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Part of Capita Real Estate

St Helens SHMA Update

St Helens Borough Council

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This document must only be treated as a draft unless it has been signed by the Originators and approved by a Business or Associate Director.

DATE

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Limitations

This document has been prepared for the stated objective and should not be used for any other purpose without the prior written authority of GL Hearn; we accept no responsibility or liability for the consequences of this document being used for a purpose other than for which it was commissioned.

1 INTRODUCTION

- 1.1 GL Hearn has been commissioned, along with Justin Gardner Consulting (JGC), to prepare a Strategic Housing Market Assessment (SHMA) Update for St Helens Borough Council. This provides an update to the Mid Mersey Strategic Housing Market Assessment (SHMA) produced by GL Hearn, JGC, and Chris Broughton Associates (CBA) in 2016.
- 1.2 Since publication of the Mid Mersey SHMA in 2016, work has been progressed on a number of other evidence base documents pertaining to St Helens – including the Liverpool City Region Strategic Housing and Economic Land Market Assessment (SHELMA) (GL Hearn, JGC, and MDS Transmodal), and the St Helens Employment Land Needs Study (ELNA) (BE Group).
- 1.3 This report was largely drafted in August 2018. This version of the report is a targeted update to take into account the 2016-based Household Projections published in September 2018, and still uses 2018 as the year for the basis of calculations for the Standard Method.

Mid Mersey SHMA

- 1.4 The Mid Mersey SHMA was published in early 2016. The SHMA identified the objectively assessed housing need (OAN) for the local authorities of St Helens, Halton, and Warrington. It also provided an assessment of affordable housing need, the need for different sizes of homes, and the specialist housing needs for each of these authorities.
- 1.5 The 2016 SHMA considered the latest demographic projections available which at that time were the 2012-based subnational population projections (SNPP) and the 2012-based CLG household projections. The analysis also included the latest mid-year estimate (MYE) population data which was the mid-2014 population estimates. A demographic-based need of 369 dwellings per annum (dpa) was identified in St Helens for the period 2014-37.
- 1.6 In accordance with Planning Practice Guidance (PPG) consideration was also given to whether economic growth could result in a need for additional housing. For St Helens jobs growth forecasts from Oxford Economics and Cambridge Econometrics were assessed. This identified an annual housing need of 445 dpa needed in the Borough to support the workforce growth implied by the economic growth forecasts.
- 1.7 The SHMA also considered a range of housing market signals and whether it would be appropriate to apply an uplift to ease affordability pressures. This concluded that a modest uplift of 6 dpa would be required in St Helens over and above the housing need identified in the economic scenario.

- 1.8 This resulted in the SHMA identifying an OAN for housing in St Helens of 451 dpa over the period 2014-37.

Liverpool City Region SHELMA

- 1.9 Since publication of the Mid Mersey SHMA the Liverpool City Region (LCR) SHELMA has been produced. The LCR SHELMA assesses the housing and employment land needs for the local authorities within the City Region: Halton, Knowsley, Liverpool, Sefton, St Helens, West Lancashire, and Wirral. It considers needs over the period 2012-37.
- 1.10 The demographic analysis in the SHELMA considered the 2014-based SNPP and 2014-based Household Projections updated to include the 2015-based MYE population data. This identified a demographic-led housing need for St Helens of 416 dpa.
- 1.11 The SHELMA considered the level of housing required to support economic growth across the LCR. Economic growth was assessed using two forecasts from Oxford Economics – a baseline scenario and a growth scenario. These two scenarios produced a very large discrepancy in St Helens with the baseline showing a forecast growth of 3,200 jobs in the Borough over the period 2012-37 while the growth scenario forecast a growth of 17,100 jobs.
- 1.12 The SHELMA calculates the growth in labour force resulting from the economic growth forecasts by considering commuting patterns based on 2011 Census data¹.
- 1.13 The SHELMA also considers different approaches to improving economic activity in the baseline and growth scenarios. The Baseline forecast assumes 'business as usual' and thus expects limited changes in economic participation under this scenario which sees relatively modest employment growth relative to regional/ national trends and includes changes to employment rates which take account of the expected impact of increasing state pension ages².
- 1.14 The Growth Forecast considers a potential uplift to economic activity rates based on an adjustment to the overall size of the economically active population which models an improvement in the economic activity rate to half of the difference between the local figure and the national average by 2037³.
- 1.15 This resulted in economic-led housing needs of 397 dpa for the baseline scenario and a need for 855 dpa for the growth scenario. Taking the baseline scenario as a basis for calculating OAN meant

¹ SHELMA Table 34

² SHELMA Appendix C, Table 71

³ SHELMA Appendix C, Table 75

there was no need for an adjustment above the demographic baseline to support economic growth in St Helens.

- 1.16 The SHELMA also considered housing market signals across the LCR to assess whether there was a justification to include an uplift to ease affordability pressures. This analysis concluded that there was no justification for an affordability uplift in St Helens.
- 1.17 This resulted in the SHELMA identifying an OAN for housing in St Helens of 416 dpa over the period 2014-37. However, it also identified that the growth scenario would result in a considerably higher OAN for the Borough.

St Helens ELNS Addendum (ELNA)

- 1.18 Following the work on the LCR SHELMA St Helens has commissioned an update to its Employment Land Needs Study (ELNS) for the Borough. The 2015 ELNS assessed the Borough's identified land need and jobs growth. The ELNS Addendum (ELNA - drafted in 2017, and revised thereafter) re-assessed land need and calculates the number of jobs which the employment sites identified in the Local Plan Preferred Options (December 2016) could support and the likely timescales for development and delivery of jobs growth.
- 1.19 The ELNA takes a supply-led approach to considering jobs growth based on a range of data to estimate the jobs yield of the Borough's employment sites. This identifies a jobs potential of 14,167 FTE jobs at the Borough's employment sites.
- 1.20 The ELNA also provides 3 growth trajectories which provide estimates of the timeframes within which the Borough's employment sites might be built out when the jobs might come online. The three scenarios are:
- Scenario 1 – Develop as soon as possible
 - Scenario 2 – Development prioritisation
 - Scenario 3 – Allow for Potential Capacity Constraints at Haydock
- 1.21 The ELNA considers Scenarios 2 and 3 as the most likely to happen. Scenario 2 identifies a jobs growth of 7,011 FTE by 2033. Scenario 3 identifies a jobs growth of 5,774 FTE by 2033⁴.
- 1.22 The ELNA models the level of workforce growth arising from the employment sites. It uses commuting assumptions to model the number of those additional workers who would be expected to live within St Helens Borough. The ELNA takes an approach based on using the strategic employment sites as a means of improving the level of retention of workers within the Borough.

⁴ ELNA Tables 10 and 11

- 1.23 The ELNA estimates that the Borough's employment sites will therefore support a resident workforce growth of between 7,380 persons (Scenario 2) and 6,078 persons (Scenario 3) by 2033⁵.

The Purpose of this Report

- 1.24 This report has been produced in order to provide an updated assessment of housing needs in St Helens in accordance with the new National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG) which were published on the 24th July 2018. It provides comparison with OAN calculated on a basis which is consistent with the methodology of the LCR SHELMA and the St Helens ELNA, included where there may be scope for a higher OAN to support economic growth. It also takes account of the most up to date data published since the previous SHMA.
- 1.25 It considers the OAN using the standard method (current and proposed), as well as considering demographic-led housing need using the latest population projections (2016-based Sub National Population Projections (SNPP) published in June 2018) updated to reflect the latest mid-year population estimates (MYE) – data to 2017.
- 1.26 The report also considers the housing needed to support the potential growth in the Borough's workforce at proposed major employment sites proposed for release from the Green Belt, as identified in the St Helens ELNA. It also considers the growth in the non-employment land related workforce, as assessed in the LCR SHELMA.
- 1.27 Finally this report also considers the latest data relating to affordable housing need, provides an updated assessment of specialist housing needs, and for older persons and housing mix.

⁵ ELNA Table 16

2 HOUSING OAN STANDARD METHODOLOGY

The Standard Methodology

- 2.1 The revised National Planning Policy Framework (NPPF) was published on the 24th July 2018. The NPPF states 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 which also reflects current and future demographic trends and market signals.”* (para 60).
- 2.2 The standard method seeks to simplify the approach to housing need and has three components:
- Starting Point or Baseline;
 - Market Signals Adjustment; and
 - Cap.
- 2.3 The guidance states that projections of household growth should be the demographic baseline for each local authority using household projections to estimate levels of future growth. These projections are underpinned by Subnational Population Projections (SNPP). The guidance sets out that the annual average household growth over a 10 year period starting with the current year (2018-2028).
- 2.4 The baseline household growth is then modified to account for market signals, specifically the local median price of homes relative to local workplace median earnings. This data is published annually by the DCLG, with the most recent data from 2018 showing the data for 2017. In order to ensure that the proposed housing need is as deliverable as possible the housing need is capped at 40% above the housing target in adopted local plans where these plans are less than 5 years old. Where local plans are older than five years then the OAN is capped 40% above the higher of either the baseline growth from official projections or the annual housing requirement figure currently set out in their local plan.
- 2.5 The standard method, unlike the previous methodology for assessing housing need, does not take account of economic growth factors.

Demographic Baseline

- 2.6 The guidance states that projections of household growth should be the demographic baseline for each local authority, with the CLG household projections being the most robust estimates of future growth. The guidance suggests that the annual average household growth over a 10 year period should constitute the demographic baseline.

- 2.7 The table below shows the household growth projected in St Helens over the ten year period from 2018 to 2028. This shows the average annual household growth of 349 per annum. This equates to a 4.4% growth over this ten year period.

Table 1: Household Change, 2018-28 – 2016-based household projections

	Households 2018	Households 2028	% Growth	Average Annual Change
St. Helens	78.941	82.428	4.4%	349

Source: DCLG

Market Signals Adjustment

- 2.8 The standard methodology next seeks to adjust the demographic baseline on the basis of market signals. The adjustment increases the housing need where house prices are high relative to workplace incomes. This uses the published median affordability ratios from the Office for National Statistics the latest of which are from 2018 showing 2017 figures. In St Helens the affordability ratio is 5.59, meaning that median house prices are 5.59 times the median earnings of those working in St Helens.
- 2.9 The standard methodology applies an adjustment to the housing need derived from the household projections by 0.25% for every point the affordability ratio is above four (4.0). This is justified on the basis that four is the typical multiple used by mortgage providers to gauge affordability. The equations is as follows:

$$\text{Adjustment factor} = (\text{Local affordability ratio} - 4) / 4 \times 0.25$$

- 2.10 This results in an adjustment factor of 109.94% or an additional 9.94% which when applied to the demographic start point results in an **OAN using the standard method of 383 dpa for the period 2018 to 2028 using the 2016-based household projections.**

Capping

- 2.11 The final stage of the standard methodology is to cap the OAN to a level which is deliverable, however this is no applicable in St Helens' case as the market signals adjustment is less than 40%. Furthermore the St Helens LDF Core Strategy was adopted in 2012 making it more than five years old thus no capping should be applied to an out of date document.

Updating the Standard Method

- 2.12 The standard method figure as set out above is linked to the latest 2016-based household projections and an affordability ratios. However a further consultation on the standard methodology has taken place where it was suggested that the 2016-based projections were not fit for purpose.

This was in the context that when they are applied to the standard methodology the government's target of 300,000 dwellings per annum is not achieved.

2.13 As a consequence, the consultation document suggested that the starting point should revert to the previous 2014-based household projections which for most local authorities resulted in a higher housing need. There were no other suggested changes within the consultation document.

2.14 We have set out below the potential impact of these changes in St Helens should the proposed changes ever be adopted. As shown in the table below the start point increases from 349 dpa to 439 dpa.

Table 2: Household Change, 2018-28 – 2014-based household projections

	Households 2016	Households 2026	% Growth	Average Annual Change
St. Helens	79,227	83,612	5.5%	439

Source: DCLG

2.15 Once the final the adjustment factor of 9.94% is applied the OAN using the consultation standard method increases to 482 dpa for the period 2018 to 2028 using the 2014-based household projections. This is an increase of almost 100 homes per annum.

2.16 Given the lack of certainty around the above proposed changes, in particular when they are likely to be implemented, St.Helens Council intends to proceed with basing its housing target on the output of this work, taking note that (as of late 2018), this also aligned with the outputs of the Standard Method using the 2014-based data.

Deviation from the Standard Method

2.17 The new NPPF states 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 which also reflects current and future demographic trends and market signals.”* (para 60).

2.18 The revised draft PPG (September 2019), at paragraph 3 of the Housing Need Assessment section, answers the question “Is the use of the standard method for strategic policy making purposes mandatory?” with:

“No, if it is felt that circumstances warrant an alternative approach councils can expect this to be scrutinised more closely at examination. There is an expectation that the standard method will be used and that any other method will be used only in exceptional circumstances.”

2.19 It goes on to provides further details of when deviation from the standard method may be appropriate at paragraph 10:

“Where additional growth above historic trends is likely to or is planned to occur over the plan period, an appropriate uplift may be considered. This will be an uplift to identify housing need specifically and should be undertaken prior to and separate from considering how much of this need can be accommodated in a housing requirement figure. Circumstances where this may be appropriate include, but are not limited to:

- *where growth strategies are in place, particularly where those growth strategies identify that additional housing above historic trends is needed to support growth or funding is in place to promote and facilitate growth (e.g. Housing Deals);*

• where strategic infrastructure improvements are planned that would support new homes; where an authority has agreed to take on unmet need, calculated using the standard method, from neighbouring authorities, as set out in a statement of common ground;”

- 2.20 Where an alternative approach identifies a need above that identified by the standard method the draft guidance advised that the local housing need figure should be reflected as a range, with the lower end of the range being as a minimum the figure calculated using the standard method. However, this has not been included in the September 2019 PPG update.
- 2.21 When considering whether the identified need could be lower than the number identified by the standard method the draft PPG stated that *“Plan-making authorities should use the standard method for assessing local housing need unless there are exceptional circumstances to justify an alternative approach. Any deviation which results in a lower housing need figure than the standard approach will be subject to the tests of soundness and will be tested thoroughly by the Planning Inspectorate at examination. The plan-making authority will need to make sure that the evidence base is robust and based on realistic assumptions, and that they have clearly set out how they have demonstrated joint working with other plan-making authorities. In such circumstances, the Planning Inspector will take the number from the standard method as a reference point in considering the alternative method.”* (Draft PPG, p26).
- 2.22 Similarly, the updated PPG at paragraph 15 answers the question of how a different method would be tested at examination:

“Where a strategic policy-making authority can demonstrate an alternative approach identifies a need higher than that identified using the standard method for assessing local housing need, the approach should be considered sound as it will have exceeded the minimum starting point.

“Any alternative approach which results in a lower housing need figure than that identified using the standard method should in principle be considered to be unsound, on the basis that the minimum need has not been identified. The strategic policy-making authority will need to demonstrate, through a robust evidence base, that the lower need figure is based on realistic assumptions of demographic growth and that there are exceptional local circumstances to deviate from the standard method. This will be tested at examination.

3 DEMOGRAPHIC-LED HOUSING NEED

- 3.1 This section draws on and is consistent with assumptions used in the Liverpool City Region SHELMA. Key assumptions from the SHELMA are as set out in Sections 7 and 8 of that report. The analysis below considers demographic needs and the housing need when set against economic forecasts.

Demographic-led Housing Need

- 3.2 The latest – 2016-based – Sub-National Population Projections (SNPP) were published by ONS in May 2018 and 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 2016-based national population projections. The 2016-based SNPP are largely based on trends in the 2011-16 period (2010-16 for international migration trends). In due course (provisionally September 2018), ONS will publish new 2016-based household projections which will be underpinned by the 2016-based SNPP. In August 2018, when the calculations in this report were substantially updated, it was necessary to use data from the 2014-based household projections to apply to the 2016-based SNPP to provide outputs about household growth and housing need.
- 3.3 The SNPP are not forecasts and do not attempt to predict the impact that future government or local policies, changing economic circumstances or other factors might have on demographic behaviour. One exception to this is that, at a national level, international migration is not projected but forecast by an expert panel. The primary purpose of the subnational projections is to provide an estimate of the future size and age structure of the population of local authorities in England. These are used as a common framework for informing local-level policy and planning in a number of different fields as they are produced in a consistent way.
- 3.4 The SHELMA draws on older (2014-based) population and household projections in drawing conclusions about the need for housing in the City Region. For St Helens, this analysis suggests a need for 416 dpa in the 2012-37 period. The SHELMA does also provide some sensitivity projections by looking at different migration periods and also looking at Unattributable Population Change (UPC) but concludes that the official (CLG) household projections provide the best basis for assessing a demographic-based need. The SHELMA projection did include a small adjustment to the CLG figures, this was to take account of ONS mid-year population estimates (MYE) in the period to 2015.

3.5 This report seeks to update the SHELMA projections, but does not provide the full range of analysis in the SHELMA. For example, consistent assumptions have been made with regard to a number of projection inputs, such as with regard to vacancy rates and household representative rates.

3.6 The key differences in the analysis are:

- The projection period is 2016-33 (rather than 2012-37 as used in the SHELMA).
- The modelling additionally takes account of 2016-based SNPP and 2017 MYE, both of which were published after completion of the SHELMA.

3.7 The table below shows the housing need when using these updated assumptions, this shows a need for about 390-400 dpa in the 2016-33 period, slightly lower than the 416 figure set out in the SHELMA. The difference is partly due to the different time period covered and also due to the 2016-based SNPP projecting there to be a slightly lower level of future population growth (as well as some changes to the age structure profile) than the 2014-based SNPP.

Table 3: Projected housing need – St Helens, 2016-33

	Households 2016	Households 2033	Change in households	Per annum	Dwellings (per annum)
2016-based SNPP	78,254	84,696	6,442	379	391
2016-SNPP (+MYE)	78,254	84,812	6,558	386	398

Source: Demographic modelling

4 ECONOMIC-LED HOUSING NEED

- 4.1 The SHELMA also provided a number of projections set against a range of economic forecasts. In this SHMA Update a more bespoke approach has been taken for St Helens which draws on both a baseline economic forecast from Oxford Economics (OE) and the St Helens Employment Land Needs Assessment (ELNA) draft of October 2017 (and subsequently updated), produced by BE Group. As with the demographic need, key assumptions are taken from the SHELMA and this includes with regard to commuting patterns (although reference is also made to assumptions in the ELNA), double jobbing and change to economic activity.
- 4.2 The ELNA takes a supply-led approach to considering jobs growth based on a range of data to estimate the jobs yield of the Borough's employment sites. The ELNA considers 3 scenarios that set out three different rates at which sites could be built out and jobs created – 1 is the quickest, 2 is the middle option and 3 is the slowest, taking account of possible infrastructure constraints. The ELNA concludes that Scenarios 2 and 3 as the most likely to happen. We have therefore modelled the implications of these scenarios. Scenario 2 identifies a jobs growth of 7,380 jobs by 2033. Scenario 3 identifies a jobs growth of 6,078 jobs by 2033.
- 4.3 However, these jobs growth figures only include the types of jobs which would be located on employment (B Class) sites. For the purposes of modelling future housing need we need to consider the Borough's total workforce growth.
- 4.4 For jobs which occur on employment (B Class) sites we have used the above figure from the ELNA. For other (non-B Class) employment we have used figures from the OE forecasts used in the SHELMA. This has been disaggregated in accordance with the employment land demand modelling assumptions used in the SHELMA which disaggregate jobs growth by employment type. For each sector, an estimation is made as to the proportion of jobs in that sector which would be located on each type of B Class employment land or other use class. This is based on an analysis of the Borough's existing sectoral jobs mix based on detailed (5 digit SIC) subclass. The SHELMA baseline forecast shows a growth of 3,018 non-B Class jobs over the period 2016-33.
- 4.5 In addition to direct jobs growth, the SHELMA jobs growth forecasts include jobs growth multipliers which reflect the fundamental economic relationships which interlink the various elements of the forecast. Growth in B Class employment has a knock on effect on non-B Class employment (e.g. via increased retail and leisure expenditure, services, commuting, etc.). These multipliers have been calculated in accordance with the modelling assumptions consistent with the SHELMA, and applied to the jobs growth figures from the ELNA. For Scenario 2 this implies an additional 1,569 non-B Class jobs over the period 2016-33. For Scenario 3 this figure is 1,293.

4.6 This hybrid process results in the following jobs growth for St Helens:

Table 4: Jobs Growth, St Helens 2016-33

Jobs	Source	Scenario 2	Scenario 3
B Class Jobs	ELNA	7,380	6,078
Non-B Class Jobs	SHELMA	4,587	4,311

Source: ELNA and SHELMA

4.7 As with the SHELMA, this study seeks to take data from employment forecasts and then estimate what level of labour-supply growth would be needed so that the additional jobs are filled. Once a labour-supply need is established, demographic modelling makes adjustments to migration levels so that the labour-supply is equal to that required, the population outputs from the model are then used (in the same way as for demographic projections) to estimate what level of housing growth this would equate to. The first step in the analysis is to estimate the labour-supply growth.

4.8 The ELNA models the level of workforce growth arising from the employment sites. It uses constant commuting assumptions to model the number of those additional workers who would be expected to live within St Helens Borough.

4.9 For the non-B Class jobs growth, commuting assumptions from the SHELMA are used. The SHELMA uses commuting patterns based on 2011 Census data which shows St Helens has an overall commuting ratio 1.21 – in other words the Borough has a considerable level of out-commuting.

4.10 The table below shows the estimated number of additional resident workforce needed for the jobs shown above to be filled. Overall the table shows that between 7,622 and 8,503 of the jobs would be filled by people living in the Borough.

Table 5: Estimate of number of jobs filled by residents of St Helens

	Scenario 2	Scenario 3
B Class Jobs	2,959	2,412
Non-B Class Jobs	5,544	5,210
Total additional workforce	8,503	7,622

Source: Derived from a range of sources

4.11 This is not exactly the same as the resident labour-supply as it is additionally assumed that some people will have more than one job. To convert the number of jobs filled by local residents into the number of people, an additional allowance for double jobbing has been applied. In St Helens it is estimated that around 2.7%⁶ of workers have a second job and so all of the figures in the table above have been reduced by this percentage. Overall it is estimated that the resident labour-supply

⁶ SHELMA Table 33

would need to increase by between 7,415 and 8,272 for there to be sufficient labour-supply for the forecast jobs to be filled.

Table 6: Estimate of growth in the resident labour-supply required to ensure the forecasts jobs are filled

	Scenario 2	Scenario 3
B Class Jobs	2,879	2,347
Non-B Class Jobs	5,393	5,068
Total additional workforce	8,272	7,415

Source: Derived from a range of sources

- 4.12 An additional adjustment could be made to project for potential changes to unemployment. However, as of 2016, it is considered that unemployment was fairly low and further significant improvements are unlikely.
- 4.13 To convert the above labour-supply changes into a population projection, migration assumptions within the modelling have been changed so that across the local authority the increase in the economically active population matches the increase in the resident workforce required. The changes to migration have been applied on a proportionate basis; the methodology assumes that the age/sex profile of both in- and out-migrants is the same as underpins the SNPP with adjustments being consistently applied to both internal (domestic) and international migration. Adjustments are made to both in- and out-migration (e.g. if in-migration is increased by 1% then out-migration is reduced by 1%). Once the level of economically active population matches the job growth forecast, the population (and its age structure) is modelled against CLG headship rates to see what level of housing provision that might imply.
- 4.14 One key part of this analysis is around how **economic activity** might change in the future, the assumptions used in this report are the same as in the SHELMA⁷ – essentially this assumes that the economic activity rate increases above the baseline position (as set out by OE) and rises to half of the difference between the current rate and the national average rate by 2037. The date of 2037 is used to be consistent with the SHELMA and it should therefore be noted that the full improvement assumed in the analysis has not taken place by the end of the projection period used in this SHMA Update (2016-33).
- 4.15 The table below shows the housing need associated with the two economic-based scenarios, this shows an annual need for between 479 and 514 dpa depending on the scenario used.

⁷ SHELMA Paragraph 8.25 and Appendix C

Table 7: Projected housing need – linked to economic forecasts

	Households 2016	Households 2033	Change in households	Per annum	Dwellings (per annum)
Scenario 2	78,254	86,739	8,485	499	514
Scenario 3	78,254	86,160	7,906	465	479

Source: Demographic modelling

- 4.16 Both Scenarios result in higher housing need figures than that identified in the demographic-led approach which shows a need for 390-400 dpa.

Economic Sensitivity Scenarios

- 4.17 The figures in the analysis above take account of B Class jobs figures which align with the St Helens ELNA (BE Group). BE Group has considered alternative St Helens employment scenarios where particular sites do not come forward for different reasons. Four Options are considered as set out in the table below:

Table 8: Economic sensitivity scenarios

Sensitivity	Description
Option 1	Remove Omega South (EA1 ⁸)
Option 2	Remove EA1 and Land at Millfield Ln and Liverpool Rd, Haydock (EA7)
Option 3	Remove EA1 and Land North East of Junction 23 M6, Haydock (EA4)
Option 4	Remove EA1, EA7 and EA4

Source: BE Group (2018)

- 4.18 These Options consider possible scenarios where certain employment sites do not come forward and therefore would not contribute to the Borough's workforce growth. Using consistent commuting assumptions to those used in the main analysis, these Options would entail a range of lower levels of workforce growth in St Helens. New workforce figures for each of the Options are set out in the table below. These figures provide sensitivities which can be considered as alternatives for the 'Total additional workforce' figures in Table 4 above.

Table 9: Estimate of number of jobs filled by residents of St Helens – sensitivity scenarios

	Scenario 2	Scenario 3
Option 1	8,417	7,537
Option 2	8,106	7,381
Option 3	7,797	7,270
Option 4	7,486	7,114

Source: Derived from a range of sources

⁸ Please note: these reference numbers refer to the reference numbers used in the Local Plan Preferred Options of December 2016

4.19 Using the same methodology as the main analysis, the sensitivity scenarios have been used to estimate the quantum of housing needed to support the workforce growth in each option. The outputs are shown in the table below. The options show a need for between 474-511 dpa for Scenario 2, and for between 459-476 dpa for Scenario 3.

Table 10: Projected housing need resulting from economic sensitivity scenarios

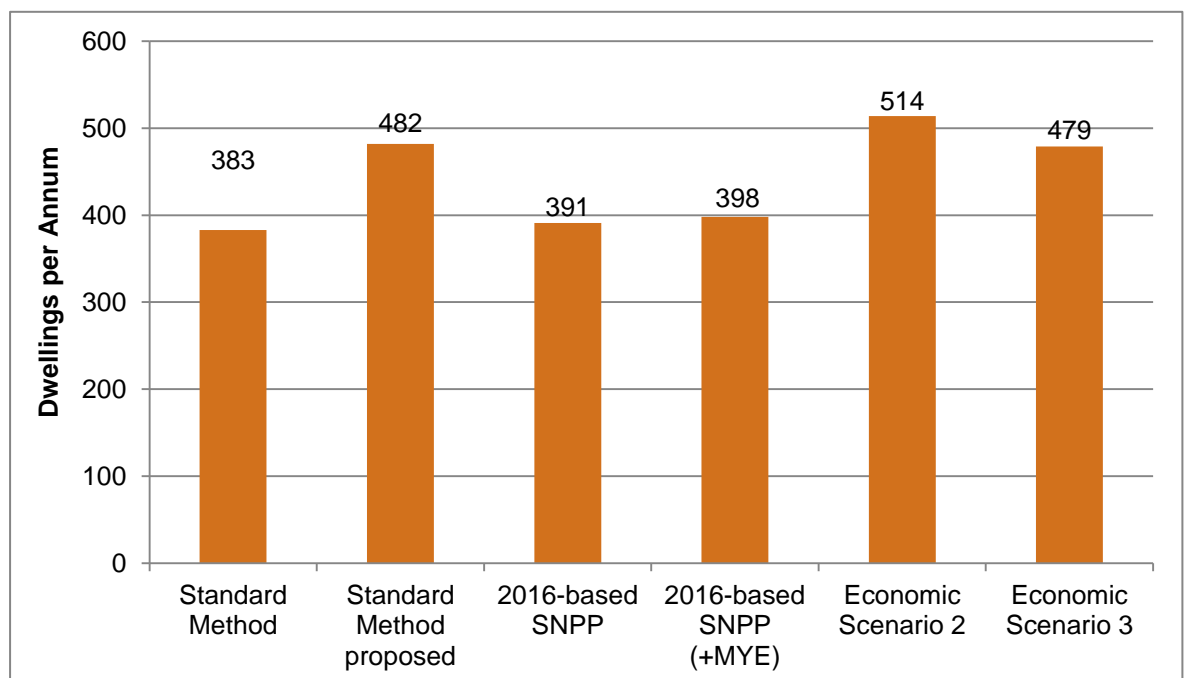
		Households 2016	Households 2033	Change in households	Per annum	Dwellings (per annum)
Option 1	Scenario 2	78,254	86,683	8,429	496	511
	Scenario 3	78,254	86,104	7,850	462	476
Option 2	Scenario 2	78,254	86,479	8,225	484	499
	Scenario 3	78,254	86,001	7,747	456	470
Option 3	Scenario 2	78,254	86,275	8,021	472	486
	Scenario 3	78,254	85,928	7,674	451	465
Option 4	Scenario 2	78,254	86,071	7,817	460	474
	Scenario 3	78,254	85,825	7,571	445	459

4.20 All four options result in higher housing need figures than both the identified in the demographic-led approach, which shows a need for 390-400 dpa, and the Standard Method figure of 383 dpa in its current guise. However should the consultation to the standard methodology be adopted then this increases to 482 and only Scenario 2 in Option 1,2 and 3 exceed it with the last of these being almost identical. This should be borne in mind by the Council to ensure alignment between economic and housing growth if this Option and Scenario are planned for.

Scenarios for Housing OAN: Key Messages

- The previous sections have provided several approaches to calculating OAN for housing. The range of housing need figures identified in each scenario is set out in the table below.
- The standard method, when using the 2016-based Household Projections, identifies a need for 383 dpa, which is lower than the other demographic-based forecasts. This compares to a need of 482 using the 2014-based Household Projections and the latest affordability ratio as per the consultation on the standard methodology.
- Economic Scenario 2 results in a need for 514 dpa suggesting that should the Council plan for this level of economic growth a housing OAN in the range of 504-514 dpa would be appropriate. Economic Scenario 3 results in a need for 479 dpa, hence should the Council plan for this level of economic growth, the consultation standard method would provide sufficient housing to support this without any uplift.
- Additionally, the analysis contains a range of sensitivity options which vary based on different employment sites failing to come forward during the plan period. These identify a range of housing need for Scenario 2 ranging from 474-511 dpa; and for Scenario 3 ranging from 459-476 dpa.

Figure 1: Comparison of Housing Needs Scenarios



5 AFFORDABLE HOUSING NEED

Introduction

- 5.1 Affordable housing is defined in Annex 2 of the NPPF2. The new NPPF definition is slightly wider than the previous NPPF definition; in particular a series of 'affordable home ownership' options are considered to be affordable housing.
- 5.2 At the time of writing, no new Planning Practice Guidance had been published relating to the measurement of affordable housing need, although it can reasonably be expected that any guidance will be similar to that set out in draft in March 2018. The draft PPG describes the calculation of affordable housing need as relating to *'the number of households and projected households who lack their own housing or who cannot afford to meet their housing needs in the market'*.
- 5.3 A methodology is set out in the draft PPG to look at affordable need, this is largely the same as the previous PPG method and does not really address the additional (affordable home ownership) definition. The analysis below is therefore split between the current definition of affordable need and the additional definition. The first few sub-sections below deal with the existing definition of affordable need.

Methodology and Sources Overview

- 5.4 The table below sets out the main aspects of analysis and provides a description of the sources used. Key topics for updating are then discussed in subsequent sections.

Table 11: Affordable Needs Model – core analysis and sources

Aspect of analysis	Sources	Notes
Lower quartile private sector rents	Valuation Office Agency (VOA) data for the year to March 2018	Used to establish the entry level cost of housing. Although in theory entry levels could also be the lower quartile sales price this would be highly unusual.
Incomes	ONS small area income estimates, English Housing Survey (EHS), Annual Survey of Hours and Earnings (ASHE)	Used to estimate the average household income in 2017 and the distribution of income. Different distributions are developed for different household groups (e.g. newly forming households)
Affordability ratio	Valuation Office Agency (VOA) data for the year to March 2018	Consideration of the relative cost of housing in the area compared with national benchmarks. In the case of St Helens the analysis suggests that spending 25% of income on housing is an appropriate affordability threshold
Current need	2011 Census, CLG live table 784 (homelessness), EHS, income and housing cost data	Analysis using the categories of need set out in 2a-023 and 2a-024 of the PPG (along with affordability testing)
Future need (newly forming households)	Demographic projections – number of newly forming households aged under 45, income and housing cost data	Analysis consistent with 2a-025 of PPG, including affordability testing
Future need (existing households)	Continuous Recording of Sales and Lettings (CoRe), income and housing cost data	Analysis consistent with 2a-025 of PPG, including affordability testing
Supply of affordable housing (through relets)	CoRe	Takes account of newbuild and transfers. Figures are only for social and affordable rented housing and are based on trends in lettings over the 2014-17 period.

Updating

5.5 The last full assessment of affordable housing need was carried out as part of the Mid Mersey SHMA (dated January 2016) with this report providing a selected update to key variables where new information is available. The methodology used in the previous assessment is broadly similar and a full description of the methodology can be found in that document. Specifically, this assessment seeks to update the following variables:

- Housing costs (private sector rent levels) – drawing on the latest Valuation Office Agency data covering a 12-month period to March 2018;
- Income data – taking account of new data about local incomes (including information from the Annual Survey of Hours and Earnings (2017) and small area income estimates from ONS (published in December 2016);
- Estimates of the number of newly forming households – this is a direct output of the demographic modelling; and;

- Estimates of the supply of affordable housing from relets – taken from Continuous Recording of Lettings data (CoRe) up to 2017.

5.6 Other more minor changes have been made; for example estimates of the current need for affordable housing have been updated but this does not substantially change the figures. The text below therefore discusses the main updating undertaken in the assessment.

Rent levels

5.7 An important part of the study is to establish the entry-level costs of housing. In previous assessments, it has been established that the private rented sector typically requires lower incomes to access than owner-occupation and so the focus is on costs in this sector. The affordable housing needs assessment compares 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’.

5.8 The entry-level costs of housing have been established from Valuation Office Agency (VOA) data. For the purposes of analysis (and to be consistent with Paragraph 25 of the PPG (2a-025)), lower quartile (LQ) rents have been taken to reflect the entry-level point into the market – the data covers a 12-month period to March 2018. The analysis also compares this data with equivalent information from the 2016 SHMA (which was based on a 12-month period to 2015). The analysis shows some increases in rents (for room only accommodation and homes with 3 or more bedrooms) but that the overall lower quartile monthly rent in the Borough has not changed.

Table 12: Lower quartile private rents by size (year to March 2015/2018) – per month

	Year to March 2015	Year to March 2018	Change in monthly rent	% change
Room only	£280	£300	£20	7%
Studio	-	£250	-	-
1 bedroom	£349	£350	£1	0%
2 bedrooms	£420	£425	£5	1%
3 bedrooms	£476	£535	£59	12%
4+ bedrooms	£650	£725	£75	12%
All dwellings	£425	£425	£0	0%

Source: Valuation Office Agency (2018)

5.9 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, CLG guidance (of 2007) suggested that 25% of income is a reasonable start point but also notes 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).

- 5.10 The threshold of income to be spent on housing should be set by asking the question ‘what level of income is expected to be required for a household to be able to access market housing without the need for a subsidy (e.g. through Housing Benefit)?’ The choice of an appropriate threshold will to some degree be arbitrary and will be linked to the cost of housing rather than income. Income levels are only relevant in determining the number (or proportion) of households who fail to meet the threshold. It would be feasible to find an area with very low incomes and therefore conclude that no households can afford housing, alternatively an area with very high incomes might show the opposite output. The key here is that local income levels are not setting the threshold, but are simply being used to assess how many can or can’t afford market housing.
- 5.11 Rent levels in St Helens are generally low in comparison to those seen nationally (a lower quartile rent of £520 per month across England). This would suggest that a proportion of income to be spent on housing would be at the bottom end of the range. In the previous SHMA a threshold of 25% was used; given that there has been no change in overall private rental housing costs over the past two years it seems prudent for consistency to continue using this figure.

Incomes

- 5.12 Following on from the assessment of local housing costs 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); the analysis also provides an indication of the potential for intermediate housing to meet needs. Data about total household income has been modelled on the basis of a number of different sources of information to provide both an overall average income and the likely distribution of income. The key sources of data include:
- ONS modelled income estimates (published in December 2016 with a 2013/14 base) – this information is provided for middle layer super output areas (MSOA) and is therefore used to build up to local authority areas. Consideration has also been given to earlier ONS estimates to recognise the error margins associated with this source (i.e. a better view can be gained from looking at a range of outputs);
 - English Housing Survey (EHS) – to provide information about the distribution of incomes;
 - Annual Survey of Hours and Earnings (ASHE) – to assist in looking at how incomes have changed since the ONS base date.
- 5.13 Drawing all of this data together, an income distribution for 2017 has been constructed. The table below shows the average (mean) income and a comparison with the equivalent figure in the previous assessment (which has a 2014 base). It can be seen that the incomes assumed in this report are higher than the previous assessment (up 9%). This difference will in part reflect a higher

estimate of income from the new ONS source, as well as any wage increases seen over the period studied.

Table 13: Average (mean) household income estimate

	2014 estimate	2017 estimate	% change
St Helens	£30,194	£35,952	19%

Source: Derived from a range of data as discussed

- 5.14 To assess affordability, a household's ability to afford private rented housing without financial support has been studied. The distribution of household incomes is then used to estimate the likely proportion of households who are unable to afford to meet their needs in the private sector without support, on the basis of existing incomes. This analysis brings together the data on household incomes with the estimated incomes required to access private sector housing.
- 5.15 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 (this has consistently been shown to be the case in the English Housing Survey and the Survey of English Housing)). Assumptions about income levels for specific elements of the modelling are the same as in previous assessments of affordable need.

Newly forming households

- 5.16 The number of newly-forming households has been estimated through the 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 (e.g. the analysis considers the number of households aged under 45 in a particular year and subtracts the number aged under 40 five-years previously – this provides an indication of the number of new household (i.e. that didn't exist five years earlier). This differs from numbers presented in the demographic projections which are for net household growth.
- 5.17 The numbers of newly-forming households are limited to households forming who are aged under 45 – this is consistent with CLG guidance (from 2007 – see Annex B) which notes after age 45 that headship (household formation) rates 'plateau'. The PPG does not provide any specific guidance on how to calculate the number of newly forming households. 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.
- 5.18 Using the updated projections in this report, it is estimated that around 1,431 new households are likely to form per annum in the 2016-33 period – this figure is slightly higher than the 1,347 figure

modelled in the Mid Mersey SHMA, and may in part be due to looking at a slightly different time period.

Supply of affordable housing from relets

- 5.19 The final key area of updating is around the supply of affordable housing from relets of current stock. For this analysis, information has been taken from CoRe for the 2014-17 period. The table below provides a summary of the calculation carried out, which includes data from both general needs and supported lettings. The methodology employed is the same as in the Mid Mersey SHMA and includes removing from the supply any ‘temporary’ supported lettings (such as in hostels). Overall the table suggests a potential future supply of 1,173 homes, lower than the equivalent figure in the Mid Mersey SHMA of 1,365 homes per annum.

Table 14: Estimates supply of affordable housing – based on data for the 2014-17 period

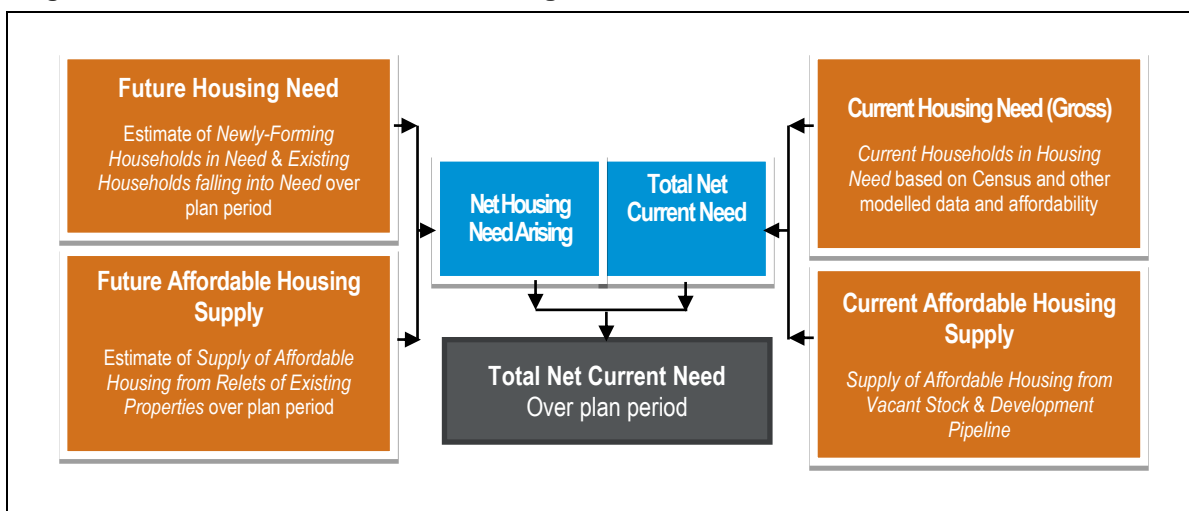
	General needs	Supported housing	Total
Total lettings	1,348	723	2,071
% as non-newbuild	95.4%	98.0%	96.3%
Lettings in existing stock	1,285	709	1,994
% non-transfers	64.1%	64.5%	64.3%
Lettings to new tenants	824	457	1,281
% non-temporary lettings	100%	76.3%	91.6%
Total lettings	824	349	1,173

Source: Derived from CoRe data

Affordable Housing Needs Assessment

- 5.20 Affordable housing need has been assessed using the methodology set out in the PPG. This model is summarised in the figure below.

Figure 2: Overview of affordable housing needs model



5.21 The table below shows the overall calculation of affordable housing need. This excludes supply arising from sites with planning permission (the ‘development pipeline’) to allow for a comparison with the demographic projections set out in the report. The analysis has been based on meeting affordable housing need over the 17-year period from 2016 to 2033. Whilst most of the data in the model are annual figures the current need has been divided by 17 to make an equivalent annual figure.

5.22 As the table sets out, the analysis calculates an overall need for affordable housing of 117 units per annum over the 17-years to 2033 in St Helens. The net need is calculated as follows:

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

Table 15: Estimated Annual Level of Affordable Housing Need

	Per annum	2016-33
Current need	74	1,253
Newly forming households	632	10,752
Existing households falling into need	584	9,925
Total Gross Need	1,290	21,930
Supply	1,173	19,943
Net Need	117	1,987

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

Comparison with previous assessments of affordable housing need

5.23 The analysis above can be compared with the previous assessment undertaken in the SHMA (which had a base date of 2014). The table below shows a summary of the key outputs from each of these assessments and it should be noted that some small adjustments have been made to the

data in the previous SHMA to ensure consistency of approach with this report; this includes looking at the current need over a 17-year period and also excluding the pipeline supply.

- 5.24 The analysis seems to be showing that the affordable need has declined slightly over time; however, the reality is that figures can vary and are specific to the point at which the analysis is undertaken. Given that the net need is a function of two large numbers (gross need and gross supply) it can be seen that small changes can have quite a notable impact on the bottom line needs estimate.
- 5.25 When looking in detail at the specific figures for individual components of need, it can be seen that the key difference is a reducing level of existing households falling into need (although this is partially offset by the reduction in supply). Overall, the difference in both gross need (1,497 vs. 1,290) and gross supply (1,307 vs. 1,173) are not substantial.

Table 16: Comparing assessments of affordable housing need in St Helens

	SHMA (2014-base)	This study (2016-base)
Current need	83	74
Newly forming households	713	632
Existing households falling into need	701	584
Total Need	1,497	1,290
Supply from existing stock	1,365	1,173
Net Need	132	117

Source: This study and 2015 SHMA

Affordable Housing – Expanded NPPF Definition

- 5.26 Using the traditional method to look at affordable need, it was estimated that there is a need for around 117 units per annum – this is for subsidised housing at a cost below that to access the private rented sector (i.e. for households unable to access any form of market housing without some form of subsidy). This level of need notionally represents about 20% and 30% of all housing required in the Borough. It would be expected that this housing would be delivered primarily as social/affordable rented housing.
- 5.27 The new NPPF introduces a new category of household in affordable housing need, and widens the definition of affordable housing (as found in the NPPF – Annex 2). It is considered that households falling into the definition would be suitable for Starter Homes or Discounted market sales housing, although other forms of affordable home ownership (such as shared ownership) might also be appropriate.
- 5.28 This section considers the level of need for these types of dwellings in St Helens, as a proportion of overall housing delivery. The NPPF states “*Where major development involving the provision of*

housing is proposed, planning policies and decisions should expect at least 10% of the 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.” (NPPF, para 64).

- 5.29 The extended the definition of affordable housing includes households who are able to access the private rented sector but who cannot afford to buy. In St Helens there is limited evidence for a need for this type of housing; this is mainly due to the fact that second-hand housing to buy would require a similar level of income as renting an equivalent private sector home. In the year to March 2018, the ‘average’ lower quartile private rent is shown by VOA to cost £425 a month, assuming a household spends no more than 25% of income on housing, this would equate to an income requirement of about £20,400. For the same period, Land Registry data records a lower quartile price in the Borough of £84,000, which (assuming a 10% deposit and 4 times mortgage multiple) would equate to an income requirement of £18,900.
- 5.30 Given that the income to buy is less than the income to rent, it would be reasonable to conclude that there is no need to provide housing under the new definition of ‘affordable home ownership’. However, it does seem that there are some households in St Helens 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 146% 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 slightly (by 6%).
- 5.31 It seems likely in St Helens 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 being due to the actual cost of housing. It may therefore be the case that providing some ‘affordable home ownership’ properties would assist in getting some households out of the private rented sector – this could be achieved by signposting potential purchasers to schemes such as Help-to-Buy, or by encouraging developers to provide some form of equity support. If this could be achieved then it may be reasonable for up to 10% of homes to fall into the affordable home ownership category (10% being the Government expectation moving forward).
- 5.32 If there are to be properties sold as affordable home ownership, it will also be important to set these at a price point where there is a likelihood that a reasonable number of households will be able to afford (subject to issues around access to capital for example). The table below sets out a suggest purchase price for affordable home ownership in the Borough. The figures are based on trying to roughly equate a sale price with an equivalent access point to the private rental market. This shows

a one bedroom home 'affordable' price of £75,000, rising to £155,000 for homes with 4 or more bedrooms.

Table 17: St Helens affordable home ownership prices (aligned with cost of accessing private rented sector) – data for year to March 2018

Size	Sale price
1-bedroom	£75,000
2-bedroom	£91,000
3-bedroom	£114,000
4+-bedroom	£155,000

Source: derived from VOA data

- 5.33 Overall, this analysis suggests that the additional categories of affordable housing set out in Annex 2 of the NPPF are unlikely to meet any need in St. Helens; put simply, the typical cost of housing to buy in the Borough (in the second-hand market) is sufficiently affordable such that there is no need for a discounted new build product. There may be cases where the Council could accept 'affordable home ownership'; for example where this supports viability or to help diversify stock in some areas. However, the analysis is clear that the majority (all) additional affordable homes should be of a rented tenure.

Affordable Housing Needs: Key Messages

- This section updates the last full assessment of affordable housing needs (Mid Mersey SHMA, Jan 2016) where new information is available. Specifically, it updates the following variables:
 - Rent levels – rents in St Helens are generally low in comparison to national rates. This suggests that the proportion of income to be spent on housing would at the low end of the range, 25% is considered appropriate.
 - income data – the latest (2017) household income data shows the average annual income in the Borough is £35,952 – an increase of 19% since 2014.
 - Estimates of the number of newly forming households using the updated projections – it is estimated that around 1,431 new households are likely to form per year in the 2016-33 period.
 - Estimates of the supply of affordable housing from re-lets – this identifies a potential future supply of 1,173 homes.
- The overall need for affordable housing is set out in the table below. The gross need is calculated as the current existing need plus any future need arising from newly-forming households and existing households falling into need. Net need is calculated using the gross need minus the supply of affordable housing. The analysis calculates a net need for affordable housing of 117 units per annum over the 17-years to 2033 in St Helens.

Table 18: Estimated Annual Level of Affordable Housing Need

	Per annum	2016-33
Current need	74	1,253
Newly forming households	632	10,752
Existing households falling into need	584	9,925
Total Gross Need	1,290	21,930
Supply	1,173	19,943
Net Need	117	1,987

- This net affordable housing need figure is slightly lower than that in the previous SHMA (base date of 2014) which showed a net need for 132 dpa. Overall, the difference in both gross need (1,497 vs. 1,290) and gross supply (1,307 vs. 1,173) are not substantial between the two assessments.
- Overall, this analysis suggests that the additional categories of affordable housing set out in Annex 2 of the NPPF are unlikely to meet any need in St. Helens; put simply, the typical cost of housing to buy in the Borough (in the second-hand market) is sufficiently affordable such that there is no need for a discounted new build product.
- However, it seems likely in St Helens that access to owner-occupation is being restricted by access to capital as well as potentially some mortgage restrictions rather than being due to the actual cost of housing. Providing some 'affordable home ownership' properties could potentially assist in getting some households out of the private rented sector – this could be achieved by signposting potential purchasers to schemes such as Help-to-Buy, or by encouraging developers to provide some form of equity support. If this could be achieved then it may be reasonable for up to 10% of homes to fall into the affordable home ownership category.

6 HOUSING TECHNICAL STANDARDS – OLDER PERSONS NEEDS

Introduction

- 6.1 Planning Practice Guidance note paragraph 56 (Housing: optional technical standards) sets out how local authorities can gather evidence to set requirements on a range of issues (including accessibility and wheelchair housing standards, water efficiency standards and internal space standards). This section looks at the first two of these (i.e. accessibility and wheelchair housing) as well as considering the specific needs of older people.
- 6.2 The PPG sets out that the reason for the approach to setting standards is designed to ‘rationalise the many differing existing standards into a simpler, streamlined system which will reduce burdens and help bring forward much needed new homes’ (56-001) and that ‘local planning authorities will need to gather evidence to determine whether there is a need for additional standards in their area’ (56-002).
- 6.3 The PPG sets out that local authorities should be using their assessment of housing need (and other sources) to consider the need for M4(2) (accessible and adaptable dwellings), and/or M4(3) (wheelchair user dwellings), of the Building Regulations. It sets out that there are a range of published statistics which can be considered, including:
- the likely future need for housing for older and disabled people (including wheelchair user dwellings);
 - size, location, type and quality of dwellings needed to meet specifically evidenced needs (for example retirement homes, sheltered homes or care homes);
 - the accessibility and adaptability of existing housing stock;
 - how needs vary across different housing tenures; and
 - the overall impact on viability.
- 6.4 This section of the report draws on a range of statistics, including those suggested in the PPG (for which the Government has provided a summary data sheet ‘Guide to available disability data’) – termed the Guide in analysis to follow. The discussion below begins by looking at older persons’ needs.
- 6.5 Additionally, for some analysis it is necessary to project the population forward. Reference for this is made to the 2016-based subnational population projections (SNPP) and the demographic projections developed in this study (including based on the SNPP plus MYE data and also a model developed based on economic growth forecasts).

Current Population of Older People (2016 base-date)

- 6.6 The table below provides baseline population data about older persons and compares this with other areas. The data for has been taken from the published ONS mid-year population estimates and is provided for age groups from 65 and upwards; the data is for 2016 to reflect the latest published data for local authority areas and above. The data shows, when compared with both the region and England, that the Borough has a slightly higher proportion of older persons. In 2016, it is estimated that 20% of the population of the Borough was aged 65 or over.

Table 19: Older Person Population (2016)

		Under 65	65-74	75-84	85+	Total	Total 65+
St Helens	Popn	142,448	20,478	11,662	3,892	178,480	36,032
	% of popn	79.8%	11.5%	6.5%	2.2%	100.0%	20.2%
North West	% of popn	81.7%	10.1%	5.9%	2.3%	100.0%	18.3%
England	% of popn	82.1%	9.8%	5.7%	2.4%	100.0%	17.9%

Source: ONS 2016 Mid-Year Population Estimates

Future Change in the Population of Older Persons

- 6.7 As well as providing a baseline position for the proportion of older persons in the Borough, population projections can provide an indication of how the numbers might change in the future compared with other areas. The data presented below uses the 2016-based SNPP for consistency across areas and runs from 2016 to 2033 to be consistent with other analysis developed in this report – the data for St Helens includes the updating to take account of 2017 MYE data.
- 6.8 The data shows that the Borough is expected to see a notable increase in the older person population with the total number of people aged 65 and over expected to increase by 27% over the 20-years from 2016; this compares with overall population growth of 4.0% and a decrease in the Under 65 population of 1.9%. The proportionate increase in the number of older people in the Borough is lower than projected for the region and England, this will however be influenced by the lower overall projected level of population growth and the fact that the Borough already has a large older person population.

Table 20: Projected Change in Population of Older Persons (2016 to 2033) – 2016-based SNPP

	Under 65	65-74	75-84	85+	Total	Total 65+
St Helens	-1.9%	13.2%	33.4%	83.7%	4.0%	27.3%
North West	-1.2%	21.2%	37.9%	68.8%	5.0%	32.5%
England	2.6%	26.2%	44.5%	73.1%	9.0%	38.3%

Source: ONS subnational population projections (2016-based) and demographic modelling

6.9 In total population terms, the projections show an increase in the population aged 65 and over of 9,900 people, this is against a backdrop of an overall increase of 7,100 and a decrease in the population aged under 65 of 2,700.

Table 21: Projected Change in Population of Older Persons (2016 to 2033) – 2016-based SNPP (+MYE)

	2016 population	2033 population	Change in population	% change
Under 65	142,448	139,745	-2,703	-1.9%
65-74	20,478	23,180	2,702	13.2%
75-84	11,662	15,552	3,890	33.4%
85+	3,892	7,151	3,259	83.7%
Total	178,480	185,628	7,148	4.0%
Total 65+	36,032	45,883	9,851	27.3%

Source: ONS subnational population projections (2016-based) and demographic modelling

6.10 The figures above are all based on the latest (2016-based) SNPP (+MYE). It is possible to also show how the outputs would be expected to change under different scenarios. The table below shows a similar analysis when linked to the economic-based projection scenario. In this case there is still a significant ageing of the population but there is now an increase in the population aged under 65. The large change in the under 65 age group relative to older groups reflects the migration assumptions, migration being largely concentrated in typical working-age groups (and their associated children).

Table 22: Projected Change in Population of Older Persons (2016 to 2033) – economic-based projection scenario

	2016 population	2033 population	Change in population	% change
Under 65	142,448	144,262	1,814	1.3%
65-74	20,478	23,399	2,921	14.3%
75-84	11,662	15,652	3,990	34.2%
85+	3,892	7,203	3,311	85.1%
Total	178,480	190,516	12,036	6.7%
Total 65+	36,032	46,254	10,222	28.4%

Source: Demographic Projections

Older Persons' Housing Needs

6.11 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 analysis in this section draws on data from the Housing Learning and Information Network (Housing LIN) along with demographic projections to provide an indication of the potential level of additional specialist housing that might be required for older people in the future.

6.12 A toolkit has been developed by Housing LIN, in association with the Elderly Accommodation Council and endorsed by the Department of Health, to identify potential demand for different types of specialist housing for older people and model future range of housing and care provision. It suggests that there should be around 170 units of specialised accommodation (other than registered care home places) per thousand people aged over 75 years.

6.13 The table below shows the change in the population aged 75 and over and what this would mean in terms of provision at 170 units per 1,000 population. The analysis shows a potential need for around 1,200 units – 70 per annum in the 2016-33 period – this is between 14% and 18% of the total need identified in household projections (a range from 398 to 541 dwellings per annum).

Table 23: Projected need for Specialist Housing for Older People (2016-33)

	2016-based SNPP (+MYE)	Linked to economic growth
Population aged 75+ (2016)	15,554	15,554
Population aged 75+ (2033)	22,702	22,855
Change in population aged 75+	7,148	7,301
Specialist housing need (@ 170 units per 1,000)	1,215	1,241
Per annum need (2016-33)	71	73

Source: Derived from demographic projections and Housing LIN

6.14 The Housing LIN source also suggests a broad tenure split of 40% rented housing (affordable housing) and 60% in the market (including shared ownership)⁹ - this is likely to be a reasonable tenure split to consider in St Helens. Within the 170 units per 1,000 population in the Housing LIN data, an indicative split is provided between sheltered housing, enhanced sheltered and extra-care. In reality, most additional specialist housing can be expected to be within the extra-care category, this is because many areas already have a notable supply of sheltered accommodation.

Registered Care Bedspaces (C2 use class)

6.15 As well as the need for specialist housing for older people the analysis needs to consider Registered Care. As with the analysis of potential need for specialist accommodation, the analysis below considers changes to the number of people aged 75 and over who are expected to be living in some form of institutional housing. This is a direct output of demographic modelling which indicates an increase of 470-480 people living in institutions over the 2016-33 period (28 per annum).

⁹ See: http://www.housinglin.org.uk/library/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf

Table 24: Potential Need for Residential Care Housing

	2016-based SNPP (+MYE)	Linked to economic growth
Institutional population aged 75+ (2016)	846	846
Institutional population aged 75+ (2033)	1,316	1,326
Change in institutional population aged 75+	470	480
Per annum 'need' (2016-33)	28	28

Source: Derived from demographic projections

Health Related Population Projections

- 6.16 In addition to providing projections about how the number and proportion of older people is expected to change in the future the analysis can look at the likely impact on the number of people with specific illnesses or disabilities. For this, data from the Projecting Older People Information System (POPPI) website has been used which provides prevalence rates for different disabilities by age and sex. For the purposes of this study, analysis has focussed on estimates of the number of people with dementia and mobility problems.
- 6.17 For both of the health issues analysed the figures relate to the population aged 65 and over. The figures from POPPI are based on prevalence rates from a range of different sources and whilst these might change in the future (e.g. as general health of the older person population improves) the estimates are likely to be of the right order.
- 6.18 The table below shows that both of the illnesses/disabilities are expected to increase significantly in the future although this would be expected given the increasing population. In particular, there is projected to be a large rise in the number of people with dementia (up 51%-52%) along with a 40%-41% increase in the number with mobility problems.
- 6.19 When related back to the total projected change to the population, the increase of 2,500 people with a mobility problem represents 35% of the total population growth projected by the 2016-based SNPP (+MYE), although a lower proportion would be expected if planning for a higher need/requirement (and hence a higher level of population growth); linked to the economic growth scenario, the increase is estimated to represent about 21% of population growth.

Table 25: Estimated Population Change for range of Health Issues (2016 to 2033)

		Type of illness/ disability			
		2016	2033	Change	% increase
2016-based SNPP (+MYE)	Dementia	2,268	3,418	1,150	50.7%
	Mobility problems	6,214	8,705	2,492	40.1%
Linked to economic growth	Dementia	2,268	3,443	1,174	51.8%
	Mobility problems	6,214	8,770	2,557	41.1%

Source: Data from POPPI and demographic projections

People with Disabilities

6.20 The CLG Disability data guide provides data about households with a long-term illness or disability from the English Housing Survey. Whilst this provides a national perspective, the source cannot provide more localised data. Hence the analysis below has drawn on the 2011 Census (which has a definition of long-term health problem or disability (LTHPD)).

6.21 The table below shows the proportion of people with a long-term health problem or disability (LTHPD) and the proportion of households where at least one person has a LTHPD. The data suggests that across the Borough some 41% of households contain someone with a LTHPD. This figure is higher than seen across the region, and well above the national average. The figures for the population with a LTHPD again show a similar pattern in comparison with other areas (an estimated 23% of the population of the Borough have a LTHPD).

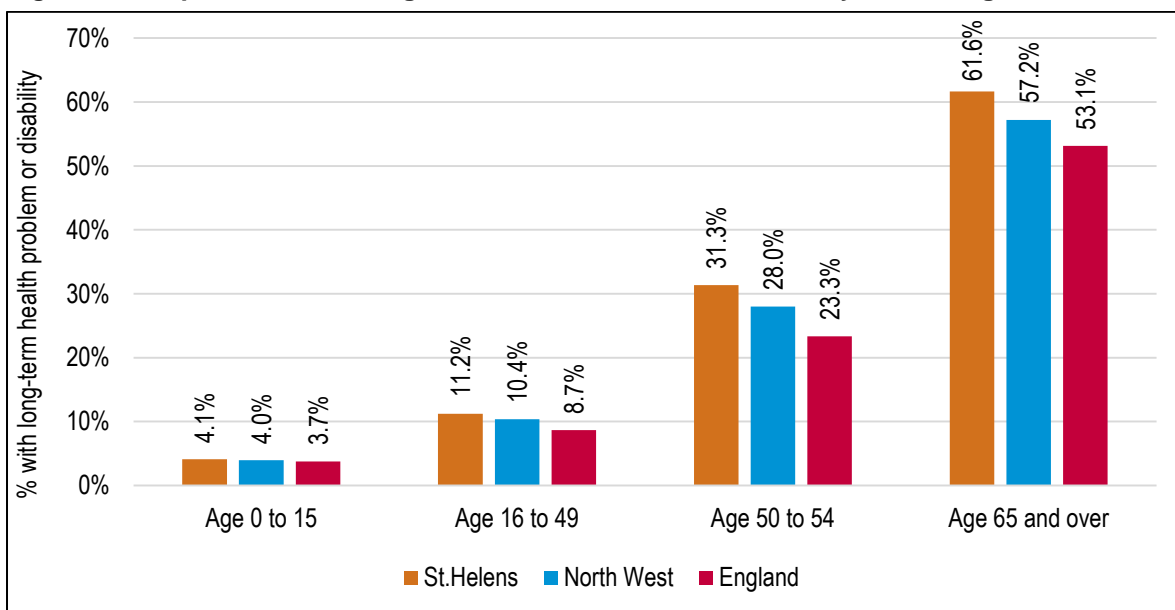
Table 26: Households and people with Long-Term Health Problem or Disability (2011)

	Households containing someone with health problem		Population with health problem	
	Number	%	Number	%
St Helens	30,742	40.6%	40,262	23.0%
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

6.22 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. Therefore, 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. When compared with other areas, the population of St Helens is more likely to have a LTHPD for all age bands.

Figure 3: Population with Long-Term Health Problem or Disability in each Age Band



Source: 2011 Census

- 6.23 The age specific prevalence rates shown above can be applied to the demographic data to estimate the likely increase over time of the number of people with a LTHPD. In applying this information to the demographic projections, it is estimated that the number of people with a LTHPD will increase by around 5,500-6,300 (a 13%-15% increase).
- 6.24 Across the Borough, virtually all of this increase is expected to be in age groups aged 65 and over. The population increase of people with a LTHPD represents at least 52% of the total increase in the population estimated by the projections (a higher figure of 77% if compared against the 2016-based SNPP (+MYE)).

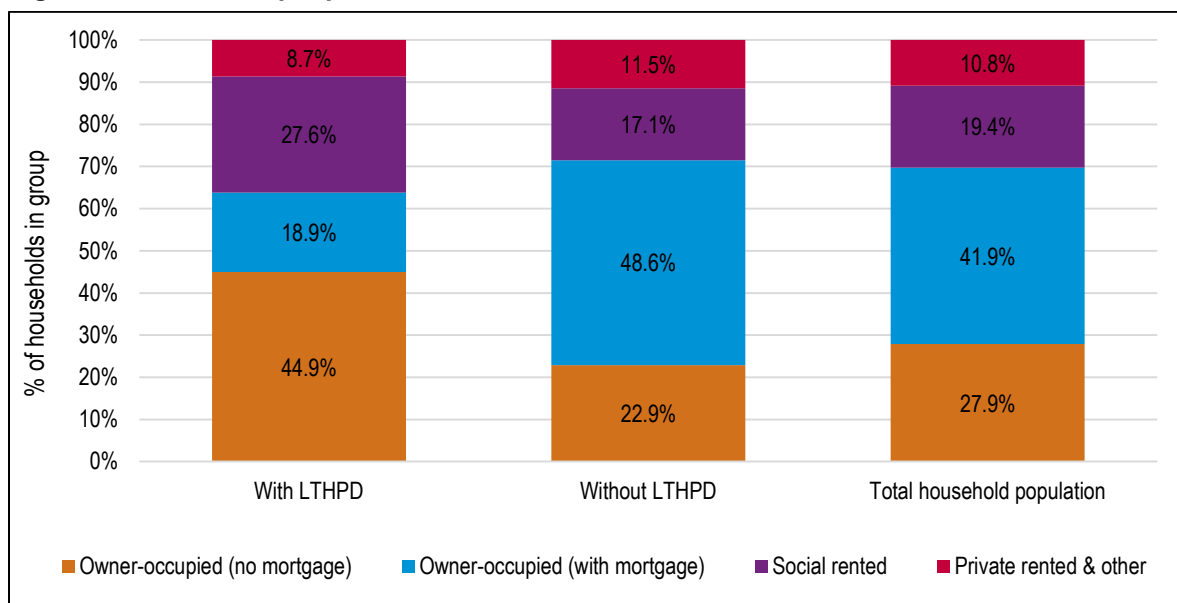
Table 27: Estimated change in population with LTHPD (2016-2033)

	Population with LTHPD		Change (2016-33)	% change from 2016
	2016	2033		
2016-based SNPP (+MYE)	43,047	48,538	5,491	12.8%
Linked to economic growth	43,047	49,301	6,254	14.5%

Source: Derived from demographic modelling and Census (2011)

- 6.25 The figure below shows the tenures of people with a LTHPD – it should be noted that the data is for population living in households rather than households. The analysis clearly shows that people with a LTHPD are more likely to live in social rented housing and are also more likely to be outright owners (this will be linked to the age profile of the population with a disability). Given that typically the lowest incomes are found in the social rented sector and to a lesser extent for outright owners the analysis would suggest that the population/households with a disability are likely to be relatively disadvantaged when compared to the rest of the population.

Figure 4: Tenure of people with LTHPD



Source: 2011 Census

6.26 The table below shows further information about the tenure split of the household population with a LTHPD. This shows that people living in the social rented sector are 57% more likely to have a LTHPD than those in other tenures.

Table 28: Tenure of people with a LTHPD

	% of social rent with LTHPD	% of other tenures with LTHPD
St Helens	31.9%	20.3%

Source: Derived from demographic modelling and Census (2011)

Wheelchair User Housing

6.27 Information about the need for housing for wheelchair users is difficult to obtain (particularly at a local level) and so some brief analysis has been carried out based on national data within a research report by Habinteg Housing Association and London South Bank University (Supported by the Homes and Communities Agency) - *Mind the Step: An estimation of housing need among wheelchair users in England*. This report provides information at a national and regional level although there are some doubts about the validity even of the regional figures; hence the focus is on national data.

6.28 The report identifies that around 84% of homes in England do not allow someone using a wheelchair to get to and through the front door without difficulty and that once inside, it gets even more restrictive. Furthermore, it is estimated (based on English House Condition Survey data) that just 0.5% of homes meet criteria for 'accessible and adaptable', while 3.4% are 'visitable' by

someone with mobility problems (data from the CLG Guide to available disability (taken from the English Housing Survey) puts the proportion of 'visitable' properties at a slightly higher 5.3%).

- 6.29 Overall, the report estimates that there is an unmet need for wheelchair user dwellings equivalent to 3.5 per 1,000 households (this is described in the Habinteg report as the *number of wheelchair user households with unmet housing need*). In St Helens, as of 2016, this would represent a current need for about 274 wheelchair user dwellings. Moving forward, the report estimates a wheelchair user need from around 3% of households. If 3% is applied to the household growth in the demographic projections (2016-33) then there would be an additional need for around 197-255 adapted homes. If this figure is brought together with the estimated current need then the total wheelchair user need would be for around 471-528 homes – this is about 6%-7% of the total household growth in the projections.

Table 29: Estimated need for wheelchair user homes (2016-2033)

	Current need	Projected need (2016-33)	Total	Total household growth	% wheelchair user
2016-based SNPP (+MYE)	274	197	471	6,558	7.2%
Linked to economic growth	274	255	528	8,485	6.2%

Source: Derived from demographic projections and Habinteg prevalence rates

- 6.30 Information in the CLG Guide to available disability data, also provides some historical national data about wheelchair users by tenure (data from the 2007/8 English Housing Survey). This showed around 7.1% of social tenants to be wheelchair users, compared with 2.3% of owner-occupiers (there was insufficient data for private renting, suggesting that the number is low). This may impact on the proportion of different tenures that should be developed to be for wheelchair users (although it should be noted that the PPG (56-009) states that '*Local Plan policies for wheelchair accessible homes should be applied only to those dwellings where the local authority is responsible for allocating or nominating a person to live in that dwelling*').

Housing Technical Standards: Key Messages

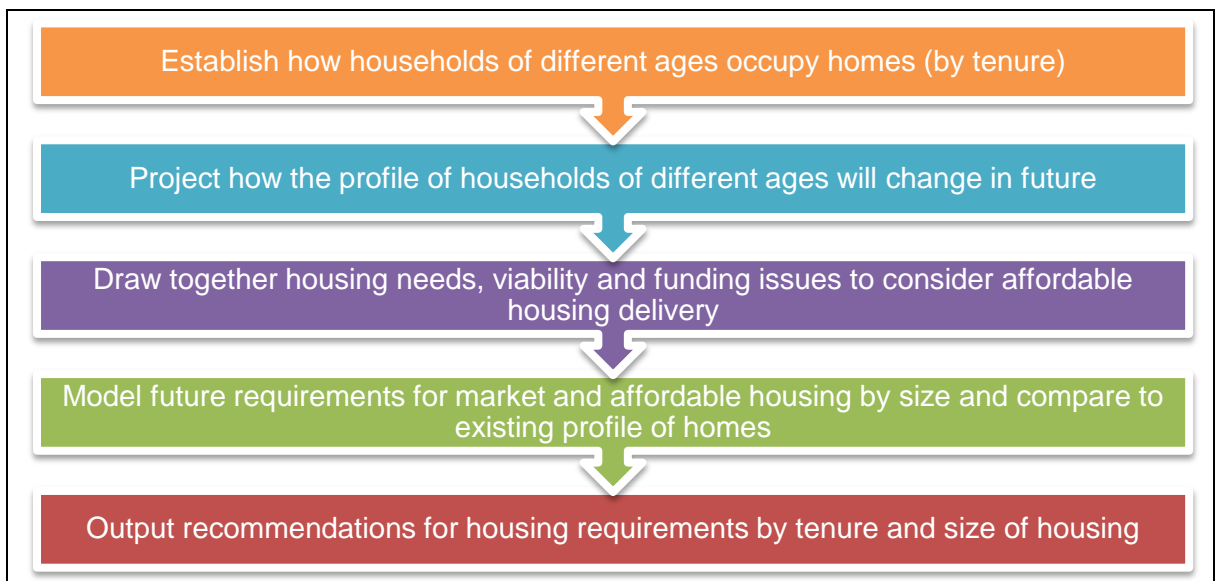
- Planning Practice Guidance note 56 (Housing: optional technical standards) sets out how local authorities can gather evidence to set requirements on a range of issues (including accessibility and wheelchair housing standards, water efficiency standards and internal space standards). This study considered the first two of these (i.e. accessibility and wheelchair housing) as well as considering the specific needs of older people. A range of data sources are considered, as suggested by CLG and also some more traditionally used in assessments such as this (e.g. from Housing LIN). This is to consider the need for Building Regulations M4(2) (accessible and adaptable dwellings), and M4(3) (wheelchair user dwellings).
- The data shows that in general, St Helens has a higher level of disability when compared with the national position, and that an ageing population means that the number of people with disabilities is expected to increase substantially in the future. Key findings include:
 - 27%-28% increase in the population aged 65+ (accounting for at least 85% of total population growth);
 - 14%-18% of household growth identified in the CLG projections to be specialist housing for older persons;
 - 40%-41% increase in the number of older people with mobility problems (representing at least 21% of all population growth);
 - 13%-15% increase in the number of people with a long-term health problem or disability (LTHPD) (representing at least 52% of all population growth);
 - concentrations of LTHPD in the social rented sector; and
 - a need for around 6%-7% of dwellings to be for wheelchair users (M4(3))
- This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings. The exact proportion of homes in categories M4(2) and M4(3) is for the Council to consider based on this evidence and also any other relevant information (e.g. about viability). 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.
- 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.

7 HOUSING MIX

Introduction

- 7.1 There are a range of factors which influence housing demand. These factors play out at different spatial scales and influence both the level of housing demand (in terms of aggregate household growth) and the nature of demand for different types, tenures and sizes of homes. It is important to understand that the housing market is influenced by macro-economic factors, as well as the housing market conditions at a regional and local level.
- 7.2 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. The assessment is intended to provide an understanding of the implications of demographic dynamics on need and demand for different sizes of homes.
- 7.3 The analysis in this section seeks to use the information available about the size and structure of the population and household structures; and consider what impact this may have on the sizes of housing required in the future. For analysis purposes, the analysis assumes population and household growth in line with a demographic projection linked to the 2016-based CLG household projections and also with the higher of the job growth scenarios previously discussed. These projections indicate household growth of between about 7,300 and 10,600 across the Borough between 2016 and 2033. It should be noted that these projections will not necessarily be translated into policy, but have been used to indicate the likely need for different sizes of homes moving forward.
- 7.4 The figure below describes the broad methodology employed in the housing market model which is used to consider the need for different sizes of market and affordable homes. Data is drawn from a range of sources including the 2011 Census and demographic projections.

Figure 5: Stages in the Housing Market Model



- 7.5 It should be noted that the current stock of housing (by size) can have a notable impact on the outputs of the modelling. In St Helens, one observation is that the stock of 4-bedroom owner-occupied housing is relatively low compared with other areas, with a large proportion of the stock having 3-bedrooms. In the modelling it is quite likely that projecting this forward will continue to show a relatively low need for 4-bedroom homes. Hence the modelling outputs are only part of the story, with conclusions also being drawn on the basis of understanding the current mix of housing as well as the outputs of the modelling.
- 7.6 The table below shows a comparison of the size profile of accommodation in a range of areas in three broad tenure groups. This identifies that the main difference is the 3-bedroom stock in the owner-occupied sector (as noted above) and also a relatively large proportion of 3-bedroom social rented homes. Both of these factors are taken into account in drawing conclusions. Additionally, the role and function of different areas is considered; for example the higher proportion of 1-bedroom private rented homes nationally is influenced by the housing market in London and so differences between that and St Helens are given less weight.

Table 30: Number of bedrooms by tenure and a range of areas

		St Helens	North West	England
Owner-occupied	1 bedroom	1%	2%	4%
	2 bedrooms	23%	24%	23%
	3 bedrooms	61%	52%	48%
	4+ bedrooms	15%	22%	25%
	TOTAL	100%	100%	100%
Social rented	1 bedroom	21%	29%	31%
	2 bedrooms	27%	32%	34%
	3 bedrooms	48%	34%	31%
	4+ bedrooms	3%	4%	4%
	TOTAL	100%	100%	100%
Private rented	1 bedroom	10%	18%	23%
	2 bedrooms	45%	43%	39%
	3 bedrooms	39%	30%	28%
	4+ bedrooms	6%	9%	10%
	TOTAL	100%	100%	100%

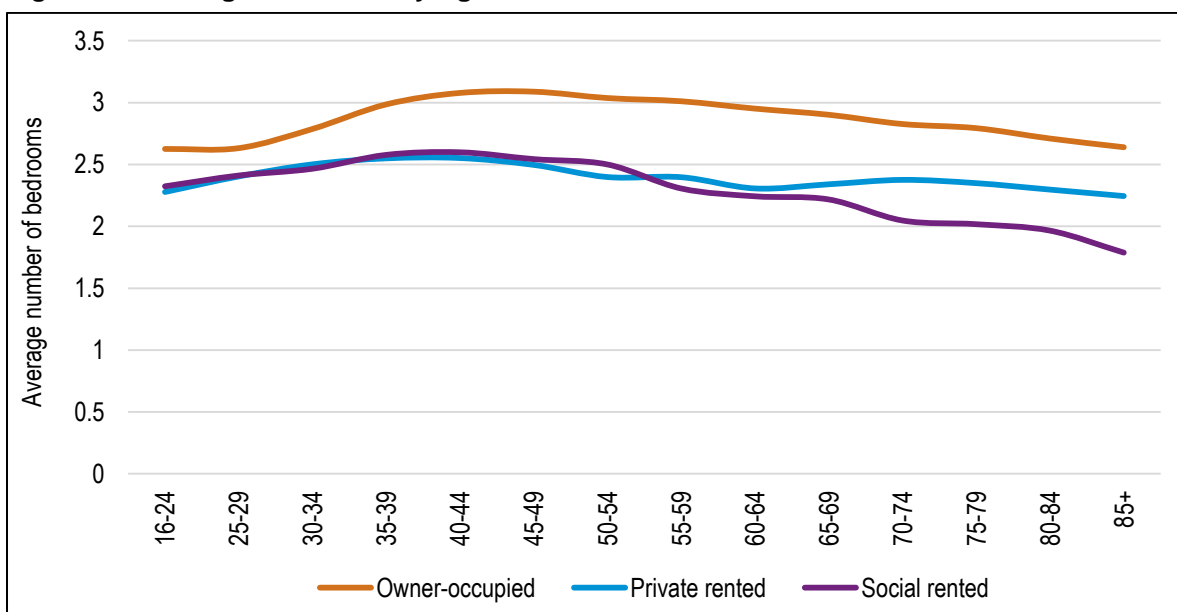
Source: Census 2011

Understanding how Households Occupy Homes

- 7.7 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.
- 7.8 The size of housing which households occupy relates more to their wealth and age than the number of people which they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a four-bedroom home as long as they can afford it and hence projecting an increase in single person households does not automatically translate into a need for smaller units. This issue is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) 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.
- 7.9 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).

7.10 The figure below shows an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group. In the owner-occupied sector the average size of accommodation rises over time to typically reach a peak around the age of 45; a similar pattern (but with smaller dwelling sizes) is seen in the social and private rented sectors. After this peak, the average dwelling size decreases – as typically some households downsize as they get older. It is also notable that the average size for rented dwellings are lower than those for owner-occupied housing for all age groups.

Figure 6: Average Bedrooms by Age and Tenure – St Helens



Source: Derived from ONS Commissioned Table CT0621

7.11 In terms of the analysis to follow, the outputs have been segmented into 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 affordable (rented) housing, which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include affordable rented housing.

Tenure Assumptions

7.12 The housing market model has been used to estimate the future need for different sizes of property over the 17-year period from 2016 to 2033. The model works by looking at the types and sizes of accommodation occupied by different ages of residents, and attaching projected changes in the population to this to project need and demand for different sizes of homes. However, the way households of different ages occupy homes differs between the market and affordable sectors (as

shown earlier). Thus, it is necessary to consider what the mix of future housing will be in the market and affordable sectors.

7.13 It is necessary on this basis to make some judgement for modelling purposes on what proportion of net completions might be of market and affordable housing. For modelling purposes, the analysis assumes that 25% of net completions are either affordable housing (rented) or low-cost home ownership and therefore that 75% are market housing (designed to be sold for owner-occupation). Within the 25% affordable/low-cost two scenarios have been developed, firstly with a 60:40 split between affordable housing (rented) and affordable home ownership and secondly with a 80:20 split. It is suggested that any future plan-wide viability assessment could test these two scenarios (although other scenarios may be considered appropriate).

7.14 It should be stressed that these figures are not policy targets. Policy targets for affordable housing on new development schemes in some cases are above this; but not all sites deliver policy-compliant affordable housing provision, whilst some delivery is on sites below affordable housing policy thresholds. Equally some housing development is brought forward by Registered Providers and local authorities and may deliver higher proportions of affordable housing than in current policy. The figures used are not a policy position and has been applied simply for the purposes of providing outputs from the modelling process. To confirm, it has been assumed that the following proportions of different tenures will be provided moving forward:

- Scenario 1 – 75% market, 10% affordable home ownership, 15% social/affordable rented
- Scenario 2 – 75% market, 5% affordable home ownership, 20% social/affordable rented

7.15 In terms of the outputs below, only those from Scenario 2 are presented. This is partly because this is the scenario that arguably most closely aligns with the affordable housing need evidence and also because the mix within specific tenures is not particularly sensitive to the assumption about tenure split.

Key Findings: Market Housing

7.16 There are a range of factors which can influence demand for market housing in different locations. The focus of this analysis is on considering long-term needs, where changing demographics are expected to be a key influence. It uses a demographic-driven approach to quantify demand for different sizes of properties over the 17-year period from 2016 to 2033.

7.17 Looking first at projecting on the basis of the 2016-based CLG projections (updated for MYE), an increase of 4,900 additional households is modelled. The majority of these need two- and three-bed homes. The data suggests that housing need can be expected to reinforce the existing profile, but with a shift towards a requirement for smaller dwellings relative to the distribution of existing

housing (particularly towards a need for 2-bedroom homes). This is understandable given the fact that household sizes are expected to fall slightly in the future – particularly as a result of a growing older population living in smaller households. The analysis also suggests a low need for 4+ bedroom homes, this finding is driven by the ageing population (and a relative lack of growth in the population of ‘working-age’) along with earlier evidence showing some degree of downsizing amongst the older population.

Table 31: Estimated Size of Dwellings Needed 2016 to 2033 – Market Housing – 2016-based SNPP (+MYE)

Size	2016	2033	Additional households 2016-2033	% of additional households
1 bedroom	658	743	85	1.7%
2 bedrooms	12,338	13,642	1,304	26.5%
3 bedrooms	32,485	35,456	2,971	60.4%
4+ bedrooms	7,900	8,459	559	11.4%
Total	53,382	58,300	4,919	100.0%

Source: Housing Market Model

- 7.18 When looking at a demographic projection based on linking to economic growth, it can be seen that the number of households in the market sector would be projected to increase by 6,400. The estimated size profile required is still focused on two- and three-bedroom homes but there is a higher need shown for larger (4+ bedroom) accommodation. This difference will be due to this projection having a higher level of in-migration; migrants tending to be younger people and more likely to be part of family households (who tend to live in larger homes).

Table 32: Estimated Size of Dwellings Needed 2016 to 2033 – Market Housing – economic-based projection

Size	2016	2033	Additional households 2016-2033	% of additional households
1 bedroom	658	760	102	1.6%
2 bedrooms	12,338	13,974	1,636	25.7%
3 bedrooms	32,485	36,327	3,842	60.4%
4+ bedrooms	7,900	8,685	784	12.3%
Total	53,382	59,746	6,364	100.0%

Source: Housing Market Model

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

7.20 At the strategic level, a local authority in considering which sites to allocate, can consider what type of development would likely be delivered on these sites. It can also provide guidance on housing mix implicitly through policies on development densities.

Key Findings: Low-cost home ownership

7.21 The tables below show estimates of the need for different sizes of affordable home ownership based on the analysis of demographic trends (firstly linked to the 2016-based CLG projections (+MYE) and then to the economic-based scenario). The data suggests in the period between 2016 and 2033 that the main need is again for homes with two- or three-bedrooms, although the proportions in the 1-bedroom category are higher than for market housing. As with the market analysis, the outputs linked to the economic-based projection show a greater need for larger homes.

Table 33: Estimated Size of Dwellings Needed 2016 to 2033 – low-cost home ownership – 2016-based SNPP (+MYE)

Size	2016	2033	Additional households 2016-2033	% of additional households
1 bedroom	900	959	59	18.0%
2 bedrooms	3,960	4,074	114	34.9%
3 bedrooms	3,484	3,624	140	42.6%
4+ bedrooms	497	512	15	4.5%
Total	8,840	9,168	328	100.0%

Source: Housing Market Model

Table 34: Estimated Size of Dwellings Needed 2016 to 2033 – low-cost home ownership – economic-based projections

Size	2016	2033	Additional households 2016-2033	% of additional households
1 bedroom	900	966	66	15.6%
2 bedrooms	3,960	4,119	159	37.5%
3 bedrooms	3,484	3,662	178	42.0%
4+ bedrooms	497	518	21	4.9%
Total	8,840	9,265	424	100.0%

Source: Housing Market Model

Key Findings: Affordable Housing (rented)

7.22 The tables below show estimates of the need for different sizes of affordable homes based on the analysis of demographic trends (firstly linked to the 2016-based projections and then to the economic-based scenario). The data suggests in the period between 2016 and 2033 that the main need is for homes with one- or two-bedrooms. The outputs linked to the economic-based projection

show a greater need for larger homes (although both sets of data very much focus on smaller dwellings). The relatively low need for 2-bedroom homes is also notable, and as previously mentioned, this will be influenced by the current stock of housing of this size. In drawing conclusions (later in this section) it is suggested that some shift from 1- and 3-bedroom homes to the 2-bedroom category would be appropriate to address the current stock imbalance.

7.23 This analysis provides a longer-term view of the need for different sizes of affordable housing and does not reflect any specific priorities such as for family households in need rather than single people. In addition, it should be noted that smaller properties (i.e. one-bedroom homes) typically offer limited flexibility in accommodating the changing needs of households, whilst delivery of larger properties can help to meet the needs of households in high priority and to manage the housing stock by releasing supply of smaller properties.

Table 35: Estimated Size of Dwellings Needed 2016 to 2033 – affordable housing (rented) – 2016-based SNPP (+MYE)

Size	2016	2033	Additional households 2016-2033	% of additional households
1 bedroom	3,503	3,929	426	32.5%
2 bedrooms	4,400	4,733	333	25.4%
3 bedrooms	7,650	8,172	522	39.8%
4+ bedrooms	480	510	31	2.3%
Total	16,032	17,344	1,312	100.0%

Source: Housing Market Model

Table 36: Estimated Size of Dwellings Needed 2016 to 2033 – affordable housing (rented) – economic-based projections

Size	2016	2033	Additional households 2016-2033	% of additional households
1 bedroom	3,503	4,001	498	29.4%
2 bedrooms	4,400	4,840	440	25.9%
3 bedrooms	7,650	8,365	715	42.2%
4+ bedrooms	480	523	43	2.5%
Total	16,032	17,729	1,697	100.0%

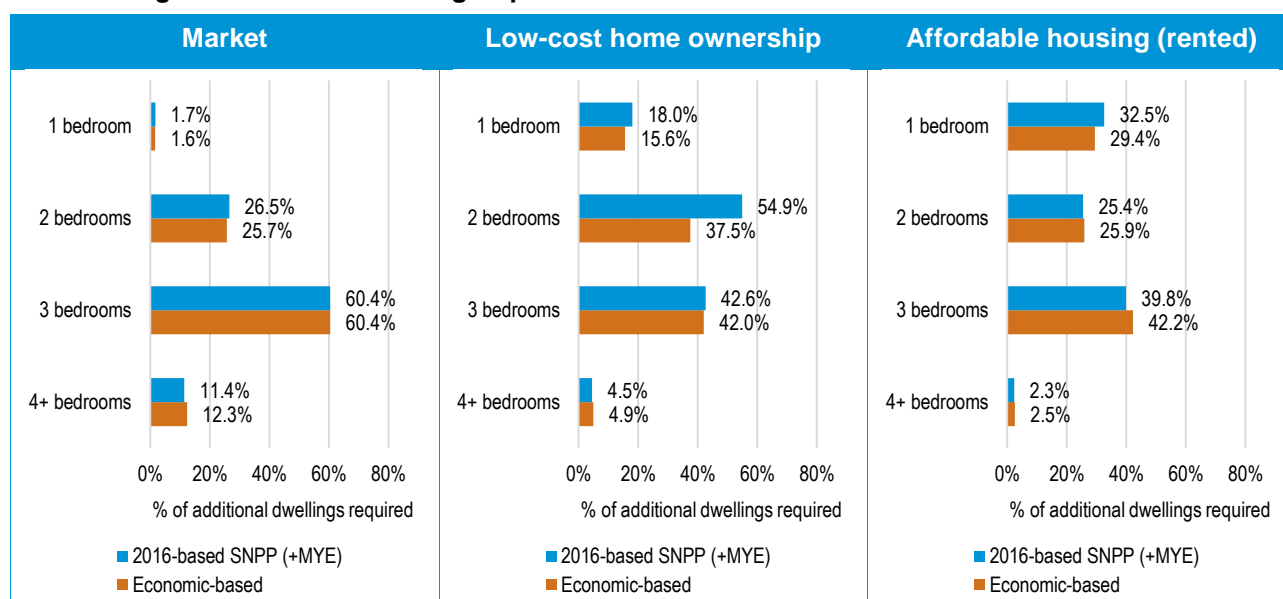
Source: Housing Market Model

7.24 As with market housing, the data again shows that relative to the current profile there is a slight move towards a greater proportion of smaller homes being needed (again related to the ageing population and the observation that older person households are more likely to occupy smaller dwellings).

Indicative Targets by Tenure

7.25 The figure below summarises the above data in both the market and affordable sectors under the modelling exercise. The analysis clear shows the different profiles in the three broad tenures with affordable housing being more heavily skewed towards smaller dwellings, and affordable home ownership sitting somewhere in between the market and affordable housing.

Figure 7: Size of housing required 2016 to 2033



Source: Housing Market Model

7.26 Whilst the output of the modelling provides estimates of the proportion of homes of different sizes that are needed, there are a range of factors which should be taken into account in setting policies for provision.

7.27 This is particularly the case in the affordable sector where there are typically issues around the demand for and turnover of one-bedroom homes (as well as allocations to older person households) – e.g. one bedroom homes provide limited flexibility for households (e.g. a couple household expecting to start a family) and as a result can see relatively high levels of turnover – therefore, it may not be appropriate to provide as much one-bedroom stock as is suggested by the modelling exercise.

7.28 At the other end of the scale, conclusions also need to consider that the stock of four-bedroom affordable housing is very limited and tends to have a very low turnover. As a result, whilst the number of households coming forward for four or more bedroom homes is typically quite small the ability for these needs to be met is even more limited. There are also localised issues about stock of different sizes of homes which need to be considered in conclusions (the relative lack of 2-bedroom accommodation).

- 7.29 For these reasons, it is suggested in converting the long-term modelled outputs into a profile of housing to be provided (in the affordable sector) that the proportion of one bedroom homes required is reduced slightly from these outputs with a commensurate increase in four or more bedroom homes also being appropriate; the balance between 2- and 3-bedroom homes is also adjusted from the modelling outputs.
- 7.30 There are thus a range of factors which are relevant in considering policies for the mix of affordable housing (rented) sought through development schemes. At a Borough-wide level, the analysis would support policies for the mix of affordable housing (rented) of:
- 1-bed properties: 30-35%
 - 2-bed properties: 30-35%
 - 3-bed properties: 25-30%
 - 4-bed properties: 5-10%
- 7.31 The strategic conclusions recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.
- 7.32 The need for affordable housing of different sizes will vary by area (at a more localised level) and over time. In considering the mix of homes to be provided within specific development schemes, the information herein should be brought together with details of households currently on the Housing Register in the local area and the stock and turnover of existing properties.
- 7.33 In the low-cost home ownership and market sectors a profile of housing that more closely matches the outputs of the modelling is suggested, although some consideration of the current stock profile is also relevant. On the basis of these factors it is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households. On this basis the following mix of low-cost home ownership is suggested:
- 1-bed properties: 10-15%
 - 2-bed properties: 35-40%
 - 3-bed properties: 40-45%
 - 4-bed properties: 5-10%
- 7.34 Finally, in the market sector, a balance of dwellings is suggested that takes account of the demand for homes and the changing demographic profile, as well as consideration of the current stock (which is dominated by 3-bedroom homes).

7.35 The conclusions see a slightly larger recommended profile compared with other tenure groups. The following mix of market housing is suggested:

- 1-bed properties: 0-5%
- 2-bed properties: 25-30%
- 3-bed properties: 50-55%
- 4-bed properties: 15-20%

7.36 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. The 'market' is to some degree a better judge of what is the most appropriate profile of homes to deliver at any point in time, and demand can change over time linked to macro-economic factors and local supply. The figures can however be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area.

Need/demand for Bungalows

7.37 The sources used for analysis in this report makes 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. However, it is typical (where discussion are undertaken with local estate agents) to find that there is a demand for this type of accommodation.

7.38 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. As a new build option it is however the case that bungalow accommodation is often not be supported by either house builders or planners (due to potential plot sizes). 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.

7.39 There is also the possibility of a need/demand for retirement accommodation more widely. 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.

7.40 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 which may assist in encouraging households to downsize. However, the downside to providing bungalows is that they are relatively land intensive for the amount of floorspace created.

Housing Mix (Size of Homes Needed): Key Messages

- 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 long-term (17-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes:

	1-bed	2-bed	3-bed	4+ bed
Market	0-5%	25-30%	50-55%	15-20%
Low-cost home ownership	10-15%	35-40%	40-45%	5-10%
Affordable housing (rented)	30-35%	30-35%	25-30%	5-10%

- The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing in the Borough (by tenure).
- The mix identified above should inform strategic policies. In applying these to individual development sites regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.
- Based on the evidence, it is expected that the focus of new market housing provision will be on two- and three-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.
- The Council should also consider the potential role of bungalows as part of the future mix of housing. Such housing may be particularly attractive to older owner-occupiers which may assist in encouraging households to downsize. However, the downside to providing bungalows is that they are relatively land intensive for the amount of floorspace created.
- The analysis of an appropriate mix of dwellings should also inform the 'portfolio' of sites which are considered by the local authority through its local plan process. Equally it will be of relevance to affordable housing negotiations.

8 SUMMARY AND CONCLUSIONS

- 8.1 This report provides an updated Strategic Housing Market Assessment (SHMA) for St Helens Borough Council. Since publication of the Mid Mersey SHMA in 2016, work has been progressed on a number of other evidence base documents pertaining to St Helens – including the Liverpool City Region Strategic Housing and Economic Land Market Assessment (SHELMA) (GL Hearn, JGC, and MDS Transmodal), and the St Helens Employment Land Needs Assessment (ELNA) (BE Group).
- 8.2 This report has been produced in order to provide an updated assessment of housing needs in St Helens on a basis which is consistent with the methodology of the LCR SHELMA and the St Helens ELNA. It also takes account of the most up to date data published since the previous SHMA.
- 8.3 This SHMA Update considers the OAN for St Helens in accordance with the National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG). It considers the OAN using the standard method, as well as considering demographic-led housing need using the latest (2016-based) population projections updated to reflect the latest mid-year population estimates (MYE) – data to 2017. It considers the housing need to support the growth in the Borough’s workforce at employment sites, as identified in the St Helens ELNA. It also considers the growth in the non-employment land related workforce, as assessed in the LCR SHELMA.

Scenarios for Housing OAN

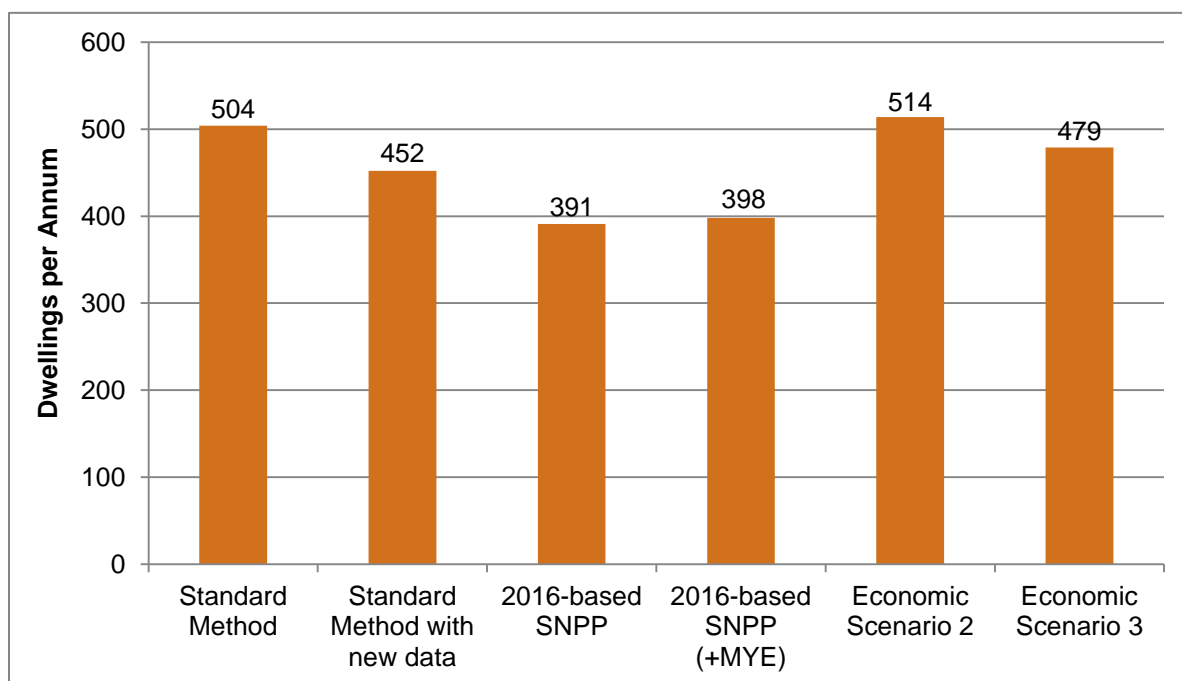
- 8.4 The revised 2018 NPPF states that *“To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals.”* (para 60).
- 8.5 The standard method seeks to simplify the approach to housing need and has three components:
- Starting Point or Baseline;
 - Market Signals Adjustment; and
 - Cap.
- 8.6 The guidance states that projections of household growth should be the demographic baseline for each local authority using household projections to estimate levels of future growth – the published figures are calculated using the 2016-based household projections. These projections are underpinned by the 2016-based Subnational Population Projections (SNPP).
- 8.7 The guidance sets out that the starting point should be the annual average household growth over a 10 year period starting with the current year (2018-2029). The baseline household growth is then

modified to account for market signals, specifically the local median price of homes relative to local workplace median earnings. The housing need is capped at 40% above the higher of either the baseline growth from official projections or the annual housing requirement figure currently set out in their local plan.

- 8.8 The standard method, using the 2016-based household projections and affordability data released in 2018, identifies a need for 383 dpa in St Helens. For comparison, this is lower than the other demographic-based forecasts derived using the methodology used in the previous SHMA or the Liverpool City Region SHELMA.
- 8.9 However, the Government have stated, in a consultation launched in October 2018 that they intend to change guidance so authorities should use the 2014-based household projections data instead of the 2016-based data. This results in a housing need for 482 dpa should the consultation proposals be adopted.
- 8.10 The MHCLG also intend to overhaul the Standard Method so that it aligns with their housing growth target of 300,000 dwellings per annum, but have not given an indication of when or how this will happen. Therefore this figure should be treated as indicative only.
- 8.11 The updated PPG states that “Where additional growth above historic trends is likely to or is planned to occur over the plan period, an appropriate uplift may be considered” (Housing Need assessment, para 10). It goes on to state that “Where a strategic policy-making authority can demonstrate an alternative approach identifies a need higher than that identified using the standard method for assessing local housing need, the approach should be considered sound as it will have exceeded the minimum starting point” (para 15).
- 8.12 This report has therefore considered a number of economic scenarios aligned with planned economic growth in the Borough, as set out in the St Helens ELNA. The ELNA identified a number of growth scenarios two of which – Scenario 2 and Scenario 3 – were considered most likely to come forward. This report has calculated the quantum of housing needed to support these economic scenarios.
- 8.13 Economic Scenario 2 results in a need for 514 dpa, suggesting that should the Council plan for this level of economic growth a housing OAN in the range of 504-514 dpa would be appropriate. Economic Scenario 3 results in a need for 479 dpa, hence should the Council plan for this level of economic growth, the Standard Method in its current guise would provide insufficient housing to support this without any uplift.
- 8.14 Additionally, the analysis contains a range of sensitivity options which vary based on different employment sites failing to come forward during the plan period. These identify a range of housing

need for Scenario 2 ranging from 474-511 dpa; and for Scenario 3 ranging from 459-476 dpa. Should the Council plan for this level of economic growth, the Standard Method would again provide insufficient housing to support this.

Figure 8: Comparison of Housing Needs Scenarios



Affordable Housing Need

8.15 The report provides a selected update to the last full assessment of affordable housing needs (Mid Mersey SHMA, Jan 2016) where new information is available. Specifically, it updates the following variables:

- Rent levels – rents in St Helens are generally low in comparison to those seen nationally. This would suggest that the proportion of income to be spent on housing would at the low end of the range, 25% is considered appropriate.
- income data – the latest (2017) household income data shows the average annual income in the Borough is £35,952 – an increase of 19% since 2014.
- Estimates of the number of newly forming households using the updated projections – it is estimated that around 1,431 new households are likely to form per year in the 2016-33 period.
- Estimates of the supply of affordable housing from re-lets – this identifies a potential future supply of 1,173 homes.

8.16 The overall need for affordable housing is set out in the table below. The gross need is calculated as the current existing need plus any future need arising from newly-forming households and existing households falling into need. Net need is calculated using the gross need minus the supply of affordable housing. The analysis calculates a net need for affordable housing of 117 units per annum over the 17-years to 2033 in St Helens.

Table 37: Estimated Annual Level of Affordable Housing Need

	Per annum	2016-33
Current need	74	1,253
Newly forming households	632	10,752
Existing households falling into need	584	9,925
Total Gross Need	1,290	21,930
Supply	1,173	19,943
Net Need	117	1,987

- 8.17 This net affordable housing need figure is slightly lower than the figure identified in the SHMA (which had a base date of 2014) which showed a net need for 132 dpa. Overall, the difference in both gross need (1,497 vs. 1,290) and gross supply (1,307 vs. 1,173) are not substantial between the two assessments.
- 8.18 Overall, this analysis suggests that the additional categories of affordable housing set out in Annex 2 of the NPPF are unlikely to meet any need in St. Helens; put simply, the typical cost of housing to buy in the Borough (in the second-hand market) is sufficiently affordable such that there is no need for a discounted new build product.
- 8.19 However, it seems likely in St Helens that access to owner-occupation is being restricted by access to capital as well as potentially some mortgage restrictions rather than being due to the actual cost of housing. Providing some ‘affordable home ownership’ properties could potentially assist in getting some households out of the private rented sector – this could be achieved by signposting potential purchasers to schemes such as Help-to-Buy, or by encouraging developers to provide some form of equity support. If this could be achieved then it may be reasonable for up to 10% of homes to fall into the affordable home ownership category.

Older Persons Needs

- 8.20 Planning Practice Guidance note 56 (Housing: optional technical standards) sets out how local authorities can gather evidence to set requirements on a range of issues (including accessibility and wheelchair housing standards, water efficiency standards and internal space standards). This study considered the first two of these (i.e. accessibility and wheelchair housing) as well as considering the specific needs of older people. A range of data sources are considered, as suggested by CLG and also some more traditionally used in assessments such as this (e.g. from Housing LIN). This is to consider the need for Building Regulations M4(2) (accessible and adaptable dwellings), and M4(3) (wheelchair user dwellings).
- 8.21 The data shows that in general, St Helens has a higher level of disability when compared with the national position, and that an ageing population means that the number of people with disabilities is expected to increase substantially in the future.

8.22 Key findings include:

- 27%-28% increase in the population aged 65+ (accounting for at least 85% of total population growth);
- 14%-18% of household growth identified in the CLG projections to be specialist housing for older persons;
- 40%-41% increase in the number of older people with mobility problems (representing at least 21% of all population growth);
- 13%-15% increase in the number of people with a long-term health problem or disability (LTHPD) (representing at least 52% of all population growth);
- concentrations of LTHPD in the social rented sector; and
- a need for around 6%-7% of dwellings to be for wheelchair users (M4(3))

8.23 This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings. The exact proportion of homes in categories M4(2) and M4(3) is for the Council to consider based on this evidence and also any other relevant information (e.g. about viability). 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.

8.24 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.

Housing Mix

8.25 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 long-term (17-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes:

Table 38: Recommended Mix of Affordable and Market Dwellings

	1-bed	2-bed	3-bed	4+ bed
Market	0-5%	25-30%	50-55%	15-20%
Low-cost home ownership	10-15%	35-40%	40-45%	5-10%
Affordable housing (rented)	30-35%	30-35%	25-30%	5-10%

8.26 The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing in the Borough (by tenure).

- 8.27 The mix identified above should inform strategic policies. In applying these to individual development sites regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.
- 8.28 Based on the evidence, it is expected that the focus of new market housing provision will be on two- and three-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.
- 8.29 The Council should also consider the potential role of bungalows as part of the future mix of housing. Such housing may be particularly attractive to older owner-occupiers which may assist in encouraging households to downsize. However, the downside to providing bungalows is that they are relatively land intensive for the amount of floorspace created.
- 8.30 The analysis of an appropriate mix of dwellings should also inform the 'portfolio' of sites which are considered by the local authority through its local plan process. Equally it will be of relevance to affordable housing negotiations.