

**Report to:**

**Allerdale  
Borough Council**

**Local Housing  
Needs Assessment**

Final Report

December 2022



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## Summary

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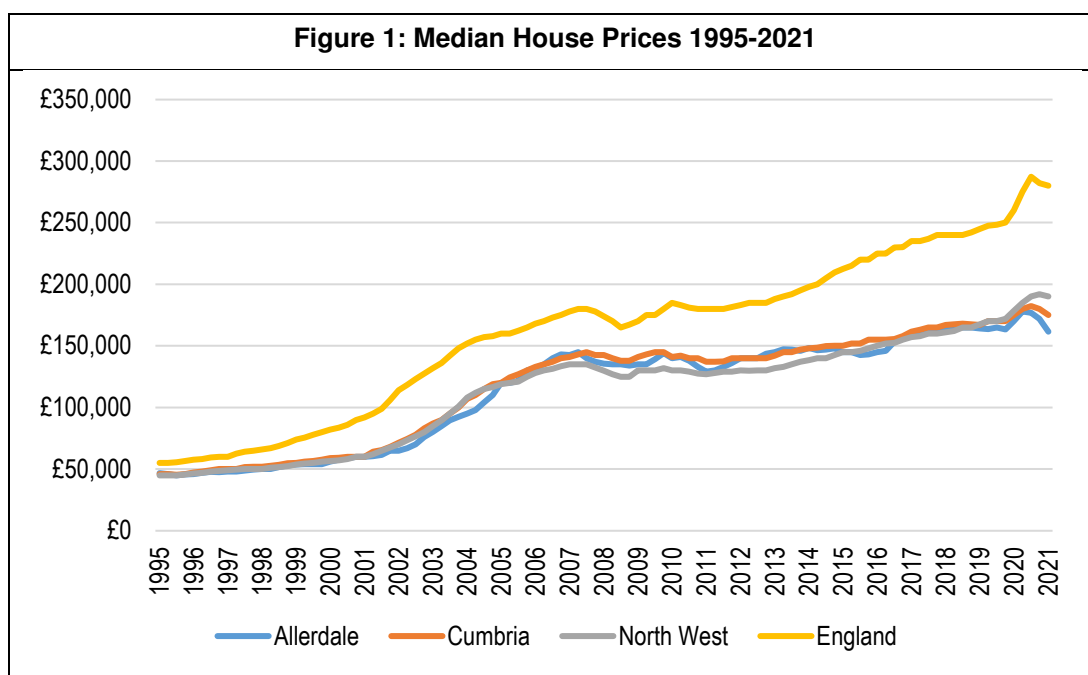
### Introduction

1. Justin Gardner Consulting (JGC) working with Iceni Projects have been appointed by Allerdale Borough Council to prepare a new Local Housing Needs Assessment (LHNA). This report focusses on overall housing need as well as looking at affordable housing in the context of changing Government policy (including in relation to First Homes). The study also looks at the needs from a range of specific groups in the population (notably older persons).
2. The report covers the whole of the Borough, including the part sitting within the Lake District National Park.
3. The Council adopted its Local Plan (Part 1) in 2014, with policies covering the period from 2011 to 2029. It sets a target of 5,471 homes to be constructed by 2029 at an average rate of 304 per annum. The Allerdale Local Plan (Part 2) Site Allocations Development Plan Document & Supporting Policies was adopted July 2020 and identifies sufficient land to deliver the spatial strategy set out in Part 1. In terms of the LHNA there are a number of policies in the adopted plan influenced by this evidence, including:
  - Policy S3 – Spatial Strategy and Growth;
  - Policy SA3 – Affordable Housing; and
  - Policy SA5 – Housing Standards
4. The analysis in this report takes account of the latest National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG). To provide an evidence base, this report sets out a number of either linked or distinct sections to cover a range of core subject areas; the sections are summarised below:
  - Section 2 – Housing Market Areas and Market Dynamics;
  - Section 3 – Demographic Trends and Overall Housing Need;
  - Section 4 – Affordable Housing Need;
  - Section 5 – Housing Mix;
  - Section 6 – The Needs of Older People and People with Disabilities; and
  - Section 7 – Other Groups.

### Housing Market Areas and Market Dynamics

5. Analysis has been carried out to examine the extent of Housing Market Areas which include and overlap with Allerdale Borough. Further analysis has examined housing market dynamics in the Borough including looking at both the sales market and private rented sector.

6. Migration data shows Allerdale has a relatively high-level of self-containment (a high proportion of people/households moving within the Borough) although there are clear links with Carlisle and Copeland and to a lesser degree Eden. Commuting patterns are also fairly self-contained although the Borough could be described as being split in two with the Northern parts of the Borough (including Silloth and Wigton) being more closely aligned with Carlisle than with Workington which the rest of the Borough is focused towards.
7. The previous Housing Study identified a single Housing Market Area (HMA) across Allerdale and the more recent data provides would confirm this is still a reasonable position. It will still however be important for the Council to liaise with Copeland, Carlisle and to a lesser degree Eden as well as the National Park in discussing any strategic issues such as unmet housing needs.
8. There were 48,314 dwellings in Allerdale in 2021 and since 2011-12 net completions have averaged around 288 dwellings per annum of which around 63% have been in Workington and Maryport. In 2011, around 69% of households in the Plan Area were owner occupiers. This is below the Cumbria Average (71%) but above the regional (65%) and national figure (64%). Conversely the Borough has lower levels of private rental than the wider comparators and higher levels of social renting.
9. Almost half of all household spaces in the Plan Area have three bedrooms. This is followed by 28% with two bedrooms and 18% with four or more bedrooms. Linked to the size of homes and the ageing population around 81% of all household spaces in the Borough and Plan Area are under-occupied. This does suggest that there may be a role for specialist housing for older people in the borough in order to encourage downsizing.
10. Allerdale sees higher median house prices and demand than the neighbouring authorities of Carlisle and Copeland, however these are below neighbouring Eden as well as the wider county, region and nationally. Indeed, average prices in Allerdale (Borough-wide) are over 40% lower than the national average. There are however significant differences across areas in the Borough, with the National Park seeing a median price of nearly £350,000 (compared with £160,000 for the Borough as a whole and £146,000 for the Borough outside of the National Park).
11. Engagement with sales agents in the area reports a slowing down of the sales market across the Borough, although still above pre pandemic levels. Prices were seen to be rising albeit at a much slower pace than seen previously.



12. In 2019, an estimated 11.4% of households in Allerdale were privately renting housing, lower than that of the wider region and nationally (16% and 17% respectively). Data from ONS shows average rental costs at £495 per calendar month, putting Allerdale towards the less expensive end of rental costs in the county and region. Within the Borough rental costs are highest in the Lake District sub-area, likely due to a lack of properties and the quality of place. Workington and Maryport sees the most properties available for rent and also the lowest median rental prices. A survey of homes available for rent showed a median asking price of just under £600 per month across the Borough, figures ranging from £550 per month in Workington & Maryport to in excess of £800 per month in the National Park.
13. Overall, the picture is one of a low value area although with values that have been rising over time, this points to a modest level of market demand at the present time. There are however significant differences in pricing (and effective demand) across the Borough – prices being higher in Cockermouth and the National Park, and notably lower in Workington & Maryport.

## Demographic Trends and Overall Housing Need

14. Analysis has been undertaken to consider demographic trends, in particular looking at past trends in population growth and future projections. The analysis draws on the 2018-based subnational population projections (SNPP) and the 2018-based household projections (SNHP). The analysis also looks at the most recent population estimates (again from ONS) which date to mid-2020. In addition, the first release of 2021 Census data is analysed; at the time of writing this was limited to rounded estimates of population, age structure (by sex) and an overall count of households. Consideration is also given to the implication of delivering housing in-line with the Standard Method (92 dwellings per annum across the Borough) and whether there is a case for setting a higher housing requirement.

15. The Borough has an older age structure than seen regionally or nationally, with 25% of the population estimated to be aged 65 and over in 2020 (compared to a national average of 19%). Past population growth in Allerdale has been fairly low in a regional and national context, over the past 9-years (since 2011) the population of the Borough has grown by 1.4% - compared with a 4.4% increase regionally and 6.5% nationally over the same period (Cumbria saw lower change at 0%). Population growth is largely driven by net internal migration (moves from one part of the country to another) with the Borough seeing a negative level of natural change back at least as far as 2001 (i.e. more deaths than births).
16. Projecting forward the latest ONS subnational population projections (SNPP) continue to see relatively low population growth, with the 2018-based SNPP showing lower projected changes in Allerdale than across the region and nationally (although above figures for Cumbria). Population growth is projected to be concentrated in older age groups (those aged 65 and over) – this age group accounting for in excess of 100% of all projected population change (i.e. there is projected to be a population decline in people aged Under 65).
17. Population growth can be converted into estimates of household growth by using household representative rates (HRR). HRRs can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)). Data about HRRs is taken from ONS subnational household projections (SNHP).
18. In analysing data about HRRs, it was considered that the latest (2018-based) version potentially build in some degree of suppression of household formation in younger age groups. Analysis was therefore provided linking to an older (2014-based) SNHP (with a further adjustment to younger age groups) – this was to provide projections reflecting the potential for younger households to access the housing market.
19. Analysis was undertaken to see if there was a case for the Council to set a housing requirement above the Standard Method. The analysis looked at data for the whole Borough, and also separated out the National Park where possible. This initially included considering more recent demographic trends – including looking at the ONS principal population projection (which uses a very short trend) and also trends to 2020. This analysis suggests housing need could well be higher than the Standard Method – up to 156 dwellings per annum.
20. Likewise, an analysis linking demographic projections to changes in the economically active and working-age population suggests a need for up to 209 dwellings per annum. Finally, past housing delivery (2011-21) has averaged 288 dwellings per annum (just for the plan area). It will be for the Council to decide if it wants to plan for higher growth than the Standard Method with the analysis in this report certainly supporting a case for doing so. For clarity, a range of need estimates have been developed and these are summarised below:
  - Standard Method – 92 dwellings per annum;
  - 2018-SNPP – 139 dwelling per annum;
  - Higher demographics – 156 dwellings per annum;
  - Maintaining working-age population – 209 dwellings per annum; and
  - Past housing delivery – 288 dwellings per annum (LPA only)



21. A series of projections were developed linking to each of the above housing numbers – the modelling considers the level of population growth and household formation that might be expected if these levels of delivery are achieved (in the 2022-32 period). Planning in-line with the Standard Method is projected to lead to population decline and particularly in younger age groups. Higher levels of delivery would help to reverse this and see growth in the economically active and working-age populations. Past completions also point to the likelihood that a higher housing number would be deliverable.
22. A final analysis sought to consider what the housing need is in the area of the Lake District National Park that is located within the Borough. The method sought to develop a Standard Method style analysis looking at potential household growth and affordability. This suggested a minimum need for just 2 dwellings per annum in the National Park. This is however based on attempting to apply the Standard Method to the Park area. If an alternative approach is used (to look at the level of housing required to maintain the working-age population) then an estimated need for 27 dwellings per annum is generated.
23. On the basis of this analysis, the Council could seek to deliver an average of around 209 dwellings per annum (net of any delivery in the National Park) as this would support demographic change and maintain a base of economically active residents. However, given the stronger delivery of housing in the recent past (stronger than 209 per annum) it is suggested the Council could ensure sufficient land is allocated to deliver around 300 dwellings per annum. This might mean that the Local Plan would include a requirement that can meet the lower end of this range, but still be aspirational enough should housing demand mean there is a need to provide additional dwellings over and above this baseline position.

## **Affordable Housing Need**

24. Analysis has been undertaken to estimate the need for affordable housing in the 2022-32 period. The analysis is split between a need for social/affordable rented accommodation and is based on households unable to buy or rent in the market and the need for affordable home ownership (AHO) – this includes housing for those who can afford to rent privately but cannot afford to buy a home and will include the potential market for First Homes.
25. The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at rented needs, consideration is given to estimates of the supply of social/affordable rented housing. For AHO, consideration is given to the potential supply of resales of low-cost home ownership properties (such as shared ownership) and lower quartile sales of existing homes.
26. When looking at rented needs, the analysis suggests a need for 69 affordable homes per annum across the Borough, with a need shown for all individual sub-areas; the Council is therefore justified in seeking to secure additional affordable housing.

**Figure 2: Estimated Need for Social/Affordable Rented Housing by sub-area (per annum)**

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
Cockermouth	4	26	11	41	28	13
Wigton	7	35	13	55	32	23
Workington & Maryport	36	183	127	347	334	13
Lake District NP	10	28	15	52	32	20
<b>TOTAL</b>	<b>57</b>	<b>272</b>	<b>166</b>	<b>495</b>	<b>426</b>	<b>69</b>

Source: Derived from a range of sources

27. Despite the level of need being high in relation to the Standard Method (notionally 75% of the SM need), it is not considered that this would necessarily point to any requirement for the Council to increase the Local Plan housing requirement due to affordable needs. The link between affordable need and overall need (of all tenures) is complex and in trying to make a link it must be remembered that many of those picked up as having an affordable need are already in housing (and therefore do not generate a net additional need for a home). Additionally, most of the affordable need is already part of the demographic projections which are used to drive overall housing need calculations and so any additional provision would arguably be double counting. That said, the level of affordable need across areas can form part of the consideration of the distribution of housing for different location, along with an understanding of demographic trends and economic growth.
28. The analysis suggests there will be a need for both social and affordable rented housing – the latter will be suitable particularly for households who are close to being able to afford to rent privately and also for some households who claim full Housing Benefit. On this basis, it is not recommended that the Council has a rigid policy for the split between social and affordable rented housing, although the analysis is clear that both tenures of homes (and particularly socially rented housing) are likely to be required in all areas.
29. When looking at AHO products, the analysis is inconclusive about whether or not there is a need. Although the evidence does suggest that there are many households in Allerdale who are being excluded from the owner-occupied sector (as evidenced by reductions in owners with a mortgage and increases in the size of the private rented sector). This suggests that a key issue in the Borough is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy.
30. The study also considers different types of AHO (notably First Homes and shared ownership) as each will have a role to play – shared ownership is likely to be suitable for households with more marginal affordability (those only just able to afford to privately rent) as it has the advantage of a lower deposit and subsidised rent.

31. In deciding what types of affordable housing to provide, including a split between rented and home ownership products, the Council will need to consider the relative levels of need and also viability issues (recognising for example that providing AHO may be more viable and may therefore allow more units to be delivered, but at the same time noting that households with a need for rented housing are likely to have more acute needs and fewer housing options).
32. Overall, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the area. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.

## Housing Mix

33. The proportion of households with dependent children in Allerdale is fairly low with around 26% of all households containing dependent children in 2011 (compared with 29% regionally and nationally). Households in the National Park area are less likely to contain dependent children although all areas across the Borough show a proportion below the national average. There are notable differences between different types of household, with married couples (with dependent children) seeing a high level of owner-occupation, whereas as lone parents are particularly likely to live in social or private rented accommodation.
34. There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The analysis linked to demographic change in the 2022-32 period concludes that the following represents an appropriate mix of affordable and market homes, this takes account of both household changes and the ageing of the population – the analysis also models for there to be a modest decrease in levels of under-occupancy (which in Allerdale are very high in the market sector).

<b>Figure 3: Suggested Mix of Housing by Size and Tenure – Allerdale</b>				
	1-bedroom	2-bedrooms	3-bedrooms	4+- bedrooms
Market	5-10%	45-50%	35-40%	5-10%
Affordable home ownership	15-20%	45-50%	25-30%	5-10%
Affordable housing (rented)	35-40%	30-35%	20-25%	5-10%

Source: Housing Market Model

35. The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bedroom properties offer to changing household circumstances, which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing by tenure and also the size requirements shown on the Housing Register.

36. The mix identified above could inform strategic policies although a flexible approach should be adopted. For example, in some areas Registered Providers find difficulties selling 1-bedroom affordable home ownership (AHO) homes and therefore the 1-bedroom elements of AHO might be better provided as 2-bedroom accommodation. Additionally, in applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.
37. Analysis also suggests that the majority of units should be houses rather than flats, although consideration will need to be given to site specific circumstances (which may in some cases lend themselves to flatted development). Additionally, the Council should consider the role of bungalows within the mix – such housing can be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into the market.
38. Based on the evidence, it is expected that the focus of new market housing provision will be on 2- and 3-bedroom properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retaining flexibility for friends and family to come and stay.

## **The Needs of Older People and People with Disabilities**

39. A range of data sources and statistics have been accessed to consider the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. The analysis responds to Planning Practice Guidance on Housing for Older and Disabled People published by Government in June 2019 and includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).
40. The data shows that Allerdale has an older age structure and slightly higher levels of disability compared with the national average – age specific rates of disability are generally slightly higher than seen nationally. The older person population has some distinct characteristics, including a high representation in the owner-occupied sector and is projected to increase notably in the future. An ageing population means that the number of people with disabilities is likely to increase substantially. Key findings for the 2022-32 period include:
- a 17% increase in the population aged 65+ (accounting for in excess of 100% of total population growth);
  - a 24% increase in the number of people aged 65+ with dementia and a 21% increase in those aged 65+ with mobility problems;
  - a need for around 580 housing units with support (sheltered/retirement housing) – split about three-quarters market and a quarter affordable housing;
  - a need for around 550 additional housing units with care (e.g. extra-care) – the majority (60%) in the market sector;
  - a need for additional nursing care bedspaces (around 380 in the period); and
  - a need for over 750 dwellings to be for wheelchair users (meeting technical standard M4(3)).

<b>Figure 4: Specialist Housing Need using adjusted SHOP@Review Assumptions, 2022-32 – Allerdale (linked to 2018-SNPP)</b>							
		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2032	Shortfall/surplus by 2032
Housing with support	Market	43	184	511	327	103	430
	Affordable	85	1,066	1,014	-52	205	153
Total (housing with support)		127	1,250	1,525	275	309	583
Housing with care	Market	23	0	277	277	56	333
	Affordable	23	111	272	161	55	216
Total (housing with care)		46	111	549	438	111	549
Residential care bedspaces		41	620	488	-132	99	-33
Nursing care bedspaces		46	280	549	269	111	380
Total bedspaces		86	900	1,037	137	210	347

Source: Derived from Demographic Projections and Housing LIN/EAC

41. This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing. Given the evidence, the Council could consider (as a start point) requiring all dwellings (in all tenures) to meet the M4(2) standards and around 10% of homes meeting M4(3) – wheelchair user dwellings in the market sector (a higher proportion of around a third in the affordable sector).
42. Where the authority has nomination rights M4(3) would be wheelchair accessible dwellings (constructed for immediate occupation) and in the market sector they should be wheelchair user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user). It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly. The findings of this study support Policy SA5 of the Part 2 Local Plan, although the proportions of M4(2) and M4(3) sought by this policy could be increased based on the evidence in this report.
43. The Council should also consider if a different approach is prudent for market housing and affordable homes, recognising that Registered Providers may already build to higher standards, and that households in the affordable sector are more likely to have some form of disability.
44. In seeking M4(2) compliant homes, the Council should also be mindful that such homes could be considered as 'homes for life' and would be suitable for any occupant, regardless of whether or not they have a disability at the time of initial occupation.
45. In framing policies for the provision of specialist older persons accommodation, the Council will need to consider a range of issues. This will include the different use classes of accommodation (i.e. C2 vs. C3) and requirements for affordable housing contributions (linked to this the viability of provision). There may also be some practical issues to consider, such as the ability of any individual development being mixed tenure given the way care and support services are paid for.

## Other Groups

46. The report has also considered a range of other groups set out in the NPPF and PPG. This includes the need for self- and custom-build development, students and service personnel.
47. The Allerdale Borough Council Self-Build and Custom Housebuilding Register was introduced on 1<sup>st</sup> April 2016 and currently has 4 entrants per annum. NaCSBA data shows a need for 6 units per 100,000 head of population. IcenI would recommend the continued inclusion of a specific self and custom build housing policy within the Local Plan in order to satisfy the clear demand for plots within the Borough.
48. The higher education establishments in the borough are small and cater for a local market which are likely to have their own accommodation or live with parents. It is unlikely that either facility is likely to grow to a point where there would be an impact on the wider market.
49. There are no military establishments in Allerdale and MOD statistics suggest that there are no military or Civilian MOD personnel stationed in the borough, despite this thought should be given to accommodating service personnel with housing, establishing Key Worker criteria in the introduction of First Homes could help to address this.

## Overall Summary

50. It was calculated using the Government's Standard Method that there is a need to provide an average of 92 dwellings each year for the whole of the Borough. There is however a clear case for the Council to set a housing requirement above this figure. Recent demographic trends suggest a need for 156 dwellings per annum whilst maintaining a working-age population would require delivery of around 209 homes each year. It is also important to note the Council has delivered an average of around 288 homes each year over the past decade.
51. For the area of the Lake District National Park within the borough, it is estimated that only 2 dwellings per annum are needed – this is however based on attempting to apply the Standard Method to the Park area. If an alternative approach is used (to look at the level of housing required to maintain the working-age population) then an estimated need for 27 dwellings per annum is generated.
52. The affordable needs assessment continues to show a need for social/affordable rented housing in the Borough, and in all sub-areas. There is also evidence of a need for affordable home ownership products, although this is less clear-cut. Given the clear steer in the NPPF it is recommended that the Council consider whether seeking 10% of housing on larger sites as affordable home ownership is appropriate; the Council will also need to consider the role of First Homes, including the appropriate level of discount, taking account of affordability and viability. The evidence does suggest there is a case to challenge the default position in the NPPF (and First Homes guidance) given the overriding need for rented affordable housing rather than affordable home ownership.

53. The analysis also identifies a need for all sizes of housing within all tenure groups. For market housing there is a focus on smaller (2- and 3-bedroom) family units. For affordable home ownership the focus should be on 2-bedroom homes (along with some 3-bedroom accommodation) whilst for social/affordable rented housing the need is particularly for 1- and 2-bedroom homes.
54. Finally, the analysis identifies a large and growing older person population. This is likely to drive the need for additional specialist accommodation in both the rented (affordable) and leasehold (market) sectors, as well as a need for additional nursing care bedspaces.





# 1. Introduction

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## Background

- 1.1 Justin Gardner Consulting (JGC) working with Iceni Projects have been appointed by Allerdale Borough Council to prepare a new Local Housing Needs Assessment (LHNA). The key output is an analysis of the size, type and tenure of housing needed for different groups in the community for the next 10 years.
- 1.2 The study provides a robust evidence base which accords with national planning policy requirements, government guidance and current best practice and is intended to be used by the Council in its capacity as the local planning authority for the parts of the borough outside the Lake District National Park, and in support of its strategic housing function. It does also inform the work of the Lake District National Park Authority for the parts of Allerdale that lie within the Lake District National Park. The purpose of the report can therefore be summarised as being:
- in support of its strategic housing function for the whole of the borough;
  - to inform the Council's local planning function for the area outside the National Park, and
  - to inform the Lake District National Park Authority's local planning function for the area of the National Park within the borough.
- 1.3 As a start point the assessment follows the Government's Standard Method for assessing housing need to provide an understanding of the housing market, assisting Council decision-making in its review of the local plan and in the determination of local housing priorities including the targeting of housing resources and the development of services.
- 1.4 Although initially following the Standard Method, the study also considers if there is a case for the Council to consider a different housing requirement to that suggested by the method. This is particularly in relation to whether there is a case for higher housing numbers; taking account of topics such as demographic trends, employment trends/forecasts and past delivery rates.

## National Policy Context

- 1.5 The sub-sections below set out an overview of the key national planning policy and guidance underpinning the preparation of this LHNA which applies at time of writing.

### National Planning Policy Framework (July 2021)

- 1.6 The latest version of the National Planning Policy Framework (NPPF) was published by Government on 20<sup>th</sup> July 2021. Paragraph 7 in the NPPF states that the purpose of planning is to contribute to the achievement of sustainable development. It sets out that planning policies and decisions should play an active role in guiding development towards sustainable solutions, but in doing so should take local circumstances into account, to reflect the character, needs and opportunities of each area.

- 1.7 The development plan must include strategic policies to address Council's priorities for the development and use of land in its area. Plans should apply a presumption in favour of sustainable development and for plan-making, this means that the plan should positively seek opportunities to meet the development needs of their area and be sufficiently flexible to adapt to rapid change and strategic policies should, as a minimum, provide for objectively assessed needs for housing and other uses, as well as any needs that cannot be met within neighbouring authorities, where it is sustainable to do so.
- 1.8 Paragraph 11 reiterates that *“strategic policies should, as a minimum, provide for objectively assessed needs for housing and other uses, as well as any needs that cannot be met within neighbouring area, unless...the application of policies in this Framework that protect areas or assets of particular importance provides a strong reason for restricting the overall scale, type or distribution of development in the plan area.”* In a local context this means the Lake District National Park Authority is not expected to provide for objectively assessed needs for housing and Allerdale Borough Council seeks to provide for the open market demand for housing for the whole borough within their local planning area. More information about planning for housing in National Parks is provided later in this section.
- 1.9 In order to support the Government's objective of significantly boosting the supply of homes, Paragraph 60 in the NPPF states it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay.
- 1.10 Paragraph 61 sets out that in order 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.
- 1.11 Paragraph 62 goes on to set out that within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, people who rent their homes and people wishing to commission or build their own homes.
- 1.12 Paragraphs 63 – 65 address affordable housing provision. They set out that where an affordable housing need is identified, planning policies should specify the type of affordable housing required and expect it to be met on-site unless off-site provision or a financial contribution in lieu can be robustly justified, or the agreed approach contributes to the objectives of creating mixed and balanced communities.
- 1.13 Paragraph 64 states provision of affordable housing should not be sought for residential developments that are not major developments, other than in designated rural areas.

- 1.14 Paragraph 65 sets out that where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the total number of homes to be available for affordable home ownership unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups. In addition, other exemptions to this 10% requirement include instances where a site or proposed development:
- Provides solely for Build to Rent homes;
  - Provides specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students);
  - Is proposed to be developed by people who wish to build or commission their own homes; or
  - Is exclusively for affordable housing, an entry-level exception site or a rural exception site.
- 1.15 The NPPF's Glossary (Annex 2) provides an updated definition of affordable housing; as well as definitions of Build to Rent development, local housing need, old people; and self-build and custom housebuilding.

#### Planning Practice Guidance

- 1.16 Government's Planning Practice Guidance includes several sections which are relevant to the assessment of housing need.
- 1.17 Guidance on Housing and economic needs assessments explains that housing need is "an unconstrained assessment of the number of homes needed in an area" and should be undertaken separately from assessing land availability, establishing a housing requirement figure and preparing policies to address this such as site allocations.
- 1.18 The guidance however does make exceptions for areas such as Allerdale where strategic policy-making authority boundaries do not align with local authority boundaries, or data is not available noting that "an alternative approach will have to be used".
- 1.19 It adds that "Such authorities may continue to identify a housing need figure using a method determined locally, but in doing so will need to consider the best available information on anticipated changes in households as well as local affordability levels."
- 1.20 Guidance in Housing Needs of Different Groups sets out how affordable housing need can be assessed, as well as the needs of students, and how planning policies can support rural communities. It makes clear that the housing needs of individual groups may well exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method, as these will often be calculated having consideration to the whole population as opposed to new households.
- 1.21 The Council will need to take into account these needs including the need for affordable housing - having regard to the overall housing need identified, the extent to which this can be translated into a housing requirement figure over the plan period, and the anticipated deliverability of different forms of provision, having regard to viability.

- 1.22 The Guidance section for Housing for Older and Disabled people describes the need to provide housing for older people as critical, as people are living longer, and the older population is increasing. It sets out that the health, lifestyle and housing needs of older people will differ greatly with housing needs ranging from accessible and adaptable general needs housing to specialist housing with high levels of care and support.
- 1.23 It provides guidance on how the housing needs of older and disabled people can be assessed, and sets out that this should inform clear policies within plans which may include specific site allocations to provide greater certainty to developers. Separate guidance is provided on optional technical standards including for accessible and adaptable housing, use of national space standards and wheelchair-accessible housing.
- 1.24 Separate guidance sections have also been prepared which address Build to Rent and Self-Build and Custom Housebuilding. The Build-to-Rent Guidance requires authorities to assess need, and where a need is identified to include a plan policy setting out the circumstances and locations where build-to-rent development will be encouraged.
- 1.25 The Self-Build Guidance section sets the requirements of the Self-Build and Custom Housebuilding Act 2015 (as amended) including the requirements on Councils to maintain a Register of those interested in self-build housing and to grant consents to meet the need shown. It also sets out that needs assessments can consider other secondary data sources.

#### Housing and Social Care Legislation

- 1.26 Wider legislation affecting housing need includes the 1996 Housing Act (as amended), the Housing and Social Care Act 2012, the 2014 Care Act and 2017 Homelessness Reduction Act.
- 1.27 The 2014 Care Act sets out local authorities' duties in relation to assessing people's needs and their eligibility for publicly funded care and support. Under the Act, local authorities must carry out an assessment of anyone who appears to require care and support and focus the assessment on the person's needs and how they impact on their wellbeing, and the outcomes they want to achieve. Local authorities must also consider other things besides care services that can contribute to the desired outcomes (e.g. preventive services, community support and specialised housing needs).
- 1.28 The Homelessness Reduction Act 2017 places new legal duties on English councils so that everyone who is homeless or at risk of homelessness will have access to meaningful help. Local Authorities have a duty to produce homelessness strategies to prevent homelessness in their respective areas.

#### English National Parks and the Broads: UK Government Vision and Circular 2010

- 1.29 The National Park Authorities are the local planning authorities within the National Parks. The authorities have two statutory purposes to:
- i. Conserve and enhance the natural beauty, wildlife and cultural heritage of the area; and
  - ii. Promote opportunities for the understanding and enjoyment of the special qualities of the Park by the public.

- 1.30 In carrying out these purposes, the Lake District National Park Authority has a duty to foster the economic and social well-being of local communities within the National Park.
- 1.31 Section 62 of the Environment Act 1995 requires all relevant authorities, including statutory undertakers and other public bodies, to have regard to these purposes. Where there is an irreconcilable conflict between the statutory purposes, the 'Sandford Principle' is statutorily required to be applied and the first Purpose of the National Park will be given priority.
- 1.32 The Sandford Principle relates to a statement first made by Lord Sandford in his committee report on possible changes to the management and legislation governing National Parks and now in the Environment Act 1995 which states that: 'if it appears that there is a conflict between those two Purposes, any relevant Authority shall attach greater weight to the first [Purpose]'.
- 1.33 The 2010 Vision & Circular sets out national policy in respect of National Parks. In this the Government is clear that action by National Park Authorities should include fostering and maintaining thriving rural economies, and supporting the delivery of affordable housing.
- 1.34 The 2010 Circular recognises that National Parks often have higher house prices than surrounding areas, and can have low paid jobs in their local economies. It clearly sets out that national park authorities have an important role to play in the delivery of affordable housing, setting out that:
- "Through their Local Development Frameworks they should include policies that pro-actively respond to local housing needs. The Government recognises that the National Parks are not suitable locations for unrestricted housing and does not therefore provide general housing targets for them. The expectation is that new housing will be focused on meeting affordable housing requirements, supporting local employment opportunities and key services. The Government expects the Authorities to maintain a focus on affordable housing and to work with local authorities and other agencies to ensure that the needs of local communities in the Parks are met and that affordable housing remains so in the longer-term"*
- 1.35 There is thus a particular emphasis in national policy on meeting affordable housing needs within national parks; and recognition that unrestricted provision of housing is not appropriate.
- 1.36 The Government published an 8-Point Plan for England's National Parks in 2016 states that 'National Parks are at the heart of the rural economy in their regions.'

## Local Policy Review

### Allerdale Local Plan

- 1.37 The Allerdale Local Plan (Part 1 – Strategic and Development Management Policies) was adopted in July 2014, covering the 2011- 2029 period. It sets a target of 5,471 homes to be constructed by 2029 at an average rate of 304 per annum. This figure takes into account the resident and future population requirements as well as a significant uplift to support local economic growth.

- 1.38 The Allerdale Local Plan (Part 2) Site Allocations Development Plan Document & Supporting Policies adopted July 2020 identifies sufficient land to deliver the spatial strategy set out in Part 1. Within this Policy SA3 sets out the approach the Council will take to secure on-site affordable housing provision and Policy SA5 relates to housing standards, providing homes that will be accessible and adaptable to a wide range of occupants.

Allerdale Housing Strategy 2016-2021 (Refreshed 2019)

- 1.39 The strategy aims to respond to the challenges in the housing market within Allerdale as informed by the 2016 Housing Needs Study. Which identified an annual need for 175 affordable housing units in the borough up to 2021.
- 1.40 The Strategy sets out 6 key priorities for the council in the period 2020-2030 which are:
- A financially secure council;
  - Outstanding local services;
  - Thriving towns and villages;
  - Invest to grow;
  - A cleaner, greener Allerdale; and
  - Resilient communities
- 1.41 The Strategy identifies several issues within housing in Allerdale and splits these into two groups; People and Place.
- 1.42 The Council sets out a number of action points in order to overcome the housing challenges in the borough, in each group these are categorised into general themes. In the People group of issues the 5 key themes are as follows:
- Theme 1 - Is affordable and can meet the housing need
  - Theme 2 - Is safe and warm
  - Theme 3 - Empowers residents to thrive
  - Theme 4 - Supports residents to live independently
  - Theme 5 - Supports residents at risk of losing their homes
- 1.43 The Place group identifies 4 key themes as follows:
- Theme 1 - The development of new market and affordable housing
  - Theme 2 - The provision of specialist accommodation
  - Theme 3 - The development of balanced and sustainable communities
  - Theme 4 - Supporting areas that may benefit from renewal or regeneration

Lake District National Park Local Plan (2020-35)

- 1.44 In May 2021 the National Park adopted a new Local Plan, covering the period from 2020-35. The introduction to the plan sets out that the purpose is to provide a strategy for new development in the Lake District and to provide a framework against which planning decisions can be made. The vision of the plan is for the Lake District to be 'an inspirational example of sustainable development in action' with four key headings being used to link to strategic objectives:
- A prosperous economy;
  - Vibrant communities;
  - World Class Visitor Experience; and
  - Spectacular landscape, wildlife and cultural heritage
- 1.45 Policy 15 of the plan deals with Housing and is therefore of relevance to this report. The policy sets a housing target of 1,200 homes (80 per annum) with a clear focus on providing affordable housing – this can clearly be seen by the policy stating the aims will be achieved by not supporting open market housing. For reference, the full text of Policy 15: Housing is shown below.

### **Policy 15: Housing**

Based on the level of identified housing need we will make provision for a minimum of 1,200 new permanent homes between 2020 and 2035 to increase the supply of homes to meet local community need.

We will achieve this by supporting:

1. new permanent homes that:
  - a. contribute towards helping communities remain vibrant and resilient; and
  - b. achieve a better balance in the housing market; and
  - c. are secured in perpetuity for permanent occupation with eligibility restricted to a geography that is tailored to local circumstances.
2. windfall sites and allocated sites that provide one to five permanent homes subject to local occupancy and above that number affordable housing.
3. rural exception sites for affordable housing where evidence of local need is demonstrated.
4. new permanent homes on farm holdings that:
  - a. support the functional need of the farm business; or
  - b. provide for the transition between generations and will be occupied by family members or rural workers; and
  - c. are secured in perpetuity for permanent occupation with eligibility restricted to function or a geography that is tailored to local circumstances.
5. permanent and transit accommodation to meet the needs of gypsy and travelling communities and travelling show people where they meet a need established by the Gypsy and Traveller Accommodation Assessments.
6. the change of use of guest houses to dwellinghouses where they are secured for permanent occupation, and where it can be demonstrated there is no detrimental impact on the range of visitor accommodation types in the area.

And by not supporting open market housing.

Source: Lake District Local Plan (2020-35)

## **Structure of this Report**

1.46 This report sets out a number of either linked or distinct sections; these are summarised below with a brief description:

- Section 2 – Housing Market Areas and Market Dynamics – Provides background analysis including looking at house prices and house price changes;
- Section 3 – Demographic Trends and Overall Housing Need – Reviews a range of data about population and household growth and uses the Standard Method to calculate housing need and also considers circumstances where a higher housing requirement might be justified;
- Section 4 – Affordable Housing Need – Updates previous analysis about the need for affordable housing and builds on this by considering changes in the NPPF since the previous assessment and more recent Government announcements (e.g. around First Homes);
- Section 5 – Housing Mix – This section assesses the need for different sizes of homes in the future, modelling the implications of demographic drivers on need/demand for different sizes of homes in different tenures.



- Section 6 – The Needs of Older People and People with Disabilities – Considers the need for specialist accommodation for older people (e.g. sheltered/Extra-care) and also the need for homes to be built to Building Regulations M4(2) any M4(3). The section studies a range of data around older persons and people with disabilities; and
- Section 7 – Other Groups – Provides information about other groups of the population mentioned in the NPPF and PPG.

## Rounding

- 1.47 It should be noted that the numbers included in tables and figures throughout the report may not sum exactly due to rounding.

### Introduction: Key Messages

- Justin Gardner Consulting (JGC) working with Iceni Projects have been appointed by Allerdale Borough Council to prepare a new Local Housing Needs Assessment (LHNA). This report focusses on overall housing need as well as looking at affordable housing in the context of changing Government policy (including in relation to First Homes). The study also looks at the needs from a range of specific groups in the population (notably older persons).
- The report is for Allerdale Borough Council, but does include analysis for that part of the Borough sitting within the Lake District National Park.
- The Council adopted its Local Plan (Part 1) in 2014, with policies covering the period from 2011 to 2029. It sets a target of 5,471 homes to be constructed by 2029 at an average rate of 304 per annum. The Allerdale Local Plan (Part 2) Site Allocations Development Plan Document & Supporting Policies was adopted July 2020 and identifies sufficient land to deliver the spatial strategy set out in Part 1. In terms of the LHNA there are a number of policies in the adopted plan influenced by this evidence, including:
  - Policy S3 – Spatial Strategy and Growth;
  - Policy SA3 – Affordable Housing; and
  - Policy SA5 – Housing Standards
- The analysis in this report takes account of the latest National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG). To provide an evidence base, this report sets out a number of either linked or distinct sections to cover a range of core subject areas; the sections are summarised below:
  - Section 2 – Housing Market Areas and Market Dynamics;
  - Section 3 – Demographic Trends and Overall Housing Need;
  - Section 4 – Affordable Housing Need;
  - Section 5 – Housing Mix;
  - Section 6 – The Needs of Older People and People with Disabilities; and
  - Section 7 – Other Groups.



## 2. Housing Market Areas and Market Dynamics

### Introduction

- 2.1 This section examines and concludes the extent of Housing Market Areas which include and overlap with Allerdale Borough. This section also examines housing market dynamics in the Borough. This draws on a range of data sources including Land Registry Price Paid Data. Where possible data has been provided for sub-areas as well as wider comparators.

### Housing Market Areas

- 2.2 Paragraph 18 of the Plan Making Planning Practice Guidance (PPG)<sup>1</sup> defines what a Housing Market Area (HMA) is and sets out the approach local authorities should take when defining these.

- 2.3 According to the Guidance a housing market area is a “*geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work.*” The PPG goes on to add:

*“These can be broadly defined by analysing:*

- *The relationship between housing demand and supply across different locations, using house prices and rates of change in house prices. This should identify areas which have clearly different price levels compared to surrounding areas.*
- *Migration flow and housing search patterns. This can help identify the extent to which people move house within an area, in particular where a relatively high proportion of short household moves are contained, (due to connections to families, jobs, and schools).*
- *Contextual data such as travel to work areas, retail and school catchment areas. These can provide information about the areas within which people move without changing other aspects of their lives (e.g. work or service use).”*

- 2.4 The guidance finally sets out a range of suggested data sources for doing this. These are:

*“Office for National Statistics (internal migration and travel to work areas statistics); Land Registry House Price Index and Price Paid data (including sales); data from estate agents and local newspapers about geographical coverage of houses advertised for sale and rent; Ministry of Housing, Communities and Local Government statistics including live tables on affordability (lower quartile house prices/lower quartile earnings); and neighbourhood data from the Census.”*

- 2.5 This slimmed down guidance notably omits any self-containment threshold for defining HMAs. This is unlike the previous version of the PPG which stated that migration self-containment of “typically 70 per cent” excluding long distance moves can help identify a suitable HMA.
- 2.6 The scale of a Housing Market Area and its required self-containment rate is therefore less definitive if it is identified using the approach in the PPG. However, it is considered that the Government’s previous advice remains of some relevance.

<sup>1</sup> Reference ID: 61-018-20190315

- 2.7 It is also worth noting that HMA boundaries do not stop and start at administrative boundaries. Despite this, it is often commonplace for housing market areas to be defined using local authority boundaries. This is because much of the key datasets used in both defining housing market geographies and housing need (such as the household projections) are only published at a local authority level.
- 2.8 In many areas, a pragmatic response has therefore been to define HMAs at a local authority level. However, the appropriate approach needs to take account of the geography of the local area beyond its administrative boundaries.

- 2.9 These issues were touched upon in the Planning Advisory Services Technical Advice Note on Objectively Assessed Housing Need and Housing Targets<sup>2</sup> (July 2015) which concluded that:

*“It is best if HMAs, as defined for the purpose of needs assessments, do not straddle local authority boundaries. For areas smaller than local authorities data availability is poor and analysis becomes impossibly complex. There may also be ‘cliff edge’ effects at the HMA boundary, for example development allowed on one side of a road but not the other.”*

- 2.10 However, the Technical Advice Note notably adds:

*“This is not always possible and it may be the case that some areas, particularly those covering an expansive area fall into more than one HMA”.*

#### Previously Defined Geographies

- 2.11 The most recent Allerdale Borough Council Housing Study<sup>3</sup> (2016) concluded that “Allerdale can be described as a self-contained housing market on the basis of migration flows and travel to work patterns”.
- 2.12 In 2015 the Centre for Urban and Regional Development Studies (CURDs) in Newcastle University also produced a national set of Housing Market Areas drawing on commuting and migration data from the 2011 Census.
- 2.13 The report concluded that in Cumbria five housing market areas existed and that Allerdale was split between the Carlisle HMA in the North and the Whitehaven and Workington HMA in the South, and a small area around Keswick relating to Penrith.
- 2.14 The report also examined local housing market areas which were principally a device to sub-divide urban strategic HMA, as a result Allerdale is split between Carlisle and Penrith while Workington and Whitehaven HMA now only relates to Workington.
- 2.15 It should be noted that the 2011 census remains the most robust and comprehensive datasets examining migration and commuting as such there is limited data to revise previous definitions.

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<sup>2</sup> <https://www.local.gov.uk/sites/default/files/documents/objectively-assessed-need-9fb.pdf>

<sup>3</sup> [https://www-cloudfront.allerdale.gov.uk/media/filer\\_public/29/e6/29e64017-b575-4c5f-a7f2-b0219174942a/allerdale\\_housing\\_study\\_2016.pdf](https://www-cloudfront.allerdale.gov.uk/media/filer_public/29/e6/29e64017-b575-4c5f-a7f2-b0219174942a/allerdale_housing_study_2016.pdf)

- 2.16 This report has therefore examined and updated house prices and house price change alongside more recent inter-local authority migration from the Office of National Statistics (ONS), noting that this source does not collate intra-local authority movements.

Migration and Self-Containment

- 2.17 The ONS provides annual data on internal migration flows (both in- and out- migration flows) which is informed by a range of official datasets including NHS GP registrations data.
- 2.18 We have sought to appraise gross migration flows (the sum of flows in both directions) between areas to understand the relative strength of the housing market interactions between different local authorities.
- 2.19 We use gross flows to understand the strength of the migration relationship between areas, and then benchmark them for the combined population size of the two local authorities (in and out) to understand the relative strength of links. This recognises that two larger authorities will have a larger absolute flow than smaller authorities.
- 2.20 The table below shows the largest flows with Allerdale and based on its strongest flows also those for Copeland, Carlisle. Beyond these two areas there is also a notable flow with Eden although this is less than half of that of Carlisle.
- 2.21 It is also notable that there is a net inflow from Copeland and a net out-flow from Allerdale to Carlisle. It is also notable that Copeland's next strongest link, with Barrow, being less than a third of those with Allerdale. Carlisle's second strongest link, with Eden, is around a similar level of that with South Lakeland.

**Figure 2.1: Top Migration Gross Flows per 1,000 Population (2017-2020)**

Allerdale	Gross Migration Per 1,000		In Migration		Out Migration	
1st	Copeland	5.43	Copeland	536	Carlisle	520
2nd	Carlisle	4.74	Carlisle	459	Copeland	365
3rd	Eden	2.05	Scotland	156	Scotland	176
4th	South Lakeland	0.76	Eden	141	Eden	170
5th	Lancaster	0.47	South Lakeland	77	Newcastle	99
Copeland	Gross Migration Per 1,000		In Migration		Out Migration	
1st	Allerdale	5.43	Allerdale	365	Allerdale	536
2nd	Barrow-in-Furness	1.13	South Lakeland	74	Carlisle	106
3rd	Carlisle	0.99	Scotland	70	S. Lakeland	89
4th	South Lakeland	0.94	Barrow	69	Barrow	83
5th	Eden	0.41	Carlisle	69	Scotland	80
Carlisle	Gross Migration Per 1,000		In Migration		Out Migration	
1st	Allerdale	4.74	Allerdale	520	Allerdale	459
2nd	Eden	4.06	Scotland	381	Scotland	392
3rd	Copeland	0.99	Eden	378	Eden	281
4th	Newcastle	0.79	Northumberland	141	Newcastle	195
5th	South Lakeland	0.62	Newcastle	136	Northumberland	122

Source: Internal migration – Matrices of moves between English and Welsh local authorities, English regions, Scotland and Northern Ireland, year ending June 2017-2020

- 2.22 One of the previous benchmarks for identifying a HMA was self-containment levels. These are the percentage of moves to or from an area which also originate from the same area. The guidance suggested that a self-containment rate of 70% would be typical of an HMA.
- 2.23 The guidance also suggested long distance moves should be excluded as these would include such things as people retiring to the area or moving for University which would typically be outside of the HMA they reside. We are required to use data from the 2011 Census as more recent data does not report on internal moves within a local authority.
- 2.24 As the table below sets out, Allerdale has very high levels of origin and destination self-containment rates in its own right when long-distance moves are excluded (moves from outside the North West). The self-containment rates exceed 70% for both in and out migration.
- 2.25 Similarly, and perhaps most importantly the self-containment rate of Carlisle and Copeland also exceed 70% in their own right and in Carlisle's case exceeds 80%. By this measure alone it would suggest that each areas can be seen as a housing market area in their own right.

<b>Figure 2.2: Self-Containment Rates (2011)</b>			
In Migration	Allerdale	Carlisle	Copeland
Internal Migration	5,250	7,145	3,742
All Migration	7,578	10,432	5,532
Excluding Long Distance	6,584	8,575	4,780
% Self Containment	80%	83%	78%
Out Migration	Allerdale	Carlisle	Copeland
Internal Migration	5,250	7,145	3,742
All Migration	7,855	10,212	5,697
Excluding Long Distance	6,684	8,310	4,873
% Self Containment	79%	86%	77%

Source: ONS, Census 2011

- 2.26 Noting that the latest gross migration links are also highest within each other also suggests the three local authorities should continue to work on strategic matters. These patterns are likely to reflect the relationship with parts of Southern Allerdale with Copeland and particularly Whitehaven and Northern Allerdale with Carlisle. While there is a relationship with Eden this is likely to be the influence of Penrith over small parts of the Borough including Keswick.

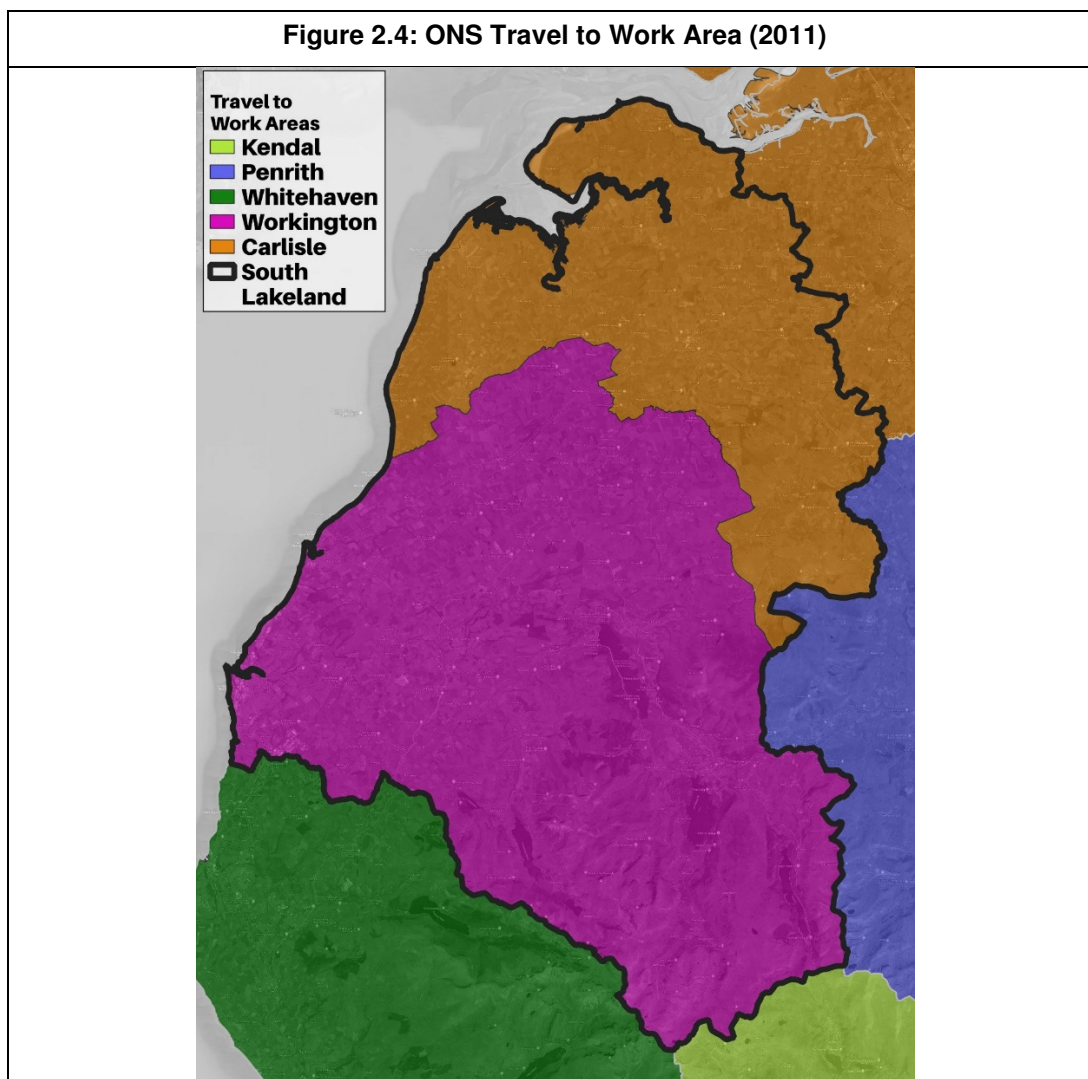
#### Travel to Work Areas

- 2.27 ONS produced a set of Travel to Work Areas (TTWA) which covered the whole of the UK. As illustrated in the figure below for Allerdale there are two TTWA covering the Borough.
- 2.28 The Workington TTWA which covers the South of the Borough including Workington, Maryport, Keswick and Aspatria. The other TTWA is the Carlisle TTWA and covers the North of the Borough including Silloth and Wigton.
- 2.29 ONS also provides statistics relating to the self-containment rates of these travel to work areas. These are shown in the table below. The Carlisle TTWA has a resident and job self-containment rate in excess of 83% while in the Workington TTWA these rates are lower but still exceed 73%.

<b>Figure 2.3: Travel to Work Area Self-Containment Rates (2011)</b>		
TTWA Name	Resident self-containment (% employed residents who work locally)	Job self-containment (% local jobs taken by local residents)
Carlisle	87.2%	83.7%
Workington	73.7%	81.4%

Source: ONS, 2011

- 2.30 Again it should be reiterated that despite drawing on data from the 2011 census this remains the most robust dataset available.

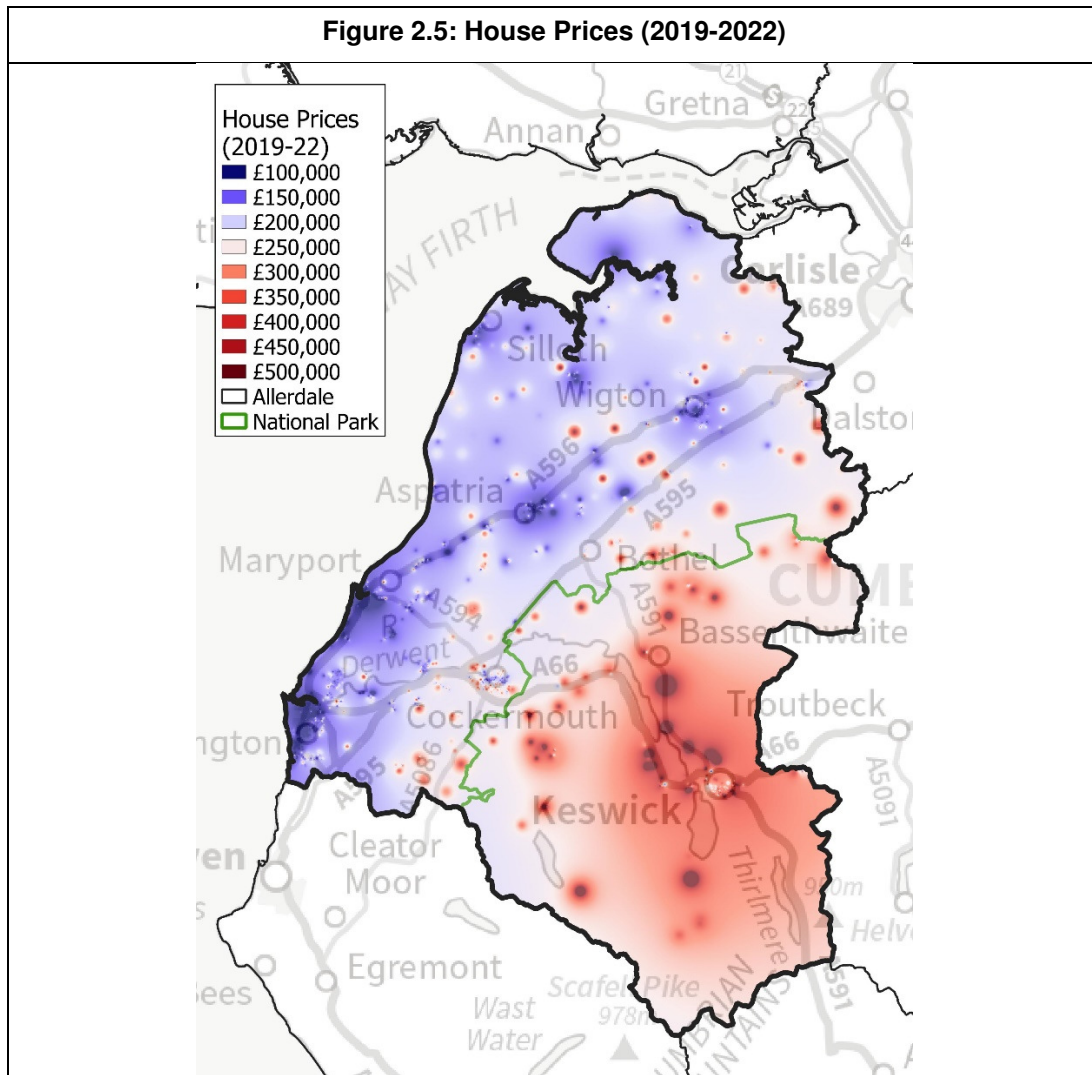


Source: ONS, 2011

### House Prices and House Price Change

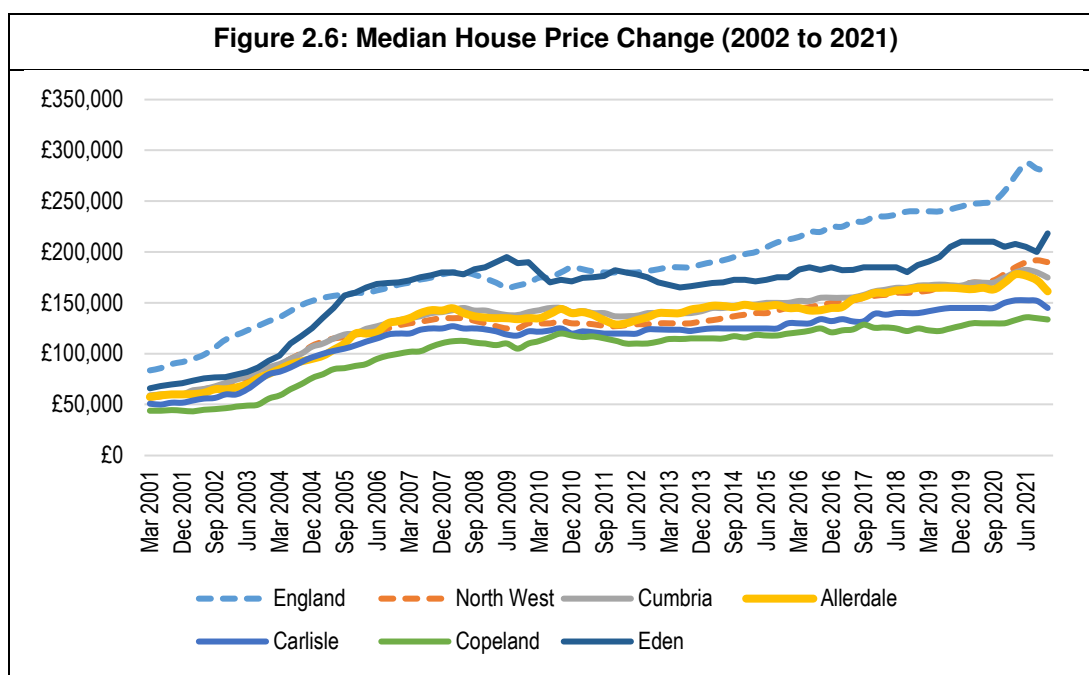
- 2.31 The PPG also suggests that when identifying HMAs the “*relationship between housing demand and supply across different locations, using house prices and rates of change in house prices. This should identify areas which have clearly different price levels compared to surrounding areas.*”
- 2.32 The map below examines the cost of housing in Allerdale between in 2019 and 2022. We have examined this longer period to address any covid-related spike. The typically lower values in the Coastal and Western areas of Workington and Maryport and higher prices in those areas within the National Park including Keswick and to a lesser degree Cockermouth.
- 2.33 With the exception of Cockermouth the majority of the Borough seems fairly consistent outside of the Lake District National Park. It is likely that the housing market in the National Park is at least in part driven by the quality of place and connected to this a level of second home ownership.





Source: HM Land Registry, 2022

- 2.34 We have also looked at the change in house prices aggregated to authority areas. This shows Allerdale is quite distinct from Copeland, Carlisle and Eden. There is a broad alignment between Allerdale and the wider County and Region. This would suggest that, by this measure, Allerdale would be a housing market area.



Source: ONS

### Housing Market Area Conclusions

- 2.35 Recent migration data shows a relationship with Carlisle and Copeland and to a lesser degree Eden. Although it is not possible to use this data to examine self-containment. Reverting back to 2011 data it is clear that Allerdale, as well as Carlisle and Copeland all have relatively high rates of self-containment.
- 2.36 In terms of commuting the Borough is split in two with the Northern parts of the Borough including Silloth and Wigton being more closely aligned with Carlisle than with Workington which the rest of the borough is focused towards.
- 2.37 The more recent house price change analysis suggests a divergence in Allerdale from its neighbouring authorities and in absolute terms a Lake District National Park market which is distinct from the rest of the Borough.
- 2.38 The previous SHMA identified a single HMA across Allerdale and the more recent data provides would confirm this is still a reasonable position.
- 2.39 Housing markets are complex and rarely begin and end at local authority boundaries. For instance, Penrith clearly influences surrounding parts of Allerdale and specifically Keswick. One of the purposes of defining housing market areas is to identify the “*appropriate functional geographical area to gather evidence and develop policies to address these (Strategic) matters, based on demonstrable cross-boundary relationships.*”

- 2.40 Where these areas are identified the relevant local planning authorities (including the National Parks) are required to cooperate on strategic matters. This cooperation includes, according to Paragraph 11 of the Plan-Making PPG (reference ID: 61-011-20190315), agreeing a statement of common ground which contains:

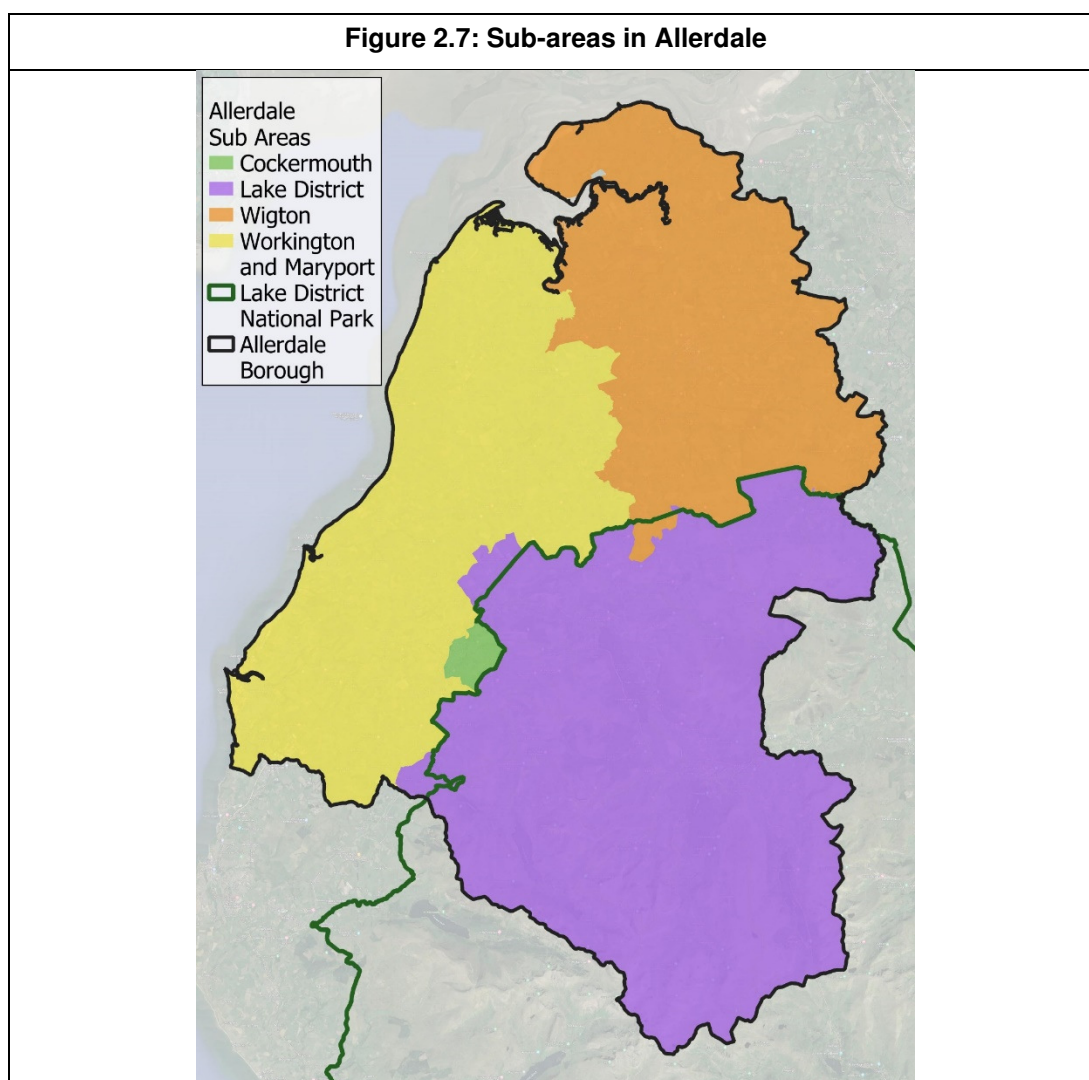
*“if applicable, the housing requirements in any adopted and (if known) emerging strategic policies relevant to housing within the area covered by the statement” or*

*“distribution of needs in the area as agreed through the plan-making process, or the process for agreeing the distribution of need (including unmet need) across the area”*

- 2.41 It will be important for the Council to therefore liaise with Copeland, Carlisle and to a lesser degree Eden as well as the National Park in discussing any issues associated with unmet housing needs.

## **Sub-Areas**

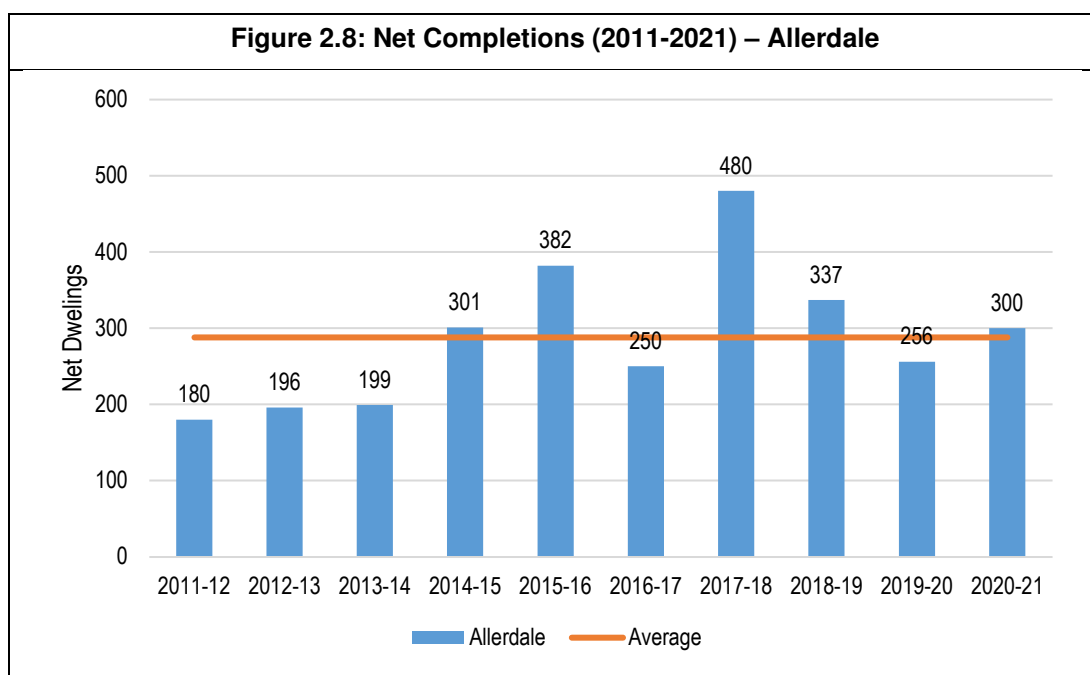
- 2.42 The most recent Strategic Housing Market Assessment (SHMA, 2016) identified four sub housing market and these broadly remain the logical sub-district housing market geographies. The sub-areas are useful from a policy perspective as features of different locations vary and indeed some local plan policies are specific to different areas (for example Policy SA3 – Affordable Housing).
- 2.43 It is however noted that the previous SHMA included a sub-area named North Lakes which included much of the National Park area of the Borough but was not defined in such a way as to be a sub-area exclusive to the National Park. For this report it is considered a small change to the sub-area boundaries is useful so that one of the areas is drawn as closely as possible to the Park boundary – this means data will be more useful for planning purposes. For that reason we have treated the national parks as its own distinct sub-area rather than the North Lakes Sub-Area previously identified.
- 2.44 As a further complication the National Park does not relate to any specific geography (the previous assessment used now redundant wards) therefore to align with published statistics we have had to produce a best fit of Output Areas to align with the National Park boundaries. The map below illustrates the extent of each sub-area and where possible analysis is provided for each.
- 2.45 Where output areas overlap with the National Park boundary this is due to OA being allocated to one or the other sub-market based on the likely balance of the population in these largely rural output areas.



Source: Icen Projects, 2022 based on OS data

## Housing Stock

2.46 According to ONS there were 48,314 dwellings in Allerdale in 2021. Of these 82% were in the private sector and 18% were owned by Private Registered Providers. Net completions in Allerdale have averaged around 288 since 2011-12. In this time completions peaked in 2017-18 with 480 dwellings. This was almost 100 dwellings higher than the previous highs of 382 in 2015-16 and 403 dwellings in 2005-6.

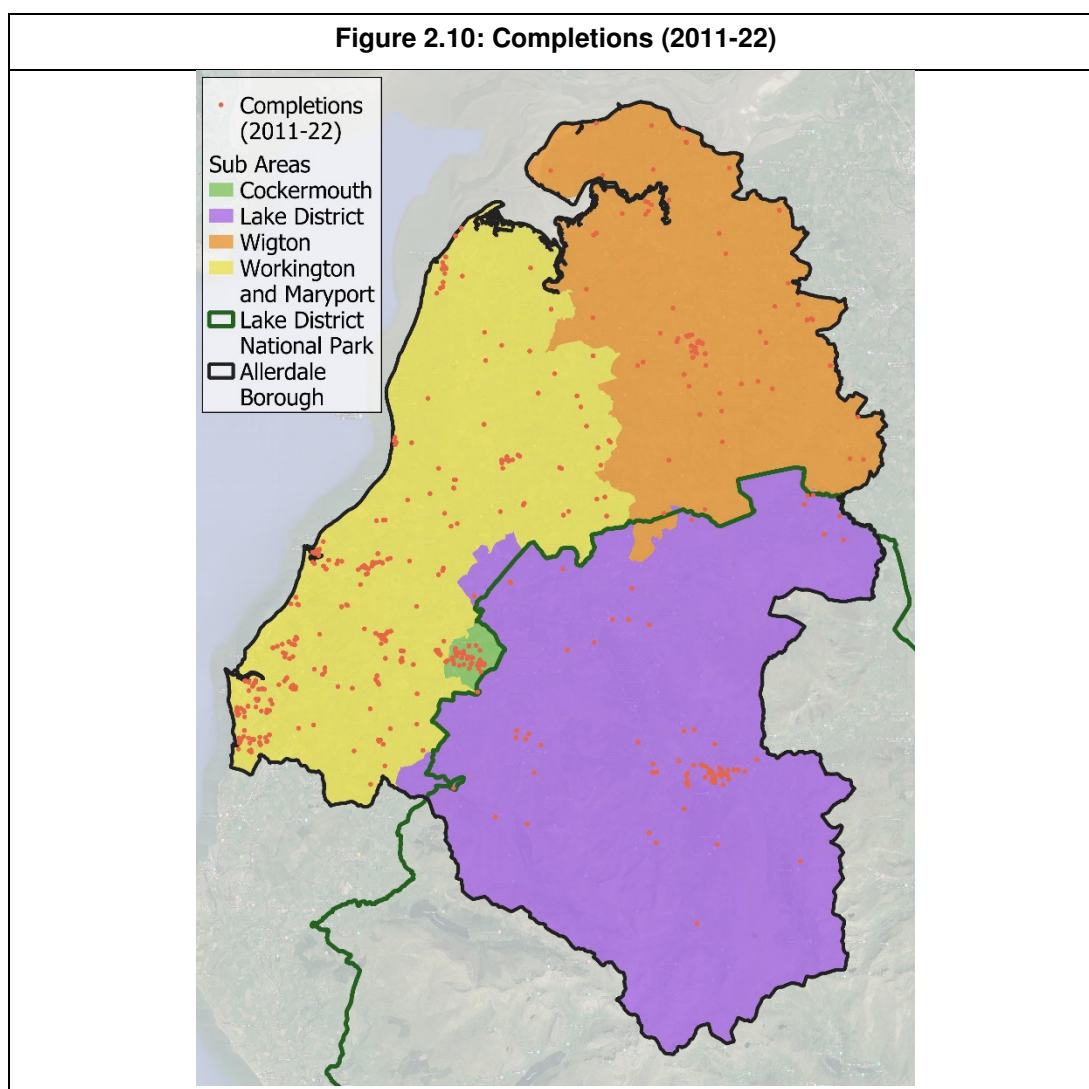


Source: ONS, Net Additions to Dwelling Stock

- 2.47 As shown in the table below and illustrated in the map overleaf the largest percentage of completions has been in the Workington and Maryport Sub-Area (63% of Borough completions), followed by Wigton (15%), and Cockermouth (13%). Over 90% of completions in the Borough as a whole were in the Allerdale LPA area, with around 10% being in the National Park. This is drawn from EPC data over a longer period so varies from that above.

<b>Figure 2.9: Completions by Sub-Area (2011-22)</b>			
	Total (2011-22)	Average (2011-22)	% of Borough Completions
Cockermouth	408	34	13%
Wigton	465	39	15%
Workington and Maryport	2,017	168	63%
Allerdale Plan Area	2,890	241	90%
Lake District (Allerdale)	315	26	10%
Borough as a whole	3,205	267	100%

Source: DLUHC, EPC Certificates 2022

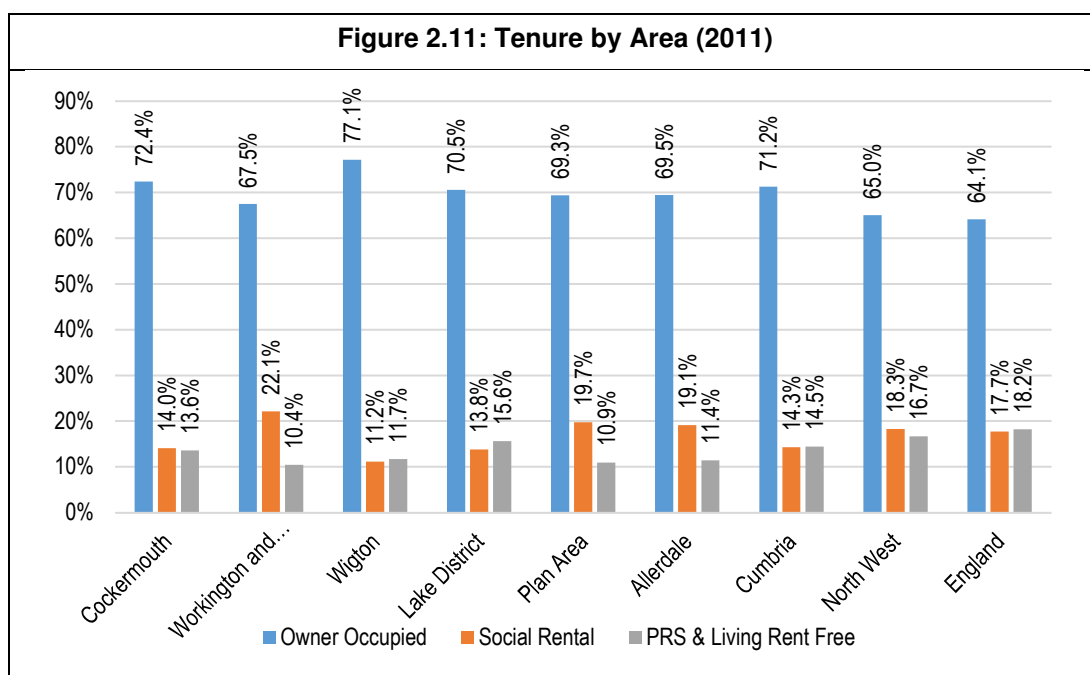


Source: DLUHC, EPC Certificates 2022

#### Tenure, Type and Size of Housing

- 2.48 In 2011, around 69% of households in both the Plan Area and the Borough are owner occupiers including Shared Ownership. This is below the Cumbria Average (71%) but below the regional (65%) and national figure (64%). Across the Borough this ranges from 67% in Workington and Maryport to 77% in Wigton.





Source: ONS, Census

- 2.49 Conversely the Borough has lower levels of private rental than the wider comparators and higher levels of social renting. Social Renting is highest in Workington and Maryport while Lake District (Allerdale) has the highest percentage of private renting and Cockermouth within the Plan Area.
- 2.50 Experimental data from ONS suggests that since 2011 suggests that Owner Occupation and PRS in Allerdale have increases since 2011 and Social Renting has decreased. It should however be stressed that ONS term the change in PRS to be “unreliable”.
- 2.51 Around one third of all dwellings in the Plan Area are Semi-Detached and a further third are terraced houses. One quarter of all dwellings are detached with the remaining 8% being flats. In comparison to the wider North West this represents an over-representation of detached and Terraced homes and an under-representation of semi-detached and flats.

<b>Figure 2.12: Type of Dwelling (household spaces)</b>					
	Detached	Semi-Detached	Terraced	Flats	Other
Cockermouth	24.6%	34.0%	25.1%	16.2%	0.1%
Wigton	45.2%	30.5%	19.5%	4.2%	0.5%
Workington & Maryport	22.1%	33.9%	35.8%	7.7%	0.5%
Lake District (Allerdale)	33.4%	25.0%	26.3%	15.1%	0.3%
Plan Area	25.7%	33.4%	32.4%	8.1%	0.4%
Allerdale	26.7%	32.4%	31.6%	8.9%	0.4%
Cumbria	25.5%	32.1%	30.5%	11.4%	0.5%
North West	17.7%	35.7%	30.0%	16.3%	0.3%
England	22.3%	30.7%	24.5%	22.1%	0.4%

Source: ONS, Census

- 2.52 The sub-area with the highest percentage of flats is in Cockermouth followed by the Lake District (Allerdale). Wigton sees the highest percentage of detached homes while semi-detached and terraced and most prevalent in Workington and Maryport.
- 2.53 Almost half of all household spaces in the Plan Area have three bedrooms. This is followed by 28% with two bedrooms and 18% with four or more bedrooms. In comparison to the wider region the stock in the Plan Area is slightly larger.

<b>Figure 2.13: Household Space by Number of Bedrooms (2011)</b>					
	Studio	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Cockermouth	0.1%	6.2%	29.9%	42.5%	21.3%
Workington & Maryport	0.1%	5.1%	29.2%	49.4%	16.2%
Wigton	0.1%	2.7%	21.8%	49.5%	25.9%
Lake District (Allerdale)	0.1%	6.4%	25.0%	40.2%	28.3%
Plan Area	0.1%	4.8%	28.2%	48.8%	18.1%
Allerdale	0.1%	5.0%	27.9%	47.9%	19.1%
Cumbria	0.2%	6.3%	29.3%	45.4%	18.8%
North West	0.2%	9.5%	28.5%	45.0%	16.8%
England	0.2%	11.8%	27.9%	41.2%	19.0%

Source: ONS, Census

- 2.54 The largest percentage of large homes (4+ bedrooms) in the borough can be found in the Lake District (Allerdale) with the smallest in Workington and Maryport. In contrast, the highest percentage of homes with one bedroom is in the Lake District (Allerdale) while the smallest is in Wigton. This suggests that the housing stock in the Lake District (Allerdale) is not catering for families unless they could afford the very largest homes.

#### Occupancy

- 2.55 Linked to the size of homes we have also analysed under and over occupancy within the borough and its sub areas. This is based on the number of bedrooms in a household space and the number of occupants and what their age and relationship is. Over-occupied means that there is at least one room too few. Under-occupancy in this instance is based on those household spaces which have 2 or more spare bedrooms.
- 2.56 Over-occupation is lower in the Borough and Plan Area (both 1.7% of household spaces) than the wider County (1.8%) which is itself much lower than the comparable figure in the region (3.6%) and nationally (4.6%). There is a relatively narrow range within the Borough from 1.4% in Wigton to 1.8% in Workington and Maryport.



<b>Figure 2.14: Over and Under-Occupation by number of Bedrooms (2011)</b>		
	Over-Occupied	Under-Occupied
Cockermouth	1.6%	82.1%
Workington and Maryport	1.8%	79.7%
Wigton	1.4%	85.3%
Lake District (Allerdale)	1.6%	82.5%
Plan Area	1.7%	80.7%
Allerdale	1.7%	80.9%
Cumbria	1.8%	79.3%
North West	3.6%	71.6%
England	4.6%	68.7%

Source: ONS, Census 2011

- 2.57 In relation to under-occupation around 81% of all household spaces in the Borough and Plan Area are under-occupied. This compares to 79% for Cumbria as a whole, 72% for the North West and 69% nationally. This is linked to the aging population which remain in the family homes after the rest of their families move out.
- 2.58 The highest level of under-occupancy can be found in Wigton and the lowest in Workington and Wigton, although this is still higher than the wider comparators.. This can also be linked to the housing stock in each area. This does suggest that there may be a role for specialist housing for older people in the borough in order to encourage downsizing.

#### Housing Stock - Summary

- 2.59 There were 48,314 dwellings in Allerdale in 2021 and since 2011-12 net completions in have averaged around 288 dwellings of which around 63% have been in Workington and Maryport. Around 10% of completions in the Borough over the past decade or so have been within the National Park
- 2.60 In 2011, around 69% of households in the Plan Area are owner occupiers. This is below the Cumbria Average (71%) but below the regional (65%) and national figure (64%). Conversely the Borough has lower levels of private rental than the wider comparators and higher levels of social renting. The National Park area sees a higher proportion of private renting than any other part of the Borough (although levels are relatively low in a national context).
- 2.61 Around one third of all dwellings in the Plan Area are Semi-Detached, a further third are terraced houses. Around 25% of all dwellings are detached with the remaining 8% being flats. The National Park has a higher proportion of detached homes and also flatted accommodation when compared with the Borough as a whole.
- 2.62 Almost half of all household spaces in the Plan Area have three bedrooms. This is followed by 28% with two bedrooms and 18% with four or more bedrooms. The National Park sees a higher proportion of homes with 4+-bedrooms than other sub-areas of the Borough.

- 2.63 Linked to the size of homes and the ageing population around 81% of all household spaces in the Borough and Plan Area are under-occupied. This does suggest that there may be a role for specialist housing for older people in the borough in order to encourage downsizing.
- 2.64 Over-occupation is lower in the Plan Area (1.7%) than the wider County (1.8%) which is itself much lower than the comparable figure in the region (3.6%) and nationally (4.6%).

## Housing Market Dynamics

- 2.65 The analysis below looks in more detail at housing market dynamics across the Borough. Analysis is separated between the home buying market and the private rented sector.

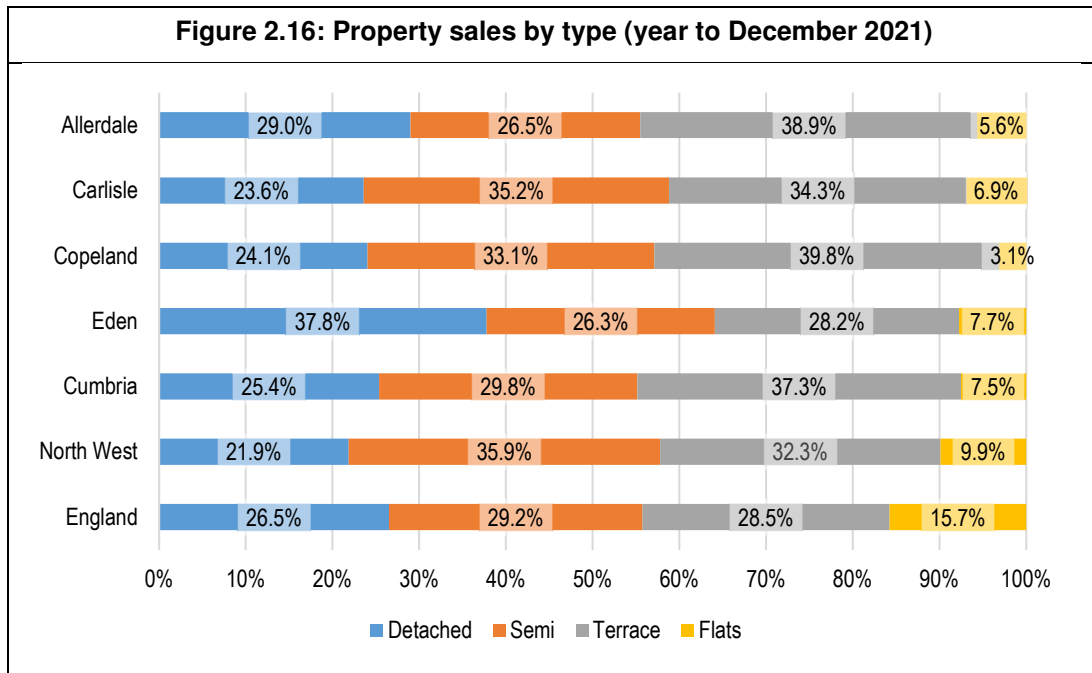
### House Prices

- 2.66 In the year to December 2021 the median house prices in Allerdale was £160,000. This is above the medians for the neighbouring authorities of Carlisle and Copeland, it is slightly below Cumbria (£175,000) and the wider North West (£190,000), and significantly below Eden (£225,000) and England as a whole (£280,000).
- 2.67 The relatively higher property prices in Allerdale compared to neighbouring districts of Carlisle and Copeland demonstrates the higher level of demand for housing in parts of the borough. This is illustrated in the sub-area analysis below.

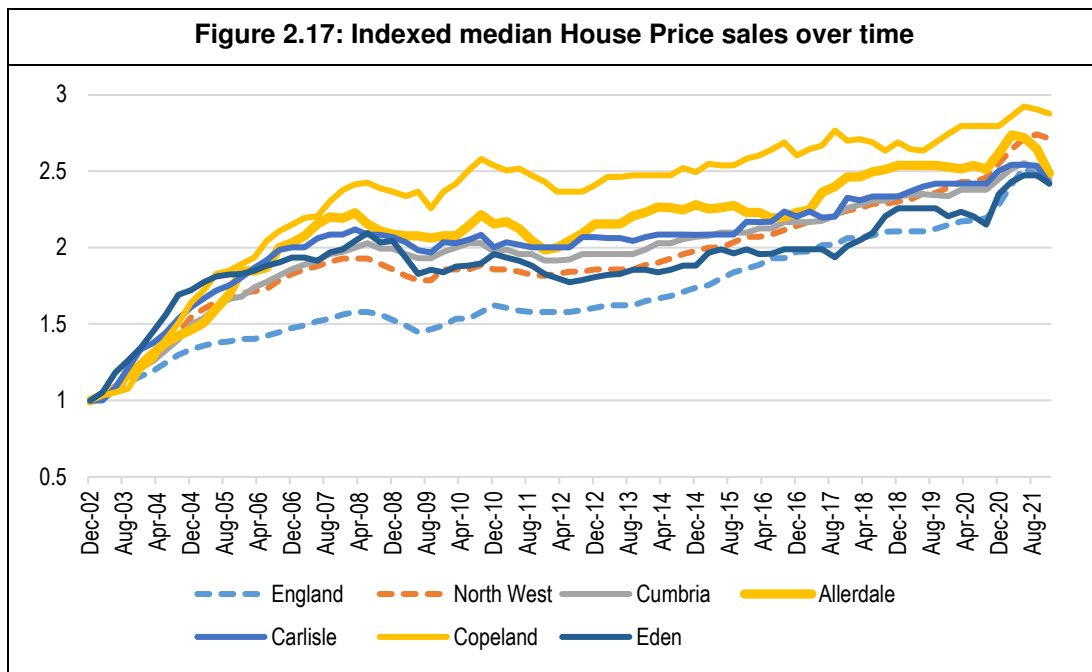
<b>Figure 2.15: Median House Prices (Year ending Dec 2021)</b>		
Area	Price	As % of national average
Allerdale	£160,000	57%
Carlisle	£147,500	53%
Copeland	£135,000	48%
Eden	£225,000	80%
Cumbria	£175,000	63%
North West	£190,000	68%
England	£280,000	-

Source: ONS data

- 2.68 The overall median in each area will reflect the proportion of properties of each type sold. The table below demonstrates the split in property sales by the type of property in Allerdale and comparable authorities. There is a higher percentage of Terrace sales in Allerdale (38.9%) followed by Detached (29%) then Semi (26.5%), Flats see the lowest proportion of sales at only 5.6%.
- 2.69 This is broadly similar to that of the neighbouring authorities and the North West and is likely a reflection of the stock and the broadly rural nature of the Borough as a whole.



- 2.70 To examine longer term relative growth we have indexed median house prices since 2002. Allerdale has seen some of the strongest growth in the last 20 years although it has seen a sharp downwards adjustment in the last year.
- 2.71 All areas have seen large increases since 2020 including Allerdale which up to March 2021 had seen the second highest level of growth. Overall Copeland (2.88) has grown most since 2002 with Carlisle and Eden (2.42) seeing the least amount of growth.



- 2.72 When looking at median prices by type, Allerdale again sees lower prices for all types of property than the wider North West and England. As can be expected properties of a lower density such as detached and semi-detached are generally sold for higher than those of higher density such as terraces and flats.
- 2.73 However, in both Allerdale and the North West the difference in median prices between Flats and Terraced properties is relatively minimal, in the North West for example the median price for both types of properties are the same and in Allerdale there is a £500 difference with terraces being more expensive. In contrast, nationally there is a £12,500 difference, with flats being more expensive.
- 2.74 This low price indicates that flats are generally less attractive within Allerdale compared to houses and also likely reflects the lack of densely populated urban areas where flatted developments are more common.

<b>Figure 2.18: Median Price by Type (2021)</b>					
Area	Detached	Semi-Detached	Terraced	Flats	Overall
Allerdale	£275,000	£159,000	£107,500	£107,000	£160,000
North West	£323,000	£192,500	£135,000	£135,000	£190,000
England	£399,950	£254,000	£227,500	£240,000	£280,000

Source: ONS data

- 2.75 At a sub area level it can be seen that the Lake District sub area has the highest prices across all types of homes with Workington and Maryport seeing the lowest overall average. Curiously the median prices for both Detached properties and Flats in Workington and Maryport are higher than in Wigton, particularly in Flats where the difference is substantial at £17,500 lower in Wigton – this will reflect the relatively low proportion of flats sold in Wigton in the period studied.

<b>Figure 2.19: Median Price by Sub-area (2021)</b>					
Area	Detached	Semi-Detached	Terraced	Flats	Overall
Cockermouth	£315,000	£223,800	£176,500	£111,000	£205,500
Wigton	£248,300	£157,000	£107,500	£53,500	£187,100
Workington & Maryport	£261,500	£143,400	£95,000	£71,000	£132,300
Lake District NP	£500,900	£342,500	£317,900	£250,000	£346,700
Allerdale	£275,000	£159,000	£107,500	£107,000	£160,000

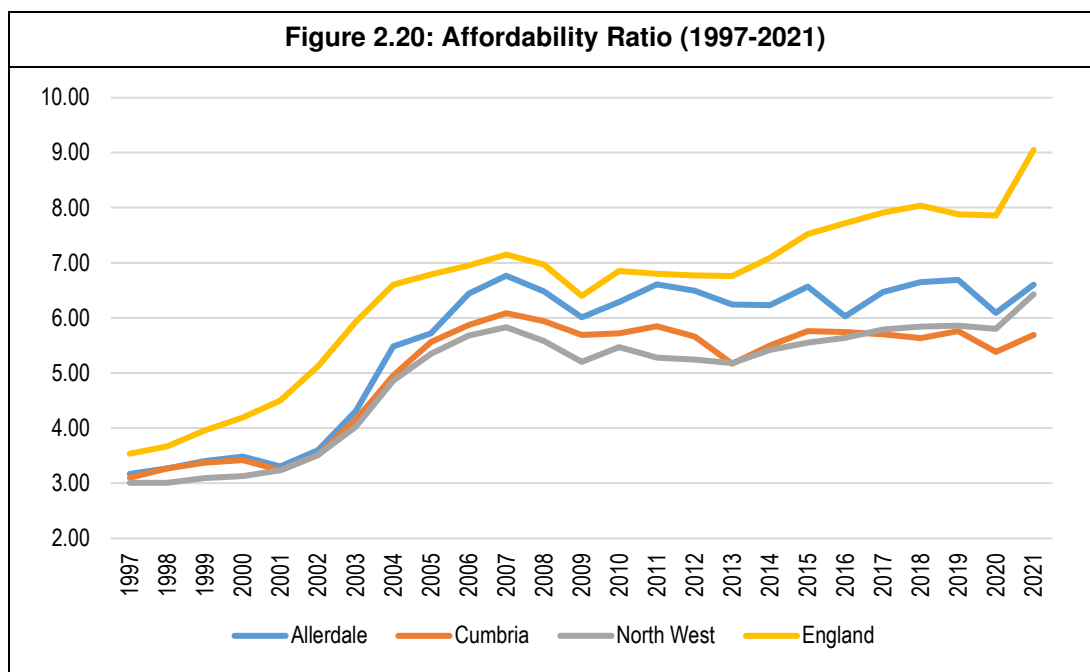
Source: Land Registry

- 2.76 This should be read in conjunction with the analysis on house prices in the HMA section of the report above, which includes a heatmap of house prices across the borough.

### Affordability

- 2.77 The table below shows the Median workplace based affordability ratio for Allerdale, Cumbria, the North West and England over time. In all areas affordability has worsened with the ratio now highest in England overall at 9.05.

- 2.78 Allerdale currently sees a higher affordability ratio than Cumbria and the North West indicating that property prices are less affordable in relation to workplace earning. However the ratio does appear to have been relatively stable since 2006 rarely changing by more than +/- 0.5 on the previous year across these three areas, with Allerdale consistently between 6 and 7. In contrast affordability nationally has broadly continued to worsen since 2013.



Source: ONS data

- 2.79 With the lower property prices in Allerdale compared to Cumbria and the wider North West it is somewhat surprising that affordability is worse than that of both benchmark areas, and indicates that the average property is not as affordable to those who work in the Borough as elsewhere in the County. The response to this is the step 2 affordability uplift within the Standard Method. It should be noted the ONS figures above are for Allerdale Borough and it is likely the higher prices in the National Park would lead to a much higher affordability ratio in this area – this is discussed in the next section of this report.

#### Agency Engagement

- 2.80 Targeted telephone engagement with Local Estate and Letting Agents took place in July 2022. The following section collates these views although it should be caveated that not all views were universal and the views are also anecdotal. As such they may well contradict each other as well as the data in this report.
- 2.81 All agents reported having been particularly busy throughout the pandemic with many seeing increases in the number of people moving into Allerdale from the south. Although all agents agreed that this was the case, there was some debate on the extent of this. One agent reported upwards of 60% of their prospective buyers originating from southern areas of England. Another saw this proportion to be no more than 25% and considered there to be more people moving to Allerdale from other areas of Cumbria or the wider North West.

- 2.82 All agents consulted reported a slowing down of the sales market across the entire Borough in the past few months. Most believed this was due to the rising cost of living and rising interest rates on mortgages. Despite this slowing down of the market, agents believed the current level of sales to be an overall increase on the levels of sales pre-pandemic.
- 2.83 Again despite the slowing down of sales house prices were still considered to be rising, albeit the pace of this was believed to have slowed down with many agents seeing properties decrease their asking prices and forecasting either further decreases or stagnation of prices in the coming months.
- 2.84 In terms of the type of property 3-4 bed terraced or semi-detached properties were seen as most popular and attractive to market with many families now requiring extra space to allow for working from home.
- 2.85 Bungalows were also seen as being in high demand with a shortage of those in good quality reported. One agent pinpointed the highest level of demand for bungalows to be in Cockermouth where the average buyer is older but did add that demand was high across the Borough.
- 2.86 On average properties begin to receive offers within two weeks of advertisement. However, this is dependent on several factors, namely the quality of the property, if this lined up with the asking price and how attractive it is to the wider market.
- 2.87 Properties that were considered harder to sell as a result of being slightly less attractive to the wider market included those with large land holdings or those with character, as well as properties on the edge of the towns that are less well connected.
- 2.88 Overall, the Borough was considered to be attractive primarily due to the short distance to both the Lake District and the Coast, agents saw the generally lower house prices in Allerdale compared to others near or within the Lake District as a draw to some.
- 2.89 Cockermouth and Workington were both seen as attractive because of the town centre environment. However, Cockermouth's location closer to the Lake District and status as a Market Town generally made it more attractive and consequently more expensive than Workington.
- 2.90 Overall, prospective buyers in Cockermouth were often seen as older and frequently cash buyers seeking to downsize. Whereas buyers in Workington were regularly younger families with one agent reporting the closer distance to Sellafeld as a pull factor to the town.

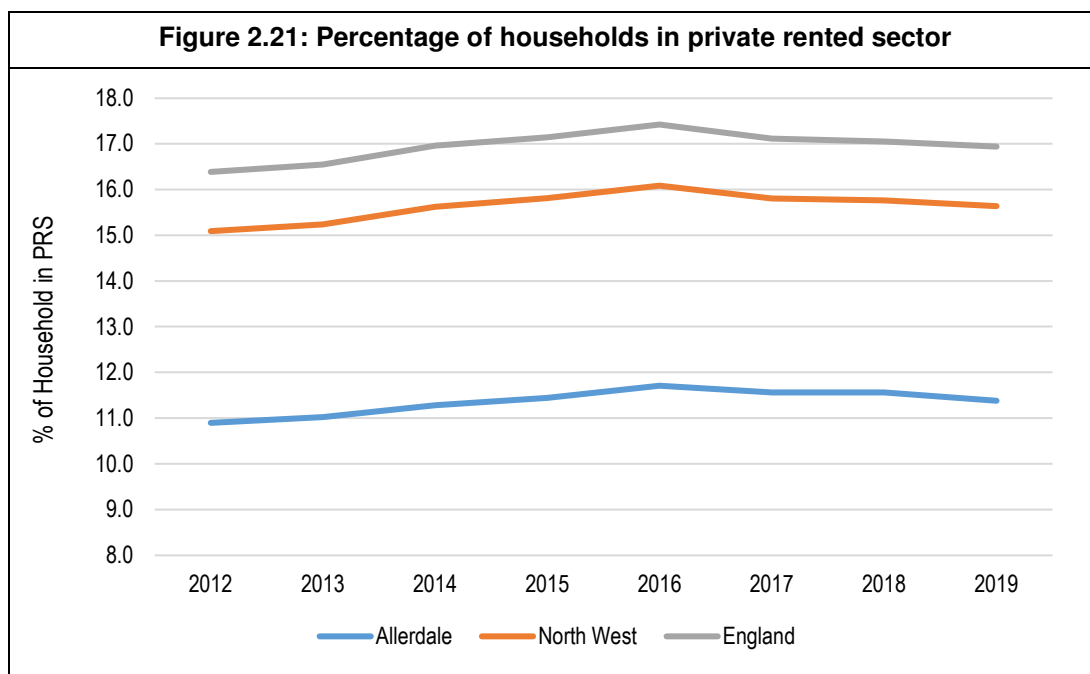
#### Sales Market – Summary

- 2.91 Allerdale sees higher median house prices and demand than the neighbouring authorities of Carlisle and Copeland, however these are below neighbouring Eden as well as the wider county, region and national.
- 2.92 Allerdale has seen large increases in property prices since 2002, however there was a downward adjustment since March 2021. Amongst the sub areas the Lake District sees the highest property prices with Workington and Maryport seeing the lowest.

- 2.93 Allerdale currently sees a higher affordability ratio than Cumbria and the North West however this appears to have been relatively stable since 2006 being consistently between 6 and 7.
- 2.94 Engagement with sales agents in the area reports a slowing down of the sales market across the Borough, although still above pre pandemic levels. Prices were seen to be rising albeit at a much slower pace than seen previously.
- 2.95 3-4 bed terraced or semi-detached properties are seen as most popular with bungalows being in high demand across the Borough.
- 2.96 Overall, prospective buyers in Cockermouth were often seen as older and frequently cash buyers seeking to downsize. Whereas buyers in Workington were regularly younger families with one agent reporting the closer distance to Sellafield as a pull factor to the town.

#### Private Rented Sector

- 2.97 The private rental market in Allerdale makes an important contribution to housing stock. This section examines the sector in more detail including that being used for second home ownership.
- 2.98 According to ONS statistics, in 2019 11.4% of households in Allerdale were in Private Rented housing, somewhat lower than that of the wider North West at 16% and nationally 17%. The percentage of households renting in all areas has broadly followed the same trend with a peak in 2016 and a gradual decline since. Although it should be stressed this data is experimental and comes with a high degree of uncertainty.



Source: ONS

### Rental Costs

- 2.99 The table below shows the median rental prices per calendar month by size of property. Allerdale sits towards the less expensive end of the assessed areas at an average of £495 pcm only higher than Carlisle at £475.
- 2.100 Allerdale sees the least expensive rental costs for 1, 2 and 4 bedroom properties with Eden being most expensive for all property sizes. Overall this points to a slightly weaker rental market in Allerdale when assessed against the sales market, particularly when compared Copeland which has higher rental costs yet lower sales costs than Allerdale.

<b>Figure 2.22: Median Rental prices by size (pcm, Year to March 2022)</b>					
Area	1 Bed	2 Beds	3 Beds	4 Beds +	All
Allerdale	£395	£450	£575	£775	£495
Carlisle	£395	£475	£580	£780	£475
Copeland	£428	£495	£550	£850	£500
Eden	£475	£555	£650	£885	£575
Cumbria	£450	£525	£625	£850	£550
North West	£515	£595	£695	£1,000	£615
England	£700	£769	£850	£1,450	£795

Source: ONS

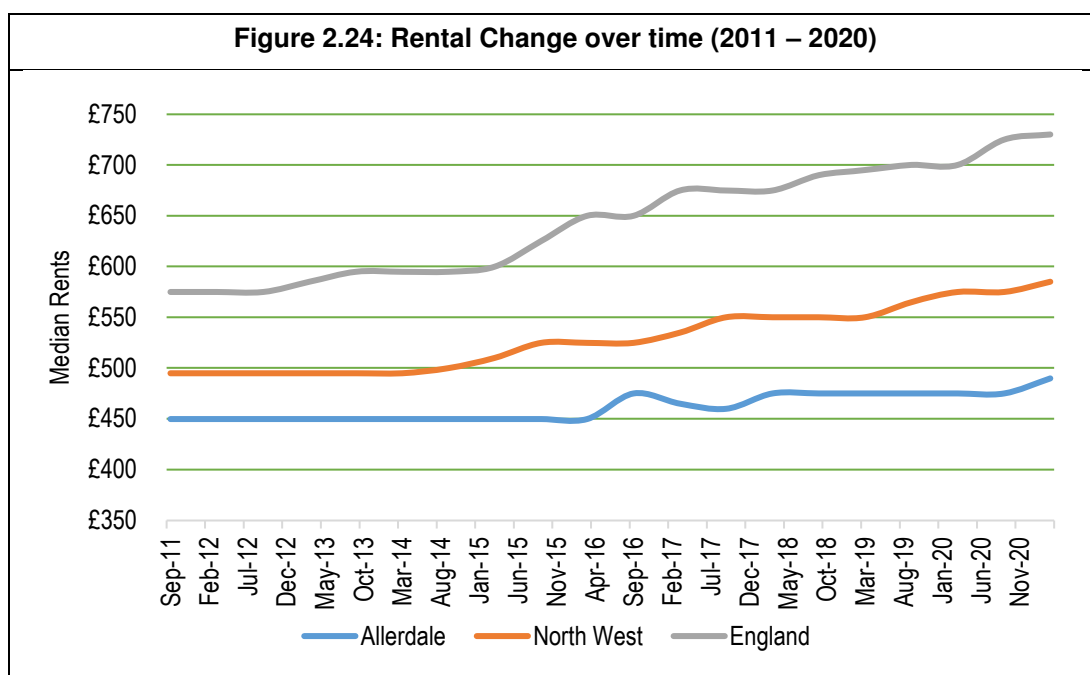
- 2.101 At a sub-area level median rental costs are highest in the Lake District, likely partly due to the very few properties available for rent in the area at the time of writing but also the quality of place. Workington and Maryport sees the most properties available for rent and also the lowest median rental price at £550 per month.

<b>Figure 2.23: Median Rents in Sub Areas</b>		
Sub Area	Available Properties	Median Rent
Cockermouth	6	£725
Wigton	5	£750
Workington & Maryport	19	£550
Lake District NP	3	£810
Allerdale	34	£597.5

Source: RightMove

- 2.102 The table below shows the change in median rental costs for all properties over time, Allerdale has remained consistently below the North West since 2011 with prices increasing at a slower rate, although prices from March 2018 to September 2020 remained the same there has been a small uplift in the last period.

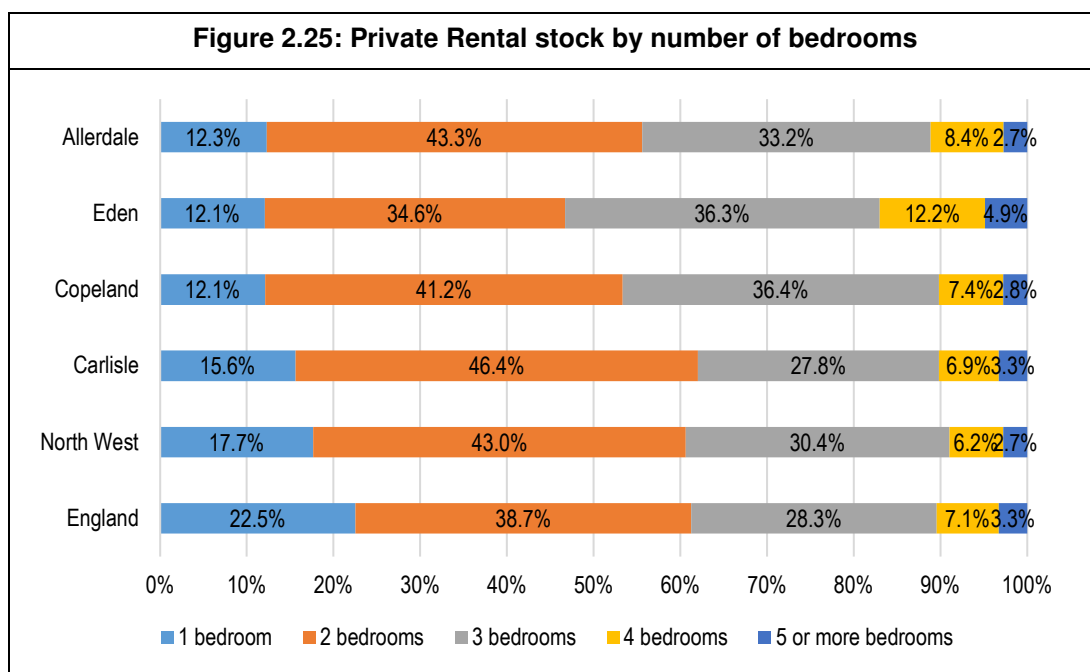




Source: ONS

### Profile of Rental Homes and Tenants

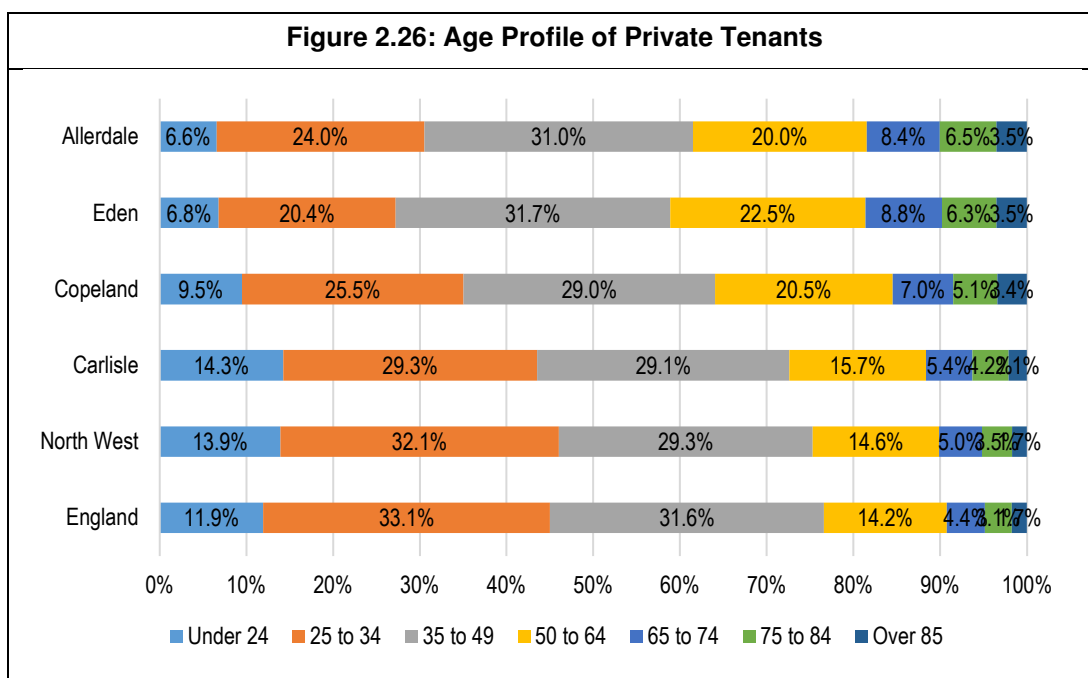
- 2.103 The table below shows the size of property occupied by private tenants in Allerdale, a majority of rental properties have 2 bedrooms (43.3%) followed by 3 beds at 33.2% this is not too dissimilar to the split of the wider North West albeit it shifts slightly towards one bedroom properties in the region.



Source: 2011 Census

2.104 In contrast the profile of rental properties nationally sees a much greater proportion of 1-bedroom homes. Overall this implies that for rental properties demand is concentrated at the smaller to mid-size likely suiting single person households, couples or potentially smaller families.

2.105 Tenants of private rented housing in Allerdale are broadly younger with a total of 31% of tenants in the Borough between the ages of 35-49 followed by the 25-34 age group at 24% of all tenants. In comparison to the age split seen in England as a whole this is largely similar and likely indicates that younger people may struggle to buy property in the area and as such are required to rent homes.



2.106 In terms of the composition of rented households 49.9% of households currently consist of one family only, followed by single person households (43.5%), although this is similar to that of neighbouring areas there is a higher proportion of those in single person households in Allerdale than in neighbouring areas, likely a result of the slightly lower proportion of one family households.

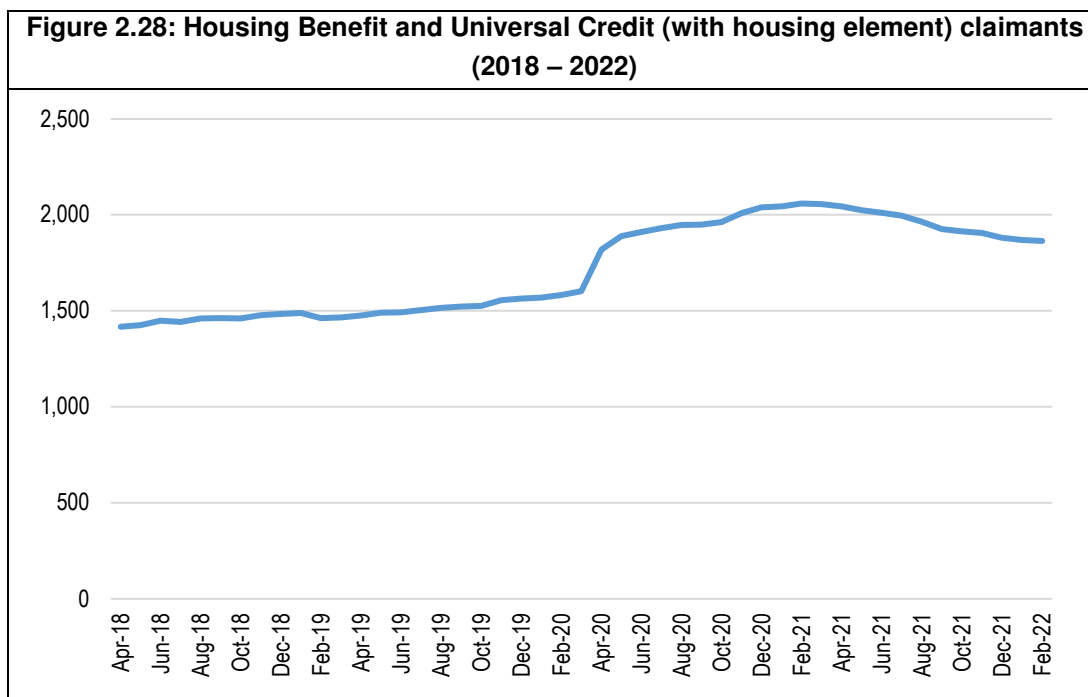
**Figure 2.27: Household Composition – Private Rental Properties**

Household Composition	Allerdale	Carlisle	Cope-land	Eden	North West	England
One person only: All	43.5%	38.8%	36.1%	36.1%	31.3%	36.3%
One person: Aged 65 and over	9.1%	4.8%	8.5%	8.5%	4.0%	4.5%
One person: Other	34.4%	34.0%	27.5%	27.5%	27.3%	31.7%
One family only: All	49.9%	49.3%	55.0%	55.0%	51.2%	50.3%
One family: Aged 65 and over	2.5%	1.8%	3.6%	3.6%	1.3%	1.3%
One family: Married/civil partnership	19.1%	16.8%	26.6%	26.6%	19.4%	14.4%
One family: Cohabiting couple	15.8%	16.6%	15.4%	15.4%	16.4%	16.5%
One family: Lone parent	12.6%	14.1%	9.4%	9.4%	14.0%	18.2%
Other: All	6.6%	11.8%	9.0%	9.0%	17.5%	13.4%
Other: With dependent children	1.2%	2.1%	1.6%	1.6%	3.3%	2.5%
Other: All full-time students	0.1%	3.0%	1.1%	1.1%	3.0%	2.8%
Other: All aged 65 and over	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%
Other: Other	5.1%	6.7%	6.2%	6.2%	11.1%	8.0%

Source: 2011 Census

Benefit Claimants

- 2.107 The private rented sector in the Borough also supports many tenants claiming Housing Benefit or Universal Credit which includes an element for housing. Since 2018 the number of claimants has increased including an increase of 216 new claimants in March 2020 caused by the first Covid lockdown.
- 2.108 The number of claimants has remained above historic averages since this increase however it has been slowly falling from January 2021 onwards. This fall can be considered as an indicator that the economy and employment structure of Allerdale is recovering and allowing low income households to no longer need to claim some benefits.



### Agency Engagement

- 2.109 Engagement with local letting agent was undertaken in July 2022. This sought views on the role and function of the private rented market within Allerdale.
- 2.110 In terms of the lettings market, demand was seen as high, from a range of renters including families and would be first time buyers. Agents considered there to have been an uplift in the number of local people, particularly younger couples and small families, searching for long term rental property on account of them being unable to afford to buy in the area.
- 2.111 Most of those looking for rental properties are local however one agent had worked with some people seeking to relocate to Allerdale and choosing to rent before buying.
- 2.112 Properties seen to be in highest demand to let were 2-3 bedroom properties either terraced or semi-detached, with agents considering these to let well. Flats were considered to be less attractive than houses overall.
- 2.113 However, a need for rental property of all types and sizes was identified with agents believing there to be a supply shortfall. Agents reported that properties are typically only advertised for a less than a week before a contract is signed.

### Private Rented Sector – Summary

- 2.114 In 2019, 11.4% of households in Allerdale were privately renting housing, lower than that of the wider region and country (16% and 17% respectively).

- 2.115 Average rental costs are £495 per calendar month putting Allerdale towards the less expensive end of rental costs in the county and region. This points to a slightly weaker rental market in Allerdale when assessed against the sales market.
- 2.116 Within the borough rental costs are highest in the Lake District sub-area, likely due to a lack of properties and the quality of place. Workington and Maryport sees the most properties available for rent and also the lowest median rental price at £550 per month.
- 2.117 A majority of rental properties in the borough have 2 or 3 bedrooms likely suiting single person, couples and smaller families. Tenants are broadly younger with 55% aged between 25 and 49. This largely matches the national picture and indicates the difficulty younger people may have buying.
- 2.118 The number of housing benefit claimants in PRS housing has increased since 2018 and particularly since the pandemic although claimant counts are returning to longer term averages.
- 2.119 Demand for rental properties across the borough is considered to be high by lettings agents, particularly from local people who cannot afford to buy property.

### **Housing Market Areas and Market Dynamics: Key Messages**

- Analysis has been carried out to examine the extent of Housing Market Areas which include and overlap with Allerdale Borough. Further analysis has examined housing market dynamics in the Borough including looking at both the sales market and private rented sector.
- Migration data shows Allerdale has a relatively high-level of self-containment (a high proportion of people/households moving within the Borough) although there are clear links with Carlisle and Copeland and to a lesser degree Eden. Commuting patterns are also fairly self-contained although the Borough could be described as being split in two with the Northern parts of the Borough (including Silloth and Wigton) being more closely aligned with Carlisle than with Workington which the rest of the Borough is focused towards.
- The previous Housing Study identified a single HMA across Allerdale and the more recent data provides would confirm this is still a reasonable position. It will still however be important for the Council to liaise with Copeland, Carlisle and to a lesser degree Eden as well as the National Park in discussing any strategic issues such as unmet housing needs.
- There were 48,314 dwellings in Allerdale in 2021 and since 2011-12 net completions in have averaged around 288 dwellings of which around 63% have been in Workington and Maryport. In 2011, around 69% of households in the Plan Area were owner occupiers. This is below the Cumbria Average (71%) but below the regional (65%) and national figure (64%). Conversely the Borough has lower levels of private rental than the wider comparators and higher levels of social renting.
- Almost half of all household spaces in the Plan Area have three bedrooms. This is followed by 28% with two bedrooms and 18% with four or more bedrooms. Linked to the size of homes and the ageing population around 81% of all household spaces in the Borough and Plan Area are under-occupied. This does suggest that there may be a role for specialist housing for older people in the borough in order to encourage downsizing.
- Allerdale sees higher median house prices and demand than the neighbouring authorities of Carlisle and Copeland, however these are below neighbouring Eden as well as the wider county, region and nationally. Indeed, average prices in Allerdale (Borough-wide) are over 40% lower than the national average. There are however significant differences across areas in the Borough, with the National Park seeing a median price of nearly £350,000 (compared with £160,000 for the Borough as a whole and £146,000 for the Borough outside of the National Park). Engagement with sales agents in the area reports a slowing down of the sales market across the Borough, although still above pre pandemic levels. Prices were seen to be rising albeit at a much slower pace than seen previously.
- In 2019, an estimated 11.4% of households in Allerdale were privately renting housing, lower than that of the wider region and nationally (16% and 17% respectively). Average rental costs are £495 per calendar month putting Allerdale towards the less expensive end of rental costs in the county and region. Within the Borough rental costs are highest in the Lake District sub-area, likely due to a lack of properties and the quality of place. Workington and Maryport sees the most properties available for rent and also the lowest median rental prices.
- Overall, the picture is one of a low value area although with values that have been rising over time, this points to a modest level of market demand at the present time. There are however significant differences in pricing (and effective demand) across the Borough – prices being higher in Cockermouth and the National Park, and notably lower in Workington & Maryport.

## 3. Demographic Trends and Overall Housing Need

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### Introduction

- 3.1 This section of the report considers demographic trends, in particular looking at past trends in population growth and future projections. The analysis draws on the 2018-based subnational population projections (SNPP) and the 2018-based household projections (SNHP) – both ONS data releases. The analysis also looks at the most recent population estimates (again from ONS) which date to mid-2020. In addition, the first release of 2021 Census data is analysed; at the time of writing this was limited to rounded estimates of population, age structure (by sex) and an overall count of households.
- 3.2 The section also considers the implications of delivering housing in-line with the Standard Method (92 dwellings per annum across the Borough). This includes understanding potential population growth and changes to population/household structures. Projections have been developed for the 2022-32 period. The projections developed are then used for other analysis in this report (such as to consider changes to the older person population and their potential needs).
- 3.3 Given the Standard Method need is somewhat lower than the housing figure in the currently adopted plan, and indeed below levels of recent housing delivery, this section also considers if there is a case for setting a housing need above the Standard Method, this looks at both demographic and economic factors (the relationship between homes and jobs). Finally, this section looks at the potential housing need in that part of the Borough falling within the Lake District National Park.

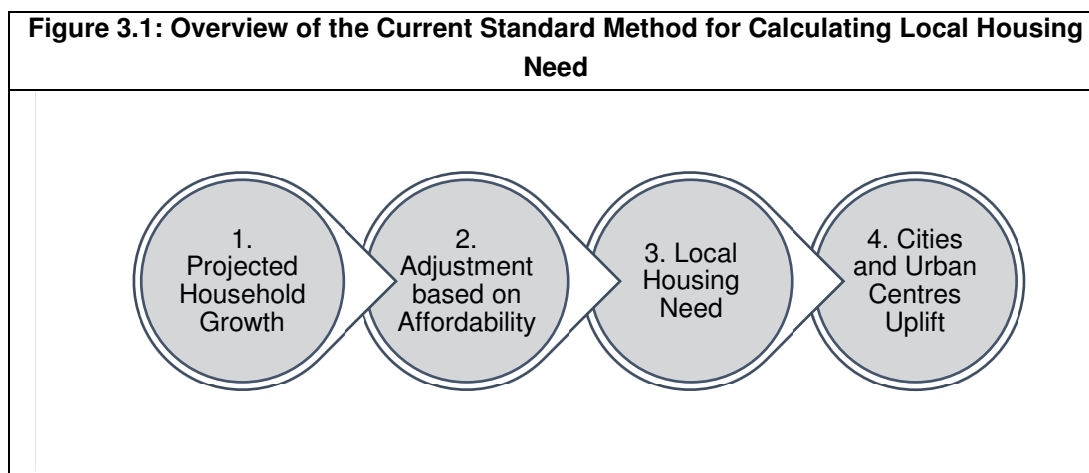
### Standard Method

- 3.4 In 2018, the Government amended the NPPF and released new Planning Practice Guidance to introduce the ‘Standard Method’ for calculating local housing need. This replaced the approach to defining Objectively Assessed Needs (OAN) set out in the 2014 Planning Practice Guidance.
- 3.5 The Government’s intention in doing so was to introduce a standardised approach using consistent data sources for all local authorities nationally to calculate housing need. Its ambitions were to make the process of doing so simpler, quicker and more transparent, with the intention of speeding up plan-making.
- 3.6 The NPPF (2021) now sets out in Paragraph 61 that to determine the minimum number of homes needed, “strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach<sup>4</sup> which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any need that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.”

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<sup>4</sup> The glossary definition of local housing need in the NPPF sets out that use of a justified alternative approach can only be taken forwards in the context of preparing strategic policies.

- 3.7 The standard method set out in the Planning Practice Guidance adopts a four- stage approach summarised in the Figure below.



Source: Planning Practice Guidance

- 3.8 Step one establishes a demographic baseline drawn from the 2014-based Household Projections and should be the annual average household growth over a ten- year period, with the current year being the first year i.e. 2022 to 2032.
- 3.9 Step Two applies an uplift to the demographic baseline taking account of affordability. The adjustment increases the housing need where house prices are high relative to workplace incomes. It uses the published ONS workplace-based median house price to median earnings ratio for the most recent year for which data is available. The latest (workplace-based) affordability data is currently for 2021 and was published by ONS in March 2022.
- 3.10 The PPG states that for each 1% increase in the ratio of house prices to earnings, where the ratio is above 4, the average household growth should be increased by a quarter of a per cent, with the calculation being as follows:
- $$\text{[Adjustment Factor} = ((\text{local affordability ratio} - 4)/4) \times 0.25 + 1]$$
- 3.11 Step Three considers whether a cap should be applied to the affordability adjustment to ensure that the figure which arises through the first two steps does not exceed a level which can be delivered. There are two situations where a cap is applied; however, it is the second of these which is relevant in Allerdale.
- 3.12 The first is where an authority has reviewed its plan (including developing an assessment of housing need) or adopted a plan within the last five years. In this instance the need may be capped at 40% above the requirement figure set out in the Local Development Plan.
- 3.13 The second situation affects plans and evidence that are more than five years old. In such circumstances, a cap may be applied at 40% of the higher of the projected household growth or the housing requirement in the most recent plan, where this exists.



- 3.14 A final, step four, was introduced by the Government through an amendment to the standard method as set out in the PPG on 16<sup>th</sup> December 2020. This additional step applies only to the 20 largest cities and urban centres in England and it is therefore not relevant for the purpose of assessing housing need in Allerdale.
- 3.15 The table below outlines the calculation of the minimum local housing need using the methodology above, as set out currently in the PPG, drawing on the three relevant steps for Allerdale. As shown a minimum LHN of 92 homes per annum is derived.
- 3.16 This calculation is based on an average household growth of 79 per annum, taken from the 2014-based Household Projections. An affordability uplift of 16% applied to this based on the 2021 median workplace-based affordability ratio of 6.60. This gives a figure of 92 dpa which is not capped by Step 3 as the cap is less than the need in Step 2. Nor is the number increased further by Step 4 as it is not one of the twenty largest urban centres in the Country.

Figure 3.2: Minimum Local Housing Need, Standard Method	
Local Authority	Allerdale
Setting the Baseline:	
Household Growth (p.a.) over next 10 years, 2022-32	79
Affordability Adjustment:	
Median workplace-based affordability ratio, 2021	6.6
Adjustment Factor	16%
Step 2 Housing Need Figure	92
Cap:	
Date of plan adoption	July 2014
Plan more than 5 years old	Yes
Housing requirement in last adopted plan*	304
Higher Cap @ 40% above the household growth figure	$304 \times 1.4 = 426$
Minimum Local Housing Need (p.a.)	92

Source: JGC based on ONS and DLUHC data \*this is for the Plan Area

- 3.17 As the table above sets out **the concluded housing need for Allerdale using the standard method is 92 dpa**. While this number is calculated over the next ten years as per the PPG this number can be applied across a longer time period (e.g. for a new Local Plan).

Other considerations

- 3.18 The PPG sets out that the Standard Method does not predict the impact that future Government policies, changing economic circumstances or other factors may have. The PPG<sup>5</sup> states that there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates. It outlines the circumstances where this may be appropriate, which include:
- Where funding is in place to promote and facilitate additional growth (i.e. Housing Deals, City Growth Deals, etc.); or
  - Where strategic infrastructure improvements are likely to drive an increase in the homes needed locally; or
  - An authority agreeing to take on unmet need from neighbouring authorities. Allerdale Borough Council has agreed to take on Lake District National Park Authority unmet need – as set out in a Statement of Common Ground.
- 3.19 There is no growth strategy in place for Allerdale and the Council have not identified any strategic infrastructure which might drive higher levels of growth. However, as set out later in this section economic growth (and the link between jobs and housing) could lead to the suggestion of a higher need as being appropriate.
- 3.20 Consideration must be given to meeting unmet need in neighbouring authorities including that from National Park Authorities. The scale of this unmet need will be largely dependent on the National Park Authority identifying their need for the parts of the park within Allerdale and what supply they have to address this (the Lake District Local Plan 2020 - 2035 allocates sites capable of delivering 125 new 'local need / affordable homes' over the plan period in the area within Allerdale Borough). The Council will need to assess whether this additional need can be accommodated. This also applies to other neighbouring local authorities although there is no indication of any unmet need from other areas at present.
- 3.21 The PPG also notes that “There may, occasionally, also be situations where previous levels of housing delivery in an area, or previous assessments of need (such as a recently-produced Strategic Housing Market Assessment) are significantly greater than the outcome from the standard method.” Adding that “Authorities will need to take this into account when considering whether it is appropriate to plan for a higher level of need than the standard model suggests”.
- 3.22 As set out earlier in this report recent housing delivery averaged around 288 dwellings per annum between 2011 and 2021 for the Plan Area. This is still below the current Local Plan target of 304 dwellings per annum.

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<sup>5</sup> Paragraph: 010 Reference ID: 2a-010-20190220

## Demographic Trends

- 3.23 The analysis below looks at some key statistics about demographic trends in Allerdale; particularly focussing on past population growth and the reasons for changes (components of change). This information is provided to help give some context for analysis to follow. The data presented is mainly for Allerdale Borough as a whole, although key demographic data for sub-areas is also provided.

### Population

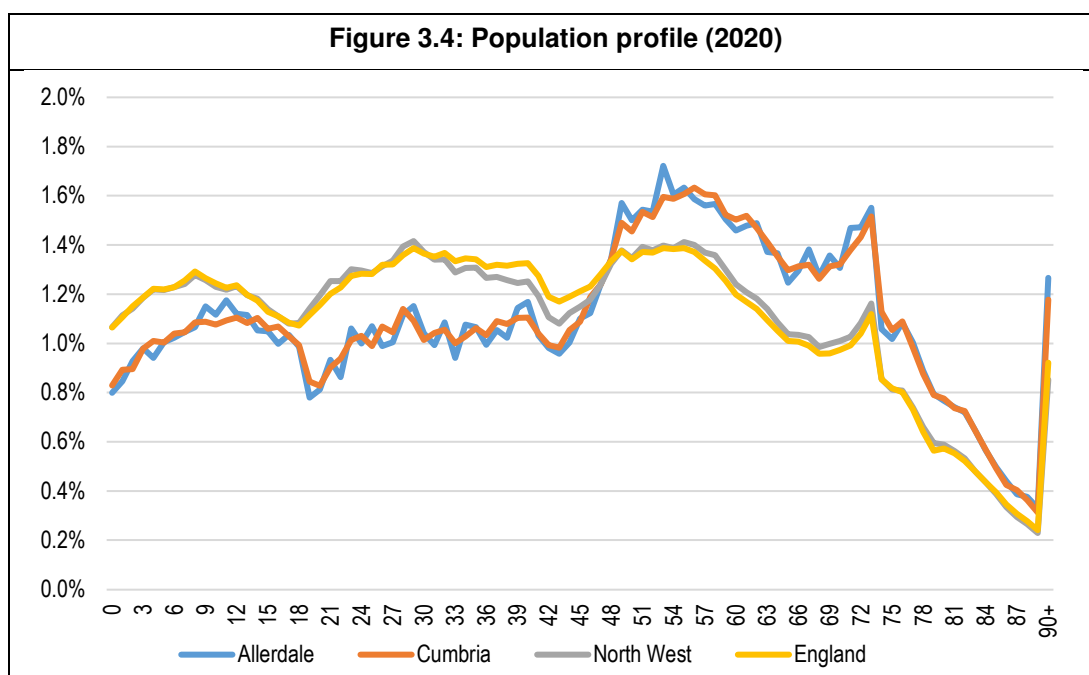
- 3.24 As an initial background analysis, the table below shows the estimated population in each sub-area (as of 2020) and the proportion of the Allerdale total this amounts to. This analysis shows a total population of around 97,800 and that the Workington & Maryport sub-area is largest (with 68% of the total population). The National Park area accounts for around 10% of the population.

<b>Figure 3.3: Estimated population by sub-area (2020)</b>		
	Estimated population	% of population
Cockermouth	8,261	8.4%
Wigton	13,078	13.4%
Workington & Maryport	66,578	68.1%
Lake District NP	9,914	10.1%
TOTAL	97,831	100.0%

Source: ONS

### Age Structure

- 3.25 The figure below shows the population profile of Allerdale compared with a range of other areas. One key difference is the relatively high proportion of the population aged over about 50 in Allerdale when compared with the North West and England (but broadly in line with equivalent data for Cumbria).



Source: ONS mid-year population estimates

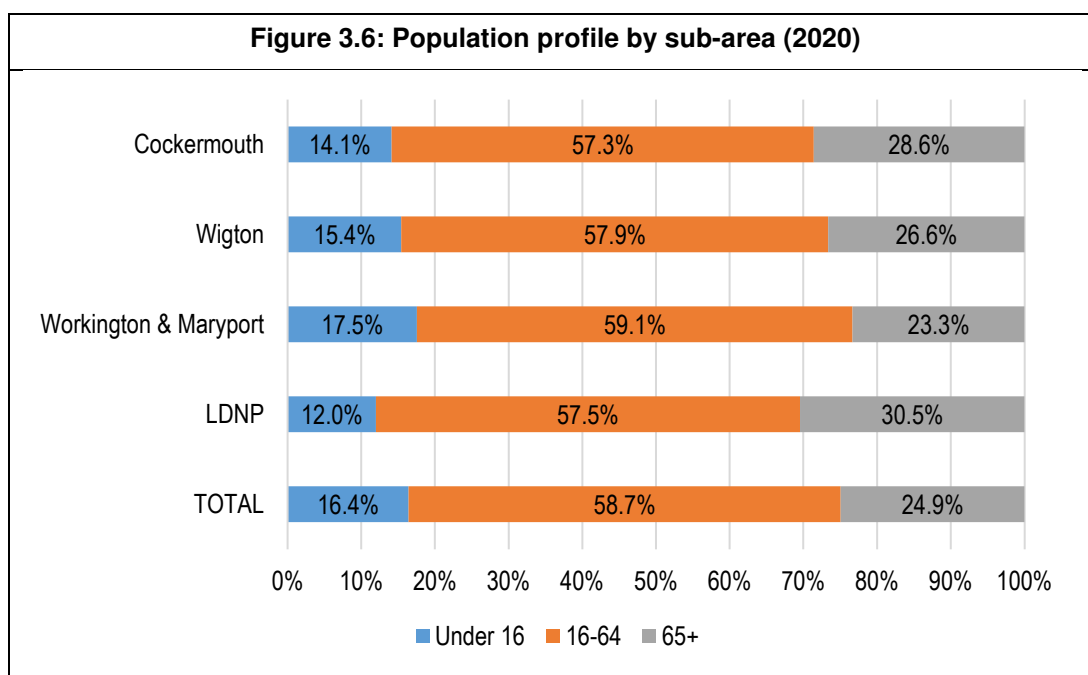
- 3.26 The analysis below summarises the above information by assigning population to three broad age groups (which can generally be described as a) children, b) working-age and c) pensionable age). This analysis shows that, compared with the regional and national position, Allerdale has a higher proportion of people aged 65+ and slightly fewer children.

**Figure 3.5: Population profile (2020) – summary age bands**

	Allerdale		Cumbria	North West	England
	Population	% of population	% of population	% of population	% of population
Under 16	16,055	16.4%	16.4%	19.1%	19.2%
16-64	57,383	58.7%	58.9%	62.1%	62.3%
65+	24,393	24.9%	24.7%	18.8%	18.5%
All Ages	97,831	100.0%	100.0%	100.0%	100.0%

Source: ONS mid-year population estimates

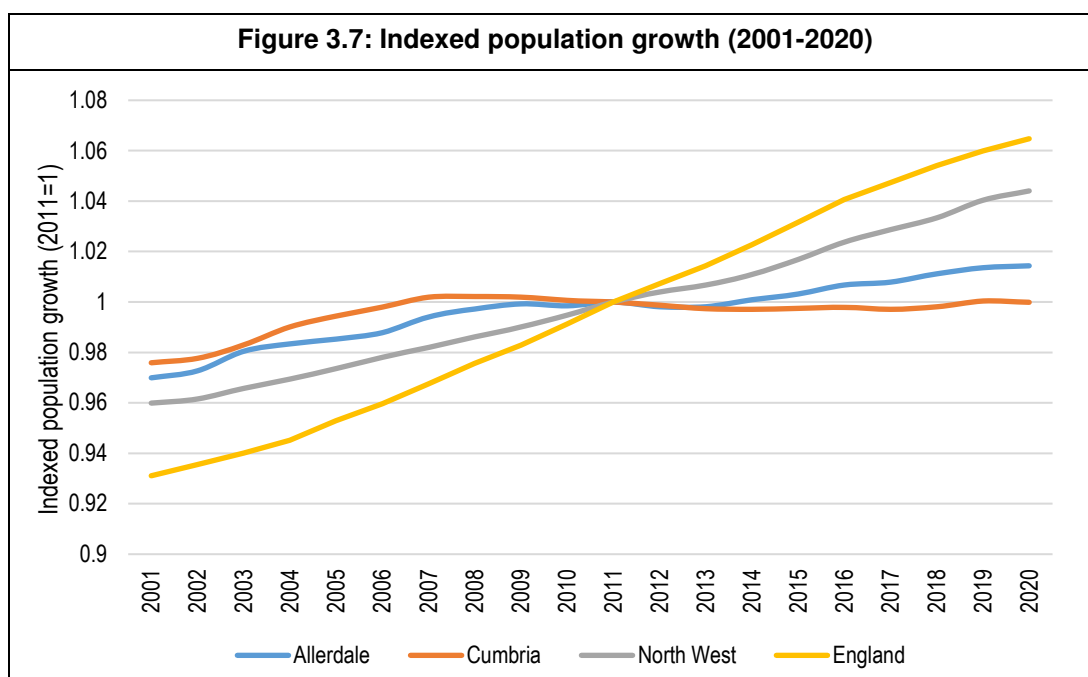
- 3.27 The figure below takes this data forward to look at some differences by sub-area. The analysis shows an older age structure in the National Park area and also Cockermouth. Workington & Maryport has the highest proportion of children and generally the youngest age structure (the lowest proportion of people aged 65+; although still at a level in excess of regional and national averages).



Source: ONS mid-year population estimates

#### Past Population Change

- 3.28 The figure below considers population growth in the period from 2001 to 2020 (indexed to 2011). The analysis shows over this period that the population of Allerdale has risen at a lower rate to that observed across the region and nationally, but slightly above figures for Cumbria. In 2020, it is estimated that the population of the Borough had risen by 5% from 2001 levels; from 2011 to 2020 the population increased by about 1.4% (from 2011 levels).



Source: ONS (mid-year population estimates)

- 3.29 The table below considers population change over the 9-year period to 2020 (a 9-year period being chosen as the start point of 2011 has data at a smaller area level and is likely to be fairly accurate as it draws on information in the Census). The analysis shows over the period that the population of Allerdale increased by 1.4%; this is a relatively low level of population change and compares with increases of 4.4% for the North West and 6.5% nationally – population growth has however been slightly above that for Cumbria (where there was virtually no change in population in the period studied).

<b>Figure 3.8: Population change (2011-20)</b>				
	Population (2011)	Population (2020)	Change	% change
Allerdale	96,444	97,831	1,387	1.4%
Cumbria	499,817	499,781	-36	0.0%
North West	7,055,961	7,367,456	311,495	4.4%
England	53,107,169	56,550,138	3,442,969	6.5%

Source: ONS mid-year population estimates

- 3.30 The table below shows population change by age (again for the 2011-20 period). This shows a small decrease in the number of children living in the Borough (decreasing by about 1%) along with a larger decrease in the 'working-age' population (4.5%). The key driver of population change has therefore been in the 65 and over age group, which between 2011 and 2020 saw a population increase of about 4,300 people: this age group increasing in size by 21% over the 9-year period – a figure around three times the total population change across the Borough.

<b>Figure 3.9: Change in population by broad age group (2011-20) – Allerdale</b>				
	2011	2020	Change	% change
Under 16	16,222	16,055	-167	-1.0%
16-64	60,105	57,383	-2,722	-4.5%
65+	20,117	24,393	4,276	21.3%
TOTAL	96,444	97,831	1,387	1.4%

Source: ONS

- 3.31 Additional analysis is provided below to look at the sub-areas. The analysis shows an increasing population in all areas apart from the National Park (which saw a modest decline in population). The Workington & Maryport area saw the highest growth, in both absolute and proportionate terms.

<b>Figure 3.10: Change in population (2011-20) by sub-area</b>				
	2011	2020	Change	% change
Cockermouth	8,161	8,261	100	1.2%
Wigton	12,980	13,078	98	0.8%
Workington & Maryport	65,173	66,578	1,405	2.2%
Lake District NP	10,130	9,914	-216	-2.1%
TOTAL	96,444	97,831	1,387	1.4%

Source: ONS

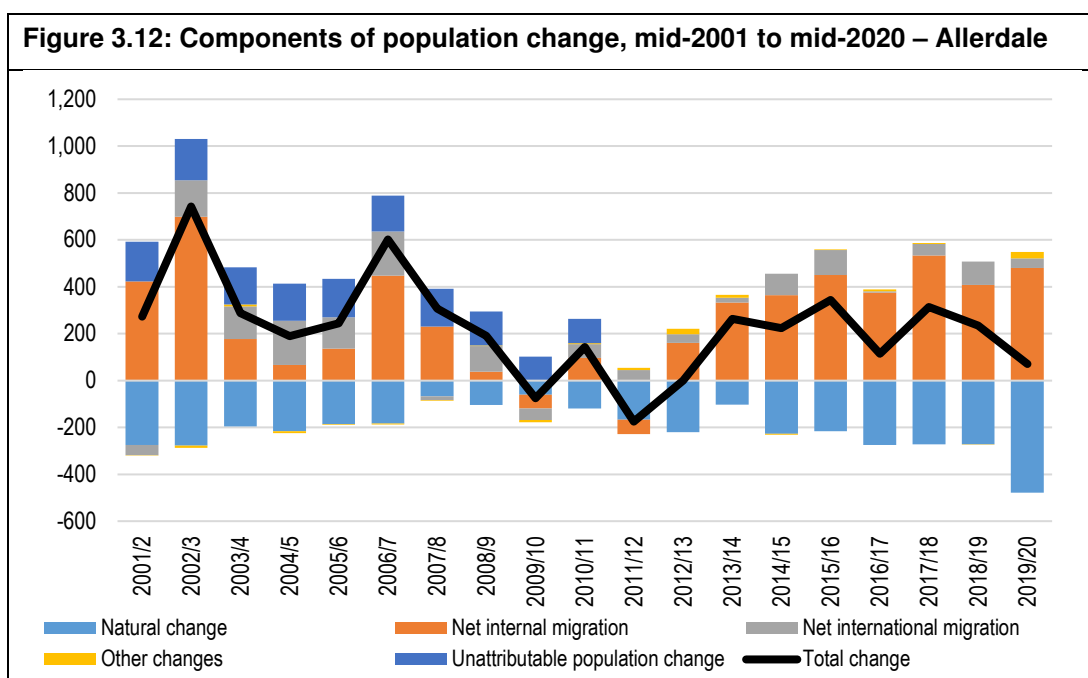
### Components of Population Change

- 3.32 The table and figure below consider the drivers of population change 2001 to 2020. The main components of change are natural change (births minus deaths) and net migration (internal/domestic and international). There is also an Unattributable Population Change (UPC) which is a correction made by ONS upon publication of Census data if population has been under- or over-estimated (this is only calculated for the 2001-11 period). There are also 'other changes', which are generally small and often related to armed forces personnel or boarding school pupils.
- 3.33 The data shows a negative level of natural change throughout the period studied (i.e. more deaths than births) – over the last 5-years, natural change has averaged a net loss of around 300 per annum. Internal migration has been quite variable – but positive in most years; the last five years for which data is available shows an average of around 450 people (net) moving to the Borough from other parts of the United Kingdom. International migration is also variable, although the data does again suggest a positive net level for most years; over the past five years international migration has averaged 60 people per annum (net).
- 3.34 The data also shows a positive level of UPC (suggesting ONS had under-estimated population change in the period to 2011, prior to having Census data available) and modest other changes. Overall the data is clear that population growth in Allerdale is mostly driven by internal (domestic) migration – people moving from one part of the country to Allerdale.

**Figure 3.11: Components of population change, mid-2001 to mid-2020 – Allerdale**

	Natural change	Net internal migration	Net international migration	Other changes	Other (unattributable)	Total change
2001/2	-275	423	-44	-1	169	272
2002/3	-278	699	155	-10	177	743
2003/4	-196	177	139	9	158	287
2004/5	-217	67	188	-7	158	189
2005/6	-186	136	134	-3	163	244
2006/7	-184	447	189	-4	153	601
2007/8	-68	230	-16	-2	162	306
2008/9	-104	38	109	2	146	191
2009/10	-60	-59	-50	-9	102	-76
2010/11	-120	97	58	4	104	143
2011/12	-167	-62	45	9	0	-175
2012/13	-221	160	38	23	0	0
2013/14	-103	332	21	13	0	263
2014/15	-227	364	92	-5	0	224
2015/16	-216	450	106	3	0	343
2016/17	-275	375	6	8	0	114
2017/18	-273	534	48	5	0	314
2018/19	-272	408	99	-1	0	234
2019/20	-478	480	41	27	0	70

Source: ONS



Source: ONS

## 2018-based Subnational Population Projections (SNPP)

3.35 The latest (2018-based) set of subnational population projections (SNPP) were published by ONS in March 2020 (replacing a 2016-based release). The projections provide estimates of the future population of local authorities, assuming a continuation of recent local trends in fertility, mortality and migration which are constrained to the assumptions made for the 2018-based national population projections.

3.36 The 2018-based SNPP contain a number of assumptions that have been changed from the 2016-based version, these assumptions essentially filtering down from changes made at a national level. The key differences are:

- ONS' long-term international migration assumptions have been revised upwards to 190,000 per annum compared to 165,000 in the 2016-based projections. This is based on a 25-year average;
- The latest projections assume that women will have fewer children, with the average number of children per woman expected to be 1.78 compared to 1.84 in the 2016-based projections; and
- Life expectancy increases are less than in the 2016-based projections as a consequence of the continued limited growth in life expectancy over the last two years.

3.37 As well as providing a principal projection, ONS has developed a number of variants. In all cases the projections use the same fertility and mortality rates with differences being applied in relation to migration. The key variants in terms of this assessment can be described as:

- Principal projection;
- An alternative internal migration variant; and
- A 10-year migration variant



- 3.38 In the principal projection, data about internal (domestic) migration uses data for the past 2-years and data about international migration from the past 5-years. The use of 2-years data for internal migration has been driven by ONS changing their methodology for recording internal moves, with this data being available from 2016 only.
- 3.39 The alternative internal migration variant uses data about migration from the last 5-years (2013-18), as well as also using 5-years of data for international migration. This variant is closest to replicating the methodology used in the 2016-based SNPP although it does mean for internal migration that data used is collected on a slightly different basis.
- 3.40 The 10-year migration variant (as the name implies) uses data about trends in migration over the past decade (2008-18). This time period is used for both internal and international migration.
- 3.41 The table below shows the outputs from each of these three variant scenarios along with comparisons from the 2016- and 2014-based SNPP. This shows that the 2018-based principal projection shows projected population growth of 0.6%, with the alternative internal migration scenario being lower than this (virtually no change) – the 10-year trend variant shows slightly lower growth again (at population decline of 1.6%). Population growth in both the 2016- and 2014-based projection are negative – this comparison is particularly important as it underpins the 2014-based SNHP which is used in the Standard Method.

<b>Figure 3.13: Projected population growth (2022-2032) – Allerdale – range of SNPP releases</b>				
	2022	2032	Change in population	% change
2018 (principal)	98,289	98,895	606	0.6%
2018 (alternative internal)	98,095	98,108	13	0.0%
2018 (10-year trend)	97,433	95,888	-1,545	-1.6%
2016-based	97,293	96,695	-598	-0.6%
2014-based	96,311	95,760	-551	-0.6%

Source: ONS

- 3.42 As noted, the 2018-based SNPP has three main scenarios and rather than provide data from all three, the analysis below looks at a preferred scenario. In this case it is considered that the alternative internal migration variant is likely to be the most robust in a local context. This has been chosen as it is considered that the principal SNPP has too short a data period when looking at internal migration whilst the 10-year alternative is not thought likely to reflect recent changes and may include some influence from the economic downturn/credit crunch of 2008 (given that the 10-year period will be 2008-18).
- 3.43 The table below shows projected population growth from 2022 to 2032 (using alternative internal migration assumptions) in Allerdale and a range of comparator areas. The data shows that the population of the Borough is projected to increase at a faster rate than seen across the County (which sees negative population change), but well below equivalent figures regionally or nationally.

<b>Figure 3.14: Projected population growth (2022-2032) – 2018-based SNPP (alternative internal migration assumptions)</b>				
	2022	2032	Change in population	% change
Allerdale	98,095	98,108	13	0.0%
Cumbria	497,980	491,357	-6,623	-1.3%
North West	7,405,647	7,602,311	196,664	2.7%
England	57,282,105	59,592,225	2,310,120	4.0%

Source: ONS

- 3.44 With the overall change in the population will also come changes to the age profile. The table below summarises findings for the three broad age groups previously used. The largest growth will be in people aged 65 and over. In 2032 it is projected that there will be 29,100 people aged 65 and over. This is an increase of 4,300 from 2022, representing growth of 17%. Looking at the other end of the age spectrum the data shows that there is projected to be a notable decrease in both the number of children (those aged Under 15) and in the 16-64 age group.

<b>Figure 3.15: Population change 2022 to 2032 by broad age bands – Allerdale (2018-based SNPP – alternative internal migration assumptions)</b>				
	2022	2032	Change in population	% change
Under 16	16,222	14,966	-1,256	-7.7%
16-64	57,003	54,017	-2,986	-5.2%
65 and over	24,870	29,125	4,255	17.1%
Total	98,095	98,108	13	0.0%

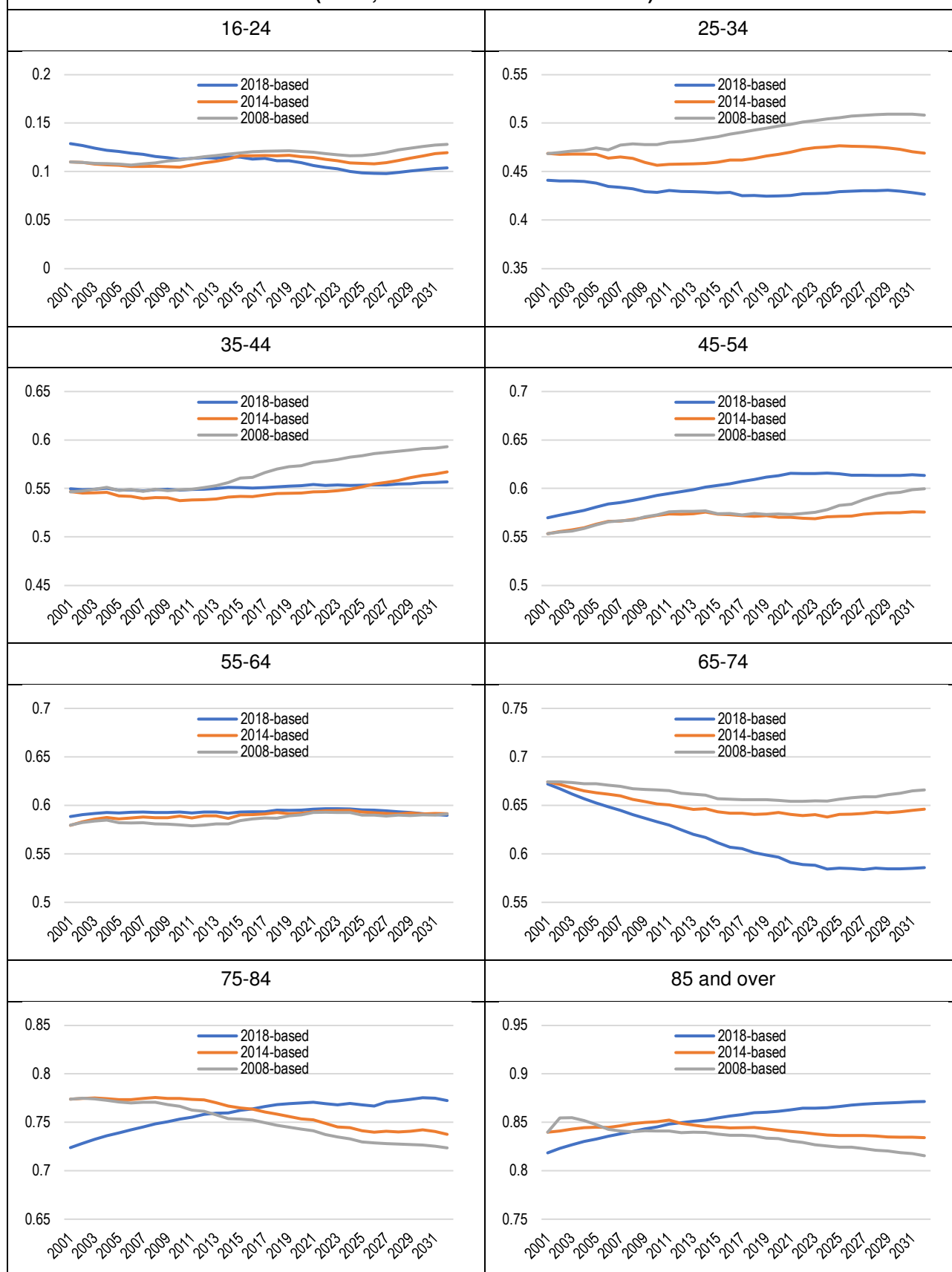
Source: ONS

## Household Representative Rates (Household Formation)

- 3.45 Having studied the population size and age structure changes, the next step in the process is to convert this information into estimates of the number of households in the area. To do this the concept of household representative rates (HRR) is used. HRRs can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)).
- 3.46 The latest HRRs are as contained in the ONS 2018-based subnational household projections (SNHP). It would be fair to say that recent SNHP (since the 2016-based release) have come under some criticism, this is largely because they are based only on data in the 2001-11 Census period which would suggest that it builds in the suppression of household formation experienced in that time.

- 3.47 This suppression can be seen in the figure below, and particularly for the 25-34 age group where there was a drop in formation rates from 2001 to 2011, and ONS are projecting this forward as far as 2021 (following which the rate is held broadly stable). Given the criticisms of the 2018-SNHP a sensitivity analysis has been developed that applies the HRRs from an earlier (2014-based) release. The rates from this projection are also shown on the figure below and it is notable (again for the 25-34 age group) that this projection also appears to build in a degree of suppression but with increases from 2011.
- 3.48 The 2014-based data has the advantage of using more data points for analysis (looking at a time series back to 1971) although it should be noted that the 2014-based figures do take a slightly different approach to establishing the households reference person. In the 2014-SNHP a male is taken as a default HRP where there is a couple household (of different sexes) whereas the 2018-SNHP uses the Census definition of a HRP which takes account of the economic activity and age of people in a household.
- 3.49 As well as looking at the 2014-based SNHP, a sensitivity test has been developed to look at an alternative approach to HRRs. In this sensitivity, a 'part-return-to-trend' analysis has been developed, where the rate of household formation sits somewhere between figures in the 2014-based projections and those in an older 2008-based version. This adjustment has been applied to age groups from 25 to 44. A similar approach was widely used prior to the 2016-based SNHP being published and was an approach previously suggested by the Local Plans Expert Group (LPEG).
- 3.50 Therefore, three HRR scenarios have been used as described below:
- Linking directly to 2018-based SNHP – 2018-SNHP HRRs;
  - Linking directly to 2014-based SNHP – 2014-SNHP HRRs; and
  - Linking to the 2014-based SNHP but with a part-return to previous trends for younger age groups (up to age 44) – 2014-PRT
- 3.51 To be clear, in looking at these three scenarios it is considered that the 2018-SNHP are not a robust set of rates to use – this conclusion is reached mainly on the basis of potential suppressed formation in younger age groups and consideration of the projected rates in older age groups. It is also noted that these figures have been rejected by MHCLG as part of the Standard Method; they are however the most recent published data. The 2014-SNHP data are considered to be reasonably robust in methodological terms but still build in a notable degree of suppression of household formation in younger age groups.
- 3.52 The part-return to trend (2014-PRT) is also considered to be a reasonably robust set of figures, taking account of an apparent suppression in the formation of households from the population aged under 45 (and particularly those aged 25-34).

**Figure 3.16: Projected Household Representative Rates by age of head of household – Allerdale (2008-, 2014- and 2018-based SNHP)**



Source: Derived from ONS and CLG data

## Household Growth

- 3.53 The table below shows estimates of household growth with the various HRRs and an estimate of the number of additional dwellings this might equate to. The figures link to population growth in the 2018-based SNPP (alternative internal migration variant).
- 3.54 To convert households into dwellings the analysis includes an uplift to take account of vacant homes. For the purposes of analysis, it has been assumed that the number of vacant homes in new stock would be 3% higher than the number of occupied homes (which is taken as a proxy for households), and hence household growth figures are uplifted by 3% to provide an estimate of housing need. This figure is a fairly standard assumption when looking at vacancy rates in new stock and will allow for movement within the housing stock.
- 3.55 The analysis shows an overall housing need for 85 dwellings per annum (dpa) across the Borough when using the 2018-based SNPP as the underlying household projection. With 2014-HRRs the estimated need figure goes up (114 dpa), and this figure increases again (to 139 dpa) with an adjustment to the formation rates of the younger population.

<b>Figure 3.17: Projected housing need – range of household representative rate assumptions – Allerdale (linked to 2018-based SNPP)</b>					
	Households 2022	Households 2032	Change in households	Per annum	Dwellings (per annum)
2018-HRRs	44,127	44,950	823	82	85
2014-HRRs	44,546	45,655	1,109	111	114
2014-PRT	44,560	45,909	1,348	135	139

Source: Demographic projections

## Initial Release of Census Data

- 3.56 The analysis above has focussed on population estimates and projections released by ONS. These all use data prior to publication of the 2021 Census which at the time of writing had just been released. The first release provided rounded (to the nearest hundred) population counts (by five-year age band and sex) and also household estimates. Analysis below briefly considers this first release of data.

### Population data

- 3.57 The analysis below looks at the Census initial release and compares this with previous data from ONS. The Census has data for 2021, whereas the latest ONS MYE are for 2020. To provide a 2021 comparison with ONS data, information has been drawn from the 2018-based SNPP (alternative internal migration variant) – this will have only drawn on MYE data to 2018 but does help to provide a comparison on a consistent basis. All data has been rounded to the nearest hundred for consistency with the Census first release.

- 3.58 The table below shows a total population from the Census of around 96,100 people, this is slightly lower than had been projected by ONS in their most recent projections (some 1,900 people lower). The data does however show fairly limited age structure differences with figures from the two sources generally being quite close – the main difference are seen for older age groups and overall the Census suggests around 900 fewer people aged 65+ than was previously projected by ONS.

**Figure 3.18: Comparing population estimates and projections for 2021 – Allerdale**

	2021 Census	2021 SNPP	Difference
0-4	4,400	4,500	100
5-9	4,900	5,100	200
10-14	5,400	5,600	200
15-19	4,600	4,800	200
20-24	4,400	4,300	-100
25-29	5,200	5,200	0
30-34	5,200	5,200	0
35-39	5,200	5,200	0
40-44	5,000	5,200	200
45-49	5,800	5,800	0
50-54	7,600	7,700	100
55-59	7,600	7,800	200
60-64	7,100	7,100	0
65-69	6,300	6,400	100
70-74	6,700	6,800	100
75-79	4,500	4,800	300
80-84	3,300	3,400	100
85+	3,000	3,300	300
TOTAL	96,100	98,000	1,900

Source: ONS

#### Household Estimates

- 3.59 It is also worth comparing household estimates from different sources and also to look at changes from the 2011 Census and how this compares with housebuilding (as changes in households should be broadly consistent with housing stock changes). This helps for a view about whether population growth between two Census points looks to be realistic.
- 3.60 On total households, the Census shows a figure of 44,000, which is exactly the same as the 2018-SNPP for 2021 (although a figure of 44,400 would be derived if HRRs from the 2014-SNHP are applied). However, it should be noted that the figures are based on a population that is some 1,900 people different.
- 3.61 The table below shows household change as recorded between the 2011 and 2021 Census. This can be compared with changes in the dwelling stock over the same period. This analysis suggests a higher level of dwelling stock change than household change (2,900 versus 1,700).

- 3.62 Whilst the change in the dwelling stock cannot be directly compared with household changes as over time the number of vacant and second homes can vary it is the case that if anything the Census does point to the possibility that population changes between 2011 and 2021 may have been underestimated (as a higher level of population growth would be expected to generate a higher level of change in households).

<b>Figure 3.19: Change in the number of households and dwellings (2011-21) – Allerdale</b>			
	2011	2021	Change
Households (Census)	42,300	44,000	1,700
Dwellings (DLUHC)	45,400	48,300	2,900

Source: ONS and DLUHC (Live table 100)

- 3.63 Overall, the analysis is not conclusive. The Census shows a lower population in 2021 than had previously been projected (and linked to past population estimates). However, household growth in the 2011-21 period looks to have been quite low according to the Census, when compared with dwelling completions. It is therefore possible that the 2021 Census has underestimated the population (and households) although it is also possible that there were issues in recording in the 2011 Census.
- 3.64 For the purposes of this report, the Census data is noted, but analysis continues by utilising previous population estimates and projections. In reality the differences in sources are not substantial, but using previous MYE data does allow for an understanding of trends in key variables; notably migration to and from the Borough.

### Demographic case for a higher need than the Standard Method

- 3.65 The analysis above has pointed to a household growth of between about 82 and 135 per annum based on the latest projections and with different assumptions about household representative rates. With an affordability adjustment (as per the Standard Method) both of these figures would point to a higher need than the 92 per annum derived from the Standard Method (which uses 2014-based projections).
- 3.66 These findings are however based on a specific projection (the alternative internal migration variant) and do not take account of more recent data (to 2020). The analysis below therefore looks at further alternative need estimates to consider if there is a case to go above the Standard Method.

#### ONS Principal Projection

- 3.67 The analysis above focussed on the ONS alternative internal migration projection variant for future population change although it is noted that ONS do also have a principal projection and it is worthwhile briefly testing levels of household growth under this projection (although in methodological terms it is not considered to be particularly robust as it focusses on internal (domestic) migration data over just a 2-year period).

- 3.68 The table below shows household growth using the principal projection and the range of HRR assumptions. In all of the scenarios, the housing need is above the Standard Method figure of 92 dwellings per annum. If looking at these figures in terms of the Standard Method then it would probably be most prudent to look at figures linking to the 2014-HRRs (as newer projections are rejected, at least in part, due to potential suppression of household formation). If the 125 per annum household growth is uplifted by 16% then the calculated need would be for 145 dwellings per annum. Applying the part-return to trend HRRs to this projection derives a slightly higher need estimate (for 153 dwellings per annum).

<b>Figure 3.20: Projected housing need – range of household representative rate assumptions – Allerdale (linked to 2018-based SNPP – Principal Projection)</b>					
	Households 2022	Households 2032	Change in households	Per annum	Dwellings (per annum)
2018-HRRs	44,199	45,201	1,002	100	103
2014-HRRs	44,597	45,844	1,247	125	128
2014-PRT	44,612	46,094	1,482	148	153

Source: Demographic projections

- 3.69 Clearly the use of the principal projection would point to there being a case for increasing housing numbers above 92 per annum, however, there does remain an issue about the general robustness of the projection method used.

#### Taking Account of More Recent Data

- 3.70 The main analysis above has focussed on the 2018-based alternative internal migration projection variant. This is because it uses a longer time series of trend data to project forward and is also the method that is most closely aligned with previous projection methods used by ONS (including 2014-based projections). However, as it is 2018-based and there is now data up to 2020, it is possible to essentially update the latest projection to take account of this more recent data. The analysis specifically looks at recent trends in migration.
- 3.71 The table below shows net internal and international migration from 2013 to 2020. Data for 2013-18 will reflect the 5-year period used by ONS in developing projections, whilst 2015-2020 will reflect the latest 5-year period for which data is available at the time of writing. The analysis shows that migration has continued to be relatively strong with net migration on average being around 43 people higher in the latest 5-year period compared with the 5-year period to 2018 – most of the difference is due to internal migration.



<b>Figure 3.21: Net migration (2013-2020) – Allerdale</b>		
	Net internal migration	Net international migration
2013/14	332	21
2014/15	364	92
2015/16	450	106
2016/17	375	6
2017/18	534	48
2018/19	408	99
2019/20	480	41
Average (2013-18)	411	55
Average (2015-20)	449	60
Difference	38	5

Source: ONS

- 3.72 Using the information above, a further projection has been developed that follows the methodology of ONS projections (alternative internal migration variant) but takes account of the more recent migration estimates. The population projection developed is then converted into household growth (and housing need) using the different HRRs. The table below shows this projection leads to higher estimates of household growth than the ONS projection as published (although below the principal projection). Again focussing on the 2014-HRR scenario and including a 16% affordability uplift, this would show a need for 147 dwellings per annum; or a need of up to 156 per annum if applying the 2014-PRT scenario.

<b>Figure 3.22: Projected housing need – range of household representative rate assumptions – Allerdale (updating migration to 2020)</b>					
	Households 2022	Households 2032	Change in households	Per annum	Dwellings (per annum)
2018-HRRs	44,217	45,195	978	98	101
2014-HRRs	44,625	45,898	1,272	127	131
2014-PRT	44,640	46,154	1,514	151	156

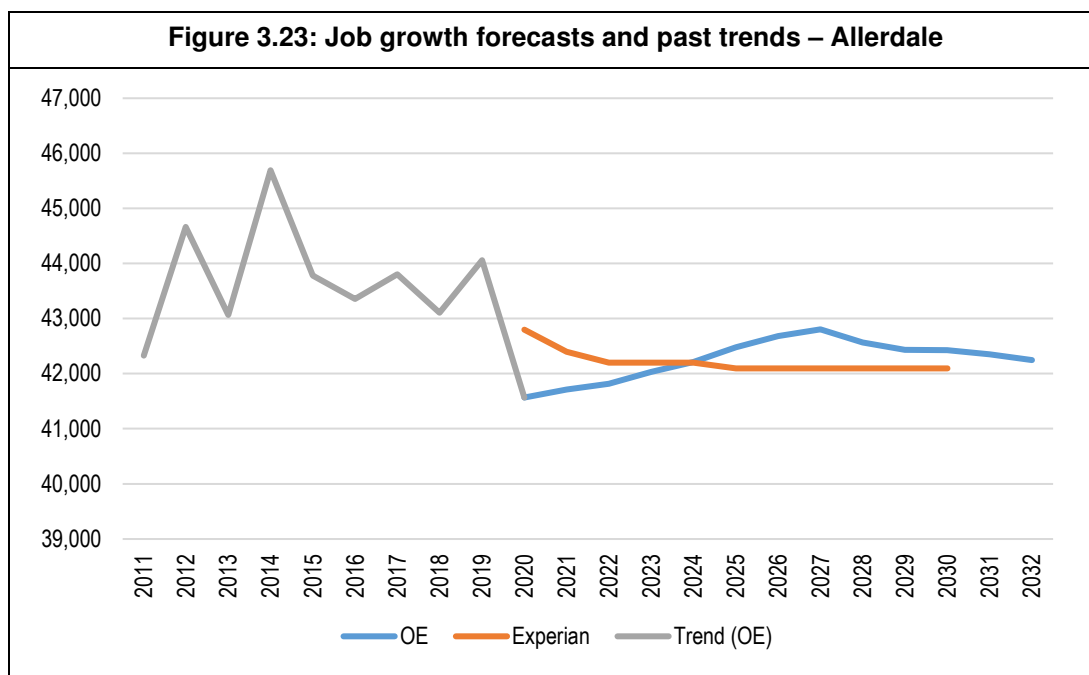
Source: Demographic projections

- 3.73 Taking account of more recent demographic trends does also suggest there is a case to uplift housing numbers above the Standard Method. Analysis below looks at the link between housing and economic growth to further test if an uplift may be appropriate and if so, how much of an uplift. The demographic analysis on balance suggests a need for around 150 dwellings per annum across the Borough (i.e. including areas within the National Park).

## The Link Between Housing and Economic Growth

- 3.74 The analysis below considers the link between housing and economic growth; seeking to understand what level of housing growth might be needed to provide enough homes for resident workers taking up jobs in the Borough. The analysis starts by looking at job growth forecasts and moves on through a series of stages to a population and household projection.

- 3.75 Two forecasts have been accessed, one from Oxford Economics (OE) and one from Experian (which pre-dates the pandemic) with the figure below showing the time series for each of these plus a historical time series – the figures shown are for total jobs (both full and part-time). A key feature of the OE forecast is a very sharp drop in jobs from 2019 to 2020, which will be as a result of the pandemic – moving forward from 2020 there is some recovery in jobs, but by 2032 the forecast level of jobs is still below the level in 2019. In the Experian forecast (which only runs from 2020 to 2030) there is again a decline in jobs shown.

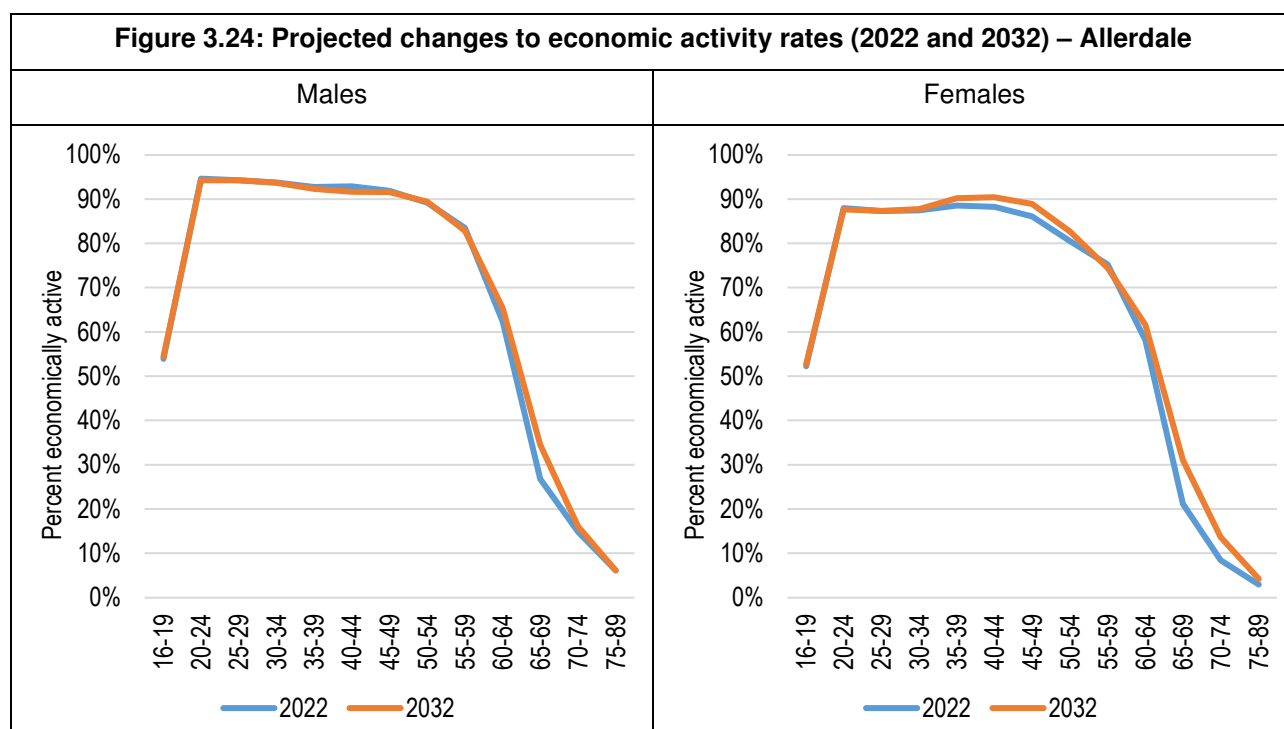


Source: Oxford Economic and Experian

- 3.76 Given that both of the forecasts essentially show a loss of jobs, it is not considered the linking jobs to homes required will provide any upside to housing need estimates. However, there is a case to consider what level of population growth (and housing need) might be required to:
- Maintain the economically active population at 2022 levels
  - Maintain the working-age population at 2022 levels

#### Maintaining economically active population

- 3.77 The approach taken in this report is to derive a series of age and sex specific economic activity rates and use these to estimate how many people in the population will be economically active as projections develop. This is a fairly typical approach with data being drawn in this instance from the Office for Budget Responsibility (OBR) – July 2018 (Fiscal Sustainability Report).
- 3.78 The figure and table below show the assumptions made (for Allerdale). The analysis shows that the main changes to economic activity rates are projected to be in the 65-69 age group – this will to a considerable degree link to changes to pensionable age, as well as general trends in the number of older people working for longer (which in itself is linked to general reductions in pension provision).



Source: Based on OBR and Census (2011) data

**Figure 3.25: Projected changes to economic activity rates (2022 and 2032) – Allerdale**

	Males			Females		
	2022	2032	Change	2022	2032	Change
16-19	53.9%	54.4%	0.5%	52.3%	52.7%	0.4%
20-24	94.6%	94.3%	-0.4%	87.9%	87.6%	-0.3%
25-29	94.3%	94.2%	0.0%	87.3%	87.3%	0.0%
30-34	93.7%	93.7%	0.0%	87.5%	87.7%	0.3%
35-39	92.7%	92.3%	-0.4%	88.6%	90.2%	1.6%
40-44	92.9%	91.6%	-1.2%	88.2%	90.4%	2.2%
45-49	91.8%	91.6%	-0.3%	86.0%	88.9%	2.9%
50-54	89.1%	89.4%	0.2%	80.5%	82.7%	2.2%
55-59	83.5%	82.8%	-0.6%	75.2%	74.4%	-0.8%
60-64	62.3%	65.3%	3.0%	58.1%	61.6%	3.5%
65-69	26.8%	34.5%	7.7%	21.2%	31.1%	9.9%
70-74	14.9%	16.1%	1.2%	8.4%	13.7%	5.2%
75-89	6.1%	6.1%	0.0%	3.0%	4.3%	1.4%

Source: Based on OBR and Census (2011) data

3.79 The table below shows estimates of housing need if a population projection is developed where the economically active population remains at the same level in 2032 as it was in 2022. Again three different household representative rates have been used and the analysis shows a need for up to 191 dwellings per annum – higher than both the Standard Method and alternative demographic projections developed.

<b>Figure 3.26: Projected housing need – range of household representative rate assumptions – Allerdale (maintaining economically active population)</b>					
	Households 2022	Households 2032	Change in households	Per annum	Dwellings (per annum)
2018-HRRs	44,276	45,578	1,302	130	134
2014-HRRs	44,686	46,294	1,608	161	166
2014-PRT	44,701	46,555	1,854	185	191

Source: Demographic projections

Maintaining working-age population

- 3.80 Although similar to the analysis above, the working-age population is different to the economically active population (as some people above working age will be active and vice versa). Estimating the working age population and how this will change over time is not as straightforward as it has been in the past where conventionally the working age population has been defined as the population aged 16-64 (and previously 16-64 for males and 16-59 for females). The situation currently is one where there are incremental changes to pensionable age for both sexes which means that gradually people will be able to draw a state pension later in life.
- 3.81 As of 2022, the pension age for both sexes was 66, and this is to change to 67 during 2026 and 2027. Therefore a projection model has been developed where the population aged 16-65 in 2022 is at the same size as the population aged 16-66 in 2032 – this is again converted into estimates of housing need as shown in the table below. In this case the analysis shows a need for up to 209 dwellings per annum.

<b>Figure 3.27: Projected housing need – range of household representative rate assumptions – Allerdale (maintaining working-age population)</b>					
	Households 2022	Households 2032	Change in households	Per annum	Dwellings (per annum)
2018-HRRs	44,305	45,772	1,467	147	151
2014-HRRs	44,717	46,495	1,778	178	183
2014-PRT	44,732	46,759	2,028	203	209

Source: Demographic projections

**Past Build Rates**

- 3.82 The final consideration for a housing requirement above the Standard Method is looking at past housing delivery. This is a key part of the PPG, which says (2a-010):

*‘There may, occasionally, also be situations where previous levels of housing delivery in an area, or previous assessments of need (such as a recently-produced Strategic Housing Market Assessment) are significantly greater than the outcome from the standard method... Authorities will need to take this into account when considering whether it is appropriate to plan for a higher level of need than the standard model suggests’*

- 3.83 The previous section of this report set out delivery over the decade from 2011 to 2021 – this shows average completions of 288 per annum (just for the plan area) which is again notably higher than the outturn of any of the previous analysis.

## Implications of Different Levels of Housing Delivery

- 3.84 The analysis above has looked at a range of different scenarios for housing growth as well as the Standard Method. Below, a brief analysis has been carried out to look at the potential demographic based implications of a range of scenarios, i.e. what might the age structure look like with different levels of delivery as each scenario would be expected to see a different level of migration and population change. For each of the scenarios set out below a bespoke projection has been developed to consider possible population change:
- Standard Method – 92 dwellings per annum;
  - 2018-SNPP – 139 dwelling per annum;
  - Higher demographics – 156 dwellings per annum;
  - Maintaining working-age population – 209 dwellings per annum; and
  - Past housing delivery – 288 dwellings per annum (note, this figure is just for the LPA but is modelled for the whole District for consistency with other scenarios)
- 3.85 The series of five tables below show a summary of projected population change in three broad age categories. From this it can be seen that using the Standard Method would be projected to see a decline in population overall and significant declines in the population aged Under 16 and 16-64. As the housing number is increased, the level of population growth increases and whilst all scenarios continue to see declines in younger age groups, these are far less notable for the higher dwelling scenarios.
- 3.86 All scenarios see an ageing of the population, but it is notable that population change in the 65 and over age group does not vary significantly across scenarios, this is due to the modelling assuming that higher housing numbers would be met through increased migration to the Borough and older people typically being less likely to move home.

**Figure 3.28: Population change 2022 to 2032 by broad age bands – Allerdale (Standard Method)**

	2022	2032	Change in population	% change
Under 16	16,024	14,649	-1,376	-8.6%
16-64	56,854	53,069	-3,785	-6.7%
65 and over	24,961	29,084	4,124	16.5%
Total	97,839	96,802	-1,037	-1.1%

Source: ONS

**Figure 3.29: Population change 2022 to 2032 by broad age bands – Allerdale (2018-based SNPP – alternative internal migration assumptions)**

	2022	2032	Change in population	% change
Under 16	16,222	14,966	-1,256	-7.7%
16-64	57,003	54,017	-2,986	-5.2%
65 and over	24,870	29,125	4,255	17.1%
Total	98,095	98,108	13	0.0%

Source: ONS

**Figure 3.30: Population change 2022 to 2032 by broad age bands – Allerdale (Higher demographics)**

	2022	2032	Change in population	% change
Under 16	16,064	14,975	-1,089	-6.8%
16-64	57,058	54,254	-2,804	-4.9%
65 and over	24,991	29,323	4,332	17.3%
Total	98,113	98,551	438	0.4%

Source: ONS

**Figure 3.31: Population change 2022 to 2032 by broad age bands – Allerdale (maintaining working-age population)**

	2022	2032	Change in population	% change
Under 16	16,098	15,246	-852	-5.3%
16-64	57,226	55,229	-1,997	-3.5%
65 and over	25,018	29,530	4,512	18.0%
Total	98,342	100,005	1,663	1.7%

Source: ONS

**Figure 3.32: Population change 2022 to 2032 by broad age bands – Allerdale (based on past delivery)**

	2022	2032	Change in population	% change
Under 16	16,148	15,650	-497	-3.1%
16-64	57,479	56,694	-785	-1.4%
65 and over	25,057	29,832	4,775	19.1%
Total	98,683	102,176	3,492	3.5%

Source: ONS

- 3.87 Overall it does seem clear that there is a case for the Council to consider setting a housing requirement above the Standard Method although ultimately it will be for the Council to decide whether or not to do this and the extent of any uplift. Planning in-line with the Standard Method is projected to lead to population decline and particularly in younger age groups. Higher levels of delivery would help to reverse this and see growth in the economically active and working-age populations. Past completions also point to the likelihood that a higher housing number would be deliverable.

## Housing Need in the National Park

- 3.88 All of the analysis above has provided data for the whole of the Borough, including the area within the Lake District National Park; it is important to also estimate the need for this location separately. The difficulties and an overview method are noted in PPG (2a-014):

*'Where strategic policy-making authorities do not align with local authority boundaries (either individually or in combination), or the data required for the model are not available such as in National Parks and the Broads Authority, where local authority boundaries have changed due to reorganisation within the last 5 years or local authority areas where the samples are too small, an alternative approach will have to be used. Such authorities may continue to identify a housing need figure using a method determined locally, but in doing so will need to consider the best available information on anticipated changes in households as well as local affordability levels'*

- 3.89 From this, the method to use should take account of household changes and affordability levels, essentially a local level Standard Method, but one where the data will need to be locally derived. Estimates of the need using this method are set out below.

### Demographic Data and Household Growth

- 3.90 First, we have considered demographic information. The SNPP and SNHP are both only published for local authority areas and do not therefore split this between the LPA area and the National Park. Our analysis therefore begins by looking at population trends, with the table below showing estimated population from 2011 to 2020 in each of the Allerdale Plan area and the National Park (where this is within Allerdale Borough). Data is only provided back to 2011 as this is the date from which reasonable quality small area estimates can be obtained.
- 3.91 Overall, the analysis shows that the population of the Allerdale Plan area is somewhat larger than the National Park, the data also points to population growth in this area as having been slightly stronger over the period studied. This is shown in the table below; this shows a small population loss in the Lake District National Park and modest growth in the Allerdale Plan area.

<b>Figure 3.33: Population change 2011 to 2020 – National Park and the LPA</b>				
	2011	2020	Change	% change
Lake District NP	10,130	9,914	-216	-2.1%
Allerdale Plan area	86,314	87,917	1,603	1.9%
TOTAL	96,444	97,831	1,387	1.4%

Source: ONS

- 3.92 We can use the data above to provide an indication of the possible projected level of household growth in the National Park. A model has been developed where the National Park continues to see population decline at a rate of 24 people per annum (consistent with the trend above) – therefore population decline of 240 people in the 2022-32 period. Based on the data set out in the table below (where brought together with affordability), this analysis would point to household growth of around 2 per annum in the Lake District area. Alongside an affordability ratio calculation, these figures have been taken forward into an assessment of the Standard Method below.

Affordability

- 3.93 The standard method affordability ratio is based on the median house price divided by the median income, with the most recent data being for 2021 (the house price data is specifically for the year to September 2021). The latest data is a median price of £175,000 and an income of £26,503, giving an affordability ratio of 6.60.
- 3.94 Analysis of Land Registry data for the same period shows a much higher median price in the Lake District National Park (£332,500) which does point to the possibility of a different ratio for this area. Regarding incomes, data (see following section) suggests a median annual household income across the whole Borough of £29,000, with the figure for the Lake District being £40,100. These are for household incomes rather than earned income as used in the Standard Method but are the best data we have to look at potential differences in income across the two areas. The latest figure used by ONS in its affordability ratios is £26,503 and therefore on the basis of the household incomes it is estimated that the equivalent figures are £36,600 for the Lake District (based on the pro-rata of our household income estimates).
- 3.95 Using the house prices and income estimates we can calculate a separate affordability ratios for the National Park and the uplift to household growth this would be equivalent to – this is shown in the table below and shows a need for just 2 dwellings within the park.

<b>Figure 3.34: Estimated LHN using Household Growth based on Trends</b>	
	Lake District (within Allerdale)
Household Growth (p.a.)	2
House price	£332,500
Income	£36,600
Affordability Ratio	9.08
Uplift	32%
Local Housing Need	2

Source: Based on a range of ONS data

- 3.96 A further analysis has been carried out to look at the level of housing delivery in the National Park that might be required to maintain a working-age population (using the same method as above but with specific demographic data for the park. This shows a need for some 27 dwellings per annum and therefore the 209 figure could be split 182 dwellings in the Borough Plan area and 27 for the National Park.

## Summary of Scenarios

- 3.97 The analysis above has looked at housing need under a range of different scenarios, with data being provided for the Allerdale Plan area, the National Park (within Allerdale) or Borough-wide (all three geographies for some scenarios). The table below brings together the main scenario outputs.



<b>Figure 3.35: Summary of housing need scenarios developed for Allerdale</b>			
	Allerdale Plan Area	National Park (Allerdale)	Borough-wide
Standard Method	90	2	92
2018-SNPP	-	-	139
Higher demographics	-	-	156
Maintaining working-age population	182	27	209
Past housing Delivery	288	-	-

Source: Derived from a range of sources

- 3.98 On the basis of this analysis, the Council could seek to deliver an average of around 209 dwellings per annum (net of any delivery in the National Park) as this would support demographic change and maintain a base of economically active residents. However, given the stronger delivery of housing in the recent past (stronger than 209 per annum) it is suggested the Council could ensure sufficient land is allocated to deliver around 300 dwellings per annum. This might mean that the Local Plan would include a requirement that can meet the lower end of this range, but still be aspirational enough should housing demand mean there is a need to provide additional dwellings over and above this baseline position.

### Demographic Trends and Overall Housing Need: Key Messages

- Analysis has been undertaken to consider demographic trends, in particular looking at past trends in population growth and future projections. The analysis draws on the 2018-based subnational population projections (SNPP) and the 2018-based household projections (SNHP). The analysis also looks at the most recent population estimates (again from ONS) which date to mid-2020.
- Analysis has been undertaken to consider demographic trends, in particular looking at past trends in population growth and future projections. The analysis draws on the 2018-based subnational population projections (SNPP) and the 2018-based household projections (SNHP). The analysis also looks at the most recent population estimates (again from ONS) which date to mid-2020. In addition, the first release of 2021 Census data is analysed; at the time of writing this was limited to rounded estimates of population, age structure (by sex) and an overall count of households. Consideration is also given to the implication of delivering housing in-line with the Standard Method (92 dwellings per annum across the Borough) and whether there is a case for setting a higher housing requirement.
- The Borough has an older age structure than seen regionally or nationally, with 25% of the population estimated to be aged 65 and over in 2020 (compared to a national average of 19%). Past population growth in Allerdale has been fairly low in a regional and national context, over the past 9-years (since 2011) the population of the Borough has grown by 1.4% - compared with a 4.4% increase regionally and 6.5% nationally over the same period (Cumbria saw lower change at 0%). Population growth is largely driven by net internal migration (moves from one part of the country to another) with the Borough seeing a negative level of natural change back at least as far as 2001 (i.e. more deaths than births).
- Projecting forward the latest ONS subnational population projections (SNPP) continue to see relatively low population growth, with the 2018-based SNPP showing lower projected changes in Allerdale than across the region and nationally (although above figures for Cumbria). Population growth is projected to be concentrated in older age groups (those aged 65 and over) – this age group accounting for in excess of 100% of all projected population change (i.e. there is projected to be a population decline in people aged Under 65).
- Population growth can be converted into estimates of household growth by using household representative rates (HRR). HRRs can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)). Data about HRRs is taken from ONS subnational household projections (SNHP).
- In analysing data about HRRs, it was considered that the latest (2018-based) version potentially build in some degree of suppression of household formation in younger age groups. Analysis was therefore provided linking to an older (2014-based) SNHP (with a further adjustment to younger age groups) – this was to provide projections reflecting the potential for younger households to access the housing market.
- Analysis has been undertaken to consider more recent demographic trends – including looking at the ONS principal population projection (which uses a very short trend) and also trends to 2020. This analysis suggests housing need could well be higher than the Standard Method – up to 156 dwellings per annum.

**Demographic Trends and Overall Housing Need: Key Messages (continued...)**

- Likewise, an analysis linking demographic projections to changes in the economically active and working-age population suggests a need for up to 209 dwellings per annum. Finally, past housing delivery (2011-21) has averaged 288 dwellings per annum (just for the plan area). It will be for the Council to decide if it wants to plan for higher growth than the Standard Method with the analysis in this report certainly supporting a case for doing so. For clarity, a range of need estimates have been developed and these are summarised below:
  - Standard Method – 92 dwellings per annum;
  - 2018-SNPP – 139 dwelling per annum;
  - Higher demographics – 156 dwellings per annum;
  - Maintaining working-age population – 209 dwellings per annum; and
  - Past housing delivery – 288 dwellings per annum (LPA only)
- A series of projections were developed linking to each of the above housing numbers – the modelling considers the level of population growth and household formation that might be expected if these levels of delivery are achieved (in the 2022-32 period). Planning in-line with the Standard Method is projected to lead to population decline and particularly in younger age groups. Higher levels of delivery would help to reverse this and see growth in the economically active and working-age populations. Past completions also point to the likelihood that a higher housing number would be deliverable.
- A final analysis sought to consider what the housing need is in the Lake District National Parks areas (where this sits within Allerdale). The method sought to develop a Standard Method style analysis looking at potential household growth and affordability. This suggested a minimum need for just 2 dwellings per annum in the National Park – this is however based on attempting to apply the Standard Method to the Park area. If an alternative approach is used (to look at the level of housing required to maintain the working-age population) then an estimated need for 27 dwellings per annum is generated.
- On the basis of this analysis, the Council could seek to deliver an average of around 209 dwellings per annum (net of any delivery in the National Park) as this would support demographic change and maintain a base of economically active residents. However, given the stronger delivery of housing in the recent past (stronger than 209 per annum) it is suggested the Council could ensure sufficient land is allocated to deliver around 300 dwellings per annum. This might mean that the Local Plan would include a requirement that can meet the lower end of this range, but still be aspirational enough should housing demand mean there is a need to provide additional dwellings over and above this baseline position.



## 4. Affordable Housing Need

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### Introduction

- 4.1 This section provides an assessment of the need for affordable housing in Allerdale and the four sub-areas. The analysis specifically considers general needs housing, with further analysis of specialist housing (e.g. for older people) being discussed later in the report.
- 4.2 The analysis follows the PPG (Sections 2a-018 to 2a-024) and provides two main outputs, linked to Annex 2 of the NPPF – this is firstly an assessment of the need from households unable to buy OR rent housing and secondly from households able to rent but not buy. For convenience these analyses are labelled as a need for ‘social/affordable rented housing’ and ‘affordable home ownership’ although in reality it is possible for a home ownership product to fit into the rented category (as long as the price is sufficiently low) or for a rented product (such as rent-to-buy) to be considered as affordable home ownership.
- 4.3 The analysis also considers First Homes, which looks likely to become a new tenure (potentially replacing other forms of affordable home ownership). Further information about First Homes was set out in a Planning Practice Guidance in May 2021.

### Methodology Overview

- 4.4 The method for studying the need for affordable housing has been enshrined in Government practice guidance for many years, with an established approach to look at the number of households who are unable to afford market housing (to either rent or buy) – it is considered that this group will mainly be a target for rented affordable homes (social/affordable rented) and therefore the analysis looks a need for ‘*affordable housing for rent*’ as set out in Annex 2 of the NPPF. The methodology for looking at the need for rented (social/affordable) housing considers the following:
- **Current affordable housing need:** an estimate of the number of households who have a need now, at the point of the assessment, based on a range of secondary data sources – this figure is then annualised so as to meet the current need over a period of time;
  - **Projected newly forming households in need:** using demographic projections to establish gross household formation, and then applying an affordability test to estimate numbers of such households unable to afford market housing;
  - **Existing households falling into need:** based on studying past trends in the types of households who have accessed social/affordable rented housing; and
  - **Supply of affordable housing:** an estimate of the likely number of lettings that will become available from the existing social/affordable housing stock.
- 4.5 The first three bullet points above are added together to identify a gross need, from which the supply of relets of existing properties is subtracted to identify a net annual need for additional affordable housing. For the purposes of this assessment, this analysis is used to identify the overall (net) need for social/affordable rented housing.

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

## Local Prices and Rents

- 4.11 An important part of the affordable needs model is to establish the entry-level costs of housing to buy and rent. The affordable housing needs assessment compares prices and rents with the incomes of households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an ‘affordable housing need’. For the purposes of establishing affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes).
- 4.12 The analysis below considers the entry-level costs of housing to both buy and rent across the Borough. The approach has been to analyse Land Registry and ONS data to establish lower quartile prices and rents. Using a lower quartile figure is consistent with the PPG and reflects the entry-level point into the market recognising that the very cheapest properties may be of sub-standard quality.

- 4.13 Data from the Land Registry for the year to March 2022 shows estimated lower quartile property prices by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £73,500 for a second-hand flat and rising to £216,000 for a detached home. Looking at the lower quartile price across all dwelling types, the analysis shows a lower quartile price of £100,000. The figures are all based on cost of existing homes in the market although newbuild prices are considered later in this section when looking at potential costs of affordable home ownership properties.

<b>Figure 4.1: Estimated lower quartile cost of housing to buy by type (existing dwellings) – year to March 2022 – Allerdale</b>	
	Lower quartile price
Flat/maisonette	£73,500
Terraced	£81,800
Semi-detached	£119,400
Detached	£216,000
All dwellings	£100,000

Source: Land Registry

- 4.14 It is also useful to provide estimates of property prices by the number of bedrooms in a home. Analysis for this draws together Land Registry data with an internet search of prices of homes for sale (using sites such as Rightmove). The analysis suggests a lower quartile price of about £65,000 for a 1-bedroom home, rising to £230,000 for homes with 4-bedrooms.

<b>Figure 4.2: Estimated lower quartile cost of housing to buy by size (existing dwellings) – year to March 2022 – Allerdale</b>	
	Lower quartile price
1-bedroom	£65,000
2-bedrooms	£80,000
3-bedrooms	£130,000
4-bedrooms	£230,000
All Dwellings	£100,000

Source: Land Registry and Internet Price Search

- 4.15 A similar analysis has been carried out for private rents using ONS data – this covers a 12-month period to March 2022. For the rental data, information about dwelling sizes is provided (rather than types); the analysis shows an average lower quartile cost (across all dwelling sizes) of £425 per month.

<b>Figure 4.3: Lower Quartile Market Rents, year to March 2022 – Allerdale</b>	
	Lower Quartile rent, pcm
Room only	-
Studio	£330
1-bedroom	£350
2-bedrooms	£410
3-bedrooms	£500
4-bedrooms	£600
All properties	£425

Source: ONS

- 4.16 It is of interest for this study to see how prices and rents vary by location. The table below shows an estimate of the overall lower quartile house price and private rent in each of the sub-areas; this is based on Land Registry data for prices and analysis of online data on available lettings which has then been adjusted to be consistent with the data from ONS. The analysis shows some variation in prices and rents, with prices (and rents) estimated to be highest in the Lake District National Park. The lowest prices and rents were found to be in Workington & Maryport.

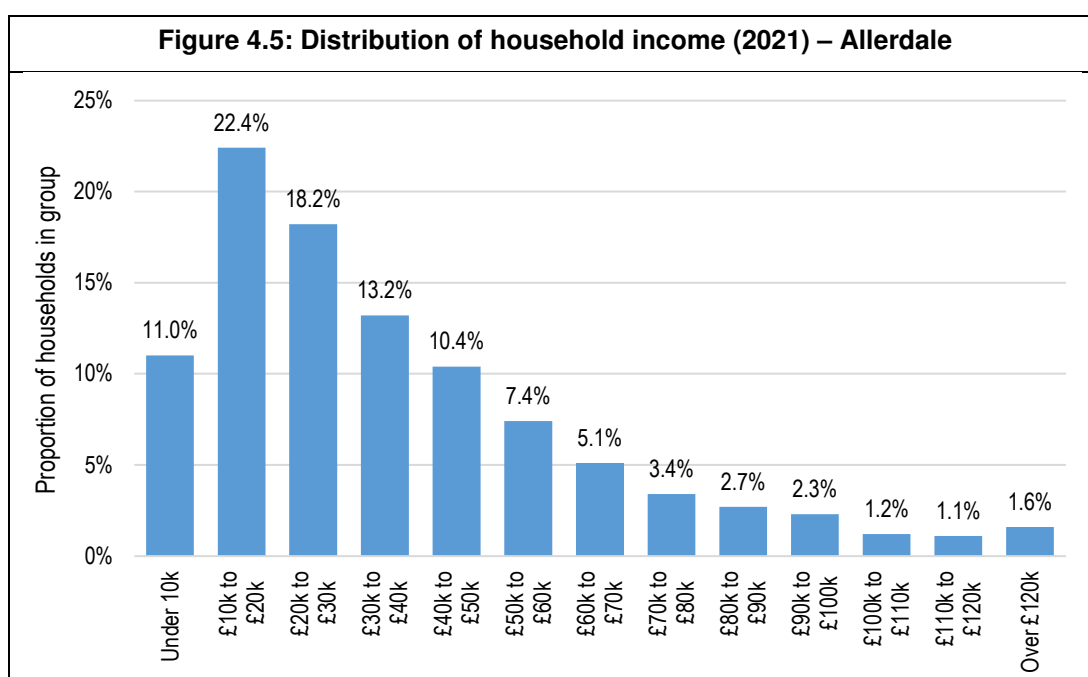
<b>Figure 4.4: Lower Quartile Prices and Market Rents, by sub-area</b>		
	Lower quartile price (existing dwellings)	Lower Quartile rent, pcm
Cockermouth	£154,300	£495
Wigton	£121,300	£490
Workington & Maryport	£88,400	£400
Lake District NP	£252,500	£785
All properties	£100,000	£425

Source: Internet private rental cost search and Land Registry

## Household Incomes

- 4.17 Following on from the assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability (i.e. the ability of a household to afford to buy or rent housing in the market without the need for some sort of subsidy). Data about total household income has been based on information provided by the Council from CACI which is for total gross household income estimated for each Outputs Area (which has then been recoded into the four sub-areas).
- 4.18 Drawing this data together an income distribution for the whole Borough has been constructed for 2021. The figure below shows that around a third of households have incomes below £20,000 with a further third in the range of £20,000 to £40,000. Overall, the average (mean) income is estimated to be around £36,900, with a median income of £29,000; the lower quartile income of all households is estimated to be £16,200.





Source: Derived from CACI data

- 4.19 Analysis has also been undertaken to estimate how incomes vary by sub-area, with the table below showing the estimated median household income in each location, the table also shows the variance in incomes from the Borough average. There is some variation in the estimated incomes by area, median figures ranging from £26,700 in Workington & Maryport, up to £40,100 in the Lake District National Park.

<b>Figure 4.6: Estimated average (median) household income by sub-area (mid-2021)</b>		
	Median income	As a % of Borough average
Cockermouth	£33,400	115%
Wigton	£31,200	108%
Workington & Maryport	£26,700	92%
Lake District NP	£40,100	138%
All households	£29,000	-

Source: Derived from a range of data

## Affordability Thresholds

- 4.20 To assess affordability two different measures are used; firstly to consider what income levels are likely to be needed to access private rented housing (this establishes those households in need of social/affordable rented housing) and secondly to consider what income level is needed to access owner occupation (this, along with the first test helps to identify households in the 'gap' between renting and buying). This analysis therefore brings together the data on household incomes with the estimated incomes required to access private sector housing. Additionally, different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households).

- 4.21 A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than a particular percentage of gross income. The choice of an appropriate threshold is an important aspect of the analysis – the PPG does not provide any guidance on this issue. CLG SHMA guidance prepared in 2007 suggested that 25% of income is a reasonable start point, it also noted that a different figure could be used. Analysis of current letting practice suggests that letting agents typically work on a multiple of 40%. Government policy (through Housing Benefit payment thresholds) would also suggest a figure of 40%+ (depending on household characteristics).
- 4.22 At £425 per calendar month, lower quartile rent levels in Allerdale are low average in comparison to those seen nationally (a lower quartile rent of £595 for England in the year to March 2022). This would suggest that a proportion of income to be spent on housing should be at the bottom end of the range and so a proportion on housing of 25% has been used in analysis.
- 4.23 In reality, many households may well spend a higher proportion of their income on housing and therefore would have less money for other living costs – for the purposes of this assessment these households would essentially be assumed as ideally having some form of subsidised rent so as to ensure a sufficient level of residual income.
- 4.24 Generally, the income required to access owner-occupied housing is higher than that required to rent and so the analysis of the need for social/affordable rented housing is based on the ability to afford to access private rented housing. However, local house prices (and affordability) are important when looking at the need for affordable home ownership.
- 4.25 For the purposes of this assessment, the income thresholds for owner-occupation assume a household has a 10% deposit and can secure a mortgage for four times their salary. These assumptions are considered to be broadly in line with typical lending practices although it is recognised that there will be differences on a case by case basis.
- 4.26 The table below shows the estimated incomes required to both buy and rent (privately) in each sub-area. This shows a notable 'gap' in some areas of the Borough (particularly the National Park) – locations with higher house prices. The table does also suggest that in Workington & Maryport the gap between buying and renting is very small.

<b>Figure 4.7: Estimated Household Income Required to Buy and Privately Rent by sub-area</b>			
	To buy	To rent (privately)	Income gap
Cockermouth	£34,700	£23,800	£10,900
Wigton	£27,300	£23,500	£3,800
Workington & Maryport	£19,900	£19,200	£700
Lake District NP	£56,800	£37,700	£19,100
Borough-wide	£22,500	£20,400	£2,100

Source: Based on Housing Market Cost Analysis

## Need for Social/Affordable Rented Housing

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

### Current Need

- 4.28 In line with PPG paragraph 2a-020, the current need for affordable housing has been based on considering the likely number of households with one or more housing problems. The table below sets out the categories in the PPG and the sources of data being used to establish numbers. The PPG also includes a category where households cannot afford to own despite it being their aspiration – this category is considered separately in this report (under the title of the need for affordable home ownership).

<b>Figure 4.8: Main sources for assessing the current unmet need for affordable housing</b>		
	Source	Notes
Homeless households (those in temporary accommodation)	MHCLG Statutory Homelessness data	Household in temporary accommodation at end of quarter.
Households in overcrowded housing	Census table LC4108EW	Analysis undertaken by tenure and updated by reference to national changes (from the English Housing Survey (EHS))
Concealed households	Census table LC1110EW	Number of concealed families
Existing affordable housing tenants in need	Modelled data linking to past survey analysis	Excludes overcrowded households – tenure estimates updated by reference to the EHS
Households from other tenures in need	Modelled data linking to past survey analysis	

Source: PPG [2a-020]

- 4.29 It should be noted that there may be some overlap between categories (such as overcrowding and concealed households, whereby the overcrowding would be remedied if the concealed household moved). The data available does not enable analysis to be undertaken to study the impact of this and so it is possible that the figures presented include a small element of double counting (although this is likely to be small). Additionally, some of the concealed households may be older people who have moved back in with their families and might not be considered as in need.
- 4.30 The table below shows the initial estimate of the number of households within the Borough with a current housing need. These figures are before any 'affordability test' has been applied to assess the ability of households to meet their own housing needs; and has been termed 'the number of households in unsuitable housing'. Overall, the analysis estimates that there are currently some 2,100 households living in unsuitable housing (or without housing).

**Figure 4.9: Estimated Number of Households Living in Unsuitable Housing**

	Homeless/ concealed household	Households in overcrowded housing	Existing affordable housing tenants in need	Households from other tenures in need	Total
Cockermouth	19	67	12	82	180
Wigton	46	82	14	112	254
Workington & Maryport	244	545	144	518	1,451
Lake District NP	49	77	14	102	242
<b>TOTAL</b>	<b>358</b>	<b>772</b>	<b>183</b>	<b>813</b>	<b>2,126</b>

Source: MHCLG Live Tables, Census 2011 and Data Modelling

- 4.31 In taking this estimate forward, the data modelling next estimates housing unsuitability by tenure. From the overall number in unsuitable housing, households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise). The analysis also excludes 90% of owner-occupiers under the assumption (which is supported by analysis of survey data) that the vast majority will be able to afford housing once savings and equity are taken into account.
- 4.32 A final adjustment is to slightly reduce the unsuitability figures in the private rented sector to take account of student-only households – such households could technically be overcrowded/living in unsuitable housing but would be unlikely to be allocated affordable housing (student needs are essentially assumed to be transient). Once these households are removed from the analysis, the remainder are taken forward for affordability testing.
- 4.33 The table below shows it is estimated that there are around 1,000 households living in unsuitable housing (excluding current social tenants and the majority of owner-occupiers).

**Figure 4.10: Unsuitable Housing by Tenure and Number to Take Forward into Affordability Modelling (Allerdale)**

	In Unsuitable Housing	Number to Take Forward for Affordability Testing
Owner-occupied	679	68
Affordable housing	470	0
Private rented	620	619
No housing (homeless/concealed)	358	358
<b>Total</b>	<b>2,126</b>	<b>1,045</b>

Source: MHCLG Live Tables, Census 2011 and Data Modelling

- 4.34 Having established this figure, it needs to be considered that a number of these households might be able to afford market housing without the need for subsidy. To consider this, the income data has been used, with the distribution adjusted to reflect a lower average income amongst households living in unsuitable housing – for the purposes of the modelling an income distribution that reduces the average household income to 88% of the figure for all households has been used to identify the proportion of households whose needs could not be met within the market (for households currently living in housing). A lower figure of 42% has been used to apply an affordability test for the concealed/homeless households who do not currently occupy housing.
- 4.35 These two percentage figures have been based on a consideration of typical income levels of households who are in unsuitable housing (based mainly on estimates in the private rented sector) along with typical income levels of households accessing social rented housing (for those without accommodation).
- 4.36 The figures have been based on analysis of the English Housing Survey (mainly looking at relative incomes of households in each of the private and social rented sectors) as well as consideration of similar information collected through household surveys across the country by JGC. These modelling assumptions are considered reasonable and have not been challenged through the Local Plan process in other locations (where the same assumptions have been used).
- 4.37 Overall, over half of households with a current need are estimated to be likely to have insufficient income to afford market housing and so the estimate of the total current need is around 570 households in the Borough. The table below also shows how this is estimated to vary by sub-area.

<b>Figure 4.11: Estimated Current Affordable Housing Need (for social/affordable rented housing)</b>			
	In unsuitable housing (taken forward for affordability test)	% Unable to Afford Market Housing (without subsidy)	Revised Gross Need (including Affordability)
Cockermouth	93	47.4%	44
Wigton	133	54.9%	73
Workington & Maryport	674	52.9%	357
Lake District NP	145	65.5%	95
National Park	1,045	54.4%	569

Source: CLG Live Tables, Census 2011 and Data Modelling

- 4.38 The estimated figure shown above (569) represents the number of households with a need currently. For the purposes of analysis, it is assumed that the local authority would seek to meet this need over a period of time. Given that this report typically looks at needs in the period from 2022 to 2032, the need is annualised by dividing by 10 (to give an annual need for 57 dwellings across all areas). This does not mean that some households would be expected to wait 10-years for housing as the need is likely to be dynamic, with households leaving the current need as they are housed but with other households developing a need over time.

Newly-Forming Households

- 4.39 The number of newly forming households has been estimated through demographic modelling with an affordability test also being applied. This has been undertaken by considering the changes in households in specific 5-year age bands relative to numbers in the age band below, 5 years previously, to provide an estimate of gross household formation.
- 4.40 The number of newly-forming households is limited to households forming who are aged under 45 – this is consistent with CLG guidance (from 2007) which notes after age 45 that headship (household formation) rates ‘plateau’. There may be a small number of household formations beyond age 45 (e.g. due to relationship breakdown) although the number is expected to be fairly small when compared with formation of younger households.
- 4.41 The number of newly forming households has been estimated through demographic modelling (linked to the 2018-based SNPP and 2014-based HRRs). This is considered to provide the best view about trend-based household formation in Allerdale.
- 4.42 In assessing the ability of newly forming households to afford market housing, data has been drawn from previous surveys undertaken nationally by JGC. This establishes that the average income of newly forming households is around 84% of the figure for all households. This figure is remarkably consistent across areas (and is also consistent with analysis of English Housing Survey data at a national level).
- 4.43 The analysis has therefore adjusted the overall household income data to reflect the lower average income for newly forming households. The adjustments have been made by changing the distribution of income by bands such that average income level is 84% of the all household average. In doing this it is possible to calculate the proportion of households unable to afford market housing. For the purposes of the need for social/affordable rented housing this will relate to households unable to afford to buy OR rent in the market.
- 4.44 The assessment suggests overall that around two-fifths of newly forming households will be unable to afford market housing (to rent privately) and this equates a total of 272 newly forming households will have a need per annum on average across the Borough – the table below provides a breakdown by sub-area.

<b>Figure 4.12: Estimated Need for Social/Affordable Rented Housing from Newly Forming Households (per annum)</b>			
	Number of new households	% unable to afford	Annual newly forming households unable to afford to rent
Cockermouth	62	42.1%	26
Wigton	79	44.5%	35
Workington & Maryport	430	42.7%	183
Lake District NP	49	56.5%	28
<b>TOTAL</b>	<b>619</b>	<b>43.9%</b>	<b>272</b>

Source: Projection Modelling/Affordability Analysis

### Existing Households Falling into Affordable Housing Need

- 4.45 The second element of newly arising need is existing households falling into need. To assess this, information about past lettings in social/affordable rented has been used. The assessment looked at households who have been housed in general needs housing over the past three years – this group will represent the flow of households onto the Housing Register over this period. From this, newly forming households (e.g. those currently living with family) have been discounted as well as households who have transferred from another social/affordable rented property. An affordability test has also been applied.
- 4.46 This method for assessing existing households falling into need is consistent with the 2007 SHMA guide which says on page 46 that *‘Partnerships should estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless household applicants)’*. Following the analysis through suggests a need arising from 166 existing households each year across the Borough. The table below breaks this down by sub-area.

<b>Figure 4.13: Estimated Need for Social/Affordable Rented Housing from Existing Households Falling into Need (per annum)</b>		
	Total Additional Need	% of Total
Cockermouth	11	6.6%
Wigton	13	7.8%
Workington & Maryport	127	76.9%
Lake District NP	15	8.8%
<b>TOTAL</b>	<b>166</b>	<b>100.0%</b>

Source: Derived from a range of sources as described in text

### Supply of Social/Affordable Rented Housing Through Relets

- 4.47 The future supply of affordable housing through relets is the flow of affordable housing arising from the existing stock that is available to meet future need. This focusses on the annual supply of social/affordable rent relets.
- 4.48 The Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. Information from CoRe has been used to establish past patterns of social housing turnover. The figures are for general needs lettings but exclude lettings of new properties and also exclude an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock.
- 4.49 On the basis of past trend data it has been estimated that 162 units of social/affordable rented housing are likely to become available each year moving forward for occupation by households in need.

**Figure 4.14: Analysis of Past Social/Affordable Rented Housing Supply, 2017/18 – 2019/20 (average per annum) – Allerdale**

	Total Lettings	% as Non-New Build	Lettings in Existing Stock	% Non-Transfers	Lettings to New Tenants
2017/18	894	94.9%	848	53.9%	457
2018/19	800	95.0%	760	54.5%	414
2019/20	794	98.5%	782	52.0%	407
Average	829	96.1%	797	53.5%	426

Source: CoRe

- 4.50 The table below shows the estimated supply of affordable housing from relets in each sub-area. The sub-area figures have been based on the size of the stock in each sub-area as of 2011 (Census data).

**Figure 4.15: Estimated supply of affordable housing from relets of existing stock by sub-area (per annum)**

	Annual supply	% of supply
Cockermouth	28	6.6%
Wigton	32	7.5%
Workington & Maryport	334	78.4%
Lake District NP	32	7.5%
TOTAL	426	100.0%

Source: CoRe/Census (2011)

- 4.51 The PPG model also includes the bringing back of vacant homes into use and the pipeline of affordable housing as part of the supply calculation. These have however not been included within the modelling in this report. Firstly, there is no evidence of any substantial stock of vacant homes (over and above a level that might be expected to allow movement in the stock). Secondly, with the pipeline supply, it is not considered appropriate to include this as to net off new housing would be to fail to show the full extent of the need, although in monitoring it will be important to net off these dwellings as they are completed.

#### Net Need for Social/Affordable Housing

- 4.52 The table below shows the overall calculation of affordable housing need. The analysis shows that there is a need for 69 dwellings per annum across the area – an affordable need is seen in all sub-areas. The net need is calculated as follows:

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



**Figure 4.16: Estimated Need for Social/Affordable Rented Housing by sub-area (per annum)**

	Current need	Newly forming house-holds	Existing house-holds falling into need	Total Gross Need	Relet Supply	Net Need
Cockermouth	4	26	11	41	28	13
Wigton	7	35	13	55	32	23
Workington & Maryport	36	183	127	347	334	13
Lake District NP	10	28	15	52	32	20
<b>TOTAL</b>	<b>57</b>	<b>272</b>	<b>166</b>	<b>495</b>	<b>426</b>	<b>69</b>

Source: Derived from a range of sources

- 4.53 Whilst the need above is provided down to sub-area level, it should be remembered that affordable need can be met across the Borough as and when opportunities arise, and so specific sub-area data should not be treated as a local target.
- 4.54 The table below repeats the above data along with information about the scale of need compared with the current number of households and also the relationship between supply and need. This allows consideration of the level of need on a more standardised basis to see which areas have greater (or lesser) stresses on affordable supply.
- 4.55 The table clearly identifies the strongest needs as being in areas outside of Workington & Maryport – in this area it is estimated the supply of relets can meet around 96% of the need arising, but this figure drops to around 60% in other locations. When looking at a standardised need (standardised on the basis of estimates of the number of households in each area) the data against points to more acute needs in areas outside of Workington & Maryport and in particular within the National Park area, which does look to have a strong need for rented forms of affordable housing.

**Figure 4.17: Standardised estimates of need for social/affordable rented housing**

	Total Need	Supply	Net Need	Supply as % of need	Estimated house-holds	Net need per 1,000 house-holds
Cockermouth	41	28	13	68%	4,005	3.3
Wigton	55	32	23	58%	5,855	3.9
Workington & Maryport	347	334	13	96%	30,101	0.4
Lake District NP	52	32	20	62%	4,607	4.2
<b>TOTAL</b>	<b>495</b>	<b>426</b>	<b>69</b>	<b>68%</b>	<b>44,568</b>	<b>1.5</b>

Source: Derived from a range of sources

## The Relationship Between Affordable Need and Overall Housing Numbers

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

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

- 4.57 However, the relationship between affordable housing need and overall housing need is complex. This was recognised in the Planning Advisory Service (PAS) Technical Advice Note of July 2015. PAS conclude that there is no arithmetical way of combining the OAN (calculated through demographic projections) and the affordable need. There are a number of reasons why the two cannot be 'arithmetically' linked.
- 4.58 Firstly, the modelling contains a category in the projection of 'existing households falling into need'; these households already have accommodation and hence if they were to move to alternative accommodation, they would release a dwelling for use by another household – there is no net need to provide additional homes. The modelling also contains 'newly forming households'; these households are a direct output from the demographic modelling and are therefore already included in the overall housing need figures.
- 4.59 This just leaves the 'current need'; much of this group will be similar to the existing households already described (in that they are already living in accommodation) although it is possible that a number will be households without housing (mainly concealed households) – these households are not included in the demographic modelling and so are arguably an additional need, although uplifts for market signals/affordability (as included in the Government's Standard Method) would be expected to deal with such households.
- 4.60 The analysis estimates an annual need for 69 rented affordable homes, which is notionally 75% of a Local Housing Need of 92 dwellings per annum (as calculated using the Standard Method). However, as noted, caution should be exercised in trying to make a direct link between affordable need and planned delivery, with the key point being that many of those households picked up as having a need will already be living in housing and so providing an affordable option does not lead to an overall net increase in the need for housing (as they would vacate a home to be used by someone else).
- 4.61 It is possible to investigate this in some more detail by re-running the model and excluding those already living in accommodation. This is shown in the table below which identifies that meeting these needs would lead to a surplus of affordable housing. This figure is theoretical and should not be seen to be minimising the need (which is clearly acute). It does however serve to show that there is a substantial difference in the figures when looking at overall housing shortages.

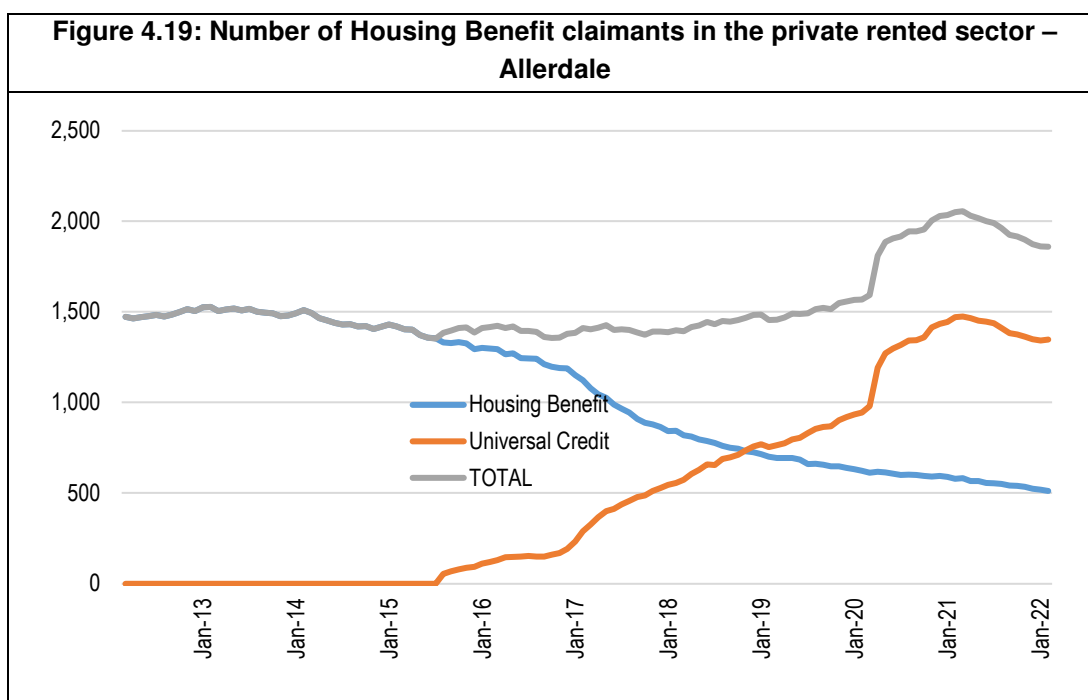
- 4.62 The analysis is arguably even more complex than this – it can be observed that the main group of households in need are newly forming households. These households are already included within demographic projections and so the demonstrating of a need for this group again should not be seen as over and above any need derived through the normal process of looking at need. Indeed, only the 28 per annum (current need) is in addition to demographic projections and this scale of uplift will in part have already been included in figures when moving from a demographic start point to an estimate of housing need using the Standard Method.

<b>Figure 4.18: Estimated Need for Affordable Housing (social/affordable rented) excluding households already in accommodation – Allerdale</b>		
	Including existing households	Excluding existing households
Current need	57	28
Newly forming households	272	272
Existing households falling into need	166	0
Total Gross Need	495	300
Re-let Supply	426	426
Net Need	69	-127

Source: Derived from a range of sources

- 4.63 Additionally, it should be noted that the need estimate is on a per annum basis and should not be multiplied by the plan period to get a total need. Essentially, the estimates are for the number of households who would be expected to have a need in any given year (i.e. needing to spend more than 25% of income on housing). In reality, some (possibly many) households would see their circumstances change over time such that they would ‘fall out of need’ and this is not accounted for in the analysis. One example would be a newly forming household with an income level that means they spend more than 25% of income on housing, as the household’s income rises they would potentially pass the affordability test and therefore not have an affordable need. Additionally, there is the likelihood when looking over the longer-term that a newly-forming household will become an existing household in need and would be counted twice if trying to multiply the figures out for a whole plan period.
- 4.64 The discussion above has already noted that the need for affordable housing does not generally lead to a need to increase overall provision (with the exception of potentially providing housing for concealed households although this should be picked up as part of an affordability uplift). It is however worth briefly thinking about how affordable need works in practice and the housing available to those unable to access market housing without Housing Benefit. In particular, the role played by the Private Rented Sector (PRS) in providing housing for households who require financial support in meeting their housing needs should be recognised.
- 4.65 Whilst the Private Rented Sector (PRS) does not fall within the types of affordable housing set out in the NPPF (other than affordable private rent which is a specific tenure separate from the main ‘full market’ PRS), it has evidently been playing a role in meeting the needs of households who require financial support in meeting their housing need. Government recognises this, and indeed legislated through the 2011 Localism Act to allow Councils to discharge their “homelessness duty” through providing an offer of a suitable property in the PRS.

- 4.66 It is also worth reflecting on the NPPF (Annex 2) definition of affordable housing. This says: *'Affordable housing: housing for sale or rent, for those whose needs are not met by the market'* [emphasis added]. Clearly where a household is able to access suitable housing in the private rented sector (with or without Housing Benefit) it is the case that these needs are being met by the market (as within the NPPF definition). As such the role played by the private rented sector should be recognised – it is evidently part of the functioning housing market.
- 4.67 Data from the Department of Work and Pensions (DWP) has been used to look at the number of Housing Benefit supported private rented homes. As of February 2022, it is estimated that there were around 1,800 benefit claimants in the private rented sector in Allerdale. From this, it is clear that the PRS contributes to the wider delivery of 'affordable homes' with the support of benefit claims, and further complicates any attempts to find a relationship between affordable need and overall housing need.
- 4.68 The figure below shows the trend in the number of claimants in the Borough. This shows there has been a notable increase since March 2020, which is likely to be related to the Covid-19 pandemic. However, even the more historical data shows a substantial number of households claiming benefit support for their housing in the private sector (typically around 1,500 households).



Source: Department of Work and Pensions

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

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

### **Split Between Social and Affordable Rented Housing**

- 4.73 The analysis above has studied the overall need for social and affordable rented housing with a focus on households who cannot afford to rent in the market. These households will therefore have a need for some form of rented housing at a cost below typical market rates. Typically, there are two main types of rented affordable accommodation (social and affordable rented) with the analysis below initially considering what a reasonable split might be between these two tenures.
- 4.74 The table below shows current rent levels in the Borough for a range of products along with relevant local housing allowance (LHA) rates. The majority of Allerdale falls into the West Cumbria Broad Rental Market Area (BRMA) for the purposes of LHA, with a small area (including Wigton) being part of the North Cumbria BRMA.
- 4.75 Data about average social and affordable rents has been taken from the Regulator of Social Housing (RSH) and this is compared with lower quartile and median market rents (from ONS data). This analysis shows that social rents are lower than affordable rents; the analysis also shows that affordable rents are in many case above both lower quartile and median market rents. When looking at the LHA limits, the analysis shows slightly higher figures for the North Cumbria BRMA.
- 4.76 The LHA rates are generally very close to lower quartile market rents but some way below median figures. This does potentially mean that households seeking accommodation in some locations (notably those areas with higher rents) may struggle in some cases to secure sufficient benefits to cover their rent.

**Figure 4.20: Comparison of rent levels for different products – Allerdale**

	Social rent	Affordable rent (AR)	Lower quartile (LQ) market rent	Median market rent	LHA (West Cumbria)	LHA (North Cumbria)
1-bedroom	£309	£407	£350	£395	£349	£349
2-bedrooms	£363	£471	£410	£450	£419	£424
3-bedrooms	£403	£474	£500	£575	£494	£524
4-bedrooms	£436	£506	£600	£775	£598	£673
All	£376	£471	£425	£495	-	-

Source: RSH, ONS and VOA

4.77 To some extent it is easier to consider the data above in terms of the percentage one housing cost is of another and this is shown in the table below. Caution should be exercised when looking at the overall averages as these will be influenced by the profile of stock in each category and so the discussion focusses on 3-bedroom homes (this is the main stock size held by Affordable Housing Providers, 45% of social rented housing and 51% of affordable rents).

4.78 This shows that social rents are significantly cheaper than market rents (and indeed affordable rents) but that affordable rents (as currently charged) represent 95% of a current lower quartile rent (82% if comparing with a median rent). This does not necessarily mean that the affordable rents are only being provided at a 5%-18% discount as it is possible that the open market rent is actually higher than the rent levels (mainly for existing homes) shown by ONS in their private rented market statistics.

**Figure 4.21: Difference between rent levels for different products – Allerdale**

	Social rent as % of affordable rent	Social rent as % of LQ market rent	Social rent as % of median market rent	Affordable rent as % of LQ market rent	Affordable rent as % of median market rent	LQ market rent as % of median market rent
1-bedroom	76%	88%	78%	116%	103%	89%
2-bedrooms	77%	88%	81%	115%	105%	91%
3-bedrooms	85%	81%	70%	95%	82%	87%
4-bedrooms	86%	73%	56%	84%	65%	77%
All	80%	88%	76%	111%	95%	86%

Source: RSH, ONS and VOA

4.79 For the affordability test, a standardised average rent for each product has been used. The table below suggests that theoretically no households who cannot afford to rent privately could afford an affordable rent – this is due to affordable rents typically being higher than lower quartile market rents. The analysis also shows some 25% of households as being able to afford a social rent (but not an affordable one). A total of 75% of households would need some degree of benefit support to be able to afford their housing (regardless of the tenure).

<b>Figure 4.22: Estimated need for affordable rented housing (% of households able to afford)</b>	
	% of households able to afford
Afford affordable rent	0%
Afford social rent	25%
Need benefit support	75%
All unable to afford market	100%

Source: Affordability analysis

- 4.80 The finding that no households can afford an affordable rent does not automatically lead to a policy conclusion on the split between the two types of housing. For example, many households who will need to access rented accommodation will be benefit dependent and as such could technically afford an affordable rent – hence a higher proportion of affordable rented housing might be appropriate – indeed the analysis does identify a substantial proportion of households as being likely to need benefit support. On the flip side, providing more social rents might enable households to return to work more easily, as a lower income would potentially be needed to afford the lower social (rather than affordable) rent.
- 4.81 There will be a series of other considerations both at a strategic level and for specific schemes. For example, there may be funding streams that are only available for a particular type of housing, and this may exist independently to any local assessment of need. Additionally, there will be the consideration of the balance between the cost of housing and the amount that can be viably provided, for example, it is likely that affordable rented housing is more viable, and therefore a greater number of units could be provided. Finally, in considering a split between social and affordable rented housing it needs to be considered that having different tenures on the same site (at least at initial occupation) may be difficult – e.g. if tenants are paying a different rent for essentially the same size/type of property and services.
- 4.82 On this basis, it is not recommended that the Council has a rigid policy for the split between social and affordable rented housing, although the analysis is clear that both tenures of homes (and particularly socially rented housing) are likely to be required in all areas.

## Establishing a Need for Affordable Home Ownership

- 4.83 The Planning Practice Guidance confirms a widening definition of those to be considered as in affordable need; now including *'households which can afford to rent in the private rental market, but cannot afford to buy despite a preference for owning their own home'*. However, at the time of writing, there is no guidance about how the number of such households should be measured.
- 4.84 The methodology used in this report therefore draws on the current methodology, and includes an assessment of current needs, and projected need (newly forming and existing households). The key difference is that in looking at affordability an estimate of the number of households in the 'gap' between buying and renting is used. There is also the issue of establishing an estimate of the supply of affordable home ownership homes – this is considered separately below.



- 4.85 The analysis has been developed in the context of First Homes with the Government proposing that 25% of all affordable housing secured through developer contributions should be within this tenure. A definition of First Homes (from the relevant PPG (70-001)) can be found later in this document.

#### Gross Need for Affordable Home Ownership

- 4.86 The first part of the analysis seeks to understand what the gap between renting and buying actually means in the Borough – in particular establishing the typical incomes that might be required. The information about incomes required to both buy and rent in different locations has already been provided earlier in this section and so the discussion below is a broad example.
- 4.87 Using the income distributions developed (as set out earlier in this section) along with data about price and rents, it has been estimated that of all households living in the private rented sector, around 52% already have sufficient income to buy a lower quartile home, with 6% falling in the rent/buy 'gap'. The final 42% are estimated to have an income below which they cannot afford to rent privately (i.e. would need to spend more than the calculated threshold of their income on housing costs) although in reality it should be noted that many households will spend a higher proportion of their income on housing. These figures have been based on an assumption that incomes in the private rented sector are around 88% of the equivalent figure for all households (a proportion derived from the English Housing Survey) and are used as it is clear that affordable home ownership products are likely to be targeted at households living in or who might be expected to access this sector (e.g. newly forming households).
- 4.88 The table below shows an estimate of the proportion of households living in the private rented sector who are able to afford different housing products by sub-area. This shows a higher proportion of households in the rent/buy gap in the Lake District National Park and Cockermouth, this reflects a larger gap in the estimated incomes needed to buy and rent homes in these areas.

<b>Figure 4.23: Estimated proportion of households living in Private Rented Sector able to buy and/or rent market housing</b>			
	Can afford to buy OR rent	Can afford to rent but not buy	Cannot afford to buy OR rent
Cockermouth	42%	18%	40%
Wigton	50%	7%	42%
Workington & Maryport	58%	2%	41%
Lake District NP	24%	22%	54%
TOTAL	52%	6%	42%

Source: Derived from Housing Market Cost Analysis and Affordability Testing

- 4.89 The finding that a significant proportion of households in the private rented sector are likely to have an income that would allow them to buy a home is also noteworthy and suggests that for many households, barriers to accessing owner-occupation are less about income/the cost of housing and more about other factors (which could for example include the lack of a deposit or difficulties obtaining a mortgage (for example due to a poor credit rating or insecure employment)). However, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).



- 4.90 To study current need, an estimate of the number of household living in the Private Rented Sector (PRS) has been established, with the same (rent/buy gap) affordability test (as described above) then applied. The start point is the number of households living in private rented accommodation; as of the 2011 Census there were some 4,100 households living in the sector across the Borough. Data from the English Housing Survey (EHS) suggests that since 2011, the number of households in the PRS has risen by about 19% - if the same proportion is relevant to Allerdale then the number of households in the sector would now be around 4,900.
- 4.91 Additional data from the EHS suggests that 60% of all PRS households expect to become an owner at some point (3,000 households if applied to Allerdale) and of these some 40% (1,200 households) would expect this to happen in the next 2-years. These figures are taken as the number of households potentially with a current need for affordable home ownership before any affordability testing.
- 4.92 As noted above, on the basis of income it is estimated that around 6% of the private rented sector sit in the gap between renting and buying (varying by location). Applying this proportion to the above figures would suggest a current need for around 82 affordable home ownership units (8 per annum if annualised over a 10-year period).
- 4.93 In projecting forward, the analysis can consider newly forming households and also the remaining existing households who expect to become owners further into the future. Applying the same affordability test (albeit on a very slightly different income assumption for newly forming households) suggests an annual need from these two groups of around 47 dwellings (35 from newly forming households and 12 from existing households in the private rented sector).
- 4.94 Bringing together the above analysis suggests that there is a need for around 55 affordable home ownership homes (priced for households able to afford to rent but not buy) per annum across the Borough. This is before any assessment of the potential supply of housing is considered.

<b>Figure 4.24: Estimated Gross Need for Affordable Home Ownership by sub-area (per annum)</b>				
	Current need	Newly forming households	Existing households falling into need	Total Gross Need
Cockermouth	2	11	4	17
Wigton	1	6	2	9
Workington & Maryport	1	7	2	10
Lake District NP	4	10	5	19
<b>TOTAL</b>	<b>8</b>	<b>35</b>	<b>12</b>	<b>55</b>

Source: Derived from a range of sources

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

- 4.95 One source is likely to be resales of products such as shared ownership and an analysis of CoRe data about resales of affordable housing shows an average of around 2 resales per annum across the Borough (based on data for the 2016-19 period). These properties would be available for these households and can be included as the potential supply.
- 4.96 In addition, it should be noted that the analysis looks at households unable to afford a lower quartile property price. By definition, a quarter of all homes sold will be priced at or below a lower quartile level. According to the Land Registry, in Allerdale there were a total of 1,328 resales (i.e. excluding newly-built homes) in the last year (year to March 2022) and therefore around 332 would be priced below the lower quartile. This is 332 homes that would potentially be affordable to the target group for affordable home ownership products and is a potential supply that is well in excess of the level of need calculated.
- 4.97 It is then possible to provide a best estimate of the supply of lower quartile homes that are bought by the target group of households (assumed to be first-time buyers). Whilst dated, a report by Bramley and Wilcox in 2010 (Evaluating requirements for market and affordable housing) noted that around 40% of first-time buyer with a mortgage buy at or below the lower quartile<sup>6</sup>. Other recent data suggests that first time buyers account for around half of home purchase loans<sup>7</sup> with a total of around 65% of all homes being bought with a loan (35% as cash buyers<sup>8</sup>).
- 4.98 Bringing this together would point to 32.5% of homes being bought by first-time buyers and around 13% of all homes being a lower quartile home bought by a first-time buyer ( $32.5\% \times 40\%$ ) – this would point to around half of all lower quartile sales as being to first-time buyers (as half of 25% is 12.5%). Therefore, for the purposes of estimating a 'need' half of all lower quartile sales are included in the supply.
- 4.99 We can therefore now provide three supply estimates which can be considered in the context of the estimated need. These are:
- Only count the supply from affordable home ownership resales (2 per annum);
  - Include the supply from affordable home ownership and half of resales of lower quartile homes (168 per annum (166+2)); and
  - Include the supply from affordable home ownership and all resales of lower quartile homes (334 per annum (332+2)).
- 4.100 The table below shows the estimated net need from applying these three supply scenarios. Only including the resales of AHO shows a need for 53 dwellings per annum and this reduces to a surplus of 113 if 50% of lower quartile sales are included. If all lower quartile sales are included in the supply, then there is an even more substantial surplus of affordable home ownership shown.

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<sup>6</sup> [https://thinkhouse.org.uk/site/assets/files/1614/2010\\_20nhpau\\_202.pdf](https://thinkhouse.org.uk/site/assets/files/1614/2010_20nhpau_202.pdf)

<sup>7</sup> <https://www.mortgagesolutions.co.uk/news/2022/01/24/first-time-buyer-numbers-rose-to-nearly-410000-in-2021/#:~:text=First%2Dtime%20buyers%20accounted%20for,39%20per%20cent%20in%202009>

<sup>8</sup> <https://www.ft.com/content/e0ad2830-094f-4e61-acaa-d77457e2edbb>

<b>Figure 4.25: Estimated Net Need for Affordable Home Ownership (per annum)</b>			
	AHO resales only	AHO resales plus 50% of LQ sales	AHO resales plus 100% of LQ sales
Total gross need	55	55	55
LCHO supply	2	168	334
Net need	53	-113	-279

Source: Derived from a range of sources

- 4.101 Focussing on the middle of the three scenarios above (50% of lower quartile sales) the table below shows a surplus of affordable home ownership in all areas apart for the Lake District National Park (and balance in Cockermouth), although it needs to be remembered in this area that the need for rented products is notably higher than the 2 per annum shown in the table.

<b>Figure 4.26: Estimated Need for Affordable Home Ownership by sub-area (per annum)</b>			
	Total Gross Need	Supply	Net need
Cockermouth	17	17	0
Wigton	9	21	-12
Workington & Maryport	10	113	-103
Lake District NP	19	17	2
TOTAL	55	168	-113

Source: Derived from a range of sources

- 4.102 Overall, the analysis shows it is difficult to conclude what the need for affordable home ownership is (and indeed if there is one).
- 4.103 Whilst the analysis does not definitively show a need for affordable home ownership, it is the case that affordable home ownership homes have been delivered in the Council area in the past and there continues to be an interest in such properties. As part of this project a spreadsheet was provided by the Council of households who had registered an interest in discounted sale housing – including by location and the type of housing sought.
- 4.104 The table below shows a summary of this information. In total some 338 households had expressed an interest in discounted sale housing, with a significant proportion of these being in Cockermouth. Generally households are seeking homes with 3- or 2-bedrooms whilst the demand for flats looks to be very low.

<b>Figure 4.27: Summary of information from Allerdale discounted sale register</b>			
Area	Number of households	Size/type	Number of households
Aspatria	2	1-bedroom	11
Cockermouth	123	2-bedrooms	127
Maryport	19	3-bedroom	167
Silloth	2	4+-bedrooms	33
Wigton	4	TOTAL	338
Workington	57	Flat	18
Rest of plan area	54	House	236
National Park	77	Bungalow	84
TOTAL	338	TOTAL	338

Source: Allerdale Borough Council

- 4.105 This information does point to there being potential demand for forms of affordable home ownership however it is understood there is no check to determine whether those on this register are in affordable need for a discounted sale home. Hence the data arguably points to an aspiration rather than a need.

## Implications of the Analysis

- 4.106 Given the analysis above, it would be reasonable to conclude that there is a need to provide housing under the definition of 'affordable home ownership' – although this conclusion is based on only considering supply from resales of affordable housing (notably shared ownership). If supply estimates are expanded to include market housing for sale below a lower quartile price then the need for AHO is less clear-cut.
- 4.107 Regardless, it does seem that there are many households in Allerdale who are being excluded from the owner-occupied sector. This can be seen by analysis of tenure change, which saw the number of households living in private rented accommodation increasing by 38% from 2001 to 2011 (with the likelihood that there have been further increases since). Over the same period, the number of owners with a mortgage dropped by 10%. That said, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).
- 4.108 On this basis, and as previously noted, it seems likely in Allerdale that access to owner-occupation is being restricted by access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially some mortgage restrictions (e.g. where employment is temporary) rather than simply being due to the cost of housing to buy (although this will be a factor).

- 4.109 The NPPF (last updated in July 2021) gives a clear direction that 10% of all new housing (on larger sites) should be for affordable home ownership (in other words, if 20% of homes were to be affordable then half would be affordable home ownership) and it is now the case that policy compliant planning applications would be expected to deliver a minimum of 25% affordable housing as First Homes (as a proportion of the total affordable housing), with Councils being able to specify the requirement for any remaining affordable housing (subject to at least 10% of all housing being for AHO).
- 4.110 Firstly regarding the 10%, it is not clear that this is the best solution in the Borough. The NPPF does provide some examples of where the 10% might not be required (paragraph 65), most notably that the 10% would be expected unless this would '*significantly prejudice the ability to meet the identified affordable housing needs of specific groups*'. In Allerdale, the clear need for additional rented housing would arguably mean that providing the affordable home ownership would 'prejudice the ability' to meet the needs of the 'specific group' requiring rented accommodation.
- 4.111 Regarding the 25% of affordable housing as First Homes, it is not clear whether there is any scope to challenge the 'minimum of 25%', nor what role other tenures of affordable home ownership (such as shared ownership) might play. It is possible that provision of First Homes could squeeze out other forms of LCHO such as shared ownership, although it is likely that there will still be a role for this type of housing given typically lower deposit requirements.
- 4.112 Whilst there are clearly some households in the gap between renting and buying, they in some cases will be able to afford homes below lower quartile housing costs. That said, it is important to recognise that some households will have insufficient savings to be able to afford to buy a home on the open market (particularly in terms of the ability to afford a deposit) and low-cost home ownership homes – and shared ownership homes in particular – will therefore continue to play a role in supporting some households in this respect.
- 4.113 In the case of Allerdale, the area has relatively low property values which means in income terms there is very little difference between the incomes required to buy a home or to privately rent. The role of affordable home ownership could therefore be viewed as a tenure that will help to diversify the stock (i.e. to provide opportunities for types of dwellings that may not exist in any great number (including simply being a newbuild product)) and also potentially being a product that can support viability. Therefore, the Council could seek forms of affordable home ownership within its affordable delivery, but with the recognition that the pricing of such products may technically be pitched at an income group who could arguably already afford market housing to buy.
- 4.114 The evidence points to a clear and acute need for rented affordable housing for lower income households, and it is important that a supply of rented affordable housing is maintained to meet the needs of this group including those to which the authorities have a statutory housing duty. Such housing is notably cheaper than that available in the open market and can be accessed by many more households (some of whom may be supported by benefit payments).
- 4.115 There will also be a role for AHO on any 100% affordable housing schemes that may come forward (as well as through Section 106). Including a mix of both rented and intermediate homes to buy would make such schemes more viable, as well as enabling a range of tenures and therefore potential client groups to access housing.

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

## How Much Should Affordable Home Ownership Homes Cost?

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

### Discounted Market Sales Housing (focussing on First Homes)

- 4.120 In May 2021, MHCLG published a new Planning Practice Guidance (PPG) regarding First Homes. The key parts of this guidance are set out below:
- First Homes are a specific kind of discounted market sale housing and should be considered to meet the definition of 'affordable housing' for planning purposes. Specifically, First Homes are discounted market sale units which:*
- a) must be discounted by a minimum of 30% against the market value;*
  - b) are sold to a person or persons meeting the First Homes eligibility criteria (see below);*
  - c) on their first sale, will have a restriction registered on the title at HM Land Registry to ensure this discount (as a percentage of current market value) and certain other restrictions are passed on at each subsequent title transfer; and,*
  - d) after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London).*

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

- 4.121 In terms of eligibility criteria, a purchaser should be a first-time buyer with a combined annual household income not exceeding £80,000 (or £90,000 in Greater London) and a mortgage needs to fund a minimum of 50% of the discounted purchase price. Local authorities can set their own eligibility criteria, which could for example involve lower income caps, a local connection test, or criteria based on employment status. Regarding discounts, a First Home must be sold at least 30% below the open market value. However, local authorities do have the discretion to require a higher minimum discount of either 40% or 50% (if they can demonstrate a need for this).
- 4.122 As noted above, the problem with having a percentage discount is that it is possible in some locations or types of property that such a discount still means that the discounted housing is more expensive than that typically available in the open market. This is often the case as new build housing itself attracts a premium. The preferred approach in this report is to set out a series of purchase costs for different sizes of accommodation which ensure these products are affordable for the intended group. These purchase costs are based on current lower quartile rental prices and also consideration of the income required to access the private rented sector and then estimating what property price this level of income might support (assuming a 10% deposit and a 4 times mortgage multiple). Below is an example of a calculation based on a 3-bedroom home:
- Previous analysis has shown that the lower quartile rent for a 3-bedroom home in Allerdale is £500 per month;
  - On the basis of a household spending no more than 25% of their income on housing, a household would need an income of around £2,000 per month to afford ( $£500/0.25$ ) or £24,000 per annum; and
  - With an income of £24,000, it is estimated that a household could afford to buy a home for around £106,700. This is based on assuming a 10% deposit (mortgage for 90% of value) and a four times mortgage multiple – calculated as  $£24,000 \times 4/0.9$ .
- 4.123 Therefore, £106,700 is a suggested purchase price to make First Homes/discounted home ownership affordable for households in the rent/buy gap in Allerdale. This figure is essentially the equivalent price that is affordable to a household who can just afford to rent privately. In reality, there will be a range of incomes in the rent/buy gap and so some households could afford a higher price; however, setting all homes at a higher price would mean that some households will still be unable to afford.
- 4.124 On this basis, it is considered reasonable to look at the cost of First Homes as a range, from the equivalent private rent figure up to a midpoint of the cost of open market purchase and the relevant private rented figure (for a 3-bedroom home this is £130,000, giving a midpoint of £118,300). The use of a midpoint would mean that only around half of households in the rent/buy gap could afford, and therefore any housing provided at such a cost would need to also be supplemented by an equivalent number at a lower cost (which might include other tenures such as shared ownership).
- 4.125 To estimate what levels of discount these prices might equate to it is necessary to estimate the likely cost of a home prior to any discount; calculating the Open Market Value (OMV). This is not straightforward as housing costs will vary depending on location and the type of scheme, however, it is the case that homes will be newbuilds and are likely to attract a newbuild premium.



- 4.126 The table below shows the lower quartile cost of existing and new homes by type from Land Registry data; to boost the sample of new homes data from the last 5-years has been used. The analysis clearly identifies that newbuild homes are more expensive than existing homes in the stock although the overall average 'premium' (of 75%) will be heavily influenced by the profile of homes.
- 4.127 If the figures for different dwelling types are standardised on the basis of the volume of newbuild sales in different categories then it is estimated that the typical newbuild premium in the Borough is around 30% - this figure has therefore been used in calculations of OMV and against which a discount can be judged.

<b>Figure 4.28: Lower quartile cost of housing to buy (existing and newly-built dwellings) – 5-years to March 2022 – Allerdale</b>			
	Existing dwellings	Newly-built dwellings	New-build premium
Flat/maisonette	£82,300	£102,600	25%
Terraced	£75,300	£116,000	54%
Semi-detached	£115,600	£140,000	21%
Detached	£194,700	£219,000	12%
All dwellings	£100,200	£175,000	75%

Source: Land Registry

- 4.128 The table below therefore sets out a suggested purchase price for affordable home ownership/First Homes. The tables also show an estimated OMV and the level of discount likely to be required to achieve affordability. As noted, the OMV is based on taking the estimated lower quartile price by size and adding 30%. It should be noted that the discounts are based on the OMV as estimated, in reality the OMV might be quite different for specific schemes and therefore the percentage discount would not be applicable. For example, if the OMV for a 3-bedroom home were to actually be £200,000 (rather than the modelled £168,700) then the discount would be up to 47%.
- 4.129 In Allerdale, the incomes required to rent a 1- and 2-bedroom home are actually higher than estimated incomes needed to buy in these sizes, the cost to be affordable has therefore been set at the estimated lower quartile price (by size). In reality, to make a product genuinely affordable it would be necessary for housing to be provided at an even lower cost than this.
- 4.130 On the basis of the specific assumptions used, the analysis points to a discount of at least 30% for 2-bedroom homes and a figure of up to 40% for larger (3+-bedroom) properties. Given that a single discount figure is likely to be needed for plan making purposes it is suggested that a 40% discount is reasonable, with the expectation that most First Homes will be 2- or 3-bedroom.
- 4.131 It will however be important for the local authority to ensure that any discount above 30% does not prejudice the viability of provision of rented forms of affordable housing (for which there is a more acute need).



<b>Figure 4.29: Affordable home ownership prices – data for year to March 2022 – Allerdale</b>			
	Affordable Price	Estimated newbuild OMV	Discount required
1-bedroom	£65,000	£84,400	30%
2-bedrooms	£80,000	£103,800	30%
3-bedrooms	£106,700-£118,300	£168,700	30%-37%
4+-bedrooms	£128,000-£179,000	£298,500	40%-57%

Source: Derived from a range of sources as described

- 4.132 It should also be noted that the analysis above is for the whole of the local authority area; the pricing of housing does vary across the Borough and therefore adjustments to the figures might be appropriate in some instances. That said, affordable needs can be met anywhere in the authority (where opportunities arise) and so using an expectation of an authority-wide affordability calculation should ensure affordable products on sites regardless of location.

#### Key Points in Relation to First Homes

- 4.133 The paragraphs below seek to answer a series of questions in relation to First Homes. This should help the Council in deciding the appropriate approach, although ultimately there will be choices and decision to be made by the Council that this report can only comment on. Whilst the analysis above has focussed on pricing, the discussion below also draws on this information to consider whether there are any specific local criteria that could be applied.
- *Is there a justification for a discount of greater than 30%, if so, what should it be and should the discount be variable depending upon property size?*
- 4.134 There is certainly a case to seek a discount in excess of 30% - a higher discount will make homes cheaper and therefore potentially open up additional households as being able to afford. However, providing a higher discount may well have an impact on viability, meaning the Council will not be able to provide as many homes in other tenures (such as rented affordable housing which is likely to be needed by those with more acute needs and fewer choices in the housing market).
- 4.135 The Council could therefore investigate higher discounts (with 40% being suggested by the analysis if homes of 3-bedrooms are likely to be delivered), but it is not recommended to seek a higher figure unless this can be proven to not impact on overall affordable delivery.
- 4.136 Although not specifically set out in the PPG, it does seem likely that the Council would need to have a single discount for all dwelling sizes and in any case, for Allerdale, there is no strong argument that different sizes of homes will have such different pricing/affordability that different discounts would be appropriate anyway.

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

4.137 Looking at the previous table above, it can be seen that all of the affordable prices sit below the £250,000 cap and therefore it is arguable that a lower cap would be appropriate. It can also be seen that the £250,000 figure not really close to being approached even for larger (4-bedroom) homes (with a suggested price of up to £179,000). It is considered that the number of 4-bedroom homes likely to be provided as First Homes will be low (focus likely to be on 2- and 3-bedroom homes – see section on Housing Mix) and this gives further reason for looking at a lower cap.

4.138 A lower cap would help to ensure that homes are affordable even on schemes where the OMV is relatively high (although consideration about viability and potential loss of other forms of affordable housing will also be a consideration). Looking at the affordable prices, and also the analysis of actual newbuild costs it is considered that a cap of something in the region of £140,000 might be appropriate. This could help to ensure that First Homes are only offered on properties where the initial OMV is not significantly above the affordable prices.

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

4.139 To study the income threshold analysis has been provided below to consider the likely incomes required to afford both the lower end and midpoint Affordable Price. This is shown in the table below and shows even the most expensive price would only require an income of about £40,000. It should however be noted that these findings are based on a specific set of assumptions about mortgage multiples and deposit availability (10% deposit and a 4 times mortgage multiple) and in reality individual households will have their own specific circumstances.

4.140 That said, it is considered that an £80,000 threshold looks to be too high; households with that level of income would be expected to readily buy a home in the area without the need for any discount. On balance, and looking at the figures in the round (and recognising that there may be relatively few 4-bedroom homes delivered) it is considered that an income cap of around £30,000 might be appropriate in the case of Allerdale.

<b>Figure 4.30: Incomes Required to Afford First Homes – Allerdale</b>		
	Affordable Price (lower end)	Affordable Price (midpoint)
1-bedroom	£14,600	
2-bedrooms	£18,000	
3-bedrooms	£24,000	£26,600
4+-bedrooms	£28,800	£40,300

Source: Derived from a range of sources

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

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

4.142 Regardless of the need/demand, it is not recommended that the Council seek to reduce the amount of social/affordable rented homes by prioritising First Homes. The evidence does not support the Council in seeking more than 25% of affordable housing in this tenure.

- *Should the Council set local eligibility criteria?*

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

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

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

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

### Shared Ownership

- 4.146 Whilst the Government has a clear focus on First Homes, they also see a continued role for Shared Ownership, launching a 'New Model for Shared Ownership' in early 2021 (following a 2020 consultation) – this includes a number of proposals, with the main one for the purposes of this assessment being the reduction of the minimum initial share from 25% to 10%. A key advantage of shared ownership over other tenures is that a lower deposit is likely to be required than for full or discounted purchase. Additionally, the rental part of the cost will be subsidised by a Registered Provider and therefore keeps monthly outgoings down.
- 4.147 For the purposes of the analysis in this report it is considered that for shared ownership to be affordable, total outgoings should not exceed that needed to rent privately.
- 4.148 Because shared ownership is based on buying part of a property, it is the case that the sale will need to be at open market value. Where there is a large gap between the typical incomes required to buy or rent, it may be the case that lower equity shares are needed for homes to be affordable (at the level of renting privately). The analysis below therefore seeks to estimate the typical equity share that might be affordable for different sizes of property with any share lower than 10% likely to be unavailable. The key assumptions used in the analysis are:
- OMV at LQ price plus 30% (reflecting likelihood that newbuild homes will have a premium attached and that they may well be priced above a LQ level) – it should be noted that this is an assumption for modelling purposes and consideration will need to be given to the OMV of any specific product;
  - 10% deposit on the equity share;
  - Rent at 2.75% pa on unsold equity;
  - Repayment mortgage over 25-years at 4%;
  - Service charge of £100 per month for flatted development (assumed to be 1- and 2-bedroom homes); and
  - It is also assumed that shared ownership would be priced for households sitting towards the bottom end of the rent/buy gap and so the calculations assume that total outgoings should be no higher than the equivalent private rent (lower quartile) cost for that size of property.
- 4.149 The table below shows that to make shared ownership affordable, equity shares in the region of around 25%-30% could work for homes of up to 3-bedroom homes, although a negative figure is calculated for homes with 4+-bedrooms – it seems likely that it will be quite difficult to make shared ownership 'work' for homes with 4+-bedrooms. The Council could consider additional rented homes of this size where it is difficult to make homes genuinely affordable.
- 4.150 As with conclusions on First Homes, it should also be noted that the analysis below is predicated on a particular set of assumptions (notably about likely OMV). In reality costs do vary across the area and will vary from site to site. Therefore, this analysis should be seen as indicative with specific schemes being tested individually to determine if the product being offered is genuinely (or reasonably) affordable.

<b>Figure 4.31: Estimated Affordable Equity Share by Size – Allerdale</b>				
	1-bedroom	2-bedrooms	3-bedrooms	4-bedrooms
OMV	£84,400	£103,800	£168,700	£298,500
Share	27%	28%	27%	-11%
Equity Bought	£23,100	£29,500	£46,200	-£34,000
Mortgage Needed	£20,800	£26,500	£41,600	-£30,600
Monthly Cost of Mortgage	£110	£140	£220	-£162
Retained Equity	£61,200	£74,300	£122,500	£332,500
Monthly Rent on Retained Equity	£140	£170	£281	£762
Service Charge per month	£100	£100	£0	£0
Total Cost per month	£350	£410	£500	£600

Source: Data based on Housing Market Cost Analysis

- 4.151 In policy terms, whilst the analysis has provided an indication of the equity shares possibly required by size, the key figure is actually the total cost per month (and how this compares with the costs to access private rented housing). For example, whilst the table suggests a 28% equity share for 2-bedroom home, this is based on a specific set of assumptions. Were a scheme to come forward with a 28% share, but a total cost in excess of £410 per month, then it would be clear that a lower share is likely to be required to make the home genuinely affordable. Hence the actual share can only be calculated on a scheme-by-scheme basis. Any policy position should seek to ensure that outgoings are no more than can reasonably be achieved in the private rented sector, rather than seeking a specific equity share.

#### Rent to Buy

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

## Comments on Policy SA3

- 4.155 Current affordable housing policy can be found in Policy SA3 of the Part 2 Local Plan (adopted in July 2020). This policy replaces Policy S8 of the Part 1 plan. The policy and supporting text notes the provision of affordable housing as being a key Council priority with the first line of the policy clearly stating the Council will seek to maximise the delivery of affordable housing. The full text of the policy is shown below with a map of the affordable housing zones below that:

### **SA3 Affordable Housing**

The Council will seek to maximise the delivery of affordable housing across the Plan Area by working with partners, developers and local communities. In order to address the need for affordable housing the Council will seek a proportion of affordable homes from residential development in perpetuity. Affordable housing will be provided on-site, apart from in exceptional circumstances.

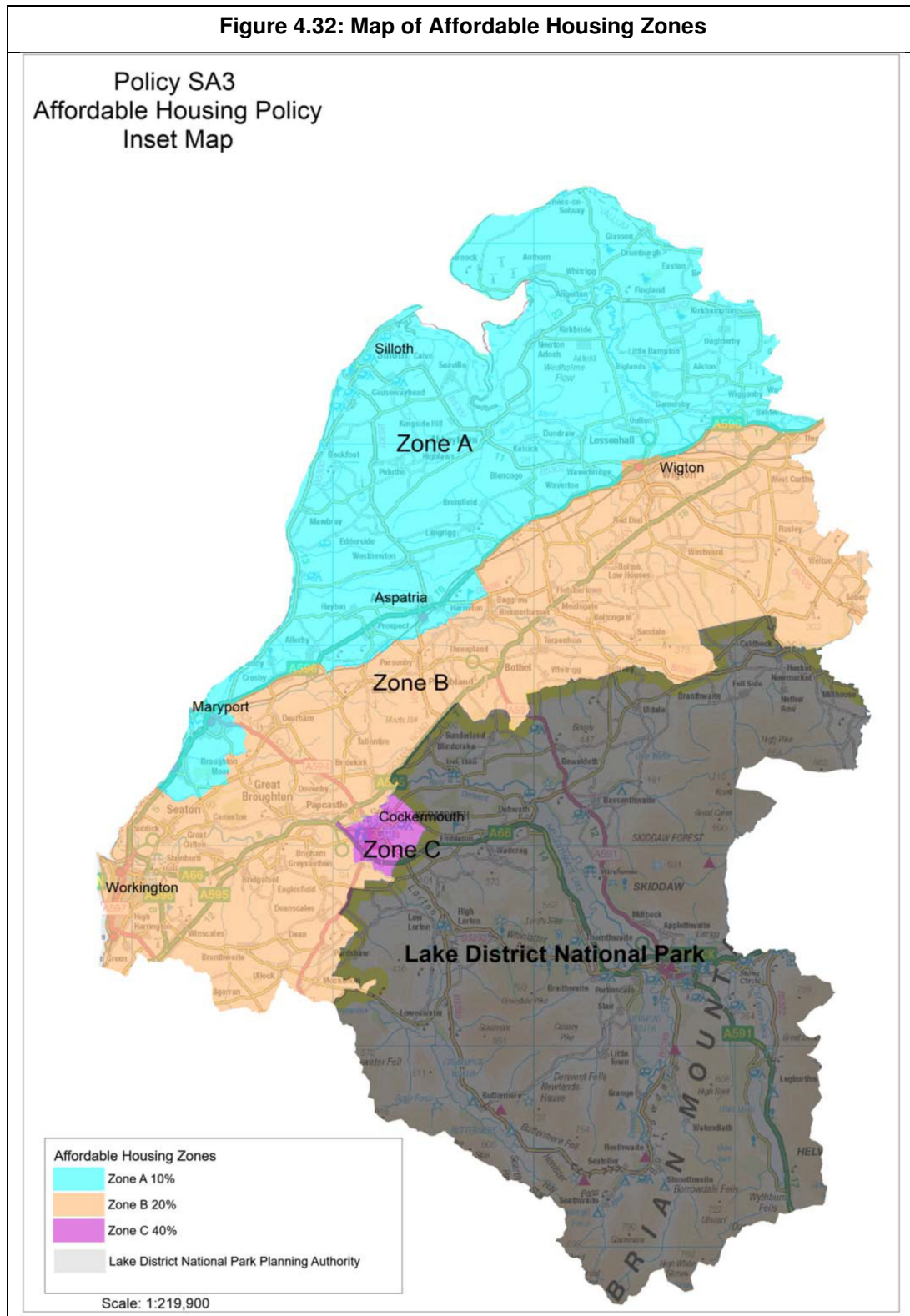
All housing development of more than 10 dwellings or where the dwellings would have a combined gross floor space of more than 1,000 square metres will be required to make provision for affordable housing, as defined on the Affordable Housing Inset Policy Map, as follows:

- a) within Zone A, provide 10% of the dwellings as affordable housing
- b) within Zone B, provide 20% of the dwellings as affordable housing
- c) within Zone C, provide 40% of the dwellings as affordable housing.

The Council will require the provision of affordable housing to be in clusters throughout the development so as to be indistinguishable from open market dwellings. The Council will normally seek a tenure split of 50% affordable rented and 50% intermediate affordable units, but will take into consideration the identified local need and site specifics, including viability.

The Council recognise that in some cases viability of housing sites can be marginal and therefore a flexible approach is required. Where the viability of schemes fall short of the policy requirements, the onus will be on the developer/ landowner to clearly demonstrate the circumstances justifying a lower affordable housing contribution or a different tenure mix.





Source: Allerdale Borough Council

- 4.156 Supporting text to the policy explains the proportion of affordable housing sought has been based on both identified need and viability evidence with the policy applying to developments of more than 10 dwellings. Below this report discusses key aspects of the policy in relation to evidence in this report.

### Overall targets

- 4.157 We have not reviewed the evidence on viability but as a general principle agree with an approach that seeks to provide different levels of affordable housing based on both need and viability. However, it is not clear if the Zones as set out in the map above remain relevant. For Cockermouth (Zone C) the 40% is considered to be entirely appropriate as long as this can still be supported by viability. This area has some of the highest house prices in the Borough and need was also shown to be high.
- 4.158 However, it is noted that Maryport sits in Zone A (which is a large area extending to the very north of the Borough, whereas Workington sits in Zone B which again is a large area extending to Wigton in the East. The evidence in this report suggests that the lowest needs are in Maryport and Workington, whereas needs in Wigton are higher. It is also the case that prices are typically lower in Workington & Maryport – which might point to this location being less viable in terms of affordable housing provision.
- 4.159 It is suggested the Council keeps a zone system but perhaps thinks about the boundaries of the different zones. In particular it may be appropriate to separate the urban areas of Workington and Maryport into a single zone, with a second zone being a more rural location (but to include areas such as Silloth, Wigton and Aspatria). The house price map in Section 2 of this report clearly identifies pockets of lower prices in the urban areas of Maryport and Workington.
- 4.160 This report does not suggest exactly how zone boundaries should be drawn and to some extent this might be influenced by the viability of providing affordable homes in different locations. This report also does not suggest what targets should be for different zones (however drawn) as this will again be influenced by viability. Any viability work should test if a target in excess of 10% is viable even in lower value areas.

### Thresholds

- 4.161 The adopted plan seeks affordable housing contributions from housing developments of more than 10 dwellings. It is recommended this is changed to say developments of 10 or more dwellings – whilst the impact on affordable delivery is likely to be negligible, such a change would bring the wording in line with national policy.

### Tenure Split

- 4.162 The current policy seeks to provide 50% of units as affordable rented and 50% as intermediate tenures (affordable home ownership as described in this report). Overall, the evidence in this report suggests the Council should have a stronger focus on rented affordable units, as this is clearly the type of housing most needed across the Borough. However, it is recognised that providing a higher proportion of rented units could impact on viability (and therefore reduce overall delivery) whilst it is also noted the NPPF seeks for 10% of all housing (on larger sites) to be forms of affordable home ownership – although this percentage does not necessarily need to be taken forward in plan making.



- 4.163 In addition, whilst this report does not really show any strong need for affordable home ownership products particularly in Workington and Maryport, it is the case that provision of newbuild homes sold at a discount can help to diversify the housing stock and to provide current and prospective residents a wider choice of housing.
- 4.164 Overall, it is considered that a 50:50 split is probably appropriate in areas where viability makes delivery more difficult. In locations where there is the possibility of securing in excess of 20% of housing as affordable, it is recommended the Council seeks a higher proportion of rented affordable housing (subject to viability and not compromising overall affordable delivery). For example, if a target of 20% is set then a 50:50 split between tenures looks reasonable; however, in an areas with a 40% target a 75:25 split in favour of rented homes should be investigated.

### **Affordable Housing Need: Key Messages**

- Analysis has been undertaken to estimate the need for affordable housing in the 2022-32 period. The analysis is split between a need for social/affordable rented accommodation and is based on households unable to buy or rent in the market and the need for affordable home ownership (AHO) – this includes housing for those who can afford to rent privately but cannot afford to buy a home and will include the potential market for First Homes.
- The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at rented needs, consideration is given to estimates of the supply of social/affordable rented housing. For AHO, consideration is given to the potential supply of resales of low-cost home ownership properties (such as shared ownership) and lower quartile sales of existing homes.
- When looking at rented needs, the analysis suggests a need for 69 affordable homes per annum across the Borough, with a need shown for all individual sub-areas; the Council is therefore justified in seeking to secure additional affordable housing.
- Despite the level of need being high in relation to the Standard Method (notionally 75% of the SM need), it is not considered that this would necessarily point to any requirement for the Council to increase the Local Plan housing requirement due to affordable needs. The link between affordable need and overall need (of all tenures) is complex and in trying to make a link it must be remembered that many of those picked up as having an affordable need are already in housing (and therefore do not generate a net additional need for a home). Additionally, most of the affordable need is already part of the demographic projections which are used to drive overall housing need calculations and so any additional provision would arguably be double counting. That said, the level of affordable need across areas can form part of the consideration of the distribution of housing for different location, along with an understanding of demographic trends and economic growth.
- The analysis suggests there will be a need for both social and affordable rented housing – the latter will be suitable particularly for households who are close to being able to afford to rent privately and also for some households who claim full Housing Benefit. On this basis, it is not recommended that the Council has a rigid policy for the split between social and affordable rented housing, although the analysis is clear that both tenures of homes (and particularly socially rented housing) are likely to be required in all areas.
- When looking at AHO products, the analysis is inconclusive about whether or not there is a need. Although the evidence does suggest that there are many households in Allerdale who are being excluded from the owner-occupied sector (as evidenced by reductions in owners with a mortgage and increases in the size of the private rented sector). This suggests that a key issue in the Borough is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy.
- The study also considers different types of AHO (notably First Homes and shared ownership) as each will have a role to play – shared ownership is likely to be suitable for households with more marginal affordability (those only just able to afford to privately rent) as it has the advantage of a lower deposit and subsidised rent.

**Affordable Housing Need: Key Messages (continued...)**

- In deciding what types of affordable housing to provide, including a split between rented and home ownership products, the Council will need to consider the relative levels of need and also viability issues (recognising for example that providing AHO may be more viable and may therefore allow more units to be delivered, but at the same time noting that households with a need for rented housing are likely to have more acute needs and fewer housing options).
- Overall, the analysis identifies a notable need for affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the area. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.



## 5. Housing Mix

### Introduction

- 5.1 This section considers the appropriate mix of housing across Allerdale, with a particular focus on the sizes of homes required in different tenure groups. This section looks at a range of statistics in relation to families (generally described as households with dependent children) before moving on to look at how the number of households in different age groups are projected to change moving forward.

### Background Data

- 5.2 The number of families in Allerdale (defined for the purpose of this assessment as any household which contains at least one dependent child) totalled 11,000 as of the 2011 Census, accounting for 26% of households; this proportion is lower than the regional and national average (both at 29%) and similar to the average for Cumbria.

Figure 5.1: Households with dependent children (2011)								
		Married couple	Cohabiting couple	Lone parent	Other households	All other households	Total	Total with dependent children
Allerdale	No.	6,075	1,716	2,527	650	31,377	42,345	10,968
	%	14.3%	4.1%	6.0%	1.5%	74.1%	100.0%	25.9%
Cumbria	%	13.9%	4.0%	5.7%	1.5%	74.9%	100.0%	25.1%
North West	%	14.1%	4.3%	8.1%	2.3%	71.2%	100.0%	28.8%
England	%	15.3%	4.0%	7.1%	2.6%	70.9%	100.0%	29.1%

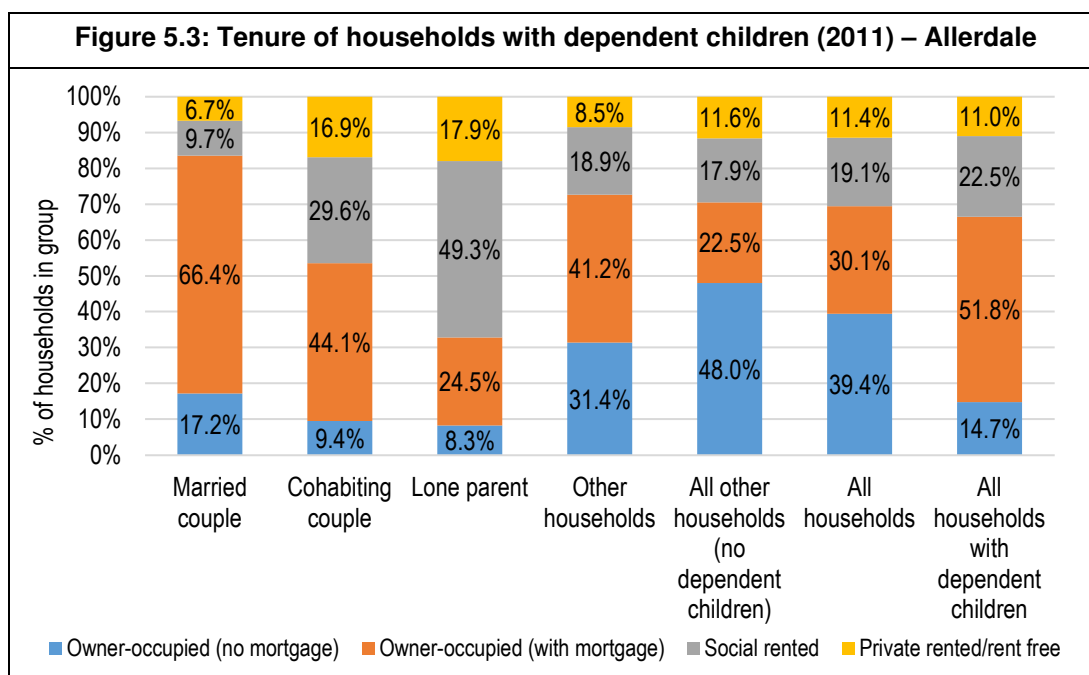
Source: Census (2011)

- 5.3 The table below shows the same information for each sub-area. The analysis shows some different patterns in different locations, the main difference being a much lower proportion (21%) seen in the Lake District and up to 27% in Workington & Maryport. All areas show a proportion of family households below the regional and national average.

Figure 5.2: Households with dependent children (2011) – sub-areas							
	Married couple	Cohabiting couple	Lone parent	Other households	All other households	Total	Total with dependent children
Cockermouth	14.1%	3.1%	5.3%	1.3%	76.3%	100.0%	23.7%
Wigton	16.8%	3.4%	4.3%	1.7%	73.7%	100.0%	26.3%
Workington & Maryport	14.0%	4.6%	6.8%	1.6%	73.1%	100.0%	26.9%
Lake District NP	13.5%	2.2%	3.4%	1.4%	79.4%	100.0%	20.6%
TOTAL	14.3%	4.1%	6.0%	1.5%	74.1%	100.0%	25.9%

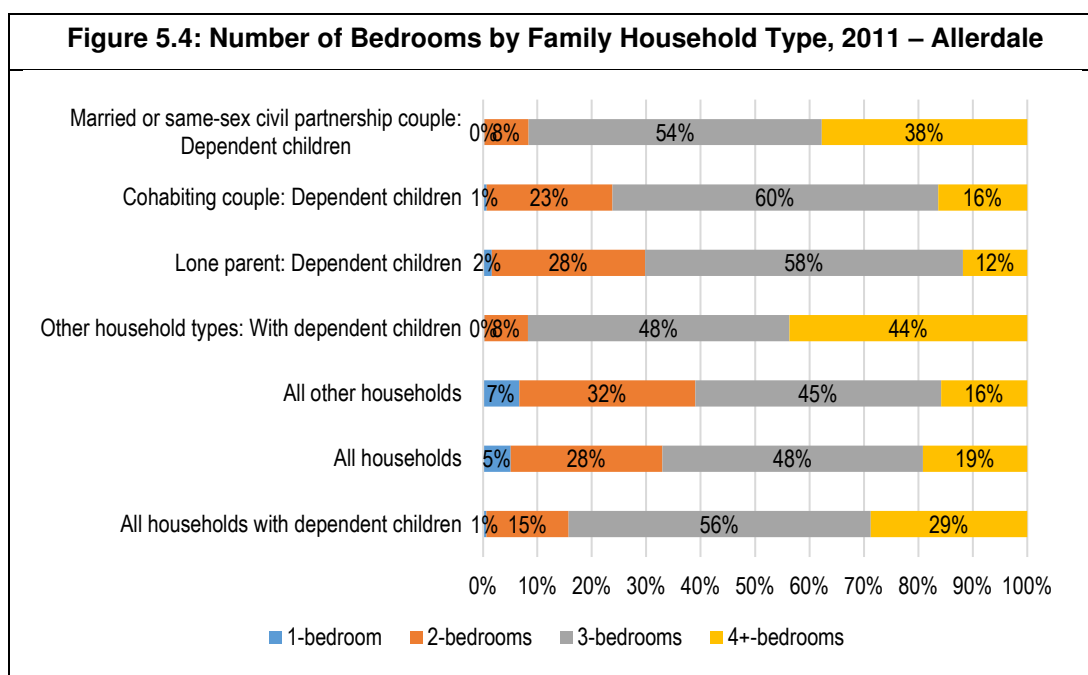
Source: Census (2011)

- 5.4 The figure below shows the current tenure of households with dependent children. There are some considerable differences by household type with lone parents having a very high proportion living in the social rented sector and also in private rented accommodation. In Allerdale, only 33% of lone parent households are owner-occupiers compared with 84% of married couples with children.



Source: Census (2011)

- 5.5 The figure below shows the number of bedrooms for family households at the point of the 2011 Census. The analysis shows the differences between married, cohabiting and lone parent families. Across the study area, the tendency is for family households to occupy 3+-bedroom housing with variation depending on the household composition. The data also, unsurprisingly, highlights the small level of 1-bed stock occupied by families across the board. As a result, we could expect continued demand for 3+-bedroom homes from family households.



Source: Census (2011)

## The Mix of Housing

- 5.6 A model has been developed that starts with the current profile of housing in terms of size (bedrooms) and tenure. Within the data, information is available about the age of households and the typical sizes of homes they occupy. By using demographic projections linked to the local housing need calculated through the standard method, it is possible to see which age groups are expected to change in number, and by how much.
- 5.7 On the assumption that occupancy patterns for each age group (within each tenure) remain the same, it is therefore possible to assess the profile of housing needed over the assessment period to 2032 (from 2022).
- 5.8 An important starting point is to understand the current balance of housing in the area – the table below profiles the sizes of homes in different tenure groups across areas. The data shows a market stock (owner-occupied) that is dominated by 3+-bedroom homes (making up 77% of the total in this tenure group, a slightly higher proportion to that seen in other locations). The profile of the social rented sector is broadly similar across areas as is the private rented sector – although Allerdale has a lower proportion of 1-bedroom homes in a national context, however this is to some degree influenced by London. Observations about the current mix feed into conclusions about future mix later in this section.

Figure 5.5: Number of Bedrooms by Tenure, 2011					
		Allerdale	Cumbria	North West	England
Owner-occupied	1-bedroom	1%	2%	2%	4%
	2-bedrooms	22%	25%	24%	23%
	3-bedrooms	52%	50%	52%	48%
	4+-bedrooms	25%	23%	22%	25%
	Total	100%	100%	100%	100%
Social rented	1-bedroom	14%	22%	29%	31%
	2-bedrooms	40%	38%	32%	34%
	3-bedrooms	43%	36%	34%	31%
	4+-bedrooms	3%	3%	4%	4%
	Total	100%	100%	100%	100%
Private rented	1-bedroom	12%	14%	18%	23%
	2-bedrooms	43%	43%	43%	39%
	3-bedrooms	33%	31%	30%	28%
	4+-bedrooms	11%	11%	9%	10%
	Total	100%	100%	100%	100%

Source: Census (2011)

## Overview of Methodology

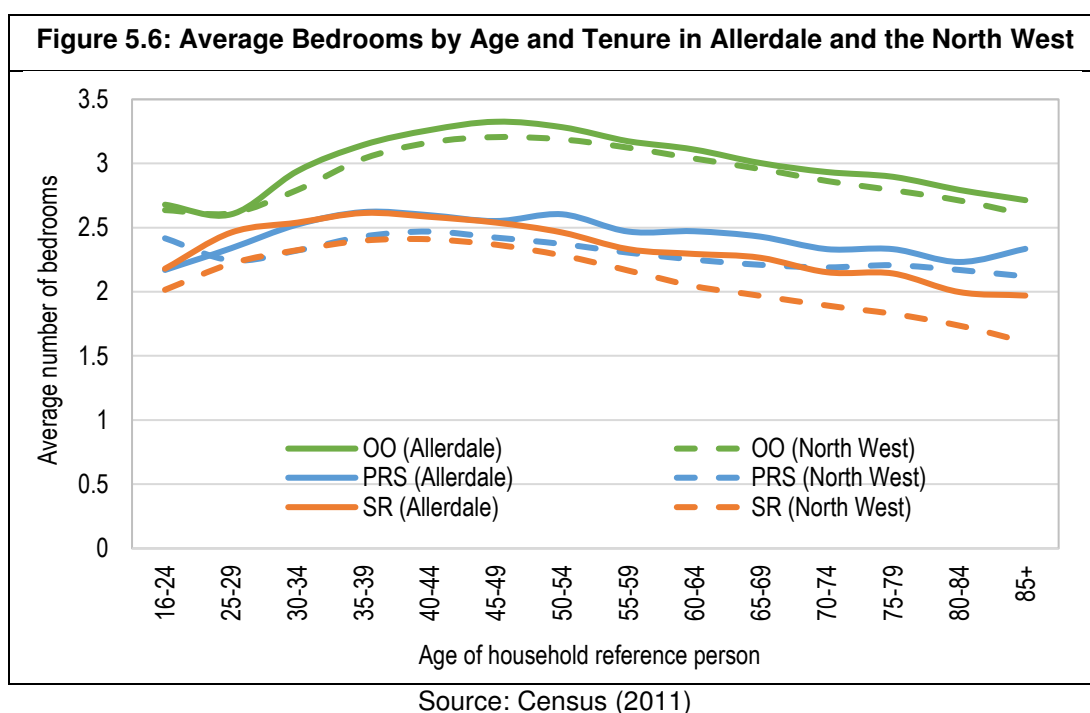
- 5.9 The method to consider future housing mix looks at the ages of the Household Reference Persons and how these are projected to change over time. The sub-sections to follow describe some of the key analysis.

### Understanding How Households Occupy Homes

- 5.10 Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided. The main reason for this is that in the market sector, households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.
- 5.11 The size of housing which households occupy relates more to their wealth and age than the number of people they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a 4-bedroom home as long as they can afford it, and hence projecting an increase in single person households does not automatically translate into a need for smaller units.
- 5.12 That said, issues of supply can also impact occupancy patterns, for example it may be that a supply of additional smaller bungalows (say 2-bedrooms) would encourage older people to downsize but in the absence of such accommodation these households remain living in their larger accommodation.



- 5.13 The issue of choice is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) where households are allocated properties which reflect the size of the household, although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to under-occupy housing (e.g. those who can afford to pay the spare room subsidy ('bedroom tax')).
- 5.14 The approach used is to interrogate information derived in the projections about the number of household reference persons (HRPs) in each age group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS (Table CT0621 which provides relevant data for all local authorities in England and Wales from the 2011 Census).
- 5.15 The figures below show an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group for Allerdale and the North West. In the owner-occupied sector the average size of accommodation rises over time to typically reach a peak around the age of 45-49; a similar pattern (but with smaller dwelling sizes and an earlier peak) is seen in both the social and private rented sector. After peaking, the average dwelling size decreases – as typically some households downsize as they get older. The analysis identifies some differences between Allerdale and the region, although the pattern of average dwelling sizes by age of HRP are similar in both areas.



- 5.16 Replicating the existing occupancy patterns at a local level would however result in the conclusions being skewed by the existing housing profile. On this basis a further model has been developed that applies regional occupancy assumptions for the North West region. Assumptions are applied to the projected changes in Household Reference Person by age discussed below.

5.17 The analysis has been used to derive outputs for three broad categories. These are:

- **Market Housing** – which is taken to follow the occupancy profiles in the owner-occupied sector;
- **Affordable Home Ownership** – which is taken to follow the occupancy profile in the private rented sector (this is seen as reasonable as the Government's desired growth in home ownership looks to be largely driven by a wish to see households move out of private renting); and
- **Rented Affordable Housing** – which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include social and affordable rented housing.

#### Changes to Households by Age

5.18 The table below presents the projected change in households by age of household reference person, this shows growth as being expected in many age groups and in particular some older age groups. The number of households headed by someone aged 50-59 is however projected to see a notable decline over the period studied.

<b>Figure 5.7: Projected Change in Household by Age of HRP in Allerdale – linking to SNPP (and PRT-HRRs) – 139 dwellings per annum</b>				
	2022	2032	Change in Households	% Change
16-24	1,020	1,148	128	12.6%
25-29	2,072	1,912	-160	-7.7%
30-34	2,783	2,473	-310	-11.1%
35-39	2,726	3,003	277	10.2%
40-44	2,918	3,284	366	12.5%
45-49	3,091	3,238	146	4.7%
50-54	4,195	3,290	-905	-21.6%
55-59	4,702	3,420	-1,281	-27.3%
60-64	4,344	4,597	253	5.8%
65-69	3,993	5,047	1,053	26.4%
70-74	4,143	4,366	223	5.4%
75-79	3,661	3,634	-27	-0.7%
80-84	2,610	3,354	745	28.5%
85 & over	2,302	3,142	840	36.5%
Total	44,560	45,909	1,348	3.0%

Source: Demographic Projections

## Initial Modelled Outputs

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

- 5.20 The analysis for rented affordable housing can also draw on data from the local authority Housing Register with regards to the profile of need. The data has been taken from Local Authority Housing Statistics (LAHS) and shows a pattern of need which is focussed on 1- and 2-bedroom homes.

<b>Figure 5.8: Size of Social/Affordable Rented Housing – Housing Register Information</b>		
	Number of households	% of households
1-bedroom	1,498	58%
2-bedrooms	670	26%
3-bedrooms	335	13%
4+-bedrooms	16	1%
Unknown	66	3%
TOTAL	2,585	100%

Source: LAHS

- 5.21 The tables below show the modelled outputs of need by dwelling size in the three broad tenures. Tables are providing by linking to local and regional occupancy patterns with a further table combining the outputs from the two models.

<b>Figure 5.9: Modelled Mix of Housing by Size and Tenure in Allerdale (linked to local occupancy patterns)</b>				
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	3%	46%	48%	3%
Affordable home ownership	13%	47%	32%	8%
Affordable housing (rented)	24%	46%	28%	2%

Source: Housing Market Model

<b>Figure 5.10: Modelled Mix of Housing by Size and Tenure in Allerdale (linked to regional occupancy patterns)</b>				
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	6%	44%	51%	-1%
Affordable home ownership	20%	42%	30%	9%
Affordable housing (rented)	49%	27%	22%	2%

Source: Housing Market Model

<b>Figure 5.11: Modelled Mix of Housing by Size and Tenure in Allerdale (combining methodologies)</b>				
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	5%	45%	49%	1%
Affordable home ownership	16%	44%	31%	8%
Affordable housing (rented)	36%	37%	25%	2%

Source: Housing Market Model

## Adjustments for Under-Occupation and Overcrowding

- 5.22 The analysis above sets out the potential need for housing if occupancy patterns remained the same as they were in 2011 (with differences from the current stock profile being driven by demographic change). It is however worth also considering that the 2011 profile will have included households who are overcrowded (and therefore need a larger home than they actually live in) and also those who under-occupy (have more bedrooms than they need).
- 5.23 Whilst it would not be reasonable to expect to remove all under-occupancy (particularly in the market sector) it is the case that in seeking to make the most efficient use of land it would be prudent to look to reduce this over time. Indeed, in the future there may be a move away from current (2011) occupancy patterns due to affordability issues (or eligibility in social rented housing) as well as the type of stock likely to be provided (potentially a higher proportion of flats). Further adjustments to the modelled figures above have therefore been made to take account of overcrowding and under-occupancy (by tenure).
- 5.24 The table below shows a cross-tabulation of a household's occupancy rating and the number of bedrooms in their home (for owner-occupiers). This shows a high number of households with at least 2 spare bedrooms who are living in homes with 3 or more bedrooms. There are also a small number of overcrowded households. Overall, in the owner-occupied sector in 2011, there were 25,800 households with some degree of under-occupation and just 340 overcrowded households.

<b>Figure 5.12: Cross-tabulation of occupancy rating and number of bedrooms (owner-occupied sector) – Allerdale</b>					
Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	9,122	5,957	15,079
+1	0	5,281	4,289	1,121	10,691
0	373	1,069	1,640	223	3,305
-1	31	135	126	24	316
-2	2	7	13	4	26
TOTAL	406	6,492	15,190	7,329	29,417

Source: Census (2011)

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

<b>Figure 5.13: Cross-tabulation of occupancy rating and number of bedrooms (social rented sector) – Allerdale</b>					
Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	1,299	77	1,376
+1	0	2,315	1,300	114	3,729
0	1,113	823	765	43	2,744
-1	42	68	100	4	214
-2	9	7	9	0	25
TOTAL	1,164	3,213	3,474	237	8,088

Source: Census (2011)

<b>Figure 5.14: Cross-tabulation of occupancy rating and number of bedrooms (private rented sector) – Allerdale</b>					
Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	928	284	1,212
+1	0	1,578	407	197	2,182
0	554	467	238	51	1,310
-1	36	46	32	7	121
-2	6	5	3	1	15
TOTAL	596	2,096	1,608	540	4,840

Source: Census (2011)

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

<b>Figure 5.15: Adjusted Modelled Mix of Housing by Size and Tenure – Allerdale</b>				
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	18%	51%	30%	0%
Affordable home ownership	23%	46%	24%	6%
Affordable housing (rented)	44%	36%	18%	2%

Source: Housing Market Model (with adjustments)

## Outcomes with Alternative Demographic Projections

- 5.28 All of the above outputs are based on linking occupancy to a specific population and household projection – in this case the 2018-SNPP (alternative internal migration variant) with part-return to trend household representative rates (HRRs). The choice of projection can have a notable impact on the mix estimates as typically higher housing figures would see higher levels of migration, with migrants being focussed on the working-age population and their associated children (i.e. family households).
- 5.29 To demonstrate this impact, a further modelling exercise has been undertaken below where the modelling looks at the implications of continuing to provide housing in line with past completion trends (an average of 288 dwellings per annum over the past decade). Two tables are provided, the first is the initial modelling linking to occupancy, and the second with adjustments to take account of overcrowding and under-occupation. This does indeed tend to show greater needs for larger homes across all tenures (notably the market and to a lesser extent social/affordable rented housing sectors).

**Figure 5.16: Modelled Mix of Housing by Size and Tenure in Allerdale (combining methodologies) – linking to delivery of 288 dwellings per annum**

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	3%	34%	50%	12%
Affordable home ownership	16%	45%	31%	8%
Affordable housing (rented)	34%	36%	27%	2%

Source: Housing Market Model

**Figure 5.17: Adjusted Modelled Mix of Housing by Size and Tenure – Allerdale (linking to delivery of 288 dwellings per annum)**

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	14%	44%	35%	7%
Affordable home ownership	22%	47%	25%	6%
Affordable housing (rented)	42%	36%	19%	3%

Source: Housing Market Model (with adjustments)

## Indicative Targets for Different Sizes of Property by Tenure

- 5.30 The analysis below provides some indicative targets for different sizes of home (by tenure). The conclusions take account of a range of factors, including the modelled outputs and an understanding of the stock profile in different locations. The analysis (for rented affordable housing) also draws on the Housing Register data as well as taking a broader view of issues such as the flexibility of homes to accommodate changes to households (e.g. the lack of flexibility offered by a 1-bedroom home for a couple looking to start a family).

### Social/Affordable Rented Housing

- 5.31 Bringing together the above, a number of factors are recognised. This includes recognising that it is unlikely that all affordable housing needs will be met and that it is likely that households with a need for larger homes will have greater priority (as they are more likely to contain children). That said, there is also a possible need for 1-bedroom social housing arising due to homelessness (typically homeless households are more likely to be younger single people).
- 5.32 As noted, the conclusions also consider the Housing Register and also take account of the current profile of housing in this sector). In taking account of the modelled outputs, the Housing Register and the discussion above, it is suggested that the following mix of social/affordable rented housing would be appropriate:
- 1-bedroom: 35-40%
  - 2-bedroom: 30-35%
  - 3-bedroom: 20-25%
  - 4+-bedroom: 5-10%

### Affordable Home Ownership

- 5.33 In the affordable home ownership and market sectors a profile of housing that closely matches the outputs of the modelling is suggested. It is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households. Based on this analysis, it is suggested that the following mix of affordable home ownership would be appropriate (although it is recognised that analysis did not definitively show a need for this tenure of housing):
- 1-bedroom: 15-20%
  - 2-bedroom: 45-50%
  - 3-bedroom: 25-30%
  - 4+-bedroom: 5-10%

### Market Housing

- 5.34 Finally, in the market sector, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographic profile (as well as observations about the current mix when compared with other locations and also the potential to slightly reduce levels of under-occupancy). The conclusions have also slightly boosted figures for larger (4+-bedroom) homes to provide more flexibility and to recognise the potential for a general increase in home working (and therefore households seeking an extra room/bedroom to use as office space). This sees a slightly larger recommended profile compared with other tenure groups:
- 1-bedroom: 5-10%
  - 2-bedroom: 45-50%
  - 3-bedroom: 35-40%
  - 4+-bedroom: 5-10%

- 5.35 Although the analysis has quantified this on the basis of the market modelling and an understanding of the current housing market, it does not necessarily follow that such prescriptive figures should be included in the plan making process (although it will be useful to include an indication of the broad mix to be sought across the study area) – demand can change over time linked to macro-economic factors and local supply. Policy aspirations could also influence the mix sought.
- 5.36 The suggested figures can be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area. The recommendations can also be used as a set of guidelines to consider the appropriate mix on larger development sites, and the Council could expect justification for a housing mix on such sites which significantly differs from that modelled herein. Site location and area character are also however relevant considerations the appropriate mix of market housing on individual development sites.

### Smaller-area Housing Mix

- 5.37 The analysis above has focussed on overall Borough-wide needs; given differences between locations it is however worth considering the potential mix at a smaller-area level. The table below shows the profile of housing by tenure for the sub-areas. The analysis shows a few features, including a higher proportion of 4+bedroom market homes in the National Park. There are also variations shown in the profile of the social rented and private rented sectors.

Figure 5.18: Number of Bedrooms by Tenure, 2011 – sub-areas						
		Cocker- mouth	Wigton	Working- ton & Maryport	Lake District NP	TOTAL
Owner- occupied	1-bedroom	2%	1%	1%	3%	1%
	2-bedrooms	23%	16%	24%	20%	22%
	3-bedrooms	47%	52%	54%	42%	52%
	4+-bedrooms	28%	31%	22%	35%	25%
	Total	100%	100%	100%	100%	100%
Social rented	1-bedroom	15%	10%	14%	18%	14%
	2-bedrooms	49%	43%	39%	39%	40%
	3-bedrooms	34%	44%	44%	39%	43%
	4+-bedrooms	1%	3%	3%	4%	3%
	Total	100%	100%	100%	100%	100%
Private rented	1-bedroom	19%	7%	12%	12%	12%
	2-bedrooms	48%	37%	46%	36%	43%
	3-bedrooms	25%	40%	33%	33%	33%
	4+-bedrooms	8%	15%	9%	19%	11%
	Total	100%	100%	100%	100%	100%

Source: 2011 Census



- 5.38 A modelling exercise has then been carried out using the same methodology as for Borough-wide data (but with some additional assumptions due to data availability) with the tables below showing the estimated mix of housing by tenure in each location. For each tenure, two tables have been provided, firstly linking to the SNPP (and PRT HRRs) with the second showing estimates when linking to past housing delivery. In both cases an adjustment for overcrowding and under-occupancy is included.

#### Market Housing

- 5.39 Focussing on the market sector, and consistent with the analysis of current profiles, the analysis typically shows a very slightly higher need for larger homes more rural locations although differences between areas are very slight. It is not considered that any differences are sufficiently clear-cut to suggest a different mix of housing at a sub-area level. If developments were provided in-line with the suggested mix in this report (Borough-wide), then over time there would be some degree of balancing the stock across areas, whilst still recognising the general role and function of different locations. That said, any specific developments could take account of the analysis below.

<b>Figure 5.19: Modelled size requirement by sub-area – market housing (linking to 2018-SNPP)</b>				
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Cockermouth	18%	48%	30%	4%
Wigton	20%	52%	29%	-1%
Workington & Maryport	18%	51%	31%	0%
Lake District NP	22%	49%	26%	3%
TOTAL	18%	51%	30%	0%

Source: Housing Market Model

<b>Figure 5.20: Modelled size requirement by sub-area – market housing (linking to past housing delivery)</b>				
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Cockermouth	16%	43%	33%	8%
Wigton	15%	43%	35%	7%
Workington & Maryport	13%	44%	36%	6%
Lake District NP	19%	43%	30%	8%
TOTAL	14%	44%	35%	7%

Source: Housing Market Model

#### Affordable Home Ownership

- 5.40 The table below shows estimates of mix for affordable home ownership. There are again differences between locations, although all areas show a particular focus on the need for 2-bedroom homes in this sector. Again, it is not clear-cut that the data points to the need for a mix of housing which is substantially different locally than would be suggested by the Borough-wide analysis.

<b>Figure 5.21: Modelled size requirement by sub-area – affordable home ownership (linking to 2018-SNPP)</b>				
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Cockermouth	27%	47%	21%	6%
Wigton	20%	44%	28%	8%
Workington & Maryport	25%	49%	22%	4%
Lake District NP	23%	42%	25%	10%
TOTAL	23%	46%	24%	6%

Source: Housing Market Model

<b>Figure 5.22: Modelled size requirement by sub-area – affordable home ownership (linking to past housing delivery)</b>				
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Cockermouth	27%	47%	21%	6%
Wigton	19%	44%	29%	8%
Workington & Maryport	23%	50%	23%	3%
Lake District NP	23%	42%	25%	10%
TOTAL	22%	47%	25%	6%

Source: Housing Market Model

Social/Affordable Rented

- 5.41 In the social/affordable rented sector, the differences between areas are again fairly slight with the exception of Workington & Maryport where a stronger need for smaller homes is shown – this looks to be driven by the low relative affordable need in this area (i.e. the level of need compared with variable such as total population/households and versus current social housing stock). That said it is not considered that this finding should preclude from providing larger social rented units where opportunities arise and as with other tenures it is not suggested that the Council specifically seek a different mix in different locations.
- 5.42 It should be noted that the analysis above for sub-areas does not take account of any information from the Housing Register. It is possible at any point in time that the register will be able to provide additional data about a suitable mix of rented housing and this should be considered at the relevant time for any specific applications.

<b>Figure 5.23: Modelled size requirement by sub-area – social/affordable rented (linking to 2018-SNPP)</b>				
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Cockermouth	39%	41%	18%	2%
Wigton	34%	39%	23%	4%
Workington & Maryport	68%	33%	0%	0%
Lake District NP	41%	36%	19%	3%
TOTAL	44%	36%	18%	2%

Source: Housing Market Model

<b>Figure 5.24: Modelled size requirement by sub-area – social/affordable rented (linking to past housing delivery)</b>				
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Cockermouth	38%	41%	19%	2%
Wigton	34%	39%	24%	4%
Workington & Maryport	62%	33%	5%	0%
Lake District NP	40%	36%	20%	4%
TOTAL	42%	36%	19%	3%

Source: Housing Market Model

#### Sub-area Conclusions

- 5.43 Overall, the analysis does not suggest that a substantially different mix should be proposed for smaller areas. There may however be a case on a site-by-site basis, or at a specific point in time for some minor adjustments to the overall conclusions. This is summarised below:
- Whilst there are modest differences in the stock profile in different locations this should not necessarily be seen as indicating particular surpluses or shortfalls of particular types and sizes of homes;
  - As well as looking at the stock, an understanding of the role and function of areas is important. For example, higher priced areas are typically sought by wealthier families and therefore such areas would be expected to provide a greater proportion of larger homes;
  - That said, some of these areas will have very few small/cheaper stock and so consideration needs to be given to diversifying the stock; and
  - The location/quality of sites will also have an impact on the mix of housing. For example, brownfield sites in urban locations may be more suited to flatted development (as well as recognising the point above about role and function) whereas a more suburban/rural site may be more appropriate for family housing. Other considerations (such as proximity to public transport) may impact on a reasonable mix at a local level.
- 5.44 Overall, it is suggested that Council should broadly seek the same mix of housing in all locations but would be flexible to a different mix where specific local characteristics suggest. The Council should also monitor what is being built to ensure that a reasonable mix is provided. Additionally, in the affordable sector it may be the case that Housing Register data for a smaller area identifies a shortage of housing of a particular size/type which could lead to the mix of housing being altered from the overall suggested requirement.

## Built-form

- 5.45 A final issue is a discussion of the need/demand for different built-forms of homes. In particular this discussion focusses on bungalows and the need for flats vs. houses.

### Bungalows

- 5.46 The sources used for analysis in this report make it difficult to quantify a need/demand for bungalows in the Borough as Census data (which is used to look at occupancy profiles) does not separately identify this type of accommodation. Data from the Valuation Office Agency (VOA) does however provide estimates of the number of bungalows (by bedrooms) although no tenure split is available.
- 5.47 The table below shows a notable proportion of homes in Allerdale are bungalows (15% of all flats and houses) with about 52% of these having 2-bedrooms, and a further 36% 3-bedrooms); a notably lower proportion (9%) of homes across England are bungalows.

<b>Figure 5.25: Number of dwellings by property type and number of bedrooms (March 2020) – Allerdale</b>						
	Number of bedrooms					All
	1	2	3	4+	Not Known	
Bungalow	350	3,490	2,400	480	30	6,750
Flat/Maisonette	1,600	2,070	250	60	90	4,070
Terraced house	200	5,560	7,220	2,080	40	15,090
Semi-detached house	50	2,360	8,800	1,290	20	12,520
Detached house	30	510	3,180	3,910	90	7,710
All flats/houses	2,230	13,990	21,850	7,820	270	46,140
Annexe	-	-	-	-	-	50
Other	-	-	-	-	-	270
Unknown	-	-	-	-	-	1,050
All properties	-	-	-	-	-	47,510

Source: Valuation Office Agency

- 5.48 In general, discussions with local estate agents (discussions nationally) find that there is a demand for bungalows and in addition, analysis of survey data (in other locations) points to a high demand for bungalows (from people aged 65 and over in particular).
- 5.49 Bungalows are often the first choice for older people seeking suitable accommodation in later life and there is generally a high demand for such accommodation when it becomes available (this is different from specialist accommodation for older people which would have some degree of care or support).
- 5.50 As a new build option, bungalows are often not supported by either house builders or planners (due to potential plot sizes and their generally low densities). There may, however, be instances where bungalows are the most suitable house type for a particular site; for example, to overcome objections about dwellings overlooking existing dwellings or preserving sight lines.

- 5.51 There is also the possibility of a wider need/demand for retirement accommodation. Retirement apartments can prove very popular if they are well located in terms of access to facilities and services, and environmentally attractive (e.g. have a good view). However, some potential purchasers may find high service charges unacceptable or unaffordable and new build units may not retain their value on re-sale.
- 5.52 Overall, the Council should consider the potential role of bungalows as part of the future mix of housing. Such housing may be particularly attractive to older owner-occupiers (many of whom are equity-rich) which may assist in encouraging households to downsize. However, the downside to providing bungalows is that they are relatively land intensive.
- 5.53 Bungalows are likely to see a particular need and demand in the market sector and also for rented affordable housing (for older people as discussed in the next section of the report). Bungalows are likely to particularly focus on 2-bedroom homes, including in the affordable sector where such housing may encourage households to move from larger 'family-sized' accommodation (with 3+ bedrooms).

#### Flats versus Houses

- 5.54 Although there are some 1-bedroom houses and 3-bedroom flats, it is considered that the key discussion on built-form will be for 2-bedroom accommodation, where it might be expected that there would be a combination of both flats and houses. At a national level, 81% of all 1-bedroom homes are flats, 35% of 2-bedroom homes and just 4% of homes with 3-bedrooms.
- 5.55 The table below shows (for 2-bedroom accommodation) the proportion of homes by tenure that are classified as a flat, maisonette or apartment in both Allerdale and England. This shows a low proportion of flats in Allerdale (15% of all 2-bedroom homes) and this would point to the majority of 2-bedroom homes in the future also being houses. The analysis does however show a higher proportion of flats in the social and private rented sectors (around a quarter of 2-bedroom homes in these sectors are flats).

<b>Figure 5.26: Proportion of 2-bedroom homes that are a flat, maisonette or apartment (by tenure)</b>		
	Allerdale	England
Owner-occupied	7%	21%
Social rented	24%	48%
Private rented	25%	50%
All (2-bedroom)	15%	35%

Source: 2011 Census

- 5.56 As noted, this analysis would suggest that most 2-bedroom homes should be built as houses (or bungalows) rather than flats. However, any decisions will still have to take account of site characteristics, which in some cases might point towards flatted development as being most appropriate. The analysis would suggest that the affordable sector might be expected to see a higher proportion of flats than for market housing, although it is still the case that houses are likely to make up the majority of the need in this sector.

### Housing Mix: Key Messages

- The proportion of households with dependent children in Allerdale is fairly low with around 26% of all households containing dependent children in 2011 (compared with 29% regionally and nationally). Households in the National Park area are less likely to contain dependent children although all areas show a proportion below the national average. There are notable differences between different types of household, with married couples (with dependent children) seeing a high level of owner-occupation, whereas lone parents are particularly likely to live in social or private rented accommodation.
- There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The analysis linked to demographic change in the 2022-32 period concludes that the following represents an appropriate mix of affordable and market homes, this takes account of both household changes and the ageing of the population – the analysis also models for there to be a modest decrease in levels of under-occupancy (which in Allerdale are very high in the market sector).

<b>Suggested Mix of Housing by Size and Tenure – Allerdale</b>				
	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	5-10%	45-50%	35-40%	5-10%
Affordable home ownership	15-20%	45-50%	25-30%	5-10%
Affordable housing (rented)	35-40%	30-35%	20-25%	5-10%

- The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bedroom properties offer to changing household circumstances, which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing by tenure and also the size requirements shown on the Housing Register.
- The mix identified above could inform strategic policies although a flexible approach should be adopted. For example, in some areas Registered Providers find difficulties selling 1-bedroom affordable home ownership (AHO) homes and therefore the 1-bedroom elements of AHO might be better provided as 2-bedroom accommodation. Additionally, in applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.
- Analysis also suggests that the majority of units should be houses rather than flats, although consideration will need to be given to site specific circumstances (which may in some cases lend themselves to flatted development). Additionally, the Council should consider the role of bungalows within the mix – such housing can be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into the market.
- Based on the evidence, it is expected that the focus of new market housing provision will be on 2- and 3-bedroom properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retaining flexibility for friends and family to come and stay.

## 6. The Needs of Older People and People with Disabilities

### Introduction

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

### Understanding the Implications of Demographic Change

- 6.2 The population of older persons is increasing, and this will potentially drive a need for housing which is capable of meeting the needs of older persons. Initially below a series of statistics about the older person population of Allerdale are presented.

#### Current Population of Older People

- 6.3 The table below provides baseline population data about older persons in Allerdale and compares this with other areas. The population data has been taken from the published 2020 ONS mid-year population estimates (MYE). The table shows that Allerdale has an older age structure than other areas with 25% of the population being aged 65 and over, this compares with 19% regionally and 19% nationally.

Figure 6.1: Older Persons Population, 2020				
	Allerdale	Cumbria	North West	England
Under 65	75.1%	75.3%	81.2%	81.5%
65-74	13.4%	13.3%	10.2%	9.9%
75-84	8.2%	8.2%	6.2%	6.1%
85+	3.3%	3.2%	2.4%	2.5%
Total	100.0%	100.0%	100.0%	100.0%
Total 65+	24.9%	24.7%	18.8%	18.5%
Total 75+	11.5%	11.4%	8.6%	8.6%

Source: ONS Mid-Year Population Estimates

- 6.4 The table below shows the same information for sub-areas, this shows some variation in the proportion of people aged 65 and over, ranging from 23% in Workington & Maryport, up to 31% of the population in the National Park area.

**Figure 6.2: Older Persons Population, 2020 – sub-areas**

	Under 65	65-74	75-84	85+	Total	Total 65+	Total 75+
Cockermouth	71.4%	14.9%	9.4%	4.3%	100.0%	28.6%	13.7%
Wigton	73.4%	14.6%	8.8%	3.2%	100.0%	26.6%	12.1%
Workington & Maryport	76.7%	12.8%	7.6%	2.9%	100.0%	23.3%	10.5%
Lake District NP	69.5%	14.5%	10.7%	5.2%	100.0%	30.5%	15.9%
TOTAL	75.1%	13.4%	8.2%	3.3%	100.0%	24.9%	11.5%

Source: ONS Mid-Year Population Estimates

Projected Future Change in the Population of Older People

- 6.5 Population projections can next be used to provide an indication of how the number of older persons might change in the future with the table below showing that Allerdale is projected to see a notable increase in the older person population. The 2018-SNPP show a projected increase in the population aged 65 of around 17% - the population aged Under 65 is in contrast projected to decline by 6%.
- 6.6 In total population terms, the projections show an increase in the population aged 65 and over of 4,300 people. This is against a backdrop of an overall increase of just 13 – population growth of people aged 65 and over therefore accounts for over 100% of the total projected population change.

**Figure 6.3: Projected Change in Population of Older Persons, 2022 to 2032 – Allerdale (2018-SNPP)**

	2022	2032	Change in population	% change
Under 65	73,225	68,983	-4,242	-5.8%
65-74	12,872	14,698	1,826	14.2%
75-84	8,645	9,849	1,204	13.9%
85+	3,353	4,578	1,225	36.5%
Total	98,095	98,108	13	0.0%
Total 65+	24,870	29,125	4,255	17.1%
Total 75+	11,998	14,427	2,429	20.2%

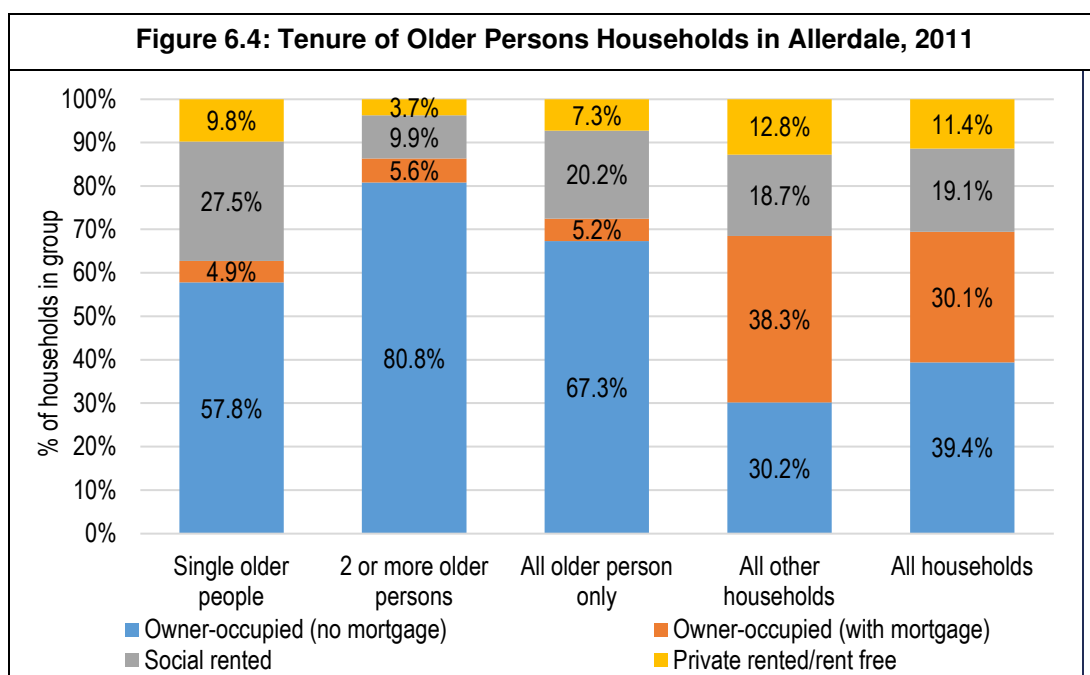
Source: ONS

**Characteristics of Older Person Households**

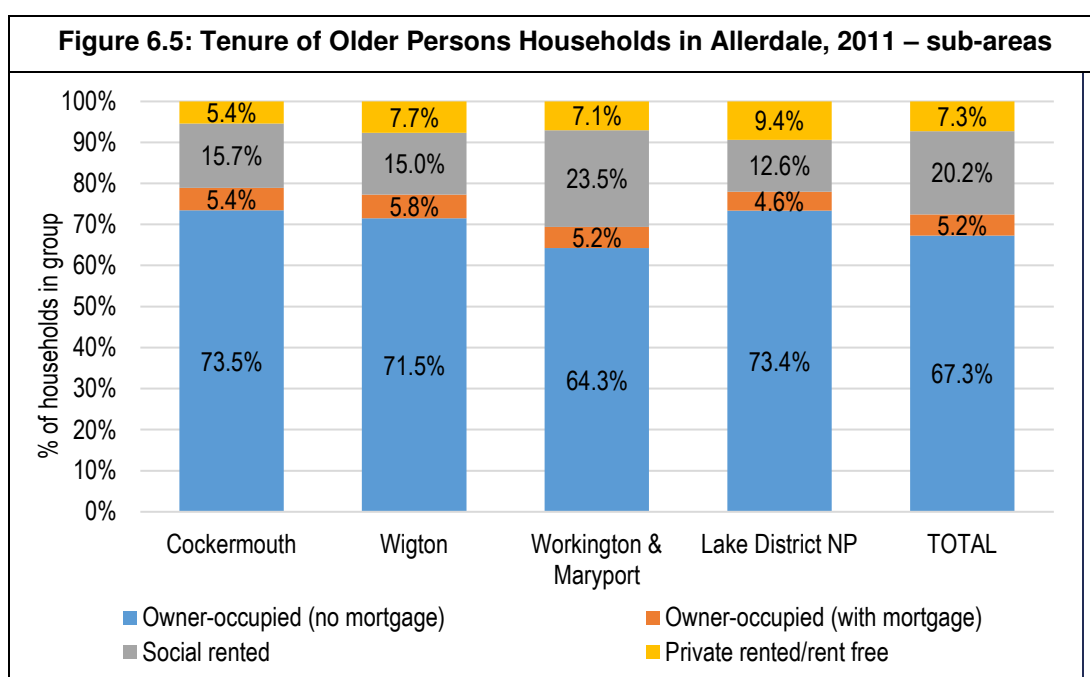
- 6.7 The figure below shows the tenure of older person households. The data has been split between single older person households and those with two or more older people (which will largely be couples). The data shows that the majority of older persons households are owner occupiers (72% of older person households), and indeed most are owner occupiers with no mortgage and thus may have significant equity which can be put towards the purchase of a new home. Some 20% of older persons households across the Borough live in the social rented sector; the proportion of older person households living in the private rented sector is relatively low (about 7%).



- 6.8 There are also notable differences for different types of older person households with single older people having a much lower level of owner-occupation than larger older person households – this group also has a much higher proportion living in the social rented sector.



- 6.9 The figure below shows the same information for sub-areas – the data is provided for all older person households. The data shows that the tenure profile of older person households varies slightly across the Borough; a key observation is the lower level of owner-occupation amongst older people in Workington & Maryport – 69% of older person households in this area are owner-occupiers.



## Prevalence of Disabilities

- 6.10 The table below shows the proportion of people with a long-term health problem or disability (LTHPD) drawn from 2011 Census data, and the proportion of households where at least one person has a LTHPD. The data suggests that some 36% of households in Allerdale contain someone with a LTHPD. This figure is similar to that seen across Cumbria and regionally, but above the national average. The figures for the population with a LTHPD also show a proportion above the national average – some 21% of the population having a LTHPD.

<b>Figure 6.6: Households and People with a Long-Term Health Problem or Disability, 2011</b>				
	Households Containing Someone with a Health Problem		Population with a Health Problem	
	No.	%	No.	%
Allerdale	15,429	36.4%	20,027	20.8%
Cumbria	78,919	35.5%	101,721	20.3%
North West	1,100,812	36.6%	1,426,805	20.2%
England	7,217,905	32.7%	9,352,586	17.6%

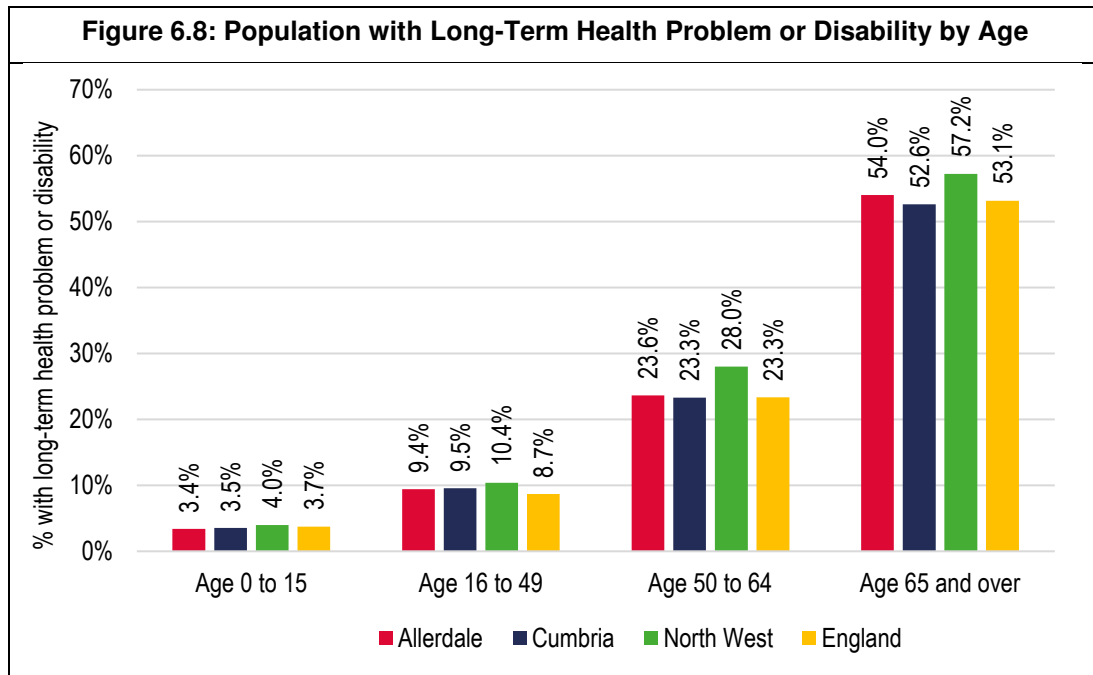
Source: 2011 Census

- 6.11 The analysis also shows some differences between different parts of the Borough, with Workington & Maryport in particular seeing a higher proportion of the population and households with a LTHPD. This finding is interesting given that this area generally has the youngest age structure; with disability typically being closely associated with age.

<b>Figure 6.7: Households and People with a Long-Term Health Problem or Disability, 2011 – sub-areas – Allerdale</b>				
	Households Containing Someone with a Health Problem		Population with a Health Problem	
	No.	%	No.	%
Cockermouth	1,277	33.7%	1,644	20.1%
Wigton	1,885	34.5%	2,439	18.8%
Workington & Maryport	10,880	37.9%	14,183	21.8%
Lake District NP	1,387	31.5%	1,761	17.4%
TOTAL	15,429	36.4%	20,027	20.8%

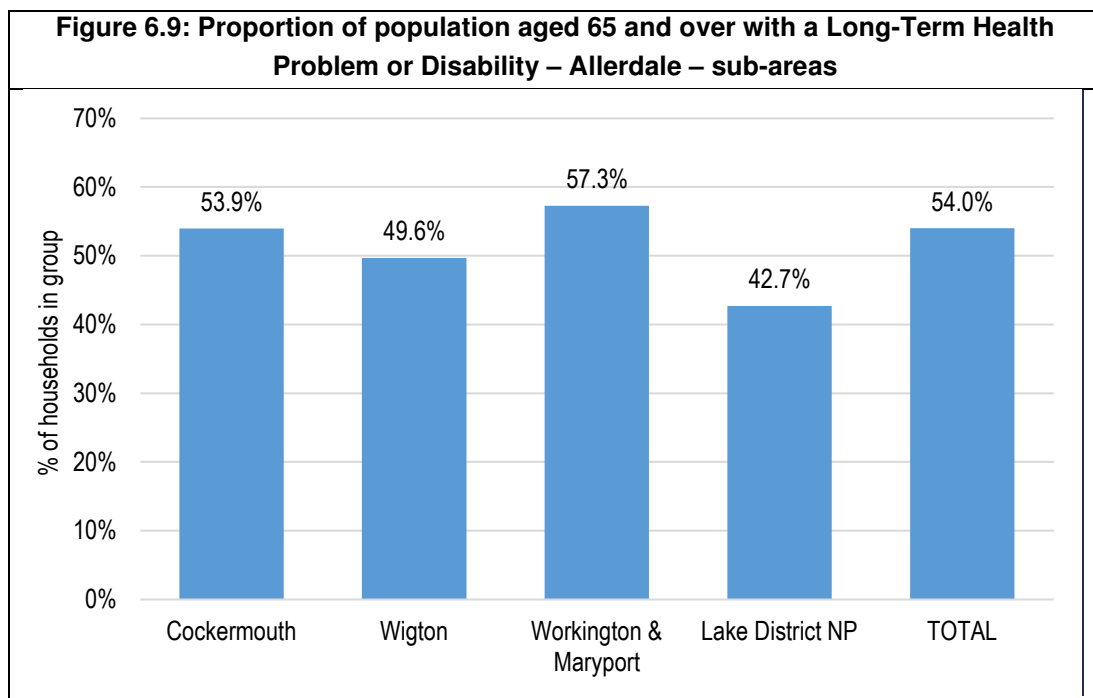
Source: 2011 Census

- 6.12 As noted, it is likely that the age profile will impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. The figure below shows the age bands of people with a LTHPD. It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD. The analysis also typically shows similar levels of LTHPD in each age band within Allerdale when compared with the national position.



Source: 2011 Census

- 6.13 The figure below shows the proportion of the population aged 65 and over with a LTHPD by sub-area – this shows higher levels of disability in Workington & Maryport, with much lower figures in the National Park area.



Source: 2011 Census

## Health Related Population Projections

- 6.14 The incidence of a range of health conditions is an important component in understanding the potential need for care or support for a growing older population.
- 6.15 The analysis undertaken covers both younger and older age groups and draws on prevalence rates from the PANSI (Projecting Adult Needs and Service Information) and POPPI (Projecting Older People Population Information) websites. Adjustments have been made to take account of the age specific health/disabilities previously shown.
- 6.16 Of particular note are the large increases in the number of older people with dementia (increasing by 24% from 2022 to 2032 and mobility problems (up 21% over the same period). Changes for younger age groups are smaller (negative), reflecting the fact that projections are expecting older age groups to see the greatest proportional increases in population. When related back to the total projected change to the population, the increase of people aged 65+ with a mobility problem is in excess of total projected population growth.
- 6.17 It should be noted that there will be an overlap between categories (i.e. some people will have both dementia and mobility problems). Hence the numbers for each of the illnesses/disabilities should not be added together to arrive at a total.

<b>Figure 6.10: Projected Changes to Population with a Range of Disabilities – Allerdale (linked to 2018-SNPP)</b>					
Disability	Age Range	2022	2032	Change	% Change
Dementia	65+	1,775	2,194	418	23.6%
Mobility problems	65+	4,628	5,613	985	21.3%
Autistic Spectrum Disorders	18-64	579	546	-33	-5.7%
	65+	242	284	42	17.6%
Learning Disabilities	15-64	1,494	1,420	-73	-4.9%
	65+	526	612	86	16.3%
Challenging behaviour	15-64	28	26	-1	-5.1%
Impaired mobility	16-64	3,692	3,395	-297	-8.0%

Source: POPPI/PANSI and Demographic Projections

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

## Need for Specialist Accommodation for Older People

- 6.20 Given the ageing population and higher levels of disability and health problems amongst older people, there is likely to be an increased requirement for specialist housing options moving forward. The box below shows the different types of older persons housing which are considered.

### Definitions of Different Types of Older Persons' Accommodation

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

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

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

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

Source: Planning Practice Guidance [63-010]

- 6.21 The need for specialist housing for older persons is typically modelled by applying prevalence rates to current and projected population changes and considering the level of existing supply. There is no standard methodology for assessing the housing and care needs of older people. The current and future demand for elderly care is influenced by a host of factors including the balance between demand and supply in any given area and social, political, regulatory and financial issues. Additionally, the extent to which new homes are built to accessible and adaptable standards may over time have an impact on specialist demand (given that older people often want to remain at home rather than move to care) – this will need to be monitored.
- 6.22 There are a number of 'models' for considering older persons' needs, but they all essentially work in the same way. The model results are however particularly sensitive to the prevalence rates applied, which are typically calculated as a proportion of people aged over 75 who could be expected to live in different forms of specialist housing. Whilst the population aged 75 and over is used in the modelling, the estimates of need would include people of all ages.

- 6.23 Whilst there are no definitive rates, the PPG [63-004] notes that *'the future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector, for example SHOP@ for Older People Analysis Tool)*'. The PPG does not specifically mention any other tools and therefore seems to be indicating that SHOP@ would be a good starting point for analysis. Since the PPG was published the Housing Learning and Information Network (Housing LIN) has removed the Shop@ online toolkit although the base rates used for analysis are known.
- 6.24 The SHOP@ tool was originally based on data in a 2008 report (More Choice Greater Voice) and in 2011 a further suggested set of rates was published (rates which were repeated in a 2012 publications). In 2016, Housing LIN published a review document which noted that the 2008 rates are 'outdated' but also noting that the rates from 2011/12 were 'not substantiated'. The 2016 review document therefore set out a series of proposals for new rates to be taken forward onto the Housing LIN website.
- 6.25 Whilst the 2016 review rates do not appear to have ever led to an update of the website, it does appear from reviewing work by Housing LIN over the past couple of years as if it is these rates which typically inform their own analysis (subject to evidence based localised adjustments).
- 6.26 For clarity, the table below shows the base prevalence rates set out in the various documents described above. For the analysis in this report the age-restricted and retirement/sheltered have been merged into a single category (housing with support).

<b>Figure 6.11: Range of suggested baseline prevalence rates from a number of tools and publications</b>			
Type/Rate	SHOP@ (2008) <sup>9</sup>	Housing in Later Life (2012) <sup>10</sup>	2016 Housing LIN Review
Age-restricted general market housing	-	-	25
Retirement living or sheltered housing (housing with support)	125	180	100
Extra care housing or housing-with-care (housing with care)	45	65	30-40 ('proactive range')
Residential care homes	65	(no figure apart from 6 for dementia)	40
Nursing homes (care bedspaces), including dementia	45		45

Source: Range of sources as identified

<sup>9</sup> Based on the More Choice Greater Voice publication of 2008

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

<sup>10</sup> [https://www.housinglin.org.uk/\\_assets/Resources/Housing/Support\\_materials/Toolkit/Housing\\_in\\_Later\\_Life\\_Toolkit.pdf](https://www.housinglin.org.uk/_assets/Resources/Housing/Support_materials/Toolkit/Housing_in_Later_Life_Toolkit.pdf)

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

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

6.28 JGC have therefore sought to consider these issues and the appropriate modelling assumptions for assessing future needs. Nationally, there has been a clear focus on strengthening a community-led approach and reducing reliance on residential and nursing care – in particular focussing where possible on providing households with care in their own home. This could however be provision of care within general needs housing; but also care which is provided in a housing with care development such as in extra care housing.

6.29 We consider that the prevalence rates shown in the 2016 Housing LIN Review is an appropriate starting point; but that the corollary of lower care home provision should be a greater focus on delivery of housing with care. Having regard to market growth in this sector in recent years, and since the above studies were prepared, we consider that the starting point for housing with care should be the higher rate shown in the SHOP@ report (this is the figure that would align with the PPG).

6.30 Rather than simply taking the base prevalence rates, an initial adjustment has been made to reflect the relative health of the local older person population. This has been based on Census data about the proportion of the population aged 65 and over who have a long-term health problem or disability (LTHPD) compared with the England average. In Allerdale, the data shows very slightly worse health in the older person population and so the prevalence rates used have been decreased slightly (by an average of about 2%) – these figures are based on comparing the proportion of people aged 65 and over with a LTHPD in Allerdale (54.0%) with the equivalent figure for England (53.1%).

6.31 A second local adjustment has been to estimate a tenure split for the housing with support and housing with care categories. This again draws on suggestions in the 2016 Review which suggests that less deprived local authorities could expect a higher proportion of their specialist housing to be in the market sector. Using 2019 Index of Multiple Deprivation (IMD) data, the analysis suggests Allerdale is the 109<sup>th</sup> most deprived local authority in England (out of 317) – i.e. a higher than average level of deprivation – this suggests a greater proportion of affordable housing than a local authority in the middle of the range (for housing with support and housing with care).

- 6.32 The table below shows estimated needs for different types of housing linked to the population projections. The analysis is separated into the various different types and tenures although it should be recognised that there could be some overlap between categories (i.e. some households might be suited to more than one type of accommodation).
- 6.33 Overall, the analysis suggests that there will be a notable need for housing with support (particularly in the market sector) and housing with care (again mainly for market housing). The analysis also suggests a need for some additional nursing care bedspaces but a surplus of residential care.

**Figure 6.12: Specialist Housing Need using adjusted SHOP@Review Assumptions, 2022-32 – Allerdale (linked to 2018-SNPP)**

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2032	Shortfall/surplus by 2032
Housing with support	Market	43	184	511	327	103	430
	Affordable	85	1,066	1,014	-52	205	153
Total (housing with support)		127	1,250	1,525	275	309	583
Housing with care	Market	23	0	277	277	56	333
	Affordable	23	111	272	161	55	216
Total (housing with care)		46	111	549	438	111	549
Residential care bedspaces		41	620	488	-132	99	-33
Nursing care bedspaces		46	280	549	269	111	380
Total bedspaces		86	900	1,037	137	210	347

Source: Derived from Demographic Projections and Housing LIN/EAC

- 6.34 It can be seen by 2032 there is an estimated need for 1,132 additional dwellings with support or care across the whole Borough. In addition, there is a need for 347 additional nursing and residential care bedspaces. Typically for bedspaces it is conventional to convert to dwellings using a standard multiplier (1.80 bedspaces per dwelling for older persons accommodation) and this would therefore equate to around 193 dwellings. In total, the older persons analysis therefore points towards a need for around 1,325 units over the 2022-32 period (132 per annum).
- 6.35 The provision of a choice of attractive housing options to older households is a component of achieving good housing mix. The availability of such housing options for the growing older population may enable some older households to downsize from homes which no longer meet their housing needs or are expensive to run. The availability of housing options which are accessible to older people will also provide the opportunity for older households to 'rightsize' which can help improve their quality of life.
- 6.36 It should also be noted that within any category of need there may be a range of products. For example, many recent market extra-care schemes have tended to be focused towards the 'top-end' of the market and may have significant service charges (due to the level and quality of facilities and services). Such homes may therefore only be affordable to a small proportion of the potential market, and it will be important for the Council to seek a range of products that will be accessible to a wider number of households if needs are to be met.



## Older Persons' Housing, Planning Use Classes and Affordable Housing Policies

- 6.37 The issue of use classes and affordable housing generally arises in respect of extra care/ assisted living development schemes. The Planning Practice Guidance defines extra care housing or housing with care as follows:

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

- 6.38 There is a degree to which different terms can be used for this type of development interchangeably, with reference sometimes made to extra care, assisted living, continuing care retirement communities, or retirement villages. Accommodation units typically include sleeping and living accommodation, bathrooms and kitchens; and have their own front door. Properties having their own front doors is not however determinative of use.
- 6.39 The distinguishing features of housing with care is the provision of personal care through an agency registered with the Care Quality Commission, and the inclusion of extensive facilities and communal space within these forms of development, which distinguish them from blocks of retirement flats.

### Use Classes

- 6.40 Use classes are defined in the Town and Country Planning (Use Classes) Order 1987. Use Class C2: Residential Institutions is defined as *"use for the provision of residential accommodation and care to people in need of care (other than a use within class C3 (dwelling houses))."* C3 (dwelling houses) are defined as *"use as a dwelling house (whether or not as a sole or main residence) a) by a single person or by people living together as a family; or b) by no more than 6 residents living together as a single household (including a household where care is provided for residents)."*
- 6.41 Care is defined in the Use Class Order as meaning "personal care for people in need of such care by reason of old age, disablement, past or present dependence on alcohol or drugs or past or present mental disorder, and in class C2 also includes the personal care or children and medical care and treatment."
- 6.42 Personal care has been defined in Regulations<sup>11</sup> as "the provision of personal care for persons who, by reasons of old age, illness or disability are unable to provide it for themselves, and which is provided in a place where those persons are living at the time the care is provided."

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<sup>11</sup> Schedule 1 of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2010.

- 6.43 Government has released Planning Practice Guidance of *Housing for Older and Disabled People* in June 2019. In respect of Use Classes, Para 63-014 therein states that:

*“It is for a local planning authority to consider into which use class a particular development may fall. When determining whether a development for specialist housing for older people falls within C2 (Residential Institutions) or C3 (Dwelling house) of the Use Classes Order, consideration could, for example, be given to the level of care and scale of communal facilities provided.”*

- 6.44 The relevant factors identified herein are the level of care which is provided, and the scale of communal facilities. It is notable that no reference is made to whether units of accommodation have separate front doors. This is consistent with the Use Class Order, where it is the ongoing provision of care which is the distinguishing feature within the C2 definition. In a C2 use, the provision of care is an essential and ongoing characteristic of the development and would normally be secured as such through the S106 Agreement.
- 6.45 A range of appeal decisions have addressed issues relating to how to define the use class of a development. These are fact specific, and there is a need to consider the particular nature of the scheme. What arises from this, is that schemes which have been accepted as a C2 use commonly demonstrate the following characteristics:
- Occupation restricted to people (at least one within a household) in need of personal care, with an obligation for such residents to subscribe to a minimum care package. Whilst there has been debate about the minimum level of care to which residents must sign-up to, it is considered that this should not be determinative given that a) residents’ care needs would typically change over time, and in most cases increase; and b) for those without a care need the relative costs associated with the care package would be off-putting.
  - Provision of access to a range of communal areas and facilities, typically beyond that of simply a communal lounge, with the access to these facilities typically reflected in the service charge.

#### NPPF Policies on Affordable Housing

- 6.46 For the purposes of developing planning policies in a new Local Plan, use class on its own need not be determinative on whether affordable housing provision could be applied. In all cases we are dealing with residential accommodation. But nor is there a clear policy basis for seeking affordable housing provision or contributions from a C2 use in the absence of a development plan policy which seeks to do so.
- 6.47 The NPPF (July 2021) sets out in paragraph 34 that Plans should set out the contributions expected from development, including levels of affordable housing. Such policies should not undermine the deliverability of the Plan. Paragraph 63 states that 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 off-site provision or a financial contribution can be robustly justified; and the agreed approach contributes to the objective of creating mixed and balanced communities.

- 6.48 Paragraph 64 states that affordable housing should not be sought from residential developments that are not major developments. Paragraph 65 sets out that specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students) are exempt from the requirement for 10% of homes (as part of the affordable housing contribution) to be for affordable home ownership. But neither of these paragraphs set out that certain types of specialist accommodation for older persons are exempt from affordable housing contributions.
- 6.49 The implication for Allerdale is that:
- The ability to seek affordable housing contributions from a C2 use at the current time is influenced by how its current development plan policies were constructed and evidenced; and
  - If policies in a new development plan are appropriately crafted and supported by the necessary evidence on need and viability, affordable housing contributions could be sought from a C2 use through policies in a new Local Plan.
- 6.50 Within the local plan, it would be possible to craft a policy in such a way that affordable housing could be sought on extra care housing from both C2 and C3 use classes and it should be noted that in July 2020 the High Court rejected claims that 'extra care' housing should not contribute affordable homes because it falls outside C3 use (CO/4682/2019). It is however important to recognise that the viability of extra care housing will differ from general mixed tenure development schemes, and there are practical issues associated with how mixed tenure schemes may operate.

#### Viability

- 6.51 There are a number of features of a typical extra care housing scheme which can result in substantively different viability characteristics relative to general housing. In particular:
- Schemes typically include a significant level of communal space and on-site facilities, such that the floorspace of individual units might equate to 65% of the total floorspace, compared to 100% for a scheme of houses and perhaps 85% for typical flatted development. There is a significant proportion of space from which value is not generated through sales (although individual units may be smaller);
  - Higher construction and fit out-costs as schemes need to achieve higher accessibility requirements and often include lifts, specially adapted bathrooms, treatment rooms etc. In many instances, developers need to employ third party building contractors are also not able to secure the same economies of scale as the larger volume housebuilders;
  - Sales rates are also typically slower for extra care schemes, not least as older residents are less likely to buy 'off plan.' The combination of this and the limited ability to phase flatted schemes to sales rates can result in higher finance costs for a development.
- 6.52 There are a number of implications arising from this. Firstly, there is a need for viability evidence to specifically test and consider what level of affordable housing could be applied to different forms of older persons accommodation, potentially making a distinction between general market housing; retirement living/sheltered housing; and extra care/housing with care. It may well be that a differential and lower affordable housing policy is justified for housing with care.

- 6.53 Secondly, developers of extra care schemes can struggle to secure land when competing against mainstream housebuilders or strategic land promoters. One way of dealing with this is to allocate sites specifically for specialist older persons housing, and this may be something that the Council wishes to consider through the preparation of a new Local Plan. There could be benefits of doing this through achieving relatively high-density development of land at accessible locations, and in doing so, releasing larger family housing elsewhere as residents move out.

#### Practical Issues

- 6.54 In considering policies for affordable housing provision on housing with care schemes, there is one further factor which warrants consideration relating to the practicalities of mixed-tenure schemes. The market for extra care development schemes is currently focused particularly on providers at the affordable and higher ends of the market, with limited providers currently delivering within the 'mid-market.' At the higher ends of the market, the level of facilities and services/support available can be significant, and the management model is often to recharge this through service charges.
- 6.55 Whilst recognising the benefits associated with mixed income/tenure development, in considering whether mixed tenure schemes can work it is important to consider the degree to which service charges will be affordable to those on lower incomes and whether Registered Providers will want or be able to support access to the range of services/facilities on site. In a range of instances, this has meant that authorities have accepted off-site contributions to affordable housing provision.

### **Wheelchair User Housing**

- 6.56 The analysis below draws on a range of secondary data sources to estimate the number of current and future wheelchair users and to estimate the number of wheelchair accessible/adaptable dwellings that might be required in the future. Estimates of need produced in this report draw on data from the English Housing Survey (EHS) which provides a range of relevant data, but often for different time periods. The EHS data used includes the age structure of wheelchair users, information about work needed to homes to make them 'visitible' for wheelchair users and data about wheelchair users by tenure.
- 6.57 The analysis below sets out estimates of the number of wheelchair users in the Borough; this has been based on estimating prevalence rates from the 2011-12 EHS (Annex Table 6.11) combined with Census data. At the time, the EHS showed there were 184,000 households with a wheelchair user (in England) and the oldest person in the household was aged under 60; the 2011 Census showed a household population of around 40.6 million people aged under 60 and therefore a base prevalence rate of 0.005 has been calculated for this group – essentially for every 1,000 people aged under 60 there are around 5 wheelchair user households. The table below shows data for a full range of age groups; it should be noted that whilst the prevalence rates mix households and population they will provide a reasonable estimate of the number of wheelchair user households.

<b>Figure 6.13: Baseline prevalence rates by age used to estimate wheelchair user households – England</b>			
	Number of wheelchair user households	Household population	Prevalence (per 1,000 population)
Under 60 years	184,000	40,562,000	5
60 - 74 years	205,000	7,668,000	27
75 - 84 years	191,000	2,832,000	68
85 years or over	146,000	997,000	146

Source: Derived from EHS (2011-12) and 2011 Census

6.58 The analysis also considers the relative health of the population of Allerdale. For this, data has been taken from the 2011 Census for the household population with 'day to day activities limited a lot' by their disability. The table below shows this information by age in Allerdale and England, and also shows the adjustment made to reflect differences in health between the areas. Due to the age bands used in the Census, there has been some degree of adjustment for the under 60 and 60-74 age groups. The data shows higher levels of disability for all age groups in Allerdale, pointing to a slightly higher than average proportion of wheelchair user households.

<b>Figure 6.14: Proportion of people with day to day activities limited a lot (by age) – 2011 – Allerdale</b>				
	% of age group with day to day activities limited a lot		Allerdale as % of England	Prevalence rate (per 1,000 population)
	Allerdale	England		
Under 60 years	4.9%	4.2%	118.0%	5
60-74 years	14.7%	13.9%	105.4%	28
75-84 years	30.1%	29.1%	103.4%	70
85 years or over	55.0%	52.3%	105.0%	154

Source: 2011 Census

6.59 The local prevalence rate data can be brought together with information about the population age structure and how this is likely to change moving forward. The data estimates a total of 1,918 wheelchair user households in 2022, and that this will rise to 2,195 by 2032 (an increase of 277).

<b>Figure 6.15: Estimated number of wheelchair user households (2022-32) – Allerdale – linked to 2018-SNPP</b>					
	Prevalence rate (per 1,000 population)	Household population 2022	Household population 2032	Wheelchair user households (2022)	Wheelchair user households (2032)
Under 60 years	5	65,379	60,760	350	325
60 - 74 years	28	20,021	22,223	564	626
75 - 84 years	70	8,342	9,474	582	661
85 years or over	154	2,746	3,791	422	582
TOTAL		96,487	96,248	1,918	2,195

Source: Derived from a range of sources

- 6.60 The finding of an estimated current number of wheelchair user households does not indicate how many homes might be need for this group – some households will be living in a home that is suitable for wheelchair use, whilst others may need improvements to accommodation, or a move to an alternative home. Data from the EHS (2014-15) shows that of the 814,000 wheelchair user households, some 200,000 live in a home that would either be problematic or not feasible to make fully ‘visitable’ – this is around 25% of wheelchair user households. Applying this to the current number of wheelchair user households and adding the additional number projected forward suggests a need for around 750 additional wheelchair user homes in the 2022-32 period.

<b>Figure 6.16: Estimated need for wheelchair user homes, 2022-32</b>			
	Current need	Projected need (2022-32)	Total current and future need
Allerdale	471	277	748

Source: Derived from a range of sources

- 6.61 Furthermore, information in the EHS (for 2017/18) also provides national data about wheelchair users by tenure. This showed that, at that time, around 7.1% of social tenants were wheelchair users, compared with 2.7% of market households (owner-occupiers and private renters). These proportions can be expected to increase notably with an ageing population, although the difference between tenures is likely to largely remain (i.e. social tenants being around three times more likely to be a wheelchair user).
- 6.62 To meet the identified need, the Council could seek a proportion (maybe 10%) of all new market homes to be M4(3) compliant and potentially around a third in the affordable sector. These figures reflect that not all sites would be able to deliver homes of this type. In the market sector these homes would be M4(3)A (adaptable) and M4(3)B (accessible) for affordable housing.
- 6.63 As with M4(2) homes it may not be possible for some schemes to be built to these higher standards due to built-form, topography, flooding etc. Furthermore, provision of this type of property may in some cases challenge the viability of delivery given the reasonably high build out costs (see table below).
- 6.64 It is worth noting that the Government has recently reported on a consultation on changes to the way the needs of people with disabilities and wheelchair users are planned for as a result of concerns that in the drive to achieve housing numbers, the delivery of housing that suits the needs of the households (in particular those with disabilities) is being compromised on viability grounds<sup>12</sup>.
- 6.65 The key outcome is: *‘Government is committed to raising accessibility standards for new homes. We have listened carefully to the feedback on the options set out in the consultation and the government response sets out our plans to mandate the current M4(2) requirement in Building Regulations as a minimum standard for all new homes’*. This change is due to shortly be implemented through a change to building regulations.

<sup>12</sup> <https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes>

- 6.66 The consultation outcome still requires a need for M4(3) dwellings to be evidenced, stating '*M4(3) (Category 3: Wheelchair user dwellings) would continue as now where there is a local planning policy in place in which a need has been identified and evidenced. Local authorities will need to continue to tailor the supply of wheelchair user dwellings to local demand*'.
- 6.67 As well as evidence of need, the viability challenge is particularly relevant for M4(3)(B) standards. These make properties accessible from the moment they are built and involve high additional costs that could in some cases challenge the feasibility of delivering all or any of a policy target. The table below shows estimated costs for different types of accessible dwellings, taken from research sitting behind the initial PPG on accessible housing – these costings are now 8-year old.

<b>Figure 6.17: Access Cost Summary</b>					
	1-Bed Apartment	2-Bed Apartment	2-Bed Terrace	3-Bed Semi Detached	4-Bed Semi- Detached
M4(2)	£940	£907	£523	£521	£520
M4(3)(A) – Adaptable	£7,607	£7,891	£9,754	£10,307	£10,568
M4(3)(B) – Accessible	£7,764	£8,048	£22,238	£22,791	£23,052

Source: EC Harris, 2014

- 6.68 However, local authorities only have the right to request M4(3)(B) accessible compliance from homes for which they have nomination rights. They can, however, request M4(3)(A) adaptable compliance from the wider (market) housing stock.
- 6.69 A further option for the Council would be to consider seeking a higher contribution, where it is viable to do so, from those homes to which they have nomination rights. This would address any under delivery from other schemes (including schemes due to their size e.g. less than 10 units or 1,000 square metres) but also recognise the fact that there is a higher prevalence for wheelchair use within social rent tenures. This should be considered when setting policy.

## Comments on Policy SA5

- 6.70 Many of the issues discussed in this section are covered in Policy SA5 of the Part 2 Local Plan. The policy (Housing Standards) seeks 20% of units on larger sites (10 units) to be at M4(2) standards. Given the proposed changes discussed above (to make M4(2) the default position), it is suggested that any revision to policy could reflect this. Policy could however continue to note there may be circumstances where M4(2) is not achievable – this might include situations where level access is not possible, possibly due to topography or for flatted development without a lift. Given the costs above it is considered unlikely that viability will be a reason for seeking not to provide M4(2) homes.
- 6.71 The policy also seeks for 5% of homes on sites of over 30 units to be built to M4(3) standards. On the basis of the analysis above the Council could require a higher proportion of wheelchair accessible/adaptable homes. However, it is recognised that viability could be an issue and therefore on balance the Council's position is considered reasonable – although this could be reviewed through any new or updated viability study.



### The Needs of Older People and People with Disabilities: Key Messages

- A range of data sources and statistics have been accessed to consider the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. The analysis responds to Planning Practice Guidance on Housing for Older and Disabled People published by Government in June 2019 and includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).
- The data shows that Allerdale has an older age structure and slightly higher levels of disability compared with the national average – age specific rates of disability are generally slightly higher than seen nationally. The older person population has some distinct characteristics, including a high representation in the owner-occupied sector and is projected to increase notably in the future. An ageing population means that the number of people with disabilities is likely to increase substantially. Key findings for the 2022-32 period include:
  - A 17% increase in the population aged 65+ (accounting for in excess of 100% of total population growth);
  - A 24% increase in the number of people aged 65+ with dementia and a 21% increase in those aged 65+ with mobility problems;
  - A need for around 580 housing units with support (sheltered/retirement housing) – split about three-quarters market and a quarter affordable housing;
  - A need for around 550 additional housing units with care (e.g. extra-care) – the majority (60%) in the market sector;
  - A need for additional nursing care bedspaces (around 380 in the period); and
  - a need for over 750 dwellings to be for wheelchair users (meeting technical standard M4(3)).
- This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing. Given the evidence, the Council could consider (as a start point) requiring all dwellings (in all tenures) to meet the M4(2) standards and around 10% of homes meeting M4(3) – wheelchair user dwellings in the market sector (a higher proportion of around a third in the affordable sector).
- Where the authority has nomination rights M4(3) would be wheelchair accessible dwellings (constructed for immediate occupation) and in the market sector they should be wheelchair user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user). It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.
- The Council should also consider if a different approach is prudent for market housing and affordable homes, recognising that Registered Providers may already build to higher standards, and that households in the affordable sector are more likely to have some form of disability.
- In seeking M4(2) compliant homes, the Council should also be mindful that such homes could be considered as 'homes for life' and would be suitable for any occupant, regardless of whether or not they have a disability at the time of initial occupation.
- In framing policies for the provision of specialist older persons accommodation, the Council will need to consider a range of issues. This will include the different use classes of accommodation (i.e. C2 vs. C3) and requirements for affordable housing contributions (linked to this the viability of provision). There may also be some practical issues to consider, such as the ability of any individual development being mixed tenure given the way care and support services are paid for.



## 7. Other Groups

### Introduction

- 7.1 This section of the report considers a range of other groups set out in the NPPF and PPG. This includes the need for self- and custom-build development, students and service personnel.

### Custom- and Self-Build

- 7.2 As of 1<sup>st</sup> April 2016, and in line with the 2015 Act and the Right to Build, relevant authorities in England are required to have established and publicised a self-build and custom housebuilding register which records those seeking to acquire serviced plots of land in the authority's area in order to build their own self-build and custom houses.
- 7.3 The Allerdale Self-Build and Custom Housebuilding Register was introduced on the 1<sup>st</sup> of April 2016 and there have now been five and a half full base periods<sup>13</sup> up to 30<sup>th</sup> October 2021. The register includes local connection and financial viability tests which were implemented in September 2019.
- 7.4 The Council is required to grant sufficient planning permissions to meet the demand identified on the Register as per the 2015 Act (as amended). If assessed over the five and half base periods, there has been a total of 22 registered expressions of interest in a serviced plot of land. This is an average of 4 plots per annum. The Table below provides a base period breakdown of those individuals who have expressed demand for serviced plots of land in Allerdale.

Figure 7.1: Serviced Plot Demand in Allerdale	
Base Period	Individuals
Base Period 1 (16 August 2015 to 30 <sup>th</sup> October 2016)	4
Base Period 2 (31 <sup>st</sup> October 2016 to 30 <sup>th</sup> October 2017)	6
Base Period 3 (31 <sup>st</sup> October 2017 to 30 <sup>th</sup> October 2018)	1
Base Period 4 (31 <sup>st</sup> October 2018 to 30 <sup>th</sup> October 2019)	4
Base Period 5 (31 <sup>st</sup> October 2019 to 30 <sup>th</sup> October 2020)	3
Base Period 6 (31 <sup>st</sup> October 2020 to 30 <sup>th</sup> October 2021)	4
Total	22
Average Per Base Period	4

Source: Allerdale Self and Custom Build Register

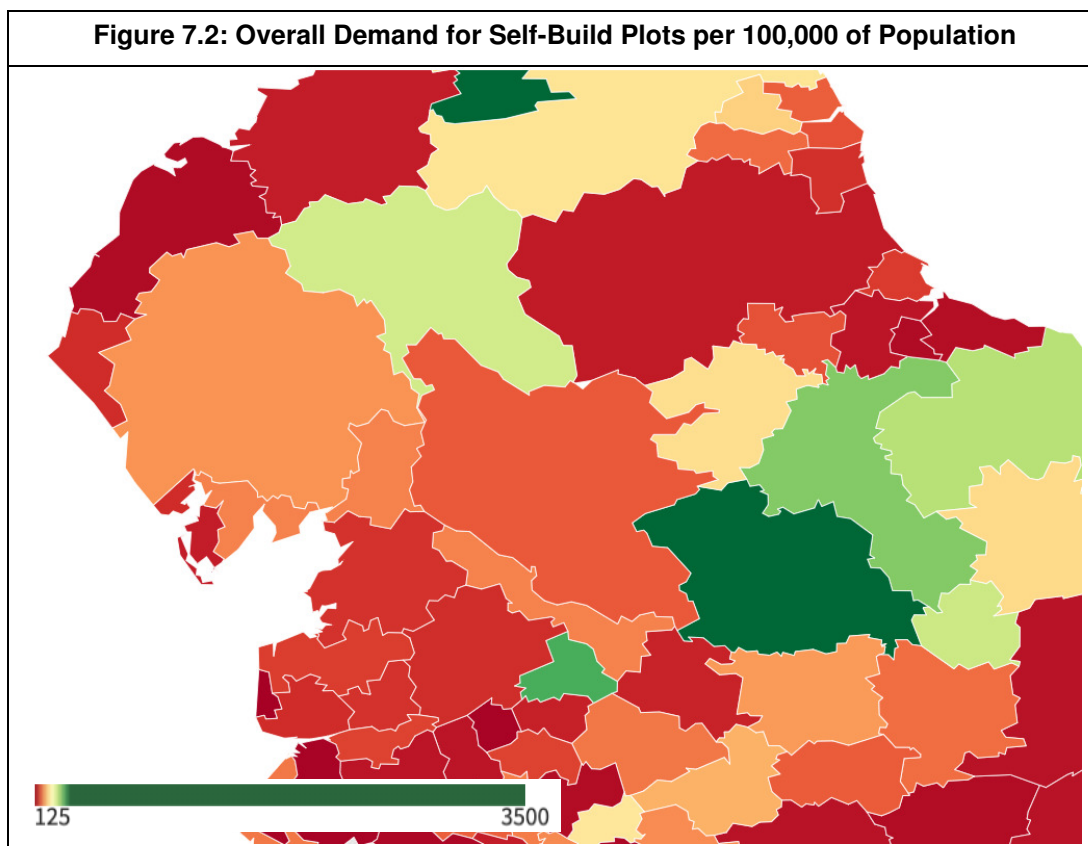
- 7.5 It is worth highlighting that a survey<sup>14</sup> undertaken by YouGov on behalf of the National Custom and Self-Build Association ("NaCSBA") in October 2020 found that awareness of the Right to Build legislation is low with 83% of people unaware that the local authority self-build registers exist. As a result, the number of individuals on a local authority's self-build register may underestimate demand.

<sup>13</sup> A base period is a period of typically 12 months in which demand for custom and self-build is recorded. However, the first base period. The first base period began on the day on which the register (which meets the requirement of the 2015 Act) was established and ended on 30 October 2016. Each subsequent base period is the period of 12 months beginning immediately after the end of the previous base period. Subsequent base periods will therefore run from 31 October to 30 October each year.

<sup>14</sup> A survey of 2,017 adults with fieldwork undertaken online between 9<sup>th</sup> – 11<sup>th</sup> October 2020. The figures are weighted and are representative of all GB adults aged 18+

### Broader Demand Evidence

- 7.6 In order to supplement the data from the Council's own register, we have looked to secondary sources as recommended by the PPG, which for this report is data from NaCSBA - the national association for the custom and self-build housing sector.
- 7.7 First, it is worth highlighting that the October 2020 survey undertaken by YouGov on behalf of NaCSBA found that 1 in 3 people (32%) are interested in building their own home at some point in the future, including 12% who said they were very interested. Notably, almost half (48%) of those aged between 18 and 24 were interested in building their own home, compared to just 18% of those aged 55 and over. This is notable as, traditionally, self-build has been seen as the reserve of older members of society aged 55 and over, with equity in their property.
- 7.8 Second, we can draw on NaCSBA data to better understand the level of demand for serviced plots in Allerdale in relative terms. The association has recently published analysis with supporting maps and commentary titled "Mapping the Right to Build" in 2020. This includes an output on the demand for serviced plots as a proportion of total population relative to all other local authorities across England.
- 7.9 One of the key maps within the report highlights the areas of strongest demand and this is shown in the table below. This shows that Allerdale has a need for 6 units per 100,000 head of population. Based on Allerdale's population of around 100,000 this would therefore equate to a demand for 6 custom and self-build plots.



### Policy Response

- 7.10 The Self-Build and Custom Housebuilding PPG sets out how authorities can increase the number of planning permissions which are suitable for self-build and custom housebuilding and support the sector. The PPG<sup>15</sup> is clear that authorities should consider how local planning policies may address identified requirements for self and custom housebuilding to ensure enough serviced plots with suitable permission come forward and can focus on playing a key role in facilitating relationships to bring land forward.
- 7.11 The Council's Current Policy (SA4 in the Part 2 Local Plan) supports custom and self-build as part of the housing mix policy, but does not seek a percentage of plots on larger developments. It does however state that the Council will consider using Local Development Orders, supported by design codes, to facilitate delivery custom and self-build plot on larger sites (25 plots and more).
- 7.12 The Council Housing Strategy highlights that custom and self-build as an alternative option for communities and individuals who would not necessarily believe that they are able to afford to build their own home.
- 7.13 More widely, there are a number of other measures which can be used to encourage this this, including but not limited to:
- Supporting Neighbourhood Planning groups where they choose to include self-build and custom build housing policies in their plans;
  - Working with Homes England to unlock land and sites in wider public ownership to deliver self-build and custom build housing; and
  - When engaging with developers and landowners who own sites that are suitable for housing, encouraging them to consider self-build and custom housebuilding, and facilitating access to those on the register where the landowner is interested;
  - Working with local partners, such as Housing Associations and third sector groups, to custom build affordable housing for veterans and other groups in acute housing need.
- 7.14 As Allerdale has done there is increasing number of local planning authorities have adopted *specific* self-build and custom housebuilding policies in respective Local Plans to encourage delivery, promote and boost housing supply. There are also a number of appeal decisions in the context of decision-taking which have found that paragraph 11(d) of the Framework is engaged in the absence of specific policy on self-build housing when this is the focus of a planning application.
- 7.15 As a general principle, the Council should continue to support the submission and delivery of self-build and custom housebuilding sites, where opportunities for land arise and where such schemes are consistent with other planning policies.
- 7.16 As such Icenii would recommend the continued inclusion of a specific self and custom build housing policy within the Local Plan in order to satisfy the clear demand for plots within the Borough.

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<sup>15</sup> Paragraph: 025 Reference ID: 57-025-20210508

## Students

- 7.17 The only Higher education establishments in the Borough are Lakes College and Energy Coast University Technical College. However, most of the courses these establishments provide are for younger students who are likely to be living at home and for adults who are in their own accommodation.
- 7.18 Neither college are planning any substantial growth therefore the impact on the local housing market is likely to be negligible.

## Service Families

- 7.19 There are no military establishments in Allerdale and most recent MOD statistics suggest that there are no military or Civilian MOD personnel stationed in the Borough.
- 7.20 This would suggest that there is no need to develop a policy which addresses the specific need of MOD personnel. That said Annex 2 of the NPPF identifies Military Personnel as Essential Key Workers. As such, accommodation specifically comes under the definition of affordable housing. Depending on their incomes this group will already be accounted for within the affordable housing need and will largely not be additional to it.
- 7.21 The Planning Practice Guidance for First Homes also allows local authorities to set out their own criteria for accessing such housing. One such criteria could be a key worker requirement which would include service personnel. However, given the scale of the MOD service personnel in Allerdale this might not be necessary.
- 7.22 The most acute and pressing issues is likely to be finding accommodation for those transitioning out of the forces. First Homes could play a part in meeting this demand as it would provide a discounted route to home ownership.
- 7.23 In addition, the Allocation of Housing (Qualification Criteria for Armed Forces) (England) Regulations ensure that Service personnel (including bereaved spouses or civil partners) are allowed to establish a 'local connection' with the area in which they are serving or have served.
- 7.24 This means that ex-service personnel would not suffer disadvantage from any 'residence' criteria chosen by the Local Authority in their allocations policy. Furthermore, any ex-armed forces personnel with mental health issues who present themselves to the Council as homeless would be assisted as a vulnerable group and will be given priority need for housing.

**Other Groups: Key Messages**

- The report has also considered a range of other groups set out in the NPPF and PPG. This includes the need for self- and custom-build development, students and service personnel.
- The Allerdale Self-Build and Custom Housebuilding Register was introduced on 1<sup>st</sup> April 2016 and currently has 4 entrants per annum. NaCSBA data shows a need for 6 units per 100,000 head of population. Iceni would recommend the continued inclusion of a specific self and custom build housing policy within the Local Plan in order to satisfy the clear demand for plots within the Borough.
- The higher education establishments in the borough are small and cater for a local market which are likely to have their own accommodation or live with parents. It is unlikely that either facility is likely to grow to a point where there would be an impact on the wider market.
- There are no military establishments in Allerdale and MOD statistics suggest that there are no military or Civilian MOD personnel stationed in the borough, despite this thought should be given to accommodating service personnel with housing, establishing Key Worker criteria in the introduction of First Homes could help to address this.



## Appendix A1: List of Acronyms used in Report

AHO	Affordable Home Ownership
AR	Affordable rent
CoRe	Continuous Recording of Sales and Lettings
CQC	Care Quality Commission
DLUHC	Department for Levelling Up, Housing and Communities
DWP	Department for Work and Pensions
EAC	Elderly Accommodation Counsel
EHS	English Housing Survey
HMA	Housing Market Area
Housing LIN	Housing Learning and Information Network
HRP	Household Reference Person
HRR	Household Representative Rate
HTB	Help to Buy
IMD	Index of Multiple Deprivation
ISA	Individual Savings Account
JGC	Justin Gardner Consulting
LA	Local Authority
LAHS	Local Authority Housing Statistics
LCHO	Low Cost Home Ownership
LHN	Local Housing Need
LPA	Local Planning Authority
LPEG	Local Plans Expert Group
LQ	Lower Quartile
LTHPD	Long-term Health Problem or Disability
MHCLG	Ministry of Housing, Communities & Local Government
MOD	Ministry of Defence
MYE	Mid-Year Population Estimate
NP	National Park
NOMIS	National Online Manpower Information System
NPPF	National Planning Policy Framework
OAN	Objectively Assessed (Housing) Need
OBR	Office for Budget Responsibility
OMV	Open Market Value
ONS	Office for National Statistics
OO	Owner-occupied (or owner-occupier)
PANSI	Projecting Adult Needs and Service Information System
PAS	Planning Advisory Service
POPPI	Projecting Older People Population Information System
PPG	Planning Practice Guidance
PR	Patient Register
PRS	Private Rented Sector
PRT	Part Return to Trend
RSH	Regulator of Social Housing
SHMA	Strategic Housing Market Assessment
SHOP	Strategic Housing for Older People
SNHP	Subnational Household Projections
SNPP	Subnational Population Projections
SPD	Supplementary Planning Document
SR	Social Rented
UPC	Unattributable Population Change
VOA	Valuation Office Agency