Warwick District Council Strategic Housing Market Assessment

Final Draft Report:
Executive Summary

October 2011

GL HEARN

In association with

jg Consulting
Quality Specialist Research

Introduction

1.   GL Hearn (GLH) and Justin Gardner Consulting (JGC) were commissioned to prepare a Strategic Housing Market Assessment (SHMA) for Warwick District by the District Council. The purpose of the SHMA is to provide a robust and up-to-date understanding of housing need and demand within the District in order to inform and support planning policy and housing strategy.

2.   The Assessment considers future housing requirements, in terms of the number of homes required to meet need and demand. It considers the mix of housing required, in both the affordable and market sectors. It also looks at the housing requirements of specific groups, including older people, Black and Minority Ethnic (BME) households, and those with support needs.

3.   Emerging national policy within the draft National Planning Policy Framework (NPPF) (CLG, July 2011) sets out that Councils should plan on meeting 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. They should identify the size, type, tenure and range of housing that is required (which this Study does) and set policies for affordable housing. It has been informed by and is consistent with the Government's current Practice Guidance on Strategic Housing Market Assessments (CLG, 2007).

4.   The draft 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 and infrastructure policies.

5.   There are also a series of reforms proposed affecting the affordable housing sector which need to be considered in considering future housing policies, including changes to tenancies, and the introduction of the affordable rented tenure.

6.   The SHMA has been informed by an interview survey of households alongside analysis of a range of wider data and consultation with stakeholders. In total, 1,520 households took part in the survey representing 2.6% of all households in the District. The number of responses provides sufficient data to allow complete, accurate and detailed analysis of need and demand across the District.

7.   The Study is structured to provide outputs for seven Community Forum areas. In some cases these areas have been merged into three for the purposes of analysis. The three areas are Leamington/Warwick/Whitnash, Kenilworth and Rural.

Demographic Dynamics

8. The population of Warwick District has been increasing at a faster rate than across the West Midlands, growing by 11.9% between 2000 and 2010. In the past population growth has principally been driven by migration (as shown in the figure below) although the most recent data available (for 2010) suggests a net out-migration of population from Warwick District for the first time in at least 15-years.

**Figure A Components of Population Change, Warwick District**
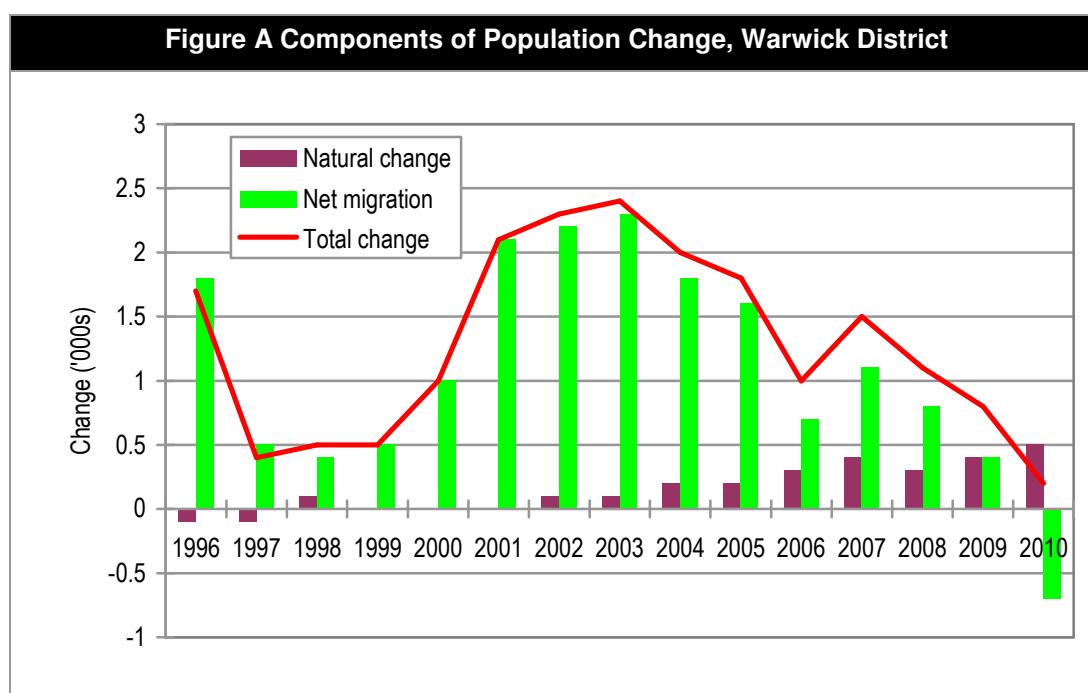
Source: ONS Mid-Year Population Estimates

9. A higher proportion of the District's population is of working age compared to other parts of Warwickshire. Within the District, the highest proportions of households with children are found in the Rural West, Warwick and Whitnash Community Areas. We would expect stronger relative demand for family housing to arise in these areas.

10. The proportion of the population made up of older persons is greatest in the Kenilworth and Rural Community Areas. These areas have higher levels of owner occupation and higher proportions of larger housing. They are likely to be attractive to middle-aged and older households with equity in existing homes. A growing population aged over retirement age may result in an increase in the number of households under-occupying homes. The substantial growth projected in the population in their 80s may increase demand for adaptations to existing homes and for specialist housing.

11. The BME population has increased significantly in size in recent years with survey data estimating a 46% increase in households headed by a non-White (British/Irish) person from 2001 to 2011. Its growth has been supported by international migration, particularly from Poland and India.

12.   As part of the SHMA we ran a series of different population/household projections based on a range of different assumptions (mainly relating to migration levels) with the main outputs from each of these being total population numbers (by age and sex) and the number of households this is likely to translate into.

13.   An assessment based on past population trends and population dynamics in the District would result in a requirement for 11,900 homes over the period from 2011 to 2031 (595 homes per annum). This would support growth in the resident labour force of around 8,250 jobs (12.3% employment growth).

14.   Forecast employment growth in the District is for 11,860 jobs over this period. Should the District wish to support this level of economic and employment growth, the projections indicate that provision of 14,300 homes would be required (2011-31), equivalent to 715 per annum. This level of housing development could potentially support a reduction in levels of in-commuting. However it is for the Council to define its economic strategy through the Local Plan.

15.   In considering the housing requirement for the District, it should be recognised that there are a range of wider factors which warrant consideration alongside need/demand including the availability of suitable land for development, the feasibility and funding of key infrastructure, community and stakeholder consultation and Sustainability Appraisal which considers the social, economic and environmental implications of alternative options. It will also be important to liaise with other local authorities within the Housing Market Area.
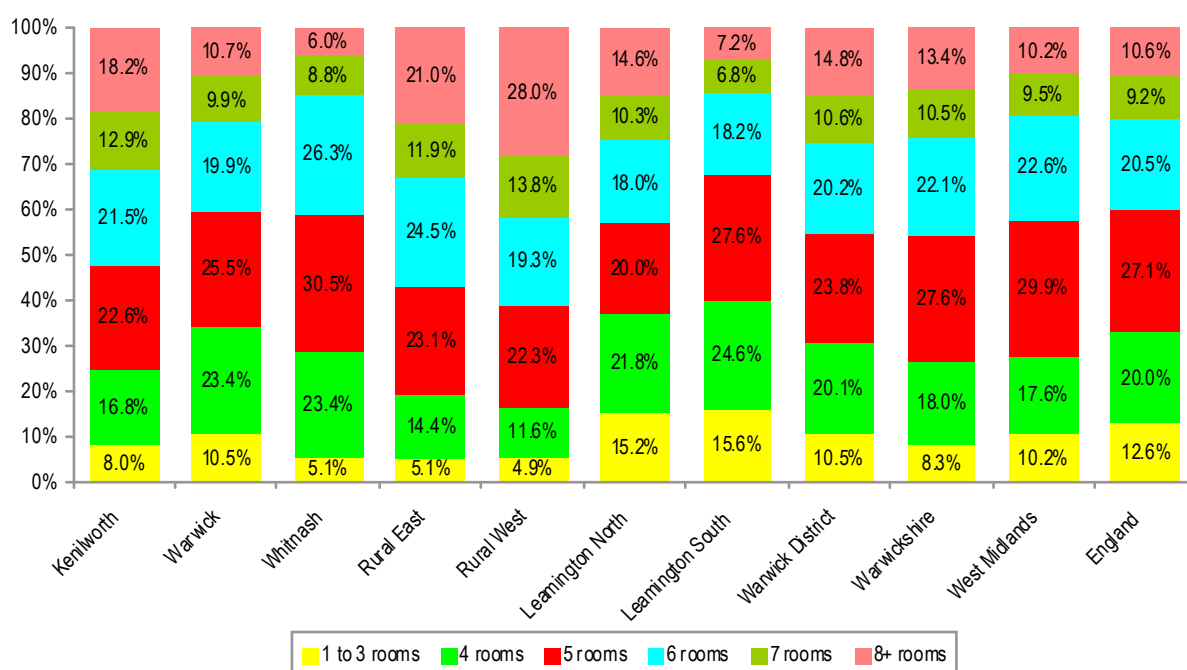
Current Housing Offer

16.   In 2010, there were 59,400 homes in Warwick District of which 13.6% were in public sector ownership, with 86.4% owned privately. The stock of affordable housing in the District has declined by 3% over the previous decade - there was a net loss of 300 affordable homes between 2000 and 2010. Over this same period the number of private sector dwellings increased by 14%. Whilst the decline in the number of publicly owned dwellings is low compared with other areas we would expect this trend to affect the ability of the current stock to meet housing needs, particularly in the context of a growing population.

Figure B Housing stock by tenure, 2000-2010

Warwick District	West Midlands	England
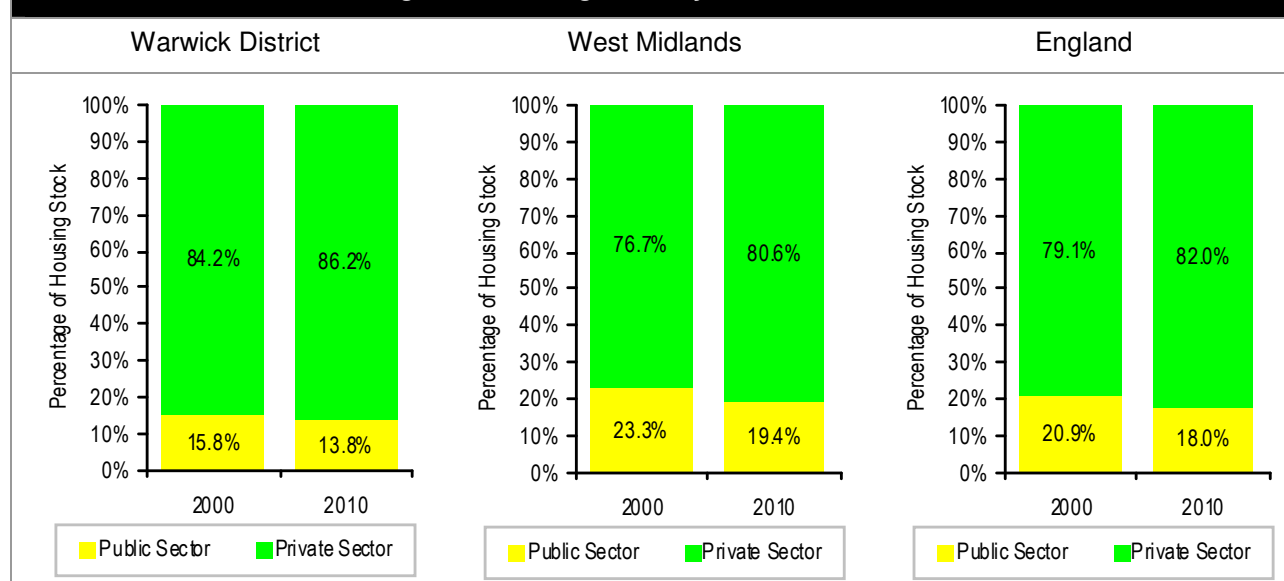
Source: HSSA, HIP and CLG data (2000 and 2010)

17. In 2001, 58% of homes in Warwick District were detached and semi-detached, with 22% terraced and 20% flats or maisonettes. This is a reasonably balanced profile. However in the two rural HMAs, the proportion of properties with 6 or more rooms (equivalent to 3+ beds) is well over half (57% in Rural East and 61% in Rural West compared to 46% across the whole District).

18. In the main urban area of Leamington/Warwick/Whitnash, the housing offer is more biased towards smaller properties. While there is a degree of complementarity, the Council should consider how through policy it can support greater diversity in the housing stock in the Rural Community Forums where the dominance of larger properties contributes to affordability pressures. However this needs to be balanced against market demand for larger homes in these areas.

19. In addition, Leamington has a much higher proportion of rented properties than other parts of the District, with a particular concentration of private and social rented properties in the Leamington South Community Area. The Council would be justified in seeking to diversify the tenure mix to create a more stable and sustainable community in this area.

Figure C Size of dwelling stock (2001)

Source: 2001 Census

20.	There is a low vacancy rate within the current housing stock as well as low levels of overcrowding (at 1.3%). The low vacancy rate means there is very limited effect potential to meet future requirements through better use of the existing stock. Over the plan period to 2031 there should however be some potential to release supply of existing family housing by supporting downsizing of older households and providing specialist housing to meet their needs.

Current Housing Market Conditions

21.	House prices across the District grew strongly between 2002 and 2008 from £100,000 to £209,000. However we have seen a fundamental shift in housing market conditions since 2007/8 driven by banks' more cautious approaches to lending. House prices in early 2011 were £14,000 below levels in 2008 at an average of £195,000.

22.	First-time buyers, the lifeblood of the housing market, now require at least a 10% deposit to secure a mortgage – and this has significantly restricted their numbers. Many first-time buyers as a result are relying on 'the bank of mum and dad.' Over the last two years 1,800 first-time buyers have bought homes in the District, putting down an average deposit of around 23%.

23.	Effective market demand as a result is currently subdued with sales of homes in 2010/11 being 40-50% down on levels before 2006/7 (as is shown in the figure below).

Figure D Sales levels in Warwick District 2000/1 – 2010/11 (2000/1 = 100)
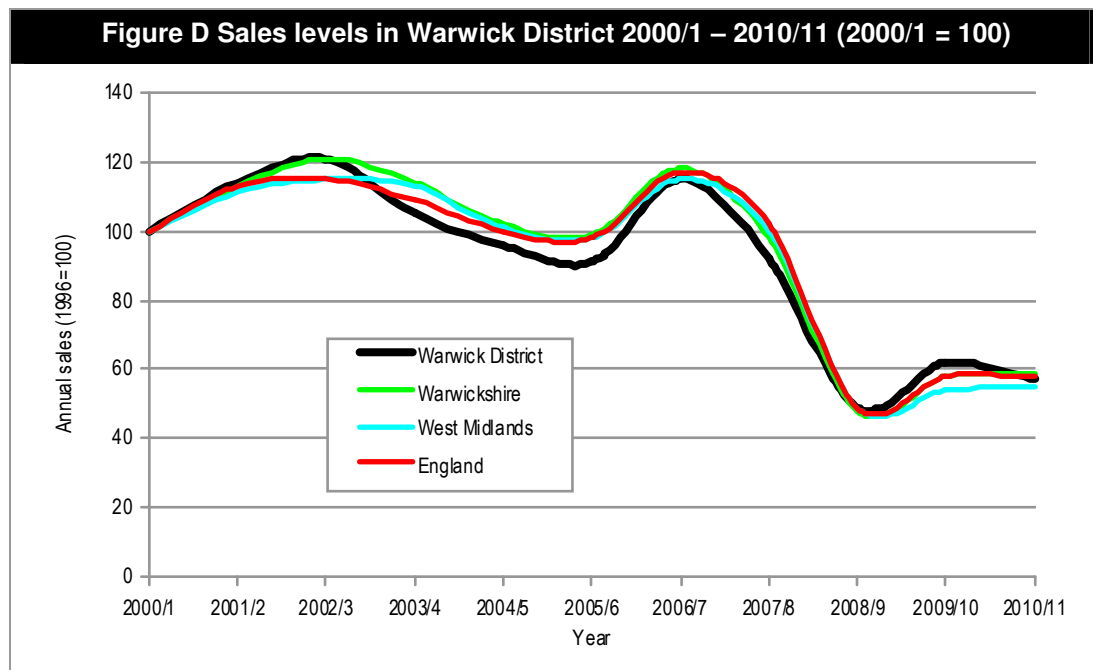
Source: CLG Live Tables

24. Demand signals (in terms of prices) do however highlight strong demand in Warwick District relative to other parts of the region, which we would link to the economic dynamics, accessibility and quality of life of the area. House prices on average are around 15% above the regional average and also above national averages and figures for Warwickshire as a whole. Prices are highest in the Rural Areas, indicating stronger relative demand, and weaker in the Leamington/Warwick/Whitnash area. This is one of a number of factors which might influence the distribution of development in the District.

25. The Survey has also highlighted the high turnover of properties in the Private Rented Sector, which accounts for 51% of all moves over the past 2 years. The key role of the sector in supporting dynamism in the housing market should be recognised, as well as its importance to meeting the needs of newly forming households (where it has met 73% of needs). There is an important role for local policy is seeking to improve standards in the sector.

Affordability of Market Housing

26. Lower quartile house prices in Warwick District are eight and a half times higher than lower quartile incomes; however this ratio has not grown since 2005. Within the District, incomes vary notably by age, household type, tenure and geography. Incomes are lowest in the Leamington South Community Forum area and highest in the two Rural Community Forums.

27.   It is estimated that 24% of all households cannot afford market housing within Warwick District without subsidy. Levels vary considerably by area with 49% of households in Leamington South being unable to afford compared with 12% in the Rural East Community Forum area.

28.   For house purchase, levels of savings are a key constraint to obtaining mortgage finance. For those households who are not current home owners, 19% are in debt, 52% have no savings and just 12% have savings of more than £5,000. Savings are a key constraint for young households looking to buy their first home.

Figure E Median financial information by tenure				
Tenure	Median annual gross household income	Median savings	Median equity	Potential access to funds
Owner-occupied (no mortgage)	£18,808	£2,252	£259,448	£327,526
Owner-occupied (with mortgage)	£45,620	£1,180	£96,174	£257,024
Social rented	£9,818	-£148	£0	£34,215
Private rented	£25,332	£659	£0	£89,323
Average	£25,214	£935	£108,448	£197,631

Source: Household Survey Data

29.   As a result there is a risk that over the next decade, a dichotomy will develop in the housing market between those with equity in existing homes, and the non home-owners, who will have limited ability (without recourse to financial support from relatives) to get on the housing ladder. The ability of young households to buy would principally be improved by an increase in the loan-to-value ratios accepted by banks and building societies.

Assessment of Housing Need

30.   Housing need describes the quantity of households who cannot meet their needs in the housing market without support. An assessment of housing need is a statutory requirement to underpin policies for affordable housing provision, and in effect is used to establish whether at a particular point in time there is a surplus or deficit of affordable housing.

31.   Housing need has been assessed in this Study using information both from the household survey and other data sources. It has been calculated using the Basic Needs Assessment Model recommended in national guidance.

Figure F Overview of Basic Needs Assessment Model
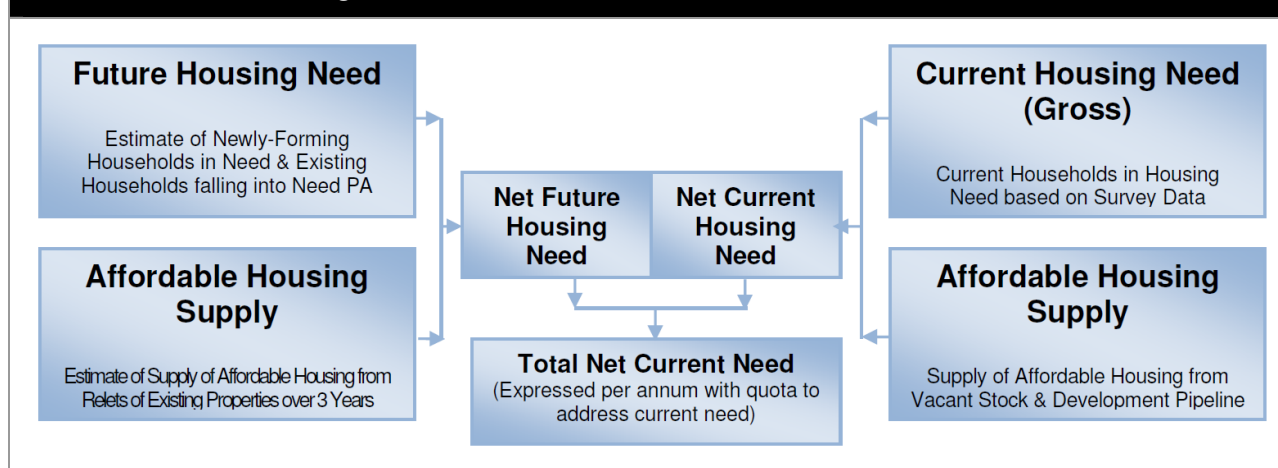
32.   The results of the housing needs assessment are summarised below. The needs assessment identifies an annual shortfall of 698 affordable homes. Although levels of housing need are highest in Leamington/Warwick/Whitnash, there is a shortfall of affordable homes in each of the three main areas. The Council is justified in seeking affordable housing provision in all parts of the District.

| Figure G Summary of Housing Needs Assessment (Per Annum)				
Element	Kenilworth	Leamington/ Warwick/Whitnash	Rural	Warwick District
① Backlog need (annual)	0	193	36	229
② Backlog supply (annual)	0	172	22	194
③ Net backlog need (annual) ① - ②	0	21	13	35
④ Future need (annual)	170	878	83	1,131
⑤ Future supply (annual)	55	373	41	468
⑥ Net future need (annual) ④ - ⑤	115	507	42	663
Total net annual need ③ + ⑥	115	528	55	698
Total households	9,987	37,882	10,705	58,575
Need as % of households	1.2%	1.4%	0.5%	1.2%

Source: Household Survey Data, CORE

33.   The level of need identified is very significant, and likely to be substantially higher than the number of new affordable homes which can realistically be delivered. The level of need is influenced by the reduction in the affordable housing stock which has occurred over the last decade – this in turn reduces the availability of stock and restricts the options available to households in need.

34.   Part of the gap between the likely future need for affordable housing and future supply is likely to be met by the Private Rented Sector. Over the last two years, the Private Rented Sector has housed 392 households in housing need per annum, supported by Local Housing Allowance (LHA). However, even taking this into account, the supply of affordable housing is likely to fall short of identified needs.

35.   Changes to Local Housing Allowance from April 2011 have affected a small number of households, who would previously have been able to claim their full rent back and who are no longer be able to do so. The Survey has also highlighted that around 130 single person LHA claimants in the Private Rented Sector may be impacted by changes to the single room allowance which is due to be introduced from January 2012, and this may drive an increase in demand for shared accommodation.

36.   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 development viability. The recent Viability Study undertaken would support differential targets in different parts of the District (with no affordable housing in deprived areas, and up to 25% on urban extensions), with provision of no more than 30-35% affordable housing District-wide. The Study is to be updated to take account of the findings of this work and introduction of the new Affordable Rent tenure (which should support viability).

37.   The Council may wish to consider wider mechanisms to bring forward affordable housing, including adopting a threshold of 6 dwellings/ 0.25 hectares for development schemes requiring affordable housing in the urban areas, and working with RPs and public sector bodies to maximise delivery of affordable housing on sites owned by the public sector or RPs, or through the Government's Community Right to Build initiative.

The Future Housing Market

38.   The diagram below captures our understanding of the key influences on 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/ need for different types, tenures and sizes of housing.

Figure H Understanding Housing Demand
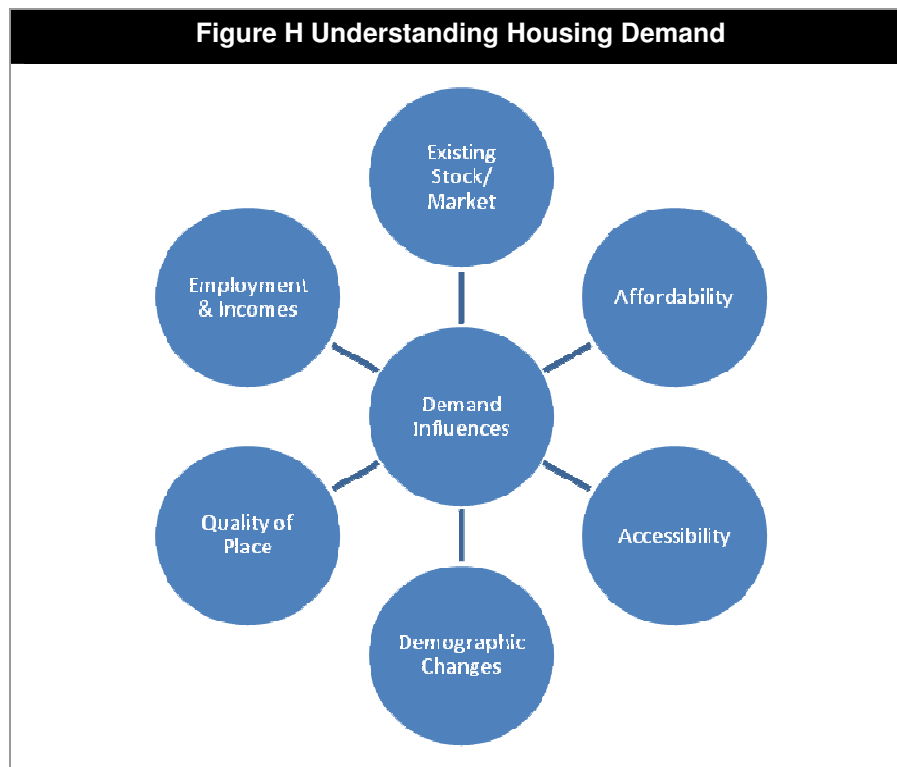
39. Macro-economic factors are expected to influence effective market demand for housing in the short-term. These include mortgage finance, market confidence, short-term employment growth, and pressures on household incomes. Market demand is expected to be subdued and can be expected to impact on housing completions. While this can be expected to support need and demand within the rented tenures, supply is unlikely to respond to the demand drivers in the short-term given the investment-led model for the Private Rented Sector and the funding model and constraints in the Affordable Housing Sector.

40. There is some evidence, at the national level, that the housing market downturn has moderated growth in headship rates (for instance as a result of younger households sharing homes or living with parents for longer). However in previous market downturns and economic recessions this has been a temporary effect. The effect of this on overall housing occupancy however is likely to be moderated by growth in the population of retirement age which is more likely to under-occupy homes.

41. It is still appropriate to plan on meeting expected household growth over the longer-term. This is expected to be driven by demographic trends and over the medium- and long-term in particular, by economic performance and employment growth. Changes in headship (in terms of how households occupy homes) are likely to have a relatively limited impact on the overall levels of homes needed.

Requirements for Different Types & Sizes of Homes over the Longer-Term

42. Using our housing market model, which takes into account how households of different ages occupy dwellings and the potential delivery of housing in different tenures, we consider that market demand will be strongest for 3-bedroom properties (43%). Demand for 1-bed properties is expected to be relatively limited (7%). With the ageing of the population, we might expect some households occupying larger market homes (4+ beds) to downsize, releasing these properties for younger households. Thus moving forward, we would expect demand for 4+ bed homes to be slightly more moderate than in the past.

43. The figures are based on the trend-based projection which shows household growth of around 580 per annum although similar outputs in terms of the profile of housing would be expected with other projected growth rates.

44. An estimated 42% of overall housing requirements (market and affordable) are for 3-bed properties, 20% for 4 or more bedrooms, 26% for 2-bed properties and 12% for 1-bed properties. Around 60% of requirements are thus for family housing with 3 or more bedrooms. This mix should be taken into account in considering the 'portfolio' of sites taken forward through the Local Plan.

45. In the market sector the modelling suggests that around two-thirds of demand will be for family-sized accommodation with a slightly smaller profile of dwellings being required in the affordable sector. Outputs from the housing market modelling are shown in the figure below.
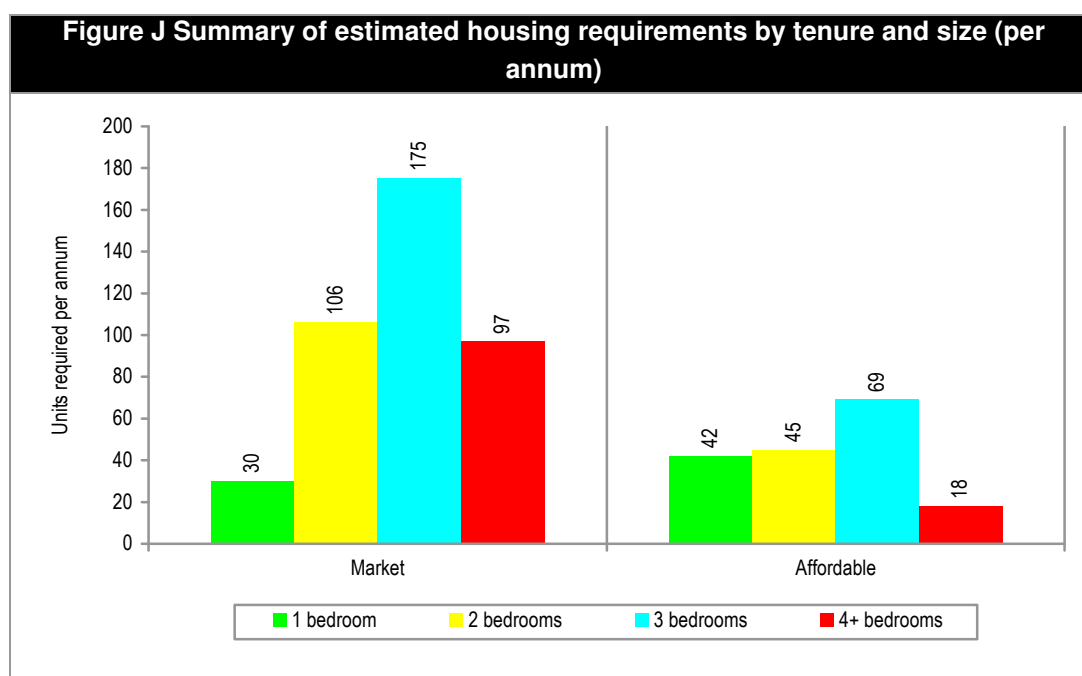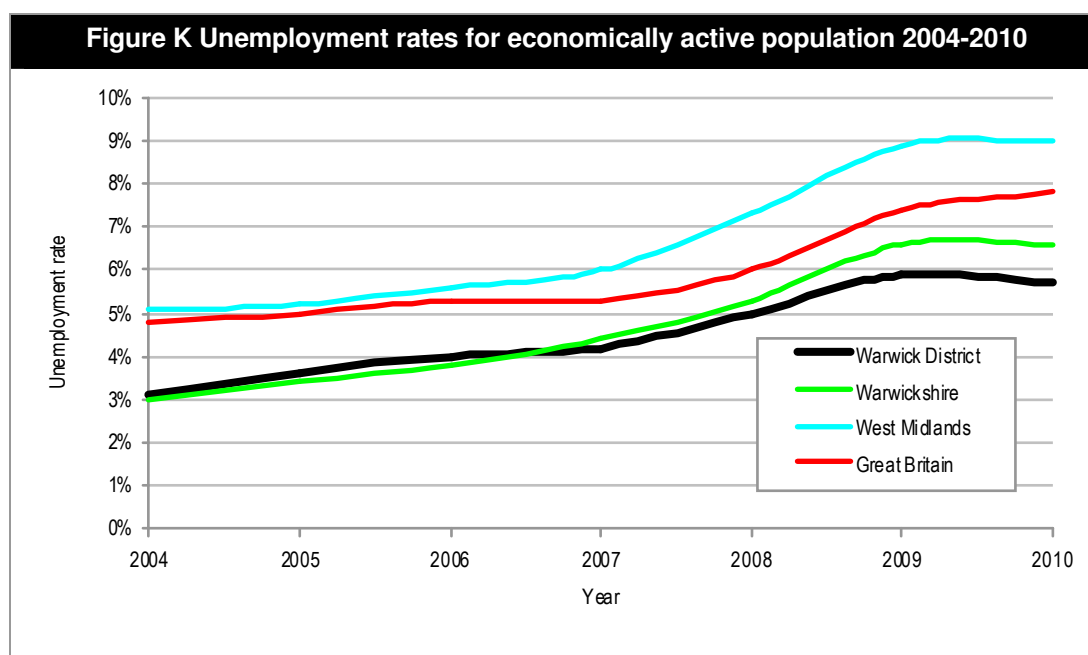

Source: Household Survey Data

46. For affordable housing, taking account of identified need, existing supply and turnover of properties and issues related to the management of the housing stock (as well as outputs from the market modelling), we recommend a policy target for 15%-20% of future affordable housing provision to be 1-bed properties, 30% of 2-bed, 40% of 3-bed, and 10-15% with 4 or more bedrooms.

47. Our analysis also indicates that 9% of market demand (37 homes per annum) will be for specialist housing, particularly for older people. There is a slightly higher requirement over the long-term to 2031 within the affordable sector, with an anticipated 10% of need being for specialist housing (17 properties per annum). The Council should consider inclusion of specific policies for specialist housing within the Local Plan on this basis.

48. In regard to the distribution of need/demand within different parts of the District, the analysis indicates that 63% arises in the Warwick, Leamington and Whitnash urban area, 19% in Kenilworth and 18% in the rural Community Forum areas. This should be considered in determining the distribution of development in the Local Plan alongside the spatial strategy, land availability and local aspirations.

Implications of Economic Trends

49. Warwick District falls within one of the most dynamic and growth-orientated parts of the West Midlands region. The District has a high jobs density of 0.95 with evidence of net in-commuting to work (6,600 in 2001). The survey indicates that 62% live and work within the District. There is potential for strong employment growth over the next 20 years as the economy emerges from the recession, including within higher value-added sectors.

50. The District's occupational structure is heavily skewed towards managerial and professional occupations, particularly in Kenilworth, the Rural West and Leamington North. This has been growing. The District also has an above average proportion of working residents with degree-level qualifications.

51. As well as supporting its own economy, the District's location, transport links and quality of life make it an attractive place to live for households who may work elsewhere, particularly those in higher wage jobs where there is a 'wage incentive' to travel out of the area to work. We would expect this to support demand for larger family housing in the District.

52. Overall, the economic profile and the District's locational strengths suggest that in the longer-term demand for family housing in the market sector will remain strong. However in the short-term, there is potential for recent growth in unemployment to have contributed to levels of housing need. Unemployment within the District is concentrated in Leamington and Warwick. The figure below shows how unemployment levels have changed over the past six years.

Figure K Unemployment rates for economically active population 2004-2010

Source: ONS Annual Population Survey (from NOMIS website)

Housing Needs of Specific Groups within the Population

53.   Households within Black and Minority Ethnic (BME) groups are more likely than the general household population to live within the Private Rented sector. There are higher concentrations of Asian households in Whitnash and Warwick and of BME households generally in Leamington South. Whilst BME households did not demonstrate levels of need that were significantly different from the White (British/Irish) population it is clear where needs do arise that these are concentrated in certain locations (e.g. Whitnash) and for certain types of accommodation (i.e. larger homes).

54.   An estimated 22% of households in the District contain only older persons (with more than 25% in Kenilworth, Whitnash and the Rural East Community Forum areas). Around three quarters of older person households are outright owners, with older persons occupying 27% of social rented dwellings. Older households are very likely to under occupy homes, with two-thirds living in homes with three or more bedrooms. In the market sector there is a limited ability to influence this. In the affordable sector, there may be potential for policy to seek to reduce under-occupation by providing support and incentives to households to downsize. This may help to release larger housing for family households in priority need. It will be important that secure tenancies are provided for these households.

55.   The number of older households is expected to increase significantly over the next 20 years, with households of pensionable age growing by 6,500 over the next 20 years (to 2031). With improvements in life expectancy, the number of households with support needs will also grow, by an estimated 2,800. The Council should consider how to best meet the needs of these groups through the housing strategy. We would expect this to including providing support to older households to adapt their existing homes to meet their changing needs. They will however also be a need for specialist accommodation, and the Council might consider including a policy relating to specialist housing for older persons within the Local Plan.

56.   Currently 14% of households have support needs with the highest levels in Leamington North. Some 11% of those with support needs currently live in unsuitable housing (c. 900 households). Typically these households have a lower income. The greatest support needs are for alternations to bathrooms and toilets, provision of emergency alarms or help maintaining homes, as well as level access showers. In many cases it may be possible to resolve these needs in situ. Population growth can be expected to increase the numbers of households with support needs over time – we estimate that over the next 20 years an additional 3,000 households will have a support need. The support needs of households should be considered by the Council in the development and implementation of its Housing Strategy. It will be important that financial planning takes into account an expected increase in needed for support services.

57.   For family households, lone parent households are particularly in need of support. Lone parent households typically have lower incomes and are more likely to be overcrowded (8.5%). They make up 15% of households with children. Most reside in the Private or Social Rented Sectors, and the Council might wish to consider how its allocations policies for social housing support this group, for instance through the development of its Tenancy Strategy.

58.   Young households are more likely to be unemployed (with 8.5% of persons under 35, excluding students, unemployed) and in need of support. There are also market barriers for many young households to buying a home, with the average age of first-time buyer households in the District of 35 over the last 2 years, with a median income of £43,000. Given supply constraints in the affordable sector, the Council should work to promote improvements in standards of private rented properties to meet the needs of these groups. The Council should also signpost and promote understanding of intermediate housing options.

Conclusions & Recommendations

59.   Strategic Housing Market Assessments are intended to improve understanding of both need and demand for affordable and market housing. They take account of the current stock (and how this has changed over time), and through this assessment we have considered drivers of demand over both short- and long-term horizons.

60.   There has been a significant change in housing market conditions since late 2007, with effective housing demand substantially constrained – particularly by the availability of mortgage finance. The SHMA has addressed this, but seeks to look beyond this to provide a framework for development of planning policy over the longer-term to 2031.

61.   Warwick District Council is currently developing a Local Plan to cover the period to 2031. Emerging national policy, set out within the draft National Planning Policy Framework (CLG, July 2011) 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. They 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.

Housing Requirements

62.   The draft 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 basis that objectively-assessed development needs should be met, unless the impacts of doing so would significantly and demonstrably outweigh the benefits when assessed against the NPPF.

63.   It is expected that population and demographic dynamics as well as employment growth will drive demand for housing over the longer-term to 2031. Planning policies should be developed to respond to these long-term drivers, alongside the Council's vision for the District and its ability to accommodate development. The draft National Planning Policy Framework sets out that local planning authorities should develop their Local Plans on the basis of meeting identified development needs (i.e. need and demand), unless there are overriding reasons why it is not sustainable to do so.

64.   As part of this Assessment, projections have been developed for future population and household growth, taking account of both demographic trends and projected future economic performance. An assessment based on past population trends and population dynamics in the District would result in a requirement for 11,900 homes over period from 2011 to 2031 (595 homes per annum). This would support growth in the resident labour force of around 8,250 jobs (12.3% growth).

65.   Forecast employment growth in the District is for 11,860 jobs over this period. Should the District wish to support this level of economic and employment growth, the projections indicate that provision of 14,300 homes would be required (2011-31), equivalent to 715 per annum. This level of housing development could potentially support a reduction in levels of in-commuting to Warwick District (based on matching growth in the employment in the District with growth in its resident population). It could potentially support more local living and working. However it is for the Council to define its economic strategy through the Local Plan.

66.   In establishing policies for housing provision, this needs to be brought together with evidence of the availability of suitable land for development. The plan-making process will also need to test alternative options considering their social, economic and environmental implications and infrastructure requirements.

Housing Distribution

67.   In the past, the distribution of housing development has particularly been informed by the 'spatial strategy' within regional/county and local plans, and the availability of suitable land. These remain very relevant factors in considering where development is located, particularly with a view to supporting sustainable development including access to employment, services and public transport.

68.   Our analysis, which integrates an understanding of demographics identifies that 63% of need/demand within the District arises in the Leamington/Warwick/Whitnash urban area, 19% in Kenilworth and 18% in the rural Community Forum areas.

69.   The draft NPPF indicates that market factors should also be taken into account as well emphasising in para 27 that strategies for housing (and other land uses) should 'take full account of relevant market and economic signals such as land prices to inform judgements about levels of demand.'

70.   A range of factors should therefore be brought together in considering the distribution of development within the District through the Local Plan preparation process and tested through the Sustainability Appraisal process.

71.   In doing so, the Council should consider the ability of the 'portfolio of sites' proposed for development to accommodate the mix of housing proposed. The SHMA indicates that 42% of overall housing requirements (market and affordable) are for 3-bed properties, 20% for 4 or more bedrooms, 26% for 2-bed properties and 12% for 1-bed properties. This should be taken into account in considering the mix of sites allocated within the Local Plan, and in monitoring housing delivery.

72.   Emerging national policy is likely to allow the Council to determine its own policies regarding development densities. Density policies should be considered in light of the mix of housing sought and portfolio of sites to be brought forward through the plan.

Affordable Housing Policy

73.   An assessment of housing need is a statutory requirement to support affordable housing policies. Its purpose is to establish that the 'need' for affordable housing cannot be met by existing or planned supply, and hence that there is an additional requirement for affordable housing.

74.   The SHMA identifies a net annual need for 698 affordable homes per annum, if all housing need was to be met. This is significantly above likely (or realistic) levels of housing delivery, and has arisen from under-provision of affordable housing for a decade or more. Since 2001-2, affordable housing delivery has averaged 85 dwellings a year (18% of total housebuilding) but this has been offset by losses of affordable housing through right-to-buy sales. Overall between 2000 and 2010 the stock of affordable housing in the District fell, with a net loss of 280 properties.

75.   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 development viability. The DTZ Viability Study (July 2011) would support differential affordable housing targets in different parts of the District with no affordable housing required in deprived areas, and up to 25% on urban extensions, with provision of more than 30-35% District-wide. A differential policy for affordable housing is reasonable based on the differences in viability which exist, and will contribute to maximising delivery. The calculated level of housing need is high, sufficient to justify the targets considered in the Viability Study, in all Community Forum areas. The Viability Study is to be updated to take account of the findings of this work and introduction of the new Affordable Rent tenure (which should support viability). It is reasonable for this Study to drive policies regarding affordable housing provision in different parts of the District.

76.   Given the viability of residential development within the District and the availability of funding for affordable housing, it is unrealistic to assume that all housing needs can be met. Part of the gap between need and potential future supply of affordable housing may be met by the Private Rented Sector (supported by Housing Benefit). Over the last two years this sector has housed 392 households per annum. It is likely to continue to play a role in doing so. However even taking this into account, the supply of affordable housing is likely to fall short of identified needs. The Council should look to maximise provision of affordable housing where possible, including in working proactively with developing RPs and considering the potential of surplus public sector land to support delivery of affordable housing. It should work with private landlords to seek to improve standards of accommodation in the Private Rented Sector.

77.   Emerging national policy also provides local authorities with increased flexibility in setting thresholds for affordable housing provision. In line with the DTZ Viability Study the Council may wish to consider adopting a threshold of 6 dwellings/0.25 hectares for development schemes requiring affordable housing in urban areas.

78.   In regard to the policies regarding the mix of affordable housing, our analysis indicates that of those in housing need:

- 53% require a social rented dwelling
- 29% would be able to afford an affordable rented home
- 11% could afford intermediate rented housing
- 7% could afford equity-based intermediate housing (e.g. shared ownership).

79.   On a District-wide basis this approach might support an 80/20 split between social/affordable rent and intermediate housing.

80.   We would expect that much new social housing would be delivered as affordable rented homes (particularly as households will be able to claim Local Housing Allowance to cover any shortfall between housing costs and what they can afford). However the Council can define a policy in this regard, including setting different levels for affordable rent for different bedroom sizes through a Tenancy Strategy.

81.   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 15%-20% of future affordable housing provision to be 1-bed properties, 30% 2-bed, 40% 3-bed, and 10%-15% for 4 or more bedrooms.

82.   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 (2016).