Strategic Housing Market Assessment Part 2 – Objectively Assessed Need for Affordable Housing

HDH Planning and Development Ltd

June 2016

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Issued 1st June 2016

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1. Introduction

Purpose

1.1 This report forms Part 2 of the Strategic Housing Market Report. It is a Strategic Housing Market Assessment (SHMA) that focuses, principally, on the calculation on the level of affordable housing need (referred to as Affordable Need in this report) and the size and tenure of all dwellings required within the overall Objectively Assessed Need for housing (the OAN) calculated in Part 1 of the SHMA.

Government Guidance

1.2 This report forms a component of an SHMA alongside the OAH study[1]. National Planning Policy is set out in the National Planning Policy Framework (NPPF). Paragraph 159 of the NPPF (March 2012) sets out the role of a SHMA.

Local planning authorities should have a clear understanding of housing requirements in their area. They should:

- *Prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. 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 require 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 (such as families with children, older people, disabled people, service families and people wishing to build their own homes); and*
    - *caters for housing demand and the scale of housing supply necessary to meet this demand (para 28)*

1.3 The NPPF outlines how a SHMA fits into the wider housing policy framework and the Planning Practice Guidance (PPG) sets out how the various elements of a SHMA should be undertaken, including detailing a comprehensive model for the assessment of affordable housing need (Chapter 5). The affordable housing need figure produced is an unconstrained figure set in the current housing market situation. It is not a component of the Objectively Assessed Need, but is entirely independent, calculated using a different approach and different data sources.

1.4 The report also includes the Long Term Balancing Housing Markets (LTBHM) model (Chapter 4) which, following the guidance set out in paragraph 021 of the PPG, breaks

[1] Peter Brett Associates, *Objectively Assessed Housing Needs for Brentwood Moving towards a Housing Target. Brentwood Borough Council,* December 2014

down the overall Objectively Assessed Need into the component household typology (tenure and size) of housing required.

Report coverage

1.5 This report is focused on detailing the future type and tenure of housing needed in Brentwood. This report is therefore limited to:

- Examination of the latest data on the labour market and the resident population and a profile of the housing stock in Brentwood and the changes that have occurred to it.
- Analysis of the price of property in Brentwood and the affordability of housing for residents.
- Production of an analysis of the entire housing market within the long-term balancing housing markets model (LTBHM).
- Calculation of outputs for the affordable housing needs model strictly in accordance with the PPG approach.
- An analysis of the specific housing situation of the particular sub-groups of the population identified within the NPPF.
- A conclusion summarising the implications of these results.

Stakeholder consultation

1.6 To help disseminate the purpose of this work and ensure the accuracy of this report (and the assumptions used) stakeholders' views have been sought through the development of this study. An informal consultation event was held on the 15th March 2016, after which written comments were invited.

1.7 Details of the stakeholder consultation that took place are presented in Appendix A2 to this report.

2. Socio-economic context

Introduction

2.1 Two main drivers of the housing market are the resident population and the local labour market. They affect the nature of housing demand including household formation rates and households' investment in housing. This chapter uses the most recently available data to document the current socio-economic profile in Brentwood and how it has changed.

2.2 Analysis of the stock of housing allows an understanding of the current market balance and existing occupation patterns. A range of data sources, including the 2011 Census, will be used to provide an overview of the housing stock in Brentwood and a comparison to the regional and national situation will be presented where the data is available.

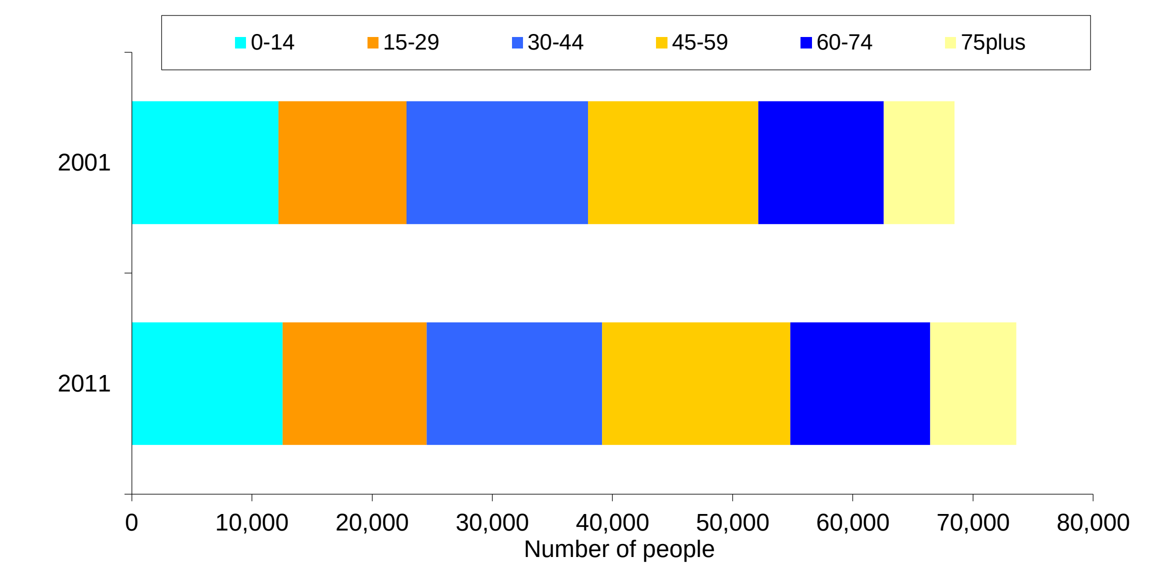
Demography

2.3 The 2011 Census data provides a comprehensive profile of the population in Brentwood and how it has changed since the previous Census.

Population

2.4 The Census indicates that the resident population in Brentwood in 2011 was 73,601 and that since 2001 the population had increased by 7.5%, almost 5,150 people. In comparison the population of the East region increased by 7.9% between the 2001 and 2011 Census, whilst the population of England grew by 8.9%. Figure 2.1 illustrates the age composition of the population in Brentwood in 2001 and 2011 according to the Census. It shows that since 2001 the number of people aged 45 or over has markedly increased as has the population in Brentwood aged 15 to 29. In contrast, the number of people aged between 30 and 44 has decreased.

Figure 2.1 Population composition in Brentwood (2001 and 2011)



Source: 2001 & 2011 Census

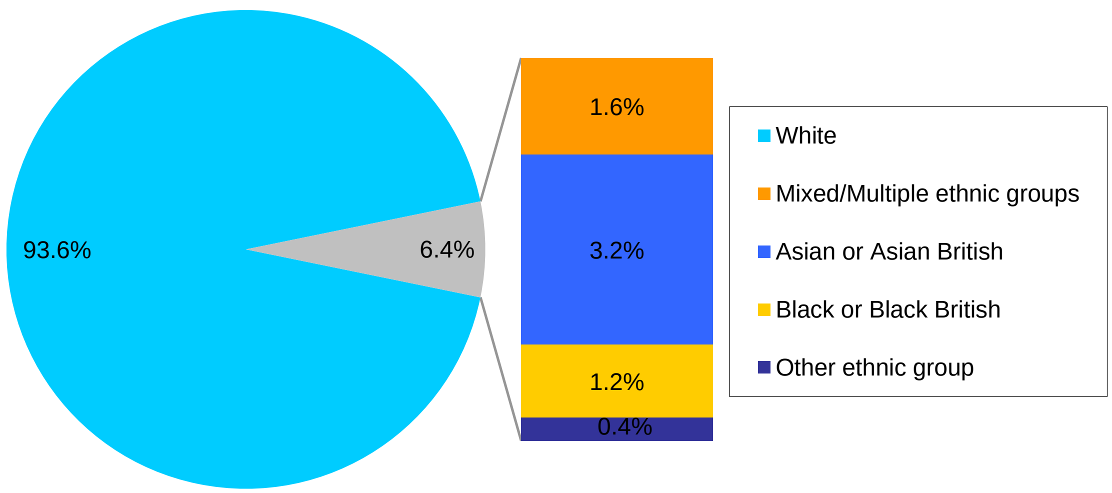
2.5 Some 15.5% of the resident population in Brentwood have a long-term health problem or disability, compared to 16.7% of residents in the East region and 17.6% of people across England. This is despite a relatively large proportion of people of pensionable age in the Borough (at 19.1% as opposed to 17.5% in the East region and 16.3% in England).

Ethnicity

2.6 According to the 2001 Census, the proportion of Black, Asian and Minority Ethnic (BAME) (non-white) groups in Brentwood was 3.6%, lower than that recorded for the East region (4.9%) and the national average (9.1%). The 2011 Census suggests that the BAME population has increased to 6.4% of the total population in Brentwood, which is still notably smaller than the regional and national figures (9.1% in the East region and 14.5% in England).

2.7 Figure 2.2 presents the ethnicity of the population in Brentwood in 2011. The 'Asian or Asian British' represents the largest BAME group in Brentwood area (comprising 3.2% of total population). It should be noted that the 'White' group includes 'White Irish' (1.3%) 'White Gypsy and Traveller (0.2%) and 'White Other' (2.9%) as well as 'White British' (89.2%).

Figure 2.2 Ethnicity of Brentwood population, 2011



Source: 2011 Census

2.8 The Census reveals that just 0.7% of the population of Brentwood in 2011 had been resident in the UK for less than two years, compared to 1.5% in the East region and 1.8% across England. The overwhelming majority of the population of Brentwood have resided in the UK for over 5 years (including those born in the UK); 98.2% in Brentwood compared to 96.7% in the East region and 96.0% in England.

Number of households

2.9 The 2011 Census revealed that the number of households in Brentwood has increased by 6.5% since 2001, reaching 30,646 households in total. This compares to the regional average of 8.6% and the national figure of 7.9%. In Brentwood the number of households has risen at a slower rate than the population in households between 2001 and 2011; this implies that the average size of households is rising across Brentwood, as is illustrated in Table 2.1. The opposite trend is recorded nationally.

Table 2.1 Change in average household size between 2001 and 2011

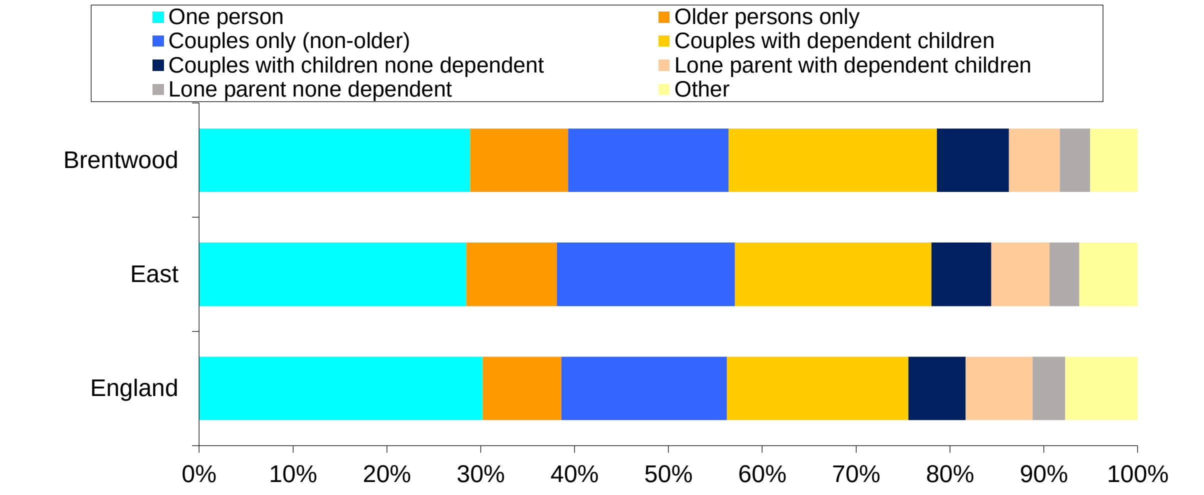
Location	*Average household size in 2001*	*Average household size in 2011*
Brentwood	2.35	2.38
East region	2.37	2.37
England	2.38	2.36

Source: 2001 & 2011 Census

2.10 It is interesting to note that this average household size of 2.38 compares to an average of 2.9 bedrooms per household in Brentwood according to the 2011 Census. Figure 2.3

compares the household composition in Brentwood in 2011 with that recorded for the East region and England. The data indicates that there are more couple households with dependent children and fewer single person households in Brentwood than are recorded nationally.

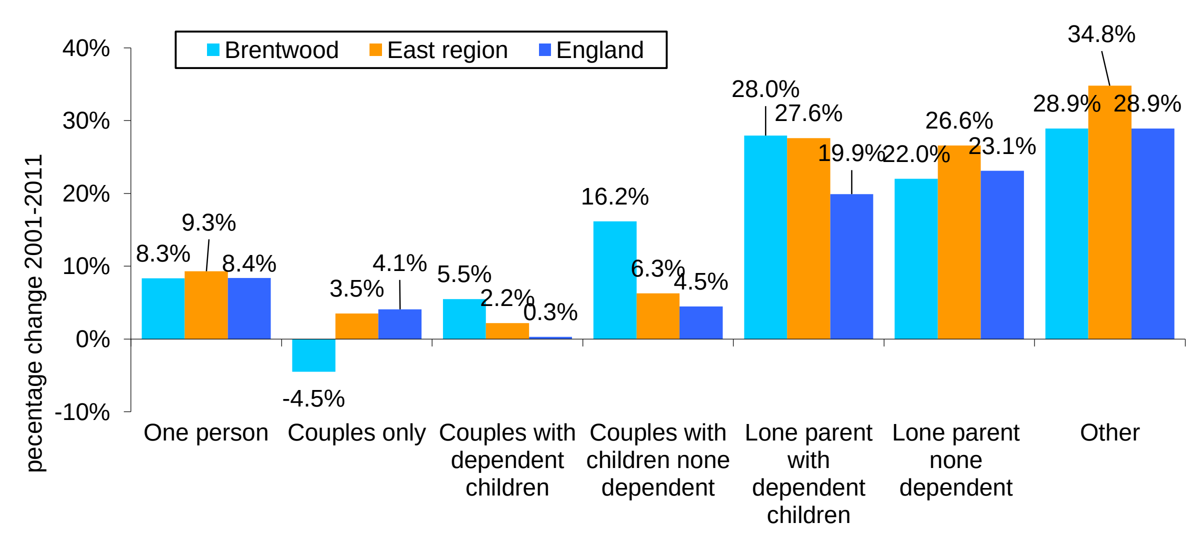
Figure 2.3 Household composition in Brentwood, the East region and England, 2011



Source: 2011 Census

2.11 Figure 2.4 shows the change recorded between the 2001 and 2011 Census for the different household groups in Brentwood. The figure shows that 'other' households have increased the most (although from a very low base), followed by lone parent households. It is interesting to note that couples with only non-dependent children have increased at a much faster rate than couples with dependent children. This suggests that household formation rates amongst young adults may have reduced.

Figure 2.4 Change in household types resident in Brentwood 2001 to 2011



Source: 2001 & 2011 Census

Economy

2.12 Considerable data is available on the economic context in Brentwood, which enables a profile of the current local economy to be presented.

Employment in Brentwood

2.13 NOMIS[2] data on 'job density' (this is a measure of the number of jobs per person of working age) for 2013 shows that there are 0.91 jobs per working age person in Brentwood, compared to 0.78 jobs per working age person across the East region, and 0.80 for England as a whole. Brentwood, records a better job density in 2013 than in 2008, before the start of the economic downturn, (an increase from 0.81).

2.14 Measured by the Office for National Statistics (ONS) Business Register and Employment Survey there were 34,500 employee jobs in Brentwood in 2014. This is the highest level recorded in the last five years and is part of a continual increase since 2010 (an increase of 13.9% over this period). This increase compares to an increase of 6.5% for the region and an increase of 5.2% nationally over the same time period.

2.15 Data is also available from the ONS about the number of businesses in the area and how this has changed over the last few years (older data is not available as the format of the information collected changed in 2010). This can provide a good indication of the state of the economy as an increase in businesses would suggest either new companies moving to the area or an increase in local entrepreneurship.

2.16 The ONS indicates that in 2015 there were 4,050 enterprises across Brentwood; the highest level recorded (there were 3,305 enterprises in 2010 when the dataset began). A very similar proportion of enterprises are micro (with 9 or fewer employees) across Brentwood (90.1%), compared with the East region (89.2%) and England (88.8%).

Employment profile of residents in Brentwood

2.17 Although the overall economic performance of Brentwood provides important context, an understanding of the effect of the economic climate on the resident population is more pertinent to this study.

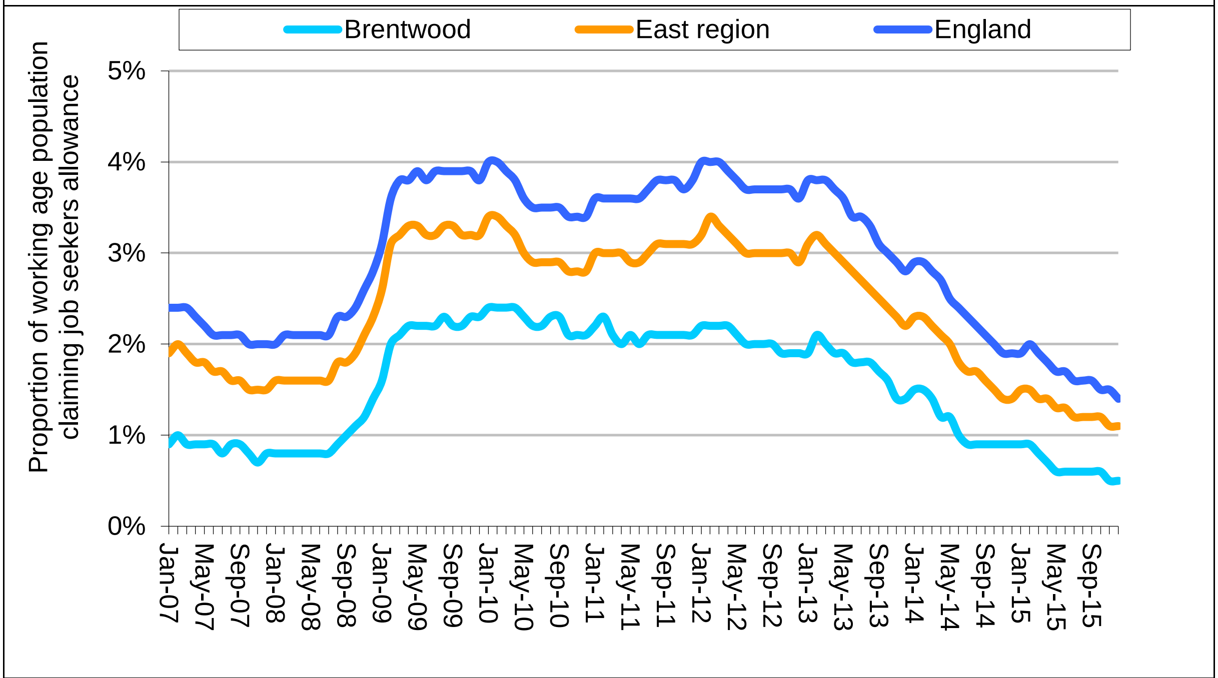
2.18 The Census provides an overview of the employment situation in Brentwood in 2011. It shows that of all residents in work in Brentwood (excluding those who are also students), 18.3% are self-employed, with 61.4% full-time employees and 20.2% part-time employees. The level of self-employment is slightly higher than the regional (16.2%) and national equivalent (15.7%), whilst part-time employment is lower than both the regional and national average (both 22.1%).

[2] NOMIS is a website provided by the Office for National Statistics that contains a range of labour market data at a local authority level. www.nomisweb.co.uk

2.19 Since the 2001 Census the number of part-time employees in Brentwood has increased by 20.9%, and the number of full-time employees has risen by 3.3%. The number of self-employed residents in Brentwood has increased by 29.6%.

2.20 The ONS publishes the number of people claiming Job Seekers Allowance on a monthly basis. This provides a very up-to-date measure of the level of unemployment of residents in an area. Figure 2.5 shows the change in the proportion of the working age population claiming Job Seekers Allowance in Brentwood, since January 2007. The figure indicates that the Brentwood unemployment level, whilst fluctuating notably, has been consistently lower than the level for the East region and the national level. Currently 0.5% of the working age population in Brentwood are unemployed, lower than the level recorded nationally (1.4%) and the average for the East region (1.1%). Over the last twelve months unemployment has fallen dramatically in all areas (by 39.7% across Brentwood, 23.4% in the East region and 23.5% in England as a whole).

Figure 2.5 Level of unemployment in Brentwood (2007-2015)



Source: ONS Claimant count

2.21 It is worth noting that Brentwood has a low proportion of young people unemployed; 0.4% of 16 to 24 year olds in Brentwood are unemployed compared to 1.1% at the regional level and 1.4% nationally. The level of long-term unemployed in Brentwood (more than 12 months unemployed) is also low at 0.1% of the working age population, which compares to 0.2% in the East region and 0.4% for England.

2.22 The Census presents a 'Standard Occupation Classification' which categorises all working people resident within an area into one of nine groups depending on the nature of the skills that they use. These nine groups are graded from managerial jobs (Groups 1-3) to unskilled jobs (Groups 8-9). As Table 2.2 illustrates, some 51.0% of employed residents in Brentwood work in Groups 1 to 3, higher than the figure for both the East region and the national one. Brentwood has a lower proportion of the workforce in occupation Groups 8 to 9 and also 6 to 7 than is found regionally and nationally. Further analysis shows that, since the 2001 Census, there has been a considerable increase in the number of people resident in Brentwood employed within Groups 6 to 7 and also Groups 1 to 3.

Table 2.2 Occupation structure (2011)

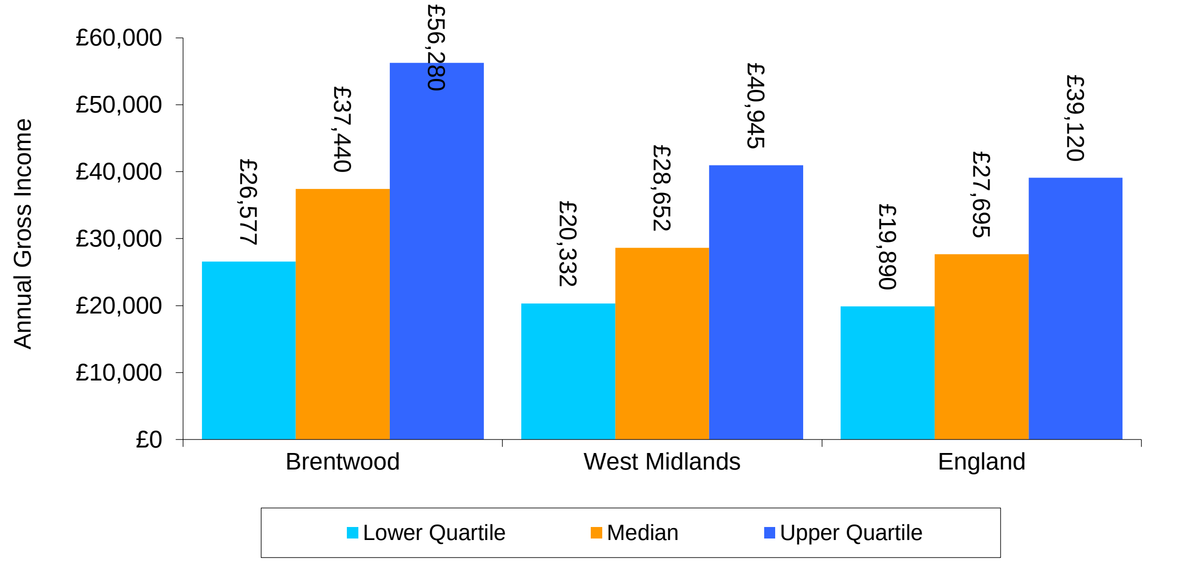
Occupation Groups	*Brentwood 2011*	*East 2011*	*England 2011*	*Change in # of people employed in Brentwood since 2001*
Group 1-3: Senior, Professional or Technical	51.0%	40.9%	41.1%	10.5%
Group 4-5: Administrative, skilled trades	24.3%	23.9%	22.8%	4.9%
Group 6-7: Personal service, Customer service and Sales	13.4%	17.2%	17.7%	32.2%
Group 8-9: Machine operatives, Elementary occupations	11.3%	18.0%	18.3%	2.3%
Total	51.0%	100.0%	100.0%	10.5%

Source: 2001 & 2011 Census

Income

2.23 Income has a core effect on the level of choice a household has when determining their future accommodation. The mean earned income for full-time employees resident in Brentwood in 2015 was £46,561, according to the ONS Annual Survey of Hours and Earnings, higher than the East region (at £34,403) and the national average (£33,088). It is important to note that these figures assess individual incomes rather than household incomes. As Figure 2.6 shows, at all points on the distribution, annual gross income in Brentwood is notably higher than the equivalent for both the East region and England as a whole, although the pattern is most pronounced for higher income workers.

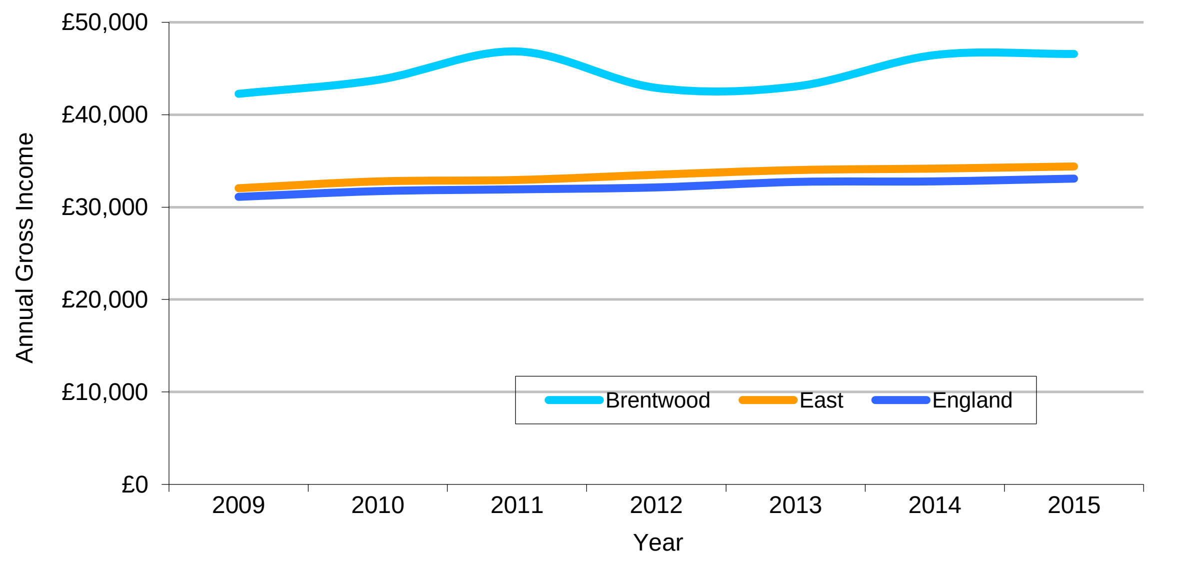
Figure 2.6 Annual gross income of full-time employed residents 2015



Source: ONS Annual Survey of Hours and Earnings (2015)

2.24 Figure 2.7 shows the change in the mean income of full-time employees resident in Brentwood, the East region and England since 2009. Brentwood has recorded a higher increase since 2009 (at 10.2%) than the East region (7.3%) and England (6.4%).

Figure 2.7 Change in mean annual income of full-time employed residents 2009-2015



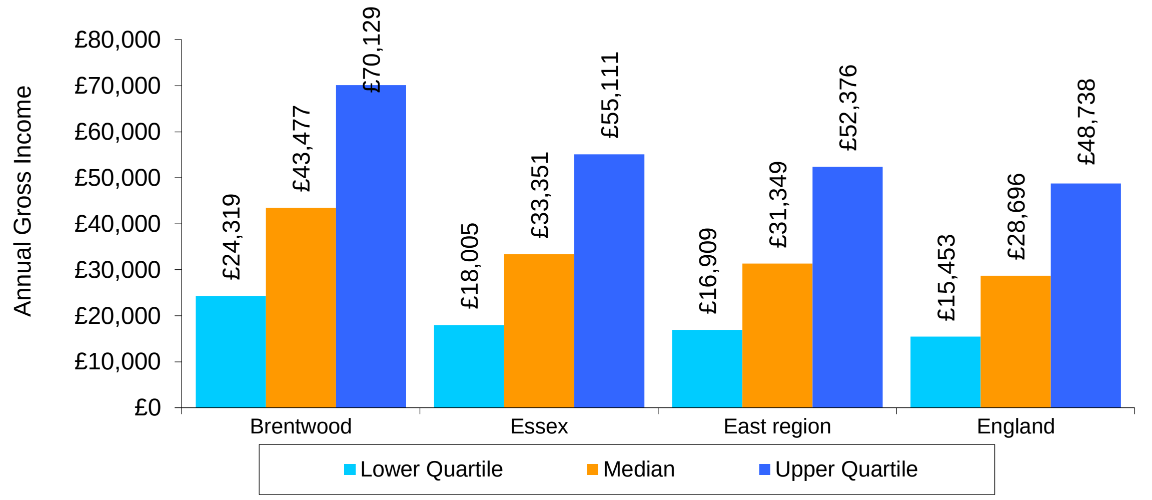
Source: ONS Annual Survey of Hours and Earnings (2009-2015)

Household income

2.25 CACI Paycheck estimates that the mean gross annual household income in Brentwood is £51,614, which is 25.3% above the equivalent for the Essex equivalent (£41,206) and 41.6% above the England figure (£36,450). Figure 2.8 shows how household income in

Brentwood at various points on the income distribution compares with the County-wide, regional and national equivalents. The data indicates that household incomes in Brentwood are notably higher than for all other comparative areas shown.

Figure 2.8 Distribution of annual gross household income



Source: CACI Paycheck, 2015

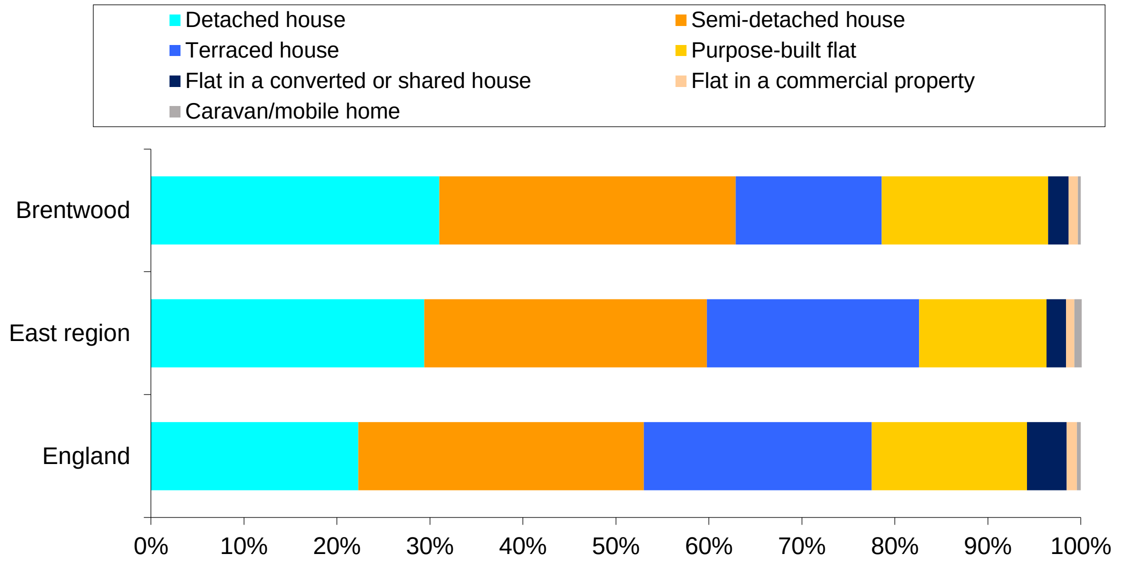
Dwelling stock

2.26 The Census indicates that there were 32,067 dwellings in Brentwood in 2011, and that since 2001 the number of dwellings has increased by 7.7%, almost 2,300 properties. In comparison, the dwelling stock in the East region increased by 9.7% between the 2001 and 2011 Census, whilst the dwelling stock of England increased by 8.3%.

Accommodation profile

2.27 Figure 2.9 compares the type of accommodation in Brentwood in 2011 with that recorded for the East region and England. Brentwood contains more detached houses and fewer terraced dwellings than the regional and national averages. The most common property type across Brentwood is semi-detached houses followed by detached dwellings.

Figure 2.9 Dwelling type in Brentwood, the East region and England, 2011



Source: 2011 Census

2.28 Since 2001 the number of purpose built flats has increased markedly in Brentwood, by 35.8%. The change in the number of houses has been less notable, although semi-detached properties have recorded a rise of 3.3%.

2.29 Table 2.3 compares the size of accommodation (in terms of bedrooms) in Brentwood, the East region and England. The table indicates that Brentwood has a greater proportion of large properties (four or more bedrooms) and fewer small homes (one or fewer bedrooms) than the East region and England as a whole. Overall, three bedroom homes account for some 36.0% of all dwellings in Brentwood.

Table 2.3 Size of dwelling stock in Brentwood, the East region and England, 2011

Property size	Brentwood	East	England
No bedrooms	0.2%	0.2%	0.2%
1 bedroom	10.2%	10.4%	11.8%
2 bedrooms	26.4%	26.2%	27.9%
3 bedrooms	36.0%	41.4%	41.2%
4 bedrooms	20.9%	16.8%	14.4%
5 or more bedrooms	6.3%	5.1%	4.6%
Total	100.0%	100.0%	100.0%

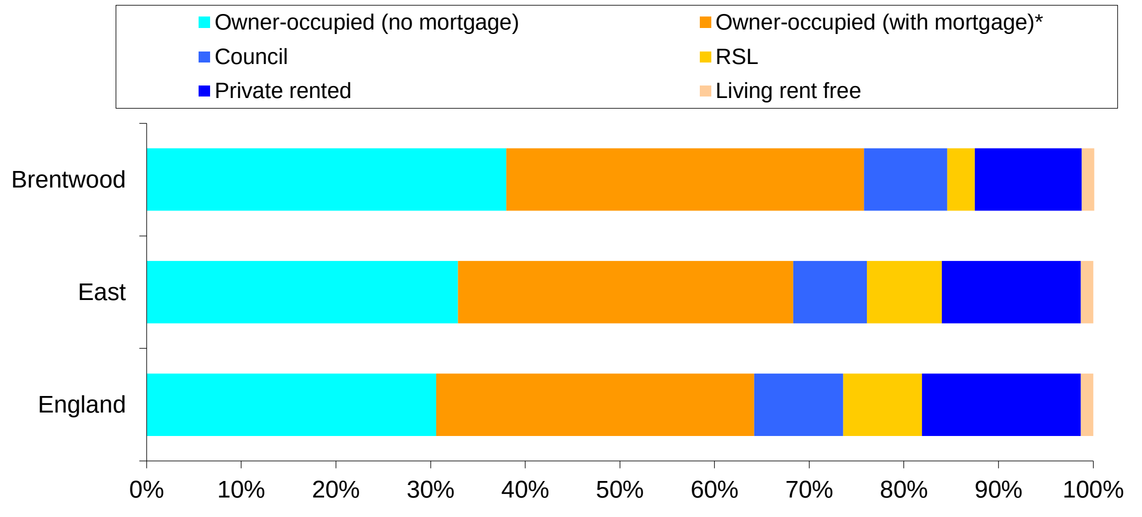
Source: 2011 Census

Tenure

2.30 Figure 2.10 compares the tenure of households in Brentwood in 2011 with that recorded for the East region and England. The data indicates that 38.0% of households in

Brentwood are owner-occupiers without a mortgage, compared to 32.9% in the region and 30.6% nationally. The proportion of owner-occupiers with a mortgage in Brentwood (37.8%) is also higher than the regional (35.4%) and national average (33.6%). Some 11.7% of households in Brentwood are resident in the social rented sector, lower than the figure for the East region (15.7%) and England as a whole (17.7%). Finally, some 11.3% of households in Brentwood live in private rented accommodation, compared to 14.7% in the East region and 16.8% across England.

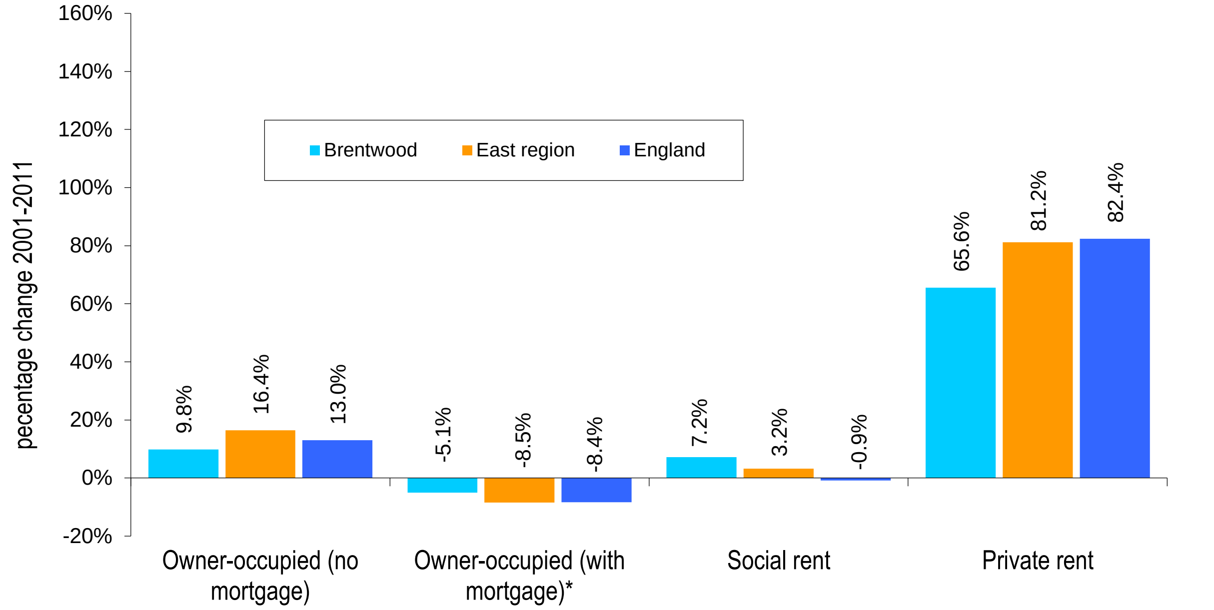
Figure 2.10 Tenure profile in Brentwood, the East region and England, 2011



Source: 2011 Census *Includes shared ownership

2.31 Figure 2.11 shows the change in the size of each tenure between the 2001 and 2011 Census. The figure shows that in all areas the private rented sector has increased dramatically and the number of owner-occupiers with no mortgage has also grown. In comparison, the number of owner-occupiers with a mortgage has decreased. The social rented sector has generally shown the smallest change.

Figure 2.11 Change in number of households in each tenure 2001 to 2011



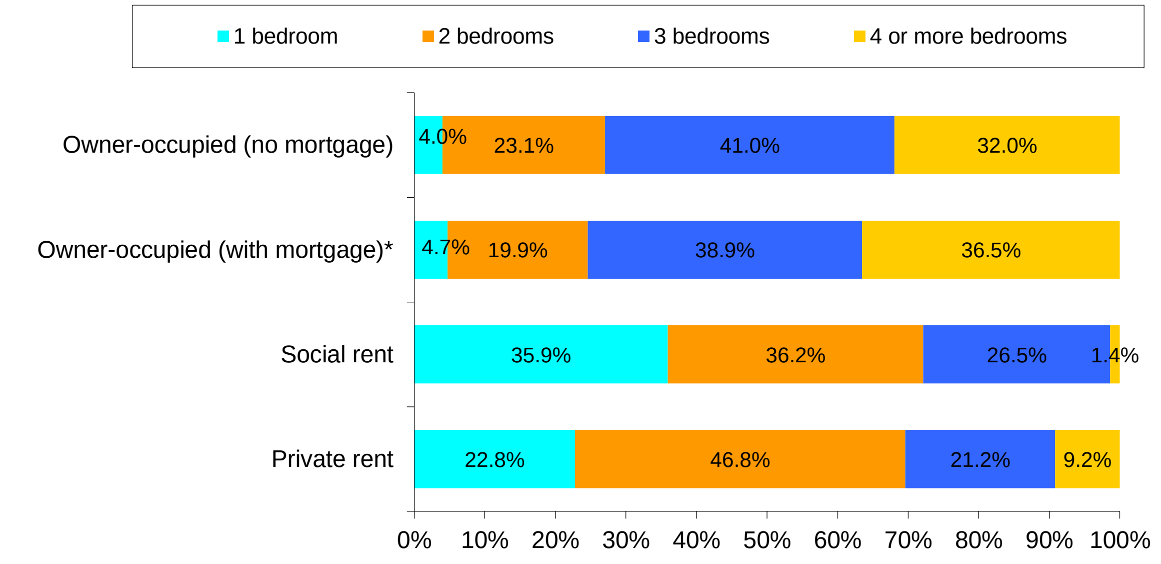
*Includes shared ownership. Source: 2001 & 2011 Census

2.32 It should be noted that whilst the owner-occupied (with mortgage) sector has decreased, the number of shared ownership properties has increased, rising by 78.0% between 2001 and 2011 in Brentwood (although from a low base).

Tenure by bedroom

2.33 Finally it is useful to understand the size of accommodation within each tenure as recorded in the 2011 Census. This is shown in Figure 2.12. The data indicates that, in Brentwood, rented accommodation is smaller on average than owned dwellings.

Figure 2.12 Dwelling size within each tenure in Brentwood, 2011



Source: 2011 Census *Includes shared ownership

3. The cost and affordability of housing

Introduction

3.1 An effective housing requirements study is founded on a thorough understanding of local housing – what it costs and how this varies. This chapter describes the changes in the housing market that have been recorded in Brentwood. Subsequently, it assesses the entry-level costs of housing across the different price markets in operation. A comparison of the cost of different tenures will be used to identify the housing market gaps that exist. Finally, the chapter will report changes in affordability as well as the affordability of housing for different groups of the population currently.

Relative prices

3.2 Recent house price data from the Land Registry, from the second quarter of 2015, is presented for Brentwood, the East region and England as a whole in Table 3.1. The prices recorded for the second quarter of 2010 are also presented and the change in mean price over the last five years is shown. The table indicates that the mean price of dwellings in Brentwood in Quarter 2 2015, at £386,262, is notably higher than the regional and national averages. The table shows that between 2010 and 2015 average prices have increased at a slower rate in Brentwood than they have in these other areas.

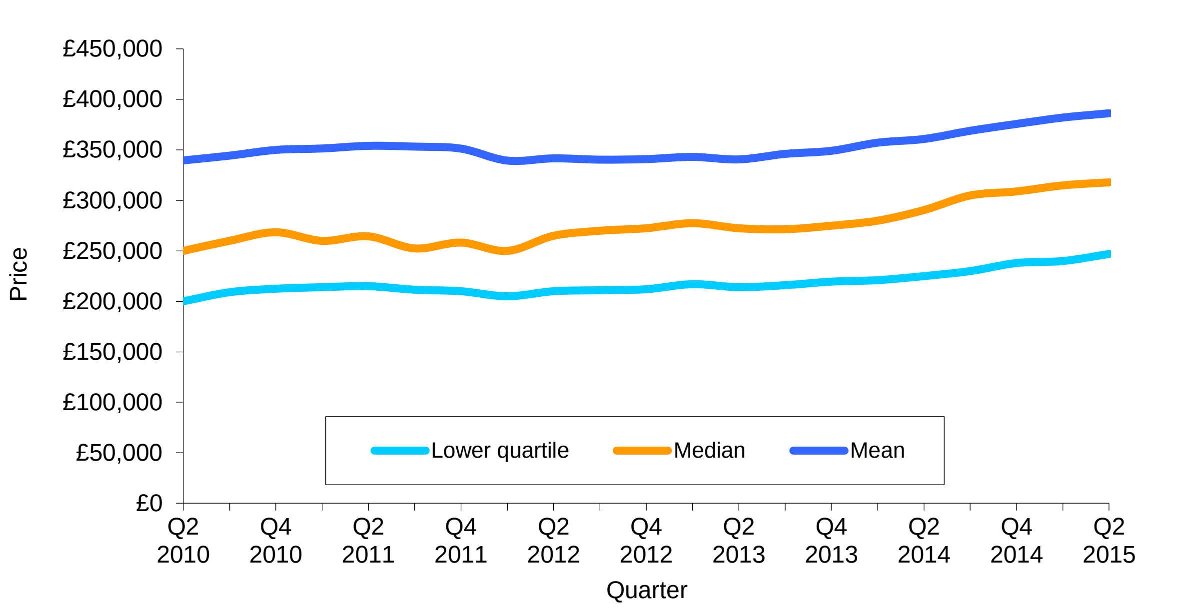
Table 3.1 Change in mean property prices 2010-2015

Location	*Mean price Apr - Jun 2010*	*Mean price Apr - Jun 2015*	*Percentage change recorded 2010-2015*
Brentwood	£339,459	£386,262	13.8%
East Region	£225,245	£270,710	20.2%
England	£228,592	£269,757	18.0%

Source: Land Registry

3.3 Figure 3.1 shows price change by property price level in Brentwood since the third quarter of 2010. The figure indicates that price changes have been gradual, rather than sudden for all price points. Overall the data suggests that the price of cheaper property has increased at a greater rate than expensive accommodation; lower quartile prices have risen by 23.5% compared to a 13.8% increase in mean prices. By comparison, the median price increase over the period is 27.2%.

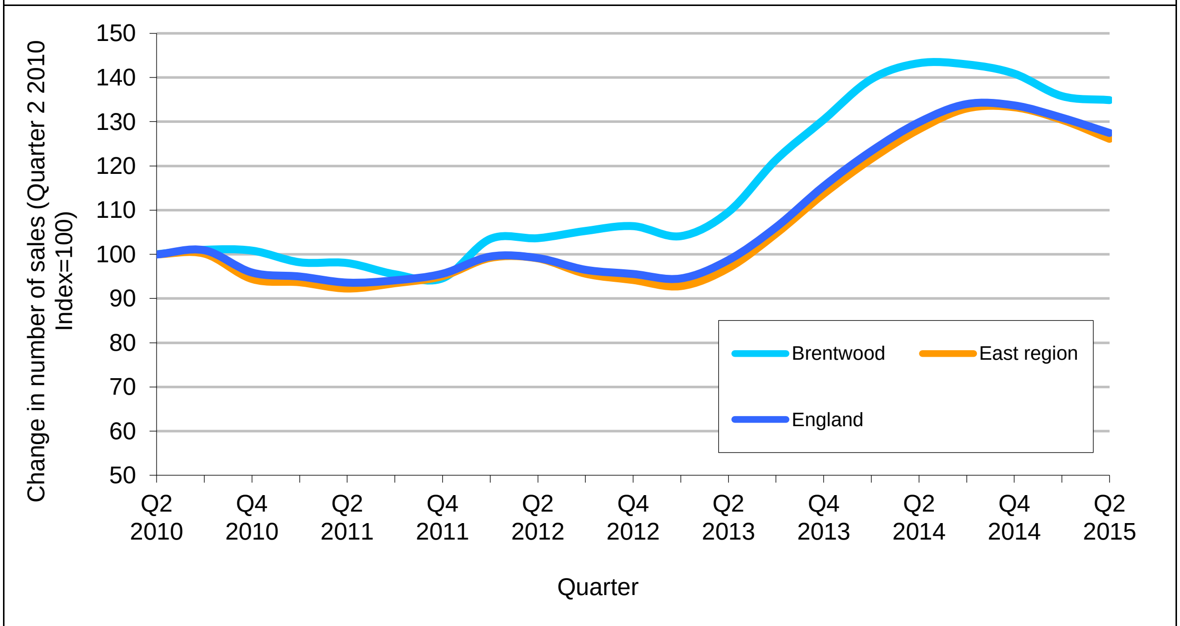
Figure 3.1 Price change by price level in Brentwood since 2010



Source: Land Registry

3.4 Figure 3.2 shows the change in the number of property sales since the third quarter of 2010 for Brentwood, the East region and England. The figure suggests that the pattern in Brentwood is broadly similar to the fluctuations recorded across the country and that after a relative plateau the number of sales rose from the start of 2013 to the end of 2014 before dropping again.

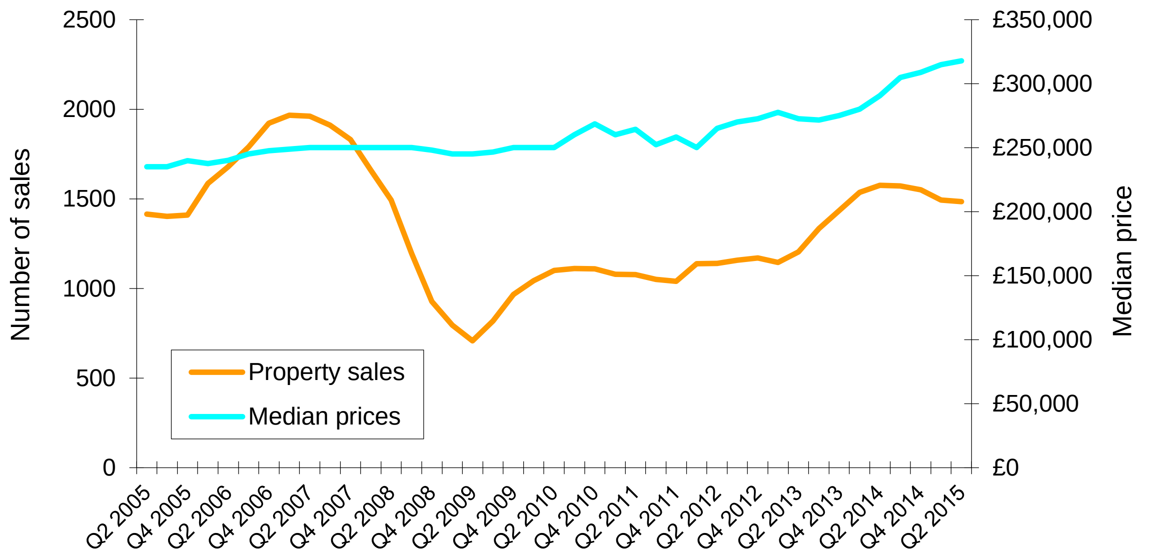
Figure 3.2 Indexed change in sales in Brentwood, the East region and England since 2010



Source: Land Registry

3.5 It is useful to briefly review housing market activity over a longer period to consider influences on property price changes. Figure 3.3 shows the variation in median prices and property sales levels since 2005 in Brentwood. The data suggests that property prices remained relatively stable over the last ten years despite property sales declining dramatically for part of that period (summer 2007 to summer 2009).

Figure 3.3 Changes in prices and sales levels in Brentwood over the past 10 years



Source: Land Registry

The cost of housing

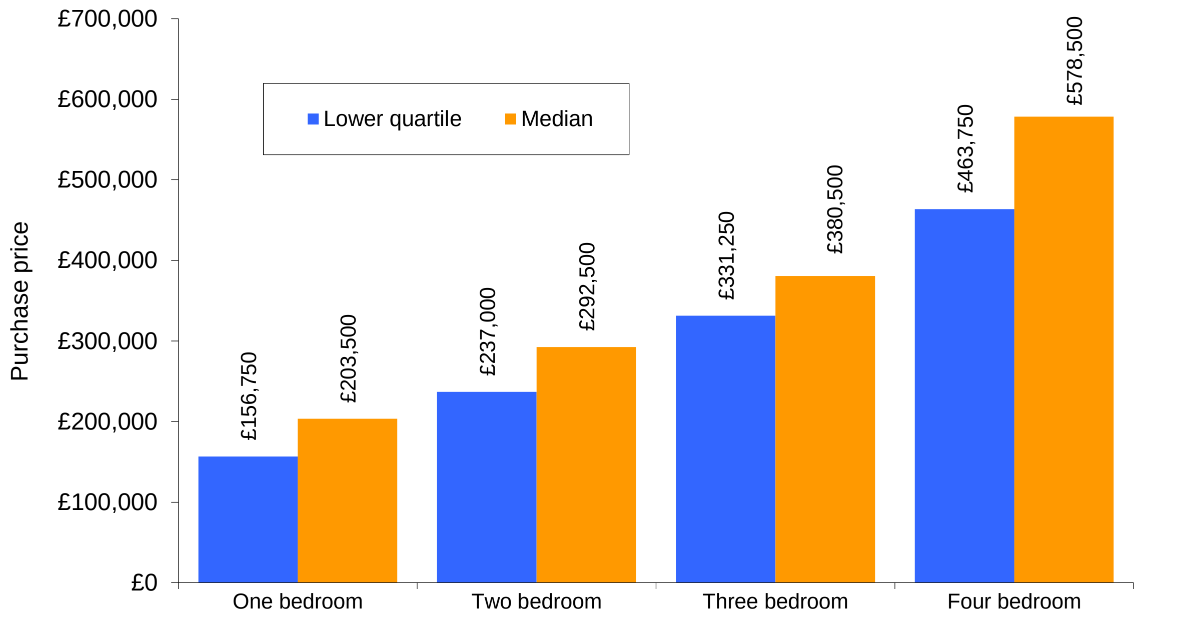
3.6 To fully understand the affordability of housing within an area, it is necessary to collect data on the cost of housing by number of bedrooms. This ensures that it is possible to assess the ability of households to afford market housing of the size required by that particular household. However, no secondary data contains this information. As part of this study we have therefore undertaken a price survey to assess the current cost of market (owner-occupied and private rented) and affordable housing in Brentwood.

3.7 Variations in prices across the Council area were examined and it was established the price markets identified in the previous SHMA work still applied and there were 4 separate price markets in Brentwood. Further detail on these price markets can be found in Appendix A1 to this report. The analysis presented in this chapter will focus on the price level across the local authority as a whole.

3.8 Median and entry-level property prices by number of bedrooms were obtained via an online search of properties advertised for sale during February 2016. In accordance with the PPG, entry-level prices are based on lower quartile prices (paragraph 025 Reference ID: 2a-025-20140306). The results of this online price survey are presented in Figure 3.4. The prices recorded include a discount to reflect that the full asking price is not usually achieved (with sales values typically 5% lower in Brentwood).

3.9 The figure indicates that entry-level prices in Brentwood range from £156,750 for a one bedroom home up to £463,750 for a four bedroom property. Median prices are generally around 15-30% higher than entry-level prices. In terms of market availability the analysis showed that three bedroom properties are most commonly available to purchase followed by four bedroom homes.

Figure 3.4 Median and entry-level property prices by size in Brentwood



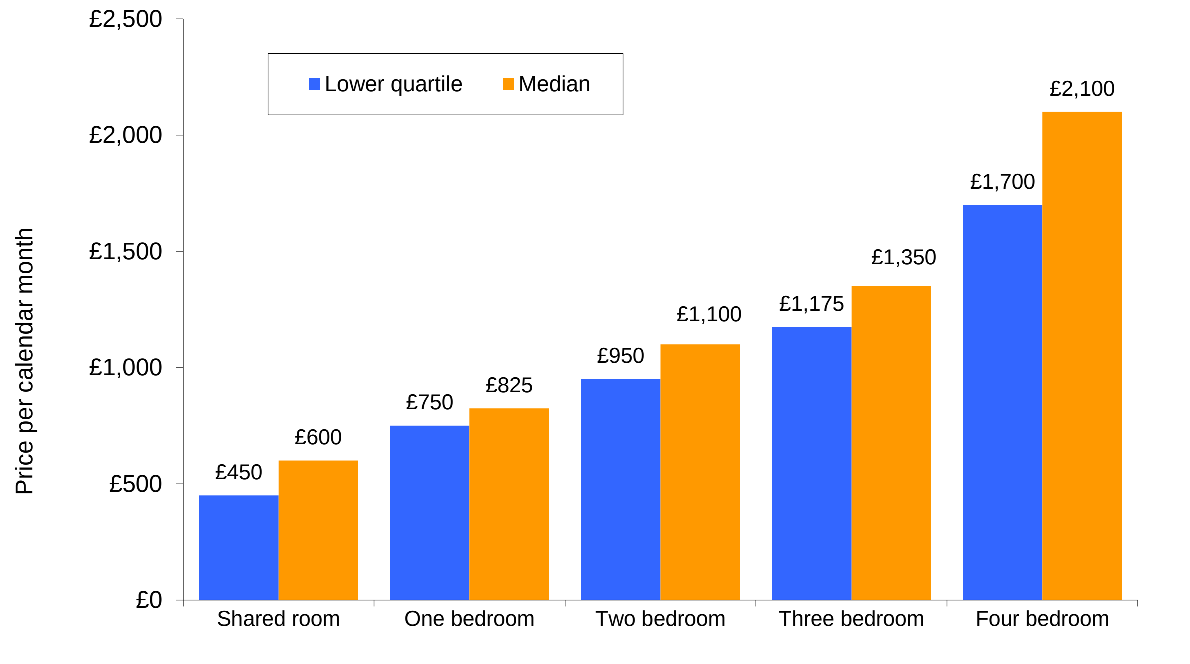
Source: Online estate agents survey February 2016

Private rents

3.10 The median and entry-level price for private rented accommodation by property size in Brentwood is presented in Figure 3.5. The figure also includes the cost of a shared room within the private rented sector. The Local Housing Allowance regulations, which indicates that single people 35 or under are only entitled to the shared accommodation rate rather than the rate for a one bedroom home, imply that these individuals are deemed suitable to meet their housing needs within the market in this way. The cost of a room within shared accommodation is therefore included as it represents appropriate accommodation for single person household 35 or under and this groups of households will be tested against their ability to afford this in the affordable housing needs model set out in Chapter 5.

3.11 The figure indicates that entry-level rents in Brentwood range from £750 per month for a one bedroom home up to £1,700 per month for a four bedroom property. Median rents are generally around 10-20% higher than entry-level prices. The profile of properties available is somewhat different to that for purchase with a greater proportion of one and two bedroom homes available to rent.

Figure 3.5 Median and entry-level private rents by size in Brentwood



Source: Online estate agents survey February 2016

Social rents

3.12 The cost of social rented accommodation by dwelling size in Brentwood can be obtained from the Homes & Communities Agency's Statistical Data Return dataset for the RSL sector and from the Local Authority Housing Statistics data return for the Council sector. Table 3.2 below illustrates the cost of social rented dwellings across Brentwood. As can be seen, the costs are significantly below those for private rented housing, particularly for larger homes, indicating a significant potential gap between the social rented and market sectors.

Table 3.2 Social rented costs (per month)

Bedrooms	*Brentwood*
One bedroom	£361
Two bedrooms	£409
Three bedrooms	£494
Four bedrooms	£595

Source: HCA's Statistical Data Return 2015, Council LAHS 2015

Affordable Rent

3.13 Affordable Rent is a relatively new product that has been introduced to reduce the requirement for capital subsidy for affordable accommodation. It is within the definition of affordable housing in the NPPF and is intended to house households on the Housing

Register. It is not an intermediate product, but a new form of affordable housing for rent that coexists with the existing Social Rent tenure. Whilst there remain long-standing tenancies on social rent, the majority of new rented affordable accommodation in Brentwood is as affordable rent; both re-lets from the existing stock and new affordable rented accommodation added to the stock. Due to its different cost level, detail will be presented on its relative affordability in comparison with social rent where this is possible (in Chapter 5). Affordable Rents can be set at up to 80% of open market rents, implying there is flexibility as to what they may cost.

3.14 The Homes & Communities Agency (HCA)'s Statistical Data Return details the Affordable Rent levels charged in Brentwood and these are set out in Table 3.3. A comparison with median market rents indicates that Affordable Rent levels are around 50% to 60% of market rents.

Table 3.3 Affordable rented costs (per month)

Bedrooms	*Brentwood*
One bedroom	£492
Two bedrooms	£599
Three bedrooms	£677
Four bedrooms	£814*

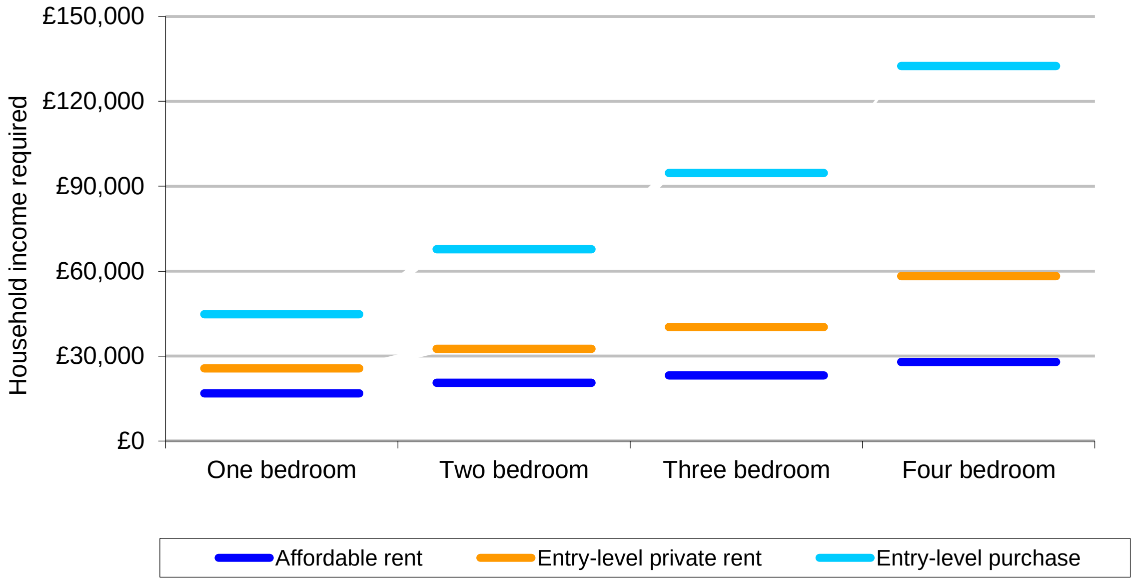
*There were no four bedroom Affordable Rented homes in Brentwood by April 2015, when the data was compiled. This cost has been modelled by applying the difference between three and four bedroom social rents to the three bedroom affordable rent level to enable the affordability of the product to be modelled. Source: HCA's Statistical Data Return 2015

Analysis of housing market 'gaps'

3.15 Housing market gaps analysis has been developed to allow comparison of the costs of different tenures. Figure 3.6 shows the housing ladder that exists for different sizes of property within Brentwood. The housing ladder is illustrated by comparing the different types of housing in terms of the income required to afford them. To do this, we have divided the entry-level property price by 3.5 to get an annual income figure (to reflect the likely minimum income required to be granted a mortgage on the property) and multiplied the annual rent by 2.857 to produce a comparable figure. This latter step was carried out for both affordable and market rents. These approaches assume a household spends no more than a 35% of gross household income on rent – although we come back to this assumption later in this SHMA.

3.16 The figure shows a comparison of the indicative income requirements per household for different types of housing. Measurement of the size of the gaps between these 'rungs of the ladder' helps assess the feasibility of households moving between the tenures - the smaller the gaps, the easier it is for a household to ascend the ladder.

Figure 3.6 Household income required to access housing in Brentwood, by number of bedrooms



Source: Online survey of property prices February 2016; HCA's Statistical Data Return 2015, Council LAHS 2015

3.17 Figure 3.6 indicates that for all dwelling sizes, the gap between affordable rent and market rent is smaller than the gap between market rent and entry-level home ownership. The gaps for four bedroom accommodation are large; an additional £30,400 per year is required to access a four bedroom private rented home over the cost of a four bedroom affordable rented property, with a further £74,200 required to move to an owner-occupied home.

3.18 Table 3.4 shows the size of the gaps for each dwelling size in Brentwood. The table indicates, for example, that three bedroom market entry rents are 73.7% higher (in terms of income required) than the cost of affordable rented. The significant gap recorded between affordable rents and market entry rents for all dwelling sizes indicates that intermediate housing could potentially be useful for a large number of households. The large gap between market entry rents and market entry purchase indicates notable potential demand for part-ownership products for households in this gap.

Table 3.4 Scale of key housing market gaps

Property size	*Affordable rent/entry-level rent*	*Entry-level rent/entry-level purchase*
One bedroom	52.5%	74.2%
Two bedrooms	58.6%	107.9%
Three bedrooms	73.7%	134.9%
Four bedrooms	108.9%	127.3%

Intermediate products

3.19 A range of intermediate options are available for households in Brentwood, the costs of these are profiled below.

Shared ownership

3.20 Table 3.5 presents the estimated costs of shared ownership housing in Brentwood as obtained from the online estate agent survey. The open market values are based on new build prices at the time of the estate agent survey. The monthly costs of purchasing the property with a 30% equity share is presented as this is the most commonly available option. The monthly costs are based on a 25-year repayment mortgage with an interest rate of 3.99% paid on the equity share owned and a rent payable at 3.0% on the remaining equity. It is assumed that a deposit of 10% is required to acquire the housing.

3.21 The table shows that 30% equity share shared ownership is more expensive than market entry rent for three bedroom homes. In the other instances it is cheaper than market housing and can be considered an affordable product. Only in those instances in which shared ownership is cheaper than market-entry will it be considered for its suitability for meeting those in housing need in Chapter 5.

Discounted home ownership

3.22 Discounted home ownership is based on selling a home for a proportion of the market value with no residual rent to pay. However, the equity level owned is capped and any future re-sale will be at the same proportion of the agreed price. In Brentwood the typical proportion of market value sold is 80%. The Government has recently announced its 'starter homes initiative' whereby the Government is offering concessions for housebuilders who construct new homes specifically to be sold as discount market houses (with a discount of at least 20%) for first-time buyers under 40 years old. The discounted price of these homes should be no more than £250,000 outside the London area.

3.23 Table 3.5 presents the estimated costs of discounted home ownership in Brentwood. These are based on the same open market values as were used for shared ownership. The monthly costs are based on a 25-year repayment mortgage with an interest rate of 3.99% paid on the equity share owned.

Table 3.5 Estimated cost of intermediate housing in Brentwood (monthly cost)

Bedrooms	*Open market value*	*Shared ownership cost*	*Discount home ownership cost*	*Entry-level private rent*	*Entry-level owner-occupation**
One bedroom	£205,000	£615	£865	£750	£827
Two bedrooms	£310,000	£930	£1,308	£950	£1,250
Three bedrooms	£410,000	£1,230	£1,730	£1,175	£1,747
Four bedrooms	£550,000	£1,649	£2,321	£1,700	£2,446

*The monthly cost of entry-level owner-occupation presuming a 25-year repayment mortgage with an interest rate of 3.99%. Source: Online estate agents survey, February 2016

3.24 Discounted home ownership with an 80% share is more expensive than entry-level market accommodation (private rent) and shared ownership accommodation. It is also more expensive than entry-level home ownership, with the exception of three bedroom homes. It is also worth noting that the price at which three and four bedroom discounted home ownership properties would be for sale (at 80% the value of new build home ownership) would exceed the cap of £250,000 in Brentwood. As it costs more than market accommodation it will not be considered for its suitability for meeting those in housing need in Chapter 5, however analysis of its potential demand from households currently in the private rented sector is considered at the end of this chapter.

Local Housing Allowance

3.25 Local Housing Allowance (LHA) has been brought in to replace Housing Benefit outside of the Social Rented sector. It is designed to make up the shortfall in people's ability to pay for their housing. Households unable to afford all of their rent are entitled to LHA to make up the difference so long as the rent does not exceed the LHA cap for the Broad Rental Market Area (BRMA) in which the claim is made as determined by the Valuation Office Agency. Table 3.6 sets out the monthly LHA caps that apply in Brentwood, which is covered by four different BRMAs.

3.26 A comparison with the Affordable Rent levels in Brentwood (set out in Table 3.3) indicates that the local Affordable Rents are currently cheaper than the LHA caps across Brentwood. A comparison with the cost of median private rent indicates that the LHA cap is around 60-70% of this cost in Brentwood.

Table 3.6 Local Housing Allowance Cap (per month)

Bedrooms	Harlow & Stortford	South West Essex	Chelmsford	Outer North East London
Shared room	£295	£275	£299	£326
One bedroom	£578	£555	£546	£674
Two bedrooms	£714	£699	£657	£835
Three bedrooms	£858	£816	£803	£1,050
Four bedrooms	£1,212	£1,155	£1,005	£1,355

Source: Valuation Office Agency 2015

3.27 It is worth noting that during the Spending Review on 25th November 2015, the Government announced that housing benefit within the social rented sector, including the Shared Accommodation Rate for single claimants aged under 35 without dependent children, is to be capped at the relevant LHA rates for new tenants.

Affordability of housing

3.28 Assessing the affordability of market housing in an area is crucial to understanding the sustainability of the housing market.

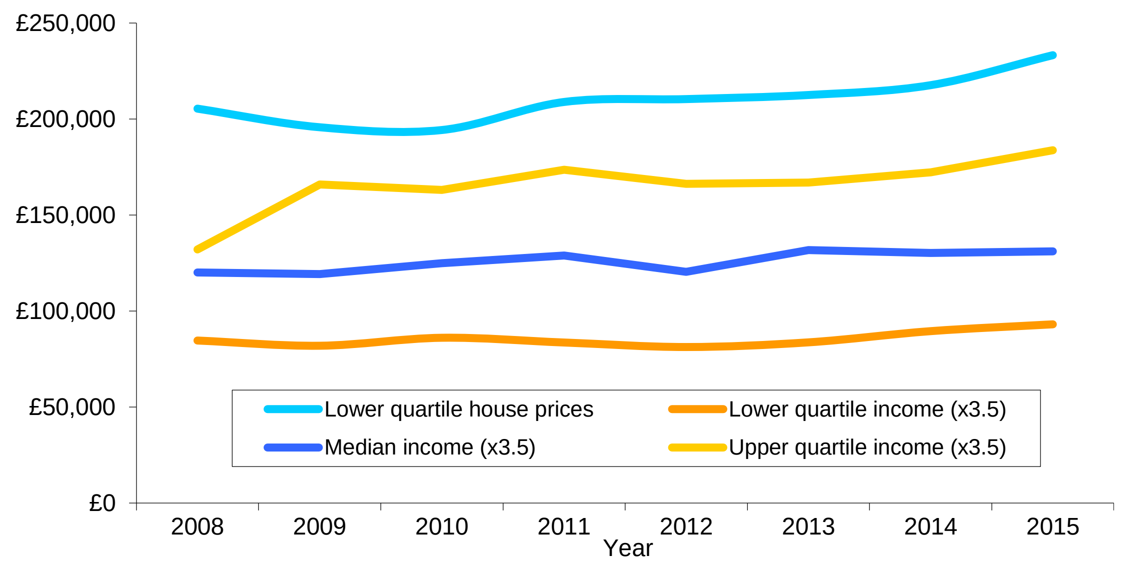
3.29 The affordability of housing in an area is measured by the ratio of market housing costs to income in that area. Initially the general authority-wide entry-level cost of market housing will be compared to different points on the earnings distribution of residents in the area to consider affordability in historical terms. This will be followed by an analysis that assesses the ability of households in Brentwood to afford market accommodation of the size they require, using data on the household income distribution and the household composition in the Borough.

General affordability

3.30 Figures 3.7 shows the lower quartile, median and upper quartile income of full-time workers in Brentwood (as set out in Chapter 2) multiplied by 3.5 (the income multiple typically used by mortgage lenders) compared to lower quartile prices in the Borough (set out in Figure 3.1). Although this analysis is based on individual incomes rather than household incomes, it is useful to consider as it is the affordability comparison that the CLG monitor.

3.31 The figure shows that even full-time workers with earnings at the upper-quartile level in Brentwood would just be unable to purchase an entry-level property in the authority, without notable additional income. Full-time workers with earnings at the lower quartile or median level would require substantial additional income or a capital sum to deduct from the purchase price to be able to afford a lower quartile property in the Borough. The figure indicates that affordability did not notably improve after the economic downturn; whilst in 2008 lower quartile prices were 6.0 times higher than median full-time incomes in Brentwood, in 2015 they were 6.2 times higher.

Figure 3.7 Earnings compared with lower quartile prices in Brentwood



Source: Land Registry via CLG; Annual Survey of Hours and Earnings

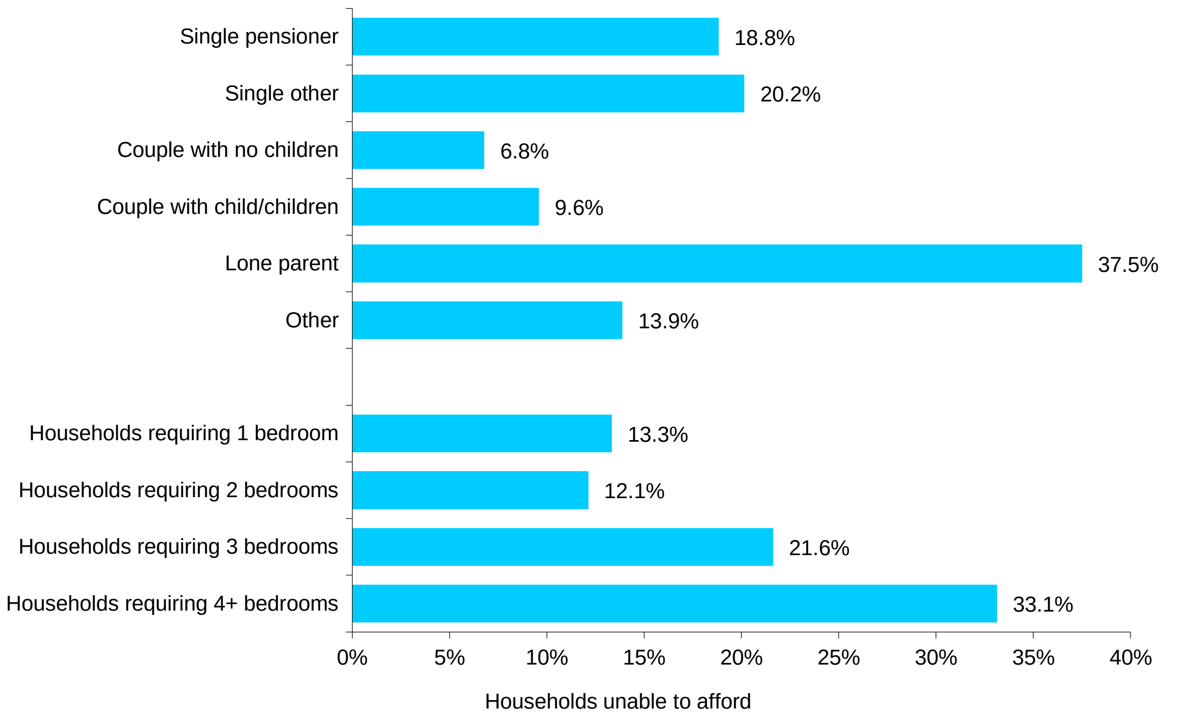
Specific theoretical affordability

3.32 The household income distribution referred to in Figure 2.8 differentiated by household type can be used to assess the ability of households in Brentwood to afford the size of home that they require (according to the bedroom standard). The entry-level cost of housing by bedroom size is presented in Figures 3.4 and 3.5 and the test is based on the affordability criteria discussed above.

3.33 Figure 3.8 shows the current affordability of households in Brentwood by household type and number of bedrooms required. This is the theoretical affordability of households, as the analysis considers all households regardless of whether the household intends to move.

3.34 The data indicates that 37.5% of lone parent households in Brentwood would be unable to afford market housing (if they were to move home now), Single person households are also relatively unlikely to be able to afford, whilst couple households without children are most likely to be able to afford market housing in Brentwood. Households requiring a four bedroom home are least likely to be able to afford this size market housing.

Figure 3.8 Theoretical affordability of market housing in Brentwood



Potential demand for discount market housing (including starter homes)

3.35 Paragraphs 3.22 to 3.24 of this report introduce the discount market housing product available locally. It costs more than market entry rent and is also more expensive than entry-level owner-occupation other than for three bedrooms. It is principally targeted at households in the private rented sector aspiring to purchase a home.

3.36 To try and establish the potential demand for these products from households in the private rented sector, the household income distribution differentiated by household type has been adjusted to reflect that nationally the income of private rented households is 98.9% of the figure for all households (according to the English Housing Survey). Applying this affordability profile to the number of households moving to a private rented home each year allows the number of these households that could afford discounted home ownership to be identified. This represents the potential annual demand for this product and is set out in Table 3.7, disaggregated by bedroom size requirements. These figures include households eligible for the 'starter home initiative' (first-time buyers under 40) but it is not possible to separate out this specific demand. It should be noted that this represents just the potential demand for this product, it is not possible to determine the tenure preferences of these households. In addition, almost all of these households would also be able to afford entry-level home ownership.

Table 3.7 Potential annual demand for discount home ownership

Bedrooms	*Brentwood*
One bedroom	5
Two bedrooms	7
Three bedrooms	8
Four bedrooms	2
Total	22

4. Type and tenure of future housing needed

Introduction

4.1 Paragraph 021 of the PPG is clear that '*once an overall housing figure has been identified, plan makers will need to break this down by tenure, household type (singles, couples and families) and household size*'. This chapter describes the long-term balancing housing markets (LTBHM) model which uses secondary data to determine the future demand for housing by size and tenure based on the profile of households resident in Brentwood in 2033. This will then be compared to the current housing stock and a profile of new accommodation required will be determined.

4.2 The model is set out in more detail subsequently, however this chapter initially presents the demographic changes that will occur in Brentwood over the period of the Local Plan as set out in the projections used to calculate the Objectively Assessed Need. The change in the household composition indicated within these projections drives the size and tenure demand profiles generated by the model.

Demographic projections

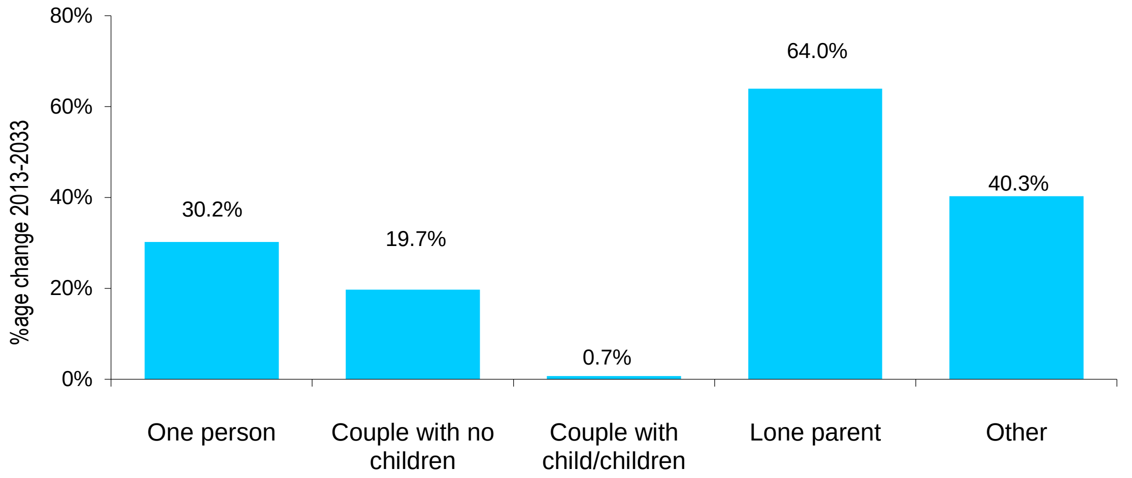
4.3 The household and population projections associated with the Objectively Assessed Need calculation presented in the OAHN Study have been further disaggregated into different household groups to facilitate this analysis. Table 4.1 sets out the number of households that will be resident in Brentwood in 2033 disaggregated by broad household type. The 2013 household profile is also presented as a reference point, as 2013 is the base date for this model as this is when the Plan period began.

Table 4.1 Projected household population in Brentwood in 2033 by household type

Household type	*2013 Number*	*2033 Number*	*2033 Percentage*
One person	9,084	11,827	31.0%
Couple with no children	8,528	10,207	26.7%
Couple with child/children	9,062	9,128	23.9%
Lone parent	2,810	4,607	12.1%
Other	1,726	2,421	6.3%
Total	**31,210**	**38,190**	**100.0%**

4.4 Figure 4.1 indicates the change in these household types that will occur between 2013 and 2033. The figure indicates that the number of lone parent households are expected to increase the most in Brentwood, followed by other households. Couples with children are projected to increase only fractionally.

Figure 4.1 Change in household structure, 2013 – 2033



Methodology of the model

4.5 The Census provides information on the size (in terms of bedrooms) and tenure of accommodation in Brentwood in 2011. This has been adjusted[3] to reflect the changes since 2011 to provide an accommodation profile in 2013.

4.6 The 2011 Census also provides detail on the occupational patterns of different household groups in each authority, which means that the profile of housing occupied by each household type can be determined. Rather than assuming the current usage patterns for each household type will apply to the future population of that household group, the model assesses the current trends in occupation patterns (recorded by the change in the tenure profile of each household type between the 2001 and 2011 Census in Brentwood alongside the changes in the size of accommodation occupied within each tenure) and models their continuation through to 2033. In addition, a further adjustment is made to counter the existence of overcrowding, which the PPG indicates should be addressed. Households currently overcrowded will therefore be housed in adequately sized accommodation within the model. This means that the future housing stock will better reflect the requirements of the future population in the area.

4.7 This profile of suitable accommodation for each household type is applied to the size of the household group in 20 years' time. The accommodation profile required in 2033 is then compared to the current accommodation profile and the nature of additional housing required is derived. It should be noted that the model works by matching dwellings to households so the figures are based on the change in number of households identified within the OAN calculations. However, the overall Objectively Assessed Need figure

[3] Using the latest data from the Homes & Communities Agency's Statistical Data Return and the LAHS datasets and trends indicated within the English Housing Survey and by the Census.

calculated in the OAHN Study presumes that the requirement for new dwellings is greater than the projected growth in households in accordance with the approach set out in the PPG. Chapter 7 below will therefore convert the household based results from this chapter into dwelling based equivalents. The following section presents the outputs of this model.

Tenure of housing required

4.8 Table 4.2 shows the projected tenure profile for Brentwood in 20 years' time. The data shows that in 2033 the housing stock across Brentwood should comprise 72.0% owner-occupied dwellings, 14.0% private rented homes, 1.2% shared ownership properties and 12.8% social rented/Affordable Rented accommodation.

Table 4.2 Projected tenure profile in 2033

Tenure	*Number*	*Percentage*
Owner-occupied	27,503	72.0%
Private rented	5,345	14.0%
Shared Ownership	448	1.2%
Social rent/Affordable Rent	4,894	12.8%
Total	38,190	100.0%

4.9 Table 4.3 shows the tenure profile required by households resident in Brentwood in 20 years' time in comparison to the tenure profile recorded currently. The difference between these two distributions is the change required to the housing stock over this period. The results show that 55.5% of new housing should be owner-occupied, 19.9 private rented, 3.5% should be shared ownership and 21.1% Social Rent/Affordable Rent.

Table 4.3 Tenure of new accommodation required in Brentwood over the next 20 years

Tenure	*Current tenure profile (2013)*	*Tenure profile 2033*	*Change required*	*% of change required*
Owner-occupied	23,630	27,503	3,873	55.5%
Private rent	3,954	5,345	1,390	19.9%
Shared ownership	202	448	246	3.5%
Social Rent/Affordable Rent	3,424	4,894	1,470	21.1%
Total	31,210	38,190	6,980	100.0%

4.10 The model is also able to provide detail on the size of new dwellings required within the market tenures, as is set out in the section below.

Size of housing required within each market tenure

4.11 Table 4.4 presents the size of owner-occupied accommodation required in Brentwood in 20 years' time in comparison to the size profile recorded in the sector currently. The implied change to the housing stock is also presented. The table shows that some 34.6% of new owner-occupied dwellings should be four or more bedroom houses, with 31.8% having three bedrooms, 31.3% should be two bedroom accommodation, and 2.3% one bedroom homes.

Table 4.4 Size of new owner-occupied accommodation required in Brentwood over the next 20 years

Dwelling size	*Current size profile (2013)*	*Size profile 2033*	*Change required*	*% of change required*
One bedroom	1,064	1,152	87	2.3%
Two bedroom	4,925	6,138	1,213	31.3%
Three bedroom	9,288	10,521	1,232	31.8%
Four or more bedrooms	8,352	9,692	1,340	34.6%
Total	23,630	27,503	3,873	100.0%

4.12 This analysis can be repeated for private rented housing and is presented in Table 4.5. The data indicates that of the 1,390 private rented dwellings required within Brentwood, 48.2% should be two bedroom properties with a further 25.6% should be three bedrooms homes. Some 17.9% of dwellings should have four or more bedrooms and 8.3% should be single bedroom accommodation.

Table 4.5 Size of new private rented accommodation required in Brentwood over the next 20 years

Dwelling size	*Current size profile (2013)*	*Size profile 2033*	*Change required*	*% of change required*
One bedroom	954	1,068	115	8.3%
Two bedroom	1,845	2,516	671	48.2%
Three bedroom	798	1,154	356	25.6%
Four or more bedrooms	358	606	249	17.9%
Total	3,954	5,345	1,390	100.0%

4.13 Table 4.6 sets out the equivalent analysis for shared ownership/discounted home ownership housing. The data indicates that of the 246 shared ownership/discounted home ownership dwellings required within Brentwood, 36.2% should be two bedroom properties with a further 28.0% one bedroom accommodation. Some 23.6% should have three bedrooms and 12.2% should have four or more bedrooms.

Table 4.6 Size of new shared ownership accommodation required in Brentwood over the next 20 years				
Dwelling size	*Current size profile (2013)*	*Size profile 2033*	*Change required*	*% of change required*
One bedroom	48	117	69	28.0%
Two bedroom	79	168	89	36.2%
Three bedroom	64	122	58	23.6%
Four or more bedrooms	11	41	30	12.2%
Total	202	448	246	100.0%

4.14 Table 4.7 shows the size of accommodation required in the Affordable Rented/social rented sector. The table shows that of the 1,470 additional Affordable Rented units required within Brentwood over the next 20 years, 30.7% should have one bedroom, 26.3% four bedrooms, 23.6% two bedrooms and 19.4% three bedrooms.

Table 4.7 Size of new social rent/Affordable Rent required in Brentwood over the next 20 years				
Dwelling size	*Current size profile (2013)*	*Size profile 2033*	*Change required*	*% of change required*
One bedroom	1,357	1,808	451	30.7%
Two bedroom	1,106	1,453	347	23.6%
Three bedroom	943	1,228	285	19.4%
Four or more bedrooms	18	405	387	26.3%
Total	3,424	4,894	1,470	100.0%

5. Affordable housing need

Introduction

5.1 It is necessary to undertake a separate calculation of affordable housing need (the previous model has a limited capacity to assess resident households' ability to afford appropriate local housing). Paragraph 22 (Reference ID: 2a-022-20140306) to Paragraph 29 (Reference ID: 2a-029-20140306) of the *Housing and economic development needs assessments* section of the PPG details how affordable housing need should be calculated. It defines affordable housing need as *'number of households and projected households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market'.*

5.2 The PPG goes on to set out the types of households to be considered in housing need:

- *'homeless households or insecure tenure (e.g. housing that is too expensive compared to disposable income);*
- *households where there is a mismatch between the housing needed and the actual dwelling (e.g. overcrowded households);*
- *households containing people with social or physical impairment or other specific needs living in unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ*
- *households that lack basic facilities (e.g. a bathroom or kitchen) and those subject to major disrepair or that are unfit for habitation;*
- *households containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move.'*

5.3 This chapter presents the results of the three broad stages of the model used to calculate affordable housing need. Within each of the three stages there are a number of detailed calculations many of which themselves have a number of components. This chapter presents details of how each of these stages is calculated using locally available data for the Borough. An annual estimate of the affordable housing need in Brentwood is calculated and the tenure and size of accommodation most appropriate to meet this need is discussed.

Stage 1: Current unmet gross need for affordable housing

5.4 The first stage of the model assesses current need. This begins with an assessment of housing suitability, before the affordability test is applied to determine the number of these households that require affordable housing, and are therefore in current need.

5.5 The PPG sets out four particular categories of unsuitable housing that should be specifically identified. These are presented in Table 5.1 below, which also indicates the number of households in each category and the source of the data. The final column represents the revised total for each of these categories once any double-counting between them has been taken into account. Households can be unsuitably housed for more than one reason so it is important that they are only counted once.

5.6 The table shows that there are 1,477 households currently in unsuitable housing or lacking their own housing in Brentwood and the most common reason for unsuitability is overcrowding. This figure of 1,477 represents 4.5% of all households in Brentwood.

Table 5.1 Current households who lack their own housing or live in unsuitable housing in Brentwood			
Element	*Source*	*Number of households*	*Revised number of households*
Homeless households	Section E6 of the Council's P1(E) return for 3rd quarter of 2015 showing the number of homeless households in temporary accommodation in Brentwood at the end of the quarter.	67	0[4]
Households in temporary accommodation	Section E6 of the Council's P1(E) return for 3rd quarter of 2015 showing the number of homeless households accommodated in temporary accommodation in Brentwood at the end of the quarter.	16[5]	0[6]
Overcrowded households	2011 Census modelled to January 2016. This was done by calculating the annual change in the number of overcrowded households (in terms of rooms not bedrooms as bedrooms were not included in the 2001 Census) in Brentwood recorded between the 2001 and 2011 Census (set out in tables S053 Household composition by tenure and occupancy rating and table DC4104EWla Tenure by occupancy rating (rooms) by household composition). The four and three-quarter year change for each tenure recorded from this source was averaged against the latest four and three-quarter year change for each tenure recorded nationally by the English Housing Survey (set out in table FA1421 Trend in overcrowding rates by tenure). This average four and three-quarter-year change was applied to the 2011 Census figures for overcrowding in each tenure to derive an estimate for 2015 (set out in table DC4105EWla - Tenure by occupancy rating (bedrooms) by household composition).	1,101	1,101
Concealed households*	2011 Census modelled to January 2016. This was done by calculating the annual change in the number of concealed households recorded between the 2001 and 2011 Census (set out in table S058 - Households in a shared dwelling and amenities and household size by central heating and number of rooms and in table DC4205EW - Dwelling type by type of central heating in household by occupancy rating (rooms) by ethnic group of Household Reference Person (HRP)).	24	10[7]
Other groups	The Council's housing register as of June 2015. Only households that are on the register due to a category of unsuitable housing are included (excluding overcrowded, temporary, concealed and homeless households accounted for above)[8].	366	366
Total		**1,574**	**1,477**

Source: 2011 Census data modelled to 2016, Brentwood Council's Housing Register *According to the Practice Guidance, concealed households include couples, people with young children and single adults over 25 sharing a kitchen, bathroom or WC with another household.

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[4] All homeless households are also on the Council's Housing Register, although the type of temporary accommodation they occupy is not separately distinguished so this is obtained from the P(1)E form.
[5] This only includes households living in non-self-contained temporary accommodation i.e. B&B and hostels.
[6] All households in temporary accommodation are also on the Council's Housing Register, although the type of accommodation they occupy is not separately distinguished so this is obtained from the P(1)E form.
[7] The 2011 Census indicated that 57.7% of concealed households were also overcrowded in Brentwood.
[8] This equates to households with an insecure tenure (e.g. housing that is too expensive compared to disposable income), those in unsuitable dwellings (e.g. accessed via steps) which cannot be made suitable in-situ, those that lack basic facilities (e.g. a bathroom or kitchen) and those subject to major disrepair or that are unfit for habitation and those containing people with particular social needs (e.g. escaping harassment) which cannot be resolved except through a move.

Affordability

5.7 Some of these households in unsuitable housing are likely to be able to afford alternative accommodation in the market sector without requiring subsidy. The ability of these households to afford the cost of entry-level market housing of the appropriate size (set out in Figures 3.4 and 3.5) is therefore tested. The waiting list details the size of accommodation required by homeless households and households unsuitably housed for other reasons. For overcrowded households and concealed households, the household composition recorded for these households in the Census is used to determine the size requirement profile. To test overcrowded households the income distribution for each dwelling size requirement, identified using the CACI income profile for each sub-area within Brentwood, is adjusted to reflect that nationally the income of overcrowded households is 98.6% of the figure for all households (according to the English Housing Survey). Similarly for homeless, concealed and 'other' unsuitably housed households the income distribution is adjusted to reflect that nationally the income of social rented households is 52.0% of the figure for all households (according to the English Housing Survey).

5.8 These households in unsuitable housing or lacking their own housing are therefore tested for their ability to afford market housing in Brentwood using an affordability test where the cost of housing can constitute up to 35% of gross income and still be affordable[9]. This was agreed as the most suitable affordability threshold for Brentwood by all of the participants in the stakeholder consultation. The impact of using other thresholds is examined at the end of this chapter. Table 5.2 shows the number of unsuitably housed households requiring different dwelling sizes and the proportion of these households able to afford the market-entry point. The number of households that are therefore in current need is shown in the final column.

Table 5.2 Affordability of households in unsuitable housing

Number of bedrooms required	*Unsuitable housed households*	*Percentage unable to afford entry-level market housing*	*Households in current need*
One bedroom	201	68.8%	138
Two bedroom	566	37.5%	212
Three bedroom	412	45.7%	188
Four or more bedrooms	297	57.4%	171
Total	**1,477**	**48.1%**	**710**

[9] This affordability test is used in preference to the affordability test of up to 25% of gross income on housing that was contained in the, now cancelled, 2007 Practice Guidance, as this is the most appropriate figure when the affordability of local housing is considered based on practice in the market (such as assumptions used by letting agents and mortgage brokers). As this study is seeking to make a 'policy off' assessment of the housing market an assumption that reflects the workings of the market should be used.

5.9 Overall 48.1% (710 households) of unsuitably housed households or households lacking their own housing in Brentwood are unable to afford market housing and are in current need. For the purposes of the housing needs assessment, households considered to be in housing need have been split into two categories: current occupiers of affordable housing in need that would make the property available when they move (this includes occupiers of social rented and shared ownership accommodation that are not living with another household currently), and other households. It is estimated that some 228 households in need currently live in affordable housing that would become available for reuse[10].

Total current need

5.10 Table 5.3 summarises the first stage of the assessment of affordable housing need as set out by PPG. The data shows that there are an estimated 710 households in current need in Brentwood.

Table 5.3 Stage 1: Current unmet gross need	
Component	
Homeless households and those in temporary accommodation	65
Overcrowded and concealed households	461
Other groups	184
Total current housing need (gross)	**710**

Stage 2: Newly arising affordable housing need

5.11 In addition to Current Need, there will also be Newly Arising (ongoing) Need. This forms the second stage of the affordable housing need model. This is split, as per the PPG, into two categories:

- new household formation (× proportion unable to buy or rent in market).
- existing households falling into need.

Need from newly forming households

5.12 The headship rate for each 5 year age cohort between the ages 15 and 49 was calculated using information in the Census on the number of people and number of household heads within each age cohort. This headship rate was then applied to the population projections associated with the calculation of the Objectively Assessed Need figure. This identified the

[10] For those households who lack their own housing or live in unsuitable housing it was necessary to not only establish the number of housheolds in each category, but also their current tenure (alongside the type of household they were and the size of home they required). This was obtained from the original data sources detailed in Table 3.1. The final tenure profile of households in need, and the figure of 228 in affordable accommodation derived, accounts for the different affordability profiles of these different groups of households who lack their own housing or live in unsuitable housing groups.

projected number of households likely to form in Brentwood. This figure is then averaged to provide an annual estimate for the number of newly forming households.

5.13 Using this methodology it is estimated that 615 new households will form per year in Brentwood. This represents a household formation rate of 1.9%, slightly higher than the figure of 1.7% recorded nationally by the English Housing Survey. To assess the ability of these households to afford entry-level market housing of the appropriate size, it is presumed that these new households will have the same composition as the profile for new households recorded in the English Housing Survey, from which the appropriate size requirement profile can be determined. To test newly forming households ability to afford market housing, the income distribution for each dwelling size requirement (identified using the CACI income profile for the each sub-area) is adjusted to reflect that nationally the income of newly forming households is 72.9% of the figure for all households (according to the English Housing Survey).

5.14 Table 5.4 shows details of the derivation of newly arising need from newly forming households. The table shows that 34.7% of newly forming households will be unable to afford market housing in Brentwood, which means that there will be an annual affordable housing requirement from 213 newly forming households.

Table 5.4 Newly arising need from new household formation (per annum)

Component	
Number of newly forming households	615
Proportion unable to afford entry-level market housing	34.7%
Number of newly forming households requiring affordable accommodation	**213**

Existing households falling into need

5.15 The PPG recommends that this figure is derived by looking at recent trends in households applying for affordable housing. Analysis of the approaches for affordable accommodation made to the Council re-lets over the last three years (January 2013 to January 2016) indicates that there were 478 households that fell into need over the last three years. Annualised this is 159 (478/3) households per year in affordable housing need.

5.16 This figure will include newly forming households, which have featured in the previous step. The CORE LA Area Lettings Reports[11] provide an estimate of the proportion of social rented lets each year taken by newly forming households in Brentwood. It shows that an average of 13.7% of lettings in Brentwood were to newly forming households over the last three years. It is assumed therefore that 22 (13.7% of 159) of the households in need are newly forming

[11] CORE (COntinuous REcording) is a national information source funded by the Department for Communities and local Government that records information on the characteristics of both private registered providers and local authority new social housing tenants and the homes they rent and buy.

households. The resultant number of existing households falling into need in Brentwood is 137 (159-22) households per annum.

Total newly arising need

5.17 Table 5.5 summarises the second stage of the assessment of affordable housing need as set out by the PPG. It indicates that 350 (213+137) households will be in newly arising need per annum in Brentwood.

Table 5.5 Stage 2 Newly arising need (per annum)	
Component	
New household formation (gross per year)	615
Proportion of new households unable to buy or rent in the market	34.7%
Existing households falling into need	137
Total newly arising housing need (gross per year)	**350**

Stage 3: Current affordable housing supply

5.18 The PPG indicates that the stock available to offset the current need includes stock from current occupiers of affordable housing in need, surplus stock from vacant properties and the committed supply of new affordable units. Units to be taken out of management are removed from the calculation.

Current occupiers of affordable housing in need

5.19 It is important when considering net need levels to discount households already living in affordable housing. This is because the movement of such households within affordable housing will have an overall nil effect in terms of housing need. As established when calculating current need (paragraph 5.9), there are 228 households currently in need already living in affordable housing in Brentwood.

Surplus stock

5.20 A certain level of vacant dwellings is normal as this allows for transfers and for work on properties to be carried out. Established good practice suggests that if the vacancy rate in the affordable stock is in excess of 3%, some of the vacant units should be considered as surplus stock which can be included within the supply to offset housing need. Brentwood records a vacancy rate in the affordable sector of 0.9%. As the vacancy rate is lower than the 3% benchmark, no vacant dwellings are considered available to be brought back into use to increase the supply of affordable housing.

Committed supply of new affordable units

5.21 The PPG indicates that '*the committed supply of new affordable units (social rented and intermediate housing) at the point of the* assessment' be taken into account within the model.

The Council has indicated that there are 54 new affordable homes currently committed across Brentwood.

Planned units to be taken out of management

5.22 The PPG states that the *'net number of units to be taken out of management (demolition or replacement schemes that lead to net losses of stock)'* should be quantified. The Council has indicated that there are no planned replacement schemes that will lead to a net loss in the affordable housing stock in the Borough.

Total current affordable housing supply

5.23 Having been through the four components in order to assess the current affordable housing supply, the stage of the model is summarised in Table 5.6. The data shows that there are an estimated 282 affordable homes currently available in Brentwood area.

Table 5.6 Stage 3 Current affordable housing supply

Component	
Affordable dwellings occupied by households in need	228
Surplus stock	0
Committed supply of affordable housing	54
Units to be taken out of management	0
Total affordable housing stock available	**282**

Stage 4: Future housing supply of social re-lets and intermediate affordable housing

5.24 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 re-lets and the annual supply of re-lets within the intermediate sector.

The future supply of social/affordable rented housing

5.25 This is an estimate of likely future re-lets from the affordable stock. The PPG suggests that the estimate should be based on past trend data over the last three years. CORE data provides an indication of the number of lettings in the Social Rented / Affordable Rented sector and the results for the last three years are presented in Table 5.7. The average number of lettings across the social and affordable rented sector over the three-year period was 255 per annum in Brentwood.

Table 5.7 Analysis of past housing supply (social rented/Affordable Rented sector)	
Year	*Brentwood*
2012/13	265
2013/14	263
2014/15	237
Average	**255**

Source: CORE LA Area Lettings Report 2012/2013, 2013/2014, 2014/2015

Supply of intermediate housing

5.26 In most local authorities the amount of intermediate housing (mostly shared ownership) available in the stock is fairly limited (as is the case across Brentwood). However, it is still important to consider to what extent the supply may be able to help those in need of affordable housing. Therefore we include an estimate of the number of intermediate units that become available each year, based on applying the estimated re-let rate for the social rented sector[12] (7.4% in Brentwood) to the estimated stock for each form of intermediate housing in the Borough. This is set out in Table 5.8. It is estimated that around 14 units of intermediate housing will become available to meet housing needs from the existing stock each year in Brentwood.

Table 5.8 Estimated intermediate supply		
Intermediate tenure	*Stock*	*Annual re-lets*
Discount home ownership	13	1
Shared ownership	175	13
All intermediate lettings	**-**	**14**

Source: HCA's Statistical Data Return 2015

Annual future supply of affordable housing

5.27 The total future supply of affordable housing is the sum of the social rented supply and the intermediate supply as set out in Table 5.9.

[12] This is calculated by dividing the total number of relets as set out in Table 5.7 by the total stock of social and affordable housing as set out in the HCA's Statistical Data Return, 2015.

Table 5.9 Stage 4 Future supply of all affordable housing (per annum)	
Component	
Annual supply of social/affordable rented re-lets	255
Annual supply of intermediate housing available for re-let or resale at sub-market levels	14
Annual supply of all affordable housing	**269**

Estimate of net annual housing need

5.28 The PPG states that the figures in the model need to be converted to annual flows to establish the total need for affordable housing. The first step in this process is to calculate the total net current need. This is derived by subtracting the estimated current affordable housing supply (Stage 3) from the current unmet gross need for affordable housing (Stage 1).

5.29 The second step is to convert this total net current need figure into an annual flow. The PPG is not specific as to how this should be done. For the purposes of this study the period of 17 years will be used to fit in with the remaining timeframe of the Local Plan. The final step is to sum the annualised net current need with the total newly arising affordable housing need (Stage 2) and subtract the future annual supply of affordable housing (Stage 4). Table 5.10 sets out this process. It leads to a total need for affordable housing of 107 per year in Brentwood.

Table 5.10 Results of the affordable housing needs model	
Stage in calculation	*HMA*
Stage 1: Current unmet gross need for affordable housing (Total) (Table 5.3)	710
Stage 2: Newly arising affordable housing need (Annual) (Table 5.5)	350
Stage 3: Current affordable housing supply (Total) (Table 5.6)	282
Stage 4: Future housing supply (Annual) (Table 5.9)	269
Stage 5.1 Net current need (Stage 1- Stage 3) (Total)	428
Stage 5.2 Annualise net current need (Stage 5.1/17) (Annual)	25
Stage 5.3 Total need for affordable housing (Stage 2+ Stage 5.2 – Stage 4) (Annual)	**107**
Total gross annual need (Stage 1/17 + Stage 2) (Annual)	395
Total gross annual supply (Stage 3/17 + Stage 4) (Annual)	285

Overall households in affordable housing need by type (gross)

5.30 Table 5.11 gives a breakdown of the gross annual households in need, by household type in Brentwood. The table shows that some 4.4% of 'other' households are in housing need compared to 0.8% single person households and couple households with children. Overall, couple households with no children households comprise 26.4% of all households in need.

Table 5.11 Annual need requirement by household type					
Household type	*Need requirement*				
	No. of h'holds in need (gross)	*Not in need*	*Total Number of h'holds*	*% of h'hold type in need*	*As a % of those in need*
One person	75	9,786	9,861	0.8%	19.1%
Couple with no children	104	8,818	8,921	1.2%	26.4%
Couple with child/children	70	9,132	9,202	0.8%	17.8%
Lone parent	72	2,919	2,991	2.4%	18.3%
Other	72	1,564	1,636	4.4%	18.3%
Total	**392**	**32,219**	**32,611**	**1.2%**	**100.0%**

Size of accommodation required

5.31 Table 5.12 shows the size of accommodation required by households in housing need in Brentwood. The supply distribution for social rented and intermediate homes is derived from the average profile of re-lets of affordable accommodation over the last three years as documented by the Council's housing register. The last column in the table presents the supply as a percentage of need. This is calculated by dividing the estimated supply of the property size by the derived need for that dwelling size. The lower the figure produced, the more acute the need for affordable accommodation in the area, as the current supply is unlikely to meet the identified need.

5.32 The table suggests that there is a net need for all sizes of affordable housing except two bedroom accommodation which records a surplus. The largest net need is for four bedroom homes, followed by one bedroom accommodation. The final column shows that the need relative to supply is the greatest for four bedroom homes, followed by three bedroom accommodation. Households in need requiring two bedroom accommodation are most likely to have their need met from the current supply.

Table 5.12 Size of additional units required to meet housing need					
Size of home	*Need requirement*				
	Gross annual need	*Gross annual supply*	*Net annual need*	*As a % of total net annual need*	*Supply as a % of gross need*
One bedroom	179	133	46	39.3%	74.3%
Two bedrooms	93	104	-10	0.0%	111.0%
Three bedrooms	67	46	21	18.1%	68.4%
Four or more bedrooms	53	3	50	42.6%	5.7%
Total	**392**	**285**	**107**	**100.0%**	**72.7%**

Type of affordable home required

5.33 As discussed in Chapter 3, a range of affordable products is available to meet affordable housing need in Brentwood. This section will consider the suitability of these different products for meeting affordable housing need.

Gross requirement

5.34 Table 5.13 illustrates how many households in affordable housing need in Brentwood are able to afford the different affordable products. The figures presented are exclusive, so for example the 12 households requiring a two bedroom home that are able to afford shared ownership home do not include the 35 households able to afford Affordable Rent (even though they would also be able to afford Affordable Rent). Households have therefore been assigned the most expensive product they are able to afford. The social rented group also includes those unable to afford any accommodation without support from HB/LHA, as this is the tenure in which these households are most likely to reside.

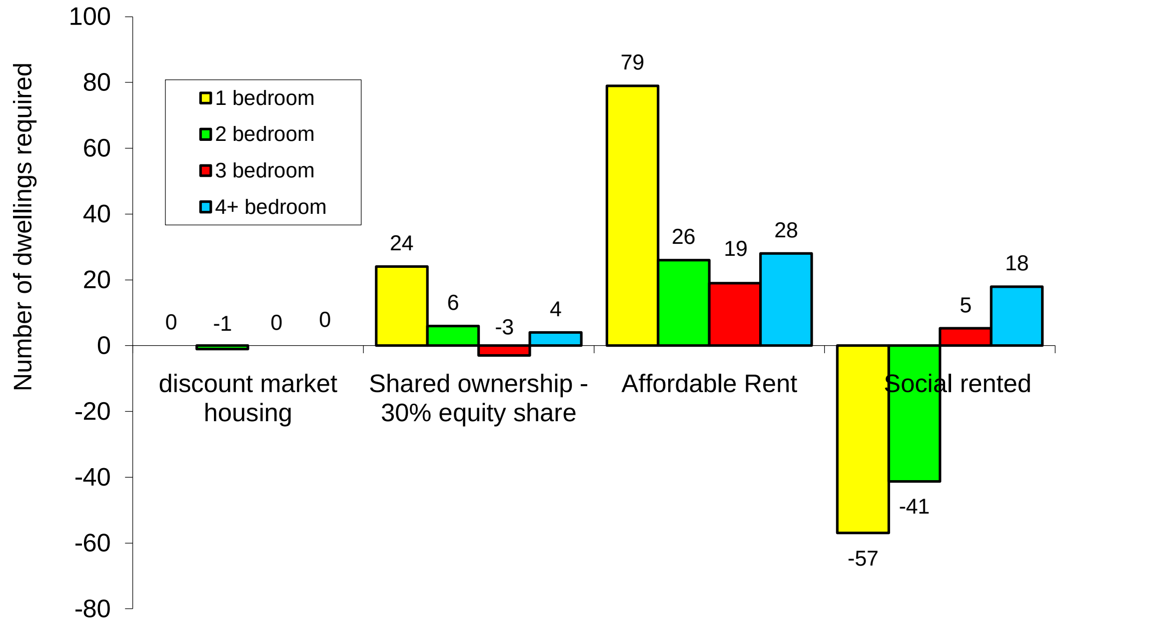
5.35 The table shows that of the 392 households in gross need each year in Brentwood, 11.7% could afford shared ownership, 45.4% Affordable Rent and 42.9% can afford Social Rent or require support.

Table 5.13 Size and type of affordable home required by those in need (per annum)						
Product	*One bed*	*Two bed*	*Three bed*	*Four bed*	*Total (number)*	*Total (%)*
Discount market housing	0	0	0	0	0	0.0%
Shared ownership	29	12	0	5	46	11.7%
Affordable rent	88	35	27	28	178	45.4%
Social rent/requires assistance	62	46	40	20	168	42.9%
All households	179	93	67	53	392	100.0%

Net requirement

5.36 Whilst the overall affordability of these products is an important consideration, the supply of these dwellings needs to be considered before the overall housing requirement can be established. Figure 5.1 shows the overall net annual requirement for affordable housing in Brentwood once the likely supply of affordable accommodation has been deducted from the gross need. The figure shows that across Brentwood there is a requirement for a range of different new affordable rented accommodation, with the exception of one and two bedroom social rented homes, where there is likely to be a surplus. It is therefore suggested that a significant number of one bedroom social rented homes could be re-let as Affordable Rented accommodation once they become vacant through natural churn. As virtually all rented development in the social sector is Affordable Rent, rather than social rent, Chapter 7 will set out the overall dwelling mix for the Council to pursue with these two sectors combined. There is also a surplus of discount market housing and three bedroom shared ownership accommodation in Brentwood, reflecting the relative unaffordability of this product (relative to the cost of market housing) for households in need.

Figure 5.1 Net annual requirement for affordable housing



Sensitivity analysis - affordability threshold

5.37 The results presented this chapter are based on using an affordability test where the cost of housing can constitute up to 35% of gross income and still be affordable. The impact of adjusting this affordability threshold is considered in Table 5.14, which details the results of the PPG affordable housing need model across Brentwood where the cost of housing could constitute no more than 25% and 30% of gross household income, rather than 35% used in the standard model.

Table 5.14 Impact of different affordability assumptions on affordable housing requirement in Brentwood

	Rent payable constitutes no more than:		
	35% of gross household income	*30% of gross household income*	*25% of gross household income*
Stage 1: Current gross need	710	802	894
Stage 2: Newly arising need	350	413	487
Stage 3: Current supply	282	309	347
Stage 4: Future supply	269	269	269
Stage 5.1 Net current need	428	493	548
Stage 5.2 Annual net current need	25	29	32
Stage 5.3 Total annual need	**107**	**173**	**250**

5.38 The table indicates that the net requirement would increase from 107 to 173 affordable homes per year in Brentwood if 30% of gross household income could be spent on housing costs. This would increase further to 250 affordable homes per year if 25% of income could be spent on housing costs.

Sensitivity Analysis – Period over which current need is addressed

5.39 The model has presumed that the net current need will be addressed over the remaining plan-period (17 years). Table 5.15 considers the impact of addressing the current need more quickly, over 5 years. The data shows that the net requirement would increase from 107 to 167 affordable homes per year in Brentwood if current need was addressed over 5 years.

Table 5.15 Impact of addressing current need over different time periods

	Current need addressed over:	
	Plan period (17 years)	*5 years*
Stage 1: Current gross need	710	710
Stage 2: Newly arising need	350	351
Stage 3: Current supply	282	282
Stage 4: Future supply	269	269
Stage 5.1 Net current need	428	428
Stage 5.2 Annual net current need	25	86
Stage 5.3 Total annual need	**107**	**167**

6. Requirements of specific groups of the population

Introduction

6.1 The NPPF indicates that a SHMA should ensure all subgroups of the population are addressed. Whilst the LTBHM considers all household groups within the model, the results can be broken down to show the accommodation requirements of certain household groups of interest. This chapter considers the specific profiles of the following groups of the population, which are suggested in the PPG and have an appreciable impact on the housing market within Brentwood:

- Older persons
- People with disabilities
- Family households

6.2 Students and service personnel were considered, but there is no University or Ministry of Defence presence within Brentwood, so these groups have not been profiled in detail. This chapter will also examine the private rented sector in more detail and comment on the level of demand from people wishing to build their own homes.

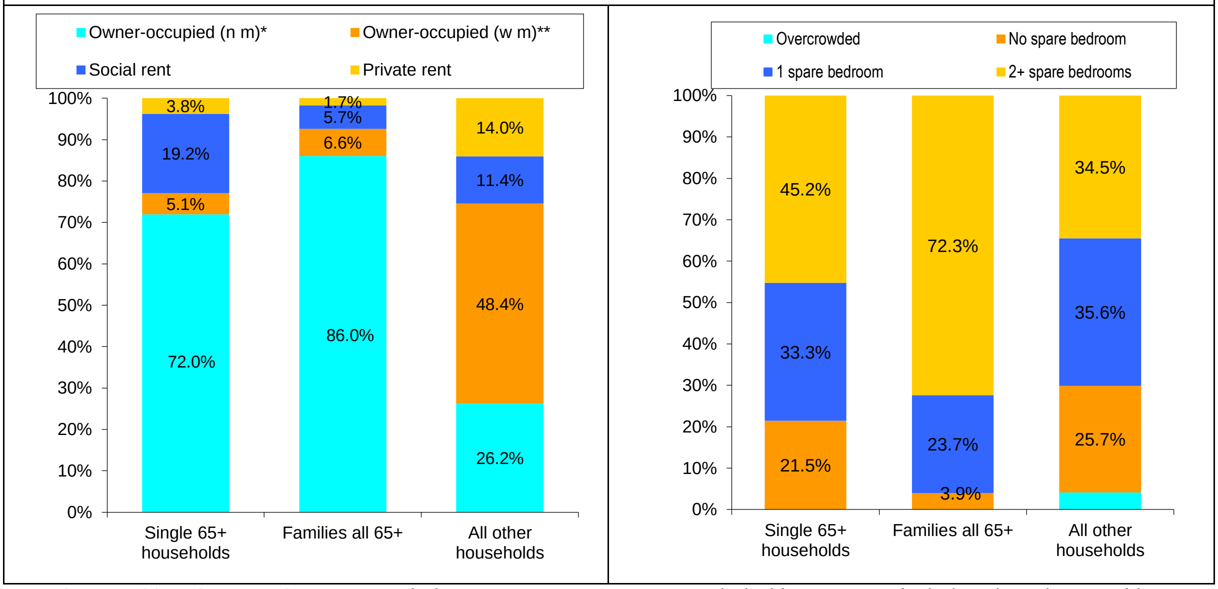
Housing Needs of Older People

Current situation

6.3 The SHMA Guidance recognises the need to provide housing for older people as part of achieving a good mix of housing. The Census indicates that 24.1% of households in Brentwood were older person only households (households where all members are 65 or over), compared to 22.3% regionally and 20.5% nationally. Of these older person only households in Brentwood in 2011, 57.0% contained only one person, a higher proportion than that recorded in the East region (56.8%) but lower than the figure for England (60.0%).

6.4 Figure 6.1 shows the tenure profile of older person only households in Brentwood in 2011 compared to the remainder of the household population. The figure also sets out the occupancy level of these groups. The results show that both of the older person groups show a higher level of owner-occupation than other households. Older person households were also more likely than average to have multiple spare bedrooms in their home.

Figure 6.1 Profile of accommodation for older person households in Brentwood



Source: 2011 Census *Owner–occupied no mortgage ** Owner-occupied with mortgage, includes shared ownership.

Future requirement

6.5 The Objectively Assessed Need projections indicate that the population aged 65 or over is going to increase dramatically over the plan period from 14,564 in 2013 to 21,093 in 2033, a rise of 44.8%.

6.6 The Projecting Older People Information System (POPPI) website uses information on recent trends in the health and occupation patterns of those age 65, and applies them to the latest sub-national population projections to provide an indication of the potential future profile of older persons in each authority in the country. This source suggests that the proportion of older persons living alone in Brentwood will increase from 37.2% in 2015 to 38.5% in 2030 (the furthest date that the POPPI website projects to).

6.7 The results of the LTBHM model can be disaggregated into different household groups within the whole population. Table 6.1 shows the projected accommodation profile for older person households in Brentwood in 2033 arising from that model.

Table 6.1 Type of accommodation required for pensioner households in 2033					
Dwelling size	Owner-occupation	Private rented	Shared ownership	Social rent/ Affordable Rented	Total
One bedroom	11.2%	2.7%	0.8%	7.8%	22.5%
Two bedrooms	29.9%	1.9%	0.9%	4.7%	37.4%
Three bedrooms	34.2%	0.3%	0.1%	0.2%	34.8%
Four or more bedrooms	5.3%	0.0%	0.0%	0.0%	5.3%
Total	**80.6%**	**4.9%**	**1.8%**	**12.7%**	**100.0%**

Specialist accommodation

6.8 Given the dramatic growth in the older population and the higher levels of disability and health problems amongst older people there is likely to be an increased requirement for specialist housing options moving forward. It is therefore useful to consider the ability of specialist accommodation to meet the requirements of this group. To do this we use the Strategic Housing for Older People tool developed by the Housing Learning and Improvement Network[13]. It should be noted that this tool is only driven by demographic changes and does not take into account peoples' aspirations as to what form of accommodation they would prefer.

6.9 Table 6.2 shows the current supply of specialist housing for older people. At present it is estimated that there are 971 units in Brentwood; this is equivalent to 125 units per 1,000 people aged 75 and over. The Strategic Housing for Older People tool uses this ratio (the number of units per 1,000 people 75 and over) as the key variant when modelling future demand so it is important to establish the current level. It is also worth noting that some 66.5% of this accommodation is in the affordable sector, despite the overwhelming propensity of older persons only households to be owner-occupiers.

6.10 Table 6.2 also shows the amount of specialist accommodation that will be required by the population in 2033 if the current rate of occupation is maintained (125 units per 1,000 people aged 75 and over). The total additional units required to increase the current provision to this level is also presented. As the current rate of provision is notably lower than the base recommended within the Strategic Housing for Older People tool (170 units per 1,000 people) it is useful to also to consider a scenario where the rate of use of this form of accommodation increases to this level. The fifth and sixth column of the table therefore show the total and net requirement for specialist accommodation if the usage rate increases to 170 per 1,000 people.

[13] http://www.housinglin.org.uk/

Table 6.2 Specialist accommodation required in the Brentwood over the next 19 years

Type and tenure of specialist accommodation		Current profile (2014)	Future requirement based on current usage ratio of 125 per 1,000 people aged 75+		Future requirement based on increasing usage ratio to 170 per 1,000 people aged 75+	
			Profile 2033	Additional units required	Profile 2033	Additional units required
Sheltered housing	Market	325	499	174	547	222
	Affordable	591	883	292	1,167	576
Extracare housing	Market	0	0	0	0	0
	Affordable	55	83	28	296	241
Total		**971**	**1,465**	**494**	**2,010**	**1,039**

Source: The Housing Learning and Improvement Network' Strategic Housing for Older People tool, 2015

6.11 If it is presumed that occupation patterns remain at current levels then there is a requirement for 494 additional specialist units of which 466 should be sheltered housing and 28 extracare housing. The requirement for 494 additional specialist units for older people represents 7.5% of the total household growth for the period 2014 to 2033. If it is assumed that occupation rates increase to a rate of 170 per 1,000 people 75 or over then 1,039 additional specialist units are required which constitutes 15.7% of the total household growth. As varying the occupation rate has such a dramatic effect on the overall requirement, it may be appropriate for the Council to pursue the lower of these two figures, which is closer to the current expectations of older households and monitor how usage patterns develop over time.

6.12 The model identifies that some 35.1% of this additional specialist accommodation should be affordable with the remainder market housing. However, the Census indicates that over three-quarters of all older person households in Brentwood in 2011 were owner-occupiers with no-mortgage and it would be expected that the majority of these households would be able to afford specialist accommodation in the market sector if it was required. In addition the LTBHM model indicates that over four-fifths of older person households in 2033 would be most suitably housed in market accommodation.

6.13 It is therefore suggested that the market/affordable ratio for total specialist accommodation in 2033 derived from the Strategic Housing for Older People tool (based on the current Brentwood ratio) be averaged with the overall market/affordable ratio for all housing for older persons in 2033 derived from the LTBHM model. This leads to a recommended split of 25% of new specialist accommodation as affordable and 75% within the market sector. It should be noted that this requirement for 123 affordable and 372 market specialist units forms part of the overall Objectively Assessed Need required over the Local Plan period in Brentwood.

6.14 As well as the need for specialist housing for older people there will also be an additional requirement for Registered Care. According to the Strategic Housing for Older People tool there are around 805 spaces in nursing and residential care homes in Brentwood currently.

Presuming the current occupation rate by age in Brentwood is continued forward, the Strategic Housing for Older People tool indicates there will be a requirement for 1,229 spaces in Brentwood in 2033, suggesting an additional 424 spaces will be required over the next 20 years. This additional accommodation is required to meet the future institutional population and therefore does not form part of the new housing to meet the Objectively Assessed Need. (On a practical point it would not be appropriate to increase the housing requirement to meet this need (as it is not housing) – although it may be appropriate to plan for the provision of this need separately).

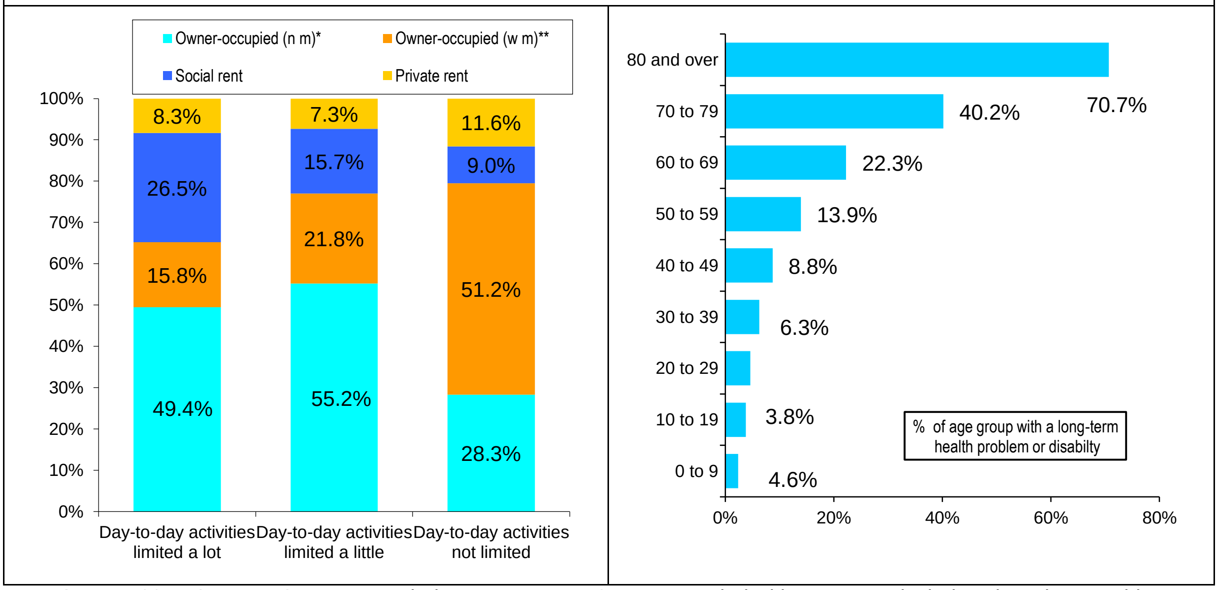
Households with specific needs

Current situation

6.15 Paragraph 2.5 indicates that, in 2011, some 15.5% of the resident population in Brentwood had a long-term health problem or disability. Some 43.8% of all residents with a long-term health problem or disability in Brentwood had a condition that limited day-to-day activities a lot, with 56.2% having a condition that limited activities a little.

6.16 Figure 6.2 below shows the tenure profile of people with a long-term health problem or disability in Brentwood in 2011 compared to the remainder of the population. The figure also sets out the prevalence of a long-term health problem or disability in the different age groups of the population. The results show that whilst people with a long-term health problem or disability are more likely than average to be owner-occupiers with no mortgage, they are also more likely than average to reside in the social rented sector. The analysis also reveals a strong correlation between age and long-term health problem or disability.

Figure 6.2 Tenure and age profile of people with a long-term problem or disability in Brentwood



Source: 2011 Census *Owner–occupied no mortgage ** Owner-occupied with mortgage, includes shared ownership.

Projected health of the future population

6.17 The Projecting Older People Information System (POPPI) website and the parallel Projecting Adult Needs and Service Information (PANSI) model the likely future incidence of a range of health issues for each authority in England. Table 6.3 sets out the number of people projected to have one of four health issues over the next fifteen years Brentwood. The four issues chosen are broad health categories presented to provide the most useful general information for this report. The data from PANSI and POPPI is based on current and recent prevalence rates and whilst these may vary in the future, the figures provide a useful baseline estimate.

6.18 Table 6.3 shows that the number of those aged 65 or over with a limiting long-term illness that limits them a lot is expected to increase by 40.6% between 2015 and 2030 across Brentwood. This compares to an increase of 8.8% in the number of people aged 18-64 with a serious physical disability, an increase of 5.6% in the number of people aged 18-64 with a common mental health disorder and an increase of 11.8% in the number of people with a moderate or severe learning.

Table 6.3 Number of people with particular health issues projected in Brentwood in the next 15 years

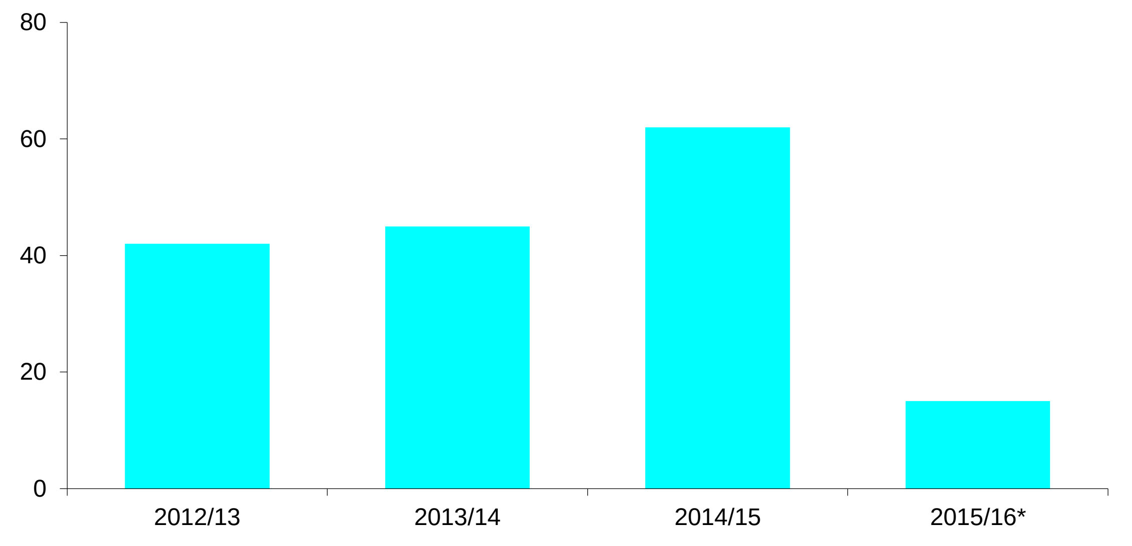
	2015	2020	2025	2030
People aged 65 and over with a limiting long-term illness that limits them a lot	2,928	3,205	3,634	4,117
People aged 18-64 with a serious physical disability	1,085	1,141	1,183	1,180
People aged 18-64 with a common mental health disorder	7,177	7,390	7,474	7,576
People with a moderate or severe learning disability (all ages)	1,397	1,446	1,494	1,562

Source: The Projecting Older People Information System and Projecting Adult Needs and Service Information, 2015

Adaptations and support

6.19 In addition to specialist accommodation, the Council helps people to remain in their current home by providing support and assistance. Figure 6.3 shows the number of Disabled Facilities Grants that have been completed between 2012/13 and 2015/16 in Brentwood. The figure shows that the requirement for these services has increased over this period, up until this year. Further data reveals that the budget allocated for the Disabled Facilities Grants was sufficient for every year except 2013/14.

Figure 6.3 Disabled Facilities Grant completions in Brentwood



*Anticipated. Source: Brentwood Council, 2015

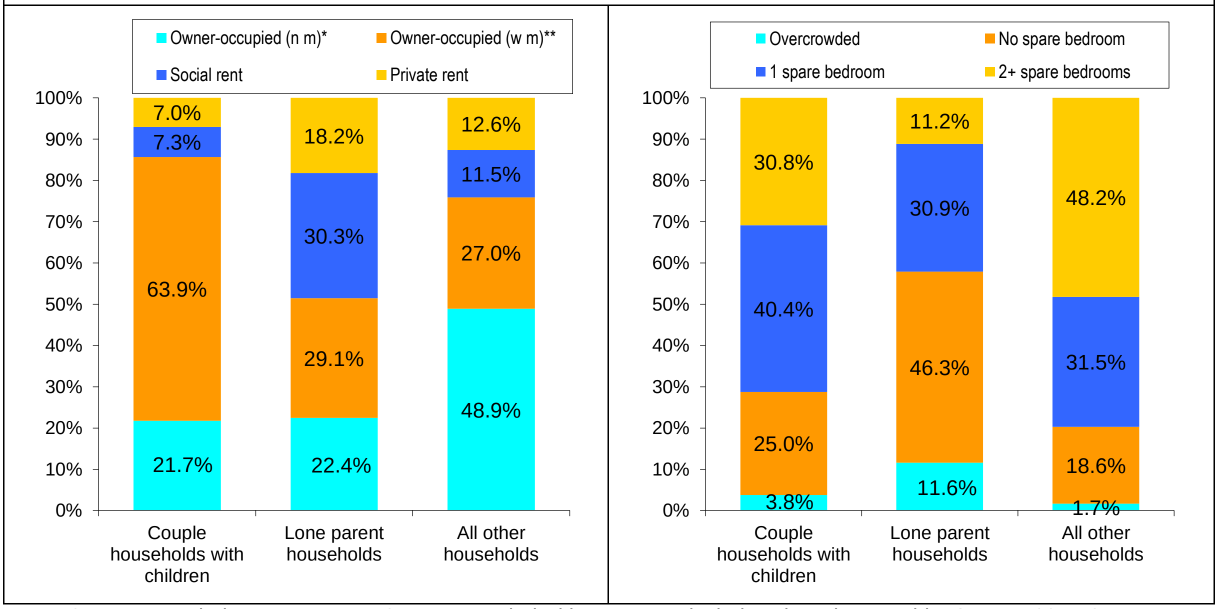
Families with children

Current situation

6.20 Figure 2.3 shows the household composition recorded at the time of the Census. This indicated that 38.5% of the household population were families with children, a figure higher than the regional figure (36.7%) and the national average (36.0%).

6.21 Figure 6.4 below shows the tenure profile of the two main types of 'family with children' households in Brentwood in 2011 compared to the remainder of the household population. The figure also sets out the occupancy level of these groups. The data shows that whilst there are notably fewer owner-occupiers with no-mortgage amongst couple households with children than amongst other households in Brentwood, the proportion of this group in the social and private rented sector is lower than recorded for other households. Lone parents however are notably more likely than other households to be in both social rented and private rented accommodation. Family households with children are also more likely to be overcrowded and less likely to be under-occupied than other households in Brentwood.

Figure 6.4 Profile of accommodation for family households in Brentwood



*Owner–occupied no mortgage ** Owner-occupied with mortgage, includes shared ownership. Source: 2011 Census

Future requirement

6.22 The Objectively Assessed Need projections indicate that the total population of families with children in Brentwood is going to rise from 11,872 in 2013 to 13,735 by 2033 and the proportion of lone parent families within this group will grow from 23.7 in 2014 to 33.5% in 2034. Table 6.4 shows the projected accommodation profile for family households in Brentwood in 2033 derived from the LTBHM model, presuming that households do not have to reside in overcrowded accommodation.

Table 6.4 Type of accommodation required for households with dependent children in 2033

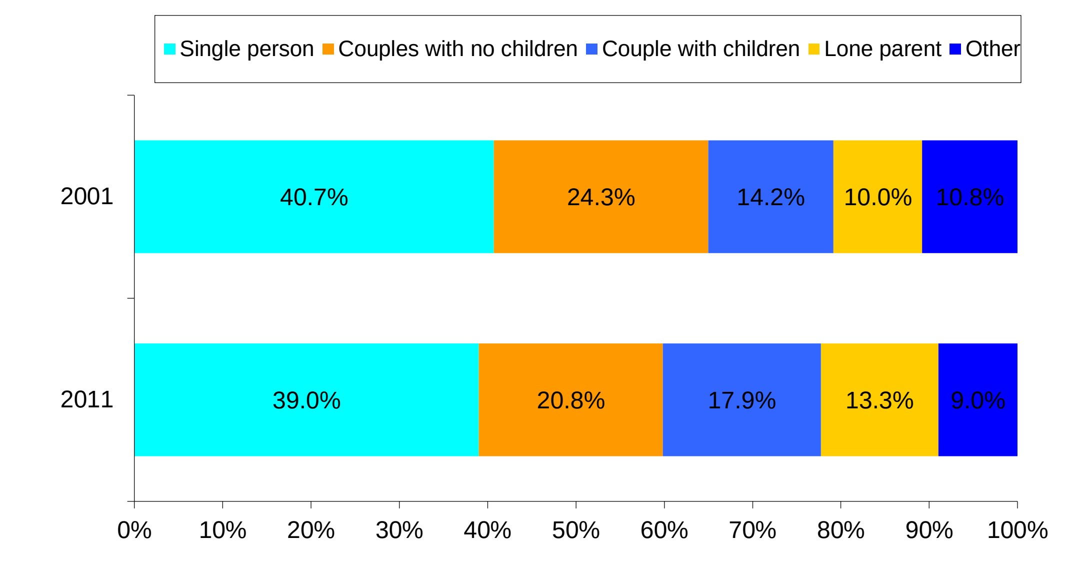
Dwelling size	Owner-occupation	Private rented	Shared ownership	Social rent/ Affordable Rented	Total
One bedroom	0.0%	0.0%	0.0%	0.0%	0.0%
Two bedrooms	9.8%	1.6%	0.3%	8.5%	20.2%
Three bedrooms	30.4%	1.2%	0.4%	7.7%	39.6%
Four or more bedrooms	38.2%	0.9%	0.4%	0.7%	40.2%
Total	78.4%	3.6%	1.1%	16.9%	100.0%

The private rented sector

Growth

6.23 The current tenure profile in Brentwood was modelled as part of the LTBHM model. This estimated that there are 3,954 private rented households in Brentwood in 2013, which represents 12.7% of households in the Borough. The private rented sector is becoming increasingly important in Brentwood; as shown in Figure 2.11, the Census indicates that it increased by 5.6% in Brentwood between 2001 and 2011. Figure 6.5 compares the household composition of the private rented sector in Brentwood in 2001 to the profile of households resident in this tenure in Brentwood in 2011. The data shows that not only has the private rented sector expanded, but the households in it have diversified.

Figure 6.5 Change in the household composition of the private rented sector in Brentwood



Source: 2001 and 2011 Census

Current trends

6.24 To assess the stability of the sector currently it is useful to consider how the private rent levels charged vary over time. Table 6.5 shows the change in private rents over the last three years at both the median and lower quartile level. This data is disaggregated by accommodation size and location. The table shows for example that between 2011/12 and 2014/15 two bedroom lower quartile rents increased by 6.7% in Brentwood. Overall the data suggests that the private rented sector is fairly stable in Brentwood when compared to the changes recorded at regional and national level.

Table 6.5 Change in private rents charged in Brentwood, the East region and England between 2011/12 and 2014/15				
Lower quartile prices				
Area	One bedroom	Two bedrooms	Three bedrooms	Four+ bedroom
Brentwood	6.9%	6.7%	7.6%	0.1%
East region	5.9%	5.8%	8.7%	6.5%
England	6.3%	4.2%	0.0%	3.8%
Median prices				
Area	One bedroom	Two bedrooms	Three bedrooms	Four+ bedroom
Brentwood	7.4%	11.8%	6.8%	0.0%
East region	6.1%	7.6%	5.8%	10.0%
England	6.1%	5.3%	3.8%	6.8%

Source: Valuation Office Agency, 2012-15

The benefit-supported private rented sector

6.25 The report *'Who Lives in the Private Rented Sector'* published in January 2013 by the British and Social Housing Foundation estimates that nationally around a quarter of private tenants are in receipt of Local Housing Allowance. In Brentwood the figure is 18.4%.

People wishing to build their own homes

6.26 It should be noted that the NPPF specifically refers *to people wishing to build their own homes* within the examples cited in paragraph 159. The Council is launching a list for people interested in undertaking a self-build development to register themselves on in the forthcoming months. So far only two people have approached the Council to find put more about building their own home, so the demand for it in Brentwood is thought to be quite low.

7. Conclusion

7.1 On completion of the calculation of the need for affordable housing, the PPG says, at Reference ID: 2a-029-20140306:

The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes.

7.2 It is clear that a Planning Authority should consider whether or not the housing target in the Local Plan should be increased to assist with meeting the need for affordable housing.

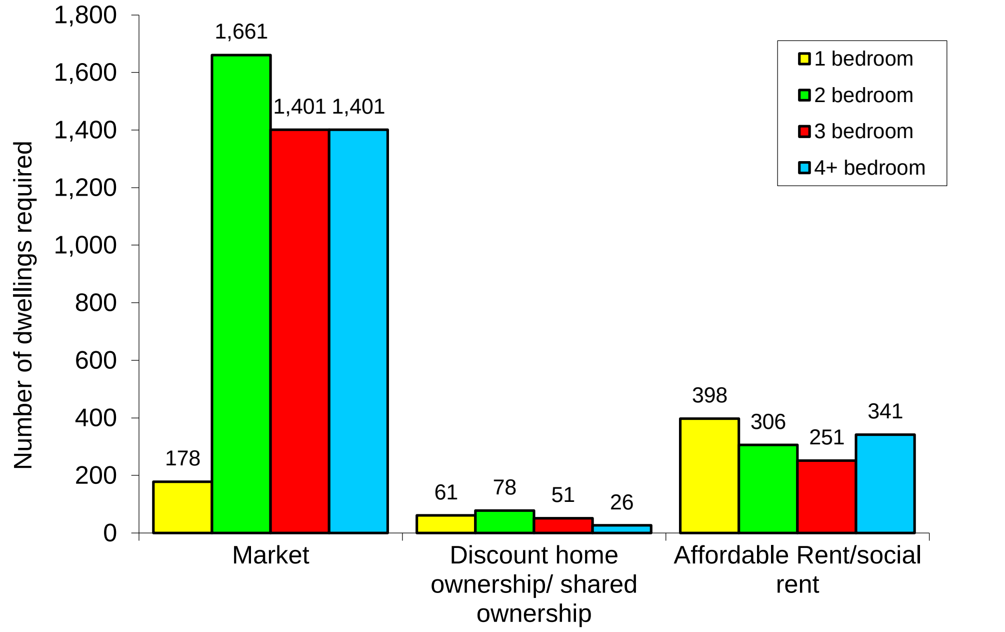
7.3 The total annual affordable housing need in Brentwood of 107 households per year (as calculated in Chapter 5, Table 5.10) represents 30.6% of the annual projected household growth in in the Borough between 2016 and 2033 (349 households per year as identified within the full OAN calculations). This proportion of new housing as affordable appears achievable to deliver in Brentwood. It is clear that the Council can be confident that the affordable housing requirement can be met by the Objectively Assessed Need identified and no adjustment is required to this figure. The figure of 30.6% is fairly similar to the proportion of new affordable housing required within the LTBHM model, 24.6% as indicated in Table 4.3, providing further evidence that the assumptions reflect the realities of the current housing market locally.

7.4 Furthermore, the evidence in this report would suggest that the Council should pursue an overall affordable housing target of 35% or so, when negotiating section 106 sites with housing developers, although other evidence such as the Council's viability assessment will also need to be considered and allowance will need to be taken of the fact that some sites may not deliver affordable housing (for example due to policy thresholds).

7.5 Chapter 6 considered the impact of subgroups of the population on the housing target. There are no significant Ministry of Defence sites or universities in the Borough that have an impact on the housing market. In terms of specialist accommodation for older persons, as set out in Chapter 6, it is evidenced that in Brentwood an additional 123 affordable and 372 market sheltered and extracare housing units should be provided over the plan period within the identified Objectively Assessed Need. In addition there is a requirement for 424 additional spaces within Registered Care in Brentwood over the plan period. This is classified as institutional accommodation and therefore does not form part of the new housing to meet the Objectively Assessed Need.

7.6 To determine the size and tenure of the new housing required within the OAN to accord with paragraph 21 of the PPG, the LTBHM model outputs are used. Initially however it is necessary to convert the household totals presented in this report to dwelling figures by applying the vacancy rate of 4.7% (the difference between the household growth total of 345 per year between 2016 and 2033 and the annual requirement for new dwellings over the plan period of 362). Figure 7.1 sets out the size and tenure requirement for the 6,154 dwellings (362 per annum) required over the remainder of the plan period (between 2016 and 2331). The LTBHM model indicates that within the affordable sector, 14% of the new housing required should be discount home ownership/shared ownership and 86% affordable rent/social rent.

Figure 7.1 Requirement for all new housing between 2016 and 2033

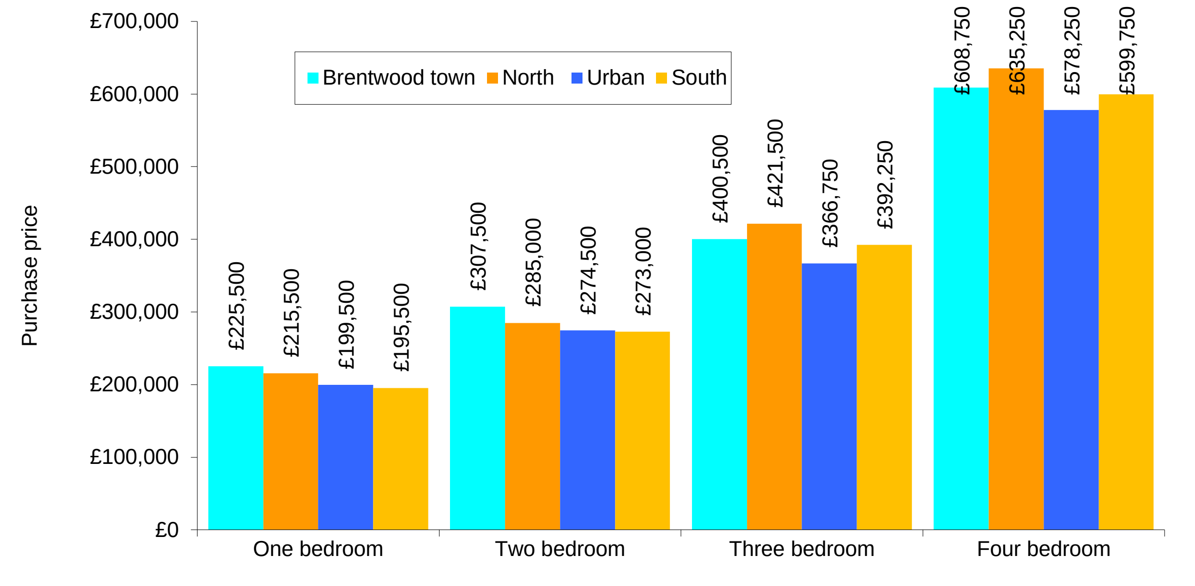


Tenure	*One bedroom*	*Two bedrooms*	*Three bedrooms*	*Four+ bedroom*
Market	178	1,661	1,401	1,401
Discount home ownership/ shared ownership	61	78	51	26
Affordable Rent/social rent	398	306	251	341
Total	637	2,045	1,703	1,768

Appendix 1. Purchase price and rental costs by price market

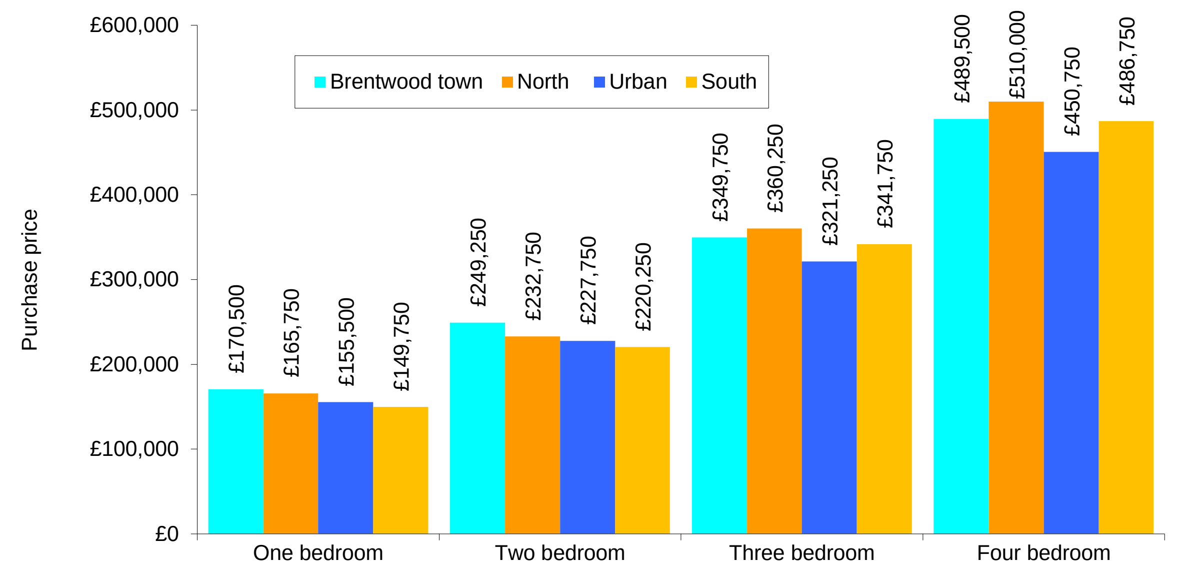
This appendix includes the data that is included in Chapter 3, disaggregated for each sub-area.

Figure A1.1 Median property prices by size and price market in Brentwood



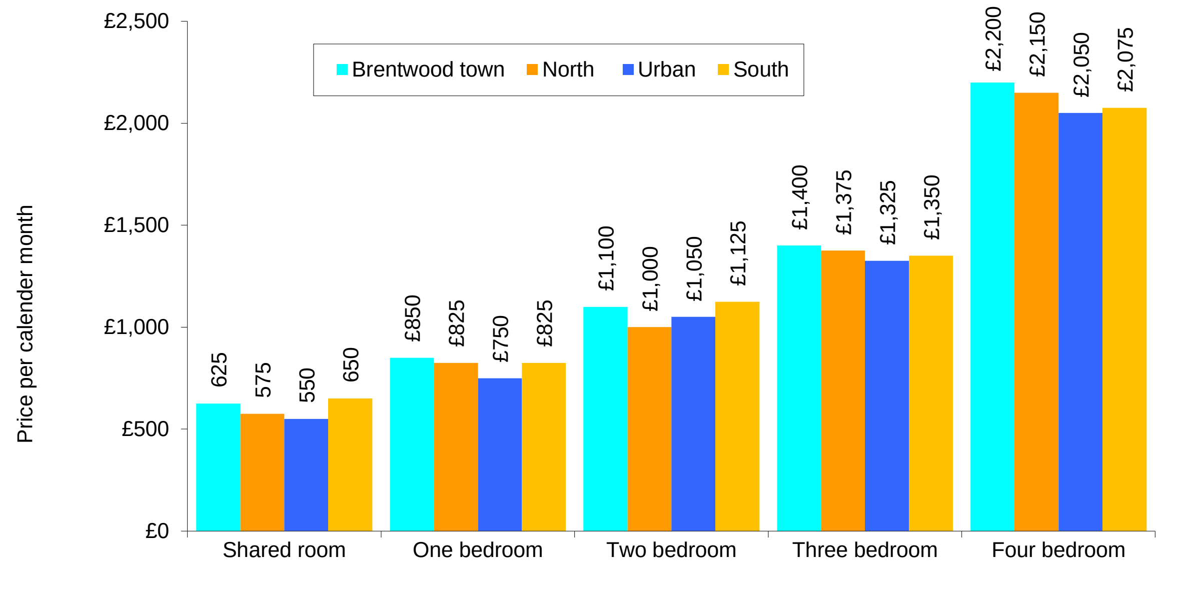
Source: Online estate agents survey February 2016

Figure A1.2 Entry-level property prices by size and price market in Brentwood



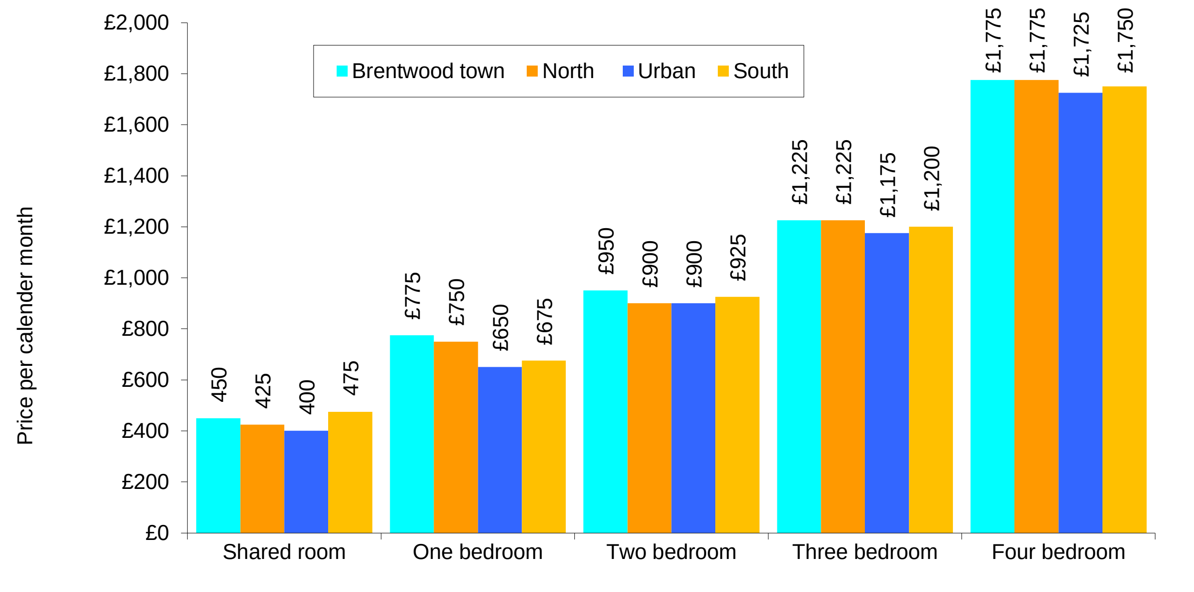
Source: Online estate agents survey February 2016

Figure A1.3 Median private rent prices by size and price market in Brentwood



Source: Online estate agents survey February 2016

Figure A1.4 Entry-level private rent by size and price market in Brentwood



Source: Online estate agents survey February 2016

Appendix A2. Summary of stakeholder consultation

Introduction

This appendix describes the process of consulting with stakeholders – who was contacted and the nature of the consultation. It also describes the consultation event that took place, including what was discussed. Finally the appendix sets out the comments that were received and the response to them.

Stakeholder workshop

A consultation event on the draft HMA-wide findings of this study, took place on 15th March 2016. A wide range and number of organisations were invited to attend to observe the preliminary outputs of the study and to discuss the methodological assumptions used to derive the estimates. The event was well attended (20 people), with a diversity of stakeholders represented. A full list of the attendees is set out in Table A2.1.

The event was a presentation of the relevant national guidance which provides the framework for the study, an overview of the purpose of the report and the two main models used to obtain the outputs, the assumptions used within the models (principally focusing on the affordable housing need model), and the initial outputs of the study that had been derived. Questions were encouraged throughout and a few topics identified for more in depth discussion – the cost of housing, the role of the private rented sector, the appropriate affordability threshold to use and how to deal with single people under 35 potentially in housing need.

Table A2.1 List of attendees at the stakeholder event	
Mark Hughes	Aecom
Alan Wipperman	Alan Wipperman & Co. Property & Town Planning
Amanda Parrott	Basildon Borough Council
Claire Stuckey	Chelmsford City Council
Lewis Brown	Croudace Homes
David Russell	David Russell Associates
Kevin Fraser	Essex County Council
Roland Brass	GL Hearn
Nigel Tedder	Go Planning Ltd
Nicola Tofowomo	London Borough of Havering
Richard Hatter	Thurrock Council
Sean Nethercott	Thurrock Council
Andy Harding	
Richard Harding	
Angela Williams	Brentwood Borough Council - Housing
Philip Drane	Brentwood Borough Council – Policy
Thom Hoang	Brentwood Borough Council – Policy
Jill Warren	Brentwood Borough Council – Policy
Jonathan Quilter	Brentwood Borough Council – Policy
Camilla James	Brentwood Borough Council – Policy

Summary of discussion

A summary of the discussion that took place at the event is presented below:

Slide 4 'Affordable Need - Why and so what?'

Q: Clarify affordable need: How are affordable homes being considered?

A: Affordable need is an annual flow. The purpose of affordable housing need is for the LPA to go through a process to consider if a judgment to deliver a higher target for development is deemed necessary.

Shroud and Torbay decisions are up to date methods of considering affordable homes and the proportion of affordable homes, where affordable is identified.

Slide 7 'LTBHM Model'

Q: Where the population and employment need is rising, how is this considered to affect housing numbers?

A: This is accounted for within the part 1 study, which considers the Objectively Assessed Need. The results from that study feed into this one.

Slide 9 'Cost of Housing'

Q: Why not use costs for lower than lower quartile housing?

A: Planning Practice Guidance suggests to look at lower quartile housing.

Q: Age of Data. Is the Property Price data taken from a snapshot in time?

A: Very difficult to accurately project house price data. The data collected is taken from the most recently available sources but is a snapshot in time.

Q: Will house prices be monitored?

A: It is important for the LPA to undertake some form of local house price monitor through Authority monitoring Report. The SHMA Part 2 will need updating in time but should last between 3-5 years.

Slide 11 'Cost of Housing 3'

Q: How will starter homes contribute to housing market?

A: Starter homes in Brentwood will cost more than entry level owner occupation and although they will make a useful contribution at the higher end of the market they will make no contribution at the lower end.

Slide 14 'Income'

Q: Comparisons are made with Essex and England. Would it be useful to compare with London?

A: Possibly. Will consider this.

Slide 15 'Affordability Test'

Q: Is the use of 35% of household income set at a national or local level?

A: There is no set data source for this. It is based on an understanding of the local housing market and discussion with agents in operation in the area.

Slide 19 'The PRS and meeting affordable need'

Q: How should PRS be treated in this study when the slide indicates18% of PRS are being used as affordable housing as they are getting assistance with rent?

A: PRS is not in the definition of affordable housing in the NPPF therefore those 18% in PRS can't be counted as affordable housing supply.

Slide 28 'Need for affordable housing = 107 per year'

Q: The affordable housing calculation in Table 5.10 does not make allowances to meet the affordable housing shortfall within the first 5 years, is this approach compliant with the NPPF?

A: This approach complies with Guidance.

Written consultation

This summary of the discussion and a copy of the presentation slides were sent to all of the attendees, as well as those originally invited that were unable to attend. All recipients were encouraged to feedback their views. The deadline for the consultation responses was 28th March (just under a two week period).

Consultation responses

In one organisation submitted a formal response to the consultation documents. A summary of the points raised and how they have been addressed is set out in Table A2.2

Table A2.2 Comments received through formal consultation and a how they have been addressed

Respondent	Summary of comment	Response to comment
Basildon Council	It is disappointing that Brentwood Council are not reviewing their OAN in light of the publication of the 2012-based projections.	This report has been undertaken using the most recent work on the OAN in Brentwood available at the time. In due course the Council will review their OAN in light of the more recent population and household projections published. It should be noted that the affordable housing need model is only likely to change marginally as a consequence of an updated OAN figure as only one element (new household formation (stage 2.1)) is dependent on the OAN calculations. Whilst the LTBHM model is more dependent on inputs from the OAN, it would take a substantial change in both the scale of the OAN and the profile of the future household population for the overall accommodation distribution produced at the end of the LTBHM model to be altered significantly.
Basildon Council	Addressing the backlog of housing need over the plan period appears at odds with the suggestion set out in paragraph 3-035-20140306 of the PPG that local planning authorities should aim to deal with any undersupply within the first 5 years of the plan period where possible.	The part of the PPG that addresses the calculation of affordable housing need (2a-022-20140306 to 2a-029-20140306) is ambiguous about what period the backlog should be addressed, however as the ultimate purpose of the model (as set out in para 2a-029-20140306) is to produce an annualised figure to be compared to the OAN then it is logical to annualise the backlog over the plan period. This is the approach taken by the majority of consultancies working in the field and has been accepted as correct in recent Local Plan Inquiries. Notwithstanding this, an alternative scenario has been added to the report setting out the affordable housing need should the backlog need be annualised over 5 years.

HDH Planning and Development Ltd is a specialist planning consultancy providing evidence to support planning authorities, land owners and developers.

The firm is led by Simon Drummond-Hay who is a Chartered Surveyor, Associate of Chartered Institute of Housing and senior development professional with a wide experience of both development and professional practice. The firm is regulated by the RICS.

The main areas of expertise are:

- Community Infrastructure Levy (CIL)
- District wide and site specific Viability Analysis
- Local and Strategic Housing Market Assessments and Housing Needs Assessments
- Future Housing Numbers Analysis (post RSS target setting)

HDH Planning and Development have clients throughout England and Wales.

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