



MARCH 2024

Greater Nottingham and Ashfield Housing Needs Update

Final Report

Iceni Projects Limited on
behalf of The Greater
Nottingham Planning
Partnership
March 2024

ICENI PROJECTS LIMITED
ON BEHALF OF THE
GREATER NOTTINGHAM
PLANNING PARTNERSHIP

Iceni Projects

Birmingham: The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT
Edinburgh: 11 Alva Street, Edinburgh, EH2 4PH
Glasgow: 177 West George Street, Glasgow, G2 2LB
London: Da Vinci House, 44 Saffron Hill, London, EC1N 8FH
Manchester: This is the Space, 68 Quay Street, Manchester, M3 3EJ

t: 020 3640 8508 | w: [iceniprojects.com](https://www.iceniprojects.com) | e: mail@iceniprojects.com
linkedin: [linkedin.com/company/iceni-projects](https://www.linkedin.com/company/iceni-projects) | twitter: @iceniprojects

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Housing Needs Update
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1. EXECUTIVE SUMMARY

- 1.1 The Housing Needs Update (HNU) is being prepared for the Greater Nottingham Area (excluding Erewash) and Ashfield area to support the preparation of Local Plans looking at an extended plan period to 2041¹, and to provide evidence drawing on the latest data including the 2021 Census to support housing market interventions and prospective future funding bids.

Housing Market Area

- 1.2 Migration data shows a continued relationship between the constituent local authorities and self-containment rates drawn from the 2021 Census exceed the previous ONS threshold of 75% particularly when long-distance moves are removed.
- 1.3 This is also confirmed by analysis of commuting data from 2021 which again show high levels of workforce and job-self-containment.
- 1.4 There is also an alignment in how house prices have changed since 1995 with all areas in the HMA showing a similar level of growth which is lower than the East Midlands Region and England.
- 1.5 These analyses therefore confirm that the Nottingham Core HMA of Broxtowe, Erewash, Gedling, the City of Nottingham and Rushcliffe remains valid. There is also some overlap with the Nottingham Outer HMA and particularly Hucknall in Ashfield.

Housing Stock

- 1.6 At the point of the 2021 Census, within Broxtowe, Gedling and Rushcliffe, three-quarters of all households were owner-occupiers; with Ashfield slightly less at 68% with a greater proportion of social renters (15%).
- 1.7 In Nottingham City, the proportion of social renters was notably higher than elsewhere in the study area at 26% likewise the City has a relatively larger private rented sector at 29% resulting in a relatively low level of home ownership.

¹ Ashfield's local plan remains looking to 2040 and a separate document has examined this time period (see appendix)

- 1.8 The profile of homes within Rushcliffe is focused more towards larger properties than elsewhere in the study area, with 4 or more bedroom properties representing 36% of all households. There is a slightly higher proportion of larger housing in Gedling and Broxtowe.
- 1.9 Nottingham City has a higher proportion of smaller properties with 1 and 2-bedroom properties accounting for 43% of all households. Elsewhere, the profile of sizes was relatively consistent with 3-bedroom properties accounting for around half of all households and smaller 1-bedroom properties around 6% to 7%.

Housing Market

- 1.10 In the year to March 2023, the median house price in Rushcliffe was £331,500 which was 14% above the national average and the only authority to sit above the national median at £290,000.
- 1.11 The lowest median house price was in Ashfield at £182,700 closely followed by Nottingham (£185,000). Broxtowe and Gedling have relatively higher median house prices with both at £235,000.
- 1.12 Entry-level house prices in Rushcliffe were 9 times the average lower quartile earnings compared to a ratio of 6.02 in Nottingham and 6.16 in Ashfield. This points to significant barriers for households in Rushcliffe and younger households, in particular, being able to afford to own a home.
- 1.13 In other authority areas, affordability is not as significant when set against national figures; albeit affordability pressures exist in relative terms.
- 1.14 The growth in rental values has been strong. In Nottingham and Broxtowe, rents for 4+ beds saw the strongest comparative rental growth between 2013/14 and 2022/23 at over 50%.
- 1.15 There was also strong growth in Rushcliffe for rooms and 4-bedroom properties, whilst rents for 1-bedroom properties in Nottingham also experienced strong growth at over 44%.

Housing Need and Demographics

- 1.16 On the basis that the local authorities deliver housing² in line with their local housing target (60,741 homes), our population projection shows that there would be an increase of around 119,200 people.
- 1.17 This would result in a strong population growth in the 65 and over age band (+32% from 2023 - 2041). Both the under-16 and 16-64 populations are projected to see more modest increases.
- 1.18 This level of population growth could support approximately 65,000 additional jobs which compares to the regeneration-led economic forecast scenarios of up to 54,000 jobs. As a consequence, there is no need to increase the housing supply to meet economic growth.

Affordable Housing

- 1.19 When looking at needs from households unable to buy or rent, the analysis suggests a need for 3,684 affordable homes per annum across the study area, with a need shown in all local authorities.
- 1.20 Despite the level of need, it is not considered that this points to any requirement for the Councils to increase the Local Plan housing requirement due to affordable needs. That said, the level of affordable need does suggest the Councils should maximise the delivery of such housing at every opportunity.
- 1.21 The analysis suggests there will be a need for both social and affordable rented housing – the latter will be suitable particularly for households who are close to being able to afford to rent privately and possibly also for some households who claim full Housing Benefit.
- 1.22 It is however clear that social rents are more affordable and could benefit a wider range of households – social rents could therefore be prioritised where delivery does not prejudice the overall delivery of affordable homes.
- 1.23 When looking at Affordable Home Ownership (AHO) products, the analysis is less conclusive about the scale of the need. Where a need has been shown, it is universally lower than the need for social/affordable rented housing.

² The Greater Nottingham Strategic Plan will deliver a minimum target of 52,710 homes with City supply and the full need for the other LPAs (based on the standard method).

- 1.24 For example, the largest figure calculated is 613 affordable home ownership products per annum compared to 3,684 affordable rental homes per annum. This is particularly the case in Nottingham where even the highest calculation of affordable home ownership need is negative (-9 per annum) while the need for affordable rental homes is substantial (1,729 per annum). This would point to affordable homes to rent being prioritised over affordable home ownership products.
- 1.25 That said the evidence does suggest that many households in Greater Nottingham and Ashfield are still being excluded from the owner-occupied sector (as evidenced by increases in the size of the private rented sector).
- 1.26 It is likely that a key issue in the study area is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potential mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy (although this will be an important factor for some households).
- 1.27 Given the cost of housing locally, it may be difficult for some affordable home ownership products to be provided and be considered as 'genuinely affordable'. This again points to the need for the Councils to prioritise the delivery of rented affordable housing where possible.
- 1.28 There may also be a role for AHO in any 100% affordable housing schemes that may come forward (as well as through Section 106). Including a mix of both rented and intermediate homes to buy could make such schemes more viable, as well as enabling a range of tenures and therefore potential client groups to access housing.
- 1.29 In deciding what types of affordable housing to provide, including a split between rented and home ownership products, the Councils will need to consider the relative levels of need and viability issues.

Housing Mix

- 1.30 Analysis of the future mix of housing required takes account of demographic change, including potential changes to the number of family households and the ageing of the population.
- 1.31 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.
- 1.32 The analysis linked to future 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 – the analysis also models for there to be a modest decrease in levels of under-occupancy (which is notable in the market sector). The modelled mix of housing is shown below

for the whole study area, although it is worth noting that differences across areas are generally fairly modest:

Table 1.1 Modelled Housing Mix (HMA)

	Market	Affordable home ownership	Affordable housing (rented)	
			General needs	Older persons
1-bedroom	8%	18%	24%	46%
2-bedrooms	34%	42%	39%	54%
3-bedrooms	41%	30%	30%	
4+-bedrooms	16%	10%	8%	

- 1.33 In all sectors, the analysis points to a particular need for 2-bedroom accommodation, with varying proportions of 1-bedroom and 3+-bedroom homes. For general need rented affordable housing, there is a clear need for a range of different sizes of homes, including 38% to have at least 3 bedrooms.
- 1.34 The mix identified could inform strategic policies although a flexible approach should be adopted. Additionally, in applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.
- 1.35 The Councils should also monitor the mix of housing delivered.

Older Persons and Disabled People

- 1.36 The older person population is projected to increase notably moving forward. An ageing population means that the number of people with disabilities is likely to increase substantially. Key findings for the HMA³ for the 2023-41 period include:
- a 32% increase in the population aged 65+ (potentially accounting for 38% of total population growth);
 - a 46% increase in the number of people aged 65+ with dementia and 40% increase in those aged 65+ with mobility problems;
 - a need for around 3,400 housing units with support (sheltered/retirement housing) – all in the market sector;

³ These are broken down by local authority area within the main body of the report.

- a need for around 4,000 additional housing units with care (e.g. extra-care) – around 56% in the market sector;
- a need for additional nursing and residential care bedspaces but current need and supply in broad balance (particularly for residential care); and
- a need for 4,000 dwellings to be for wheelchair users (meeting technical standard M4(3)).

1.37 This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair-user dwellings as well as providing a specific provision of older persons housing.

1.38 Given the evidence of an ageing population and the scale of growth in those with a disability, the Councils could consider (as a starting point) requiring all dwellings (in all tenures) to meet the M4(2) standards and seek a proportion (maybe up to 5%) of all new market homes to be M4(3)(A) compliant and potentially a higher figure in the affordable sector (say 10%) to be M4(3)(B).

Student Housing Needs

1.39 As of 2021/22, the universities in Nottingham had 71,920 FT students. Since the 2014/15 academic year, there has been an increase of 35% in the number of students (over 20,000 students).

1.40 Around 85% of FT students at the city's universities require accommodation and of this group, 56% live in Purpose Build Student Accommodation (PBSA). The remaining 44% require accommodation in the general housing stock including in HMOs with significant clusters in the west of the City and Beeston.

1.41 The projected growth at the Universities could mean a further 6,160 FT students requiring accommodation by 2026/27. However, this growth will be met through a pipeline supply of 8,846 bedspaces.

1.42 This additional stock could, in theory, result in improvements to affordability in PBSA but should also deliver a wider range of products which could help support drawing students out of HMOs into PBSA by prioritising cluster flats and other alternative forms of PBSA and minimising the amount of additional studios.

The Private Rented Sector

1.43 Across the study area, the growth in the private rented sector has been strong since 2011 in line with the national trend, and now plays an important role in the housing market of all authorities in the study area, particularly in Nottingham.

- 1.44 Over recent years, successive Governments have looked to the private rented sector to play a greater role in providing more new build housing and have sought to encourage “build to rent” development.
- 1.45 The profile of those in the private rented sector in the study area is typically focused on those in their 20s and 30s with the largest household group being single households aged under 65 across the board.
- 1.46 There are however significant gaps between private lower quartile rents and Local Housing Allowance (LHA) rates in all authority areas and for smaller and larger properties, pointing towards serious challenges for those on lower incomes and their ability to access the private rental market.
- 1.47 Given the benefits of build to rent development, including longer tenancies and the provision of affordable rented housing, it is considered appropriate that the Councils duly recognise the role of build to rent development and craft planning policies which help to support it and provide clarity on how policies will be applied to it.
- 1.48 Given the nature of the sector, the Councils are advised to align policy requirements to national guidance although some flexibility should be applied which recognises the differing viability of this product in comparison to normal market housing.
- 1.49 The Councils should develop a policy supporting build to rent development which specifies the types of locations which are considered suitable for such development. We recommend that schemes should be supported within:
- **Nottingham City** – principally within the Creative Quarter, Canal Quarter and Royal Quarter, as well as strategic regeneration sites.
 - **Broxtowe** – principally around Beeston and close to transport nodes; and
 - **Rushcliffe** - principally around West Bridgford
- 1.66 There are also clear opportunities for build to rent development to come forward through the potential Nottingham Tram expansion. Elsewhere, opportunities should also be considered on the main arterial routes and transport hubs into and on the borders of Nottingham City, should funding become available.

2. INTRODUCTION

- 2.1 The Greater Nottingham Planning Partnership (“GNPP”) comprising Broxtowe Borough Council, Erewash Borough Council, Gedling Borough Council, Nottingham City Council and Rushcliffe Borough Council; as well as Ashfield District Council commissioned Icen Projects (“Icen”) to prepare an update to their Housing Needs Assessment (HNU).
- 2.2 The HNU is being prepared for the Greater Nottingham Area (excluding Erewash) and Ashfield area to support the preparation of Local Plans looking ahead to 2041 and to provide evidence to support housing market interventions and prospective future funding bids.
- 2.3 For completeness and continuity, some of the baseline analysis includes Erewash. However, Erewash Borough Council is not a commissioning authority and key outputs for the Borough are excluded from the analysis.
- 2.4 An Ashfield sensitivity report is also included at Appendix 1 which is intended to provide key outputs of the Housing Needs Update for the borough. The appendix reflects the district’s slightly shorter plan period to 2040. This allows Ashfield District Council to sense check the housing policies in its draft Local Plan to ensure they remain justified in light of the most recent evidence.

Local Housing Need

- 2.5 This report does not consider local housing need in detail across the study area; however, projections have been developed to inform the analysis within the report which are linked to the current local housing targets for each authority area as set out in the Greater Nottingham Strategic Plan and summarised below. Except for Nottingham City (which is a capacity-based figure), these are calculated using the standard methodology as set out by the Government.

Table 2.1 Housing Target (2023-2041)

	Total	Rounded
Broxtowe	6,984	6,980
Gedling	8,334	8,330
Nottingham	26,685	26,690
Rushcliffe	10,710	10,710
Greater Nottingham	52,713	52,710

Source: GNSP

- 2.6 In addition, this instruction was extended to include Ashfield due to the close links between the town of Hucknall and the City of Nottingham. The outputs are based on a housing need of 446 dwellings per annum (“dpa”) which is the housing need for the district under the standard method.
- 2.7 It should be noted that the numbers included in tables and figures throughout the report may not sum exactly due to rounding.

3. THE PLANNING POLICY CONTEXT

- 3.1 This section sets out an overview of the key national planning policy and guidance underpinning the preparation of this housing market assessment.

National Planning Policy Framework (December 2023)

- 3.2 The latest version of the National Planning Policy Framework (“the Framework”) was published by the Government in December 2023. The Framework (Paragraph 7) states that the purpose of planning is to contribute to the achievement of sustainable development. It states (Paragraph 9) that planning policies and decisions should play an active role in guiding development towards sustainable solutions, but in doing so should take local circumstances into account, to reflect the character, needs and opportunities of each area.
- 3.3 Accordingly, plans should apply a presumption in favour of sustainable development and for plan-making, this means that plans should positively seek opportunities to meet the development needs of their area and be sufficiently flexible to adapt to rapid change and strategic policies should, as a minimum, provide for objectively assessed needs for housing and other uses, as well as any needs that cannot be met within neighbouring authorities, where it is sustainable to do so (Paragraph 11 b).
- 3.4 The development plan must include strategic policies to address each local planning authority’s priorities for the development and use of land in its area. These policies can be contained in joint or individual local plans.
- 3.5 To support the Government’s objective of significantly boosting the supply of homes, the Framework (Paragraph 60) states it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay.
- 3.6 The Framework (Paragraph 61) sets out 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 – adding that “The outcome of the standard method is an advisory starting-point for establishing a housing requirement for the area”.
- 3.7 It also explains that “There may be exceptional circumstances, including relating to the particular demographic characteristics of an area which justify an alternative approach to assessing housing need; in which case the alternative approach should also reflect current and future demographic trends and market signals.”

- 3.8 The Framework (Paragraph 63) is also clear that within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, people who rent their homes and people wishing to commission or build their own homes.
- 3.9 This Paragraph of the Framework also refers to ‘travellers’, who are part of the overall housing requirement but whose needs should be assessed following the Planning Policy for Traveller Sites (NPPF footnote 28). Because of the particular needs of travellers, a separate Gypsy and Traveller Accommodation Assessment (GTAA) has been published⁴.
- 3.10 The Framework’s Glossary (Annex 2) provides an updated definition of affordable housing; as well as definitions of build to rent development, local housing need, older people; and self-build and custom housing.

Planning Practice Guidance

- 3.11 The Planning Practice Guidance on housing and economic needs assessments states⁵ that authorities will need to consider how the needs of individual groups can be addressed within the overall need established. The need for particular sizes, types and tenures of homes as well as the housing needs of particular groups should be considered separately.
- 3.12 There are also specific PPGs on *self-build and custom housebuilding*⁶, *Build to Rent*⁷ and *housing for older and disabled people*⁸ which should be taken into account in doing so.

Greater Nottingham Strategic Plan

- 3.13 Since the previous Housing Needs Study the local authorities which comprise the Greater Nottingham Planning Partnership consulted on the Preferred Approach for the Greater Nottingham Strategic Plan between 4 January 2023 and 14 February 2023 as well as the Preferred Approach to Distribution and Logistics between the 26th September and 7th November 2023.

⁴ <https://www.ashfield.gov.uk/media/5wrjwll/greater-nottingham-and-ashfield-district-council-gtaa-report-march-2021.pdf>

⁵ Paragraph: 010 Reference ID: 2a-010-20190220

⁶ <https://www.gov.uk/guidance/self-build-and-custom-housebuilding>

⁷ <https://www.gov.uk/guidance/build-to-rent>

⁸ <https://www.gov.uk/guidance/housing-for-older-and-disabled-people>

- 3.14 The Strategic Plan⁹ focused on strategic policies that identify the amount and distribution of development to the new plan period which ends in 2041. The Preferred Approach consultation identified the strategic distribution of housing and employment provision and strategic sites that are vital to the delivery of the Greater Nottingham Strategic Plan.
- 3.15 The preferred approach to housing provision is set out in Table 2.1 above and will deliver 52,710 additional homes across Greater Nottingham. This is very close to the Standard Method need of 52,510.

⁹ <https://www.gnplan.org.uk/consultations/greater-nottingham-strategic-plan-preferred-approach-now-closed/>

4. HOUSING MARKET AREA

4.1 A 2018 study by consultancy ORS¹⁰ was commissioned by the Nottingham Core HMA comprising Broxtowe, Gedling, Erewash, Nottingham City and Rushcliffe to confirm the Nottingham Core Housing Market Area (HMA) boundary.

4.2 The boundary was initially identified by a report¹¹ produced by DTZ for the now defunct East Midlands Regional Assembly which stated.

“consideration (should) be given to undertaking two HMAs for this area (Nottinghamshire and Erewash), one for the area comprising the urban core (Nottingham City, Rushcliffe, Gedling, Erewash, and Broxtowe), the other for the periphery (Newark and Sherwood, Mansfield and Ashfield).”

4.3 The 2018 ORS Study concluded that:

“There is no single correct definition of an HMA and FEMA, but the CURDS HMA analysis, ONS Travel to Work Areas and BRMAs (Broad Rental Market Areas) all indicate that the Nottingham Core HMA authorities of Broxtowe, Gedling, Erewash, Nottingham City and Rushcliffe are all located within the same HMA and FEMA. The migration and commuting data also supports a Nottingham Outer HMA and FEMA containing Ashfield, Mansfield and Newark and Sherwood.”

4.4 The report goes on to add:

“the town of Hucknall being in the administrative area of Ashfield, but within the functional HMA and FEMA for Nottingham Core HMA, while areas of Broxtowe, Erewash, Gedling, and Rushcliffe lie inside of other functional HMAs and FEMAs. However, from an administrative and practical point of view it is necessary for HMAs and FEMAs to follow local authority boundaries and the five authorities in the Nottingham Core HMA and FEMA remain the most appropriate grouping.”

4.5 This chapter of the report examines whether this definition remains valid when up-to-date migration and commuting data from the 2021 Census is used. Although there has not been an update to the CURDS HMA Analysis, ONS Travel to Work Areas (TTWAs) and Broad Rental Market Areas (BRMAs) were used in the previous definition.

¹⁰

<https://documents.nottinghamcity.gov.uk/download/7469#:~:text=This%20takes%20the%20Nottingham%20HMA,Erewash%20C%20Nottingham%20City%20and%20Rushcliffe.&text=changes%20to%20planning%20policy%20and%20additional%20data%20has%20become%20available.>

¹¹ <https://dokumen.tips/documents/identifying-the-sub-regional-housing-markets-of-the-dtz-recommend-that.html?page=12>

Planning Practice Guidance

- 4.1 The Planning Practice Guidance (“PPG”) relating to Plan Making¹² defines what a Housing Market Area (“HMA”) is and sets out the approach local authorities should take when defining these. A housing market area is a *“geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work.”*
- 4.2 The PPG goes on to add:
- “These can be broadly defined by analysing:
- The relationship between housing demand and supply across different locations, using house prices and rates of change in house prices. This should identify areas which have clearly different price levels compared to surrounding areas.
 - Migration flow and housing search patterns. This can help identify the extent to which people move house within an area, in particular where a relatively high proportion of short household moves are contained, (due to connections to families, jobs, and schools).
 - Contextual data such as travel to work areas, retail and school catchment areas. These can provide information about the areas within which people move without changing other aspects of their lives (e.g. work or service use).”
- 4.3 The guidance sets out a range of suggested data sources for doing this. These include ONS data on internal migration and travel to work areas (“TTWA”) and HM Land Registry Price Paid data for house prices.
- 4.4 This slimmed-down PPG notably omits any self-containment threshold for defining HMAs. This is unlike the previous version of the PPG which stated that migration self-containment of “typically 70 per cent” excluding long-distance moves can help identify a suitable HMA. The scale of an HMA and its required self-containment rate is, therefore, less definitive, as long as it is identified using the approach in the PPG. However, the Government’s previous advice remains of some relevance and the 70% threshold has become accepted industry best practice.
- 4.5 It is also worth noting that, in reality, HMA boundaries do not generally follow administrative boundaries. Despite this, it is often commonplace, and sensible, for HMAs to be defined using local authority boundaries. This is because many of the key datasets used in assessing housing need (such

¹² Paragraph 18 Reference ID: 61-018-20190315

as the household projections) are only published at a local authority level. In many areas including Nottinghamshire, a pragmatic response has therefore been to define HMAs at a local authority level.

- 4.6 These issues were touched upon in the Planning Advisory Services (PAS) Technical Advice Note on Objectively Assessed Housing Need and Housing Targets¹³ (July 2015) which concluded that:

“it is best if HMAs, as defined for the purpose of needs assessments, do not straddle local authority boundaries. For areas smaller than local authorities data availability is poor and analysis becomes impossibly complex.” However, the Technical Advice Note notably adds that *“this is not always possible and it may be the case that some [local authority] areas, particularly those covering an expansive area fall into more than one HMA.”*

- 4.7 This is also reflected in our approach to reviewing the boundaries below.

Migration

- 4.8 The table below details migration statistics in the year to March 2021 for the top five areas in which each local authority has a migratory relationship. This is shown as gross migration (both in and out migration combined) rather than net migration (which can cancel each other out). It is also weighted by the aggregate 1,000 head of population in both authorities (this addresses areas with larger populations naturally having greater numbers of movement).

Table 4.1 Gross Migration Per 1,000 Head of Population (2021)

Gross Migration	Broxtowe		Erewash		Gedling		Nottingham		Rushcliffe	
	Broxtowe	34.7	Erewash	39.3	Gedling	34.2	Nottingham	91.5	Rushcliffe	42.0
Internal	Broxtowe	9.3	Broxtowe	6.6	Nottingham	8.0	Broxtowe	9.3	Nottingham	8.1
1st	Nottingham	6.6	Amber Valley	3.4	Rushcliffe	3.1	Rushcliffe	8.1	Gedling	3.1
2nd	Erewash	6.6	Derby	3.4	Ashfield	2.9	Gedling	8.0	Melton	2.3
3rd	Amber Valley	2.2	Nottingham	1.8	Newark & Sherwood	2.9	Ashfield	3.0	NW Leics	2.0
4th	Ashfield	2.1	NW Leics	1.2	Broxtowe	1.6	Erewash	1.8	Broxtowe	2.0
5th	Rushcliffe	2.0	NW Leics	1.2	Broxtowe	1.6	Erewash	1.8	Broxtowe	2.0

Source: ONS, Census (2021) * Those in bold comprise the HMA

¹³ <https://www.local.gov.uk/sites/default/files/documents/objectively-assessed-need-9fb.pdf>.

- 4.9 As the table shows, each local authority's closest relationship remains with one of the other HMA authorities. Indeed, in all but Erewash, the top two relationships are with the other HMA authorities. All of the local authorities feature Nottingham and Broxtowe within their top 5 illustrating their centrality to the HMA.
- 4.10 In the case of Erewash, their second highest relationship is with Amber Valley which itself has a closer relationship with Derby. This would suggest some overlap with the Derby HMA but as we have set out this is likely to be localised and HMA boundaries should be based on Local Authority boundaries.
- 4.11 We note that Nottingham City has a closer relationship with Ashfield than it does with Erewash. However, Ashfield has a much closer relationship with both Mansfield and Bolsover than it does with Nottingham (or any other Core HMA authority). This dynamic is therefore likely to reflect Hucknall being part of the Nottingham Core HMA.
- 4.12 In conclusion, this analysis of migration relationships suggests that the previously defined HMA remains broadly sound.

Self-Containment

- 4.13 We have also examined self-containment rates for the HMA and each local authority. Self-containment rates are the percentage of moves into and out of an area which originate and terminate within the same area. This can be calculated as the percentage of moves from an area (origin self-containment) and the percentage of moves to an area (destination self-containment).
- 4.14 In both cases, according to the former guidance this should exclude long-distance and lifestyle moves. This is to ensure the analysis is not skewed by student movements (such as those to Nottingham and Broxtowe) or retirees moving to the coast and alike. Although there is no definition of what a long-distance move is we have defined this as those moves from or to outside of the East Midlands Region.
- 4.15 As shown in the table below, around 70% of all moves to the HMA originated in the HMA. When long-distance moves are excluded this increases to 85.8%. As this exceeds the typical 70% threshold this would confirm that the Nottingham Core HMA remains valid.

Table 4.2 Origin Self-Containment (2021)

<i>Origin Self-Containment</i>	<i>Broxtowe</i>	<i>Erewash</i>	<i>Gedling</i>	<i>Nottingham</i>	<i>Rushcliffe</i>	<i>Core HMA</i>
Broxtowe	3,845	627	149	2,165	148	6,934
Erewash	846	4,442	82	444	105	5,919
Gedling	212	86	4,017	2,114	307	6,736
Nottingham	1,838	346	1,385	29,277	1,341	34,187
Rushcliffe	306	111	436	2,232	5,019	8,104
Core HMA Moves	7,047	5,612	6,069	36,232	6,920	61,880
All Moves	10,214	8,597	8,831	49,601	11,172	88,415
Self-Containment	69.0%	65.3%	68.7%	73.0%	61.9%	70.0%
All EM Moves	8,073	7,559	7,979	38,828	9,706	72,145
Short Distance Self-Containment	87.3%	74.2%	76.1%	93.3%	71.3%	85.8%

Source: ONS, Census (2021)

- 4.16 As shown in the table below, around 62.6% of all moves from the HMA ended up somewhere else in the HMA. When long-distance moves are excluded, the self-containment rate increases to 84.9%. This is particularly obvious in the City which has many students moving from outside the region. Again, as this exceeds the typical 70% threshold this would confirm that the Nottingham Core HMA remains valid.

Table 4.3 Destination Self-Containment (2021)

<i>Destination Self-Containment</i>	<i>Broxtowe</i>	<i>Erewash</i>	<i>Gedling</i>	<i>Nottingham</i>	<i>Rushcliffe</i>	<i>Core HMA</i>
Broxtowe	3,845	846	212	1,838	306	7,047
Erewash	627	4,442	86	346	111	5,612
Gedling	149	82	4,017	1,385	436	6,069
Nottingham	2,165	444	2,114	29,277	2,232	36,232
Rushcliffe	148	105	307	1,341	5,019	6,920
Core HMA Moves	6,934	5,919	6,736	34,187	8,104	61,880
All Moves	10,205	8,234	8,837	59,472	12,087	98,835
Self-Containment	67.9%	71.9%	76.2%	57.5%	67.0%	62.6%
All EM Moves	8,548	7,643	7,562	40,336	8,767	72,856
Short Distance Self-Containment	81.1%	77.4%	89.1%	84.8%	92.4%	84.9%

Source: ONS, Census (2021)

- 4.17 In summary, this self-containment analysis suggests that the previously defined Nottingham Core HMA remains broadly sound.

Travel to Work

- 4.18 The analysis of commuting flows provides important evidence of the functional relationships among different areas and helps in further considering the HMA. The ONS produce Travel To Work Areas

(TTWA) which aim to identify self-contained labour market areas in which the majority of commuting occurs within the boundary of the area.

- 4.19 Two types of self-containment rates are analysed: the resident or workforce self-containment which is the percentage (%) of employed residents who work locally and; jobs self-containment which is the percentage (%) of local jobs taken by residents. ONS' threshold for defining TTWAs was that at least 75% of the area's resident workforce works in the area and at least 75% of people who work in the area also live in the area in most instances.
- 4.20 However, the ONS Travel to Work Areas have not been updated since those that draw on the 2011 Census. We have therefore sought to identify whether the HMA could also operate as a TTWA based on the self-containment rate calculated from the 2021 Census. However, it should be caveated that commuting patterns were greatly affected by the pandemic with many more people working from home than would usually be the case and even below the lower than "normal" level they have returned to.
- 4.21 As shown in the table below 86.4% of all those in employment living within the HMA also work in the HMA. However, it should be noted that these figures are aided by large numbers who either work from home or have no fixed place of work (see above). This is likely to be higher than normal due to the census taking place in partial lockdown. When we remove those working from home or with no fixed place of work then the self-containment rate falls to 75.9% which still exceeds the 75% threshold.

Table 4.4 Workforce Self-Containment (2021)

<i>Workforce Self-Containment</i>	<i>Broxtowe</i>	<i>Erewash</i>	<i>Gedling</i>	<i>Nottingham</i>	<i>Rushcliffe</i>	<i>Core HMA</i>
Working from Home or No Fixed Place of Work	23,704	21,327	25,530	50,391	30,771	151,723
Broxtowe	7,545	3,184	900	4,500	691	16,820
Erewash	2,738	12,810	342	1,522	390	17,802
Gedling	698	318	8,667	4,991	1,048	15,722
Nottingham	9,189	4,295	12,543	47,773	8,179	81,979
Rushcliffe	906	504	1,535	4,960	8,923	16,828
Nottingham Core HMA	44,780	42,438	49,517	114,137	50,002	300,874
All Workers	51,839	54,900	56,088	128,529	56,831	348,187
Self-Containment	86.4%	77.3%	88.3%	88.8%	88.0%	86.4%

Source: ONS, Census (2021)

- 4.22 As shown in the table below, around 87.3% of all jobs in the HMA are taken up by someone living within the HMA. When those working from home and with no fixed place of work are excluded this falls to 77.3%. Again, as this exceeds the 75% threshold this would confirm that the Nottingham Core HMA could be a TTWA in its own right.

Table 4.5 Job Self-Containment (2021)

<i>Job Self-Containment</i>	<i>Broxtowe</i>	<i>Erewash</i>	<i>Gedling</i>	<i>Nottingham</i>	<i>Rushcliffe</i>	<i>Core HMA</i>
Working from Home or No Fixed Place of Work	23,704	21,327	25,530	50,391	30,771	151,723
Broxtowe	7,545	2,738	698	9,189	906	21,076
Erewash	3,184	12,810	318	4,295	504	21,111
Gedling	900	342	8,667	12,543	1,535	23,987
Nottingham	4,500	1,522	4,991	47,773	4,960	63,746
Rushcliffe	691	390	1,048	8,179	8,923	19,231
Nottingham Core HMA	40,524	39,129	41,252	132,370	47,599	300,874
All Jobs	45,993	47,006	46,094	152,484	53,033	344,610
Self-Containment	88.1%	83.2%	89.5%	86.8%	89.8%	87.3%

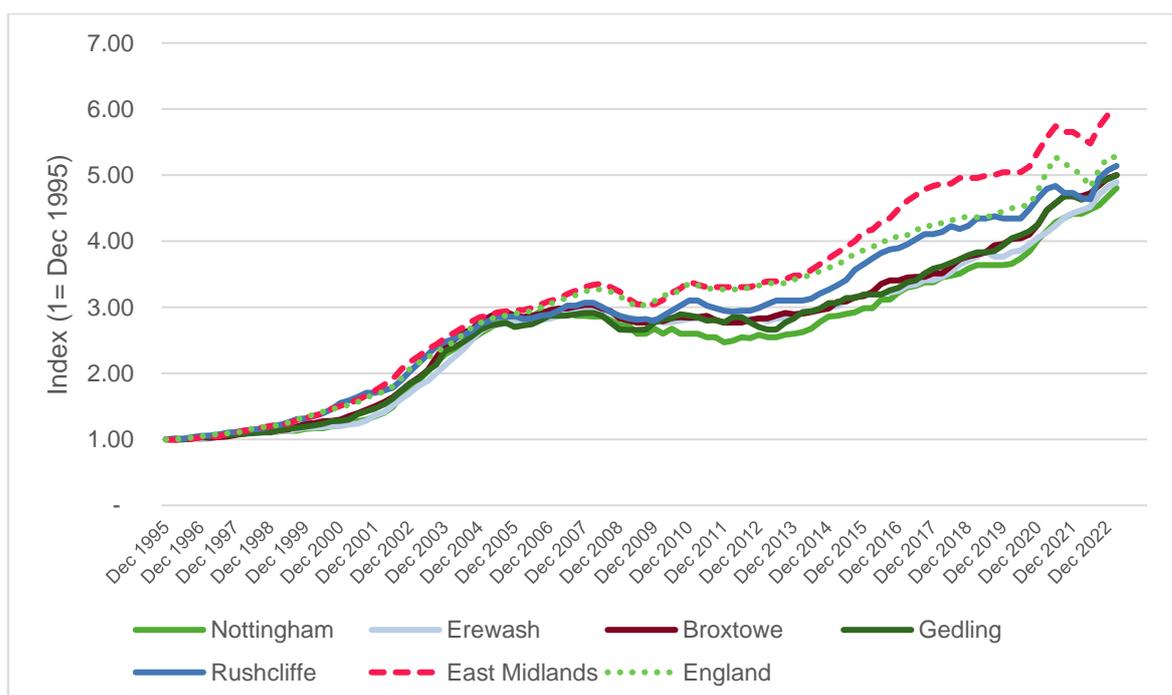
Source: ONS, Census (2021)

4.23 As outlined above, the workforce and job self-containment rate analysis suggests that the previously defined Nottingham Core HMA remains broadly sound.

House Prices and House Price Change

4.24 House prices and house price change are other indicators of housing market areas. As illustrated in the Figure below, the indexed house price change is similar across the HMA (as shown by the clustering) and all are below the East Midlands and to a lesser degree the England indexed change.

Figure 4.1 - Indexed House Price Change, December 1995- March 2023



Source: ONS 2022

- 4.25 This would suggest a continued alignment between the housing markets in these areas and would confirm that the previous HMA definition remains valid.

Key Points - Housing Market Area

- 4.26 This section has sought to confirm whether the Housing Market Area (HMA) boundary from the 2018 study remains valid.
- 4.27 Migration data shows a continued relationship between the constituent local authorities and self-containment rates drawn from the 2021 Census exceed the previous ONS threshold of 75%, particularly when long-distance moves are removed.
- 4.28 This is also confirmed by analysis of commuting data from 2021 which again show high levels of workforce and job-self-containment.
- 4.29 There is also an alignment in how house prices have changed since 1995 with all areas in the HMA showing a similar level of growth which is lower than the East Midlands Region and England.
- 4.30 These analyses therefore confirm that the Nottingham Core HMA of Broxtowe, Erewash, Gedling, the City of Nottingham and Rushcliffe remains valid. There is also some overlap with the Nottingham Outer HMA and particularly Hucknall in Ashfield.

5. HOUSING STOCK AND THE HOUSING MARKET

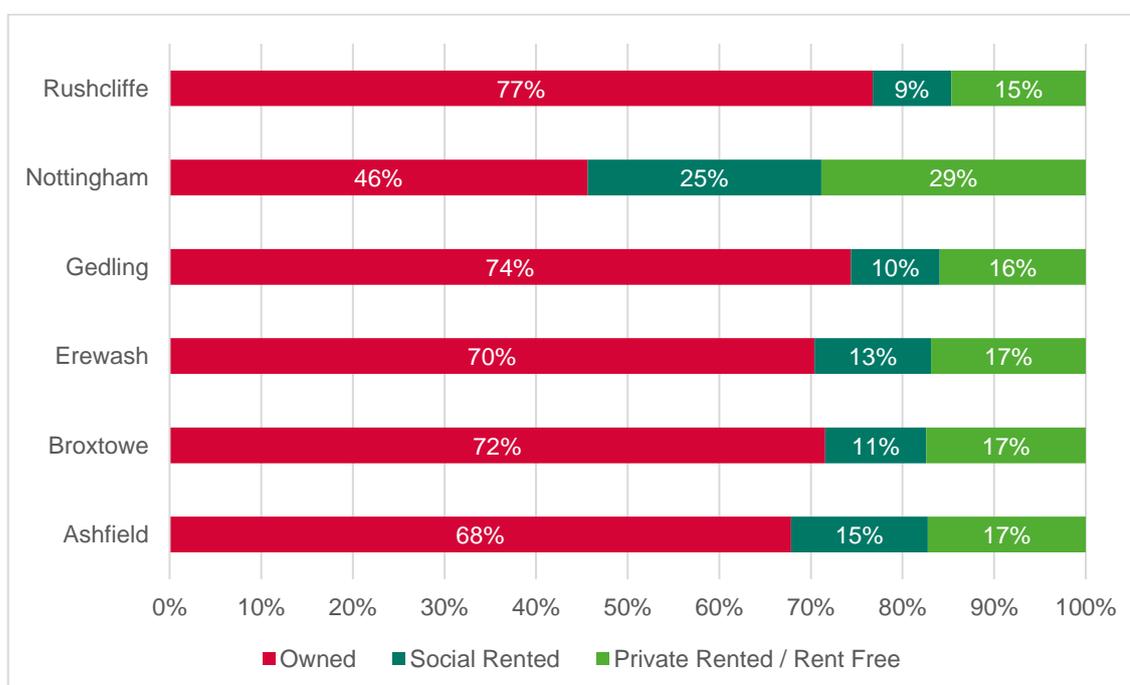
- 5.1 An important building block for considering what housing is needed in the future is to understand the existing housing offer (by type, tenure and size) and how the mix of properties varies between tenures.
- 5.2 Recognising that the majority of the housing stock in 2041 will be that which stands today, we have profiled the current housing offer, housing supply trends, house price and rental statistics and market affordability.
- 5.3 We have sought to review census data from 2021 and update this with data on completions sourced from the HMA councils (excluding Erewash) themselves where available.

Housing Offer

Tenure Profile

- 5.4 At the point of the 2021 Census, around three-quarters of households were owner-occupiers in Broxtowe, Erewash, Gedling and Rushcliffe. The number was lower in Ashfield at 68% with a greater proportion of social renters (15%).

Figure 5.1: Tenure Profile by Households, 2021

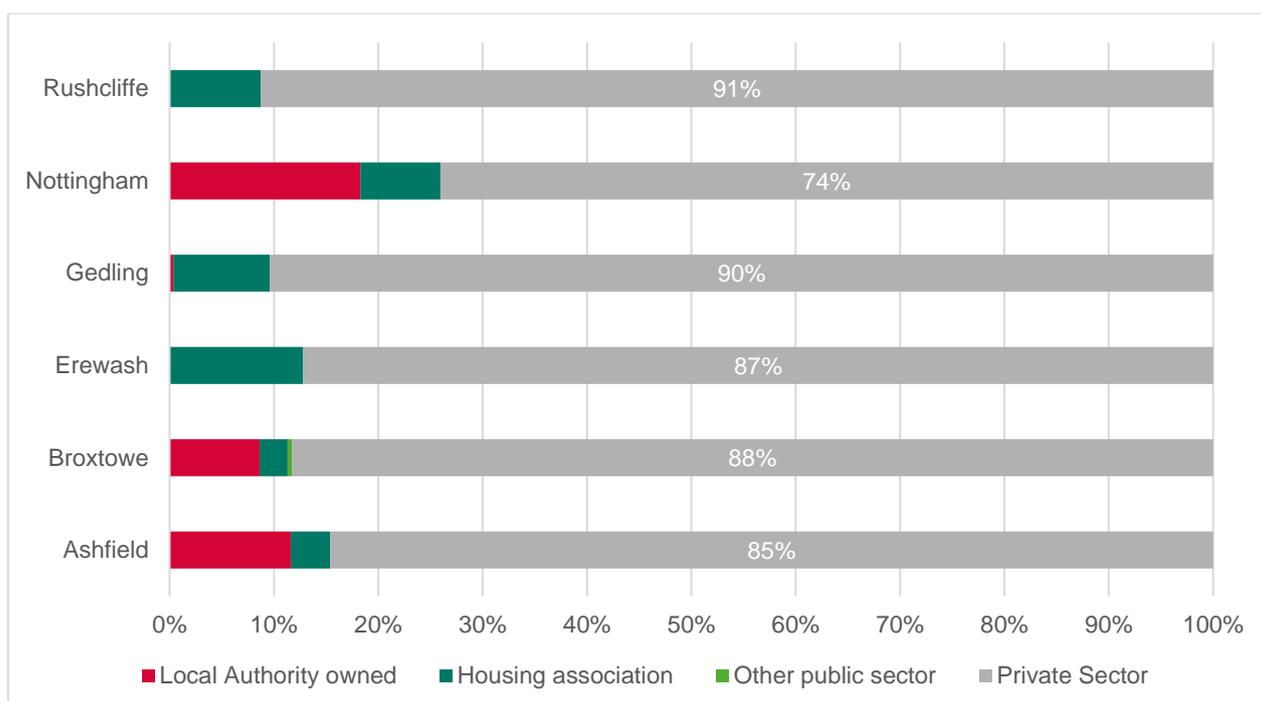


Source: Census 2021

- 5.5 In Nottingham City, the proportion of social renters was notably higher at 25% with a larger private rented sector at 29% resulting in a relatively low level of home ownership (46%).

- 5.6 Drawing on more recent data from ONS which looks simply at private sector stock against local authority and registered provider stock, the Figure below is clear in showing that Ashfield, Broxtowe and Nottingham all have a relatively high proportion of households in Council-owned stock; accounting for 18% in Nottingham City, 12% in Ashfield and 9% in Broxtowe. Erewash has the highest proportion of households living in housing provided by housing associations at 13%.
- 5.7 It should be highlighted that no Council-owned stock in Gedling (to Jigsaw), Rushcliffe (to Metropolitan) and Erewash (East Midlands Housing) are due to it having been transferred to housing associations.

Figure 5.2: Tenure Profile, 2023



Source: ONS Live Tables on Dwelling Stock

- 5.8 The Regulator of Social Housing provides a summary overview of affordable housing owned or partially owned by Registered Providers. The Table below shows that there is a total of 52,321 general needs¹⁴ homes across the study area with Nottingham City having the largest numbers followed by Ashfield.

¹⁴ General needs housing covers the bulk of housing stock for rent. It includes both self-contained units and non-self-contained bedspaces. General needs housing is stock that is not designated for specific client groups or delivered under specific investment programmes.

- 5.9 Nottingham also sees a large number of affordable homes available for older people, with Ashfield and Erewash also seeing reasonable levels. Rushcliffe has the highest number of Low-Cost Home Ownership properties in the study area.

Table 5.1 The Profile of Existing Affordable Homes in Greater Nottingham and Ashfield, 2023

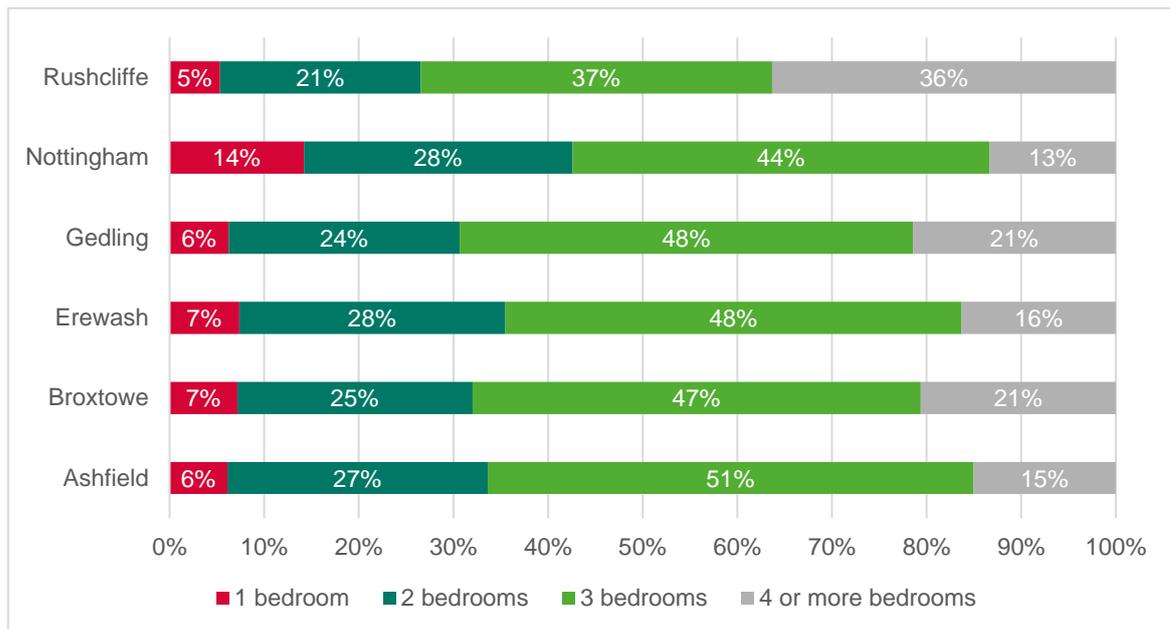
	Ashfield	Broxtowe	Erewash	Gedling	Nottingham	Rushcliffe	Total
No. of RPs	24	19	21	25	44	31	164
General Needs, Self-Contained	6,652	4,441	4,696	3,779	29,299	3,300	52,167
General Needs Non Self-Contained	4	0	0	0	150	0	154
General Needs	6,656	4,441	4,696	3,779	29,449	3,300	52,321
Supported Housing / Housing For Older People	2,139	1,338	2,073	1,406	5,778	1,502	14,236
Low Cost Home Ownership	222	122	208	226	301	684	1,763

Source: Regulator of Social Housing, 2023

House Sizes and Types

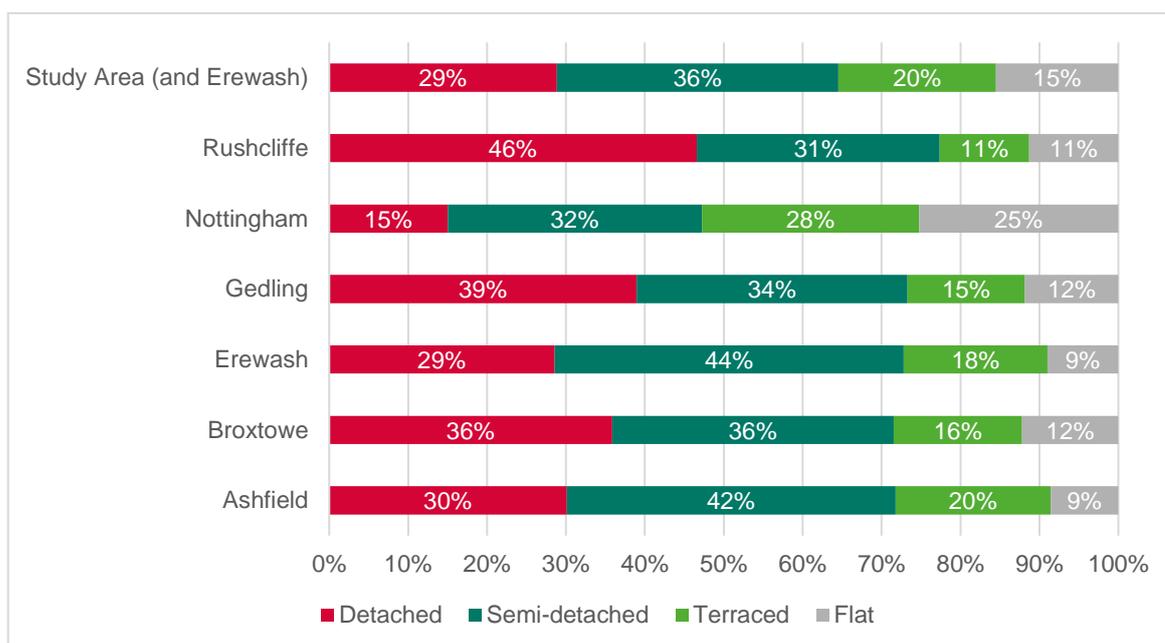
- 5.10 The profile of homes of different sizes across the study area is set out in the Figure below. This figure is based on census data and supplemented by post-census completions data where available¹⁵. The profile of homes within Rushcliffe is focused more towards larger properties than elsewhere in the study area, with 4 or more bedroom properties representing 36% of all households.
- 5.11 Nottingham City has a higher proportion of smaller properties with 1 and 2-bedroom properties accounting for 43% of all households. This is expected in urban areas where there is a higher percentage of smaller City Centre flats and student accommodation.
- 5.12 Elsewhere, the profile of sizes was relatively consistent with 3 bedroom properties accounting for around a half of all households and smaller 1 bedroom properties around 6% to 7% of all households. There is a slightly higher proportion of larger housing in Gedling and Broxtowe than elsewhere in the study area.

¹⁵ Data not available for Nottingham or Erewash

Figure 5.3: Households by Size

Source: Census 2021 and Council Data

- 5.13 The Figure below illustrates the split of the housing stock across the study area in 2021. The analysis shows a relatively balanced stock across the study area between detached (29%) and semi-detached (36%) dwellings with a lower proportion of terraces (20%) and flats (15%)
- 5.14 There is a high proportion of semi-detached properties in Ashfield and Erewash at over 40% of households. The proportion of detached properties in Rushcliffe was notably higher, accounting for almost half of all households; although there was also a reasonably high proportion of detached properties in Broxtowe and Gedling.
- 5.15 The proportion of flats generally did not exceed 12% with Nottingham being the only authority that bucks the trend with 25% of dwellings being in flatted developments. This would not be uncommon for urban areas to have a higher percentage of flats.

Figure 5.4: Dwellings by Type, 2021

Source: Census 2021

- 5.16 Since 2021 around 8,154 dwellings have been completed, the table below provides a breakdown of this by type of dwelling and local authority. In most areas, delivery has been skewed towards houses rather than flats with over 80% of delivery in Ashfield, Broxtowe, Gedling and Rushcliffe being houses.
- 5.17 Completions by type data is not available for Nottingham but given the City's urban nature, it is likely that it has seen a higher proportional delivery of flats than other HMA areas.

Table 5.2 Completions since 2021 by type

	Total	Houses	Flats	Bungalows
Ashfield	701	577	89	35
Broxtowe	700	616	84	-
Gedling	1,029	878	151	-
Nottingham	3,665	-	-	-
Rushcliffe	2,059	1,705	354	-
Total	8,154	3,776	678	35

Source: Council Data

Profile of Households

- 5.18 The composition of households at the point of the 2021 Census is shown in the Table below. The analysis shows that there was a relatively low proportion of couples without children living in Nottingham City with this group accounting for only 12% of all households set against around a fifth in

all other authorities in the study area. Conversely, there was a slightly higher proportion of single parents with dependent children in the City, 11% to less than 10% in other areas.

Table 5.3 Household Composition by Area

	Ashfield	Broxtowe	Erewash	Gedling	Nottm	Rushcliffe
Single Household: Aged 66 and over	6%	6%	6%	6%	4%	6%
Single Household: Aged under 66	7%	7%	8%	7%	9%	6%
Couple: Aged 66 and over	9%	10%	9%	10%	4%	11%
Couple: No Children	16%	17%	17%	16%	12%	16%
Couple: Dependent Children	31%	31%	31%	32%	27%	37%
Couple: Non- Dependent Children	10%	9%	10%	9%	6%	8%
Lone Parent: Dependent Children	9%	7%	8%	8%	11%	6%
Lone Parent: Non- Dependent Children	4%	3%	4%	4%	4%	3%
Other: All Full-Time Students and all over 66	3%	5%	3%	3%	13%	5%
Other: with dependent children (excl. all full- time students)	4%	3%	3%	4%	7%	3%

Source: Census 2021

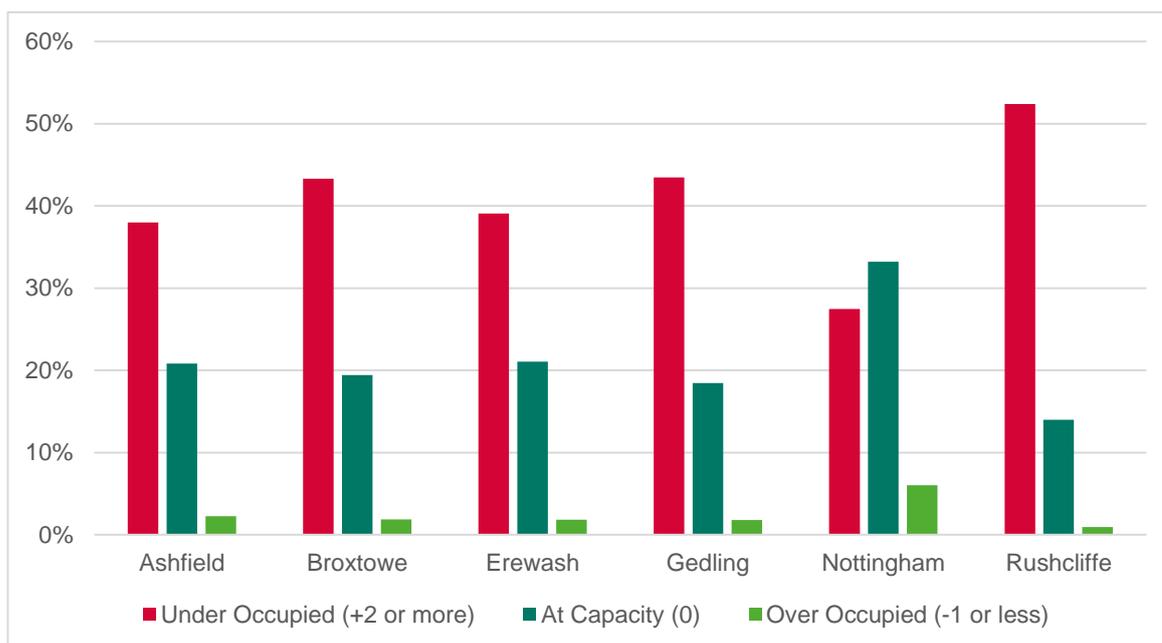
- 5.19 The number of “Other” households which include full-time students and all over 65 households (not in a relationship) is higher in Nottingham at 13% compared to 5% or less in other authorities, unsurprising given the presence of the Universities. The highest proportion of couples with children was in Rushcliffe (at 37% of all households).

Occupancy Rating of Households

- 5.20 Occupancy ratings show the percentage of homes that are over-crowded, right-sized, or under-occupied. Overcrowding is defined as the number of properties which have fewer rooms than their households require. The requirement is calculated based on the size, age and relationship of household members. Under-occupied properties on the other hand are those with more bedrooms

than the household notionally needs. For instance, an under-occupied property can relate to a couple with no children living in a two or more-bedroom property.

- 5.21 In respect of the bedroom standard, a home is considered overcrowded if 2 people of a different sex have to sleep in the same bedroom and they are aged 10 or over and are not in a relationship.
- 5.22 There has been a notable increase in overcrowded households at a national level (including young people living with their parents for longer) and in Houses in Multiple Occupation (HMOs). This has been a symptom of affordability pressures, restrictions on access to mortgage finance and housing under-supply.
- 5.23 The English Housing Survey (2021-2022) stated the rate of overcrowding in England for 2021/22 was 3%, with approximately 732,000 households living in overcrowded conditions. Overcrowding was more prevalent in the rented sector than for owner-occupiers. Only 1% of owner-occupiers nationally (170,000 households) were overcrowded in 2021/22 compared with 8% of social renters (325,000) and 5% of private renters (237,000).
- 5.24 The English Housing Survey indicates that the number and proportion of overcrowded households in the owner-occupied sector has remained relatively stable over the last 20 years or so. In the social rented sector, overcrowding peaked at 9% in 2019-20, before dropping to 8% in 2020-21.
- 5.25 However, the proportion of overcrowded households in the private rented sector has increased from a low of 3% in 1995-96 to a peak of just over 6% in 2019-20, and since then has decreased slightly to 5%.
- 5.26 The rapid overall growth in private renters between 1995-96 and 2021-21, affordability pressures and changes to eligibility for Housing Benefit explains the pronounced increase in actual numbers of overcrowded households from 63,000 in 1995-96 to 237,000 in 2021-22.
- 5.27 Looking at the study area authorities specifically, it can be seen that in 2021 Rushcliffe had the highest proportion of under-occupied dwellings (52%), much higher than Nottingham which saw the lowest proportion (27%).
- 5.28 The opposite is true for over-occupancy with the highest proportion in Nottingham (6%) and the lowest in Rushcliffe (1%). Other authority areas tend to average at around 40% under-occupied and 2% over-occupied.

Figure 5.5: Under and Over Occupied Households by Bedroom Standard, 2021

Source: Census 2021

5.29 Since 2011, the number of overcrowded households (based on the bedroom standard¹⁶) stayed fairly static or decreased in most authority areas. Conversely, the number of under-occupied homes increased in all areas although only marginally in Nottingham. This is linked to the younger population with higher instances of under-occupation linked to an ageing population i.e. empty nesters.

Table 5.4 Changes in Under and Over Occupied Households – Bedroom Standard

	Under Occupied Households (+2 or more)					Over Occupied Households (-1 or less)				
	2011	2011 %	2021	2021 %	% Point Change	2011	2011 %	2021	2021 %	% Point Change
Ashfield	18,327	36.0%	20,698	38.0%	2.0%	1,287	2.5%	1,225	2.2%	-0.3%
Broxtowe	19,153	40.9%	20,944	43.3%	2.4%	1,196	2.6%	909	1.9%	-0.7%
Erewash	18,189	37.4%	19,668	39.1%	1.7%	1,067	2.2%	918	1.8%	-0.4%
Gedling	20,512	41.6%	22,401	43.5%	1.9%	927	1.9%	912	1.8%	-0.1%
Nottingham	34,176	27.1%	34,257	27.5%	0.4%	7,576	6.0%	7,532	6.0%	0.0%
Rushcliffe	22,731	49.6%	26,138	52.4%	2.8%	755	1.6%	466	0.9%	-0.7%

Source: 2011 and 2021 Census

¹⁶ An occupancy rating of -1 or less means that the household has at least one bedroom too few for the number and composition of people living in the household and is considered overcrowded by the bedroom standard.

House Prices

5.30 The median house price in the year to March 2023 ranged from £182,700 in Rushcliffe to £182,700 in Ashfield. The median house price in Rushcliffe was 14% above the national average and the only authority to exceed it (£290,000).

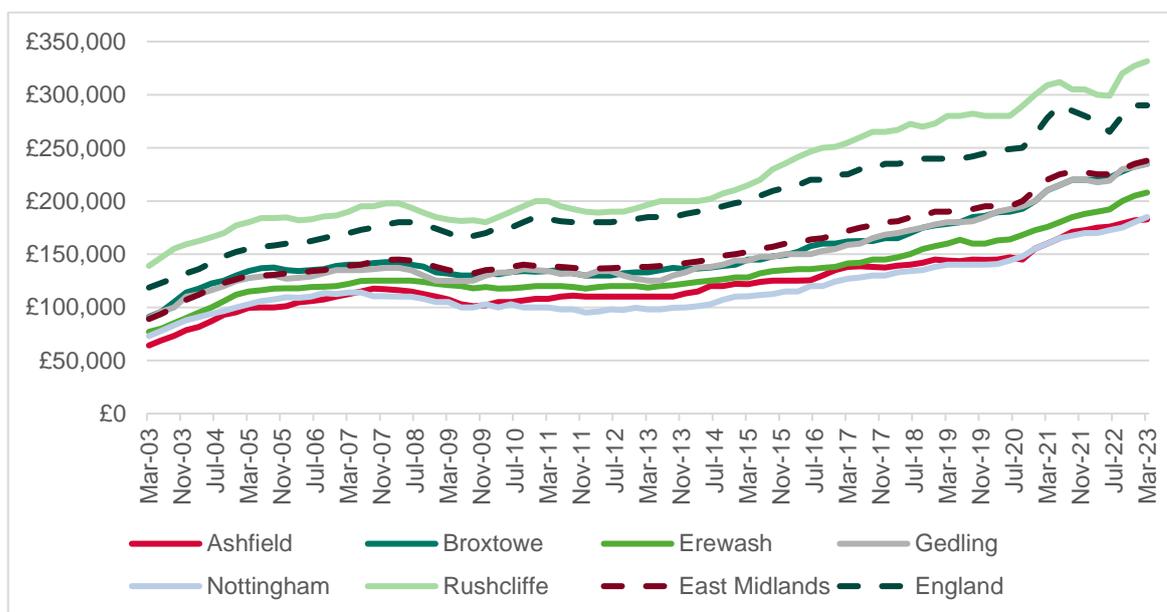
Table 5.5 House Price Benchmarks, Year to March 2023

Area	Median	Mean	Lower Quartile
Ashfield	£182,700	£203,229	£145,000
Broxtowe	£235,000	£264,158	£187,000
Erewash	£208,000	£234,503	£161,500
Gedling	£235,000	£267,617	£185,000
Nottingham	£185,000	£212,673	£148,000
Rushcliffe	£331,500	£382,281	£250,000
England	£290,000	£377,216	£190,000

Source: ONS, House price statistics for small areas in England and Wales, year ending March 2023

5.31 House price growth between 2003 and 2023 was generally below the regional and national trends except for Rushcliffe which was consistently above it. As shown, median values rose sharply in Rushcliffe over the period 2014-19 in comparison to other authority areas in the study and have restarted post-pandemic.

Figure 5.6: Median House Price Trends, 2003-2023



Source: ONS, House Price Statistics for Small Areas in England and Wales, Year Ending March 2023

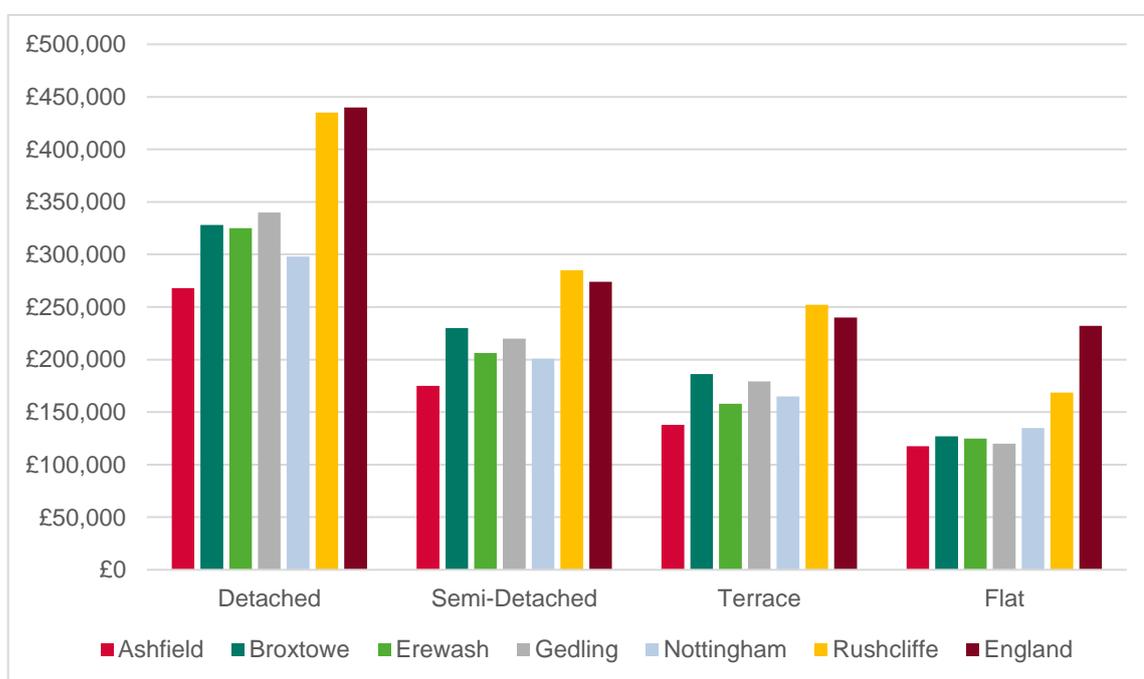
5.32 Since 2020 property prices have fluctuated quite severely across the country as a result of the Stamp Duty Holiday which stimulated the market leading to increasing prices and subsequent economic downward pressure on prices as a result of interest rate increases.

5.33 In the study area, this appears to have been felt more dramatically in higher value areas of Rushcliffe and Gedling. However, median house prices are influenced by the mix of properties sold. It is therefore instructive to assess house prices by profile of sales across the authority areas.

House Price by Type

5.34 Again we have examined sales data by type of property for the year ending March 2023. The data shows that across all house types, Ashfield has the lowest values and only Rushcliffe exceeded the national average for two house types (semi-detached and terraced). Median house prices for flats fall notably below the national average across all authorities.

Figure 5.7: Median House Prices by Type, 2023



Source: ONS, House price statistics for small areas, Year Ending March 2023

5.35 Across all types of property, Rushcliffe sees the highest values by some margin. The second highest values are found in Gedling (Detached), Broxtowe (Semi-Detached and Terraced) and Nottingham (Flats).

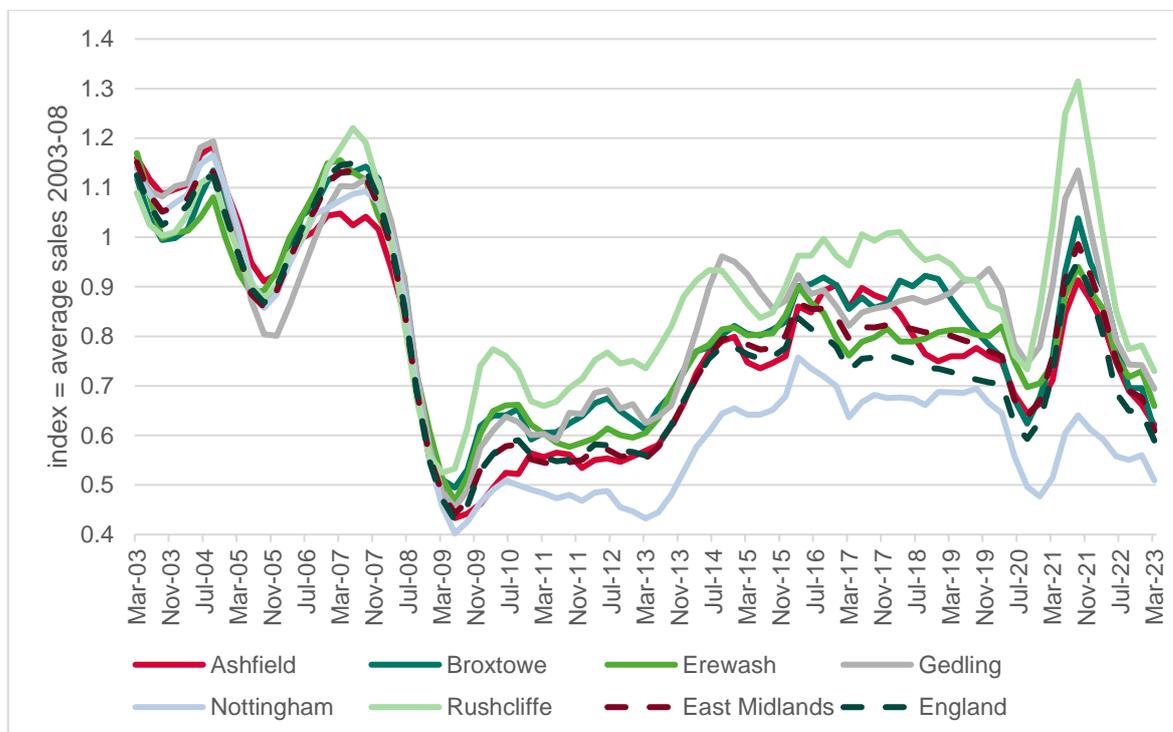
Sales Trends

5.36 IcenI has benchmarked sales performance against long-term trends to assess the relative demand for market homes for sale. The Figure below benchmarks annual sales over the period 2003-2023 against the pre-recession average period (2003-2008) for all of the authorities and the national average. There is a relative similarity in trends across areas, reflecting the influence of macro-economic factors.

5.37 Sales volumes nationally experienced a significant drop between 2008-09 influenced by the credit crunch and subsequent housing market downturn. During 2009-2013 there was a modest increase in

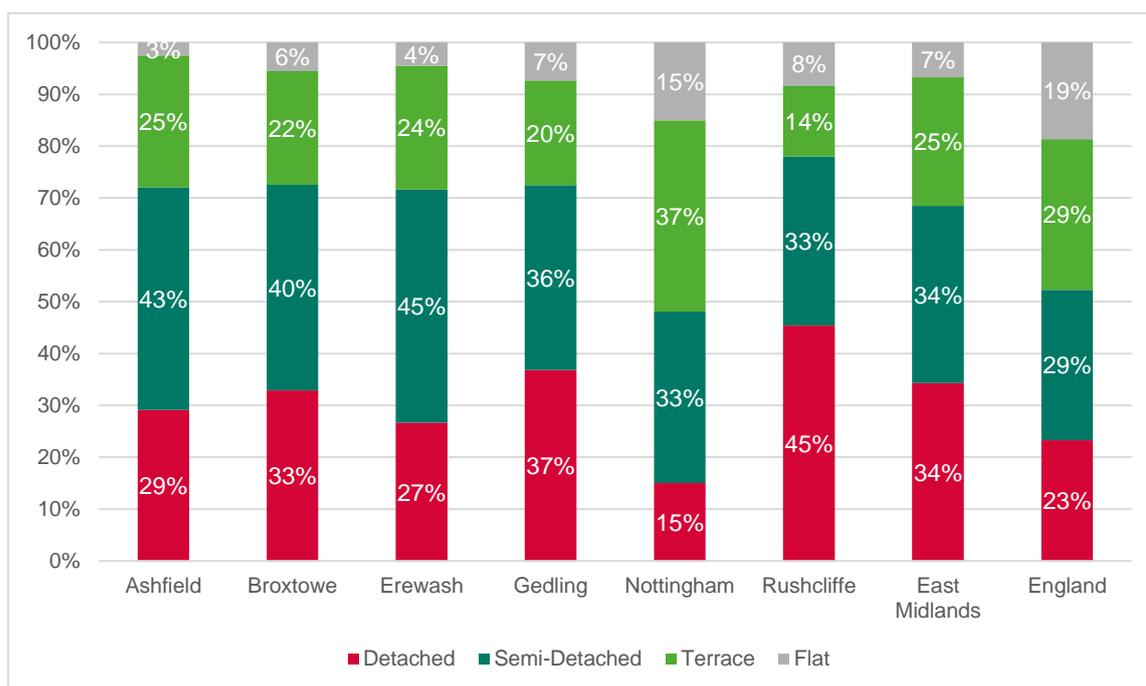
sales volumes, but housing market activity over this period was still significantly subdued compared to the pre-recession trend (around 40% below). This was particularly the case in Nottingham which still sees sales volumes significantly below the 2003 – 08 average.

Figure 5.8: Indexed Analysis of Sales Trends, 2003-2023



Source: ONS, House price statistics for small areas, 2023

- 5.38 Between 2013 and 2016 there was a continued but gradual recovery in sales volumes influenced by a combination of increasing availability and choice of mortgages together with Government support through the Help-to-buy scheme. Between 2016 and the pandemic there was a decrease in sales in all areas apart from in Rushcliffe and Erewash which were broadly stable. This is likely to reflect wider macroeconomic uncertainty associated with Brexit.
- 5.39 Since the pandemic sales have fluctuated again, seeing a huge increase in all areas, particularly Rushcliffe and Gedling caused by the Covid-19-induced Stamp Duty Holiday. Sales dropped again following the conclusion of the stamp duty holiday and where they looked to stabilise in 2022, they have since dropped again following mortgage interest rate increases which make mortgages less affordable and less attractive.
- 5.40 Analysing the profile of sales across the study area, the Figure below shows that the proportions of housing types sold in each area varied from the national average. In Nottingham, flats and terraced housing accounted for half of all sales which was notably higher than the other study area authorities but broadly consistent with the national average.

Figure 5.9: Sales by Dwelling Type, 2023

Source: ONS, House Price statistics for small areas, March 2023

- 5.41 In Rushcliffe, detached housing accounted for 45% of all sales – ultimately reflective of the profile of the dwelling stock – with the proportion of semi-detached sales highest in Erewash at 45%.

Rental Trends

- 5.42 The median rental values in the year to March 2023 across the study area are below the national median of £825 PCM. The highest rents were achieved in Rushcliffe at £775 per calendar month (“pcm”) with the lowest rents achieved in Ashfield at £600 pcm. This is shown in the Table below.

Table 5.6 Median Rents, April 2022 to March 2023

Area	Median Average Rent (pcm)
Ashfield	£600
Broxtowe	£725
Erewash	£665
Gedling	£695
Nottingham	£725
Rushcliffe	£775
East Midlands	£675
England	£825

Source: VOA Private Rental Data Table 2.7

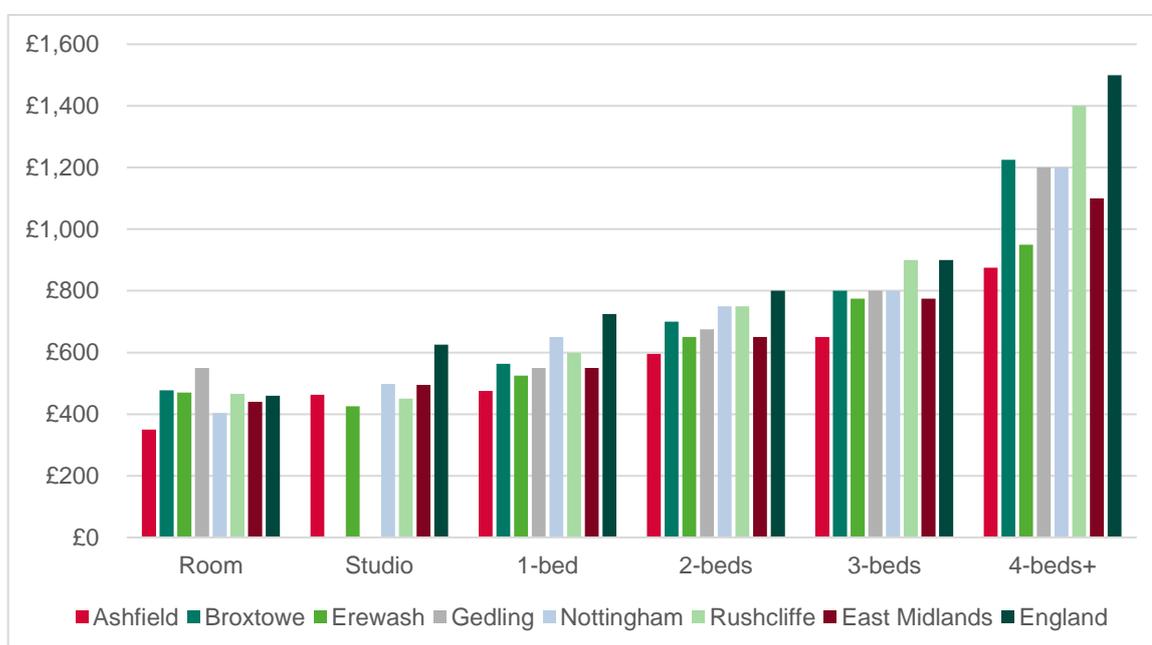
- 5.43 As with the purchase market, Rushcliffe rents are higher than the other local authorities although the margin of difference is lower. This may be due to the high rental levels in Nottingham and Broxtowe

both of which will be driven by student rents and higher-end Urban Living City Centre rents. It is also likely to be the case that values within the city will range significantly.

5.44 It may also be influenced to a lesser degree by higher demand, particularly in Nottingham, for private rents where these are meeting an affordable housing need through benefit support. Although this is likely to push up the bottom end of the market rather than dragging up the top.

5.45 An analysis of median rents by number of bedrooms shows some variation in prices across each size of property. Rental prices for studio properties were higher in Nottingham (again likely to be influenced by student and “urban living” rents) compared to other authorities, although lower than national levels.

Figure 5.10: Median Rental Values by Size, Year Ending March 2023¹⁷



Source: VOA Private Rental Data

5.46 Nottingham and Rushcliffe had higher rents for 1 bedroom properties than the other authorities but again these were below the national average; whilst rental values for larger (3+ bedroom) properties were higher in Rushcliffe.

5.47 Between 2013/14 and 2022/23, with over 50% growth, rents for 4+ beds saw the strongest comparative rental growth in Nottingham and Broxtowe. There was also strong growth in Rushcliffe for Rooms and 4-bedroom properties, whilst rents for 1-bedroom properties in Nottingham also experienced strong growth at 44%.

¹⁷ Missing bars in the graph indicate that no data was available for that property size in the relevant authority area.

Table 5.7 Rental Increase by Size, 2013/14 and 2022/23

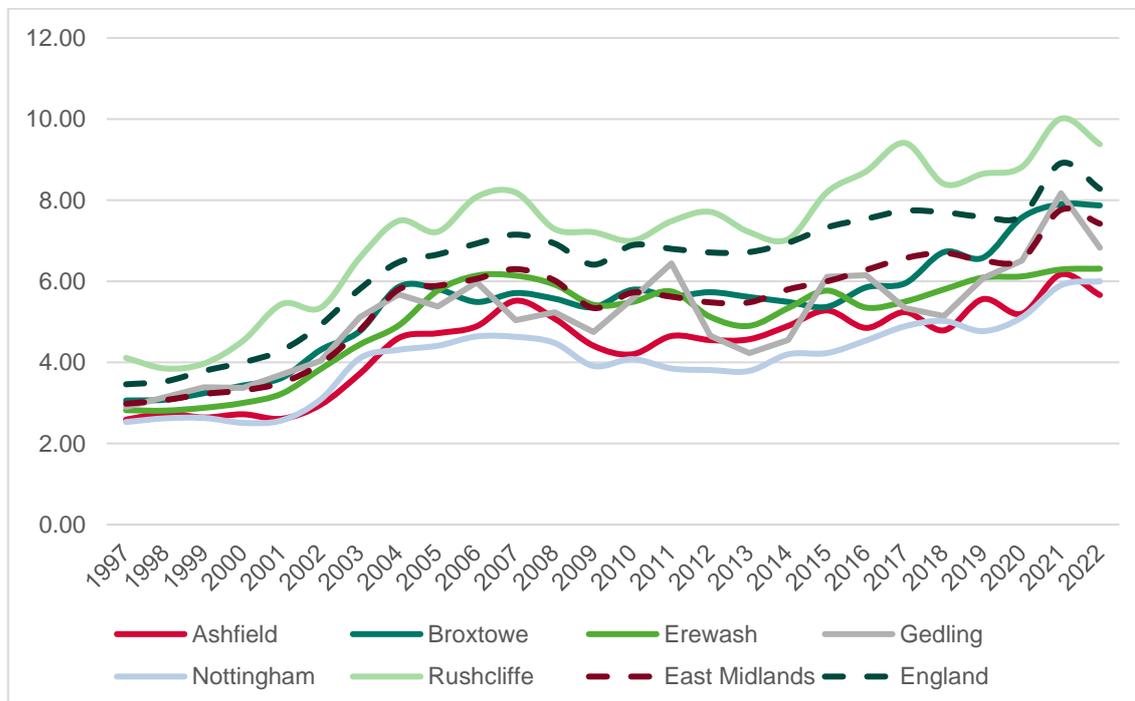
	Room	Studio	1 bed	2 bed	3 bed	4 bed
Ashfield	n.a	n.a	36%	32%	37%	30%
Broxtowe	47%	n.a	41%	33%	37%	54%
Erewash	28%	n.a	33%	37%	41%	37%
Gedling	n.a	n.a	29%	35%	34%	41%
Nottingham	24%	33%	44%	43%	39%	51%
Rushcliffe	43%	36%	41%	36%	29%	47%
England	35%	50%	36%	30%	30%	34%

Source: VOA Private Rental Data

Affordability

5.48 We have considered evidence relating to the affordability of market housing by looking specifically at the relationship between lower-quartile and median house prices and incomes. The Figure below shows that workplace affordability¹⁸ has worsened since 1997 in all authority areas. Except for Rushcliffe, the deterioration in affordability was less acute in the study area than the national trend over this period.

Figure 5.11: Workplace-based Median Affordability Ratio, 1997-2022



Source: ONS, Ratio of house price to workplace-based earnings (lower quartile and median) 1997-2022

¹⁸ Workplace affordability is the affordability of house prices set against workplace-based earnings (which refer to the earnings recorded for the area in which the employee works; rather than residence-based earnings which refer to the area in which the employee lives).

- 5.49 Since 1997, when median house prices were around 3 times median workplace-based earnings, the affordability ratio has worsened to between 5 and 7 across the study area except for Rushcliffe. However, this is well below the national ratio of around 8 while Rushcliffe is higher at around 9.83.
- 5.50 The Table below presents the most recent median and lower quartile workplace-based affordability ratios as of the year ending September 2022. At this point, the median house price was a significant 9.38 times the median earnings in Rushcliffe; however, elsewhere the affordability ratio was lower at around 6.

Table 5.8 Affordability Ratio 2022 - Workplace-Based

Area	Lower Quartile Ratio	Median Ratio	Difference
Ashfield	6.16	5.66	0.50
Broxtowe	7.78	7.87	-0.09
Erewash	5.88	6.31	-0.43
Gedling	7.72	6.83	0.89
Nottingham	6.02	6.00	0.02
Rushcliffe	9.30	9.38	-0.08
East Midlands	7.17	7.42	-0.25
England	7.29	8.28	-0.99

Source: ONS, 2023

- 5.51 Lower quartile house prices in Rushcliffe were 9.30 times the lower quartile earnings compared to a ratio of 5.88 in Erewash. This points to significant barriers for households in Rushcliffe and younger households, in particular, being able to afford to own a home.
- 5.52 In other authority areas, affordability issues are not as significant when set against national figures; however, affordability pressures clearly exist in relative terms with median house prices over five times workplace-based median earnings in all areas.
- 5.53 A comparison of workplace and residence-based affordability can indicate a certain level of in/out commuting. A higher workplace-based affordability ratio than residence-based indicates that an area is more affordable for the people who live in the area than the people who work there and vice versa.
- 5.54 Ashfield, Gedling and Nottingham have higher residence-based affordability ratios than workplace indicating that the people who live there are less able to afford a property than those who work there, essentially the people who live in these areas earn less than the people who work in them. The opposite is true for Broxtowe, Erewash and Rushcliffe. These areas essentially see a level of out-commuting for higher-value jobs.

Table 5.9 Affordability Ratio – Residence and Workplace Based (2022)

Area	Workplace Based	Residence Based	Difference
Ashfield	5.66	6.01	-0.35
Broxtowe	7.87	7.19	0.68
Erewash	6.31	6.25	0.06
Gedling	6.83	7.48	-0.65
Nottingham	6.00	6.48	-0.48
Rushcliffe	9.38	8.71	0.67
East Midlands	7.42	7.31	0.11
England	8.28	8.28	0.00

Source: ONS Affordability Ratios

Summary: Housing Stock and the Housing Market

- 5.55 At the point of the 2021 Census, in Broxtowe, Erewash, Gedling and Rushcliffe three-quarters of all households were owner-occupiers; with Ashfield slightly less at 68% with a greater proportion of social renters (15%).
- 5.56 In Nottingham City, the proportion of social renters was notably higher than elsewhere in the study area at 25%, similarly, the City has a relatively large private rented sector at 29% resulting in a relatively low level of home ownership.
- 5.57 The profile of homes within Rushcliffe is focused more towards larger properties than elsewhere in the study area, with 4 or more bedroom properties representing 36% of all households. There also is a slightly higher proportion of larger housing in Gedling and Broxtowe compared to the other local authorities.
- 5.58 Nottingham City has a higher proportion of smaller properties with 1 and 2-bedroom properties accounting for 43% of all households. Elsewhere, the profile of sizes was relatively consistent with 3-bedroom properties accounting for around half of all households and smaller 1-bedroom properties around 6% to 7%.
- 5.59 In the year to March 2023, the median house price in Rushcliffe was £331,500 which was 14% above the national average and the only authority to sit above the national median at £290,000.
- 5.60 The lowest median house price was in Ashfield at £182,700 closely followed by Nottingham (£185,000). Broxtowe and Gedling have relatively higher median house prices at £235,000.

- 5.61 Entry-level house prices in Rushcliffe were 9 times the average lower quartile earnings compared to a ratio of 6.02 in Nottingham and 6.16 in Ashfield. This points to significant barriers for households in Rushcliffe and younger households, in particular, being able to afford to own a home.
- 5.62 In other authority areas, affordability is not as significant when set against national figures; albeit affordability pressures exist in relative terms.
- 5.63 The growth in rental values has been strong. In Nottingham and Broxtowe, rents for 4+ beds saw the strongest comparative rental growth between 2013/14 and 2022/23 at over 50%.
- 5.64 There was also strong growth in Rushcliffe for rooms and 4-bedroom properties, whilst rents for 1-bedroom properties in Nottingham also experienced strong growth at over 44%.

6. HOUSING NEED AND DEMOGRAPHICS

Introduction

- 6.1 This section looks at how population and household structures might be projected to change if local authorities deliver housing in line with the Standard Method (or a supply-constrained housing number for Nottingham City). For clarity, the housing figures used are summarised in the table below.

Table 6.1 Housing figures used in analysis (2023-41)

	Annual Need	Total
Nottingham	-	26,685
Ashfield	446	8,028
Broxtowe	388	6,984
Gedling	463	8,334
Rushcliffe	595	10,710
Greater Nottingham and Ashfield	-	60,741

Source: Standard Method and Nottingham City Council

Developing Projections

- 6.2 Using the figures above, projections have been developed for each local authority – these projections are then being used for other analyses in the report (including looking at the mix of housing) – the projections look at demographic change over the 2023-41 period.
- 6.3 A scenario has been developed that flexes migration to and from each area such that there is sufficient population for the number of additional homes shown above. The modelling links to 2018-based population and household projections and also rebases population and households to the levels shown in the 2021 Census.
- 6.4 Within the modelling, migration assumptions have been changed so that across each local authority the increase in households matches the housing need (including a standard 3% vacancy allowance). 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%).
- 6.5 One particular issue is about how to model household representative rates (HRRs) – essentially the proportion of an age group who would be considered as a head of households. The reason this is an issue is because in the previous housing needs report the modelling included an improvement to HRRs but the census now shows a worsening trend (particularly in Nottingham). This is shown in the series of tables below.

6.6 The first table below (for the whole study area) shows for example that as of 2011 some 49.4% of the household population aged 25-34 was also the head of a household, by 2021 this had dropped to just 45.4% which is a notable decline and does point to there being some suppression in the formation of households. The 16-24 age group also saw a notable decline in the period with older age groups seeing more modest changes (which are less likely to be due to suppression of formation). Tables for individual authorities show the main impact to have been in younger age groups in Nottingham City.

Table 6.2 Household Representative Rates by Age (2011 and 2021) – Greater Nottingham and Ashfield

	2011	2021	Change
16-24	17.7%	15.3%	-2.4%
25-34	49.4%	45.4%	-4.0%
35-49	59.6%	58.0%	-1.5%
50-64	61.4%	62.9%	1.4%
65+	69.4%	67.5%	-1.9%

Source: Census (2011 and 2021) * Numbers may not sum due to rounding

Table 6.3 Household Representative Rates by Age (2011 and 2021) – Nottingham

	2011	2021	Change
16-24	23.0%	18.8%	-4.1%
25-34	53.5%	47.0%	-6.5%
35-49	63.9%	60.6%	-3.3%
50-64	64.8%	66.4%	1.6%
65+	72.5%	70.8%	-1.7%

Source: Census (2011 and 2021) * Numbers may not sum due to rounding

Table 6.4 Household Representative Rates by Age (2011 and 2021) – Ashfield

	2011	2021	Change
16-24	13.8%	11.2%	-2.6%
25-34	48.5%	45.7%	-2.8%
35-49	58.0%	57.5%	-0.5%
50-64	59.9%	61.5%	1.6%
65+	69.0%	66.8%	-2.1%

Source: Census (2011 and 2021) * Numbers may not sum due to rounding

Table 6.5 Household Representative Rates by Age (2011 and 2021) – Broxtowe

	2011	2021	Change
16-24	11.6%	12.2%	0.6%
25-34	43.7%	44.0%	0.3%
35-49	56.3%	56.7%	0.4%
50-64	59.7%	61.0%	1.3%
65+	68.3%	66.5%	-1.8%

Source: Census (2011 and 2021) * Numbers may not sum due to rounding

Table 6.6 Household Representative Rates by Age (2011 and 2021) – Gedling

	2011	2021	Change
16-24	11.2%	9.0%	-2.1%
25-34	46.2%	43.9%	-2.2%
35-49	58.2%	56.8%	-1.4%
50-64	60.5%	61.6%	1.1%
65+	67.8%	66.6%	-1.2%

Source: Census (2011 and 2021) * Numbers may not sum due to rounding

Table 6.7 Household Representative Rates by Age (2011 and 2021) – Rushcliffe

	2011	2021	Change
16-24	9.5%	10.8%	1.3%
25-34	43.3%	42.6%	-0.7%
35-49	56.0%	54.8%	-1.2%
50-64	59.3%	60.3%	1.0%
65+	67.2%	65.2%	-1.9%

Source: Census (2011 and 2021) * Numbers may not sum due to rounding

- 6.7 To model this data it has been assumed that the HRRs shown by the 2021 Census remain at those levels moving forward. Whilst an approach of improving the rates could be an alternative, the evidence currently does not point to that being in any way realistic as an approach. A further alternative, which has also not been modelled, would be to continue the downward census trend. However, it is not considered that this would be a positive or desirable approach as the Standard Method seeks more housing to at least in part improve access to housing.
- 6.8 In developing this projection a population increase of around 119,200 people is shown, with strong population growth shown in the 65 and over age band – a projected increase of 32% in this age band from 2023 estimated numbers, with this age group accounting for 38% of all population growth. Both the under-16 and 16-64 populations are projected to see more modest increases in numbers over the period studied. All areas show broadly similar patterns of projected population growth (i.e. an ageing of the population) which is common to many areas and indeed nationally and are shown in the ONS projections also.

Table 6.8 Projected population change 2023 to 2041 by broad age bands – Greater Nottingham and Ashfield

	2023	2041	Change in population	% change from 2023
Under 16	143,982	159,052	15,070	10.5%
16-64	521,324	579,824	58,499	11.2%
65 and over	143,122	188,730	45,608	31.9%
Total	808,428	927,606	119,178	14.7%

Source: Demographic Projections * Numbers may not sum due to rounding

Table 6.9 Projected population change 2023 to 2041 by broad age bands – Nottingham

	2023	2041	Change in population	% change from 2023
Under 16	59,937	68,749	8,811	14.7%
16-64	228,070	260,627	32,558	14.3%
65 and over	39,447	54,429	14,982	38.0%
Total	327,454	383,805	56,351	17.2%

Source: Demographic Projections * Numbers may not sum due to rounding

Table 6.10 Projected population change 2023 to 2041 by broad age bands – Ashfield

	2023	2041	Change in population	% change from 2023
Under 16	23,305	23,190	-115	-0.5%
16-64	78,565	82,355	3,790	4.8%
65 and over	25,817	34,801	8,984	34.8%
Total	127,687	140,346	12,660	9.9%

Source: Demographic Projections * Numbers may not sum due to rounding

Table 6.11 Projected population change 2023 to 2041 by broad age bands – Broxtowe

	2023	2041	Change in population	% change from 2023
Under 16	18,429	20,134	1,705	9.3%
16-64	68,996	74,739	5,743	8.3%
65 and over	25,003	30,920	5,917	23.7%
Total	112,428	125,792	13,364	11.9%

Source: Demographic Projections * Numbers may not sum due to rounding

Table 6.12 Projected population change 2023 to 2041 by broad age bands – Gedling

	2023	2041	Change in population	% change from 2023
Under 16	20,781	22,415	1,634	7.9%
16-64	72,125	78,551	6,427	8.9%
65 and over	26,071	33,271	7,200	27.6%
Total	118,977	134,238	15,261	12.8%

Source: Demographic Projections* Numbers may not sum due to rounding

Table 6.13 Projected population change 2023 to 2041 by broad age bands – Rushcliffe

	2023	2041	Change in population	% change from 2023
Under 16	21,530	24,564	3,035	14.1%
16-64	73,569	83,552	9,983	13.6%
65 and over	26,783	35,309	8,526	31.8%
Total	121,882	143,425	21,543	17.7%

Source: Demographic Projections * Numbers may not sum due to rounding

Relationship between Housing and Economic Growth

6.9 The analysis to follow considers the relationship between housing and economic growth; seeking to understand what level of jobs might be supported by changes to the local labour supply (which will be influenced by population change). 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; and
- Bringing together this information will provide an estimate of the potential job growth supported by the population projections.

Growth in Resident Labour Supply

6.10 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) – this data has then been rebased to information in the 2021 Census (for an updated estimate of the number of economically active people).

6.11 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 study area – this is set out in the table below. The analysis shows that the projection results in growth in the economically active population of around 61,100 people – a 16% increase.

Table 6.14 Estimated change to the economically active population (2023-41)

	Economically active (2023)	Economically active (2041)	Total change in economically active	% change
Nottingham	145,174	172,679	27,505	18.9%
Ashfield	62,044	68,448	6,403	10.3%
Broxtowe	55,075	62,441	7,366	13.4%
Gedling	59,487	67,853	8,366	14.1%
Rushcliffe	60,435	71,884	11,449	18.9%
Study area	382,216	443,304	61,088	16.0%

Source: Derived from demographic projections

Linking Changes to Resident Labour Supply and Job Growth

6.12 The analysis above has set out potential scenarios for the change in the number of economically active people. 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

6.13 The table below shows summary data about commuting to and from each local authority from the 2021 Census. The data shows net in-commuting to Nottingham and net out-commuting from most other authorities (figures for Ashfield are broadly in balance). This 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). While these patterns will be impacted by the greater levels of working from home due to the pandemic the general pattern of Nottingham City being a net recipient of in-commuters and the others being net exporters of labour remains sound.

Table 6.15 Commuting patterns (2021)

	Nottingham	Ashfield	Broxtowe	Gedling	Rushcliffe
Live and Work in District	47,773	15,683	7,545	8,667	8,923
Home Workers or No Fixed Workplace	50,391	20,109	23,704	25,530	30,771
In Commute	54,320	22,616	14,744	11,897	13,339
Out Commute	30,710	22,637	20,670	21,983	17,280
Total Working in LA	152,484	58,408	45,993	46,094	53,033
Total Living in LA and Working	128,874	58,429	51,919	56,180	56,974
Commuting Ratio	0.85	1.00	1.13	1.22	1.07

Source: 2011 Census

- 6.14 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 2021 Census. A sensitivity has also been developed where commuting for new jobs is assumed to be on a 1:1 ratio (i.e. the increase in the number of people working in the area is equal to the number of people living in the area who are working).

Double Jobbing

- 6.15 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) for the past 5-years suggests a range from 2.1% (Broxtowe) to 4.6% (Nottingham) in the proportion of workers who have a second job and these figures have been used in the assessment. It has been assumed in the analysis that the level of double jobbing will remain constant over time.

Unemployment

- 6.16 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. This is particularly important given there are likely to have been notable increases in unemployment due to Covid-19, although it will be difficult to be precise about numbers. Given the estimates of economic activity and job growth are taken from 2023 it is considered that there is no need to include a further adjustment to take account of the pandemic. Essentially it is assumed that people who lost employment through the pandemic will now be back in work (where they are seeking work) and so there is no latent labour supply available to fill additional jobs.

Jobs Supported by Growth in the Resident Labour Force

- 6.17 The table below shows how many additional jobs might be supported by population growth under the Standard Method plus unmet need projection. Given different assumptions about commuting patterns and estimates about double jobbing, it is estimated that around 63,400-65,500 additional jobs could be supported by the changes to the resident labour supply over the 2023-41 period.

Table 6.16 Jobs supported by demographic projections (2023-41) – 2021 Census commuting

	Total change in economically active	Allowance for double jobbing	Allowance for net commuting (= jobs supported)
Nottingham	27,505	28,831	34,113
Ashfield	6,403	6,588	6,585
Broxtowe	7,366	7,526	6,667
Gedling	8,366	8,716	7,151
Rushcliffe	11,449	11,763	10,949
Study area	61,088	63,423	65,465

Source: Derived from demographic forecasts herein, ONS 2021 Census, the Annual Population Survey and OBR Forecasts.

Table 6.17 Jobs supported by demographic projections (2023-41) – 1:1 commuting assumption for new jobs

	Total change in economically active	Allowance for double jobbing	Allowance for net commuting (= jobs supported)
Nottingham	27,505	28,831	28,831
Ashfield	6,403	6,588	6,588
Broxtowe	7,366	7,526	7,526
Gedling	8,366	8,716	8,716
Rushcliffe	11,449	11,763	11,763
Study area	61,088	63,423	63,423

Source: Derived from a range of sources

Economic Growth and Housing Need – Job Forecasts

- 6.18 The number of jobs supported can then be compared to the economic forecast set out in the Study Area's Economic Evidence¹⁹. There are three economic scenarios within this report which all run from 2018 – 2038. However, we have annualised these figures and projected that annual growth across the plan period 2023-41.

¹⁹ Nottingham Core HMA and Nottingham Outer HMA (gnplan.org.uk)

- 6.19 The three economic forecast scenarios in Table 6.18 below (contained in the Nottingham Core and Outer Employment Land Study²⁰ (2021)) are based on Experian Economic Forecasts derived from a labour demand model as opposed to a demographically based assessment of labour supply. Consequently, when comparing the two approaches labour demand and labour supply it needs to be borne in mind that the two different models use different methods and assumptions.
- 6.20 The Regeneration Led scenario has been derived by adjusting the September 2020 Experian Economic Forecast Baseline (post Covid-19 scenario) to reflect the policy interventions set out in the D2N2 Strategic Economic Plan.
- 6.21 The Regeneration Led Economic Scenario also reflects the consultant's view that the Covid-19 Pandemic would result in a short-term "shock" to the economy but a temporary one, with economic growth expected to return to pre-Covid-19 levels and therefore provides the most likely and robust Economic Forecast.
- 6.22 As shown in the table below, across the study area the number of jobs potentially supported by the housing need can be compared with the earlier Regeneration Led Scenario, bearing in mind the different approaches used, and indicates a range of jobs of between 54,000 and 65,000 jobs. What is clear is that there is no requirement to increase housing requirements across the HMA to meet economic growth.

Table 6.18 Jobs Supported by Scenario and Local Authority (2023-2041)

Scenario	Ashfield	Nottingham	Broxtowe	Gedling	Rushcliffe	Total
Jobs Supported By Demographics 2021 Commuting Ratio	6,585	34,113	6,667	7,151	10,949	65,465
Jobs Supported By Demographics 1:1 Commuting Ratio	6,588	28,831	7,526	8,716	11,763	63,423
Post Covid-19 Experian Economic Forecasts (September 2020)	4,950	29,700	3,330	2,070	5,220	45,270
Pre-Covid-19 Experian Economic Forecasts (March 2020)	6,570	34,200	4,230	2,430	6,390	53,820
Regeneration Led (adjusted Experian Economic Forecast)	6,726	32,806	4,675	3,254	6,404	53,865

Source: Derived from a range of sources

²⁰<https://www.ashfield.gov.uk/media/os3nteda/nottingham-core-hma-and-nottingham-outer-hma-employment-land-needs-study-2021.pdf>

- 6.23 However, there are some very minor local imbalances with the expected jobs in the regeneration-led scenario exceeding the number of jobs that could be supported by the housing need in Ashfield. This could be addressed through an agreement to change commuting patterns without increasing housing need locally.
- 6.24 Even without this agreement (recognising that Ashfield sits outside the HMA) the imbalance is so minor (8 jobs per annum) and that there are inherent uncertainties within the calculations it would be reasonable for the Council to choose not to uplift housing need to address economic growth. If agreement can be met there is a significant surplus labour supply within the Nottingham HMA.
- 6.25 It should be noted that the emerging Ashfield Local Plan Pre-Submission Draft 2022 is based on an adjusted past take-up rather than the labour demand regeneration scenario. To understand the implications of this on housing need the Council will need to have an understanding of the net number of jobs this land supply will create. This will require an understanding of employment density, plot ratios and additionality on the identified supply,
- 6.26 Finally, it is reasonable that even with a larger floorspace requirement than the Regeneration Led scenario job creation is lower. This is because the make-up of those jobs may be different and not all jobs created on these sites will be additional to the area.

Housing Need and Demographics - Summary

- 6.27 If the local authorities deliver housing in line with their housing need (60,741 homes), we have developed a population projection which would see an increase of around 119,200 people
- 6.28 This would result in a strong population growth shown in the 65 and over age band (+32% from 2023 - 2041). Both the Under 16 and 16-64 populations are projected to see more modest increases.
- 6.29 This level of population growth could support approximately 65,000 additional jobs which compares to the regeneration-led economic forecast scenarios of up to 54,000 jobs. As a consequence, there is no need to increase the housing supply across the HMA to meet economic growth.

7. AFFORDABLE HOUSING NEED

Introduction

- 7.1 This section provides an assessment of the need for affordable housing in Greater Nottingham and Ashfield. The analysis specifically considers general needs housing, with further analysis of specialist housing (e.g. for older people) being discussed later in the report.
- 7.2 The analysis follows the PPG (Sections 2a-018 to 2a-024) and provides two main outputs, linked to Annex 2 of the NPPF – this is firstly an assessment of the need from households unable to buy **or** rent housing and secondly from households able to rent but not buy. For convenience, these analyses are labelled as a need for ‘social/affordable rented housing’ and ‘affordable home ownership’ although, in reality, it is possible for a home ownership product to be cheaper than the rented category (as long as the price is sufficiently low) or for a rented product (such as rent-to-buy) to be considered as affordable home ownership as it will eventually become a home ownership product.
- 7.3 The analysis also considers First Homes, which have been identified as a form of Discount Market Sales in the National Planning Policy Framework (potentially replacing other forms of affordable home ownership). Further information about First Homes was set out in a Planning Practice Guidance in May 2021.

Methodology Overview

- 7.4 The method for studying the need for affordable housing has been enshrined in Government practice 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) – it is considered that this group will mainly be a target for rented affordable homes (social/affordable rented) and therefore the analysis looks at the need for ‘*affordable housing for rent*’ as set out in Annex 2 of the NPPF. The methodology for looking at the need for rented (social/affordable) housing considers the following:
- **Current affordable housing need:** an estimate of the number of households who have a need now, at the point of the assessment, based on a range of secondary data sources – this figure is then annualised to meet the current need over a period of time;
 - **Projected newly forming households in need:** using demographic projections to establish gross household formation, and then applying an affordability test to estimate numbers of such households unable to afford market housing;
 - **Existing households falling into need:** based on studying past trends in the types of households who have accessed social/affordable rented housing; and

- **Supply of affordable housing:** an estimate of the likely number of lettings that will become available from the existing social/affordable housing stock.

- 7.5 The first three bullet points above are added together to identify a gross need, from which the supply of relets of existing properties is subtracted to identify a net annual need for additional affordable housing. For this assessment, this analysis is used to identify the overall (net) need for social/affordable rented housing.
- 7.6 This approach has traditionally been used to consider the needs of households who have not been able to afford market housing (either to buy or to rent). As the income necessary to afford to rent homes without financial support is typically lower than that needed to buy, the ability of households to afford private rents has influenced whether or not they require affordable housing.
- 7.7 The NPPF and associated guidance has expanded the definition of those in affordable housing need to include households who might be able to rent without financial support but who aspire to own a home and require support to do so. The PPG includes households that “*cannot afford their own homes, either to rent, or to own, where that is their aspiration*” as having an affordable housing need.
- 7.8 This widened definition has been introduced by the national Government to support increased access to home ownership, given evidence of declining home ownership and growth in private renting over the last 20 years or so. The PPG does not, however, provide specific guidance on how the needs of such households should be assessed and so this study adopts a broadly consistent methodology to that identified in the PPG and considers a current need; a newly-arising need on an annual basis; existing households falling into need; and an annual estimate of supply.
- 7.9 The analysis of affordable housing need is therefore structured to consider the need for rented affordable housing, and separately the need for affordable home ownership. The overall need is expressed as an annual figure, which can then be compared with likely future delivery (as required by 2a-024).
- 7.10 Whilst the need for social/affordable rented housing and affordable home ownership are analysed separately, several pieces of information are common to both assessments. In particular, this includes an understanding of local housing costs, incomes and affordability. The sections below therefore look at these factors.

Local Prices and Rents

- 7.11 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’. To establish

affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes).

- 7.12 The analysis below considers the entry-level costs of housing to both buy and rent across the study area. The approach has been to analyse Land Registry, ONS and internet 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 recognising that the very cheapest properties may be of sub-standard quality.
- 7.13 Data from the Land Registry for the year to March 2023 shows estimated lower quartile property prices by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £95,000 for a second-hand flat in Ashfield and rise to £355,000 for a detached home in Rushcliffe. Looking at the lower quartile price across all dwelling types, the analysis shows a lower quartile price of between £145,000 (Ashfield) and £246,000 (Rushcliffe). The figures are all based on the cost of existing homes in the market although newbuild prices are considered later in this section when looking at potential costs of affordable home ownership properties.

Table 7.1 Estimated lower quartile cost of housing to buy by type (existing dwellings) – year to March 2023

	Nottingham	Ashfield	Broxtowe	Gedling	Rushcliffe
Flat/maisonette	£105,000	£95,000	£108,000	£107,000	£130,000
Terraced	£138,000	£112,000	£155,000	£160,000	£205,000
Semi-detached	£170,000	£150,000	£195,000	£192,000	£240,000
Detached	£242,000	£277,000	£260,000	£280,000	£355,000
All dwellings	£147,000	£145,000	£186,000	£183,000	£246,000

Source: Land Registry

- 7.14 It is also useful to provide estimates of property prices by the number of bedrooms in a home. Analysis for this draws together Land Registry data with an internet search of prices of homes for sale (using sites such as Rightmove). The analysis suggests a lower quartile price of about £70,000 for a 1-bedroom home in Ashfield, rising to £380,000 for homes with 4 bedrooms in Rushcliffe.

Table 7.2 Estimated lower quartile cost of housing to buy by size (existing dwellings) – year to March 2023

	Nottingham	Ashfield	Broxtowe	Gedling	Rushcliffe
1-bedroom	£90,000	£70,000	£85,000	£90,000	£120,000
2-bedrooms	£135,000	£120,000	£150,000	£145,000	£175,000
3-bedrooms	£170,000	£160,000	£205,000	£205,000	£260,000
4-bedrooms	£250,000	£270,000	£295,000	£300,000	£380,000
All dwellings	£147,000	£145,000	£186,000	£183,000	£246,000

Source: Land Registry and Internet Price Search

- 7.15 A similar analysis has been carried out for private rents. For this, reference has been made to Office for National Statistics (ONS) data (which covers 12 months to March 2023) supplemented by a review of available properties through an internet search – these latter figures indicate current costs to access the market, whereas the ONS data includes existing tenancies which may be at a lower rent. The analysis shows an average lower quartile cost (across all dwelling sizes) of £700 (Ashfield) to £950 (Rushcliffe) per month.

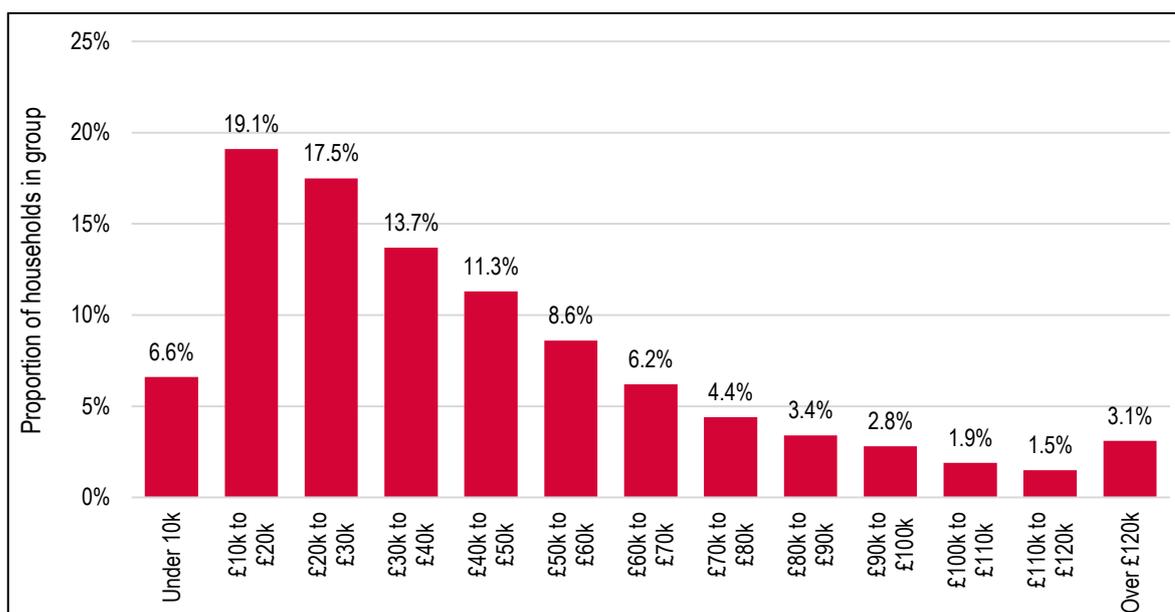
Table 7.3 Estimated Lower Quartile Market Rents (2023)

	Nottingham	Ashfield	Broxtowe	Gedling	Rushcliffe
1-bedroom	£725	£500	£600	£600	£695
2-bedrooms	£875	£700	£825	£795	£875
3-bedrooms	£950	£800	£950	£995	£1,100
4-bedrooms	£1,350	£1,100	£1,250	£1,250	£1,450
All properties	£850	£700	£850	£775	£950

Source: ONS and internet private rental cost search

Household Incomes

- 7.16 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. Data has also been drawn from the Annual Survey of Hours and Earnings (ASHE) to consider changes since the ONS data was published.
- 7.17 Drawing this data together an income distribution for the study area has been constructed for 2022. The figure below shows that around a quarter of households have incomes below £20,000 with just over a quarter in the range of £20,000 to £40,000. Overall, the average (mean) income is estimated to be around £43,300, with a median income of £34,600; the lower quartile income of all households is estimated to be £19,600.

Figure 7.1: Distribution of household income (2022) – Greater Nottingham and Ashfield

Source: Derived from a range of data sources

- 7.18 Analysis has also been undertaken to estimate how incomes vary by local authority, with the table below showing the estimated median household income in each location, the table also shows the variance in incomes from the study area average. There is some variation in the estimated incomes by area, ranging from £30,200 in Nottingham, up to £45,400 in Rushcliffe.

Table 7.4 Estimated average (median) household income by local authority (2022)

	Median Income	As a % of area average
Nottingham	£30,200	87%
Ashfield	£32,900	95%
Broxtowe	£37,400	108%
Gedling	£36,800	106%
Rushcliffe	£45,400	131%
Study area	£34,600	-

Source: Derived from a range of data

Affordability Thresholds

- 7.19 To assess affordability two different measures are used; firstly to consider what income levels are likely to be needed to access private rented housing (this establishes those households in need of social/affordable rented housing) and secondly to consider what income level is needed to access owner occupation (this, along with the first test helps to identify households in the 'gap' between renting and buying). This analysis therefore brings together the data on household incomes with the estimated incomes required to access private-sector housing. Additionally, 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).

- 7.20 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 – the PPG does not provide any guidance on this issue. The former Communities and Local Government Strategic Housing Market Assessment (CLG SHMA) guidance prepared in 2007 suggested that 25% of income is a reasonable starting point, it also noted 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).
- 7.21 Lower quartile rent levels in the study area are about average in comparison to other locations (ONS data points to a lower quartile rent of £515 (Ashfield) to £600 (Rushcliffe) per month in existing tenancies, compared with £550 across the East Midlands and £625 nationally). This would suggest that the proportion of income to be spent on housing could be higher than the bottom end of the range (the range starting from 25%). On balance, it is considered that a threshold of 30% is reasonable in a local context, to afford a £750 pcm rent would imply a gross household income of about £30,000 (and in net terms, the rent would likely be around 36% of income).
- 7.22 In reality, many households may well spend a higher proportion of their income on housing and therefore would have less money for other living costs – for this assessment, these households would essentially be assumed as ideally having some form of subsidised rent to ensure a sufficient level of residual income.
- 7.23 Generally, the income required to access owner-occupied housing is higher than that required to rent and so the analysis of the need for social/affordable rented housing is based on the ability to afford to access private rented housing. However, local house prices (and affordability) are important when looking at the need for affordable home ownership.
- 7.24 For this assessment, the income thresholds for owner-occupation assume a household has a 10% deposit and can secure a mortgage for four times its income. These assumptions are considered to be broadly in line with typical lending practices although it is recognised that there will be differences on a case-by-case basis.
- 7.25 The table below shows the estimated incomes required to both buy and rent (privately) in each local authority. This shows a notable ‘gap’ in most areas, particularly locations where house prices are higher. It is also notable that the income required to buy in Nottingham is actually slightly lower than the figure to rent. The information in the table below is taken forward into further analysis in this section to look at affordable needs in different locations.

Table 7.5 Estimated Household Income Required to Buy and Privately Rent by local authority

	To buy	To rent (privately)	Income gap
Nottingham	£33,100	£34,000	-£900
Ashfield	£32,600	£28,000	£4,600
Broxtowe	£41,900	£34,000	£7,900
Gedling	£41,200	£31,000	£10,200
Rushcliffe	£55,400	£38,000	£17,400

Source: Based on Housing Market Cost Analysis

Need for Social/Affordable Rented Housing

7.26 The sections below work through the various stages of analysis to estimate the need for social/affordable housing in the study area. Final figures are provided as an annual need (including an allowance to deal with current need). As per 2a-024 of the PPG, this figure can then be compared with the likely delivery of affordable housing.

Current Need

7.27 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 being their aspiration – this category is considered separately in this report (under the title of the need for affordable home ownership).

Table 7.6 Main Sources for Assessing the Current Need for Affordable Housing

	Source	Notes
Homeless households (and those in temporary accommodation)	MHCLG Statutory Homelessness data	Household in temporary accommodation at end of the quarter.
Households in overcrowded housing ²¹	2021 Census Table RM099	Analysis undertaken by tenure
Concealed households ²²	2021 Census Table RM009	Number of concealed families
Existing affordable housing tenants in need	Modelled data linking to past survey analysis	Excludes overcrowded households
Households from other tenures in need	Modelled data linking to past survey analysis	

Source: PPG [2a-020]

²¹ <https://www.nomisweb.co.uk/query/construct/summary.asp?mode=construct&version=0&dataset=2199>

²² <https://www.nomisweb.co.uk/query/construct/summary.asp?mode=construct&version=0&dataset=2109>

7.28 The table below sets out estimates of the number of households within each need category. This shows an estimated need from around 24,700 households, with around three-fifths of these households living in the Nottingham area.

Table 7.7 Estimated housing need by category of household

	Concealed and homeless households	Households in overcrowded housing	Existing affordable housing tenants in need	Households from other tenures in need	TOTAL
Nottingham	2,642	7,532	691	3,456	14,321
Ashfield	587	1,225	177	1,158	3,147
Broxtowe	468	909	116	1,054	2,547
Gedling	524	912	109	1,082	2,627
Rushcliffe	509	466	93	1,012	2,080
Study area	4,730	11,044	1,185	7,762	24,721

Source: Derived from a range of sources

7.29 In taking this estimate forward, the data modelling next estimates the need by tenure and considers affordability. The affordability in different groups is based on estimates of how incomes are likely to vary for those in different tenures against the general income distribution, for owner-occupiers there is a further assumption about potential equity levels. For homeless and concealed households it is assumed incomes will be low and households unlikely to be able to afford. The table below shows over half of those households identified above are unlikely to be able to afford market housing to buy **or** rent and therefore there is a current need from 14,371 households.

Table 7.8 Estimated housing need and affordability by tenure

	Number in need	% unable to afford	Current need after considering affordability
Owner-occupied	5,693	5.5%	314
Affordable housing	5,339	88.6%	4,732
Private rented	8,959	51.3%	4,595
No housing (homeless/concealed)	4,730	100.0%	4,730
TOTAL	24,721	58.1%	14,371

Source: Derived from a range of sources

7.30 Finally, from these estimates, 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 total current need is therefore estimated to be around 9,638. For analysis, it is assumed that the local authority would seek to meet this need over a period of time. Given that this report typically looks at needs in the period from 2023 to 2041, the need is annualised by dividing by 18 (to give an annual need for around 535 dwellings across all areas). This does not mean that some households would be

expected to wait 18 years for housing as the need is likely to be dynamic, with households leaving the current need as they are housed but with other households developing a need over time.

- 7.31 The table below shows this data for local authorities – this includes the number in need (once taking account of affordability), the number once excluding housing in affordable housing and the annual figure this represents.

Table 7.9 Estimated current housing need by local authority

	Number in need	Excluding those in affordable housing	Annualised
Nottingham	8,892	5,689	316
Ashfield	1,704	1,145	64
Broxtowe	1,380	952	53
Gedling	1,327	989	55
Rushcliffe	1,068	865	48
Study area	14,371	9,638	535

Source: Derived from a range of sources

Newly-Forming Households

- 7.32 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.
- 7.33 The number of newly-forming households is 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 the formation of younger households.
- 7.34 In assessing the ability of newly forming households to afford market housing, data has been drawn from previous surveys undertaken nationally by JGC. 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 an analysis of English Housing Survey data at a national level).
- 7.35 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 the 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. For the

purposes of the need for social/affordable rented housing, this will relate to households unable to afford to buy or rent in the market.

- 7.36 The assessment suggests overall that over half of newly forming households will be unable to afford market housing (to rent privately) and this equates to a total of 3,700 newly forming households who will have a need per annum on average across the study area.

Table 7.10 Estimated Need for Social/Affordable Rented Housing from Newly Forming Households (per annum)

	Number of new households	% unable to afford	Annual newly forming households unable to afford to rent
Nottingham	2,621	63.9%	1,675
Ashfield	1,081	50.6%	546
Broxtowe	867	54.1%	469
Gedling	1,021	50.1%	512
Rushcliffe	999	49.8%	498
Study area	6,589	56.2%	3,700

Source: Projection Modelling/Affordability Analysis

Existing Households Falling into Affordable Housing Need

- 7.37 The second element of newly arising need is existing households falling into need. To assess this, information about past lettings in social/affordable rented has been used. The assessment looked at households who have been housed in general needs housing over the past three years – this group will represent the flow of households onto the Housing Register over this period. 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. Data has been drawn from several sources, including Local Authority Housing Statistics (LAHS) and Continuous Recording of Sales and Lettings (CoRe).
- 7.38 In the absence of any guidance in the PPG, 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)'*. Following the analysis through suggests a need arising from 1,030 existing households each year across the study area.

Table 7.11 Estimated Need for Social/Affordable Rented Housing from Existing Households Falling into Need (per annum)

	Total Additional Need	% of Total
Nottingham	639	62.0%
Ashfield	144	14.0%
Broxtowe	144	14.0%
Gedling	62	6.0%
Rushcliffe	41	4.0%
Study area	1,030	100.0%

Source: Derived from a range of sources

Supply of Social/Affordable Rented Housing Through Relets

- 7.39 The future supply of affordable housing through relets is the flow of affordable housing arising from the existing stock that is available to meet future need. This focuses on the annual supply of social/affordable rent relets.
- 7.40 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 a range of sources (including CoRe and LAHS) has been used to establish past patterns of social housing turnover. The figures are for general needs 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.
- 7.41 Based on past trend data, it has been estimated that 1,581 units of social/affordable rented housing are likely to become available each year moving forward for occupation by households in need. Generally, relet supply in the area has been falling over time (as it has been nationally) – for this assessment, an average for the past three years has been used but Councils should monitor relets in the future as any continuation of this downward trend would increase affordable needs further.

Table 7.12 Analysis of Past Social/Affordable Rented Housing Supply, 2019/20 – 2021/22 (average per annum)

	Total Lettings	% as Non-New Build	Lettings in Existing Stock	% Non-Transfers	Lettings to New Tenants
2019/20	2,899	94.2%	2,732	67.2%	1,835
2020/21	2,324	92.9%	2,160	67.6%	1,461
2021/22	2,410	91.1%	2,195	65.9%	1,447
Average	2,544	92.8%	2,362	66.9%	1,581

Source: CoRe/LAHS

- 7.42 The table below shows the estimated supply of affordable housing from relets in each local authority – over half of the relet supply is estimated to arise in Nottingham.

Table 7.13 Estimated supply of affordable housing from relets of existing stock by local authority (per annum)

	Annual supply	% of supply
Nottingham	900	56.9%
Ashfield	279	17.6%
Broxtowe	208	13.2%
Gedling	114	7.2%
Rushcliffe	80	5.0%
Study area	1,581	100.0%

Source: CoRe/LAHS

- 7.43 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). 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 Need for Social/Affordable Rented Housing

- 7.44 The table below shows the overall calculation of affordable housing need. The analysis shows that there is a need for 3,684 dwellings per annum across the area – an affordable need is seen in all local authorities. The net need is calculated as follows:

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

Table 7.14 Estimated Need for Social/Affordable Rented Housing (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
Nottingham	316	1,675	639	2,629	900	1,729
Ashfield	64	546	144	755	279	476
Broxtowe	53	469	144	666	208	458
Gedling	55	512	62	628	114	514
Rushcliffe	48	498	41	587	80	507
Study area	535	3,700	1,030	5,266	1,581	3,684

Source: Derived from a range of sources

The Relationship Between Affordable Need and Overall Housing Numbers

7.45 The PPG encourages local authorities to consider increasing planned housing numbers where this can help to meet the identified affordable need. Specifically, the wording of the PPG [2a-024] states:

“The total affordable housing need can then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, taking into account the probable percentage of affordable housing to be delivered by eligible market housing led developments. An increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes”.

7.46 However, the relationship between affordable housing need and overall housing need is complex. This was recognised in the Planning Advisory Service (PAS) Technical Advice Note of July 2015. PAS conclude that there is no arithmetical way of combining the OAN (calculated through demographic projections) and the affordable need. There are many reasons why the two cannot be ‘arithmetically’ linked.

7.47 Firstly, the modelling contains a category in the projection of ‘existing households falling into need’; these households already have accommodation and hence if they were to move to alternative accommodation, they would release a dwelling for use by another household – there is no net need to provide additional homes. The modelling also contains ‘newly forming households’; these households are a direct output from the demographic modelling and are therefore already included in the overall housing need figures.

7.48 This just leaves the ‘current need’; much of this group will be similar to the existing households already described (in that they are already living in accommodation) although a number may be households without housing (mainly concealed households) – these households are not included in the demographic modelling and so are arguably an additional need, although uplifts for market signals/affordability (as included in the Government’s Standard Method) would be expected to deal with such households.

7.49 The analysis estimates an annual need for 3,684 rented affordable homes, which is notionally 113% of a Local Housing Need of 3,274 dwellings per annum. However, as noted, caution should be exercised in trying to make a direct link between affordable need and planned delivery, with the key point being that many of those households picked up as having a need will already be living in housing and so providing an affordable option does not lead to an overall net increase in the need for housing (as they would vacate a home to be used by someone else).

7.50 It is possible to investigate this in some more detail by re-running the model and excluding those already living in accommodation. This is shown in the table below which identifies that meeting these needs would lead to an affordable need for 2,381 homes per annum across the study area – notionally 73% of the housing need. This figure is theoretical and should not be seen to be minimising the need

(which is clearly acute). It does however serve to show that there is a substantial difference in the figures when looking at overall housing shortages.

- 7.51 The analysis is arguably even more complex than this – it can be observed that the main group of households in need are newly forming households. These households are already included within demographic projections and so the demonstration of a need for this group again should not be seen as additional to that estimated through demographic projections (including the Standard Method). The second table below shows figures when excluding existing households for each local authority.

Table 7.15 Estimated Need for Affordable Housing (social/affordable rented) excluding households already in accommodation

	Including existing households	Excluding existing households
Current need	535	263
Newly forming households	3,700	3,700
Existing households falling into need	1,030	0
Total Gross Need	5,266	3,963
Re-let Supply	1,581	1,581
Net Need	3,684	2,381

Source: Derived from a range of sources

Table 7.16 Estimated Need for Social/Affordable Rented Housing (per annum) – excluding existing households

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
Nottingham	147	1,675	0	1,822	900	921
Ashfield	33	546	0	579	279	300
Broxtowe	26	469	0	495	208	287
Gedling	29	512	0	541	114	426
Rushcliffe	28	498	0	526	80	446
Study area	263	3,700	0	3,963	1,581	2,381

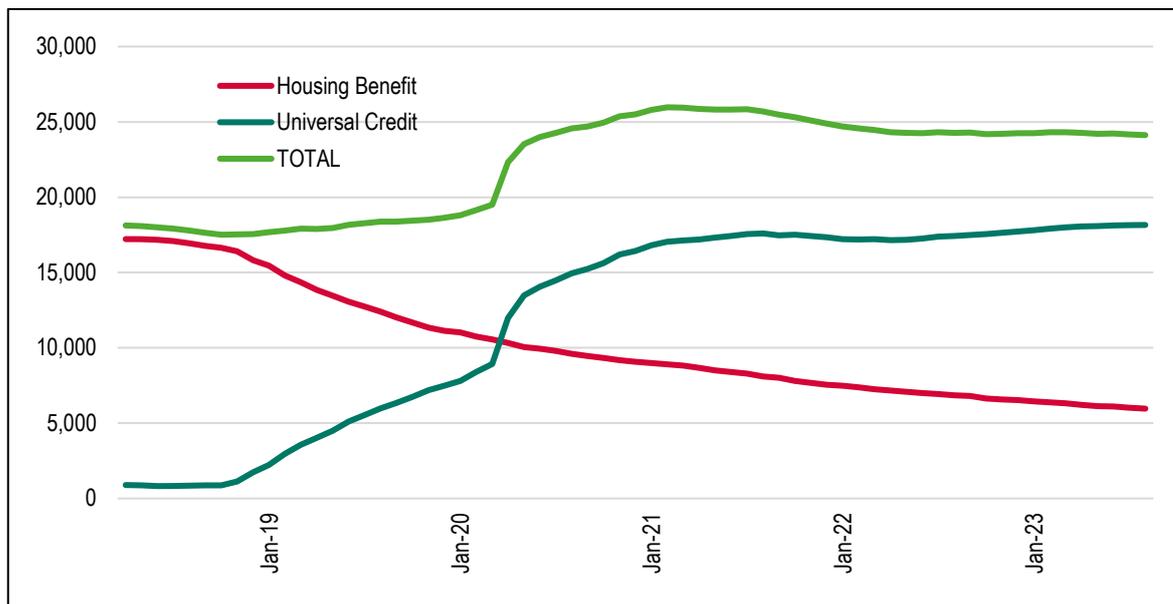
Source: Derived from a range of sources

- 7.52 Additionally, it should be noted that the need estimate is on a per annum basis and should not be multiplied by the plan period to get a total need. Essentially, the estimates are for the number of households who would be expected to have a need in any given year (i.e. needing to spend more than 30% of income on housing). In reality, some (possibly many) households would see their circumstances change over time such that they would 'fall out of need' and this is not accounted for in the analysis. One example would be a newly forming household with an income level that means they spend more than 30% of income on housing, as the household's income rises they would potentially pass the affordability test and therefore not have an affordable need. Additionally, there is the likelihood

when looking over the longer term that a newly-forming household will become an existing household in need and would be counted twice if trying to multiply the figures out for a whole plan period.

- 7.53 The discussion above has already noted that the need for affordable housing does not generally lead to a need to increase overall provision, except for potentially providing housing for concealed households, although this should be picked up as part of an affordability uplift (Step 2 of the standard method increases housing need/provision to respond to local affordability issues). It is however worth briefly thinking about how affordable need works in practice and the housing available to those unable to access market housing without Housing Benefit. In particular, the role played by the Private Rented Sector (PRS) in providing housing for households who require financial support to meet their housing needs should be recognised.
- 7.54 Whilst the Private Rented Sector (PRS) does not fall within the types of affordable housing set out in the NPPF (other than affordable private rent which is a specific tenure separate from the main 'full market' PRS), it has evidently been playing a role in meeting the needs of households who require financial support in meeting their housing need. The government recognises this and indeed legislated through the 2011 Localism Act to allow Councils to discharge their "homelessness duty" through providing an offer of a suitable property in the PRS.
- 7.55 It is also worth reflecting on the NPPF (Annex 2) definition of affordable housing. This says: '*Affordable housing: housing for sale or rent, for those whose needs are not met by the market*' [emphasis added]. Clearly, where a household is able to access suitable housing in the private rented sector (with or without Housing Benefit) it is the case that these needs are being met by the market (as within the NPPF definition). As such the role played by the private rented sector should be recognised – it is evidently part of the functioning housing market.
- 7.56 Data from the Department of Work and Pensions (DWP) has been used to look at the number of Housing Benefit supported private rented homes. As of August 2023, it is estimated that there were around 24,100 benefit claimants in the private rented sector in the study area. From this, it is clear that the PRS contributes to the wider delivery of 'affordable homes' with the support of benefit claims, and further complicates any attempts to find a relationship between affordable need and overall housing need.
- 7.57 The figure below shows the trend in the number of claimants in the study area. This shows there has been a notable increase since March 2020, which is likely to be related to the Covid-19 pandemic. However, even more historical data shows a substantial number of households claiming benefit support for their housing in the private sector (typically around 18,000 households).

Figure 7.2: Number of Housing Benefit claimants in the private rented sector – Greater Nottingham and Ashfield



Source: Department of Work and Pensions

- 7.58 The table below shows the number of claimants in August 2023 and also 4 years previously (to indicate the impact of the pandemic). Benefit claimant numbers are particularly high in Nottingham and lowest in Rushcliffe.

Table 7.17 Number of Housing Benefit claimants in the private rented sector – local authorities

	August 2019			August 2023		
	Housing Benefit	UC with housing element	TOTAL	Housing Benefit	UC with housing element	TOTAL
Nottingham	6,375	3,196	9,571	2,800	9,647	12,447
Ashfield	2,086	1,070	3,156	978	3,302	4,280
Broxtowe	1,345	655	2,000	746	1,817	2,563
Gedling	1,785	722	2,507	936	2,346	3,282
Rushcliffe	820	335	1,155	507	1,042	1,549
Study area	12,401	5,977	18,378	5,965	18,156	24,121

Source: Department of Work and Pensions

- 7.59 Whilst housing delivery through Local Plans can be expected to secure additional affordable housing it needs to be noted that delivery of affordable housing through planning obligations is an important, but not the only, means of delivering affordable housing; and the Councils should also work with housing providers to secure funding to support enhanced affordable housing delivery on some sites and through use of its own land assets.

- 7.60 Overall, it is difficult to link the need for affordable housing to the overall housing need; indeed, there is no justification for trying to make the link. Put simply the two do not measure the same thing and interpreting the affordable need figure consideration needs to be given to the fact that many households already live in housing, and do not therefore generate an overall net need for an additional home. Further issues arise as the need for affordable housing is complex and additionally, the extent of concealed and homeless households needs to be understood as well as the role played by the private rented sector.
- 7.61 Regardless of the discussion above, the analysis identifies a notable need for affordable housing, and it is clear that the provision of new affordable housing is an important and pressing issue across the study area. 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. As noted previously, the evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.
- 7.62 Finally, whilst there is no direct link between affordable need and overall housing need, it is the case that the levels of affordable need across areas can feed into considerations about the distribution of housing for different locations, along with an understanding of demographic trends and economic growth.

Split Between Social and Affordable Rented Housing

- 7.63 The analysis above has studied the overall need for social and affordable rented housing with a focus on households who cannot afford to rent in the market. These households will therefore require some form of rented housing at a cost below typical market rates. Typically, there are two main types of rented affordable accommodation (social and affordable rented) with the analysis below initially considering what a reasonable split might be between these two tenures.
- 7.64 The table below shows current rent levels in the study area for a range of products along with relevant local housing allowance (LHA) rates. Most of the study area falls within the Nottingham Broad Rental Market Area (BRMA) although parts of some areas (notably Ashfield) are within other BRMAs – in Ashfield’s case within a North Notts BRMA.
- 7.65 Data about average social and affordable rents has been taken from the Regulator of Social Housing (RSH) and this is compared with lower quartile market rents. This analysis shows that social rents are significantly lower than affordable rents; the analysis also shows that affordable rents are below lower quartile market rents.

- 7.66 The LHA rates for all sizes of homes are below lower quartile market rents for all sizes of accommodation. This does potentially mean that households seeking accommodation in many locations may struggle to secure sufficient benefits to cover their rent.

Table 7.18 Comparison of rent levels for different products – Nottingham

	Social rent	Affordable rent (AR)	Lower quartile (LQ) market rent	LHA (Nottingham)
1-bedroom	£343	£404	£725	£469
2-bedrooms	£391	£475	£875	£549
3-bedrooms	£429	£539	£950	£623
4-bedrooms	£474	£611	£1,350	£798
All	£393	£486	£850	-

Source: RSH, VOA and market survey

Table 7.19 Comparison of rent levels for different products – Ashfield

	Social rent	Affordable rent (AR)	Lower quartile (LQ) market rent	LHA (Nottingham)	LHA (North Notts)
1-bedroom	£319	£429	£500	£469	£349
2-bedrooms	£389	£483	£700	£549	£449
3-bedrooms	£417	£504	£800	£623	£474
4-bedrooms	£513	£742	£1,100	£798	£673
All	£399	£490	£700	-	-

Source: RSH, VOA and market survey

Table 7.20 Comparison of rent levels for different products – Broxtowe

	Social rent	Affordable rent (AR)	Lower quartile (LQ) market rent	LHA (Nottingham)
1-bedroom	£335	£423	£600	£469
2-bedrooms	£400	£497	£825	£549
3-bedrooms	£452	£536	£950	£623
4-bedrooms	£510	£0	£1,250	£798
All	£380	£482	£850	-

Source: RSH, VOA and market survey

Table 7.21 Comparison of rent levels for different products – Gedling

	Social rent	Affordable rent (AR)	Lower quartile (LQ) market rent	LHA (Nottingham)
1-bedroom	£321	£425	£600	£469
2-bedrooms	£378	£516	£795	£549
3-bedrooms	£412	£553	£995	£623
4-bedrooms	£465	£639	£1,250	£798
All	£382	£514	£775	-

Source: RSH, VOA and market survey

Table 7.22 Comparison of rent levels for different products – Rushcliffe

	Social rent	Affordable rent (AR)	Lower quartile (LQ) market rent	LHA (Nottingham)
1-bedroom	£363	£443	£695	£469
2-bedrooms	£423	£531	£875	£549
3-bedrooms	£475	£615	£1,100	£623
4-bedrooms	£524	£785	£1,450	£798
All	£446	£548	£950	-

Source: RSH, VOA and market survey

- 7.67 To some extent, it is easier to consider the data above in terms of the percentage of one housing cost to another and this is shown in the tables below. Caution should be exercised when looking at the overall averages as these will be influenced by the profile of stock in each category and so the discussion focuses on 2-bedroom homes. This shows that social rents are significantly cheaper than market rents (and indeed affordable rents) and that affordable rents (as currently charged) represent between 54% and 69% of a current lower quartile rent.

Table 7.23 Difference between rent levels for different products – Nottingham

	Social rent as % of affordable rent	Social rent as % of LQ market rent	Affordable rent as % of LQ market rent
1-bedroom	85%	47%	56%
2-bedrooms	82%	45%	54%
3-bedrooms	80%	45%	57%
4-bedrooms	78%	35%	45%
All	81%	46%	57%

Source: RSH and market survey

Table 7.24 Difference between rent levels for different products – Ashfield

	Social rent as % of affordable rent	Social rent as % of LQ market rent	Affordable rent as % of LQ market rent
1-bedroom	74%	64%	86%
2-bedrooms	81%	56%	69%
3-bedrooms	83%	52%	63%
4-bedrooms	69%	47%	67%
All	81%	57%	70%

Source: RSH and market survey

Table 7.25 Difference between rent levels for different products – Broxtowe

	Social rent as % of affordable rent	Social rent as % of LQ market rent	Affordable rent as % of LQ market rent
1-bedroom	79%	56%	71%
2-bedrooms	80%	48%	60%
3-bedrooms	84%	48%	56%
4-bedrooms	-	41%	-
All	79%	45%	57%

Source: RSH and market survey

Table 7.26 Difference between rent levels for different products – Gedling

	Social rent as % of affordable rent	Social rent as % of LQ market rent	Affordable rent as % of LQ market rent
1-bedroom	76%	53%	71%
2-bedrooms	73%	48%	65%
3-bedrooms	75%	41%	56%
4-bedrooms	73%	37%	51%
All	74%	49%	66%

Source: RSH and market survey

Table 7.27 Difference between rent levels for different products – Rushcliffe

	Social rent as % of affordable rent	Social rent as % of LQ market rent	Affordable rent as % of LQ market rent
1-bedroom	82%	52%	64%
2-bedrooms	80%	48%	61%
3-bedrooms	77%	43%	56%
4-bedrooms	67%	36%	54%
All	81%	47%	58%

Source: RSH and market survey

- 7.68 For an affordability test, a standardised average rent for each product has been used based on the proportion of stock in each size category. The table below suggests that around 19%-32% of households who cannot afford to rent privately could afford an affordable rent, with a further 11%-19% being able to afford a social rent (but not an affordable one). A total of 55%-68% of households would need some degree of benefit support (or spend more than 30% of income on housing) to be able to afford their housing (regardless of the tenure).

Table 7.28 Estimated need for affordable rented housing (% of households able to afford)

	Nottingham	Ashfield	Broxtowe	Gedling	Rushcliffe
Afford affordable rent	23%	19%	29%	22%	32%
Afford social rent	11%	13%	15%	19%	13%
Need benefit support	67%	68%	56%	59%	55%
All unable to afford market rent	100%	100%	100%	100%	100%

Source: Affordability analysis *numbers may not sum due to rounding

- 7.69 The finding that only 19%-32% of households can afford affordable rent does not automatically lead to a policy conclusion on the split between the two types of housing. For example, many households who will need to access rented accommodation will be benefit dependent and as such could technically afford an affordable rent – hence a higher proportion of affordable rented housing might be appropriate. On the flip side, providing more social rents might enable households to return to work more easily, as a lower income would potentially be needed to afford the lower social (rather than affordable) rent.
- 7.70 There will be a series of other considerations both at a strategic level and for specific schemes. For example, there may be funding streams that are only available for a particular type of housing, and this may exist independently of any local assessment of need. Additionally, there will be the consideration of the balance between the cost of housing and the amount that can be viably provided, for example, affordable rented housing is likely more viable, and therefore a greater number of units could be provided. Finally, in considering a split between social and affordable rented housing it needs to be considered that having different tenures on the same site (at least at initial occupation) may be difficult – e.g. if tenants are paying a different rent for essentially the same size/type of property and services.
- 7.71 On this basis, it is not recommended that the Councils have a rigid policy for the split between social and affordable rented housing, although the analysis is clear that both tenures of home (and particularly socially rented housing) are likely to be required.

Establishing a Need for Affordable Home Ownership

- 7.72 The Planning Practice Guidance confirms a widening definition of those to be considered as in affordable need; now including households *'that cannot afford their own homes, either to rent, or to own, where that is their aspiration'*. However, at the time of writing, there is no guidance about how the number of households with a need for affordable home ownership should be measured.
- 7.73 The methodology used in this report therefore draws on the current methodology and includes an assessment of current needs, and 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.
- 7.74 The analysis has been developed in the context of First Homes with national policy now requiring that 25% of all affordable housing secured through developer contributions should be within this tenure. A definition of First Homes (from the relevant PPG (70-001)) can be found later in this document.

Gross Need for Affordable Home Ownership

- 7.75 The first part of the analysis seeks to understand what the gap between renting and buying means in the study area – in particular establishing the typical incomes that might be required. The information about incomes required to both buy and rent in different locations has already been provided earlier in this section and so the discussion below is a broad example.
- 7.76 Using the income distributions developed (as set out earlier in this section) along with data about price and rents, it has been estimated that of all households living in the private rented sector, around 33%-38% already have sufficient income to buy a lower quartile home, with up to 20% falling in the rent/buy 'gap' (highest figure in Rushcliffe). The final 47%-62% are estimated to have an income below which they cannot afford to rent privately (i.e. would need to spend more than the calculated threshold of their income on housing costs) although in reality it should be noted that many households will spend a higher proportion of their income on housing. The figures below are notable in showing no households in the rent/buy gap in Nottingham, this is due to the typical pricing of homes to buy and rent in the City.
- 7.77 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).

Table 7.29 Estimated proportion of households living in Private Rented Sector able to buy and/or rent market housing

	Can afford to buy <u>or</u> rent	Can afford to rent but not buy	Cannot afford to buy <u>Or</u> rent
Nottingham	38%	-	62%
Ashfield	44%	8%	48%
Broxtowe	37%	11%	52%
Gedling	37%	15%	48%
Rushcliffe	33%	20%	47%

Source: Derived from Housing Market Cost Analysis and Affordability Testing

- 7.78 The finding that a proportion 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 for some households, barriers to accessing owner-occupation are not just about income/the cost of housing but also other factors (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)). However, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving location with employment).

- 7.79 In terms of the potential for deposits to be a barrier to home ownership, it needs to be remembered the analysis in this report does not specifically factor in deposits due to good local information not typically being available; however, the English Housing Survey (2021-22) did collect data on savings (nationally) and this showed that 22% of owners, 48% of households in the private rented sector and 74% of social tenants did not have any savings. Access to deposits will therefore be a potential barrier to accessing housing for many households.
- 7.80 To study the current need, an estimate of the number of households living in the Private Rented Sector (PRS) has been established, with the same (rent/buy gap) affordability test (as described above) then applied. The start point is the number of households living in private rented accommodation; as of the 2021 Census, some 62,300 households were living in the sector across the study area (renting from private landlords or letting agencies).
- 7.81 Additional data from the EHS suggests that 60% of all PRS households expect to become an owner at some point (37,400 households if applied to the study area) and of these, some 40% (15,000 households) would expect this to happen in the next 2 years. These figures are taken as the number of households potentially with a current need for affordable home ownership before any affordability testing.
- 7.82 As noted above, based on income it is estimated that up to 20% of the private rented sector households sit in the gap between renting and buying (varying by location). Applying the relevant proportions to the above figures would suggest a current need for around 916 affordable home ownership units (51 per annum if annualised over 18 years).
- 7.83 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 609 dwellings (533 from newly forming households and 76 from existing households in the private rented sector).
- 7.84 Bringing together the above analysis suggests that there is a need for around 660 affordable home ownership homes (priced for households able to afford to rent but not buy) per annum across the study area. This is before any assessment of the potential supply of housing is considered.

Table 7.30 Estimated Gross Need for Affordable Home Ownership (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need
Nottingham	0	0	0	0
Ashfield	8	82	12	103
Broxtowe	11	98	17	125
Gedling	14	153	21	189
Rushcliffe	17	200	26	243
Study area	51	533	76	660

Source: Derived from a range of sources

Potential Supply of Housing to Meet the Affordable Home Ownership Need and Net Need

- 7.85 As with the need for social/affordable rented housing, it is also necessary to consider if there is any supply of affordable home ownership products from the existing stock of housing. 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.
- 7.86 One source is likely to be resales of low-cost home ownership products with data from the Regulator of Social Housing showing a total stock in 2022 of 1,555 homes. If these homes were to turnover at a rate of around 3% (which is the typical figure seen nationally and similar to the turnover rate in the social housing stock) then they would be expected to generate around 47 resales each year. These properties would be available for these households and can be included as the potential supply.
- 7.87 In addition, it should be noted that the analysis looks at households unable to afford a lower-quartile property price. By definition, a quarter of all homes sold will be priced at or below a lower quartile level. According to the Land Registry, in the study area there were a total of 8,866 resales (i.e. excluding newly-built homes) in the last year (year to March 2023) and therefore around 2,217 would be priced below the lower quartile. This is 2,217 homes that would potentially be affordable to the target group for affordable home ownership products and is a supply higher than the estimated gross need.
- 7.88 It is then possible to provide a best estimate of the supply of lower quartile homes that are bought by the target group of households (assumed to be first-time buyers). Whilst dated, a report by Bramley and Wilcox in 2010 (Evaluating requirements for market and affordable housing) noted that around 40% of first-time buyers with a mortgage buy at or below the lower quartile²³. Other recent data

²³ https://thinkhouse.org.uk/site/assets/files/1614/2010_20nhpau_202.pdf

suggests that first-time buyers account for around half of home purchase loans²⁴ with a total of around 65% of all homes being bought with a loan (35% as cash buyers²⁵).

7.89 Bringing this together would point to 32.5% of homes being bought by first-time buyers and around 13% of all homes being a lower quartile home bought by a first-time buyer (32.5% x 40%) – this would point to around half of all lower quartile sales as being to first-time buyers (as half of 25% is 12.5%). Therefore, to estimate a ‘need’ half of all lower quartile sales are included in the supply.

7.90 We can therefore now provide three supply estimates which can be considered in the context of the estimated need. These are:

- Only count the supply from affordable home ownership resales (47 per annum);
- Include the supply from affordable home ownership and half of resales of lower quartile homes (1,155 per annum (1,108+47)); and
- Include the supply from affordable home ownership and all resales of lower quartile homes (2,263 per annum (2,217+47)).

7.91 The table below shows the estimated net need from applying these three supply scenarios. Only including the resales of AHO shows a need for 613 dwellings per annum and this reduces to a surplus if 50% of lower quartile sales are included. If all lower quartile sales are included in the supply, then there is a notable surplus need for affordable home ownership shown.

Table 7.31 Estimated Net Need for Affordable Home Ownership (per annum)

	AHO resales only	AHO resales plus 50% of LQ sales	AHO resales plus 100% of LQ sales
Total gross need	660	660	660
Low Cost Home Ownership supply	47	1,155	2,263
Net need	613	-495	-1,603

Source: Derived from a range of sources *Numbers may not sum due to rounding

7.92 Focussing on the middle of the three scenarios above (AHO resales and 50% of LQ sales) the table below brings together an estimate of the need for affordable home ownership for the local authorities. This confirms no real need for affordable home ownership products per annum across the study area

²⁴ <https://www.mortgagesolutions.co.uk/news/2022/01/24/first-time-buyer-numbers-rose-to-nearly-410000-in-2021/#:~:text=First%2Dtime%20buyers%20accounted%20for,39%20per%20cent%20in%202009>

²⁵ <https://www.ft.com/content/e0ad2830-094f-4e61-acaa-d77457e2edbb>

(a net deficit of around 500 units per annum). However, in Rushcliffe, the analysis would suggest that there is a modest potential shortfall, albeit much lower than the need for rented affordable housing.

Table 7.32 Estimated Need for Affordable Home Ownership by local authority (per annum)

	Total Gross Need	Supply	Net need
Nottingham	0	364	-364
Ashfield	103	205	-102
Broxtowe	125	167	-42
Gedling	189	206	-17
Rushcliffe	243	213	30
Study area	660	1155	-495

Source: Derived from a range of sources

- 7.93 Furthermore focussing on the first of the three scenarios above (AHO resales only and the only figure that points to a net need) the table below shows a modest need for affordable home ownership in all areas other than Nottingham – it needs to be stressed that the ‘need’ is much lower than for rented products. This illustrates how sensitive the scenarios are to assumptions around supply.

Table 7.33 Estimated Need for Affordable Home Ownership by local authority (per annum)

	Total Gross Need	Supply	Net need
Nottingham	0	9	-9
Ashfield	103	7	96
Broxtowe	125	4	122
Gedling	189	7	182
Rushcliffe	243	21	222
Study area	660	47	613

Source: Derived from a range of sources * numbers may not sum due to rounding

Implication of the Analysis

- 7.94 Given the analysis above, it would be reasonable to conclude that there is no need to provide housing under the heading of ‘affordable home ownership’ – whilst there are some households in the gap between renting and buying, there is also a potential supply of homes within the existing stock that can contribute to this need. Where a need using this methodology has been shown, it is universally lower than the need for social/affordable rented housing.
- 7.95 Regardless, it does seem that many households in the study area are being excluded from the owner-occupied sector (although they can afford private rented housing). This can be seen by analysis of tenure change, which saw the number of households living in private rented accommodation increasing by 23% from 2011 to 2021 (following a much higher increase in the 2001-11 period). Over the same period (2011-21), the number of owners with a mortgage has decreased by around 7%. That said, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household’s life stage (e.g. if moving locations with employment).

- 7.96 On this basis, and as previously noted, it seems likely in the study area 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 simply being due to the cost of housing to buy (although this will be a factor for some households).
- 7.97 The NPPF gives a clear direction that 10% of all new housing (on larger sites) should be for affordable home ownership (in other words, if 20% of homes were to be affordable then half would be affordable home ownership) and it is now the case that policy compliant planning applications would be expected to deliver a minimum of 25% affordable housing as First Homes (as a proportion of the total affordable housing), with Councils being able to specify the requirement for any remaining affordable housing (subject to at least 10% of all housing being for AHO).
- 7.98 Firstly regarding the 10%, it is not clear that this is the best solution in the study area. The NPPF does provide some examples of where the 10% might not be required (Paragraph 66), most notably that the 10% would be expected unless this would '*significantly prejudice the ability to meet the identified affordable housing needs of specific groups*'. In Greater Nottingham and Ashfield, the clear need for additional rented housing would arguably mean that providing affordable home ownership would 'prejudice the ability' to meet the needs of the 'specific group' requiring rented accommodation.
- 7.99 Regarding the 25% of affordable housing as First Homes, it is not clear whether there is any scope to challenge the 'minimum of 25%', nor what role other tenures of affordable home ownership (such as shared ownership) might play. First Homes could squeeze out other forms of LCHO such as shared ownership, although it is likely that there will still be a role for this type of housing given typically lower deposit requirements.
- 7.100 Whilst there are many households in the gap between renting and buying, they in some cases will be able to afford homes below lower quartile housing costs. That said, it is important to recognise that some households will have insufficient savings to be able to afford to buy a home on the open market (particularly in terms of the ability to afford a deposit) and low-cost home ownership homes – and shared ownership homes in particular – will therefore continue to play a role in supporting some households.
- 7.101 The evidence points to a clear and acute need for rented affordable housing for lower-income households, and it is important that a supply of rented affordable housing is maintained to meet the needs of this group including those to which the authorities have a statutory housing duty. Such housing is notably 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).
- 7.102 There may also be a role for AHO in any 100% affordable housing schemes that may come forward (as well as through Section 106). Including a mix of both rented and intermediate homes to buy could

make such schemes more viable, as well as enabling a range of tenures and therefore potential client groups to access housing.

- 7.103 In addition, it should also be noted that the finding of a 'need' for affordable home ownership does not have any impact on the overall need for housing. It seems clear that this group of households is simply a case of seeking to move households from one tenure to another (in this case from private renting to owner-occupation); there is, therefore, no net change in the total number of households, or the number of homes required.

How Much Should Affordable Home Ownership Homes Cost?

- 7.104 The analysis and discussion above suggest there are many households likely to fall under the PPG definition of needing affordable home ownership (including First Homes) – i.e. in the gap between renting and buying – but that the potential supply of low-cost housing to buy makes it difficult to fully quantify this need. However, given the NPPF, the Councils may need to consider some additional homes on larger sites as some form of affordable home ownership (AHO).
- 7.105 The analysis below focuses on the cost of discounted market sale (which would include First Homes) to make them genuinely affordable before moving on to consider shared ownership (in this case suggestions are made about the equity shares likely to be affordable and whether these shares are likely to be offered). It is considered that First Homes and shared ownership are likely to be the main affordable home ownership tenures moving forward although it is accepted that some delivery may be of other products. This section also provides some comments about Rent to Buy housing.
- 7.106 The reason for the analysis to follow is that it will be important for the Councils to ensure that any affordable home ownership is sold at a price that is genuinely affordable for the intended target group – for example, there is no point in discounting a new market home by 30% if the price still remains above that for which a reasonable home can already be bought in the open market.

Discounted Market Sales Housing (including First Homes)

- 7.107 In May 2021, MHCLG published a new Planning Practice Guidance (PPG) regarding First Homes. The key parts of this guidance are set out below:

First Homes are a specific kind of discounted market sale housing and should be considered to meet the definition of 'affordable housing' for planning purposes. Specifically, First Homes are discounted market sale units which:

- a) must be discounted by a minimum of 30% against the market value;*
- b) are sold to a person or persons meeting the First Homes eligibility criteria (see below);*
- c) on their first sale, will have a restriction registered on the title at HM Land Registry to ensure this discount (as a percentage of current market value) and certain other restrictions are passed on at each subsequent title transfer; and,*

d) after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London).

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

7.108 In terms of eligibility criteria, a purchaser should be a first-time buyer with a combined annual household income not exceeding £80,000 (or £90,000 in Greater London) and a mortgage needs to fund a minimum of 50% of the discounted purchase price. Local authorities can set their own eligibility criteria, which could for example involve lower income caps, a local connection test, or criteria based on employment status. Regarding discounts, a First Home must be sold at least 30% below the open market value. However, local authorities do have the discretion to require a higher minimum discount of either 40% or 50% (if they can demonstrate a need for this).

7.109 As noted above, the problem with having a percentage discount is that it is possible in some locations or types of property that such a discount still means that the discounted housing is more expensive than that typically available in the open market. This is often the case as new build housing itself attracts a premium. The preferred approach in this report is to set out a series of purchase costs for different sizes of accommodation which ensure these products are affordable for the intended group. These purchase costs are based on current lower quartile rental prices and also consideration of the income required to access the private rented sector and then estimating what property price this level of income might support (assuming a 10% deposit and a 4.5 times mortgage multiple). Below is an example of a calculation based on a 2-bedroom home in Rushcliffe:

- Previous analysis has shown that the lower quartile rent for a 2-bedroom home in Rushcliffe is £875 per month;
- Based on a household spending no more than 30% of their income on housing, a household would need an income of around £2,900 per month to afford (£875/0.3) or £35,000 per annum; and
- With an income of £35,000, it is estimated that a household could afford to buy a home for around £155,600. This is based on assuming a 10% deposit (mortgage for 90% of value) and a 4 times mortgage multiple – calculated as $£35,000 \times 4 / 0.9$.

7.110 Therefore, £155,600 is a suggested purchase price to make First Homes/discounted home ownership affordable for households in the rent/buy gap in Rushcliffe (2-bedrooms). This figure is essentially the equivalent price that is affordable to a household who can just afford to rent privately. In reality, there will be a range of incomes in the rent/buy gap and so some households could afford a higher price; however, setting all homes at a higher price would mean that some households will still be unable to afford it.

- 7.111 On this basis, it is considered reasonable to look at the cost of First Homes as a range, from the equivalent private rent figure up to a midpoint of the cost of open market purchase and the relevant private rented figure (for a 2-bedroom home this is £175,000, giving a midpoint of £165,300). The use of a midpoint would mean that only around half of households in the rent/buy gap could afford it, and therefore any housing provided at such a cost would need to also be supplemented by an equivalent number at a lower cost (which might include other tenures such as shared ownership).
- 7.112 The tables below set out a suggested purchase price for affordable home ownership/First Homes in each local authority by size. The table also shows an estimated Open Market Value (OMV) if these prices were considered to be 70% of OMV. Focussing on 2-bedroom homes in Rushcliffe, it is suggested that an affordable price is between £155,600 and £165,300 and therefore the open market value of homes would need to be in the range of £222,200 and £236,100 (if discounted by 30%).

Table 7.34 Affordable home ownership prices – Nottingham

	LQ rent – equiv. purchase price	Midpoint purchase price	OMV required – PRS	OMV required - midpoint
1-bedroom	£90,000		£128,600	
2-bedrooms	£135,000		£192,900	
3-bedrooms	£168,900	£169,400	£241,300	£242,100
4+-bedrooms	£240,000	£245,000	£342,900	£350,000

Source: Derived from market survey

Table 7.35 Affordable home ownership prices – Ashfield

	LQ rent – equiv. purchase price	Midpoint purchase price	OMV required – PRS	OMV required - midpoint
1-bedroom	£70,000		£100,000	
2-bedrooms	£120,000		£171,400	
3-bedrooms	£142,200	£151,100	£203,200	£215,900
4+-bedrooms	£195,600	£232,800	£279,400	£332,500

Source: Derived from market survey

Table 7.36 Affordable home ownership prices – Broxtowe

	LQ rent – equiv. purchase price	Midpoint purchase price	OMV required – PRS	OMV required - midpoint
1-bedroom	£85,000		£121,400	
2-bedrooms	£146,700	£148,300	£209,500	£211,900
3-bedrooms	£168,900	£186,900	£241,300	£267,100
4+-bedrooms	£222,200	£258,600	£317,500	£369,400

Source: Derived from market survey

Table 7.37 Affordable home ownership prices – Gedling

	LQ rent – equiv. purchase price	Midpoint purchase price	OMV required – PRS	OMV required - midpoint
1-bedroom	£90,000		£128,600	
2-bedrooms	£141,300	£143,200	£201,900	£204,500
3-bedrooms	£176,900	£190,900	£252,700	£272,800
4+-bedrooms	£222,200	£261,100	£317,500	£373,000

Source: Derived from market survey

Table 7.38 Affordable home ownership prices – Rushcliffe

	LQ rent – equiv. purchase price	Midpoint purchase price	OMV required – PRS	OMV required - midpoint
1-bedroom	£120,000		£171,400	
2-bedrooms	£155,600	£165,300	£222,200	£236,100
3-bedrooms	£195,600	£227,800	£279,400	£325,400
4+-bedrooms	£257,800	£318,900	£368,300	£455,600

Source: Derived from market survey

- 7.113 It is difficult to definitively analyse the cost of newbuild homes as these will vary from site to site and will be dependent on a range of factors such as location, built form and plot size. We have however looked at newbuild schemes currently advertised on Rightmove with the tables below providing a general summary of existing schemes in each local authority.
- 7.114 This analysis is interesting as it shows the median newbuild price for all sizes of homes and locations is typically above the top end of the OMV required to make homes affordable to those in the gap between buying and renting. That said, homes at the bottom end of the price range could potentially be discounted by 30% and considered affordable.
- 7.115 This analysis shows how important it will be to know the OMV of housing before a discount to be able to determine if a product is going to be genuinely affordable in a local context – providing a discount of 30% will not automatically mean it becomes affordable housing.

Table 7.39 Estimated new build housing cost by size – Nottingham

	No. of homes advertised	Range of prices	Median price
1-bedroom	6	£137,500-£160,000	£155,000
2-bedrooms	21	£180,000-£525,000	£240,000
3-bedrooms	33	£210,000-£850,000	£290,000
4-bedrooms	7	£270,000-£450,000	£400,000

Source: Market Survey

Table 7.40 Estimated new build housing cost by size – Ashfield

	No. of homes advertised	Range of prices	Median price
1-bedroom	1	£155,000	-
2-bedrooms	8	£175,000-£235,000	£200,000
3-bedrooms	34	£194,000-£485,000	£250,000
4-bedrooms	29	£365,000-£750,000	£375,000

Source: Market Survey

Table 7.41 Estimated newbuild housing cost by size – Broxtowe

	No. of homes advertised	Range of prices	Median price
1-bedroom	-	-	-
2-bedrooms	10	£200,000-£295,000	£220,000
3-bedrooms	10	£250,000-£405,000	£280,000
4-bedrooms	19	£320,000-£550,000	£400,000

Source: Market Survey

Table 7.42 Estimated newbuild housing cost by size – Gedling

	No. of homes advertised	Range of prices	Median price
1-bedroom	4	£155,000-£170,000	£155,000
2-bedrooms	4	£220,000-£290,000	£285,000
3-bedrooms	56	£230,000-£525,000	£297,000
4-bedrooms	32	£280,000-£925,000	£445,000

Source: Market Survey

Table 7.43 Estimated newbuild housing cost by size – Rushcliffe

	No. of homes advertised	Range of prices	Median price
1-bedroom	-	-	-
2-bedrooms	16	£190,000-£600,000	£265,000
3-bedrooms	53	£259,000-£475,000	£340,000
4-bedrooms	68	£352,000-£1,200,000	£460,000

Source: Market Survey

Key Points in Relation to First Homes

7.116 The paragraphs below seek to answer a series of questions in relation to First Homes. This should help the Councils in deciding the appropriate approach, although ultimately there will be choices and decisions to be made by the Councils that this report can only comment on. Whilst the analysis above has focused on pricing, the discussion below also draws on this information to consider whether any specific local criteria could be applied.

- *Is there a justification for a discount of greater than 30%, if so, what should it be?*

7.117 There is certainly a case to seek a discount in excess of 30% - a higher discount will make homes cheaper and therefore potentially open up additional households as being able to afford. However, providing a higher discount may have an impact on viability, meaning the Councils will not be able to provide as many homes in other tenures (such as rented affordable housing which is likely to be needed by those with more acute needs and fewer choices in the housing market). The Councils could therefore investigate higher discounts, but it is not recommended to seek a higher figure unless this can be proven to not impact on overall affordable delivery.

- *Is the maximum price of £250K after discount an appropriate maximum sales value?*

7.118 The table above shows that all of the affordable prices (except for 4-bedroom homes) sit well below the £250,000 cap and therefore it is arguable that a lower cap would be appropriate. It is considered that the number of 4-bedroom homes likely to be provided as First Homes will be low (with focus likely to be on 2- and 3-bedroom homes – see section on Housing Mix) and this gives further reason for looking at a lower cap.

7.119 A lower cap would help to ensure that homes are affordable even on schemes where the OMV is relatively high (although consideration about the viability and potential loss of other forms of affordable housing will also be a consideration). Looking at the affordable prices, it is considered that a cap of something in the region of £160,000 (Ashfield) to £230,000 (Rushcliffe) might be appropriate (based on the highest 3-bedroom figure). This could help to ensure that First Homes are only offered on properties where the initial OMV is not significantly above the affordable prices.

- *Is the national threshold of £80,000 for household income appropriate?*

7.120 To study the income threshold analysis has been provided below to consider the likely incomes required to afford both the lower-end and midpoint Affordable Price. This is shown in the table above and shows even the most expensive price would only require an income of about £72,000 – with an income of up to £51,000 shown for 3-bedroom homes. It should however be noted that these findings are based on a specific set of assumptions about mortgage multiples and deposit availability (10% deposit and a 4 times mortgage multiple) and in reality, individual households will have their own specific circumstances.

7.121 That said, it is considered that an £80,000 threshold looks to be too high; households with that level of income would be expected to readily buy a home in the area without the need for any discount. On balance, and looking at the figures in the round (and recognising that there may be relatively few 4-bedroom homes delivered) it is considered that an income cap of around £40,000-£55,000 might be appropriate depending on location.

Table 7.44 Incomes Required to Afford First Homes (Upper End of Range)

	Nottingham	Ashfield	Broxtowe	Gedling	Rushcliffe
1-bedroom	£20,300	£15,800	£19,100	£20,300	£27,000
2-bedrooms	£30,400	£27,000	£33,400	£32,200	£37,200
3-bedrooms	£38,100	£34,000	£42,100	£43,000	£51,300
4+-bedrooms	£55,100	£52,400	£58,200	£58,800	£71,800

Source: Derived from a range of sources

- *What is the level of need for such products?*

7.122 In some ways, this is a difficult question to answer. The analysis is clear that there are likely to be a number of households whose incomes sit in the range of being able to afford to privately rent, but not being able to buy a home. It can be concluded that as long as First Homes are made available for an affordable price, it is likely there will be a strong demand (although some households in the rent/buy gap may not choose a discounted product given that the discount is held in perpetuity). Alternatively, First Homes may see demand from those who can technically afford housing in the existing market – this would not be meeting a need but would arguably provide some demand for this type of home.

7.123 Regardless of the need/demand, it is not recommended that the Councils seek to reduce the amount of social/affordable rented homes by prioritising First Homes. The evidence does not support the Councils in seeking more than 25% of affordable housing as First Homes. Indeed, based on the analysis in this section, it is suggested the Councils should investigate seeking a lower proportion than the 25% (possibly seeking 0% and only allowing First Homes where they are needed to support viability).

- *Should the Councils set local eligibility criteria?*

7.124 First Homes are designed to help people to get on the housing ladder in their local area, and in particular to ensure that key workers providing essential services can buy homes in the areas where they work. The Councils can therefore prioritise key workers for First Homes (for the first three months of marketing) and are encouraged to do so, especially if they have an identified local need for certain professions.

7.125 To ensure First Homes are available to local residents and workers a local connection eligibility criteria could be used. This could be in line with any criteria within local allocations policy and for example, could require potential purchasers to demonstrate that they:

- Live in the relevant Council area (for a period of time (possibly 2 years));
- Work over 16 hours a week in the area, or
- Have a close relative (parent, adult son or daughter or adult sibling) who has lived in the area for a period of time

7.126 Additional preference could be given to essential workers. Annex 2 of the NPPF also includes the needs of essential local workers *'Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provided a subsidised route to home ownership and/or is for essential local workers'* [emphasis added]. Essential local workers are defined as *'Public sector employees who provide frontline services in areas including health, education and community safety – such as NHS staff, teachers, police, firefighters and military personnel, social care and childcare workers'*.

Shared Ownership

7.127 Whilst the Government has a clear focus on First Homes, they also see a continued role for Shared Ownership, launching a 'New Model for Shared Ownership' in early 2021 (following a 2020 consultation). This includes a number of proposals, with the main one for the purposes of this assessment being the reduction of the minimum initial share from 25% to 10%. A key advantage of shared ownership over other tenures is that a lower deposit is likely to be required than for a full or discounted purchase. Additionally, the rental part of the cost will be subsidised by a Registered Provider which keeps monthly outgoings down.

7.128 For the analysis in this report, it is considered that for shared ownership to be affordable, total outgoings should not exceed that needed to rent privately.

7.129 Because shared ownership is based on buying part of a property, it is the case that the sale will need to be at open market value. Where there is a large gap between the typical incomes required to buy or rent, it may be the case that lower equity shares are needed for homes to be affordable (at the level of renting privately). The analysis below looks at what the OMV would need to be with equity shares of 50% and 25% and the key assumptions used in the analysis are:

- 10% deposit on the equity share;
- Rent at 2.75% pa on unsold equity;
- Repayment mortgage over 25 years at 4% (this is based on typical longer-term interest rates and it is noted at the time of writing that such a figure is unlikely to be achieved); and
- It is also assumed that shared ownership would be priced for households towards the bottom end of the rent/buy gap and so the calculations assume that total outgoings should be no higher than the equivalent private rent (lower quartile) cost for that size of property.

7.130 The tables below test the costs of 25% and 50% equity shares in shared ownership homes. Focussing on 2-bedroom homes in Nottingham the data shows to be genuinely affordable the OMV would need to sit in the range of £249,000-£301,000. This does suggest there is more chance of making shared ownership affordable when compared with First Homes (as to achieve the equivalent level of

affordability a First Homes would need an OMV of no more than £193,000). Shared ownership should be positively encouraged by the Councils (rather than other forms of housing such as First Homes).

Table 7.45 Estimated OMV of Shared Ownership with a 50% and 25% Equity Share by Size – Nottingham

	50% share	25% share
1-bedroom	£206,000	£249,000
2-bedroom	£249,000	£301,000
3-bedroom	£270,000	£327,000
4-bedrooms	£383,000	£464,000

Source: Derived from market cost analysis

Table 7.46 Estimated OMV of Shared Ownership with a 50% and 25% Equity Share by Size – Ashfield

	50% share	25% share
1-bedroom	£142,000	£172,000
2-bedroom	£199,000	£241,000
3-bedroom	£227,000	£275,000
4-bedrooms	£312,000	£378,000

Source: Derived from market cost analysis

Table 7.47 Estimated OMV of Shared Ownership with a 50% and 25% Equity Share by Size – Broxtowe

	50% share	25% share
1-bedroom	£170,000	£206,000
2-bedroom	£234,000	£284,000
3-bedroom	£270,000	£327,000
4-bedrooms	£355,000	£430,000

Source: Derived from market cost analysis

Table 7.48 Estimated OMV of Shared Ownership with a 50% and 25% Equity Share by Size – Gedling

	50% share	25% share
1-bedroom	£170,000	£206,000
2-bedroom	£226,000	£273,000
3-bedroom	£282,000	£342,000
4-bedrooms	£355,000	£430,000

Source: Derived from market cost analysis

Table 7.49 Estimated OMV of Shared Ownership with a 50% and 25% Equity Share by Size – Rushcliffe

	50% share	25% share
1-bedroom	£197,000	£239,000
2-bedroom	£248,000	£301,000
3-bedroom	£312,000	£378,000
4-bedrooms	£412,000	£499,000

Source: Derived from market cost analysis

Rent to Buy

- 7.131 A further affordable option is Rent to Buy; this is a Government scheme designed to ease the transition from renting to buying the same home. Initially (typically for five years) the newly built home will be provided at the equivalent of an affordable rent (approximately 20% below the market rate). The expectation is that the discount provided in the first five years is saved to put towards a deposit on the purchase of the same property. Rent to Buy can be advantageous for some households as it allows for a smaller 'step' to be taken onto the home ownership ladder.
- 7.132 At the end of the five years, depending on the scheme, the property is either sold as a shared ownership product or to be purchased outright as a full market property. If the occupant is not able to do either of these then the property is vacated.
- 7.133 To access this tenure it effectively requires the same income threshold for the initial phase as a market rental property although the cost of accommodation will be that of affordable rent. The lower-than-market rent will allow the household to save for a deposit for the eventual shared ownership or market property. In considering the affordability of rent-to-buy schemes there is a direct read across to the income required to access affordable home ownership (including shared ownership). It should therefore be treated as part of the affordable home ownership products suggested by the NPPF.

Summary – Affordable Housing

- 7.134 Analysis has been undertaken to estimate the annual need for affordable housing. The analysis is split between a need for social/affordable rented accommodation (based on households unable to buy or rent in the market) and the need for affordable home ownership (AHO) – this includes housing for those who can afford to rent privately but cannot afford to buy a home.
- 7.135 The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at rented needs, consideration is given to estimates of the supply of social/affordable rented housing. For AHO, consideration is given to the potential supply of resales of low-cost home ownership properties (such as shared ownership) and lower quartile sales of existing homes.

- 7.136 When looking at needs from households unable to buy or rent, the analysis suggests a need for 3,684 affordable homes per annum across the study area, with a need shown in all local authorities.
- 7.137 Despite the level of need, it is not considered that this points to any requirement for the Councils to increase the Local Plan housing requirement due to affordable needs. The link between affordable need and overall need (of all tenures) is complex and in trying to make a link it must be remembered that many of those picked up as having an affordable need are already in housing (and therefore do not generate a net additional need for a home). That said, the level of affordable need does suggest the Councils should maximise the delivery of such housing at every opportunity.
- 7.138 The analysis suggests there will be a need for both social and affordable rented housing – the latter will be suitable particularly for households who are close to being able to afford to rent privately and possibly also for some households who claim full Housing Benefit. It is however clear that social rents are more affordable and could benefit a wider range of households – social rents could therefore be prioritised where delivery does not prejudice the overall delivery of affordable homes.
- 7.139 When looking at AHO products, the analysis is less conclusive about the scale of the need, although it is certainly much lower than the need for rented affordable housing. The evidence does suggest that many households in Greater Nottingham and Ashfield are being excluded from the owner-occupied sector (as evidenced by increases in the size of the private rented sector).
- 7.140 It is likely that a key issue in the study area is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potential mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy (although this will be an important factor for some households).
- 7.141 The study also considers different types of AHO (notably First Homes and shared ownership) as each will have a role to play – shared ownership is likely to be suitable for households with more marginal affordability (those only just able to afford to privately rent) as it has the advantage of a lower deposit and subsidised rent.
- 7.142 However, given the cost of housing locally, it may be difficult for some affordable home ownership products to be provided and be considered as ‘genuinely affordable’. This again points to the need for the Councils to prioritise the delivery of rented affordable housing where possible.
- 7.143 There may also be a role for AHO in any 100% affordable housing schemes that may come forward (as well as through Section 106). Including a mix of both rented and intermediate homes to buy could make such schemes more viable, as well as enabling a range of tenures and therefore potential client groups to access housing.

- 7.144 In deciding what types of affordable housing to provide, including a split between rented and home ownership products, the Councils will need to consider the relative levels of need and viability issues (recognising for example that providing AHO may be more viable and may therefore allow more units to be delivered, but at the same time noting that households with a need for rented housing are likely to have more acute needs and fewer housing options).

8. HOUSING MIX

Introduction

- 8.1 This section considers the appropriate mix of housing across Greater Nottingham and Ashfield, with a particular focus on the sizes of homes required in different tenure groups. This section 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 number of households in different age groups are projected to change moving forward.

Background Data

- 8.2 The number of families in the study area (defined for this assessment as any household which contains at least one dependent child) totalled 90,600 as of the 2021 Census, accounting for 28% of households; this proportion is similar to that seen across the region and nationally.

Table 8.1 Households with dependent children (2021)

	Greater Nottingham and Ashfield		East Midlands	England
	No.	%	%	%
Married couple	43,125	13.1%	13.8%	14.4%
Cohabiting couple	15,988	4.9%	5.1%	4.5%
Lone parent	24,088	7.3%	6.5%	6.9%
Other households	7,382	2.2%	2.4%	2.7%
All other households	238,468	72.5%	72.2%	71.5%
Total	329,051	100.0%	100.0%	100.0%
Total with dependent children	90,583	27.5%	27.8%	28.5%

Source: Census (2021)

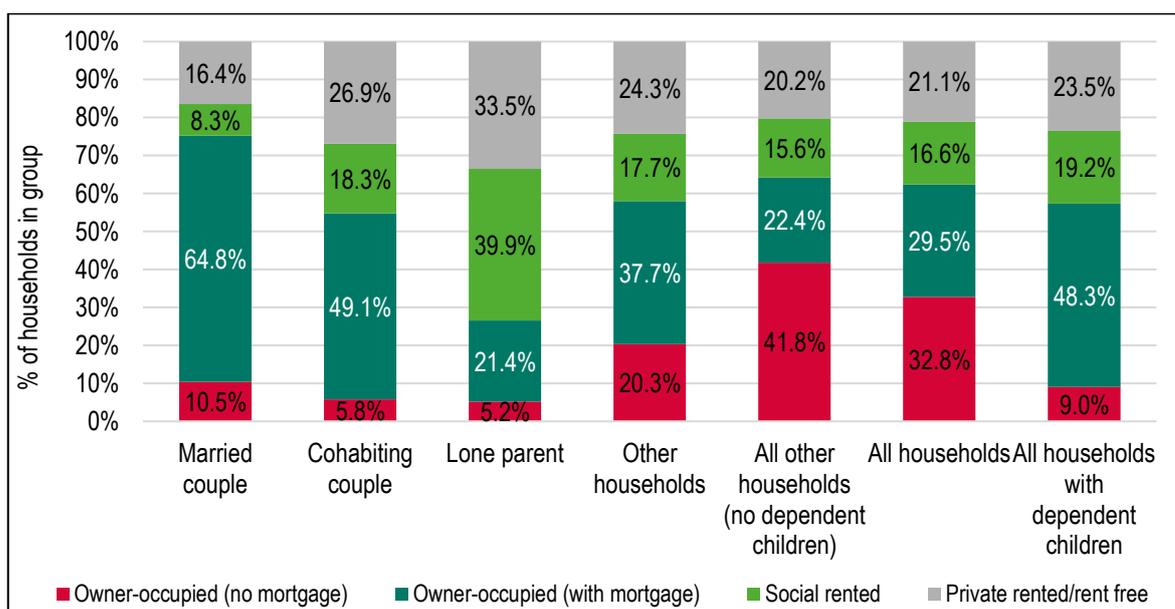
- 8.3 The table below shows the same information for each of the local authorities. There is some variation in the proportion of households with dependent children, this being slightly higher in Rushcliffe and lower in Broxtowe. Nottingham is notable for having a higher proportion of lone-parent households (and fewer married couples with children).

Table 8.2 Households with dependent children (2021)

	Nottingham	Ashfield	Broxtowe	Gedling	Rushcliffe
Married couple	11.5%	11.8%	13.4%	13.2%	18.2%
Cohabiting couple	4.4%	6.5%	4.4%	5.5%	4.0%
Lone parent	9.2%	7.5%	5.6%	6.6%	4.9%
Other households	3.2%	2.0%	1.5%	1.7%	1.4%
All other households	71.7%	72.3%	75.1%	73.0%	71.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Total with dependent children	28.3%	27.7%	24.9%	27.0%	28.5%

Source: Census (2021)

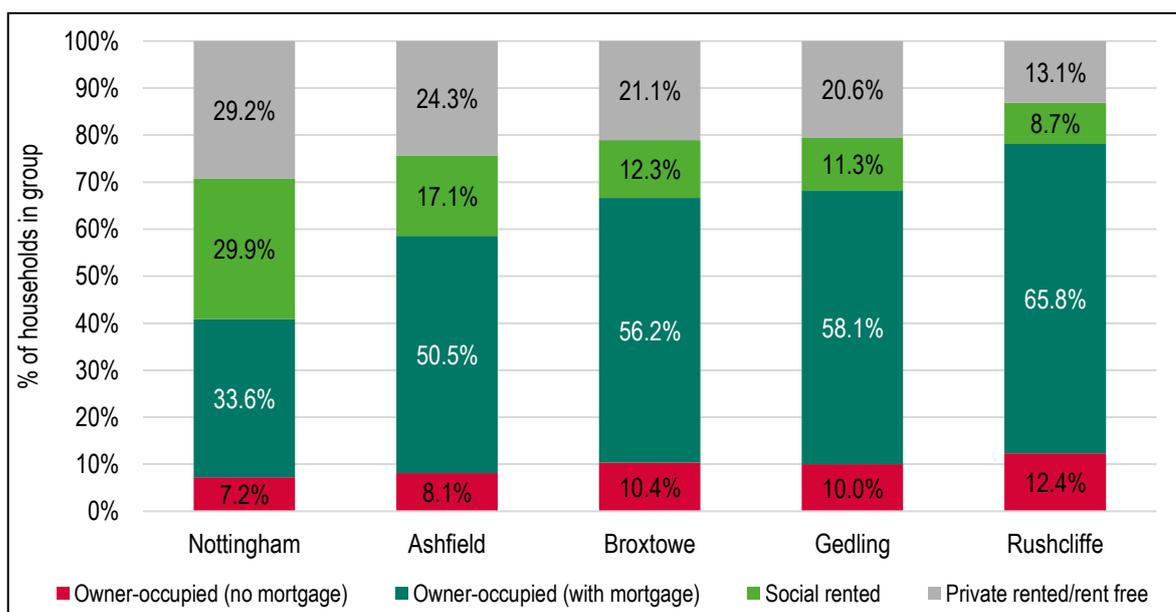
8.4 The figure below shows the current tenure of households with dependent children. There are some considerable differences by household type with lone parents having a very high proportion living in the social rented sector and also in private rented accommodation. In the study area, only 27% of lone parent households are owner-occupiers compared with 75% of married couples with children.

Figure 8.1: Tenure of households with dependent children (2021) – Greater Nottingham and Ashfield

Source: Census (2021)

8.5 The figure below shows the same information for local authorities (figures for the 'all households with dependent children' category). This shows some differences across areas with the most notable finding being the low proportion of owner-occupiers in Nottingham – this area seeing the highest proportions of households with dependent children in both the social and private rented sectors.

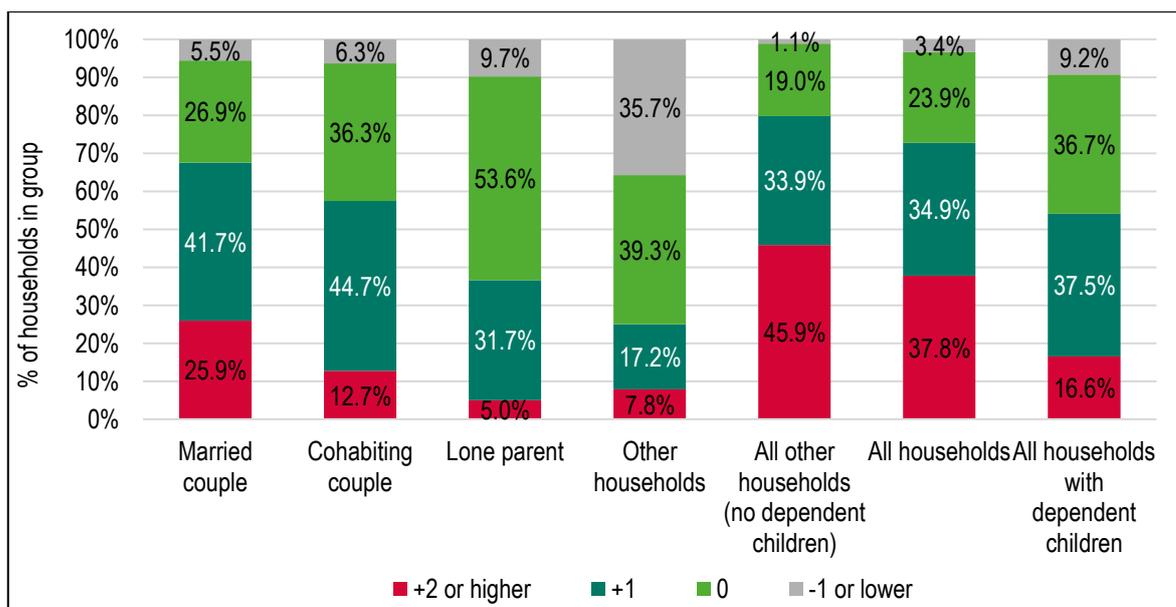
Figure 8.2: Tenure of households with dependent children (2021) – local authorities



Source: Census (2021)

8.6 The figure below shows levels of overcrowding and under-occupancy of households with dependent children. This shows higher levels of overcrowding for all household types with dependent children with 10% of all lone parents and 35% of ‘other’ households being overcrowded. Overall, some 9% of households with dependent children are overcrowded, compared with 1% of other households. Levels of under-occupancy are also notably lower in households with dependent children.

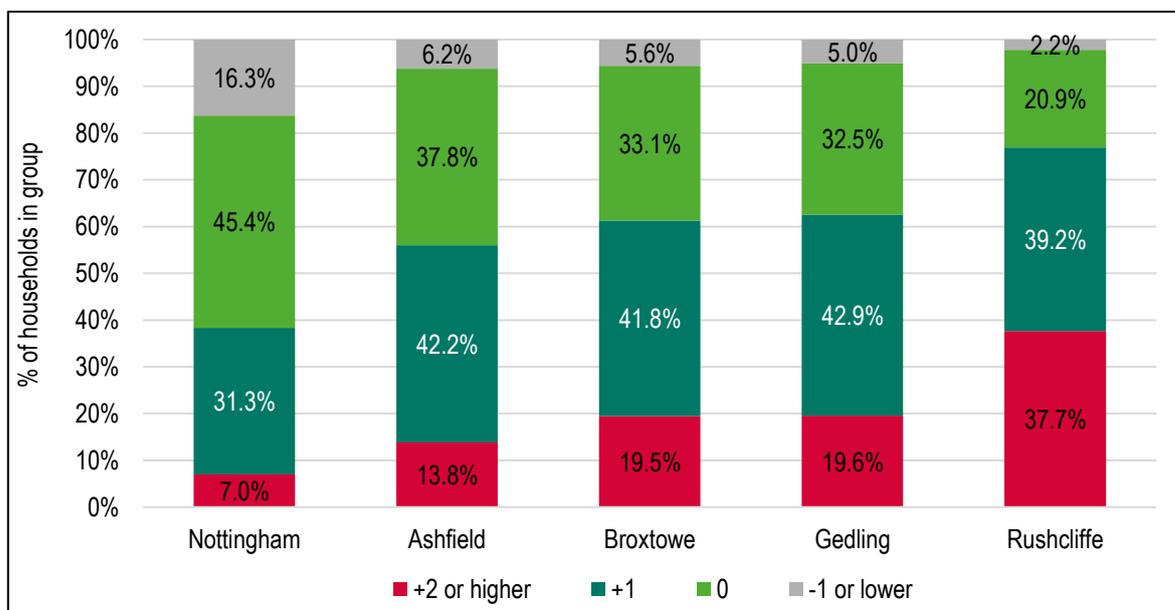
Figure 8.3: Occupancy rating of households with dependent children (2021) – Greater Nottingham and Ashfield



Source: Census (2021)

- 8.7 The figure below shows the same information for local authorities (figures for the ‘all households with dependent children’ category). This shows some differences across areas with the most notable finding being the high proportion of overcrowded households in Nottingham – some 16% of households with dependent children in Nottingham are overcrowded, compared with just 2% in Rushcliffe.

Figure 8.4: Occupancy rating of households with dependent children (2021) – local authorities



Source: Census (2021)

The Mix of Housing

- 8.8 A model has been developed that starts with the current profile of housing in terms of size (bedrooms) and tenure. Within the data, information is available about the age of households and the typical sizes of homes they occupy. By using demographic projections linked to the local housing need calculated through the standard method, it is possible to see which age groups are expected to change in number, and by how much.
- 8.9 On the assumption that occupancy patterns for each age group (within each tenure) remain the same, it is, therefore, possible to assess the profile of housing needed over the assessment period (taken to be 2023-41 to be consistent with other analyses in this report).
- 8.10 An important starting point is to understand the current balance of housing in the area – the tables below profile the sizes of homes in different tenure groups across areas. The data shows a market stock (owner-occupied) that is dominated by 3+-bedroom homes (making up 78% of the total in this tenure group, a similar proportion to that seen in other areas). The profile of the social rented sector is broadly similar across areas whilst the private rented sector is slightly larger than seen nationally, but similar to the East Midlands.

Table 8.3 Number of Bedrooms by Tenure, 2021

		Study area	East Midlands	England
Owner-occupied	1-bedroom	2%	2%	4%
	2-bedrooms	20%	20%	21%
	3-bedrooms	53%	49%	46%
	4+-bedrooms	26%	29%	29%
	Total	100%	100%	100%
	Ave. no. beds	3.03	3.06	3.01
Social rented	1-bedroom	30%	28%	29%
	2-bedrooms	33%	36%	36%
	3-bedrooms	33%	32%	31%
	4+-bedrooms	3%	4%	4%
	Total	100%	100%	100%
	Ave. no. beds	2.09	2.11	2.10
Private rented	1-bedroom	15%	14%	21%
	2-bedrooms	39%	39%	39%
	3-bedrooms	34%	36%	29%
	4+-bedrooms	12%	11%	11%
	Total	100%	100%	100%
	Ave. no. beds	2.45	2.43	2.30

Source: Census (2021)

- 8.11 The table below shows the same information by local authority. The main differences between areas can be seen in the owner-occupied sector with smaller dwelling sizes being seen in Nottingham and larger homes in other areas, particularly Rushcliffe. Observations about the current mix feed into conclusions about future mix later in this section.

Table 8.4 Number of Bedrooms by Tenure, 2021 – local authorities

		Nottingham	Ashfield	Broxtowe	Gedling	Rushcliffe
Owner-occupied	1-bedroom	3%	1%	1%	1%	1%
	2-bedrooms	21%	23%	20%	19%	15%
	3-bedrooms	58%	56%	54%	53%	39%
	4+-bedrooms	17%	20%	25%	27%	44%
	Total	100%	100%	100%	100%	100%
	Ave. no. beds	2.90	2.95	3.03	3.05	3.26
Social rented	1-bedroom	31%	25%	38%	34%	23%
	2-bedrooms	32%	35%	34%	29%	42%
	3-bedrooms	33%	37%	25%	34%	32%
	4+-bedrooms	4%	2%	3%	3%	4%
	Total	100%	100%	100%	100%	100%
	Ave. no. beds	2.10	2.17	1.92	2.05	2.17
Private rented	1-bedroom	17%	9%	12%	12%	14%
	2-bedrooms	36%	40%	40%	46%	40%
	3-bedrooms	31%	44%	36%	36%	31%
	4+-bedrooms	15%	7%	12%	6%	14%
	Total	100%	100%	100%	100%	100%
	Ave. no. beds	2.44	2.48	2.48	2.36	2.46

Source: Census (2021)

Overview of Methodology

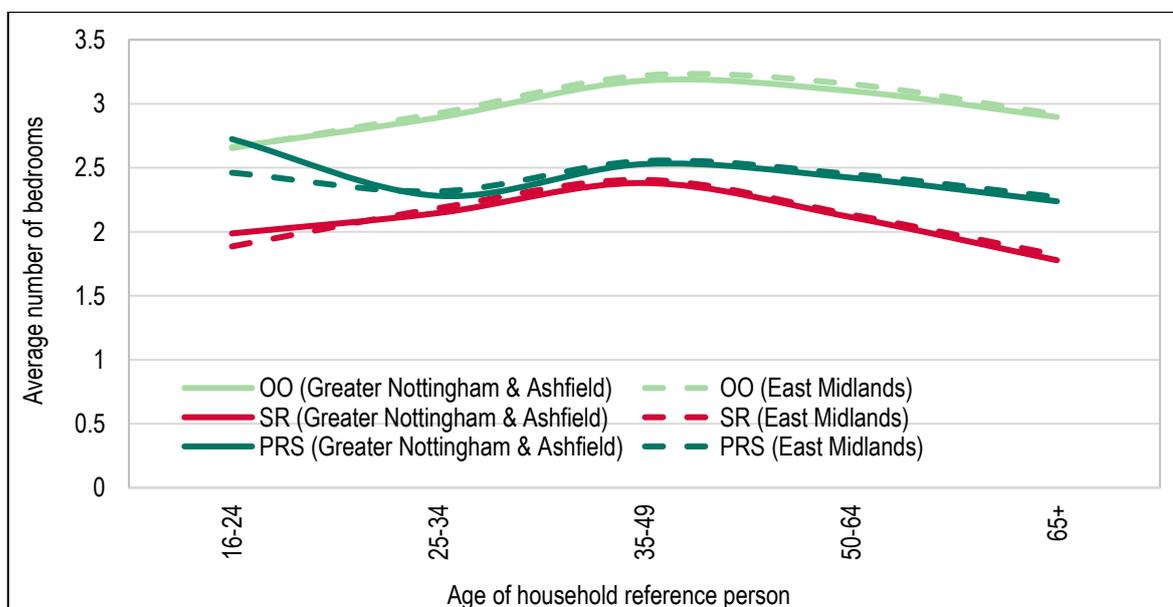
- 8.12 The method to consider future housing mix looks at the ages of the Household Reference Persons and how these are projected to change over time. The sub-sections to follow describe some of the key analyses.

Understanding How Households Occupy Homes

- 8.13 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.
- 8.14 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.

- 8.15 That said, issues of supply can also impact occupancy patterns, for example, it may be that a supply of additional smaller-level access homes would encourage older people to downsize but in the absence of such accommodation, these households remain living in their larger accommodation.
- 8.16 The issue of choice is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) where households are allocated properties which reflect the size of the household, 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 spare room subsidy ('bedroom tax')).
- 8.17 The approach used is to interrogate information derived from 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 (data being drawn from the 2021 Census).
- 8.18 The figure below shows an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group for the study area and the East Midlands region. In all sectors, the average size of accommodation rises over time to typically reach a peak around the age of 50. After peaking, the average dwelling size decreases – as typically some households downsize as they get older. The analysis identifies only modest differences between the study area and the region with both following similar patterns by age in all tenures.

Figure 8.5: Average Bedrooms by Age and Tenure in Greater Nottingham and Ashfield



Source: Census (2021)

- 8.19 The analysis uses the existing occupancy patterns at a local level as a starting point for analysis and applies these to the projected changes in Household Reference Person by age discussed below. The analysis has been used to derive outputs for 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
- **Rented Affordable Housing** – which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include social and affordable rented housing.

Changes to Households by Age

8.20 The table below presents the projected change in households by age of household reference person, this shows growth as being expected in most age groups and particularly older age groups. The number of households headed by someone aged 50-64 is however projected to decrease slightly over the period studied.

Table 8.5 Projected Change in Household by Age of HRP in Greater Nottingham and Ashfield

	2023	2041	Change in Households	% Change
Under 25	14,575	16,895	2,320	15.9%
25-34	48,883	56,766	7,883	16.1%
35-49	84,591	101,405	16,814	19.9%
50-64	93,357	93,254	-103	-0.1%
65-74	42,710	51,921	9,211	21.6%
75-84	37,227	51,539	14,313	38.4%
85+	14,370	22,906	8,535	59.4%
TOTAL	335,712	394,686	58,973	17.6%

Source: Demographic Projections *numbers may not sum due to rounding

Initial Modelled Outputs

8.21 By following the methodology set out above and drawing on the sources shown, a series of outputs have been derived to consider the likely size requirement of housing within each of the three broad tenures at a local authority level. The analysis is based on considering both local and regional occupancy patterns. The data linking to local occupancy will to some extent reflect the role and function of the local area, whilst the regional data will help to establish any particular gaps (or relative surpluses) of different sizes/tenures of homes when considered in a wider context.

- 8.22 The analysis for rented affordable housing can also draw on data from the local authorities' Housing Registers about the profile of need. The data shows a pattern of need which is focused on 1- and 2-bedroom homes although between 10% and 25% of households require 3+-bedroom accommodation depending on location.

Table 8.6 Size of Social/Affordable Rented Housing – Housing Register Information (March 2022)

	Nottingham	Ashfield	Broxtowe	Gedling	Rushcliffe
1-bedroom	57%	59%	56%	46%	73%
2-bedrooms	24%	25%	18%	33%	17%
3-bedrooms	14%	15%	14%	17%	8%
4+-bedrooms	5%	1%	11%	4%	2%
TOTAL	100%	100%	100%	100%	100%

Source: LAHS

- 8.23 The table below shows the modelled outputs of need by dwelling size in the three broad tenures. Market housing focuses on 3+-bedroom homes, affordable home ownership on 2- and 3-bedroom accommodation and rented affordable housing showing a slightly smaller profile again.

Table 8.7 Initial Modelled Mix of Housing by Size and Tenure – Greater Nottingham and Ashfield

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	2%	22%	51%	24%
Affordable home ownership	15%	39%	35%	11%
Affordable housing (rented)	30%	35%	31%	3%

Source: Housing Market Model

Adjustments for Under-Occupation and Overcrowding

- 8.24 The analysis above sets out the potential need for housing if occupancy patterns remain the same as they were in 2021 (with differences from the current stock profile being driven by demographic change). It is however worth also considering that the 2021 profile will have included households who are overcrowded (and therefore need a larger home than they actually live in) and also those who under-occupy (have more bedrooms than they need).
- 8.25 Whilst it would not be reasonable to expect to remove all under-occupancy (particularly in the market sector) it is the case that in seeking to make the most efficient use of land it would be prudent to look to reduce this over time. Indeed, in the future, there may be a move away from current (2021) occupancy patterns due to affordability issues (or eligibility in social rented housing) as well as the type of stock likely to be provided (potentially a higher proportion of flats). Further adjustments to the modelled figures above have therefore been made to take account of overcrowding and under-occupancy (by tenure).

- 8.26 The table below shows a cross-tabulation of a household's occupancy rating and the number of bedrooms in their home (for owner-occupiers). This shows a high number of households with at least 2 spare bedrooms who are living in homes with 3 or more bedrooms. There are also a small number of overcrowded households. Overall, in the owner-occupied sector in 2021, there were 179,200 households with some degree of under-occupation and only 3,300 overcrowded households

Table 8.8 Cross-tabulation of occupancy rating and number of bedrooms (owner-occupied sector)

Occupancy rating	Number of bedrooms				TOTAL
	1-bed	2-bed	3-bed	4+-bed	
+2	0	0	64,196	42,822	107,018
+1	0	33,258	30,747	8,198	72,203
0	3,349	6,512	11,250	1,477	22,588
-1	214	829	1,690	585	3,318
TOTAL	3,563	40,599	107,883	53,082	205,127

Source: Census (2021)

- 8.27 For completeness, the tables below show the same information for the social and private rented sectors. In both cases, there are more under-occupied households than overcrowded ones, but differences are less marked than seen for owner-occupied housing.

Table 8.9 Cross-tabulation of occupancy rating and number of bedrooms (social rented sector)

Occupancy rating	Number of bedrooms				TOTAL
	1-bed	2-bed	3-bed	4+-bed	
+2	0	0	4,527	831	5,358
+1	0	9,427	5,360	492	15,279
0	15,721	7,262	6,330	431	29,744
-1	821	1,534	1,652	146	4,153
TOTAL	16,542	18,223	17,869	1,900	54,534

Source: Census (2021)

Table 8.10 Cross-tabulation of occupancy rating and number of bedrooms (private rented sector)

Occupancy rating	Number of bedrooms				TOTAL
	1-bed	2-bed	3-bed	4+-bed	
+2	0	0	7,640	4,421	12,061
+1	0	15,992	9,156	2,309	27,457
0	9,445	9,397	5,819	1,643	26,304
-1	709	1,431	1,134	292	3,566
TOTAL	10,154	26,820	23,749	8,665	69,388

Source: Census (2021)

- 8.28 In using this data in the modelling an adjustment is made to move some of those who would have been picked up in the modelling as under-occupying into smaller accommodation. Where there is under-occupation by 2 or more bedrooms, the adjustment takes 25% of this group and assigns to a '+1' occupancy rating and a further 12.5% (i.e. an eighth) to a '0' rating. For households with one spare bedroom, 12.5% are assigned a '0' rating (with the others remaining as '+1'). These do need to be recognised as assumptions, but can be seen to be reasonable as they do retain some degree of under-occupation (which is likely) but does also seek to model a better match between household needs and the size of their home. For overcrowded households a move in the other direction is made, in this case, households are moved up as many bedrooms as is needed to resolve the problems (this is applied for all overcrowded households).
- 8.29 The adjustments for under-occupation and overcrowding lead to the suggested mix as set out in the following table. It can be seen that this tends to suggest a smaller profile of homes as being needed (compared to the initial modelling) with the biggest change being in the market sector – which was the sector where under-occupation is currently most notable.

Table 8.11 Adjusted Modelled Mix of Housing by Size and Tenure – Greater Nottingham and Ashfield

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	8%	34%	41%	16%
Affordable home ownership	18%	42%	30%	10%
Affordable housing (rented)	31%	37%	26%	6%

Source: Housing Market Model (with adjustments)

- 8.30 The series of tables below show the same information for each local authority. Overall, the data suggests a broadly similar mix of housing across tenures in all areas.

Table 8.12 Adjusted Modelled Mix of Housing by Size and Tenure – Nottingham

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	7%	33%	42%	17%
Affordable home ownership	18%	41%	31%	11%
Affordable housing (rented)	30%	37%	27%	6%

Source: Housing Market Model (with adjustments)

Table 8.13 Adjusted Modelled Mix of Housing by Size and Tenure – Ashfield

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	11%	38%	39%	12%
Affordable home ownership	18%	44%	31%	7%
Affordable housing (rented)	31%	37%	26%	6%

Source: Housing Market Model (with adjustments)

Table 8.14 Adjusted Modelled Mix of Housing by Size and Tenure – Broxtowe

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	10%	36%	40%	14%
Affordable home ownership	18%	43%	30%	9%
Affordable housing (rented)	36%	35%	24%	5%

Source: Housing Market Model (with adjustments)

Table 8.15 Adjusted Modelled Mix of Housing by Size and Tenure – Gedling

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	10%	35%	40%	16%
Affordable home ownership	18%	45%	30%	7%
Affordable housing (rented)	34%	35%	26%	5%

Source: Housing Market Model (with adjustments)

Table 8.16 Adjusted Modelled Mix of Housing by Size and Tenure – Rushcliffe

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	8%	33%	40%	19%
Affordable home ownership	19%	43%	29%	9%
Affordable housing (rented)	31%	40%	26%	4%

Source: Housing Market Model (with adjustments)

- 8.31 Across the study area, the analysis points to around a third of the social/affordable housing need being for 1-bedroom homes and it is of interest to see how much of this is due to older person households. In the future household sizes are projected to drop whilst the population of older people will increase. Older-person households (as shown earlier) are more likely to occupy smaller dwellings. The impacts that older people have on demand for smaller stock are outlined in the table below.
- 8.32 This indeed identifies a larger profile of homes needed for households where the household reference person is aged Under 65, with a concentration of 1-bedroom homes for older people. This information can be used to inform the mix required for General Needs rather than Specialist Housing, although it does need to be noted that not all older people would be expected to live in homes with some form of care or support. The tables below show figures for the whole study area and individual local authorities.

Table 8.17 Adjusted Modelled Mix of Housing by Size and Age – affordable housing (rented) – Greater Nottingham and Ashfield

Age of HRP	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Under 65	24%	39%	30%	8%
65 and over	46%	54%		
All affordable housing (rented)	31%	37%	26%	6%

Source: Housing Market Model (with adjustments)

Table 8.18 Adjusted Modelled Mix of Housing by Size and Age – affordable housing (rented) – Nottingham

Age of HRP	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Under 65	23%	39%	30%	8%
65 and over	46%	54%		
All affordable housing (rented)	30%	37%	27%	6%

Source: Housing Market Model (with adjustments)

Table 8.19 Adjusted Modelled Mix of Housing by Size and Age – affordable housing (rented) – Ashfield

Age of HRP	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Under 65	25%	36%	30%	9%
65 and over	40%	60%		
All affordable housing (rented)	31%	37%	26%	6%

Source: Housing Market Model (with adjustments)

Table 8.20 Adjusted Modelled Mix of Housing by Size and Age – affordable housing (rented) – Broxtowe

Age of HRP	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Under 65	21%	40%	31%	8%
65 and over	56%	44%		
All affordable housing (rented)	36%	35%	24%	5%

Source: Housing Market Model (with adjustments)

Table 8.21 Adjusted Modelled Mix of Housing by Size and Age – affordable housing (rented) – Gedling

Age of HRP	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Under 65	23%	40%	30%	7%
65 and over	52%	48%		
All affordable housing (rented)	34%	35%	26%	5%

Source: Housing Market Model (with adjustments)

Table 8.22 Adjusted Modelled Mix of Housing by Size and Age – affordable housing (rented) – Rushcliffe

Age of HRP	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Under 65	27%	36%	31%	5%
65 and over	35%	65%		
All affordable housing (rented)	31%	40%	26%	4%

Source: Housing Market Model (with adjustments)

- 8.33 A further analysis of the need for rented affordable housing is to compare the need with the supply (turnover) of different sizes of accommodation. This links back to estimates of need in the previous section (an annual need for 3,684 dwellings per annum) with additional data from CoRe about the sizes of homes let over the past three years.

- 8.34 This analysis is quite clear in showing the very low supply of larger homes relative to the need for 4+-bedroom accommodation where it is estimated the supply is only around 7% of the need arising each year, whereas for all other sizes between 23% and 42% of the need can be met. In all locations, the supply of 4+-bedroom homes is just a small fraction of the need.

Table 8.23 Need for rented affordable housing by number of bedrooms – Greater Nottingham and Ashfield

	Gross Annual Need	Gross Annual Supply	Net Annual Need	As a % of total net annual need	Supply as a % of gross need
1-bedroom	1,503	630	873	23.7%	41.9%
2-bedrooms	2,032	605	1,426	38.7%	29.8%
3-bedrooms	1,433	325	1,107	30.1%	22.7%
4+-bedrooms	298	21	277	7.5%	7.1%
Total	5,266	1,581	3,684	100.0%	30.0%

Source: Derived from a range of sources

Table 8.24 Need for rented affordable housing by number of bedrooms – Nottingham

	Gross Annual Need	Gross Annual Supply	Net Annual Need	As a % of total net annual need	Supply as a % of gross need
1-bedroom	790	390	400	23.1%	49.4%
2-bedrooms	993	312	681	39.4%	31.5%
3-bedrooms	698	184	514	29.7%	26.3%
4+-bedrooms	149	14	135	7.8%	9.4%
Total	2,629	900	1,729	100.0%	34.2%

Source: Derived from a range of sources

Table 8.25 Need for rented affordable housing by number of bedrooms – Ashfield

	Gross Annual Need	Gross Annual Supply	Net Annual Need	As a % of total net annual need	Supply as a % of gross need
1-bedroom	219	99	120	25.2%	45.2%
2-bedrooms	288	117	171	35.9%	40.7%
3-bedrooms	201	60	141	29.6%	30.0%
4+-bedrooms	47	3	44	9.3%	6.0%
Total	755	279	476	100.0%	37.0%

Source: Derived from a range of sources

Table 8.26 Need for rented affordable housing by number of bedrooms – Broxtowe

	Gross Annual Need	Gross Annual Supply	Net Annual Need	As a % of total net annual need	Supply as a % of gross need
1-bedroom	173	77	97	21.1%	44.2%
2-bedrooms	279	94	185	40.4%	33.6%
3-bedrooms	177	36	140	30.6%	20.5%
4+-bedrooms	38	2	36	7.9%	5.0%
Total	666	208	458	100.0%	31.2%

Source: Derived from a range of sources

Table 8.27 Need for rented affordable housing by number of bedrooms – Gedling

	Gross Annual Need	Gross Annual Supply	Net Annual Need	As a % of total net annual need	Supply as a % of gross need
1-bedroom	162	44	117	22.8%	27.4%
2-bedrooms	251	44	208	40.4%	17.3%
3-bedrooms	178	25	153	29.8%	14.2%
4+-bedrooms	37	1	36	7.0%	2.8%
Total	628	114	514	100.0%	18.2%

Source: Derived from a range of sources

Table 8.28 Need for rented affordable housing by number of bedrooms – Rushcliffe

	Gross Annual Need	Gross Annual Supply	Net Annual Need	As a % of total net annual need	Supply as a % of gross need
1-bedroom	159	20	139	27.5%	12.5%
2-bedrooms	221	39	182	35.9%	17.5%
3-bedrooms	179	20	159	31.4%	11.0%
4+-bedrooms	27	1	26	5.1%	5.2%
Total	587	80	507	100.0%	13.6%

Source: Derived from a range of sources

Local Authority Mix

- 8.35 The analysis above has focussed on overall HMA-wide needs with conclusions at the strategic level. It should however be recognised that there will be variations in the need within areas due to the different role and function of a location and the specific characteristics of local households (which can also vary over time).
- 8.36 The table below collates the adjusted modelled mix of housing by size and tenure for each local authority in the study area. This does not make any adjustment for affordable housing for different age groups nor the balance between affordable housing need and the re-let supply.

Table 8.29 Local Authority Housing Mix

Nottingham	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	7%	33%	42%	17%
Affordable home ownership	18%	41%	31%	11%
Affordable housing (rented)	30%	37%	27%	6%
Ashfield	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	11%	38%	39%	12%
Affordable home ownership	18%	44%	31%	7%
Affordable housing (rented)	31%	37%	26%	6%
Broxtowe	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	10%	36%	40%	14%
Affordable home ownership	18%	43%	30%	9%
Affordable housing (rented)	36%	35%	24%	5%
Gedling	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	10%	35%	40%	16%
Affordable home ownership	18%	45%	30%	7%
Affordable housing (rented)	34%	35%	26%	5%
Rushcliffe	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	8%	33%	40%	19%
Affordable home ownership	19%	43%	29%	9%
Affordable housing (rented)	31%	40%	26%	4%

Source: Derived from a range of sources

8.37 This report does not seek to make specific recommendations on the local authority housing mix although the report does contain a range of data that can help inform specific local issues (including data about household composition, current housing mix and overcrowding/under-occupation). Below are some points for consideration when looking at needs in any specific location:

- a) Whilst there are differences in the stock profile in different locations this should not necessarily be seen as indicating particular surpluses or shortfalls of particular types and sizes of homes;
- b) As well as looking at the stock, an understanding of the role and function of areas is important. For example, areas traditionally favoured by family households might be expected to provide a greater proportion of larger homes;
- c) That said, some of these areas will have very few small/cheaper stock so consideration needs to be given to diversifying the stock;
- d) The location/quality of sites will also have an impact on the mix of housing. For example, brownfield sites in urban locations may be more suited to flatted development (as well as recognising the point above about role and function) whereas a more suburban/rural site may be more appropriate for family housing. Other considerations (such as proximity to public transport) may impact a reasonable mix at a local level; and
- e) Viability will also be a consideration in some instances such as sites subject to delivery of significant infrastructure where a particular mix might be required to achieve a viable site and to ensure the delivery of affordable housing.

- 8.38 To give a local example, Nottingham has a higher percentage of younger people and households with dependent children. On face value, this would suggest a need for greater numbers of family-sized homes and this is shown in the modelling. However, the reality is the City is likely to require a significant amount of high-density development to meet its overall housing need and this may not lend itself to family housing.
- 8.39 It will therefore require a political choice to either meet this need elsewhere or reduce overall delivery and thus the actual mix sought should be agreed upon across the HMA and at each local authority bearing in mind a range of factors including land availability and the pipeline supply and the role and function of each area.
- 8.40 Overall, it is suggested the Councils should broadly seek the same mix of housing in all locations but that they would be flexible to a different mix where specific local characteristics suggest. The Councils should also monitor what is being built to ensure that a reasonable mix is provided in a settlement overall.
- 8.41 For example, if a recent housing site has provided nothing but 4+-bedroom 'executive' homes, then it could be expected that the next site in a similar location might provide a mix which includes more homes for younger/smaller family households and childless couples.
- 8.42 Additionally, in the affordable sector, it may be the case that Housing Register data for a smaller area identifies a shortage of housing of a particular size/type which could lead to the mix of housing being altered from the overall suggested requirement.

Summary – Housing Mix

- 8.43 Analysis of the future mix of housing required takes account of demographic change, including potential changes to the number of family households and the ageing of the population. The proportion of households with dependent children in Greater Nottingham and Ashfield is fairly average with around 28% of all households containing dependent children in 2021 (compared with around 28% regionally and 29% nationally). There are notable differences between different types of households, with married couples (with dependent children) seeing a high level of owner-occupation, whereas lone parents are particularly likely to live in social or private rented accommodation.
- 8.44 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 future 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 – the analysis also models for there to be a modest decrease in levels of under-occupancy (which is notable in the market sector).

- 8.45 In all sectors, the analysis points to a particular need for 2-bedroom accommodation, with varying proportions of 1-bedroom and 3+-bedroom homes. For general need rented affordable housing, there is a clear need for a range of different sizes of homes, including 38% to have at least 3 bedrooms. The modelled mix of housing is shown below for the whole study area, although it is worth noting that differences across areas are generally fairly modest.

Table 8.30 Recommended Housing Mix by Tenure and Type

	Market	Affordable home ownership	Affordable housing (rented)	
			General needs	Older persons
1-bedroom	8%	18%	24%	46%
2-bedrooms	34%	42%	39%	54%
3-bedrooms	41%	30%	30%	
4+-bedrooms	16%	10%	8%	

- 8.46 The mix identified above could inform strategic policies although a flexible approach should be adopted. For example, in some areas, Registered Providers find difficulties selling 1-bedroom affordable home ownership (AHO) homes and therefore the 1-bedroom elements of AHO might be better provided as 2-bedroom accommodation. That said, given current house prices there are potential difficulties in making (larger) AHO genuinely affordable.
- 8.47 Additionally, in applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Councils should also monitor the mix of housing delivered.

9. OLDER AND DISABLED PEOPLE

Introduction

- 9.1 This section studies the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. It responds to Planning Practice Guidance on *Housing for Older and Disabled People* published by the Government in June 2019. It includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (adaptable and accessible wheelchair standards).

Understanding the Implications of Demographic Change

- 9.2 At a national level, the population of older persons is increasing, and this will potentially drive a need for housing which is capable of meeting the needs of older persons. Initially below a series of statistics about the older person population of Greater Nottingham and Ashfield are presented.

Current Population of Older People

- 9.3 The tables below provide baseline population data about older persons in Greater Nottingham and Ashfield and compare this with other areas. The table shows the study area has a slightly younger age structure than seen regionally or nationally with 17% of the population being aged 65 and over. The proportion of people aged 75 and over and 85 and over is also below equivalent figures for other areas.

Table 9.1 Older Persons Population, 2022

	Greater Nottingham and Ashfield	East Midlands	England
Under 65	82.6%	80.3%	81.4%
65-74	8.9%	10.3%	9.6%
75-84	6.1%	6.9%	6.5%
85+	2.3%	2.5%	2.5%
Total	100.0%	100.0%	100.0%
Total 65+	17.4%	19.7%	18.6%
Total 75+	8.5%	9.4%	9.0%

Source: ONS MYE

- 9.4 It is clear the slightly younger age structure is driven by a particularly young population in Nottingham, with all other local authorities actually showing proportions of older people in excess of both the regional and national positions.

Table 9.2 Older Persons Population, 2022 – local authorities

	Nottingham	Ashfield	Broxtowe	Gedling	Rushcliffe
Under 65	88.3%	80.0%	78.1%	78.2%	78.2%
65-74	6.3%	10.3%	10.9%	11.2%	10.7%
75-84	3.8%	7.3%	8.0%	7.7%	7.9%
85+	1.6%	2.4%	3.0%	2.9%	3.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Total 65+	11.7%	20.0%	21.9%	21.8%	21.8%
Total 75+	5.4%	9.7%	10.9%	10.6%	11.1%

Source: ONS MYE

Projected Future Change in the Population of Older People

- 9.5 Population projections can next be used to provide an indication of how the number of older persons might change in the future with the tables below showing that all areas are projected to see a notable increase in the older person population. For the whole study area, there is a projected increase in the population aged 65+ of around 32% - the population aged Under 65 is in contrast projected to see a more modest increase (of 11%).
- 9.6 In total population terms, the projections show an increase in the population aged 65 and over of 45,600 people. This is against a backdrop of an overall population growth of 119,200. The growth of people aged 65 and over therefore accounts for 38% of the total projected population change.

Table 9.3 Projected Change in Population of Older Persons, 2023 to 2041 – Greater Nottingham and Ashfield

	2023	2041	Change in population	% change
Under 65	665,306	738,876	73,570	11.1%
65-74	72,315	87,408	15,094	20.9%
75-84	51,517	70,763	19,246	37.4%
85+	19,290	30,558	11,268	58.4%
Total	808,428	927,606	119,178	14.7%
Total 65+	143,122	188,730	45,608	31.9%
Total 75+	70,807	101,321	30,514	43.1%

Source: Demographic projections

- 9.7 The series of tables below show the same information for each local authority. As noted, all locations are projected to see an ageing of the population – the data is also interesting for showing over half of the growth in the population aged Under 65 is projected to be within the City.

Table 9.4 Projected Change in Population of Older Persons, 2023 to 2041 – Nottingham

	2023	2041	Change in population	% change
Under 65	288,007	329,376	41,369	14.4%
65-74	21,076	26,818	5,741	27.2%
75-84	13,019	19,925	6,906	53.0%
85+	5,352	7,687	2,334	43.6%
Total	327,454	383,805	56,351	17.2%
Total 65+	39,447	54,429	14,982	38.0%
Total 75+	18,371	27,611	9,240	50.3%

Source: Demographic projections

Table 9.5 Projected Change in Population of Older Persons, 2023 to 2041 – Ashfield

	2023	2041	Change in population	% change
Under 65	101,870	105,545	3,675	3.6%
65-74	13,058	16,241	3,184	24.4%
75-84	9,693	13,224	3,531	36.4%
85+	3,067	5,336	2,270	74.0%
Total	127,687	140,346	12,660	9.9%
Total 65+	25,817	34,801	8,984	34.8%
Total 75+	12,759	18,560	5,801	45.5%

Source: Demographic projections

Table 9.6 Projected Change in Population of Older Persons, 2023 to 2041 – Broxtowe

	2023	2041	Change in population	% change
Under 65	87,425	94,872	7,447	8.5%
65-74	12,219	13,703	1,484	12.1%
75-84	9,401	11,770	2,369	25.2%
85+	3,383	5,446	2,063	61.0%
Total	112,428	125,792	13,364	11.9%
Total 65+	25,003	30,920	5,917	23.7%
Total 75+	12,784	17,217	4,433	34.7%

Source: Demographic projections

Table 9.7 Projected Change in Population of Older Persons, 2023 to 2041 – Gedling

	2023	2041	Change in population	% change
Under 65	92,906	100,967	8,061	8.7%
65-74	13,075	15,180	2,105	16.1%
75-84	9,491	12,709	3,218	33.9%
85+	3,506	5,383	1,877	53.5%
Total	118,977	134,238	15,261	12.8%
Total 65+	26,071	33,271	7,200	27.6%
Total 75+	12,997	18,091	5,095	39.2%

Source: Demographic projections

Table 9.8 Projected Change in Population of Older Persons, 2023 to 2041 – Rushcliffe

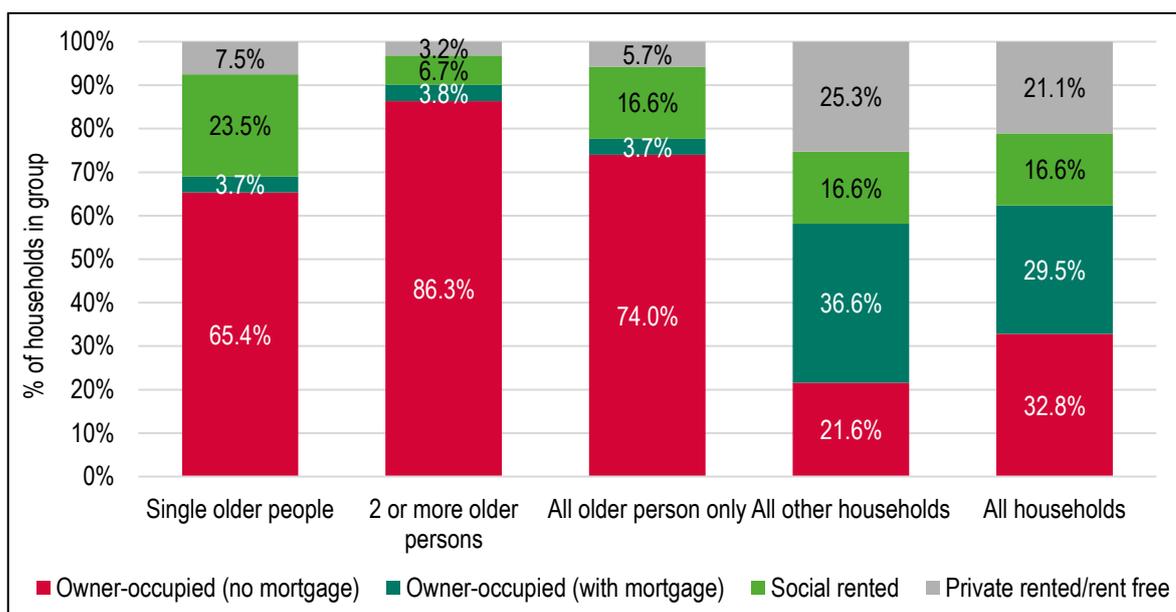
	2023	2041	Change in population	% change
Under 65	95,098	108,116	13,018	13.7%
65-74	12,887	15,467	2,580	20.0%
75-84	9,913	13,136	3,222	32.5%
85+	3,982	6,706	2,724	68.4%
Total	121,882	143,425	21,543	17.7%
Total 65+	26,783	35,309	8,526	31.8%
Total 75+	13,896	19,842	5,946	42.8%

Source: Demographic projections

Characteristics of Older Person Households

- 9.8 The figure below shows the tenure of older person households. 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 the majority of older persons households are owner-occupiers (78% of older person households), and indeed most are owner-occupiers with no mortgage and thus may have significant equity which can be put towards the purchase of a new home. Some 17% of older persons households live in the social rented sector and the proportion of older person households living in the private rented sector is relatively low (about 6%).
- 9.9 There are also notable differences for different types of older person households with single older people having a lower level of owner-occupation than larger older person households – this group also has a much higher proportion living in the social rented sector.

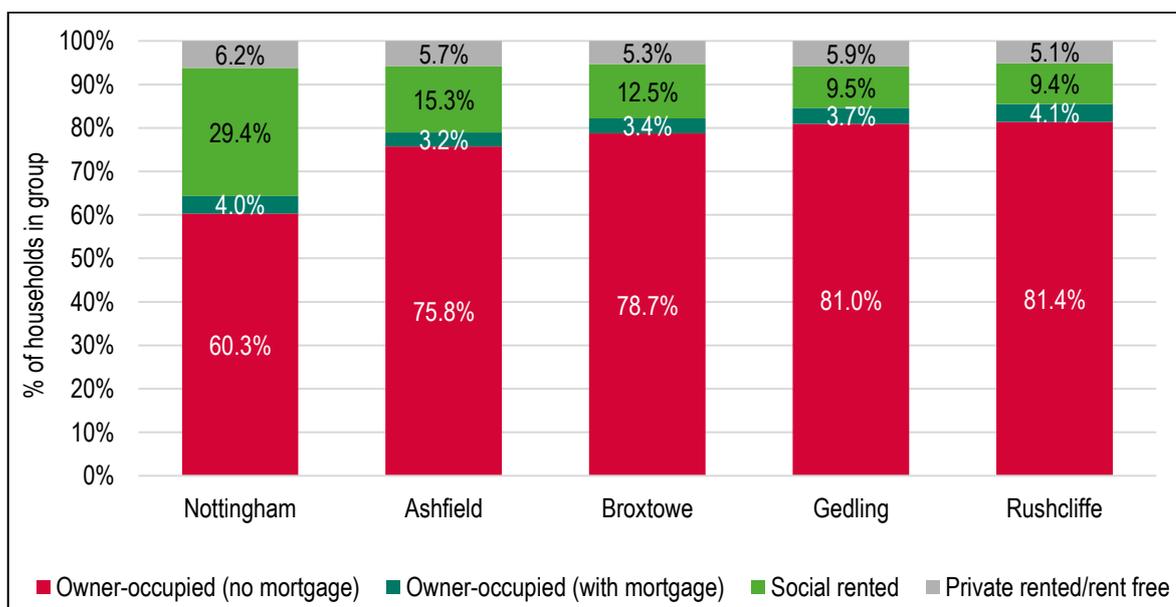
Figure 9.1: Tenure of Older Persons Households in Greater Nottingham and Ashfield, 2021



Source: 2021 Census

9.10 The figure below shows the same information for local authorities (focussing on the all older persons category). This shows all areas have a majority of older people as owner-occupiers, but that the proportion is notably lower in Nottingham.

Figure 9.2: Tenure of Older Persons Households in Greater Nottingham and Ashfield, 2021 – local authorities



Source: 2021 Census

Prevalence of Disabilities

9.11 The table below shows the proportion of people who are disabled under the Equality Act drawn from 2021 Census data, and the proportion of households where at least one person has a disability. The

data suggests that some 35% of households in the study area contain someone with a disability. This figure is slightly above the regional and national average. The figures for the population with a disability show similar patterns compared with other areas – some 19% of the population having a disability. The table also shows higher levels of disability in Ashfield and lower in Rushcliffe.

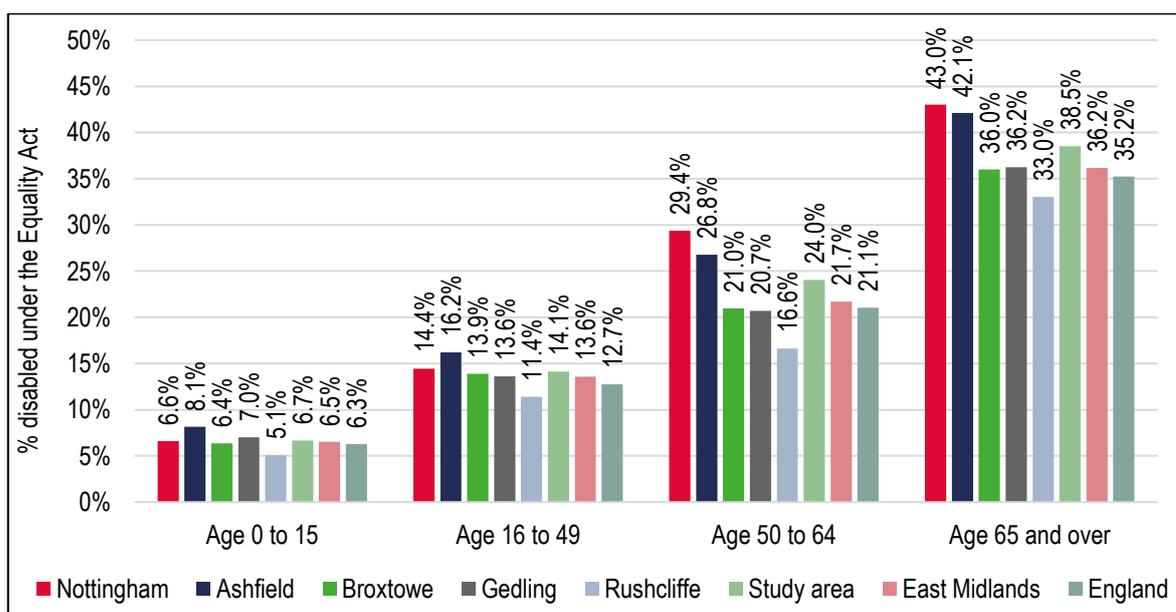
Table 9.9 Households and People with a Disability, 2021

	Households Containing Someone with a Disability		Population with a Disability	
	No.	%	No.	%
Nottingham	44,780	35.9%	60,218	18.6%
Ashfield	20,992	38.5%	27,809	22.0%
Broxtowe	16,135	33.4%	20,978	18.9%
Gedling	17,230	33.4%	22,062	18.8%
Rushcliffe	14,565	29.2%	19,074	16.0%
Study Area	113,702	34.6%	150,141	18.8%
East Midlands	680,791	33.4%	894,920	18.3%
England	7,507,886	32.0%	9,774,510	17.3%

Source: 2021 Census

9.12 As noted, the age profile will likely impact upon the number of people with a disability, as older people tend to be more likely to have a disability. The figure below shows the age bands of people with a disability. It is clear from this analysis that those people in the oldest age bands are more likely to have a disability. For older age groups, the analysis also shows higher levels of disability in each age band within Greater Nottingham and Ashfield when compared with the regional and national position – this is driven by higher levels of age-specific disability in Nottingham and Ashfield.

Figure 9.3: Population with Disability by Age



Source: 2021 Census

Health-Related Population Projections

- 9.13 The incidence of a range of health conditions is an important component in understanding the potential need for care or support for a growing older population. The analysis undertaken covers both younger and older age groups and draws on prevalence rates from the PANSI (Projecting Adult Needs and Service Information) and POPPI (Projecting Older People Population Information) websites. Adjustments have been made to take account of the age-specific health/disabilities previously shown.
- 9.14 Of particular note are the large increases in the number of older people with dementia (increasing by 46% from 2023 to 2041) and mobility problems (up 40% over the same period). Changes for younger age groups are smaller, reflecting the fact that projections are expecting older age groups to see the greatest proportional increases in population. When related to the total projected change to the population, the increase of people aged 65+ with a mobility problem represents around 10% of total projected population growth.

Table 9.10 Projected Changes to Population with a Range of Disabilities – Greater Nottingham and Ashfield

Disability	Age Range	2023	2041	Change	% Change
Dementia	65+	10,975	15,973	4,999	45.5%
Mobility problems	65+	28,801	40,332	11,531	40.0%
Autistic Spectrum Disorders	18-64	5,625	6,329	704	12.5%
	65+	1,466	1,952	485	33.1%
Learning Disabilities	15-64	14,865	16,523	1,657	11.2%
	65+	3,251	4,286	1,035	31.8%
Impaired mobility	16-64	29,069	30,531	1,462	5.0%

Source: POPPI/PANSI and Demographic Projections *numbers may not sum due to rounding

- 9.15 The series of tables below shows the same information for local authorities with all areas projected to see notable increases in the number of people with dementia and mobility problems.

Table 9.11 Projected Changes to Population with a Range of Disabilities – Nottingham

Disability	Age Range	2023	2041	Change	% Change
Dementia	65+	3,323	4,809	1,486	44.7%
Mobility problems	65+	8,743	12,454	3,711	42.4%
Autistic Spectrum Disorders	18-64	2,690	3,124	434	16.1%
	65+	451	626	176	39.0%
Learning Disabilities	15-64	7,155	8,166	1,012	14.1%
	65+	1,000	1,379	379	38.0%
Impaired mobility	16-64	11,700	12,810	1,111	9.5%

Source: POPPI/PANSI and Demographic Projections

Table 9.12 Projected Changes to Population with a Range of Disabilities – Ashfield

Disability	Age Range	2023	2041	Change	% Change
Dementia	65+	2,099	3,158	1,059	50.5%
Mobility problems	65+	5,577	8,019	2,442	43.8%
Autistic Spectrum Disorders	18-64	945	993	49	5.1%
	65+	291	395	104	35.9%
Learning Disabilities	15-64	2,482	2,602	120	4.8%
	65+	642	863	221	34.4%
Impaired mobility	16-64	5,602	5,564	-38	-0.7%

Source: POPPI/PANSI and Demographic Projections

Table 9.13 Projected Changes to Population with a Range of Disabilities – Broxtowe

Disability	Age Range	2023	2041	Change	% Change
Dementia	65+	1,816	2,563	747	41.1%
Mobility problems	65+	4,748	6,347	1,599	33.7%
Autistic Spectrum Disorders	18-64	696	766	70	10.0%
	65+	240	298	58	24.4%
Learning Disabilities	15-64	1,810	1,961	151	8.4%
	65+	531	653	122	23.0%
Impaired mobility	16-64	3,967	3,948	-18	-0.5%

Source: POPPI/PANSI and Demographic Projections

Table 9.14 Projected Changes to Population with a Range of Disabilities – Gedling

Disability	Age Range	2023	2041	Change	% Change
Dementia	65+	1,877	2,660	782	41.7%
Mobility problems	65+	4,959	6,729	1,771	35.7%
Autistic Spectrum Disorders	18-64	700	766	66	9.5%
	65+	251	321	70	28.1%
Learning Disabilities	15-64	1,855	2,018	163	8.8%
	65+	558	709	151	27.0%
Impaired mobility	16-64	4,254	4,397	143	3.4%

Source: POPPI/PANSI and Demographic Projections

Table 9.15 Projected Changes to Population with a Range of Disabilities – Rushcliffe

Disability	Age Range	2023	2041	Change	% Change
Dementia	65+	1,860	2,785	924	49.7%
Mobility problems	65+	4,774	6,782	2,008	42.1%
Autistic Spectrum Disorders	18-64	594	679	85	14.3%
	65+	234	311	76	32.6%
Learning Disabilities	15-64	1,563	1,775	211	13.5%
	65+	521	683	162	31.1%
Impaired mobility	16-64	3,546	3,811	265	7.5%

Source: POPPI/PANSI and Demographic Projections

- 9.16 Invariably, there will be a combination of those with disabilities and long-term health problems who continue to live at home with family, those who chose to live independently with the possibility of incorporating adaptations into their homes and those who choose to move into supported housing.
- 9.17 The projected change shown in the number of people with disabilities provides clear evidence justifying delivering 'accessible and adaptable' homes as defined in Part M4(2) of Building Regulations, subject to viability and site suitability. The Councils should ensure that the viability of doing so is also tested as part of drawing together their evidence base although the cost of meeting this standard is unlikely to have any significant impact on viability and would potentially provide a greater number of homes that will allow households to remain in the same property for longer.

Need for Specialist Accommodation for Older People

- 9.18 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. This is also a requirement of the NPPF which states (in Paragraph 63) that local authorities need to establish the need for different groups in the community including "older people (including those who require retirement housing, housing-with-care and care homes)" The box below (taken from the PPG) shows the different types of older person housing which are considered.

Definitions of Different Types of Older Persons' Accommodation

Age-restricted general market housing: This type of housing is generally for people aged 55 and over and the active elderly. It may include some shared amenities such as communal gardens, but does not include support or care services.

Retirement living or sheltered housing (housing with support): This usually consists of purpose-built flats or bungalows with limited communal facilities such as a lounge, laundry room and guest room. It does not generally provide care services, but provides some support to enable residents to live independently. This can include 24-hour on-site assistance (alarm) and a warden or house manager.

Extra care housing or housing-with-care (housing with care): This usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC). Residents are able to live independently with 24-hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these developments are known as retirement communities or villages - the intention is for residents to benefit from varying levels of care as time progresses.

Residential care homes and nursing homes (care bedspaces): These have individual rooms within a residential building and provide a high level of care meeting all activities of daily living. They do not usually include support services for independent living. This type of housing can also include dementia care homes.

Source: *Planning Practice Guidance [63-010]*

- 9.19 The need for specialist housing for older persons is typically modelled by applying prevalence rates to current and projected population changes and considering the level of existing supply. There is no standard methodology for assessing the housing and care needs of older people. The current and future demand for elderly care is influenced by a host of factors including the balance between demand and supply in any given area and social, political, regulatory and financial issues. Additionally, the extent to which new homes are built to accessible and adaptable standards may over time have an impact on specialist demand (given that older people often want to remain at home rather than move to care) – this will need to be monitored.
- 9.20 There are several ‘models’ for considering older persons’ needs, but they all essentially work in the same way. The model results are however particularly sensitive to the prevalence rates applied, which are typically calculated as a proportion of people aged 75 and over who could be expected to live in different forms of specialist housing. Whilst the population aged 75 and over is used in the modelling, the estimates of need would include people of all ages.
- 9.21 Whilst there are no definitive rates, the PPG [63-004] notes that *‘the future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector, for example, SHOP@ for Older People Analysis Tool)’*. The PPG does not specifically mention any other tools and therefore seems to be indicating that SHOP@ would be a good starting point for analysis. Since the PPG was published the Housing Learning and Information Network (Housing LIN) has removed the Shop@ online toolkit although the base rates used for analysis are known.
- 9.22 The SHOP@ tool was originally based on data in a 2008 report (More Choice Greater Voice) and in 2011 a further suggested set of rates was published (rates which were repeated in a 2012 publication). In 2016, Housing LIN published a review document which noted that the 2008 rates were ‘outdated’ but also noting that the rates from 2011/12 were ‘not substantiated’. The 2016 review document therefore set out a series of proposals for new rates to be taken forward onto the Housing LIN website.
- 9.23 Whilst the 2016 review rates do not appear to have ever led to an update of the website, it does appear from reviewing work by Housing LIN over the past couple of years as if it is these rates which typically inform their own analysis (subject to evidence-based localised adjustments).
- 9.24 For clarity, the table below shows the base prevalence rates set out in the various documents described above. For the analysis in this report, the age-restricted and retirement/sheltered have been merged into a single category (housing with support).

Table 9.16 Range of suggested baseline prevalence rates from a number of tools and publications

Type/Rate	SHOP@ (2008) ²⁶	Housing in Later Life (2012) ²⁷	2016 Housing LIN Review
Age-restricted general market housing	-	-	25
Retirement living or sheltered housing (housing with support)	125	180	100
Extra care housing or housing-with-care (housing with care)	45	65	30-40 ('proactive range')
Residential care homes	65	(no figure apart from 6 for dementia)	40
Nursing homes (care bedspaces), including dementia	45		45

Source: Housing LIN

9.25 In interpreting the different potential prevalence rates it is clear that:

- The prevalence rates used should be considered and assessed taking into account an authority's strategy for delivering specialist housing for older people. The degree for instance which Councils want to require extra care housing as an alternative to residential care provision would influence the relative balance of need between these two housing types;
- The Housing LIN model has been influenced by existing levels of provision and their view on what future level of provision might be reasonable taking account of how the market is developing, funding availability etc. It is more focused towards publicly commissioned provision. There is a degree to which the model and assumptions within it may not fully capture the growing recent private sector interest and involvement in the sector, particularly in extra care; and
- The assumptions in these studies look at the situation nationally. At a more local level, the relative health of an area's population is likely to influence the need for specialist housing with better levels of health likely to mean residents can stay in their own homes for longer.

9.26 These issues are considered to provide appropriate modelling assumptions for assessing future needs. Nationally, there has been a clear focus on strengthening a community-led approach and reducing reliance on residential and nursing care – in particular focusing where possible on providing

²⁶ Based on the More Choice Greater Voice publication of 2008

(https://www.housinglin.org.uk/assets/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf). It should be noted that although these rates are from 2008, they are the same rates as were being used in the online toolkit when it was taken offline in 2019.

²⁷ https://www.housinglin.org.uk/assets/Resources/Housing/Support_materials/Toolkit/Housing_in_Later_Life_Toolkit.pdf

households with care in their own home. This could however be the provision of care within general needs housing; but also care which is provided in a housing with care development such as in extra care housing.

- 9.27 We consider that the prevalence rates shown in the 2016 Housing LIN Review is an appropriate starting point; but that the corollary of lower care home provision should be a greater focus on the delivery of housing with care. Having regard to market growth in this sector in recent years, and since the above studies were prepared, we consider that the starting point for housing with care should be the higher rate shown in the SHOP@ report (this is the figure that would align with the PPG).
- 9.28 Rather than simply taking the base prevalence rates, an initial adjustment has been made to reflect the relative health of the local older person population. This has been based on census data about the proportion of the population aged 65 and over who have a long-term health problem or disability (LTHPD) compared with the England average.
- 9.29 A second local adjustment has been to estimate a tenure split for the housing with support and housing with care categories. This again draws on suggestions in the 2016 Review which suggests that less deprived local authorities could expect a higher proportion of their specialist housing to be in the market sector. Using the 2019 Index of Multiple Deprivation (IMD) data, the analysis suggests a range of deprivation from Nottingham being the 10th most deprived authority (out of 317) and Rushcliffe the 314th. In Rushcliffe for example, there is a lower than average level of deprivation – this suggests a greater proportion of market housing than a local authority in the middle of the range (for housing with support and housing with care); the opposite being true for Nottingham.
- 9.30 The table below shows the estimated needs for different types of housing linked to the population projections. The analysis is separated into the various types and tenures although it should be recognised that there could be some overlap between categories (i.e. some households might be suited to more than one type of accommodation).
- 9.31 Overall, the analysis suggests that there will be a need for housing with support (retirement/sheltered housing) in the market sector, but there is a sufficient supply of affordable housing. The analysis also points to a strong potential need for housing with care (e.g. extra-care) in both the market and affordable sectors (56% market housing). The analysis also suggests a need for some additional nursing and residential care bedspaces although need and supply are currently broadly in balance (particularly for residential care).

Table 9.17 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2023-41 – Greater Nottingham and Ashfield

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2041	Shortfall/surplus by 2041
Housing with support	Market	55	1,090	3,923	2,833	1,634	4,467
	Affordable	80	9,284	5,673	-3,611	2,525	-1,087
Total (housing with support)		136	10,374	9,596	-778	4,159	3,381
Housing with care	Market	25	298	1,801	1,503	750	2,253
	Affordable	23	628	1,653	1,025	747	1,772
Total (housing with care)		49	926	3,454	2,528	1,497	4,026
Residential care bedspaces		43	2,956	3,071	115	1,331	1,445
Nursing care bedspaces		49	2,622	3,454	832	1,497	2,330
Total bedspaces		92	5,578	6,525	947	2,828	3,775

Source: Derived from Demographic Projections and Housing LINEAC

9.32 The series of tables below show the same information for individual local authorities. Generally, fairly similar patterns emerge although this is not universal – for example, Ashfield is the only area where the analysis points to a current and projected shortfall of housing with support in the affordable sector whereas Nottingham shows a much higher need for housing with care in the affordable sector.

Table 9.18 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2023-41 – Nottingham

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2041	Shortfall/surplus by 2041
Housing with support	Market	31	364	562	198	283	481
	Affordable	114	4,228	2,100	-2,128	1,056	-1,072
Total (housing with support)		145	4,592	2,662	-1,930	1,339	-591
Housing with care	Market	14	218	260	42	131	173
	Affordable	38	423	698	275	351	626
Total (housing with care)		52	641	958	317	482	799
Residential care bedspaces		46	946	852	-94	428	334
Nursing care bedspaces		52	728	958	230	482	712
Total bedspaces		99	1,674	1,810	136	910	1,047

Source: Derived from Demographic Projections and Housing LINEAC

Table 9.19 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2023-41 – Ashfield

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2041	Shortfall/surplus by 2041
Housing with support	Market	40	0	510	510	232	742
	Affordable	104	1,064	1,333	269	606	875
Total (housing with support)		144	1,064	1,843	779	838	1,617
Housing with care	Market	21	0	264	264	120	384
	Affordable	31	10	400	390	182	571
Total (housing with care)		52	10	664	654	302	955
Residential care bedspaces		46	565	590	25	268	293
Nursing care bedspaces		52	524	664	140	302	441
Total bedspaces		98	1,089	1,253	164	570	734

Source: Derived from Demographic Projections and Housing LIN/EAC

Table 9.20 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2023-41 – Broxtowe

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2041	Shortfall/surplus by 2041
Housing with support	Market	68	177	865	688	300	988
	Affordable	63	1,610	801	-809	278	-532
Total (housing with support)		130	1,787	1,665	-122	577	456
Housing with care	Market	32	0	407	407	141	548
	Affordable	15	38	192	154	67	221
Total (housing with care)		47	38	600	562	208	769
Residential care bedspaces		42	622	533	-89	185	96
Nursing care bedspaces		47	421	600	179	208	386
Total bedspaces		89	1,043	1,132	89	393	482

Source: Derived from Demographic Projections and Housing LIN/EAC

Table 9.21 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2023-41 – Gedling

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2041	Shortfall/surplus by 2041
Housing with support	Market	65	135	841	706	330	1,035
	Affordable	66	1,373	863	-510	338	-172
Total (housing with support)		131	1,508	1,703	195	668	863
Housing with care	Market	31	0	407	407	159	566
	Affordable	16	64	206	142	81	223
Total (housing with care)		47	64	613	549	240	790
Residential care bedspaces		42	512	545	33	214	247
Nursing care bedspaces		47	492	613	121	240	362
Total bedspaces		89	1,004	1,158	154	454	608

Source: Derived from Demographic Projections and Housing LIN/EAC

Table 9.22 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2023-41 – Rushcliffe

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2041	Shortfall/surplus by 2041
Housing with support	Market	82	414	1,146	732	490	1,222
	Affordable	41	1,009	577	-432	247	-186
Total (housing with support)		124	1,423	1,722	299	737	1,036
Housing with care	Market	33	80	464	384	198	582
	Affordable	11	93	156	63	67	130
Total (housing with care)		45	173	620	447	265	712
Residential care bedspaces		40	311	551	240	236	476
Nursing care bedspaces		45	457	620	163	265	428
Total bedspaces		84	768	1,171	403	501	904

Source: Derived from Demographic Projections and Housing LIN/EAC

- 9.33 The provision of a choice of attractive housing options to older households is a component of achieving a good housing mix. The availability of such housing options for the growing older population may enable some older households to downsize from homes that no longer meet their housing needs or are expensive to run. The availability of housing options which are accessible to older people will also provide the opportunity for older households to 'rightsize' which can help improve their quality of life.
- 9.34 It should also be noted that within any category of need, there may be a range of products. For example, many recent market extra-care schemes have tended to be focused towards the 'top-end' of the market and may have significant service charges (due to the level and quality of facilities and services). Such homes may therefore only be affordable to a small proportion of the potential market,

and it will be important for the Councils to seek a range of products that will be accessible to a wider number of households if needs are to be met.

Wheelchair User Housing

- 9.35 The analysis below draws on secondary data sources to estimate the number of current and future wheelchair users and to estimate the number of wheelchair accessible/adaptable dwellings that might be required in the future. Estimates of need produced in this report draw on data from the English Housing Survey (EHS) – mainly 2018/19 data. The EHS data used includes the age structure of wheelchair users, information about work needed to homes to make them ‘visitable’ for wheelchair users and data about wheelchair users by tenure.
- 9.36 The table below shows at a national level the proportion of wheelchair-user households by the age of household reference person. Nationally, around 3.4% of households contain a wheelchair user – with around 1% using a wheelchair indoors. There is a clear correlation between the age of household reference person and the likelihood of there being a wheelchair user in the household.

Table 9.23 Proportion of wheelchair user households by age of household reference person – England

Age of household reference person	No household members use a wheelchair	Uses wheelchair all the time	Uses wheelchair indoors only	Uses wheelchair outdoors only	TOTAL
24 and under	99.4%	0.3%	0.0%	0.3%	100.0%
25-34	99.3%	0.3%	0.1%	0.2%	100.0%
35-49	98.2%	0.5%	0.1%	1.2%	100.0%
50-64	96.9%	0.7%	0.4%	2.0%	100.0%
65 and over	93.1%	0.9%	0.4%	5.6%	100.0%
All households	96.6%	0.6%	0.3%	2.5%	100.0%

Source: English Housing Survey (2018/19)

- 9.37 The prevalence rate data can be brought together with information about the household age structure and how this is likely to change moving forward – adjustments have also been made to take account of the relative health (by age) of the population. The data estimates a total of 13,000 wheelchair-user households in 2023, and that this will rise to 16,000 by 2041.

Table 9.24 Estimated number of wheelchair user households (2023-41) – Greater Nottingham and Ashfield

	Prevalence rate (% of households)	Households 2023	Households 2041	Wheelchair user households (2023)	Wheelchair user households (2041)
24 and under	0.5%	14,575	16,895	74	85
25-34	0.8%	48,883	56,766	372	432
35-49	2.1%	84,591	101,405	1,742	2,093
50-64	3.6%	93,357	93,254	3,331	3,341
65 and over	7.9%	94,306	126,366	7,448	10,023
All households	-	335,712	394,686	12,967	15,974

Source: Derived from a range of sources

- 9.38 The finding of an estimated current number of wheelchair-user households does not indicate how many homes might be needed for this group – some households will be living in a home that is suitable for wheelchair use, whilst others may need improvements to accommodation or a move to an alternative home. Data from the EHS (2014-15) shows that of the 814,000 wheelchair-user households, some 200,000 live in a home that would either be problematic or not feasible to make fully ‘visitable’ – this is around 25% of wheelchair-user households.
- 9.39 Applying this to the current number of wheelchair-user households and adding the additional number projected forward suggests a need for around 3,000 additional wheelchair-user homes in the 2023-41 period. If the projected need is also discounted to 25% of the total (on the basis that many additional wheelchair-user households will already be in accommodation) leads to a need estimate of 3,994 homes – this figure equates to a need for 222 dwellings per annum. The second table below shows this information for each local authority.

Table 9.25 Estimated need for wheelchair user homes, 2023-41

	Current need	Projected need (2023-41)	Total current and future need
Total	3,242	3,007	6,249
@ 25% of projection	3,242	752	3,994

Source: Derived from a range of sources

Table 9.26 Estimated need for wheelchair user homes, 2023-41 – local authorities (based on 25% of projection)

	Current need	Projected need (2023-41)	Total current and future need
Nottingham	1,337	328	1,665
Ashfield	635	144	780
Broxtowe	430	79	509
Gedling	481	103	584
Rushcliffe	359	97	456
Study area	3,242	752	3,994

Source: Derived from a range of sources

- 9.40 Furthermore, information in the EHS (for 2018/19) also provides national data about wheelchair users by tenure. This showed that, at that time, around 7.1% of social tenants were wheelchair users (including 2.2% using a wheelchair indoors), compared with 3.1% of owner-occupiers (0.7% indoors). These proportions can be expected to increase with an ageing population but do highlight the likely need for a greater proportion of social (affordable) homes to be for wheelchair users.

Table 9.27 Proportion of wheelchair user households by tenure of household reference person – England

Tenure	No household members use a wheelchair	Uses wheelchair all the time	Uses wheelchair indoors only	Uses wheelchair outdoors only	TOTAL
Owners	96.9%	0.5%	0.2%	2.4%	100.0%
Social sector	92.9%	1.6%	0.6%	4.8%	100.0%
Private renters	98.8%	0.1%	0.1%	0.9%	100.0%
All households	96.6%	0.6%	0.3%	2.5%	100.0%

Source: English Housing Survey (2018/19)

- 9.41 To meet the identified need, the Councils could seek a proportion (maybe up to 5%) of all new market homes to be M4(3)(A) compliant and potentially a higher figure in the affordable sector (say 10%) to be M4(3)(B). These figures reflect that not all sites would be able to deliver homes of this type. In the market sector these homes would be M4(3)A (adaptable) and M4(3)B (accessible) for affordable housing.
- 9.42 As with M4(2) homes it may not be possible for some schemes to be built to these higher standards due to built-form, topography, flooding etc. Furthermore, the provision of this type of property may in some cases challenge the viability of delivery given the reasonably high build-out costs (see table below).
- 9.43 It is worth noting that the Government reported on a consultation on changes to the way the needs of people with disabilities and wheelchair users are planned for as a result of concerns that in the drive

to achieve housing numbers, the delivery of housing that suits the needs of the households (in particular those with disabilities) is being compromised on viability grounds²⁸.

- 9.44 The key outcome is: *‘Government is committed to raising accessibility standards for new homes. We have listened carefully to the feedback on the options set out in the consultation and the government response sets out our plans to mandate the current M4(2) requirement in Building Regulations as a minimum standard for all new homes’*. This change is due to be implemented through a change to building regulations.
- 9.45 The consultation outcome still requires a need for M4(3) dwellings to be evidenced, stating *‘M4(3) (Category 3: Wheelchair user dwellings) would continue as now where there is a local planning policy in place in which a need has been identified and evidenced. Local authorities will need to continue to tailor the supply of wheelchair user dwellings to local demand’*.
- 9.46 As well as evidence of need, the viability challenge is particularly relevant for M4(3)(B) standards. These make properties accessible from the moment they are built and involve high additional costs that could in some cases challenge the feasibility of delivering all or any of a policy target. The table below shows estimated costs for different types of accessible dwellings, taken from research sitting behind the initial PPG on accessible housing – these costings are now 10 years old but do still indicate the relative costs of different options.

Table 9.28 Access Cost Summary

	1-Bed Apartment	2-Bed Apartment	2-Bed Terrace	3-Bed Semi Detached	4-Bed Semi- Detached
M4(2)	£940	£907	£523	£521	£520
M4(3)(A) – Adaptable	£7,607	£7,891	£9,754	£10,307	£10,568
M4(3)(B) – Accessible	£7,764	£8,048	£22,238	£22,791	£23,052

Source: EC Harris, 2014

- 9.47 It should be noted that local authorities only have the right to request M4(3)(B) accessible compliance from homes for which they have nomination rights. They can, however, request M4(3)(A) adaptable compliance from the wider (market) housing stock.
- 9.48 A further option for the Councils would be to consider seeking a higher contribution, where it is viable to do so, from those homes to which they have nomination rights. This would address any under delivery from other schemes (including schemes due to their size e.g. less than 10 units or 1,000

²⁸ <https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes>

square metres) but also recognise the fact that there is a higher prevalence of wheelchair use within social rent tenures. This should be considered when setting policy.

Summary – Older People and Disabled People

- 9.49 A range of data sources and statistics have been accessed to consider the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. The analysis responds to Planning Practice Guidance on Housing for Older and Disabled People published by the Government in June 2019 and includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).
- 9.50 The data shows that Nottingham and Ashfield have a younger age structure but slightly higher levels of disability when compared with the national average. The older person population shows high proportions of owner-occupation, particularly outright owners who may have significant equity in their homes (74% of all older person households are outright owners).
- 9.51 The older person population is projected to increase notably moving forward. An ageing population means that the number of people with disabilities is likely to increase substantially. Key findings for the 2023-41 period include:
- a 32% increase in the population aged 65+ (potentially accounting for 38% of total population growth);
 - a 46% increase in the number of people aged 65+ with dementia and a 40% increase in those aged 65+ with mobility problems;
 - a need for around 3,400 housing units with support (sheltered/retirement housing) – all in the market sector;
 - a need for around 4,000 additional housing units with care (e.g. extra-care) – around 56% in the market sector;
 - a need for additional nursing and residential care bedspaces but current need and supply in broad balance (particularly for residential care); and
 - a need for 4,000 dwellings to be for wheelchair users (meeting technical standard M4(3)).
- 9.52 This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair-user dwellings as well as providing specific provisions of older persons housing.

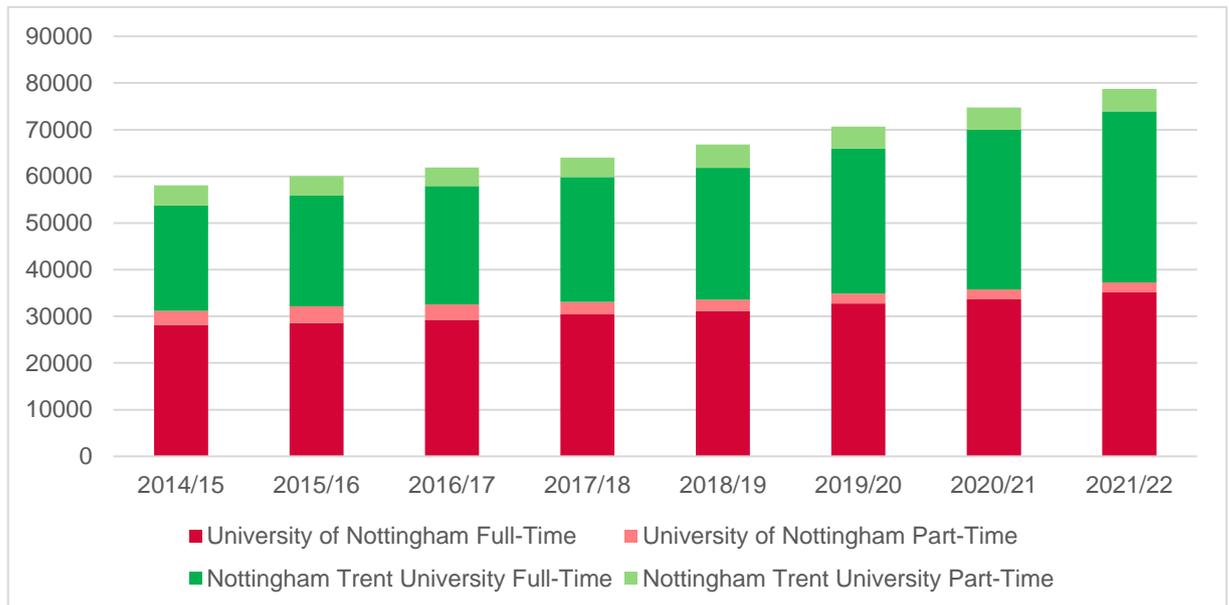
- 9.53 Given the evidence set out above, the Councils could consider (as a starting point) requiring all dwellings (in all tenures) to meet the M4(2) standards and around 5% of homes meeting M4(3)(A) (adaptable)– wheelchair user dwellings in the market sector and a higher proportion of around a tenth at M4(3)(B) (accessible) in the affordable sector.
- 9.54 Where the authority has nomination rights M4(3) would be wheelchair-accessible dwellings (constructed for immediate occupation) and in the market sector they should be wheelchair-user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user). 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.
- 9.55 In framing policies for the provision of specialist older persons accommodation, the Councils will need to consider a range of issues. This will include the different use classes of accommodation (i.e. C2 vs. C3) and requirements for affordable housing contributions (linked to this the viability of provision). There may also be some practical issues to consider, such as the ability of any individual development to be mixed tenure given the way care and support services are paid for.

10. STUDENT HOUSING NEEDS

- 10.1 This section considers the needs of students in the study area. Given their impact on the housing market this study focuses on the two higher education facilities in the study area; the University of Nottingham and Nottingham Trent University. As such this section centres on its impact in Nottingham and Broxtowe (and in particular Beeston) where the universities are located or are adjacent to.
- 10.2 While there are several further education facilities in the area the data allowing us to track trends in student numbers year-on-year for further education establishments is not consistently available. Furthermore, it is Higher Education (HE) full-time students that principally impact the housing market as they have a housing need whereas other students are likely to live with their parents or in their own home.

The Existing Profile of Student Housing Need

- 10.3 The NPPF is clear that the needs of students (and other groups within the housing market) should be assessed and reflected in planning policies.
- 10.4 Drawing on data from the Higher Education Statistics Agency (“HESA”), Figure 10.1 below sets out the pattern of growth between 2014/15 and 2021/22 across the two Universities. As of 2021/22, there were 78,725 students enrolled at these universities (37,260 at the University of Nottingham and 41,465 at Nottingham Trent University).
- 10.5 Since the 2014/15 academic year, there has been an increase of over 20,000 students at the City’s two universities. This equates to a 35% increase over just seven years. The majority of this growth (70%) has been at Nottingham Trent University. The City Council assumes future growth to be much smaller at 2.8% per annum in line with demographic trends.
- 10.6 Notably, and crucially for a housing study, the number of full-time students accounted for more than the total growth, this is because full-time students have an impact on the housing market whereas part-time students typically live and/or work in the City already or commute to study and thus do not have a housing need. The number of part-time students actually declined by 600 in total over this period therefore the growth in Full-Time students actually exceeded the total growth.

Figure 10.1: **Students Enrolled in Nottingham Universities (2014/15 - 2021/22)**

Source: HESA 2023

- 10.7 According to HESA, as of 2021/22, there were 71,920 full-time enrolled students at these universities. This is broken down by 35,240 FT students at the University of Nottingham and 36,680 FT students at Nottingham Trent University.
- 10.8 HESA also provide information about the accommodation choices of students at each establishment although this data is drawn from a self-assessed survey and has a large error margin as many students declare they are living in their own home in the mistaken belief that an HMO would count as such.
- 10.9 As shown below, around 48% of University of Nottingham Students live in either university-owned or maintained halls of residence or private Purpose Built Student Accommodation (PBSA). This number falls to around 33% at Nottingham Trent.
- 10.10 A further 12.8% at the University of Nottingham and 23.4% at Nottingham Trent University full-time students live either in their own homes or with parents or guardians. Only around 0.04% of students at the University of Nottingham and 1.5% at Nottingham Trent University do not attend the University in person, for example, those on international placements.

Table 10.1 Full-time Students term-time accommodation (2021/22)

	University of Nottingham		Nottingham Trent University	
	Count	Percentage	Count	Percentage
Provider maintained property	10,000	28.4%	5,810	15.8%
Private-sector halls	6,820	19.4%	6,265	17.1%
Parental/guardian home	1,970	5.6%	6,765	18.4%
Own residence	2,535	7.2%	1,800	4.9%
Other rented accommodation	12,355	35.1%	14,200	38.7%
Other	1,045	3.0%	1,095	3.0%
Not in attendance at the provider	15	0.0%	565	1.5%
Not known	495	1.4%	175	0.5%
Total	35,240	100.0%	36,680	100.0%

Source: HESA, 2024

- 10.11 The Universities and the City Council have worked to understand the number of Full-Time students living in PBSA and those that are likely to impact the general housing market through HMOs or small shared houses and flats. This data excludes those who live outside the City and those who are “Home” students i.e. they live on their own or with friends and family

Table 10.2 Accommodation Requirement of Full-Time Students at Nottingham Universities

	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023
FT Students studying within the City at both Universities	47,545	49,167	51,158	54,223	55,560	62,129	61,620
Number of students needing accommodation within the City	39,538	40,777	41,797	45,127	45,549	51,056	52,743
PBSA Bedspaces	21,865	22,799	23,608	24,780	26,224	27,852	29,641
Remaining students (living in HMOs, small houses (C3)).	17,673	17,978	18,189	20,347	19,325	23,204	23,102

Source: Nottingham City Council, University of Nottingham and Nottingham Trent University

- 10.12 As shown in the table above, in 2022/23 around 85% of FT students (52,743 students) need accommodation within the City. Of this group, 56% (29,641 students) live in PBSA and the remainder (23,102 students) live in the general housing stock. The number of all student households in the general housing stock is examined below using data from the 2021 Census and the Council Tax Base.

All Student Households in the General Housing Stock

- 10.13 Although it is not uncommon for areas with a high population of students to have a high number of all-student households, a mix of residential accommodation should be maintained within any given neighbourhood to ensure that they do not become imbalanced.

- 10.14 This is because student populations are transient and thus concentrations of all student households, which are typically in the form of HMOs, can create a high population turnover which in some circumstances leads to issues of antisocial behaviour and issues with waste collection including fly-tipping. This can result in reduced investment in the upkeep of properties, which can lead to a general downward trend in a neighbourhood's quality.
- 10.15 Growth in all student households within an area can also inhibit the availability and supply of homes for other groups within the population, such as families. This is particularly the case where larger homes are converted into HMOs.
- 10.16 The previous housing needs study identified concentrations of student housing and suggested that it may be appropriate to consider introducing an Article 4 Direction in Beeston (Broxtowe) to remove permitted development rights for the change of use from a dwelling house (Use Class C3) to a small HMO (Use Class C4). This was to ensure communities remained mixed and balanced.
- 10.17 The removal of permitted development rights through an Article 4 Direction was subsequently implemented by Broxtowe Borough Council in parts of Beeston. Nottingham City Council already had a City-wide Article 4 Direction since 2012.
- 10.18 Council Tax data has been used to analyse the number of properties that are exempt from Council Tax because they are either a hall of residence (or PBSA) provided predominantly for the accommodation of students, or a dwelling which is occupied only by students, the foreign spouses of students, or school and college leavers.
- 10.19 As shown in the Table below, according to Council Tax data in 2023 there were 2,637 dwellings which were exempt from Council Tax in the study area due to them being PBSA and 15,722 dwellings exempt because they were all student households. This latter figure includes flats and studio flats in developments which only accommodate students. The number of occupants in these exempt properties is not required to be captured by Council Tax records.
- 10.20 The data shows that over the last 10 years, the number of PBSA exemptions fell by around 1,500 dwellings. In contrast, the number of all student household exemptions increased by around 8,300 dwellings.

Table 10.3 Council Tax Exempt Accommodation for Students (2013-2023)

November 2023	Ashfield	Broxtowe	Gedling	Nottingham	Rushcliffe	Total
PBSA		255	0	2,252	130	2,637
All Student Households	94	377	144	14,915	243	15,773
October 2018	Ashfield	Broxtowe	Gedling	Nottingham	Rushcliffe	Total
PBSA	0	200	0	2,704	126	3,030
All Student Households	560	327	111	9,629	228	10,855
October 2013	Ashfield	Broxtowe	Gedling	Nottingham	Rushcliffe	Total
PBSA	0	205	0	3,856	137	4,198
All Student Households	37	336	83	6,601	350	7,407

Source: DLUHC, Council Taxbase

- 10.21 Nottingham City Council have provided an alternative definition of this data which recategorizes any flat or studio in a block that only accommodates students from an all student household into PBSA. As a result the number of all student households has fallen by around 700 dwellings when the Council Tax data as published shown significant growth. Conversely the number of PBSA g has increased significantly (+6,830) when the Council Tax data had it as falling.

Table 10.4 Alternative Council Tax Exempt Accommodation for Students – Nottingham (2013-2023)

Year	All Student Households	PBSA	Total
2013	7,310	4,254	11,564
2018	6,323	6,970	13,293
2023	6,611	11,084	17,695

Source: Nottingham City Council, 2024

- 10.22 We have also used the Census to provide an alternative figure and also to examine more localised concentrations. For this, we have examined the number of all student households, although this will include both large HMOs and smaller non-HMO accommodations occupied by students²⁹.
- 10.23 As the table below shows, there were 5,692 all-student households in the study area in 2021 which equates to around 1.7% of all households. Despite the introduction of an Article 4 Direction in Broxtowe, the number of all student households increased by 45 households since 2011. However, much of this growth may have occurred before the A4D was implemented. The number of all student

²⁹ Small flats and houses where 1 or 2 students live can still be classed as Council Tax Exemptions but are not HMOs

households increased in Nottingham by 124 despite having an A4D for almost all of this period, although again this would include non-HMO accommodation.

Table 10.5 **All Student Households (2011-2021)**

	Ashfield	Broxtowe	Gedling	Nottingham	Rushcliffe	Total
2011	2	318	20	4,845	291	5,476
2021	0	363	33	4,969	327	5,692
Change	-2	45	13	124	36	216

Source: ONS Census, 2011 and 2021

- 10.24 The table also shows that the vast majority of all student households are located in Nottingham with other notable numbers of all student households found in Broxtowe and Rushcliffe. Within the study area, the largest concentrations are in the Radford and Lenton & Wollaton East wards in the west of the City where at least a quarter of all households are all student households. In addition, there remains a particular concentration of all student households in the Beeston Central ward (7.4% of all households) and to a lesser degree the Beeston North ward (2.8%).
- 10.25 The number of HMOs should continue to be monitored, particularly as student growth spreads beyond the City and is likely to keep up over the next five years given demographic trends. The move to accommodation outside the City may also be accelerated by PBSA in the City being at virtual capacity. The latest Purpose Built Student Accommodation Vacancy Survey³⁰ from 2022/23 suggests that the vacancy rate in the City continues to be low (0.8%). Meaning that students will need to look elsewhere for accommodation.

Purpose-Built Student Accommodation

- 10.26 According to the Broxtowe and Nottingham City Councils since 2016/17 there have been 10,883 purpose-built student accommodation (PBSA) bedspaces delivered in the City and a further 355 bedspaces in Broxtowe. No other local authority in the study area delivered PBSA.

³⁰ <https://documents.nottinghamcity.gov.uk/download/8996>

Table 10.6 Supply of PBSA (2016/17 – 2022/23)

Year	Broxtowe Bedspaces	Nottingham Bedspaces
2016/17	0	1493
2017/18	0	934
2018/19	217	611
2019/20	106	1,172
2020/21	32	1,422
2021/22	0	1,607
2022/23	0	1,789
2023	0	1,855
Total	355	10,883

Source: Nottingham City Council and Broxtowe Borough Council

- 10.27 While the additional supply of PBSA is in response to the Universities' growth it has been out-stripped by the increasing number of students, resulting in low vacancy rates and higher PBSA rents. It has also increased the number of students living in the general housing stock inside and outside of the City.
- 10.28 PBSA will therefore continue to play an important role when the universities grow at their assumed rate of 2.8% per annum in line with demographic trends. As projected in the table below if this growth were to occur over the period to 2026/27 then an additional 7,196 FT students would study at both universities and an additional 6,160 would require accommodation.
- 10.29 This projection is of course blind to macro-economic factors, funding and visa issues that may arise in the interim period. It should also be noted though that there are no guarantees that this growth will be achieved and there are already signs that student numbers are levelling off with only marginal increases despite continued demographic growth.

Table 10.7 Projected Growth at Nottingham Universities (2021/22 – 2029/30)

	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026	2026/ 2027
FT Students studying within the City at both Universities	61,620	63,345	65,119	66,942	68,816
Number of students needing accommodation within the City	52,743	54,220	55,738	57,299	58,903

ESA and Icen Projects, 2023

- 10.30 As Article 4 Directions exist in both Nottingham and Beeston much of this latter figure will realistically be accommodated within either university halls or private PBSA. We have therefore examined the pipeline supply over this period to understand how this is placed to meet further student growth.

Pipeline Supply of PBSA

- 10.31 There are many PBSA schemes with planning permission (or are likely to gain planning permission) which have not become operational but are projected to be complete by 2026/27. This data is from the Councils including Nottingham's PBSA Dashboard³¹ and data shows a pipeline supply of 663 bedspaces in Broxtowe and 8,183 bedspaces in Nottingham.

Table 10.8 Purpose-Built Student Accommodation Pipeline (2023/24 – 2026/27)

Scheme Address	Local Authority	Planning Reference	Total Bedspaces
Former Kings Carpets, 129 – 131 High Road	Broxtowe	21/00971/FUL	43
Broadgate House	Broxtowe	21/00758/FUL	84
Beeston Square	Broxtowe	22/00125/FUL	419
New Vernon House, Vernon Avenue	Broxtowe	22/00574/FUL	30
Raven Group, Ellis Grove	Broxtowe	21/00871/FUL	36
22 Wollaton Road	Broxtowe	21/00721/FUL	36
Flewitt House, Middle Street	Broxtowe	20/00801/FUL	5
Land at Peveril Road	Broxtowe	21/00681/FUL	4
1 Queens Road East	Broxtowe	22/00499/FUL	6
8 Clinton Terrace, Derby Road, Nottingham	Nottingham	22/00587/PFUL3	26
Adam & Burton House, Player Street	Nottingham	19/02261/PFUL3	197
Carlton Buildings, 2-10 Broad Street	Nottingham	22/00684/PFUL3	31
37-41 Lower Parliament Street, Nottingham	Nottingham	21/00797/PFUL3	268
248-262 Huntingdon Street, Nottingham	Nottingham	21/01023/PFUL3	293
2 - 6 Friar Lane Nottingham,	Nottingham	21/01754/PACPD	12
12 - 18 Friar Lane, Nottingham	Nottingham	21/01752/PACPD	24
15 Traffic Street, Nottingham	Nottingham	21/01004/PFUL3	297
Boots Island Site, City Link	Nottingham	21/01032/PFUL3	702
The Douglas Bar, 191 Alfreton Road	Nottingham	22/01976/PFUL3	25
28-30 Lister Gate, Nottingham	Nottingham	22/02391/PFUL3	14
Raleigh House 68 - 84 Alfreton Road	Nottingham	22/00899/PFUL3	57
Units 1 To 4 Queens Road, Nottingham	Nottingham	22/00593/PFUL3	410
1 And 31A Bentinck Road Nottingham	Nottingham	22/00226/PFUL3	6
11-13 Low Pavement,	Nottingham	22/01911/PFUL3	35

³¹ <https://www.arcgis.com/apps/dashboards/0689085f65b0421e900188e813f1e45a>

Scheme Address	Local Authority	Planning Reference	Total Bedspaces
Car Park At Junction Of Gamble Street, Newdigate St	Nottingham	22/02435/PFUL3	24
33 First To Third Floors Over Long Row	Nottingham	22/02420/PFUL3	10
Land At Site Of Forest Mill, Alfreton Road	Nottingham	22/00045/PFUL3	790
16-22 St Marks Street	Nottingham	19/02337/PFUL3	58
The Cricket Players Public House Radford Road	Nottingham	22/00678/PFUL3	82
Car Park Junction Of Cowan Street Bath Street	Nottingham	18/00565/POUT	91
Land Adjacent to 28 Union Road	Nottingham	19/00557/PFUL3 19/02618/PVAR3	58
38-46 Goose Gate Nottingham	Nottingham	21/01479/PFUL3	100
King Edward Court, King Edward Street	Nottingham	21/01033/PFUL3	552
499-501 Alfreton Road	Nottingham	21/02033/PFUL3	14
77 Talbot Street	Nottingham	21/02417/PFUL3	318
Radmarsh Road/Derby Rd	Nottingham	19/02325/PFUL3	222
The Plough Inn 17 St Peters Street	Nottingham	21/01510/PFUL3	32
11-13 First Floor Thurland Street	Nottingham	21/02741/PFUL3	26
Bendigo Building, Brook Street	Nottingham	21/00968/PFUL3	661
Land South East Of 95 Faraday Road	Nottingham	22/01671/PFUL3	29
490 Radford Road	Nottingham	23/02055/PFUL3	136
Ortzen Street	Nottingham	23/00711/PFUL3	48
265 Ilkeston Road	Nottingham	23/00584/PFUL3	141
Pemberton St/London Rd/Canal St	Nottingham	23/01690/PFUL3	90
63 Maid Marian Way, Nottingham	Nottingham	21/00174/PFUL3	121
Huntingdon St, Alfred St north and Kilbourn St	Nottingham	21/00632/PFUL3	210
Land To West Of 69 Salisbury St	Nottingham	21/01804/POUT	76
16B Lower Parliament Street, Nottingham	Nottingham	22/00889/PFUL3	104
Site At Junction Of Traffic St And Wilford Rd	Nottingham	22/00188/PFUL3	395
Former Leather Works Denman St	Nottingham	21/00001/PFUL3	73
Site Of 2 Queens Rd	Nottingham	22/02422/PFUL3	86
22 to 26 Lister Gate	Nottingham	20/02686/PFUL3	156
66-68 London Road, Nottingham	Nottingham	23/00213/PFUL3	245
10 - 26 Union Road And 3 St Marks Street	Nottingham	21/00085/POUT	249
Land North East Of Victor House Crocus St	Nottingham	18/00131/PFUL3	420
2A Triumph Road Nottingham	Nottingham	22/00001/PFUL3	169

Source: Nottingham City Council and Broxtowe Borough Council

- 10.32 By 2026/27, the PBSA pipeline (8,846 bedspaces) is significantly above the anticipated growth in students requiring accommodation (6,160). This could, in theory, regulate the price of PBSA, ensuring a more affordable supply and helping facilitate a shift away from the general housing stock towards

PBSA by providing alternative accommodation to students who would traditionally choose on street housing such as in HMOs.

- 10.33 There will always be students who choose HMOs rather than PBSA due to their lower price points and geographical location, but if the price gap is reduced then more students will likely choose PBSA.
- 10.34 PBSA providers could also adapt their formats to attract more students out of HMOs, for example, by providing more affordable cluster flats rather than studio flats which are in large supply in the City (21% of PBSA units are studios compared to 12% nationally).
- 10.35 The PBSA market is very mature in Nottingham so to allow further expansion there also needs to be a widening of the market to include accommodation for “returners”, postgraduates and even students with families who all tend to prefer or require larger accommodation over living in studios.
- 10.36 IcenI considers that PBSA provision has the potential to have a notable impact on the quantum and concentration of HMOs in and around the Beeston area and in the City. Indeed there is evidence³² that this is already beginning to happen. Over the last two years, the number of all student household Council Tax exemptions has fallen by 300 dwellings in Nottingham while PBSA exemptions have increased by around 1,700.
- 10.37 To optimise this opportunity both Broxtowe and Nottingham City Councils should continue to liaise with the Universities to manage the growth of students and student housing provision. This would include ensuring the priorities of the Nottingham Student Living Strategy³³ are met by the councils seeking to “... actively promote a growth in affordable alternative accommodation options to encourage a better balance of student housing choice ...”

Summary: Student Housing Needs

- 10.38 As of 2021/22, the universities in Nottingham had 71,920 FT students. Since the 2014/15 academic year, there has been an increase of 35% in the number of students (over 20,000 students).
- 10.39 Around 85% of FT students at the city’s universities require accommodation and of this group, 56% live in Purpose Build Student Accommodation (PBSA). The remaining 44% require accommodation in the general housing stock including in HMOs with significant clusters in the west of the City and Beeston.

³² <https://www.nottinghamcity.gov.uk/media/bfjl0sq0/student-accommodation-update-2024.pdf>

³³ www.nottinghamcity.gov.uk/nottinghamstudentlivingstrategy

- 10.40 The projected growth at the Universities could mean a further 6,160 FT students requiring accommodation by 2026/27. However, this growth will be met through a pipeline supply of 8,846 bedspaces.
- 10.41 This additional stock could, in theory, result in improvements to affordability in PBSA but should also deliver a wider range of products which could help support drawing students out of HMOs into PBSA by prioritising cluster flats and other alternative forms of PBSA.

11. THE PRIVATE RENTED SECTOR AND BUILD TO RENT

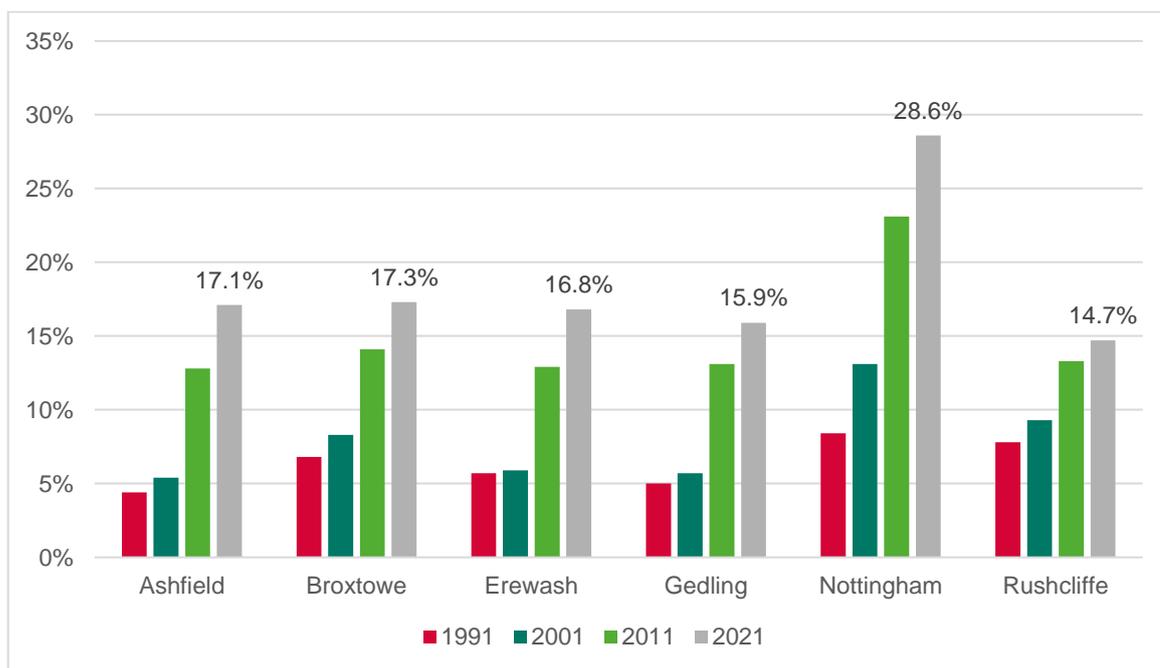
11.1 In this section, we undertake an analysis of the private rented sector in Greater Nottingham and Ashfield and consider the appropriate policy response to build to rent as a product.

The Private Rented Sector

11.2 The private rented sector has been the key growth sector in the housing market for the last 15 years and now makes up just over 20% of all English households. Since 2011, the private rented sector has been the second largest housing tenure in England behind owner-occupation, overtaking social housing.

11.3 Across the study area, the growth in the private rented sector has been strong over the last three decades in line with the national trend. The figure below shows how the private rented sector has grown over the last four census points.

Figure 11.1: Growth in the Private Rented Sector across the Study Area



Source: Census

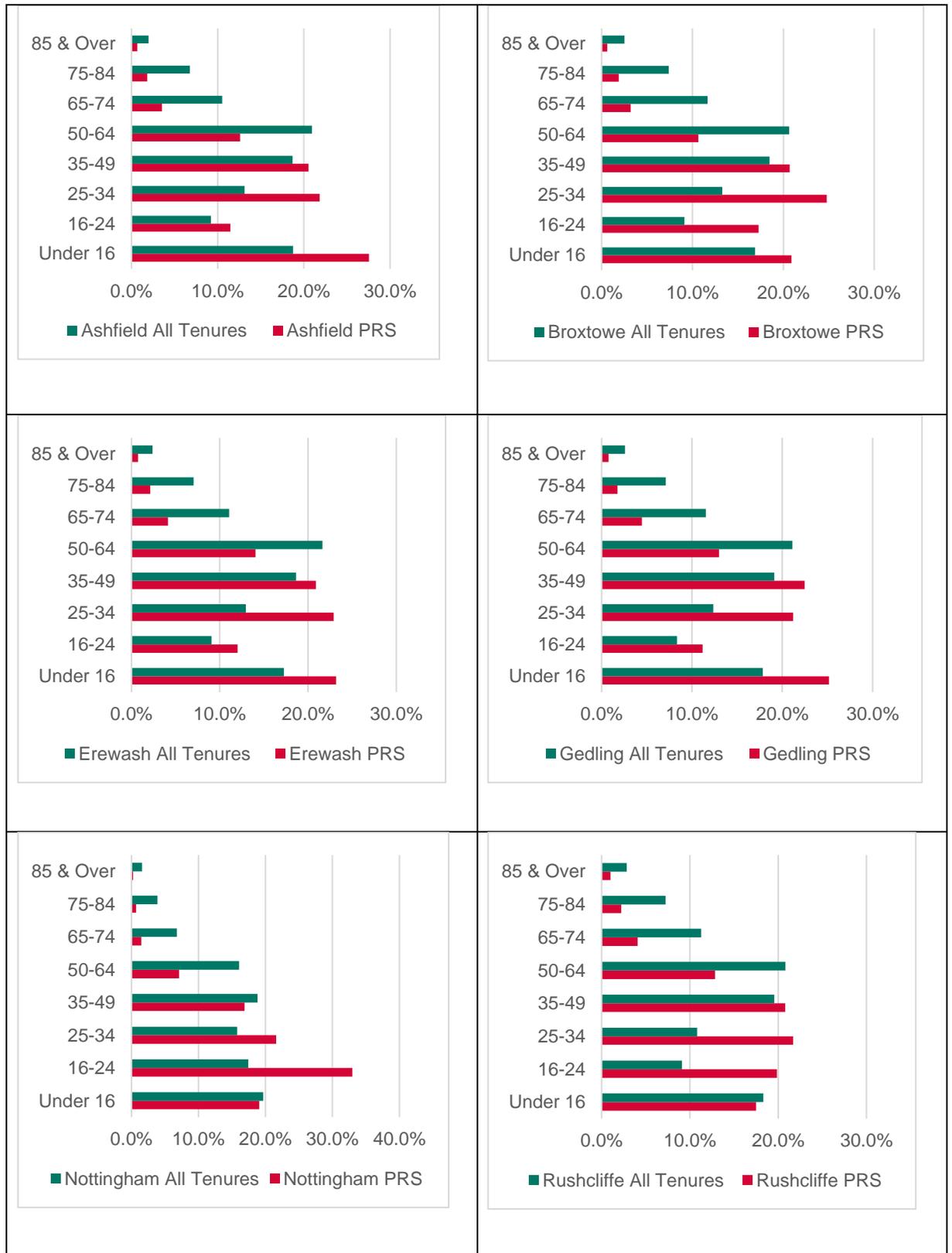
11.4 The analysis shows that private renting has grown as a sector in each of the authority areas across the last four census points. As a proportion of all households, the private rented sector was the second largest tenure in all areas at the point of the 2021 Census. Nottingham had the highest proportion of private renters at 28.6% of all households; however, this was still lower than home ownership (45.6%) but above social renters (25.5%).

- 11.5 Except for Nottingham (28.6%), the scale of PRS in each authority is smaller than that in the East Midlands (18.7%) and England (20.5%).

Profile of the Private Rented Sector in the Study Area

- 11.6 To understand the private rented sector across the study area better, we have first sought to consider the demographics of those living in the private rented sector in each authority. In considering the age profile of private rented sector residents in each of the authorities, a clear picture can be drawn from Figure 11.2.
- 11.7 The analysis shows that the private rented sector in Greater Nottingham and Ashfield has a population structure generally focused on those aged under 16 and those in their 20s and 30s, although there are notable differences between each authority area.
- 11.8 As is shown in Nottingham, over half (55%) of all residents renting in the private sector are aged between 16-34, with those aged under 16 accounting for a further 19% of all residents in PRS. Overall, this is somewhat unsurprising in considering that this age range aligns with those who fall under 'Generation Rent' but the sector also includes family households and older people.
- 11.9 In Ashfield and Gedling, it is notable that children aged under 16 account for over a quarter of all of those living in the private rented sector. There is also a large proportion of children in the private rented sector in Broxtowe and Erewash. Coupled with the high proportion of those in their 20s and 30s, this would suggest a high proportion of young families.
- 11.10 Of those aged 65 and over the highest percentages in the PRS can be found in Rushcliffe (7.3%), Gedling (7.1%) and Erewash (6.9%).

Figure 11.2: Age Profile of Private Rented Sector



Source: Census 2021

- 11.11 Turning to household composition, the Table below analyses how those living in the private rented sector typically occupy homes. The analysis shows that in the private rented sector in every authority, the largest household group is single-person households aged 65 and under; with this group accounting for 30% of all households in Erewash down to 26% in Broxtowe and Nottingham.
- 11.12 There is also a high proportion of couples and lone parents with children in all authorities except for Nottingham which sees a higher proportion of the “other: other” category which includes all full-time students and other households. This aligns with our analysis of the City's age structure but also its student population and their occupation of HMOs.

Table 11.1 Household Composition of Private Renters (2021)

	Ashfield	Broxtowe	Erewash	Gedling	Nottingham	Rushcliffe
One-person: Aged 66 years and over	6%	6%	7%	7%	3%	7%
One-person: Other	27%	26%	30%	29%	26%	29%
Single family: All aged 66 years and over	2%	2%	2%	2%	1%	2%
Single family: Married: No children	6%	6%	6%	5%	5%	6%
Single family: Married: Dep children	9%	11%	8%	9%	11%	11%
Single family: Married: All children non-dep	2%	1%	2%	2%	1%	2%
Single family: Cohabiting couple: No children	10%	13%	13%	11%	10%	15%
Single family: Cohabiting couple: With dep children	11%	6%	9%	9%	5%	5%
Single family: Cohabiting couple: All children non-dep	1%	1%	1%	1%	0%	0%
Single family: Lone parent: With dependent children	17%	12%	13%	15%	10%	9%
Single family: Lone parent: All children non-dep	4%	3%	3%	3%	2%	2%
Other: Other related: Other family composition	1%	1%	1%	1%	2%	1%
Other: With dep children	3%	2%	2%	2%	3%	1%
Other: Other, inc. all FT students and all aged 66+	3%	11%	4%	4%	21%	10%

Source: Census 2021

- 11.13 High percentages can also be seen in Broxtowe and Rushcliffe. Again, this can be seen as a combination of Students and HMOs with Beeston in Broxtowe close to the University of Nottingham Campus.
- 11.14 Finally, concerning the mix of stock in the private rented sector, we have considered the profile of households by bedroom size. This analysis is set out in the table below. In Ashfield, the largest percentage of PRS households occupy 3-bedroom homes while in the other local authorities, 2-bedroom homes are most common.

Table 11.2 Bedroom Mix – Private Rented Sector (2021)

	Ashfield	Broxtowe	Erewash	Gedling	Nottm	Rushcliffe
1 Bedroom	9%	12%	13%	12%	17%	14%
2 Bedrooms	40%	40%	47%	46%	36%	40%
3 Bedrooms	44%	36%	36%	36%	31%	31%
4+ Bedrooms	7%	12%	5%	6%	15%	14%
Total	100%	100%	100%	100%	100%	100%

Source: Census 2021

- 11.15 The stock profile is generally focused on two and three-bedroom properties in all authority areas with relative variances in Nottingham, Broxtowe and Rushcliffe, which all have a higher proportion of 4 or more bedroom properties than Ashfield, Erewash and Gedling. These larger homes will likely support the high number of HMOs and student households in these areas.

The Rental Market

- 11.16 Turning to the private rental market, we have sought to analyse current private rents and recent rental trends. The Table below sets out median rents by property size compared with the region and England.

Table 11.3 Median Rents by Property Size, Year to March 2023

Local Authority	Room	Studio	1 Bed	2 Beds	3 Beds	4+ Beds	All
Ashfield	£350	£463	£475	£595	£650	£875	£600
Broxtowe	£477	..	£563	£700	£800	£1,225	£725
Erewash	£470	£425	£525	£650	£775	£950	£665
Gedling	£550	..	£550	£675	£800	£1,200	£695
Nottingham	£404	£498	£650	£750	£800	£1,200	£725
Rushcliffe	£466	£450	£598	£750	£900	£1,400	£775
East Midlands	£440	£495	£550	£650	£775	£1,100	£675
England	£460	£625	£725	£800	£900	£1,500	£825

Source: ONS Private Rental Market Statistics2023

- 11.17 Generally, median rents across the study area fall below those achieved at a national level. This is true for almost all property sizes including Rushcliffe which achieves notably higher rental values than the other study area authorities. The only exceptions are Room Rents and 3-bedroom Rents in Rushcliffe which are above and equal to the national median respectively.
- 11.18 However, when median rents are set against the East Midlands, only Erewash and Ashfield's overall median are below the regional equivalents. This is also the case for most sizes of property as well although Nottingham and Ashfield's room rents are below the regional median. Additionally, 2- and 3-bedroom rents in Erewash and 1-bedroom rents in Gedling are equal to the Regional median for the equivalent sizes.

- 11.19 There has been rental growth across all sizes in all authority areas with the strongest growth being in Nottingham with rents increasing by 52% since 2013/14. This is notable as Nottingham has the largest PRS sector in the study area. Only Gedling (29%) had growth less than the regional growth of 31%.

Table 11.4 Median Rental Increase by Size, 2013/14 and 2022/23

	Room	Studio	1 bed	2 bed	3 bed	4 bed	All
Ashfield	-	-	36%	32%	37%	30%	33%
Broxtowe	47%	-	41%	33%	37%	54%	38%
Erewash	28%	-	33%	37%	41%	37%	40%
Gedling	-	-	29%	35%	34%	41%	29%
Nottingham	24%	33%	44%	43%	39%	51%	52%
Rushcliffe	43%	36%	41%	36%	29%	47%	41%
East Midlands	35%	50%	36%	30%	30%	34%	31%
England	33%	26%	39%	38%	33%	36%	39%

Source: VOA Private Rental Data “-” means no data was available for either year

- 11.20 In Nottingham and Broxtowe, rents for 4-bedroom homes saw the strongest rental growth between 2013/14 and 2022/23 at 51% and 54% respectively. This will reflect both HMO and student demand, particularly around Beeston in Broxtowe.

Affordability and Local Housing Allowance

- 11.21 Affordable rents as well as securing the initial rental deposit constitute a key barrier to accessing housing for some households, as private rents have grown faster than household incomes and above housing benefit allowances. The increase in HMOs also drives the cost of 4-bed homes when in some cases this is actually a need for smaller affordable 1-bedroom homes or studios.
- 11.22 The LHA sets the amount of housing benefit or Universal Credit housing element that households in the private rented sector can claim (it is intended to reflect the lowest 30th percentile of local private rents to allow welfare claimants access to the market). These are set out in the Table below for the five BRMAs which cover the study area.

Table 11.5 Monthly LHA Rate by Broad Rental Market Area by Size (December 2023)

BRMA	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms
Derby BRMA	£394	£499	£593	£793
North Nottingham BRMA	£349	£449	£474	£673
Nottingham BRMA	£469	£549	£623	£798
Grantham & Newark BRMA	£374	£484	£573	£793
Leicester BRMA	£449	£563	£673	£893

Source: VOA, 2023

- 11.23 Focusing on affordability, it is clear from the analysis that LHA has fallen well below market rents across the study area. The Table below shows the difference between the LHA cap (varying depending on the particular BRMA which falls within each local authority) and lower quartile rents.

Table 11.6 Difference between LHA Rates (December 23) and LQ Rents (Year to March 2023)

Local Authority	Broad Rental Market Area	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms
Ashfield	LQ Rent	£425	£515	£550	£740
	Derby BRMA	-£31	-£16	£43	£53
	North Nottingham BRMA	-£76	-£66	-£76	-£67
	Nottingham BRMA	£44	£34	£73	£58
Broxtowe	LQ Rent	£525	£625	£695	£950
	Nottingham BRMA	-£56	-£76	-£72	-£152
Erewash	LQ Rent	£450	£580	£675	£800
	Derby BRMA	-£56	-£81	-£82	-£7
	Nottingham BRMA	£19	-£31	-£52	-£2
Gedling	LQ Rent	£440	£595	£675	£925
	North Nottingham BRMA	-£91	-£146	-£201	-£252
	Nottingham BRMA	£29	-£46	-£52	-£127
Nottingham	LQ Rent	£550	£625	£700	£900
	Nottingham BRMA	-£81	-£76	-£77	-£102
Rushcliffe	LQ Rent	£540	£650	£800	£1,100
	Nottingham BRMA	-£71	-£101	-£177	-£302
	Grantham & Newark BRMA	-£166	-£166	-£227	-£307
	Leicester BRMA	-£91	-£87	-£127	-£207

Source: VOA and ONS, 2023

- 11.24 As the analysis above shows, there are substantial differences between LHA rates and lower quartile rents in some instances depending on which BRMA rate applies. The Nottingham BRMA LHA are slightly higher than other LHA rates and generates a surplus when compared to rents in Ashfield and for 1-beds in Erewash and Gedling.
- 11.25 There are particular issues with larger 4-bedroom properties across the study area with LHA rates typically £100 to £300 lower than monthly lower quartile rents which points to particular challenges for

those wishing to access the sector on lower incomes. This issue is particularly acute in Rushcliffe and Gedling. Overall, this points to a restricted ability for the private rented sector to assist in meeting the needs of family-sized households on lower incomes in each authority.

- 11.26 The changing nature of welfare benefits payments, particularly housing benefits and the introduction and shift to Universal Credit have direct implications for lower-earning and economically inactive households.
- 11.27 The operation of the welfare benefit cap has been in place now for a number of years, restricting the total amount of benefit (including housing benefits) which in turn serves to restrict housing (and locational) choice and opportunity for those family households affected. This has served to form a potential barrier to accessing family-sized housing.
- 11.28 The maximum amount of welfare and housing benefit is capped currently at £423.46 per week or £1,835 per month (outside London) for families with children and couples. The benefit cap applies as soon as the household income from benefits would otherwise exceed it.
- 11.29 The welfare cap does not apply to housing benefits if sufficient hours are worked to qualify for working tax credit. For a lone parent, this is 16 hours worked per week; for families, this is 24 hours per week (with one person working at least 16 hours). There are exemptions for those with disabilities or carer attendance responsibilities.
- 11.30 In addition to restrictions arising from welfare caps, those households that are Universal Credit claimants are limited in terms of claiming additional amounts for a third or subsequent child which inevitably restricts larger family household incomes for those claiming Universal Credit.

Build to Rent Development

- 11.31 In the context of the sector's growth over the last 20 years and a national housing shortage, successive Governments have looked to the private rented sector to play a greater role in providing more new build housing and have sought to encourage "build to rent" development.
- 11.32 The Housing White Paper (February 2017) was clear that the Government wanted to build on earlier initiatives to attract new investment into large-scale housing which is purpose-built for market rent i.e. build to rent. At that time, the Government set out that this would drive up the overall housing supply, increase choice and standards for people living in privately rented homes and provide more stable rented accommodation for families – particularly as access to ownership has become more challenging.

11.33 This was realised through the publication of the NPPF which recognised the emergence of the strength of the private rented sector. The Framework (Paragraph 63) says the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies including those people who rent their homes (as separate from those in affordable housing need). The Framework's glossary also introduces a definition for build to rent development, thus recognising it as a sector:

“Purpose built housing that is typically 100% rented out. It can form part of a wider multi-tenure development comprising either flats or houses but should be on the same site and/or contiguous with the main development”.

11.34 Build to rent schemes will usually offer longer tenancy agreements of three years or more and will typically be professionally managed stock in single ownership or management control. It represents development which is constructed with the intention that it will be let, rather than sold.

11.35 In March 2015, the Government published “A Build to Rent Guide for Local Authorities”³⁴ which recognised the benefits of build to rent development based on three key areas including:

- **1) Supporting the local community** – The Government set out that the development of new build to rent housing can help local authorities to meet demand for private rented housing whilst increasing tenants' choice, as generally speaking tenants only have the option to rent from a small-scale landlord. The Government also noted that successful schemes will retain their tenants for longer and maximise occupancy levels as build to rent investment is an income focused business model. To achieve this, investors will strive to provide for their tenants, and this is key reason why they want to create sustainable communities.
- **(2) Supporting local growth** – the Government set out that build to rent development can help increase housing supply, particularly on large, multiple phased sites as it can be built alongside build for sale and affordable housing. The Government also highlighted that build to rent has the potential to increase the speed of housing delivery and placemaking as the market absorption rate for private rented sector is higher than build for sale.
- **(3) Financial** – the Government set out that some local authorities can become directly involved in provision in some instances, given the potential to generate income or capital receipts. Increasing new housing supply will also generate additional income through the New

³⁴ Accelerating housing supply and increasing tenant choice in the private rented sector: A Build to Rent Guide for Local Authorities (DCLG, March 2015)

Homes Bonus and increase the local Council Tax base substantially – providing an additional steady long-term income stream.

- 11.36 This build to rent Guide provides a helpful overview of the role that build to rent is intended to play in the housing market, offering opportunities for those who wish to rent privately (e.g. young professionals) and for those on lower incomes who are unable to afford their own home.
- 11.37 Over recent years there has been a rapid growth in the build to rent sector backed by domestic and overseas institutional investment. According to the latest research by Savills³⁵, as of Q3 2023, over 92,140 build to rent homes have now been completed across the UK. Across the country, the entire sector has grown by 11% since Q3 2022. There are currently 59,000 units under construction and a further 112,500 in planning.
- 11.38 According to the British Property Federation,³⁶ 60.5% of the market is now outside of London with those areas outside the capital having a stronger pipeline supply. They also highlight the fact that around 10% of all build to rent Homes are suburban homes although these comprise 11% of the pipeline. There is therefore a slow but steady shift towards larger build to rent homes.
- 11.39 In terms of age profile, research by JLL³⁷ focused on build to rent case studies identified that the average age of tenants is 31. Occupiers are above-average earners (equal to some 30% above the UK median full-time salary), seeking apartments or flats in urban conurbations, together with 'satellite' towns near to or commutable to the centres of employment.
- 11.40 The study area authorities currently have no planning policy in place to deal with planning applications which are submitted for build to rent development; although this in part reflects the recent emergence of the sector and changes to national planning policies concerning the status and importance of build to rent as part of the rental market.
- 11.41 However, this has not hindered build to rent development coming forward in the study area, particularly in Nottingham City which has 492 units completed. Nor has it hindered a significant amount of investment and funding being directed towards the sector in Nottingham which has a pipeline of 1,001 units across five developments.

³⁵ Savills UK Build to Rent Market Update (November 2023)

³⁶ <https://bpf.org.uk/about-real-estate/build-to-rent/>

³⁷ JLL Evaluating Build to Rent Performance (2018)

- 11.42 The Build to Rent PPG recognises that where a need is identified local planning authorities should include a specific plan policy relating to the promotion and accommodation of build to rent. Based on our analysis, the private rented sector clearly plays a role in the City.
- 11.43 However, it is clear that nationally, the private rented sector is growing and there is a particular age profile and household group that it caters for which is present in the study area, which should be recognised by the authorities. On this basis, IcenI considers there is a need and indeed a role for build to rent in responding to and supporting those various groups within the sector.
- 11.44 The PPG on build to rent also states that authorities should specify the circumstances and locations where build to rent schemes would be encouraged. It identifies town centre regeneration areas and parts of large sites as examples. Accordingly, we recommend that schemes should be supported within:
- **Nottingham City** – principally within the Creative Quarter, Canal Quarter and Royal Quarter, as well as strategic regeneration sites.
 - **Broxtowe** – principally around Beeston and close to transport nodes; and
 - **Rushcliffe** - principally around West Bridgford
- 11.45 There are also clear opportunities for build to rent development to come forward through the potential Nottingham Tram expansion. Elsewhere, opportunities should also be considered on the main arterial routes and Transport Hubs into and on the borders of Nottingham City, should funding become available.
- 11.46 In line with national trends, IcenI consider that the sector can be expected to accommodate households typically aged in the 25 to 40 bracket who are unable to afford to buy a home; but may also include some older households looking for flexibility or whose circumstances have changed (e.g. divorcees) in particular areas across the study area.
- 11.47 In considering the dwelling mix proposed in relation to a build to rent scheme; we would expect the focus to be on 1, 2 and some 3-bed properties given the occupancy profile associated with private rented accommodation in the authority areas. In line with the national trends, it is unlikely that more than 10% of build to rent schemes will come forward for family housing (3-bedroom plus).
- 11.48 The NPPF definition of build to rent development sets out that schemes will usually offer tenancy agreements of three or more years and will typically be professionally managed stock in single ownership and management control. It would be appropriate for the Councils to adopt a consistent definition, as this is one of the defining characteristics of build to rent as a product.

- 11.49 The Councils will need to consider affordable housing policies specifically for the build to rent sector. The viability of build to rent development will however differ from that of a typical mixed-tenure development: returns from the build to rent development are phased over time whereas for a typical mixed-tenure scheme, capital receipts are generated as the units are completed. There is potential for a proportion of build to rent units to be delivered as 'affordable private rent' housing. Planning Practice Guidance³⁸ states that:

"The National Planning Policy Framework states that affordable housing on build to rent schemes should be provided by default in the form of affordable private rent, a class of affordable housing specifically designed for build to rent. Affordable private rent and private market rent units within a development should be managed collectively by a single build to rent landlord.

20% is generally a suitable benchmark for the level of affordable private rent homes to be provided (and maintained in perpetuity) in any build to rent scheme. If local authorities wish to set a different proportion they should justify this using the evidence emerging from their local housing need assessment, and set the policy out in their local plan. Similarly, the guidance on viability permits developers, in exception, the opportunity to make a case seeking to differ from this benchmark.

National affordable housing policy also requires a minimum rent discount of 20% for affordable private rent homes relative to local market rents. The discount should be calculated when a discounted home is rented out, or when the tenancy is renewed. The rent on the discounted homes should increase on the same basis as rent increases for longer-term (market) tenancies within the development"

- 11.50 The Councils should have regard to the specific Planning Practice Guidance on build to rent development; the starting point therefore that 20% affordable private rented homes at a discount of 20% to local market rents should be included within a development scheme where possible.
- 11.51 However, the Councils' Viability Evidence should specifically consider the viability of build to rent schemes as these differ from wider residential development (for instance with more space given over to cores (staircases, lifts etc), communal areas etc.). Through our engagement with build to rent developers, we understand that construction costs (labour, material and increased regulation) and legislative requirements (including second staircase issues) are affecting viability. Given the wider

³⁸ ID: 60-002-20180913

need for housing and the ability of such housing to deliver quickly and at density, these viability pressures should be recognised.

Summary: The Private Rented Sector

- 11.52 The private rented sector has been the key growth sector in the housing market for the last 15 years and now makes up just over 20% of all English households. Since 2011, the private rented sector has been the second largest housing tenure in England behind owner-occupation, overtaking social housing.
- 11.53 Across the study area, the growth in the private rented sector has been strong since 2011 in line with the national trend, and now plays an important role in the housing market of all authorities in the study area, particularly in Nottingham.
- 11.54 Over recent years, successive Governments have looked to the private rented sector to play a greater role in providing more new build housing and have sought to encourage “build to rent” development.
- 11.55 The profile of those in the private rented sector in the study area is typically focused on those in their 20s and 30s with the largest household group being single-person households aged 65 and under across the board.
- 11.56 There are however significant gaps between private lower quartile rents and LHA rates in all authority areas and for smaller and larger properties, pointing towards serious challenges for those on lower incomes and their ability to access the private rental market.
- 11.57 Given the benefits of build to rent development, including longer tenancies and the provision of affordable rented housing, it is considered appropriate that the Councils duly recognise the role of build to rent development and craft planning policies which help to support it and provide clarity on how policies will be applied to it.
- 11.58 Given the nature of the sector, the Councils are advised to align policy requirements to national guidance although some flexibility should be applied which recognises the differing viability of this product in comparison to normal market housing.
- 11.59 The Councils should develop a policy supporting build to rent development which specifies the types of locations which are considered suitable for such development. Any such policy, if it involves affordable private rents would also need to be viability tested and this would likely deliver fewer affordable units than general housing.

11.60 The PPG on build to rent also states that authorities should specify the circumstances and locations where build to rent schemes would be encouraged. It identifies town centre regeneration areas and parts of large sites as examples. Accordingly, we recommend that schemes should be supported within:

- **Nottingham City** – principally within the Creative Quarter, Canal Quarter and Royal Quarter, as well as strategic regeneration sites.
- **Broxtowe** – principally around Beeston and close to transport nodes; and
- **Rushcliffe** - principally around West Bridgford

11.61 There are also clear opportunities for build to rent development to come forward through the potential Nottingham Tram expansion. Elsewhere, opportunities should also be considered on the main arterial routes and Transport Hubs into and on the borders of Nottingham City, should funding become available.

A1. ASHFIELD SENSITIVITY

1. This appendix is intended to provide key outputs of the HNU in relation to Ashfield reflecting their plan period to 2040. This is to allow the Council to sense check the housing policies in its draft Local Plan to ensure they remain justified in light of the most recent evidence herein.
2. The outputs are based on a housing need of 446 dwellings per annum (“dpa”) which is the housing need for the district under the standard method. This number is not significantly different from the housing requirement in the draft Local Plan of 457 dpa therefore the outputs are still relevant to Local Plan preparation.
3. Although the standard method-derived housing need is calculated over the 10-year period from 2023 to 2033 it can be applied across the full plan period. The outputs in this report focus on the 2023 to 2040 plan period.

Demographics

4. The table below sets out the population growth linked to the delivery of 446 dpa. This is used to inform calculations within the report.

Table A1 - Projected Population Change 2023 to 2040 by Broad Age Bands – Ashfield

	2023	2040	Change in population	% change from 2023
Under 16	23,305	23,013	-292	-1.3%
16-64	78,565	81,937	3,372	4.3%
65 and over	25,817	34,676	8,859	34.3%
Total	127,687	139,625	11,938	9.3%

Source: Demographic Projections

Affordable Housing

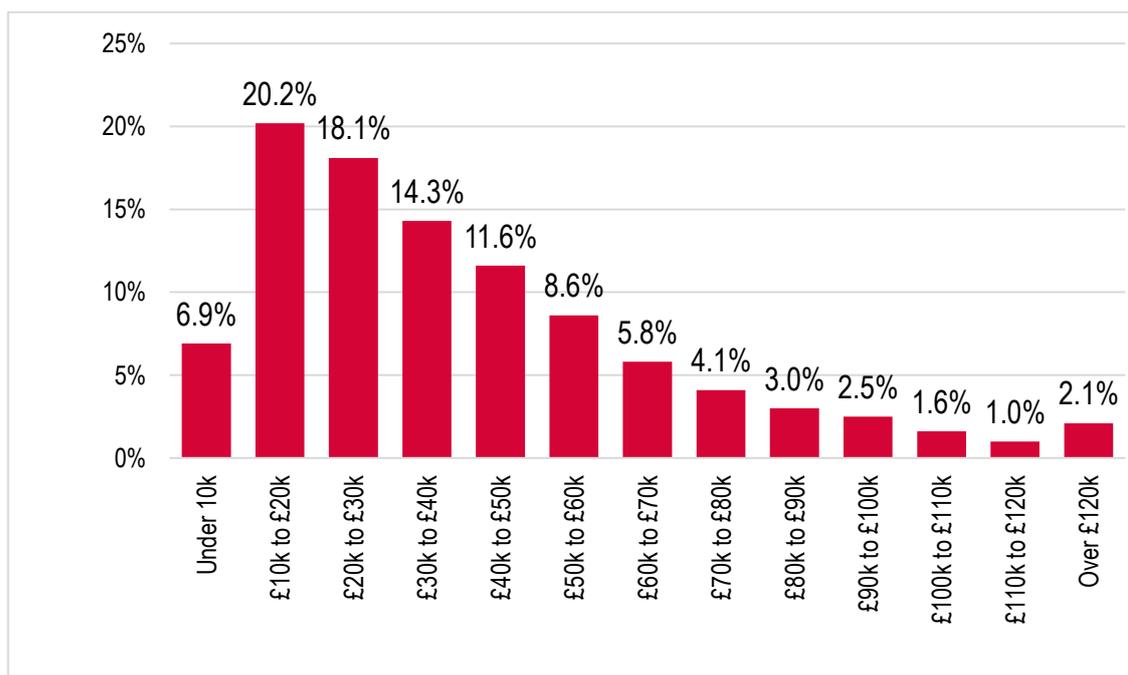
5. The analysis follows the PPG (Sections 2a-018 to 2a-024) and provides two main outputs, linked to Annex 2 of the NPPF – this is firstly an assessment of the need from households unable to buy or rent housing and secondly from households able to rent but not buy.
6. For convenience, these analyses are labelled as a need for ‘social/affordable rented housing’ and ‘affordable home ownership’ although, in reality, it is possible for a home ownership product to fit into the rented category (as long as the price is sufficiently low) or for a rented product (such as rent-to-buy) to be considered as affordable home ownership as it provides a pathway for owning a home.
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’. For the purposes of establishing affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes).

Table A2 - Estimated LQ cost of Housing to Buy and Privately Rent by Size – Ashfield (2023)

	Lower quartile price	Lower Quartile rent, pcm
1-bedroom	£70,000	£500
2-bedrooms	£120,000	£700
3-bedrooms	£160,000	£800
4-bedrooms	£270,000	£1,100
All Dwellings	£145,000	£700

Source: Land Registry and Internet Price Search

8. Data about total household income has been based on ONS-modelled income estimates for Ashfield, with additional data from the English Housing Survey (EHS) being used to provide information about the distribution of incomes. In addition, data from the Annual Survey of Hours and Earnings (ASHE) for Ashfield has been used to look at how incomes may have changed since the publication of ONS income estimates.
9. The table below shows the distribution of household income from the sources outlined above. Overall the median household income in Ashfield is £32,900 while the lower quartile household income is £18,900.

Figure A1 - Distribution of Household Income – Ashfield

Source: Derived from a range of data including ONS, ASHE and EHS

10. When calculating affordability, we have to make a number of assumptions. For home purchases, we assume that buyers have a 10% deposit and mortgages are given based on 4 times income. For rental accommodation, we assume that 30% of gross income is spent on housing. Based on the above two tables we can work out the percentage of the population that can afford each product. The table below applies these assumptions to a range of households in current affordable housing need.

Table A3 - Estimated Housing Need by Category of Household

	Households	% of households
Concealed/homeless households	587	18.7%
Households in overcrowded housing	1,225	38.9%
Existing affordable housing tenants in need	177	5.6%
Households from other tenures in need	1,158	36.8%
Total	3,147	100.0%

Source: Derived from a range of sources

11. The following table makes assumptions on the tenure of those in current affordable housing need. Once the 560 homes in an affordable tenure are removed from the calculation the current need for affordable housing is 1,144. This is annualised at 67 per annum for the 2023-40 period.

Table A4 - Estimated Housing Need and Affordability by Tenure

	Number in need	% unable to afford	Current need unable to afford market solution
Owner-occupied	818	4.8%	40
Affordable housing	668	83.8%	560
Private rented	1,074	48.3%	518
No housing (homeless/concealed)	587	100.0%	587
Total	3,147	54.2%	1,704

Source: Derived from a range of sources *Numbers may not sum due to rounding

12. In addition, the affordable housing calculation includes a calculation of newly forming households that will require affordable housing. Our projections show that there will be 1,081 newly forming households per annum of which around 50.6% will be unable to afford a market home. This results in a need from newly forming households of 546 per annum.
13. Finally, we also calculate the need from existing households falling into need, this includes those made redundant or who can no longer work for health reasons. We have calculated this need as 144 per annum. This gives us a total gross need of 758 per annum or 581 per annum when existing households in accommodation are removed.
14. To arrive at a net need we need to subtract the re-let supply of affordable housing from this gross need figure. As set out in the table below there are a number of strands to this calculation including removing new build supply and transfers of existing tenants. In total, over the last three years, the re-let supply was 838 or 279 per annum.

Table A5 - Analysis of Past Social/Affordable Rented Housing Supply, 2019/20 – 2021/22 (average per annum) – Ashfield

	Total Lettings	% as Non-New Build	Lettings in Existing Stock	% Non-Transfers	Lettings to New Tenants
2019/20	502	97.2%	488	66.7%	326
2020/21	365	93.4%	341	67.9%	232
2021/22	443	97.1%	430	65.0%	280
Average	437	96.1%	420	66.5%	279

Source: CoRe³⁹ and LAHS

15. Once the re-let supply is removed from the gross need this gives us a total net need of 479 per annum or 302 per annum when existing households in accommodation are removed. Although the relationship between this number and overall need (446 dpa) is complex these figures equate to 107% of overall need (479/446) or 68% once existing households are removed (302/446).

Table A6 - Estimated Need for Affordable Housing (Social/Affordable Rented) – Ashfield

	Including existing households	Excluding existing households
Current need	67	35
Newly forming households	546	546
Existing households falling into need	144	0
Total Gross Need	758	581
Re-let Supply	279	279
Net Need	479	302

Source: Derived from a range of sources. Note: excludes households already in accommodation.

16. Additionally, it should be noted that the need estimate is on a per annum basis and should not be multiplied by the plan period to get a total need. Essentially, the estimates are for the number of households who would be expected to have a need in any given year (i.e. needing to spend more than 30% of income on housing). This need could extend over several years.
17. In reality, some – although possibly many - households would see their circumstances change over time such that they would 'fall out of need' and this is not accounted for in the analysis. One example would be a newly forming household with an income level that means they spend more than 30% of income on housing, as the household's income rises they would potentially pass the affordability test and therefore not have an affordable need.
18. Additionally, there is the likelihood when looking over the longer term that a newly-forming household will become an existing household in need and would be counted twice if trying to multiply the figures out for a whole plan period.

³⁹ 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

19. The need for affordable housing does not generally lead to a need to increase overall provision, with the exception of potentially providing housing for concealed households (although this should be picked up as part of an affordability uplift or step 2 of the standard method).
20. Overall, it is difficult to link the need for affordable housing to the overall housing need; indeed, there is no justification for trying to make the link. Put simply the two do not measure the same thing and when interpreting the affordable need figure consideration needs to be given to the fact that many households already live in housing, and do not therefore generate an overall net need for an additional home.
21. Further issues arise as the need for affordable housing is complex and additionally, the extent of concealed and homeless households needs to be understood as well as the role played by the private rented sector.
22. Regardless of the difficulties linking affordable housing and overall housing need, the analysis identifies a notable need for affordable housing, and it is clear that the provision of new affordable housing is an important and pressing issue across the district. 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. As noted previously, the evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.
23. To advise on the appropriate tenure mix of affordable housing we have compared the various rent levels for different products and different size of homes. The table below shows current rent levels in the District for a range of products along with relevant local housing allowance (LHA) rates – the district being split across the Nottingham and North Notts Broad Rental Market Areas (BRMA) for the purposes of LHA.
24. Data about average social and affordable rents has been taken from the Regulator of Social Housing (RSH) and this is compared with lower quartile market rents. This analysis shows that social rents are significantly lower than affordable rents; the analysis also shows that affordable rents are below lower quartile market rents.
25. The LHA rates for all sizes of homes are notably below the estimated lower quartile price for all sizes of accommodation. This potentially means that households seeking accommodation in the district may struggle to secure sufficient benefits to cover their rent.

Table A7 - Comparison of rent levels for different products – Ashfield

	Social rent	Affordable rent (AR)	Lower quartile (LQ) market rent	LHA (Nottingham)	LHA (North Notts)
1-bedroom	£319	£429	£500	£469	£349
2-bedrooms	£389	£483	£700	£549	£449
3-bedrooms	£417	£504	£800	£623	£474
4-bedrooms	£513	£742	£1,100	£798	£673
All	£399	£490	£700	-	-

Source: RSH, VOA and market survey

26. To some extent, it is easier to consider the data above in terms of the percentage of one housing cost of another and this is shown in the tables below. Caution should be exercised when looking at the overall averages as these will be influenced by the profile of stock in each category and so the focus should be on 2-bedroom homes. This shows that social rents are significantly cheaper than market

rents (and indeed affordable rents) and that affordable rents (as currently charged) represent 69% of a current lower quartile rent.

Table A8 - Difference Between Rent Levels for Different Products – Ashfield

	Social rent as % of affordable rent	Social rent as % of LQ market rent	Affordable rent as % of LQ market rent
1-bedroom	74%	64%	86%
2-bedrooms	81%	56%	69%
3-bedrooms	83%	52%	63%
4-bedrooms	69%	47%	67%
All	82%	57%	70%

Source: RSH, ONS and VOA

27. In examining the mix of affordable tenures the analysis shows that 19% of households in affordable housing need could afford an affordable rental product without subsidy, while 13% could afford a social rental product without subsidy. The remaining 68% could not afford an affordable product without subsidy (see table below).

Table A9 - Estimated Need for Affordable Rented Housing (% of Households Able to Afford)

	% of Households Able to Afford
Afford Affordable Rent	19%
Afford Social Rent	13%
Need Benefit Support	68%
All Unable to Afford Market	100%

Source: Affordability analysis

28. The finding that only 19% of households can afford an affordable rent does not automatically lead to a policy conclusion on the split between the two types of housing. For example, many households who will need to access rented accommodation will be benefit dependent and as such could technically afford an affordable rent – hence a higher proportion of affordable rented housing might be appropriate. On the flip side, providing more social rents might enable households to return to work more easily, as a lower income would potentially be needed to afford the lower social (rather than affordable) rent.
29. There will be a series of other considerations both at a strategic level and for specific schemes. For example, there may be funding streams that are only available for a particular type of housing, and this may exist independently of any local assessment of need.
30. Additionally, there will be the consideration of the balance between the cost of housing and the amount that can be viably provided, for example, affordable rented housing is likely more viable, and therefore a greater number of units could be provided.
31. Finally, in considering a split between social and affordable rented housing it needs to be considered that having different tenures on the same site (at least at initial occupation) may be difficult – e.g. if tenants are paying a different rent for essentially the same size/type of property and services.
32. We have also examined the need for low-cost home ownership products. However, the guidance for this is not clear, particularly in relation to supply. Our approach has been to replicate the steps for the affordable homes to rent analysis above but with different price points. As the table below shows there is a gross need for 104 dwellings.

Table A10 - Estimated Gross Need for Affordable Home Ownership (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need
Ashfield	9	82	13	104

Source: Derived from a range of sources

33. When looking at the supply we have run sensitivities whereby we have only looked at the resale of AHO products, we have also assumed that all or some (50%) of the homes sold below the lower quartile threshold would be suitable for this group. As the table below shows, based on the various supply assumptions there is a net need for up to 97 dwellings.

Table A11 - Estimated Net Need for Affordable Home Ownership (p.a.)

	AHO resales only	AHO resales plus 50% of LQ sales	AHO resales plus 100% of LQ sales
Total gross need	104	104	104
LCHO supply	7	205	404
Net need	97	-101	-300

Source: Derived from a range of sources *Numbers may not sum due to rounding

34. The following tables provide guidance on the anticipated costs of affordable home ownership products in the district. These can be used to set expectations on the level of discount required to make each product affordable. These have been derived from examining sales prices of newly built properties as well as advertised prices of those currently on the market.

Table A12 - Affordable home ownership prices – Ashfield

	LQ rent – equiv. purchase price	Midpoint purchase price	OMV required – midpoint	OMV required – PRS
1-bedroom	£70,000		£100,000	
2-bedrooms	£120,000		£171,400	
3-bedrooms	£142,200	£151,100	£203,200	£215,900
4+-bedrooms	£195,600	£232,800	£279,400	£332,500

Source: Derived from market survey

Table A13 - Estimated new build housing cost by size – Ashfield

	No. of homes advertised	Range of prices	Median price
1-bedroom	1	£155,000	-
2-bedrooms	8	£175,000-£235,000	£200,000
3-bedrooms	34	£194,000-£485,000	£250,000
4+-bedrooms	29	£365,000-£750,000	£375,000

Source: Market Survey

35. Although this is based on a limited sample of newly built homes currently on the market, the data does point to the likelihood of it being difficult to make AHO genuinely affordable as the estimated cost of newly built housing is quite some way above what is affordable even with a discount.

36. As well as the overall cost of housing we have also examined the cost of shared ownership homes of different sizes and shares that are affordable. These can be used to set expectations on the level of discount required to make each product affordable.

Table A14 - Estimated 100% OMV of Shared Ownership with a 50% and 25% Equity Share by Size

	50% share	25% share
1-bedroom	£142,000	£172,000
2-bedroom	£199,000	£241,000
3-bedroom	£227,000	£275,000
4-bedrooms	£312,000	£378,000

Source: Derived from market cost analysis

37. There is also likely to be some difficulty in making Shared Ownership a genuinely affordable product as the new-build development premium is quite high. Although, it does become more affordable with smaller equity shares (e.g. 25%).
38. In conclusion, the Council will need to assess the affordability of any AHO proposals in the context of market costs to see if they can be considered a genuinely affordable product.

Conclusions: Affordable Housing Need

39. As shown in the table below the conclusions in this document are broadly consistent with the conclusions set out in the 2020 HNA when drawing on the same assumptions (i.e. excluding existing households in respect of social/affordable rented need and assuming that 50% of the homes sold below the lower quartile threshold would be suitable for AHO-buyers).

Table A15 - Affordable Housing Need (p.a.), 2020 vs 2023

	2020 HNA	2023 HNA
Social/Affordable Rented	237	302
Affordable Home Ownership	-195	-101

Source: Derived from market cost analysis

40. The need for social/affordable rented homes has increased which strengthens the Council's position on securing affordable housing on development schemes and the core conclusion remains – the Council should aim to maximise the delivery of affordable homes when the opportunity arises.
41. When looking at the need for affordable home ownership products it is clear that there are a number of households likely to be able to afford to rent privately but who cannot afford to buy a suitable home. However, there is also a potential supply of homes within the existing stock that can contribute to this need. It is therefore difficult to robustly identify an overall need for affordable home ownership products.
42. If the Council does seek to provide housing as affordable home ownership (noting that the NPPF suggests a 10% figure for sites of 10 or more dwellings), then it is suggested 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).

Housing Mix

43. A model has been developed that starts with the current profile of housing in terms of size (bedrooms) and tenure. Within the data, information is available about the age of households and the typical sizes of homes they occupy. By using demographic projections linked to the standard method, it is possible to see which age groups are expected to change in number, and by how much.

Table A16 - Projected Change in Household by Age of HRP - Ashfield

	2023	2040	Change	% Change
Under 25	1,221	1,392	171	14.0%
25-34	7,502	7,963	461	6.2%
35-49	13,411	15,203	1,792	13.4%
50-64	16,449	15,377	-1,073	-6.5%
65-74	7,671	9,714	2,042	26.6%
75-84	6,990	9,359	2,369	33.9%
85+	2,186	3,784	1,598	73.1%
Total	55,431	62,792	7,361	13.3%

Source: Demographic Projections *Numbers may not sum due to rounding

44. On the assumption that occupancy patterns for each age group (within each tenure) remain the same, it is, therefore, possible to assess the profile of housing needed over the assessment period (taken to be 2023-40) linked to the projected population growth. The table below sets out the initial modelled outputs for each broad tenure group. This is just the starting point for considering the mix of housing in the district.

Table A17 - Initial Modelled Mix of Housing by Size and Tenure

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	2%	27%	53%	18%
Affordable home ownership	12%	41%	39%	8%
Affordable housing (rented)	28%	36%	33%	3%

Source: Housing Market Model

45. However, taking into account a number of other factors including the levels of under and over-occupation and the turnover of affordable homes of different sizes we have amended the modelled outputs to the following table.

Table A18 - Adjusted Modelled Mix of Housing by Size and Tenure

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	11%	38%	39%	12%
Affordable home ownership	18%	44%	31%	7%
Affordable housing (rented)	31%	37%	26%	6%

Source: Housing Market Model (with adjustments)

46. Although the analysis has quantified this based on the market modelling and an understanding of the current housing market, any policy which includes such figures should be applied flexibly – not least as different sites may be more suited to a particular mix of housing. In addition, demand can change over time linked to macroeconomic factors and local supply. Policy aspirations could also influence the mix sought.

47. The suggested 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. The recommendations can also be used as a set of guidelines to consider the appropriate mix on larger development sites, and the Council could expect justification for a housing mix on such sites which significantly differs from that modelled herein. Site location and area character are also however relevant considerations for the appropriate mix of market housing on individual development sites.
48. As a further step, we have split the affordable mix to that for those under 65 and 65 and over. This is to inform the mix of specialist and general housing.

Table A19 - Adjusted Modelled Mix of Housing by Size and Age – Affordable Housing (rented)

Age of HRP	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Under 65	25%	36%	30%	9%
65 and over	40%	60%		
All affordable housing (rented)	31%	37%	26%	6%

Source: Housing Market Model (with adjustments)

Conclusions: Housing Mix

49. As is clear from the comparison Table below, this report concludes that the housing mix sought should have a greater balance in the market sector between smaller and larger housing when compared with the 2020 HNA. In the 2020 HNA, the conclusions recommended that around 69% of market housing be family-sized (i.e. 3 or more bedroom homes) whereas now the analysis suggests just over half of homes (51%) should be family-sized with a balance of smaller properties at 49%.
50. The shift in the conclusions is driven in part due to the modelling which is seeking to reduce under-occupancy to make more efficient use of stock in the district. If the Council opted not to focus on addressing under-occupancy, the recommended housing mix would broadly align with the mix set out in the 2020 HNA as is clear from Table 1.18.

Table A20 - Housing Mix, 2020 vs 2023

		1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
2020	Market	4%	27%	45%	24%
	AHO	23%	38%	24%	15%
	Social/Affordable Rent	35%	37%	25%	3%
2023	Market	11%	38%	39%	12%
	AHO	18%	44%	31%	7%
	Social/Affordable Rent	31%	37%	26%	6%

Source: 2020 and 2023 Housing Needs Studies

Older People and Disabilities

51. The older persons population is expected to grow significantly and this is the main driver for additional specialist accommodation. The table below sets out the population growth by age group linked to the standard method.

Table A21 - Projected Change in Population of Older Persons, 2023 to 2040 – Ashfield

	2023	2040	Change in population	% change
Under 65	101,870	104,949	3,080	3.0%
65-74	13,058	16,520	3,462	26.5%
75-84	9,693	12,892	3,199	33.0%
85+	3,067	5,264	2,198	71.7%
Total	127,687	139,625	11,938	9.3%
Total 65+	25,817	34,676	8,859	34.3%
Total 75+	12,759	18,156	5,397	42.3%

Source: Demographic projections

52. The incidence of a range of health conditions is an important component in understanding the potential need for care or support for a growing older population. The analysis undertaken covers both younger and older age groups and draws on prevalence rates from the PANSI (Projecting Adult Needs and Service Information) and POPPI (Projecting Older People Population Information) websites. Adjustments have been made to take account of the age-specific health/disabilities previously shown.
53. Of particular note are the large increases in the number of older people with dementia (increasing by 48% from 2023 to 2040) and mobility problems (up 42% over the same period). Changes for younger age groups are smaller, reflecting the fact that projections are expecting older age groups to see the greatest proportional increases in population. When related to the total projected change to the population, the increase of people aged 65+ with a mobility problem represents around 20% of total projected population growth.

Table A22 - Projected Changes to Population with a Range of Disabilities – Ashfield

Disability	Age Range	2023	2040	Change	% Change
Dementia	65+	2,099	3,109	1,010	48.1%
Mobility problems	65+	5,577	7,925	2,348	42.1%
Autistic Spectrum Disorders	18-64	945	989	44	4.6%
	65+	291	393	103	35.3%
Learning Disabilities	15-64	2,482	2,590	108	4.4%
	65+	642	860	218	34.0%
Impaired mobility	16-64	5,602	5,507	-95	-1.7%

Source: POPPI/PANSI and Demographic Projections *Numbers may not sum due to rounding

54. There are a number of 'models' for considering older persons' needs, but they all essentially work in the same way. The model results are particularly sensitive to the prevalence rates applied, which are typically calculated as a proportion of people aged 75 and over who could be expected to live in different forms of specialist housing.
55. We have drawn on a range of sources for these national rates and adjusted them based on the health of the local population and for a tenure split the relative affluence of the district. Whilst the population aged 75 and over is used in the modelling, the estimates of need would include people of all ages.
56. Overall, the analysis suggests that there is a current need for housing with support (retirement/sheltered housing) in the market sector. While there is a small under-supply of affordable housing with support this is expected to increase significantly given the growth in the population aged 75 and over.

57. The analysis also points to a strong potential need for housing with care (e.g. extra-care) in both the market and affordable sectors.
58. The analysis also suggests a future need for some additional residential and nursing care bedspaces in future although currently there is an over-supply for residential care bedspaces. In most counties there is a desire to shift away from residential care towards extra care therefore the findings of additional future need should only be seen as a nominal need rather than an actual need.

Table A22 - Specialist Housing Need using adjusted SHOP@Review Assumptions, 2023-40

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2040	Shortfall/surplus by 2040
Housing with support	Market	40	0	510	510	216	726
	Affordable	104	1,064	1,333	269	564	833
Total (housing with support)		144	1,064	1,843	779	780	1,559
Housing with care	Market	21	0	264	264	112	375
	Affordable	31	10	400	390	169	559
Total (housing with care)		52	10	664	654	281	934
Residential care bedspaces		46	565	590	25	249	274
Nursing care bedspaces		52	524	664	140	281	420
Total bedspaces		98	1,089	1,253	164	530	694

Source: Derived from Demographic Projections and Housing LIN/EAC

Conclusions: Older Persons & Disabilities

59. Since the publication of our 2020 HNA, we have altered our previous approach of drawing on the formerly online Housing LIN SHOP@Toolkit to now draw on the Housing LIN SHOP@Review. It should be noted that the latter suggests much higher prevalence rates for more deprived areas than the former and this is borne out in the comparison in the Table below – particularly in the case of bedspace provision.
60. With respect to the reduction in the need for housing with support, it should be noted that our analysis under this category now includes age-restricted housing. The supply of age-restricted housing, when factored in under this category, notably reduces the need for housing with support in the district.

Table A23 - Specialist Housing Needs, 2020 vs 2023

	2020 HNA	2023 HNA
Housing with Support: Market	1,426	726
Housing with Support: Affordable	1,037	833
Housing with Care: Market	441	375
Housing with Care: Affordable	507	559
Total Bedspaces	1,252	694

Source: 2020 and 2023 Housing Needs Studies

61. Overall, despite a lower rate of projected growth in those aged 75 and over in the district when compared to the 2020 HNA, there remains a clear need for specialist housing both with regards to housing with support and housing with care across both market and affordable tenures.

Wheelchair Accessible Homes

62. Nationally, around 3.4% of households contain a wheelchair user – with around 1% using a wheelchair indoors. There is a clear correlation between the age of household reference person and the likelihood of there being a wheelchair user in the household.
63. The prevalence rate data can be brought together with information about the household age structure in Ashfield and how this is likely to change moving forward – adjustments are made to the prevalence rates to take account of the relative health of the population in different age bands. The data estimates a total of 2,540 wheelchair-user households in 2023, and that this will rise to 3,090 by 2040 an increase of 550.

Table A24 - Estimated Number of Wheelchair User Households (2023-40) – Ashfield

	Prevalence rate (% of households)	Households 2023	Households 2040	Wheelchair user households (2023)	Wheelchair user households (2040)
24 and under	0.8%	1,221	1,392	9	11
25-34	0.8%	7,502	7,963	62	65
35-49	2.3%	13,411	15,203	311	353
50-64	3.8%	16,449	15,377	623	582
65 and over	9.1%	16,847	22,857	1,536	2,083
All households	-	55,431	62,792	2,541	3,094

Source: Derived from a range of sources *Numbers may not sum due to rounding

64. The finding of an estimated current number of wheelchair-user households does not indicate how many homes might be needed for this group – some households will be living in a home that is suitable for wheelchair use, whilst others may need improvements to accommodation or a move to an alternative home. Data from the EHS (2014-15) shows that of the 814,000 wheelchair-user households in England, some 200,000 live in a home that would either be problematic or not feasible to make fully 'visitable' – this is around 25% of wheelchair-user households.
65. Applying this to the current number of wheelchair-user households and adding the additional number projected forward suggests a need for around 1,189 additional wheelchair-user homes in the 2023-40 period. If the projected need (554) is also discounted to 25% of the total (on the basis that many additional wheelchair-user households will already be in accommodation) this leads to a need estimate of 774 homes. These figures equate to a need for 46-70 dwellings per annum.
66. If the estimate of current need is excluded (to just look at future changes) the need drops to just 8-33 dwellings per annum. A need for 774 homes for wheelchair users over the 2023-40 period (46 per annum) equates to around 10% of a Standard Method need for 446 dwellings per annum.

Table A25 - Estimated Need for Wheelchair User Homes, 2023-40

	Current need	Projected need (2023-40)	Total current and future need
Total	635	554	1,189
@ 25% of projection	635	138	774

Source: Derived from a range of sources

Conclusion: Wheelchair Housing

67. We have adjusted our method since the publication of the 2020 HNA and IcenI now aligns prevalence rates to the age structure with adjustments to take account of the relative health of the population. As is clear from the table below, this results in a higher overall need for wheelchair user homes.

Table A26 - Wheelchair User Housing, 2020 vs 2023

	2020 HNA	2023 HNA
Total Need	425	774

Source: 2020 and 2023 Housing Needs Studies