area sees more people out-commute for work than in-commute it may be the case that a higher level of increase in the economically active population would be required to provide a sufficient workforce for a given number of jobs (and vice versa where there is net in-commuting);
- Double jobbing – some people hold down more than one job and therefore the number of workers required will be slightly lower than the number of jobs; and
- Unemployment – if unemployment were to fall then the growth in the economically active population would not need to be as large as the growth in jobs (and vice versa).

Commuting Patterns

3.50 The table below shows summary data about commuting to and from Sefton from the 2011 Census. Overall the data shows that the Borough sees a notable level of out-commuting for work with the number of people resident in the area who are working being about 19% higher than the total number who work in the area. This number is shown as the commuting ratio in the final row of the table and is calculated as the number of people living in an area (and working) divided by the number of people working in the area (regardless of where they live).

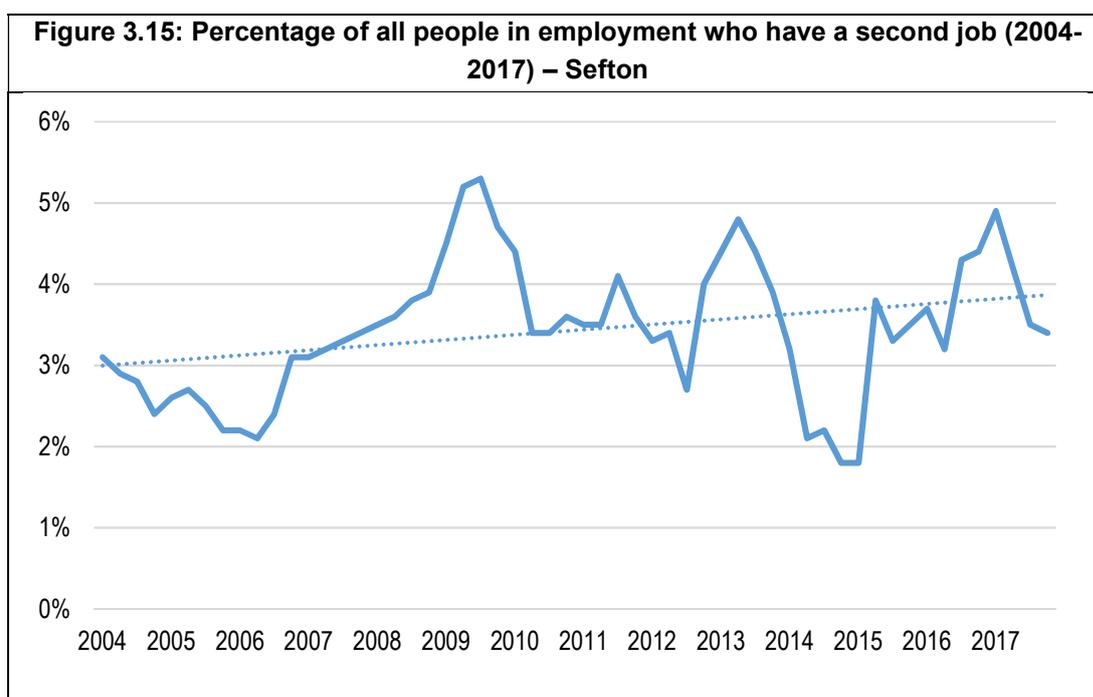
Figure 3.14: Commuting patterns in Sefton	
	Number of people
Live and work in Local Authority (LA)	55,569
Home workers	10,380
No fixed workplace	9,101
In-commute	28,478
Out-commute	47,659
Total working in LA	103,528
Total living in LA (and working)	122,709
Commuting ratio	1.185

Source: 2011 Census

3.51 In translating the commuting pattern data into growth in the labour-force, a core assumption is that the commuting ratio remains at the same level as shown by the 2011 Census. It is arguable that some changes to the commuting ratio could be modelled, however, keeping the ratio constant is considered to be a reasonably balanced approach to use.

Double Jobbing

3.52 The analysis also considers that a number of people may have more than one job (double jobbing). This can be calculated as the number of people working in the local authority divided by the number of jobs. Data from the Annual Population Survey (available on the NOMIS website) suggests across the Borough that typically between about 3.4% of workers have a second job – levels of double jobbing have been variable over time (mainly due to the accuracy of data at a local level) although does appear to be in an upward direction.



3.53 For the purposes of this assessment it has been assumed that around 3.4% of people will have more than one job moving forward. A double jobbing figure of 3.4% gives rise to a ratio of 0.966 (i.e. the number of jobs supported by the workforce will be around 3.4% higher than workforce growth). It has been assumed in the analysis that the level of double jobbing will remain constant over time, although the apparent upward trend should be noted.

Unemployment

3.54 The last analysis when looking at the link between jobs and resident labour supply is a consideration of unemployment. Essentially, this is considering if there is any latent labour force that could move back into employment to take up new jobs. The figure below shows the number of people who are unemployed and how this has changed back to 2004. The analysis shows a clear increase in unemployment from 2004 to 2011-13 and that since 2013, the number of people unemployed has dropped notably – by 2017, the number of unemployed people was below the level as observed in 2004. This would indicate that there may be limited scope for further improvements and for the purposes of analysis in this report it has been assumed that there are no changes to the number of people who are unemployed moving forward from 2017 to 2036.



Source: Annual Population Survey (modelled unemployment data)

Jobs Supported by Growth in the Resident Labour Force

- 3.55 The table below shows how many additional jobs might be supported by population growth under each of the core demographic scenarios. For all of the initial scenarios the number of jobs supported would be negative. However, when looking at the projection linking to the Standard Method need, a very modest increase is shown. Overall, it can be concluded that linking housing delivery to the Standard Method would potentially see a stabilisation of jobs.

Figure 3.17: Jobs supported by demographic projections (2017-36) – Sefton

	Total change in economically active	Allowance for net out-commuting	Allowance for double jobbing (= jobs supported)
2016-based SNPP	-740	-624	-646
2016-based SNPP (+MYE)	-617	-521	-539
10-year migration	-2,705	-2,282	-2,362
2017-SNPP	-191	-161	-167
Linked to 645 dpa	19	16	17

Source: Derived from a range of sources as described

- 3.56 Attempts to link housing delivery with estimates of the number of jobs supported should be treated with some caution, not least because there are a number of assumptions made which do have alternatives (e.g. the choice of economic activity rate data). Additionally, it should be noted that the Standard Method projection is arrived at mainly by improving household formation, alternatively it could be assumed that additional housing delivery will drive a higher level of in-migration; this in turn would see estimates of labour-supply growth increase. Overall, however, the conclusion of job stabilisation is noteworthy.

Demographic Trends and Housing Need Projections: Key Messages

- Over the past five or more years, assessing the level of housing need has been for individual local authorities (or groups of local authorities) to prepare by following advice in Planning Practice Guidance (PPG). However, the new National Planning Policy Framework (NPPF) of February 2019 has introduced a Standard Method, based on looking at projected household growth (using 2014-based household projections) and adjustments based on the level of affordability in an area.
- This method suggests household growth of about 557 per annum, plus an uplift of around 16% for market signals (affordability). Therefore, at present the objectively assessed housing need (OAN) for the Borough as a whole is for 645 dwellings per annum.
- Although a figure for OAN is essentially given to the Council, it is of use to understand some of the demographic trends underpinning future population and household growth and a range of analysis has been undertaken.
- Over the longer-term, the population of Sefton has been falling, although over the past decade or so population levels have been fairly stable. The 2016-based SNPP projects that the population of the Borough will increase by about 8,400 people in the period from 2017 to 2036 – population growth is expected to be focussed in older age groups (the population aged 65 and over).
- Alternative scenarios for population growth (e.g. looking at longer-term trends or factoring in more recent population estimates (MYE)) suggest that the SNPP is a sound projection and forms a reasonable view about how demographics might develop moving forward.
- In converting population growth into household growth (and hence housing need) data from both the 2014- and 2016-based SNHP has been utilised. The older (2014-based) data has been accessed as there are some doubts about the robustness of 2016-based figures; these latest figures are based on short-term trends and it has been argued (widely in the planning press) that they build in a degree of suppression/constraint in the formation of younger households.
- Focussing only on the 2016-based SNHP, it is estimated that the housing need in Sefton would be for around 393 dpa. However, applying the (arguably) less constrained 2014-based data increases this to 587 dpa. A further scenario where formation rates are partly returned to longer-term trends (an approach previously widely used) increases the need figure further (to 634 dpa).
- On this basis, it is clear that if 645 dwellings per annum are provided moving forward from 2017, then some very modest increase in net in-migration might be expected. A scenario has been modelled where population growth is sufficient to fill 645 additional homes, this sees an additional 9,000 people in the Borough (2017-36) and a greater increase in the number of people of working-age.
- A final analysis sought to estimate the number of jobs that would be supported by projected population growth. Including a number of assumptions around economic participation, commuting, double jobbing and unemployment, it was concluded that housing delivery in-line with the Standard Method would be likely to see job stabilisation (i.e. the population growth would continue to support the number of jobs currently available in the Borough).

4. Affordable Housing Need

Introduction

- 4.1 This section seeks to update analysis of the need for affordable housing in Sefton. This is in particular to reflect the changed definition of affordable housing in Annex 2 of the National Planning Policy Framework (NPPF). The revised NPPF definition is slightly wider than the previous NPPF definition; in particular a series of 'affordable home ownership' options are considered to be affordable housing.
- 4.2 The opportunity has also been taken to update aspects of the analysis to a 2018 base (including data on house prices/rents, incomes, levels of new household formation and the supply of affordable housing). The analysis looks at need in the 19-year period from 2017 to 2036, to be consistent with other analysis developed in the report.
- 4.3 A methodology is set out in Planning Practice Guidance (PPG) to look at affordable need (within the Housing need assessment guide), this is largely the same as the previous PPG method and does not really address the additional (affordable home ownership) definition. The analysis below splits between the current definition of affordable need and the additional definition, providing distinct analysis for each

Affordable Housing Need (established definition)

- 4.4 The method for studying the need for affordable housing has been enshrined in Strategic Housing Market Assessment (SHMA) guidance for many years, with an established approach to look at the number of households who are unable to afford market housing (to either rent or buy). The analysis below follows the methodology and key data sources in guidance and can be summarised as:
- Current need (an estimate of the number of households who have a need now and based on a range of data modelled from local information);
 - Projected newly forming households in need (based on projections developed for this project along with an affordability test to estimate numbers unable to afford the market);
 - Existing households falling into need (based on studying the types of households who have needed to access social/affordable rented housing and based on study past lettings data);
 - These three bullet points added together provide an indication of the gross need (the current need is divided by 19 so as to meet the need over the 2017-36 period);
 - Supply of affordable housing (an estimate of the likely number of letting that will become available from the existing social housing stock – drawing on data from CoRe² and the Council); and
 - Subtracting the supply from the gross need provides an estimate of the overall (annual) need for affordable housing

² The continuous recording of lettings and sales in social housing in England (referred to as CoRe) is a national information source that records information on the characteristics of both private registered providers and local authority new social housing tenants and the homes they rent

- 4.5 Each of these stages is described below. In addition, much of the analysis requires a view about affordability to be developed. This includes looking at house prices and private rents along with estimates of local household incomes. The following sections therefore look at different aspects of the analysis.
- 4.6 Affordable housing need under the ‘established definition’ is based on households with some of the lowest incomes (i.e. insufficient income to buy OR rent in the open market). On this basis it would be expected that the vast majority (potentially all) of any housing delivered for this group would be social/affordable rented rather than housing with some degree of equity (e.g. shared ownership or discounted market sale). In part this will be due to the need for many lower income households to claim Housing Benefit support to pay housing costs, meaning that affordable home ownership options would not be accessible/affordable.

Local Prices and Rents

- 4.7 An important part of the affordable needs model is to establish the entry-level costs of housing to buy and rent. The affordable housing needs assessment compares prices and rents with the incomes of households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an ‘affordable housing need’.
- 4.8 For the purposes of establishing affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes). The following section expands on this information in more detail to present a consideration of the types of affordable housing that might meet local needs. This section focuses on establishing, in numerical terms, the overall need for affordable housing.
- 4.9 Analysis below considers the entry-level costs of housing to both buy and rent across the Council area. The approach has been to analyse Land Registry and Valuation Office Agency (VOA) data to establish lower quartile prices and rents – using a lower quartile figure is consistent with the PPG and reflects the entry-level point into the market.
- 4.10 Data from the Land Registry for the year to September 2018 (i.e. Q4 of 2017 and Q1-Q3 of 2018) shows estimated lower quartile property prices in the Borough by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £60,000 for a terraced home and rising to £217,000 for a detached home. Looking at the lower quartile price across all dwelling types the analysis shows a lower quartile ‘average’ price of £110,000.

Figure 4.1: Lower quartile cost of housing to buy – year to September 2018 – Sefton	
	Lower quartile price
Flat/maisonette	£69,000
Terraced	£60,100
Semi-detached	£140,000
Detached	£217,200
All dwellings	£110,200

Source: Land Registry

- 4.11 A similar analysis has been carried out for private rents using Valuation Office Agency (VOA) data – this covers a 12-month period to September 2018. For the rental data, information about dwelling sizes is provided (rather than types); the analysis shows an average lower quartile cost (across all dwelling sizes) of £450 per month.

	Lower Quartile rent, pcm
Room only	£320
Studio	£320
1-bedroom	£395
2-bedrooms	£495
3-bedrooms	£575
4-bedrooms	£750
All properties	£450

Source: Valuation Office Agency

- 4.12 The rental figures above have been taken from VOA data, it is however of interest for this study to see how these vary by location. The table below shows an estimate of the overall lower quartile private rent in each of the six sub-areas; this is based on analysis of Rightmove data on available lettings which has then been adjusted to be consistent with the data from VOA. The overall lower quartile purchase price has also been shown (drawn directly from the Land Registry source). The analysis shows higher rent levels in Formby, this area also has a higher lower quartile price than other locations in the Borough. The lowest rents and prices are found in Bootle.

	Lower quartile price	Lower Quartile rent, pcm
Southport	£127,300	£485
Formby	£208,300	£635
Maghull/Aintree	£150,800	£515
Crosby	£144,700	£500
Bootle	£51,100	£410
Netherton	£82,300	£470
All properties	£110,200	£450

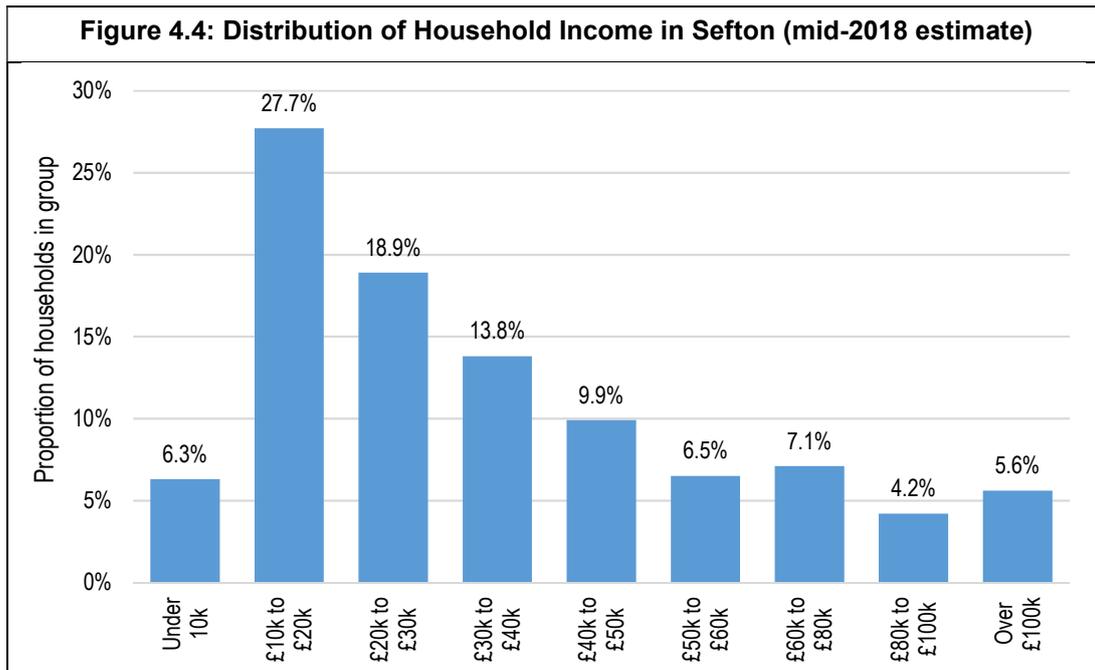
Source: Internet private rental cost search and Land Registry

- 4.13 When looking at affordability, the ability for households to either buy or rent is often considered. Looking at Land Registry data it seems likely that the incomes required to buy are lower in Bootle (and arguably Netherton) than those needed to rent. However, rental costs are used in this assessment as it seems likely that for many households, it will be access to a deposit that is a barrier to buying. This to some extent can be evidenced by the large increases in the number of households in private rented housing seen over the past 10-15 years (although some households moving into the PRS may also be driven by 'choice', as much as affordability).

- 4.14 A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than a particular percentage of gross income. The choice of an appropriate threshold is an important aspect of the analysis, CLG guidance (of 2007) suggested that 25% of income is a reasonable start point but also notes that a different figure could be used. Analysis of current letting practice suggests that letting agents typically work on a multiple of 40%. Government policy (through Housing Benefit payment thresholds) would also suggest a figure of 40%+ (depending on household characteristics).
- 4.15 The threshold of income to be spent on housing should be set by asking the question 'what level of income is expected to be required for a household to be able to access market housing without the need for a subsidy (e.g. through Housing Benefit)?' The choice of an appropriate threshold will to some degree be arbitrary and will be linked to the cost of housing rather than income. Income levels are only relevant in determining the number (or proportion) of households who fail to meet the threshold. It would be feasible to find an area with very low incomes and therefore conclude that no households can afford housing, alternatively an area with very high incomes might show the opposite output. The key here is that local income levels are not setting the threshold but are simply being used to assess how many can or can't afford market housing.
- 4.16 Rent levels in Sefton are relatively low in comparison to those seen nationally (a lower quartile rent of £525 per month across England). This would suggest that a proportion of income to be spent on housing should be towards the bottom end of the range, arguably between 25% and 30% - for the purposes of analysis a figure in the midpoint of this range (i.e. 27.5%) has been used, along with sensitivities using 25% and 30%. It should be noted that the previous SHMA used a 30% threshold; however, given that rents do not appear to have increased over time, but that there has been inflation for other household costs, a slightly lower threshold is considered appropriate.
- 4.17 Generally, the income required to access owner-occupied housing is higher than that required to rent and so the analysis to follow is based solely on the ability to afford to access private rented housing. However, the local house prices are important when looking at the extended definition of affordable housing in NPPF and are returned to when looking at this new definition.

Income Levels and Affordability

- 4.18 Following on from the assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability (i.e. the ability of a household to afford to buy or rent housing in the market without the need for some sort of subsidy). Data about total household income has been based on ONS modelled income estimates, with additional data from the English Housing Survey (EHS) being used to provide information about the distribution of incomes.
- 4.19 Drawing all of this data together we have therefore been able to construct an income distribution for the whole Council area for 2018. The figure below shows that around a third (34%) of households have incomes below £20,000 with a further third in the range of £20,000 to £40,000. Overall the average (mean) income is estimated to be around £38,400, with a median income of £29,000; the lower quartile income of all households is estimated to be £16,800.



Source: Derived from EHS and ONS data

- 4.20 Analysis has also been undertaken to estimate how incomes vary by sub-area, with the table below showing mean, median and lower quartile incomes in each area. The analysis shows the highest incomes to be in Formby, with substantially lower incomes in Bootle and to a lesser extent Netherton.

Figure 4.5: Estimated average (mean) household income by sub-area (mid-2018 estimate)

	Mean	Median	Lower quartile
Southport	£38,300	£29,100	£16,900
Formby	£48,700	£37,000	£21,400
Maghull/Aintree	£42,600	£32,400	£18,700
Crosby	£41,700	£31,700	£18,300
Bootle	£29,800	£22,600	£13,100
Netherton	£33,000	£25,100	£14,500
All households	£38,400	£29,000	£16,800

Source: Derived from EHS and ONS data

- 4.21 To assess affordability, a household's ability to afford private rented housing without financial support has been studied. The distribution of household incomes is then used to estimate the likely proportion of households who are unable to afford to meet their needs in the private sector without support, on the basis of existing incomes. This analysis brings together the data on household incomes with the estimated incomes required to access private sector housing.

4.22 Different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households (this has consistently been shown to be the case in the English Housing Survey and the Survey of English Housing)). Assumptions about income levels for specific elements of the modelling are the same as in previous assessments of affordable need.

Current Affordable Housing Need

4.23 In line with PPG paragraph 2a-020), the current need for affordable housing has been based on considering the likely number of households with one or more housing problems. The table below sets out the categories in the PPG and the sources of data being used to establish numbers. The PPG also includes a category where households cannot afford to own despite it bring their aspiration – this category is considered separately in this report (under the title of the additional definition of affordable housing need).

Figure 4.6: Main sources for assessing the current unmet need for affordable housing		
	Source	Notes
Homeless households (and those in temporary accommodation)	CLG Live Table 784	Total where a duty is owed but no accommodation has been secured PLUS the total in temporary accommodation
Households in overcrowded housing	Census table LC4108EW	Analysis undertaken by tenure and updated by reference to national changes (from the English Housing Survey (EHS))
Concealed households	Census table LC1110EW	Number of concealed families (with dependent or non-dependent children)
Existing affordable housing tenants in need	Modelled data linking to past survey analysis	Excludes overcrowded households – tenure estimates updated by reference to the EHS
Households from other tenures in need	Modelled data linking to past survey analysis	

Source: PPG [2a-020]

4.24 It should be noted that there may be some overlap between categories (such as overcrowding and concealed households, whereby the overcrowding would be remedied if the concealed household moved). The data available does not enable analysis to be undertaken to study the impact of this and so it is possible that the figures presented include a small element of double counting. Additionally, some of the concealed households may be older people who have moved back in with their families and might not be considered as in need.

4.25 The table below shows the initial estimate of the number of households within the Borough with a current housing need. These figures are before any consideration of affordability has been made and has been termed ‘the number of households in unsuitable housing’. Overall, the analysis suggests that there are currently some 7,700 households living in unsuitable housing (or without housing) – over a third of these currently live in Southport – albeit this is the largest area in terms of households.

Category of 'need'	Households
Homeless households	14
Households in overcrowded housing	3,512
Concealed households	1,174
Existing affordable housing tenants in need	383
Households from other tenures in need	2,638
Total	7,721

Source: CLG Live Tables, Census (2011) and data modelling

	Homeless	Over-crowded	Concealed	AH tenants	Other tenures	Total
Southport	4	1,219	359	63	1,107	2,752
Formby	1	117	78	7	176	378
Maghull/Aintree	2	307	165	16	267	757
Crosby	3	554	225	60	463	1,304
Bootle	2	705	154	129	369	1,359
Netherton	2	610	193	109	256	1,171
Total	14	3,512	1,174	383	2,638	7,721

Source: CLG Live Tables, Census (2011) and data modelling

- 4.26 In taking this estimate forward, the data modelling estimates housing unsuitability by tenure. From the overall number in unsuitable housing, households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise). The analysis also excludes 90% of owner-occupiers under the assumption (which is supported by analysis of survey data) that the vast majority will be able to afford housing once savings and equity are taken into account. A final adjustment is to slightly reduce the unsuitability figures in the private rented sector to take account of student-only households – such households could technically be overcrowded/living in unsuitable housing but would be unlikely to be considered as being in affordable housing need (student households rarely qualify for affordable housing). Once these households are removed from the analysis, the remainder are taken forward for affordability testing.
- 4.27 The table below shows it is estimated that there were 4,200 households living in unsuitable housing (excluding current social tenants and the majority (90%) of owner-occupiers).

	In unsuitable housing	Number to take forward for affordability testing
Owner-occupied	2,359	236
Affordable housing	1,374	0
Private rented	2,800	2,798
No housing (homeless/concealed)	1,188	1,188
Total	7,721	4,222

Source: CLG Live Tables, Census (2011) and data modelling

- 4.28 Having established this figure, it needs to be considered that a number of these households might be able to afford market housing without the need for subsidy. For an affordability test the income data has been used, with the distribution adjusted to reflect a lower average income amongst households living in unsuitable housing – for the purposes of the modelling an income distribution that reduces the level of income to 88% of the figure for all households has been used to identify the proportion of households whose needs could not be met within the market (for households currently living in housing). A lower figure (of 42%) has been used to apply an affordability test for the concealed/homeless households who do not currently occupy housing. These two percentage figures have been based on a consideration of typical income levels of households who are in unsuitable housing (based mainly on estimates in the private rented sector) along with typical income levels of households accessing social rented housing (for those without accommodation). These figures are considered to be best estimates, and likely to approximately reflect the differing income levels of different groups with a current housing problem.
- 4.29 Overall, over half of households with a current need are estimated to be likely to have insufficient income to afford market housing and so the estimate of the total current need is reduced to 2,169 households in the Borough. The table below shows how current need is estimated to vary across sub-areas.

	In unsuitable housing (taken forward for affordability test)	% Unable to Afford Market Housing (without subsidy)	Revised Gross Need (including Affordability)
Southport	1,836	47.8%	878
Formby	200	56.1%	112
Maghull/Aintree	367	54.9%	201
Crosby	714	49.6%	354
Bootle	638	53.2%	339
Netherton	468	60.7%	284
Total	4,222	51.4%	2,169

Source: CLG Live Tables, Census (2011), data modelling and affordability analysis

Newly-Forming Households

- 4.30 The number of newly-forming households has been estimated through demographic modelling with an affordability test also being applied. This has been undertaken by considering the changes in households in specific 5-year age bands relative to numbers in the age band below, 5 years previously, to provide an estimate of gross household formation.
- 4.31 The numbers of newly-forming households are limited to households forming who are aged under 45 – this is consistent with CLG guidance (from 2007) which notes after age 45 that headship (household formation) rates ‘plateau’. There may be a small number of household formations beyond age 45 (e.g. due to relationship breakdown) although the number is expected to be fairly small when compared with formation of younger households.
- 4.32 In looking at the likely affordability of newly-forming households, data has been drawn from previous surveys. This establishes that the average income of newly-forming households is around 84% of the figure for all households. This figure is remarkably consistent across areas (and is also consistent with analysis of English Housing Survey data at a national level).
- 4.33 The analysis has therefore adjusted the overall household income data to reflect the lower average income for newly-forming households. The adjustments have been made by changing the distribution of income by bands such that average income level is 84% of the all household average. In doing this it is possible to calculate the proportion of households unable to afford market housing without any form of subsidy (such as LHA/HB). The assessment suggests that overall around two-fifths of newly-forming households will be unable to afford market housing (to rent) and that a total of 819 new households will have a need on average in each year to 2036.

	No. of new households	% unable to afford	Total in need
Southport	620	42.9%	266
Formby	138	44.3%	61
Maghull/Aintree	210	40.8%	86
Crosby	340	40.4%	137
Bootle	304	46.8%	142
Netherton	261	48.5%	126
Total	1,872	43.7%	819

Source: Projection Modelling/affordability analysis

Existing Households Falling into Affordable Housing Need

- 4.34 The second element of newly arising need is existing households falling into need. To assess this, information from CoRe has been used. This looked at households who have been housed over the past three years – this group will represent the flow of households onto the Housing Register over this period.

- 4.35 From this newly forming households (e.g. those currently living with family) have been discounted as well as households who have transferred from another social/affordable rented property. An affordability test has also been applied.
- 4.36 This method for assessing existing households falling into need is consistent with the 2007 SHMA guide which says on page 46 that *'Partnerships should estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless household applicants)'*.
- 4.37 Following the analysis through suggests a need arising from 515 existing households each year from 2017 to 2036.

Figure 4.12: Estimated Level of Affordable Housing Need from Existing Households falling into need (per annum) – Sefton

	Total additional need	% of total
Southport	77	15.0%
Formby	6	1.2%
Maghull/Aintree	17	3.2%
Crosby	70	13.6%
Bootle	174	33.7%
Netherton	171	33.3%
Total	515	100.0%

Source: CoRe/affordability analysis

Supply of Affordable Housing

- 4.38 The future supply of affordable housing is the flow of affordable housing arising from the existing stock that is available to meet future need. This focusses on the annual supply of social/affordable rent relets.
- 4.39 The Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. Information from the CoRe system has been used to establish past patterns of social housing turnover, along with data from the Council about past lettings (to provide sub-area estimates). The figures include general needs and supported lettings but exclude lettings of new properties and also exclude an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock.
- 4.40 On the basis of past trend data it has been estimated that 1,057 units of social/affordable rented housing are likely to become available each year moving forward.

Figure 4.13: Analysis of past social/affordable rented housing supply (per annum – based on data for 2015-18 period)			
	General needs	Supported housing	Total
Total lettings	1,520	345	1,864
% as non-new build	95.7%	98.5%	96.3%
Lettings in existing stock	1,455	340	1,795
% non-transfers	61.6%	47.4%	58.9%
Total lettings to new tenants	896	161	1,057

Source: CoRe

- 4.41 The table below shows the estimated supply of affordable housing from relets in each sub-area. The sub-area figures have been based on the size of the stock in each sub-area as of 2011 (Census data) and information from the Council about past lettings.

Figure 4.14: Estimated supply of affordable housing from relets of existing stock by sub-area (per annum)		
	Annual supply	% of supply
Southport	163	15.4%
Formby	13	1.2%
Maghull/Aintree	36	3.4%
Crosby	153	14.5%
Bootle	351	33.2%
Netherton	341	32.3%
Total	1,057	100.0%

Source: CoRe/Sefton Council/Census (2011)

- 4.42 The PPG model also includes the bringing back of vacant homes into use and the pipeline of affordable housing as part of the supply calculation. These have however not been included within the modelling in this report. Firstly, there is no evidence of any substantial stock of vacant homes (over and above a level that might be expected to allow movement in the stock) – as of 2017, CLG data shows 247 vacant general needs homes in the Borough (about 1.3% of the total stock). Secondly, with the pipeline supply, it is not considered appropriate to include this as to net off new housing would be to fail to show the full extent of the need, although in monitoring it will be important to net off these dwellings as they are completed.

Net Affordable Housing Need

- 4.43 The table below shows the overall calculation of affordable housing need. This excludes supply arising from sites with planning consent (the 'development pipeline'). The analysis shows that there is a need for 391 dwellings per annum to be provided – a total of 7,400 over the 19-year period (2017-36). The net need is calculated as follows:

$$\text{Net Need} = \text{Current Need} + \text{Need from Newly-Forming Households} + \text{Existing Households falling into Need} - \text{Supply of Affordable Housing}$$

	Per annum	2017-36
Current need	114	2,169
Newly forming households	819	15,554
Existing households falling into need	515	9,789
Total Gross Need	1,448	27,512
Re-let Supply	1,057	20,079
Net Need	391	7,432

Source: Census (2011)/CoRe/Projection Modelling and affordability analysis

- 4.44 The table below shows the annualised information for individual sub-areas. The analysis shows a need for additional affordable housing in most areas with Southport seeing the highest need (226 units per annum). Both Bootle and Netherton show small surpluses of affordable housing – this is consistent with the relatively large stock of affordable housing along with some of the cheapest housing costs in the Borough. That said, there could be a mismatch in these areas between the size of homes needed and the available stock – this is considered later in the report.

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
Southport	46	266	77	389	163	226
Formby	6	61	6	73	13	60
Maghull/Aintree	11	86	17	113	36	77
Crosby	19	137	70	226	153	73
Bootle	18	142	174	334	351	-17
Netherton	15	126	171	313	341	-28
Total	114	819	515	1,448	1,057	391

Source: Census (2011)/CoRe/Projection Modelling and affordability analysis

- 4.45 The table below repeats the above data along with information about the scale of need compared with the current number of households and also the relationship between supply and need. This allows consideration of the level of need on a more standardised basis to see which areas have greater (or lesser) stresses on affordable supply.
- 4.46 The table shows that some 58% of the need arises in Southport (reducing to 52% if the Bootle/Netherton surpluses are excluded). However, due to the higher number of households in this area the need when standardised is actually slightly lower than in Formby. When comparing the level of gross need with supply the data shows a particular pressure in Formby and Maghull/Aintree. In Formby, the estimated level of supply is only 17% of the need – current affordable housing provision is therefore only expected to be able to meet about a sixth of the need.

	Total Need	Supply	Net Need	% of net shortfall	% of net shortfall (excluding surpluses)	Supply as % of need	Net need per 1,000 households
Southport	389	163	226	58%	52%	42%	5.4
Formby	73	13	60	15%	14%	17%	5.9
Maghull/Aintree	113	36	77	20%	18%	32%	5.1
Crosby	226	153	73	19%	17%	68%	3.4
Bootle	334	351	-17	-4%	0%	105%	-1.0
Netherton	313	341	-28	-7%	0%	109%	-1.8
Sefton	1,448	1,057	391	100%	100%	73%	3.2

Source: Census (2011)/CORE/Projection Modelling and affordability analysis

Comparison with Previous Assessment

4.47 The last full assessment of affordable need was undertaken as part of the 2014 SHMA. This followed broadly the same methodology as this report and below is a comparison of the findings. The analysis would suggest that affordable needs have gone down slightly over time and looking at the individual components of the model it can be seen that both gross need and the potential supply are estimated to have reduced. Overall the estimated net need changing from 434 dwellings per annum to 391 per annum is not considered to be a substantial change (given that the figure is a net figure based on two much larger numbers). Both studies clearly demonstrate a need to provide additional affordable housing in Sefton where opportunities arise.

	This study	2014 SHMA
Current need	114	93
Newly forming households	819	948
Existing households falling into need	515	639
Total Gross Need	1,448	1,680
Re-let Supply	1,057	1,246
Net Need	391	434

Source: This study and 2014 SHMA (Figure 7.14)

4.48 A comparison below looks at each of the six sub-areas (just overall net need figures are provided). This study broadly shows the same pattern of need across areas, with the highest need being in Southport, and Bootle and Netherton both showing a slight surplus of affordable housing (albeit potentially reducing over time in Bootle).

Figure 4.19: Estimated Need for Affordable Housing – Sefton – comparing this study with 2014 SHMA (sub-area analysis)			
	This study	2014 SHMA	Difference
Southport	226	203	+23
Formby	60	64	-4
Maghull/Aintree	77	118	-41
Crosby	73	91	-18
Bootle	-17	-32	+15
Netherton	-28	-9	-19
Sefton	391	434	-43

Source: This study and 2014 SHMA (Figure 7.11)

Sensitivity Testing the Proportions of Income Spent on Housing

- 4.49 The analysis above seems to be suggesting that the need for affordable housing may have gone down slightly since the previous SHMA. However, it should additionally be noted that the previous SHMA used an affordability ratio of 30% (income spent on housing costs), whereas this study has reduced this to 27.5% - the reduction being based on the observation that rent levels have not changed but the cost of living is likely to have increased.
- 4.50 The analysis below therefore shows what the equivalent estimate of affordable need would be if the threshold is raised to 30%; a sensitivity has also been developed using a 25% figure. The analysis shows that raising the figure to 30% would see the need fall to 285 dwellings per annum; with a 25% threshold the need is higher (507 per annum). This analysis shows how sensitive the outputs can be to this assumption, although in all cases the analysis does show a notable level of affordable housing need.

Figure 4.20: Estimated Need for Affordable Housing – Sefton – sensitivity testing proportion of income spent on housing (figures are per annum)			
	@25%	@27.5%	@30%
Current need	123	114	106
Newly forming households	903	819	744
Existing households falling into need	537	515	492
Total Gross Need	1,564	1,448	1,341
Re-let Supply	1,057	1,057	1,057
Net Need	507	391	285

Source: Census (2011)/CoRe/Projection Modelling and affordability analysis

How Much Should Affordable (rented) Housing Cost?

- 4.51 The analysis above has studied the overall need for affordable housing using a well-established model. This model focusses on households who cannot afford to rent in the market. These households are therefore most likely to have a need for rented housing and below is an analysis that sets out what might be an affordable rent for different sizes of accommodation (in different locations) based on local incomes and housing costs.

4.52 The analysis essentially considers what might be a 'Living Rent'. These calculations are based on research by JRF/Savills³ and use the following methodology:

- Annual Survey of Hours and Earnings (ASHE) lower quartile earnings;
- Adjustment for property size by recognised equivalence model; and
- Starting rent set at 28% of net earnings
- Rent set at Local Housing Allowance (LHA) limits where calculations show a higher figure

4.53 The analysis shows rents starting at about £250 for a 1-bedroom home (in Bootle) and rising to £650 for homes with 3-bedrooms in Formby (the Living Rent method only goes up to 3-bedrooms). Figures shown in bold in the table have been derived from the Living Rent methodology but should arguably be capped as they are higher than the maximum level of LHA, it is not considered sensible to be charging a rent in excess of LHA, as this would mean many households having to top up their rent from other income sources.

4.54 For example, in Formby the Living Rent method (linked to local incomes) suggests a 1-bedroom rent of £407 per month, however the maximum LHA (see second table below) is only for £396 per month. There would therefore be a case to limit rents in this area to the LHA figure rather than the Living Rent one. Other areas and sizes where this occur are Formby (all sizes), Maghull/Aintree (2- and 3-bedroom homes) and 3-bedroom homes in Crosby.

Figure 4.21: Living rents (per month) – 2017/18

	1-bedroom	2-bedroom	3-bedrooms
Southport	£320	£416	£512
Formby	£407	£529	£651
Maghull/Aintree	£356	£463	£570
Crosby	£348	£453	£558
Bootle	£249	£324	£398
Netherton	£276	£358	£441
Sefton	£321	£417	£513

Source: ASHE and Living Rents methodology

4.55 The table below shows LHA limits in the two Broad Rental Market Areas (BRMAs) covering Sefton. The areas are Southport (which includes the Southport and Formby sub-areas) and Greater Liverpool (which covers Maghull/Aintree, Crosby, Bootle and Netherton). As noted, there is a case for ensuring that rents are capped at the maximum amount of benefit able to be claimed. The issue of LHA limits should be a key consideration when setting rent levels for any new developments.

3

<http://pdf.savills.com/documents/Living%20Rents%20Final%20Report%20June%202015%20-%20with%20links%20-%202019%2006%202015.pdf>

Figure 4.22: Maximum Local Housing Allowance (Housing Benefit) by location (Broad Rental Market Area) and property size (January 2019)			
	1-bedroom	2-bedroom	3-bedrooms
Southport	£396	£524	£606
Greater Liverpool	£394	£455	£524

Source: Valuation Office Agency

Affordable Housing – Expanded NPPF Definition

Introduction

- 4.56 Using the previously established method to look at affordable need, it was estimated that there is a need for around 391 units per annum – this is for subsidised housing at a cost below that to access the private rented sector (i.e. for households unable to access any form of market housing without some form of subsidy). As previously noted, it would be expected that this housing would be delivered primarily as social/affordable rented housing.
- 4.57 The new NPPF introduces a new category of household in affordable housing need and widens the definition of affordable housing (as found in the NPPF – Annex 2). It is considered that households falling into the definition would be suitable for Starter Homes or Discounted market sales housing, although other forms of affordable home ownership (such as shared ownership) might also be appropriate.
- 4.58 This section considers the level of need for these types of dwellings in Sefton. The NPPF states *“Where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups.”* (NPPF, para 64).

Establishing a Need for Affordable Home Ownership

- 4.59 The Planning Policy Guidance of July 2018 confirms a widening definition of those to be considered as in affordable need; now including *‘households which can afford to rent in the private rental market, but cannot afford to buy despite a preference for owning their own home’*. However, at the time of writing, there is no guidance about how the number of such households should be measured.
- 4.60 The methodology used in this report therefore draws on the current method, and includes an assessment of current needs, projected need (newly forming and existing households). The key difference is that in looking at affordability an estimate of the number of households in the ‘gap’ between buying and renting is used. There is also the issue of establishing an estimate of the supply of affordable home ownership homes – this is considered separately below.
- 4.61 The first part of the analysis seeks to understand what the gap between renting and buying actually means in Sefton – in particular establishing the typical incomes that might be required.

- 4.62 Just by looking at the relative costs of housing to buy and to rent it is clear that there will be households in Sefton who can currently rent but who may be unable to buy. In the year to September 2018, the 'average' lower quartile private rent is shown by VOA to cost £450 a month, assuming a household spends no more than 27.5% of income on housing, this would equate to an income requirement of about £19,600. For the same period, Land Registry data records a lower quartile price in the Borough of about £110,000, which (assuming a 10% deposit and 4 times mortgage multiple) would equate to an income requirement of around £24,800.
- 4.63 Therefore, on the basis of these costings, it is reasonable to suggest that affordable home ownership products would be pitched at households with an income between £19,600 (i.e. able to afford to privately rent) and £24,800 (the figure above which a household might reasonably be able to buy).
- 4.64 Additionally, it should be noted that there will be differences across sub-areas, as the pricing of homes does differ markedly. The table below shows an estimate of the typical income likely to be needed to buy and rent privately in each of the six areas. This shows that buying is potentially more affordable in Bootle and Netherton than privately renting (marginal in Netherton) but that there is a notable gap between the income requirements in other areas, particularly in Formby.
- 4.65 This finding would suggest that affordable home ownership might not work in Bootle/Netherton, however the situation is likely to be more complex, and one in which the barriers to home ownership are likely to be related to factors other than the cost of housing (which could for example include the lack of a deposit or difficulties obtaining a mortgage (for example due to a poor credit rating or insecure employment)). Additionally, the analysis suggests an income of £11,500 is needed to buy in Bootle; it is quite possible that at this level of income it would be difficult to obtain a mortgage.

	Lower quartile price	Lower Quartile rent
Southport	£28,600	£21,200
Formby	£46,900	£27,700
Maghull/Aintree	£33,900	£22,500
Crosby	£32,600	£21,800
Bootle	£11,500	£17,900
Netherton	£18,500	£20,500
All properties	£24,800	£19,600

Source: Internet private rental cost search and Land Registry

- 4.66 Using the income distributions developed for use in the previous analysis of affordable housing need it has been estimated that of all households living in the private rented sector, around 45% already have sufficient income to buy a lower quartile home, with 13% falling in the rent/buy gap. The final 41% are estimated to have an income below which they cannot afford to rent privately. These figures have been built up from sub-areas, with data suggesting a range of between 0% (Bootle and Netherton) and 25% (Formby) of households in the private rented sector as sitting in the rent/buy gap.

- 4.67 These figures have been based on an assumption that incomes in the private rented sector are around 88% of the equivalent figure for all households (a proportion derived from the English Housing Survey) and are used as it is clear that affordable home ownership products are likely to be targeted at households living in or who might be expected to access this sector (e.g. newly forming households).
- 4.68 The finding that approaching half of households in the private rented sector are likely to have an income that would allow them to buy a home is also noteworthy and suggests that for many households, barriers to accessing owner-occupation are less about income and more about other factors (a point noted above specifically for Bootle/Netherton but arguably applicable more widely across the Borough). That said, it does also need to be recognised that for some households choosing the PRS over owner-occupation isn't just about affordability factors, many will live in the PRS as their tenure of choice.
- 4.69 To study current need, an estimate of the number of household living in the private rented sector (PRS) has been established, along with the same (rent/buy gap) affordability test described above. the start point is the number of households living in private rented accommodation; as of the 2011 Census there were some 15,800 households living in the sector. Data from the Survey of English Housing (EHS) suggests that since 2011, the number of households in the PRS has risen by about 26% - if the same proportion is relevant to Sefton then the number of households in the sector would now be around 19,900.
- 4.70 Additional data from the EHS suggests that 60% of all PRS households expect to become an owner at some point (11,900 households if applied to Sefton) and of these some 25% (3,000 households) would expect this to happen in the next 2-years. The figure of 3,000 is therefore taken as the number of households potentially with a current need for affordable home ownership before any affordability testing.
- 4.71 As noted above, on the basis of income it is estimated that around 13% of the private rented sector sit in the gap between renting and buying; applying this proportion to the 3,000 figure would suggest a current need for around 377 affordable home ownership products (20 per annum if annualised over a 19-year period).
- 4.72 In projecting forward, the analysis can consider newly forming households and also the remaining existing households who expect to become owners further into the future. Applying the same affordability test (albeit on a very slightly different income assumption for newly forming households) suggests an annual need from these two groups of around 295 dwellings (236 from newly forming households and 59 from existing households in the private rented sector).
- 4.73 Bringing together all of this analysis suggests that there is a need for around 315 affordable home ownership homes (priced for households able to afford to rent but not buy) per annum in the 2017-36 period. The table below shows that these households are likely to arise in all areas other than Bootle/Netherton – these locations do not have any income gap between buying and renting and therefore the modelling identifies a figure of zero need. This does not mean that no affordable home ownership should be provided in these locations, but it does suggest (as above) that barriers to home ownership go beyond the cost of housing to buy.

Figure 4.24: Estimated Gross Need for Affordable Home Ownership by sub-area

	Current need		Newly forming households	Existing households falling into need	Total Gross Need (per annum)
	Total	Per annum			
Southport	209	11	93	33	137
Formby	32	2	35	5	42
Maghull/Aintree	37	2	42	6	50
Crosby	98	5	66	16	87
Bootle	0	0	0	0	0
Netherton	0	0	0	0	0
Total	377	20	236	59	315

Source: Census (2011)/Projection Modelling and affordability analysis

Potential Supply of Housing to Meet the Affordable Home Ownership Need

- 4.74 As with assessing the need for affordable home ownership, it is the case that at present the PPG does not include any suggestions about how the supply of housing to meet these needs should be calculated. The analysis below therefore provides a general discussion.
- 4.75 As noted previously, the lower quartile cost of a home to buy in Sefton is around £110,000. By definition, a quarter of all homes sold (noting that the data is for the year to September 2018) will be priced at or below this level. According to the Land Registry source, there were a total of 4,447 sales in this period and therefore over 1,100 would be priced below the lower quartile. This is 1,100 homes that would potentially be affordable to the target group for affordable home ownership products and is a potential supply that is clearly in excess of the level of need calculated.
- 4.76 An alternative way to look at the supply is to estimate how much housing is available at an equivalent price (in income terms) to accessing the private rented sector. If the rental figure is worked backwards into an equivalent purchase price, then this gives an affordable price to buy of about £87,300 (calculated as $(19,600 \times 4) \div 0.9$). Any home sold at a price at or below £87,300 would (in income terms) be available to all households currently in the rent/buy gap. In the year to September 2018 there were 783 sales in Sefton at or below £106,000, a figure which is again above the estimated level of need.
- 4.77 These figures will however vary by sub-area, as pricing is very different across locations. The table below shows an estimate of the number of homes sold at below lower quartile in each area and also the numbers sold at a price equivalent to accessing the private rented sector. It should be noted that the figures do not add up to the totals shown above, as the former figures were calculated on the basis of Borough-wide data. For information, the table below also shows the estimated gross need previously calculated, although given the uncertainties about how to look at supply, no net need figure is offered.
- 4.78 The analysis shows a potential supply to meet the need regardless of the supply measure used. The exceptions to this are in Formby, Maghull/Aintree and Crosby; although in all of these areas the overall supply of lower quartile homes is in excess of the estimated need.

Figure 4.25: Estimated potential supply of homes to meet the need for affordable home ownership			
	Annual supply of homes priced below lower quartile	Annual supply of homes priced at an equivalent level to private renting	Estimated gross (annual) need for affordable home ownership
Southport	413	165	137
Formby	92	17	42
Maghull/Aintree	146	21	50
Crosby	200	58	87
Bootle	161	431	0
Netherton	98	130	0
Total	1,110	822	315

Source: Land Registry

- 4.79 These figures should be used to demonstrate the scale of potential supply for households in the rent/buy gap and it should be noted that this stock is not necessarily available to those households in need (i.e. market housing is not allocated and so theoretically all of the sales could go to households who could afford a more expensive home or potentially to investment buyers). There may also be issues with the quality of the stock at the very bottom end of the market. That said there is clearly a reasonable level of stock that is potentially affordable to those households falling into the Government’s revised definition of affordable housing need.

Implications of the Analysis

- 4.80 Given the analysis above, it would be reasonable to conclude that there is no need to provide housing under the new definition of ‘affordable home ownership’ – whilst there are clearly some household in the gap between renting and buying, there is also a potential supply of homes within the existing stock that can make a contribution to this need.
- 4.81 However, it does seem that there are many households in Sefton who are being excluded from the owner-occupied sector (including in those areas where the cost of housing is lowest). This can be seen by analysis of tenure change, which saw the number of households living in private rented accommodation increasing by 64% from 2001 to 2011 (with the likelihood that there have been further increases since). Over the same period, the number of owners with a mortgage dropped notably (by 12%).
- 4.82 On this basis, and as previously noted, it seems likely in Sefton that access to owner-occupation is being restricted by access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially some mortgage restrictions (e.g. where employment is temporary) rather than being due to availability of housing. There will also be other factors at play such as competition from buy to let investors, and quality of existing stock and whether it meets household aspirations.

- 4.83 Hence, whilst the NPPF gives a clear steer that 10% of all new housing (on larger sites) should be for affordable home ownership, it is not clear that this is the best solution in the Borough. If possible, it would be more appropriate for the Council to seek for 10% of housing to be made available with some initial upfront capital payment (such as a deposit contribution), rather than as a discount to OMV. Such a payment could cover the deposit and other initial costs and would potentially need to be protected in some way so that the money is not lost if a household chooses to sell their property (i.e. to ensure that any subsidy is held in perpetuity). Schemes such as Help-to-Buy could form part of such a package. This would still be targeted at the same group of households (likely to mainly be those currently privately renting but who would like to buy). If this could be achieved, then it may be reasonable for up to 10% of homes to fall into the affordable home ownership category.
- 4.84 If the Council does seek to provide 10% of housing as affordable home ownership, then it is likely that shared ownership is the most appropriate option. This is due to the lower deposit requirements and lower overall costs (given that the rent would also be subsidised). In promoting shared ownership, the Council should consider the equity share and also the overall cost once the rent and any service charges are included – this will be necessary to ensure that such homes are meeting the target group of households (i.e. those with an income in the gap between renting and buying).
- 4.85 It may be that equity shares as low as 25% would be needed to make shared ownership affordable (although this does have the additional advantage of a lower deposit), given that such homes would need to use Open Market Value as a start point. This is something that should be monitored on a case by case basis and could vary by location and property type/size.
- 4.86 Overall, the evidence suggests there is no basis to increase the provision of affordable home ownership above the 10% figure currently suggested in the NPPF, and that in addition to 10% of affordable home ownership (or some alternative measure such as capital payments), the Council should be seeking to provide additional social/affordable rented housing. Such housing is cheaper than that available in the open market and can be accessed by many more households (some of whom may be supported by benefit payments).
- 4.87 In some parts of the Borough, there is arguably a marginal need for affordable home ownership products (Formby, Maghull/Aintree and Crosby). In these locations it is possible that some forms of affordable home ownership other than the shared ownership suggested above might be appropriate. However, it should be noted that such forms of housing may have a higher threshold to access (in income terms) and would not therefore be meeting the most acute needs.

How Much Should Affordable Home Ownership Homes Cost?

- 4.88 The analysis and discussion above suggests that there are a number of households likely to fall under the new PPG definition of affordable housing need (i.e. in the gap between renting and buying) but that the potential supply of cheaper (more affordable) housing to buy makes it difficult to fully quantify this need. However, given the NPPF, it seems likely that the Council will need to seek 10% of additional homes on larger sites as some form of home ownership.

- 4.89 This report recommends shared ownership as the most appropriate form of affordable home ownership; however, it is possible that some housing would come forward as other forms of housing such as Starter Homes or discounted market sale. If this is the case, it will be important for the Council to ensure that such homes are sold at a price that is genuinely affordable for the intended target group.
- 4.90 The table below sets out a suggest purchase price for affordable home ownership in the six sub-areas areas. The figures are based on trying to roughly equate a sale price with an equivalent access point to the private rental market. This shows a 1-bedroom home ‘affordable’ price of £69,300 in Bootle, rising to in excess of £200,000 for homes with 4+-bedrooms in Formby.

Figure 4.26: Affordable home ownership prices (aligned with cost of accessing private rented sector) – data for year to September 2018

	1-bedroom	2-bedroom	3-bedroom	4+-bedroom
Southport	£83,200	£112,000	£121,600	£174,900
Formby	£91,700	£120,500	£151,500	£220,800
Maghull/Aintree	£83,200	£98,100	£117,300	£144,000
Crosby	£83,200	£106,700	£125,900	£186,700
Bootle	£69,300	£80,000	£88,500	£110,900
Netherton	£73,600	£85,300	£96,000	£115,200
Sefton	£84,300	£105,600	£117,300	£160,000

Source: derived from VOA data

- 4.91 Overall, this analysis suggests that the additional categories of affordable housing set out in Annex 2 of the NPPF are unlikely to meet any need in Sefton; put simply, the supply of ‘cheaper’ housing to buy in the area (in the second-hand market) is sufficiently affordable such that there is no need for a discounted new build product – there are however a number of specific locations where there is potentially a shortage of ‘affordable home ownership’.
- 4.92 As well as in those areas where there is a potential shortfall, there may be cases where the Council could accept ‘affordable home ownership’; for example, where this supports viability or to help diversify stock in some areas.
- 4.93 This is likely to be the case in Bootle, and to a lesser extent Netherton. The table above shows that the suggested ‘affordable’ prices are above typical prices available in the second-hand market, and in these areas, the provision of affordable home ownership may be more about providing a wider housing offer than specifically meeting an affordable need. However, if possible, it would still be preferable to provide shared ownership in these locations, or other methods to allow households to access market housing (e.g. deposit assistance) rather than simply providing a home for full purchase with some degree of discount.
- 4.94 If the Council do seek for some additional housing to be in the affordable home ownership sector, it is additionally recommended that they set up (or commission setting up) a register of people interested in these products (in a similar way to the current Housing Register). This will enable any properties to be ‘allocated’ to households whose circumstances best meet the property on offer.

Affordable Housing Need: Key Messages

- Analysis has been undertaken to estimate the need for affordable housing in the 2017-36 period. The analysis is split between a 'traditional' need (which is mainly for social/affordable rented accommodation) and is based on households unable to buy or rent in the market and the 'additional' category of need introduced by the revised NPPF/PPG (which includes housing for those who can afford to rent privately but cannot afford to buy a home).
- The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at traditional needs, consideration is given to household projections and estimates of the supply of social/affordable rented housing. For the additional definition, consideration is given to the size of the private rented sector and the potential supply (from Land Registry data) of cheaper accommodation to buy.
- Using the traditional method, the analysis suggests a need for 391 affordable homes per annum and therefore the Council is justified in seeking to secure additional affordable housing. The analysis does however identify a small surplus of affordable housing in Bootle and Netherton, although there may be a mismatch in terms of the size of homes needed and those available.
- It is suggested that the cost of housing to rent within this group is fixed by reference to local incomes (and the Living Rent methodology) although rents above Local Housing Allowance limits should be avoided (to ensure housing affordable to those needing to claim Housing Benefit).
- Using the expanded definition, a surplus of affordable housing is shown – essentially there is already a substantial stock of 'cheaper' homes to buy across the Borough. The analysis did however identify possible shortfalls in Formby, Maghull/Aintree and Crosby. However, it should be noted that all of the households in need (in those areas) can actually afford market housing (to rent).
- On this basis the analysis suggests that a 10% target for affordable home ownership may be appropriate in some locations (the 10% figure coming from the NPPF) and arguably also in those areas with an apparent surplus to help diversify the stock. There is no evidence to suggest any figure higher than the 10%.
- If possible, it may be more appropriate for the Council to seek for 10% of housing to be made available with some initial upfront capital payment (such as a deposit contribution), rather than as a discount to Open Market Value (OMV). Such a payment could cover the deposit and other initial costs and would potentially need to be protected in some way so that the money is not lost if a household chooses to sell their property (i.e. to ensure that any subsidy is held in perpetuity). Schemes such as Help-to-Buy could form part of such a package. This would still be targeted at the same group of households (likely to mainly be those currently privately renting but who would like to buy).
- In terms of setting housing costs in the affordable home ownership sector, it is recommended that the Council considers setting prices at a level which (in income terms) are equivalent to the levels needed to access private rented housing. This would ensure that all households in need under the new definition could potentially afford housing – this might mean greater than 20% discounts from Open Market Value in some locations.
- Overall, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing remains an important and pressing issue in the Borough. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise, particularly of affordable housing to rent.

5. Family Households and Housing Mix

Introduction

- 5.1 A further area of analysis is around the mix of housing required in different tenures. The revised NPPF says *'the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies'*; this includes families with children. The revised PPG does not provide any guidance about this topic although the previous PPG did say (paragraph 2a-021) that *'plan makers can identify current numbers of families, including those with children, by using the local household projections'*.
- 5.2 This section therefore looks at a range of statistics in relation to families (generally described as households with dependent children) before moving on to look at how the numbers are projected to change moving forward. The analysis finishes by looking at the mix of housing required (covering all household groups and tenures); this analysis takes account of the way different groups occupy housing and links to projections of change to household types and ages.

Background data

- 5.3 The number of families in the Borough (defined for the purpose of this assessment as any household which contains at least one dependent child) totalled 32,200 as of the 2011 Census, accounting for 27% of households. This proportion is very slightly lower to that seen across the region and nationally. Analysis for sub-areas shows higher proportions of households with dependent children in Bootle and Netherton; in particular these locations have high proportions of lone parent households.

Figure 5.1: Households with dependent children (2011)								
		Married couple	Cohabiting couple	Lone parent	Other households	All other households	Total	Total with dependent children
Southport	No.	5,233	1,465	2,706	834	29,641	39,879	10,238
	%	13.1%	3.7%	6.8%	2.1%	74.3%	100.0%	25.7%
Formby	No.	1,743	234	420	165	7,411	9,973	2,562
	%	17.5%	2.3%	4.2%	1.7%	74.3%	100.0%	25.7%
Maghull/Aintree	No.	2,477	482	752	295	11,380	15,386	4,006
	%	16.1%	3.1%	4.9%	1.9%	74.0%	100.0%	26.0%
Crosby	No.	3,056	696	1,388	488	15,380	21,008	5,628
	%	14.5%	3.3%	6.6%	2.3%	73.2%	100.0%	26.8%
Bootle	No.	1,424	854	2,127	456	11,150	16,011	4,861
	%	8.9%	5.3%	13.3%	2.8%	69.6%	100.0%	30.4%
Netherton	No.	1,806	842	1,823	454	10,748	15,673	4,925
	%	11.5%	5.4%	11.6%	2.9%	68.6%	100.0%	31.4%
Sefton	No.	15,739	4,573	9,216	2,692	85,710	117,930	32,220
	%	13.3%	3.9%	7.8%	2.3%	72.7%	100.0%	27.3%
North West	%	14.1%	4.3%	8.1%	2.3%	71.2%	100.0%	28.8%
England	%	15.3%	4.0%	7.1%	2.6%	70.9%	100.0%	29.1%

Source: Census (2011)

5.4 The table below shows how the number of households with dependent children changed from 2001 to 2011. Overall there was a notable decrease in the number of households with dependent children, falling by around 3,200 (a decrease of 9%). Within this, there was an increase in the number of cohabiting couples and lone parents, along with a substantial reduction in the number of married couples.

Figure 5.2: Change in households with dependent children (2001-11) – Sefton

	2001	2011	Change	% change
Married couple	20,218	15,739	-4,479	-22.2%
Cohabiting couple	3,300	4,573	1,273	38.6%
Lone parent	8,940	9,216	276	3.1%
Other households	2,940	2,692	-248	-8.4%
All other households	81,449	85,710	4,261	5.2%
Total	116,847	117,930	1,083	0.9%
Total with dependent children	35,398	32,220	-3,178	-9.0%

Source: Census (2001 and 2011)

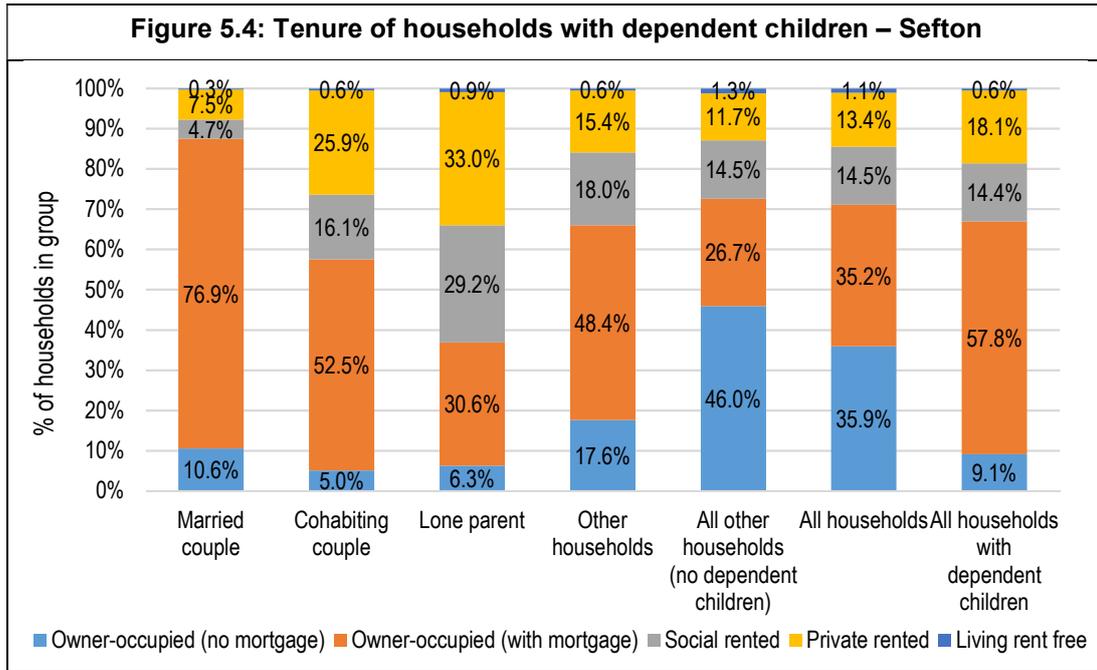
5.5 The table below shows the projected change to the number of children (aged Under 15) from 2017 to 2036. This shows that both the official projections and the consultation Standard Method projection would expect a small decline in the number of children (falling by 1% over the 19-year period).

Figure 5.3: Estimated change in population aged 15 and under (2017-36) – Sefton

	Population aged 15 and under		Change (2017-36)	% change from 2017
	2017	2036		
2016-based SNPP	44,550	44,170	-380	-0.9%
Linked to 645 dpa	44,647	44,144	-503	-1.1%

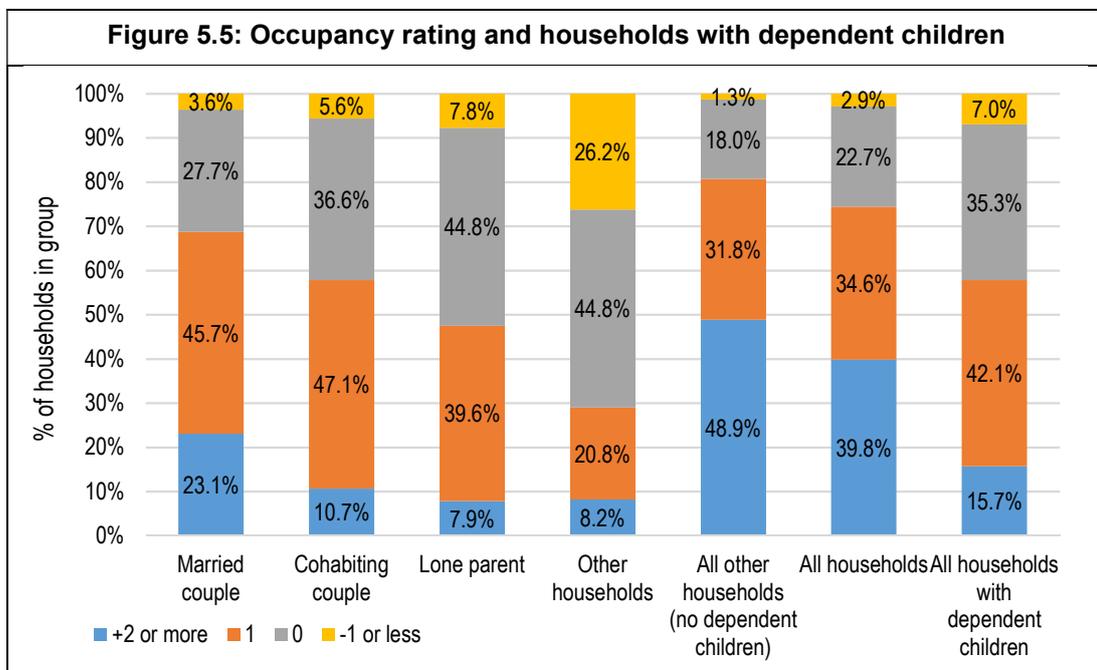
Source: Derived from demographic modelling

5.6 The figure below shows the current tenure of households with dependent children. There are some considerable differences by household type with lone parents having a very high proportion living in the social rented sector and also in private rented accommodation. Only 37% of lone parent households are owner-occupiers compared with over 87% of married couples with children.



Source: Census (2011)

5.7 Overcrowding is often a key theme when looking at the housing needs of households with children and the figure below shows that households with children are about five times more likely than other households to be overcrowded. In total, some 7% of all households with dependent children are overcrowded and included within this the data shows 8% of lone parent households are overcrowded along with 26% of ‘other’ households with dependent children. Levels of under-occupancy amongst households with dependent children are low when compared with other households.



Source: Census (2011)

5.8 As well as households containing dependent children there will be other (non-dependent) children living as part of another household (typically with parents/grandparents). The table below shows the number of households in the Borough with non-dependent children. In total, some 13% of households (15,000) contained non-dependent children as of 2011. This may to some degree highlight the difficulties faced by young people in accessing housing. Ineligibility for social housing, lower household incomes and the unaffordability of owner occupation for such age groups all contribute to the current trend for young people moving in with or continuing to live with parents. The proportion of households with non-dependent children in the Borough is higher than that seen in other areas and the particularly high proportion in Maghull/Aintree and Netherton is noteworthy.

Figure 5.6: Households with non-dependent children (2011)

		Married couple	Cohabiting couple	Lone parent	All other households	Total	Total with non-dependent children
Southport	No.	2,358	178	1,569	35,774	39,879	4,105
	%	5.9%	0.4%	3.9%	89.7%	100.0%	10.3%
Formby	No.	841	31	357	8,744	9,973	1,229
	%	8.4%	0.3%	3.6%	87.7%	100.0%	12.3%
Maghull/Aintree	No.	1,646	86	728	12,926	15,386	2,460
	%	10.7%	0.6%	4.7%	84.0%	100.0%	16.0%
Crosby	No.	1,731	141	974	18,162	21,008	2,846
	%	8.2%	0.7%	4.6%	86.5%	100.0%	13.5%
Bootle	No.	932	103	902	14,074	16,011	1,937
	%	5.8%	0.6%	5.6%	87.9%	100.0%	12.1%
Netherton	No.	1,236	110	1,046	13,281	15,673	2,392
	%	7.9%	0.7%	6.7%	84.7%	100.0%	15.3%
Sefton	No.	8,744	649	5,576	102,961	117,930	14,969
	%	7.4%	0.6%	4.7%	87.3%	100.0%	12.7%
North West	%	6.0%	0.5%	3.9%	89.6%	100.0%	10.4%
England	%	5.6%	0.5%	3.5%	90.4%	100.0%	9.6%

Source: Census (2011)

5.9 The table below shows that the number of households with non-dependent children has increased notably from 2001 to 2011. In total, the number of households with non-dependent children increased by around 1,200 (a 9% increase) with over half of this being in lone parent households.

	2001	2011	Change	% change
Married couple	8,604	8,744	140	1.6%
Cohabiting couple	359	649	290	80.8%
Lone parent	4,810	5,576	766	15.9%
All other households	103,074	102,961	-113	-0.1%
Total	116,847	117,930	1,083	0.9%
Total with non-dependent children	13,773	14,969	1,196	8.7%

Source: Census (2001 and 2011)

Projected changes to family households

- 5.10 As well as looking at the number of households with dependent children, the characteristics of these households and how numbers have changed over time, it is possible to use household projections to see how the number of households is likely to change moving forward. The official household projections use a range of household typologies with three categories for dependent children depending on the number of children. Unfortunately, the projections no longer look at projecting lone parent households separately from other households with children. Additionally, it should be noted that the categories used differ between the 2016-based projections (ONS) and the 2014-based version (CLG). This is important as in deriving projections linked to the consultation Standard Method, use has been made of the older projections.
- 5.11 The first table below looks at change to the number of households based on the ONS (2016-based) household projections. This shows that the number of households with dependent children is projected to decrease by about 1,600 (a 5% fall) – this includes decreases in all dependent children categories.

	2017	2036	Change	% change
One-person household (aged 65 and over)	19,702	25,869	6,167	31.3%
One-person household (aged under 65)	20,174	18,727	-1,447	-7.2%
Households with 1 dependent child	15,096	14,560	-536	-3.5%
Households with 2 dependent children	10,811	10,164	-646	-6.0%
Households with 3 or more dependent children	4,320	3,941	-379	-8.8%
Other households with 2 or more adults	49,740	53,839	4,099	8.2%
TOTAL	119,842	127,100	7,258	6.1%
Total households with dependent children	30,227	28,666	-1,561	-5.2%

Source: 2016-based ONS household projections

- 5.12 As well as looking at the latest official projections, analysis has been undertaken to consider what the profile of households might be with dwelling delivery of 645 homes each year – this is shown in the table below. This shows a positive change in the number of households with dependent children, increasing by over 4,000 households (13%) over the 19-year period – the most notable increase is in households with one dependent child.

Figure 5.9: Change in household types 2017-36 (linked to provision of 645 dwellings per annum) – Sefton

	2017	2036	Change	% change
One-person household (aged 65 and over)	19,449	22,360	2,912	15.0%
One-person household (aged under 65)	19,670	20,270	600	3.1%
Couple (aged 65 and over)	16,000	22,553	6,554	41.0%
Couple (aged under 65)	14,314	10,919	-3,395	-23.7%
A couple and one or more other adults: No dependent children	10,883	10,575	-308	-2.8%
Households with one dependent child	16,337	20,736	4,399	26.9%
Households with two dependent children	11,465	11,601	136	1.2%
Households with three dependent children	4,520	4,036	-485	-10.7%
Other households	8,948	10,433	1,485	16.6%
TOTAL	121,586	133,483	11,898	9.8%
Total households with dependent children	32,323	36,373	4,050	12.5%

Source: Demographic projections

The Mix of Housing – Introduction

- 5.13 The analysis above has looked at households with children and also projected changes to the number of households in different categories. The analysis now moves on to consider what mix of housing (by size) would be most appropriate for the changing demographic in Sefton. Two different methods are used to provide an overall view about needs, the first uses the data presented above about household types and links this to current occupancy patterns, whilst the second uses similar information, but is more closely linked to the age of the head of household; the second methodology also separates out different tenures of housing.
- 5.14 Essentially, both models start with the current profile of housing (as of 2017) in terms of size (bedrooms) and tenure (for the second method). Within the data, information is available about the household type or age of households and the typical sizes of homes they occupy. By using demographic projections, it is possible to see which age groups are expected to change in number, and by how much. On the assumption that occupancy patterns for each age group (within each tenure where relevant) remain the same, it is therefore possible to work out what the profile of housing should be at a point in time in the future (2036 in terms of this assessment).
- 5.15 By subtracting the current profile of housing from the projected profile, it is possible to calculate the net change in housing needed (by size). Many of the tables to follow therefore have a '2017' heading and a '2036' one; the difference between the figures in these two columns is the net change in households over the 19-year period (if the assumptions used play out). Conventionally, the main outputs are presented as a percentage need for each size of home within each tenure category.

Current Stock of Housing by Size and Tenure

5.16 It should be noted that the current stock of housing (by size) can have a notable impact on the outputs of the modelling and the table below shows a comparison of the size profile of accommodation in a range of areas in three broad tenure groups. This shows that Sefton has a fairly typical stock profile when compared with other locations although in all tenures the proportion of homes with 3-bedrooms is slightly higher than in other locations. This observation feeds into conclusions about future mix later in this section.

Figure 5.10: Number of bedrooms by tenure and a range of areas (2011)

		Sefton	North West	England
Owner-occupied	1-bedroom	3%	2%	4%
	2-bedrooms	17%	24%	23%
	3-bedrooms	56%	52%	48%
	4+-bedrooms	25%	22%	25%
	TOTAL	100%	100%	100%
Social rented	1-bedroom	29%	29%	31%
	2-bedrooms	30%	32%	34%
	3-bedrooms	37%	34%	31%
	4+-bedrooms	5%	4%	4%
	TOTAL	100%	100%	100%
Private rented	1-bedroom	22%	18%	23%
	2-bedrooms	36%	43%	39%
	3-bedrooms	34%	30%	28%
	4+-bedrooms	7%	9%	10%
	TOTAL	100%	100%	100%

Source: Census 2011

Method 1 – household types

5.17 In Method 1, a combination of the Borough's households and current occupancy patterns is used. By estimating future household growth by type and applying local occupancy patterns it is possible to determine what mix of new housing might be appropriate. By using current occupancy patterns, account can be taken of the relationship between different groups and the housing they occupy (for example, older households who live in accommodation larger than they technically need). The method has been used as it has been observed as the preferred method of the development industry when providing their own evidence about future mix.

5.18 The table below shows the relationship between different household groups and the size of homes they occupy. The data is for all tenures due to availability of data on this topic and is therefore used just to provide an initial overview (further tenure specific analysis is considered under Method 2). The choice of household typologies also differs from other analysis and has been chosen to represent the largest set of groups that can be consistently assessed from both Census data and household projections.

Figure 5.11: Occupancy Patterns by Household Type (2011) – Sefton						
		1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms	Total
One person 65+	No.	3,654	5,369	7,864	1,527	18,414
	%	19.8%	29.2%	42.7%	8.3%	100.0%
One person <65	No.	4,840	6,531	6,710	1,325	19,406
	%	24.9%	33.7%	34.6%	6.8%	100.0%
Couple 65+	No.	549	2,669	6,131	2,070	11,419
	%	4.8%	23.4%	53.7%	18.1%	100.0%
Couple <65	No.	955	3,621	9,330	3,589	17,495
	%	5.5%	20.7%	53.3%	20.5%	100.0%
Households with dependent children	No.	494	4,596	17,980	9,150	32,220
	%	1.5%	14.3%	55.8%	28.4%	100.0%
Other	No.	441	2,779	10,885	4,871	18,976
	%	2.3%	14.6%	57.4%	25.7%	100.0%
Total	No.	10,933	25,565	58,900	22,532	117,930
	%	9.3%	21.7%	49.9%	19.1%	100.0%

Source: Census (2011)

5.19 The two tables below show the size mix needed from applying the occupancy patterns shown above with projected changes to the number of households in each household type group (the figures are for all tenures). When linked to official projections, the main need is shown to be for 3-bedroom homes (48% of the total) followed by 2-bedroom accommodation (26%).

Figure 5.12: Estimated Housing Mix Requirements – Sefton (based on ONS household projections)					
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms	Total
One person 65+	1,224	1,798	2,634	511	6,167
One person <65	-361	-487	-500	-99	-1,447
Households with dependent children	-24	-223	-871	-443	-1,561
Other households	166	776	2,255	901	4,099
Total	1,005	1,865	3,517	871	7,258
	14%	26%	48%	12%	100%

Source: Derived from Census (2011) and demographic projections

5.20 With an increase level of household growth (linked to an OAN of 645 dwellings per annum) there is a shift towards larger homes being needed. This is because the higher projections would expect to see a greater number of households with dependent children.

Figure 5.13: Estimated Housing Mix Requirements – Sefton (linked to an OAN of 645 dwellings per annum)					
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms	Total
One person 65+	578	849	1,243	241	2,912
One person <65	150	202	208	41	600
Couple 65+	315	1,532	3,519	1,188	6,554
Couple <65	-185	-703	-1,810	-696	-3,395
Households with dependent children	62	578	2,260	1,150	4,050
Other	27	172	675	302	1,177
Total	947	2,630	6,095	2,226	11,898
	8%	22%	51%	19%	100%

Source: Derived from Census (2011) and demographic projections

Method 2 – Age of Households Reference Person

5.21 The second method looks at the ages of the Household Reference Person (HRP – often more normally called the head of household) and how these are projected to change over time. One difference in this method is that the analysis can be segmented by tenure. The sub-sections to follow describe some of the key analysis.

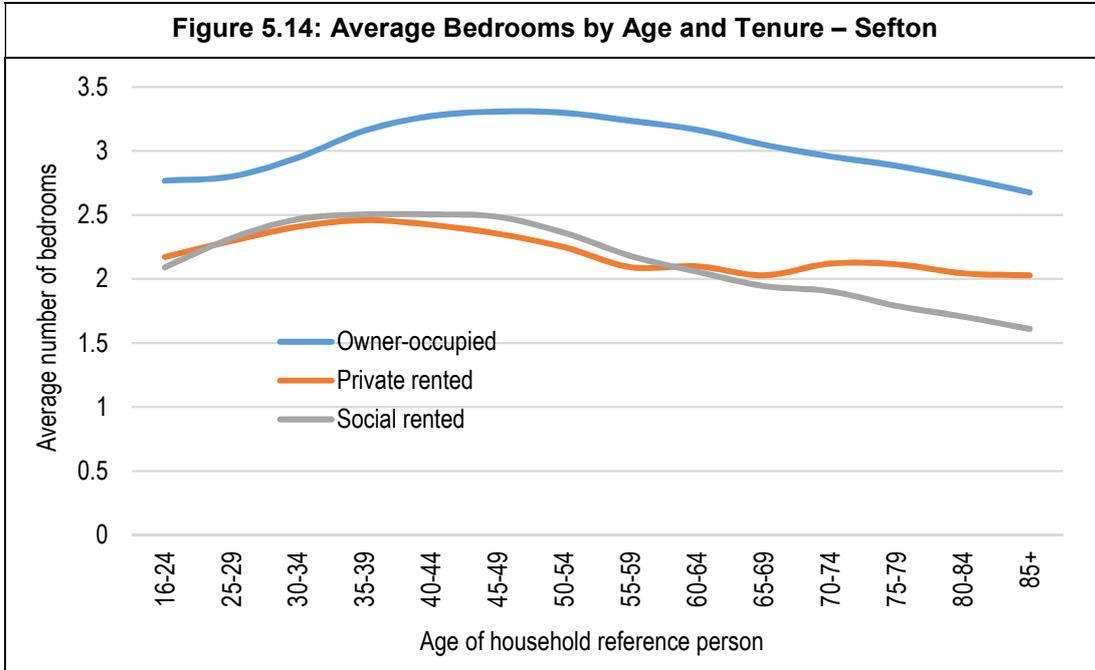
Understanding how Households Occupy Homes

5.22 Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided. The main reason for this is that in the market sector, households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.

5.23 The size of housing which households occupy relates more to their wealth and age than the number of people they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a 4-bedroom home as long as they can afford it, and hence projecting an increase in single person households does not automatically translate into a need for smaller units. That said, issues of supply can also impact occupancy patterns, for example it may be that a supply of additional smaller bungalows (say 2-bedrooms) would encourage older people to downsize but in the absence of such accommodation these households remain living in their larger accommodation. The issue of choice is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to under-occupy housing (e.g. those who can afford to pay the 'bedroom tax').

5.24 The approach used is to interrogate information derived in the projections about the number of household reference persons (HRPs) in each age group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS (Table CT0621 which provides relevant data for all local authorities in England and Wales from the 2011 Census).

5.25 The figure below shows an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group. In the owner-occupied sector the average size of accommodation rises over time to typically reach a peak around the age of 45; a similar pattern (but with smaller dwelling sizes) is seen in both the social and private rented sector. After peaking, the average dwelling size decreases – as typically some households downsize as they get older.



Source: Derived from ONS Commissioned Table CT0621

5.26 In terms of the analysis to follow, the outputs have been segmented into three broad categories. These are market housing, which is taken to follow the occupancy profiles in the owner-occupied sector; affordable home ownership, which is taken to follow the occupancy profile in the private rented sector (this is seen as reasonable as the Government’s desired growth in home ownership looks to be largely driven by a wish to see households move out of private renting) and affordable (rented) housing, which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include affordable rented housing.

Tenure Assumptions

5.27 The housing market model has been used to estimate the future need for different sizes of property over the 19-year period from 2017 to 2036. The model works by looking at the types and sizes of accommodation occupied by different ages of residents and attaching projected changes in the population to this to project need and demand for different sizes of homes. However, the way households of different ages occupy homes differs between the market and affordable sectors (as shown earlier).

- 5.28 It is therefore necessary on this basis to make some judgement for modelling purposes on what proportion of net completions might be of market and affordable housing. For modelling purposes, the analysis assumes that 30% of net completions are either affordable housing (rented) or affordable home ownership and therefore that 70% are market housing (designed to be sold for owner-occupation). There is no assumption about private rented housing, although it is possible that some of the market (owner-occupied) housing will end up in this sector.
- 5.29 Within the 30% affordable/affordable home ownership a split of 67:33 has been used; this means an estimated total of 20% of completions as affordable housing (rented) and 10% as affordable home ownership. **It should be stressed that these figures are not policy targets and have been applied simply for the purposes of providing outputs from the modelling process.** Policy targets for affordable housing on new development schemes may be different to this; but not all sites deliver policy-compliant affordable housing provision, whilst some delivery is on sites below affordable housing policy thresholds. Equally some housing development is brought forward by Registered Providers and local authorities and may deliver higher proportions of affordable housing than in current policy.
- 5.30 It should also be noted that these figures have initially been used to provide Borough-wide outputs. There are clear geographical differences in Sefton which are considered in more detail following this initial analysis and the conclusions of the analysis. To confirm, it has been assumed that the following proportions of different tenures will be provided moving forward:
- Market housing – 70%
 - Affordable home ownership – 10%
 - Social/affordable rent – 20%

Projected changes by age of HRP

- 5.31 The table below shows projected changes by age of HRP under each of the two projections used in this report. In both cases it can be seen that the vast majority of changes are projected to occur in older age groups; it is also notable that some age groups are projected to see a decline in numbers (the 50-64 age groups being most notable in this). These findings are important as this will influence the sizes of homes needed in the future; notably the losses in HRPs are typically in groups who occupy larger homes and vice versa.

Figure 5.15: Projected change in households by age of household reference person – Sefton

	2016-based ONS projections				Linked to OAN of 645 dpa			
	Hhs 2017	Hhs 2036	Change in hhs	% change	Hhs 2017	Hhs 2036	Change in hhs	% change
16-24	2,576	2,437	-138	-5.4%	2,393	2,586	193	8.1%
25-29	5,382	4,797	-585	-10.9%	5,593	5,407	-186	-3.3%
30-34	6,975	6,128	-847	-12.1%	7,407	7,306	-101	-1.4%
35-39	7,574	7,753	179	2.4%	7,851	8,654	802	10.2%
40-44	8,336	9,397	1,061	12.7%	8,265	9,800	1,535	18.6%
45-49	11,007	10,611	-396	-3.6%	11,020	10,971	-49	-0.4%
50-54	12,830	10,493	-2,338	-18.2%	12,382	10,327	-2,055	-16.6%
55-59	12,658	9,776	-2,882	-22.8%	12,579	10,112	-2,467	-19.6%
60-64	10,754	9,853	-901	-8.4%	11,119	10,441	-678	-6.1%
65-69	9,844	10,756	912	9.3%	10,899	12,727	1,829	16.8%
70-74	9,893	12,532	2,640	26.7%	10,360	13,884	3,524	34.0%
75-79	8,241	11,813	3,572	43.3%	8,142	11,544	3,403	41.8%
80-84	7,271	9,771	2,501	34.4%	7,210	9,347	2,138	29.6%
85 & over	6,502	10,982	4,481	68.9%	6,367	10,376	4,010	63.0%
Total	119,842	127,100	7,258	6.1%	121,586	133,483	11,898	9.8%

Source: Demographic projections

Key Findings: Market Housing

- 5.32 There are a range of factors which can influence demand for market housing in different locations. The focus of this analysis is on considering long-term needs, where changing demographics are expected to be a key influence. It uses a demographic-driven approach to quantify demand for different sizes of properties over the 19-year period from 2017 to 2036.
- 5.33 Looking first at projecting on the basis of the 2016-based ONS projections, an increase of 5,100 additional households is modelled over the period. The majority of these need to be 2- and 3-bed homes. The data suggests that housing need can be expected to reinforce the existing profile, but with a shift towards a requirement for smaller dwellings relative to the distribution of existing housing (particularly towards a need for 1- and 2-bedroom homes). This is understandable given the fact that household sizes are expected to fall slightly in the future – particularly as a result of an ageing population living in smaller households.

Figure 5.16: Estimated Size of Dwellings Needed 2017 to 2036 – Market Housing – 2016-based ONS projections – Sefton				
	2017	2036	Additional households 2017-2036	% of additional households
1-bedroom	2,333	2,605	272	5%
2-bedrooms	14,894	16,351	1,458	29%
3-bedrooms	47,660	50,398	2,738	54%
4+-bedrooms	20,662	21,275	614	12%
Total	85,549	90,630	5,081	100%

Source: Housing Market Model

- 5.34 When looking at a demographic projection based on housing delivery of 645 dwellings per annum, it can be seen that the number of households in the market sector would be projected to increase by 8,300. The estimated size profile required is still focused on 2- and 3-bedroom homes but there is a higher need shown for larger (4+ bedroom) accommodation. This difference will be due to this projection having a higher level of in-migration; migrants tending to be younger people and more likely to be part of family households (who tend to live in larger homes).

Figure 5.17: Estimated Size of Dwellings Needed 2017 to 2036 – Market Housing – 645 dwellings per annum – Sefton				
	2017	2036	Additional households 2017-2036	% of additional households
1-bedroom	2,364	2,707	342	4%
2-bedrooms	15,131	17,100	1,968	24%
3-bedrooms	48,396	52,980	4,584	55%
4+-bedrooms	20,909	22,342	1,433	17%
Total	86,800	95,129	8,328	100%

Source: Housing Market Model

- 5.35 The statistics are based upon the modelling of demographic trends. As has been identified, it should be recognised that a range of factors including affordability pressures and market signals will continue to be important in understanding market demand; this may include an increased demand in the private rented sector for rooms in a shared house due to changes in housing benefit for single people. In determining policies for housing mix, policy aspirations are also relevant – this might for example include a desire to increase the supply of larger (higher value) homes to attract higher earning households to live in the area.
- 5.36 At the strategic level, a local authority in considering which sites to allocate, can consider what type of development would likely be delivered on these sites. It can also provide guidance on housing mix implicitly through policies on development densities.

Key Findings: Affordable home ownership

5.37 The tables below show estimates of the need for different sizes of affordable home ownership based on the analysis of demographic trends (firstly linked to the 2016-based ONS projections and then to the 645 dwellings per annum scenario). The data suggests in the period between 2017 and 2036 that the main need is again for homes with 2- or 3-bedrooms, although the proportions in the 1-bedroom category are significantly higher than for market housing. As with the market analysis, the outputs linked to the 645 dwellings per annum projection show a greater need for larger homes, although the percentage difference is less marked for affordable home ownership.

Figure 5.18: Estimated Size of Dwellings Needed 2017 to 2036 – affordable home ownership – 2016-based ONS projections – Sefton				
	2017	2036	Additional households 2017-2036	% of additional households
1-bedroom	3,864	4,055	191	26%
2-bedrooms	6,220	6,497	277	38%
3-bedrooms	5,785	6,005	220	30%
4+-bedrooms	1,112	1,149	37	5%
Total	16,982	17,707	726	100%

Source: Housing Market Model

Figure 5.19: Estimated Size of Dwellings Needed 2017 to 2036 – affordable home ownership – 645 dwellings per annum – Sefton				
	2017	2036	Additional households 2017-2036	% of additional households
1-bedroom	3,917	4,200	283	24%
2-bedrooms	6,302	6,751	449	38%
3-bedrooms	5,880	6,270	390	33%
4+-bedrooms	1,131	1,199	68	6%
Total	17,231	18,420	1,190	100%

Source: Housing Market Model

Key Findings: Affordable Housing (rented)

5.38 The tables below show estimates of the need for different sizes of affordable homes based on the analysis of demographic trends (firstly linked to the 2016-based ONS projections and then to the 645 dwellings per annum scenario). The data suggests in the period between 2017 and 2036 that the main need is for homes with 1- or 2-bedrooms. The outputs linked to 645 dwellings per annum projection show a greater need for larger homes (although both sets of data very much focus on smaller dwellings).

- 5.39 This analysis provides a longer-term view of the need for different sizes of affordable housing and does not reflect any specific local priorities such as for family households in need rather than single people. In addition, it should be noted that smaller properties (i.e. 1-bedroom homes) typically offer limited flexibility in accommodating the changing needs of households, whilst delivery of larger properties can help to meet the needs of households in high priority and to manage the housing stock by releasing supply of smaller properties.
- 5.40 As with market housing, the data again shows that relative to the current profile there is a slight move towards a greater proportion of smaller homes being needed (again related to the ageing population and the observation that older person households are more likely to occupy smaller dwellings).

Figure 5.20: Estimated Size of Dwellings Needed 2017 to 2036 – affordable housing (rented) – 2016-based ONS projections – Sefton

	2017	2036	Additional households 2017-2036	% of additional households
1-bedroom	5,150	5,834	683	47%
2-bedrooms	5,182	5,535	353	24%
3-bedrooms	6,224	6,604	380	26%
4+-bedrooms	755	791	36	2%
Total	17,312	18,763	1,452	100%

Source: Housing Market Model

Figure 5.21: Estimated Size of Dwellings Needed 2017 to 2036 – affordable housing (rented) – 645 dwellings per annum – Sefton

	2017	2036	Additional households 2017-2036	% of additional households
1-bedroom	5,226	6,148	922	39%
2-bedrooms	5,248	5,892	644	27%
3-bedrooms	6,316	7,051	736	31%
4+-bedrooms	765	844	79	3%
Total	17,555	19,934	2,380	100%

Source: Housing Market Model

Comparing Outputs – Method 1 and 2

- 5.41 Before moving on to draw conclusions from the analysis above, it is worth quickly comparing the headline outputs from the two Methods developed. This can be done for the overall need only (i.e. adding the three tenures together in the case of Method 2) and for both projection scenarios. The table below shows that Method 1 tends to show a slightly larger profile of dwellings as being needed.

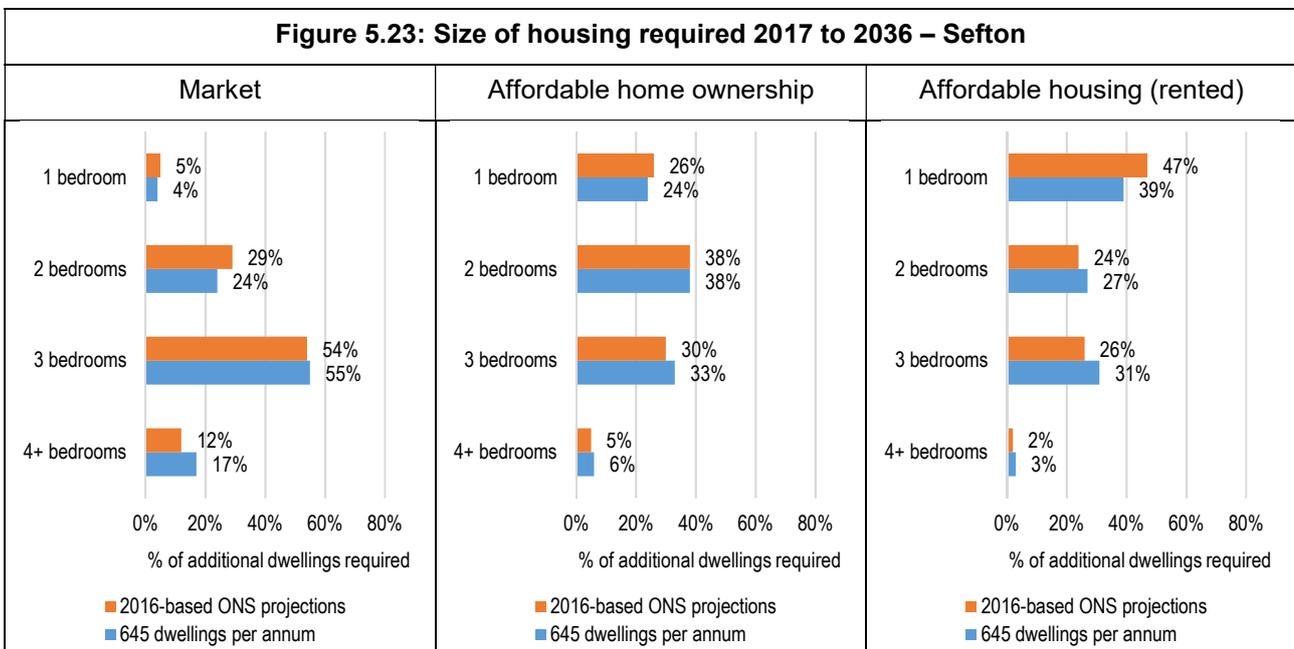
5.42 However, Method 1 would be considered as slightly less sophisticated, particularly as it relies on grouping together many household groups who may have different characteristics (in terms of occupancy). In addition, because Method 2 is based on a tenure split that has more homes in the affordable sector than the current stock provides, it would be expected that a smaller profile of homes would be shown. Therefore, it is considered that Method 2 (which has a tenure distinction) can reasonably be taken forward into conclusions; although consideration is also given to overall outputs from Method 1 and also the initial analysis looking at the general profile of housing in the Borough.

		1- bedroom	2- bedrooms	3- bedroom	4+- bedrooms
Method 1	ONS projections	14%	26%	48%	12%
	Linked to OAN of 645 dpa	8%	22%	51%	19%
Method 2	ONS projections	16%	29%	46%	9%
	Linked to OAN of 645 dpa	13%	26%	48%	13%

Source: Derived from Census (2011) and demographic projections

Indicative Targets by Tenure

5.43 The figure below summarises the above data in both the market and affordable sectors under the modelling exercise. The analysis clearly shows the different profiles in the three broad tenures with affordable housing being more heavily skewed towards smaller dwellings, and affordable home ownership sitting somewhere in between the market and affordable housing.



Source: Housing Market Model

- 5.44 Whilst the output of the modelling provides estimates of the proportion of homes of different sizes that are needed, there are a range of factors which should be taken into account in setting policies for provision. This is particularly the case in the affordable sector where there are typically issues around the demand for and turnover of 1-bedroom homes (as well as allocations to older person households) – e.g. 1-bedroom homes provide limited flexibility for households (e.g. a couple household expecting to start a family) and as a result can see relatively high levels of turnover – therefore, it may not be appropriate to provide as much 1-bedroom stock as is suggested by the modelling exercise. At the other end of the scale, conclusions also need to consider that the stock of 4-bedroom affordable housing is very limited and tends to have a very low turnover. As a result, whilst the number of households coming forward for 4+-bedroom homes is typically quite small, the ability for these needs to be met is even more limited.
- 5.45 For these reasons, it is suggested in converting the long-term modelled outputs into a profile of housing to be provided (in the affordable sector) that the proportion of 1-bedroom homes required is reduced slightly from these outputs with a commensurate increase in 4+-bedroom homes also being appropriate. There are thus a range of factors which are relevant in considering policies for the mix of affordable housing (rented) sought through development schemes. At a Borough-wide level, the analysis would support policies for the mix of affordable housing (rented) of:
- 1-bed properties: 35%
 - 2-bed properties: 30%
 - 3-bed properties: 30%
 - 4+-bed properties: 5%
- 5.46 The strategic conclusions recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households; together with the limited flexibility which 1-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.
- 5.47 The need for affordable housing of different sizes may vary by area (at a more localised level) and over time. In considering the mix of homes to be provided within specific development schemes, the information herein should be brought together with details of households currently on the Housing Register in the local area and the stock and turnover of existing properties.
- 5.48 In the affordable home ownership and market sectors a profile of housing that more closely matches the outputs of the modelling is suggested. On the basis of these factors it is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households. On this basis the following mix of affordable home ownership is suggested:
- 1-bed properties: 25%
 - 2-bed properties: 40%
 - 3-bed properties: 30%
 - 4+-bed properties: 5%

5.49 Finally, in the market sector, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographic profile, this sees a slightly larger recommended profile compared with other tenure groups. The following mix of market housing is suggested:

- 1-bed properties: 5%
- 2-bed properties: 30%
- 3-bed properties: 45%
- 4+-bed properties: 20%

5.50 Although the analysis has quantified this on the basis of the market modelling and an understanding of the current housing market, it does not necessarily follow that such prescriptive figures should be included in the plan making process. The 'market' is to some degree a better judge of what is the most appropriate profile of homes to deliver at any point in time, and demand can change over time linked to macro-economic factors and local supply. Policy aspirations could also influence the mix sought.

5.51 Whilst this report does not suggest that prescriptive figures necessarily need to be included within the Local Plan, it is the case that the figures can be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area.

Smaller-area Housing Mix

5.52 The analysis above has focussed on overall Borough-wide needs; given clear spatial differences between locations it is however worth considering the potential mix at a smaller-area level. The table below shows the profile of housing by tenure for the six sub-areas. This shows that there are some differences across locations, some of them quite notable. Key findings include:

- Southport has a relatively high proportion of 1-bedroom homes in both the social and private rented stock;
- Formby see a high proportion of 4+-bedroom homes in the owner-occupied sector, a high proportion of 1-bedroom social rented homes and a private rented stock focussed on 3+-bedroom accommodation;
- Maghull/Aintree sees an owner-occupied and private rented stock dominated by 3-bedroom homes, along with a relatively high proportion of 1-bedroom social rented properties;
- Crosby arguably has the most balanced stock across sizes and tenures although the high proportion of owner-occupied 4+-bedroom homes is notable;
- Bootle sees a larger proportion of owner-occupied stock as 3-bedrooms, the social and private rented stock has a relatively low proportion of 1-bedroom homes;
- Netherton has the largest proportion of owner-occupied stock as 3-bedrooms (77%), along with low proportions of 1-bedroom homes in the social and private rented sectors. These sectors see a relatively high proportion of 3-bedroom homes.

- 5.53 The bullet points above highlight differences in the existing stock within different tenures and locations. In interpreting this it does also need to be recognised that there are some substantial differences in the proportion of the stock that is in different tenures by location. For example, there are low actual numbers of social rented housing in areas outside of Bootle and Nether-ton – this was discussed in some detail in Section 2 of this report.
- 5.54 In drawing conclusions at a smaller area level, these findings are relevant as they may indicate particular types of homes where there are shortfalls or possibly an over-supply. However, the role and function of different locations will also need to be considered. For example, the high proportion of larger owner-occupied homes in Formby will in part be a function of the type of household seeking housing in this location (e.g. households with higher income/wealth). It will also be important to consider any potential mismatches between need and available stock in the affordable sector, particularly where analysis has previously shown there to be an overall surplus of affordable housing.

Figure 5.24: Number of bedrooms by tenure and sub-areas (2011) – Sefton

		South- port	Formby	Maghull/ Aintree	Crosby	Bootle	Nether- ton	Sefton
Owner- occupied	1-bedroom	4%	1%	2%	2%	2%	1%	3%
	2-bedrooms	24%	14%	12%	13%	18%	10%	17%
	3-bedrooms	46%	47%	67%	51%	67%	77%	56%
	4+-bedrooms	25%	38%	19%	34%	13%	11%	25%
	TOTAL	100%	100%	100%	100%	100%	100%	100%
Social rented	1-bedroom	45%	39%	38%	36%	24%	19%	29%
	2-bedrooms	23%	26%	27%	30%	34%	31%	30%
	3-bedrooms	29%	31%	33%	30%	37%	46%	37%
	4+-bedrooms	3%	4%	2%	4%	6%	5%	5%
	TOTAL	100%	100%	100%	100%	100%	100%	100%
Private rented	1-bedroom	31%	9%	12%	24%	14%	9%	22%
	2-bedrooms	39%	37%	33%	37%	40%	20%	36%
	3-bedrooms	26%	42%	47%	30%	40%	64%	34%
	4+-bedrooms	5%	13%	8%	9%	6%	8%	7%
	TOTAL	100%	100%	100%	100%	100%	100%	100%

Source: Census 2011

- 5.55 The sections below provide a discussion of how the mix of housing might vary across areas. This is largely based on understanding the profile of different areas and how this differs from the Borough-wide position, although some limited analysis has been undertaken in Bootle and Nether-ton regarding the mix of affordable housing. The sub-area mix conclusions have been split between Bootle/Nether-ton and the Rest of Borough.

Figure 5.25: Number of bedrooms by tenure and broad sub-area (2011) – Sefton

		Bootle/ Netherton	Rest of Borough	Sefton
Owner-occupied	1-bedroom	1%	3%	3%
	2-bedrooms	14%	18%	17%
	3-bedrooms	73%	52%	56%
	4+-bedrooms	12%	28%	25%
	TOTAL	100%	100%	100%
Social rented	1-bedroom	22%	40%	29%
	2-bedrooms	32%	26%	30%
	3-bedrooms	41%	30%	37%
	4+-bedrooms	5%	3%	5%
	TOTAL	100%	100%	100%
Private rented	1-bedroom	12%	26%	22%
	2-bedrooms	33%	38%	36%
	3-bedrooms	48%	29%	34%
	4+-bedrooms	6%	7%	7%
	TOTAL	100%	100%	100%

Source: Census 2011

Bootle/Netherton

- 5.56 Looking first at owner-occupation, it is clear that the Bootle/Netherton area is dominated by 3-bedroom homes (making up some 73% of the total stock). This finding does not mean that there is no need to provide additional 3-bedroom homes, as a newbuild property is likely to provide a different housing offer to the current stock. It is however suggested that the relative lack of larger (4+-bedroom) homes and to a lesser extent 2-bedroom homes should be reflected in a local mix. Given that the overall mix Borough-wide would already make these adjustments, it is suggested that the Borough-wide figures will be appropriate.
- 5.57 With affordable home ownership, the key group to study will be those in the private rented sector; compared with the rest of the Borough, the Bootle/Netherton area sees a low proportion of 1-bedroom homes in this sector and a high proportion of homes with 3-bedrooms. Given that affordable home ownership is likely to be targeted at those households in the private rented sector and on the margins of buying (and possibly due to difficulties obtaining a mortgage/deposit) it is suggested that moving the profile slightly towards 1- and 2-bedroom homes would be prudent. As the Borough-wide modelling already does this, it is again concluded that the Borough-wide figure are reasonable.

- 5.58 For social/affordable rented housing, the key point to note is the main analysis of affordable housing need in this report has suggested a modest surplus of affordable housing in both Bootle and Netherton. However, there is the possibility of a mismatch between the sizes of homes needed and those available. Additional analysis has been undertaken where the level of affordable delivery is set at zero, this suggests with the demographic change and the current profile of the stock (relatively few 1-bedroom homes) that there is likely within the overall surplus to be a shortfall of 1-bedroom homes, the bulk of any surplus is estimated to be of homes with 3-bedrooms. On this basis it is suggested that the mix of social/affordable rented housing would be 100% 1-bedroom accommodation; this is a slight departure from the previous SHMA which also showed a modest shortage of 2-bedroom homes.
- 5.59 However, it may be the case that local Registered Providers would not seek to only develop 1-bedroom homes in these areas, potentially due to management issues. Therefore, the finding of a need only for 1-bedroom accommodation should be applied flexibly; as with market housing there is a case for respecting the views of developing RPs where they consider that a slightly different mix (from that shown by the analysis in this report) would be more appropriate in any specific development.

Rest of Borough

- 5.60 In the owner-occupied sector in the Rest of Borough area, the current profile of housing looks to be more balanced than in Bootle/Netherton and on this basis the Borough-wide conclusions are considered to be reasonable. One point to note however is that the suggested proportion of 4+-bedroom homes (at 20%) is somewhat lower than the current stock (at 28%). However, this lower number looks to be justified when the older age structure of the area is considered and the observation that some households downsize as they get older.
- 5.61 The private rented stock in the Rest of Borough area is focussed on 2-bedroom homes (38% of the total) along with a reasonable proportion of 1- and 3-bedroom homes. The suggested mix of homes in the affordable home ownership sector (which is considered to be designed to allow people to move from private renting to home ownership) is quite similar to the current profile and on that basis, again the Borough-wide conclusions are considered to be sound.
- 5.62 In the social rented stock (leading to conclusions about social/affordable rented housing), the profile again looks to be reasonably balanced. Arguably the main exception is the relatively high proportion of homes with 1-bedroom (40%). Given that the conclusions of this section are that a slightly lower proportion should be in this size category (35%) it is again considered that overall the Borough-wide mix would be appropriate.

Need/demand for Bungalows

- 5.63 The sources used for analysis in this report make it difficult to quantify a need/demand for bungalows in the Borough as Census data (which is used to look at occupancy profiles) does not separately identify this type of accommodation. However, it is typical (where discussions are undertaken with local estate agents) to find that there is a demand for this type of accommodation. Additionally, the Council reports a high demand for bungalow accommodation in the social sector (a high number of applicants typically bid for bungalows when they become available).

- 5.64 Bungalows are often the first choice for older people seeking suitable accommodation in later life and there is generally a high demand for such accommodation when it becomes available. As a new build option, it is, however, the case that bungalow accommodation is often not supported by either house builders or planners (due to potential plot sizes and their generally low densities). There may, however, be instances where bungalows are the most suitable house type for a particular site; for example, to overcome objections about dwellings overlooking existing dwellings or preserving sight lines.
- 5.65 There is also the possibility of a wider need/demand for retirement accommodation. Retirement apartments can prove very popular if they are well located in terms of access to facilities and services, and environmentally attractive (e.g. have a good view). However, some potential purchasers may find high service charges unacceptable or unaffordable and new build units may not retain their value on re-sale.
- 5.66 Overall, the Council should consider the potential role of bungalows as part of the future mix of housing. Such housing may be particularly attractive to older owner-occupiers (many of whom are equity-rich) which may assist in encouraging households to downsize. However, the downside to providing bungalows is that they are relatively land intensive for the amount of floorspace created.

Family Households and Housing Mix: Key Messages

- The proportion of households with dependent children is about average in Sefton, although there are notable differences across areas, particularly higher numbers of lone parent households in Bootle and Netherton. There has been a decrease in the number of ‘family’ households in the past although there has been notable growth in the number of households with non-dependent children (likely in many cases to be grown-up children living with parents). Projecting forward, there is expected to be a fall in the number of households with dependent children (when looking at the 2016-based SNPP); although higher dwelling provision (i.e. 645 per annum) would be expected to see some increases.
- There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households’ ability to save; economic performance and housing affordability. The analysis linked to long-term (19-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes, this takes account of both household changes and the ageing of the population:

Suggested Mix of Housing by Size and Tenure				
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	5%	30%	45%	20%
Affordable home ownership	25%	40%	30%	5%
Affordable housing (rented)	35%	30%	30%	5%

- This mix is considered to largely be relevant in different parts of the Borough, although the evidence for Bootle and Netherton suggests that social/affordable rented housing provision should focus on 1-bedroom homes. Overall, the strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bed properties offer to changing household circumstances, which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing in the Borough (by tenure).
- The mix identified above could inform strategic policies although a flexible approach should be adopted. In applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.
- Based on the evidence, it is expected that the focus of new market housing provision will be on 2- and 3-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retaining flexibility for friends and family to come and stay. The Council should also consider the potential role of bungalows as part of the future mix of housing.

6. Older People and People with Disabilities

Introduction

- 6.1 Planning Practice Guidance section 56 (Housing: optional technical standards) sets out how local authorities can gather evidence to set requirements on a range of issues (including accessibility and wheelchair housing standards, water efficiency standards and internal space standards). This section looks at the first two of these (i.e. accessibility and wheelchair housing) as well as considering the specific needs of older people (paragraph 2a-017 of the PPG).
- 6.2 The PPG sets out that the reason for the approach to setting standards is designed to '*rationalise the many differing existing standards into a simpler, streamlined system which will reduce burdens and help bring forward much needed new homes*' (56-001) and that '*local planning authorities will need to gather evidence to determine whether there is a need for additional standards in their area*' (56-002).
- 6.3 The PPG sets out that local authorities should be using their assessment of housing need (and other sources) to consider the need for M4(2) (accessible and adaptable dwellings), and/or M4(3) (wheelchair user dwellings), of the Building Regulations. It sets out that there are a range of published statistics which can be considered, including:
- the likely future need for housing for older and disabled people (including wheelchair user dwellings);
 - size, location, type and quality of dwellings needed to meet specifically evidenced needs (for example retirement homes, sheltered homes or care homes);
 - the accessibility and adaptability of existing housing stock;
 - how needs vary across different housing tenures; and
 - the overall impact on viability.
- 6.4 This section of the report draws on a range of statistics, including those suggested in the PPG (for which the Government has provided a summary data sheet 'Guide to available disability data') – termed the Guide in analysis to follow. The discussion below begins by looking at older persons' needs.

Current Population of Older People

- 6.5 The table below provides baseline population data about older persons and compares this with other areas. The data for has been taken from the published ONS mid-year population estimates and is provided for age groups from 65 and upwards; the data is for 2017 to reflect the latest published data for local authority areas and above. The data shows, when compared with data for other areas that the Borough has a notably higher proportion of older persons. In 2017, it was estimated that 23% of the population of the Borough was aged 65 or over.

	Sefton		North West	England
	Population	% of popn	% of popn	% of popn
Under 65	211,282	76.9%	81.6%	82.0%
65-74	32,506	11.8%	10.2%	9.9%
75-84	21,614	7.9%	5.9%	5.7%
85+	9,187	3.3%	2.3%	2.4%
Total	274,589	100.0%	100.0%	100.0%
Total 65+	63,307	23.1%	18.4%	18.0%

Source: ONS 2017 mid-year population estimates

- 6.6 The table below shows how the proportion of older people varies across the six sub-areas of the Borough. This analysis shows some notable differences between locations with the highest proportion of older people being seen in Formby and the lowest in Bootle.

	South-port	Formby	Maghull/Aintree	Crosby	Bootle	Nether-ton	Sefton
Under 65	68,512	16,369	26,452	38,180	31,581	30,188	211,282
65-74	11,811	3,738	4,649	5,643	3,339	3,326	32,506
75-84	7,938	2,709	3,395	3,397	1,885	2,290	21,614
85+	3,789	1,034	1,479	1,529	549	807	9,187
Total	92,050	23,850	35,975	48,749	37,354	36,611	274,589
Total 65+	23,538	7,481	9,523	10,569	5,773	6,423	63,307
% 65+	25.6%	31.4%	26.5%	21.7%	15.5%	17.5%	23.1%

Source: ONS 2017 mid-year population estimates

Future Change in the Population of Older People

- 6.7 As well as providing a baseline position for the proportion of older persons in the Borough, population projections can be used to provide an indication of how the numbers might change in the future compared with other areas. The data presented below uses the 2016-based SNPP for consistency across areas and runs from 2017 to 2036 to be consistent with other analysis developed in this report.
- 6.8 The data shows that the Borough is expected to see a notable increase in the older person population with the total number of people aged 65 and over projected to increase by 33% over the 19-years from 2017; this compares with overall population growth of 3% and a decrease in the Under 65 population of 6%. The proportionate increase in the number of older people in the Borough is however slightly lower than that projected for other areas.

Figure 6.3: Projected Change in Population of Older Persons (2017 to 2036) – 2016-based SNPP			
	Sefton	North West	England
Under 65	-5.8%	-1.9%	2.1%
65-74	20.2%	22.1%	27.9%
75-84	38.1%	43.2%	50.4%
85+	65.1%	82.1%	86.7%
Total	3.0%	5.2%	9.5%
Total 65+	32.8%	36.4%	43.0%

Source: ONS subnational population projections (2016-based)

- 6.9 In total population terms, the projections show an increase in the population aged 65 and over of 21,300 people, this is against a backdrop of an overall increase of 8,500 – population growth of people aged 65 and over therefore accounts for over 100% all population growth.

Figure 6.4: Projected Change in Population of Older Persons (2016 to 2036) – Sefton (2016-based SNPP)				
	2017	2036	Change in population	% change
Under 65	211,735	199,383	-12,352	-5.8%
65-74	32,544	39,131	6,587	20.2%
75-84	21,559	29,766	8,207	38.1%
85+	9,108	15,033	5,925	65.1%
Total	274,946	283,313	8,367	3.0%
Total 65+	63,211	83,930	20,719	32.8%

Source: ONS subnational population projections (2016-based)

- 6.10 The figures above are all based on the latest (2016-based) SNPP. It is possible to also show how the outputs would be expected to change under different scenarios. The table below shows a similar analysis when linked to the consultation Standard Method housing need of 645 homes per annum in the 2017-36 period. This projection still shows a significant ageing of the population, it is however notable that this projection sees a very slightly lower projected decrease in the number of people aged Under 65- both projections show a very similar level of population growth in the 65 and over population. The change in the under 65 age group relative to older groups reflects the migration assumptions, migration being largely concentrated in typical working-age groups (and their associated children).

**Figure 6.5: Projected Change in Population of Older Persons (2017 to 2036) – Sefton
(linked to delivery of 645 dwellings per annum)**

	2017	2036	Change in population	% change
Under 65	211,282	199,621	-11,661	-5.5%
65-74	32,506	39,118	6,612	20.3%
75-84	21,614	29,850	8,236	38.1%
85+	9,187	15,034	5,847	63.6%
Total	274,589	283,623	9,034	3.3%
Total 65+	63,307	84,002	20,695	32.7%

Source: Demographic Projections

Health-related Population Projections

- 6.11 In addition to providing projections about how the number and proportion of older people is expected to change in the future the analysis can look at the likely impact on the number of people with specific illnesses or disabilities. For this, data from the Projecting Older People Information System (POPPI) website has been used. The website provides prevalence rates for different disabilities by age and sex. For the purposes of this study, analysis has focussed on estimates of the number of people with dementia and mobility problems.
- 6.12 For both of the health issues analysed the figures relate to the population aged 65 and over. The figures from POPPI are based on prevalence rates from a range of different sources and whilst these might change in the future (e.g. as general health of the older person population improves) the estimates are likely to be of the right order.
- 6.13 The table below shows that both of the illnesses/disabilities are expected to increase significantly in the future although this would be expected given the increasing population. In particular, there is projected to be a large rise in the number of people with dementia (up 47%) along with a 40% increase in the number with mobility problems. When related back to the total projected change to the population, the increase of 4,800 people with a mobility problem represents 53%-57% of all population growth.
- 6.14 It should be noted that there will be an overlap between dementia and mobility problems (i.e. some people will have both types of illness/disability). Hence the numbers for each of the illnesses/disabilities should not be added together to arrive at a total.

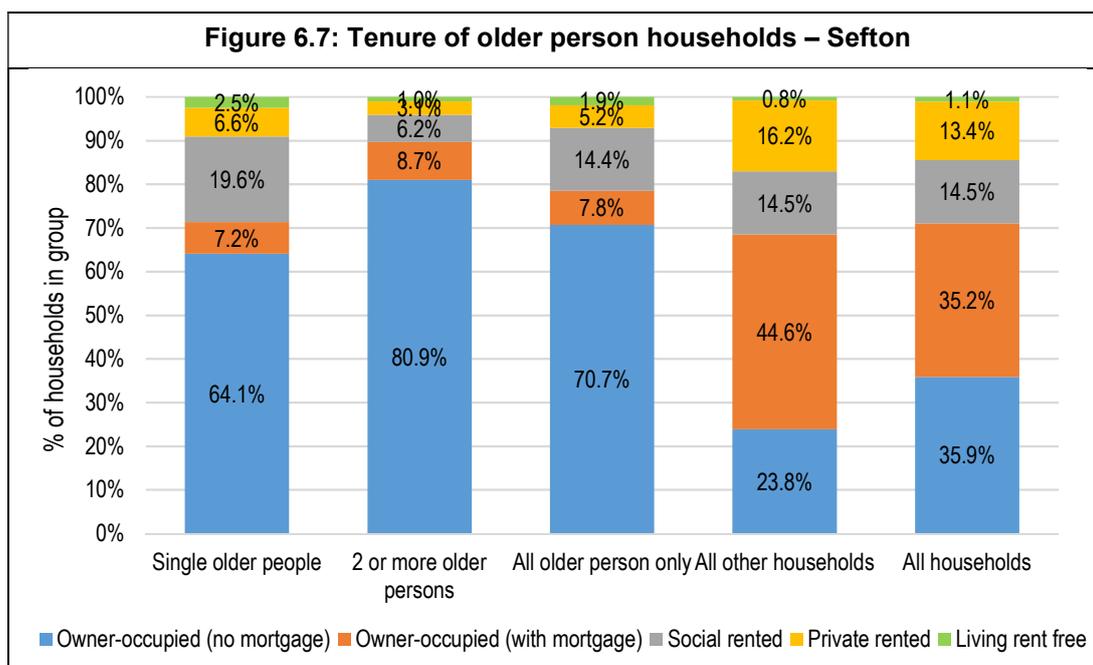
Figure 6.6: Estimated Population Change for range of Health Issues (2017 to 2036) – Sefton

	Type of illness/ disability	2017	2036	Change	% increase
2016-based SNPP	Dementia	4,639	6,838	2,198	47.4%
	Mobility problems	11,988	16,795	4,807	40.1%
Linked to 645 dpa	Dementia	4,663	6,848	2,186	46.9%
	Mobility problems	12,025	16,813	4,788	39.8%

Source: Data from POPPI and demographic projections

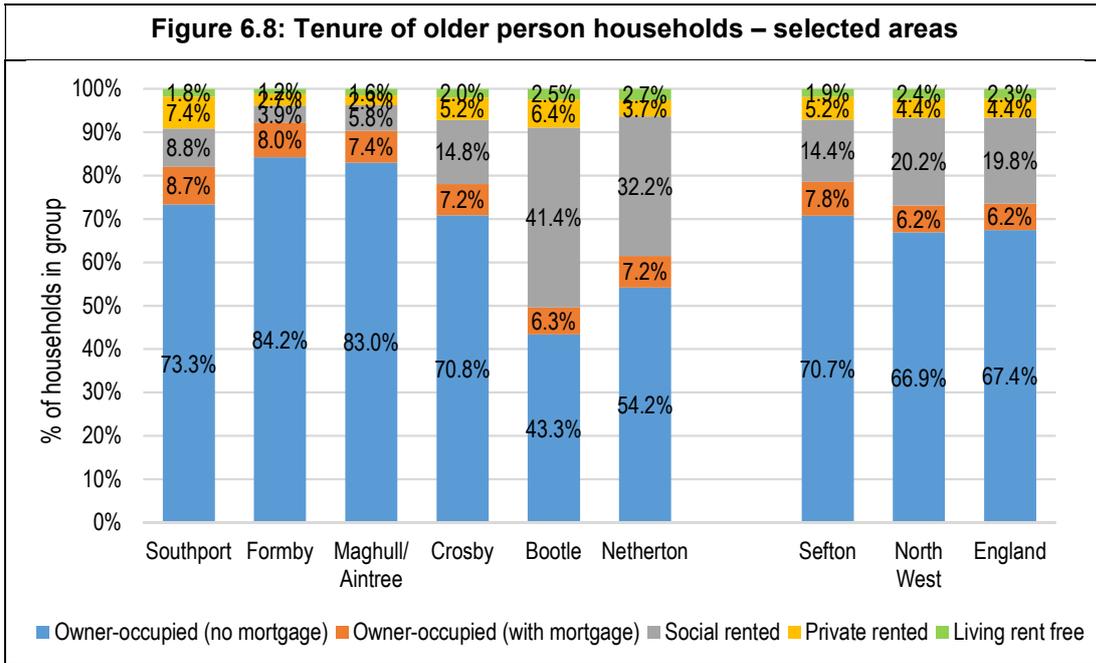
Characteristics of Older Person Households

- 6.15 The figure below shows the tenure of older person households (as of the 2011 Census) – the data has been split between single older person households and those with two or more older people (which will largely be couples). The data shows that older person households are relatively likely to live in outright owned accommodation (71%) and are also as likely as other households to be in the social rented sector. The proportion of older person households living in the private rented sector is relatively low (5% compared with 13% of all households in the Borough).
- 6.16 There are also notable differences for different types of older person households with single older people having a much lower level of owner-occupation than larger older person households – this group also has a much higher proportion living in the social rented sector.
- 6.17 Given that the number of older people is expected to increase in the future and that the number of single person households is expected to increase this would suggest (if occupancy patterns remain the same) that there will be a notable demand for affordable housing from the ageing population. That said, the proportion of older person households who are outright owners (with significant equity) may mean that market solutions will also be required to meet their needs.



Source: 2011 Census

- 6.18 When compared with other areas, the analysis shows that the tenure mix of older person households in Sefton is very similar to that seen in other locations. However, there are some substantial differences across sub-areas, with Bootle and Netherton seeing relatively low levels of owner-occupation and much high proportions of older person households living in the social rented sector.



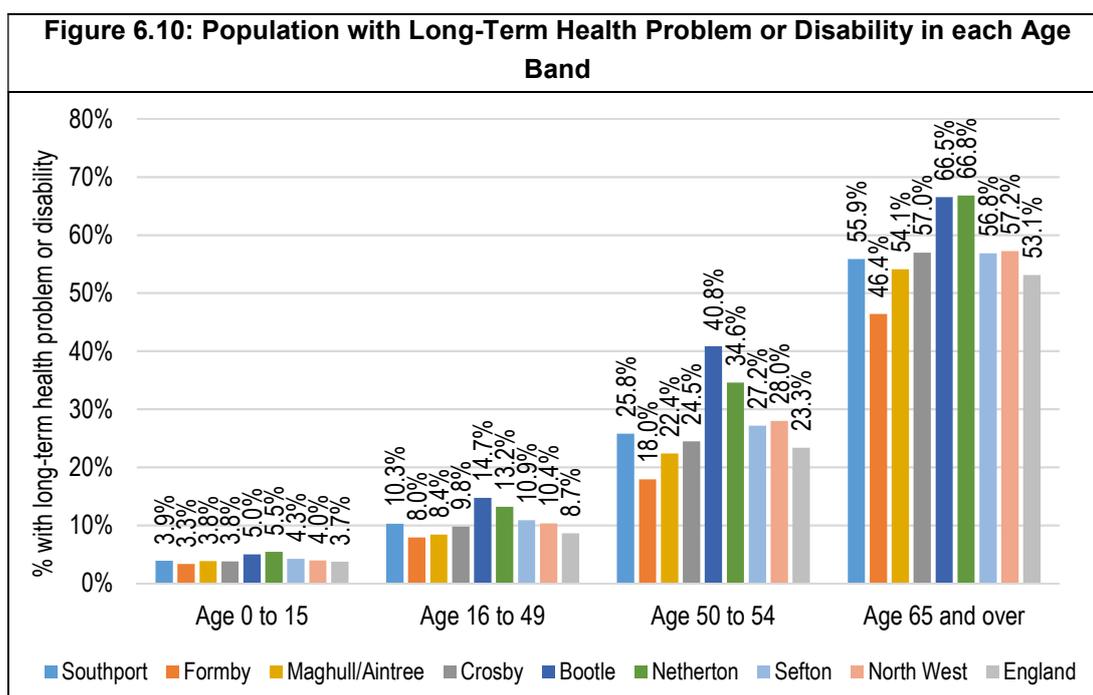
People with Disabilities

- 6.19 The CLG Disability data guide provides data about households with a long-term illness or disability from the English Housing Survey. This is given at a national level, and does not provide more localised data. Hence the analysis below has drawn on the 2011 Census (which has a definition of long-term health problem or disability (LTHPD)).
- 6.20 The table below shows the proportion of people with LTHPD, and the proportion of households where at least one person has a LTHPD. The data suggests that across the Borough, some 40% of households contain someone with a LTHPD. This figure is notably higher to that seen in other areas. The figures for the population with a LTHPD again show a similar pattern in comparison with other areas (an estimated 23% of the population of the Borough have a LTHPD). When looking at smaller sub-areas, the analysis shows a notably higher proportion of people/households in the Bootle and Netherton areas as having a LTHPD.

Figure 6.9: Households and people with a Long-Term Health Problem or Disability (2011)				
	Households containing someone with a health problem		Population with a health problem	
	Number	%	Number	%
Southport	15,311	38.4%	20,748	23.0%
Formby	3,604	36.1%	4,782	20.1%
Maghull/Aintree	6,064	39.4%	8,011	21.5%
Crosby	7,898	37.6%	10,373	21.1%
Bootle	7,055	44.1%	8,946	24.9%
Netherton	7,088	45.2%	9,201	24.7%
Sefton	47,020	39.9%	62,061	22.7%
North West	1,100,812	36.6%	1,426,805	20.2%
England	7,217,905	32.7%	9,352,586	17.6%

Source: 2011 Census

6.21 It is likely that the age profile will impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. Therefore, the figure below shows the age bands of people with a LTHPD. It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD. The analysis also shows that the population of Bootle and Netherton is far more likely to have a LTHPD than in other areas (notably Formby where age-specific figures are very low).



Source: 2011 Census

Older Persons' Housing Needs (self-contained units)

- 6.22 Given the ageing population and higher levels of disability and health problems amongst older people there is likely to be an increased requirement for specialist housing options moving forward. The analysis in this section draws on data from the Housing Learning and Information Network (Housing LIN) Shop@ online toolkit and HOPSR (Housing for Older People Supply Recommendations) – a database developed by Sheffield Hallam University. This data is considered alongside demographic projections to provide an indication of the potential level of additional specialist housing that might be required for older people in the future.
- 6.23 The analysis initially focusses on needs within self-contained units (which traditionally might be considered as a C3 use class (dwelling houses)) before separately looking at residential care bedspaces (which would arguably be in a C2 use class). This distinction is important as the dwelling-houses are included within the housing need (e.g. the 645 dwellings per annum (2017-36)) whereas bedspaces figures would be in addition to that. There is sometimes a lack of clarity about which use class dwellings fall into and a brief discussion is provided later in this section; the uncertainty mainly surrounds Extra-care housing with this report considering that such housing would normally fall into a C3 class (although it is noted that the Council often consider such homes as C2).
- 6.24 The data for need is calculated by applying prevalence rates to the population aged 75+ and as projected forward. The prevalence rates have been taken from a toolkit developed by Housing LIN, in association with the Elderly Accommodation Council and endorsed by the Department of Health. This includes the following categories (discussed in more detail below): retirement/sheltered housing, enhanced sheltered housing and extra care. This source also provides prevalence rates for residential care and nursing care bedspaces which are discussed separately below.
- 6.25 Additionally, the analysis draws on prevalence rates in the HOPSR – this source also providing some supply estimates which have been used alongside information from the Elderly Accommodation Council (EAC) which provides an indication of the current tenure mix of such accommodation.

Definitions of Different Types of Older Persons' Accommodation

Retirement/sheltered housing:

A group of self-contained flats or bungalows typically reserved for people over the age of 55 or 60; some shared facilities lounge, garden, guest suite, laundry; plus on-site supportive management. A regularly visiting scheme manager as long as s/he is available to all residents when on site. An on-call-only service does not qualify a scheme to retirement/sheltered housing. Developments usually built for either owner occupation or renting on secure tenancies.

Enhanced sheltered housing:

Sheltered housing with additional services to enable older people to retain their independence in their own home possible. Typically there may be 24/7 (non-registered) staffing cover, at least one daily meal will be provided additional shared facilities. Also called assisted living and very sheltered housing.

Extra care housing:

Schemes where a service registered to provide personal or nursing care is available on site 24/7. Typically at will be provided and there will be additional shared facilities. Some schemes specialise in dementia care, or may dementia unit.

Source: HOPSR

- 6.26 As well as setting out overall prevalence rates for different types of housing, the Housing LIN and HOPSR provide some suggestions for the tenure split between rented (i.e. affordable) and leasehold (i.e. market) accommodation, this varies depending on an area's level of deprivation. In Sefton, data from the 2015 Index of Multiple Deprivation suggests that the Borough is the 102nd most deprived of 326 local authorities (i.e. a relatively high of deprivation) – this points to a higher proportion of specialist accommodation as needing to be rented (affordable) accommodation rather than leasehold (market).
- 6.27 Consideration has also been given to overall levels of disability in the older person population; given that these are slightly higher than the national average a small upwards adjustment to national prevalence rates has been made.
- 6.28 The main source of prevalence rate data is the Housing LIN. However, the rates used (on the online toolkit) are still the same as originally developed in 2008. A review of the rates was undertaken in 2016, and whilst these have not yet been adopted on the Housing LIN website, they are also worthwhile reflecting in the conclusions. A further Housing LIN report (Housing in Later Life) was published in 2012 and contained a further set of suggested prevalence rates; however, these figures were rejected as not being 'substantiated' and have not therefore been considered in the analysis below. Finally, it is possible to use rates from HOPSR – these more closely match current prevalence rates (i.e. they roll forward current levels of provision based on authorities with the highest levels of provision) and already include adjustments for local factors such as varying levels of health amongst the older person population.

6.29 On the basis of this discussion, four sets of estimates of the need for specialist older persons accommodation have been developed; firstly, three linking to the Housing LIN and secondly as taken from HOPSR. The sources used and a brief description is:

- Shop@ (online) – this takes the prevalence rates in the online tool from Housing LIN. This is essentially the data as published without any local adjustments;
- Shop@ (adjusted) – this takes the Housing LIN online figures and makes adjustments based on recognising slightly better health amongst the older person population in the area. Adjustments are also made to the tenure split based on local deprivation levels;
- Shop@ Review – this uses information from the 2016 review into the Housing LIN prevalence rates and whilst not yet adopted by Housing LIN does provide some more up-to-date thinking on the topic. The base rates have again been adjusted to take account of health and deprivation;
- HOPSR – this applies the rates published in the HOPSR for each local authority. It is understood that these rates already make adjustments for health and deprivation issues and are therefore used as published.

6.30 The table below shows the prevalence rates used in the analysis from each of the above sources. In both the HOPSR and Housing LIN, accommodation types are split into retirement/sheltered, enhanced sheltered and Extra-care. For the purposes of analysis below the last two categories (enhanced sheltered/Extra-care) have been merged into one. This is partly because this allows for alignment with the supply data available from the EAC and also to be consistent with the Shop@ Review (discussed above) which notes that ‘most leasehold extra-care is enhanced sheltered according to EAC specifications’. Therefore, two categories of accommodation are used:

- Housing with Support (which covers retirement/sheltered housing); and
- Housing with Care (which includes the enhanced sheltered and extra-care housing)

6.31 The table shows in both of these categories that the different sources suggest varying assessments of the need for different types of housing in different tenures, this is particularly the case for housing with care where the prevalence rates for rented housing range from 13 dwellings per 1,000 up to 34 dwellings per 1,000 – market needs vary from 7 per 1,000 up to 23 per 1,000. On this basis it is quite difficult to definitively say what a reasonable rate to use would be and the analysis has simply averaged all the sources to provide figures to use in analysis (final row of table below).

Figure 6.11: Prevalence rates from different sources as applicable to Sefton (figures all per 1,000 population aged 75 and over)

	Housing with support (sheltered/retirement)		Housing with care (enhanced sheltered/extra-care)	
	Rent	Market	Rent	Market
Shop@ (online)	71	54	34	11
Shop@ (adjusted)	60	74	25	23
Shop@ Review	87	46	13	9
HOPSR	108	48	13	7
Average	82	55	21	12

Source: Derived from Housing LIN and HOPSR data

6.32 The tables below show estimated needs for different types of housing across the whole of Sefton by applying the above prevalence rates (the first table links to the 2016-based SNPP and the second to the consultation Standard Method projection for 645 dwellings per annum). Overall, the analysis suggests there is a current surplus of rented housing with support (retirement/sheltered housing) but that by 2036 there will be a notable shortfall. The analysis also shows a shortfall of all other types/tenures of housing, both currently and moving through to 2036. Focussing on housing with care in the rented (affordable) sector, the analysis identifies a current shortfall of around 621 units, increasing to 923 units by 2036 – figures in the leasehold sector are slightly lower. The figures from the two different projections show broadly similar patterns. To be clear, the ‘housing with care’ category would be expected to be extra-care housing.

Figure 6.12: Older Persons' Dwelling Requirements 2017 to 2036 – Sefton (linked to 2016-based SNPP)							
		Housing demand per 1,000 75+	Current supply	2017 demand	Current shortfall/ (surplus)	Additional demand to 2036	Shortfall/ (surplus) by 2036
Housing with support	Rented	82	2,801	2,503	-298	1,154	856
	Leasehold	55	1,167	1,702	535	784	1,319
Housing with care	Rented	21	33	654	621	302	923
	Leasehold	12	183	377	194	174	368
Total		170	4,184	5,236	1,052	2,414	3,466

Source: Derived from demographic projections and Housing LIN/HOPSR/EAC

6.33 Overall, the analysis (below linking to 645 dwellings per annum) shows a need for 3,481 dwellings with support or care (183 per annum) – these are included within the 645 dwellings per annum and not additional to it. Housing with support/care (e.g. sheltered/extra-care) should therefore be counted against the housing supply, even if such accommodation is classified as being in a C2 use class – see also the discussion about use classes below.

Figure 6.13: Older Persons' Dwelling Requirements 2017 to 2036 – Sefton (linked to dwelling provision of 645 per annum)							
		Housing demand per 1,000 75+	Current supply	2017 demand	Current shortfall/ (surplus)	Additional demand to 2036	Shortfall/ (surplus) by 2036
Housing with support	Rented	82	2,801	2,514	-287	1,150	863
	Leasehold	55	1,167	1,709	542	782	1,324
Housing with care	Rented	21	33	657	624	300	925
	Leasehold	12	183	379	196	173	369
Total		170	4,184	5,259	1,075	2,405	3,481

Source: Derived from demographic projections and Housing LIN/HOPSR/EAC

6.34 The figures provided above should be treated as indicative as there is no nationally agreed set of prevalence rates (or how these might be adjusted for local factors). The Council should consider reviewing this evidence if a specific application comes in for older persons housing, where this is supported by its own needs assessment.

- 6.35 The analysis has not attempted to break these figures down into the six sub-areas. However, the data previously provided in this section would help to indicate how needs might vary across locations depending on the proportion of the population falling into ‘older’ age groups. In particular it is notable that the population of older persons is somewhat higher in the north of the Borough (particularly Formby) and so these areas may well have a higher demand for older person accommodation. The relatively low proportion of older people in Bootle and to a lesser extent Netherton would therefore suggest the opposite conclusion.
- 6.36 In terms of the tenure split, Bootle and Netherton appear to be the most deprived areas of the Borough and therefore it might be expected that any older persons’ provision in these areas would have a higher proportion of rented accommodation. This would also be consistent with the observation that these areas already have a high proportion of their older person population as currently living in social rented accommodation.

Older Persons’ Housing Needs (Residential Care Bedspaces)

- 6.37 The analysis below provides the same style of outputs (drawing on the same sources) for the estimated need for care home bedspaces. This is an estimate of a need for residential care bedspaces and not other forms of housing such as Extra-care; extra-care is considered to be within the ‘housing with care’ category analysed above. The analysis draws on that above, including making adjustments for the relative health of the population of Sefton. It should be noted that the rows in tables are for bedspaces and do not have an associated tenure. The box below shows the definition of care beds assumed for this assessment.

Definitions of Different Types of Older Persons’ Accommodation (C2 use class)

Care beds:
Care homes: Residential settings where a number of older people live, usually in single rooms, and have access personal care services (such as help with washing and eating).
Care homes with nursing: These homes are similar to those without nursing care but they also have registered provide care for more complex health needs.

Source: HOPSR

- 6.38 The table below shows the prevalence rates used in analysis for the number of bedspaces required drawn for a number of sources. Again, the analysis shows some variation in assumptions with the overall average showing a need for 106 bedspaces per 1,000 population aged 75 and over.

Figure 6.14: Prevalence rate assumptions used to estimate the need for care home bedspaces (figures per 1,000 population 75+)	
	Housing demand per 1,000 75+
Shop@ (online)	110
Shop@ (adjusted)	118
Shop@ Review	91
HOPSR	105
Used in analysis	106

Source: Derived from Housing LIN and HOPSR data

- 6.39 The table below shows the need associated with these prevalence rates when applied to the population projections in Sefton – the analysis includes an estimate of the current supply. The analysis shows that the current supply and demand is broadly in balance – a current surplus of around 50-60 bedspaces. There is however projected to be a notable future need, with an additional 1,500 bedspaces projected as being needed in the period to 2036 (giving a total need for around 1,400 additional bedspaces).

Figure 6.15: Older Persons' care bed requirements 2017 to 2036 – Sefton						
	Housing demand per 1,000 75+	Current supply	2017 demand	Current shortfall/ (surplus)	Additional demand to 2036	Shortfall/ (surplus) by 2036
2016-based SNPP	106	3,312	3,248	-64	1,497	1,433
Linked to 645 dpa	106	3,312	3,262	-50	1,492	1,442

Source: Derived from demographic projections and Housing LIN/HOPSR/EAC

Older Persons' Housing and Planning Use Classes

- 6.40 It is worth briefly discussing the Use Classes that Older Persons housing would fall into as there is some lack of clarity (particularly when it comes to Extra-care housing). The Use Classes Order sets out different categories of residential use and makes a distinction between residential institutions (Class C2) and dwelling-houses (Class C3) – the C2/C3 distinction is important as it can impact on the ability of a local authority to seek an affordable housing contribution from a development.
- 6.41 There is considerable case law (at planning appeals and in the courts) on the definitions of both. There is no government guidance on which use class 'extra care housing' falls into. It is for the decision maker to decide, depending on the individual circumstances of each case. In deciding which is the appropriate use class, much will depend on the extent to which the accommodation is self-contained, and the discussion below sets out in more detail the definitions used in this report.
- 6.42 Planning Practice Guidance does not appear to give a definitive definition of C2 and C3. However, there are a number of places where C2 housing is referenced. This includes:

[on housing needs assessment] *'The assessment can also set out the level of need for residential institutions (Use Class C2)'* [paragraph 2a-017]

[on Housing and economic land availability assessment] *'Local planning authorities will need to count housing provided for older people, including residential institutions in Use Class C2, against their housing requirement. For residential institutions, to establish the amount of accommodation released in the housing market, authorities should base calculations on the average number of adults living in households, using the published census data'* [paragraph 3-043]

- 6.43 This latter quote would suggest that it is necessary to understand the Census definition if we are to separate out institutional (i.e. C2) accommodation from dwellings (i.e. C3). The 2011 Census definitions include:

‘... units in an establishment where 50 per cent or more have their own kitchens should be defined as households (irrespective of whether there are other communal facilities)’

- 6.44 Hence, any development, should be included as C3 (not institutional) where at least half of all units have their own kitchens. In developments where fewer than half of units have their own kitchen, a C2 use class is relevant.
- 6.45 To be clear, the PPG defines C2 use class by reference to ‘residential institutions’ and draws from the 2011 Census to define this. The Census definition is related to self-containment (based on kitchen facilities). On this basis it would be expected that most Extra-care schemes would fall into a C3 use class.
- 6.46 Overall, however, it is suggested that the choice of a Use Class should not really matter as long as relevant policies are clear about the expectation from any scheme. For example, an affordable housing contribution could be sought from Extra-care schemes regardless of whether or not they are considered as C2 or C3 – as long as this is clearly set out in policy.

Wheelchair User Housing

- 6.47 Information about the need for housing for wheelchair users is difficult to obtain (particularly at a local level) and so some brief analysis has been carried out based on national data within a research report by Habinteg Housing Association and London South Bank University (Supported by the Homes and Communities Agency) - *Mind the Step: An estimation of housing need among wheelchair users in England*. This report provides information at a national and regional level although there are some doubts about the validity even of the regional figures; hence the focus is on national data.
- 6.48 The report identifies that around 84% of homes in England do not allow someone using a wheelchair to get to and through the front door without difficulty and that once inside, it gets even more restrictive. Furthermore, it is estimated (based on English House Condition Survey data) that just 0.5% of homes meet criteria for ‘accessible and adaptable’, while 3.4% are ‘visitable’ by someone with mobility problems (data from the CLG Guide to available disability (taken from the English Housing Survey)) puts the proportion of ‘visitable’ properties at a slightly higher 5.3%.
- 6.49 Overall, the report estimates that there is an unmet need for wheelchair user dwellings equivalent to 3.5 per 1,000 households (this is described in the Habinteg report as the *number of wheelchair user households with unmet housing need*). In Sefton, as of 2017, this would represent a current need for about 420 wheelchair user dwellings. Moving forward, the report estimates a wheelchair user need from around 3% of households. If 3% is applied to the household growth in the demographic projections (2017-36) then there would be an additional need for around 220-360 adapted homes. If these figures are brought together with the estimated current need then the total wheelchair user need would be for up to 780 homes (over 19-years to 2036).

Figure 6.16: Estimated need for wheelchair user homes (2017-2036) – Sefton			
	Current need	Projected need (2017-36)	Total
2016-based SNHP	419	218	637
Linked to 645 dpa	426	357	782

Source: Derived from demographic projections and Habinteg prevalence rates

- 6.50 Information in the CLG Guide to available disability data also provides some historical national data about wheelchair users by tenure (data from the 2007/8 English Housing Survey). This showed around 7.1% of social tenants to be wheelchair users, compared with 2.3% of owner-occupiers (there was insufficient data for private renting, suggesting that the number is low). This may impact on the proportion of different tenures that should be developed to be for wheelchair users (although it should be noted that the PPG (56-009) states that '*Local Plan policies for wheelchair accessible homes should be applied only to those dwellings where the local authority is responsible for allocating or nominating a person to live in that dwelling*').

Older People and People with Disabilities: Key Messages

- Planning Practice Guidance section 56 (Housing: optional technical standards) sets out how local authorities can gather evidence to set requirements on a range of issues (including accessibility and wheelchair housing standards, water efficiency standards and internal space standards). This study considered the first two of these (i.e. accessibility and wheelchair housing) as well as considering the specific needs of older people. A range of data sources are considered, as suggested by CLG and also some more traditionally used in assessments such as this (e.g. from Housing LIN and HOPSR). This is to consider the need for Building Regulations M4(2) (accessible and adaptable dwellings), and M4(3) (wheelchair user dwellings) as well as overall need for additional dwellings specifically for older people.
- The data shows that in general, Sefton has higher levels of disability compared with other areas, and that an ageing population means that the number of people with disabilities is likely to increase substantially in the future. Key findings include:
 - 33% increase in the population aged 65+ over 2017-2036 (potentially accounting for over 100% of total population growth);
 - A need for additional sheltered/retirement housing (currently in the leasehold sector but also for rent in the future)
 - A current and future need for housing with care (enhanced sheltered and extra-care housing) in both the rented and leasehold sectors;
 - A need for additional care bedspaces; and
 - a need for up to 780 dwellings to be for wheelchair users (meeting technical standard M4(3))
- Focussing specifically on Extra-care housing, this would fall within a 'housing with care' category as used in this report. Overall the analysis identifies a total need for around 1,300 'extra-care' dwellings to be provided in the 2017-36 period, with around 70% of these to be rented (affordable) housing and 30% leasehold (market) accommodation.
- This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings. Given the evidence, the Council could consider (as a start point) requiring all dwellings to meet the M4(2) standards (which are similar to the Lifetime Homes Standards) and at least 10% of homes which are allocated by the local authority meeting M4(3). It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.
- In seeking M4(2) compliant homes the Council should also be mindful that such homes could be considered as 'homes for life' and would be suitable for any occupant, regardless of whether or not they have a disability at the time of initial occupation.

7. Private Rented Sector

Introduction

- 7.1 Planning Practice Guidance on housing need assessment highlights the Private Rented Sector (PRS) as one of the specific groups that should be analysed, although there is little advice on the analysis expected and the outputs. Specifically, the PPG says: *'tenure data from the Office for National Statistics can be used to understand the future need for private rented sector housing'* and *'market signals reflecting the demand for private rented sector housing could be indicated from the level of changes in rents'*.
- 7.2 This section therefore looks at a range of statistics in relation to the PRS in Sefton. Where reasonable, comparisons are made with other tenures (i.e. owner-occupied and social rented) as well as contrasting data with other areas. The aim is to bring together a range of information to inform the need for additional private rented housing in the Borough.

Size of the Private Rented Sector

- 7.3 The table below shows the tenure split of housing in 2011 in Sefton and a range of other areas. This shows a total of 15,800 households living in private rented housing in Sefton – 13.4% of all households. This proportion is below the regional and national equivalents. The vast majority of households in the PRS are living in housing rented from a landlord or through a letting agency, although 1,300 (1% of all households) are recorded as living in 'other' PRS accommodation, this is mainly households living in housing owned by a relative or friend.

	Sefton	North West	England
Owns outright	42,334	934,101	6,745,584
Owns with mortgage/loan	41,467	1,023,250	7,403,200
Social rented	17,063	550,481	3,903,550
Private rented	15,804	462,899	3,715,924
Other	1,262	38,818	295,110
Total	117,930	3,009,549	22,063,368
% private rented	13.4%	15.4%	16.8%

Source: Census (2011)

- 7.4 There is some variation in the proportion of households living in the PRS in different areas of the Borough with percentages ranging from 6% in Maghull/Aintree, up to 19% in Southport:
- Southport – 19%
 - Formby – 7%
 - Maghull/Aintree – 6%
 - Crosby – 13%
 - Bootle – 17%
 - Netherton – 8%

7.5 As well as looking at the current tenure profile, it is of interest to consider how this has changed over time; the table below shows (for the whole of Sefton) data from the 2001 and 2011 Census. From this it is clear that there has been significant growth in the number of households living in privately rented accommodation as well as a notable increase in outright owners (this will be due to mortgages being paid off, which may have been assisted by a period of low interest rates). There has been a decline in the number of owners with a mortgage and also a 9% reduction in the number of households in social rented housing.

	2001 households	2011 households	Change	% change
Owens outright	39,623	42,334	2,711	6.8%
Owens with mortgage/loan	47,046	41,467	-5,579	-11.9%
Social rented	18,649	17,063	-1,586	-8.5%
Private rented	9,616	15,804	6,188	64.4%
Other	1,913	1,262	-651	-34.0%
TOTAL	116,847	117,930	1,083	0.9%

Source: 2001 and 2011 Census

7.6 The tenure changes in Sefton are broadly similar to that seen in other areas (as shown in the table below). All areas have seen an increase in outright owners, a decrease in owners with a mortgage and substantial increases in the private rented sector. That said, the proportionate increase in the number of households in the PRS is less notable in Sefton than other locations – this will in part be due to the relatively low level of overall household growth.

	Sefton	North West	England
Owens outright	6.8%	11.5%	13.0%
Owens with mortgage/loan	-11.9%	-7.8%	-8.4%
Social rented	-8.5%	-2.5%	-0.9%
Private rented	64.4%	92.8%	82.4%
Other	-34.0%	-35.5%	-29.6%
TOTAL	0.9%	7.0%	7.9%

Source: 2001 and 2011 Census

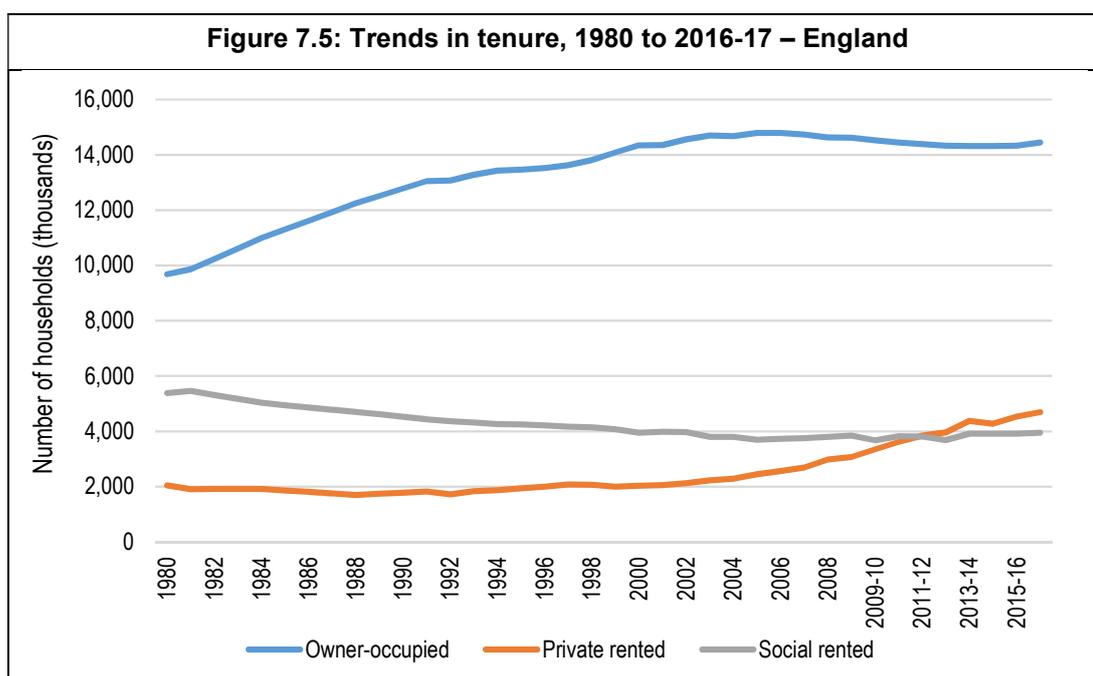
7.7 The table below shows how the number of households in the PRS changed between 2001 and 2011 by sub-area. This shows all areas seeing a notable increase in numbers. Those areas seeing the greatest percentage increase are generally the locations that had a small stock of PRS housing in 2001.

Figure 7.4: Change in number of households in private rented housing by sub-area (2001-11) – Sefton

	2001 households	2011 households	Change	% change
Southport	4,836	7,439	2,603	53.8%
Formby	371	658	287	77.4%
Maghull/Aintree	508	994	486	95.7%
Crosby	1,593	2,681	1,088	68.3%
Bootle	1,674	2,721	1,047	62.5%
Netherton	633	1,311	678	107.1%
TOTAL	9,615	15,804	6,189	64.4%

Source: 2001 and 2011 Census

- 7.8 The PRS has clearly been growing rapidly over time, in Sefton and other locations; it is also worth considering what further changes may have occurred since 2011. Unfortunately, robust local data on this topic is not available, however a national perspective can be drawn from the English Housing Survey (EHS) which has data up to 2017. The figure below shows changes in three main tenures back to 1980. This clearly shows the increase in the number of households living in private rented accommodation from about 2001 and also a slight decrease in the number of owners. Since 2011, the EHS data shows that that PRS has risen by a further 26% and if Sefton has seen a similar level of increase then this would imply about 4,100 additional households in the sector.



Source: English Housing Survey

- 7.9 The data above shows information for all households and it is of interest to study this information for younger households. Interrogating changes for a full range of age groups is difficult as the two Census (2001 and 2011) use different age bandings. It is however possible to provide an indication of the change in tenure by looking at households aged under 35 and this is shown in the table below.

7.10 For the Under 35 age group the analysis again shows a sharp increase in the number of households living in private rented accommodation. The analysis also highlights a significant decrease in the number of owner occupiers (decreasing by over a third in just 10-years) and a notable reduction in the number of young people in social rented accommodation.

Figure 7.6: Change in tenure 2001-11 (all households aged under 35) – Sefton

	2001	2011	Change	% change
Owned	8,988	5,622	-3,366	-37.4%
Social rented	3,489	2,699	-790	-22.6%
Private rented	3,863	6,159	2,296	59.4%
TOTAL	16,340	14,480	-1,860	-11.4%

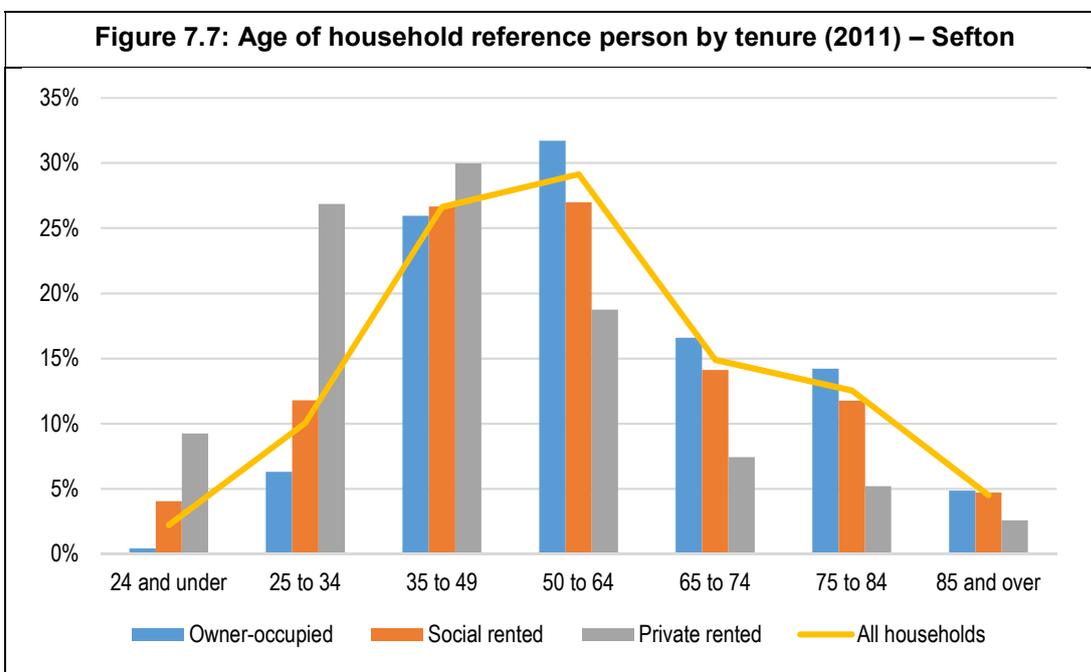
Source: Census (2001 and 2011)

Profile of Private Renters

7.11 This section presents a profile of people/households living in the private rented sector. Whenever possible comparisons are made with those living in other tenures.

Age

7.12 Private renters are younger than social renters and owner occupiers. In 2011, the average age of household reference persons (HRPs) in the private rented sector was 45 years (compared with 55 years for social renters and 59 years for owner occupiers). About two-thirds (66%) of private rented sector HRP's were aged under 50 compared with 42% of social renters and 33% of owner occupiers.



Source: Census (2011)

7.13 At a national level, the EHS notes that the proportion of younger people in the PRS has increased over time. It notes that the proportion of those aged 25 to 34 who lived in the private rented sector increased from 24% in 2005-6 to 46% in 2015-16. Over the same period, there was a corresponding decrease in the proportion of people in this age group in both the owner occupied (from 56% in 2005-6 to 38% in 2015-16) and social rented (from 20% in 2005-6 to 16% in 2015-16) sectors.

Household type

7.14 The table below shows the composition of households living in the private rented sector (and compared with other tenures). This shows a particularly high proportion of households with dependent children, making up 35% of the PRS. The sector also sees a relatively high proportion of households in the 'other' category. Many of these households are likely to be multi-adult households living in shared accommodation (i.e. houses in multiple occupation (HMOs)).

7.15 Between 2001 and 2011, Census data shows that the number of households with dependent children in the PRS rose from 3,200 to 6,000 – nearly doubling; the proportion of the sector made up of households with dependent children rose from 28% to 35%. The EHS also shows a similar pattern nationally.

	Owner-occupied		Social rented		Private rented		Total	
	Hhs	% of hhs	Hhs	% of hhs	Hhs	% of hhs	Hhs	% of hhs
Single person aged 65+	13,135	15.7%	3,612	21.2%	1,667	9.8%	18,414	15.6%
Single person aged <65	9,793	11.7%	4,655	27.3%	4,958	29.1%	19,406	16.5%
Couple aged 65+	10,278	12.3%	689	4.0%	452	2.6%	11,419	9.7%
Couple, no children	14,263	17.0%	1,068	6.3%	2,164	12.7%	17,495	14.8%
Couple, dependent children	16,399	19.6%	1,478	8.7%	2,435	14.3%	20,312	17.2%
Couple, all children non-dependent	8,405	10.0%	633	3.7%	355	2.1%	9,393	8.0%
Lone parent, dependent children	3,397	4.1%	2,687	15.7%	3,132	18.4%	9,216	7.8%
Lone parent, all children non-dependent	3,799	4.5%	1,193	7.0%	584	3.4%	5,576	4.7%
Other households with dependent children	1,777	2.1%	485	2.8%	430	2.5%	2,692	2.3%
Other households	2,555	3.0%	563	3.3%	889	5.2%	4,007	3.4%
Total	83,801	100.0%	17,063	100.0%	17,066	100.0%	117,930	100.0%
Total dependent children	21,573	25.7%	4,650	27.3%	5,997	35.1%	32,220	27.3%

Source: Census (2011)

Size and type of accommodation

7.16 The tables below show the size and type of accommodation in the PRS compared with other sectors. From this it can be seen that the profile PRS generally sits somewhere between that of owner-occupation and social renting. For example, the PRS has a higher proportion of detached and semi-detached homes than the social rented sector, but fewer than owner-occupiers; the opposite is seen when looking at terraced accommodation. It is, however, notable that the PRS has a high proportion of flats.

7.17 When looking at the size of accommodation, it is clear that the PRS is strongly focussed on 2- and 3-bedroom homes (making up 71% of all households in this tenure). The owner-occupied sector in contrast is dominated by 3+-bedroom homes (80% of the total in this tenure) whilst social renting is focussed on 1-, 2- and 3-bedroom accommodation (95% of the total).

Figure 7.9: Accommodation type by tenure (households) – Sefton				
	Owner-occupied	Social rented	Private rented	Total
Detached	20.0%	2.9%	6.1%	15.5%
Semi-detached	55.4%	22.7%	28.8%	46.8%
Terraced	16.5%	31.8%	20.1%	19.3%
Flat/other	8.0%	42.7%	45.0%	18.4%
Total	100.0%	100.0%	100.0%	100.0%
	83,801	17,063	17,066	117,930

Source: Census (2011)

Figure 7.10: Accommodation size by tenure (households) – Sefton				
	Owner-occupied	Social rented	Private rented	Total
1-bedroom	2.6%	28.6%	22.5%	9.3%
2-bedrooms	17.0%	30.0%	36.4%	21.7%
3-bedrooms	55.8%	36.8%	34.4%	49.9%
4+-bedrooms	24.6%	4.5%	6.7%	19.1%
Total	100.0%	100.0%	100.0%	100.0%
	83,801	17,063	17,066	117,930

Source: Census (2011)

Overcrowding and under-occupation

7.18 The analysis below studies levels of overcrowding and under-occupation – this is based on the bedroom standard with data taken from the 2011 Census. The box below shows how the standard is calculated; this is then compared with the number of bedrooms available to the household (with a negative number representing overcrowding and a positive number being under-occupation). Households with an occupancy rating of +2 or more have at least two spare bedrooms.

For the purposes of the bedroom standard a separate bedroom shall be allocated to the following persons –

- (a) A person living together with another as husband and wife (whether that other person is of the same sex or the opposite sex)
- (b) A person aged 21 years or more
- (c) Two persons of the same sex aged 10 years to 20 years
- (d) Two persons (whether of the same sex or not) aged less than 10 years
- (e) Two persons of the same sex where one person is aged between 10 years and 20 years and the other is aged less than 10 years
- (f) Any person aged under 21 years in any case where he or she cannot be paired with another occupier of the dwelling so as to fall within (c), (d) or (e) above.

- 7.19 The analysis shows that levels of overcrowding in the PRS are roughly double the Borough average, and at the same level as seen in the social rented sector, with 5.7% of households being overcrowded in 2011 (compared with 1.7% of owner-occupiers). Levels of under-occupation are however slightly higher than in the social rented sector, with around 53% of households having at least one spare bedroom.

Figure 7.11: Overcrowding and under-occupation by tenure (households) – Sefton

	Owner-occupied	Social rented	Private rented	Total
+2 or more	49.9%	14.3%	15.8%	39.8%
+1 or more	34.4%	32.7%	37.5%	34.6%
0	13.9%	47.3%	41.1%	22.7%
-1 or less	1.7%	5.7%	5.7%	2.9%
Total	100.0%	100.0%	100.0%	100.0%
	83,801	17,063	17,066	117,930

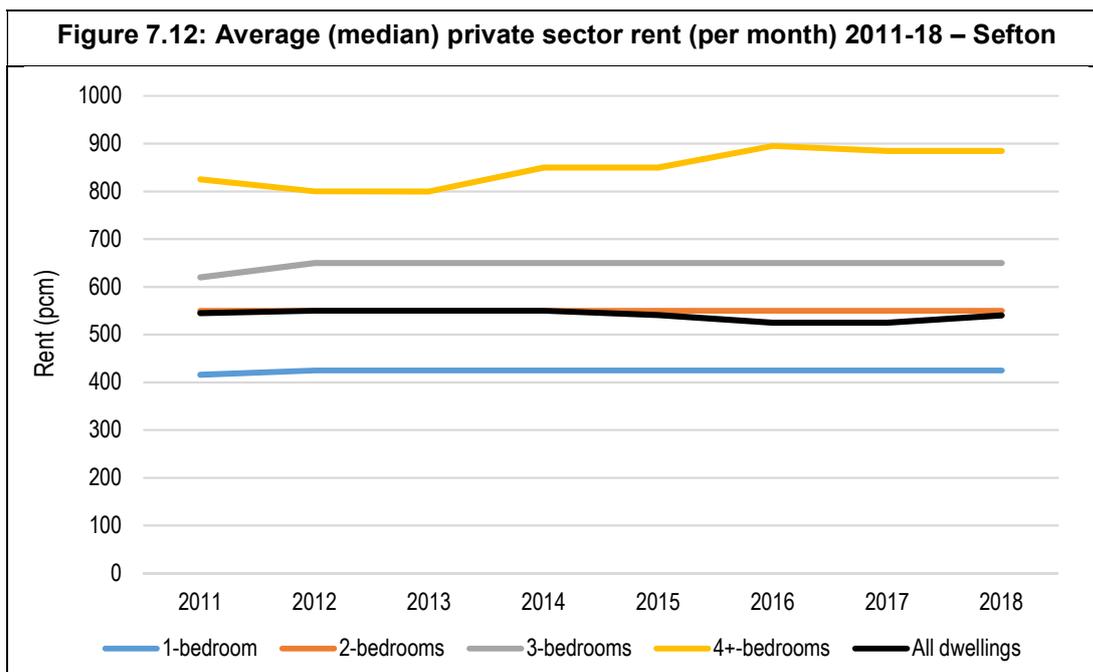
Source: Census (2011)

Economic activity

- 7.20 Data from the 2011 Census shows that 59% of private renters in Sefton were working, this is similar to the proportion of owner occupiers (61%) and somewhat higher than the proportion of social renters in work (31%). Smaller proportions of private renters were retired (15%) compared with over 30% in each of the owner-occupied and social rented sectors.

Housing Costs

- 7.21 Section 4 of this report describes the current cost of housing in the PRS in Sefton. Below, analysis is carried out to look at how costs have changed over time. This draws on data from the Valuation Office Agency (VOA) using a time series back to 2011 – the data provided in this section looks at the year to the end of September (for any given year).
- 7.22 The figure below shows a time-series of average (median) rents by dwelling size from 2011 to 2018; this shows across the board that there really have not been any significant changes to rent levels in the Borough and therefore does not indicate any shortage of supply of private rented homes. The table below shows that the overall average rent in Sefton fell by £5 per month from 2011 to 2018 (a 1% decrease). In comparison, rents increased by 11% across the North West and 20% nationally.
- 7.23 The finding of a small negative figure overall despite there being no negative changes in any size category arises due to a slight change in the volume of lettings in different sizes, with 2018 data showing slightly more lets of smaller dwellings than was the case in 2011. It should however be stressed that differences in the profile of lettings is not substantial.



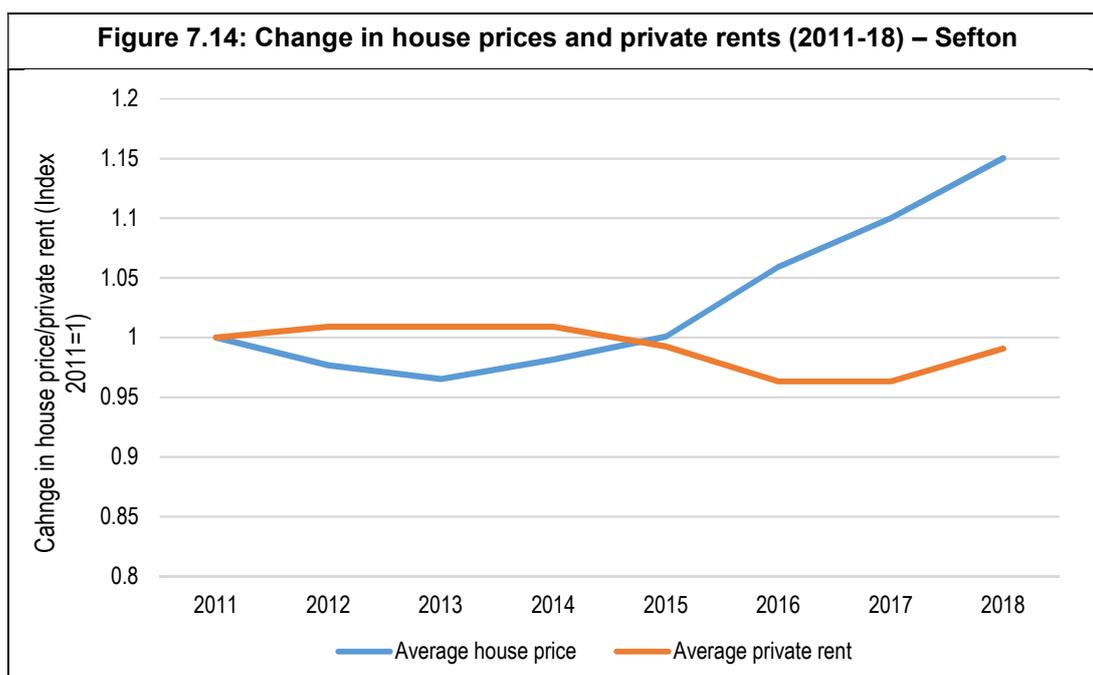
Source: Valuation Office Agency

Figure 7.13: Average (median) private sector rent (per month) 2011 and 2018 – Sefton

	2011	2018	Change	% change
1-bedroom	£416	£425	£9	2%
2-bedrooms	£550	£550	£0	0%
3-bedrooms	£620	£650	£30	5%
4+-bedrooms	£825	£885	£60	7%
All dwellings	£545	£540	-£5	-1%

Source: Valuation Office Agency

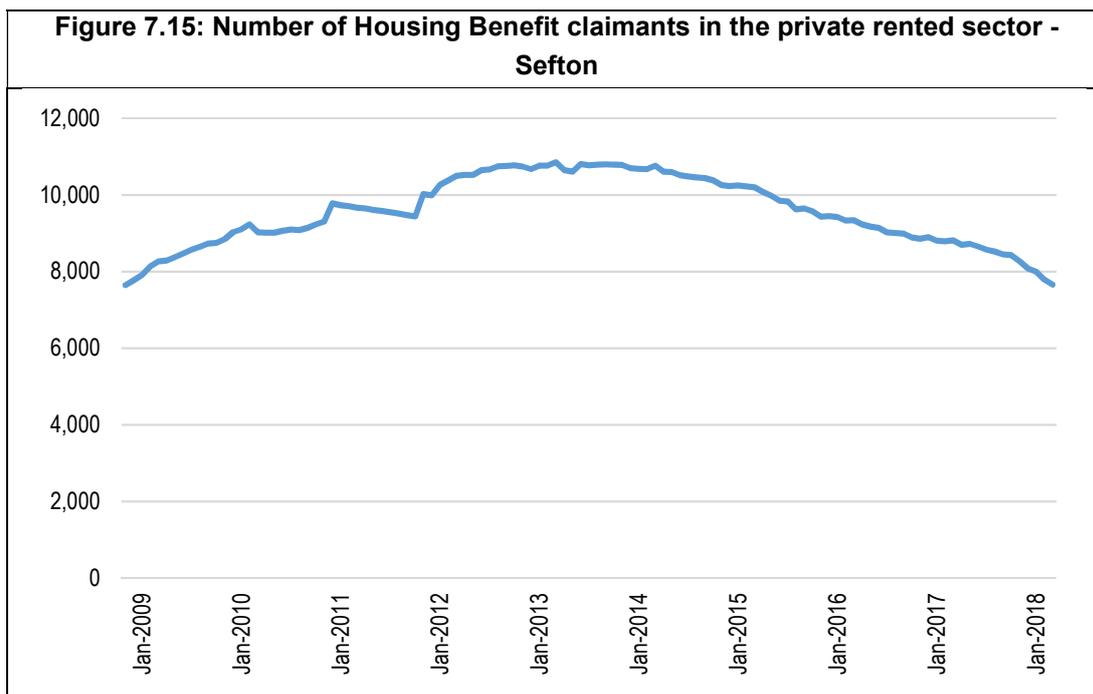
7.24 The figure below shows a comparison between changes to private sector rents and changes to the average house price in the 2011-18 period. This shows that house prices have increased by around 15%, compared with little change in rents. This analysis may suggest that there is some lack of homes for owner-occupation, which may be driven in part by the increased size of the PRS in Sefton (due to buy-to-let). That said, the 15% increase in prices is somewhat lower than the equivalent change across England and Wales, where prices in the same period rose by 38%.



Source: Valuation Office Agency and Land Registry

Housing Benefit Claimants

- 7.25 A further analysis has been carried out to look at the number of housing benefit claimants in the sector. This provides an indication of the number of people who are using the sector as a form of affordable housing, and in many cases will be living in private rented accommodation due to a lack of affordable housing (e.g. in the social rented sector). It should however be noted that some of these households may also be in the sector through choice, although earlier analysis of rent levels compared to Local Housing Allowance does suggest that many households are likely to see a shortfall in benefits compared to rent.
- 7.26 The analysis shows that from 2008, the number of claimants in the PRS rose steadily to peak at around 10,900 in 2013. Since then the number of claimants has fallen, with the number currently standing at about 7,700. It is clear that the PRS still has a significant role in providing accommodation for those who cannot afford the market, but that this is reducing over time. The change is likely to be mainly due to economic improvements (e.g. reducing unemployment), although the relative unaffordability of the sector may also be playing a role – with some households seeking to move into the social rented sector. It is however possible that the fall in HB claimants is in part attributable to the migration of welfare claimants to Universal Credit.



Source: Department of Work and Pensions

Build-to-Rent

- 7.27 As noted, the size of the PRS has grown substantially in Sefton since 2011 and this has been the main growth sector in the market. Nationally and regionally there has also been a substantial increase in the size of the PRS.
- 7.28 Linked in part to this, there is an increased (national) interest from developers in “Build to Rent” housing, which is specifically built not for open market sale but for the Private Rented Sector. Arguably, the sector provides the opportunity for good quality, well-managed rental accommodation which is purpose-built. Additionally, the sector provides the opportunity to boost overall housing delivery, as it does not compete directly with traditional housing development schemes which are built for sale.
- 7.29 The Government has been promoting Build-to-Rent housing. It has set up a Private Rented Sector Taskforce; and supported delivery through other measures – including a Build to Rent Fund which provides Government-backed loans to support new development. The sector is currently relatively small but is one with growth potential.
- 7.30 The Housing White Paper (HWP) notes that local authorities ‘*should plan proactively for Build to Rent where there is a need, and to make it easier for Build to Rent developers to offer affordable private rental homes instead of other types of affordable housing*’. Following this, the revised NPPF now includes Build to Rent housing in the Glossary and specific advice about affordable housing on Build to Rent schemes. Build to Rent guidance was published by MHCLG on the 13th September 2018.

- 7.31 In Sefton, there is currently no evidence of a need for Build to Rent or any significant activity in the sector. Indeed nationally, Build to Rent schemes are mainly coming forward in major urban areas (notably London) and are focussed on young professionals in locations close to transport hubs. Given private sector rent levels in Sefton, it seems unlikely that there would be any notable investment in this sector at present. However, if schemes were to come forward, the Council should consider them on merit, including taking account of any affordable housing offer (such as rent levels and the security of tenure).

The Private Rented Sector: Key Messages

- The private rented sector (PRS) accounts for around 13% of all households in Sefton (as of 2011), below the national average (17%). The number of households in this sector has however grown substantially (increasing by 64% in the 2001-11 period).
- The PRS has some distinct characteristics, including a much younger demographic profile and a high proportion of households with dependent children (notably lone parents) – levels of overcrowding are relatively high. In terms of the built-form and size of dwellings in the sector, it can be noted that the PRS generally sits somewhere between owner-occupation and the social rented sector (i.e. homes owner-occupied sector are typically larger, and homes in the social rented sector smaller). This demonstrates the sector's wide role in providing housing for a range of groups, including those claiming Housing Benefit and others who might be described as 'would be owners' and who may be prevented from becoming owner-occupiers due to issues such as deposit requirements.
- Additional analysis suggests that rent levels have not changed significantly over time (when looking at the 2011-18 period) – this would suggest that despite the large increase in the size of the sector, there is no obvious lack of supply of private rented homes. The increase in the size of the sector could however have a knock-on effect to the cost of owner-occupation, if for example buy-to-let homes reduce the supply available for owner occupation, this could drive-up prices. There is limited evidence that this is occurring.
- There is no evidence of a need for Build to Rent housing (i.e. developments specifically for private rent). However, given the current Government push for such schemes, the Council should consider any proposals on their merit, including taking account of any affordable housing offer (such as rent levels and the security of tenure).
- This study has not attempted to estimate the need for additional private rented housing. It is likely that the decision of households as to whether to buy or rent a home in the open market is dependent on a number of factors which mean that demand can fluctuate over time; this would include mortgage lending practices and the availability of Housing Benefit. A general (national and local) shortage of housing is likely to have driven some of the growth in the private rented sector, including increases in the number of younger people in the sector, and increases in shared accommodation. If the supply of housing increases, then this potentially means that more households would be able to buy, but who would otherwise be renting.

8. Self- and Custom-build

Introduction

- 8.1 *Laying the Foundations – a Housing Strategy for England 2010* sets out that only one in 10 new homes in Britain was self-built in 2010 – a lower level than in other parts of Europe. It identifies barriers to self or custom-build development as including:
- A lack of land;
 - Limited finance and mortgage products;
 - Restrictive regulation; and
 - A lack of impartial information for potential custom home builders.
- 8.2 Government aspires to make self-build a ‘mainstream housing option’ and has thus sought to address these issues. Paragraph 61 of the NPPF sets out that that local planning authorities should plan for people wishing to commission or build their own homes and there is also a separate PPG dealing with self-build and custom housebuilding registers (ID: 57).
- 8.3 The Government has a clear commitment to the sector and there is a section in the White Paper: ‘Fixing our Broken Housing Market’ (2017) paras 3.14-3.16. In preceding paragraphs, the White Paper describes an accelerated building programme centred upon small and medium sized house builders. The section on custom building then features a case study where a small builder was pivotal in a project. The PPG of February 2019 also continues to note the requirement for local authorities to study the demand for self-build and custom housebuilding.

Self and custom build portals

- 8.4 One of the main self- and custom-build portals is BuildStore. As at September 2018 the portal listed 9 sites with 10 building opportunities in the whole of Merseyside – only one of these was in Sefton Borough, a plot in Formby for a 6-bedroom detached home and priced at £380,000.
- 8.5 A further self-build portal run by the National Custom and Self-Build Association (NCaSBA) for people looking for plots was accessed and at the time there was limited evidence of activity from groups or individuals looking for land in the Sefton area on the ‘Need-a-Plot’ section of the portal. There were only two registrations in the Borough, one in the Southport area seeking a plot for a single home priced between £100,000 and £150,000 and one in the Crosby area with a budget of £50,000-£100,000 (again for a single dwelling).

Information from the local authority register

- 8.6 The local authority provided us with anonymous details of people who were on their self-build register as of August 2018. At the time there were 68 people/households on the register; most were already resident in the Borough (77%) , with a further 7% working in the Borough. Some 7% of those registered had no connection with Sefton (5 of 68) whilst for a further 6 cases noted an ‘other’ connection (which was mainly relatives living in the area).

- 8.7 The analysis below focusses on the 68 applicants with a range of data being provided. Not all questions were answered in all entries and so the analysis only provides details where there is a reasonable amount of information.
- 8.8 The table below shows the locations in which households would prefer to have their self-build home. The highest proportion (34%) stated that they had no preference and the area with the greatest demand is the 'Southport and North Sefton' area – 28% of those on the register stated this location as their preference. Potential demand is relatively low in the southern end of the Borough.

Figure 8.1: Preferred location of self-build home		
	Number	%
Formby & Coastal Sefton	12	18%
Maghull East	6	9%
No preference	23	34%
South Sefton	8	12%
Southport & North Sefton	19	28%
Total	68	100%

Source: Sefton Council

- 8.9 The table below shows the type of housing preferred by those on the register. The vast majority (91%) would be looking for a detached home or bungalow. The 5 cases where an 'other' response was provided indicated the following preferences: Eco House, Ruin/wreck/unusual building, Small, Sustainable home, terraced/semi/bungalow.

Figure 8.2: Type of dwelling preferred for self-build		
	Number	%
Detached or bungalow	62	91%
Other	5	7%
Semi-detached	1	1%
Total	68	100%

Source: Sefton Council

- 8.10 Given the type of property preferred, it is not surprising that the majority of those on the register are seeking larger homes (as shown in the table below). That said, there are 4 households on the register only seeking 1-bedroom and a further 14 looking for a 2-bedroom home.

	Number	%
1-bedroom	4	6%
2-bedrooms	14	21%
3-bedrooms	26	38%
4-bedrooms	20	29%
5+-bedrooms	3	4%
Unknown	1	1%
Total	68	100%

Source: Sefton Council

- 8.11 When asked about the sort of plot they were looking for, 91% of those registered stated a 'single plot' and 7% would look for a plot with 'other self-builders'. The vast majority of those registered would be looking to live in the home (90%) although 7% stated that the home would be occupied by a relative or friend. Additionally, most (75%) stated that they would be looking for a self-build, a further 16% stated 'supported self-build' and 6% would just be looking to 'self-finish'. Very few of those on the register have made any arrangements with a builder or someone to manage the build (15%) although a slightly higher proportion (21%) do say that they have undertaken a self-build project before.
- 8.12 Moving on to financial questions, the tables below show how much those registered would be looking to spend on a plot (maximum amount) and also the maximum amount they could spend on a build. Excluding those who did not provide information, the data below shows that over half (33 of 59 – 56%) could not afford more than £75,000, although 20% have stated that they could afford more than £150,000. In terms of build costs, the analysis shows a wide range of figures, although the main category is households unable to spend more than £75,000 – this may be a limiting factor in converting a need to effective demand.

	Number	%
Up to £75k	33	49%
£75-£100k	8	12%
£100-£125k	3	4%
£125-£150k	3	4%
£150k+	12	18%
Unknown	9	13%
Total	68	100%

Source: Sefton Council

	Number	%
Up to £75k	12	18%
£75-£100k	9	13%
£100-£125k	5	7%
£125-£150k	9	13%
£150-£175k	4	6%
£175-£200k	5	7%
£200-£250k	8	12%
£250-£300k	4	6%
£300k+	4	6%
Unknown	8	12%
Total	68	100%

Source: Sefton Council

- 8.13 In terms of a source of funding, again a range of answers were provided. Some 41% would take out a mortgage, 29% would sell their current home and 16% have said that they would pay through savings. Only a small number suggested paying through remortgaging their current home (4%), whilst 9% provided an 'other' answer to this question, and it is unclear what the source of funding would be.
- 8.14 Finally, the table below shows when those on the register have indicated that work could commence once they had a suitable plot. Well over half (60%) have indicated that the build could commence almost immediately (within 6 months) and a further 28% within a year. Although it is unknown from this data how realistic these timings are, it does suggest that those households registered would be seeking to start promptly.

	Number	%
<6 months	41	60%
6-12 months	19	28%
12-18 months	0	0%
18-24 months	4	6%
24+ months	4	6%
Total	68	100%

Source: Sefton Council

Self and Custom-Build: Key Messages

- The Government's self and custom build initiative and the 'right to build' is likely to raise the profile of the self- and custom-build sector. The sector can make a significant contribution to the character of neighbourhoods, innovations in energy efficiency, new methods of construction and design.
- The evidence of the demand for self-build (from both portals and the Council's self-build register) suggest that this is relatively minimal. It is however possible that these sources do not fully capture the extent of the market in the area and increasing the supply could increase awareness of self-build as an option. The council could consider looking at planning applications for single plot builds to provide an idea of the level of activity that is hidden from the main available sources.
- The government White Paper "fixing our broken housing market" signals a strengthening of government support for this sector and illustrates the potential role of small and medium sized house builders in this sector. These are potentially crucial to the sector and may have the land, expertise and other resources to kick start and energise the sector. The involvement of small and medium sized local house builders and registered providers might be instrumental in making larger plots available.