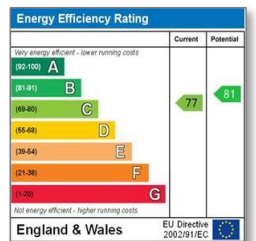




Blackpool Housing Affordability Study 2019

Report of Findings

October 2019





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Executive Summary

Summary of Key Findings and Conclusions

Introduction

1. Opinion Research Services (ORS) was commissioned by Blackpool Council to prepare a Housing Affordability Study for the local authority area. The Blackpool Local Plan Part 1: Core strategy was adopted on 20 January 2016. This identified a need for 4,200 homes over the period 2012-2027.
2. This current study aims to provide evidence for the size and tenure of dwellings required and to consider wider issues around affordability in Blackpool.

Housing Costs

3. The housing market of Blackpool has changed very rapidly over the last 20 years with the area seeing the fastest rate of growth in the private rented sector in England between 2001 and 2011, while owner occupation rates have declined sharply.
4. House prices in Blackpool are much lower than the national average and have seen little change in real terms in the past 6 years. However, the price of new build dwellings is significantly more expensive than second hand stock by a degree which is exceptional across the country. Newbuild prices can be as high as 100% more than the second hand stock, while a more typical figure is around 10%.
5. Theoretically, the housing stock of Blackpool is affordable to buy for households on relatively modest incomes. There is also very little difference between the cost of renting or buying in Blackpool. However, many of the low income households would struggle to save for a deposit or may not be able to obtain a mortgage. Therefore, despite the affordability of the housing stock the rate of owner occupation has declined.

Household Survey

6. As part of this study a household survey was sent by post to a sample of 3,000 Blackpool residents and achieved a 16% return rate (469 returns). The aim of the survey was to provide evidence to help understand:
 - » the costs of accessing housing (for rent and sale) for local residents
 - » local housing requirements
 - » the dynamics and drivers of the local housing market
 - » what Living Rents would be in Blackpool
 - » actions that will deliver better housing and social and economic outcomes for those living in Blackpool.
7. Key findings include:

- » While a small proportion moved into their current property in the last 12 months (5%), private rented sector (PRS) tenants and those who live in a flat are significantly more likely to have lived in their current home for less than 12 months.
- » There is considerable movement into Blackpool from outside the town, with much of it into the PRS. A key driver for this movement was the affordability of the housing stock in Blackpool.
- » While 33% of those who want or need to move say their property is too small, another 32% don't like the area and 19% say the property is in poor condition or unfit.
- » The most common barrier to moving is being unable to find a decent home where you want it (43% of prospective movers). However, finance and affordability are recurrent themes; other barriers to moving are local house prices being too expensive (28%), unable to get a mortgage (17%) and local rents being too expensive (13%).
- » For those who said they were unable to get a mortgage, the reasons most frequently cited for this were being unable to save for a large enough deposit (47%), having insufficient income (43%) and having other debts or poor credit history (36%).
- » Most (60%) who rent or live in shared ownership receive housing benefit or Universal Credit towards any rent for the accommodation reflecting the very low levels of incomes in Blackpool.
- » Private renters are less likely to be employed than home owners; 40% of private renters are employed either full or part time compared to 60% of owners, although social renters are less likely to be employed than private renters. Much of the difference is due to greater proportions of private and social renters being long term sick or disabled; 21% in the PRS compared to 26% in social rented and 2% of owners. The highest proportion of those who are unemployed and looking for work is in the PRS; 14% compared to 9% in social rented and less than 1% in owned properties.
- » Of those households where there is a health issue that affects what they need from their home, over seven in ten (72%) have their needs met by their home, however 13% feel their home is not suitable for their needs but could be adapted, and 15% feel their home is not suitable for their needs but is not suitable for adaptation.

Affordable Housing Need

8. The NPPF requires that local authorities assess their current and future needs for affordable housing.
9. Based on a detailed analysis of the past trends and current estimates of households considered to be in housing need, our analysis has concluded that **1,422 households are in affordable housing need in Blackpool and unable to afford their own housing, plus another 109 households who wish to move from under-occupied social rent accommodation.**
10. Of the 1,422 households, 318 currently occupy affordable housing that does not meet the households' current needs, mainly due to overcrowding. Providing suitable housing for these households will enable them to vacate their existing affordable housing, which can subsequently be allocated to another household in need of affordable housing. **There is, therefore, a net need of 1,104 households (1,422 less 318 = 1,104) who currently need affordable housing and do not currently occupy affordable housing in Blackpool.**

11. A total of 12,729 new households are projected to form in Blackpool over the 9-year period 2018-27, and of these 36% are unable to afford their housing costs which represents 4,620 households. New households migrating to the area represents 11,029 households over 9 years who require affordable housing. **Together, there are 15,649 new households over 9 years who are unable to afford their housing costs.**
12. While the housing needs figures count households who have no local connections, the Council does not have any duty to provide affordable housing for these households; under the provisions of the Localism Act 2011 local authorities can use local connection policies to limit access to affordable housing.
13. Changes in household circumstances (such as separating from a partner or the birth of a child) can lead to households who were previously able to afford housing falling into need. It is estimated that there will be **1,793 established households falling into need** in Blackpool. It is also important to recognise that established households' circumstances can improve. We have identified that the circumstances of 3,143 households will improve such that they become able to afford their housing costs despite previously being unable to afford them. Therefore, considering the changing needs of existing households overall, **there is a net decrease of 1,350 existing households needing affordable housing over the period 2018-27.**
14. For the supply of affordable homes, 11,305 households are likely to dissolve following the death of all household members. Many of these households will own their homes outright; however, 2,691 are unable to afford market housing: most living in social rented housing. We have also identified separately 10,956 households unable to afford their housing costs who are projected to leave the area. **Together, there are 13,647 households who will vacate affordable dwellings or will no longer be waiting for a home.**
15. Overall, there is a **need to provide affordable housing for 1,892 dwellings** in addition to the current stock, an average increase of 210 dwellings per year.
16. Within the overall need of 1,892 affordable homes identified, it is possible to consider the mix of different affordable housing products that would be appropriate based on the mix of households needing affordable housing. Figure 1 shows the identified size mix for Blackpool. We would note that those unable to afford Social Rent would normally receive housing benefit or Universal Credit to allow them to meet their housing costs. Very few households can afford Social Rent, but not Affordable Rent because the costs are very similar in Blackpool and the Council would normally only provide Affordable Rent on new developments. Any household unable to afford Social Rent would also typically be able to afford Affordable Rent with the aid of housing benefit or Universal Credit.

Figure 1: Affordable housing mix by household affordability to 2018-2027 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Unable to afford Social Rent	Can afford Social Rent	Can afford Affordable Rent	Can afford Shared Ownership	TOTAL
1 bedroom	162	0	0	10	172
2 bedrooms	371	46	0	98	515
3 bedrooms	576	110	22	165	873
4+ bedrooms	215	39	2	77	332
TOTAL	1,323	195	23	350	1,892

17. Potentially there is a need for a higher number of affordable homes for those who are currently renting privately, but who aspire to home ownership. However, given the relatively low second hand house prices in Blackpool it would be difficult to justify seeking to provide affordable housing for this group.

Policy

18. The key findings of this study derive from Blackpool having issues around affordability despite having very low rents and house prices in comparison to national levels. The affordability problems in Blackpool stem from:
 - » Low levels of household income in employment, with many households holding two or more part-time jobs;
 - » Low levels of employment with a high number of households being long-term sick; and
 - » A private sector housing stock which is suitable for sub-division into smaller units suitable for letting to households in receipt of housing benefit.
19. Overall, this has resulted in Blackpool's housing stock moving heavily towards the private rented sector with housing benefit support. Along with a number of other seaside towns around England the housing stock has been converted to house low income households who often have nowhere else to go. This sees the housing stock suffer from a lack of investment and also sees a very high turnover of households which undermines the development of communities and also provides limited opportunities for households who pay their own rents to access high quality private rented accommodation.
20. Despite the low housing costs in Blackpool, owner occupation rates have declined because much of the second hand stock is poor quality, and low income households struggle to save for a deposit and cannot obtain mortgages.
21. While the private rented sector is unequivocally not affordable housing, in an area such as Blackpool the private rented sector with housing benefit is the major source of accommodation for low income households, including family sized housing and should be treated as a priority in the area. It is probably more important for Blackpool to seek to improve conditions in its private rented sector than it is for it to deliver additional affordable housing, but these two issues should not be mutually exclusive.
22. As part of their strategic planning and housing enabling functions, Blackpool Council will need to consider the most appropriate affordable housing target in order to provide as much affordable housing as possible without compromising overall housing delivery. This target should provide certainty to market housing developers about the level of affordable housing that will be required on schemes, and the Council should ensure that this target is achieved wherever possible in order to increase the effective rate of affordable housing delivery.
23. It is also important that Blackpool's population is ageing and the area has one of the lowest life expectancies in England due to poor health. The Government's reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. Therefore, despite the ageing population, current policy means that the number of care homes and nursing homes may decline, as people are supported to continue living in their own homes for longer.
24. The household survey indicates that most households wish to remain in their own home for as long as possible. This in turn requires many households to receive assistance with care costs and adaptations through Disabled Facilities Grants. However, there also needs to be a recognition that many dwellings are not convertible for the use of older persons and some people will still require dedicated older person housing.

1. Introducing the Study

Background to the project and wider policy context

Introduction

- 1.1 Opinion Research Services (ORS) was commissioned by Blackpool Council to prepare a Housing Affordability Study for the local authority area.
- 1.2 The Blackpool Local Plan Part 1: Core strategy was adopted on 20 January 2016. This identified a need for 4,200 homes over the period 2012-2027.
- 1.3 This current study aims to provide evidence for the size and tenure of dwellings required and to consider wider issues around affordability in Blackpool.
- 1.4 Where appropriate, this study adheres to the requirements of the new National Planning Policy Framework (NPPF) published in July 2018 and the associated Planning Practice Guidance (PPG), in particular the section on housing needs assessment.

Government Policy

- 1.5 The new NPPF published in July 2018 contains a number of changes to the original NPPF published in 2012. The underlying theme of sustainable development remains, but in relation of identifying and meeting housing needs several significant changes have been implemented.
- 1.6 These include:
 - » A new standard methodology to underwrite a local housing need assessment;
 - » No references to housing market areas;
 - » No mention of Strategic Housing Market Assessments;
 - » A new definition of affordable housing; and
 - » A housing delivery test to assess if a planning authority is meeting its housing needs.

60. To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.

61. Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes).

62. Where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless: a) off-site provision or an appropriate financial contribution in lieu can be robustly justified; and b) the agreed approach contributes to the objective of creating mixed and balanced communities.

National Planning Policy Framework 2018 (NPPF), paragraph 60-62

- 1.7 The evidence contained in this study seeks to build on that contained within the Blackpool Local Plan Part 1 by providing more details on the affordable housing need as part of the overall need for 4,200 dwellings as well as more practical issues around the affordability of housing costs in Blackpool.

Household Survey

- 1.8 The survey was sent by post out to a sample of 3,000 Blackpool residents and achieved a 16% return rate (469 returns). The aim of the survey was to provide evidence to help understand:
- » the costs of accessing housing (for rent and sale) for local residents;
 - » local housing requirements;
 - » the dynamics and drivers of the local housing market;
 - » what Living Rents would be in Blackpool;
 - » actions that will deliver better housing and social and economic outcomes for those living in Blackpool.
- 1.9 Results from the survey are referenced fully in Chapter 3.

2. Local Housing Market

Housing options and cost of housing in Blackpool

Chapter Summary

- 2.1 Blackpool saw the fastest rate of growth in the private rented sector in England between 2001 and 2011 while owner occupation rates have declined sharply.
- 2.2 House prices in Blackpool are much lower than the national average and have seen little change in real terms in the past 6 years. However, the price of new build dwellings is much more expensive than the second hand stock.
- 2.3 Theoretically, the housing stock of Blackpool is affordable to buy for households on relatively modest incomes. There is also very little difference between the income required to secure a mortgage to buy outright and the income required to be able to afford to rent. However, many of the low-income households would struggle to save for a deposit or may not be able to obtain a mortgage. Therefore, despite the affordability of the housing stock the rate of owner occupation has declined.

Housing Tenure Trends

- 2.4 Considering the trends of tenure mix for Blackpool, it is evident that there have been some significant changes in the balance between owner occupiers and tenants renting their home. Figure 2 to Figure 5 shows that the proportion of owner occupiers increased from 74% in 1981 to 76% in 1991 (partly as a consequence of the Right to Buy programme); however, this had reduced by 2011 to 62%, lower than the percentage in 1981. The balance between social rent and private rent has also changed: 13% rented privately in 1981 (48% out of 26%) whereas 27% rented privately in 2011 (71% out of 38%). The growth in the private rented sector from 10% to 27% of the stock in Blackpool was the highest rate of growth in England.

Figure 2: Number of Households by Tenure 1981-2011
(Source: UK Census of Population)

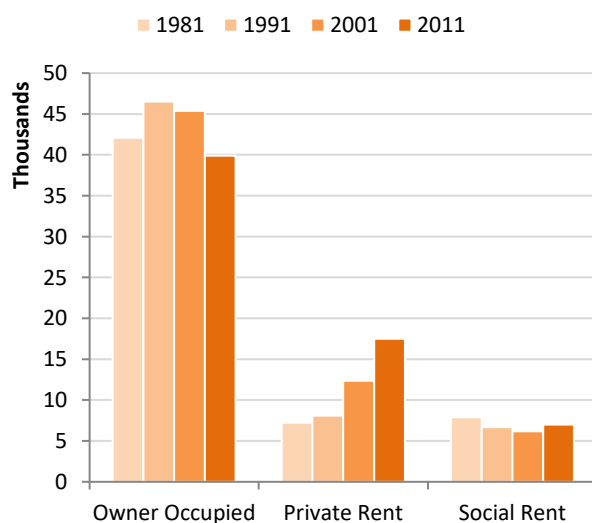


Figure 3: Percentage of Households by Tenure 1981-2011
(Source: UK Census of Population)

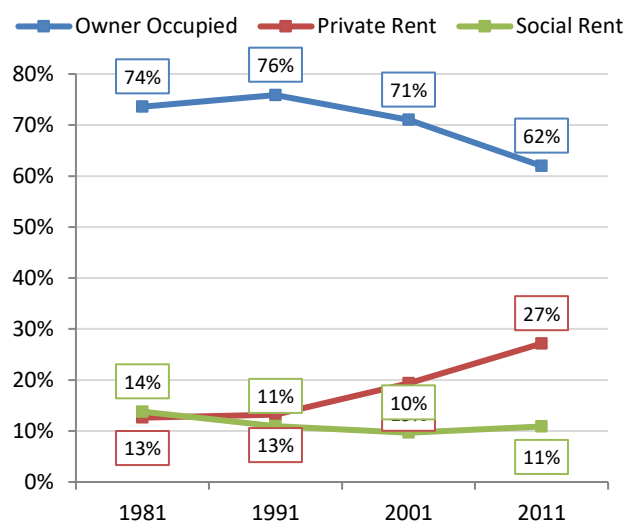


Figure 4: Number of Households by Tenure 1981-2011 (Source: UK Census of Population)

Tenure	Total Households				Net Change		
	1981	1991	2001	2011	1981-1991	1991-2001	2001-2011
Owner occupied	42,098	46,535	45,394	39,889	+4,437	-1,141	-5,505
Private rent	7,218	8,093	12,366	17,479	+875	+4,273	+5,113
Social rent	7,891	6,707	6,180	6,999	-1,184	-527	+819
TOTAL	57,207	61,335	63,940	64,367	+4,128	+2,605	+427

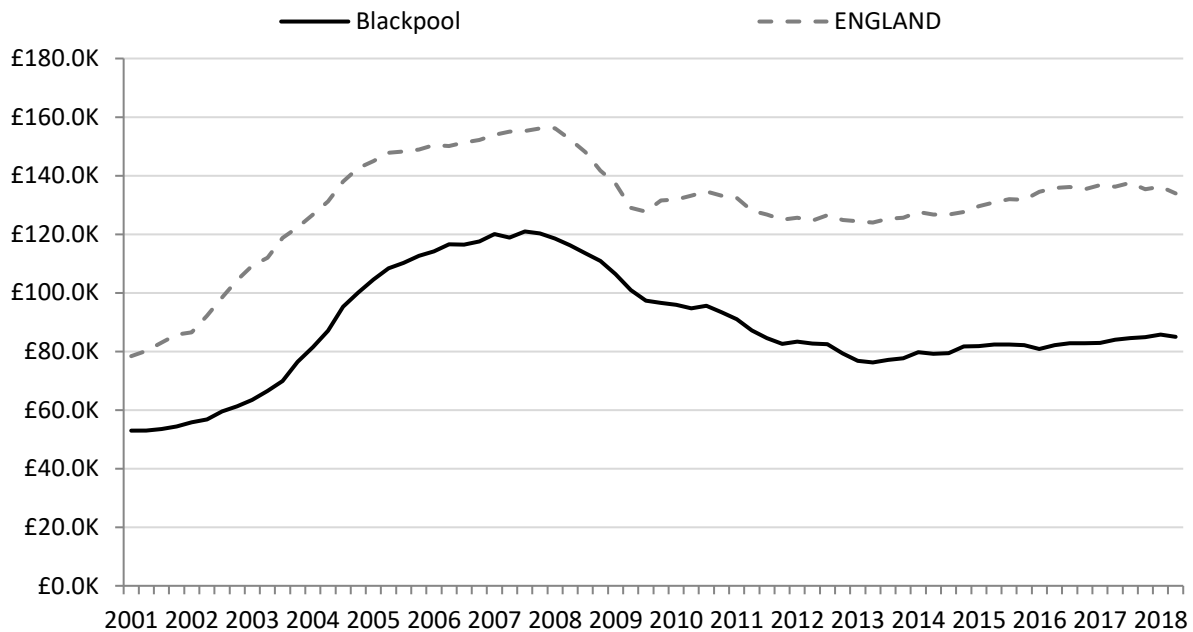
Figure 5: Percentage of Households by Tenure 1981-2011 (Source: UK Census of Population)

Tenure	Total Households				Net Change		
	1981	1991	2001	2011	1981-1991	1991-2001	2001-2011
Owner occupied	73.6%	75.9%	71.0%	62.0%	+2.3%	-4.9%	-9.0%
Private rent	12.6%	13.2%	19.3%	27.2%	+0.6%	+6.1%	+7.9%
Social rent	13.8%	10.9%	9.7%	10.9%	-2.9%	-1.2%	+1.1%

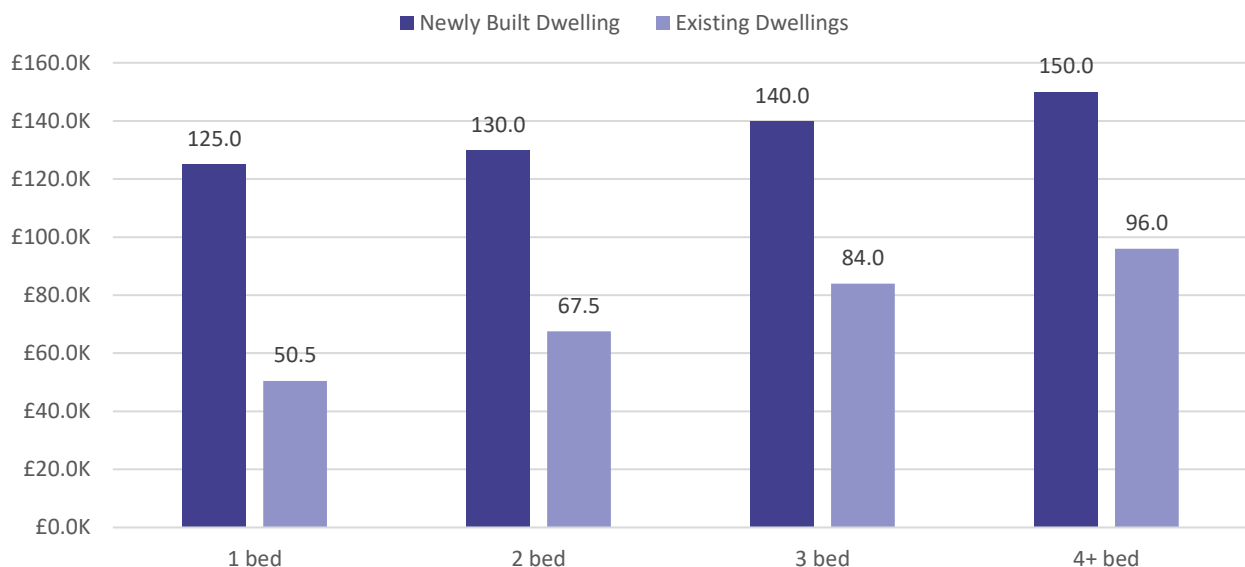
- 2.5 With this information as background, we can now proceed to analyse the affordability of housing in Blackpool.

Cost of Home Ownership

- 2.6 House price trends (2001-2018) are shown in Figure 6 based on lower quartile house prices. Of course, the value of money has also changed during this period, so the data is adjusted to take account of and remove the impact of inflation; therefore, the values reflect real changes in house prices since 2001.
- 2.7 It is evident that real house prices in Blackpool increased substantially in the period 2001-2008 (from £53,000 to £120,000 at 2018 values, a real increase of 126%). Values reduced to around £105,000 by the start of 2009 and continued to decline over the period to 2013 reaching a low point of £76,000; but have since increased to a value of £85,000 by mid-2018. These figures all relate to lower quartile house prices.

Figure 6: Real House Price Trends: Lower Quartile Prices adjusted to 2018 values using CPI (Source: ONS; Bank of England)

^{2.8} Figure 7 shows the lower quartile house prices by bedroom size for Blackpool. The data shows both the lower quartile price for existing properties and new build dwellings, there is a striking difference in price between the new build and existing dwellings. When considering first time buyers in particular, many of the purchasers are likely to be newly forming households seeking one and two bed properties.

Figure 7: Lower quartile prices for existing dwellings and newly built dwellings (2017-18) by property size (Source: ORS based on ONS House Price Statistics, Valuation Office Agency and Land Registry Price Paid Data)

^{2.9} Based on lower quartile house prices, the degree to which new build properties are more expensive than existing homes is extreme, with typical figures across England seeing newbuild dwellings around 10% more expensive than second hand ones. This is likely to be down to a range of factors which include the location of newbuild housing, the relative size of properties, gardens and the availability of parking, comparative quality and condition of existing stock, and other intangible issues such as character. However, this does

make a significant difference if we are considering the affordability of the housing stock of Blackpool as a whole, or just the affordability of new build estates.

Income Needed for Home Ownership

- 2.10 The income needed to purchase market housing will depend on the house price together with the mortgage income multiplier and the available deposit (or percentage loan to value).
- 2.11 For example, taking an existing 1-bedroom property:
- » The lower quartile price recorded was £50,000;
 - » Based on a 90% loan-to-value mortgage, a deposit of £5,000 would be needed (equivalent to 10% of the overall price) with the mortgage covering the remaining £45,000;
 - » Using a mortgage income multiplier of 3.5x would therefore need an annual income of £13,000.
- 2.12 To purchase the same property with a 95% loan-to-value mortgage would reduce the deposit needed to £2,500 (equivalent to 5% of the overall price) but the income required would increase to £13,600 per year. Therefore, to purchase an existing 1-bedroom property at an overall cost of £50,000 is likely to require an annual income of at least £13,000 (assuming a 10% deposit and a 3.5x multiplier).
- 2.13 Whilst some households will have higher deposits available and others will seek to extend their borrowing as far as possible, taking the initial assumptions of a 10% deposit and a 3.5x mortgage multiplier provides a reasonable indication of the income that first-time buyer households are likely to need in order to afford home ownership.
- 2.14 Based on these assumptions, Figure 8 shows the household income levels needed to buy 1 and 2 bedrooms properties in terms of both existing dwellings and newly built dwellings in the local authority area. When purchasing larger homes, households will typically have larger deposits available which often include equity from the sale of a smaller property. On this basis, it is relatively artificial to consider incomes in isolation.
- 2.15 The key issue this data highlights is how low incomes theoretically need to be to allow households to buy in Blackpool, but as shown above, owner occupation rates have been falling. There is therefore a question as to why low-income households are not buying in Blackpool.

Figure 8: Annual income required to afford properties at lower quartile prices based on a 10% deposit and 3.5 times income mortgage by property size (Source: ORS based on ONS House Price Statistics, Valuation Office Agency and Land Registry Price Paid Data)

Annual Income Needed to Own at Lower Quartile Prices	Single Bedroom Properties	Two Bedroom Properties
Existing dwelling	£13,000	£17,400
Newly built dwelling	£32,100	£33,400

Cost of Renting

- 2.16 Figure 9 sets out the weekly rents for different property sizes in Blackpool adjusted to 2018 levels, the most recent data available. This includes:
- » Median private rent;

- » Local Housing Allowance (LHA) maximum (previously based on the 30th percentile private rent, however more recent increases are based on Consumer Price index (CPI) and rates were frozen in the July 2015 Budget; and
- » Affordable rent, based on 80% of the median private rent;

Figure 9: Weekly rent thresholds in Blackpool (Source: Valuation Office Agency 2017-18; Homes and Communities Agency)

Weekly Rent £	Median Private Rent	Maximum Local Housing Allowance	Affordable Rent (80% of median)
1 bedroom	£89.75	£85.00	£71.80
2 bedrooms	£119.67	£113.92	£95.74
3 bedrooms	£136.93	£130.00	£109.55
4+ bedrooms	£155.34	£150.00	£124.27

- 2.17 It is evident that across all property sizes, the median private rent is the highest followed in turn by the maximum LHA and affordable rent. Affordable rent (at 80% of median private rent) is generally lower than the maximum LHA rate for the equivalent property size, households would currently be able to claim housing benefit to cover the full cost of affordable rent (where they were entitled to do so based on their circumstances); although the relationship between these two rates could change in future. Also, worth noting is that households in receipt of benefits at LHA levels are also able to afford rent in the private rented sector.
- 2.18 Households claiming out-of-work benefits are also subject to a cap of £500 per week (for lone parents and couples) or £350 per week (for single people), which could affect the amount of housing benefit received by some households (especially those with larger families needing larger properties). These limits were reduced in the July 2015 Budget to a maximum of £20,000 per year (outside London) and this lower rate will affect more households. Nevertheless, households that qualify for Working Tax Credit and those that receive various disability related benefits or armed forces pensions are exempt from the cap.

Income Needed to Rent Housing

- 2.19 The income needed to rent housing will depend on the monthly rent together with the income multiplier allowed for housing costs. The previous CLG Strategic Housing Market Assessments Practice Guidance (Version 2, August 2007)¹ stated:

*“A household can be considered able to afford market house renting in cases where the rent payable was up to 25 per cent of their **gross** household income”* (page 42)

- 2.20 However, this previous Guidance was rescinded in March 2014 following the publication of the NPPF and the launch of the new Planning Practice Guidance (PPG). The PPG does not propose a specific multiplier for assessing housing costs; however, it notes that *“care should be taken ... to include **only those households who cannot afford** to access suitable housing in the market”* (ID 2a-024, emphasis added).

¹ <https://www.gov.uk/government/publications/strategic-housing-market-assessments-practice-guidance>

- 2.21 Results from the English Housing Survey (EHS) 2015-16² provides information about the percentage of gross household income that households currently spend on their housing costs³:
- » For the total gross income (excluding housing benefit) of the Household Reference Person and partner, households renting privately spent on average 48% of their income on rent, whilst the average was 40% for households in social rent; and
 - » For the total gross income (excluding housing benefit) from all income earners in the household, irrespective of whether they contribute to the housing cost, households renting privately spent on average 41% of their income on rent, whilst the average was 37% for those in social rent.
- 2.22 The EHS demonstrates that many households in both private and social rented properties currently pay considerably more than 25% of gross household income on their housing costs. Whilst it is arguable that some households currently pay too much for their rent, it is unrealistic to suggest that all households paying more than 25% are unable to afford suitable housing in the market.
- 2.23 The proportion of household income allocated to housing costs is necessarily based on a judgement. At the lower end of the range, the previous CLG Practice Guidance sets out a percentage of 25%. However, as the EHS identifies that households renting privately currently spend 41% of their gross income on average, there must be many households currently spending more than 41% of their income on housing costs (which will be offset against others spending lower proportions).
- 2.24 On this basis, it would be reasonable to assume that the proportion of household income allocated to housing costs was at least 25% but no more than 45% of gross income. This leads to our judgement that **35% of income** provides a reasonable basis for assessing the maximum that households should reasonably expect to pay for their housing costs. Whilst this is notably higher than the 25% proposed by the previous guidance, it is still lower than the 41% average that households renting privately actually pay.
- 2.25 As an example, we can establish the income needed to rent a 1-bedroom property in the private rented sector based on a 35% income multiplier:
- » The lower quartile weekly rent recorded was £85.00;
 - » Based on a 35% income multiplier, a weekly income of £243 would be needed which equates to a gross annual income of £12,600.
- 2.26 To rent the same property based on a 25% income multiplier would increase the gross income required to £18,700 per year whereas households with an annual income of £10,400 per year could afford the rent if 45% of their income was allocated to housing costs. Therefore, to rent a self-contained 1-bedroom property in Blackpool at an overall cost of £85.00 per week is likely to require an annual income of at least £12,600 (assuming a 35% multiplier); although it is evident that the required income is very sensitive to the multiplier used.
- 2.27 Given this context, although some households will choose to pay a higher proportion of their income to rent their home (and others might be forced to do so due to the lack of any other housing options), taking the initial assumption of a 35% income multiplier provides a reasonable benchmark to establish the rental

² <https://www.gov.uk/government/statistics/english-housing-survey-2015-to-2016-headline-report>

³ "Annex Table 1.13: Mortgage/rent as a proportion of household income (including and excluding housing benefit), by tenure, 2010-11 to 2015-16"

income needed. Based on this assumption, Figure 10 shows the gross household incomes needed to afford median and lower quartile private rent, affordable rent and social rent.

Figure 10: Annual income required to afford to rent properties at the lower quartile and median price based on 35% income multiplier by property size (Source: ORS based on Valuation Office Agency data April 2017 to March 2018)

Annual Income £	Private Rent		Affordable Rent (80% of median)	Social Rent
	Median	Lower Quartile		
1 bedroom	£13,380	£12,626	£10,704	£9,368
2 bedrooms	£17,841	£16,298	£14,273	£10,491
3 bedrooms	£20,414	£18,871	£16,332	£11,511
4+ bedrooms	£23,158	£22,301	£18,526	£13,406

- 2.28 Although a rental income multiplier is helpful for benchmark purposes, it does not take account of the disposable income available to households after their housing costs have been paid; and it is “housing that is too expensive compared to **disposable** income” that the PPG references in the context of assessing the need for affordable housing (ID 2a-023).
- 2.29 Considering some examples of disposable income:
- » A single person household with a gross income of £20,000 from employment would have £16,880 (£324 per week) after income tax and national insurance contributions. Therefore, housing costs at 35% of gross income would represent 41.4% of their net income, which would leave £9,880 (£189 per week) as disposable income to cover their other living expenses. The maximum amount of weekly income that a single person household can receive before their income starts to affect their housing benefit is currently £73.10 for those aged 25 or over and £57.90 for those aged 16-24; so, on this basis, this household could afford to pay at least 35% of their income on housing costs and still have sufficient disposable income;
 - » A couple with two children with a gross income of £20,000 from employment would have up to £19,559 (£375 per week) after income tax and national insurance contributions (assuming both earned £10,000). Therefore, housing costs at 35% of gross income would represent 35.8% of their net income, which would leave £12,559 (£241 per week) as disposable income to cover their other living expenses. The maximum amount of weekly income that a couple with two children can receive before their income starts to affect their housing benefit is currently £248.65 (if one or both are aged 18 or over); so this household could not afford to pay 35% of their income on housing costs as it would not leave them with sufficient disposable income.
- 2.30 When assessing affordable housing need, it is not appropriate to adopt a simplistic income multiplier as this does not take account of different household circumstances. It is better to consider housing benefit eligibility criteria set by the Department for Work and Pensions, which take full account of the different amounts of disposable income for various types of household on different incomes, based on the rents for suitable housing in terms of the number of bedrooms needed.
- 2.31 Eligibility for housing benefit will differ based on the type of household and the number of bedrooms needed. Figure 11 sets out the incomes for housing benefit eligibility for different types of households. There is a gap between income needed to afford to rent a 1 bed flat at lower quartile or median market rent and the maximum income on which benefits can be claimed. Depending on the type of household, people earning

£7,900-12,800 could find themselves without any benefit and struggling to afford a 1-bedroom home for which they need an income of £13,000 for it to be affordable. There is no similar gap for 2-bedroom properties because benefits can be claimed up to an income of around £16,400 which is enough to afford a 2 bedroom home.

Figure 11: Maximum annual income for households in receipt of housing benefit support by household type (Source: ORS based on Department for Work and Pensions data)

Maximum Annual Income for HB support		Fylde Coast BRMA
ROOM ONLY	Single person aged 16-24	£7,953
	Single person aged 25-34	£8,745
1 BEDROOM PROPERTIES	Single person aged 35+	£10,630
	Couple (both aged under 18)	£11,381
	Couple (one or both aged 18 or over)	£12,807
2 BEDROOM PROPERTIES	Lone parent (aged 18 or over) with 1 child	£16,439
	Lone parent (aged 18 or over) with 2 children	£19,927
	Couple (aged 18 or over) with 1 child	£18,616
	Couple (aged 18 or over) with 2 children	£22,104

Identifying the Gap for Affordable Home Ownership

^{2.32} When identifying the need for Affordable Home Ownership (AHO) including Starter Homes, it is necessary to consider the housing costs for both renting and buying market housing in order to understand the relative incomes required and establish the appropriate income range for AHO products and the associated purchase costs. Figure 12 summarises the income thresholds for the range of different housing options based on the costs for home ownership and rents in Blackpool which emphasises that owner occupation is often as affordable as renting in Blackpool.

Figure 12: Annual income thresholds for different housing options in single bedroom and two bedroom (Source: ORS based on ONS House Price Statistics, Department for Work and Pensions, Valuation Office Agency and Land Registry Price Paid Data. Note: All figures rounded to nearest £100)

Annual Income Needed to Own at Lower Quartile Prices		Single Bedroom Properties	Two Bedroom Properties
Minimum income needed to own with 10% deposit and 3.5x mortgage	Newly built dwelling	£32,100	£33,400
	Existing dwelling	£13,000	£17,400
Minimum income needed for rent to be less than 35%	Median private rent	£13,380	£17,841
	Lower quartile private rent	£12,626	£16,298
	Affordable rent (80% of median)	£10,704	£14,273
	Social rent	£9,368	£10,491
Maximum income for Housing Benefit support	Upper end of range	£12,807	£22,104
	Lower end of range	£10,630	£19,927

^{2.33} There is very little income gap between being able to afford market rent and being able to afford home ownership in the second hand market, which in theory leaves very little gap for affordable home ownership housing products. However, there is a very big gap between the cost of renting and the price of new build

properties. On this basis, there is a wide income range that could benefit from Affordable Home Ownership products if these could be provided at an appropriate price on newbuild schemes.

- 2.34 The cost of AHO products would need to be less than the purchase cost for market housing; however, the income needed to buy an AHO product may be higher than the income needed for market rent. This recognises that some households who could afford market rent would prefer to own their own home, and the NPPF encourages local authorities to widen opportunities for home ownership.

Low Cost Home Ownership

- 2.35 In addition to affordable housing for rent, a range of Low-Cost Home Ownership (LCHO) products have also been developed to assist households into homeownership. Figure 13 sets out the weekly costs associated with shared ownership properties of different sizes, taking account of the differential full market prices and based on the following assumptions:

- » 40% equity share purchased by the occupier;
- » 10% of the equity purchased is available as a deposit;
- » Mortgage costs based on a 30-year repayment mortgage at 6.25% interest;
- » Rent based on 2.75% of the retained equity paid each year; and
- » Service charge of £10 per week.

- 2.36 Based on this model, it is evident that the weekly costs are lower than the equivalent median private rent for all sizes except for 1-bedroom properties.

Figure 13: Shared ownership costs (Note: Mortgage costs based on a 30-year repayment mortgage at 6.25% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £10 per week)

	Property Value	40% Equity Share	10% Deposit	Weekly Costs			
				Mortgage	Rent	Service Charge	TOTAL
1 bedroom	£125,000	£50,000	£5,000	£64.38	£39.55	£10.00	£113.94
2 bedrooms	£130,000	£52,000	£5,200	£66.96	£41.14	£10.00	£118.10
3 bedrooms	£140,000	£56,000	£5,600	£72.11	£44.30	£10.00	£126.41
4+ bedrooms	£150,000	£60,000	£6,000	£77.26	£47.47	£10.00	£134.73

- 2.37 Figure 14 shows the sensitivity of weekly costs to the equity share purchased and presents this relative to the equivalent local rents. This uses a 6.25% interest rate, which is clearly higher than current rates. If the rates do not rise in the future, then shared ownership will be even more affordable.

Figure 14: Total weekly costs for shared ownership based on different equity shares (Note: Mortgage costs based on a 30-year repayment mortgage at 6.25% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £10 per week. Cells highlighted in yellow are above the LHA rate but below median private rent, cells in red are above the equivalent median private rent. Cells which are green are lower than the equivalent maximum LHA)

Total Weekly Cost £	Property Value	Equity Share					
		25%	30%	35%	40%	45%	50%
1 bedroom	£125,000	£99.68	£104.43	£109.19	£113.94	£118.69	£123.44
2 bedrooms	£130,000	£103.27	£108.21	£113.15	£118.10	£123.04	£127.98
3 bedrooms	£140,000	£110.45	£115.77	£121.09	£126.41	£131.73	£137.05
4+ bedrooms	£150,000	£117.62	£123.32	£129.02	£134.73	£140.43	£146.13

Starter Home Initiative

- 2.38 The Housing and Planning Act 2016 furthers this policy of encouraging home ownership through promoting Starter Homes to provide properties that are more affordable for first time buyers. The Act includes clauses stating that local authorities will have a general duty to promote the supply of Starter Homes through planning.
- 2.39 Figure 15 sets out the weekly costs based on the same property values considered when analysing low cost home ownership housing options. We have used a 6% interest rate to reflect that mortgages for outright home ownership are typically lower than for shared ownership.

Figure 15: Starter Home Initiative (Note: Mortgage costs based on a 25-year repayment mortgage at 6.0% interest)

	Property Value	80% Equity Share	10% Deposit	Weekly Mortgage Costs
1 bedroom	£125,000	£100,000	£10,000	£135.02
2 bedrooms	£130,000	£104,000	£10,400	£140.42
3 bedrooms	£140,000	£112,000	£11,200	£151.22
4+ bedrooms	£150,000	£120,000	£12,000	£162.03

Summary of Housing Costs

- 2.40 Figure 16 summarises the weekly costs for the range of different housing options discussed above for each property size adjusted to 2018 levels, using the most recent data available.

Figure 16: Comparison of weekly housing costs by property size – Blackpool (Source: VOA 2017-2018. Note: HMA figure derived using population weighted average of Local Authority data)

	Starter Home Initiative (80% equity)	Shared ownership (40% equity)	Median Private Rent	Maximum Local Housing Allowance	Affordable Rent (80% median)
1 bedroom	£135.02	£113.94	£89.75	£85.00	£71.80
2 bedrooms	£140.42	£118.10	£119.67	£113.92	£95.74
3 bedrooms	£151.22	£126.41	£136.93	£130.00	£109.55
4+ bedrooms	£162.03	£134.73	£155.34	£150.00	£124.27

- 2.41 The key point of this data is that cost of shared ownership for new build is similar on a weekly basis to the cost of private rent with the exception of 1 bed properties. However, Starter Homes and outright home ownership are still more expensive.
- 2.42 Potentially there is a need for a higher number of affordable homes for those who are currently renting privately, but who aspire to home ownership. However, given the relatively low second hand house prices in Blackpool it would be difficult to justify seeking to provide affordable to home housing for this group.
- 2.43 Second hand homes are significantly cheaper to buy than new build properties, and if local authorities and housing providers developed a shared ownership model applied to second hand homes, it could help people move from renting into home ownership, which could be more affordable than market renting for every property size.

3. Household Survey

Chapter Summary

- 3.1 The household survey considers affordability issues in Blackpool. Key findings include:
- » While a small proportion moved into their current property in the last 12 months (5%), PRS tenants and those who live in a flat are significantly more likely to have lived in their current home for less than 12 months.
 - » There is considerable movement into Blackpool from outside the town, with much of it into the PRS. A key driver for this movement was the affordability of the housing stock in Blackpool.
 - » While 33% of those who want or need to move say their property is too small, another 32% don't like the area and 19% say the property is in poor condition or unfit.
 - » The most common barrier to moving is being unable to find a decent home where you want it (43% of prospective movers). However, finance and affordability are recurrent themes; other barriers to moving are local house prices being too expensive (28%), unable to get a mortgage (17%) and local rents being too expensive (13%). This unaffordability is reflected in those unable to get a mortgage because of being unable to save a large deposit (47%) and insufficient income (43%).
 - » For those who said they were unable to get a mortgage, the reasons most frequently cited for this were being unable to save for a large enough deposit (47%), having insufficient income (43%) and having other debts or poor credit history (36%).
 - » Most (60%) who rent or live in shared ownership receive housing benefit or Universal Credit towards any rent for the accommodation reflecting the very low levels of incomes in Blackpool.
 - » Private renters are less likely to be employed than home owners; 40% of private renters are employed either full or part time compared to 60% of owners, although social renters are less likely to be employed than private renters. Much of the difference is due to greater proportions of private and social renters being long term sick or disabled; 21% in the PRS compared to 26% in social rented and 2% of owners. The highest proportion of those who are unemployed and looking for work is in the PRS; 14% compared to 9% in social rented and less than 1% in owned properties.
 - » Of those households where there is a health issues that affects what they need from their home, over seven in ten (72%) have their needs met by their home, however 13% feel their home is not suitable for their needs but could be adapted, and 15% feel their home is not suitable for their needs but is not suitable for adaptation.

Project Overview

- 3.2 A sample of 3,000 Blackpool residents was drawn from postcodes with the sample being weighted towards wards with a greater proportion of private rented dwellings; proportionally more surveys were sent to these wards than to wards with less private rented housing. Within each ward, the sample was randomly selected.

This sampling method was designed to increase the number of PRS tenants returning the survey as the study focusses on the PRS. Overall, private rented tenants are less likely to respond surveys than some other groups. The questionnaire was sent via the post with no reminders. All residents were eligible to take part.

3.3 The survey aimed to provide evidence to help understand:

- » the costs of accessing housing (for rent and sale) for local residents
- » local housing requirements
- » the dynamics and drivers of the local housing market
- » what Living Rents would be in Blackpool
- » actions that will deliver better housing and social and economic outcomes for those living in Blackpool

3.4 The survey included sections on the following topics:

- » Your Home
- » Moving Home
- » Separate Homes for New Households

Survey Response

3.5 3,000 questionnaires were dispatched by post and 469 were returned complete by post yielding a response rate of 16%.

Weighting the Data

3.6 Returned sample was checked against comparative data from the 2011 Census to ensure the returns were a reasonable profile compared to the population. The results presented here are therefore broadly representative of Blackpool residents, but there was an over-representation from older and owner occupied households and a low response rate from the private rented sector.

3.7 The returned data was weighted to ensure that the increased sampling of private rented tenants over other tenures do not skew the results. As the data is weighted, and therefore representative of all Blackpool residents, the report refers to 'residents' as opposed to 'respondents' throughout.

3.8 The survey is considered here under five headings; the first two intended to replicate the structure earlier in this report:

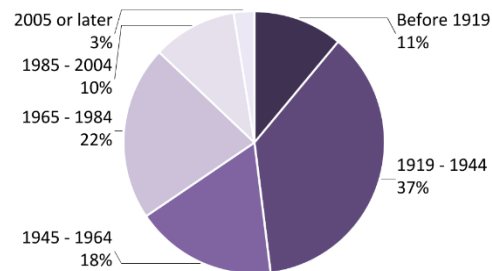
- » Profile of the survey housing and tenure
- » Moving behaviour and aspirations
- » Incomes and affordability
- » Newly forming households
- » Older people
- » Life limiting health problems and adaptations

Profile of the survey housing and tenure

- 3.9 Almost half (48%) live in housing that was built before 1945, with only 3% built since 2005 reflecting the relatively low rates of building in Blackpool.

Figure 17: When was your home built?

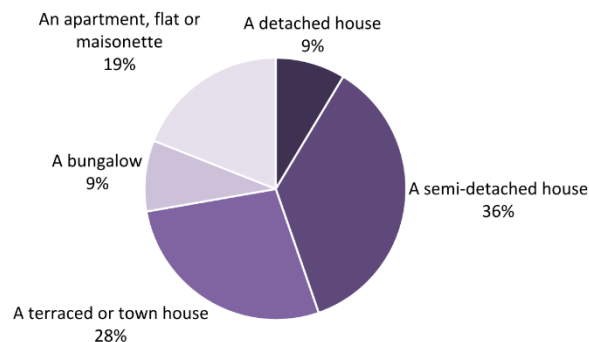
Base: All Respondents (386)



- 3.10 Over four fifths (81%) live in a house as opposed to a flat (19%), with semi-detached (36%) and terraced or town houses (28%) making up the bulk of the stock.

Figure 18: Which of the following best describes your accommodation?

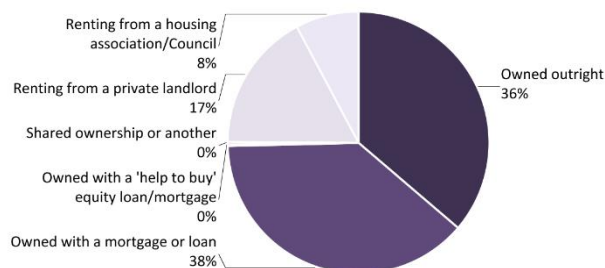
Base: All Respondents (465)



- 3.11 Three quarters (75%) own their home (36% outright; 38% with a mortgage or loan), while 17% rent from a private landlord, and 8% rent from a housing association or Council.

Figure 19: In which of the following ways do you and your household occupy your home?

Base: All Respondents (465)



Moving behaviour and aspirations

- 3.12 There is considerable movement in the PRS and within residents living in flats. While a small proportion moved into their current property in the last 12 months (5%), PRS tenants and those who live in a flat are significantly more likely to have lived in their current home for less than 12 months; 16% of private renters and 12% in flats. People aged 25 to 34 are also significantly more likely to have moved in the last 12 months (23%) and a comparatively large proportion of this age group is likely to rent privately. There is no clear difference in the proportion of different age groups that live in private rented housing or in a flat.
- 3.13 There is considerable movement into Blackpool from outside the town, with much of it into the PRS; 26% of movers previously lived outside of Blackpool. The largest proportion of these movers by tenure were in the PRS (37%), and by accommodation type, the largest proportion lived in flats (32%). However, 26% of home owners had also moved in to Blackpool from elsewhere.
- 3.14 After being close to family and friends (35%), the most common reason for moving to Blackpool was affordable housing (34%). Only 35% moved in from elsewhere in the Fylde Coast and almost half of those (48%) moved to find suitable housing available at a price they could afford. A larger 64% moved from elsewhere in the North West of England and their main reason was to be close to family and friends (46%).
- 3.15 These types of figures are common across many seaside towns in England where cheap housing has attracted those who cannot afford to live elsewhere. When combined with high rates of unemployment in Blackpool a situation has developed where many out of work households are occupying the cheapest parts of the housing stock with the assistance of housing benefit and Universal Credit. The early indications from the introduction of Universal Credit is that this has increased the rate of turnover in the housing stock for low income households as they fall behind with their rents⁴.
- 3.16 One third would like to move in the next 3 years; 30%, including 8% who would like to move in the next 12 months. While 33% of those who want or need to move say their property is too small, another 32% don't like the area and 19% say the property is in poor condition or unfit. Those in a flat or in private rented accommodation are more likely to say the property is in poor condition or unfit reflecting the deterioration of the housing stock of Blackpool.
- 3.17 The most common barrier to moving is being unable to find a decent home where you want it (43% of prospective movers). However, finance and affordability are recurrent themes; other barriers to moving are local house prices being too expensive (28%), unable to get a mortgage (17%) and local rents being too expensive (13%). This unaffordability is reflected in those unable to get a mortgage because of being unable to save a large deposit (47%) and insufficient income (43%). It is these factors which seem to explain why owner occupation rates have been falling in Blackpool despite the relatively low house prices.
- 3.18 Almost three fifths (57%) have lived at their current address for 10 years or more, with over four fifths (81%) having lived there for at least 3 years. Only 5% have moved into their current property within the last 12 months.
- 3.19 Residents who rent their homes privately, and those who live in a flat are significantly more likely than all residents to have lived in their current home for less than 12 months. Residents who own their own home,

⁴ Patching the Safety Net - Measuring the Impact of Universal Credit on tenants and landlords (2019)

those aged 65 years or more and those who live in a house are significantly more likely than all residents to have lived in their current home for 10 years or more.

Figure 20: How long have you lived at this address?
 Base: All Respondents (467)

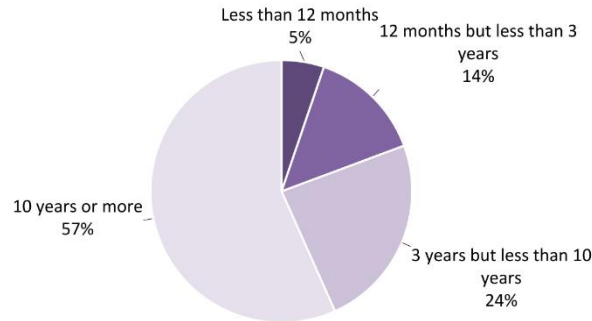
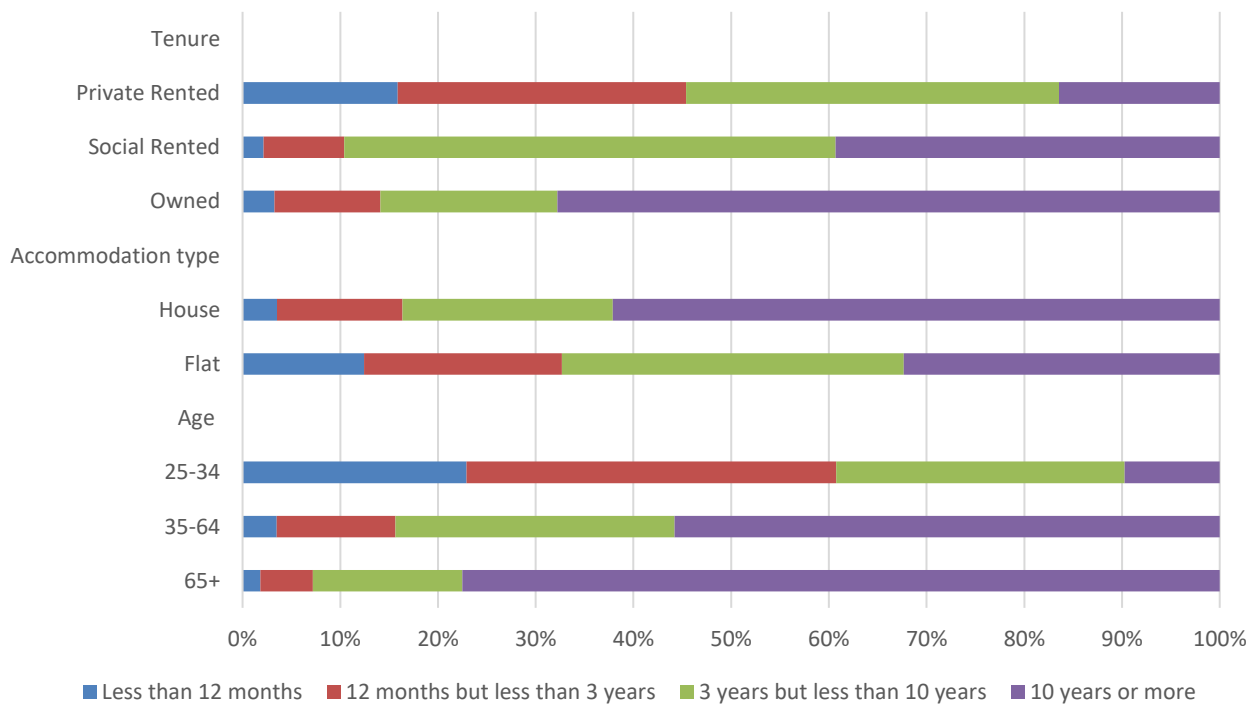


Figure 21: How long have you lived at this address - Sub-group analysis:



^{3.20} Around three quarters (74%) of residents lived at a different address within Blackpool immediately prior to moving into their current home, while around a quarter (26%) previously lived outside of Blackpool.

^{3.21} Residents who rent their home from a social landlord are significantly more likely than all residents to have moved within Blackpool. There is little difference by accommodation type or age.

Figure 22: Was your previous home in Blackpool?
Base: All Respondents (450)

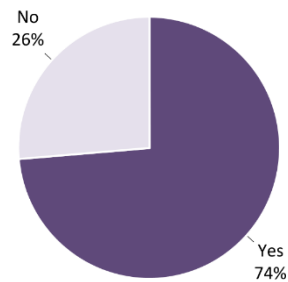
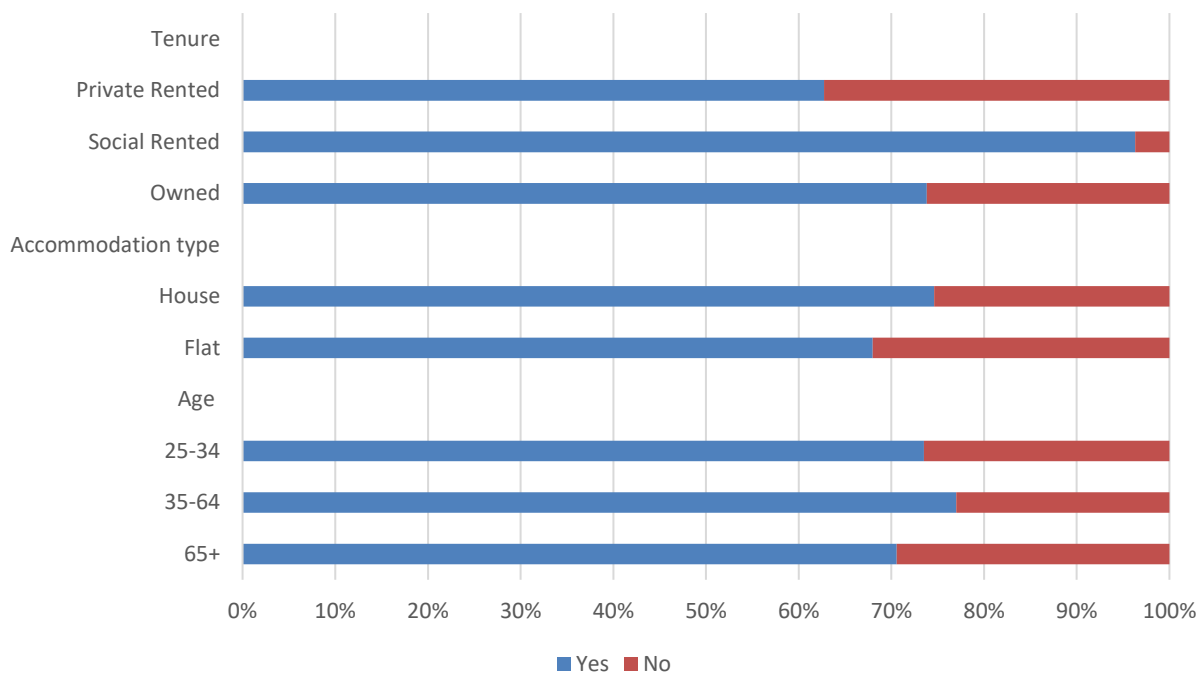


Figure 23: Was your previous home in Blackpool? - Sub-group analysis

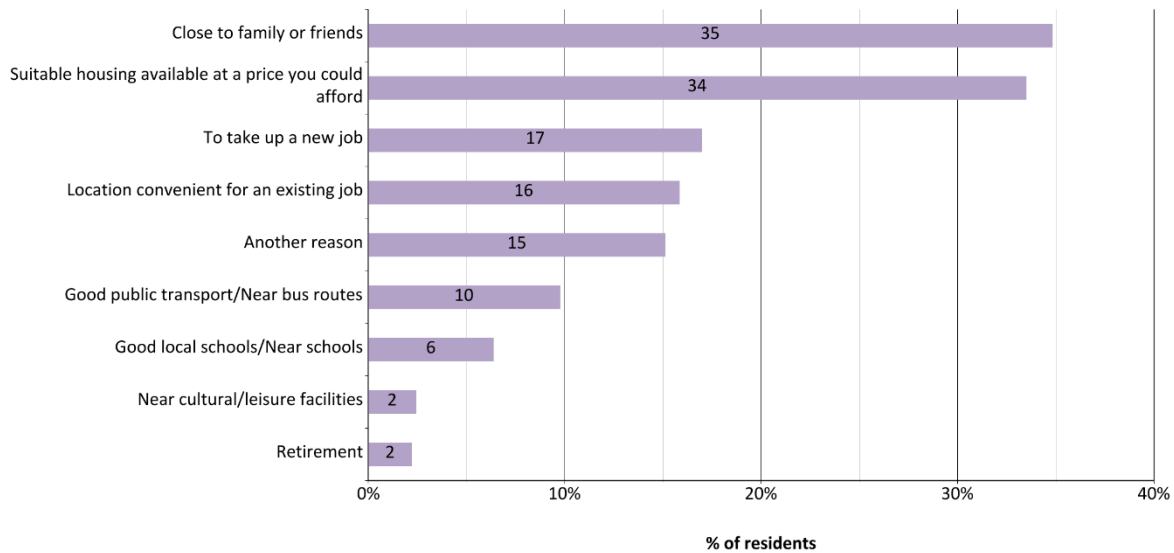


^{3.22} The most frequently cited main reasons for moving to the Blackpool area, by those who previously lived elsewhere, were to be close to family or friends (35%) or to find suitable housing available at a price they could afford (34%). To take up a new job (17%) or to be in a convenient location for an existing job (16%) were also frequently cited as main reasons. Therefore, the affordability of the housing stock is much stronger draw than employment opportunities.

- 3.23 Residents living in a house as opposed to a flat are significantly more likely than all residents to have moved to the area to take up a new job, to be close to good local schools or for retirement. Older residents, aged 65 years or more, are significantly more likely to have moved to the area for retirement, for leisure facilities or for another reason. Homeowners are significantly more likely than all residents to have moved to take up a job.

Figure 24: What were your main reasons for moving to the area?

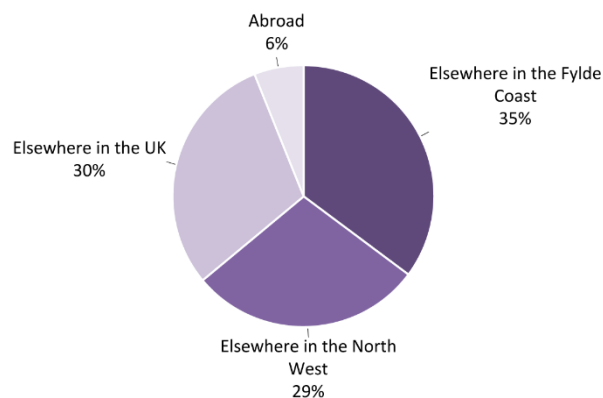
Base: All Respondents (141)



- 3.24 Of those who moved into Blackpool, over three fifths (64%) moved from elsewhere in the North West of England, with over a third moving from elsewhere in the Fylde Coast.

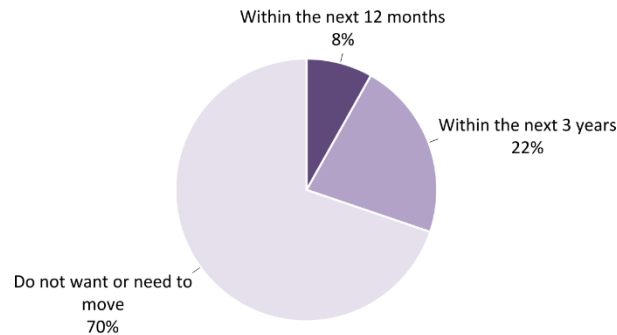
Figure 25: Where did you move from?

Base: All Respondents (139)



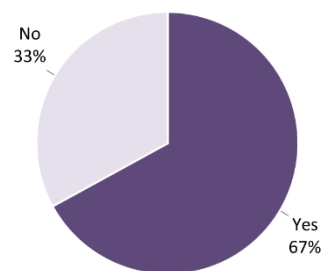
- 3.25 While over two thirds (70%) do not want or need to move home, over a fifth (22%) want to move within the next 3 years and 8% within the next 12 months.

Figure 26: Do you want to move, or will you need to move from your current home...?
Base: All Respondents (456)



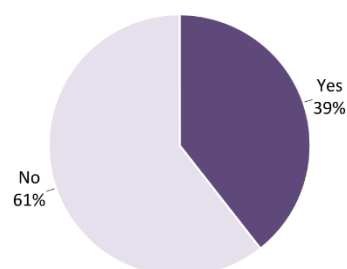
- 3.26 Around two thirds (67%) of those who want to move within the next 3 years expect to stay in Blackpool when they do.

Figure 27: Would you expect to stay in Blackpool?
Base: All Respondents (117)



- 3.27 Of those who don't expect to stay in Blackpool, around two fifths (39%) would want to stay in Blackpool if they could find a suitable home. The remaining three fifths (61%), which equates to around a fifth of all those who want to move, do not want to stay in Blackpool regardless of whether a suitable home was available or not.

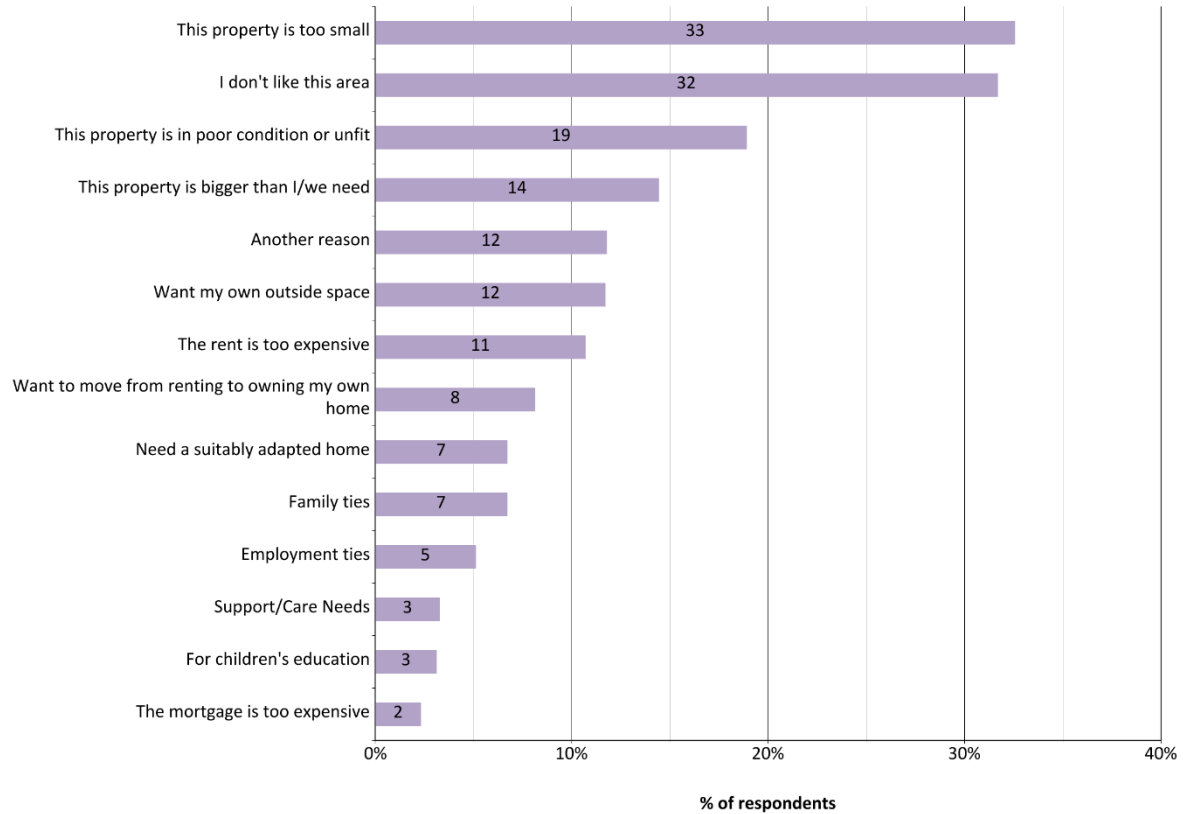
Figure 28: If you could find a suitable home for you and your household, would you want to stay in Blackpool?
Base: All Respondents (38)



3.28 The most frequently cited reasons for wanting or needing to move were that the property is too small (33%) and that they don't like the area (32%).

Figure 29: Why do you want or need to move?

Base: All Respondents (115)



3.29 The table below highlights the reasons given for wanting or needing to move that are significantly more likely to have been cited by each sub-group, where it is clear that the reasons vary markedly between groups.

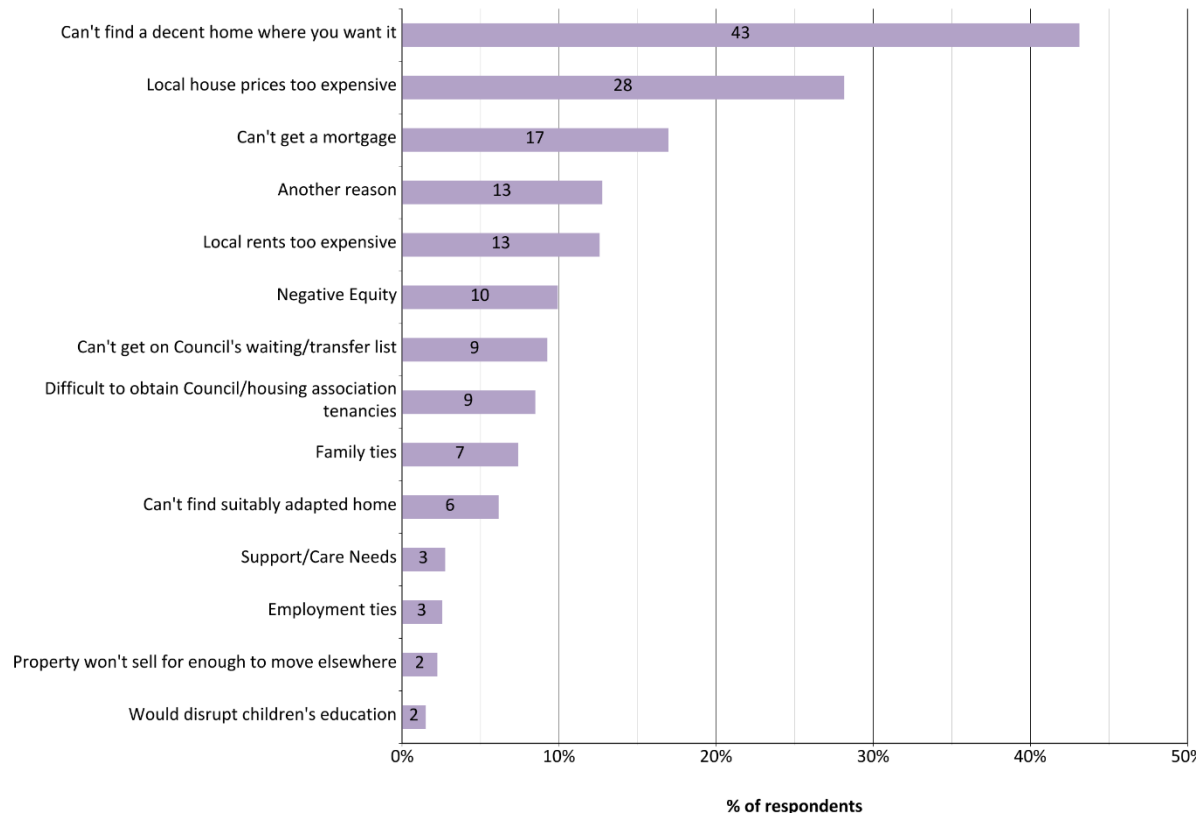
Sub-group analysis:

Sub-group	Significantly <u>more likely</u> to want or need to move because...
Age	
25-34 years	-
35-64 years	I don't like this area
65 years +	This property is bigger than I/we need Need a suitably adapted property Support/care needs
Accommodation Type	
House	Employment ties
Flat	Want my own outside space This property is in a poor condition or unfit
Tenure	
Private rented	The rent is too expensive Want to move from renting to owning my own home This property is in a poor condition or unfit
Social rented	-
Owned	This property is too small I don't like this area

- 3.30 Residents have identified the main barrier to moving when they are ready, as not being able to find a decent home where they want it (43%), followed by local house prices being too expensive (28%) and not being able to get a mortgage (17%).

Figure 30: Is anything likely to prevent you from moving when you're ready?

Base: All Respondents (104)



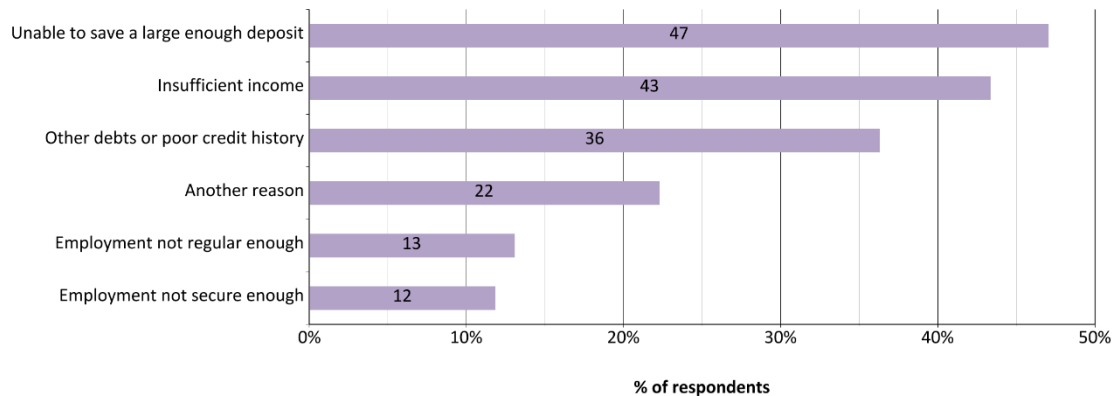
- 3.31 The table below highlights the barriers to moving that are significantly more likely to have been cited by each sub-group, where it is clear that the reasons vary markedly between groups.

Sub-group analysis:

Sub-group	Significantly <u>more likely</u> to identify as a barrier to moving when they are ready...
Age	
25-34 years	-
35-64 years	-
65 years +	Support/care needs
Accommodation Type	
House	Negative equity Family ties
Flat	-
Tenure	
Private rented	Local rents too expensive
Social rented	-
Owned	Local house prices too expensive Negative equity

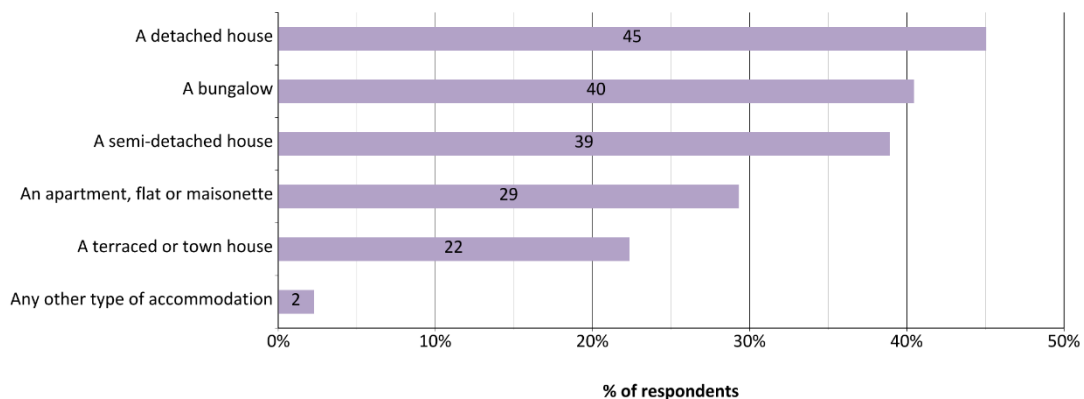
- 3.32 For those who said they were unable to get a mortgage, the reasons most frequently cited for this were being unable to save for a large enough deposit (47%), having insufficient income (43%) and having other debts or poor credit history (36%). Again, this emphasises that it is not just the cost of housing on its own which is the issues, but the ability to save a deposit and obtain a mortgage for households on low incomes in unstable employment.

Figure 31: If you can't get a mortgage, what prevents you from getting a mortgage?
Base: All Respondents (58)



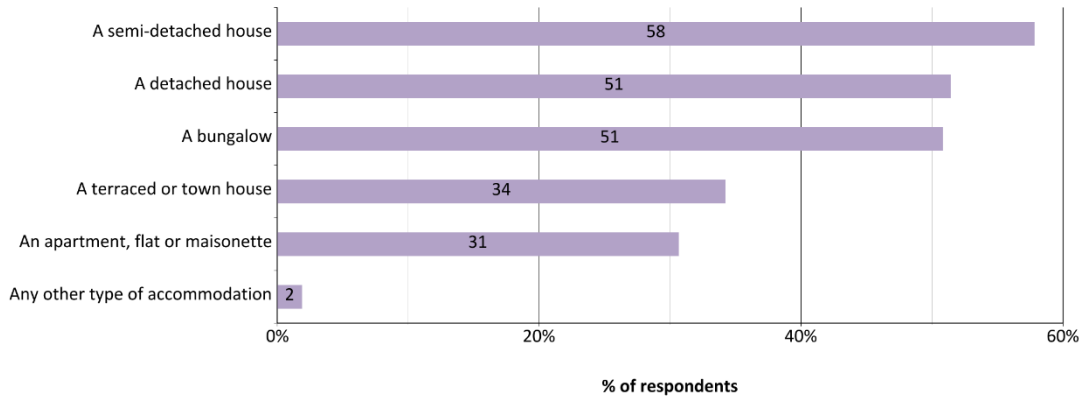
- 3.33 Residents who said they would like to move within the next three years were asked what kind of accommodation they would want; the chart below shows that a detached house (45%), a bungalow (40%) and a semi-detached house (39%) are the most popular choices.

Figure 32: If you moved, which of the following would you want?
Base: All Respondents (119)



3.34 However, while only around two fifths (39%) of residents would ideally want a semi-detached house, almost three fifths (58%) would accept one. This is generally the case across all property types, with a higher proportion willing to accept certain property types even if it wasn't what they would choose.

Figure 33: ...and what would you accept?
 Base: All Respondents (117)



3.35 Similarly, residents wanting to move are generally willing to accept fewer bedrooms in their new home than they would want to have if they had the choice. Around three fifths (61%) would want at least 3 bedrooms, however around half (49%) are willing to accept 2 or fewer bedrooms.

Figure 34: How many bedrooms would you want in your next home?
 Base: All Respondents (116)

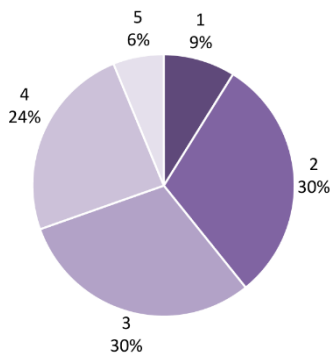
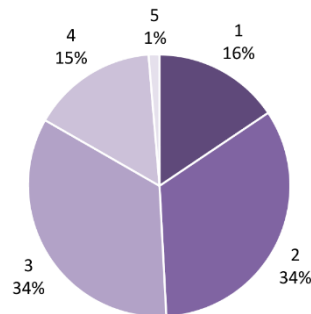
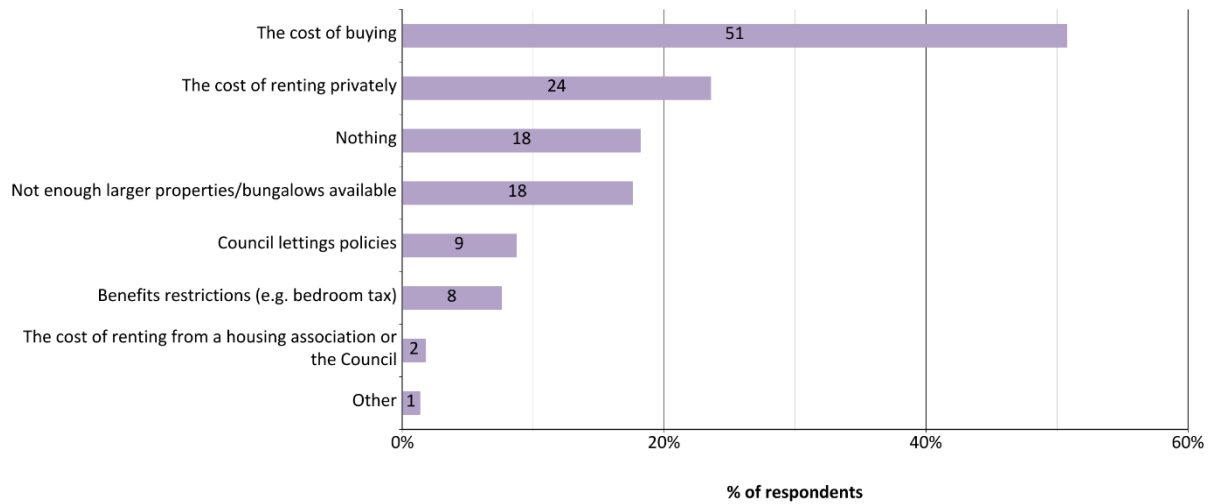


Figure 35: What is the minimum number of bedrooms that you would accept?
 Base: All Respondents (115)



3.36 Around half (51%) of those wanting to move home in the next 3 years cited the cost of buying as something that would prevent them from being able to have the type of property and number of bedrooms they would want. Similarly, the cost of renting was identified as an issue for 24% of residents wanting to move, suggesting that the largest barriers are financial. However, almost a fifth (18%) feel that nothing would prevent them from having the type of property or number of bedrooms they would like.

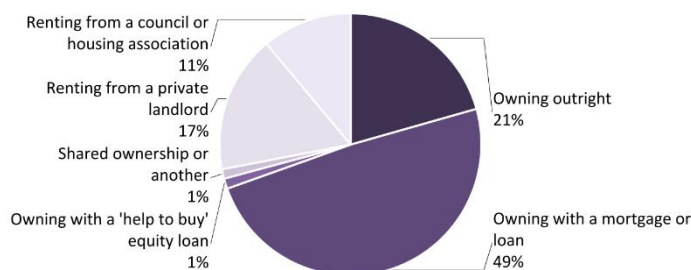
Figure 36: What would prevent you from having the type of property and number of bedrooms you wanted?
Base: All Respondents (115)



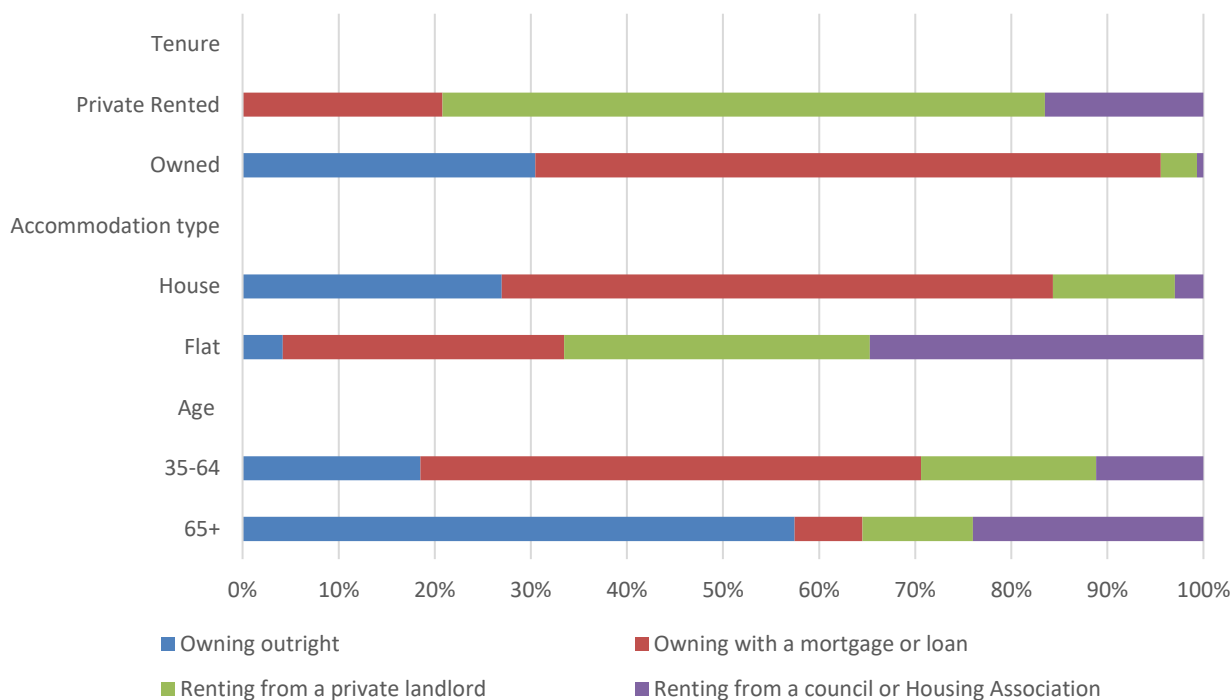
3.37 Around seven in ten (71%) of those wanting to move expect to own their next home, with the majority of these (49% of all those wanting to move) expecting to own with a mortgage or loan. Only around 1 in 10 (11%) expect to rent from a council or housing association, with the remaining 17% expecting to rent from a private landlord.

3.38 Those who already own a property, those who currently live in a house and those aged 65 Years or more are significantly more likely to expect to own their next home (outright only for those aged 65+), while those who currently rent privately are significantly more likely to expect to continue to rent, as well as those who currently live in a flat. Therefore, there is projected to be a continuation of the private rented sector in Blackpool.

Figure 37: In which of the following ways would you expect to occupy your next home?
 Base: All Respondents (105)



Sub-group analysis:



3.39 It is not possible to analyse this question for the sub-groups aged under 35 and existing social housing tenants due to low response rates from these two groups.

Incomes and affordability

3.40 As shown above, the survey demonstrates a level of unaffordability in the private rented sector and also in the owner-occupied market, with local house prices and rents considered to be too expensive by many. Particularly those who are unable to save a deposit or obtain a mortgage.

- 3.41 Most (60%) who rent or live in shared ownership receive housing benefit or Universal Credit towards any rent for the accommodation reflecting the very low levels of incomes in Blackpool.
- 3.42 The majority who pay any rent or mortgage themselves, find this manageable. However, almost 1 in 10 (9%) say that it is putting a strain on their current budget and 4% find it very difficult to manage. Residents who rent their home privately are significantly more likely than all residents to say that their rent is putting a strain on their current budget or is very difficult to manage.
- 3.43 For those households who are looking to move in the next 3 years, close to three fifths (57%) could not afford to pay £500 or more per month. After putting down a £10,000 deposit, £500 a month would pay for a home costing around £120,000 (a loan of £110,000 over 25 years)⁵.
- 3.44 Private renters are less likely to be employed than home owners; 40% of private renters are employed either full or part time compared to 60% of owners, although social renters are less likely to be employed than private renters. Given that many of those in employment will hold one or more part-time jobs then this will limit their ability to secure a mortgage or save a deposit. However, much of the difference is due to greater proportions of private and social renters being long term sick or disabled; 21% in the PRS compared to 26% in social rented and 2% of owners. The highest proportion of those who are unemployed and looking for work is in the PRS; 14% compared to 9% in social rented and less than 1% in owned properties.
- 3.45 In terms of how much they could afford to pay for rent or mortgage without housing benefit or Universal Credit, close to three fifths (57%) could not afford to pay £500 or more per month (equivalent to £115 per week), with 17% not able to afford £250 or more. Only around 1 in 10 (11%) feel they would be able to afford £750 or more per month.

Figure 38: What will be the most that you could pay for rent or mortgage without housing benefit or Universal Credit (per month)

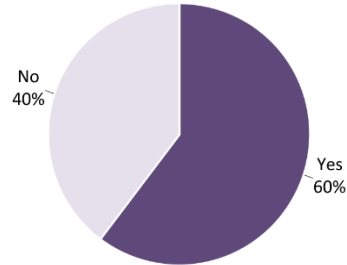
Base: All Respondents (105)



⁵ <https://www.halifax.co.uk/mortgages/mortgage-calculator/calculator/#>

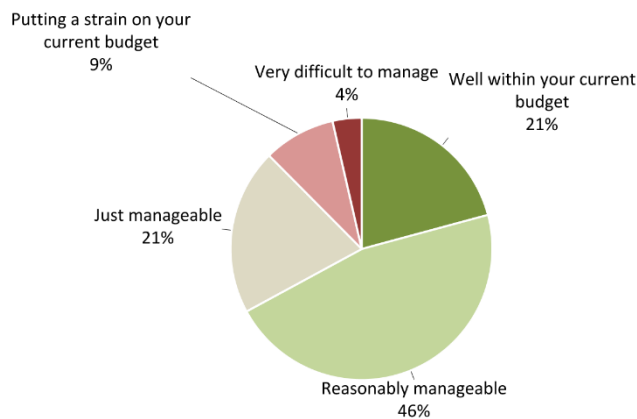
- 3.46 Of those who either rent or live in shared ownership, three fifths (60%) receive housing benefit or Universal Credit towards any rent for the accommodation, while the remaining 40% do not.

Figure 39: Do you receive housing benefit or Universal Credit towards any rent for the accommodation?
Base: All Respondents (102)

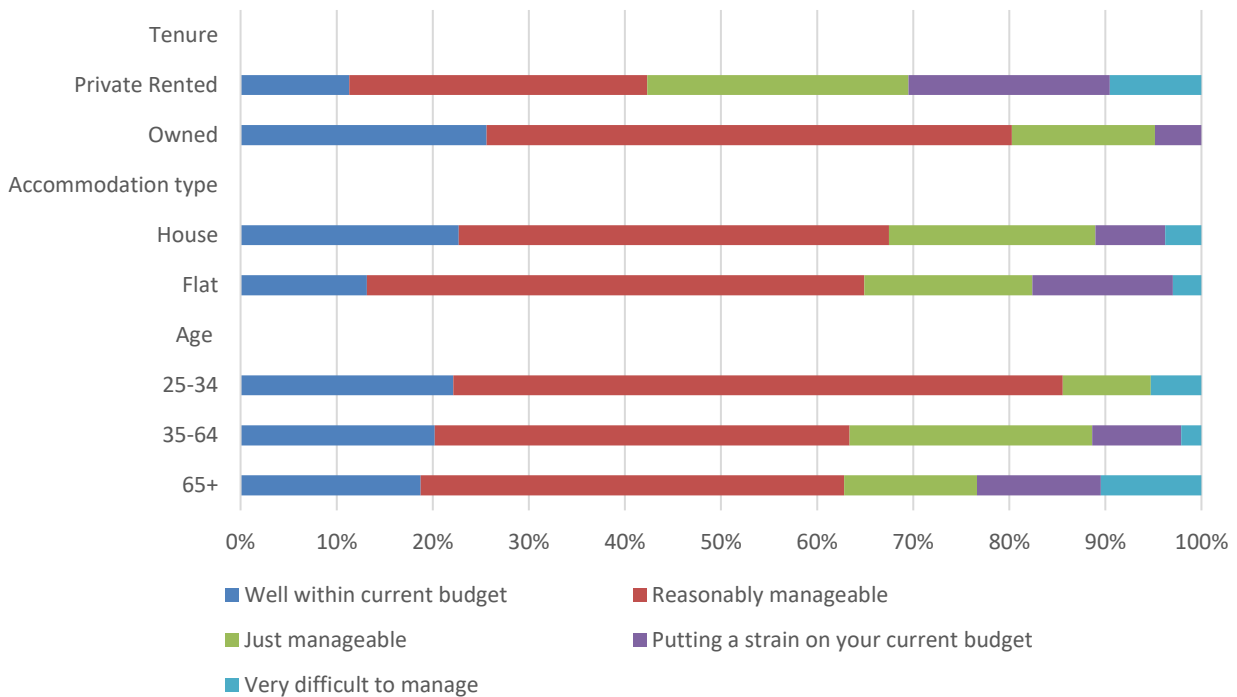


- 3.47 Of those who pay any rent or mortgage themselves, the majority find this manageable with around a fifth (21%) saying it is well within their budget. However, almost 1 in 10 (9%) say that it is putting a strain on their current budget and 4% find it very difficult to manage.
- 3.48 Residents who rent their home privately are significantly more likely than all residents to say that their rent is putting a strain on their current budget or is very difficult to manage, whereas those who own their own home are significantly more likely than all residents to feel their mortgage is well within their current budget or reasonably manageable. There is little difference between accommodation type or age.

Figure 40: If you pay any rent or mortgage yourself, do you consider this to be...?
Base: All Respondents (195)



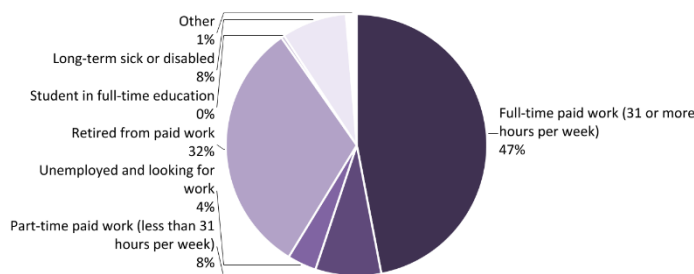
Sub-group analysis:



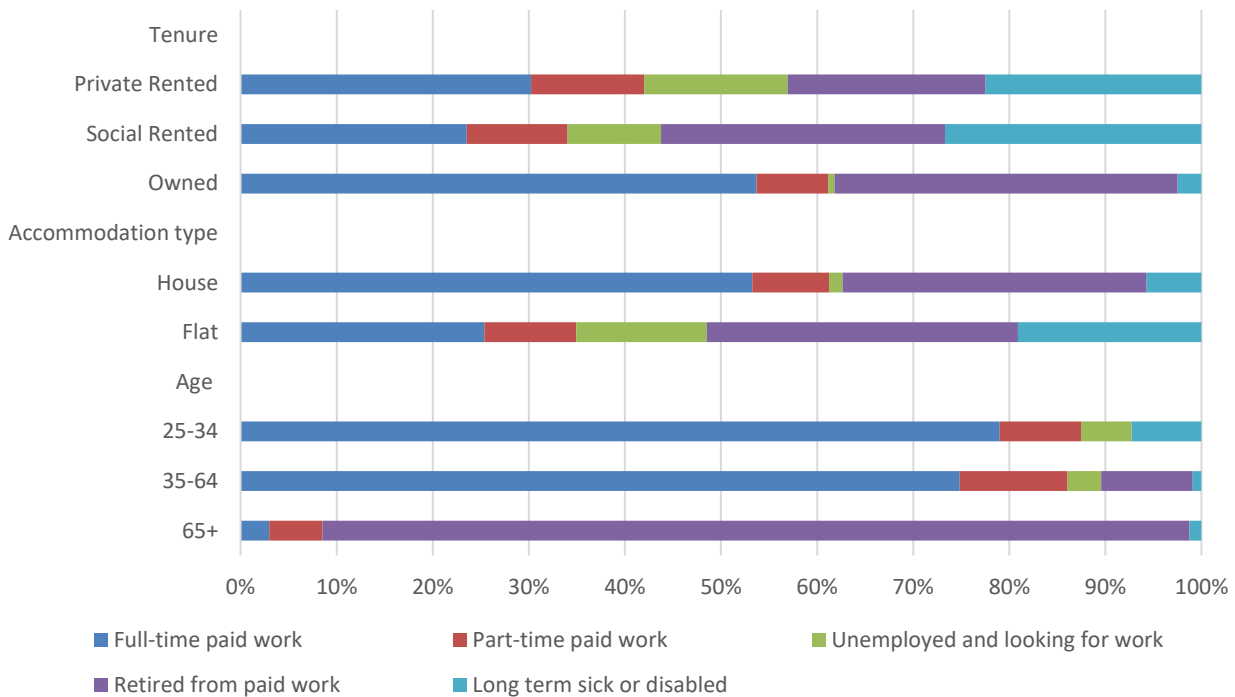
3.49 Almost half (47%) of all chief income earners are in full-time paid work, while a further 8% are in part-time paid work. Only 4% are unemployed and looking for work, while 32% are retired from paid work, and 8% are long term sick or disabled.

3.50 Sub-group analysis clearly shows that the current working status of the chief income earner in the household varies greatly between different groups. Those living in a house, aged under 65 and own their own home are significantly more likely to be in full time employment, whereas those living in a flat, those aged 35-64, and those renting from a private landlord or a social landlord are significantly more likely to be long term sick or disabled.

Figure 41: What is the current working status of the Chief Income Earner in the household?
Base: All Respondents (456)



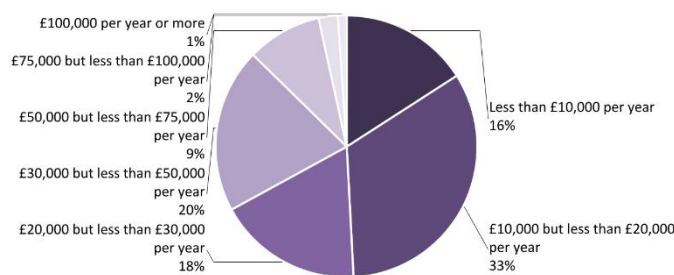
Sub-group analysis:

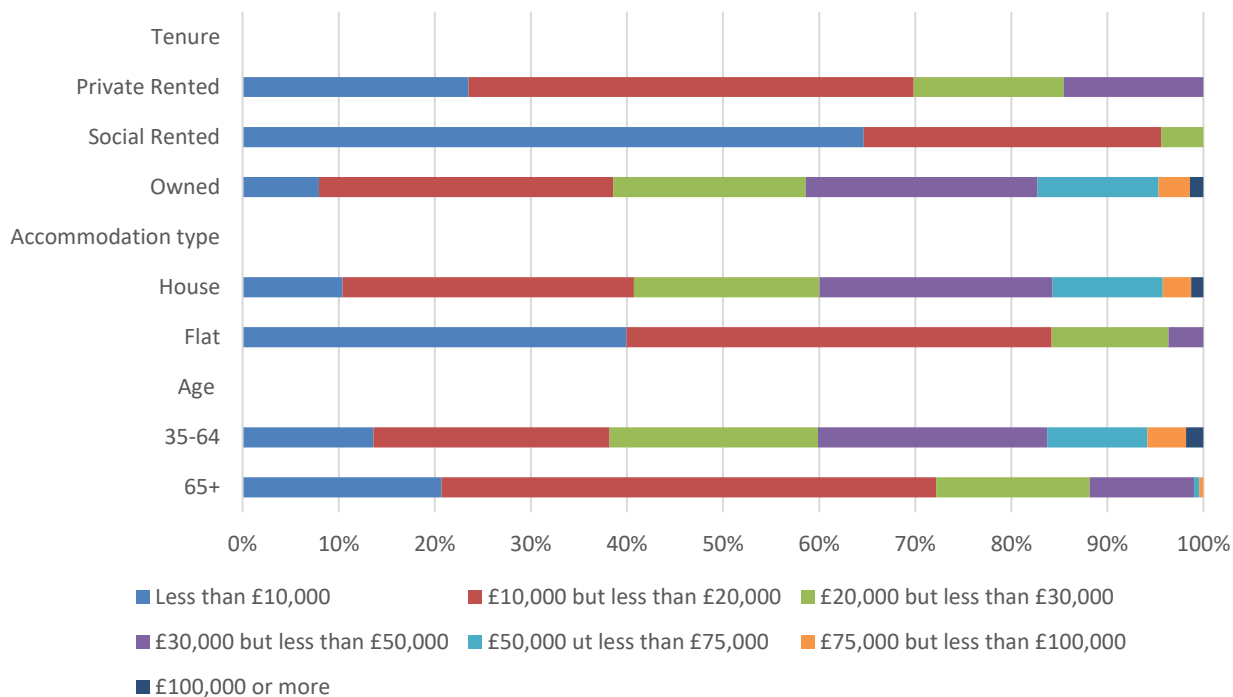


3.51 Almost half (49%) of all households have a gross income (before tax) of less than £20,000 per year; only 13% have a gross household income of £50,000 or more per year. Income figures such as these clearly reflect an extremely low level of housing affordability for many households.

3.52 Owner occupiers, and those living in a house are significantly more likely to have a gross household income of £20,000 or more, whereas those aged 65 years or more, or live in a flat are significantly more likely to have a gross household income of less than £20,000.

Figure 42: What is your household's gross income (before tax)?
 Base: All Respondents (357)

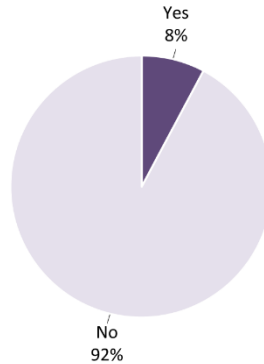


Sub-group analysis:**Newly forming households**

- 3.53 Eight percent of households identify that someone who currently lives with them is expected to move to a separate home within the next 3 years, creating a new household. While 8% is a small proportion, it represents a significant number of newly forming households across Blackpool.
- 3.54 Most newly forming households are single persons (59%), although it might be expected that some of these will form couples. Currently 29% are couples without dependent children.
- 3.55 Most newly forming households are likely to live in Blackpool; 61%. The largest proportion of the 39% who expect to leave Blackpool do so to take up work elsewhere (31%) with 17% leaving to access university or training.
- 3.56 Nine out of ten (91%) of newly forming households would prefer to buy their own home. However, 45% would not be able to afford to pay rent or mortgage of £500 a month and 15% are only able to afford £250-£375 per month.
- 3.57 Three main ways to help emerging households afford properties were identified, including the general point of the need for secure, better paid employment opportunities:
- » More affordable properties (90%)
 - » Help to get a mortgage or save for a deposit (61%)
 - » More secure or better paid work (49%)

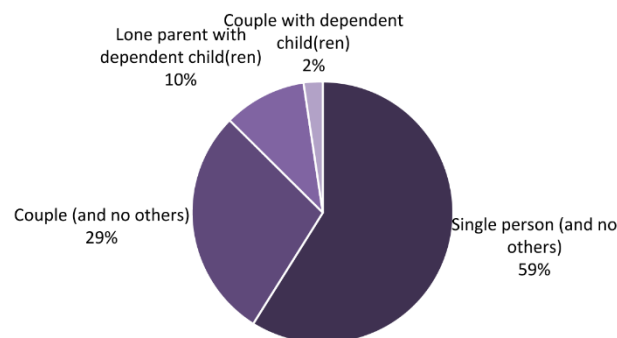
- 3.58 8% of residents identified that there was someone who currently lives with them that they expect to move to a separate home within the next 3 years, creating a new household.

Figure 43: Does anyone that currently lives with you expect to move to a separate home in the next 3 years?
Base: All Respondents (436)



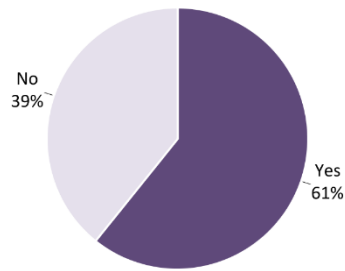
- 3.59 Single persons make up around three fifths (59%) of the new households that have been identified while couples (with no others) make up almost a third (29%). New households with dependent children make up only 12%, with the majority of these (10%) lone parents.

Figure 44: Thinking about the new household that will need a separate home first, which of the following is likely to best describe them?
Base: All Respondents (30)



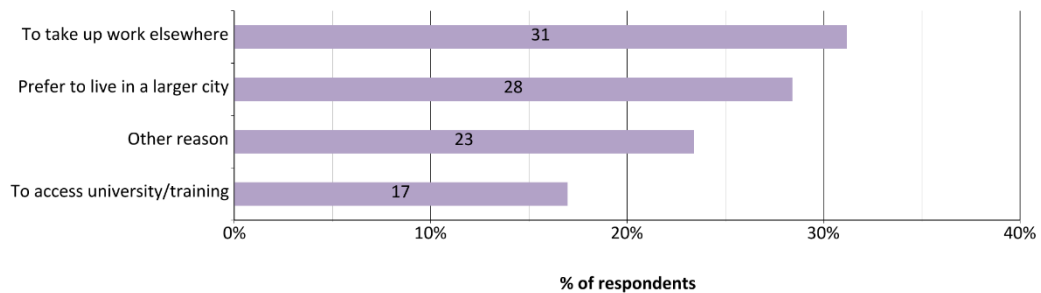
- 3.60 The chart overleaf shows that three fifths of the new households are likely to live in Blackpool, with the remaining two fifths (39%) expecting to move out of Blackpool.

Figure 45: Thinking about this new household, are they likely to live in Blackpool?
Base: All Respondents (29)



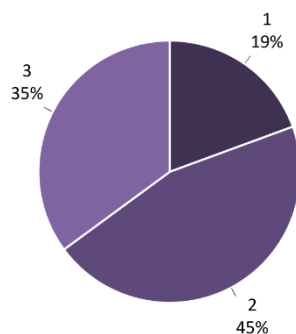
3.61 The most frequently given reason for moving out of Blackpool was to take up work elsewhere (31%), followed by preferring to live in a larger city (28%) and to access university or training (17%). Again, it is important to stress that the people leaving Blackpool are often going to seek work, or to move to higher education which means that the town is losing its higher potential earners.

Figure 46: Why would they move out of Blackpool?
Base: All Respondents (13)



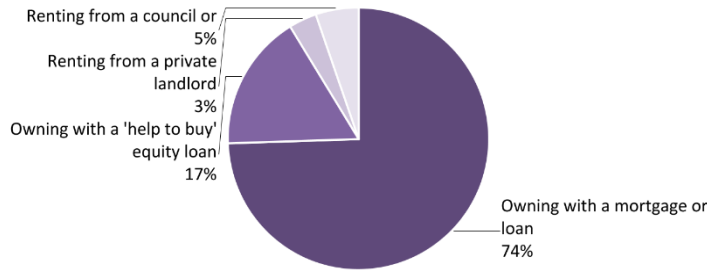
3.62 Around a fifth (19%) of new households will likely only need one bedroom, however 45% would likely need 2 bedrooms and over a third (35%) would likely require 3 bedrooms.

Figure 47: How many bedrooms is this new household likely to need when they move?
Base: All Respondents (17)



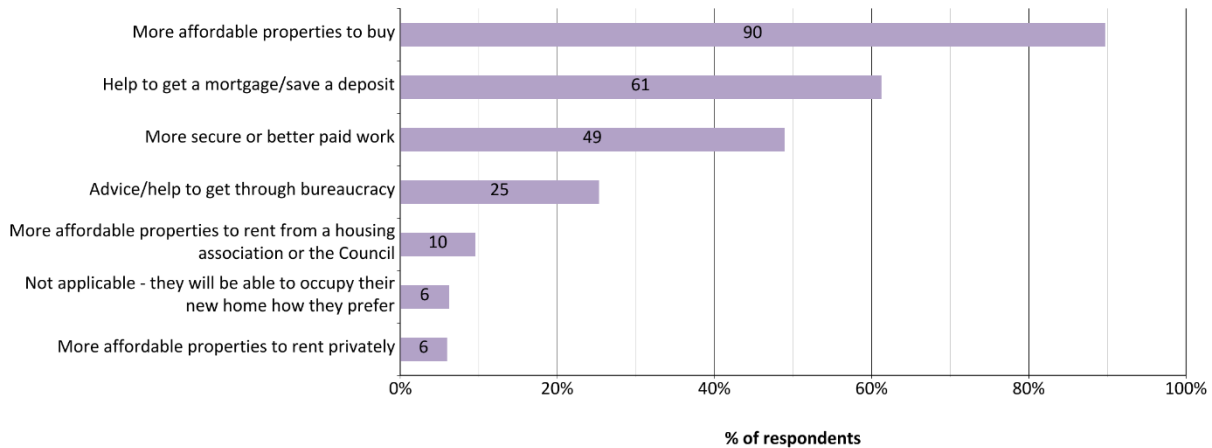
3.63 The chart overleaf shows that around three quarters (74%) of new households would prefer to own their new home with a mortgage or loan, with a further 17% preferring to own with a 'help to buy' equity loan. Only 3% would prefer to rent from a private landlord, and 6% from a council or housing association.

**Figure 48: In which of the following ways would they prefer to occupy their new home?
Base: All Respondents (16)**



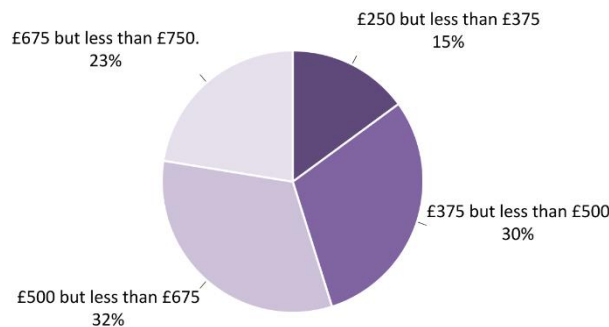
3.64 Nine in ten (90%) of residents who have new households likely to emerge from their current household feel that more affordable properties to buy would help new households occupy their new home in the way they prefer, while three fifths (61%) feel help to get a mortgage or save for a deposit would help and around half (49%) feel that more secure or better paid work would help.

**Figure 49: What might help them to occupy their new home in the way they prefer?
Base: All Respondents (18)**



3.65 In terms of rent or mortgage over two fifths (45%) would not be able to afford £500 or more per month (equivalent of £115 per week), with 15% only able to afford between £250-£375 per month. No new households can afford £750 or more a month. This again shows that a range of low income housing is going to be required in Blackpool.

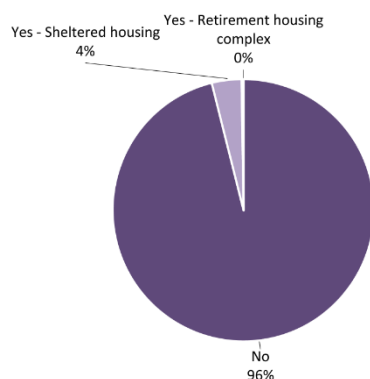
Figure 50: What will be the most that they could pay for rent or mortgage without Housing benefit or Universal Credit (per month)? Base: All Respondents (15)



Older people

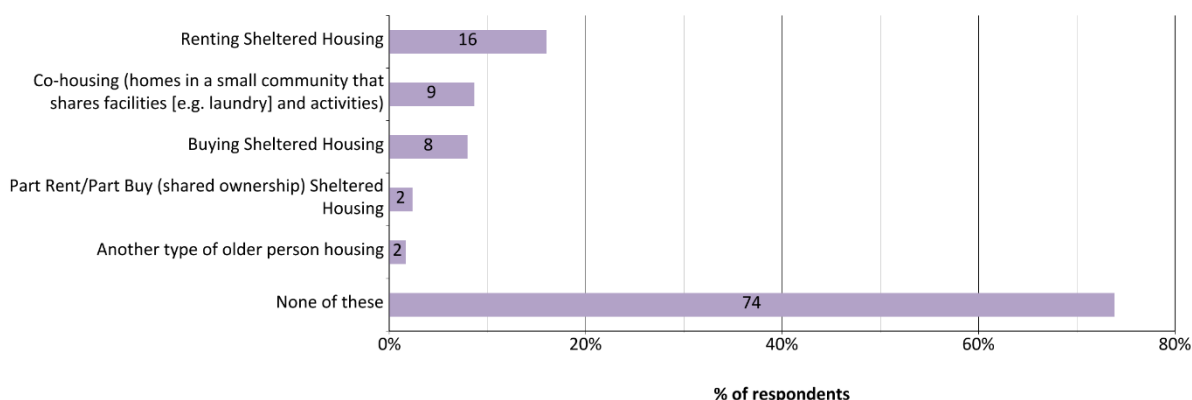
- 3.66 While only 4% of older people live in sheltered housing, 16% would consider moving to rented sheltered housing, a further 9% would consider co-housing and 8% would consider buying sheltered housing.
- 3.67 Only 4% of residents live in a home that is part of a sheltered housing scheme, while less than 1% live in a retirement housing complex.

Figure 51: Is your home part of a sheltered housing scheme or other type of specialist housing?
Base: All Respondents (458)



- 3.68 All residents aged over 60 were asked which, if any, older persons housing options they would seriously consider. Around three quarters (74%) wouldn't consider any of the options, however 16% would consider renting sheltered housing, 9% would consider co-housing (homes in a small community that shares facilities and activities) and 8% would consider buying sheltered housing. If households are to remain in their own homes, this will often require adaptations, so Disabled Facilities Grants will be important.

Figure 52: If you are over 60 years old now, would you seriously consider the following older persons housing options?
Base: All Respondents (332)



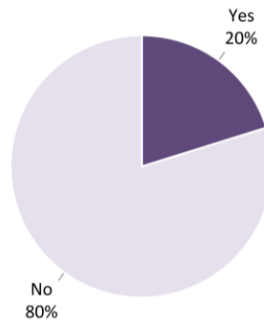
Life limiting health problems and adaptations

- 3.69 A high proportion of properties have some form of adaptation; 20% of homes in the survey had adaptations to help people with limited mobility get around regardless of whether they are needed by anyone currently living in the household. It is likely the more adapted homes will be needed in the future.
- 3.70 Around a third of all households include at least one person who suffers from a life limiting health problem such as a long-term illness, disability or infirmity.

- 3.71 A fifth of all home have adaptations to help people with limited mobility get around regardless of whether they are needed by anyone currently living in the household. A common issue observed across the country is that adapted homes are often occupied by households with no need for them.

Figure 53: Does your current home already have any adaptations to help people with limited mobility get around regardless of whether they are needed by you or anyone else currently living in your household?

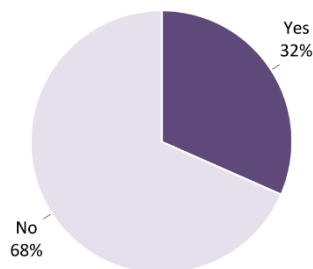
Base: All Respondents (461)



- 3.72 Around a third of all households include at least one person who suffers from a life limiting health problem such as a long-term illness, disability or infirmity.

Figure 54: Do you or anyone else currently living as a part of your household suffer from any life limiting health problems such as: long-term illness, disability or infirmity - including problems associated with old age, problems walking, mental health etc?

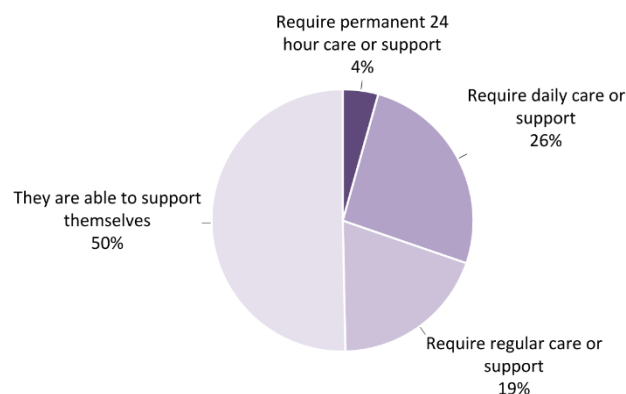
Base: All Respondents (434)



- 3.73 The chart below shows that of those households who do have someone requiring support, half (50%) report that the person requiring the most support are able to support themselves, however around a fifth (19%) require regular care or support, around a quarter (26%) require daily care or support, and 4% require permanent 24 hour care or support.

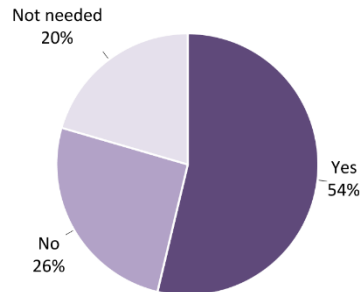
Figure 55: Thinking of the person requiring most support, which of the following best describes their situation...?

Base: All Respondents (137)



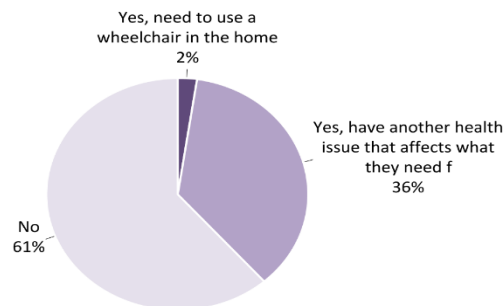
- 3.74 Just around three quarters (74%) of households with care needs either have sufficient space for a carer to stay overnight if needed or it is not needed. However, around a quarter (26%) do not have space for a carer even if needed.

Figure 56: Is there sufficient space for a carer to stay overnight if needed?
Base: All Respondents (65)



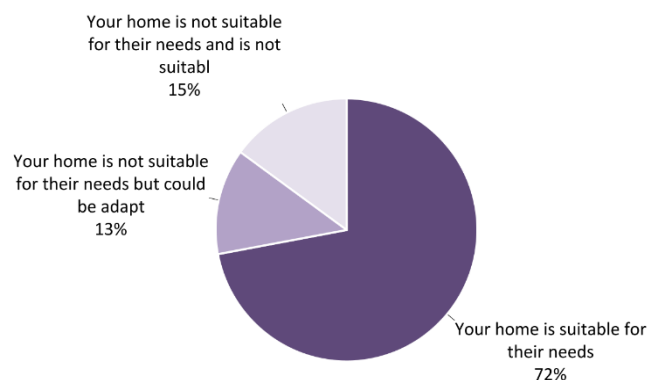
- 3.75 Only 2% of residents has someone in their household who need to use a wheelchair in their home, however over a third (36%) have another health issue that affects what they need from their home.

Figure 57: Do you or does anyone else in your household need to use a wheelchair in the home or have another health issue that affects their what they need from their home?
Base: All Respondents (138)



- 3.76 Of those households where there is a health issues that affects what they need from their home, over seven in ten (72%) have their needs met by their home, however 13% feel their home is not suitable for their needs but could be adapted, and 15% feel their home is not suitable for their needs but is not suitable for adaptation. While this is based upon a relatively small sample it does reflect much wider national trends such as those shown by the English Housing Survey with many households unable to adapt their current home,

Figure 58: Which of the following best describes their situation...?
Base: All Respondents (55)



4. Affordable Housing Need

Identifying households who cannot afford market housing

Chapter Summary

- 4.1 The NPPF requires that local authorities assess their current and future needs for affordable housing. This is using a prescribed methodology which frequently produces results which are undeliverable for the local authority. The results can also vary when compared with other methodologies such as the household survey set out in Chapter 3.
- 4.2 Based on a detailed analysis of the past trends and current estimates of households considered to be in housing need, our analysis has concluded that **1,422 households are in affordable housing need in Blackpool and unable to afford their own housing plus another 109 households who wish to move from under-occupied social rent accommodation.**
- 4.3 Of the 1,422 households, 318 currently occupy affordable housing that does not meet the households' current needs, mainly due to overcrowding. Providing suitable housing for these households will enable them to vacate their existing affordable housing, which can subsequently be allocated to another household in need of affordable housing. **There is, therefore, a net need from 1,104 households (1,422 less 318 = 1,104) who currently need affordable housing and do not currently occupy affordable housing in Blackpool.**
- 4.4 A total of 12,729 new households projected to form in Blackpool over the 9-year period 2018-27, and of these 36% are unable to afford their housing costs which represents 4,620 households. New households migrating to the area represents 11,029 households over 9 years who require affordable housing. **Together, there are 15,649 new households over 9 years who are unable to afford their housing costs.**
- 4.5 While the housing needs figures count households who have no local connections, the Council does not have any duty to provide affordable housing for these households. Under the provisions of the Localism Act 2011, local authorities can use local connection policies to limit access to affordable housing.
- 4.6 Changes in household circumstances (such as separating from a partner or the birth of a child) can lead to households who were previously able to afford housing falling into need. It is estimated that there will be **1,793 established households fall into need** in Blackpool. It is also important to recognise that established households' circumstances can improve. We have identified that the circumstances of 3,143 households will improve such that they become able to afford their housing costs despite previously being unable to afford. Therefore, considering the changing needs of existing households overall, **there is a net decrease of 1,350 existing households needing affordable housing over the period 2018-27.**
- 4.7 For the supply of affordable homes, 11,305 households are likely to dissolve following the death of all household members. Many of these households will own their homes outright; however, 2,691 are unable to afford market housing: most living in social rented housing. We have also identified separately 10,956 households unable to afford their housing costs who are projected to leave the area. **Together, there are 13,647 households who will vacate affordable dwellings or will no longer be waiting for a home.**
- 4.8 Overall, there is a **need to provide affordable housing equating to 1,892 dwellings** in addition to the current stock, an average increase of 210 dwellings per year.

- 4.9 Potentially there is a need for a higher number of affordable homes for those who are currently renting privately, but who aspire to home ownership. However, given the relatively low second hand house prices in Blackpool it would be difficult to justify seeking to provide affordable housing for this group.

Introduction

- 4.10 The definition of affordable housing was changed by the new National Planning Policy Framework (2018), with a specific emphasis now placed on affordable homeownership. Annex 2 of the Framework now defines affordable housing as being:

Affordable housing

Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers)

National Planning Policy Framework 2018, Annex 2

- 4.11 To reflect this change, relevant paragraphs of PPG have also been updated as follows. The changes between the archived PPG and the current revision are highlighted below:

What types of households are considered in housing need?

The types of households to be considered in housing need are:

- » *the number of homeless households;*
- » *the number of those in priority need who are currently housed in temporary accommodation;*
- » *the number of households in over-crowded housing;*
- » *the number of concealed households;*
- » *the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings); and*
- » *the number of households from other tenures in need and those that cannot afford their own homes, **either to rent, or to own, where that is their aspiration.***

Planning Practice Guidance (February 2019), ID 2a-020-20190220

Emphasis added shows change introduced in September 2018 and repeated in February 2019

- 4.12 On this basis, it is clear that the assessment of affordable housing need must now consider those households who would like to own but are unable to do so, in addition to those households unable to afford to own or rent which have formed the longstanding basis for assessing affordable housing needs.
- 4.13 We would note that this section represents a technical exercise to comply with the requirements of the NPPF and the PPG. We consider how to interpret the figures in the next chapter.

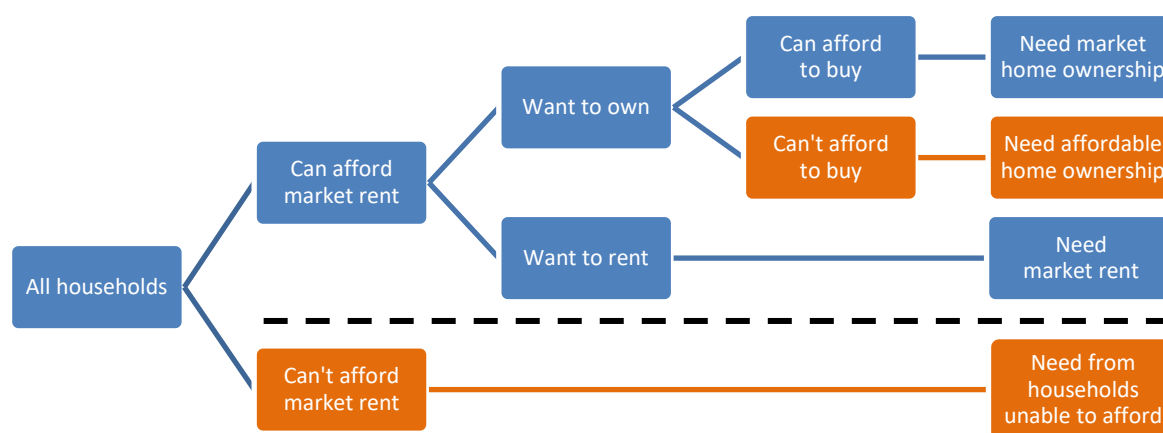
Establishing the Need for Affordable Housing to Rent and to Own

- 4.14 Demographic projections provide the basis for identifying the LHN for all types of housing, including both market housing and affordable housing. There is a well-established method for assessing the needs of households who cannot afford to own or rent suitable market housing; however, when considering the needs

of households who can afford to rent but would prefer to own, it is necessary to further develop the existing methods given that PPG provides no additional guidance on how this need should be assessed.

- 4.15 Figure 59 illustrates the different groups of households that must now be considered when assessing the need for affordable housing. The needs of those households that can't afford market rent need to be added to the needs of those that can afford market rent but who aspire to own but can't afford to buy.
- 4.16 We would note the findings of Chapter 2, that the income required to own in Blackpool is similar to that for renting in the private sector. Therefore, there is an argument that there is no role for affordable home ownership in Blackpool, but the cost of housing on new build estates is much higher than in the second hand stock, so potentially there is still a need for this type of accommodation.

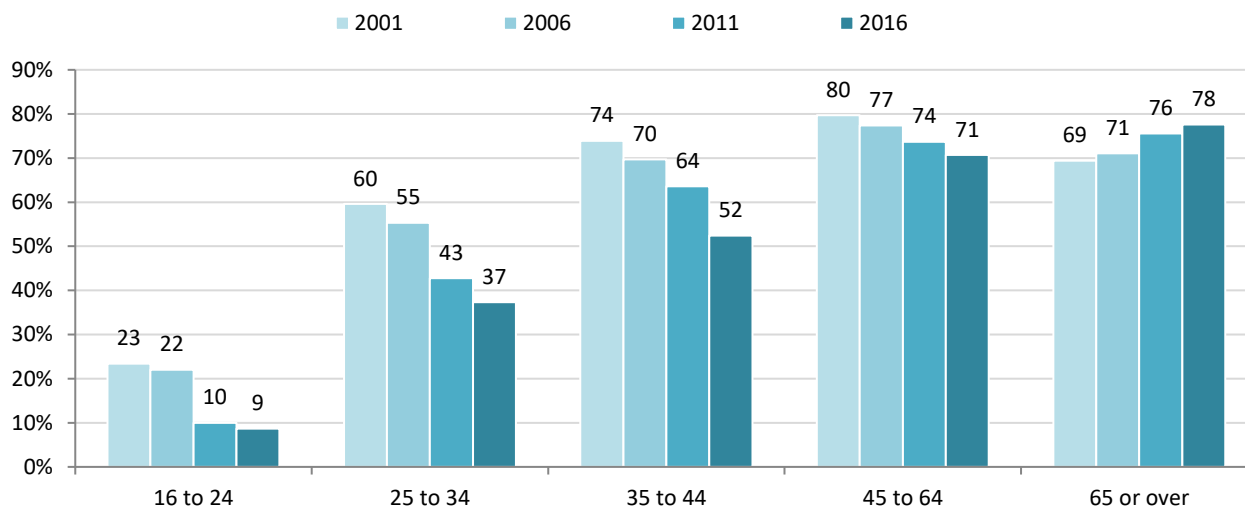
Figure 59: Establishing the need for market and affordable housing



Home Ownership Trends

- 4.17 The emphasis on households that cannot afford to own their home reflects the Government's concerns about the proportion of owner occupiers having reduced nationally over the last ten to fifteen years. Estimates from the English Housing Survey suggest that the proportion of owner occupiers reduced from around 68.7% in 2006 to 65.3% in 2011 and reduced yet further to 62.6% by 2016. Over the same period 2006-2016, the proportion of households renting from a social landlord also reduced from 19.0% to 17.1% whilst the proportion renting privately increased from 12.3% to 20.3%.
- 4.18 The proportion of owner occupiers also varies notably by age. Younger age groups have typically been less likely to own their home than older households; however, the proportions of younger households owning their homes has reduced at a faster pace. In contrast, the proportion of older households (aged 65 or over) owning their home has been increasing (Figure 60). In Blackpool the situation has been more extreme than in the England as a whole, with Figure 3 showing that the growth in the private rented sector was exceptionally high between 2001 and 2011.

Figure 60: Percentage of Owner Occupiers by Age Group 2001-2016 (Source: English Housing Survey)



Affordable Housing Need: Households Unable to Afford

- 4.19 PPG notes that affordable housing need is based on households “*who lack their own housing or who cannot afford to meet their housing needs in the market*” (ID 2a-022); though goes on to say that this should include the needs of those that can afford market rent but who want to own but can’t afford to buy. Given this context, the following section firstly considers the needs of those households who cannot afford to meet their housing needs, either through buying or renting. The additional needs of those who can afford to rent but who want to own will be considered in the next section.
- 4.20 PPG sets out the framework for this calculation, considering both the current unmet housing need and the projected future housing need in the context of the existing affordable housing stock:

How should affordable housing need be calculated?

The total need for affordable housing will need to be converted into annual flows by calculating the total net need (subtract total available stock from total gross need) and converting total net need into an annual flow based on the plan period.

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Past Trends and Current Estimates of the Need for Affordable Housing

- 4.21 PPG suggests a number of data sources for assessing past trends and recording current estimates for establishing the need for affordable housing (ID 2a-023):
- » Local authorities will hold data on the number of homeless households, those in temporary accommodation and extent of overcrowding.
 - » The Census also provides data on concealed households and overcrowding which can be compared with trends contained in the English Housing Survey.

- » Housing registers and local authority and registered social landlord transfer lists will also provide relevant information.

4.22 The following section considers each of these sources in turn, alongside other relevant statistics and available information.

Local Authority Data: Homeless Households and Temporary Accommodation

- 4.23 Local authorities hold data on the number of homeless households and those in temporary accommodation. In Blackpool, the annual number of households accepted as being homeless and in priority need has reduced over the period 2008 to 2018. There were 89 such households in 2008 which reduced to 68 households by the end of March 2018 (the base data for establishing any backlog), a net reduction of 21 households (Figure 61). The current annual rate represents 1.1 presentations per 1,000 households, which is lower than the equivalent rate for England (2.4 per 1,000).
- 4.24 There has however been an increase in households living in temporary accommodation from Quarter 1 2008 to Quarter 1 2018 (net increase of 5 households) and an increase in households accepted as homeless without temporary accommodation provided (net increase of 3 households). All of the households in temporary accommodation in Quarter 1 2018 (36) were accommodated in bed & breakfast accommodation or hostels.

Figure 61: Households accepted as homeless and in priority need (Source: CLG P1E returns March 2008 and March 2018)

	Blackpool			England 2018	
	2008	2018	Net change 2008-18		
Number accepted homeless and in priority need during year	89	68	-21	-	
<i>Rate per 1,000 households</i>	<i>1.4</i>	<i>1.1</i>	<i>-0.3</i>	<i>2.4</i>	
Households in temporary accommodation as at end of March	Bed and breakfast	0	6	+6	-
	Hostels	28	30	+2	-
	Local Authority or RSL stock	2	0	-2	-
	Private sector leased (by LA or RSL)	0	0	0	-
	Other (including private landlord)	1	0	-1	-
	TOTAL	31	36	+5	-
	<i>Rate per 1,000 households</i>	<i>0.5</i>	<i>0.6</i>	<i>+0.1</i>	<i>3.4</i>
Households accepted as homeless but without temporary accommodation provided	4	7	+3	-	

- 4.25 It is evident that rates of homelessness have not significantly worsened in Blackpool over the period since 2008, but this does not necessarily mean that fewer households risk becoming homeless. Housing advice services provided by the council may limit the number of homeless presentations and housing allocation policies might avoid the need for temporary housing if permanent housing is available sooner; however, many households facing homelessness are now offered private rented housing. The figures above represent the official number of households who were recorded as being in temporary accommodation at that particular point in time.
- 4.26 Changes to the Law in 2011 means private sector households can now be offered accommodation in the Private Rented Sector and this cannot be refused, provided it is a reasonable offer. Prior to this change, Local Authorities could offer private sector housing to homeless households (where they have accepted a housing duty under Part 7 of the Housing Act 1996), but the applicant was entitled to refuse it. The Localism Act 2011 means refusal is no longer possible providing the offer is suitable. While the change aims to reduce the

pressures on the social housing stock, an indirect result is that there are further demands on the private rented sector as Councils seek to house homeless households.

Census Data: Concealed Households and Overcrowding

- 4.27 The Census provides detailed information about households and housing in the local area. This includes information about **concealed families** (i.e. couples or lone parents) and **sharing households**. These households lack the sole use of basic facilities (e.g. a bathroom or kitchen) and have to share these with their “host” household (in the case of concealed families) or with other households (for those sharing).

Concealed Families

- 4.28 The number of **concealed families** living with households in Blackpool increased from 504 to 724 over the 10-year period 2001-11 (Figure 62), an increase of 220 households (44%). Although many concealed families do not want separate housing (in particular where they have chosen to live together as extended families), others are forced to live together due to affordability difficulties or other constraints – and these concealed families will not be counted as part of the CLG household projections. Concealed families with older family representatives will often be living with another family in order to receive help or support due to poor health. Concealed families with younger family representatives are more likely to demonstrate un-met need for housing. When we consider the growth of 220 families over the period 2001-11, 79% (174) have family representatives aged under 55, with substantial growth amongst those aged under 35 in particular.

Figure 62: Concealed families in Blackpool by age of family representative (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Aged under 25	91	207	+116
Aged 25 to 34	155	190	+35
Aged 35 to 44	61	59	-2
Aged 45 to 54	35	60	+25
Sub-total aged under 55	342	516	+174
Aged 55 to 64	44	60	+16
Aged 65 to 74	76	91	+15
Aged 75 or over	42	57	+15
Sub-total aged 55 or over	162	208	+46
All Concealed Families	504	724	+220

Sharing Households

- 4.29 The number of **sharing households** increased from 318 to 351 over the 10-year period 2001-11 (Figure 63), an increase of 33 households (10%).

Figure 63: Shared Dwellings and Sharing Households in Blackpool (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Number of shared dwellings	166	132	-34
Number of household spaces in shared dwellings	435	491	+56
All Sharing Households	318	351	+33
Household spaces in shared dwellings with no usual residents	117	140	+23

- 4.30 Figure 64 shows that the number of **multi-adult households** living in the area increased from 2,706 to 2,742 households over the same period, an increase of 36 (1%). These people also have to share basic facilities, but are considered to be a single household as they also share a living room, sitting room or dining area. This includes **Houses in Multiple Occupation (HMOs) with shared facilities**, as well as **single people living together as a group** and **individuals with lodgers**.

Figure 64: Multi-adult Households in Blackpool (Source: Census 2001 and 2011)

	2001	2011	Net change 2001-11
Owned	1,982	1,694	-288
Private rented	551	843	+292
Social rented	173	205	+32
All Households	2,706	2,742	+36

- 4.31 The growth in multi-adult households was focused particularly in the private rented sector, with an increase in single persons choosing to live with friends together with others living in HMOs. This growth accounts for 292 households (an increase from 551 to 843 households over the period). This was the most significant change over the decade 2001-2011; an increase individually larger than the overall net change in household numbers. This increase was offset by a decrease in multi adult households owning.
- 4.32 Nevertheless, shared facilities are a characteristic of HMOs and many people living in this type of housing will only be able to afford shared accommodation (either with or without housing benefit support). Extending the Local Housing Allowance (LHA) Shared Accommodation Rate (SAR) allowance to cover all single persons up to 35 years of age has meant that many more young people will only be able to afford shared housing, and this has further increased demand for housing such as HMOs.
- 4.33 There is therefore likely to be a continued (and possibly growing) role for HMOs, with more of the existing housing stock possibly being converted. Given this context, it would not be appropriate to consider households to need affordable housing only on the basis of them currently sharing facilities (although there may be other reasons why they would be considered as an affordable housing need).

Overcrowding

- 4.34 The Census also provides detailed information about occupancy which provides a measure of whether a household's accommodation is **overcrowded or under occupied**:

"There are two measures of occupancy rating, one based on the number of rooms in a household's accommodation, and one based on the number of bedrooms. The ages of the household members and their relationships to each other are used to derive the number of rooms/bedrooms they require, based on a standard formula. The number of rooms/bedrooms required is subtracted from the number of rooms/bedrooms in the household's accommodation to obtain the occupancy rating. An occupancy rating of -1 implies that a household has one fewer room/bedroom than required, whereas +1 implies that they have one more room/bedroom than the standard requirement."

- 4.35 When considering the number of rooms required, the ONS use the following approach to calculate the room requirement:

- » A one person household is assumed to require three rooms (two common rooms and a bedroom); and
- » Where there are two or more residents it is assumed that they require a minimum of two common rooms plus one bedroom for:
 - each couple (as determined by the relationship question)
 - each lone parent
 - any other person aged 16 or over
 - each pair aged 10 to 15 of the same sex
 - each pair formed from any other person aged 10 to 15 with a child aged under 10 of the same sex
 - each pair of children aged under 10 remaining
 - each remaining person (either aged 10 to 15 or under 10).

^{4.36} For Blackpool, overcrowding reduced from 4,646 to 4,590 households (a reduction of 56) over the 10-year period 2001-11 (Figure 11). This represents a percentage reduction of 2%, whereas nationally the percentage of overcrowded households increased by 23%.

^{4.37} When considered by tenure, overcrowding has reduced by 529 households in the owner occupied sector but increased in both the private rented sector and social rented sector increasing by 322 and 151 respectively. In terms of percentage increase the owner-occupied sector saw a reduction of 29%, the private rented sector saw a reduction of 20% but the social sector saw a percentage increase of 7%.

Figure 65: Proportion of overcrowded households 2011 and change 2001-11 by tenure (Note: Overcrowded households are considered to have an occupancy rating of -1 or less. Source: UK Census of Population 2001 and 2011)

	Occupancy rating (rooms)						Occupancy rating (bedrooms) 2011	
	2001		2011		Net change 2001-11		N	%
	N	%	N	%	N	%		
BLACKPOOL								
Owned	1,399	3.1%	870	2.2%	-529	-29%	701	1.8%
Private rented	2,530	20.5%	2,852	16.3%	+322	-20%	853	4.9%
Social rented	717	11.6%	868	12.4%	+151	+7%	337	4.8%
All Households	4,646	7.3%	4,590	7.1%	-56	-2%	1,891	2.9%
ENGLAND								
Owned	-	3.3%	-	3.3%	-	-3%	-	2.3%
Private rented	-	16.4%	-	20.2%	-	+23%	-	8.8%
Social rented	-	14.9%	-	16.9%	-	+14%	-	8.9%
All Households	-	7.1%	-	8.7%	-	+23%	-	4.6%

English Housing Survey Data

Overcrowding

^{4.38} The English Housing Survey (EHS) does not provide information about individual local authorities, but it does provide a useful context about these indicators in terms of national trends between Census years.

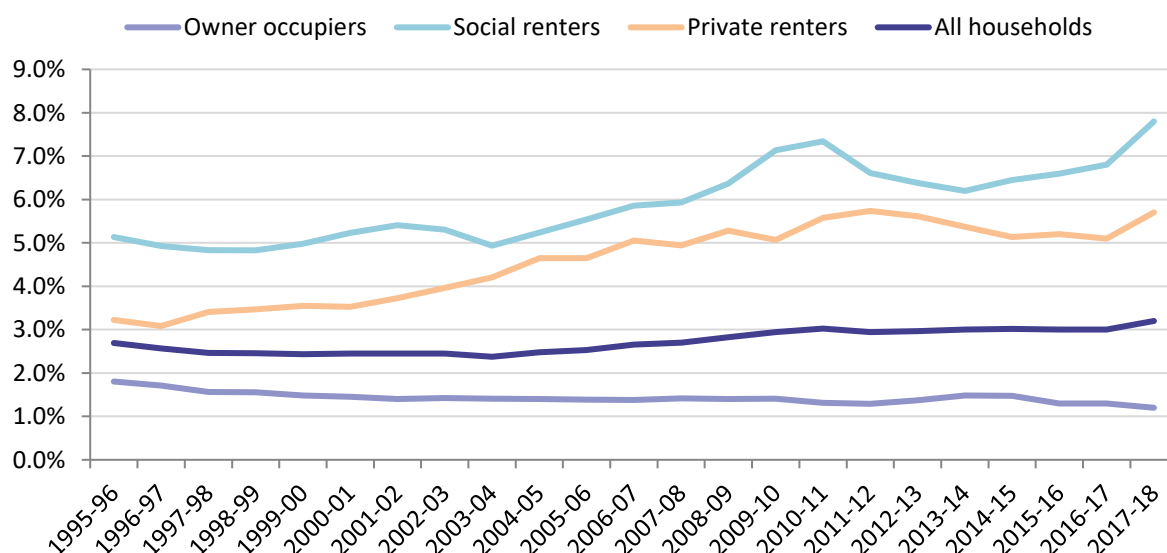
- 4.39 The measure of overcrowding used by the EHS provides a consistent measure over time **however the definition differs from both occupancy ratings provided by the Census**. The EHS approach⁶ is based on a “*bedroom standard*” which assumes that adolescents aged 10-20 of the same sex will share a bedroom, and only those aged 21 or over are assumed to require a separate bedroom (whereas the approach used by the ONS for the Census assumes a separate room for those aged 16 or over):

“The ‘bedroom standard’ is used as an indicator of occupation density. A standard number of bedrooms is calculated for each household in accordance with its age/sex/marital status composition and the relationship of the members to one another. A separate bedroom is allowed for each married or cohabiting couple, any other person aged 21 or over, each pair of adolescents aged 10-20 of the same sex, and each pair of children under 10. Any unpaired person aged 10-20 is notionally paired, if possible, with a child under 10 of the same sex, or, if that is not possible, he or she is counted as requiring a separate bedroom, as is any unpaired child under 10.

“Households are said to be overcrowded if they have fewer bedrooms available than the notional number needed. Households are said to be under-occupying if they have two or more bedrooms more than the notional needed.”

- 4.40 Nationally, overcrowding rates fell for households in both social and private rented after 2011, but data for 2017/18 shows a reversal of this trend with overcrowding again rising. Overcrowding rates for owner occupiers have fallen slightly since 1995.

Figure 66: Trend in national overcrowding rates by tenure (Note: Based on three-year moving average, up to and including the labelled date. Source: Survey of English Housing 1995-96 to 2007-08; English Housing Survey 2008-09 onwards)



- 4.41 Whilst the EHS definition of overcrowding is more stringent than the Census, the measurement closer reflects the definition of statutory overcrowding that was set out by Part X of the Housing Act 1985 and is consistent with statutory Guidance⁷ that was issued by CLG in 2012 to which authorities must have regard when exercising their functions under Part 6 of the 1996 Housing Act (as amended).

⁶<https://www.gov.uk/government/statistics/english-housing-survey-2017-to-2018-headline-report>

⁷https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5918/2171391.pdf

- 4.42 This Guidance, “Allocation of accommodation: Guidance for local housing authorities in England”, recommends that authorities should use the bedroom standard when assessing whether or not households are overcrowded for the purposes of assessing housing need:

4.8 The Secretary of State takes the view that the bedroom standard is an appropriate measure of overcrowding for allocation purposes, and recommends that all housing authorities should adopt this as a minimum. The bedroom standard allocates a separate bedroom to each:

- married or cohabiting couple
- adult aged 21 years or more
- pair of adolescents aged 10-20 years of the same sex
- pair of children aged under 10 years regardless of sex

- 4.43 The bedroom standard therefore provides the most appropriate basis for assessing overcrowding. By considering the Census and EHS data for England, together with the Census data for Blackpool, we can estimate overcrowding using the bedroom standard. Figure 13 sets out this calculation based on the Census occupancy rating for both rooms and bedrooms. Based on the bedroom standard, it is estimated that 307 owner-occupied, 611 private rented and 308 social rented households were overcrowded in Blackpool at the start of 2018. Student households in the private rented sector have been excluded from this calculation given that their needs are assumed to be transient.

Figure 67: Estimate of the number of overcrowded households in Blackpool by tenure based on the bedroom standard (Source: EHS; UK Census of Population 2011)

	Owned		Private Rented		Social Rented	
ENGLAND						
EHS bedroom standard 2011						
Percentage of households overcrowded [A]	1.3%		5.6%		7.3%	
Census occupancy rating	<i>Bedrooms</i>	<i>Rooms</i>	<i>Bedrooms</i>	<i>Rooms</i>	<i>Bedrooms</i>	<i>Rooms</i>
Percentage of households overcrowded [B]	2.3%	3.3%	8.8%	20.2%	8.9%	16.9%
Proportion of these overcrowded households based on bedroom standard [C = A ÷ B]	57%	40%	64%	28%	83%	43%
BLACKPOOL						
Census occupancy rating	<i>Bedrooms</i>	<i>Rooms</i>	<i>Bedrooms</i>	<i>Rooms</i>	<i>Bedrooms</i>	<i>Rooms</i>
Number of overcrowded households [D]	701	870	853	2,852	337	868
Full-time student households [E]	108	85	147	189	56	54
Overcrowded households (excluding students) [F = D - E]	593	785	706	2,663	281	814
Estimate of overcrowded households based on the bedroom standard [G = C × F]	338	314	452	746	233	350
Estimate of overcrowded households in 2011 based on the bedroom standard (average)		326		599		292
EHS bedroom standard						
Change in overcrowding from 2011 to 2018		-6%		+2%		+6%
Estimate of overcrowded households in 2018 based on the bedroom standard		307		611		308

Housing Condition and Disrepair

- 4.44 The EHS also provides useful information about **housing condition**. The Decent Homes Standard provides a broad measure which was intended to be a minimum standard that all housing should meet, and that to do

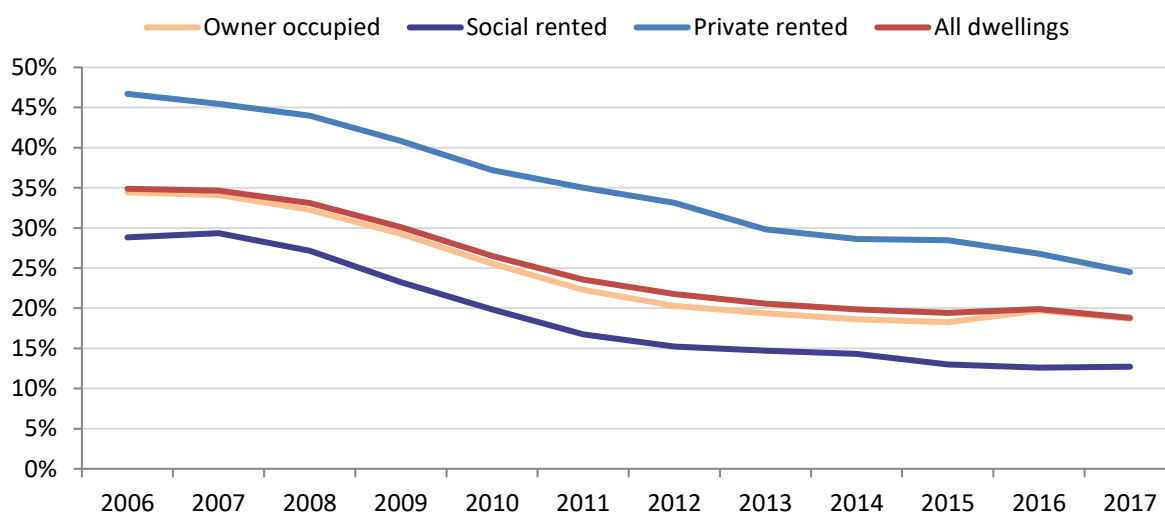
so should be easy and affordable. It was determined that in order to meet the standard a dwelling must achieve all of the following:

- » Be above the legal minimum standard for housing (currently the Housing Health and Safety Rating System, HHSRS); and
- » Be in a reasonable state of repair; and
- » Have reasonably modern facilities (such as kitchens and bathrooms) and services; and
- » Provide a reasonable degree of thermal comfort (effective insulation and efficient heating).

^{4.45} If a dwelling fails any one of these criteria, it is considered to be “non-decent”. A detailed definition of the criteria and their sub-categories are described in the ODPM guidance: “A Decent Home – The definition and guidance for implementation” June 2006.

^{4.46} Figure 68 shows the national trends in non-decent homes by tenure. It is evident that conditions have improved year-on-year (in particular due to energy efficiency initiatives), however whilst social rented properties are more likely to comply with the standard, almost a quarter of the private rented sector (24.5%) remains non-decent. This is a trend that tends to be evident at a local level in most areas where there are concentrations of private rented housing, and there remains a need to improve the quality of housing provided for households living in the private rented sector.

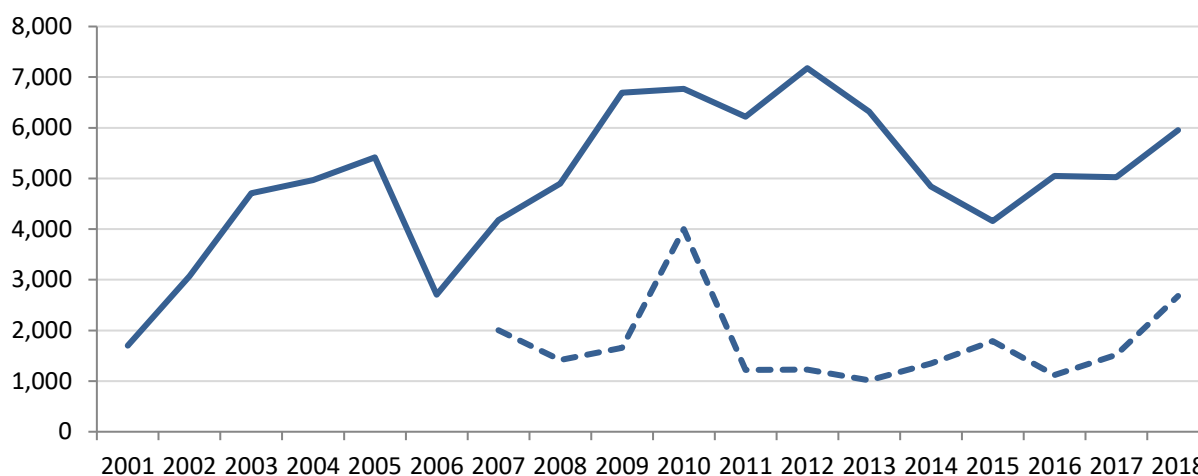
Figure 68: Trend in non-decent homes by tenure (Source: English House Condition Survey 2006 to 2007; English Housing Survey 2008 onwards)



Housing Register Data

^{4.47} Figure 69 shows the trend in households on the housing register over the period since 2001. The number of people on the housing register declined in the period 2012-2015 but has been rising since this time.

Figure 69: Number of households on the local authority housing register 2001-18 (Note: Solid line shows total number of households; dotted line shows number of households in a reasonable preference category. Source: LAHS and HSSA returns to CLG)



^{4.48} Figure 69 also shows the number recorded in a reasonable preference category since 2007. The number of households in these categories remained fairly constant between 2011 and 2016 but has been rising since this time. Reasonable preference categories are defined in the Housing Act 1996, which requires “reasonable preference” for housing to be given to people who are:

- » Legally homeless;
- » Living in unsatisfactory housing (as defined by the Housing Act 2004);
- » Need to move on medical/welfare grounds; or
- » Need to move to a particular area to avoid hardship.

^{4.49} When considering the types of household to be considered in housing need, the PPG also identified “*the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings)*”. It is only through the housing register that we are able to establish current estimates of need for these types of household, and not all would necessarily be counted within a reasonable preference category”. Following a review by the Council the figures for these two categories in 2019 are much lower than those published in 2017 and 2018 so we have utilised these figures in our modelling. Nevertheless, there were 33 people registered “who need to move on medical or welfare grounds, including grounds relating to a disability” and a further 263 “who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others)”.

Households Unable to Afford their Housing Costs

^{4.50} The PPG emphasises in a number of paragraphs that affordable housing need should only include those households that are unable to afford their housing costs:

the number of households from other tenures in need and those that cannot afford their own homes, either to rent, or to own, where that is their aspiration (ID 2a-022, emphasis added)

Care should be taken to avoid double-counting, which may be brought about with the same households being identified on more than one transfer list, and to include only those households who cannot afford to access suitable housing in the market

Projections of affordable housing need will have to reflect new household formation, the proportion of newly forming households unable to buy or rent in the market area (ID 2a-023, emphasis added)

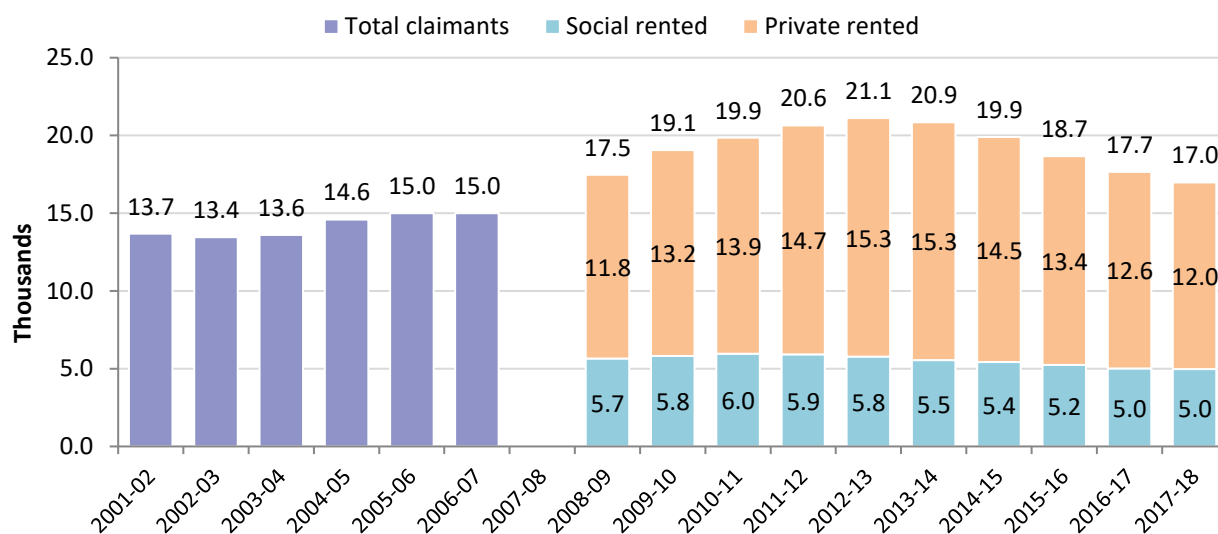
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- 4.51 Housing benefit data from the Department for Work and Pensions (DWP) provides reliable, consistent and detailed information about the number of families that are unable to afford their housing costs in each local authority area. Data was published annually from 2001-02 to 2006-07 which identified the total number of claimants in receipt of housing benefit, and more detailed information has been available since 2008-09 which includes more detailed information about claimants and the tenure of their home.

Housing Benefit Claimants in Blackpool

- 4.52 Figure 70 shows the trend in the number of housing benefit claimants in Blackpool. These figures exclude any households who are in receipt of Universal Credit, of which there were 4,750 in February 2019 in Blackpool.

Figure 70: Number of claimants in receipt of housing benefit in Blackpool by tenure (Source: DWP. Note: No breakdown by tenure is available for the period 2001-07 and data for 2007-08 was not published)



- 4.53 Considering the information on tenure, it is evident that the number of claimants in social rented housing reduced from 5,700 to 5,000 over the period 2008-09 to 2017-18 – a reduction of around 700 families (12%). Over the same period the number of claimants in private rented housing increased from 11,800 to 12,000 families – an increase of around 200 families (2%). Overall, including the number of households who receive Universal Credit, the number of households receiving support has risen in Blackpool.
- 4.54 The information published by DWP provides the detailed information needed for understanding the number of households unable to afford their housing costs. Of course, there will be other households occupying affordable housing who do not need housing benefit to pay discounted social or affordable rents but who would not be able to afford market rents. Similarly, there will be others who are not claiming housing benefit support as they have stayed living with parents or other family or friends and not formed independent

households. However, providing that appropriate adjustments are made to take account of these exceptions, the DWP data provides the most reliable basis for establishing the number of households unable to afford their housing costs and estimating affordable housing need.

- 4.55 We would note that there is important distinction between households who are new claimants of housing benefit and those who are moving their claim from one property to another. The data used in this report utilises the first claim made a household and does not consider moves within the same local authority area. Blackpool Council records indicate that they received around 4,500 claims each year from households living outside of Blackpool, but a similar number of households leave each year. It seems that many households move to Blackpool and leave within the same year and therefore would not be recorded in the statistics.

Establishing Affordable Housing Need

- 4.56 In establishing the need for affordable housing, it is necessary to draw together the full range of information that has already been considered in this report.
- 4.57 PPG sets out the framework for this calculation, considering both the current unmet housing need and the projected future housing need in the context of the existing affordable housing stock:

How should affordable housing need be calculated?

The total need for affordable housing will need to be converted into annual flows by calculating the total net need (subtract total available stock from total gross need) and converting total net need into an annual flow based on the plan period.

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Current Unmet Need for Affordable Housing

- 4.58 In terms of establishing the **current** unmet need for affordable housing, the PPG draws attention again to those types of households considered to be in housing need; whilst also emphasising the need to avoid double-counting and including only those households unable to afford their own housing.

How should the current unmet gross need for affordable housing be calculated?

Plan makers should establish unmet (gross) need for affordable housing by assessing past trends and recording current estimates of:

- » *the number of homeless households;*
- » *the number of those in priority need who are currently housed in temporary accommodation;*
- » *the number of households in overcrowded housing;*
- » *the number of concealed households;*
- » *the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings);*
- » *the number of households from other tenures in need and those that cannot afford their own homes.*

Care should be taken to avoid double-counting, which may be brought about with the same households being identified on more than one transfer list, and to include only those households who cannot afford to access suitable housing in the market.

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4.59 Earlier sections of this chapter set out the past trends and current estimates for relevant households based on the data sources identified by PPG (using the start of the Plan period in 2018 as a reference point where possible). Although this evidence does not provide the basis upon which to establish whether or not households can afford to access suitable housing, we believe that it is reasonable to assume that certain households will be unable to afford housing, otherwise they would have found a more suitable home.

Establishing the Current Unmet Need for Affordable Housing

4.60 Households assumed to be unable to afford housing include:

- » All households that are currently **homeless**;
- » All those currently housed in **temporary accommodation**; and
- » People in a **reasonable preference category** on the housing register, where their needs have not already been counted.

4.61 Given this context, our analysis counts the needs of all of these households when establishing the need for affordable housing at a base date of 2018.

4.62 Our analysis counts the needs of all households living in overcrowded rented housing when establishing the need affordable housing (which could marginally overstate the affordable housing need) but it does not count the needs of owner occupiers living in overcrowded housing (which can be offset against any previous over-counting). Student households are also excluded, given that their needs are assumed to be transient and do not count towards the need for affordable housing in Blackpool.

4.63 The analysis does not count people occupying insanitary housing or otherwise living in unsatisfactory housing conditions as a need for additional affordable housing. These dwellings would be unsuitable for any household and enabling one household to move out would simply allow another to move in – so this would not reduce the overall number of households in housing need. This housing need should be resolved by improving the existing housing stock, and the Councils have a range of statutory enforcement powers to improve housing conditions.

4.64 When considering **concealed families**, it is important to recognise that many do not want separate housing. Concealed families with older family representatives will often be living with another family, perhaps for cultural reasons or in order to receive help or support due to poor health. However, those with younger family representatives are more likely to experience affordability difficulties or other constraints (although not all will want to live independently).

4.65 Concealed families in a reasonable preference category on the housing register will be counted regardless of age, but our analysis also considers the additional growth of concealed families with family representatives aged under 55 (even those not registered on the housing register) and assumes that all such households are unlikely to be able to afford housing (otherwise they would have found a more suitable home).

- 4.66 The needs of these households are counted when establishing the need for affordable housing. Figure 71 sets out the assessment of current affordable housing need for Blackpool.

Figure 71: Assessing current unmet gross need for affordable housing (Source: ORS Housing Model)

	Affordable Housing		Increase in Overall Housing Need
	Gross Need	Supply	
Homeless households in priority need (see Figure 61)			
Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	36		36
Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	0		
Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	0	0	
Households accepted as homeless but without temporary accommodation provided	7		7
Concealed households (see Figure 62)			
Growth in concealed families with family representatives aged under 55	174		174
Overcrowding based on the bedroom standard (see Figure 67)			
Households living in overcrowded private rented housing	611		
Households living in overcrowded social rented housing	308	308	
Other households living in unsuitable housing that cannot afford their own home			
Reduction in spare rooms [Source: DWP Housing Benefit]			
Households likely to move from under-occupied social rented housing	109	109	
Other households living in unsuitable housing that cannot afford their own home [Source: Blackpool Council]			
People who need to move on medical or welfare grounds, including grounds relating to a disability	32	1	
People who need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or to others)	254	9	
TOTAL	1,531	427	217

- 4.67 Based on a detailed analysis of the past trends and current estimates of households considered to be in housing need, our analysis has concluded that **1,422 households are in affordable housing need in Blackpool and unable to afford their own housing plus another 109 households who wish to move from under-occupied social rent accommodation**. This assessment is based on the criteria set out in the PPG and avoids double-counting (as far as possible).
- 4.68 Of the 1,422 households, 318 currently occupy affordable housing that does not meet the households' current needs, mainly due to overcrowding. Providing suitable housing for these households will enable them to vacate their existing affordable housing, which can subsequently be allocated to another household in need of affordable housing. **There is, therefore, a net need from 1,104 households (1,422 less 318 = 1,104) who currently need affordable housing and do not currently occupy affordable housing in Blackpool** (although a higher number of new homes may be needed to resolve all of the identified overcrowding).

Projected Future Affordable Housing Need

- 4.69 In terms of establishing **future** projections of affordable housing need, the PPG draws attention to new household formation (in particular the proportion of newly forming households unable to buy or rent in the market area) as well as the number of existing households falling into need.

How can the number of newly arising households likely to be in affordable housing need be calculated (gross annual estimate)?

Projections of affordable housing need will have to reflect new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimate of the number of existing households falling into need. This process will need to identify the minimum household income required to access lower quartile (entry level) market housing (strategic policy-making authorities can use current costs in this process but may wish to factor in anticipated changes in house prices and wages). It can then assess what proportion of newly forming households will be unable to access market housing.

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- 4.70 The ORS Housing Mix Model considers the need for market and affordable housing on a longer-term basis that is consistent with household projections and LHN. The Model uses a range of secondary data sources to build on existing household projections and profile how the housing stock will need to change in order to accommodate the projected future population. The Model provides robust and credible evidence about the required mix of housing over the full planning period and recognises how key housing market trends and drivers will impact on the appropriate housing mix.
- 4.71 Whilst PPG identifies that “projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need” (ID 2a-021), **the Model recognises that the proportion of households unable to buy or rent in the market area will not be the same for all types of household, and that this will also differ by age.** Therefore, the appropriate proportion is determined separately for each household type and age group.
- 4.72 The affordability percentages in Figure 72 are calculated using detailed information from the 2011 Census alongside data published by DWP about housing benefit claimants. For each type of household in age group, the table identifies the percentage of households unable to afford their housing costs. This is the proportion of households in each group that either occupy affordable housing or receive housing benefit to enable them to afford market housing.

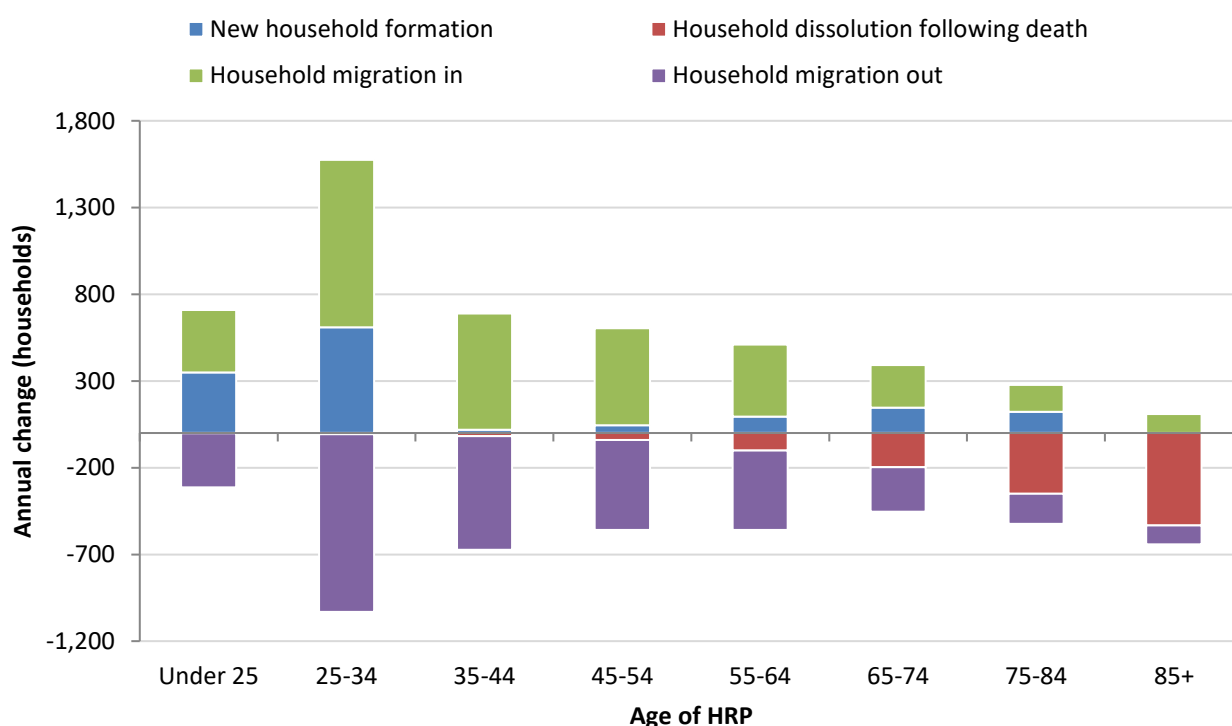
Figure 72: Assessing affordability by household type and age (Source: Census 2011 and DWP)

	Under 25	25-34	35-44	45-54	55-64	65+
Percentage unable to afford market housing						
Single person household	25%	13%	53%	53%	49%	29%
Couple family with no dependent children	23%	12%	17%	11%	10%	13%
Couple family with 1 or more dependent children	48%	36%	20%	15%	22%	45%
Lone parent family with 1 or more dependent children	73%	83%	61%	48%	58%	41%
Other household type	47%	54%	37%	26%	23%	12%

Establishing the Future Affordable Housing Need for Households Unable to Afford

- 4.73 When considering the number of newly arising households likely to be in affordable housing need, the PPG recommends a “gross annual estimate” (ID 2a-021) suggesting that “the total need for affordable housing should be converted into annual flows” (ID 2a-024).
- 4.74 Figure 73 shows the age structure of each of the components of household change. Note that this analysis is based on changes within each age cohort, so comparisons are based on households born in the same year and relate to their age at the end of the period. Therefore, all new households are properly counted, rather than only counting the increase in the number of households in each age group.

Figure 73: Annual change in household numbers in each age cohort by age of HRP (Source: ORS Housing Model)



- 4.75 Together with information on household type, this provides a framework for the Model to establish the proportion of households who are unable to afford their housing costs, identified in Figure 74.
- 4.76 The Model identifies a total of 12,729 new households projected to form in Blackpool over the 9 year period 2018-27, and of these 36% are unable to afford their housing costs which represents 4,620 households over the 9 year period. The Model separately considers new households migrating to the area and identifies that a lower proportion of these households are unable to afford (33%), although this represents 11,029 households moving in to the area who are unable to afford over the 9 year period. Again, we would note that many households who cannot afford housing arrive in Blackpool each year but leave within the same year and therefore are not recorded in migration statistics or the household projections. Some of these households will be moving to social rented housing, but many others will be renting housing in the private rented sector with housing benefit support. **Together, there are 15,649 new households over the 9 year period who are unable to afford their housing costs.**

- 4.77 PPG also identifies that in addition to the needs of new households, it is also important to estimate “*the number of existing households falling into need*” (ID 2a-021). Whilst established households that continue to live in Blackpool will not contribute to household growth, changes in household circumstances (such as separating from a partner or the birth of a child) can lead to households who were previously able to afford housing falling into need. The needs of these households are counted by the Model, and it is estimated that there will be **1,793 established households who fall into need** in Blackpool over the 9 year period.
- 4.78 Whilst the PPG recognises that established households’ circumstances can deteriorate such that they fall into need, it is also important to recognise that established households’ circumstances can improve. For example:
- » When two single person households join together to form a couple, pooling their resources may enable them to jointly afford their housing costs (even if neither could afford separately).
 - » Households also tend to be more likely to afford housing as they get older, so young households forming in the early years of the projection may be able to afford later in the projection period.
- 4.79 These improved circumstances can therefore reduce the need for affordable housing over time. The Model identifies that the circumstances of 3,143 households will improve such that they become able to afford their housing costs despite previously being unable to afford. Therefore, considering the changing needs of existing households overall, **there is a net decrease of 1,350 existing households needing affordable housing over the period 2018-27.**
- 4.80 PPG identifies that “there will be a current supply of housing stock that can be used to accommodate households in affordable housing need” and that it is necessary to establish “the number of affordable dwellings that are going to be vacated by current occupiers that are fit for use by other households in need” (ID 2a-022). It is also important to recognise that not all households that are unable to afford housing are allocated affordable housing immediately and some of these households will migrate away from the area, so their needs should be discounted to ensure consistency with the household projections.
- 4.81 The Model identifies 11,305 households are likely to dissolve following the death of all household members. Many of these households will own their homes outright; however, 2,691 are unable to afford market housing: most living in social rented housing. The Model separately identifies that 32,363 households will leave the area each year, including 10,956 unable to afford their housing costs. This figure almost completely offsets the impact of households moving to Blackpool who are unable to afford. Some will vacate rented affordable housing (which will become available for another household) whereas others that have not yet been allocated an affordable home will reduce the number of households waiting (although some might prefer to stay if housing costs were cheaper or more affordable housing was available). **Together, there are 13,647 households who will vacate affordable dwellings or will no longer be waiting for a home.**
- 4.82 Figure 74 summarises each of the components that contribute to future affordable housing need.

Figure 74: Components of Household Growth 2018-27 (Source: ORS Housing Model)

	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	12,729	8,109	4,620	36%
Households migrating in to the area	33,311	22,282	11,029	33%
All new households	46,041	30,391	15,649	34%
Household dissolutions following death	11,305	8,614	2,691	24%
Households migrating out of the area	32,363	21,407	10,956	34%
All households no longer present	43,667	30,020	13,647	31%
Household growth	+2,373	+371	+2,002	84%
Existing households falling into need	-	-1,793	+1,793	100%
Existing households climbing out of need	-	+3,143	-3,143	0%
Change in existing households	-	+1,350	-1,350	-
Average annual future need for market and affordable housing 2018-27	+264	+191	+72	27%

Overall Affordable Housing Need for Households Unable to Afford

4.83 Figure 75 brings together the information on assessing the unmet need for affordable housing in 2018 and the associated impact on market housing, together with the future need for market and affordable housing arising over the 9-year period 2018-27.

Figure 75: Assessing total need for market and affordable housing (Source: ORS Housing Model)

	Housing Need (households)		Overall Housing Need
	Market housing	Affordable housing	
Unmet need for affordable housing in 2018 (see Figure 71)			
Total unmet need for affordable housing (a)	-	1,422	1,422
Supply of housing vacated (b)	887	318	1,205
Current housing need (c) = (a) - (b)	-887	1,104	217
Projected future housing need 2018-27 (see Figure 74)			
Average annual housing need (d)	191	72	264
Future housing need (e) = (d) x 9	1,721	652	2,373
Total need for market and affordable housing (f) = (c) + (e)	834	1,756	2,590
Average annual household growth (g) = (f) / 9	+93	+195	+288
Proportion of overall need for market and affordable housing	32%	68%	100%

4.84 Overall, there is a **need to provide affordable housing for 1,756 households unable to afford to rent or buy** over the Plan period 2018-27 (68% of the projected growth) which equates to 195 households per year. Adding an allowance for vacancies, this **identifies a total affordable housing need of 1,892 dwellings** in addition to the current stock, an average increase of 210 dwellings per year. Any losses from the current stock (such as demolition or clearance, or sales through Right to Buy) would increase the number of affordable dwellings needed by an equivalent amount.

4.85 Figure 76 sets out the housing mix in terms of property type and size. Whilst the need for affordable housing with four or more bedrooms is 18% of the overall need, this still represents a need for 332 large affordable

homes that need to be provided over the 9-year period 2018-27. Much of this need will be from existing households living in overcrowded accommodation and also from new households who have low incomes. This will include many households who receive housing benefit in the private rented sector who may not qualify for the housing register because they do not meet the local connection requirement. These households cannot afford their housing costs without support from housing benefit or Universal Credit, but their needs are likely to be met in the private rented sector.

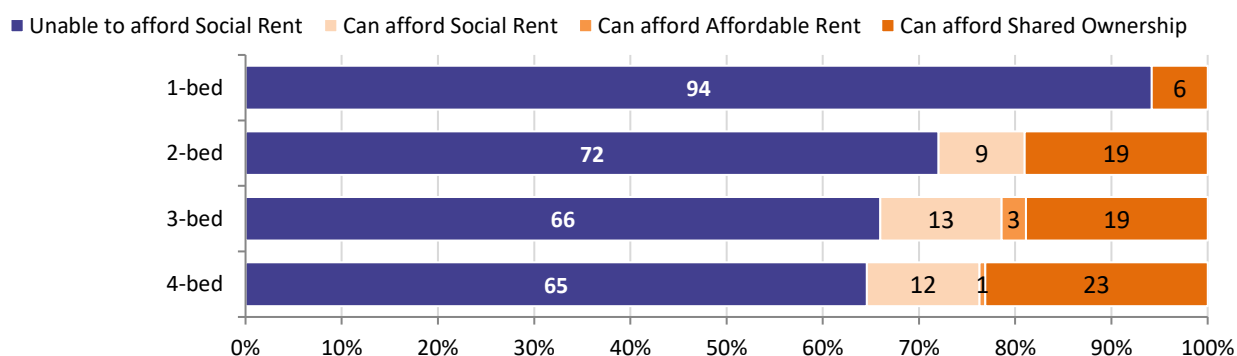
Figure 76: Assessing affordable housing mix (Source: ORS Housing Model. Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Current Housing Need			Future Housing Need	Overall Housing Need	
	Gross Need	Supply	Net Need		N	%
1 bedroom	197	112	85	86	172	9%
2 bedrooms	422	126	296	219	515	27%
3 bedrooms	694	197	497	376	873	46%
4+ bedrooms	336	25	311	21	332	18%
Total Dwellings	+1,649	+460	+1,189	+702	+1,892	100%

Affordable Housing Tenure

- 4.86 Within the overall need of 1,892 affordable homes identified, it is possible to consider the mix of different affordable housing products that would be appropriate based on the mix of households needing affordable housing. In order to profile affordability, income data from the English Housing Survey and ONS Survey of Personal Incomes has been combined and modelled to establish the income distribution by household type and age. This excludes any income from housing benefit, as the analysis seeks to determine to what extent housing benefit would be needed by households in each group.
- 4.87 Figure 77 illustrates the affordability of households needing affordable housing by property size based on the assumption that up to 35% of gross household income (excluding housing benefit) is available for housing costs. This identifies those able to afford shared ownership, affordable rent and social rent (all without housing benefit subsidy) and those that would need financial support to afford social rent.

Figure 77: Affordability of households needing affordable housing by property size 2018 (Note: Weekly costs based on data in Figure 12 and Figure 13)



- 4.88 Figure 78 sets out the affordable housing mix, which identifies that two thirds of the households unable to afford and in need of affordable housing would not be able to afford the relevant Social Rent for a property of the size needed: 1,323 households (67%) based on up to 35% of income being spent on housing costs.

- 4.89 Providing new affordable rented housing based on Social Rents would enable around 195 households to pay their rent without housing benefit support that could not afford to do so if new housing was provided as Affordable Rent. If new affordable rented housing was provided with Affordable Rents (based on 80% of median private rent), these households would continue to depend on housing benefit.
- 4.90 We would note that those unable to afford Social Rent would normally receive housing benefit or Universal Credit to allow them to meet their housing costs. Very few households can afford Social Rent, but not Affordable Rent because the costs are very similar in Blackpool and the Council would normally only provide Affordable Rent on new developments. Any household unable to afford Social Rent would also typically be able to afford Affordable Rent with the aid of housing benefit or Universal Credit.
- 4.91 Around 350 households in need of affordable housing could afford the weekly costs of Shared Ownership (based on a 40% equity share).

Figure 78: Affordable housing mix by household affordability to 2018-2027 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)

	Unable to afford Social Rent	Can afford Social Rent	Can afford Affordable Rent	Can afford Shared Ownership	TOTAL
1 bedroom	162	0	0	10	172
2 bedrooms	371	46	0	98	515
3 bedrooms	576	110	22	165	873
4+ bedrooms	215	39	2	77	332
TOTAL	1,323	195	23	350	1,892

Future Policy on Housing Benefit in the Private Rented Sector

- 4.92 The Model recognises **the importance of housing benefit and the role of the private rented sector**. The Model assumes that the number of households in receipt of housing benefit in the private rented sector will remain constant; however, this is a national policy decision which is not in the control of the Council.
- 4.93 It is important to note that private rented housing (with or without housing benefit) does not meet the definitions of affordable housing. However, many tenants that rent from a private landlord can only afford their housing costs as they receive housing benefit. These households aren't counted towards the need for affordable housing (as housing benefit enables them to afford their housing costs), but if housing benefit support was no longer provided (or if there wasn't sufficient private rented housing available at a price they could afford) then this would increase the need for affordable housing. However, many of the households who do receive housing benefit would not qualify to join Blackpool's housing register because they do not have local connections to be considered under the Council's social housing allocations scheme.
- 4.94 The model adopts a neutral position in relation to this housing benefit support, insofar as it assumes that the number of claimants in receipt of housing benefit in the private rented sector will remain constant. **The model does not count any dwellings in the private rented sector as affordable housing supply;** however, it does assume that housing benefit will continue to help some households to afford their housing costs, and as a consequence these households will not need affordable housing.

Affordable Housing Need: Households Aspiring to Homeownership

- 4.95 Considering aspirations for home ownership, English Housing Survey data identifies that just over a quarter (28.8%) of those currently renting privately plan to stay in that tenure in the long-term compares to over three quarters (77.0%) of those households in social rent. Over half (53.5%) of all households who rent privately and almost a fifth (18.1%) of those in social rented housing aspire to homeownership. We would stress that these figures relate to aspirations and there is no test within the data as to whether they could potentially afford to become home owners.
- 4.96 In Figure 37 the household survey shows that around 21% of private renters in Blackpool expect their next homes to be owner occupied, while around 60% expect to remain in the private rented sector. However, these figures are drawn from a small sample and also reflect the next home of the household and not their long-term aspirations.

Figure 79: Long-term Tenure Plan by Current Tenure (Source: English Housing Survey 2013-14)

Current Tenure	Long-term Tenure Plan				
	Owner Occupier	Shared Ownership	Rent from Private Landlord	Rent from Social Landlord	Other
Owner occupied	96.1%	0.4%	0.7%	1.1%	1.6%
Private rent	53.5%	2.6%	28.8%	11.4%	3.8%
Social rent	18.1%	1.8%	1.9%	77.0%	1.1%

- 4.97 Considering the long-term expectations of the different types of households who currently live in the private rented sector, Figure 80 compares the expectations of those who are currently in receipt of housing benefit with those who are paying their own rent.
- 4.98 For those households paying their own rents, 65% expected to become owner occupiers, 24% expected to remain in the private rented sector and only 6% expected to move to the social rented sector. Therefore, there is a much higher expectation of moving to owner occupation and a much lower expectation of moving to social rent, particularly for couples aged under 60. Tenants aged 60 years or over who are paying their own rent are more likely to expect to move to social rent, but they do represent a relatively small number of households.
- 4.99 For those in receipt of housing benefit, a total of 28% of households had a long-term expectation that they would be owner occupiers, 42% expected to remain in the private rented sector and 25% expected to move to social rent. Therefore, a significant number of the households in receipt of housing benefit expected to move to social rent. Couples and lone parents with dependent children were less likely to expect to remain in the private rented sector.

Figure 80: Long-term Tenure Expectation for those in the Private Rented Sector with and without Housing Benefit support
(Source: English Housing Survey 2013-14. Note: Own includes shared ownership)

Household type	PRS tenants without HB				PRS tenants in receipt of HB			
	Own	Private rent	Social rent	Other	Own	Private rent	Social rent	Other
One person aged 60+	16.2%	38.1%	16.7%	29.1%	4.8%	66.3%	24.2%	4.7%
Couple, no dependent child(ren) aged 60+	13.9%	54.2%	18.2%	13.6%	0.0%	70.8%	29.2%	0.0%
Sub-total	15.4%	43.9%	17.3%	15.7%	3.5%	67.5%	25.5%	3.4%
One person under 60	56.7%	34.1%	5.1%	4.2%	13.5%	47.7%	30.3%	8.5%
Couple, no dependent child(ren) under 60	76.9%	17.1%	4.0%	1.8%	26.0%	58.8%	10.5%	4.7%
Couple with dependent child(ren)	71.7%	19.6%	6.4%	2.3%	53.3%	28.5%	15.9%	2.3%
Lone parent with dependent child(ren)	59.6%	19.8%	8.8%	12.0%	33.1%	31.9%	31.6%	3.4%
Other multi-person households	66.7%	24.8%	2.4%	6.2%	21.3%	44.8%	26.0%	7.9%
Sub-total	65.2%	23.2%	4.7%	3.8%	32.7%	37.1%	25.5%	4.7%
Total	64.8%	24.5%	5.6%	5.0%	27.9%	42.1%	25.5%	4.4%

Additional Need for Affordable Homeownership

^{4.100} Figure 4 identified that the number of households living in private rented housing in Blackpool increased from 12,366 households in 2001 to 17,479 households in 2011; an increase of 5,113 households, with many in younger age groups would have previously been owner occupiers.

^{4.101} Through combining data on the number of households of each type in each age group living in private rented housing and paying their own rent with the aspiration data from the EHS, Figure 81 establishes the number of existing households likely to aspire to homeownership that have not been counted in the affordable housing need.

Figure 81: Households currently living in the Private Rented Sector and paying their own rent that aspire to homeownership
(Note: Figures may not sum due to rounding)

Household Type	Age of Household Representative						TOTAL
	15-24	25-34	35-44	45-54	55-64	65+	
Single person	240	1,050	140	70	0	20	1,520
Couple without children	140	340	50	130	70	30	760
Families with child(ren)	110	300	80	0	0	0	490
Other households	100	0	20	20	10	0	150
Total	590	1,690	290	220	80	40	2,920
<i>Percentage of households</i>	<i>20%</i>	<i>58%</i>	<i>10%</i>	<i>8%</i>	<i>3%</i>	<i>2%</i>	<i>100%</i>

^{4.102} Based on this analysis, we can estimate that there is a total of around 2,920 households currently resident in Blackpool who cannot afford to own their own home but would aspire to do so. Again, we stress that this does not consider their ability to become home owners particularly in light of the fact that second hand house prices in Blackpool are very cheap. Almost 80% of these households are aged 16-34.

^{4.103} In addition to the current need, it is also important to consider the household projections for the period 2018-2027. Through combining this data with the aspiration data from the EHS, we can conclude that it is likely that there would be a further 1,125 households that form over the 9-year period who will be able to afford to pay market rent but unable to afford to own, despite that being their aspiration.

4.104 Figure 82 brings together the information on assessing the unmet need for affordable housing in 2018 and the associated impact on market housing, together with the future need for market and affordable housing arising over the 9-year period 2018-27.

Figure 82: Assessing total need for market and affordable housing (Source: ORS Housing Model)

	Housing Need (households)		Overall Affordable Housing Need
	Households unable to afford	Households aspiring to affordable home ownership	
Current housing need in 2018	1,104	2,920	4,024
Future housing need 2018-27	652	1,125	1,777
Total need for affordable housing	1,756	4,045	5,801

4.105 We can therefore conclude that the overall need for affordable housing, including those who aspire to own, would comprise a total of 5,801 households over the 9-year period 2018-2027. This is higher than the overall growth of 3,111 dwellings projected for the remainder of the Local Plan. This is due to a large proportion of this need being associated with the whole population as opposed to the projected new households, which is recognised by PPG.

How does the housing need of particular groups relate to overall housing need calculated using the standard method?

The need for housing for particular groups of people may well exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method. This is because the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline as opposed to the projected new households which form the baseline for the standard method.

When producing policies to address the needs of specific groups strategic policy-making authorities will need to consider how the needs of individual groups can be addressed within the overall need established.

The standard method for assessing housing need does not break down the overall figure into different types of housing. Therefore the need for particular sizes, types and tenures of homes as well as the housing needs of particular groups should be considered separately.

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4.106 Given that the need for affordable housing and affordable homeownership in particular is very high, it is necessary to consider how this need can be addressed within the overall need established.

4.107 It will be important for the local authority to plan for the needs of all households unable to afford to rent or own market housing if they are going to avoid the number of housing benefit claimants living in private rented housing increasing. This represents a need for 1,892 dwellings, of which at least 1,550 should be rented affordable housing and up to 350 could be provided through shared ownership. It will be a policy decision as to how much of the additional need for affordable home ownership from households able to afford market rent should be provided and it should be remembered that the cheaper second hand stock of Blackpool already represents a route in to home ownership for those who wish to take it.

^{4.108} The identified housing need would need to be considered in the context of economic viability when establishing appropriate targets for affordable housing. However, given the evidence it would be appropriate to maximise the amount of affordable housing that is delivered.

Essential Local Workers

^{4.109} Annex 2 of the NPPF 2018 also includes the needs of essential local workers.

Essential local workers: Public sector employees who provide frontline services in areas including health, education and community safety and can include NHS staff, teachers, police, firefighters and military personnel, social care and childcare workers.

^{4.110} This definition is very close to the definition of Key Workers which was used prior to the NPPF 2012. Importantly, it is not going to be possible to be considered as an essential local worker in need without also being considered as being in need because you can't afford to own your own property.

^{4.111} Therefore, these households will already be counted in the affordable housing need because they cannot afford market rents, or because they wish to own their own property but cannot afford to do so. Because of this, the needs from this group will not add to the total need for affordable housing and in practice in Blackpool these households will be amongst the higher earners who will be able to address their own housing needs, and are therefore less likely to need affordable housing.

5. Policy

Affordability

- 5.1 The key findings of this study derive from Blackpool having issues around affordability despite having very low rents and house prices in comparison to national levels. The affordability problems in Blackpool stem from;
- » Low levels of household income in employment, with many households holding two or more part-time jobs;
 - » Low levels of employment with a high number of households being long-term sick; and
 - » A private sector housing stock which is suitable for sub-division in to smaller units suitable for letting to households in receipt of housing benefit.
- 5.2 Overall, this has resulted in Blackpool's housing stock move heavily towards the private rented sector with housing benefit support. This in turn has made Blackpool attractive to households who cannot afford to live elsewhere and has also seen the quality of the housing stock decline.
- 5.3 Despite the low housing costs in Blackpool, owner occupation rates have declined as much of the second hand stock is poor quality and low income households also struggle to save for deposit and cannot obtain mortgages. In the sections below we examine some of the options available to Blackpool to seek to improve their housing stock and the affordability of their residents.

The Private Rented Sector

- 5.4 While the private rented sector is unequivocally not affordable housing, in an area such as Blackpool the private rented sector with housing benefit is the major source of accommodation for low income households and therefore, should be treated as a priority in the area. It is probably more important for Blackpool to seek to improve conditions in its private rented sector than it is for it to deliver additional affordable housing, but these two issues should not be seen as being mutually exclusive.
- 5.5 The Government also sees the growth in the private rented sector as positive and is proposing new legislation which will create much more secure tenancies. The private rented sector offers a flexible form of tenure and meets a wide range of housing needs. The sector also has an important role to play given that many tenants that rent from a private landlord can only afford their housing costs as they receive housing benefit. If there isn't sufficient private rented housing available at a price these households can afford, the need for affordable housing would be higher.
- 5.6 However, in Blackpool the growth in the private rented sector has been among the highest in the country and it has predominantly occurred for households in receipt of housing benefit. Along with a number of other seaside towns around England the housing stock has been converted to low income households who often have nowhere else to go. This sees the housing stock suffer from a lack of investment and also sees a very high turnover of households which undermines the development of communities.
- 5.7 The point has been acknowledged by National Government policy which is focussed on improving the quality of both management and stock in the private rented sector, and local councils also have a range of enforcement powers.

- 5.8 Addressing this issue is complex and the selective licensing scheme introduced by the Council represents one of the few tools at their disposal. Experience elsewhere has shown that to be effective the scheme will need to be combined with significant enforcement action against non-compliant landlords, but offers the opportunity to improve the condition of some of the worst housing stock in Blackpool. If landlords are not enforced against for letting poor quality properties there is a tendency for a race to the bottom which no landlord having an incentive to invest in their properties.
- 5.9 The Government also continues to encourage and support build-to-let investment⁸. Homes England has several investment programmes to help bring schemes forward including a £1 billion Build to Rent Fund, which will provide equity finance for purpose-built private rented housing, alongside a £10 billion debt guarantee scheme to support the provision of these new homes. New supply of private rented housing therefore seems likely from various sources, despite current volumes being relatively low:
- » **Registered Providers** are potential key players in the delivery of new PRS supply and recently several have begun to enter the market in significant scale⁹, particularly in response to the Build to Rent Fund, although other institutional funding is also being sought. Overall, although interest is high, it remains unclear as to the scale of development which may deliver.
 - » **Local Authorities** can also enable new PRS supply to come forward investing local authority land, providing financial support (such as loan guarantees), and joint ventures with housing associations, developers or private investors under the Localism Act. Whilst LA initiatives may contribute to new build PRS, these may take time to deliver significant numbers of units.
 - » **Local Enterprise Partnerships** are another potential source of new build PRS homes¹⁰. The Growing Places Fund provides £730m to support key infrastructure projects designed to unlock wider economic growth, create jobs and build houses in England. Any funding for housing, however, has to compete with other priorities e.g. skills and infrastructure. However, LEPs could potentially enable new PRS housing delivery and some attempts have been made in this regard to increase supply.
 - » **Insurance companies** and **pension funds** have been expanding into property lending in recent years and are an increasing alternative to banks (especially schemes in London).

Welfare Reform

- 5.10 Since June 2010, the Government has introduced far reaching changes to the system of welfare benefits available to those on low incomes and/or with specific needs. However, most changes have only been gradually rolled out with for example the changes involving Universal Credit still to be fully implemented.
- 5.11 Data regarding the impact of the rolling implementation is still scarce; Government has published some data, although this is limited and remains inconsistent over time. Non-Government evidence is available usually in the form of small sample surveys or qualitative research carried out by campaigning organisations.
- 5.12 Welfare Reform was undertaken for various reasons including concerns over the cost of welfare benefits to the public purse, perceived issues that the current system is too complex and that the system acts as a

⁸ <https://www.gov.uk/government/publications/2010-to-2015-government-policy-rented-housing-sector/2010-to-2015-government-policy-rented-housing-sector#appendix-9-private-rented-sector>

⁹ <http://www.insidehousing.co.uk/business/development/transactions/lq-to-launch-prs-subsiary/7009701.article>

¹⁰ <https://www.gov.uk/government/publications/growing-places-fund-prospectus>

disincentive to seeking work. As a result, new legislation was introduced (Welfare Reform Act 2012). Many of the changes affect the amount of Housing Benefit (HB) paid to private sector and social housing tenants.

- 5.13 CLG data shows that nationally, the number of households where no one works has fallen by more than 600,000 since 2010.¹¹ The Government attributes this fall to the Reforms it has introduced.

Who is affected?

- 5.14 Any change to the welfare system carries risks for households on low incomes. While many different types of households are affected, some groups stand out:
- » **Households in receipt of Housing Benefit:** As at May 2014 there were 4,985,741 HB claimants of which 33% were in private rented housing and 67% in social housing.¹² This includes working households as well as those who are not such as job-seekers, low-income pensioners, long term sick and disabled people and full-time unpaid carers. Early analyses from the National Housing Federation (NHF) and others suggest that families with three children will be affected, and in some areas families with two children.
 - » **Young households:** the removal of HB for 18-21 year olds, a lower rate for LHA and the extension of the Shared Accommodation Rate of LHA¹³ to those aged up to 35, and the increase in Non-Dependant Deductions from HB payments, all interact to put younger households under pressure from reform. In addition, multi-generational households could expand as younger family members are unable to form their own households.
 - » **Older people** have to some extent been protected from the effects of Welfare Reform; the Benefit cap and Spare Room Subsidy do not apply to those of pension age.

Private Rented Tenants - Local Housing Allowance (LHA)

- 5.15 Private tenants have been subjected to a range of changes including many of which could have knock on impacts of the need for affordable housing.

Absolute Caps on Maximum rates Payable for Each Size of Property

- 5.16 These caps restricted payments for larger properties so that all properties with four or more bedrooms were paid at the same rate. Deductions for non-dependants living with claimants were also increased.
- 5.17 Arguably this change has led to increased overcrowding in the PRS; households with large families are either unable to afford a property which meets their needs, or have to move to a cheaper area.

Calculation of Local Housing Allowance (LHA)

- 5.18 LHA is calculated with reference to market rents in the local area; pre-reform the maximum payable for each size of property was the median of local rents. The reforms introduced two changes: first, claimants were no

¹¹ <https://www.gov.uk/government/news/600000-fewer-workless-households-since-2010-workless-households-now-lowest-in-a-decade>

¹² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/343050/HB_Summary_-_May14.xls

¹³ The shared accommodation rate (SAR) applies to most single people under 35 renting from a private landlord. With the shared accommodation rate, the maximum housing benefit you can get is the rate for renting a single room in a shared house. This applies even if you rent a self-contained flat. There are some exceptions – see:

http://england.shelter.org.uk/get_advice/housing_benefit_and_local_housing_allowance/what_is_housing_benefit/housing_benefit_if_you_are_under_35

longer able to claim up to £15 above their actual rent if below the LHA rate and, second, the methodology for setting LHA was changed to the 30th percentile of local rents ('The amount of LHA you are eligible for depends on where you live. Local limits are based on the cheapest 30% of properties in an area').¹⁴

- 5.19 Impact: As well as reducing the income of some households, the change to the calculation of LHA made some areas unaffordable to LHA claimants (e.g. In London, Shelter estimate by 2016 only 36% of neighbourhoods will be affordable to LHA claimants, mainly in the outer London Boroughs)¹⁵
- 5.20 From April 2013 the annual increase in LHA rates was divorced from local market rents and linked to the Consumer Price Index. From April 2014 the increase was limited to 1%, except in certain high rent areas.
- 5.21 Impact: this change is likely to have a further impact on the affordability of certain areas to those claiming LHA. There is also some lobby group and qualitative evidence from interviews for other studies that households are already moving to areas where LHA levels help them to match their accommodation needs.

Single Sharers Under 35

- 5.22 From January 2012, single claimants aged under 35 had their LHA restricted to the Shared Accommodation Rate; commentators argue that this makes it unlikely that claimants will be able to afford self-contained accommodation.
- 5.23 Impact: arguably the change has led to an increase in the conversion of family dwellings to homes in multiple occupation.

Ending of Direct Payments to Landlords

- 5.24 A further significant change in the payment of LHA is the ending of direct payment to landlords, making tenants responsible for budgeting for their rent payments.
- 5.25 There is evidence that increasing numbers of private sector landlords are no longer willing to rent to Housing Benefit recipients¹⁶:

5.26 *'...in the last three years there has been a 50% drop in the number of landlords taking people who are on benefits. It is now down to only one fifth; 22% of our landlord members whom we surveyed say they have LHA tenants, and 52% of those surveyed said they would not look at taking on benefits tenants' (NLA Evidence to DWP Select Committee March 2014)*

Social Housing Tenants – Housing Benefit

- 5.27 Social housing tenants have also been subject to a number of changes including.

Spare Room Subsidy

- 5.28 One reform issue which has had Parliamentary scrutiny is the Spare Room Subsidy or 'Bedroom Tax'¹⁷. Simply, tenants renting a social or affordable tenancy, whose accommodation is larger than they need, may lose part of their Housing Benefit. A DWP Select Committee Report (2014)¹⁸ highlighted data on the impact of Spare Room Subsidy across the UK:

¹⁴ http://england.shelter.org.uk/get_advice/housing_benefit_and_local_housing_allowance/what_is_housing_benefit/local_housing_allowance

¹⁵ For a more local example, see <http://atlas.cambridgeshire.gov.uk/Housing/LHA/atlas.html>.

¹⁶ National Landlords evidence to DWP Select Committee (March 2014)

¹⁷ <https://www.gov.uk/government/collections/local-authorities-removal-of-the-spare-room-subsidy>

¹⁸ <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmworpen/720/72002.htm>

5.29 In the first six months of Spare Room Subsidy the Committee noted:

- » 6% of affected households moved to avoid the new rule
- » However, a shortage of housing prevents moves in many areas
- » 22% of those still affected were still registered for a transfer
- » Most affected households have not moved, and of these about half have rent arrears as a result

5.30 In addition:

- » Many Councils are making full use of Discretionary Housing Payments (DHPs) to help tenants adjust to the change, but practice varies (discussed below).
- » There are concerns whether current DHP provisions are appropriate for disabled tenants living in adapted homes.
- » Landlords have incurred extra costs for rent arrears, welfare support, rent collection, arrears management and repairs linked to more transfers.

Welfare Reform: Summary

5.31 The changes to the welfare system since 2010 have seen reduced funding available for households to meet their housing needs in both the private and social rented sectors and in some cases have seen the complete withdrawal of funding to younger households. The consequences of these changes are complex, but have made it more difficult for households to meet their housing needs in the private rented sector as available funding does not match local rents in more expensive areas. This in turn has placed greater pressure on low cost areas such as Blackpool with little that the Council could do to prevent this outcome.

5.32 Welfare Reform has also made it more difficult for many social renters to maintain their tenancies if they are under-occupying their dwellings. Data from sources such as the English Housing Survey have shown a steady decline in the level of under-occupation in the social rented sector.

5.33 Overall, welfare reform has placed more pressure upon the social housing sector by restricting the opportunities for households to meet their needs in the private rented sector. It has also placed greater pressure on areas such as Blackpool because the households have been priced out of the private rented sector in more expensive areas.

Affordable Housing Delivery

5.34 Given the overall level of affordable housing need identified in Chapter 4 of this study, it will be important to maximise the amount of affordable housing that can be delivered through market housing led developments.

5.35 If the Council is seeking to maximise the amount of affordable housing that they provide, the key to this is the economic viability of developments, as this will inevitably determine (and limit) the amount of affordable housing that schemes can deliver.

5.36 As part of their strategic planning and housing enabling functions, Blackpool Council will need to consider the most appropriate affordable housing target in order to provide as much affordable housing as possible without compromising overall housing delivery. This target should provide certainty to market housing developers about the level of affordable housing that will be required on schemes, and the Council should

ensure that this target is achieved wherever possible in order to increase the effective rate of affordable housing delivery.

- 5.37 It will be a policy decision as to how much of the additional need for affordable housing is provided in the form of Affordable Rent and how much is provided in the form of shared ownership and other affordable to own housing products. The results set out in Figure 76 would represent an 80:20 split between affordable housing to rent and affordable housing with an ownership element. However, a higher proportion given over to affordable housing with an ownership element may be advisable given that the government wish to widen the opportunities for home ownership.
- 5.38 The contribution towards affordable housing delivery that can be achieved through market housing led developments shouldn't be considered in isolation. The Government has launched a series of new initiatives to attempt to boost the supply of homes, including affordable homes. The key Homes England investment programmes apart from the Garden Town programme include:
- » **Affordable Homes Programme:** the flagship Home England 2018-22 investment programme(s) for new affordable homes which ends in 2022. A new Shared Ownership & Affordable Homes Programme 2016-21 was launched in April 2016 which will reflect the Housing and Planning Act 2016.
 - » **Affordable Homes Guarantees Programme:** guaranteeing up to £10bn of housing providers' debt in order to bring schemes forward
 - » **Care and Support Specialised Housing Fund:** first round funding used to accelerate the development of the specialised housing market such as Older People and those with disabilities
 - » **Community Right to Build:** (Outside London) including some provision for affordable homes
 - » **Empty Homes Programme** (now subsumed into the Affordable Homes Programme)
 - » **Estate Regeneration Programme:** often creating mixed tenure communities
 - » **Get Britain Building:** aiming to unlock locally-backed stalled sites holding planning permission and including affordable homes
 - » **Housing Revenue Account:** borrowing launched in June 2018, with £0.5 billion for areas outside of London.
- 5.39 There have also been a range of changes recently introduced by the government. These include:
- » **Housing Revenue Account:** In 2018 the government announced that the cap on borrowing against the housing revenue account would be relaxed. This provides stock owning councils such as Blackpool with the opportunity to directly build their own council homes.
 - » **Build to rent:** The NPPF 2018 introduced this tenure as being part of the affordable housing supply. This allows housing developers and also potentially bodies such as insurance companies and pension funds to directly invest in affordable housing.
 - » **Community-led affordable housing:** A £6 million fund to local groups across England expected to supply over 5,000 homes in the next 5 years.
- 5.40 However, there are currently a number of constraints that are affecting the delivery of new affordable housing; although there is also a range of other initiatives that may help increase delivery in future.

Constraints affecting the delivery of new affordable housing	Other initiatives potentially increasing the delivery of new affordable housing
<p>Welfare reform Most stakeholders (including private landlords, house builders, local authorities and RPs) are concerned at the impact of benefit reform and the risk to their revenue. Credit rating agencies have also signalled concerns.</p> <p>Rent formula reform The change to rent increase formula for Registered Providers has constrained capacity for new affordable developments.</p> <p>Registered Providers Many RPs have become more risk averse in their approach to developing new homes in the light of grant rate reductions for affordable homes and the absence of grant post the 2015-18 HCA investment programme.</p> <p>Stock rationalisation by Registered Providers The new regulatory framework for RPs continues the emphasis on economic regulation. This could, potentially, reduce current supply of affordable housing. Already, sector trends indicate many associations are identifying under-performing stock with a view to rationalisation.</p> <p>Extension of Right to Buy (RTB) to Registered Providers The Government pledge to introduce an RTB for RP tenants mean many associations will need to assess the risk to their Business Plans and this might also reduce appetite for new development.</p> <p>Starter Homes Including Starter Homes in the affordable housing definition may lead to fewer affordable homes for rent being developed.</p>	<p>Starter Homes The Government has signalled its support for Home Ownership in general, and Starter Homes in particular. A planned broadening of the affordable housing definition to include Starter Homes may lead to an increase in affordable housing delivery if Starter Homes are also counted.</p> <p>Councils building more new homes Many Councils are now trying to bring new rental schemes forward following reform of the HRA system.</p> <p>New 'for profit' providers Over 30 'for profit' providers to deliver AHP homes have so far registered with Home England to help deliver Build to Rent, mainly in order to deliver non-grant affordable housing. There is arguably potential for increased supply of affordable homes for rent by 'for profit' providers.</p> <p>Co-operative Housing Given current delivery constraints, co-operative housing has been identified as a further alternative supply for households unable to access ownership or affordable housing. The Confederation of Co-operative Housing, working with RPs, is currently trying to bring schemes forward. The HCA has held back funding for Co-operative Housing in the previous AHP.</p>

Living Rent

- 5.41 A scheme which has been applied in other parts of the country such as London has been the Living Rent. In London this applies a rent to a 2 bedroom property which represents 33% of the median gross earnings of a full-time in a ward and then scales this up or down for different bedroom sizes. The household then has the opportunity to buy a share of the property after 5 years. This scheme is particularly targeting working households, with many essential local workers falling within the affordability limits.
- 5.42 In Blackpool in 2018 the median gross earnings were £22,700 for a full-time worker. We would note that this applies to full-time workers and a key problem in Blackpool is the high number of households in part-time work or who are long-term sick. The median total salary including the impact of those who work part-time was £18,000 while the lower quartile full-time salary was £17,300.
- 5.43 Applying an assumption that Living Rents are set at 33% of this figure would see the weekly rent on a 2 bedroom property be £145 per week. As was shown in Figure 13 this is likely to be a higher cost than for shared ownership on a new build scheme in Blackpool.
- 5.44 On this basis any attempt to imitate the London Living Rent scheme in Blackpool would seem to be pointless because the type of households it would be targeting can afford to access second home ownership outright, or shared ownership on newbuild estates.

Regeneration

- 5.45 A key issue in Blackpool is the combination of poor housing stock and low-income households. Other councils have sought to address this issue with an ambitious housing delivery seeking to improve the quality of their housing stock while at the same time making the town more attractive to higher income households who work in the area, but who have historically lived in more rural areas outside of the town.
- 5.46 Clearly the same option is available to Blackpool. While funding is no longer available to Councils through schemes such as Pathfinder, local authorities do still have the power to set ambitious build targets as part of regeneration schemes. However, such policies are risky, particularly as the government are seeking to increase housing delivery in more affluent areas through their Standard Method for Local Housing Need. This is likely to divert housing delivery away from areas such as Blackpool to more expensive areas. Therefore, there is a very high risk in seeking to deliver more homes in an area such as Blackpool and it would potentially see a high number of empty homes and stalled developments if the housing market sees a downturn.
- 5.47 However, the opportunity to improve the housing stock and retain more high-income households through new development is still available for Blackpool Council. In many the quality of new developments may be more important than the quantity in that high-quality schemes could attract higher earning households and help to provide mixed and balanced communities.

Older Persons Housing

- 5.48 Blackpool's population is ageing, and has one of the lowest life expectancies in England due to poor health. The Government's reform of Health and Adult Social Care is underpinned by a principle of sustaining people at home for as long as possible. Therefore, despite the ageing population, current policy means that the number of care homes and nursing homes may actually decline, as people are supported to continue living in their own homes for longer.
- 5.49 The household survey indicates that most households wish to remain in their own home for as long as possible. This in turn requires many households to receive assistance with care costs and adaptations through Disabled Facilities Grants. However, there also needs to be a recognition that many dwellings are not convertible for the use of older persons and some people will still require dedicated older person housing.
- 5.50 More generally, it is important that policies for specialist older person housing are considered in partnership with other agencies, in particular those responsible for older person support needs. It is also important to consider other factors and constraints in the market:
- » **Demographics:** the changing health, longevity and aspirations of Older People mean people will live increasingly healthy longer lives and their future housing needs may be different from current needs;
 - » **New supply:** development viability of schemes, and the availability of revenue funding for care and support services, need to be carefully considered before commissioning any new scheme. It will also be important for the Councils and their partners to determine the most appropriate types of specialist older person housing to be provided in the area;
 - » **Existing supply:** while there is considerable existing specialist supply, this may be either inappropriate for future households or may already be approaching the end of its life. Therefore, future need may be understated. Nevertheless, other forms of specialist older person housing may be more appropriate than conventional sheltered housing to rent when considering future needs;

- » **Other agencies:** any procurement of existing supply needs to be undertaken with other agencies who also plan for the future needs of Older People, particularly LA Supporting People Teams and the Health Service; and
- » **National strategy and its implications for Older People:** national strategy emphasises Older People being able to remain in their own homes for as long as possible rather than specialist provision, so future need may, again, be overstated.

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Appendix B

Glossary of Terms

Definitions

Affordability is a measure of whether housing may be afforded by certain groups of households.

Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. For the purpose of this report we have used the definition in the National Planning Policy Framework 2012

Category 2 and 3 are classifications of wheelchair accessible housing. They refer to building regulations Approved Document M (2015) which introduced three categories of accessible dwellings. Category 1 (visitable dwellings) relates to accessibility of all properties and, being mandatory, is not assessed in the SHMA. Category 2 (accessible and adaptable dwellings) is optional and similar to Lifetime Homes. Category 3 (wheelchair user dwellings) is optional and equivalent to wheelchair accessible standard.

Census Output Area is the smallest area for which UK Census of Population statistics are produced. Each Census Output Area had a population of around 250 people with around 100 dwellings at the time of the 2001 Census.

Concealed families are defined as; *“family units or single adults living within other households, who may be regarded as potential separate households which may wish to form given appropriate opportunity”*¹⁹.

ECO underpins the Green Deal and places obligations on energy companies to facilitate installation of energy efficiency measures in homes. ECO fits within the Green Deal framework where Green Deal finance alone is not enough.

Equity is the difference between the selling price of a house and the value of the outstanding mortgage.

Green Deal is a market led framework that will allow individuals and businesses to make energy efficiency improvements to their buildings at no upfront cost. Finance needed for the improvements is repaid, in instalments, attached to an electricity bill.

Headship rates are defined by CLG as: *“the proportion of people in each age group and household type who are the ‘head’ of a household”*²⁰

A household is one person living alone, or two or more people living together at the same address who share at least one meal a day together or who share a living room.

¹⁹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6338/1776873.pdf

²⁰ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/182417/MethodologyFinalDraft.pdf

Household formation refers to the process whereby individuals in the population form separate households. 'Gross' or 'new' household formation refers to households that form over a period of time, conventionally one year. This is equal to the number of households existing at the end of the year that did not exist as separate households at the beginning of the year (not counting 'successor' households, when the former head of household dies or departs). 'Net' household formation is the net growth in households resulting from new households forming less the number of existing households dissolving (e.g. through death or joining up with other households).

A Housing Association or Registered Provider is an independent not-for-profit body that primarily provides low-cost "social or affordable housing" for people in housing need.

Housing demand is the quantity of housing that households are willing and able to buy or rent.

Household income includes all salaries, benefits and pensions, before deductions such as tax and National Insurance.

House in Multiple Occupation are currently defined by the Housing Act 2004 as:

- » an entire house or flat which is let to three or more tenants who form two or more households and who share a kitchen, bathroom or toilet;
- » a house which has been converted entirely into bedsits or other non-self-contained accommodation and which is let to three or more tenants who form two or more households and who share kitchen, bathroom or toilet facilities;
- » a converted house which contains one or more flats which are not wholly self-contained (i.e. the flat does not contain within it a kitchen, bathroom and toilet) and which is occupied by three or more tenants who form two or more households; and
- » a building which is converted entirely into self-contained flats if the conversion did not meet the standards of the 1991 Building Regulations and more than one-third of the flats are let on short-term tenancies.

Housing market areas are geographical areas in which a substantial majority of the employed population both live and work and where those moving house without changing employment choose to stay.

Housing need is the quantity of housing required for households who are unable to access suitable housing without financial assistance.

Housing requirements encompasses both housing demand and housing need, and is therefore the quantity of housing necessary for all households to have access to suitable housing, irrespective of their ability to pay.

Housing type refers to the type of dwelling, for example, flat, house, specialist accommodation.

Intermediate affordable housing is housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria for affordable housing set out above. These include shared equity products (e.g. HomeBuy), other low cost home ownership products and intermediate rent.

Lending multiplier is the number of times a household's gross annual income a mortgage lender will normally be willing to lend. The most common multipliers quoted are 3.5 times income for a one-income household and 2.9 times total income for dual income households.

Low cost home ownership or Shared ownership is intermediate affordable housing designed to help people who wish to buy their own home, but cannot afford to buy outright (with a mortgage). Through this type of scheme you buy a share in the property with a Housing Association or other organisation.

Lower quartile means the value below which one quarter of the cases falls. In relation to house prices, it means the price of the house that is one-quarter of the way up the ranking from the cheapest to the most expensive.

Lower Super Output Area is a group of around 5-6 Census Output Areas and is the smallest geography for many Government statistics. Each Lower Super Output Area had a population of around 1,250 people with around 500 dwellings at the time of the 2001 Census.

Market housing is private housing for rent or for sale, where the price is set in the open market.

Market signals are indicators that supply and demand are not in balance for a local housing market. Possible market signals are listed in PPG and the following are the most pertinent; house prices, private sector rents, affordability, rate of development and overcrowding.

Migration is the movement of people between geographical areas. In this context it could be either local authority districts, or wider housing market areas. The rate of migration is usually measured as an annual number of individuals, living in the defined area at a point in time, who were not resident there one year earlier. Gross migration refers to the number of individuals moving into or out of the authority. Net migration is the difference between gross in-migration and gross out-migration.

A projection of housing needs or requirements is a calculation of numbers expected in some future year or years based on the extrapolation of existing conditions and assumptions. For example, household projections calculate the number and composition of households expected at some future date(s) given the projected number of residents, broken down by age, sex and marital status, and an extrapolation of recent trends in the propensity of different groups to form separate households.

Registered Social Landlord/Registered Provider see Housing Association.

Secondary data is existing information that someone else has collected. Data from administrative systems and some research projects are made available for others to summarise and analyse for their own purposes (e.g. Census, national surveys).

Shared ownership see Low Cost Home Ownership.

Social rented housing is provided by social landlords and rented for less than would be paid if renting privately.

Specialised housing refers to specially designed housing (such as mobility or wheelchair accommodation, hostels or group homes) or housing specifically designated for particular groups (such as retirement housing).

Acronyms and Initials

ASHE	Annual Survey of Hours and Earnings
BME	Black and Minority Ethnic
BRMA	Broad Rental Market Area
CACI	Private sector company providing modelled data
CORE	The Continuous Recording System (for Housing Association and Local Authority lettings)
DEFRA	Department for Environment, Food and Rural Affairs
DWP	Department of Work and Pensions
GIS	Geographical Information Systems
HBF	Home Builders Federation
HMO	House in Multiple Occupation
IMD	Indices of Multiple Deprivation
LA	Local Authority
LDF	Local Development Framework
LDP	Local Development Plan
LHA	Local Housing Allowance
NHSCR	National Health Service Central Register
NPPF	National Planning Policy Framework
ONS	Office for National Statistics
ORS	Opinion Research Services
POPPI	Projecting Older Person Population Information
REIT	Real Estate Investment Trust
RSL	Registered Social Landlord
SAR	Share Accommodation Rate
SHMA	Strategic Housing Market Assessment