

Report for:

**Sefton
Council**

**2014 Strategic Housing
Market Assessment**

November 2014

Final Report

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1. Introduction and Context

Introduction

- 1.1 In 2013, Justin Gardner Consulting (JGC) in association with Chris Broughton Associates, were commissioned to carry out a comprehensive Strategic Housing Market Assessment (SHMA) for Sefton Council (the 2013 Draft SHMA). This report was not published in a final version by the Council due to parts of its evidence base (notably around the objective assessment of housing need) requiring to be updated to take account of new data releases. This data has been incorporated in a new *'HEaDROOM Update Report – Review of the Objectively Assessed Need for Housing in Sefton'* by Nathaniel Lichfield and Partners (NLP) – published in final version in November 2014. This document has therefore been commissioned to take account of the latest available information.
- 1.2 This report follows the same structure as the 2013 Draft SHMA and contains much of the same information. Where new information is available this is included within the analysis along with commentary where appropriate. This report also takes account of comments made to a previous consultation on the 2013 Draft SHMA; it is assumed that those comments would equally apply to this SHMA.
- 1.3 The purpose of the SHMA is to provide a long-term strategic assessment of both housing need and demand. Whilst the Local Authority have provided comments on draft reports produced throughout this commission, the findings and conclusions are solely the view of JGC.
- 1.4 More specifically the SHMA seeks to develop an understanding of current housing need and housing market conditions and to consider what level and mix of housing – both market and affordable – is required to meet population and household growth, and to meet the needs of different groups within the local community. This Assessment takes a long-term view, looking over the period to 2030 and uses a 2012 base date to be consistent with the emerging plan. However, some data used is more contemporary (typically from 2013) with the Census data having a March 2011 base. Key data (such as around demographic trends and projections) should be considered as mid-year figures with conclusions being drawn on the basis of mid-year estimates.
- 1.5 The research has been developed in accordance with Government Practice Guidance (CLG, August 2007 and more recent National Planning Policy Guidance (NPPG) of March 2014). It provides the core outputs set out in this Guidance and sets out and justifies key assumptions. The research focuses on a number of core areas, including: a review of housing markets; future housing requirements (drawing on NLP data), an assessment of affordable housing need and a review of the mix of housing required (in both the market and affordable sectors).

- 1.6 The analysis is based on secondary data sources only; including Census data, demographic information from ONS/CLG (and NLP), Land Registry and a range of other local, regional and national databases. The secondary data approach is consistent with the 2007 SHMA guide and also the 2014 NPPG. Specifically, the more recent guidance states that *'Plan makers should avoid expending significant resources on primary research (information that is collected through surveys, focus groups or interviews etc. and analysed to produce a new set of findings) as this will in many cases be a disproportionate way of establishing an evidence base. They should instead look to rely predominantly on secondary data (e.g. Census, national surveys) to inform their assessment which are identified within the guidance'*.

Report Structure

- 1.7 The remainder of the report is structured as follows:

- **Section 1 (remainder): Context** – examines relevant national policy and guidance which help to frame the Assessment; also provides a brief overview of stakeholder consultation carried out as part of the 2013 Draft SHMA
- **Section 2: Housing Market Areas** – looks at published research and new (2011) Census data about migration and travel to work; leading to views about the local Housing Market Area;
- **Section 3: Housing Stock and Supply Trends** – considers the characteristics of the housing stock, how this varies across the Borough. It then moves on to consider housing supply trends;
- **Section 4: Socio-Economic and Demographic Profile** – describes the demographic structure and trends, as well as economic and labour market characteristics;
- **Section 5: Housing Market Dynamics** – considers trends in the housing market addressing both the sales market and private rented sector at a national and local level, as well as the future market outlook;
- **Section 6: Future Housing Requirements** – considers long-term projections for future housing requirements (across all tenures); this is essentially a review of recent work completed by NLP;
- **Section 7: Affordable Housing Needs** – provides an assessment of the need for affordable housing, and the tenures of affordable housing to meet this need;
- **Section 8: Requirements for Different Sizes of Homes** – considers requirements for different sizes of homes in the market and affordable sectors;
- **Section 9: Housing Needs of Particular Groups** – looks at different sub-sections of the population (e.g. Older People and BME groups);
- **Section 10: Conclusions and Recommendations** – concludes the report to provide recommendations for future policy development.

National Planning Policy Framework

1.8 The Government published its National Planning Policy Framework (NPPF) in March 2012. The NPPF sets out that the purpose of planning is to help achieve sustainable development. It establishes a presumption in favour of sustainable development (para 14) which should be seen as a golden thread running through both plan-making and decision making. It sets out that for plan making this means:

- *Local planning authorities should positively seek opportunities to meet the development needs of their area;*
- *Local Plans should meet objectively assessed needs, with sufficient flexibility to respond to rapid change, unless:*
 - *any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework as a whole; or*
 - *specific policies in the Framework indicate development should be restricted.*

1.9 Core planning principles which should underpin both plan-making and decision-making are set out in Paragraph 17. The third of these is relevant to determining housing provision, and provides that planning should:

Proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs. Every effort should be made objectively to identify and then meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth. Plans should take account of market signals, such as land prices and housing affordability, and set out a clear strategy for allocating sufficient land which is suitable for development in their area, taking account of the needs of residential and business communities.

1.10 Paragraph 47 explains that the Government's ambition is to significantly boost the supply of housing. To do so LPAs should:

Use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with policies in the Framework, including identifying key sites which are critical to the delivery of the housing strategy over the plan period.

1.11 This is reaffirmed in Paragraph 50 which provides that local planning authorities should plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community.

1.12 A Local Plan is required to set out the strategic priorities for the area, including the homes and jobs needed. In paragraph 158 the Framework provides that:

Local Plans should be based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area. Local planning authorities should ensure that their assessment of and strategies for housing, employment and other uses are integrated and take full account of relevant market and economic signals.

- 1.13 Paragraph 159 explains that a Strategic Housing Market Assessment (SHMA) should form the key part of the evidence base for policies for housing provision. The Strategic Housing Market Assessment should assess full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The scope of the SHMA is defined as follows:

The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:

- *meets household and population projections, taking account of migration and demographic change;*
 - *addresses the need for all types of housing, including affordable housing and the needs of different groups in the community;*
 - *caters for housing demand and the scale of housing supply necessary to meet this demand.*
- 1.14 All three of the bullet points above are dealt with in this report with a particular focus on the first of the three. Likely housing requirements arising from analysis of a range of up-to-date information sources have been studied. These include the 2011 Census, 2012-based ONS subnational population projections (SNPP), 2011-based CLG household projections and new mid-year population estimates (the latest being published in May 2014).

National Planning Practice Guidance

- 1.15 New Planning Practice Guidance for England was issued by Government in March 2014. This includes Guidance on ‘*Housing and Economic Development Needs Assessments*’. This specifically sets out guidance on how assessments such as this are expected to be undertaken.

- 1.16 The Guidance is clear that planning authorities are expected to consider the need for market and affordable housing, defining need as follows:

“the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet that need.”

- 1.17 It sets out that the assessment of need should be realistic in taking account of the particular nature of that area, and should be based on future scenarios that could be reasonably expected to occur. It should not take account of supply-side factors or development constraints, with the guidance specifically stating that:

“The assessment of development needs is an objective assessment of need based on facts and unbiased evidence. Plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under performance, infrastructure or environmental constraints.”

- 1.18 The Guidance outlines that whilst estimating future need is not an exact science and that there is no one methodological approach or dataset which will provide a definitive assessment of need, the starting point for establishing the need for housing should be the latest household projections published by the Department for Communities and Local Government (CLG). At the time of preparation of this report these are 2011-based ‘Interim’ Household Projections.

- 1.19 It identifies that these projections only cover a ten year period to 2021, so plan makers would need to assess likely trends after 2021 to align with their development plan periods. It sets out that plan makers may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to underlying demographic projections and household formation rates. It sets out that account should also be taken of the most recent demographic evidence, including the latest Office for National Statistics (ONS) population estimates.
- 1.20 It suggests that proportional adjustments should be made where market signals point to supply being constrained relative to long-term trends or other areas in order to improve affordability. It identifies a range of market signals, specifically:
- Land Prices
 - House Prices
 - Rents
 - Affordability
 - Rates of Development
 - Overcrowding
- 1.21 It indicates that the housing need number suggested by household projections should be adjusted to reflect appropriate market signals. Through a process of comparing trends in these indicators with long-term trends (in terms of absolute levels and rates of change) in the housing market area, similar demographic and economic areas and nationally; consideration should be given to adjust upwards planned housing numbers based solely on household projections. The adjustment should be proportionate to the degree of affordability constraints and evidence of high demand.
- 1.22 In this report, many of the market signals described above have been analysed. However, the extent to which these lead to a requirement for housing provision to be increased is not specifically considered. This work has however been carried out by NLP in their *'HEaDROOM Update Report – Review of the Objectively Assessed Need for Housing in Sefton'* (November 2014) which is discussed in Section 6 of this report.
- 1.23 Evidence of affordable housing needs is also relevant, with the Guidance suggesting that the total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing. It sets out that:
- “An increase in the total housing figures included in the local plan should be considered where it could help to deliver the required number of affordable homes.”*
- 1.24 Reinforcing the emphasis in Paragraph 159 in the NPPF on ensuring alignment of the evidence and strategies for housing and economic growth across relevant functional areas, the Planning Practice Guidance set out that:
- “where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems.”*

- 1.25 It cautions against reducing migration assumptions based on economic evidence unless this approach is agreed with other local planning authorities under the duty to cooperate.

Planning Advisory Service (PAS) – Technical Advice Note

- 1.26 In June 2014 PAS published a technical advice note '*Objectively Assessed Need and Housing Targets*'. The advice has no official status but has been developed based on existing good practice and the recommendations of Planning Inspectors. It is not considered that the advice note adds significantly to the methodology set out in the NPPG.

Stakeholder Consultation

- 1.27 As part of the 2013 Draft SHMA a significant amount of stakeholder consultation was undertaken. No additional stakeholder-based research has been carried out as part of this report and so it should be borne in mind that the majority of information presented in this section dates from summer 2013. The programme of stakeholder consultation was designed in to the study methodology in 3 phases:

- face to face interviews with Estate and Letting agents, new build sales staff;
- 1:1 Consultation and fact finding with wider stakeholders and private rented sector landlords;
- consultation workshop on the draft study report

- 1.28 Although largely anecdotal, the aim of the stakeholder research was to add a local or bottom up perspective to the study and provide a 'how and why' perspective to support SHMA findings. Below are the key implications of the work previously carried out:

- Sefton's main settlements are quite diverse in character and it is difficult to generalise. However a number of themes have arisen that are noteworthy.
- Most areas of Sefton are seeing a recovery in the housing market and agents were drawing our attention to specific aspects of supply and demand rather than issues caused by lack of mortgage finance. All agents would still like to see more first time buyers enter the re-sale market but others were considering shortages of move on housing for existing home owners, both up-sizers with growing families and down-sizers.
- Help to Buy is proving to be a very effective catalyst for first time buyers entering the new build market. This will shortly be introduced for re-sale housing in the form of a deposit guarantee rather than an equity share. Any surge in demand as a result will need to be monitored and care must be taken to ensure that claimants get impartial advice. Many professionals expressed concern to us that interest rates could only go up and this combined with the high cost of energy and wage restraint may cause financial stress to households.
- We spoke to many private landlords and were struck by their desire to meet with prospective tenants, retain good tenants and criticise landlords that were not behaving responsibly.
- Clearly the Bedroom Tax is a major challenge for social housing providers and is creating both operational and policy issues.

- Our interest in gauging levels of demand from incomers is driven by a need to understand the extent to which new build housing creates supply for existing residents or incomers. Setting aside the issue of international economic migration we note that compared to other districts, the vast majority of new build housing is bought and occupied by local people.
 - Currently the Bootle area is subject to specific measures within the Borough's affordable housing policy. Stakeholders have considered that Netherton too might be included in this and have suggested that the Council meet with registered providers and developers to agree a way forward for new development in these areas across the tenures.
- 1.29 On the 9th January 2014 a group of stakeholders met with the Council and consultants to consider the draft SHMA report. A detailed note of the questions and issue raised at the meeting was taken and substantive comments were incorporated into the consultation draft of the report published in February 2014.
- 1.30 Arising from the meeting was discussion around the areas of Bootle and Netherton both of which are showing crude surpluses of affordable housing supply. Registered providers pointed out that there was unmet demand for certain groups of people in these areas and that future development should not be ruled out.
- 1.31 The 2014 SHMA takes account of comments made by a number of representations to the 2013 Draft SHMA consultation draft report – the Draft SHMA was subject to public and stakeholder consultation between the 21st February and 24th March 2014. Whilst all comments to the consultation have been considered, not all of these were directly relevant to the SHMA. This includes comments in relation to the emerging Local Plan, the Strategic Housing Land Availability Assessment and a number of comments on demographic projections which have been dealt with in the recent study by NLP (and reviewed in Section 6 of this report).

Policy Implications: Context

The National Planning Policy Framework (NPPF) sets out that Local Plans should seek to meet objectively-assessed development needs in their areas where feasible and should plan to deliver a mix of housing based on current and future demographic trends, market trends and the needs of different groups within the community.

The NPPF provides greater policy freedoms regarding development densities, levels of brownfield development and site size thresholds for affordable housing. In determining affordable housing policies, account though needs to be taken of wider policies in the Plan including sustainability standards, infrastructure policies, its relationship to CIL and wider economic viability.

National Planning Policy Guidance (NPPG) provides some clarity about how parts of the NPPF should be interpreted. This is particularly in relation to calculating Objectively Assessed Needs for housing, although guidance is also provided around affordable housing needs, market signals, housing market area definitions and the needs of specific groups in the population.

Stakeholder input was an important part of the 2013 Draft SHMA. Whilst no new stakeholder consultation has taken place in the development of this report, all previous comments have been considered and acted on where relevant.

2. Housing Market Areas

Introduction

- 2.1 The SHMA does not seek to provide a detailed assessment of Housing Market Areas (HMA) although there is merit in briefly analysing data and past research to test whether Sefton can be considered to be a self-contained HMA for the purposes of analysis. The NPPG says that:

'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'.

- 2.2 Housing market areas can be broadly defined by using three different sources of information as follows:

- House prices and rates of change in house prices
- Household migration and search patterns
- Data about travel to work area boundaries, retail and school catchment areas

- 2.3 The majority of studies looking at HMA boundaries focus on migration and travel to work data and it is generally considered that a self-containment rate of around 70% provides evidence for defining a HMA. Self-containment in the context of this means that 70% of people both live and work in an area (i.e. less than 30% commute out or less than 30% of local workers commute in) or in the case of migration an area where 70% of movers remain (excluding long distance moves such as due to a change of lifestyle or retirement), reflecting the fact that most people move relatively short distances due to connections to families, friends, jobs, and schools.

Past Housing Market Area Research

- 2.4 The most recent national analysis of HMAs is contained in 2010 CLG research *Geography of Housing Market Areas across England* in November 2010. This research largely drew on 2001 Census information (about migration and travel to work patterns).
- 2.5 The 2010 CLG research suggested at a 'strategic' level that Sefton can be considered as part of a Liverpool Housing Market area which covers the Borough along with Wigan, Knowsley, Liverpool, St. Helens, Halton, Warrington, West Lancashire and the former district of Vale Royal. A second set of 'single-tier' housing market areas was also defined by CLG through this research which broadly confirms the 'strategic' housing market but with the exclusion of Vale Royal.
- 2.6 A lower level analysis based on ward data splits the Borough broadly into two local HMAs (Bootle and Southport). The Southport HMA includes 9 wards to the north of the Borough (Southport and Formby) along with 5 wards in West Lancashire. The Bootle HMA contains the remaining 13 wards in the Borough and is entirely within the Borough boundary (this area can be described as Maghull, Aintree, Crosby, Bootle and Netherton).
- 2.7 From a Sefton specific point of view the CLG research suggests that the Borough forms a reasonably self-contained housing market area for analysis but with some cross-boundary linkages.

2011 Census Data

- 2.8 Since the CLG research of 2010 and the 2013 Draft SHMA for Sefton, a significant amount of new data has been published by ONS covering migration and travel to work. This provides the opportunity to check previous findings in relation to housing market areas through analysis of this new data.
- 2.9 Our own analysis of 2011 Census data confirms that Sefton has relatively high levels of self-containment when looking at either migration or travel to work.
- 2.10 The figure below shows that around 65%-66% of people with a different address at the time of the Census compared to one year earlier had previously lived in Sefton. These figures rise to 72%-75% if we exclude long-distance moves (taken in this analysis to exclude moves originating or finishing outside of the North West region). This analysis is slightly imperfect due to the lack of specific data for some areas (e.g. Scotland) but does clearly identify that migration excluding long-distance moves will be well in excess of 70%.

Moves within Sefton	14,082
Moves from North West	4,619
Moves to North West	5,412
Moves from elsewhere (UK & abroad)	2,714
Moves to elsewhere (England & Wales)	2,248
Inward migration self-containment (including long distance moves)	65.8%
Inward migration self-containment (excluding long distance moves)	75.3%
Outward migration self-containment (including long distance moves)	64.8%
Outward migration self-containment (excluding long distance moves)	72.2%

Source: 2011 Census

- 2.11 The figure below shows analysis of commuting patterns. The data shows that there is a net out-commuting to work of about 19,200 people. In terms of self-containment the commuting data suggests something in the region of 61%-72% depending on whether or not we look at inward or outward commuting. As with the migration data this suggests a reasonably high level of self-containment; although arguably not as strong as is evidenced by the migration data.

Live and work in Borough	55,569
Home workers	10,380
No fixed workplace	9,101
Out-commute	47,164
In-commute	28,478
Work offshore or abroad	495
Inward commuting self-containment	72.5%
Outward commuting self-containment	61.2%

Source: 2011 Census

- 2.12 On the basis of the high levels of migratory self-containment and commuting patterns identified, supported by the Practice Guidance's definition, it is considered that Sefton can be seen as a self-contained HMA.

Cross-Boundary Travel to Work and Migration Patterns

- 2.13 It is also worthwhile to consider the locations where people are moving to and from. The table below studies 2011 Census data with this regard. Whilst the Census data is fairly complete and should give a clear indication of key locations it needs to be borne in mind that it is only based on data for one year. In the analysis (due to the way Census data is held) figures only look at moves within England & Wales.
- 2.14 The table shows in terms of out-migration flows that the key areas are Liverpool (net outflow of 412 people) and Manchester (net outflow of 156 people). The main inflow is from Knowsley (net inflow of 115 people). When looking at the gross flows the data is clear that the strongest links are with Liverpool and West Lancashire. The table shows all local authority areas where either the in- or out-flows of people were in excess of 100.

Figure 2.3: Migration to and from Sefton (key local authorities) – 2011			
	To Sefton from...	From Sefton to...	Net in-migration
Cheshire West & Chester	61	119	-58
Knowsley	466	351	115
Liverpool	2,055	2,467	-412
Manchester	115	271	-156
Preston	75	139	-64
Sefton	14,082	14,082	0
St. Helens	160	161	-1
West Lancashire	722	692	30
Wirral	205	252	-47
Rest of North West	760	960	-200
All other areas	1,528	2,248	-720
Total	20,229	21,742	-1,513

Source: 2011 Census

- 2.15 A similar analysis has been carried out in terms of travel to work data – this is shown in the table below and includes data for local authorities where either the in- or out-flow of people for work is in excess of 400. The data shows significant flows to and from Liverpool (including a significant net outflow). The other most significant area is West Lancashire, where over 5,000 people move in each direction for work. The majority of areas listed in the table see net in-commuting from Sefton; the exceptions to this are Wirral (net inflow of 724 people), West Lancashire (256), St. Helens (87) and Wigan (28).

Figure 2.4: Travel to work flows to and from Sefton (key local authorities) – 2011

	To Sefton from...	From Sefton to...	Net in-commuting
Cheshire West & Chester	449	495	-46
Halton	474	819	-345
Knowsley	2,966	3,886	-920
Liverpool	11,542	24,208	-12,666
Manchester	166	797	-631
Preston	186	886	-700
Salford	95	420	-325
Sefton	55,569	55,569	0
South Ribble	402	619	-217
St. Helens	1,411	1,324	87
Warrington	406	1,246	-840
West Lancashire	5,476	5,220	256
Wigan	800	772	28
Wirral	1,918	1,194	724
Rest of North West	1,212	2,315	-1,103
All other areas	940	2,749	-1,809
England and Wales	84,012	102,519	-18,507

Source: 2011 Census

- 2.16 The Localism Act introduced a ‘duty to cooperate’ requiring neighbouring local authorities to work together on planning issues, particularly where these cross local authority boundaries. On the basis of evidence for Sefton we would suggest that cross-boundary working should largely focus on discussions with West Lancashire and Liverpool, although consideration of other areas in the wider Liverpool HMA will also be important.
- 2.17 The Council is in regular dialogue with neighbouring authorities as part of the “duty to cooperate” and this will continue as the Sefton Local Plan progresses. We understand that all neighbouring authorities have (e.g. West Lancashire Local Plan which is now adopted) or are intending (Knowsley and Liverpool) to meet their own objectively assessed housing needs through their Core Strategies/Local Plans).

Sub-Market Areas

- 2.18 The NPPG also suggests that *‘the assessment area may identify smaller sub-markets with specific features, and it may be appropriate to investigate these specifically in order to create a detailed picture of local need’*. As noted above, the 2010 CLG research identified that parts of Sefton fall into two main sub-areas. Southport and Formby are considered to be part of a Southport area with the south of the Borough being more closely aligned with Bootle.

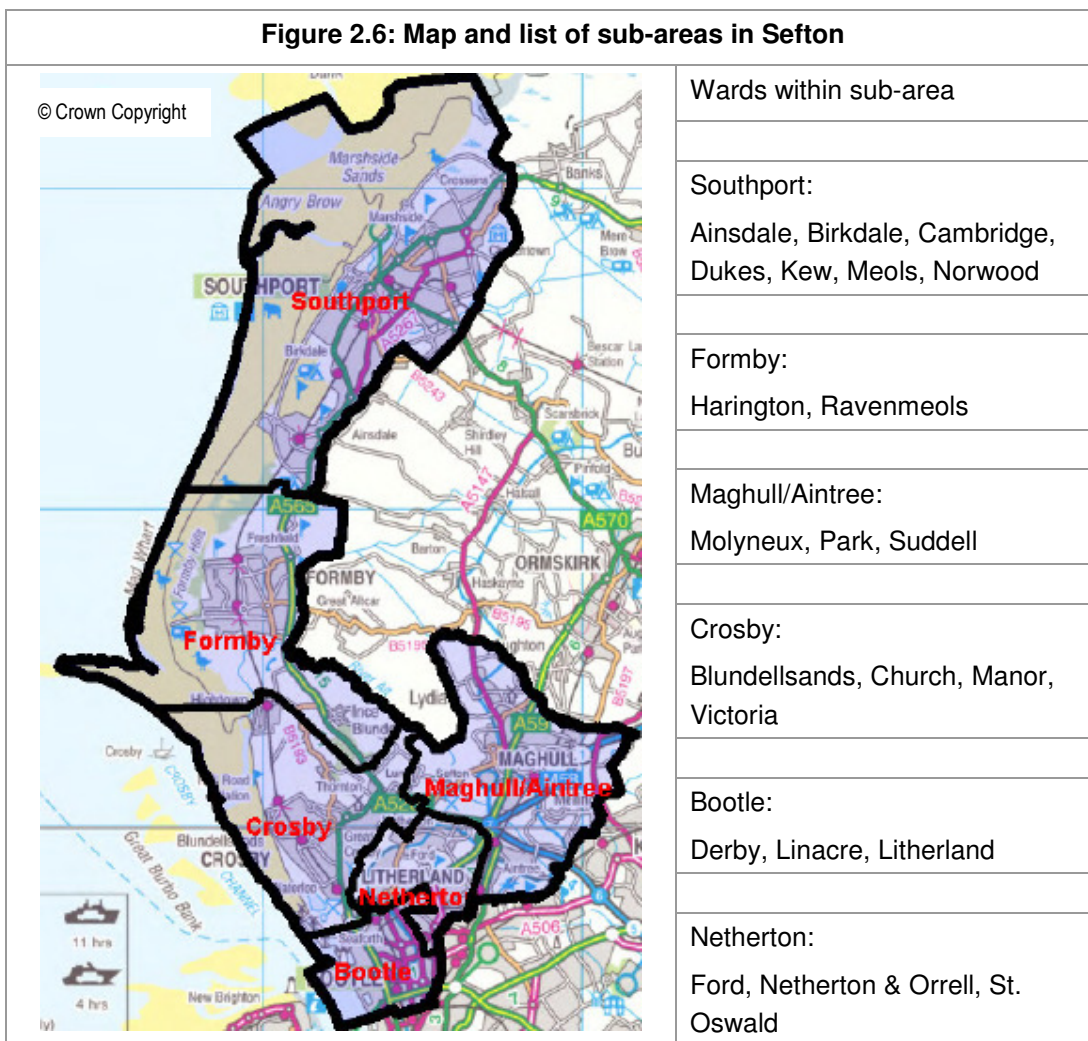
- 2.19 The table below looks at the travel to work patterns of residents in each of the Southport and Bootle Local Housing Market Areas (as defined in the CLG research). The table considers the number of people working in each of the two parts of Sefton as well as Liverpool, West Lancashire and elsewhere. Analysis is based on amalgamating Census Middle Layer Super Output areas (MSOA). Given that this lower level of detail is only available for travel to work (and not migration) the analysis is limited to considering commuting patterns. Migration data is only published at a local authority level.
- 2.20 The data shows that there are clear differences between the areas in terms of where people work. Some 55.5% of residents in the Southport LHMA also work in the area with only 9.4% working in the south of the Borough (the Bootle LHMA). A reasonably high proportion work in Liverpool (11.4%) with 7.7% working in West Lancashire. When looking at the Bootle LHMA the analysis shows only 40.5% of residents to also be working in the area; nearly a third (32%) work in Liverpool with only about 6% travelling to the Southport LHMA. Links to West Lancashire are also weak.

Figure 2.5: Place of work by current residence – Local Housing Market Areas (LHMA)			
Work in...	Resident in...		
	Southport LHMA (Southport, Formby)	Bootle LHMA (Maghull, Aintree, Crosby, Bootle, Netherton)	Sefton
Southport LHMA	23,146	3,886	27,032
Bootle LHMA	3,928	24,609	28,537
Liverpool	4,766	19,442	24,208
West Lancashire	3,212	2,008	5,220
Elsewhere	6,669	10,853	17,522
Total	41,721	60,798	102,519
Southport LHMA	55.5%	6.4%	26.4%
Bootle LHMA	9.4%	40.5%	27.8%
Liverpool	11.4%	32.0%	23.6%
West Lancashire	7.7%	3.3%	5.1%
Elsewhere	16.0%	17.9%	17.1%
Total	100.0%	100.0%	100.0%

Source: 2011 Census

- 2.21 Overall the analysis does suggest a distinct difference between the north and the south of the borough and therefore supports the analysis of Local Housing Market Areas in the 2010 CLG research.
- 2.22 In addition, it is important to consider differences within the LHMA's; throughout the report analysis has been carried out to study six different sub-areas. These have been based on groups of wards and are consistent with sub-areas used for analysis in the 2008 SHMA and 2013 Draft SHMA. It is difficult to use the travel to work data from the Census to confirm these areas although analysis in the report does highlight that the socio-economic and housing profile in each area is quite distinct. In addition, the stakeholder consultation undertaken as part of the 2013 Draft SHMA did confirm that these boundaries are broadly sound.

2.23 The map below shows the locations of each ward with the following table showing the wards contained within each sub-area.



Source: 2008 SHMA

Policy Implications: Housing Market Areas

Development needs should be met at a housing market area level with a ‘duty to cooperate’ with adjoining local authorities where it is clear that cross-boundary linkages exist. On the basis of studying past research about housing market areas and more up-to-date information from the 2011 Census we consider that it is reasonable for Sefton to progress this work as a single local authority. It is however recommended that the duty to cooperate concentrates on discussions with West Lancashire and Liverpool.

Within Sefton it is also important to distinguish between the north and the south of the borough. Furthermore, within the south of the Borough there are particular distinctions to be drawn between Bootle/Netherton and other parts of the more local HMA.

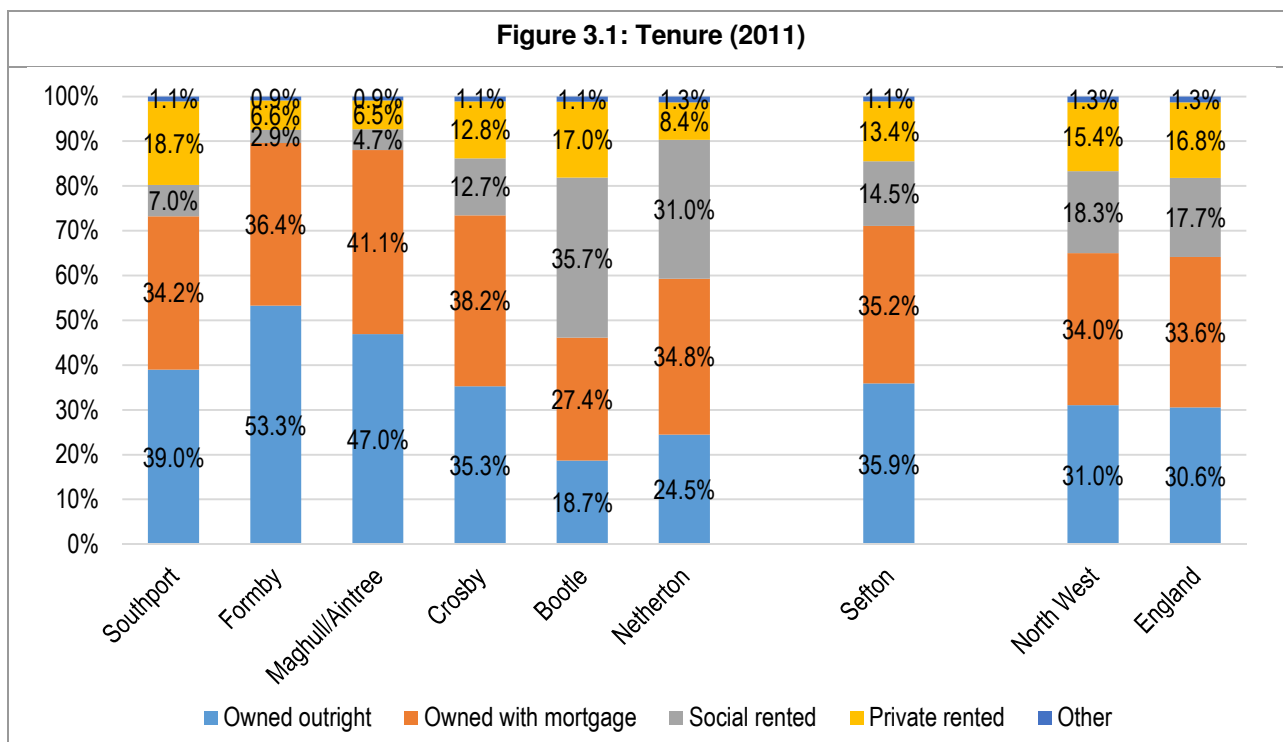
3. Housing Stock and Supply Trends

Introduction

- 3.1 Analysis of the current stock of housing allows a broad assessment of the range of properties currently within the study area. There are a number of data sources which provide an overview of the current housing stock and these are examined in this chapter. Where possible results are put in context with regional and national figures. In 2011 it is estimated there were 124,008 dwellings in the Borough (Census data). Much of the information in this section is unchanged from analysis in the 2013 Draft SHMA (particularly in relation to Census data).

Tenure Profile

- 3.2 The tenure profile of an area provides an important insight into the dynamics of a market. Analysis of 2011 Census data reveals that around 71% of households in the Borough were owner-occupiers (including shared ownership) – this is notably above both the regional and national average. The social rented sector across Sefton is smaller than found in other areas.
- 3.3 The Census data also shows a private rented sector which is smaller than either the regional or national average. As of 2011 it was estimated that around 13% of households live in the private rented sector – this compares with 15% for the region and 17% nationally. The number of households living in the private rented sector has however risen significantly in line with national increases – an estimated 15,804 households live in private rented accommodation (2011) which is 64% higher than the figure (of 9,616) recorded in the 2001 Census.
- 3.4 At a sub-area level we see particularly high levels of owner-occupation in Formby and Maghull/Aintree (and to a lesser extent Southport and Crosby) with the level of private renting being particularly high in Southport and Bootle. The proportion of households living in social rented stock is also somewhat variable with the most notable figures being the very small numbers in this tenure in Formby and Maghull/Aintree and a high proportion in Bootle and Netherton.



3.5 The change in the proportion of households living in different tenures is shown in the figure below. As well as clearly showing the growth in the private rented sector the data also shows a significant drop in the proportion of households owning homes with a mortgage or loan. This trend is again consistent with national data. The data also shows a notable decrease in the size of the social rented stock which may limit the ability of the Council to meet housing needs.

Figure 3.2: Change in tenure (2001-2011)

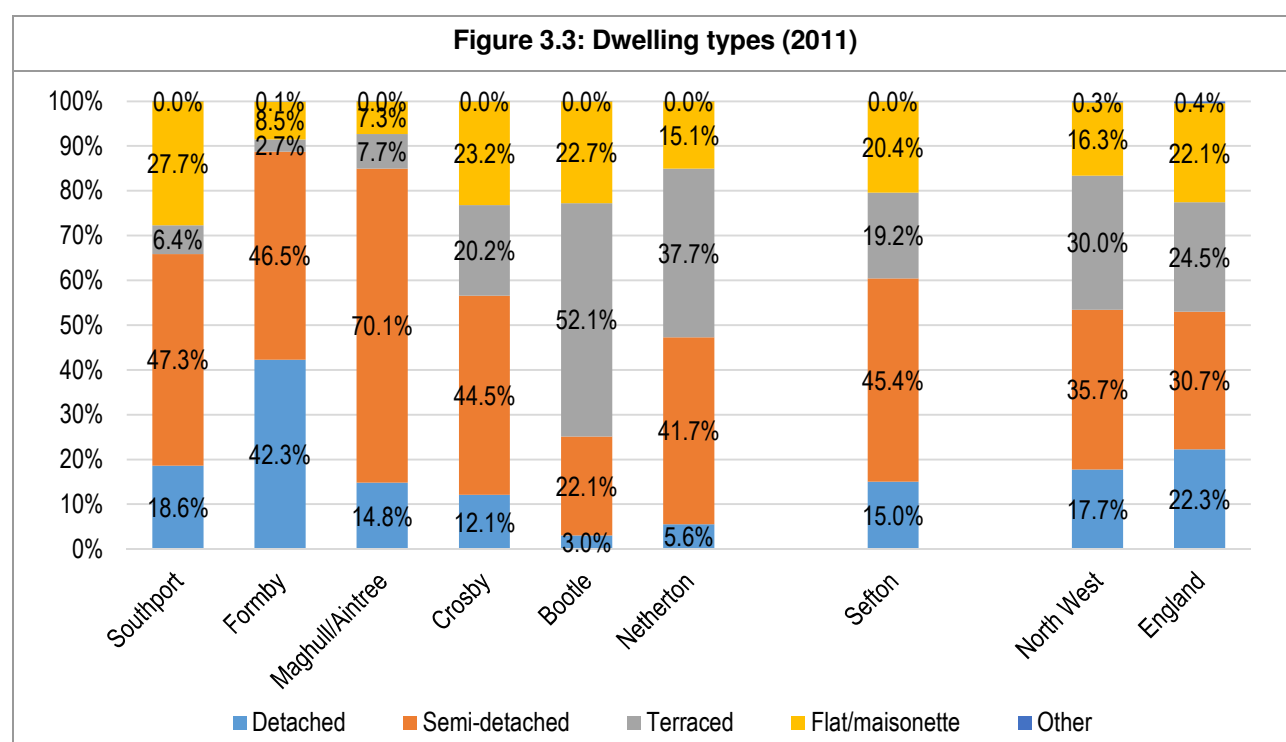
Tenure	2001	2011	Change	% change
Owned outright	39,623	42,334	2,711	6.8%
Owned with mortgage	47,046	41,467	-5,579	-11.9%
Social rented	18,649	17,063	-1,586	-8.5%
Private rented	9,616	15,804	6,188	64.4%
Other	1,913	1,262	-651	-34.0%
Total	116,847	117,930	1,083	0.9%

Source: Census (2001 and 2011)

Type of Stock

3.6 The figure below shows the types of dwelling in the Borough, regionally and nationally, from the 2011 Census. The data shows that Sefton has relatively few terraced homes and detached houses/bungalows when compared with national or regional figures. The proportion of semi-detached properties is notably higher than other areas, making up 45% of the housing stock.

3.7 We also see marked difference between sub-areas with Formby having a high proportion of detached homes (42%) and Maghull/Aintree a very high proportion of semi-detached properties (over 70%). Both of these areas have relatively few flats/terraces. At the other end of the scale the stock in Bootle is more heavily concentrated on terraces and flats (together making up 75% of all homes); the highest proportion of flats is however seen in the Southport sub-area where over a quarter of homes are flats/maisonettes.



Source: 2011 Census

3.8 Using the 2011 Census data and comparing it with figures from 2001 we can study how the stock has changed over the past ten-years. The table below shows that the dwelling stock is estimated to have increased by some 3,748 homes with 85% of this increase being of flats/maisonettes. There have been moderate increases in the number of semi-detached and terraced homes and a small decrease in the number of detached properties. The number of flats/maisonettes has increased by 14% over the decade compared with a less than 1% increase in the number of houses (all categories combined).

Figure 3.4: Change in dwelling types (2001 to 2011)

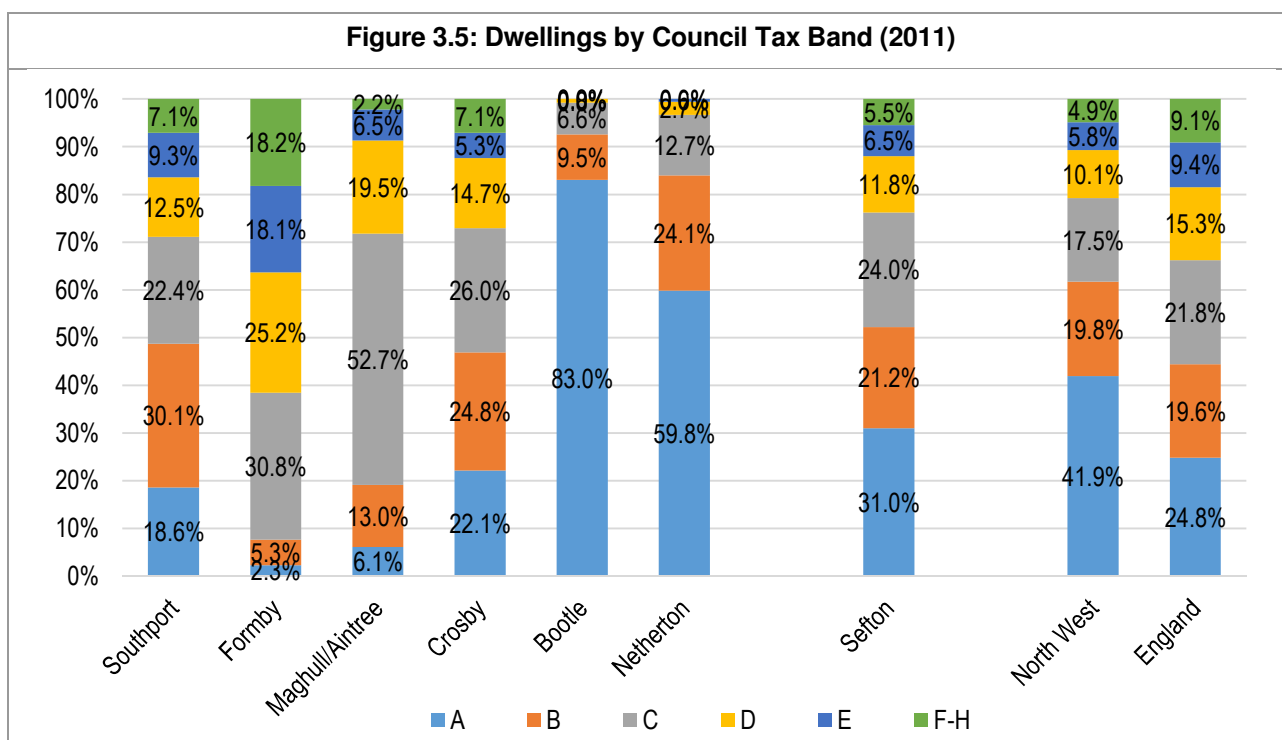
Dwelling type	2001	2011	Change	% change
Detached	18,868	18,752	-116	-0.6%
Semi-detached	55,966	56,512	546	1.0%
Terraced	23,734	23,915	181	0.8%
Flat/maisonette	22,209	25,386	3,177	14.3%
Other	80	40	-40	-50.0%
Total	120,857	124,605	3,748	3.1%

Source: Census (2001 and 2011)

Council Tax Band and Vacant Homes

3.9 A good indication of the quality and price structure of the housing stock is the distribution of dwellings by Council Tax Band. The figure below shows that across the whole of the Borough the distribution of Council Tax Bands suggests slightly lower dwelling values when compared with national data but higher values in a regional context. Across Sefton some 52% of homes are in Council Tax Bands A and B; this compares with 62% regionally and 44% nationally.

3.10 At a sub-area level differences are even more pronounced with the data indicating very high property values in Formby (and to a lesser extent Maghull/Aintree) with lower values being seen in Bootle and Netherton. In Formby the data shows that only 2.3% of homes are in taxband A – this compares with around 31% Borough-wide and 83% in Bootle.



Source: ONS

- 3.11 Of the total housing stock, data from the Council for April 2014 records a 4.6% vacancy rate, varying from 2.8% in Maghull/Aintree up to 8.0% in Bootle. This level of vacant homes is sufficient to support frictional turnover of homes within the overall housing market although this high figure in Bootle does suggest some degree of low demand in this area. The proportion of vacant homes in Sefton (based on Council Tax data) is roughly the same as the average for Merseyside (4.5%) but above the regional (4.1%) and national average (3.1%). When compared with similar data presented in the 2013 Draft SHMA the information suggests a small increase in the number of vacant homes of the past year (increasing from 5,426 in April 2013).

Area	0-6 Months	6-12 Months	12-24 Months	24+ Months	Grand Total	Household spaces (est'd)	% Vacancy
Southport	1,212	716	150	105	2,183	42,594	5.1%
Formby	159	130	35	18	342	10,524	3.2%
Maghull/Aintree	236	165	33	14	448	16,152	2.8%
Crosby	514	303	69	30	916	22,280	4.1%
Bootle	705	269	109	329	1,412	17,714	8.0%
Netherton	364	103	27	27	521	16,438	3.2%
Sefton	3,190	1,686	423	523	5,822	125,701	4.6%

Source: Sefton Council

Housing Completions

- 3.12 The above analysis profiles the existing housing stock. We have also profiled how the stock of housing in the Borough has changed over the last decade by comparing Census data for 2001 and 2011. We have also looked at changes in the housing stock through reference to administrative data held by the Council about past completions.
- 3.13 The figure below profiles net housing completions over the 10-year period from 2004/5 to 2013/14. Over this period housing delivery has fluctuated between delivery of 267 homes (net) in 2010/11 and a high point of 564 in 2007/8. Over the ten year period studied around 3,776 net additional homes have been provided (378 per annum) – this is below the housing target in the former Regional Spatial Strategy of 500 net additional homes per annum.

Figure 3.7: Housing Completions in Sefton since 2004

	Completions			Demolitions	Net additional dwellings
	New build:	Conversions	Total		
2004/5	308	157	465	78	387
2005/6	425	102	527	101	426
2006/7	475	46	521	243	278
2007/8	703	156	859	295	564
2008/9	424	176	600	336	264
2009/10	429	131	560	159	401
2010/11	247	242	489	222	267
2011/12	471	138	609	137	472
2012/13	372	86	458	53	405
2013/14	274	49	323	11	312
TOTAL	4,128	1,283	5,411	1,635	3,776

Source: Sefton Council

Policy Implications: Housing Stock and Supply Trends

The profile of housing across the Borough appears to be fairly balanced when looking at the tenure profile compared with other areas. However, there are significant differences between areas with Bootle and Netherton standing out as having a very larger social rented sector. There has been significant growth in the private rented sector – including many claiming Housing Benefit who may be using the sector as an alternative to social renting due to the lack of affordable stock. Over the 10-years to 2011 the private rented sector increased from 9,600 households to 15,800. The sector plays an important role in supporting movement within the housing market and an increasing role in meeting housing need. The growth of the sector may also support retention of younger, economically active people. The Council should encourage investment in improving standards within the sector and linking households in need to available supply.

The stock profile in terms of size and type of dwellings (built-form) shows a fairly balanced profile with a reasonable range of detached, semi-detached, terraced and flatted accommodation although there are again significant variations by area. Data on changes in dwelling types suggests that it is only the flatted stock that has seen any notable change over the past decade (increasing by 14% against a backdrop of just a 3% increase in the total stock).

The Council might consider how through policy it can support greater diversity in the housing stock in areas where the housing stock is dominated by particular tenures and types of housing. However this needs to be balanced against market demand for different sizes and types of homes in these areas. Policy might look to develop greater choice in these areas including to support more local living and working and a reduction in out-commuting.

The size of the affordable housing sector has fallen over the decade to 2011, with a net loss of around 1,600 social rented properties between 2001 and 2011 – the proportion of homes in the social rented sector has reduced even more significantly as a proportion of all dwellings. The relative lack of affordable housing affects the ability of the current stock to meet housing needs, and thus influences the conclusions of the housing needs analysis carried out later in this document. It is appropriate for policy to seek to redress this balance over time by increasing the stock of affordable housing.

Overall vacancy rates are quite high and reflect both areas of low demand and second homes. Diversifying the housing stock in those areas (particularly Bootle) where there is evidence of low demand may help to address this. Over a longer-term period there may also be some potential to release supply of existing family housing by supporting downsizing of older households and providing specialist housing to meet their needs.

4. Socio-Economic and Demographic Profile

Introduction

- 4.1 A key determinant of housing need and demand and how these are likely to change in the future is the demographic profile of the population. This section will outline the structure of the resident population and changes to its composition as well as characteristics of the economy and labour market. As with the previous section, much of the information in this section is unchanged from analysis in the 2013 Draft SHMA (particularly in relation to Census data) although some analysis (including income estimates) have been updated to take account of data published over the last year or so.

Resident Population

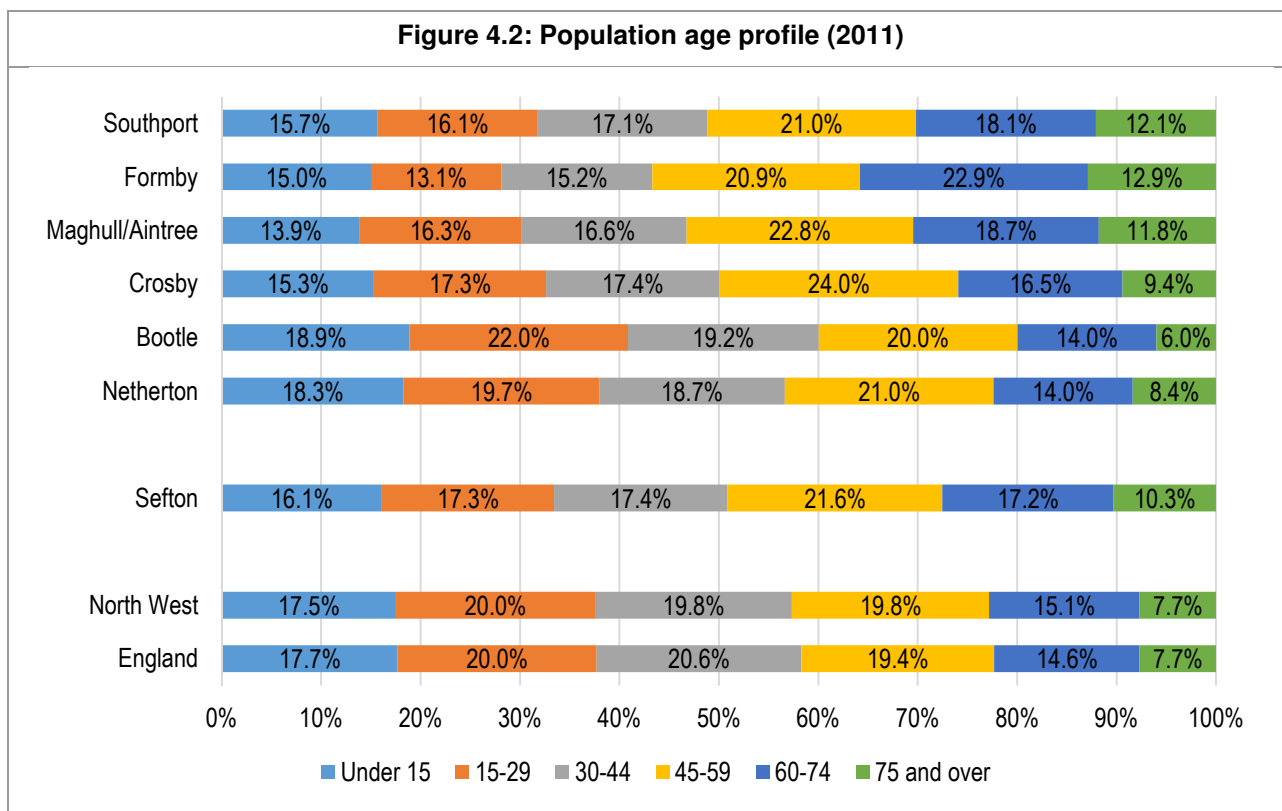
- 4.2 The latest ONS mid-year population estimates indicate that there were 274,000 people resident in Sefton in mid-2011 – about 200 higher than shown in the 2011 Census (273,800) – this latter figure is a decrease of 3.2% since 2001. The table below shows the population change estimated since 2001. The table suggests that over the past ten years the population of all areas in Sefton other than Southport has declined with Bootle seeing a drop in population of nearly 9%. The figures compare with a regional population increase of 5% and a national figure of 8%.

Figure 4.1: Population change (2001 – 2011)				
Area	Population (2001)	Population (2011)	Absolute change	% change
Southport	90,329	90,381	52	0.1%
Formby	24,999	23,845	-1,154	-4.6%
Maghull/Aintree	39,159	37,338	-1,821	-4.7%
Crosby	50,835	49,097	-1,738	-3.4%
Bootle	39,362	35,896	-3,466	-8.8%
Netherton	38,270	37,233	-1,037	-2.7%
Sefton	282,954	273,790	-9,164	-3.2%
North West	6,729,764	7,052,177	322,413	4.8%
England	49,138,831	53,012,456	3,873,625	7.9%

Source: Census (2001 and 2011)

Age Profile

- 4.3 The figure below shows the current estimated age structure in Sefton (plus sub-areas), the North West and England split in to six broad age bands. The data suggests that the population profile in the Borough is notably 'older' than seen in either the North West region or nationally – 28% of the population is age 60 or over compared with 23% in the region and 22% nationally.
- 4.4 For individual sub-areas we find some significant differences; Bootle in particular has a very high proportion of people under 45 and relatively few older persons. Formby on the other hand has a very old population with 36% of the population being aged 60 or over.



Source: 2011 Census

Household Change

4.5 The table below shows household change from 2001 to 2011 using Census data. Across the whole of the Borough the increase in households of about 1% is significantly lower than seen in any of the other areas studied – in particular the comparison with England is notable where the increase in households was 8% over the 10-year period.

4.6 Looking at individual sub-areas the data shows that most locations have seen a small increase in households in the decade to 2011 with the highest increase being seen in Southport (at 2.5%). The number of households in Bootle has fallen by 3.5% whilst Formby has also seen a small decrease.

Figure 4.3: Household change (2001 – 2011)

Area	Households (2001)	Households (2011)	Absolute change	% change
Southport	38,899	39,879	980	2.5%
Formby	10,056	9,973	-83	-0.8%
Maghull/Aintree	15,205	15,386	181	1.2%
Crosby	20,769	21,008	239	1.2%
Bootle	16,600	16,011	-589	-3.5%
Netherton	15,336	15,673	337	2.2%
Sefton	116,865	117,930	1,065	0.9%
North West	2,812,789	3,009,549	196,760	7.0%
England	20,451,427	22,063,368	1,611,941	7.9%

Source: Census (2001 and 2011)

- 4.7 We can use the above data about population and households to derive a measure of average household sizes and how this has changed over time. Figures are shown in the table below and it should be noted that figures are technically not for average household size due to the inclusion of the institutional population within calculations. This will only make a very small difference to the numbers which have been applied consistently for all areas.
- 4.8 The data shows a notable decrease in average household sizes in Sefton – falling from 2.42 to 2.32. In the North West there has also been some reduction in household sizes (albeit less than is observed for the Borough) whilst nationally there has been no change. All of the sub-areas have seen decreasing average household sizes over time.

Figure 4.4: Average household size (2001 – 2011)

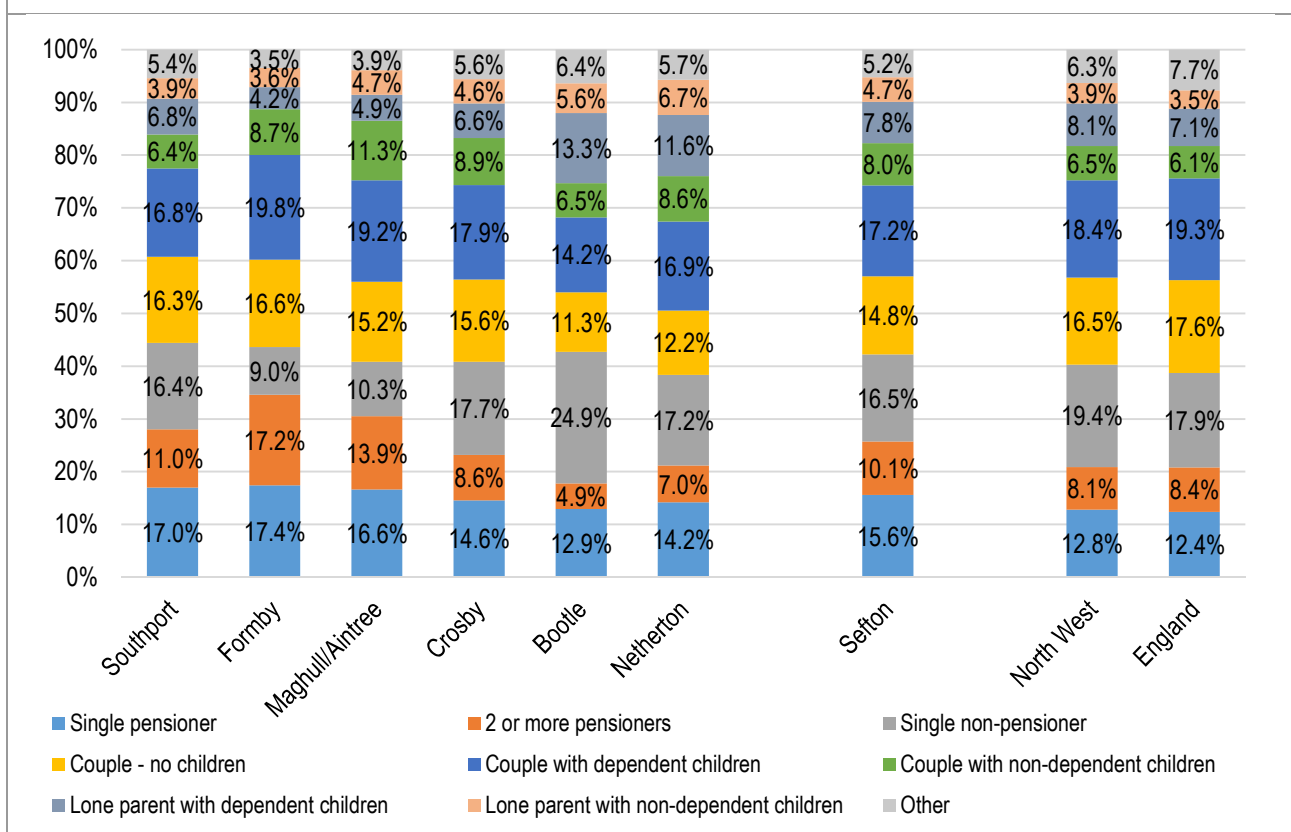
Area	Average household size (2001)	Average household size (2011)
Southport	2.32	2.27
Formby	2.49	2.39
Maghull/Aintree	2.58	2.43
Crosby	2.45	2.34
Bootle	2.37	2.24
Netherton	2.50	2.38
Sefton	2.42	2.32
North West	2.39	2.34
England	2.40	2.40

Source: Census (2001 and 2011)

Household Structure

- 4.9 The figure below shows the household structure in the study area according to the Census in 2011 (again to allow comparisons across areas), compared with the regional and national profiles. Taking the Borough as a whole we find that Sefton has a higher proportion of pensioner only households and relatively few households with dependent children. In total, 26% of households in Sefton are entirely composed of people aged 65 and over; this compares with 21% both regionally and nationally.
- 4.10 For sub-areas there are also some notable differences with Formby in particular having a high proportion of pensioner only households (35%) and Bootle having a high proportion of lone parents. Bootle also has a very high proportion of single non-pensioner households – these make up 25% of all household types in this sub-area and compares with 16.5% of the whole of Sefton and just 9% in Formby.

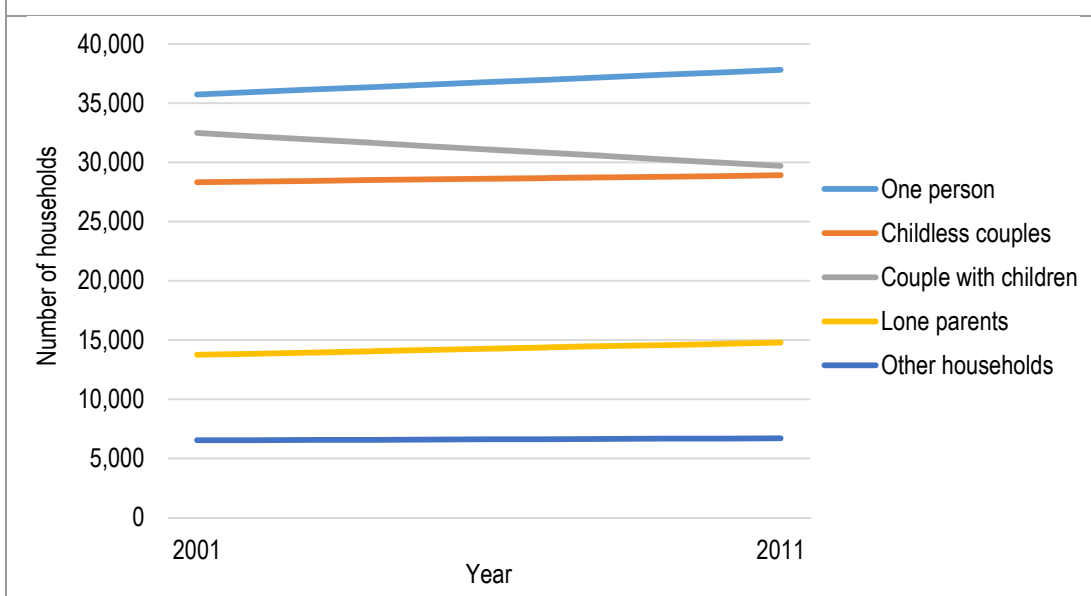
Figure 4.5: Household Composition (2011)



Source: 2011 Census

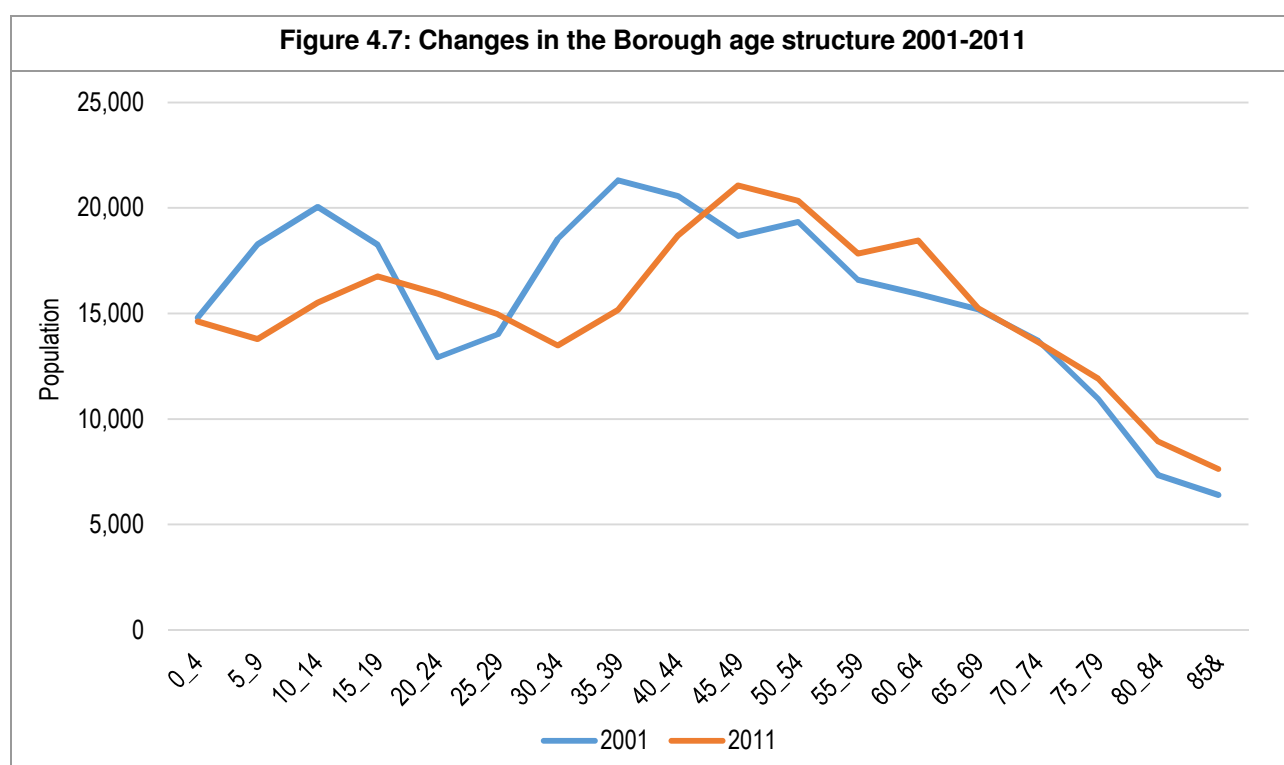
4.11 The structure of households has been changing over the last 10 years. There have been notable increases in one person households along with increases in childless couples, lone parents and 'other' households. By comparison there has been a notable decrease in the number of couples with children (both dependent and non-dependent children).

Figure 4.6: Changes to Household Composition (2001-2011)



Source: Census (2001 and 2011)

- 4.12 To understand the changes in household composition, it is instructive to analyse how the population age structure has changed over this period. The figure below shows population estimates in five-year age bands in each of 2001 and 2011 (from ONS mid-year population estimates). The data shows some quite notable differences over ten years for some age groups with a particular trend being an increase in the number of people aged 60 and over. This is likely to account for the increase in one person households in the Borough.
- 4.13 The data also shows a decrease in many younger age groups (particularly those aged 5-14 and 30-39) which may go some way towards explaining the trend shown above of a significant decrease in the number of couple households with children. The increases shown for the 20-29 age groups may in part be linked to the growth in the private rented sector.



Overcrowding

- 4.14 Studying levels of overcrowding in the housing stock is an important part of the SHMA. This is strongly recognised in the Practice Guidance which notes that *‘if overcrowding is an issue, building one new larger property could help to resolve the needs of several households as households “move up” through the system into larger properties’*.
- 4.15 Data about overcrowding is available from the 2011 Census based on the ‘bedroom standard’. This is defined by the difference between the number of bedrooms needed to avoid undesirable sharing (given the number, ages and relationships of the household members) and the number of bedrooms available to the household. A household is defined as overcrowded if there are fewer bedrooms available than required by the bedroom standard.

- 4.16 Census data also computes a measure of overcrowding using occupancy ratings. The Census method is that all households should have one common room and there should be one additional room for each household member. Therefore a five person household living in a five room dwelling would be considered as overcrowded. Whilst using the bedroom standard is preferable it is useful to consider occupancy ratings to allow us to compare changes over time – earlier Census data did not collect data about the number of bedrooms in a home.
- 4.17 The table below shows the estimated number and proportion of households who were overcrowded in 2011 using the bedroom standard. The data shows that levels of overcrowding in Sefton are quite low with 3.0% found to have fewer bedrooms than required (3,589 households). This figure compares with 3.7% in the North West. The figure for Sefton is also significantly lower than seen nationally (at 4.8%). Within the Borough there is some variation in levels of overcrowding; ranging from 1.2% in Formby up to 4.4% in Bootle.
- 4.18 Under-occupancy (measured in this case as households with more than one spare bedroom) in the Borough is quite high with some 40% of households being considered as under-occupying on the measure used. There is again some notable variation by area with 56% of households in Formby under-occupying compared with just 28% in Bootle.

Figure 4.8: Levels of Overcrowding and Under-Occupation (2011)

Area	Overcrowded		Under-occupied	
	Households	%	Households	%
Southport	1,256	3.1%	14,804	37.1%
Formby	117	1.2%	5,609	56.2%
Maghull/Aintree	315	2.0%	7,215	46.9%
Crosby	575	2.7%	9,260	44.1%
Bootle	706	4.4%	4,421	27.6%
Netherton	620	4.0%	5,664	36.1%
Sefton	3,589	3.0%	46,973	39.8%
North West	111,589	3.7%	1,038,652	34.5%
England	1,060,967	4.8%	7,558,815	34.3%

Source: 2011 Census

- 4.19 Looking at how levels of overcrowding have changed over time we have reproduced data from the 2001 and 2011 Census about households with a negative occupancy rating (i.e. more people than rooms once a ‘common’ room has been discounted). This data shows that levels of overcrowding have hardly changed over time with some 2% more households failing this standard in 2011 than did in 2001 (an increase of 103). This increase in overcrowding is very low when compared with other areas – in the North West overcrowding increased by 23% from 2001 to 2011 whilst for England the increase was 32%.
- 4.20 Many of the individual sub-areas have seen a decrease in overcrowding over the past decade with increases only seen in Southport and Crosby. In both of these areas the changes in overcrowding have still been notably lower than seen either regionally or nationally.

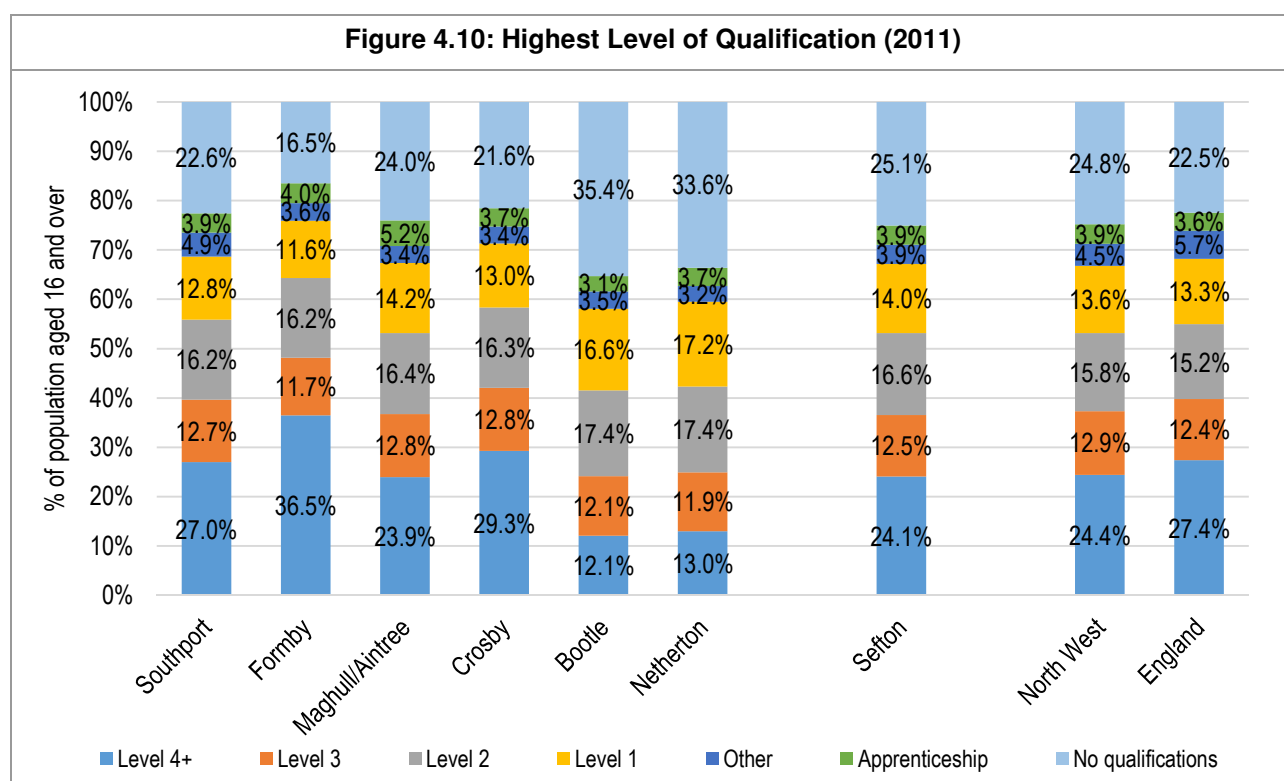
Figure 4.9: Levels of Overcrowding (2001 and 2011) – based on occupancy rating

Area	Overcrowded (2001)	Overcrowded (2011)	Change	% change from 2001
Southport	1,982	2,337	355	17.9%
Formby	171	133	-38	-22.2%
Maghull/Aintree	401	326	-75	-18.7%
Crosby	848	896	48	5.7%
Bootle	1,153	1,138	-15	-1.3%
Netherton	1,043	871	-172	-16.5%
Sefton	5,598	5,701	103	1.8%
North West	152,248	187,816	35,568	23.4%
England	1,457,512	1,928,596	471,084	32.3%

Source: 2011 Census

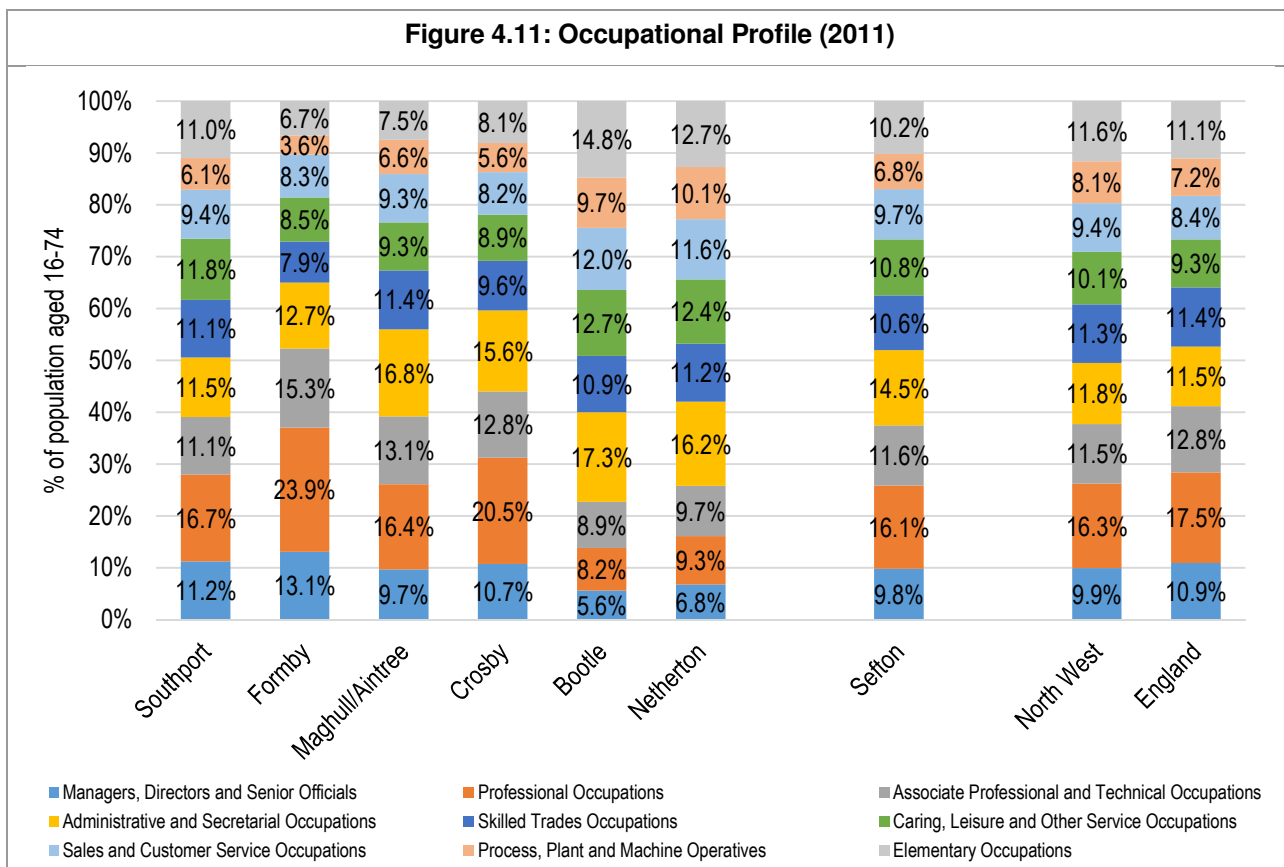
Labour Market Dynamics – Qualifications and Occupation Profile

- 4.21 The skills profile of Sefton suggests a workforce with fairly typical qualification levels. Around a quarter of people aged 16 and over have no qualifications with 24% having level 4 qualifications and above (equivalent to degree level). These figures are virtually the same as for the whole of the North West although there are small differences from data for England where only 22% have no qualifications and over 27% are qualified to Level 4 or above.
- 4.22 For individual sub-areas we again see some notable differences; only 12% of people in Bootle and 13% in Netherton are qualified to Level 4 or above, this compares with 37% in Formby. Over a third of people aged 16 and over in Bootle and Netherton have no qualifications.



Source: 2011 Census

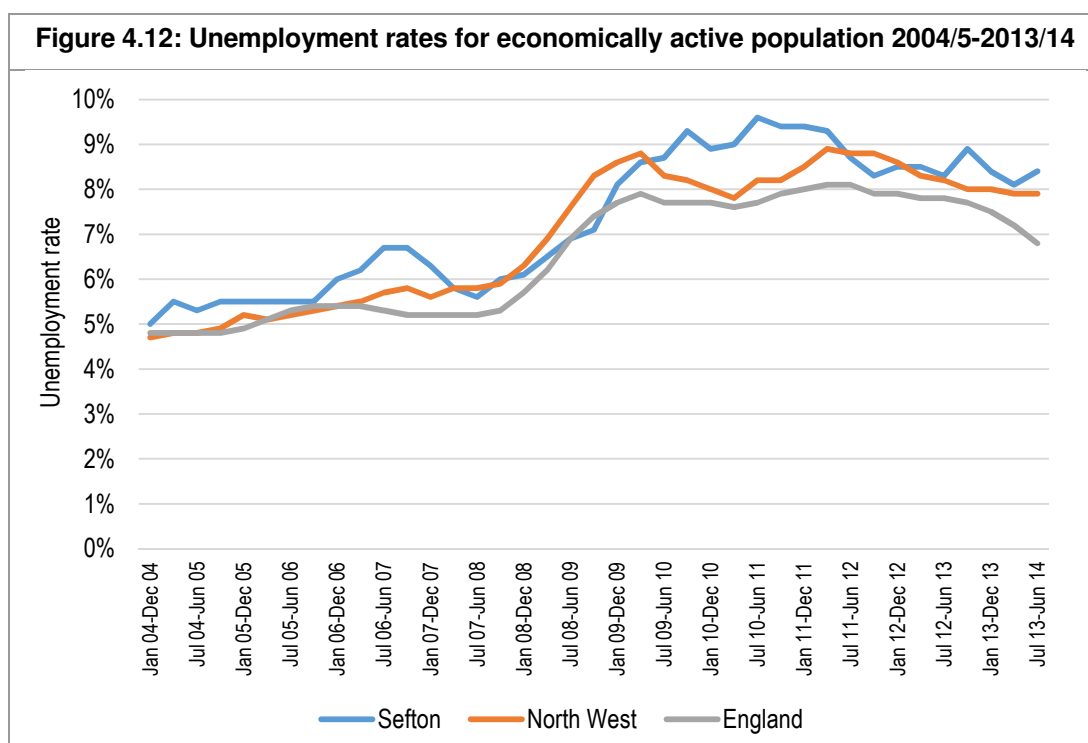
4.23 The qualifications profile in Sefton is to a strong degree also reflected in the profile of employment by occupations. Again Sefton has a similar profile of occupations to regional figures with a lower proportion in managerial and professional occupations when compared with national data. The higher level of skills in Formby in particular can be seen in the occupational profile where there are the highest proportion of managers and those in professional occupations (37% compared with 14% in Bootle and 16% in Netherton). The lower than average skills in Bootle can also be seen with regard to the proportions in elementary occupations (15% are occupied in elementary occupations compared with 7% in Formby).



Source: 2011 Census

Unemployment

4.24 The figure below shows that unemployment was relatively stable in the period from 2004/5 up until 2007/8 when unemployment in Sefton began to rise considerably – this mirrors the national and regional trend. Across the Borough the proportion of people who were unemployed rose from about 5% in 2004/5 to around 9% in 2010 (with a small decrease through to 2012/13). The most recent data available shows a pattern of decreasing unemployment nationally but no significant change in either Sefton or the North West region.



- 4.25 As well as looking at trends in unemployment we can use Census data to look at how this varies by area. The table below shows the number of people (aged 16-74) who were unemployed and what this is as a proportion of the total who are economically active. The data shows a slightly higher level of unemployment in Sefton than other areas with 7.3% of those who are economically active being unemployed in 2011 (this compares with 6.9% in the North West and 6.3% for England).
- 4.26 By sub-area the differences are again quite stark with 13.2% of the economically active population of Bootle being unemployed compared to just 3.9% in Formby and 4.6% in Maghull/Aintree.

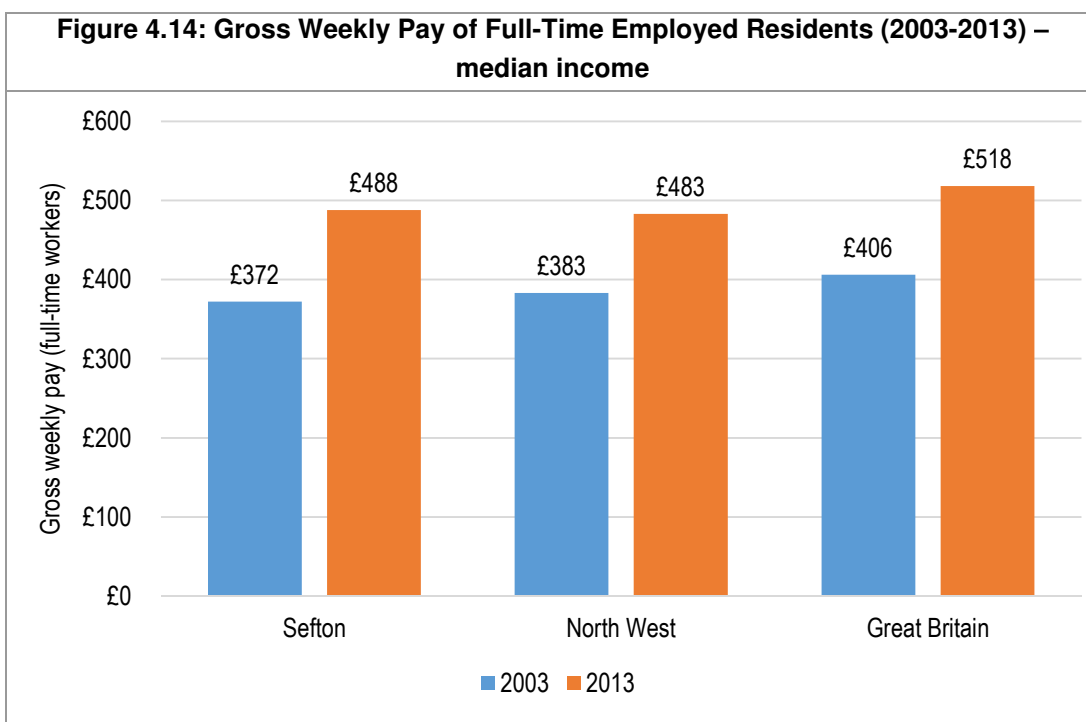
Figure 4.13: Unemployment (2011)

Area	Unemployed	Economically active	% unemployed
Southport	2,538	43,477	5.8%
Formby	429	10,948	3.9%
Maghull/Aintree	863	18,740	4.6%
Crosby	1,733	25,202	6.9%
Bootle	2,225	16,828	13.2%
Netherton	1,920	17,817	10.8%
Sefton	9,708	133,012	7.3%
North West	242,499	3,515,910	6.9%
England	1,702,847	27,183,134	6.3%

Source: 2011 Census

Income Levels

- 4.27 Income has a crucial effect on the level of choice a household has when determining their future accommodation. The figure below shows the median weekly income of people in full-time employment from the Annual Survey of Hours and Earnings (ASHE) for 2003 and 2013. The figure shows that in all areas income levels are noticeably higher in 2013 than 2003 (although these figures have not been adjusted for inflation).
- 4.28 The order of incomes remains broadly the same throughout the period with very similar figure recorded for the whole of the North West when compared with Sefton and higher figures being seen when looking at data for Great Britain. In 2013, the average weekly wage of a full-time employee in the Borough was estimated to be £488 (about £25,400 per annum).



Source: Annual Survey of Hours & Earnings

- 4.29 We have commented previously that Sefton is an area which sees net out-commuting for work. This pattern can also be seen by an analysis of earnings. The earnings of the Borough’s residents in work are 7% above those working in the Borough. Whilst this difference is not significant it does suggest that out-commuters are doing so to access better paid employment.

Figure 4.15: Gross Annual Earnings, Full-Time Workers (2013)

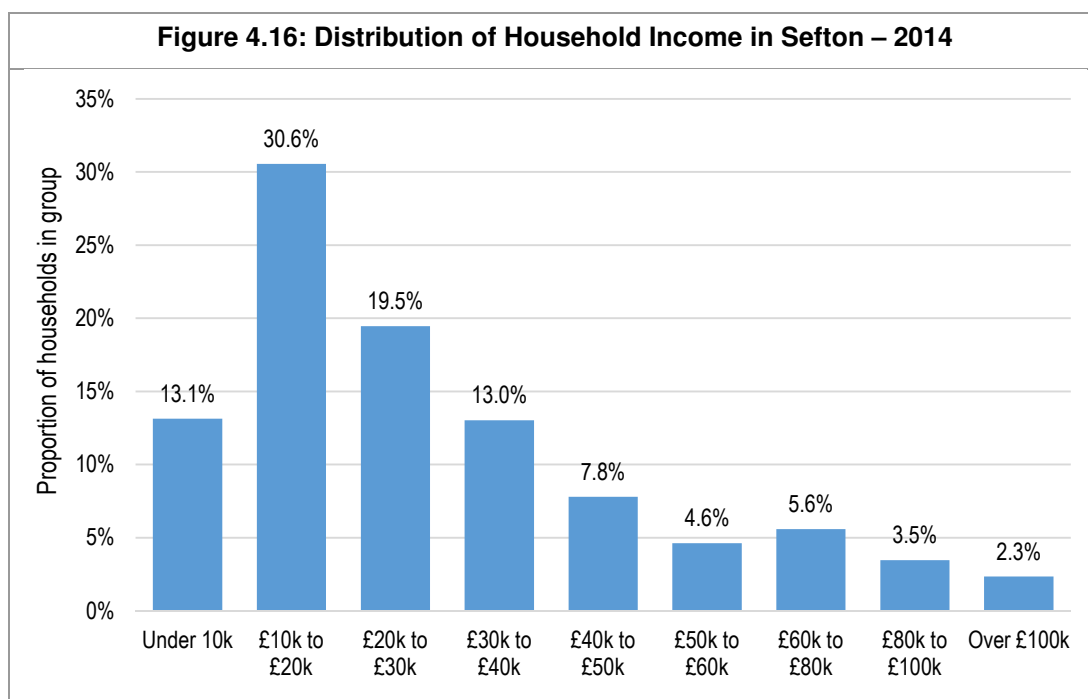
Area	Residents	Workers
Sefton	£488	£454
North West	£483	£481
Great Britain	£518	£518

Source: Annual Survey of Hours & Earnings

4.30 As well as looking at earnings and how these have changed over time it is important to understand household incomes as these (along with the price/rent data) will determine levels of affordability and also provide an indication of the level of affordable housing need. Data about total household income has been modelled on the basis of a number of different sources of information to provide both an overall average income and the likely distribution of incomes in each area. The key sources of data include:

- CACI from *Wealth of the Nation 2012* – to provide an overall national average income figure for benchmarking
- English Housing Survey – to provide information about the distribution of incomes (taking account of variation by tenure in particular)
- Annual Survey of Hours and Earnings (ASHE) – to assist in looking at how incomes are likely to have changed from 2012 (a 1.4% increase per annum on average was identified from this source for Sefton over the past five years)
- ONS modelled income estimates – to assist in providing more localised income estimates (e.g. for the individual sub-areas).

4.31 Drawing all of this data together we have therefore been able to construct an income distribution for the whole of Sefton and individual sub-areas. The figure below shows the distribution of household incomes for the whole of the Borough. The data shows that around 44% of households have an income below £20,000 with a further third in the range of £20,000 to £40,000. The overall average (median) income of all households in the Borough was estimated to be around £22,900 with a mean income of £30,400.



Source: Income data modelling

4.32 The table below shows how the distribution of income varies for each of the six sub-areas. Incomes are lowest in Bootle (median of £17,800) closely followed by Netherton (£19,200) and highest in Formby (median of £29,600).

Figure 4.17: Income levels by sub-area							
Income band	Southport	Formby	Maghull/ Aintree	Crosby	Bootle	Netherton	Sefton
Under 10k	11.5%	4.6%	9.1%	9.9%	23.7%	20.3%	13.1%
£10k to £20k	30.5%	27.5%	30.1%	30.2%	32.3%	31.8%	30.6%
£20k to £30k	19.6%	18.7%	19.6%	19.6%	19.2%	19.5%	19.5%
£30k to £40k	13.9%	13.8%	13.7%	13.9%	10.1%	11.5%	13.0%
£40k to £50k	8.1%	10.8%	9.1%	8.7%	4.9%	5.6%	7.8%
£50k to £60k	4.6%	6.9%	5.2%	5.0%	3.4%	3.5%	4.6%
£60k to £80k	5.5%	7.2%	5.7%	5.6%	5.1%	5.2%	5.6%
£80k to £100k	4.0%	4.2%	4.0%	4.0%	1.4%	2.5%	3.5%
Over £100k	2.3%	6.3%	3.5%	3.0%		.2%	2.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Median	£23,621	£29,558	£25,102	£24,570	£17,809	£19,227	£22,894
Mean	£31,056	£38,862	£33,004	£32,304	£23,415	£25,280	£30,386

Source: Income data modelling

Policy Implications: Socio-Economic and Demographic Profile

Sefton Borough's population has decreased notably over the 2001-11 decade although there has been some increase in the number of households. The population age structure in the Borough is more biased towards older person although within the Borough there are some notable differences; the population of Bootle and Netherton being younger than other areas. Differences are related to the housing and environmental offer and may also be due to the past pace of growth in different locations.

The Borough as a whole has a relatively high proportion of households with non-dependent children and relatively few single non-pensioner households. We might therefore expect greater demand for 'family-sized' accommodation moving forward – and in contrast with housing delivery types over the past few years which has seen an increase in flatted accommodation as the main type of dwelling growth.

Household growth in the Borough has however been focused towards single persons and lone parents, and generally to people of pensionable age (there has also been a notable decrease in average household sizes over the past decade). This reflects the nature of the housing stock and its affordability. The population aged 30-39 has declined and affordability of housing may be one of the contributory factors to this.

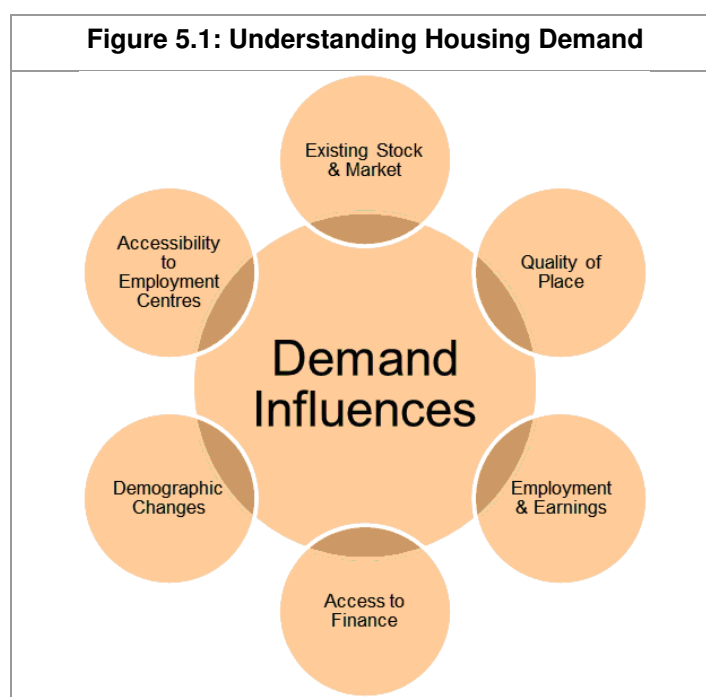
The economy in the Borough appears to have been affected by the economic downturn with a notable increase in the unemployment rate (from 6% to 9% since 2007/8). Generally the population of Bootle and Netherton (where in employment) are in lower skilled jobs and levels of qualifications are also low when compared with the rest of the Borough. This skills profile may be a barrier to economic growth moving forward and the alignment between economic growth and housing provision will be an important consideration for the Council. It would seem appropriate to plan more positively to retain younger people including to ensure businesses can access appropriate skills to replace those of people moving into retirement.

In the short-to-medium term there are opportunities to support economic growth through bringing people back into work. Programmes to combat unemployment, and provide training will help to address deprivation and limit future pressures on the housing market. However the structural challenge is to attract higher value economic investment and reduce out-commuting. The Borough's transport links will play an important role both in attracting economic investment and supporting access to employment opportunities.

5. Housing Market Dynamics

Introduction

- 5.1 This section of the report explores housing market dynamics. It considers key influences on housing demand, looking first at macro-economic factors before moving to consider more local dynamics, building on an interrogation of house prices and sales rates together with evidence from local estate and letting agents. We draw the analysis together at the end of the section to consider prospects for the housing market. Much of the analysis in this section has been updated from the 2013 Draft SHMA – particularly with regard to new information about property prices/sales and rent levels.
- 5.2 It is important to understand that the housing market is influenced by macro-economic factors, as well as the housing market conditions at a regional and local level. There are a number of key influences on housing demand, which are summarised in the chart below.

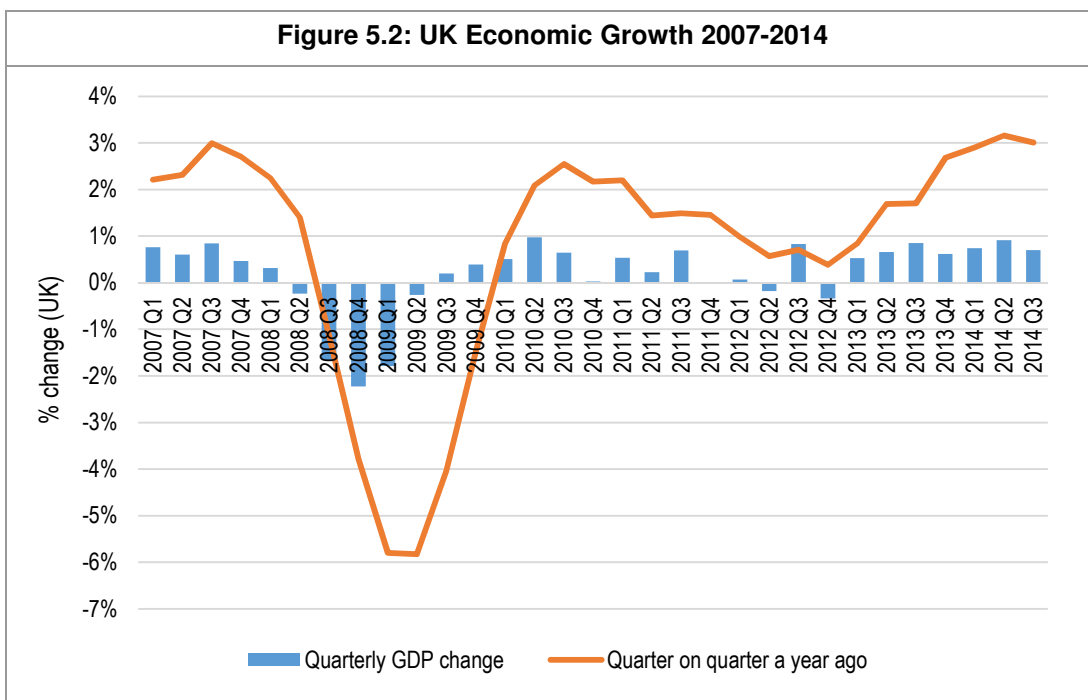


- 5.3 The housing market is complex. It is influenced by the economy at both a macro-economic level, in terms of interest rates and mortgage availability as well as market sentiment (which is influenced by economic performance and prospects at the macro-level). It is also influenced by the economy at both regional and local levels, recognising that employment trends will influence migration patterns (as people move to and from areas to access jobs), and that the nature of employment growth and labour demand will influence changes in earnings (which influences affordability).
- 5.4 Housing demand over the longer-term is influenced by population and economic trends. Changes in the size and structure of the population directly influence housing need and demand, and the nature of demand for different housing products. Economic performance influences migration between different areas.

- 5.5 There are then a number of factors which play out at a more local level, within a functional housing market, and influence demand in different locations. These include quality of place, school performance and the catchments of good schools, the accessibility of areas including to employment centres (with transport links being an important component of this), and the existing housing market and local market conditions. These factors influence the demand profile and pricing, against a context in which households compete within the market for housing.
- 5.6 At a local level, this means that the housing market (in terms of the profile of buyers) tends to be influenced by and reinforced to some degree around the existing stock. However regenerative investment or delivery of new transport infrastructure can influence the profile of housing demand in a location, by affecting its attractiveness to different households.
- 5.7 Local housing markets or sub-markets are also influenced by dynamics in surrounding areas, in regard to the relative balance between supply and demand in different markets; and the relative pricing of housing within them. Understanding relative pricing and price trends is thus important.

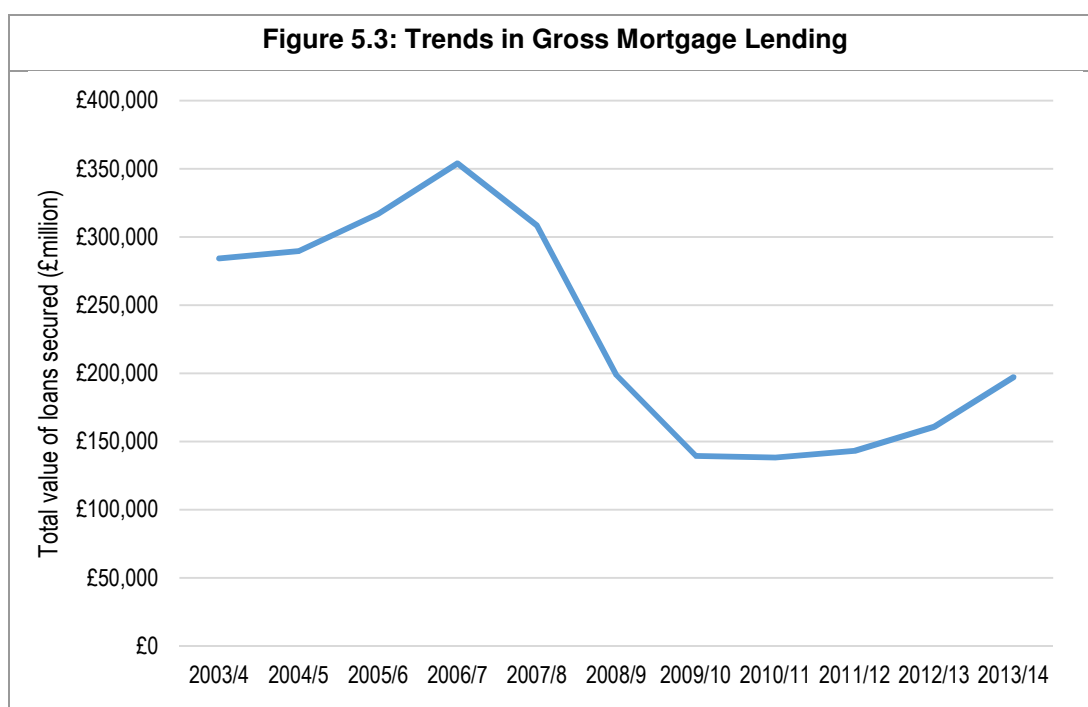
Understanding the Macro-Level Dynamics

- 5.8 Macro conditions have been a particular driver of housing markets nationally over recent years. Since the initiation of the credit crunch in 2007/8, the economy has gone through a long and deep economic recession, but has started to recover. The momentum of economic recovery is now improving with the UK economy out-performing many of its international peers.



Source: ONS

- 5.9 One of the key triggers to the recent economic difficulties on an international level was the 'credit crunch.' The downturn in the world economy was led to a large extent by the sub-prime lending crisis in the United States: this crisis has generated a fundamental shift in not only interbank lending but more significantly, attitudes towards customer lending (including home purchasers, landlords and developers). Banks sought to increase the inter-bank lending rate (LIBOR) and sought to adjust their exposure to risk by adopting much more cautious lending practices. This sharply reduced liquidity in the financial markets and credit available and in tightening lending criteria for current and prospective homeowners. This tightening of lending criteria increased 'barriers' to entry for marginal mortgage applicants by reducing loan to value ratios (LTVs), increasing costs associated with obtaining mortgages and reducing the income multiples accepted.
- 5.10 The tight lending criteria initiated by the credit crunch have continued to have an impact on mortgage lending over the last four years, with households' ability to obtain mortgage finance functioning as a notable constraint on effective demand for market homes. However as the economy has begun to pick up, confidence has returned to the housing market. Housing market recovery has also been buoyed by the Government-backed Help-to-Buy Scheme.
- 5.11 As the figure below demonstrates, there is limited evident recovery in lending since 2010; with trends flat during the past few years. There are however signs that mortgage lending is picking up in 2013/14, particularly owing to Government-backed schemes.



Source: Council for Mortgage Lenders

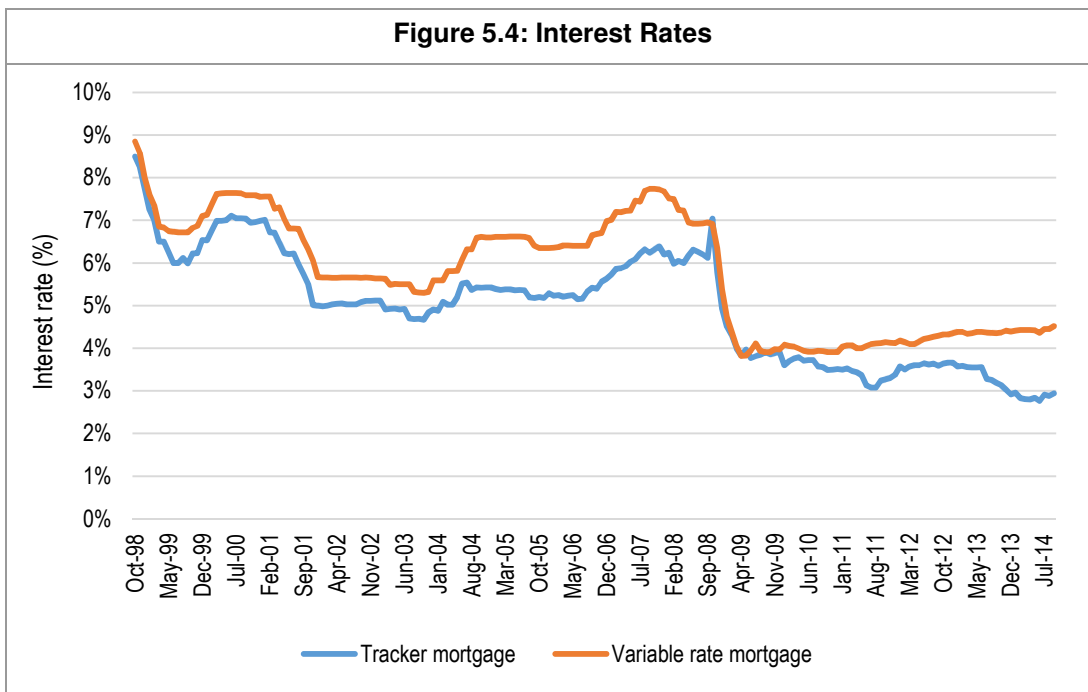
5.12 Lending in the first half of 2014 according to the CML was 28% up on the same period in 2013, highlighting the recovery in the market. The impact of the credit crunch on first-time buyers (FTB) has been particularly notable. Average loan-to-value ratios fell sharply post-2008 and currently stand at 84% (May 2014). Key issues affecting the ability of households and investors to secure mortgage finance are:

- Savings and Capital: the ability to raise a deposit;
- Earnings and Interest Rates: affecting the ability to afford repayments;
- Lending Criteria: key criteria which have to be met to secure finance.

5.13 The typical first-time buyer income multiple in May 2014 was 3.43 times their gross income. Low mortgage interest rates have kept borrowers' payment burden low. First-time buyers spent 19.5% of gross income on capital and interest payments. Over the past year or so first-time buyer numbers have been increasing but remain well below levels pre-2007.

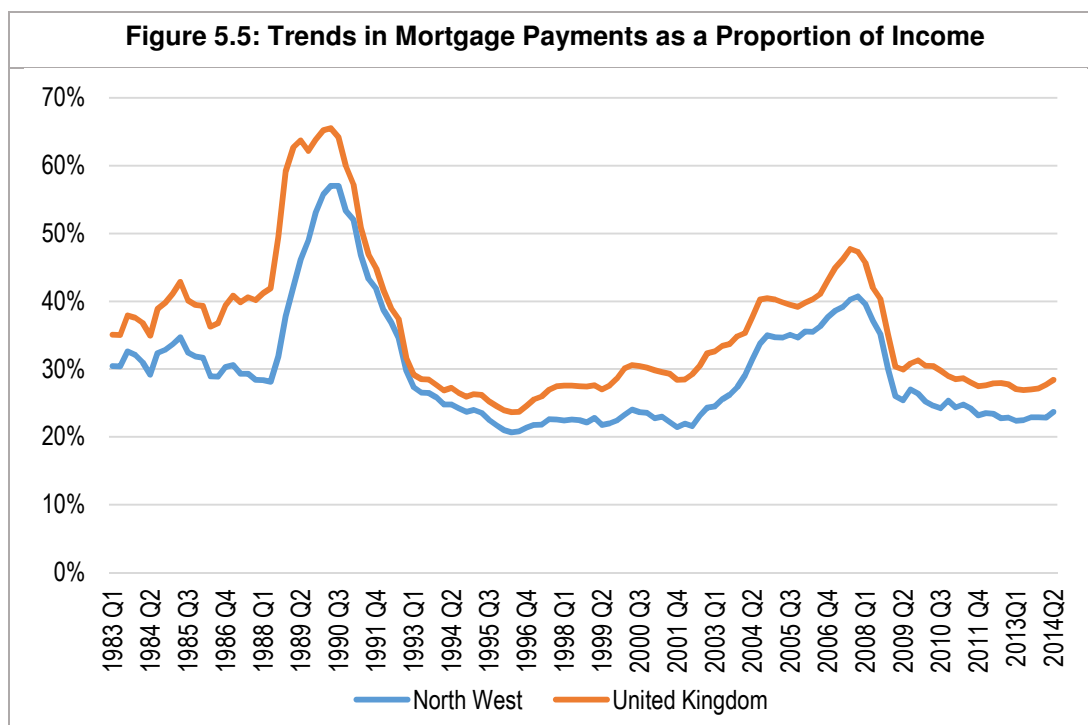
5.14 Market sales are also influenced by investment activity – that is properties bought to be rented privately. The buy-to-let sector continues to grow, with the Council for Mortgage Lenders indicating that the number of new buy-to-let loans in the first quarter of 2014 was slightly up on the fourth quarter of 2013 to 47,000, up 1% on the previous quarter and 46% on the first quarter of 2013.

5.15 For those with a sufficient deposit, housing is now actually relatively affordable given the reductions in the value of homes in some areas since the peak of the market in 2007 and low interest rates by historic standards. The figure below demonstrates the trend in mortgage interest rates over the past 15 years.



Source: Bank of England Statistics

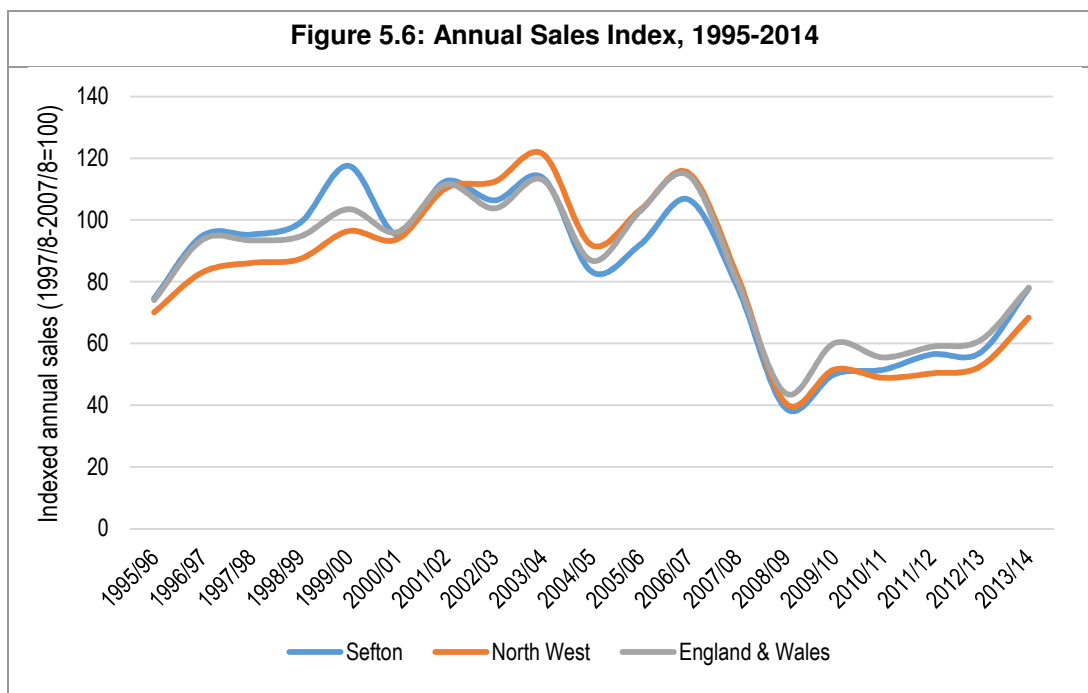
- 5.16 A key indicator of the affordability of market housing is the balance between housing costs (i.e. mortgage payments) and incomes. Data for Q2 2014 shows that in the North West (24%) mortgage repayments account for a lower proportion of salary than across the UK (28%) and that this is significantly down on the peak of the market in Q3 2007 when mortgage repayments were on average 40% of gross income across the region. By this measure housing is now as “affordable” as it was in the late 1990s.



- 5.17 We can therefore see that the key constraint on the market is not the affordability of housing (in terms of the ability of households to cover mortgage repayments), but the ability of households to raise a sufficient deposit and to meet lending criteria to secure mortgage finance.

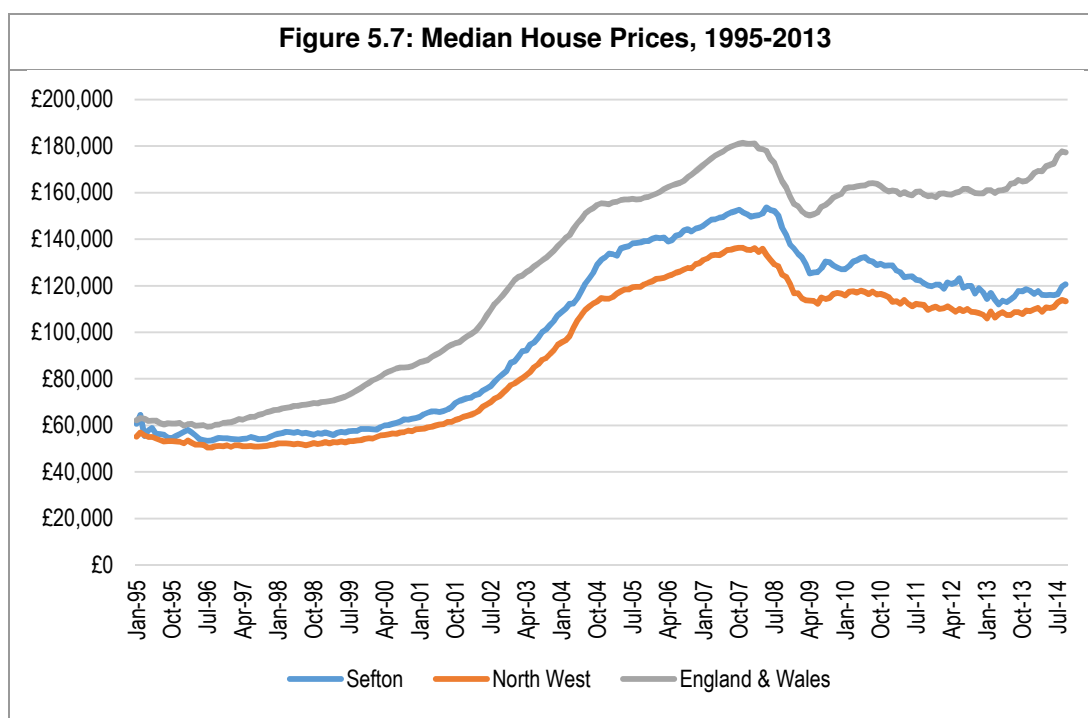
Housing Demand Indicators in Sefton

- 5.18 Next we turn to consider sales. We regard sales trends as indicative of effective demand for market housing. The figure below provides an index of annual sales where 100 is the average sales over the decade to 2007/8. The analysis indicates a market ‘dip’ in 2004/5 (linked to a rise in interest rates). However it shows a substantial drop in sales in 2008/9 to a level 60% below the long-term trend. There has been some recovery through 2013 and 2014 but sales are still 20% down on the long-term trend.
- 5.19 Access to mortgage finance is the key constraint to market performance here, impacting on levels of both first-time buyers and investment purchases towards the bottom of the market in particular. This has a cascading impact on overall market vitality and confidence (and impacts on chains of sales).



Source: Land Registry

- 5.20 Over the decade to 2007 median house prices grew strongly, increasing by about 250% across Sefton. This was slightly more than the growth achieved across the North West Region but below the average for England & Wales. The pattern of house price change in Sefton was broadly in line with other areas. Prices grew over the decade by £100,000 in the Borough relative to growth of £85,000 across the region and about £115,000 nationally.
- 5.21 House price dynamics since 2007 have been quite different and Sefton looks to have performed below average – the Borough seeing a decline in prices in-line with regional and national trends but no significant recovery (which has been observed nationally). Whilst regional data also shows a continued decline in prices the trend for Sefton is more marked. Since the 2nd quarter of 2009 average prices in Sefton have decreased by 5%; this contrasts with a 2% decline regionally and a 10% increase for England & Wales. No adjustment has been made to the figures to take account of inflation – were we to factor in inflation then the data would show an even greater fall in house prices in real terms over the past few years.



Survey of Local Prices and Rents

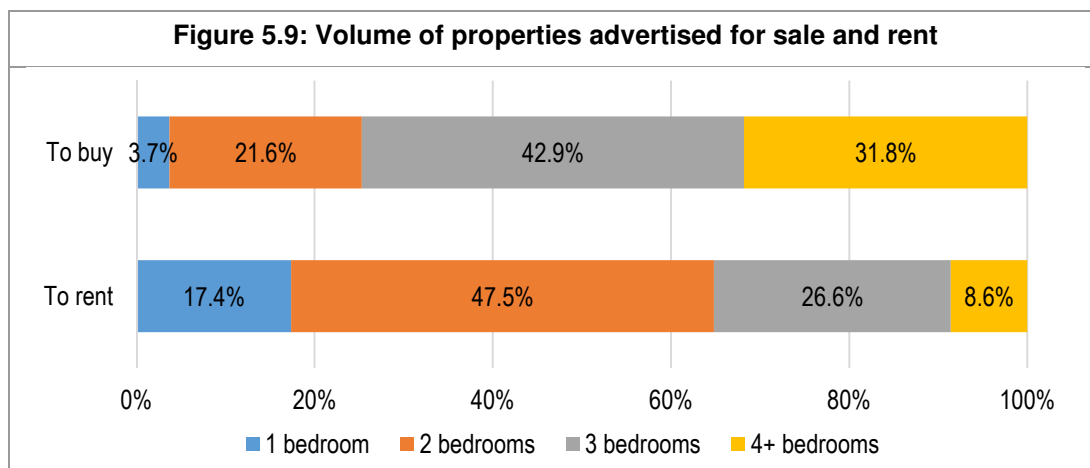
- 5.22 An important part of the SHMA is to establish the entry-level costs of housing to buy and rent – this data is then used in the assessment of the need for affordable housing. The housing needs assessment compares prices and rents with the incomes of households within the Borough to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having a ‘housing need.’
- 5.23 In this section we establish the entry-level costs of housing to both buy and rent across the Borough and in each of the sub-areas used in analysis. Our approach has been to carry out a desktop survey using internet sources. For each area we looked at prices and rents for different sizes of property from one to four bedrooms. For the purposes of analysis (and to be consistent with CLG guidance) we have taken lower quartile prices and rents to reflect the entry-level point into the market.
- 5.24 The figure below shows estimated lower quartile property prices and rents obtained from this search for the whole Borough. The prices of homes to buy have been reduced slightly (on average by about 5%) to take account of the difference between asking prices and prices paid based on information from the Hometrack website.
- 5.25 The data shows that entry-level costs to buy are estimated to start from about £58,000 for a one-bedroom home and rising to £215,000 for four bedrooms. For privately renting the costs range from £375 to £780 per month depending on the size of property. There are also significant variations by location which are discussed later in this section.



Source: Online Estate and Letting Agents Survey (October 2014)

5.26 When compared with a similar analysis in the 2013 Draft SHMA this information suggests only limited changes in prices and rents over the past year. Looking at prices first the analysis suggests slightly lower prices for 1- and 2-bedroom homes in 2014 (down by 4%-6%) with higher prices for 3+ bedroom accommodation (up by 3%-8%). In the rental sector the analysis is suggesting a small increase in 1- and 4-bedroom property costs and a small drop for 2- and 3-bedroom homes. The differences are fairly minor and are likely to be influenced as much by the profile of homes available to buy/rent at the time of the market survey as by any real changes in costs. Overall, the analysis would support the view that there has been relatively little change over the past year.

5.27 The figure below shows the volume of properties for sale and rent in the Borough. The data clearly shows that the sale market is biased towards larger properties with the opposite being true for private rentals. In total, some 75% of homes advertised for sale had three or more bedrooms compared with just 35% of homes to rent. It is also notable that a sixth of homes to rent had only one-bedroom (compared with just 4% of sale properties). The profile of homes available in 2014 is broadly similar to figures presented in the 2013 Draft SHMA. The analysis does however show a slightly higher proportion of larger homes in the sale sector and a commensurate reduction in larger homes to rent. As with prices it is not clear if this is a real shift or has simply been influenced by the profile of homes available at the time of the market survey.



Source: Online Estate and Letting Agents Survey (October 2014)

- 5.28 In addition to rental costs from our internet survey we have looked at the maximum amount of Local Housing Allowance (LHA) payable on different sized properties within the Borough. Maximum LHA payments are based on estimates of rents at the 30th percentile and should therefore be roughly comparable with our estimates of lower quartile costs. However, due to the boundaries of the Broad Rental Market Areas (BRMA) used by the Valuation Office Agency (VOA) it is not possible to make direct comparison.
- 5.29 Parts of the Borough fall into two different BRMAs; Southport which covers Southport and Formby but extends beyond the Borough to include other settlements including Ormskirk and Burscough and Greater Liverpool which is predominantly the City of Liverpool but includes southern parts of Sefton up to Crosby and Maghull.
- 5.30 The table below compares the LHA payment limits for the two BRMAs with our estimates of rental costs from the market survey (split into Southport/Formby and rest of Borough). There are some differences between the LHA maximum levels and the market survey estimates. In the Southport BRMA the market survey estimates are higher for larger property sizes – this would suggest that rents in parts of the BRMA outside of the Borough are generally lower and may mean that some households will have to ‘top-up’ their rents to be able to afford housing. For the rest of Sefton the figures are more consistent although the market survey does show a notably lower rent for one bedroom homes – this is largely due to particularly low rents for this size of home in Bootle. Overall however the BRMA data tends to support the outputs of the market survey.
- 5.31 To the table below we have also added LHA rates for room only accommodation. The amount able to be claimed for a room is around 60-75% of the figure for a self-contained one bedroom property.
- 5.32 When compared with analysis of LHA rates at the time of the 2013 Draft SHMA it can be observed that there has been very little change over the past year. In fact, particularly in the Liverpool BRMA there appears to be some reductions in the maximum payable for some dwelling sizes – for example, 2-bedroom homes have reduced from £475 pcm down to £450 pcm with 4-bedroom homes also having been reduced by £25 per month. Figures in the Southport BRMA for 2013 and 2014 are very similar.

Size	Southport BRMA – LHA limit	Southport & Formby – Market survey	Greater Liverpool BRMA – LHA limit	Rest of Sefton Borough – Market survey
Room only	£289	-	£241	-
1 bedroom	£392	£390	£396	£357
2 bedrooms	£525	£514	£450	£472
3 bedrooms	£600	£645	£525	£512
4 bedrooms	£750	£852	£650	£719

Source: VOA data (November 2014) and Market Survey (October 2014)

Cost of Affordable Housing

- 5.33 Traditionally the main type of affordable housing available in an area is social rented housing and the cost of social rented accommodation by dwelling size can be obtained from Continuous Recording (CoRe) – a national information source on social rented lettings. The table below illustrates the rental cost of lettings of social rented properties by size in 2013/14. As can be seen the costs are significantly below those for private rented housing indicating a gap between the social rented and market sectors. This gap increases for larger properties.

Size	Monthly rent (including service charges)
1 bedroom	£325
2 bedrooms	£373
3+ bedrooms	£388
Lower quartile (all sizes)	£343

Source: CoRe (2014)

- 5.34 Changes in affordable housing provision has seen the introduction of a new tenure of affordable housing (Affordable Rented). Affordable rented housing is defined in the NPPF as being '*let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable)*'. In the short-term it is likely that this tenure will replace social rented housing for new delivery, however, the tenure is initially only being trialled for four years and so this situation may change in the future.
- 5.35 Affordable Rented housing can therefore be considered to be similar to social rented housing but at a potentially higher rent. The 80% (maximum) rent is to be based on the open market rental value of the individual property and so it is not possible to say what this will exactly mean in terms of cost (for example the rent for a two-bedroom flat is likely to be significantly different to a two-bedroom detached bungalow). In addition, market rents for newbuild homes are likely to be higher than within the existing stock and may well be in excess of 80% of lower quartile rents.
- 5.36 However, for the purposes of analysis we have assumed that the 80% figure can be applied to the lower quartile private rented cost data derived from our market survey. This has been applied on a sub-area basis and figures are presented below.

Sub-Area Prices and Rents

- 5.37 At a sub-area level we have carried out a similar analysis to the above. The main exception is that in some areas the supply of some sizes of accommodation is insufficient to be able to reasonably calculate an entry-level cost analysis for the full range of sizes. The analysis therefore provides figures by taking account of all properties available across the whole of an area (to both buy and rent). Sub-area figures are shown in the table below.
- 5.38 The data shows that prices are lowest in Bootle, followed by Netherton. At the other end of the scale we see a much higher lower quartile price for Formby and to a lesser extent Maghull/Aintree and Crosby. In all areas the analysis is significantly affected by the profile of properties available for sale which for example in Formby are more likely to be larger and more expensive homes. Similar patterns are seen for privately renting although the differences are not as great. In this analysis the lowest rents were found to be in Bootle with the highest figures again for Formby and Maghull/Aintree.
- 5.39 Across the whole Borough the analysis suggests a lower quartile property price of about £126,000 and a private rent figure of about £475 per month. When compared with a similar analysis carried out as part of the 2013 Draft SHMA the overall average price in Sefton has increased by about 8% (from £117,000) whereas the average lower quartile rent is unchanged. All areas have seen an increase in the lower quartile purchase price – the strongest change has been seen in Formby (up by over 20% from £184,000) whereas the average lower quartile price has only increased by about 4% in Bootle. For private rents there appears to have been a decrease in Southport, Bootle and Netherton, with increases seen in other areas. These changes may however to some degree be influenced by the profile of homes available to rent at the time of the market survey.

Figure 5.12: Lower quartile property prices and private rents by sub-area

Sub-area	Lower quartile purchase price	Lower quartile private rent (pcm)
Southport	£124,000	£450
Formby	£223,000	£625
Maghull/Aintree	£143,000	£625
Crosby	£138,000	£525
Bootle	£57,000	£395
Netherton	£81,000	£450
Sefton	£126,000	£475

Source: Online Estate and Letting Agents Survey (October 2014)

Gaps in the Housing Market

- 5.40 The table below estimates how current prices and rents in each of the six sub-areas might equate to gross household income levels required to afford such housing. The figures are based on the figures derived in the table above and we have added a column for affordable rent (set at 80% of our entry-level private rent estimate) and also a column for the income required to afford an average social rent without the rent becoming more than 30% of income. The data clearly indicates a gap between the costs of 'entry-level' market housing and the social rented sector – demonstrating the potential for intermediate and affordable rented housing to meet some of the affordable need.

5.41 In Bootle it is notable that the estimated affordable rent level is below a lower quartile social rent; this suggests in affordability terms that affordable rent will not assist in meeting housing need. The gap between affordable and social rents is also quite small in Netherton and Southport.

Figure 5.13: Indicative income required to purchase/rent without additional subsidy

Sub-area	Lower quartile purchase price	Lower quartile private rent	Affordable rent	Lower quartile social rent
Southport	£35,400	£18,000	£14,400	£13,700
Formby	£63,700	£25,000	£20,000	£13,700
Maghull/Aintree	£40,900	£25,000	£20,000	£13,700
Crosby	£39,400	£21,000	£16,800	£13,700
Bootle	£16,300	£15,800	£12,600	£13,700
Netherton	£23,100	£18,000	£14,400	£13,700
Sefton	£36,100	£18,900	£15,100	£13,700

Source: Online Estate and Letting Agents Survey (October 2014) and CoRe

5.42 For illustrative purposes the calculations are based on 3.5 times household income for house purchase and 30% of income to be spent on housing for rented properties. The figures for house purchase are based on a 100% mortgage for the purposes of comparing the different types of housing.

Policy Implications: Housing Market Dynamics

We have seen a fundamental shift in housing market conditions since 2007 driven by banks' more cautious approaches to lending. First-time buyers, the lifeblood of the housing market, now require at least a 10% deposit although average figures are much higher – this has significantly restricted their numbers. Over the last five years house prices have fallen in real terms.

Effective market demand has declined; with sales evidence suggesting it was 20% down in 2013/14 on typical levels for the decade to 2007/8. This is in part driven by availability of mortgages, with some sign that this has improved over the past year. Government schemes such as Help-to-Buy are starting to have some impact locally. The limited availability of mortgages appears to be resulting in a displacement of demand towards the rented tenures with the private rented sector in particular having seen substantial and sustained growth. The relatively weak sales market therefore does not mean that there is no underlying need/demand for new homes. Looking forward it seems likely that the private rented sector will continue to be the key growth sector in the housing market.

Average prices to buy homes in the Borough area are relatively low when compared with national figures although the cost vary significantly by area. This will restrict the ability of many local households in some locations to buy properties which again leads to increased demand for rented accommodation or the possibility that younger people move away to secure more highly paid employment.

The critical constraint for many young households are levels of savings; for competitive mortgages at least a 10% deposit is required, which many young households do not have. The average deposit of recent first-time buyers nationally is around 20%. Many first-time buyers as a result are relying on assistance from relatives. While public sector programmes could potentially contribute to addressing this, the financial implications and potential take-up (given the gap between house prices and local incomes) will need to be carefully considered.

In the private rented sector the number of Housing Benefit (HB) claimants has been rising and the sector is playing a substantial role in meeting the needs of households unable to afford market housing. The Council should take steps to ensure that the quality and security of this tenure of accommodation is able to provide a reasonable long-term solution to housing problems given the relative lack of social tenancies availability.

We expect housing market conditions to gradually improve over the next few years, although this will be dependent on continued improvement in the national (and even World) economy. There is however a risk of a further 'credit crunch' and/or recession with significant impacts on the housing market. This would lead to further subdued rates of household formation and continuing strong demand for private rented accommodation.

6. Future Housing Requirements

Introduction

- 6.1 In the 2013 Draft SHMA a series of demographic projections were developed to look at likely future housing need across the Borough. This included developing projections linked to demographic trends and job growth and used the most recent data available at the time. This included the 2011-based 'interim' subnational population projections (SNPP), the 2011-based 'interim' CLG household projections and 2012 mid-year population estimates (by ONS). The analysis at the time concluded that the draft Local Plan provision for 10,700 additional units from 2012 to 2030 (594 per annum¹) was sound – fitting as it did, somewhere in the range of projections developed.
- 6.2 Since the 2013 Draft SHMA, Nathaniel Lichfield and Partners (NLP) have been commissioned by the Council to update their earlier work in relation to housing numbers and hence provide a current view about the objectively assessed level of need for housing in the Borough. Given this new work, the 2014 SHMA does not provide new projections, but relies on the work by NLP. Below we have provided a summary of the NLP work which largely replicates the non-technical summary provided as part of the recent report.

NLP – HEaDROOM Update Report – Review of the Objectively Assessed Need for Housing in Sefton

Introduction

- 6.3 NLP was originally appointed by Sefton Council in March 2011 to prepare a study analysing local housing needs in the Borough. The study set out the scale of future housing needs based upon a range of housing, economic and demographic factors, trends and forecasts to help the Council make informed policy choices and identify their housing requirement through their Local Plan process. The study concluded that an appropriate dwelling requirement for Sefton Borough should be around 480 dwellings per annum.
- 6.4 Following the release of the updated 2010 and 2011-based Sub-National Population Projections (SNPP) and selected 2011 Census population data in 2012, it was recognised that there was a need to undertake a refresh of the previous NLP work to ensure that the housing requirements were as up-to-date and robust as possible. The subsequent 2012 Update concluded that an uplift to the previous figure, to 575 dpa, would be appropriate.

¹ This figure includes an assessment of future housing requirements along with a backlog to make up for under-provision (when measured against the former Regional Spatial Strategy requirements) and a 5% buffer to allow for the potential non-delivery of sites

- 6.5 Since that time, a considerable amount of data has been released by ONS, CLG and the 2011 Census, alongside the Government's new Practice Guidance. A series of High Court judgements have also helped to clarify the process to be taken in defining objectively assessed needs (OAN) for housing. In particular:
- a) In April 2013 CLG published the 2011-based (Interim) Household Projections, providing updated projections of future household change
 - b) Also in April 2013 the ONS mid-year estimates series for mid-2001 to mid-2010 were revised following the 2011 Census. This dataset provided updated estimates of past population growth within the Borough, following the findings of the Census 2011
 - c) The National Planning Practice Guidance was published in March 2014. This supersedes previous guidance on housing need and clarifies that the assessment of development needs should be objective, based on facts and unbiased evidence
 - d) In May 2014 ONS released the 2012-based SNPP, which supersedes the 2010 and 2011 equivalents and fully takes into account information from the 2011 Census.
- 6.6 These factors mean that it was appropriate for the assessment of housing needs to be updated again in order to ensure that the evidence is fully up-to-date in order to inform continued work on the Sefton Local Plan. NLP was appointed to update the relevant parts of previous studies and to provide evidence on the housing market within Sefton and assess how much housing is needed to support the population of the Borough through to 2030. The NLP study '*HEaDROOM Update Report – Review of the Objectively Assessed Need for Housing in Sefton*' was published as a final version in November 2014.

Implications of the New Demographic Data

- 6.7 The results of the 2011 Census revealed that the ONS over-estimated the level of population decline in Sefton between 2001 and 2011 by around 1,050 residents. These figures underpinned the modelling of the 2008 and 2010-based population projections and will have had an important impact on birth, death and migration rates informing the 2011-based SNPP. This is one of the reasons why it is considered that greater weight can be placed on the recently published 2012-based SNPP which was fully integrated with the 2011 Census data.
- 6.8 Whilst population growth is a key component of change, ultimately it is household growth that drives dwelling requirements. Therefore situations can arise whereby an area's population may decline over time but its housing need can increase, due to accelerating household formation rates (i.e. more people living alone, and/or forming smaller households). The latest 2011-based (interim) household projections project a growth of 393 households annually between 2011 and 2021, which is very similar to the 399 per annum projected by the 2008-based equivalents.
- 6.9 However, as the data stops at 2021, a critical consideration is the level of household growth after this time in Sefton, which is driven in large part by assumptions regarding household size, or formation rates. Evidence suggests that Sefton Borough has sustained a pattern of decreasing household size since 2001, including during the recession. Therefore it is difficult to make the case that average household size would not continue to decrease (with household formation rates increasing) post 2021. The issue is, what rate of decrease is likely?

- 6.10 Research by Alan Holmans for the Town and Country Planning Association (TCPA) found that there was an abrupt break with longer term trends in household formation in England between 2001 and 2011 with almost 1 million fewer one-person households in 2011 than had been projected. His research concluded that just under half of this suppression was due to the economic downturn (and particularly the inability of younger would-be households to obtain a suitable mortgage), with the remainder attributed to the culture of recent immigrants forming larger households.
- 6.11 On the basis that Sefton Borough has historically had a relatively low number of immigrants moving into the area compared to national and regional rates, it is likely that much of the slowdown in household formation was due to the economic downturn. Over a longer period to 2030, it is likely that household formation will begin to accelerate as the wider economy returns to growth and people's personal circumstances, and access to mortgage finance, continue to improve.
- 6.12 NLP modelled a number of potential future scenarios and sensitivity tests exploring the housing implications of applying different household formation rates, with the 'Index' approach (whereby rates follow the longer term rate of growth post 2021 in line with the 2008-based projections) ordinarily preferred as the 'baseline' starting point, and supported by a number of recent Inspector's decisions. However, in the case of Sefton, given the relatively low proportion of residents settling in the area from abroad, immigration is likely to have had a lesser impact on household formation than elsewhere. On this basis, it appears reasonable to consider that as the economy continues to recover, rates are more likely to return – and begin to catch up – to the long term trends seen in the 2008-based household projections. As such, NLP modelled additional scenarios with greater assumed improvements to household formation rates.

Defining the Housing Market Area

- 6.13 NLP also reviewed evidence about the extent of the Housing Market Area (HMA) as has also been done earlier in this report. The NLP report recognises an HMA as a geography at which around 70% of local moves are self-contained. On this basis, and using 2001 Census data on migration, 2011 Census data on commuting patterns and data within the 2013 Draft SHMA, it was concluded that the Borough has a self-containment rate of above 70% and can be considered a single HMA for the purposes of the study. The report does however, recognise that there remain strong linkages between Southport to the north of the Borough and West Lancashire District to the east, as well as strong commuting linkages with Liverpool City generally.

Market Signals

- 6.14 The NPPG indicates that once an assessment of need based upon household projections is established, this should be adjusted to reflect key market signals. A worsening trend in any of the key indicators requires some upward adjustment to planned housing numbers by an amount that, on reasonable assumptions and consistent with principles of sustainable development, could be expected to improve affordability.
- 6.15 Most of the market signals identified in guidance have been assessed in this report although the NLP report considers these, and their implications in more detail.

- 6.16 Following an analysis of market signals it was considered that some upward adjustment could be necessary compared to adjoining areas, particularly due to the under-delivery of housing in recent years. However, the scale of adjustment to housing supply over and above demographic-led projections at this time would be moderate, in line with the NPPG.
- 6.17 It was considered appropriate to apply an additional uplift above and beyond the demographic starting point by around 10% in order to plan positively for growth; to address worsening market signals; improve affordable housing issues; and address the consequences of past under-delivery. The extent of the uplift is approximate to the 53 dwellings per annum past under-delivery and also closely relates to the number of concealed households (i.e. a household that neither owns nor rents the dwelling within which they reside and wishes to move and form a separate household) in the Borough.

The Future Housing Market

- 6.18 In order to identify what might be the future need for housing in Sefton, a number of different scenarios for levels of population, housing and economic growth were tested by NLP. These scenarios adopted a range of alternative assumptions about how the future may be different from the present. The intention was not to assume that a single scenario or set of assumptions is the 'best' to adopt. Rather, it is to use the scenarios to understand the likelihood and implications of different levels of change. Twelve main scenarios were tested (alongside a number of sensitivity tests), flowing from attempts to answer different questions:
- Demographic Led: *"How much development is required to meet projected levels of population change?"*
 - Economic-led: *"How much development is required to ensure forecasts of future employment change are supported by the local labour supply?"*
 - Housing Led Reality Checks: *"What would be the implications in social and economic terms, of delivering a set target of dwellings?"* (this does not directly inform the definition of the OAN but is a useful comparator to the demographic and employment led scenarios).
- 6.19 A number of key themes were evident for all of these scenarios and are central to future housing provision in Sefton:
1. An Ageing Population, with the number of over 85s in particular increasing at a very high rate;
 2. The number of residents of working age is forecast to decline sharply over the Plan period;
 3. Natural change is a negative demographic driver in the Borough, with deaths increasingly exceeding births over the Plan period; and
 4. Although out-migration is likely to continue, overall net migration is positive over the Plan period.

An Objective Assessment of Housing Need

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

- 6.21 The NLP report highlights that it is implied within each of the higher (employment-led) scenarios where net in-migration is a core growth component, that the Borough will be meeting housing needs originating from outside of the HMA.
- 6.22 The full range of outputs from the NLP modelling is shown in the table below. This is split between the three types of projection and individual scenarios within these broad groupings. All figures are for the number of dwellings needed per annum over the 2012-30 period. Full descriptions about the scenarios can be found in the NLP report.

Figure 6.1: Sefton Updated Modelling Scenarios (2012-30) – figures per annum

Projection type	Projection scenario	Dwellings per annum
Demographic-led	CLG Projections + vacancy	419
	Baseline	502
	Baseline – STATIC HEADSHIP	416
	Baseline – TREND HEADSHIP	408
	Baseline – PARTIAL CATCH-UP	548
	Baseline – ACCELERATED PARTIAL CATCH-UP	562
	Baseline – CATCH-UP HEADSHIP	687
	Baseline + 4.29% Vacancy (Index)	476
	Natural Change	215
	Zero net migration	182
Economic-led	Sefton Experian	1,122
	LEP Job growth	686
	LEP Job growth Policy-on	873
	Job stabilisation	803
	Past trends Job growth	-189
Housing-led	Average Past Delivery	463
	Urban Containment	252
	Draft Local Plan Preferred Option	594

Source: NLP

- 6.23 NLP notes that an objective assessment of housing need (OAN) must be a level of housing delivery which meets the needs associated with population and household growth, addresses the need for all types of housing including affordable and caters for housing demand (NPPF, para 159). Furthermore, a planned level of housing to meet objectively assessed need must respond positively to wider opportunities for growth and should take account of market signals, including affordability (NPPF, para 17).
- 6.24 Taking into account the range of evidence reviewed above, the following stepped approach was used by NLP to identify Sefton’s housing OAN:
- The starting point:** Household projections published by CLG provide the ‘starting point’ estimate of overall housing need. The most recent CLG household projections (2011-based) of 419 dpa 2011-2021 therefore provide the first stage in considering needs. However, such a scenario in isolation makes no allowance for the Council’s economic growth needs or national policy requirements to ‘boost significantly’ the supply of housing;

2. **Justification for adjusting the demographic projections:** There is justification for adjusting the household projections for two key reasons: to reflect higher rates of household formation than assumed within the 2011-based household projections; and to reflect updated migration and population change from the 2012-based SNPP. It is considered that Sefton's household formation rates are more likely to begin to catch up to the 2008-based household projections. The 'accelerated partial catch up rate' scenario would be more appropriate to use to reflect the increased likelihood that as economic conditions continue to improve this will enable more local residents to access the housing market.
3. **The demographic-led needs:** On the basis of the above, it is considered that demographic-led needs are best represented by the 'accelerated partial catch up rate' scenario (562 dwellings per annum)
4. **Upwards adjustment in response to market signals:** A slight worsening of some of the market signals, and particularly past under-delivery of dwellings, provides an indication of tightening demand and suggests that there needs to be some improvement in affordability to stabilise the increasing house prices and affordability ratios. This would justify a slight uplift to the figures over and above the level suggested by the demographic projections. The NPPG states (paragraph 2a-020) that this should be set at a level which could be reasonably expected to improve affordability. Whilst a number of market signals do not indicate signs of worsening, and whilst there are very clear disparities across the Borough (most notably between the northern and central areas, such as Formby, and the southern urban areas most notably Bootle), the Practice Guidance states that a worsening trend in any of the key indicators will require upward adjustment to planned housing numbers. NLP's judgement was that, balancing the various key market indicators, an uplift in the region of around 53 dpa would be appropriate. This is just under a 10% uplift and is also approximate to addressing the past under-delivery/concealed households over an 18-year plan period.
5. **Alignment with affordable housing, economic and employment growth needs:** At the top end of the range, there is a need to deliver a realistic level of housing that provides for the economic needs of the Borough. In this regard, it is considered that the Experian job growth would result in a level of housing need that would generate population growth many times in excess of anything that has been achieved in recent years and should be discounted. Whilst recognising that there is not a direct causal relationship between employment growth and dwelling requirements, clearly the two are fundamentally related. As such, a level of housing growth of 800 dpa would stabilise the job market in Sefton and sustain the economy moving forward in line with the 'job Stabilisation' scenario. This is in excess of the LEP job growth baseline (686 dpa) but below the LEP 'Policy On' figure of 873 dpa which, as the title suggests, would be a housing 'requirement' rather than 'OAN' test;
6. **Alignment with affordable housing needs:** The OAN should go a significant way towards meeting the affordable housing needs of the local population. However it needs to be recognised that the scale of need is unlikely to be fully addressed through the Section 106 process, and that in practice, the significant shortfall between the need for and supply for affordable housing is largely being met by the Private Rented Sector. This point is discussed in more detail in the next section of this report

- 6.25 On the above basis NLP concluded that an objective assessment of housing need and demand for Sefton Borough falls within the range 600 dpa to 800 dpa, equivalent to between 10,800 and 14,400 net additional dwellings over the 18-year plan period 2012 to 2030.
- 6.26 The NLP report notes that it is for Sefton Council to form a view on a suitable housing requirement within this broad range for their emerging Local Plan, They do however continue to suggest that a figure of around 615 dwellings per annum would be most appropriate and realistic.
- 6.27 The report highlights that the 615 figure presents the result of the clear stepped approach to defining housing need as set out in the Practice Guidance and the NPPF, with the demographic starting point adjusted to take into account local issues such as the low rate of immigration and the likelihood of a return to long term household formation rates; and uplifting the resultant demographic figure to account for a worsening in certain (although by no means all) market signals.
- 6.28 Such a figure would be realistic and would still represent a significant 'boost' to past supply, increasing long term delivery rates by almost a third. Conversely, in determining whether any selected Local Plan Housing Requirement should align with the upper end of the OAN range, Council consideration will need to be given to Sefton's economic role within the sub-region and whether there is a realistic prospect of this changing through the application of policy. This is particularly the case in the light of the significant growth projected in the economically inactive population, in particular those over the age of 85.
- 6.29 It is further recognised that going for higher rates of growth would be a policy choice for Sefton Council to take that would have significant impacts on adjoining authorities, most notably Liverpool City, with whom the Borough has strong commuting and migratory relationships. There would be a clear risk that planning for a level of housing growth that is well in excess of the level of the household projections, and one based solely on going for unrealistic levels of job growth, would risk under-mining the regeneration of Liverpool City and other nearby Merseyside, Lancashire and Cheshire authorities.

Conclusion

- 6.30 The overall conclusion of the NLP study is therefore that an OAN housing range of between 600 and 800 dwellings per annum has been identified for the 2012-30 period. This is on the basis of taking the latest household and population projections as the starting point for identifying OAN; accelerating household formation rates to anticipate a return to growth over the longer term; and uplifting the requirement further as an appropriate supply-side response to allow for adverse/worsening market signals, affordable housing requirements and economic/employment needs.
- 6.31 NLP consider that greater weight could be placed on a figure of around 615 dwellings per annum within this broad range because this forms the result of the clear stepped approach to defining housing need as set out in the NPPG and the NPPF. Such a figure would be realistic and would represent a significant 'boost' to past supply.

6.32 NLP do however recognise that their study is just one part of the planning balance that must be weighed by the Council and a number of other factors will be relevant for Officers in defining Sefton's local housing requirement and which may require further consideration. This includes:

- The wider policy objectives for the Borough, taking account of national policy and the implications of the statutory 'duty to cooperate' in terms of what is planned in neighbouring authorities;
- The constraints to housing delivery and other development, including assessments of infrastructure capacity, the 2013 Consequences Study, land supply, environmental capacity, and development viability
- How future levels of housing delivery can support relevant economic and employment strategy objectives to maintain and enhance Sefton's economy, including for local businesses and providing local employment choices for residents;
- The views of local residents and other stakeholders as identified through consultation exercises; and
- The policy provisions of the NPPF which state, among other things, that "local planning authorities should positively seek opportunities to meet the development needs of their area" and "*Local Plans should meet objectively assessed needs... unless as adverse impact of doing so would significantly and demonstrably outweigh the benefits.*"

Policy Implications: Future Housing Requirements

The National Planning Policy Framework (March 2012) is clear that local housing requirements should *'be based on household and population projections, taking account of migration and demographic change'*. More recent National Planning Policy Guidance (March 2014) helps to provide more detail about how the requirements of the NPPF should be approached and provides a methodology for assessing the housing needs of an area.

In the case of Sefton analysis has been undertaken by Nathaniel Lichfield and Partners (NLP) over a number of years to assess, and keep updated, an evidence base about the objectively assessed level of need for housing in Sefton.

The most recent NLP report draws on the most recent published population projections (the 2012-based SNPP) and models a range of scenarios for growth looking at different approaches to household formation and economic growth.

The overall conclusions of the study are that the objectively assessed level of need falls somewhere in the range of 600 to 800 dwellings per annum in the 2012-30 period; with a figure of 615 per annum suggested as being the most realistic when taking account of the range of analytical requirements of the NPPG.

We have reviewed the work by NLP and would consider that it does provide a robust assessment of the need for housing in the Borough. It closely aligns with the requirements of guidance and uses sensible and transparent assumptions in coming to the core conclusions.

This SHMA has not therefore sought to undertake any additional or alternative analysis and draws on the conclusions of the NLP report in the following sections. This includes the modelling of affordable housing need and mix against the population growth in the 2012-based SNPP and also the household and dwelling outputs implied by a figure of 615 additional homes being provided per annum on average in the 2012-30 period.

7. Affordable Housing Need

Introduction

- 7.1 In this section we discuss levels of affordable housing need in each of six sub-areas of Sefton. The analysis in this section has all been updated from a similar exercise carried out in the 2013 Draft SHMA and at the end of the section a comparison is made between the outputs of the modelling carried out in each of the 2013 Draft SHMA and in this report.
- 7.2 Affordable housing need is defined in SHMA guidance as the quantity of housing required for households who are unable to access suitable housing without financial assistance. These households will be eligible for affordable housing. Affordable housing is defined in the National Planning Policy Framework as social rented, affordable rented and intermediate housing provided to eligible households whose needs are not met by the market.
- 7.3 Government guidance on Strategic Housing Market Assessments sets out a model for assessing housing need (known as the Basic Needs Assessment Model). This model has been used herein.
- 7.4 It should be recognised that in establishing housing requirements, evidence of both housing need and demand should both be considered. This section, addressing affordable housing need specifically, needs to be considered alongside the evidence of demand presented; and the demographic and economic-led projections of housing requirements. Land availability, infrastructure requirements, viability (as well as funding available for affordable housing), Sustainability Appraisal and the views of the local community and wider stakeholders also need to be considered in the development of planning policy.
- 7.5 The analysis is based on secondary data sources. It draws on a number of sources of information including 2011 Census data, demographic projections, house prices/rents and income information.
- 7.6 The housing needs model is based largely on housing market conditions (and particularly the relationship of housing costs and incomes) at a particular point in time – the time of the assessment – as well as the existing supply of affordable housing which can be used to meet housing need. The base date for analysis is 2014 (e.g. data about housing costs and incomes is for 2014). However, it is recognised that the analysis should align with other research and hence estimates of affordable housing need are provided in this section on an annual basis for the 18-year period between 2012 and 2030 (to be consistent with the emerging Local Plan and the overall housing need analysis described in the previous section).

Key Definitions

- 7.7 We begin by setting out key definitions relating to housing need, affordability and affordable housing.

Housing Need

- 7.8 Housing need is defined as the number of households who lack their own housing or who live in unsuitable housing and who cannot afford to meet their housing needs in the market.

Newly-Arising Need

- 7.9 Newly-arising (or future) need is a measure of the number of households who are expected to have an affordable housing need at some point in the future. In this assessment we have used trend data from the Continuous Recording of lettings (CoRe) system along with demographic projections about the number of new households forming (along with affordability) to estimate future needs.

Supply of Affordable Housing

- 7.10 An estimate of the likely future supply of affordable housing is also made (drawing on secondary data sources about past lettings). The future supply of affordable housing is subtracted from the newly-arising need to make an assessment of the net future need for affordable housing.

Affordability

- 7.11 Affordability is assessed by comparing household incomes, based on income data modelled using a number of sources including CACI, ASHE, the English Housing Survey (EHS) and ONS data, against the cost of suitable market housing (to either buy or rent). Separate tests are applied for home ownership and private renting (in line with the SHMA Guidance) and are summarised below:
- A. Assessing whether a household can afford home ownership: A household is considered able to afford to buy a home if it costs 3.5 times the gross household income – CLG guidance suggests using different measures for households with multiple incomes (2.9×) and those with a single income (3.5×), however (partly due to data availability) we have only used a 3.5 time multiplier for analysis. This ensures that housing need figures are not over-estimated – in practical terms it makes little difference to the analysis due to the inclusion of a rental test (below) which tends to require lower incomes for households to be able to afford access to market housing;
 - B. Assessing whether a household can afford market renting: A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than 30% of gross income. Previous CLG guidance (from 2007) suggests that 25% of income is a reasonable start point but suggests that a higher figure could be used. Given the levels of income at which Housing Benefit might start to be available (more like 40%-45%) it seems prudent to increase the figure slightly from the standard 25%.
- 7.12 It should be recognised that a key challenge in assessing housing need using secondary sources is the lack of information available regarding households' existing savings. This is a key factor in affecting the ability of young households to purchase housing particularly in the current market context where a deposit of at least 10% is typically required for the more attractive mortgage deals. However in many cases households who do not have sufficient savings to purchase have sufficient income to rent housing privately without support, and thus the impact on the overall assessment of housing need is limited.

Affordable Housing

7.13 The NPPF provides the definition of affordable housing (as used in this report). The following is taken from Annex 2 of NPPF.

“Affordable housing includes social rented, affordable rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

- *Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices;*
- *Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.”*

7.14 Within the definition of affordable housing there is also the distinction between social rented affordable rented, and intermediate housing. Social rented housing is defined as:

“Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency as a condition of grant.”

7.15 Affordable rented housing is defined as:

“Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80 per cent of the local market rent (including service charges, where applicable).”

7.16 The definition of intermediate housing is shown below:

“Intermediate affordable housing is ‘Housing at prices and rents above those of social rent, but below market price or rents. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent but does not include affordable rented housing.”

7.17 As part of our analysis in this report we have therefore studied the extent to which both social rented, intermediate housing and affordable rented housing can meet housing need in Sefton.

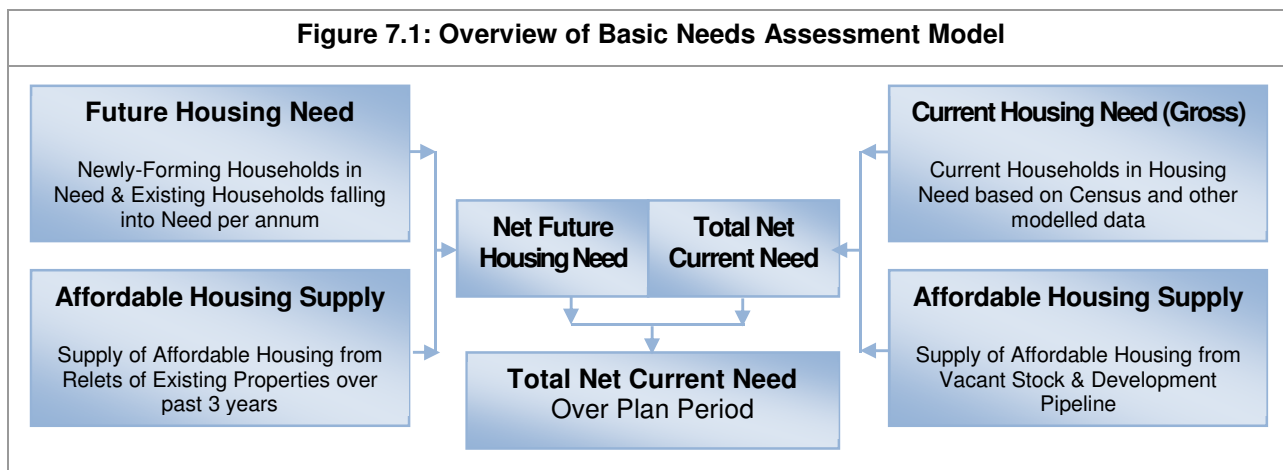
Affordability

7.18 To assess affordability we have looked at households ability to afford either home ownership or private rented housing (whichever is the cheapest), without financial support. The distribution of household incomes is then used to estimate the likely proportion of households who are unable to afford to meet their needs in the private sector without support, on the basis of existing incomes. This analysis brings together the data on household incomes with the estimated incomes required to access private sector housing.

7.19 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). Assumptions about income levels are discussed for relevant analyses where relevant in the analysis that follows.

Housing Needs Assessment

7.20 Affordable housing need has been assessed using the Basic Needs Assessment Model, in accordance with the CLG Practice Guidance. This model is summarised in the chart below.



7.21 The figures presented in this report for affordable housing needs have been based on secondary data sources including analysis of 2011 Census data. The housing needs modelling undertaken provides an assessment of housing need for an 18-year period (which is then annualised). Each of the stages of the housing needs model calculation are discussed in more detail below.

Current Housing Need

7.22 In line with CLG guidance, the current affordable housing need has been based on estimating the number of households living in unsuitable housing along with consideration of their current tenure and affordability. One problem with guidance is that Councils are encouraged to use secondary data sources and yet the list of reasons for unsuitability (or housing need) include a number which cannot readily be established without conducting a local survey (e.g. households with insecure tenancies or housing that is too expensive compared to disposable income). For this reason the analysis in this section draws on secondary data but also makes estimates of likely need through the modelling of data based on the profile of households in each sub-area where secondary data is unable to provide the required outputs. Unsuitable housing can broadly be described as *housing inhabited by a household for which it is deemed unsuitable due to a set of fixed criteria taking into account its size, type, design, location, condition or cost.*

7.23 Unsuitability is based on the number of households shown to be overcrowded in the 2011 Census (updated to a 2014 base) along with an estimate of other needs which have been modelled by comparing the tenure profile in each area with information from previous surveys about households in need. Much of these additional needs are found in the private rented sector and relate to issues around security of tenure and housing costs.

- 7.24 The analysis suggests some 3,589 overcrowded households (using the bedroom standard) along with an estimated 2,780 households with other needs. In total it is therefore estimated that around 6,369 households are currently living in unsuitable accommodation – this represents 5.3% of the estimated number of households in Sefton in 2014. This figure is consistent with the level of unsuitability shown in the 2008 SHMA (once in-situ solutions are removed) – the 2008 SHMA showed 6,374 households as living in unsuitable housing and who needed to move to resolve their problems.
- 7.25 In taking this estimate forward, the data modelling estimates housing unsuitability by tenure. From the overall number in unsuitable housing (6,369) households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise). The analysis also excludes all outright owners under the assumption (which is supported by analysis of survey data) that they will have sufficient equity to move and 90% of owners with a mortgage. Again analysis of a range of recent surveys indicates that the vast majority of owners with a mortgage are able to afford housing once savings and equity are taken into account. A final adjustment (which is fairly small in Sefton) is to slightly reduce the unsuitability figures to take account of student-only households – such households could technically be overcrowded but would be unlikely to be considered as being in housing need.
- 7.26 At the time of the assessment there were an estimated 2,824 households living in unsuitable housing (excluding current social tenants and the majority of owner-occupiers) – this represents 2.4% of all households in the Borough. The figure below shows the current locations of these households by sub-area – the data suggests some variation in the level of unsuitability with a particularly high figure (of 3.3%) in Southport and lower levels of unsuitability in Formby and Maghull/Aintree. Differences between areas are largely driven by the size of the private rented sector in each area.

Figure 7.2: Estimated number of households in unsuitable housing

Area	In unsuitable housing	Total number of households	% in unsuitable housing
Southport	1,321	40,162	3.3%
Formby	108	10,097	1.1%
Maghull/Aintree	200	15,552	1.3%
Crosby	468	21,212	2.2%
Bootle	464	16,215	2.9%
Netherton	263	15,830	1.7%
Sefton	2,824	119,067	2.4%

Source: 2011 Census and data modelling

- 7.27 The figure for those in unsuitable housing (who also need to move to alternative accommodation) is consistent with data from the Council's Housing Register (which would be an alternative source to study the current need). Data from Local Authority Housing Statistics for 2013 shows 8,283 households on the Sefton Housing Register of which 3,103 are also considered to be in a reasonable preference category (i.e. in need).

7.28 Our estimated level of current affordable need is therefore 2,824. We can however additionally consider that a number of these households might be able to afford market housing without the need for subsidy. For an affordability test we have used the income data and adjusted the distribution to reflect the observation that typically households living in unsuitable housing have an average income which is around 69% of the figure for all households in an area². Overall, around 41% of households with a current need are estimated to be likely to have sufficient income to afford market housing and so our estimate of the total current need is reduced to 1,669 households. The 41% figure is an estimate of the likely proportion of households living in unsuitable housing whose income falls at or above the thresholds set out to be able to afford market housing.

Figure 7.3: Estimated Current Affordable Housing Need by Sub-Area			
Area	In unsuitable housing	% Unable to Afford	Revised Gross Need (including Affordability)
Southport	1,321	55.1%	728
Formby	108	60.0%	65
Maghull/Aintree	200	67.6%	135
Crosby	468	60.4%	283
Bootle	464	62.1%	288
Netherton	263	64.6%	170
Sefton	2,824	59.1%	1,669

Source: 2011 Census, data modelling and affordability analysis

Newly-Arising Need

7.29 To estimate newly-arising (projected future) need we have looked at two key groups of households based on the CLGs SHMA Guidance. These are:

- Newly forming households; and
- Existing households falling into need.

Newly-Forming Households

7.30 For newly-forming households we have estimated (through our demographic modelling) the number of new households likely to form over the 2012-30 period and then applied an affordability test. 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. This differs from the output of demographic projections which are for net household growth.

² The figure of 69% has been derived from analysis of a range of previous surveys carried out by JGC across the Country – this figure appears to be fairly consistent regardless of location.

- 7.31 The use of gross household formation for this part of the analysis is clearly spelt out in guidance (both the 2007 SHMA guide and the more recent NPPG of March 2014) and has been established for some years as the correct approach. The analysis is specifically designed to consider the needs of younger people entering the housing market. The affordable housing needs methodology does however consider the impact of households who have ceased to exist (died) through the analysis of supply and the relets subsequently generated.
- 7.32 The number of newly-forming households are limited to households forming who are aged under 45. This methodology is recognised in guidance as a robust method for assessing the number of newly forming households which notes that *'at 45 it is assumed headship rates plateau'* (CLG SHMA guidance 2007 (Annexes, page 19, para 17)).
- 7.33 The estimates of gross new household formation have been based on outputs from projections which provide for a dwelling increase of 615 per annum over the 2012-30 period (11,070 additional homes in total). This links to the NLP analysis to update estimates of overall housing need for the plan period. In looking at the likely affordability of newly-forming households we have drawn on data from previous surveys. This establishes that the average income of newly-forming households is around 84% of the figure for all households – this figure is remarkably consistent across areas.
- 7.34 We have therefore adjusted the overall household income data to reflect the lower average income for newly-forming households. The adjustments have been made by changing the distribution of income by bands such that average income level is 84% of the all household average³. In doing this we are able to calculate the proportion of households unable to afford market housing without any form of subsidy (such as LHA/HB). Our assessment suggests that overall around 51% of newly-forming households will be unable to afford market housing. The table below shows estimates of the need arising from newly forming households by area. Over a quarter of the need arising from new households is expected to be in the Southport sub-area.

Figure 7.4: Estimated Level of Housing Need from Newly Forming Households (per annum)

Area	Number of new households	% unable to afford	Total in need
Southport	604	45.2%	273
Formby	142	50.4%	71
Maghull/Aintree	232	58.5%	135
Crosby	330	51.0%	168
Bootle	288	52.9%	152
Netherton	268	55.6%	149
Sefton	1,863	50.9%	948

Source: Projection Modelling/affordability analysis

³ The figure of 84% has been derived from analysis of a range of previous surveys carried out by JGC across the Country – this figure appears to be fairly consistent regardless of location.

Existing Households falling into Housing Need

- 7.35 The second element of newly arising need is existing households falling into need. This is an estimate of the number of households currently living independently within Sefton whose circumstance will change such that there is a requirement for affordable housing.
- 7.36 To assess this we have used information from CoRe. We have looked at households who have been housed over the past three years – this group will represent the flow of households onto the Housing Register over a three-year period. From this we have discounted any newly forming households (e.g. those currently living with family) as well as households who have transferred from another social rented property. An affordability test has also been applied, although relatively few households are estimated to have sufficient income to afford market housing.
- 7.37 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 households applicants)’*.
- 7.38 The figure below therefore shows our estimate of likely new need from existing households per annum moving forward by location. The data shows an additional need arising from 639 households each year, with a notably high proportion of these being in Bootle and Netherton.

Figure 7.5: Estimated level of Housing Need from Existing Households (per annum)

Area	Number of Existing Households falling into Need	% of Need
Southport	97	15.1%
Formby	11	1.7%
Maghull/Aintree	28	4.4%
Crosby	99	15.4%
Bootle	216	33.7%
Netherton	189	29.6%
Sefton	639	100.0%

Source: CoRe/affordability analysis

- 7.39 Estimates of total future housing need which is likely to arise each year are shown below, by combining the estimates of need arising from newly-forming households and from existing households falling into need. Total newly-arising need is estimated at 1,587 each year moving forward to 2030.

Area	Newly-forming Households in Need	Existing Households falling into Need	Total Newly-Arising Need (per annum)
Southport	273	97	369
Formby	71	11	82
Maghull/Aintree	135	28	164
Crosby	168	99	267
Bootle	152	216	368
Netherton	149	189	338
Sefton	948	639	1,587

Supply of Affordable Housing

- 7.40 The future supply of affordable housing is the flow of affordable housing arising from the existing stock that is available to meet future need. It is split between the annual supply of social/affordable rent relets and the annual supply of relets/sales within the intermediate sector.
- 7.41 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. We have used information from the Continuous Recording system (CoRe) to establish past patterns of social housing turnover. Our figures include general needs and supported lettings but exclude lettings of new properties plus 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. Additionally an estimate of the number of 'temporary' supported lettings have been removed from the figures (the proportion shown in CoRe as being lettings in direct access hostels or foyer schemes).
- 7.42 On the basis of past trend data it has been estimated that 1,221 units of social/affordable rented housing are likely to become available each year moving forward.

Total lettings	1,994
% as non-newbuild	91.9%
Lettings in existing stock	1,833
% non-transfers	71.3%
Sub-total	1,306
% non-temporary housing	93.5%
Total lettings to new tenants	1,221

Source: CoRe

- 7.43 The supply figure is for social/affordable rented housing only and whilst the stock of intermediate housing in Sefton is not significant compared to the social/affordable rented stock it is likely that some housing does become available each year (e.g. resales of shared ownership). For the purposes of this assessment we have estimated the likely size and turnover in the intermediate stock on the basis of 2011 Census data as well as a consideration of the number of sales shown on the CoRe database (noting that these will predominantly be new homes). From these sources it is estimated that around 25 additional properties might become available per annum.
- 7.44 The total supply of affordable housing is therefore estimated to be 1,246 per annum. The table below shows the locations where supply is expected to arise. The sub-area estimates have been calculated on the basis of the current stock of affordable housing within each location.

Figure 7.8: Supply of affordable housing by sub-area

Area	Social/affordable rented relets	Intermediate housing 'relets'	Total supply (per annum)
Southport	195	11	207
Formby	21	1	22
Maghull/Aintree	52	2	53
Crosby	190	2	192
Bootle	410	6	416
Netherton	353	4	356
Sefton	1,221	25	1,246

Source: Derived from CoRe and 2011 Census

Net Housing Need

- 7.45 The table below shows our overall calculation of housing need. This excludes supply arising from sites with planning consent (the 'development pipeline'). The analysis has been based on meeting housing need over the 18-year period from 2012 to 2030. Whilst most of the data in the model are annual figures the current need has been divided by 18 to make an equivalent annual figure.
- 7.46 The data shows an overall need for affordable housing of 7,815 units over the 18-year period (434 per annum). The net need is calculated as follows:

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

Figure 7.9: Estimated level of Housing Need (2012-30)

	Per annum	18-years
Current need	93	1,669
Newly forming households	948	17,071
Existing households falling into need	639	11,499
Total Gross Need	1,680	30,239
Supply	1,246	22,424
Net Need	434	7,815

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

7.47 The table below shows the annualised information for individual sub-areas. The analysis shows a need for additional affordable housing in most areas with Southport seeing the highest need (203 units per annum). Both Bootle and Netherton show small surpluses of affordable housing – this is consistent with the relatively large stock of affordable housing along with some of the cheapest housing costs in the Borough. The findings for Bootle and Netherton need to be understood in the context of the analysis undertaken – the analysis at this stage does not consider whether there are specific shortfalls of types, tenures or sizes of affordable housing in these locations. The tenure of affordable homes is considered later in this section with sizes of homes being considered in Section 8 and types of housing (in relation to older people) being discussed in Section 9.

Figure 7.10: Estimated level of Housing Need per annum						
Area	Current need	Newly forming households	Existing households falling into need	Total Need	Supply	Net Need
Southport	40	273	97	410	207	203
Formby	4	71	11	86	22	64
Maghull/Aintree	8	135	28	171	53	118
Crosby	16	168	99	282	192	91
Bootle	16	152	216	384	416	-32
Netherton	9	149	189	347	356	-9
Sefton	93	948	639	1,680	1,246	434

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

- 7.48 The table below repeats the above data along with information about the scale of need compared with the current number of households and also the relationship between supply and need. This allows consideration of the level of need on a more standardised basis to see which areas have greater (or lesser) stresses on affordable supply.
- 7.49 The table shows that some 47% of the need arises in Southport (reducing to 43% if we exclude the Bootle/Netherton surpluses). However, due to the higher number of households in this area the need when standardised is actually slightly lower than in either Maghull/Aintree or Formby. When comparing the level of gross need with supply the data shows a particular pressure in Formby and Maghull/Aintree. In Formby, the estimated level of supply is only 26% of the need – current affordable housing provision is therefore only expected to be able to meet about a quarter of the need.

Figure 7.11: Estimated level of Housing Need per annum

Area	Total Need	Supply	Net Need	% of net shortfall	% of net shortfall (excluding surpluses)	Supply as % of need	Net need per 1,000 households
Southport	410	207	203	46.8%	42.7%	50.4%	5.06
Formby	86	22	64	14.7%	13.4%	25.6%	6.31
Maghull/Aintree	171	53	118	27.2%	24.8%	31.1%	7.58
Crosby	282	192	91	20.9%	19.1%	67.9%	4.28
Bootle	384	416	-32	-7.4%	0.0%	108.4%	-1.98
Netherton	347	356	-9	-2.1%	0.0%	102.6%	-0.57
Sefton	1,680	1,246	434	100.0%	100.0%	74.2%	3.65

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

Role of the Private Rented Sector in Meeting Housing Need

- 7.50 As well as considering the supply of social/affordable rented and intermediate housing it is important to examine the extent to which the private rented sector (through the Local Housing Allowance (LHA) system) is meeting the needs of households in the area. We have therefore used data from the Department of Work and Pensions (DWP) to look at the number of LHA supported private rented homes. As of May 2014 it is estimated that there were 10,594 benefit claimants in the private rented sector; this is 10% higher than the number observed three years earlier (in May 2011).
- 7.51 What this information does not tell us is how many lettings are made each year to tenants claiming benefit as this will depend on the turnover of stock. From English Housing Survey we estimate that the proportion of households within the private sector who are “new lettings” each year (i.e. stripping out the effect of households moving from one private rented property to another) is around 13%. Applying this to the number of LHA claimants in the private rented sector gives us an estimate of 1,377 private sector lettings per annum to new LHA claimants in the Council area. This figure is derived from claimants rather than households and it is possible that there are a number of multiple LHA claimant households (i.e. in the HMO sector).
- 7.52 The overall estimated number of lettings in the LHA part of the PRS can therefore be seen to be greater than the total net need derived through housing needs analysis. It is not however appropriate to net it from the overall annual housing needs estimate of 434 affordable homes per annum. Neither the SHMA Guidance (CLG, 2007) nor the NPPF (CLG, 2012) recognise this sector as affordable housing.
- 7.53 However, it should be recognised that, in practice, the private rented sector does make a significant contribution to filling the gap in relation to meeting housing need and given the levels of affordable housing need shown in this study, the private rented sector is likely to continue to be used to some degree to make up for the shortfall of genuine affordable housing for the foreseeable future.

- 7.54 The role of the private rented sector in meeting affordable needs has been recognised in a number of Local Plan inspectors' reports. This includes Bath and North East Somerset (June 2014) where the inspector stated that *'there is no justification for setting aside a continuing substantial role for affordable housing needs being met through the private rented sector with housing benefit. Whilst there are a number of uncertainties about how the market and public assistance will interact in the future, this is not a reason for ignoring the likely contribution that private accommodation will continue to make'* and also neighbouring Mendip Council (October 2014) where the same view was reached (by a different inspector): *'it must be recognised that the private rented sector does in practice make a significant contribution to meeting the need for affordable housing and the likelihood is that it will continue to do so to some degree in the foreseeable future'*.
- 7.55 It is therefore reasonable to assume that the private rented sector will continue to meet some needs moving forward. However it should be recognised that the PRS does not provide secure tenancies and that standards within the sector are likely to be lower than for social rented properties. Furthermore there are households with specific housing needs who may not be able to find suitable accommodation within the PRS. For these reason the Council should continue to seek to provide as much affordable housing as is feasible on individual sites (subject to viability considerations for example). Given the level of affordable need identified in this report and the size of the benefit supported PRS, the opportunity does appear to exist for the Council to gradually reduce the reliance on this sector over time.

Understanding the Context to the Housing Needs Assessment

- 7.56 The housing needs analysis concludes that there is a shortfall of 7,815 affordable homes over the period from 2012 to 2030 (434 per annum). However there are a number of things that need to be remembered in interpreting the housing needs analysis.
- 7.57 The Basic Needs Assessment Model which has been used was designed specifically to identify whether there is a shortfall or surplus of affordable housing. It is a statutory requirement to underpin affordable housing policies.
- 7.58 The needs assessment therefore does not look at all housing needs, but specifically the needs of those who can't afford market housing (assuming no more than 30% of households' gross income is spent on housing costs). It assumes that all households are adequately housed in a home that they can afford.
- 7.59 It should be recognised that the needs assessment is a 'snapshot' assessment at a point in time, which is affected by the differential between housing costs and incomes at that point; as well as the existing supply of affordable housing. In the case of Sefton the stock of affordable housing (social rented) decreased by about 9% over the 2001-11 decade and has fallen further still as a proportion of all households. This will affect the level of affordable housing need. The shortfall of affordable housing identified is therefore to some extent influenced by past investment decisions.
- 7.60 Moreover, as the Basic Needs Assessment Model is designed to identify a shortfall of genuine affordable housing, it assumes that all households in 'housing need' are housed in affordable homes (which includes provision that the home remains at an affordable price for future eligible households).

7.61 In reality, there are two key factors which need to be considered:

- Many households defined as in housing need may choose to spend more than 30% of their gross income on housing costs or may not actively seek an affordable home; and
- Some households defined as in housing need are accommodated in the Private Rented Sector, supported by Local Housing Allowance.

7.62 It is estimated that there are currently around 10,600 Local Housing Allowance claimants housed in the Private Rented Sector with many more expected to be in this sector and paying more than 30% of their income on housing but not claiming Housing Benefit (for example a single person might need to see their housing costs get up to around 45%-50% of rent before getting Housing Benefit (although other benefits such as working tax credits will kick in below this level))

7.63 As the level of housing need is very sensitive to differences between housing costs and incomes, changes in the difference between incomes and housing costs over time will affect the level of housing need identified.

7.64 Due to the role of the private rented sector in meeting housing need there is no evidence of a significant shortfall in overall housing provision to meet local housing requirements over and above that shown by the demographic modelling (by NLP) and so no additional uplift is required to take account of affordable housing need.

7.65 Given the current stock of affordable housing in the area, the funding mechanisms for delivery of new affordable housing and policies affecting sales of existing properties, it is unrealistic to assume that all households in housing need will be provided with an affordable home. It is realistic to assume that the Private Rented Sector will continue to play an important role in meeting housing need in the short-to-medium term.

Need for Different Types of Affordable Housing

7.66 Having studied housing costs, incomes and housing need the next step is to make an estimate of the proportion of affordable housing need that should be met through provision of different housing products. We therefore use the income information presented earlier in this section to estimate the proportion of households who are likely to be able to afford intermediate housing and the number for whom only social or affordable rented housing will be affordable. The main data sources for establishing housing need are Census data and projections of newly-forming households (along with local income and affordability estimates).

7.67 We have assessed requirements in the form of different income bands which have been associated with different tenures of housing – intermediate and affordable/social rented. Households are considered able to afford intermediate housing if their income is greater than that required to rent at 90% of market rental costs and the income falls below that required to access the market without needing to spend more than 30% on housing costs. Although technically an intermediate product could be provided at below this level, the reality is that most intermediate housing is priced close to market costs.

- 7.68 Households whose income falls below the 90% level are allocated to affordable/social rented housing. Within this groups we would expect a wide range of incomes with some households able to afford a subsidised rent without the need to claim housing benefit whilst others are likely to be claimants regardless of the rent level. It is for these reasons that the analysis has not provided a more detailed split between affordable and social rents.
- 7.69 As long as a rent level falls below the amount of housing benefit able to be claimed then technically any household with an income low enough to claim benefits could access it. This to some degree creates the situation where working households would be better off being allocated social rented housing (if they can pay the rent without benefit) whilst those with very low or no income could access the more expensive affordable rents. Hence the need for social renting vs. affordable renting is not directly linked to different household income levels.
- 7.70 The table below shows our estimate of the number of households in need in each of the intermediate and affordable/social rented categories and estimated net need levels. The data shows that across the Borough some 24% of the need could be met through intermediate housing with the remainder required to be affordable/social rented. Within the intermediate category some care should be taken to ensure that any delivery does meet a housing need. In the current housing market (even with various Government incentives) there are issues about equity based products such as shared ownership and the ability of households to secure the mortgage finance. It may be that some of the intermediate requirement could be provided as affordable rented housing (or something with an equivalent cost) to assist in meeting the needs of households with a reasonable income but little or no capital.

Figure 7.12: Estimated level of Housing Need (per annum) by type of affordable housing

Area	Intermediate			Social/affordable rented		
	Total need	Supply	Net need	Total need	Supply	Net need
Southport	41	11	30	369	195	173
Formby	8	1	7	77	21	56
Maghull/Aintree	15	2	13	157	52	105
Crosby	24	2	23	258	190	68
Bootle	17	6	11	367	410	-43
Netherton	24	4	20	323	353	-29
Sefton	130	25	105	1,550	1,221	330
% of total		24%			76%	

Source: Affordable Housing Needs Analysis

- 7.71 We have taken the above analysis and reworked the figures to provide a suggestion about the types of affordable housing to be provided at both a sub-area and Borough-wide level. In areas where a surplus of social/affordable rented housing is shown it is assumed that there may still be a requirement to provide some intermediate housing. There may also be a case for providing particular types/sizes of social/affordable rented housing in Bootle/Netherton and this is discussed in Sections 8 and 9 of this report.

7.72 Overall, this analysis would suggest (Borough-wide) that around 20% of additional stock should be intermediate housing with the remaining 80% being either affordable or social rented. Even in those areas where a surplus of social rented housing was shown the analysis does suggest that **there is a potential requirement for additional intermediate housing to be provided** and this may help to diversify the housing stock in these areas. There may also be a role for particular sizes and types of social/affordable rented housing in these locations and the provision of additional intermediate housing will need to take account of the cost differences between access to market housing and the likely costs of intermediate housing (e.g. shared ownership) which mean in reality that intermediate housing is no more affordable than current open market access costs.

Figure 7.13: Estimated level of Housing Need (per annum) by type of affordable housing (percentages)

Area	Intermediate	Social/affordable rented	Total
Southport	15%	85%	100%
Formby	12%	88%	100%
Maghull/Aintree	11%	89%	100%
Crosby	25%	75%	100%
Bootle	100%	0%	100%
Netherton	100%	0%	100%
Sefton	21%	79%	100%

Source: Affordable Housing Needs Analysis

7.73 We have presented the net need for social and affordable rented housing together in the table above as we considered that there is a considerable degree of overlap between the ‘client group’ for these tenures of housing. In considering the potential for new affordable rented homes, it is also important to recognise the relative modest difference between the maximum levels at which affordable rents could be set compared to existing social rents, particularly when the service charge is discounted (affordable rent can be set to a maximum of 80% *inclusive of the service charge*).

7.74 We envisage that a notable proportion of prospective tenants for affordable rented homes, particularly for smaller 1 and 2 bed dwellings, could seek alternative and potentially cheaper accommodation in the private rented sector including by considering a move to cheaper parts of the Borough in some circumstances.

7.75 It may also be the case that there is a mismatch between the sizes of accommodation required and the potential supply – One Vision Housing (OVH) officers through the consultation process to the 2013 Draft SHMA particularly highlighted a shortage of one bedroom homes in Bootle and Netherton as a result of the welfare reforms (specifically the ‘Bedroom Tax’). The Council should therefore also consider providing some additional social/affordable housing in these locations (despite the analysis suggesting an overall surplus of affordable housing). This is investigated in more detail in Section 8 below.

7.76 To be clear, although the analysis suggests a surplus of affordable housing in Bootle and Netherton it is considered reasonable to include a small target (of say 15%) for affordable housing to recognise that there will be specific shortages of affordable homes by tenure, type and size or in particular locations within sub-areas.

Potential Green Belt Sites

- 7.77 The analysis in this section has identified a significant need for affordable housing which justifies the 30% target proposed in the draft Local Plan. We would consider that this policy position should equally apply to urban sites as well as any Green Belt sites which may be identified through the Local Plan process. Green Belt sites are less likely to have significant viability issues and do therefore provide the opportunity to deliver large quantities of affordable housing. There is no evidence in this report to suggest that Green Belt sites should be seeking to achieve a different mix of housing to the 80:20 split between affordable/social rented and intermediate housing.
- 7.78 Additionally, despite the analysis identifying a surplus of affordable housing in Bootle and Netherton we would recommend that any Green Belt sites in these locations should also provide affordable housing. Such housing can help to meet needs of the whole Borough and will provide a different housing offer to that which is available in the current residential housing stock.

Comparison with 2013 Draft SHMA

7.79 This section has provided estimates of the overall need for affordable housing by following CLG guidance. It is worthwhile to compare this with a similar analysis carried out in the 2013 Draft SHMA. The table below compares the outputs of that modelling with the outputs in this report – data is provided on a per annum basis for the 2012-30 period. Overall, the analysis shows a higher level of net affordable need in this report than was assessed just a year or so ago. Below we have therefore commented on specific differences and the likely reasons for this:

- Current need – the estimated level of current need is not much different between the assessments. The 2014 figure is slightly higher and this is most probably due to the analysis having been updated to a 2014 base which will reflect a slightly higher number of households in the Borough (and a continued shift towards private renting; the sector in which needs tend to be greatest)
- Newly forming households – the estimated number of newly forming households falling into need is slightly lower in the 2014 assessment than in 2013. The main driver of this estimate is population growth and the number of new household forming. The recent (2012-based) SNPP shows lower population growth than in the projections developed for the 2013 Draft SHMA. As a result the growth in younger households is expected to be lower and hence a lower estimate of need.
- Existing households falling into need – in this case the estimates in the 2014 assessment are slightly higher. Both the 2013 and 2014 assessments used CoRe data to look at this component of need and the difference is therefore likely to be related to this source. The change would imply a slightly increased number of existing households accessing the affordable sector relative to transfers and newly forming households. The apparent reduction in newly forming households along with a rebasing of data (as per current need) would therefore explain the slight upward shift for this component of the model. The difference may also be explained to some extent by a methodological change. In the 2013 assessment past trend data for this component was studied over a 5-year period; in this report we have considered trends over the past 3-years (the use of a 3-year period is to be consistent with the period used to estimate future supply).

- Total Gross Need – although there are change for the different components of the model it is the case that the overall (gross) level of need is pretty similar in each of the assessments. In 2013 the total gross need was estimated to be 1,690 per annum with a very slightly lower figure (of 1,680) shown in this report.
- Supply – the supply of affordable housing in the 2014 assessment is slightly lower than in 2013. This difference largely reflects a methodological change rather than a real change in supply. In this assessment, the supply of temporary accommodation (direct access hostels) has been excluded from the supply – the difference between the figures is almost entirely due to this.

Figure 7.14: Comparing housing needs estimates in 2013 and 2014 – per annum over 18-year period

	2013 assessment	2014 assessment
Current need	88	93
Newly forming households	1,015	948
Existing households falling into need	586	639
Total Gross Need	1,690	1,680
Supply	1,329	1,246
Net Need	361	434

Source: 2013 Draft SHMA and 2014 SHMA

7.80 Overall, the difference between estimates of the annual affordable need can largely be explained by small methodological changes (most notably in relation to supply) although for some individual components (particularly newly forming households) will be affected by new data emerging since the 2013 Draft SHMA – in this instance new population projections. Overall, the shift from a need for 361 affordable homes up to 434 does not change any of the conclusions of the report. Both figures show a need to provide more affordable housing, although neither is sufficient enough in scale (when compared with the role played by the private rented sector) for the analysis to suggest that overall housing provision should be increased to meet the need.

Policy Implications: Affordable Housing Need

The analysis undertaken indicates that there is a need to deliver an additional 434 affordable dwellings per annum between 2012 and 2030 if all households in housing need were to be housed in an affordable home with a secure tenancy (this is 7,815 over the 2012-30 plan period). Analysis at a smaller area level however identifies a surplus of affordable housing in Bootle and Netherton and therefore a shortfall for 475 units per annum in the rest of the Borough. The finding of a surplus of affordable housing in Bootle/Netherton needs to be understood in the context of likely shortages of particular types of accommodation (e.g. by tenure, size or type (such as for older people).

The significant shortfall between the need for and supply for affordable housing is however largely being met by the Private Rented Sector (PRS) which currently has over 10,000 individual claimants for Local Housing Allowance. Taking account of the level of need identified, it is likely that the PRS will continue to contribute to meeting housing need. The Council should work proactively to assist tenants in securing appropriate, good quality accommodation which they can afford. The Council launched a Landlord Accreditation Scheme in July 2013 and the Homelessness Strategy also recognises the need to work with the PRS. This potentially forms the basis for further work with the PRS.

The housing needs analysis provides evidence of housing need in support of policies seeking affordable housing in new developments. However specific policy targets for affordable housing provision should be informed by economic viability assessments which take account of current development economics. In line with the NPPF, policies for affordable housing should be considered alongside other plan policies which impact on development costs including the Community Infrastructure Levy (CIL).

The level of housing need shown by the analysis supports a target of 30% as contained in the draft Local Plan. The Council should consider whether such a target level is relevant for Netherton given the surplus shown in this assessment. A target for intermediate housing in Bootle (and Netherton) should however be considered to provide 'Housing Pathways' for younger (lower income) households to access owner-occupied housing. A target in these areas (Bootle/Netherton) should also be considered where there is evidence of a particular shortage of specific sizes or types (e.g. for the elderly) of accommodation (this is discussed in the following sections). Overall a target in these areas of about 15% is considered to be appropriate – when bringing together evidence in the following section with that above it is considered that the analysis would support this being roughly 7.5% for smaller (1- and 2-bedroom, social/affordable rented homes) and 7.5% intermediate housing (of all sizes).

Drawing the analysis together, in areas other than Bootle and Netherton, we consider that an appropriate strategic policy regarding the affordable housing tenure mix would be for:

80% affordable/social rented homes
20% intermediate housing

This tenure mix is the same as in the Local Plan Preferred Option although we would note that the Local Plan does not take account of the affordable rented tenure which is likely to be a major source of new supply moving forward. Although affordable rented housing will have higher rents than social rented accommodation in most locations it will still be affordable as long as the rents are at or below the LHA limits in different parts of the Borough and it would give certainty if any policy position which might be adopted reflected this.

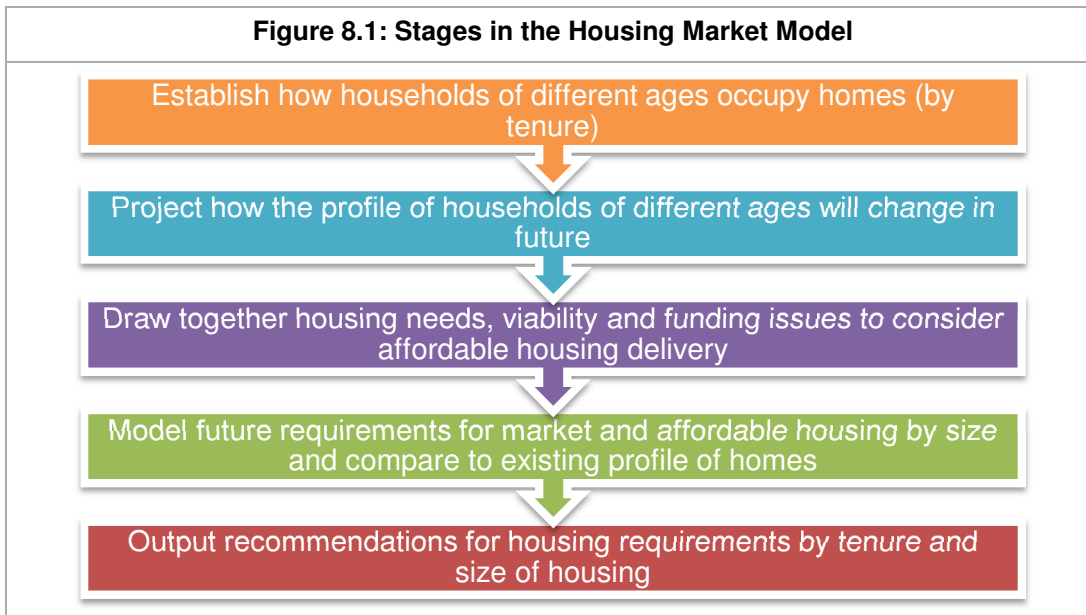
8. Requirements for Different Sizes of Homes

Introduction

- 8.1 As discussed in Section 5, there are a range of factors which influence housing demand. These factors play out at different spatial scales and influence both the level of housing demand (in terms of aggregate household growth) and the nature of demand for different types, tenures and sizes of homes.
- 8.2 In this section we consider in some detail the implications of demographic drivers on demand for different housing products. The assessment is intended to provide an understanding of the implications of demographic dynamics on need and demand for different sizes of homes. This however needs to be brought together with an understanding of wider factors including:
- The need and opportunity to develop the housing offer;
 - The findings of the housing needs analysis which provide a short-term view of requirements;
 - Economic factors, such as trends in employment, overall and by occupation; and
 - Local policy objectives.
- 8.3 The analysis in this section seeks to use the information available about the size and structure of the population and household structures; and consider what impact this may have on the sizes of housing required in the future. For the purposes of this analysis we have looked at the demographic change as indicated in a projection linked to the NLP recommended housing target of 11,070 additional homes from 2012 to 2030; 615 per annum.
- 8.4 A similar analysis was carried out in the 2013 Draft SHMA; whilst much of the base data remains the same (e.g. that related to the Census) it is the case that new demographic projections will have an impact on longer-term needs which through the methodology employed are linked to age structure changes and the way particular age groups are expected to occupy properties.

Methodology

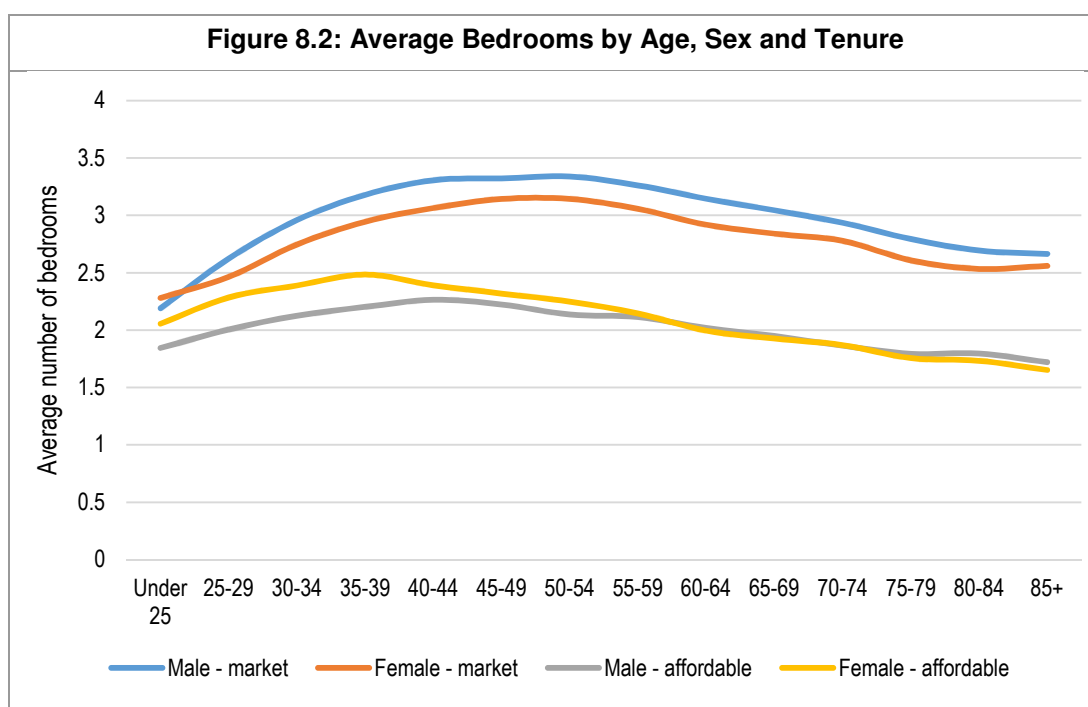
8.5 The figure below describes the broad methodology employed in the housing market modelling. Data is drawn from a range of sources including the 2011 Census and demographic projections.



Understanding how Households Occupy Homes

- 8.6 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 in to 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. The size of housing which households occupy relates more to their wealth and age than the number of people which they contain.
- 8.7 For example, there is no reason why a single person cannot buy (or choose to live in) a four bedroom home as long as they can afford it and hence projecting an increase in single person households does not automatically translate in to a need for smaller units. In the affordable sector this issue is less relevant (particularly since the introduction of the ‘Bedroom Tax’) 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 continue to under-occupy their current homes.
- 8.8 The general methodology is to use the information derived in the projections about the number of household reference persons (HRPs) in each age and sex group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS (Table C1213 which provides relevant data for all local authorities in England) with data then calibrated to be consistent with 2011 Census data (e.g. about house sizes in different tenure groups and locations).

- 8.9 The figure below shows an estimate of how the average number of bedrooms varies by different ages of HRP and different sexes by broad tenure group. In the market sector the average size of accommodation rises over time to typically reach a peak around the 45-54 age groups. In the affordable sector this peak appears earlier. After sizes peak the average dwelling size decreases – possibly due to a number of people down-sizing as they get older. It is also notable that the average size for affordable housing dwellings are lower than those for market housing whilst in market housing male HRPs live in larger accommodation for all age groups (with the opposite trend to some degree being seen in the affordable sector).



Source: Derived from ONS Commissioned Table C1213 and 2011 Census

Establishing a Baseline Position

- 8.10 As of 2012 it is estimated that there were 118,318 households living in Sefton. Analysis of Census data linked to the demographic baseline provides us with an estimate of the profile of the housing stock in 2012, as shown in the table below. The table shows that an estimated 15% of households live in affordable housing 85% being in the market sector (the size of the affordable sector has been fixed by reference to an estimate of the number of occupied social rented and shared ownership homes in 2011). The data also suggests that homes in the market sector are generally bigger than in the affordable sector with 74% having three or more bedrooms compared to 41% for affordable housing.
- 8.11 These figures are for households rather than dwellings due to information about the sizes of vacant homes across the whole stock (i.e. market and affordable) not being readily available. For the purposes of analysis this will not make any notable difference to the outputs. We have however translated the household projections into dwelling figures by including a 4.63% vacancy allowance when studying the final outputs of the market modelling (this is the vacancy rate figure used by NLP in their recent analysis of housing need).

Figure 8.3: Estimated Profile of Dwellings in 2012 by Size

Size of housing	Market		Affordable		Total	
	Number	%	Number	%	Number	%
1 bedroom	6,017	6.0%	5,117	28.9%	11,134	9.4%
2 bedrooms	20,359	20.2%	5,308	29.9%	25,666	21.7%
3 bedrooms	52,504	52.2%	6,508	36.7%	59,012	49.9%
4+ bedrooms	21,711	21.6%	794	4.5%	22,505	19.0%
Total	100,591	100.0%	17,727	100.0%	118,318	100.0%
% in tenure	85.0%		15.0%		100.0%	

Source: Derived from 2011 Census

Tenure Assumptions

- 8.12 The housing market model has been used to estimate future requirements for different sizes of property over the 18-year period from 2012. The model works by looking at the types and sizes of accommodation occupied by different ages of residents, and attaching projected changes in the population to this to project need and demand for different sizes of homes. However the way households of different ages occupy homes differs between the market and affordable sectors (as shown earlier). Thus it is necessary to consider what mix of future housing will be in the market and affordable sectors.
- 8.13 The key assumption here is not a policy target but is influenced by a range of factors. The affordable housing needs analysis in this report provides evidence of considerable affordable need in much of the Borough which would support any target although the viability of providing affordable housing will limit the amount that can be delivered. On the basis of information available we believe that 30% is probably about the maximum affordable housing delivery likely to be achieved in the current market and have developed projections on the basis of 30% of new delivery being in the affordable sector.
- 8.14 In Bootle and Netherton the affordable housing need analysis identified an overall surplus of affordable housing. However, it is recognised that there may be specific shortages of particular types of accommodation (e.g. by size, tenure, type (e.g. for the elderly) or for more localised areas within the wider sub-areas used for analysis). In Bootle and Netherton the additional affordable provision has therefore been set at 15% for the purposes of data modelling.

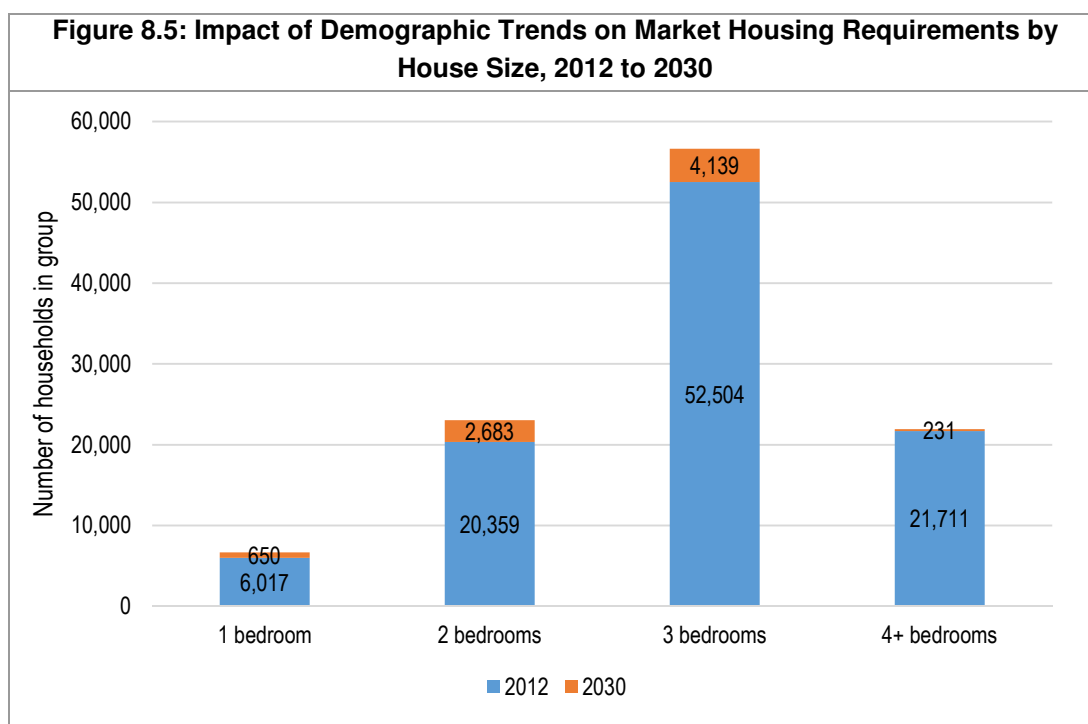
Key Findings: Market Housing

- 8.15 As we have previously identified there are a range of factors which can be expected to influence demand for housing. This analysis specifically looks at the implications of demographic drivers. It uses a demographic-driven approach to quantify demand for different sizes of properties over the 18-year period from 2012 to 2030.
- 8.16 The table and figure below shows estimates of the sizes of market housing required from 2012 to 2030 based on demographic trends for the whole of the Borough. The data suggests a requirement for homes for 7,703 additional households with the majority of these being two- and three-bedroom homes. This figure is derived from analysis of the impact of demographic change with the assumption that 30% of additional housing will be affordable in all areas other than Netherton and Bootle (which uses a figure of 15%).

Size	2012	2030	Additional households 2012-2030	% of additional households
1 bedroom	6,017	6,667	650	8.4%
2 bedrooms	20,359	23,041	2,683	34.8%
3 bedrooms	52,504	56,644	4,139	53.7%
4+ bedrooms	21,711	21,942	231	3.0%
Total	100,591	108,294	7,703	100.0%

Source: Housing Market Model

8.17 The figure below shows how our estimated market requirement compares with the current stock of housing (based on households (i.e. excluding the vacancy allowance)). The data suggests that housing requirements reinforce around the existing profile of stock, but with a slight shift towards a requirement for smaller dwellings relative to the distribution of existing housing. This is understandable given that household sizes are projected to fall slightly in the future (which itself is partly due to the ageing of the population).



Source: Housing Market Model

8.18 The graphs and statistics are based upon our modelling of demographic trends. As we have identified, it should be recognised that a range of factors including affordability pressures and market signals will continue to be important in understanding market demand; this may include an increased demand in the private rented sector for rooms in a shared house due to changes in housing benefit for single people. In determining policies for housing mix, policy aspirations are also relevant.

- 8.19 In the short-term we would expect stronger demand in relative terms for larger family homes as the market for smaller properties is restricted by mortgage finance constraints. Over the 18-year projection period it is anticipated that there will be a continuing market for larger family homes, but the existing stock is expected to make a significant contribution to meeting this demand, as older households downsize (releasing equity from existing homes). If older households choose not to downsize then this could put additional pressure on the family housing stock although the evidence of occupancy patterns shown earlier in this section does indicate that some older households will move to smaller accommodation and it is assumed that such a trend will continue into the future.
- 8.20 As the last few years have shown, there are a range of inter-dependencies which affect housing demand, with effective demand for entry-level market housing currently curtailed by the availability of mortgage finance for first-time buyers and those on lower earnings. This is likely to affect market demand for smaller properties typically purchased by first-time buyers in the short-term.
- 8.21 We are of the view that it is appropriate through the planning system to seek to influence the balance of types and sizes of market housing through considering the mix of sites allocated for development rather than specific policies relating to the proportion of homes of different sizes which are then applied to specific sites. This approach is implicit within NPPF which requires local planning authorities to *'identify the size, type, tenure and range of housing that is required'*.
- 8.22 At the strategic level, a local authority in considering which sites to allocate, can consider what type of development would likely be delivered on these sites. It can also provide guidance on housing mix through policies linked to the size and/or types of homes to be provided.

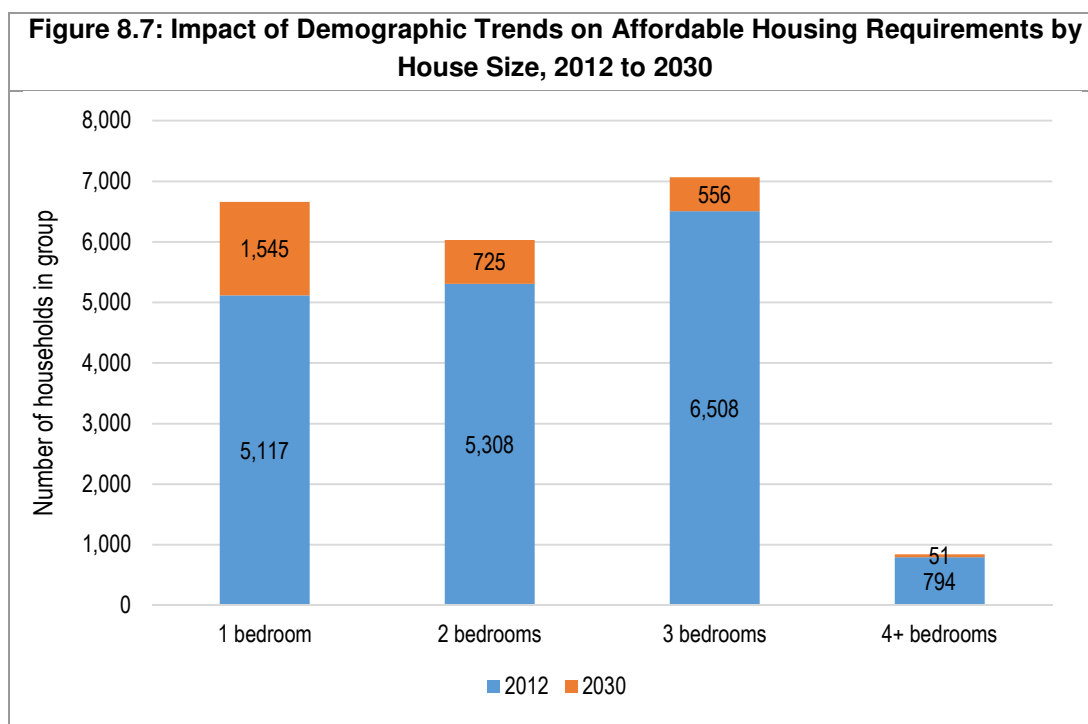
Key Findings: Affordable Housing

- 8.23 The table and figure below show estimates of the sizes of affordable housing required based on our understanding of demographic trends. The data suggests in the period between 2012 and 2030 that around 79% of the requirement is for homes with one- or two-bedrooms with around 21% of the requirement being for larger homes with three or more bedrooms. These figures differ slightly from the Council's Housing Register which in the 2012 Local Authority Housing Statistics suggested that 15% of those registered had a need for three or more bedroom accommodation.
- 8.24 This analysis provides a longer-term view of requirements for affordable housing and does not reflect any specific priorities such as for family households in need rather than single people. In addition we would note that smaller properties (i.e. one bedroom homes) typically offer limited flexibility in accommodating the changing requirements of households, whilst delivery of larger properties can help to meet the needs of households in high priority and to manage the housing stock by releasing supply of smaller properties. That said, there may in the short-term be an increased requirement for smaller homes as a result of welfare reforms limiting the amount of housing benefit being paid to some working-age households.

Size	2012	2030	Additional households 2012-2030	% of additional households
1 bedroom	5,117	6,662	1,545	53.7%
2 bedrooms	5,308	6,033	725	25.2%
3 bedrooms	6,508	7,064	556	19.3%
4+ bedrooms	794	845	51	1.8%
Total	17,727	20,604	2,877	100.0%

Source: Housing Market Model

- 8.25 The table above implies 2,877 additional households in affordable housing in the 2012-30 period (about 160 per annum). This is notably lower than the 434 figure in the main affordable needs modelling (in Section 7). The lower figure is due to the analysis here being based on a view about what might be delivered and implies that there is likely to be a shortfall in provision moving forward. However, as discussed in the previous section it is clear that the private rented sector (through LHA payments) is assisting a large number of households to access housing in the Borough.
- 8.26 The figure below shows how our estimated affordable requirement compares with the stock of affordable housing in 2012 – the figures are based on households (i.e. before adding in a vacancy allowance). Again, the data shows that relative to the current stock there is a slight move towards a greater proportion of smaller homes being required – this makes sense given that in the future household sizes are expected to drop whilst the population of older people will increase – older person households (as shown earlier) are more likely to occupy smaller dwellings. However, the analysis still identifies a requirement for more larger units (particularly three bedroom accommodation).



Source: Housing Market Model

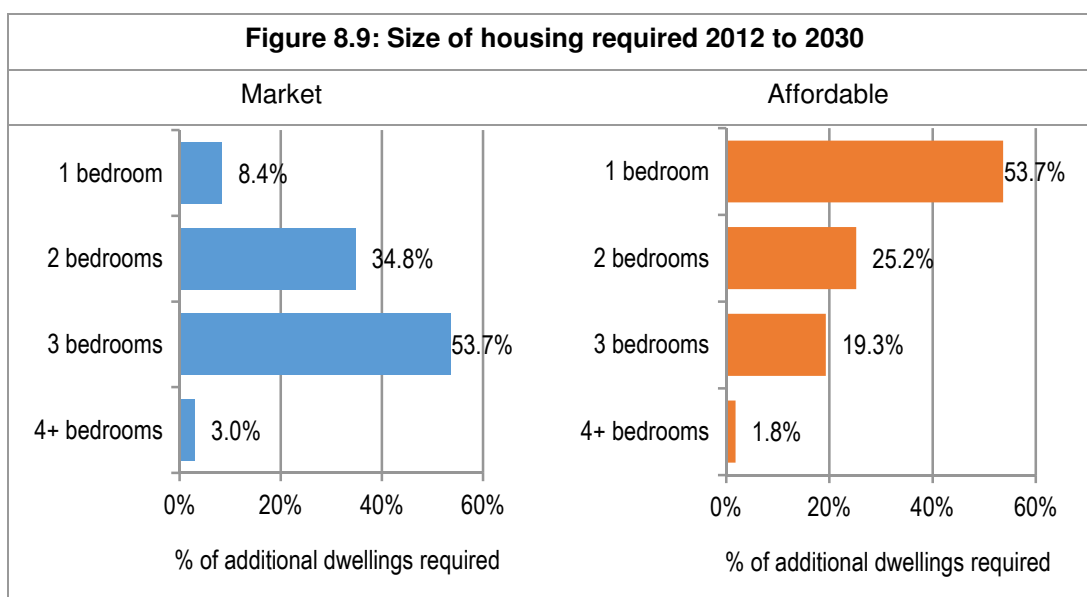
Indicative Targets by Dwelling Size

8.27 The table and figure below summarises the above data in both the market and affordable sectors under the modelling exercise. We have also factored in a 4.63% vacancy allowance in moving from household figures to estimates of housing requirements. Overall, to get to the overall dwelling delivery figure of 11,070 homes the analysis shows a requirement for 8,060 market units and 3,010 in the affordable sector. The affordable sector therefore makes up 27% of the total – this figure is an output of the modelling and is driven by the assumption of 30% affordable delivery in areas other than Bootle and Netherton (where the figure is set at 15%).

Figure 8.8: Estimated dwelling requirement by number of bedrooms (2012 to 2030)

Number of bedrooms	Market			Affordable		
	Households	Dwellings	% of dwellings	Households	Dwellings	% of dwellings
1 bedroom	650	681	8.4%	1,545	1,616	53.7%
2 bedrooms	2,683	2,807	34.8%	725	759	25.2%
3 bedrooms	4,139	4,331	53.7%	556	581	19.3%
4+ bedrooms	231	241	3.0%	51	54	1.8%
Total	7,703	8,060	100.0%	2,877	3,010	100.0%

Source: Housing Market Model



Source: Housing Market Model

8.28 Whilst the outputs of the modelling provide estimates of the proportion of homes of different sizes that should be provided there are a range of factors which should be taken into account in setting policies for provision. This is particularly the case in the affordable sector where there are typically issues around the demand for and turnover of one bedroom homes. We also need to consider that the stock of four bedroom affordable housing is very limited and tends to have a very low turnover. As a result, whilst the number of households coming forward for four or more bedroom homes is typically quite small the ability for these needs to be met is even more limited.

- 8.29 It should also be recognised that local authorities have statutory homeless responsibilities towards families with children and would therefore prioritise the needs of families over single person households and couples. On this basis the profile of affordable housing to be provided would be further weighted to two or more bedroom housing. In the short-term however there may be a need to increase the supply of one-bedroom homes due to the 'Bedroom Tax'. Indeed, the Homelessness Strategy identifies a need for single person accommodation.
- 8.30 For these reasons we would suggest in converting the long-term modelled outputs into a profile of housing to be provided (in the affordable sector) that the proportion of one bedroom homes required is reduced slightly from these outputs with a commensurate increase in four or more bedroom homes also being appropriate.
- 8.31 There are thus a range of factors which are relevant in considering policies for the mix of affordable housing sought through development schemes. At a Borough-wide level, the analysis would support policies for the mix of affordable housing of:
- 1-bed properties: 45%-50%
 - 2-bed properties: 20%-25%
 - 3-bed properties: 20%-25%
 - 4-bed properties: 5%-10%
- 8.32 Our strategic conclusions recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.
- 8.33 The need for affordable housing of different sizes will vary by area across the Borough and over time. In considering the mix of homes to be provided within specific development schemes, the information herein should be brought together with details of households currently on the Housing Register in the local area and the stock and turnover of existing properties.
- 8.34 In the market sector we would suggest a profile of housing that more closely matches the outputs of the modelling. The recommendations take some account of the time period used for the modelling, noting that the full impact of the ageing population will not be experienced in the short-term. In addition, as noted earlier, current constraints on mortgage finance is likely to suppress demand for smaller units in the short-term (particularly those which would normally have high demand from first-time buyers).
- 8.35 On the basis of these factors we consider that the provision of market housing should be more explicitly focused on delivering smaller family housing for younger households. On this basis we would recommend the following mix of market housing be sought:
- 1-bed properties: 5%-10%
 - 2-bed properties: 30%-35%
 - 3-bed properties: 50%-55%
 - 4-bed properties: 5%-10%

- 8.36 Although we have quantified this on the basis of the market modelling and our understanding of the current housing market we believe that the figures should be flexibly applied on specific sites. For example, the characteristics of particular sites may be such that a different profile is more logical (e.g. an urban site may be more suitable for flatted development when compared to greenfield/suburban sites which may be considered more suitable for semi-detached and detached homes). The figures can however be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area.

Smaller-area Housing Market Modelling Outputs

- 8.37 Whilst the analysis above has focused on outputs for the whole Council area the data itself has been built up from analysis at a smaller area level. The tables below provide the outputs of this analysis in terms of the sizes of accommodation estimated to be required in each of the affordable and market sectors for the six different areas.
- 8.38 To a considerable degree the outputs show a reinforcing of the current housing offer in each area with larger homes expected to be required in areas which traditionally have provided larger housing units. This is largely a function of the expected demographic change in these areas and the expectation that household types requiring larger homes are expected to continue seeking these locations.
- 8.39 More specifically, the market housing analysis shows a proportionately higher requirement for four or more bedroom accommodation in Formby than any other area. Whilst the stock of larger homes in Formby is already in excess of other areas it is considered that this location will remain the focus for households seeking larger accommodation types. At the other end of the scale we see the highest one and two bedroom requirement in Southport – this is particularly linked to the older person population and the expected future migration of older people seeking to downsize and move to this location.
- 8.40 For Bootle and Netherton in particular a high requirement for three bedroom homes is shown. Such accommodation is considered appropriate in the market sector to encourage working families to move to or remain in these locations against a backdrop where traditionally families may have moved away from the area. The key in the southern locations will be to diversify the housing stock to provide a range of dwellings which are not currently readily available; this in particular would see a move away from terraced homes in Bootle and from terraces and semi-detached homes in Netherton.

Figure 8.10: Estimated dwelling requirement by number of bedrooms (2012 to 2030) – Market Sector

Sub-area	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	Total
Southport	424	1,431	1,279	33	3,168
Formby	30	253	518	130	932
Maghull/Aintree	44	266	746	29	1,085
Crosby	107	407	610	-11	1,113
Bootle	48	281	444	21	794
Netherton	27	169	734	38	968
Sefton	681	2,807	4,331	241	8,060

Source: Housing Market Model

- 8.41 In the affordable sector, all areas see a majority requirement for one and two bedroom homes although for all locations other than Bootle and Netherton between 20% and 31% of the affordable requirement is expected to be for three or more bedroom properties. In Bootle and Netherton, the analysis suggests that there may be a shortage of one-bedroom homes and to a lesser extent two-bedroom accommodation, with surpluses of other accommodation sizes. In particular the analysis suggests a surplus of three bedroom affordable units – both Bootle and Netherton currently have a significant stock of three bedroom social rented properties within the housing stock. This implies that there may be a need to remodel the existing housing stock in these locations. The finding of a shortage of one bedroom homes and a surplus of three bedroom accommodation is consistent with the views expressed by stakeholders contacted as part of this study.
- 8.42 The analysis and data sources used are not sufficiently fine-grained to allow the shortages of 1- and 2-bedroom homes in Bootle and Netherton to be assigned to specific tenures. However, given the level of shortages implied by the analysis and the views of stakeholder consulted as part of the 2013 Draft SHMA it would be reasonable to conclude that a need for social/affordable rented (1- and 2-bedroom) homes exists in both of these areas.
- 8.43 The figures in the table below differ from our Borough-wide conclusions about the appropriate mix of housing in the affordable sector which also take account of the turnover and flexibility of use of different sizes of homes.

Figure 8.11: Estimated dwelling requirement by number of bedrooms (2012 to 2030) – Affordable Sector

Sub-area	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	Total
Southport	730	302	298	28	1,358
Formby	171	105	109	15	399
Maghull/Aintree	204	123	130	9	465
Crosby	251	131	83	11	477
Bootle	138	41	-32	-7	140
Netherton	123	57	-7	-2	171
Sefton	1,616	759	581	54	3,010

Source: Housing Market Model

Comparison with 2013 Draft SHMA

- 8.44 The table below compares the outputs of this assessment with a similar analysis carried out in the 2013 Draft SHMA. Overall, the analysis suggests a similar pattern with a predominant need for 2- and 3-bedroom homes in the market sector and 1- and 2-bedroom homes for affordable housing. In both sectors there has however been a small shift towards smaller homes in this report.
- 8.45 The change has been driven by underlying demographic projections – more recent projections (linked to the 2012-based SNPP) show a lower level of population growth and a greater relative ageing of the population. Average household sizes are expected to fall more sharply than was assumed in the 2013 Draft SHMA whilst analysis at the start of this section identifies that older person are more likely to live in smaller accommodation than other households. A combination of these factors has led to the small changes in the outputs of the analysis.
- 8.46 It should however be noted that the changes are really quite slight and the conclusions drawn about an appropriate mix of housing (in both the market and affordable sectors) are unchanged from the earlier (2013) SHMA.

Figure 8.12: Comparing modelled size requirements (by tenure) in 2013 and 2014 SHMAs

	Market		Affordable	
	2013	2014	2013	2014
1 bedroom	7.7%	8.4%	52.1%	53.7%
2 bedrooms	32.5%	34.8%	24.5%	25.2%
3 bedrooms	54.3%	53.7%	21.3%	19.3%
4+ bedrooms	5.4%	3.0%	2.1%	1.8%
TOTAL	100.0%	100.0%	100.0%	100.0%

Source: 2013 Draft SHMA and 2014 SHMA

Key Implications: Requirements for Different Sizes of Homes

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. Our analysis linked to long-term (18-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes:

	1-bed	2-bed	3-bed	4+ bed
Market	5-10%	30-35%	50-55%	5-10%
Affordable	45-50%	20-25%	20-25%	5-10%
All housing	15-20%	30-35%	40-45%	5-10%

Our strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

The mix identified above should inform strategic Borough-wide policies. In applying these to individual development sites regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.

Based on the evidence, we would expect the focus of new market housing provision to be on two and three-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2 and 3 beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.

The analysis of an appropriate mix of dwellings should also inform the 'portfolio' of sites which are considered through the Local Plan process, including: Site Allocations, Neighbourhood Plans and other planning documents. Equally it will be of relevance to affordable housing negotiations.

The Council should also consider whether it is appropriate to set out specific space standards for new development, particularly to encourage provision of decent sized family housing (e.g. three bed properties). It should also consider whether it is appropriate to limit the sub-division of existing larger properties which can help to attract and retain family households in certain parts of the Borough.

At a smaller-area level, the analysis identifies a particular shortage of 1- and 2-bedroom homes in Bootle and Netherton. It is considered that this should in part be delivered through provision of social/affordable rented homes as well as delivery of some intermediate housing (the potential need for which was identified in Section 7 of this report).

9. Specific Groups of the Population

Introduction

- 9.1 We have established overall housing requirements for different sizes of properties over the 18-years to 2030, however there can be specific groups within the population who require specialist housing solutions or for whom housing needs may differ from the wider population. These groups are considered within this section.
- 9.2 Estimates of household groups who have particular housing needs is a key output of the SHMA Guidance whilst the National Planning Policy Framework identifies that local planning authorities should plan for a mix of housing which takes account of the needs of different groups in the community.
- 9.3 The following key groups have been identified which may have housing needs which differ from those of the wider population:
- Older Persons;
 - People with disabilities;
 - Black and Minority Ethnic (BME) households;
 - Households with children
 - Young people
- 9.4 In addition (and not covered in this report), Sefton has recently completed a separate Gypsy and Traveller Study (August 2014).
- 9.5 Much of the analysis in this section focuses on the Sefton Borough as a whole although some sub-area distinctions are made. As well as providing some information for the six key sub-areas some analysis focuses on a simpler two area split (Bootle/Netherton and the Rest of Borough).

Housing Needs of Older People

- 9.6 The SHMA Guidance recognises the need to provide housing for older people as part of achieving a good mix of housing. A key driver of change in the housing market in the future is expected to be the growth in the population of older persons.
- 9.7 Indeed as population projections show, the number of older people is expected to increase significantly over the next few years. In this section we draw on a range of sources including population projections, 2011 Census information and data from POPPI (Projecting Older People Population Information).
- 9.8 The context to older persons housing provision can be summarised as below:
- A need to provide housing for older people as part of achieving a good mix of housing, but recognizing that many older people are able to exercise choice and control over housing options – e.g. owner occupiers with equity in their homes;

- Falling demand for residential care in some areas, and a rapidly rising average age of people living in sheltered housing, requiring higher levels of support. However many local authorities have struggled to contain expenditure on services for older people;
- New models of enhanced and extra care housing have emerged. These aim to meet the needs of those who require high levels of care and support alongside those who are still generally able to care for themselves. These models often allow for changing circumstances in situ rather than requiring a move; and
- Providing choice, including supporting people to stay in their own homes including through supporting adaptations to properties and through provision of floating support.

Current Population of Older Persons

9.9 Below we have provided some baseline population data about older persons and compared this with other areas. The data for has been taken from the published ONS mid-year population estimates and is provided for age groups from 55 and upwards. In reality, those aged 55 might not be considered as 'old' but we have started the analysis from this age group due to the fact that some housing developments are specifically targeted at the over 55 age group.

9.10 The data shows that, when compared with both the region and England, the Borough has a higher proportion of older persons. In 2012 it is estimated that 34.2% of the population of Sefton was aged 55 or over compared with 29.0% in the North West region and 28.3% for the whole of England. Within Sefton there are also some notable differences with the Bootle/Netherton area having a relatively young population and the Rest of the Borough being generally older (including 37.3% of the population aged 55 and over).

Figure 9.1: Older person population (2012)

Age group	Bootle/Netherton		Rest of Borough		Sefton		North West	England
	Popul- ation	% of popn	Popul- ation	% of popn	Popul- ation	% of popn	% of popn	% of popn
Under 55	52,786	72.4%	125,953	62.7%	178,739	65.3%	71.0%	71.7%
55-64	8,380	11.5%	27,446	13.7%	35,826	13.1%	11.8%	11.3%
65-74	6,378	8.7%	23,691	11.8%	30,069	11.0%	9.4%	9.1%
75-84	4,179	5.7%	16,990	8.5%	21,169	7.7%	5.7%	5.6%
85+	1,228	1.7%	6,666	3.3%	7,894	2.9%	2.2%	2.3%
Total	72,952	100.0%	200,745	100.0%	273,697	100.0%	100.0%	100.0%
Total 55+	20,166	27.6%	74,792	37.3%	94,958	34.7%	29.0%	28.3%

Source: ONS 2012 mid-year population estimates and projection modelling

Future Changes in the Population of Older Persons

9.11 As well as providing a baseline position for the proportion of older persons in the Borough we can use published population projections to provide an indication of how the numbers might change in the future compared with other areas. The data provided below uses the 2012-based SNPP which is the latest source available consistently across areas.

- 9.12 The data shows that Sefton (in line with other areas) is expected to see a notable increase in the older person population with the total number of people aged 55 and over expected to increase by 22% over the 18-years to 2030. This figure is lower than projected for both the region and England although this is strongly linked to the relatively low projected population growth overall (just a 1.7% increase in population, compared with 6.2% for the region and 12.4% nationally). Population growth is expected to be particularly strong in the 85+ age group.

Age group	Sefton	North West	England
Under 55	-9.1%	-2.8%	3.4%
55-64	-0.5%	10.2%	18.2%
65-74	27.6%	26.3%	31.8%
75-84	30.2%	46.8%	52.5%
85+	81.2%	85.1%	88.5%
Total	1.7%	6.2%	12.4%
Total 55+	22.0%	28.2%	35.0%

Source: ONS 2012-based SNPP

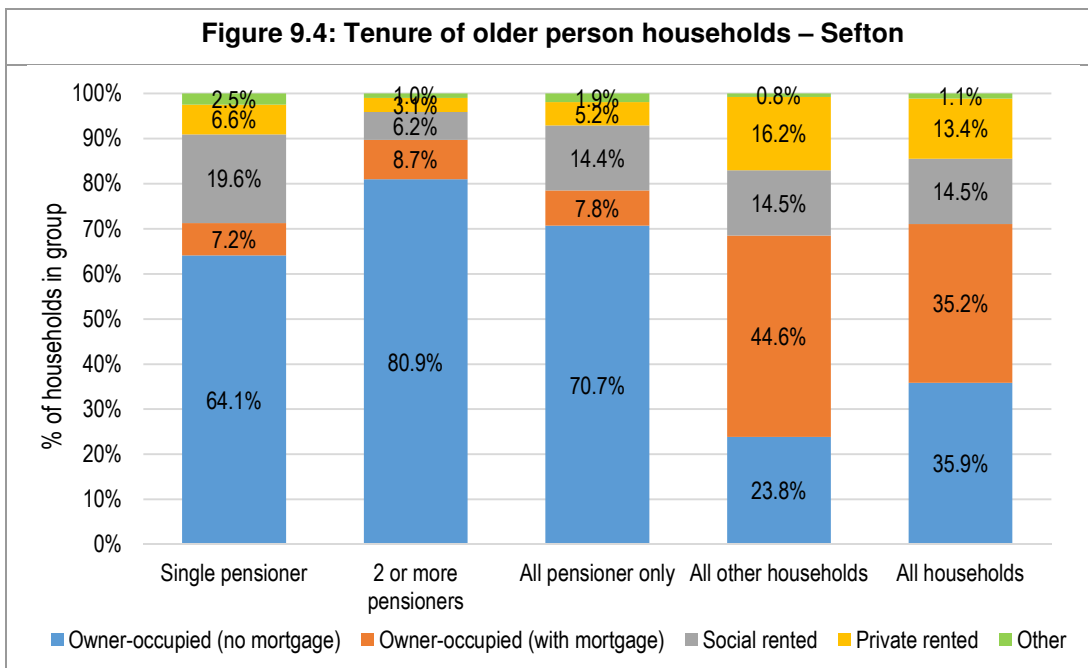
Characteristics of Older Persons Households

- 9.13 We have used 2011 Census data to explore in more detail the characteristics of older person households in Sefton (based on the population aged 65 and over). The first table below shows the number of households compared with the region and England. The data shows that in 2011 around 26% of households were comprised entirely of people aged 65 and over. This is significantly above the figure for England and the North West.
- 9.14 Within Sefton there are some marked differences with only 19.5% of households in Bootle/Netherton being pensioner only compared with 28% in the rest of the Borough. The very low proportion of pensioner households with two or more people in Bootle/Netherton is also notable.

Pensioner households	Bootle/ Netherton	Rest of Borough	Sefton	North West	England
Single pensioner	4,291	14,123	18,414	386,650	2,725,596
2 or more pensioners	1,883	10,056	11,939	242,831	1,851,180
All households	31,684	86,246	117,930	3,009,549	22,063,368
Single pensioner	13.5%	16.4%	15.6%	12.8%	12.4%
2 or more pensioners	5.9%	11.7%	10.1%	8.1%	8.4%
All households	100.0%	100.0%	100.0%	100.0%	100.0%
Total % pensioner only	19.5%	28.0%	25.7%	20.9%	20.7%

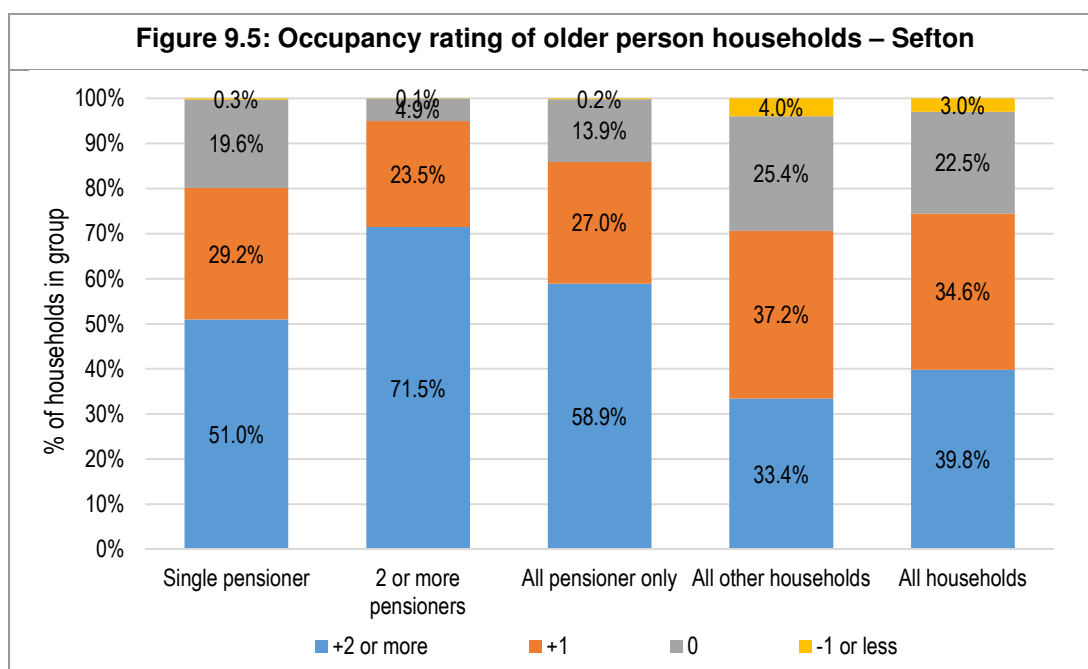
Source: 2011 Census

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



Source: 2011 Census

- 9.18 A key theme that is often brought out in Housing Market Assessment work is the large proportion of older person households who under-occupy their dwellings. Data from the Census allows us to investigate this using the bedroom standard. The Census data suggests that older person households are more likely to under-occupy their housing than other households in the Borough. In total 59% have an occupancy rating of +2 or more (meaning there are at least two more bedrooms than are technically required by the household). This compares with 33% for non-pensioner households. Further analysis suggests that under-occupancy is far more common in households with two or more pensioners than single pensioner households.



- 9.19 It is of interest to study the above information by tenure. The figure below shows the number of pensioner households who had an occupancy rating of +2 or more in each of three broad tenure groups in 2011. Whilst the majority of older person households with an occupancy rating of +2 or more were in the owner-occupied sector, there were nearly 900 properties in the social rented sector occupied by pensioner only households with an occupancy rating of +2 or more. This may therefore present some opportunity to reduce under-occupation although to achieve this it may be necessary to provide housing in areas where households currently live and where they have social and community ties.

Figure 9.6: Pensioner households with occupancy rating of +2 or more by tenure

Tenure	Single pensioner	2 or more pensioners	All pensioner only households
Owner-occupied	8,330	7,759	16,089
Social rented	652	229	881
Private rented	409	181	590
All tenures	9,391	8,169	17,560

Source: 2011 Census

- 9.20 It should however be recognised that many older households in the private sector will have built up equity in their existing homes. In the private sector many older households may be able to afford a larger home than they need (and thus under-occupy housing). Some may look to downsize to release equity from homes to support their retirement (or may move away from the area); however we would expect many older households to want to retain family housing with space to allow friends and relatives to come to stay. Data about household ages and the sizes of homes occupied in the previous section does indicate that some households do typically downsize, however, a cautious view should be taken about the willingness of households to move to smaller homes and the extent to which this can be influenced through policy.

Health-related Population Projections

- 9.21 In addition to providing projections about how the number and proportion of older people is expected to change in the future we can look at the likely impact on the number of people with specific illnesses or disabilities. For this we have used data from the Projecting Older People Information System (POPPI) website which provides prevalence rates for different disabilities by age and sex. For the purposes of the SHMA analysis has focused on estimates of the number of people with dementia and mobility problems.
- 9.22 For both of the health issues analysed the figures relate to the population aged 65 and over. The figures from POPPI are based on prevalence rates from a range of different sources and whilst these might change in the future (e.g. as general health of the older person population improves) the estimates are likely to be of the right order.
- 9.23 The figure below shows that both of the illnesses/disabilities are expected to increase significantly in the future although this would be expected given the increasing population. In particular there is projected to be a large rise in the number of people with dementia (up 51%) along with a 44% increase in the number with mobility problems.

Figure 9.7: Estimated population change for range of health issues (2012 to 2030)				
Type of illness/disability	2012	2030	Change	% increase
Dementia	4,073	6,134	2,060	50.6%
Mobility problems	11,099	16,029	4,931	44.4%

Source: Data from POPPI and demographic projections

Indicative Requirements for Specialist Housing

- 9.24 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. Such housing can broadly be split into three categories; sheltered, extra-care and residential care. Over the past few years there has generally been a move away from providing sheltered and residential care housing towards extra-care housing (ECH). We would consider moving forward that the majority of additional specialist housing is likely to be of ECH. In Sefton, data from the Housing Learning and Improvement Network (Housing LIN) website indicates that there is currently a significant supply of sheltered housing (particularly in the affordable sector) and also of Registered Care (Residential and Nursing Homes).

- 9.25 Hence the analysis that follows is designed to estimate requirements for ECH in the period from 2012 to 2030. It inherently assumes that there is no requirement for increases in the stock of other types of specialist housing. The methodology employed uses prevalence rates to estimate the number of people requiring ECH. In addition, assumptions have been made about the proportion of this that should be in each of the social/affordable and market sectors (including shared ownership). This recognises that a large proportion of older persons are owner-occupiers who will be able to access specialist market housing given the levels of equity built up in their existing homes. The key assumptions are:
- 125 people per 1,000 population aged 75 and over will require ECH; and
 - A tenure split of 5%-40% social/affordable housing and 60%-95% market (including shared ownership) depending on location.
- 9.26 This methodology is broadly consistent with that utilised in other areas and also in line with that used on the Housing LIN website (which is specifically set up to study older persons housing needs). The tenure split chosen is consistent with the split between owner-occupied and rented housing in each of the six sub-areas when studying pensioner only households.
- 9.27 Additionally, a vacancy allowance has been added to the derived household figures to make a dwelling estimate (this figure being consistent with that used in the projections by NLP). Whilst we would consider the assumptions above to be sound, the outputs should be treated as indicative – in the longer-term changes to the age structure with more people in ‘older’ age groups (e.g. 85+, 90+) could see requirements increase.
- 9.28 The table below shows estimated levels of need for ECH by applying the above assumptions. The data is shown for the whole 18-year period from 2012 to 2030. The data shows a requirement for 1,674 units of ECH up to 2030 – equivalent to about 93 homes per annum. The total estimated need has been based on rolling out population projections at a local level based on the current age structure in each area (this generally suggests higher needs in areas outside of Bootle/Netherton; due to these areas having a greater proportion of older people in the population – both now and expected in the future). The tenure split (as described above) is based on analysis of the current tenures of older person households in each location.

Figure 9.8: Estimated Need for Specialist (Extra-Care) Housing			
Area	Total need (2012-2030)		
	Market (including shared ownership)	Affordable (social/affordable rented)	Total
Southport	608	68	675
Formby	172	9	181
Maghull/Aintree	237	12	250
Crosby	236	42	278
Bootle	70	46	116
Netherton	122	52	174
Sefton	1,445	229	1,674

Source: Demographic modelling and 2011 Census

- 9.29 We would recommend that the above figures are treated as indicative and the Council might want to consider further research to identify the types of market specialist housing best suited to meet the requirements of an ageing population.
- 9.30 The data above can be brought together to consider the annual need for Extra Care Housing. The figures are also compared with the assessed overall housing need in each area. The proportion of additional housing the analysis suggests should be ECH ranges from 12% in Bootle up to 17% in Crosby.

Figure 9.9: Annual Extra-Care Housing Requirements (by tenure)

Area	Market (including shared ownership)	Affordable (social/ affordable rented)	Total	% affordable	Housing requirement	% ECH
Southport	34	4	38	10.0%	251	14.9%
Formby	10	1	10	5.0%	74	13.6%
Maghull/Aintree	13	1	14	5.0%	86	16.1%
Crosby	13	2	15	15.0%	88	17.5%
Bootle	4	3	6	40.0%	52	12.4%
Netherton	7	3	10	30.0%	63	15.2%
Sefton	80	13	93	13.7%	615	15.1%

Source: Demographic modelling and 2011 Census

- 9.31 It is considered that Extra-Care housing will largely fall into a C3 category (dwelling houses) rather than C2 (residential institutions) although it is frequently unclear which “box” extra care housing should be put into. With regard to overall dwelling provision and the monitoring of completions this distinction is however irrelevant as both C2 and C3 uses can now count against any housing requirement.
- 9.32 Whilst this analysis should be treated as indicative given the number of assumptions feeding into it there is clearly a case for the Council seeking to provide additional ‘specialist’ accommodation for older persons as the population ages.
- 9.33 The Council has commissioned an Older Persons’ Housing Strategy in which the role and provision of Extra-Care is being assessed. The research is considering measures the Council can take to maximise delivery and the study will be published before the end of 2014.

People with Disabilities

- 9.34 This section concentrates on the housing situation of people/households that contain someone with some form of disability. We have again drawn on Census data although at the time of writing the level of available Census data was quite limited. It should also be recognised that an analysis of people with disabilities is very strongly linked with the above analysis about older people.

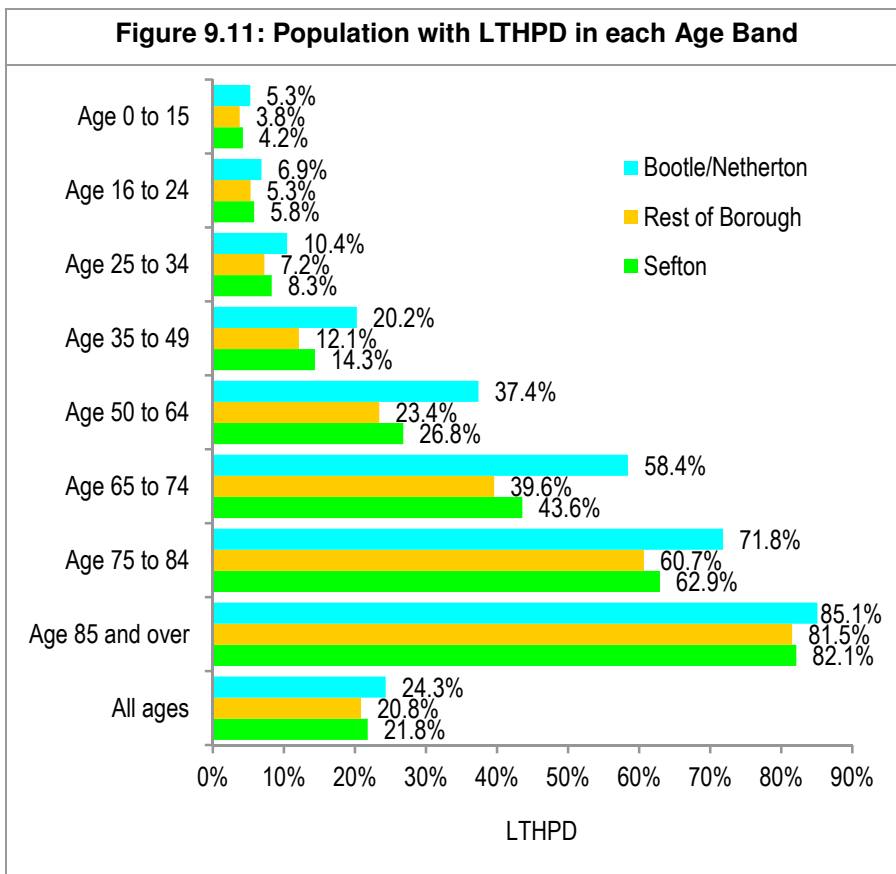
- 9.35 The table below shows the proportion of people with a long-term health problem or disability (LTHPD) and the proportion of households where at least one person has a LTHPD. The data suggests that across Sefton some 30.9% of households contain someone with a LTHPD. This figure is higher than the equivalent figure for both the region and nationally. The figures for the population with a LTHPD again show a higher proportion when compared with regional and national figures (an estimated 23% of the population of Sefton have a LTHPD).
- 9.36 For individual sub-areas the analysis shows higher levels of LTHPD in Bootle and Netherton when compared with other parts of the Borough. This finding is interesting given that the population of Bootle and Netherton is typically younger – as will be seen below disability is strongly associated with age.

Figure 9.10: Households and people with Long-Term Health Problem or Disability (2011)

Area	Households containing someone with health problem		Population with health problem	
	Number	%	Number	%
Southport	11,897	29.8%	20,748	23.0%
Formby	2,741	27.5%	4,782	20.1%
Maghull/Aintree	4,552	29.6%	8,011	21.5%
Crosby	6,230	29.7%	10,373	21.1%
Bootle	5,581	34.9%	8,946	24.9%
Netherton	5,409	34.5%	9,201	24.7%
Sefton	36,410	30.9%	62,061	22.7%
North West	857,462	28.5%	1,426,805	20.2%
England	5,659,606	25.7%	9,352,586	17.6%

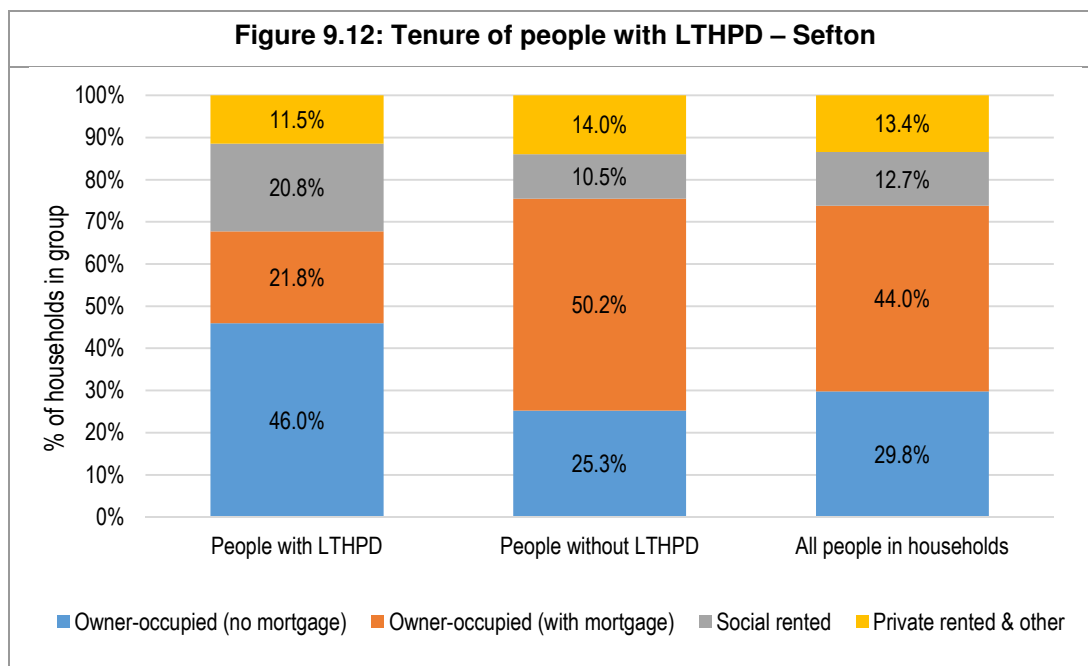
Source: 2011 Census

- 9.37 It is likely that the age profile of the area will heavily impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. Therefore the table below shows the age bands of people with a LTHPD. It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD – for example some 82% of people aged 85 and over have a LTHPD. It should be noted that the base for the figure below is slightly different to the above table in that it excludes people living in communal establishments.
- 9.38 For different parts of the Borough it is notable that the population of Bootle/Netherton is significantly more likely to have a LTHPD than the population in the rest of the Borough for all age groups.



9.39 The age specific prevalence rates shown above can be applied to the demographic data to estimate the likely increase over time of the number of people with a LTHPD. In applying this information to our projection linked to the Local Plan dwelling provision it is estimated that the number of people with a LTHPD will increase by around 10,100 (a 16% increase). All of this increase (and more – 127%) is expected to be in age groups aged 65 and over. The population increase of people with a LTHPD represents 217% of the total increase in the population projected by the demographic modelling.

9.40 The figure below shows the tenures of people with a LTHPD – it should be noted that the data is for population living in households rather than households and is therefore not comparable with other tenure analysis provided in this section. The analysis clearly shows that people with a LTHPD are more likely to live in social rented housing and are also more likely to be outright owners (this will be linked to the age profile of the population with a disability). Given that typically the lowest incomes are found in the social rented sector and to a lesser extent for outright owners the analysis would suggest that the population/households with a disability are likely to be relatively disadvantaged when compared to the rest of the population.



BME Households

- 9.41 Black or Minority Ethnic (BME) households, as a group, are quite often found to have distinct characteristics in terms of their housing needs, or may be disadvantaged in some way.
- 9.42 From 2011 Census data we find that around 4% of the population of Sefton came from a non-White (British/Irish) background. This figure is significantly below that found across the region and nationally (figure for England of 19%). The key BME group in Sefton is Other-White (which is likely to contain a number of Eastern European migrants) – the Other-White population makes up 1.7% of all people in the Borough which is significantly higher than any other group.

Figure 9.13: Black and Minority Ethnic Population (2011)

Ethnic Group	Bootle/ Netherton	Rest of Borough	Sefton	North West	England
White: British	96.3%	94.3%	94.8%	87.1%	79.8%
White: Irish	0.6%	0.9%	0.8%	0.9%	1.0%
White: Gypsy or Irish Traveller	0.0%	0.0%	0.0%	0.1%	0.1%
White: Other White	0.8%	2.0%	1.7%	2.1%	4.6%
Mixed: White and Black Caribbean	0.4%	0.3%	0.3%	0.6%	0.8%
Mixed: White and Black African	0.2%	0.2%	0.2%	0.3%	0.3%
Mixed: White and Asian	0.2%	0.3%	0.3%	0.4%	0.6%
Mixed: Other Mixed	0.2%	0.3%	0.3%	0.3%	0.5%
Asian: Indian	0.1%	0.3%	0.2%	1.5%	2.6%
Asian: Pakistani	0.1%	0.0%	0.0%	2.7%	2.1%
Asian: Bangladeshi	0.1%	0.1%	0.1%	0.7%	0.8%
Asian: Chinese	0.3%	0.4%	0.4%	0.7%	0.7%
Asian: Other Asian	0.2%	0.2%	0.2%	0.7%	1.5%
Black: African	0.2%	0.2%	0.2%	0.8%	1.8%
Black: Caribbean	0.1%	0.1%	0.1%	0.3%	1.1%
Black: Other Black	0.1%	0.0%	0.0%	0.2%	0.5%
Other ethnic group: Arab	0.1%	0.1%	0.1%	0.3%	0.4%
Any other ethnic group	0.1%	0.1%	0.1%	0.3%	0.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Total population	73,129	200,661	273,790	7,052,177	53,012,456
% non-White (British/Irish)	3.1%	4.8%	4.3%	12.0%	19.3%

Source: 2011 Census

9.43 Since 2001 the BME population in the Borough can be seen to have increased significantly as can be seen in the table below. We have condensed some categories together due to a slightly different list of potential groups being used in the 2011 Census when compared with 2001 data. The data shows that whilst the overall population of Sefton has dropped by 9,168 over the 10-year period there has been a notable increase in BME groups (all groups other than White (British/Irish)) of 5,092. The White (British/Irish) population has decreased by 5.2% compared to an increase of 75% in BME groups (all combined).

9.44 Looking at particular BME groups we see that the largest rise in terms of population has been for White-Other people – increasing by 2,461 over the ten years.

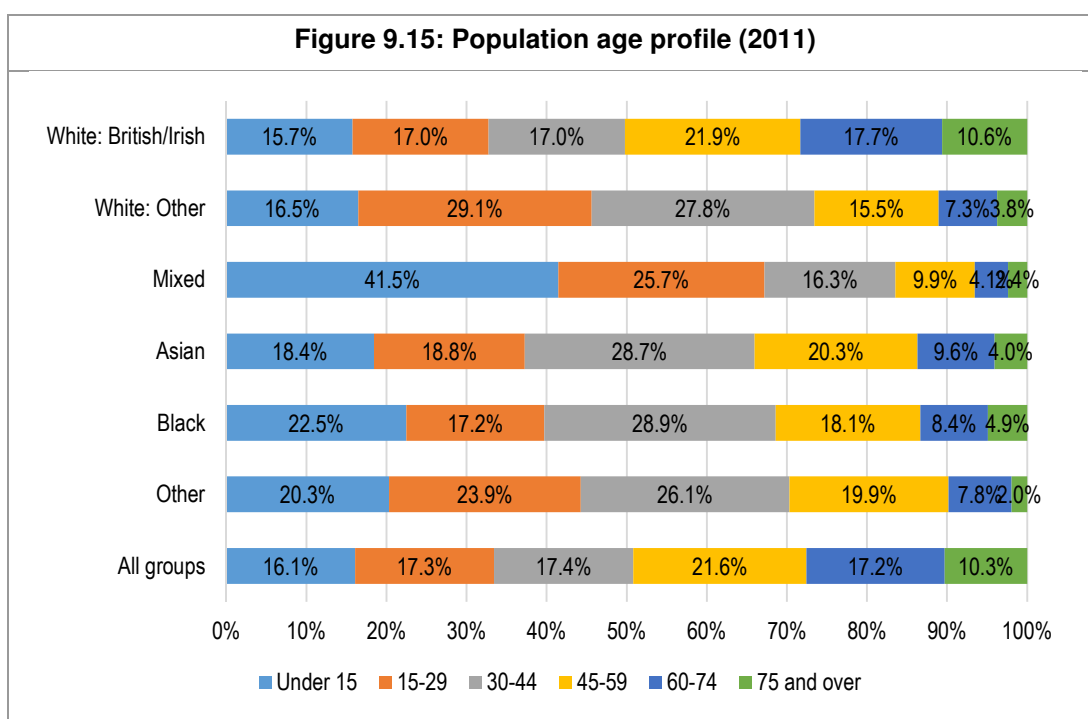
Figure 9.14: Change in BME groups 2001 to 2011 (Sefton)

Ethnic Group	2001	2011	Change	% change
White (British/Irish)	276,201	261,941	-14,260	-5.2%
White – Other	2,339	4,800	2,461	105.2%
Mixed	1,584	2,820	1,236	78.0%
Asian or Asian British	2,118	2,719	601	28.4%
Black or Black British	438	796	358	81.7%
Other	278	714	436	156.8%
Total	282,958	273,790	-9,168	-3.2%

Source: Census (2001 and 2011)

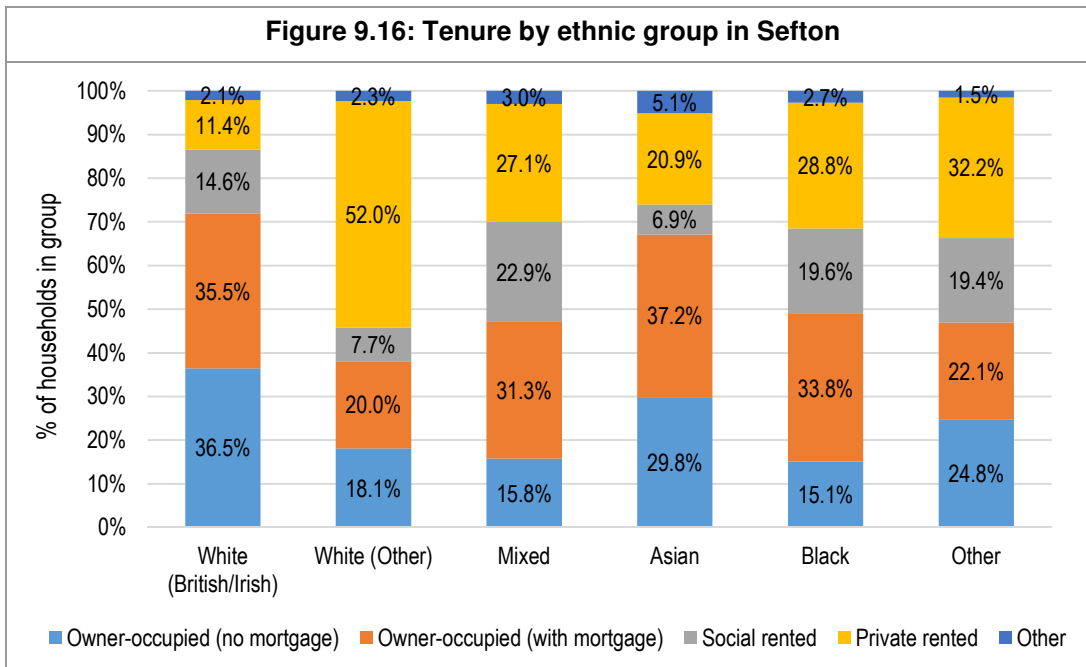
BME Household Characteristics

- 9.45 Census data can also be used to provide some broad information about the household and housing characteristics of the BME population in the Borough. The figure below looks at the population age structure of six broad age groups using data from the 2011 Census.
- 9.46 The age profile of the BME population is striking when compared with White: British/Irish people. All BME groups are considerably younger than the White (British/Irish) group with people from a Mixed background being particularly likely to be aged under 15 when compared with any other group. The proportions of older persons are also notable with 28% of White; British/Irish people being age 60 or over compared with all BME groups showing proportions of no more than 14%.



Source: 2011 Census

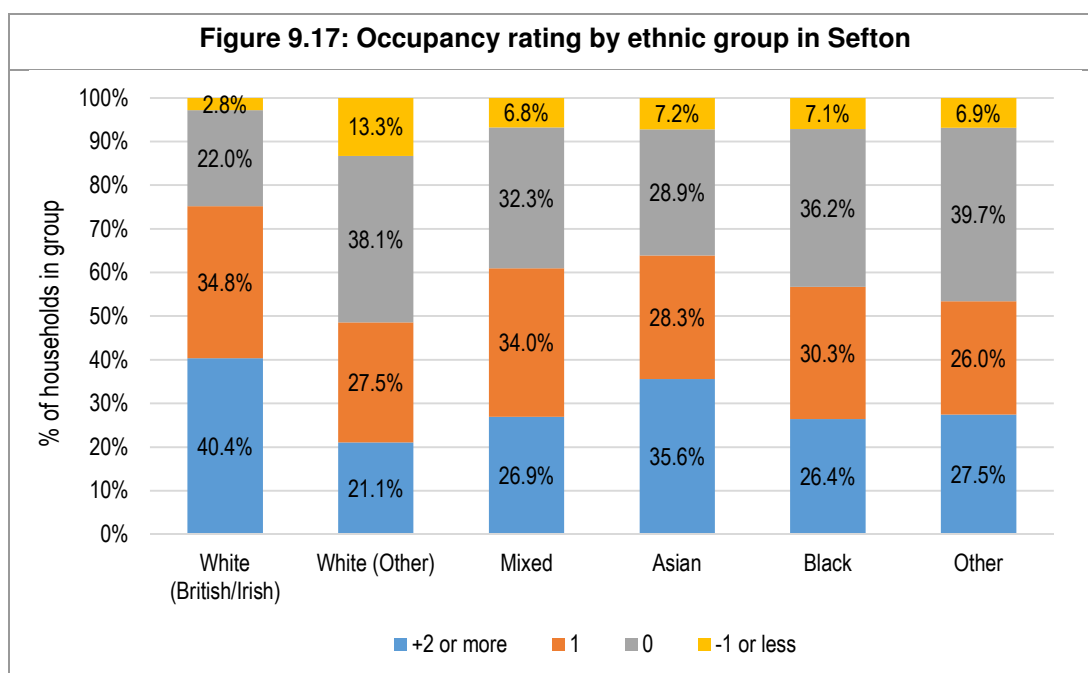
9.47 There are notable differences between the household characteristics of BME households compared with the White: British population. The figure below indicates that all BME groups (with the exception of Asian) are significantly less likely to be owner-occupiers and all groups are far more likely to live in private rented accommodation. Arguably the starkest trend is the 52% of White (Other) households living in the private rented sector.



9.48 The strong representation of BME households in the Private Rented Sector means that they are more likely to be affected by the changes discussed to Local Housing Allowance (particularly as the sector in the Borough shows a strong representation of LHA Claimants).

9.49 As BME communities mature over time, the level of owner occupation may increase. The pace at which this happens may be influenced by economic opportunities available as well as the level of enterprise within the local community. For some communities there may be support mechanisms which can work within the community, such as availability of interest free loans or support raising a deposit to buy a home, depending on cultural factors.

9.50 The figure below shows ‘occupancy ratings’ by BME group; this is based on the bedroom standard where a positive figure indicates under-occupancy and negative figures suggest some degree of over-crowding. BME groups are more likely to be overcrowded (i.e. have a negative occupancy rating) than White (British) households. In particular, the Census data suggests that around 13% of White (Other) households are overcrowded – this compares with only 3% of the White (British) group. Levels of under-occupancy amongst BME communities are generally low.



Source: 2011 Census

Households with Children (family households)

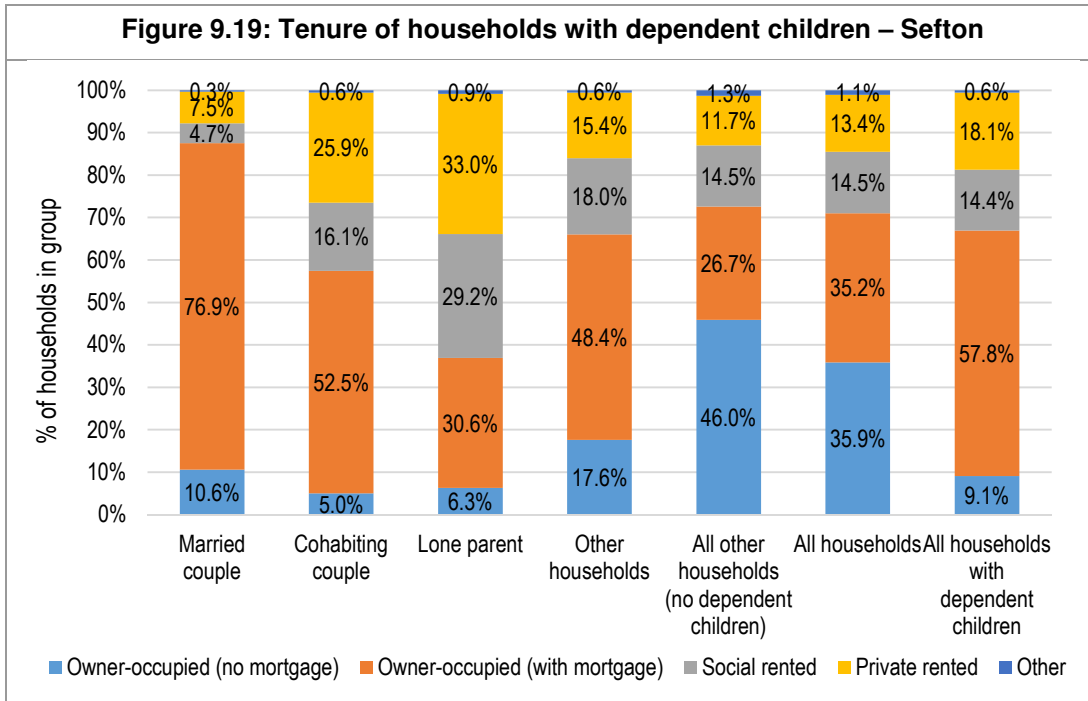
- 9.51 The number of families in Sefton (defined for the purpose of this assessment as any household which contains at least one dependent child) totalled 32,220 in 2011, accounting for 27.3% of households. Demographic projections suggest that the number of children (aged Under 15) is expected to increase slightly from 2012 to 2030 (an increase of over 400).
- 9.52 In different parts of the Borough there are notable differences with regard to the proportion of households with children and the composition of these households. The Bootle/Netherton area has a higher proportion of households with children than the rest of the Borough (31% compared with 26%). However it is the proportion of lone parent households in Bootle/Netherton which is arguably the most notable figure from the analysis – a total of 12.5% of all households in Bootle/Netherton were recorded in the 2011 Census as being lone parent families with dependent children. The number of lone parent households is higher in this area than the number of married couples with dependent children.

Figure 9.18: Households with dependent children (2011)

Household type	Bootle/Netherton		Rest of Borough		Sefton	
	Number	%	Number	%	Number	%
Married couple	3,230	10.2%	12,509	14.5%	15,739	13.3%
Cohabiting couple	1,696	5.4%	2,877	3.3%	4,573	3.9%
Lone parent	3,950	12.5%	5,266	6.1%	9,216	7.8%
Other households	910	2.9%	1,782	2.1%	2,692	2.3%
All other households (no dependent children)	21,898	69.1%	63,812	74.0%	85,710	72.7%
Total	31,684	100.0%	86,246	100.0%	117,930	100.0%
Total with dependent children	9,786	30.9%	22,434	26.0%	32,220	27.3%

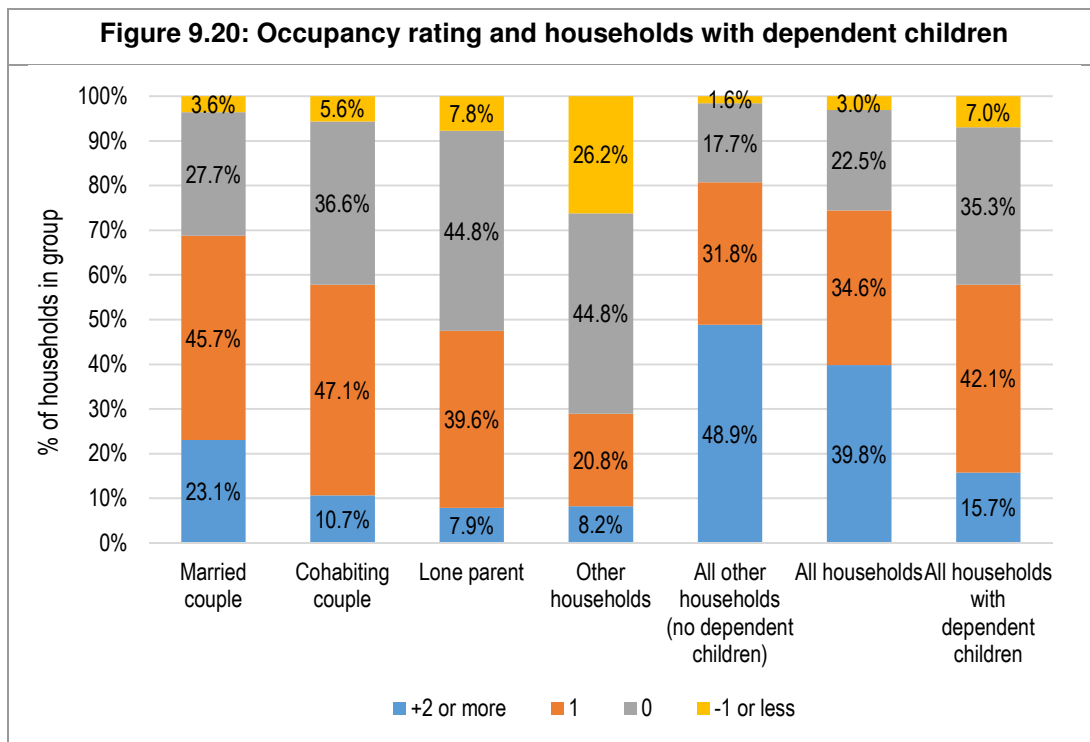
Source: 2011 Census

9.53 The figure below shows the current tenure of households with dependent children. There are some considerable differences by household type with lone parents having a very high proportion living in the social rented sector and also in private rented accommodation. Only around a 37% of lone parent households are owner-occupiers compared with 88% of married couples with children.



Source: 2011 Census

9.54 Overcrowding is often a key theme when looking at the housing needs of households with children and the figure below shows that households with children are about four times more likely than other households to be overcrowded. In total, some 7% of all households with dependent children are overcrowded and included within this the data shows 8% of lone parent households are overcrowded along with 26% of 'other' households with dependent children. Other than for married couple households levels of under-occupancy are also very low.



Source: 2011 Census

Young People

- 9.55 Providing for the needs of younger person households is an important consideration for the Council. Given ageing populations the ability to retain young people in an area can assist in providing a more balanced demographic profile as well as providing a vital part of the local workforce. Young people may however find barriers to accessing housing given typically low incomes and potential difficulties in securing mortgage finance due to deposit requirements. Additionally, LHA payments may limit choice for under-35s requiring private rented homes.
- 9.56 Demographic projections suggest that in 2012 there were around 13,500 households headed by someone aged under 35 and that this is set to remain largely unchanged over the period from 2012 to 2030 (decreasing by around 260).
- 9.57 As well as households headed by a younger person there will be others living as part of another household (typically with parents). The table below shows the number of households in the Borough with non-dependent children. In total, some 13% of households (15,000) contain non-dependent children. This may to some degree highlight the difficulties faced by young people in accessing housing. Young people may be less likely to be eligible for social housing, have lower household incomes and have difficulty in accessing the owner-occupied sector due to mortgage constraints and deposit requirements. All of these factors contribute to the current trend for young people moving in with or continuing to live with parents.

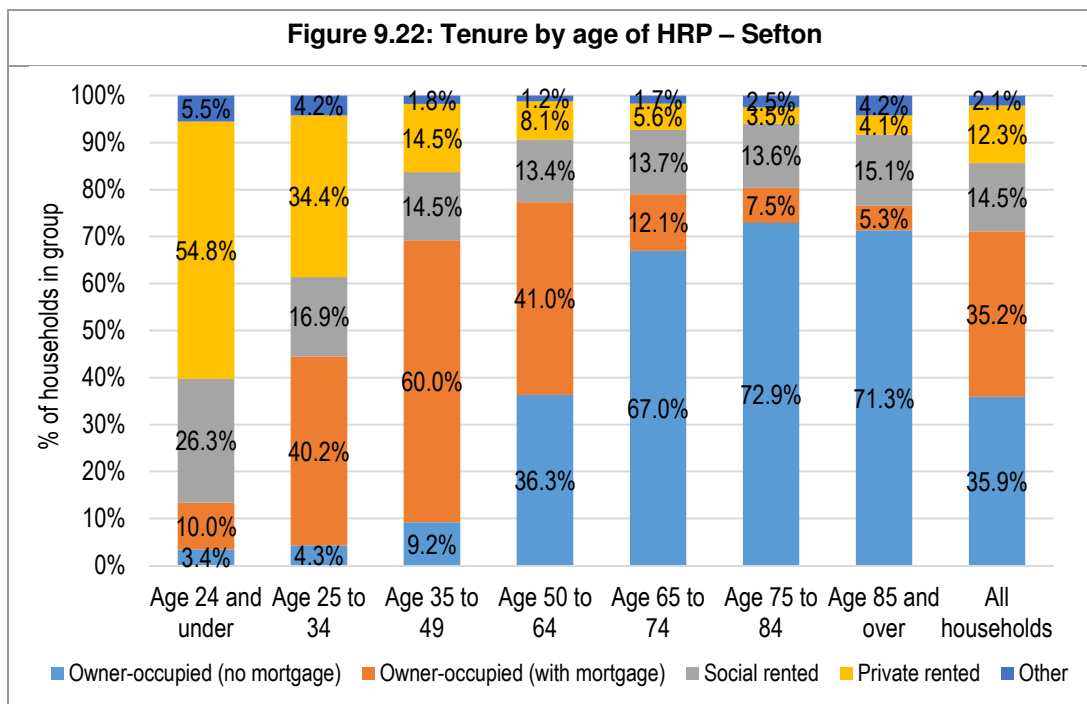
Figure 9.21: Households with non-dependent children (2011)

Household type	Bootle/Netherton		Rest of Borough		Sefton	
	Number	%	Number	%	Number	%
Married couple	2,168	6.8%	6,576	7.6%	8,744	7.4%
Cohabiting couple	213	0.7%	436	0.5%	649	0.6%
Lone parent	1,948	6.1%	3,628	4.2%	5,576	4.7%
All other households	27,355	86.3%	75,606	87.7%	102,961	87.3%
Total	31,684	100.0%	86,246	100.0%	117,930	100.0%
Total with non-dependent children	4,329	13.7%	10,640	12.3%	14,969	12.7%

Source: 2011 Census

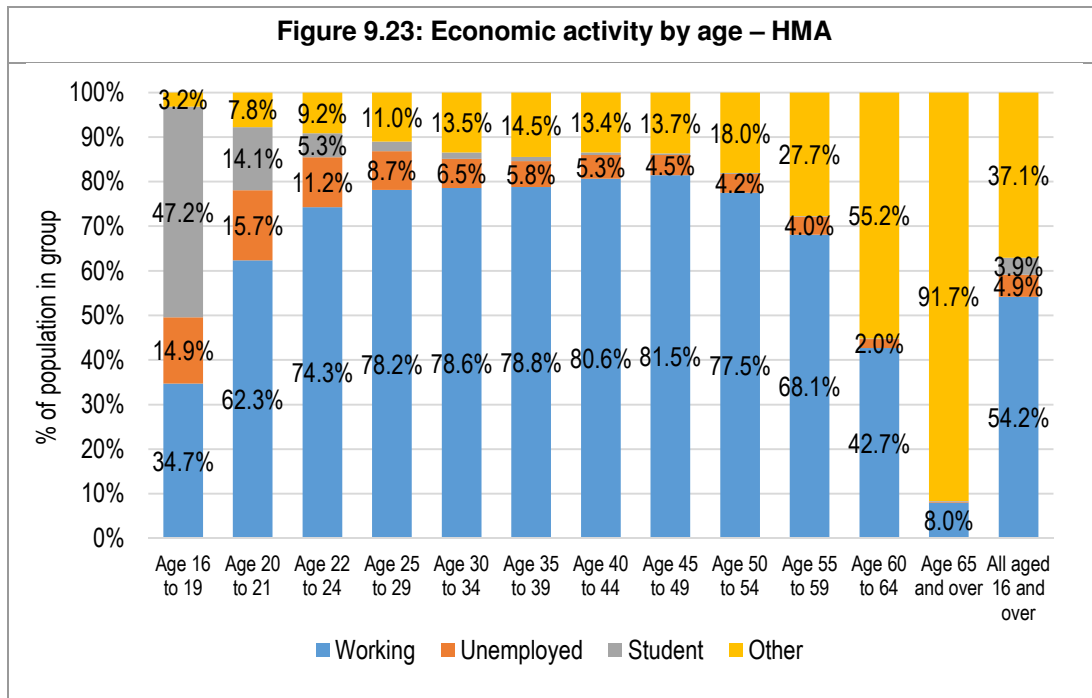
9.58 Moving back to study households that are currently headed by a younger person we can use Census data to look at some key characteristics. The figure below shows the tenure groups of these households (compared with other age groups). The data clearly shows that very few younger households are owner-occupiers with a particular reliance on the private rented sector and to a lesser degree social rented housing.

Figure 9.22: Tenure by age of HRP – Sefton



Source: 2011 Census

9.59 Census data can also be used to look at economic activity rates; including employment and unemployment levels. Data about this is shown in the figure below. The data shows that younger people are far more likely to be unemployed than other age groups. The data shows that of the population aged 16-34 some 11% are unemployed – included within this we see an unemployment rate of 15% for those aged 16-21 and also 15% in the 16-19 age group.



Policy Implications: Specific Groups of the Population

This section of the report has studied the housing circumstances of various different groups of the population. These are:

- Older people
- People with disabilities
- The Black and Minority Ethnic population
- Households with children (family households)
- Young households

Specific conclusions have been provided for each of these groups with core conclusions summarised below:

Older persons – the key challenge here will be to meet the needs of an ageing population with the number of people aged 65 and above expected to increase by 21,100 (36%) from 2012 to 2030. Demographic change is likely to see a requirement for additional levels of care/support along with provision of some specialist accommodation in both the market and affordable sectors – it is estimated that around 15% of new provision should be Extra-Care for older people (with around 14% of this estimated to be needed as a social/affordable rented tenure).

People with disabilities – the number of people with disabilities is closely related to the age of the population and many of the conclusions related to older persons are relevant for this group. Demographic projections suggest an 81% increase in the population aged over 85 from 2012 to 2030 with Census data suggesting that 82% of this age group have some level of disability.

BME groups – the BME population of Sefton is relatively small but has grown significantly over the past decade. Characteristics of BME groups (including tenure profiles and occupancy patterns) suggest that such households may be disadvantaged in the housing market. Where possible the Council should provide advice to BME groups and in particular ensure that accommodation quality (particularly in the private rented sector) can meet the needs of such households which are disproportionately likely to contain children.

Family households – data about family households suggests that lone parents are particularly disadvantaged with a high reliance on rented housing. Projections suggest an increase in the number of children in the Borough over the next few years and if past trends are repeated this will also see a notable increase in the number of lone parents. Again advice about housing options and maintaining a good quality of accommodation will be critical to ensure that such households' needs are best met.

Young person households – young people (aged under 35) are important for any area due to the long-term economic potential they can bring. As with other groups there are some indications of this group being disadvantaged with a reliance on rented accommodation and high levels of unemployment. Given that the housing options for young people may be more limited than for other groups it will be important to monitor the accommodation quality – this will need to focus on HMOs given general trends of an increase in house sharing over time.

10. Conclusions and Recommendations

Introduction

- 10.1 In this final section we seek to draw together the findings of the work as a basis for the development of planning policies within the emerging Local Plan and of housing policies through the review of the Borough Council's Housing Strategy. Many of the conclusions replicate those in the 2013 Draft SHMA; these are considered to still be relevant in light of the updated analysis undertaken in this report.
- 10.2 There have been significant changes in housing market conditions since late 2007, with effective housing demand substantially constrained, particularly by the availability of mortgage finance. This has been having a knock-on impact on demand for rented tenures. This report does however identify some recovery with sales levels in 2013/14 being notably up on previous years (albeit still some 20% below longer-term trends).
- 10.3 Affordable housing need in many parts of the Borough is significant and the ability of the affordable housing sector to meet need is constrained. The stock of affordable housing in the Borough has decreased over the last decade and with that the ability to meet housing needs when they arise. As a result there is a net shortfall of affordable housing of 434 affordable homes per annum if all households in housing need were to be housed in an affordable home with a secure tenancy. Within this 434 figure however the analysis has identified a surplus of affordable housing in Bootle and Netherton with a net requirement for 475 homes per annum in the rest of the Borough. In reality, a substantial proportion of this shortfall is met by the Private Rented Sector, often supported by Housing Benefit.
- 10.4 Despite the analysis identifying an overall surplus of affordable housing in Bootle and Netherton, more detail consideration of the local situation (including through consultation with stakeholders) does identify specific shortfalls by tenure, size and type (e.g. for older persons).
- 10.5 National policy, set out within the National Planning Policy Framework (CLG, March 2012) sets out that Local Plans should meet the full requirements for market and affordable housing in their areas, and plan for a mix of housing based on current and future demographic trends, market trends, and the needs of different groups in the community.
- 10.6 Local Plans should identify the size, type, tenure and range of housing that is required and set policies for affordable housing. The NPPF emphasises the role of the Strategic Housing Market Assessment in identifying housing requirements and mix. This SHMA has been informed by and is consistent with the Government's current Practice Guidance (CLG, 2007 and 2014) on such assessments.

Housing Requirements and Distribution

- 10.7 The NPPF identifies that local planning authorities should meet the full requirements for market and affordable housing in their housing market area. Local Plans should be on the basis that objectively-assessed development needs should be met wherever possible.

- 10.8 CLG research on Housing Market Areas (HMAs) has placed Sefton Borough in a Liverpool centred HMA with a number of other local authorities. This source also identifies more localised HMAs with Sefton in this case being split between a Bootle and a Southport area (which extends into West Lancashire).
- 10.9 More recent analysis using up-to-date Census information (from 2011) would suggest that Sefton can be considered as its own housing market area for the purposes of SHMA analysis – there are high level of self-containment; particularly when considering migration patterns although the strong cross-border links (particularly with Liverpool) are still evident. Although there are clear links with other areas it seems reasonable for the purposes of the SHMA to consider Sefton as a single HMA but noting the significant differences between different parts of the Borough.
- 10.10 Household growth in the Borough has been at a slower rate than regionally or nationally with overall population decline from 2001 to 2011; there is also evidence that since the economic downturn levels of unemployment have increased. Market demand (as measured through sales) is currently subdued although this does appear to have been shifted into the rented sector (particularly private renting) which has seen strong growth over the past few years. It is expected that population and demographic dynamics as well as employment growth will drive demand for housing over the longer-term. Planning policies should be developed to respond to these long-term drivers.
- 10.11 A recent report by Nathaniel Lichfield and Partners (NLP) has identified a need for 615 dwelling per annum to be provided in the 2012-30 period to meet an objectively assessed need. The NLP work has been carried out in accordance with the NPPF and NPPG and is considered to be a robust assessment of housing needs in the area. For the whole 2012-30 period, the NLP analysis identifies a need for 11,070 dwellings.
- 10.12 The NLP report provides limited detail about the distribution of housing need in the Borough – we would consider this to be a fair approach. The distribution of housing should be subject to an assessment of housing land availability as well as consideration of sustainability and infrastructure needs which in practice may push more housing development towards certain areas (e.g. those with better transport links).
- 10.13 Any proposal for housing development should be supported through local consultation and take account of the very specific needs in different parts of the Borough. This would include demands from older persons in Southport and the need to diversify the market housing offer in Sefton to encourage the retention of younger family households. With this in mind we recommend that:

R1: The Council should engage with other local planning authorities (notably West Lancashire and Liverpool) in light of the ‘duty to cooperate’ to agree a common basis for establishing housing requirements and addressing any under-provision within the Borough against identified needs – a jointly prepared sub-regional SHMA is planned to be carried out in the future.

R2: The Council consider identifying any housing requirement as a minimum net figure which can be exceeded where additional, deliverable housing sites become available over the plan period.

R3: Evidence about the overall need for housing should be updated on a regular basis, as and when new information becomes available. This will include key triggers such as publication of new household projections (by CLG) which are expected in late-2014/early-2015.

- 10.14 The Council might also want to consider the potential for a 'local choice' policy which supports provision of additional housing over and above that proposed to be provided in the emerging local plan, including development outside of existing settlement boundaries (but not within the Green Belt), where a specific need is identified by the local community and is geared towards meeting this. This would align with the Government's 'localism agenda' and would support the identification of additional land for development through neighbourhood plans.

R4: The Council should consider the inclusion of a local choice policy in the Local Plan which supports the development of sites identified by and supported by the local community, for instance through a neighbourhood plan. For these sites, the starting point for negotiation should be 100% affordable housing provision.

Affordable Housing Policy

- 10.15 This Study identifies a net shortfall of 434 affordable homes per annum (around 7,800 affordable homes over the period from 2012 to 2030), if all households in housing need were to be provided with an affordable home. This is significantly above likely (or realistic) levels of affordable housing delivery and such a scale of need is unlikely to be fully addressed through the Section 106 process. The level of need identified provides an evidence base for seeking to maximise affordable housing delivery. However a policy within the Council's Local Plan must also take account of the viability of residential development.
- 10.16 It will be important for the Council to also recognise the different levels of affordable housing need in different parts of the Borough. In particular the analysis suggests a surplus of affordable housing in Bootle and Netherton and significant shortfalls elsewhere. In Bootle and Netherton, there does appear however to be a mismatch between the existing stock and an overall need for smaller dwellings; as well as a potential need for intermediate housing and housing for older people. Additionally, there may be specific shortfalls at a smaller area level within the broad sub-areas used for analysis. Hence the Council may need to consider delivery of specific housing types to address unmet needs in these locations.
- 10.17 The Local Plan Preferred Option of July 2013 has identified a 30% affordable housing target in all areas other than Bootle. Overall, this looks to be reasonable and is supported by viability work. The Council should however consider if 30% is appropriate in Netherton and also if a target for affordable housing in Bootle (and Netherton) might be appropriate to provide 'Housing Pathways' for younger households to enter the owner-occupied housing market and to provide for specific shortfalls (e.g. by size or for particular groups such as older people). In considering provision of intermediate housing in these areas the Council will however need to be mindful of the relatively small gap between affordable housing costs and market housing costs and whether delivery of intermediate products in these locations is economically viable.

- 10.18 In addition, within each of the sub-areas there are likely to be smaller sub-markets characterised by particular dwelling stock profiles – at a smaller area level the Council would be justified in seeking additional affordable housing or housing of a particular size/type where a clear gap in the housing offer can be identified.
- 10.19 Overall, a target of 30% affordable housing for areas other than Bootle and Netherton seems reasonable on the basis of available data. In Bootle and Netherton a target of around 15% would also be appropriate given the shortage of one- and two-bedroom rented units and the potential need for intermediate housing and accommodation for older people (as well as to allow consideration of more localised gaps in the housing offer).
- 10.20 Given the viability of residential development within the Borough and the availability of funding for affordable housing, it is unrealistic to assume that all housing needs can be met through provision of new affordable housing. Part of the gap between need and potential future supply of affordable housing will be met by the Private Rented Sector (supported by HB). The Council should look to maximise provision of affordable housing where possible, including working proactively with developing RP's and considering the potential of surplus public sector land to support delivery of affordable housing.
- 10.21 In regard to the policies regarding the mix of affordable housing, our analysis indicates that of net annual housing need (taking account of supply):
- 80% of households in housing need would require rented housing (either social or affordable rented). Whilst in some locations the difference in cost between the two will be quite limited it will be important for the Council to ensure that any affordable rented housing is genuinely affordable (this can be measured against the maximum amount of benefit able to be secured towards housing costs);
 - 20% of households in housing need could afford a housing cost in excess of 80% of market rents and might therefore fall into an 'intermediate' housing band. The cost of intermediate housing will vary by sub-area and in lower value areas (most notably Bootle) it may be difficult for such products to be achieved at a cost below current open market values/costs;
- 10.22 Levels of savings are likely to be a key constraint to home ownership and in the short-term it seems probable that some intermediate housing could be delivered as a rented product (i.e. intermediate rent). Where households have sufficient income but a low access to capital the Council should signpost schemes available to help bridge this gap such as the help-to-buy.
- 10.23 On this basis, for the Borough, it would seem appropriate to seek an 80:20 split between social/affordable rented and intermediate housing. This is based on current market conditions and mortgage availability and should be revised if market circumstances change notably. The evidence does however also suggest a strong case for a differential policy across different sub-areas with areas outside of Bootle and Netherton showing a need for more social/affordable rented housing. This is due to the relative lack of affordable housing in the overall stock in these locations.

- 10.24 The analysis also suggests that there is a surplus of rented housing in Bootle and Netherton. However, this is an overall finding with the evidence suggesting that there are shortages of particular sizes and types of affordable housing (e.g. one- and two-bedroom units and housing for older people). A higher target for intermediate housing will be appropriate in these areas (where viability allows) although consideration should also be given to delivery of specific types and sizes of homes where there is an unmet need. The analysis in this report suggests some need for additional one- and two-bedroom social/affordable rented units in these two locations as well as housing to meet the needs of an ageing population.
- 10.25 In regard to the mix of units, we have considered identified need, existing supply and turnover of properties, and issues related to the management of housing stock. On this basis, we recommend a policy target for 45%-50% of future affordable housing provision to be 1-bed properties, 20%-25% 2-bed, 20%-25% 3-bed, and 5%-10% for 4 or more bedrooms. Provision of larger properties can help to manage affordable housing stock in creating chains of moves. This recommendation is an overall Borough-wide assessment – settlement specific information highlights a potential shortage of smaller homes in Bootle and Netherton.
- 10.26 The Council's current policy is to negotiate on the basis of bedspaces rather than dwellings (which is the typical metric used in this report). The Council's approach is not unreasonable and is likely to assist in maximising the delivery of affordable housing. However, care should be taken to monitor delivery through such a policy to ensure that dwellings provided do meet local needs – for example the policy could potentially encourage delivery of larger homes with a high number of bedspaces which may not address housing need or the particular issues created through welfare reform.
- 10.27 It should be borne in mind that the needs assessment presents a 'snapshot' of housing need. We consider that the housing needs assessment should be reviewed in 5-years' time (2019).

R5: The Council should continue to monitor affordable housing policies and targets on the basis of the evidence in this report and additional evidence about the viability of providing affordable housing.

R6: The Council should also give consideration to affordable housing policy in Bootle and Netherton – the analysis in this report suggests an overall surplus of affordable housing in these areas but also identifies that there may be particular types and sizes of homes for which shortfalls exist (a position supported by Registered Providers). Any additional research on this topic should involve close liaison with the RPs.

R7: We note from the Council's draft Local Plan that a split of 20% intermediate to 80% social rented housing is recommended. This looks reasonable at the borough level although localised differences should be considered (such as increasing the rented housing element in Southport, Formby and Maghull/Aintree (to 85%-90%)). We would also recommend that the social rented requirement is changed to also include affordable rented housing (capped at maximum available benefit levels).

10.28 To be clear, the affordable housing analysis suggests an overall surplus of affordable housing in Bootle and Netherton. However, more detailed interrogation of data (and through stakeholder consultation) does suggest a specific shortfall of one (and to a lesser extent two) bedroom homes in each of these areas. For this reason a target for affordable housing in these areas is appropriate (we would suggest about 15%). Such a policy may also seek to provide some intermediate housing where this can viably be delivered at a cost below current market access levels.

R8: Specifically in Bootle and Netherton we would recommend an affordable housing target of about 15%. The analysis would support this being roughly 7.5% for smaller (one- and two-bedroom social/affordable rented homes) and 7.5% intermediate housing (of all sizes).

10.29 Targets for affordable housing would apply to Section 106 affordable housing only and does not rule out the possibility of Registered Providers coming forward with 100% affordable housing schemes. In particular in Bootle and Netherton this may be relevant where stock mismatches are identified.

10.30 Given the level of affordable housing need identified (Borough-wide), we would recommend that the Council also considers other mechanisms to secure new affordable housing such as delivery on public sector land (where the public sector can subsidise provision through accepting a lower land receipt) as well as other mechanisms, such as development by Community Land Trusts.

10.31 We would consider that the policy position regarding affordable housing targets should equally apply to urban sites as well as any Green Belt sites which may be identified through the Local Plan process. Green Belt sites are less likely to have significant viability issues and do therefore provide the opportunity to deliver large quantities of affordable housing. There is no evidence in this report to suggest that Green Belt sites should be seeking to achieve a different mix of housing to the 80:20 split between affordable/social rented and intermediate housing.

R9: The Council's policy position regarding affordable housing targets should equally apply to urban and Green Belt sites – this includes the 80:20 split between affordable/social rented and intermediate housing. We would also recommend that any Green Belt sites in Bootle and Netherton should provide affordable housing (although we are not aware of any identified or potential Green Belt sites in Bootle coming forward through the local plan process). Such housing can help to meet needs of the whole Borough and will provide a different housing offer to that which is available in the current residential housing stock.

10.32 The draft Local Plan document suggests that affordable housing should be provided on sites of 15 or more dwellings. National policy within the NPPF provides local authorities with increased flexibility in setting thresholds for affordable housing provision. The issue of thresholds will be considered in the new viability study to be commissioned by the Council.

R10: The Council should review whether a size threshold for on-site delivery of below 15 units would be appropriate. This would need to be supported by evidence of viability and deliverability on smaller sites.

10.33 In regard to the mix of affordable housing sought, the analysis of housing need highlights that the majority of need is for social/affordable rented properties. There are particular short-term challenges in delivering shared ownership or shared equity housing linked to the savings of non-owner-occupiers and current lending practices which require larger deposits. However in the longer-term, intermediate housing may play an important role as a stepping stone for younger households onto the housing ladder. Provision of intermediate housing will also support the viability of affordable housing provision within residential development schemes.

10.34 To consider the mix of affordable homes of different sizes sought on new development schemes, we have drawn together information on housing need, as well as the existing supply and turnover of properties. We have also considered issues related to the management of the existing housing stock and the council's statutory responsibilities to homeless households. Our recommendations are set out on this basis:

R11: The Council should consider a strategic policy target seeking 45%-50% of new affordable homes to comprise 1-bedroom homes, 20%-25% 2-bedroom homes, 20%-25% 3-bedroom homes and 5%-10% with 4 or more bedrooms.

10.35 This should be regarded as a strategic long-term policy and not be rigidly applied to individual sites. In applying the policy to individual development schemes it should be considered alongside information on the current profile of lettings and households on the Council's Housing Register at a more local level at the point in time when planning consent is sought.

10.36 In regard to levels of need for different sizes of properties and the management of the affordable housing stock we would recommend that the Council monitors trends in right-to-buy sales. Moving forward we would also expect the Government's proposed changes to Housing Benefit to result in an increase in households looking to move home, and potentially seeking smaller accommodation. The Council should also monitor the impact which this has.

R12: The Council should monitor changes to the stock and need for different sizes of property, taking account in particular of right-to-buy trends and the impact of welfare/benefit reforms.

10.37 In addition to provision of new affordable housing, we would advise the Council to investigate how better use of the existing housing stock could be made to meet housing need (recognising that the Council does not own/manage stock such investigations would need to be conducted with its stock owning, housing association partners). This particularly applies to Bootle and Netherton where an overall surplus of affordable housing is identified but with a shortage of smaller homes, intermediate housing and accommodation for older people.

Private Rented Housing

10.38 The Private Rented Sector has increased by more than 60% over the last 10 years. It plays an important role in meeting housing demand and need, and supporting dynamism within the overall housing market. There are currently over 10,000 Housing Benefit claimants in the Private Rented Sector. There is potential for the Sector to play a stronger role in meeting housing need.

- 10.39 Additionally, the profile of tenants in the private rented sector appears to be biased towards groups who are more likely to be disadvantaged (including BME households, lone parents and younger people).

R13: The Council should consider how it might play an enhanced brokerage role linking households on the Housing Register to willing private sector landlords offering decent homes.

- 10.40 There is also clear role for policy to seek to encourage investment and improve standards within the Private Rented Sector. The Council already has an important enforcement role and should work to develop ways to improve the housing offer for households seeking private rented homes (such as through the Landlords Accreditation Scheme introduced in July 2013).

Housing Delivery

- 10.41 There are currently a set of macro-economic factors linked particularly to the availability of mortgage finance and restrictions on growth in household disposable incomes which are limiting access to the owner occupied sector. Mortgage finance constraints are equally affecting investment purchases (against a context in which yields are now quite strong).

- 10.42 These conditions are likely to impact on housing delivery in the short-to-medium term. We expect levels of housing transactions to improve gradually and there is evidence of this in 2014 when compared with data in the 2013 Draft SHMA. However, the uncertain state of the economy could have wide ranging consequences on the availability of credit, and the housing market more widely. This could impact on housing transactions and delivery.

- 10.43 While macro-economic factors will play a primary role in affecting levels of housing delivery, the Council can and take a number of steps to ensure that barriers to housing delivery are limited and through proactive measures to support delivery in key circumstances.

R14: The Council should seek to bring forward Site Allocations through the Local Plan process to provide policy certainty which will help support housing delivery.

R15: The Council should consider taking a more proactive role in key development schemes, particularly where there are public sector land assets, or where it can have an enabling role.

- 10.44 The Council should continue to engage with developers through pre-application discussions and exercise policy flexibility, including through use of an open book approach to viability, to support housing delivery where the development scheme is compliant with wider policies in the Development Plan.

- 10.45 The Government has also introduced a Mortgage Indemnity Scheme for new-build homes, whereby the Government will underwrite an equity loan for up to 20% of the value of the property. This aims to support first-time buyers in getting on the housing ladder. The Council may wish to signpost and help publicise this scheme and other initiatives.

Overall Housing Mix

- 10.46 The analysis within this report indicates that of overall housing requirements (market and affordable), 30-35% are for 2-bed properties and 40-45% for 3-bed properties; with more limited need/demand for 1-bed properties (5-10%) and properties with 4 or more bedrooms (5-10%). This reflects long-term demographic dynamics.
- 10.47 There is a policy choice for the Council to make within the Borough regarding the degree to which it wants to cater for demand (for market housing) from local people as against in-migrants. This might influence policies on the size of dwelling sought.
- 10.48 If seeking to cater more for local needs then the Council could for instance seek smaller units on site. Alternatively, greater flexibility could be provided regarding the profile of homes, to support delivery of larger, aspirational housing.

R16: The Council should consider how it seeks to influence the mix of properties of different sizes through specifying the sizes or types of housing to be delivered. This should include consideration of the need for new housing provision for older people.

- 10.49 The Council should also consider whether a policy seeking all or a proportion of newbuild housing to be built to the Lifetime Homes Standard is appropriate. Such a policy would need to take account of any increase in costs.
- 10.50 The Council should also consider the potential role of bungalows as part of the future mix of housing. Such housing may be particularly attractive to older owner-occupiers which may assist in encouraging households to downsize. However, the downside to providing bungalows is that they are relatively land intensive for the amount of floorspace created. Anecdotally, we are aware from the Council that there is a reluctance from both developers and Registered Providers to provide bungalows due to land take cost to value implications.
- 10.51 The mix of housing required (as identified in Section 8 of the report) should inform strategic Borough-wide policies. In applying these to individual development sites regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.

Meeting the Needs of Specific Housing Groups

- 10.52 The analysis undertaken identifies older persons as a key group within the study area who are likely to have specific housing needs. Sefton contains an above average population in age groups over 55 and the number of older people is projected to increase substantially over the period to 2030. Without intervention, under-occupancy of homes (particularly within the private sector) can also be expected to increase.

R17: The Council should work with Registered Providers to encourage households to downsize to smaller properties. It should also encourage developers to provide market (and affordable) housing for older people, such as extra care, which may have a greater impact on the numbers of older people downsizing.

- 10.53 It is understood that the provision of 'special needs' housing will be subject to a separate policy in the emerging Local Plan. We would consider that provision of such housing should include an element of affordable homes (i.e. special needs housing schemes should be expected to provide affordable homes). However, given the high levels of owner-occupation in some locations a flexible approach should be taken about the proportion of affordable housing to be provided. Levels of provision of special needs affordable housing will also need to be tested through viability assessments.
- 10.54 It will be important moving forward that the Council continues to plan to meet the housing needs of a growing older population, including through supporting adaptations to existing properties (within the context of available funding), through provision of floating support and through supporting development of specialist housing (including both public and private sector provision). Specialist housing should include extra care. The analysis in this report estimates a need for around 1,670 homes to meet the needs of an ageing population. Given potential housing delivery of some 11,070 dwellings over the 2012-30 period; this would imply around 15% of future provision to be Extra-Care housing for the growing older person population – of this, around 15% (about 250 units) is identified as being needed in the affordable sector (i.e. as social/affordable rented housing).
- R18: The Council should continue to proactively plan to meet the housing needs of older people. This might include seeking to provide a proportion of housing on suitable sites as homes specifically for this group (e.g. extra-care housing). Such an approach is currently being used in the neighbouring authority of West Lancashire. Such schemes should include affordable housing with analysis in this report identifying a need for around 15% of special needs housing to be in the social/affordable rented sector.**
- 10.55 Relative to other dwelling types the cost of providing Extra-Care and other specialist forms of accommodation is likely to be quite high and the Council should consider whether providing land for lower (or nil) value would help reduce the barriers to provision of specialist housing in the affordable sector.
- 10.56 The Council should also consider the standards of sheltered accommodation currently available in the Borough which may or may not meet the needs of an ageing population. Given that Extra-Care housing is still a relatively new 'product' the Council should properly signpost what such housing is and how people can access it.
- 10.57 The housing needs analysis also highlights a high number of lone parent households in the Borough and a growing BME population. The Council may wish to consider how the needs of these groups are addressed through its Allocations Policy.