

Strategic Housing Market Assessment: Chesterfield Report

Chesterfield Borough Council

Final Report

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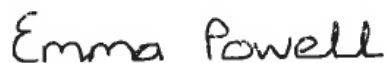
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This document must only be treated as a draft unless it has been signed by the Originators and approved by a Business or Associate Director.

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Limitations

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1 SUMMARY

- 1.1 Chesterfield Borough falls within a housing market area which extends to include the adjoining districts of Bolsover, Bassetlaw and North East Derbyshire.
- 1.2 The Strategic Housing Market Assessment considers future housing need in the Borough and wider HMA over the period to 2031. It considers how many homes are needed; what type of homes are needed – both market and affordable; as well as what housing is needed to meet the needs of specific groups within the population including older people and those with disabilities. The assessment will help to inform the development of planning and housing policies, and negotiations regarding housing mix on new development schemes.

How many homes are needed?

- 1.3 The Government has set out in the National Planning Policy Framework¹ that Councils should plan to meet objectively assessed needs for both market and affordable housing in the housing market area. The SHMA considers future housing need taking account of Planning Planning Guidance issued by Government in March 2014 (and the draft published previously in August 2013).
- 1.4 The Guidance sets out that the latest official household projections should be seen as the starting point for identifying housing need; but that wider evidence should then be assessed to examine whether there is evidence that household formation has been suppressed, whether the official projections will meet identified need for affordable housing; and whether the level or location of housing might require adjustment to take account of employment trends. These wider 'tests' may provide a basis for considering increasing levels of housing provision. The SHMA has considered these issues.
- 1.5 The latest household projections (2011-based Interim Projections) indicate a need for 236 homes per annum in Chesterfield Borough to 2021. Extending this projection to 2031 this reduces moderately to an average of 211 homes per annum because of changes to the population's age structure over the 2021-31 decade which impacts on in- and out-migration and household sizes. Adjusting the household formation rates within the projections indicates that stronger household formation could result in a higher need for housing – of up to 270 homes per annum (based on household formation rates in the 2008-based household projections). The midpoint between these, which we consider to be the most robust projection based on past population trends indicates a need for 240 homes per year to 2031.

¹ CLG (March 2012) *National Planning Policy Framework*

- 1.6 Market signals do not point towards a need for an upward adjustment to housing provision from this level. The HMA has some of the cheapest housing in the region. The median house price in Chesterfield Borough is £120,500. Lower quartile house prices in the Borough were 5.3 times earnings in 2012, which is below the national average of 6.6. Furthermore the average age of first-time buyers at 29 is relatively low compared to many parts of England.
- 1.7 Chesterfield is a larger employment centre, with evidence of some commuting (in net terms) into the Borough to work. The SHMA modelling indicates that in theory a potentially higher level of housing need of around 345 homes per annum might be needed to support economic growth. The SHMA does therefore conclude that there is a case for considering an upward adjustment to housing provision based on the demographic projections to support growth in the local workforce in the Borough to support forecast growth in jobs. However wider evidence does not point towards the economy being a particularly strong driver of the housing market across the HMA. In particular there is a strong potential to support economic growth through reducing out-commuting from the HMA as a whole.
- 1.8 A net need for 359 affordable homes per annum over the 2013-18 period is identified. This provides an indication of the level of affordable housing provision which would theoretically be necessary if all households in housing need were allocated an affordable home over this period. The assessed need is however sensitive to a number of factors including rates of new household formation, what proportion of income households are willing to spend on housing costs, and the period over which the current housing need (backlog) is addressed.
- 1.9 Whilst a high level of affordable housing need is identified, some of these households are however able to live in the private rented sector, supported by Local Housing Allowance; and whilst this is an imperfect solution and not recognised as affordable housing, taking this into account the affordable housing needs evidence per se does not provide a basis for adjusting upwards the overall housing need identified.
- 1.10 Overall the SHMA identifies an objective assessment of full need for housing of between 240-300 homes per annum. The lower end of this range reflects the demographic projections. The higher end is based on seeking to more positively support economic growth. Housing provision above this range would also be justified on the basis of seeking to attract investment and support the Borough's economic regeneration.
- 1.11 The Council's Core Strategy makes provision for 7,600 homes (380 per annum) over the 2011-2031 plan period. This level of provision proposed exceeds the objectively assessed need for housing established herein. This would be supported by the emphasis in paragraph 47 in the NPPF on

boosting housing supply, and can also be expected to support economic regeneration within the Borough. In particular this recognises that enhanced employment growth, particularly through delivery of development at Markham Vale, could create additional demand for housing.

What types of homes are needed?

- 1.12 A range of factors have been considered in assessing the types of homes which will be needed over the period to 2031. This includes assessment of the current profile of housing and gaps in the current housing offer, housing affordability and trends in the structure of the population over the plan period.
- 1.13 The SHMA profiles the Borough's current 'housing offer.' Three quarters of homes in the Borough have two- or three-bedrooms, with the most prevalent house type semi-detached properties (accounting for 45% of stock). The level of social rented housing is above average (accommodating 23% of households). Over the past decade however, the private rented sector has grown significantly – with over 3,000 more households living in the sector in 2011 than a decade previously (92% growth). 75% of homes fall in Council Tax Bands A and B. The market evidence points towards a price premium locally for detached properties relative to other house types, which is a reflection of their size.
- 1.14 Turnover of private rented properties is notably higher than in other tenures (with 47% turnover per annum). There is a clear role for policy to seek to encourage investment and improve standards within the Private Rented Sector. The Council already has an important enforcement role, and is working with sub-regional partners to promote standards through the East Midlands Landlords Accreditation Scheme.
- 1.15 At the time of writing, the housing market is relatively flat. Sales volumes have remained broadly flat over the last few years; and prices have slipped a little. House prices are comparable with other parts of the HMA.
- 1.16 The SHMA suggests that savings are a particular issue for younger households: for non-home owners in Chesterfield Borough just 17% have savings of more than £5,000. This is a notable constraint to home ownership, albeit that the Government's Help-to-Buy Scheme is beginning to address these issues. An estimated 2.5% of owner occupiers are in negative equity.
- 1.17 The SHMA recommends the following strategic mix of dwellings is sought; albeit that in applying these to individual development sites regard should be given 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.

Recommended Mix of Homes, 2011-31

	1-bed	2-bed	3-bed	4+ bed
Market	5-10%	35-40%	35-40%	15-20%
Affordable	25-30%	35-40%	20-25%	10-15%

- 1.18 Based on the existing stock profile and incomes, the SHMA recommends a mix of affordable housing with 90% comprising social and affordable rented homes, and 10% intermediate affordable housing. It points to a limited need for shared ownership or shared equity homes in the Borough.
- 1.19 Based on the evidence, we would expect the focus of new market housing provision to be on two and three-bed properties. Continued demand for family housing can be expected from newly forming households. There will also be 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 SHMA does not however consider it appropriate to set out specific policies regarding the mix of market housing sought. Neither the NPPF nor the SHMA Guidance indicate that specific policies regarding the mix of market housing should be established.
- 1.20 The analysis of an appropriate mix of dwellings should also inform the ‘portfolio’ of sites which are considered through the Site Allocations, Neighbourhood Plans and other planning documents. Equally it will be of relevance to affordable housing negotiations.
- 1.21 The SHMA recommends that the Council should monitor changes in the stock and need for different sizes of property, taking account in particular of right-to-buy trends and the impact of the benefit reforms introduced by Government.

What housing is needed to meet the requirements of specific groups?

- 1.22 The SHMA analysis suggests that the population from Black and Minority Ethnic Groups has been growing but remains small. Currently 28% of households in Chesterfield Borough have support needs. The most common support needs are maintaining a home, installing level-access showers or handrails. However demographic trends are expected to lead to a growth in households with support needs by 2,100 over the 18 years to 2031. Housing support services, including provision of adaptations to properties, will need to be adequately resourced to take account of this.
- 1.23 A quarter of households in the Borough contain older persons. The number of households including people of pensionable age is expected to increase by a very substantial 4,200 to 2031 (an increase of 36%). This may create significant demand for specialist accommodation. It is likely to support

demand for bungalows and could potentially support some increase in need for affordable housing. Provision of housing targeting older age groups can help to release family homes for other groups.

- 1.24 It will be important over the next 20 years that the Council continues to plan to meet the housing needs of a growing older population, including through supporting adaptations to existing properties (within the context of available funding), through provision of floating support (working with Derbyshire County Council) and through supporting development of specialist housing (including both public and private sector provision). Specialist housing should include extra care housing.

2 INTRODUCTION

- 2.1 Bassetlaw District Council, Bolsover District Council, Chesterfield Borough Council and North East Derbyshire District Council jointly commissioned the preparation of a new Strategic Housing Market Assessment (SHMA) for their sub-regional housing market. A report for the sub-regional housing market has been prepared together with specific reports for each of the constituent authorities which set out the district level findings. This report deals with the findings for Chesterfield Borough.
- 2.2 The SHMA has been informed by Practice Guidance issued by Government in 2007 together with the requirements of Paragraph 159 in the National Planning Policy Framework. This sets out that local planning authorities should prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing markets cross administrative boundaries. It outlines that the SHMA should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which: meets household and population projections, taking account of migration and demographic change; addresses the need for all types of housing, including affordable housing and the needs of different groups within the local community; and caters for housing demand and the scale of housing supply necessary to meet this demand.

Geographies

- 2.3 Chesterfield Borough forms part of the North Derbyshire and Bassetlaw Housing Market Area which comprises the local authorities of Bolsover, Bassetlaw, Chesterfield and North East Derbyshire.
- 2.4 There are economic links between this area and the wider Sheffield City Region. This area broadly divides into the more metropolitan 'core' which includes Sheffield, Rotherham and Doncaster; and then the more rural districts of north Derbyshire and north Nottinghamshire, with Barnsley to the north. Whilst there are commuting and migration relationships between the North Derbyshire and Bassetlaw HMA in the south and the South Yorkshire authorities in the north, migration flows show a stronger set of links within these areas, suggesting the existence of two separate housing market areas.
- 2.5 A detailed analysis of the definition of housing market and spatial interactions between areas is set out in the SHMA Overview Report. This report deals specifically with the findings for Chesterfield Borough.

Sub-Areas within Chesterfield Borough

- 2.6 We can identify two sub-market areas within the Borough. These sub-markets reflect the influence of surrounding areas in terms of areas of search of people moving home, commuting relationships and where people travel for shops and services.
- 2.7 The following sub-market areas have been defined and are used as a basis for analysis within this report:

Table 1: Sub Markets

Sub Market	Wards
Chesterfield Town	Dunston, Hasland, St Leonards, St Helens, Moor, West, Linacre, Walton, Holmebrook, Brockwell, Rother, Old Whittington, Loundsley Green
Staveley and Eastern villages	Lowgates and Woodthorpe, Middlecroft and Poolsbrook, Hollingwood and Inkersall, Brimington North, Brimington South, Barrow Hill and New Whittington

- 2.8 Chesterfield Town relates to the urban area of Chesterfield. The Staveley and Eastern Villages Sub-Market includes smaller settlements to the east and north-east of Chesterfield.
- 2.9 The Borough is bordered to the south, west and north by North East Derbyshire District; and to the east by Bolsover District.

Data Sources and the Household Survey

- 2.10 The SHMA draws on a range of data sources, including official statistics, results from the 2011 Census and a household survey undertaken to inform the SHMA.

The Household Survey

- 2.11 A postal survey of households in the Borough was undertaken in Summer 2013. The sample for the survey was drawn, at random, from the Council Tax Register covering all areas and tenure groups in the Borough.
- 2.12 In total, 1,952 completed survey forms were returned from an initial sample of 10,000. This represents a response rate of 19.5%. Overall, some 4.1% of households in the Borough took part in the survey. The number of responses provides sufficient data to allow complete, accurate and detailed analysis of need and demand across the Borough.

2.13 Although the response represents a small percentage of the total household population, this does not undermine the validity of the survey as paragraph 18 of the Strategic Housing Market Assessment Practice Guidance Annex C states:

A common misconception when sampling is that it should be based on a certain percentage of the population being studied. In fact, it is the total number of cases sampled which is important. As the number of cases increase, the results become more reliable but at a decreasing rate... Approximately 1,500 responses should allow a reasonable level of analysis for a local authority area.

2.14 In order to gross up the data to represent the entire household population it is necessary to make an estimate of the number of households in the area. Using information from the 2011 Census, demographic projections and the Council Tax Register, it was estimated that there were a total of 47,180 households in the Borough at the time of the survey in mid-2013.

2.15 The table below shows an estimate of the current tenure split in the Borough along with the sample achieved in each group. The data shows that around 63% of households are owner-occupiers, 23% are in the social rented sector and the remaining 14% are in the private rented sector. It should be noted that the private rented sector includes those renting from a friend/relative or living in accommodation tied to a job².

Table 2: Number of Households in each Tenure Group

Tenure	Total number of households	% of households	Number of returns	% of returns
Owner-occupied (no mortgage)	15,453	32.8%	793	40.6%
Owner-occupied (with mortgage)	14,264	30.2%	610	31.3%
Social rented	10,642	22.6%	372	19.1%
Private rented	6,821	14.5%	177	9.1%
Total	47,180	100.0%	1,952	100.0%

Source: Household Survey Data, 2011 Census

2.16 An important aspect of preparing data for analysis is 'weighting' it. As can be seen from the table above, social survey responses never exactly match the estimated population totals. As a result it is necessary to 'rebalance' the data to correctly represent the population being analysed via weighting. Survey data was weighted to match the suggested tenure profile shown above taking account of the 2011 Census results.

2.17 Weighting is recognised by the Strategic Housing Market Assessment Guidance as being a way of compensating for low response amongst certain groups. Although response rates were lower

² This differs slightly from the 2011 Census figures for the private rented sector shown later in the report. It includes those 'living rent free' and is an estimate of the size of the sector in 2013 rather than 2011.

amongst certain groups of the population (e.g. privately renting households in the table above) the application of a sophisticated weighting process, as has been used in this survey, removes any bias.

Stakeholder Consultation

- 2.18 In addition to the household survey, the SHMA has been informed by a detailed programme of stakeholder consultation. This has included face to face interviews with Estate Agents, Letting Agents and on-site new build sales staff throughout Chesterfield Borough. Interviews were conducted in Spring 2013.
- 2.19 In addition a number of interviews have been undertaken with registered providers, local authority private rented sector enforcement and housing and planning officers.
- 2.20 Furthermore the SHMA has been informed by a stakeholder workshop attended by housebuilders, registered providers, their representatives and other interested parties. This was held in July 2013.

Report Status and Structure

- 2.21 This report is structured to address the following:
- Section 3: Policy Review;
 - Section 4: Housing Stock & Supply Trends;
 - Section 5: Housing Market Dynamics;
 - Section 6: Incomes and Affordability
 - Section 7: Demographic and Economic Context
 - Section 8: Assessing Housing Requirements
 - Section 9: Affordable Housing Need
 - Section 10: Need for Different Sizes of Homes
 - Section 11: Needs of Specific Groups
 - Section 12: Conclusions and Recommendations

3 POLICY REVIEW

3.1 In this section we review relevant strategic housing and planning policies, from a national to local level.

National Policy Framework

3.2 The Coalition Government has reformed the policy framework for planning for housing provision, revoking regional spatial strategies and returning responsibilities for determining policies for housing provision to local authorities. The East Midlands Regional Plan was revoked in April 2013. The primary legislation to support this is the 2011 Localism Act which now includes a 'duty to cooperate' on local authorities.

3.3 National policies for plan-making are set out within the *National Planning Policy Framework*³. This sets out key policies against which development plans will be assessed at examination and to which they must comply.

National Planning Policy Framework (NPPF)

3.4 The National Planning Policy Framework (NPPF) was published in March 2012. The Framework sets out a presumption in favour of sustainable development whereby local plans should meet objectively assessed development needs, with sufficient flexibility to respond to rapid change, unless the adverse impacts of doing so would significantly or demonstrably outweigh the benefits or policies within the Framework and indicate that development should be restricted.

3.5 The core evidence for housing requirements is intended to be a Strategic Housing Market Assessment (SHMA) for the housing market area. Paragraph 159 in the Framework outlines that this should identify the scale and mix of housing and the range of tenures which the local population is likely to need over the plan period which:

- Meets household and population projections, taking account of migration and demographic change;
- Addresses the need for all types of housing, including affordable housing and the needs of different groups in the community; and
- Caters for housing demand and the scale of housing supply necessary to meet this demand.

3.6 This is reaffirmed in the NPPF in Paragraph 50. The SHMA is intended to be prepared for the housing market area, and include work and dialogue with neighbouring authorities where the HMA crosses administrative boundaries. The preparation of a Strategic Housing Market Assessment for

³ CLG (March 2012) *National Planning Policy Framework*

the housing market area is intended to be the primary means of determining policies for future housing provision.

- 3.7 The SHMA is intended to be brought together with evidence of land availability, from a Strategic Housing Land Availability Assessment. To increase housing supply, the NPPF proposes that local authorities should be required to maintain a 5 year supply of specific deliverable sites, and to include an allowance of 5% to ensure choice and competition in the market for land (unless there is a persistent track record of under-delivery).
- 3.8 In regard to housing mix, the NPPF sets out that authorities should plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community. Planning authorities should identify the size, type, tenure and range of housing that is required in particular locations reflecting local demand. Where a need for affordable housing is identified, authorities should set policies for meeting this need on site. National thresholds for affordable housing provision have been removed as are national brownfield development targets.
- 3.9 In setting affordable housing targets, the NPPF states that to ensure a plan is deliverable, the sites and the scale of development identified in the plan should not be subject to a scale of obligations and policy burdens such that their ability to be developed is threatened and should support development throughout the economic cycle. The costs of requirements likely to be applied to development, including affordable housing requirements, contributions to infrastructure and other policies in the Plan, should not compromise the viability of development schemes. To address this, affordable housing policies would need to be considered alongside other factors including infrastructure contributions – a ‘whole plan’ approach to viability. Where possible the NPPF encourages local authorities to work up Community Infrastructure Levy (CIL) charges alongside the Local Plan.

Planning Practice Guidance

- 3.10 The Government published Practice Guidance on undertaking Strategic Housing Market Assessments in 2007.⁴ This report takes account of this particularly in respect of the detailed methodology for assessing affordable housing need set out therein.
- 3.11 New draft Guidance was issued by Government in August 2013 on ‘*Assessment of Housing and Economic Development Needs*’⁵ as part of its review of planning practice guidance. The final version was published as part of Planning Practice Guidance in March 2014. This is relevant to the

⁴ CLG (August 2007) *Strategic Housing Market Assessments, Practice Guidance*

⁵ CLG (August 2013) *Assessment of Housing and Economic Development Needs – Draft Guidance*

Joint SHMA in that it provides clarity on how key elements of the NPPF should be interpreted, including the approach to deriving an objective assessment of the need for housing.

- 3.12 The Guidance defines “need” as referring to ‘the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet this need.’ It sets out that the assessment of need should be realistic in taking account of the particular nature of that area, and should be based on future scenarios that could be reasonably expected to occur. It should not take account of supply-side factors or development constraints.
- 3.13 The Guidance outlines that whilst estimating future need is not an exact science and that there is no one methodological approach or dataset which will provide a definitive assessment of need, the starting point for establishing the need for housing should be the latest household projections published by the Department for Communities and Local Government (CLG).
- 3.14 It sets out that there may be instances where these national projections require adjustment to take account of factors affecting local demography or household formation rates, in particular where there is evidence that household formation rate are or have been constrained by supply. It suggests that proportional adjustments should be made where there market signals point to supply being constrained relative to long-term trends or other areas in order to improve affordability.
- 3.15 The affordable housing needs evidence is also relevant, with the Guidance suggesting that the total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing. In some instances it suggests this may provide a case for increasing the level of overall housing provision.
- 3.16 In regard to economic evidence, the Guidance indicates that job growth and economic forecasts should be considered, and that plan makers may need to consider how the location of new housing or infrastructure development could be adjusted where there is evidence that labour supply could constrain economic growth or result in unsustainable commuting patterns. It cautions against reducing migration assumptions based on economic evidence unless this approach is agreed with other local planning authorities under the duty to cooperate.
- 3.17 The Guidance effectively describes a process whereby the latest population and household projections are a starting point; and a number of “tests” then need to be considered to examine whether it is appropriate to consider an upward adjustment to housing provision. These are:
- Is there evidence that household formation rates in the projections have been constrained? Do market signals point to a need to increase housing supply?

- How do the demographic projections 'sit' with the affordable housing needs evidence, and should housing supply be increased to meet affordable needs?
- What do economic forecasts say about jobs growth? Is there evidence that an increase in housing numbers or the location of housing might need to be adjusted to support this?

3.18 This report draws on the Guidance in undertaking an objective assessment of need for housing. The Joint SHMA Report was prepared at a time when this Guidance had been published in draft form.

Changes to National Housing Policies

Housing Strategy for England

3.19 In November 2011 the Government published *Laying the Foundations: A Housing Strategy for England* (HM Government, Nov 2011). This outlines the Government's ambition to stimulate housebuilding, not least to support economic recovery. It identifies a number of initiatives to support this, including:

- [New-build Indemnity Scheme](#) – providing Government-backed 95% mortgages for new-build properties;
- [Growing Places Fund](#) – providing funding for infrastructure which unblocks housing and economic growth;
- [Initiatives to Kick-Start Stalled Developments](#) – including proposals to allow reconsideration of planning obligations; a 'Get Britain Building' Investment Fund to provide development finance; and 'build now, pay later' deals with public sector land; and
- [Custom Homes Programme](#) – with short-term project finance support to help unlock group custom build or self-build schemes.

3.20 The Strategy includes initiatives to support growth and investment in the Private Rented Sector, including new 'build-to-let' models and funding and a review of barriers to investment. It also indicates that the Government is looking at supporting greater innovation and competition between social landlords, including encouraging new private entrants to the sector, and potential new approaches to funding in the medium-term.

3.21 The Strategy also included proposals for [Reinvigorating the Right-to-Buy](#) by raising the discounts available to tenants, but with a commitment to build a new 'replacement' home for affordable rent for every home lost. It also identified a funding stream to support local authorities in [bringing empty homes back into use](#). The Reinvigorating Right-to-Buy scheme increases the discount cap to £75,000; and makes provision that receipts from sales will be retained by local authorities to deliver replacement provision.

3.22 The Get Britain Building Fund and Growing Places Fund provide funding to unblock stalled schemes. The Government is also advising local authorities to renegotiate existing S106

agreements where these provide a hindrance to development, including allowing developers to appeal decision for a three year period to April 2016.

3.23 Since the 2011 Housing Strategy the Government has introduced a number of additional measures to try to kick-start the housing market. Of particular relevance is the new “[Help to Buy](#)” scheme introduced in the 2013 Budget. This provides two schemes aimed at increasing the supply of low-deposit mortgages and new housing:

- [Help to Buy Equity Loan](#) – a new-build only scheme which expands the existing FirstBuy scheme to provide an equity loan of up to 20% of the value of a home through an equity loan. The scheme will run until April 2016 and buyers will require only a 5% deposit;
- [Help to Buy Mortgage Guarantee](#) – a similar scheme where buyers will require a 5% deposit and the Government will provide guarantees underpinning the 95% mortgage from a commercial lender. This scheme is available for both new-build and existing homes.

3.24 Moving forward these schemes could have a real impact at stimulating effective market demand for homes as they target some of the key challenges which have restricted access to owner occupation - difficulties for households in securing mortgage finance and high loan-to-value ratios.

Localism Act – Housing Reforms

3.25 The Localism Act has introduced a number of reforms affecting the management of social housing. These reforms are summarised below:

[Allocations Policies](#)

3.26 The Localism Act gives Councils greater flexibilities in deciding who qualifies to go onto housing waiting lists (through their allocations policies) and how they treat tenants who want rather than need to move. Local Authorities can thus revise their allocations policies, should they wish to do so, to prevent people with no ‘need’ for affordable housing from joining housing registers.

[Tenancies](#)

3.27 The Localism Act has introduced changes to social housing tenancies, giving both local councils and Registered Providers (RP’s) the flexibility to grant fixed term tenancies (as well as lifetime tenancies) should they decide to do so. New fixed term tenancies would continue to be at social rent levels and tenants would have the same rights as those with existing lifetime tenancies in terms of a right to repair or to buy/acquire. A minimum fixed-term tenancy in most cases would be for five years (with two year tenancies granted only in exceptional circumstances). Shorter tenancies are considered to be one way of making better use of the existing social housing stock in meeting housing need. Specific local policies are expected to be set out in local authority’s tenancy strategies.

- 3.28 The Government has also changed the rules on succession to make them consistent for all Council and RP tenants. The spouse or partner of a tenant who dies will have an automatic legal right to succeed, but will not have an automatic right to then pass on the property. This will not however affect joint tenancies or existing secure tenants.

Reform of Homelessness Legislation

- 3.29 Councils will be able to bring the statutory homelessness duty to an end with an offer of suitable private rented housing. People's right to refuse private rented accommodation will be withdrawn. This could potentially assist in the use of private sector housing stock in meeting affordable housing needs. Specific local policies are expected to be set out in local authority's tenancy strategies.

- 3.30 The Government has also recently introduced a new [nationwide home swap scheme](#) to support mobility in the social sector. In terms of social housing finance, the Localism Act also introduces 'self-financing' which allows Councils to keep money from rents to spend on upkeep, investment and management of their housing stock. It has also made changes to the regulation of the social housing sector.

Welfare Reforms

- 3.31 The Welfare Reform Act received Royal Assent in March 2012. This introduces the following:
- Household Benefit Cap;
 - Planned introduction of Universal Credit (combining current existing benefits);
 - Linking Local Housing Allowance (LHA) rates to CPI; and
 - Size criteria for calculating Housing Benefit in the Social Rented Sector.

"Bedroom Tax"

- 3.32 The Welfare Reform Act introduces restrictions on how much Housing Benefit working-age households in social rented properties can claim from April 2013, based on the size of the household. Housing Benefit has been previously based on the size of the property rather than the household. This change will particularly impact on working-age households who are under-occupying homes. The Government estimates that the change of policy will impact on 670,000 households nationally – 32% of all working-age households in receipt of Housing Benefit. The average cost to affected households will be a reduction in Housing Benefit of £13 per week in 2013/14. The policy change is focused on reducing the Government's benefit bill, increasing mobility in the social rented sector and making better use of the existing social housing stock.

Shift towards Universal Credit

- 3.33 Universal Credit, which brings together existing benefits into a single payment, is due to be phased in from October 2013. A movement towards universal credit to provide one streamlined payment is likely to end the payments of housing benefit directly to landlords in some instances. Coupled with the caps on growth in LHA levels, this may over time make tenants on benefits less attractive to landlords. It could result in some moderating of growth in benefit claimants in the private rented sector, although this will depend on overall dynamics within the sector.

Changes to Local Housing Allowance

- 3.34 Low income households living in the Private Rented Sector are able to claim Local Housing Allowance (LHA) to assist in meeting their housing costs. LHA is determined in relation to rents in the Broad Rental Market Area (BRMA) in which a property lies.
- 3.35 In April 2011 the Government changed how LHA is calculated, shifting this from median rents in the BRMA to the 30th percentile. It has also introduced caps on LHA payments: £250 a week for a 1 bed property or shared accommodation, £290 a week for a 2-bed property, £340 a week for a 3-bed property and £400 a week for properties with 4 or more bedrooms.
- 3.36 The Welfare Reform Act also indicates that increases in LHA rates from 2013 will be restricted to growth in inflation as measured by the Consumer Price Index (CPI). Rates will also be set annually rather than monthly. This can be expected to exert a downward pressure on rents, particularly in areas where LHA claimants form a significant proportion of the private rented sector market, and may encourage some LHA claimants to move to cheaper areas.

Planning and Housing Policies in Chesterfield

- 3.37 The development plan for Chesterfield Borough Council comprises the [Core Strategy](#) with a plan period of 2011-2031 and the saved policies in the [2006 Replacement Chesterfield Borough Local Plan](#). The emerging [Local Plan Sites and Boundaries DPD](#) will also comprise part of the development plan and also cover a period up to 2031.
- 3.38 Core Strategy Policy CS1 states that at least 7,600 new dwellings must be built in Chesterfield Borough between 2011 and 2031. The policy also sets out that 43% of housing growth will be distributed to Chesterfield sub-regional centre (including Chatsworth Road District Centre and Whittington Moor District Centre); a further 26% of growth is to be in Staveley and Rother Valley Corridor strategic site. The regeneration priority areas (Barrow Hill, Duckmanton, Mastin Moor, Poolsbrook, Rother Ward) are proposed for 15% growth and the local service centres of (Brimington, Hasland and HolmeHall) are set for 11%. Staveley Town Centre is identified to receive 4% of housing growth and the remaining 1% should be in local centres.
- 3.39 The Council's [Housing Strategy](#) (April 2013) sets out that the strategic housing priorities are: to increase the supply of high quality sustainable homes; make better use of the borough's existing housing stock; deliver a quality housing and housing support service; and encourage a quality, thriving private housing sector. The Housing Strategy states that the shortage of affordable housing in all tenures is a major challenge. Although the nature of the problem has shifted from headline prices to borrowing constraints on would-be purchasers the gap between supply and need is

growing, exacerbated by the loss of social housing through Right to Buy, which may see resurgence in the plan period. The Strategy concludes that the delivery of affordable homes in Chesterfield will not be sufficient unless major new build activity is undertaken.

- 3.40 This brings us to the Council's [Tenancy Strategy](#) (Jan 2013). This outlines that the Borough's social housing stock is not under pressure as a larger than average supply of social rented homes enables Chesterfield to have a relatively low applicant to letting ratio of 2.2. The Council recommends that flexible fixed term tenancies are only used for general needs tenants and certain vulnerable groups, such as pensioners in supported accommodation and disabled persons in adapted accommodation, should be granted life-time secure or assured tenancies. The Council does not expect that any RP will offer a fixed term tenancy of less than five years. The council accepts the introduction of affordable rents to fund new affordable housing development. The Tenancy Strategy welcomes the flexibility to discharge the Council's homelessness duty through the offer of suitable property in the private rented sector.

Key Findings and Policy Implications

- The NPPF requires local planning authorities to meet objectively-assessed need for market and affordable housing. The Council's Core Strategy sets a housing target for development of at least 7,600 new dwellings Chesterfield Borough between 2011 and 2031.
- The Coalition Government has introduced a range of housing reforms. The Council's Tenancy Strategy outlines how a number of these will be applied locally, outlining that in considering development or switching of properties to affordable rent it is important that local incomes are considered. It also puts a number of controls in place affecting the granting of fixed-term tenancies by registered providers, and outlines that the Council will not grant fixed-term tenancies for its stock.
- The implementation of the 'Bedroom Tax' could in the short-term increase levels of housing need, and particularly need for smaller properties from working-age households, as the benefits which some households can claim reduces. However in the longer-term this could increase the turnover within the social housing stock.

4 HOUSING STOCK AND SUPPLY TRENDS

4.1 The Council in developing a new Local Plan is looking over the period to 2031. Much of the housing stock in the area in 2031 already exists now; and it is thus important to understand the current 'housing offer' and how this has been changing, to consider what gaps in the offer new-build development might fill.

4.2 In this section we profile the Borough's current housing offer, considering the profile of stock of different types, sizes and tenures of homes and how this has been changing.

Geography of the Borough

4.3 Chesterfield Borough sits in the north-east corner of Derbyshire, in the middle of the housing market area, enveloped by the authority of North East Derbyshire to the north, west and south. Bolsover is to the east; and the Yorkshire authority of Sheffield further north. The borough is based around the town of Chesterfield and includes Staveley town to the east and the eastern villages of Barrowhill, Mastin Moor, Poolsbrook and Duckmanton. The borough occupies around 25 square miles and has a high population density.

4.4 Chesterfield railway station is on a main line to London and the M1 passes through the east side of the borough where junction 29A is located. In common with much of the rest of the housing market area, the Borough is a former mining and industrial area. Chesterfield borough has experienced a long and difficult period of structural economic change. The economy of the borough as a whole has seen considerable investment and regeneration activity, but there remain significant pockets of deprivation.

4.5 Chesterfield town is a significant market town and sub-regional service centre. Its diverse economy has its roots in manufacturing enabled by the canal and railway networks supplying goods and machinery to support the mining and engineering industries. There are also major service sector employers such as the Council, the district general hospital and the Chesterfield College. There is also a large retail, leisure and professional services sector.

4.6 The development of the local economy is a key driver for the housing market. This is influenced by traditional industries closing or re-locating plus the economic growth that is occurring within and close to the Borough including at Markham Vale (M1 J29a) (which falls partly within Chesterfield Borough and partly in Bolsover District and North East Derbyshire District) and the established sites at Holmewood/Heath (M1 J29) which is within North East Derbyshire District.

- 4.7 The Borough also contains the town of Staveley to the east. This is a market town that is now mainly residential but has an industrial legacy relating to mining and the chemical industry. The area is linked by road to the Markham Vale development and M1 J29a and this is perceived locally as key to its economic development and future housing offer.
- 4.8 A key objective for the future is for new economic activity and employment opportunities to be focussed where the regeneration benefits can be maximised, particularly in the Staveley and Rother Valley Corridor and along the A61 Corridor where there is significant need for work and training.

Tenure Profile

- 4.9 There were just under 46,800 homes in Chesterfield Borough in 2011. 23.2% of the housing stock is in public sector ownership, of which the majority is owned by the Council (20.2%). This is notably above the regional average.

Table 3: Tenure, 2011

	Local Authority	Housing Association	Other Public Sector	Total Public Sector	Private Sector	Total Dwellings
Chesterfield Borough	9,781 20.2%	1,392 2.9%	74 0.2%	11,247 23.2%	37,250 76.8%	48,490 100.0%
HMA	30,221 17.1%	4,230 2.4%	272 0.2%	34,723 19.7%	141,590 80.3%	176,300 100.0%
East Midlands	185,713 9.4%	128,267 6.5%	4,052 0.2%	318,032 16.1%	1,653,510 83.9%	1,971,520 100.0%
England	1,725,905 7.5%	2,319,511 10.1%	63,237 0.3%	4,108,653 17.9%	18,867,000 82.1%	22,976,000 100.0%

Source: CLG, Table 100

- 4.10 A more detailed picture of the housing stock can be seen in the table below. Levels of owner occupation in Chesterfield Borough (63.1%) are below the HMA average (67.6%) and levels across the East Midlands.
- 4.11 The level of social renting in Chesterfield Borough (23.2%) is higher than the HMA (19.5%), which itself is higher than the East Midlands average (15.8%) and England average (17.7%).
- 4.12 The level of private renting (12.4%) is higher than average in the HMA (11.3%) and lower compared with the East Midlands (14.9%) and England (16.8%). The relatively modest size of the private rented sector in Chesterfield and HMA is likely to be influenced by the relative affordability of homes for sale in the HMA and the level of social rented stock.

Table 4: Detailed Tenure Profile, 2011 (%)

%	Owner Occupied	Shared Ownership	Social Rented	Private Rented	Other
Chesterfield Borough	63.1	0.3	23.2	12.4	1
HMA	67.6	0.3	19.5	11.3	1.3
East Midlands	67.3	0.7	15.8	14.9	1.3
England	63.4	0.8	17.7	16.8	1.3

Source: Census (2011)

4.13 Levels of private renting have increased by 5.1 percentage points on average across the HMA between 2001-11, whilst owner occupation has reduced by 1.5 points and social renting has decreased by 3.1 points. Within the HMA, the owner occupied sector has reduced in size the most in Chesterfield Borough (-2.5pp over the decade).

4.14 The private rented sector has been the key growth sector in the housing market across both the HMA and in the Borough over the 2001-11 period. It has increased in size by 5.4 percentage points over this period across the HMA and has increased the most in Chesterfield by 6.2 percentage points.

Table 5: Detailed Tenure Profile, 2001 (%)

	Owner Occupied	Shared Ownership	Social Rented	Private Rented	Other
Chesterfield Borough	65.6	0.5	26.3	6.2	1.2

Source: Census (2001)

4.15 At a more local level, home ownership in 2011 is highest in the Staveley and Eastern Villages Sub Market (64%). The proportion of shared ownership is slightly higher in the Chesterfield Town Sub Market (1.1%) than in the Staveley and Eastern Villages Sub Market (0.7%).

4.16 The proportion of social renting is highest in the Staveley and Eastern Villages Sub-Market (25.0%) compared with Chesterfield Town, where the proportion of social renting is 22.3%. Chesterfield Town Sub-Market has a slightly higher proportion of private rented housing (13.4%) than in the Staveley and Eastern Villages Sub-Market (10.2%).

Figure 1: Tenure Profile by Sub-Market within Chesterfield Borough



Source: Census (2011)

House Types

- 4.17 The HMA as a whole has a housing offer focused particularly towards semi-detached housing, with a low proportion of flats relative the national profile. Semi-detached homes are the most prevalent house type in the Borough. The proportion of flats (12%) is above the HMA average, whilst detached homes (24%) are below the HMA average.

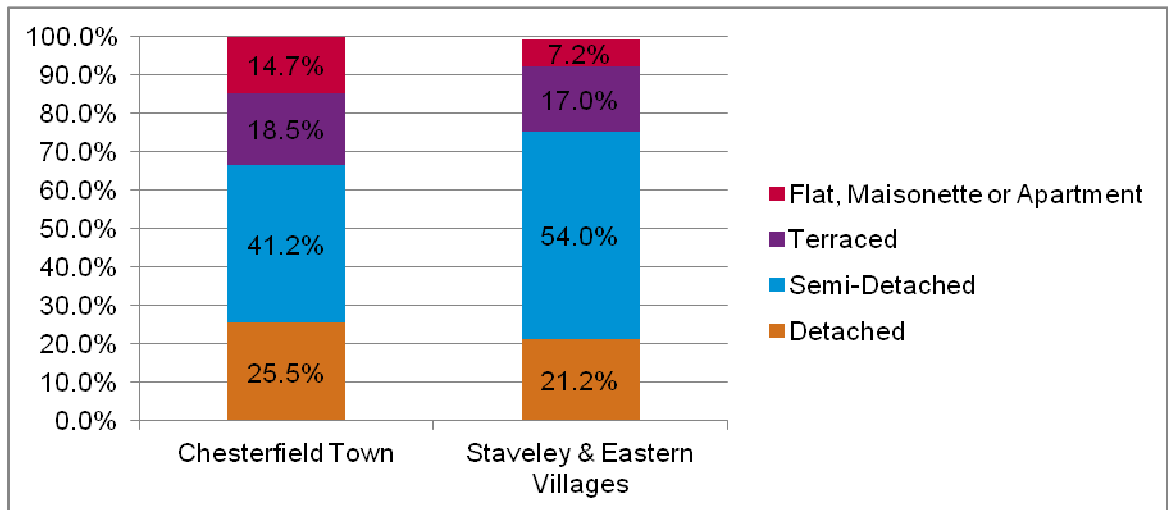
Table 6: Profile of Dwelling Stock by Type, 2011

% Dwellings	Detached	Semi - Detached	Terraced	Flat / Maisonette
Chesterfield Borough	24%	45%	18%	12%
HMA	31%	44%	17%	8%
East Midlands	33%	36%	20%	11%
England	23%	31%	25%	21%

Source: Census (2011)

- 4.18 Within Chesterfield Borough, the proportion of detached housing is highest in the Chesterfield Town Sub-Market (25.5%). The Chesterfield Town Sub-Market also has a higher proportion of flats (14.7%), whilst the Staveley and Eastern Villages Sub-Market area has a higher proportion of semi-detached properties (54%). Across both sub-markets between 17-18% of dwellings are terraced homes.

Figure 2: Profile of Dwelling Stock by Type for Sub-Markets in Chesterfield Borough

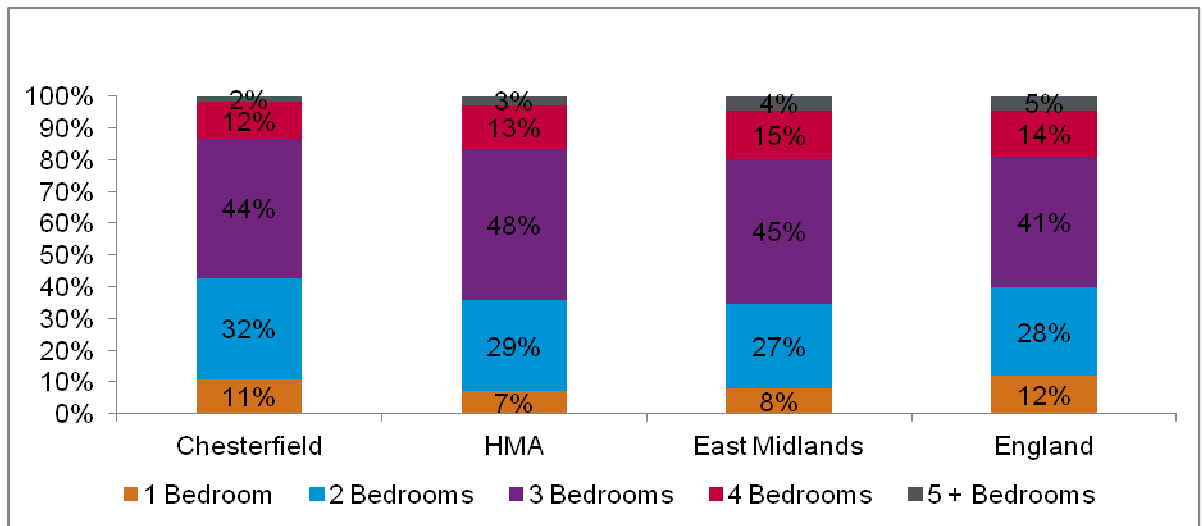


Source: Census (2011)

Housing Size

- 4.19 The profile of housing of different sizes across the HMA is similar to regional and national patterns, but with a slightly higher proportion of 3-bedroom properties. Overall over three-quarters of properties have two or three bedrooms.
- 4.20 Chesterfield Borough has a higher than average proportion of 1 and 2 bedroom homes but has a lower than average proportion of 3 and 4 bedroomed dwellings relative to the East Midlands average, which is consistent with the higher than average proportion of flats in Chesterfield Borough. The Borough's housing offer is focused towards lower and mid-market housing. The proportion of larger properties with four or more bedrooms (14%) is notably below the regional average (19%).

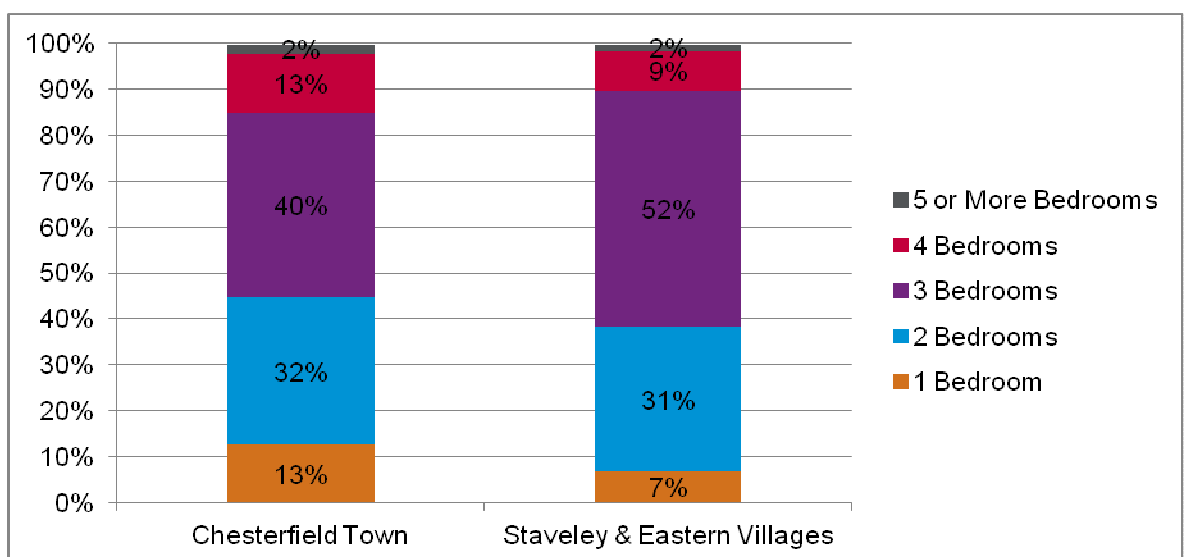
Figure 3: Size of Homes, 2011



Source: Census (2011)

4.21 Chesterfield Town Sub-market has a higher proportion of smaller 1 – 2 bedroom dwellings at 45% and also of larger 4 bedroom or more dwellings at 15%. It is 37% and 11% respectively in the Staveley and Eastern Villages Sub-Market. This is consistent with there being a higher proportion of both flatted and detached properties in the Chesterfield Town Sub-Market. The proportion of 3 bed dwellings is higher in the Staveley and Eastern Villages Sub-Market (52%) in accordance with the higher level of semi-detached properties in this area.

Figure 4: Size of Homes by Sub-Market in Chesterfield Borough



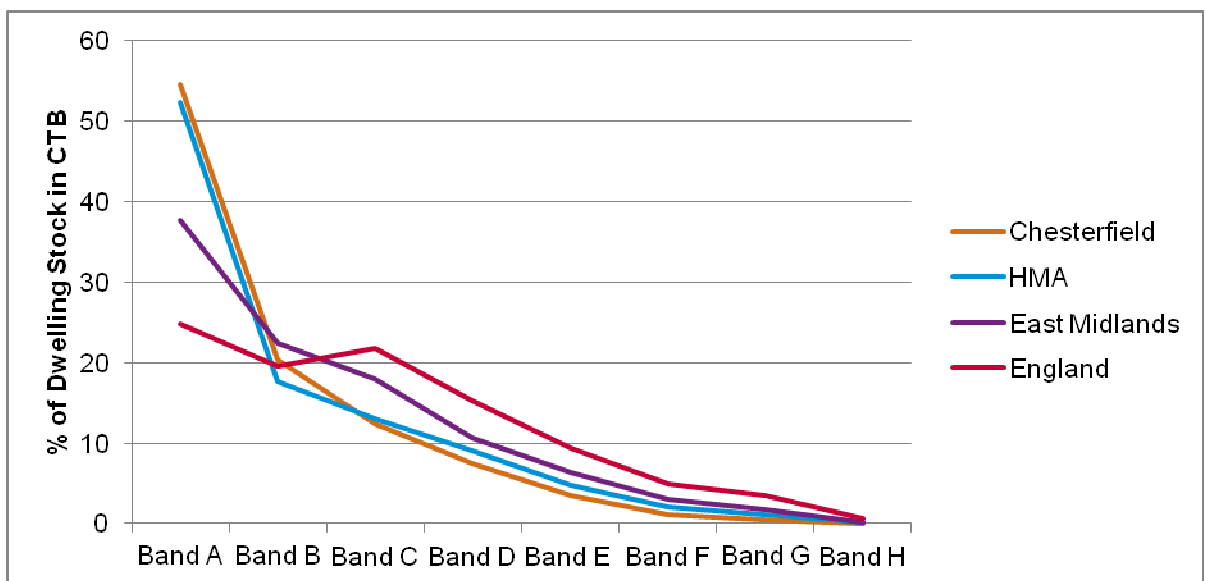
Source: Census (2011)

4.22 Of housing within the social rented sector, the 2011 Census data shows that 33% of properties in the Borough had 1 bedroom, 33% had 2 bedrooms, 31% had 3 bedrooms and 3% of properties had four or more bedrooms. The Borough (relative to other areas) has a relatively high proportion of 3-bed stock.

Dwellings by Council Tax Band

4.23 Chesterfield Borough has the second highest proportion of properties in Bands A and B of the districts within the HMA at 75%, just less than neighbouring Bolsover (78%). Just 5% of properties are in Council Tax Bands E and above. This is partly a reflection of housing costs, and partly a reflection of a housing mix with a low proportion of stock in the Borough with 4 or more bedrooms.

Figure 5: Dwellings by Council Tax Band, 2011



Source: Census (2011)

Changes in the Use of Housing

Overcrowding

4.24 Studying levels of overcrowding in the housing stock is an important part of the SHMA. This is strongly recognised in the Practice Guidance which notes that ‘if overcrowding is an issue, building one new larger property could help to resolve the needs of several households as households “move up” through the system into larger properties’.

- 4.25 Data about overcrowding is available from the 2011 Census, based on the 'bedroom standard'. This is defined by the difference between the number of bedrooms needed to avoid undesirable sharing (given the number, ages and relationships of the household members) and the number of bedrooms available to the household. A household is defined as overcrowded if there are fewer bedrooms available than required by the bedroom standard.
- 4.26 Census data also computes a measure of overcrowding using occupancy ratings. The Census method is that all households should have one common room and there should be one additional room for each household member. Therefore a five person household living in a five room dwelling would be considered as overcrowded. Whilst using the bedroom standard is preferable it is useful to consider occupancy ratings to allow us to compare changes over time – earlier Census data did not collect data about the number of bedrooms in a home.
- 4.27 The table below shows the estimated number and proportion of households who were overcrowded in 2011 using the bedroom standard. The HMA has lower levels of overcrowding (2.3%) than the regional (3.3%) and England (4.8%) average. This is true for Chesterfield Borough as well, with just 2.5% of households overcrowded using the bedroom standard.
- 4.28 Across the HMA a significant 77% of households are under-occupied, consistent with the regional average. Many households seek more rooms than they traditionally need to so that they have separate rooms for children, rooms for friends and relatives to come to stay and have extra storage space. This is particularly the case in the owner occupied sector where a household can choose to occupy a larger home than they might need where they can afford to do so.

Table 7: Overcrowding 2011

	Overcrowded Households	% Overcrowded	% Under-occupied
Chesterfield Borough	1,172	2.5%	72%
HMA	3,905	2.3%	77%
East Midlands	61,644	3.3%	77%
England	1,060,967	4.8%	69%

Source: Census (2011)

- 4.29 The table below shows that, within Chesterfield Borough, levels of overcrowding are low across both sub-markets.

Table 8: Overcrowding, 2011 by Sub-Market

	Overcrowded Households	% Overcrowded	% Under-occupied
Chesterfield Town	796	2%	71%
Staveley & Eastern Villages	376	3%	74%

Source: Census (2011)

Vacant and Second Homes

4.30 The level of homes with 'no usual residents' in Chesterfield Borough is in line with the HMA at 3.6% of the dwelling stock. This compares to 3.4% across the HMA and 4.0% across the East Midlands. Within the Borough, the data shows a slightly higher proportion of homes with no usual resident in Chesterfield Town.

Table 9: Vacant and Second Homes, 2011

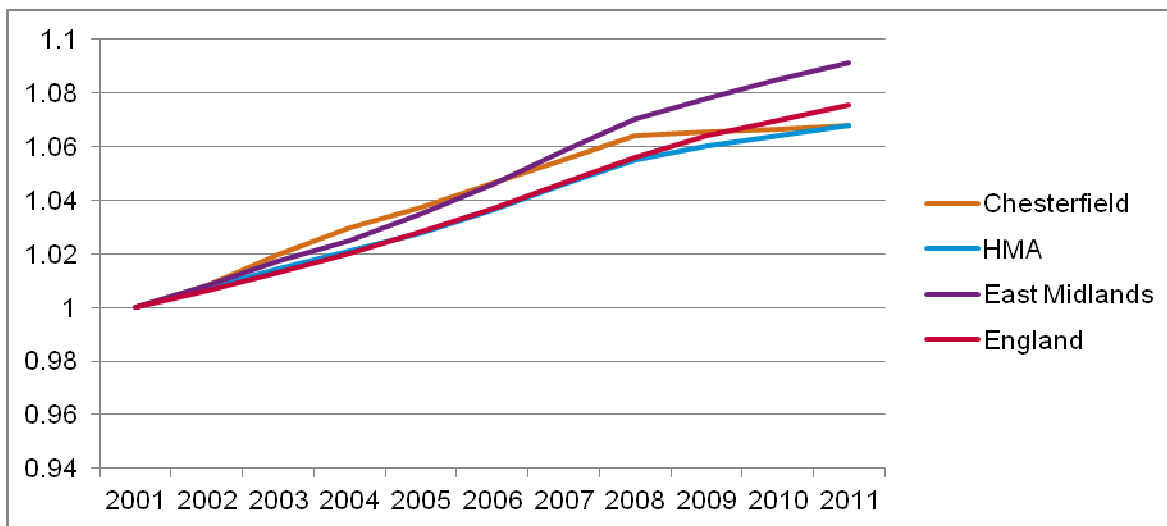
	Household Spaces with No Usual Residents	All Households Spaces	% Vacancy
Chesterfield Town	1,275	33,699	3.8%
Staveley & Eastern Villages	471	14,843	3.2%
Chesterfield Borough	1,746	48,542	3.6%
HMA	6,043	176,377	3.4%
East Midlands	78,224	1,973,828	4.0%
England	980,729	23,044,097	4.3%

Source: Census (2011)

Housing Supply Trends

4.31 The figure below shows growth in dwelling stock in the HMA and constituent authorities over the 2001-11 decade. Over this period the housing stock grew by 6.8% across the HMA, which was below both the East Midlands (9.1%) and England (7.6%) average. The housing stock also grew by 6.8% in Chesterfield Borough over this decade. However, the housing stock in Chesterfield Borough has seen the lowest growth in the HMA since 2008 at just 0.3%. This is likely to be a reflection in part of the particular impact of the market downturn on the flatted market (linked both to the occupier profile which is focused more towards younger buyers and investors and issues affecting scheme viability).

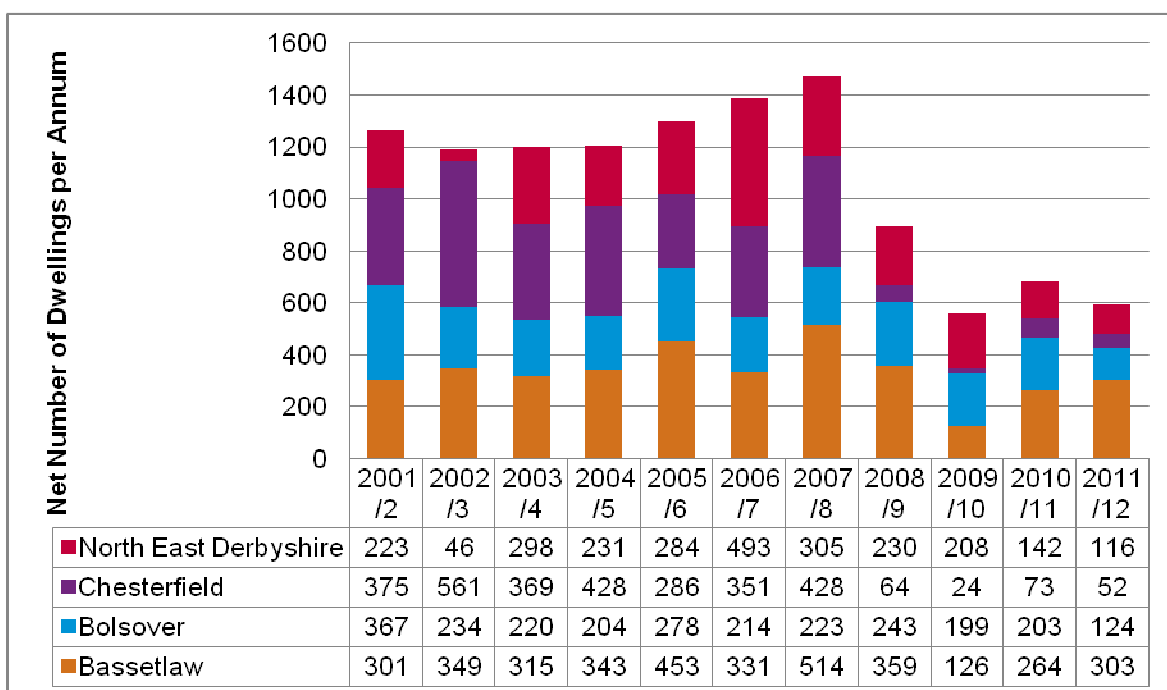
Figure 6: Net Changes in Housing Stock, 2001 – 2011



Source: CLG Table 125

4.32 The profile of net housing completions (2001-2012) is shown below in Figure 7. Net completions in Chesterfield Borough have varied between 24-561 per annum over the last decade. In healthy market conditions completions generally have been around 300-450 homes per annum.

Figure 7: Net Completions in the HMA, 2001/2-2009/10



Source: Council Completions Data

- 4.33 Table 12 compares completions levels per annum between 2009-12 compared to those between 2001-8. We have seen a reduction in completions levels of -53% across the HMA. Completions in Chesterfield Borough have declined the most (-86%) relative to the other three authorities.

Table 10: Average Annual Net Completions between 2009-12 compared to 2001-8

Net Completions	2001-8	2009-12	% Change
Chesterfield Borough	357	50	-86%
HMA Total	1289	611	-53%

Source: Council Completions Data

- 4.34 It is clear that the new-build market has been significantly affected by wider housing market conditions, which we go on to review in the next section.

Key Findings and Policy Implications

- The level of social rented housing in the Borough (and the wider HMA) are above the national average. The tenure profile has however been changing – with the private rented sector being the key growth sector over the 2001-11 decade with a 6.2 percentage point increase in the households which it accommodates.
- Overall the Borough's housing offer is focused towards two- and three-bedroom properties. A high 75% of properties are in Council Tax Bands A and B. The Borough also has an above average level of flatted stock (12%) and conversely there is currently a low level of properties with four or more bedrooms (14%). Where the market will support delivery of larger homes, there would be a good policy case to support this to help diversify the housing stock and attract wealth to the local economy.
- Within the Borough there is a greater proportion of flats and terraced stock within Chesterfield Town. In Staveley and the Eastern Villages the housing offer is particularly focused on three-bed properties (accounting for 53% of homes); whilst social renting is also higher (at 25%) than in Chesterfield Town.
- Supply overall has grown at a similar rates to the HMA as a whole, but has been low over the period since 2008. Housebuilding has fallen significantly – by over 50% - since the onset of the credit crunch in 2008 across the HMA and this has been seen to the greatest extent in Chesterfield Borough (with an 86% fall in annual completions).

5 HOUSING MARKET DYNAMICS

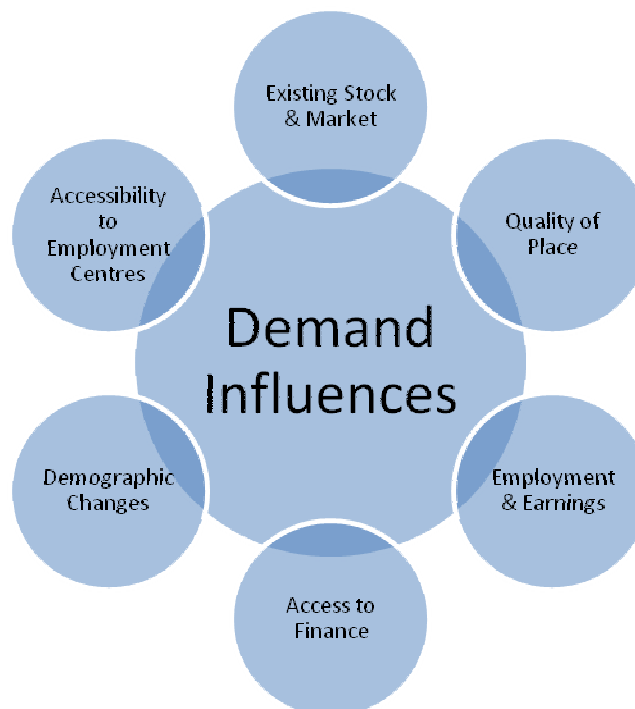
5.1 We have sought to analyse housing market dynamics using a combination of quantitative and qualitative research. This section initially reviews housing market dynamics including national and macro-economic drivers and local prices and sales performance. It then develops this to provide a local qualitative perspective on housing market conditions, drawing on discussions with local estate and letting agents. The section includes a review of 'market signals' including house price and rental trends.

Overview of the UK Housing Market and Economy

Conceptual Framework

5.2 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. There are a number of key influences on housing demand, which are set out in the chart below (Figure 8).

Figure 8: Understanding Housing Demand



Source: GL Hearn

- 5.3 The housing market is complex. It is influenced by the economy at both a macro-economic level, in terms of interest rates and mortgage availability, as well as market sentiment (which is influenced by economic performance and prospects at the macro-level).
- 5.4 It is also influenced by the economy at both regional and local levels, recognising that employment trends will influence migration patterns (as people move to and from areas to access jobs), and that the nature of employment growth and labour demand will influence changes in earnings (which affects affordability).
- 5.5 Housing demand over the longer-term is particularly influenced by population and economic trends. Changes in the size and structure of the population directly influence housing need and demand, and the nature of demand for different housing products. Economic performance influences migration between different areas and household wealth.
- 5.6 There are then a number of factors which play out at a more local level, within a functional housing market and influence demand in different locations. These include:
- quality of place and neighbourhood character;
 - school performance and the catchments of good schools;
 - the accessibility of areas including to employment centres (with transport links being an important component of this); and
 - the existing housing market and local market conditions.
- 5.7 These factors influence the demand profile and pricing, against a context in which households compete within the market for housing.
- 5.8 At a local level, this means that the housing market (in terms of the profile of buyers) tends to be influenced by and reinforced to some degree around the existing stock. However, regenerative investment or delivery of new transport infrastructure can influence the profile of housing demand in a location, by affecting its attractiveness to different households.
- 5.9 Local housing markets or sub-markets are also influenced by dynamics in surrounding areas, in regard to the relative balance between supply and demand in different markets; and the relative pricing of housing within them. Understanding relative pricing and price trends is thus important.

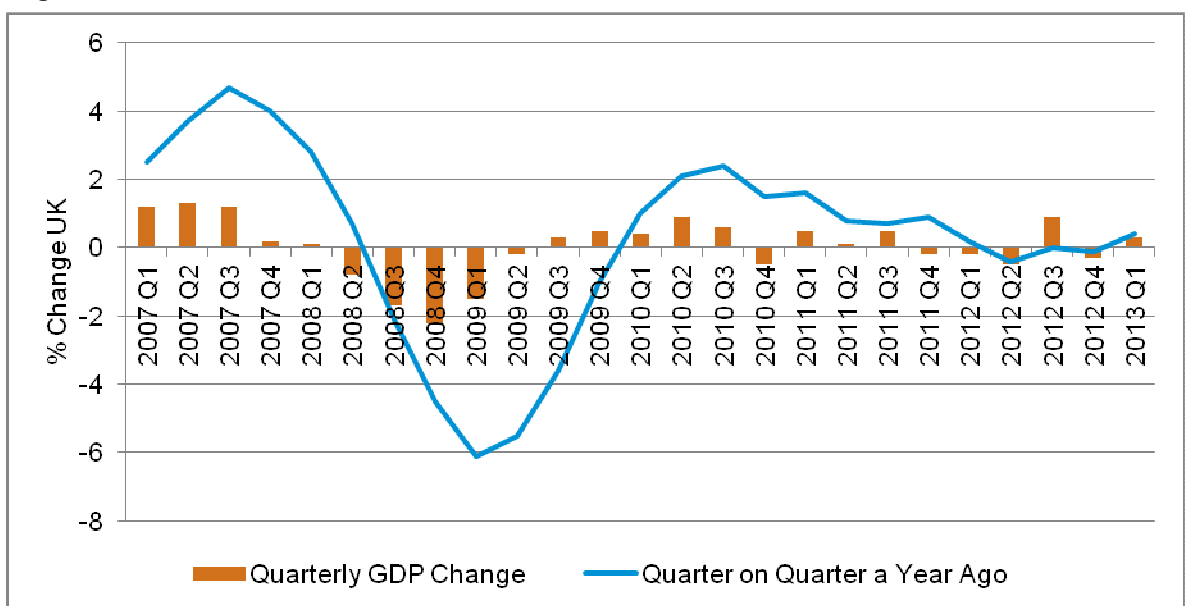
Understanding the Macro-Level Dynamics

- 5.10 Much has been written over the last few years about economic performance and outlook. The UK economy, as well as a number of the major global economies, experienced an economic recession which lasted six quarters from Q3 2008 until the end of 2009. The economy began to recover in

2010. However, the economy entered a double dip recession for three quarters at the end of 2011 and middle of 2012 before exiting it later in Q3 2012 (aided by the Olympic Games).

5.11 Since late 2010 most growth in the economy (at the macro-level) has been from exports and government spending; with trends in consumer spending and investment negative. Inflation has been running significantly above long-term trends. In essence, economic recovery since 2010 has been relatively weak – we have seen both a deep recession and weak recovery. As Figure 9 indicates during the course of 2012 there was minimal growth in the UK economy.

Figure 9: UK Economic Growth, 2007-2013



Source: ONS

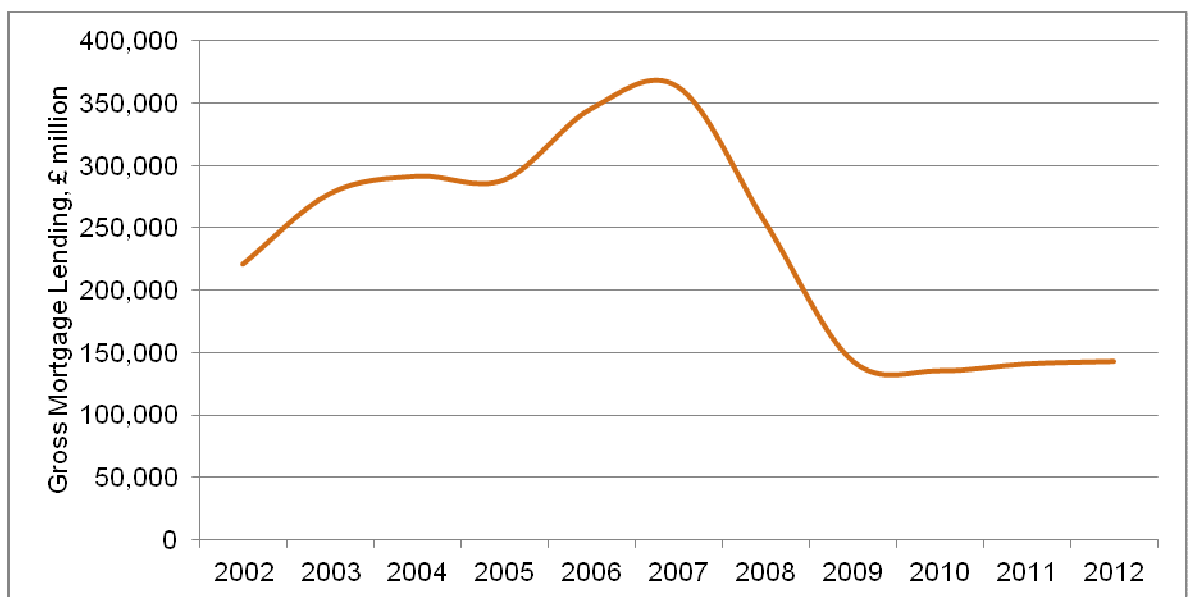
5.12 One of the key triggers to the recent economic difficulties on an international level was the ‘credit crunch.’ The downturn in the world economy was led by the sub-prime lending crisis in the United States. This resulted in a fundamental shift in the way banks lend money between themselves, through wholesale money markets, and to their customers (including home purchasers, landlords and developers).

5.13 From the second half of 2007, banks began to increase the inter-bank lending rate (LIBOR) and sought to adjust their exposure to risk by adopting much more cautious lending practices. The net effect of this was to reduce liquidity in the financial markets and credit available (resulting in a ‘credit crunch’) and in tightening lending criteria for current and prospective homeowners. This tightening of lending criteria increased ‘barriers’ to entry for marginal mortgage applicants by reducing loan to value ratios (LTVs), increasing costs associated with obtaining mortgages and reducing the income multiples accepted.

5.14 The tight lending criteria initiated by the credit crunch have continued to have an impact on mortgage lending over the last four years, with households' ability to obtain mortgage finance functioning as a notable constraint on effective demand for market homes. The impact has been notable on first-time buyers in particular. Trends are mixed, with the Council for Mortgage Lenders report in March 2013 that first-time buyer lending in Q1 2013 is broadly consistent with the same period a year previously. The average loan-to-value ratio for first-time buyers remains at 80% - notably higher than levels pre-2008 but an improvement on the last few years. There has however been a gradual increase in the proportion of first-time buyers with a deposit of 10% or less (albeit that for these loans the interest rates charged are often punitive). 1 in 4 first-time buyers put down a deposit of 10% or less in Q1 2013. Loans to home movers in Q1 2013 were down 9% on the first quarter of 2012.

5.15 Overall there has virtually no evident recovery in lending since 2010. The trend in gross lending in 2012 was flat, as Figure 10 shows.

Figure 10: Trends in Gross Mortgage Lending, UK



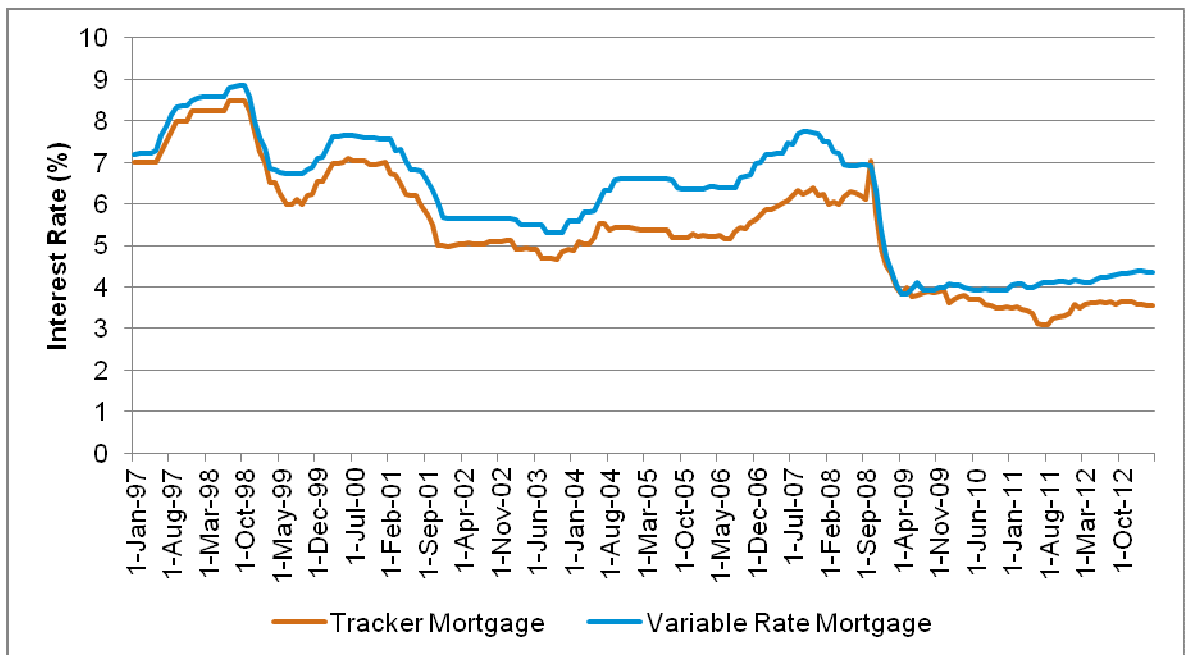
Source: Council for Mortgage Lenders

5.16 Key issues affecting the ability of households and investors to secure mortgage finance are:

- Savings and Capital: the ability to raise a deposit;
- Earnings and Interest Rates: affecting the ability to afford repayments;
- Lending Criteria: key criteria which have to be met to secure finance.

- 5.17 For those with a sufficient deposit, housing is now actually relatively affordable given the reductions in the value of homes since the peak of the market in 2007 and low interest rates. Figure 11 tracks interest rates over the period since 2007. Interest rates over most of this period have been low by historical standards.
- 5.18 Indeed, since March 2009, the Bank of England Base Rate has been just 0.5% - as low as it has ever been. This compares for instance to a Base Rate of between 10.4% - 13.4% in 1991.

Figure 11: Interest Rates

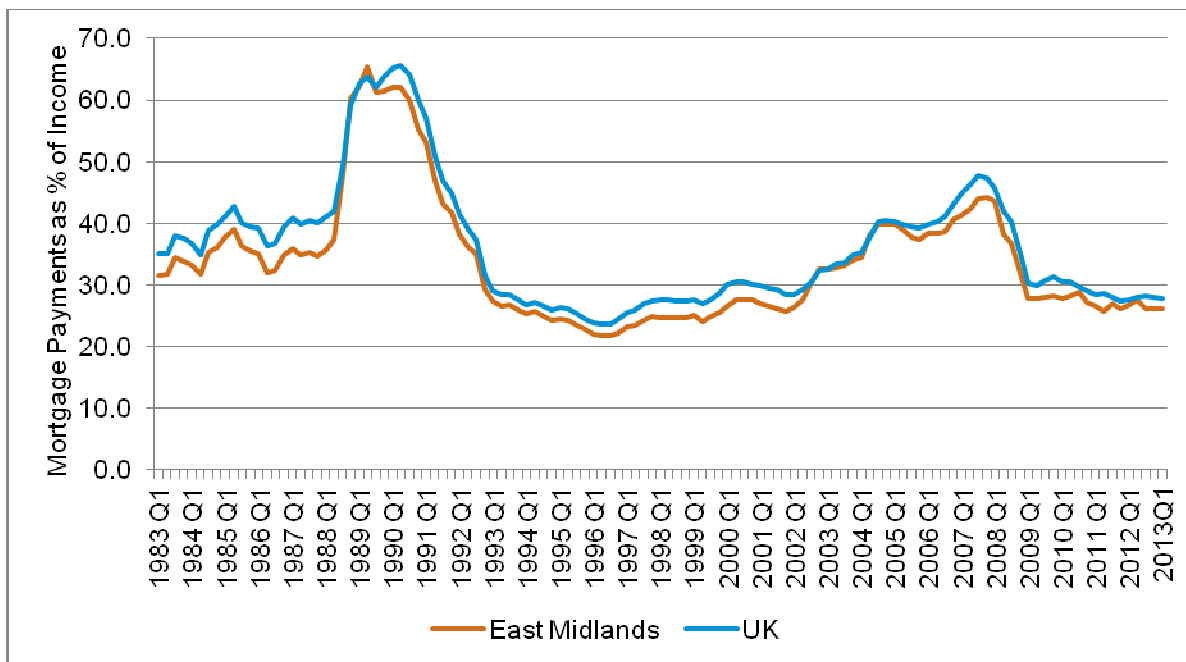


Source: Bank of England Statistics

- 5.19 The persistence of low interest rates has helped to make monthly mortgage payments for first-time buyers the most affordable (at a national level) for almost eight years at 12.2% of income in January 2013 (consistent with a year previously), according to the Council for Mortgage Lenders.
- 5.20 Figure 12 assesses long-term trends in the balance between housing costs and incomes as an indicator of the affordability of market housing. It considers the cost of mortgage payments as a percentage of monthly income.
- 5.21 With reductions in house prices and low interest rates, market housing is now as affordable as it was in the late 1990s on this measure. Mortgage repayments are on average 26.2% of (gross) household income in the East Midlands (and 27.8% across the UK) as at Q1 2013. This is significantly down on the peak of the market in Q3 2008 when mortgage repayments were on

average 44.1% of gross income across the region. Indeed affordability on this measure is similar to 2000.

Figure 12: Mortgage Payments as a % of Monthly Income



Source: Halifax House Price Index

- 5.22 Sales of homes are however not just influenced by first-time buyers and those trading up or down within the housing market. They are influenced by investment activity – properties bought to be rented privately.
- 5.23 The buy-to-let sector continues to grow, with the Council for Mortgage Lenders indicating that by the end of March buy-to-let lending accounted for 13.4% of total outstanding mortgage lending in the UK - up from 13% the previous quarter and 12.9% at the end of the first quarter of 2012. This is partly related to improved access to finance.
- 5.24 With growth in rents over the last few years and lower capital costs for house purchases, housing represents an improved investment proposition. There is evidently occupier demand for rented homes from a combination of demographics, limited new-build and restrictions on home purchases.
- 5.25 Despite wider economic conditions, mortgage possessions have been falling (no doubt supported by low interest rates). The Council of Mortgage Lenders in February 2013 stated that the number of

possessions, held by lenders in 2012, was at the lowest level for 5 years.⁶ The trend in mortgage arrears is also downwards.

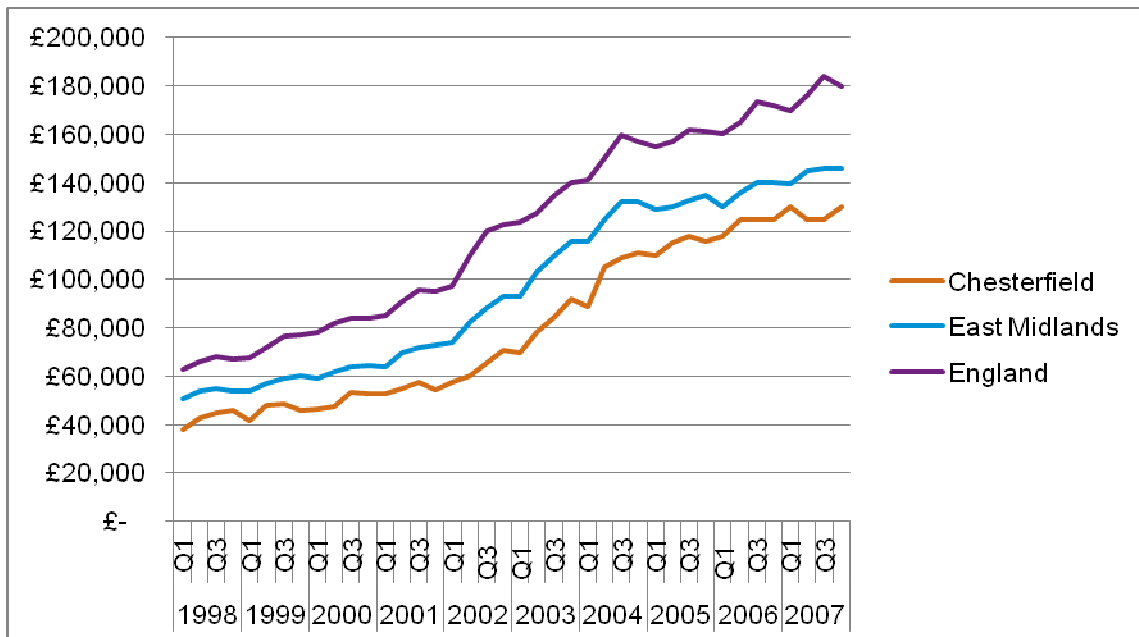
Local Market Dynamics

5.26 House prices in Chesterfield Borough are below the national average: in Q3 2012 the average house price in the Borough was £122,000. This was 2% below the HMA average, 13% below the Derbyshire average of £140,000 and 36% below the national average of £190,000.

House Price Trends

5.27 Figure 13 profiles the house prices from 1998 – 2007 (the pre-recession decade) in Chesterfield Borough, the East Midlands and England. Median House prices increased by 242% (£92,000) in Chesterfield Borough. Price growth over this period in Chesterfield Borough was higher than across the East Midlands (188%) and across England (186%) linked to its relatively low base. House price increases were particularly strong between 2002 and 2006.

Figure 13: Median House Price Trends, 1998 – 2007



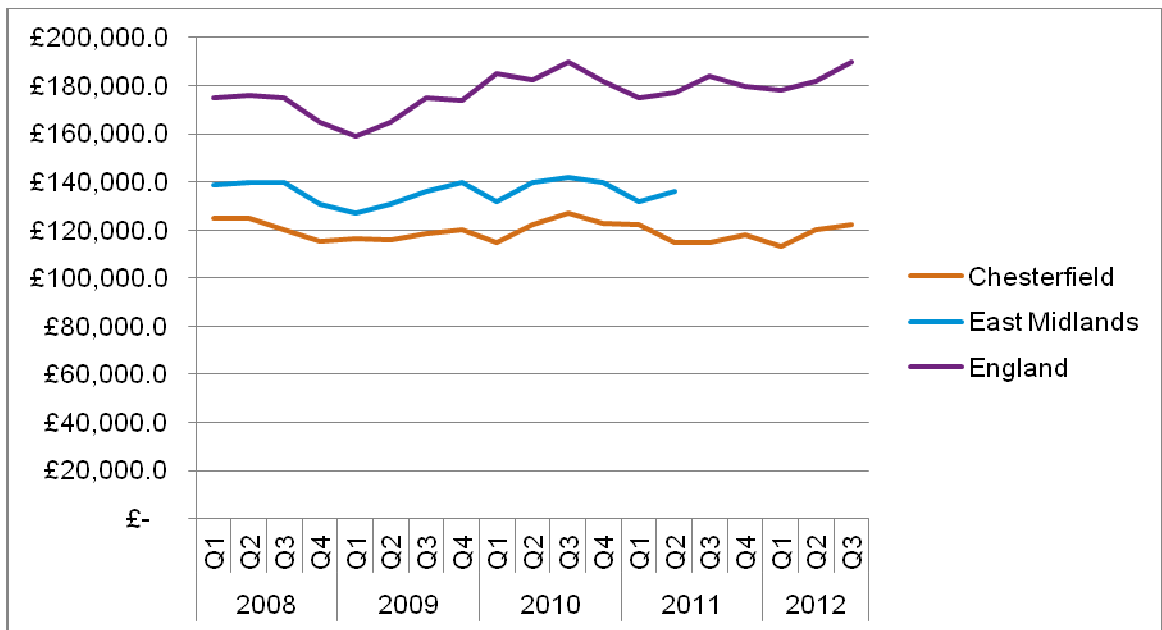
Source: CLG Table 582 – Median House Prices (Quarterly)

5.28 Since 2007 trends in house prices have been very different. Between 2007-12 house prices have decreased by -2% in Chesterfield Borough (losing £3,000 in value). This compares with a 9% increase in house prices in England as a whole, with the average house price increasing by

⁶ <https://www.cml.org.uk/cml/media/press/3422>

£15,000 between Q1 2008 and Q3 2012. Chesterfield Borough’s house prices are lower than those in many parts of the East Midlands and in real terms (stripping out inflation), housing has fallen in value, reflecting higher supply than demand over the 2008-12 period.

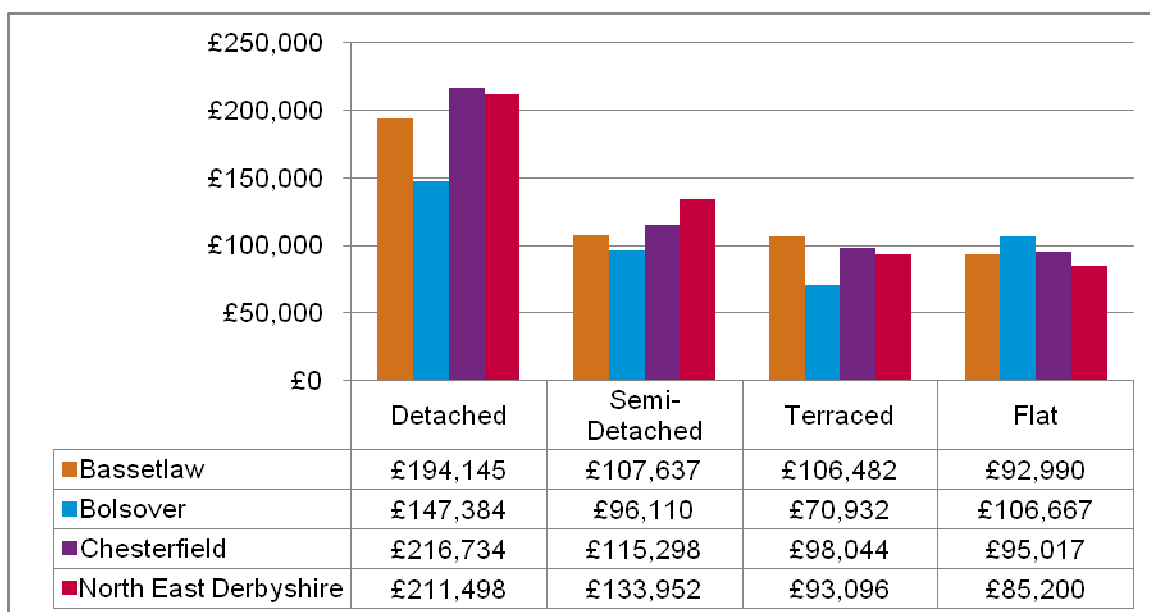
Figure 14: Median House Price Trends 2008 – 2012



Source: CLG Table 582 – Median House Prices (Quarterly)

- 5.29 Average house prices are influenced by the mix of homes sold. Figure 15 profiles average prices of properties sold in 2011 by type drawing on information from Hi4em.
- 5.30 Using price paid data from the Land Registry, the median price of a home sold between October November 2013 was £120,500. This suggests that house prices over the last year have remained flat. The lower quartile house price over this period was recorded at £95,250.
- 5.31 The analysis indicates that average house prices are higher for detached and terraced properties compared with other local authorities in the HMA suggesting higher demand for these types of properties. Semi-detached and flatted properties also perform well compared with the other HMA local authorities.

Figure 15: Average House Price by Type in Chesterfield Borough and other parts of the HMA, 2013



Source: Hi4em / Land Registry, 2013

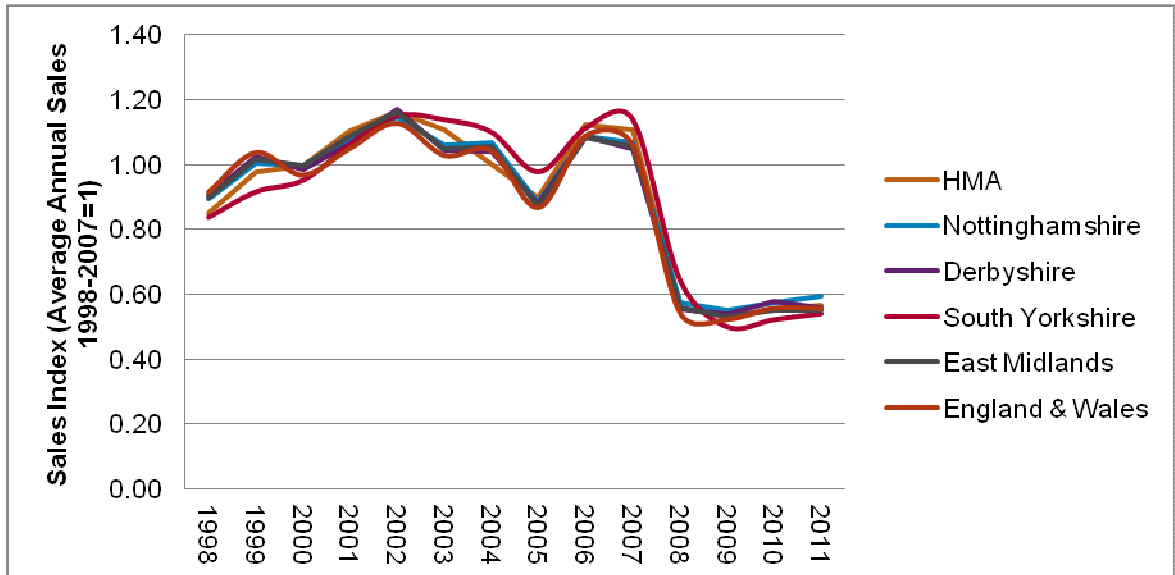
5.32 The analysis of house price trends allows us to understand the supply/demand balance for housing. It indicates that demand has been relatively subdued and moderately exceeded by supply over the last few years – “a buyers’ market” – resulting in generally falling values of homes in real terms. The analysis highlights a premium on detached properties, and suggests higher relative demand in Chesterfield Borough compared with the HMA average.

5.33 To help quantify trends in demand, we next consider sales trends. These provide an indication of ‘effective’ demand for market housing.

Sales Trends

5.34 We use an approach of benchmarking sales performance against long-term trends to assess relative demand. Figure 16 benchmarks annual sales across the HMA and wider geographies over the 1998-2011 period. 2011 is the latest data currently available consistently. It uses an index where 1 is the average annual sales over the 1998-2007 decade (prior to the credit crunch) equivalent to average sales in the pre-recession period.

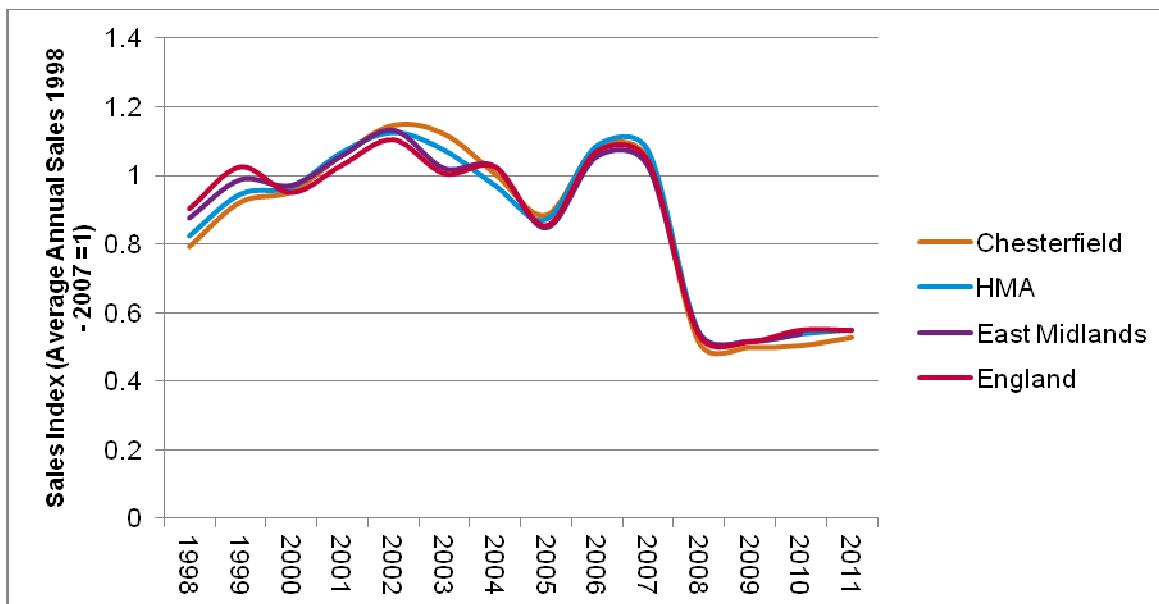
Figure 16: Indexed Analysis of Sales Trends (1998 – 2010), Housing Market Areas



Source: HM Land Registry/ CLG Table 588

- 5.35 The chart shows that the credit crunch resulted in a substantial reduction in effective demand, with sales broadly halving. Since 2009 we have seen only a very modest recovery. **In 2011, sales across the HMA were 43% down on the pre-2007 annual average.** This compares with a 44% reduction across England and 45% across the East Midlands, suggesting that the local market has been affected to a moderately lesser extent by the market downturn.
- 5.36 The 43% reduction in sales across the HMA compares to 41% across Nottinghamshire, 44% across Derbyshire and a significant 46% in South Yorkshire.
- 5.37 Figure 17 indicates that we have seen a very similar trend in sales/ effective demand in Chesterfield Borough since 1998 (49% down on the pre-2007 annual average). This illustrates the impact of macro-economic factors on the market.

Figure 17: Housing Sales Index 1998–2011



Source: CLG Table 588

5.38 We next turn to provide an assessment of sales trends in Chesterfield Borough and consider the trends across different house types.

5.39 Turning to the percentage change in sales, there has been a decrease in the number of sales across all of the different housing types between 2007 and 2011. As shown by the table below, this decrease has been most pronounced for flatted properties (-81% of sales) and least pronounced in detached housing (-63%). Clearly all parts of the market have been affected, but the impact has been greatest on those house types where the buyer profile is more focused towards first-time buyers and investors.

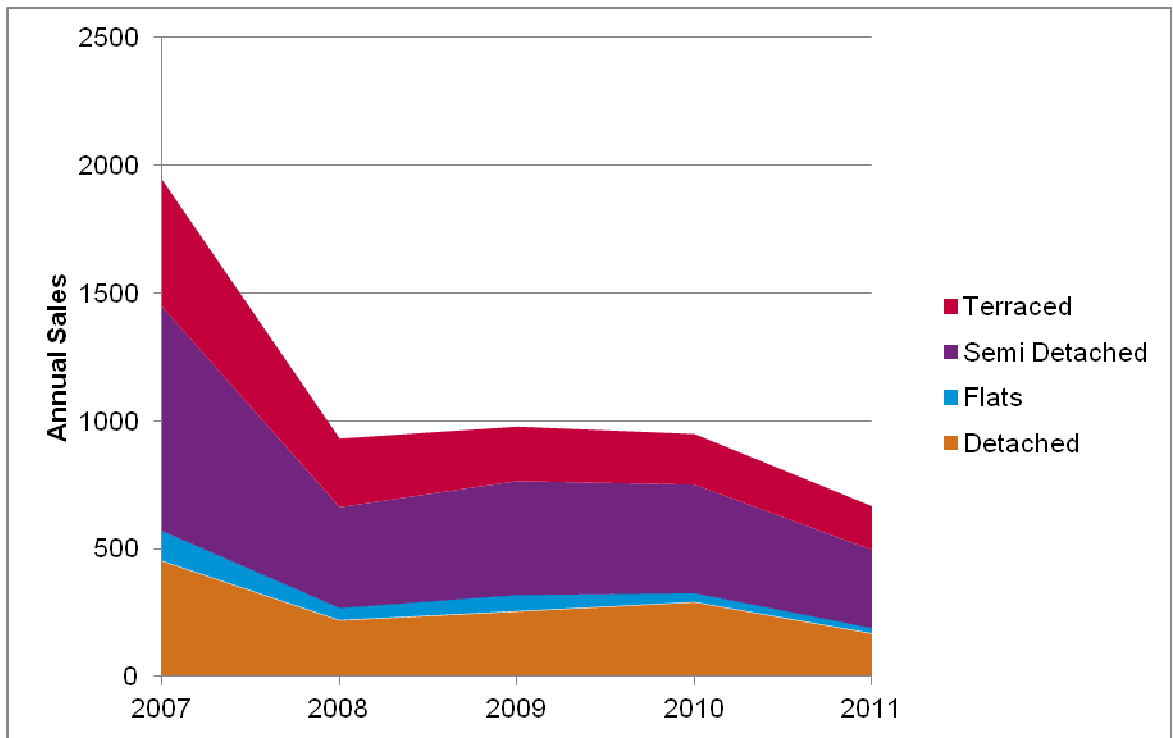
Table 11: % Change in Housing Sales 2007 – 2011 in Chesterfield Borough

	2007	2011	% Change
Detached	452	168	-63%
Flats	118	23	-81%
Semi Detached	876	305	-65%
Terraced	496	171	-66%
All Properties	1,942	667	-66%

Source: Land Registry / Hi4em

5.40 In Chesterfield Borough, sales of market housing between 2007 and 2011 were dominated by houses with limited sales of flats as shown by Figure 18 below. Compared to Bassetlaw and North East Derbyshire, the proportion of terraced and semi-detached sales is greater.

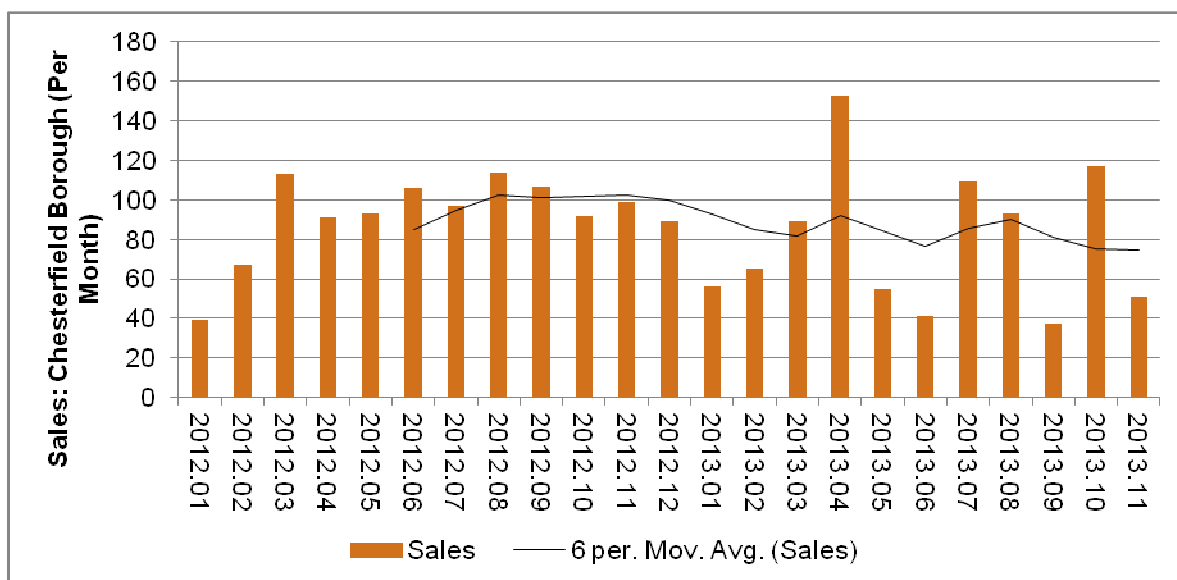
Figure 18: Sales Trends by Type in Chesterfield Borough (2007 – 2011)



Source: Land Registry / Hi4em

5.41 We have sought to update the analysis considering sales trends over the period since January 2012. This is shown below. It demonstrates that whilst we have seen some months with stronger sales, **overall the trend in sales volumes in 2012 and 2013 in the Borough has remained flat.**

Figure 19: Trends in Sales, Chesterfield Borough 2012-13



Source: HM Land Registry/ GLH

The Private Rented Sector

- 5.42 The Private Rented Sector is an important part of the housing spectrum in an area. In the British housing market it is not often a long-term choice but is an important transitional tenure. In many cases the private rented sector is a stage in the progress of a household moving into owner-occupation, but can also be a stage in the move of a household into social rented housing.
- 5.43 Data from the 2011 Census has revealed considerable growth in the private rented sector across the country since 2001. Nationally the private rented sector has grown from 2,037,000 households in 2001 to 3,716,000 in 2011 (a rise of 82%). In Chesterfield Borough the Census shows about 12% of its households as private renters (5,813 households). This represents a 53% increase when compared with figures from the 2001 Census (an additional 3,089 households).
- 5.44 The relative dynamism of the private rented sector can be seen by comparing the turnover figures for the different tenures as is shown in the table below which shows the proportion of households moving to their current accommodation by tenure and size of accommodation over the past two years.
- 5.45 It can be seen that some **47% of households in the Private Rented Sector have moved within the past two years** compared to 8% of owner-occupiers and 22% of social tenants. Across all

tenures the highest turnover rates are typically for smaller dwellings with a turnover rate for one bedroom homes being around four times the figure for four bedroom accommodation.

Table 12: Percentage of households moving in past two years by tenure and size of dwelling

Number of bedrooms	Owner occupied	Social rented	Private rented	All households
1 bedroom	18.1%	30.0%	61.1%	34.9%
2 bedrooms	12.1%	17.9%	46.7%	21.3%
3 bedrooms	6.7%	14.0%	37.3%	10.5%
4+ bedrooms	4.8%	-	50.7%	7.5%
TOTAL	8.1%	21.7%	46.9%	16.8%

Source: Household Survey Data

5.46 The private rented sector is split between those resident in the tenure who are claiming Local Housing Allowance (LHA) and others. The survey estimates that there are some 2,060 households in the private rented sector claiming LHA, and these households constitute 30% of all households in this tenure.

5.47 Table 13 shows the types of households resident in the two different parts of the Private Rented Sector. The table shows that over a quarter of private rented households claiming LHA are lone parents and in total 38% contain children. Private renters not claiming LHA are dominated by childless couples (32%) and single non-pensioners (28%) although this latter group also has a high proportion of claimants.

Table 13: Private Renters and LHA: Household Types

Household Type	LHA		No LHA		Total	
	H'holds	%	H'holds	%	H'holds	%
Single pensioners	175	8.5%	241	5.1%	416	6.1%
Two or more pensioners	133	6.5%	242	5.1%	375	5.5%
Single non-pensioners	516	25.0%	1,331	28.0%	1,847	27.1%
Childless couple	136	6.6%	1,526	32.0%	1,662	24.4%
Other multi-adult	307	14.9%	350	7.4%	657	9.6%
Lone parent	594	28.9%	238	5.0%	832	12.2%
Two or more adults, one child	64	3.1%	255	5.4%	320	4.7%
Two or more adults, two or more children	134	6.5%	579	12.2%	713	10.4%
Total	2,060	100.0%	4,762	100.0%	6,821	100.0%

Source: Household Survey Data

5.48 Table 14 shows the turnover in the private rented sector. The turnover for the private rented sector claiming LHA is somewhat lower than the non LHA households. This suggests that LHA claimants are generally more settled in their accommodation than other households in the sector. Overall it is

estimated that 37.5% of LHA claimants in the private rented sector have moved in the past two years, this compares with 51% of non-benefit tenants.

Table 14: Turnover of private tenants by whether or not claiming LHA

	LHA	No LHA	Total
Number moving in past two years	773	2,428	3,202
Number of households	2,060	4,762	6,821
% moved in last two years	37.5%	51.0%	46.9%

Source: Household Survey Data

5.49 Table 15 shows the previous tenure of private tenants. As can be seen, overall for both LHA claimants and non-claimants the largest proportion of households have moved from another private rented property.

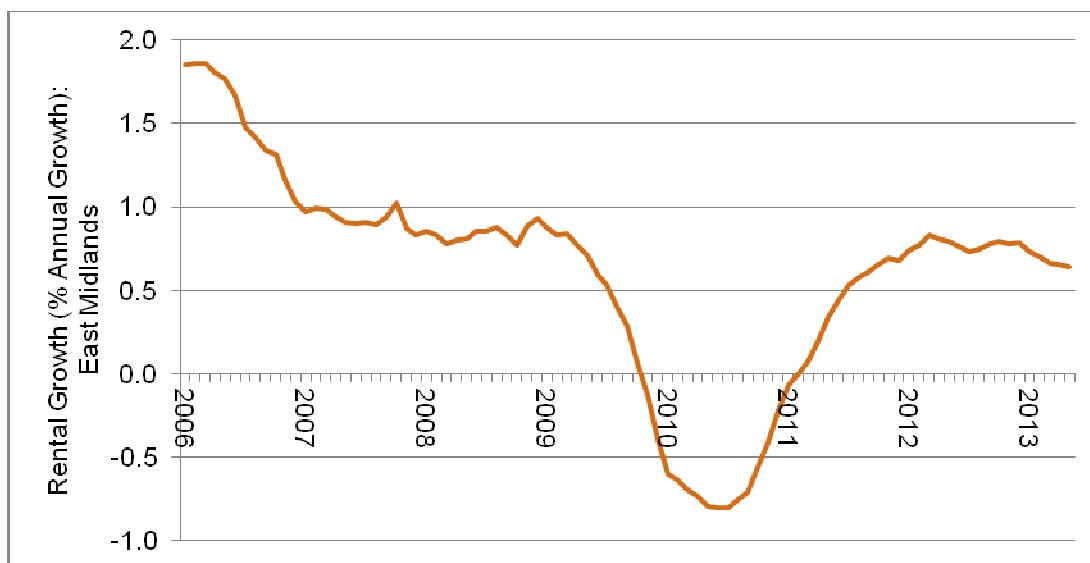
Table 15: Private tenants claiming LHA: Previous tenure, those moved in last two years

Previous tenure	LHA		No LHA		Total	
	H'holds	%	H'holds	%	H'holds	%
Owner occupied	85	11.0%	500	20.6%	585	18.3%
Social Rented	113	14.6%	184	7.6%	297	9.3%
Private Rented	504	65.2%	1,174	48.3%	1,677	52.4%
Newly forming	71	9.2%	571	23.5%	642	20.1%
Total	773	100.0%	2,428	100.0%	3,202	100.0%

Source: Household Survey Data

5.50 Published VOA data on rental trends is not currently available for Chesterfield Borough over a sustained period. Figure 20 shows monthly growth rates in private rentals for the East Midlands. The analysis shows that we have seen some weakening of rental growth during 2013.

Figure 20: % Annual Growth Rates in Private Rents, East Midlands



Source: ONS Monthly Private Rental Index

Land Values

5.51 The Homes and Communities Agency holds details of residential land values for a range of markets as at July 2010. The analysis clearly indicates that northern Nottinghamshire and Derbyshire (shown by the Mansfield market) have some of the lowest land values in the region.

Table 16: Residential Land Values, July 2010

Market	Centre	Small sites	Bulk Land	Sites for flats or maisonettes
		£/Ha	£/Ha	£/Ha
Charnwood	Loughborough	1,475,000	1,350,000	1,350,000
Derby	Derby	1,400,000	1,300,000	1,300,000
Leicester	Leicester	1,475,000	1,350,000	1,350,000
Lincoln	Lincoln	1,100,000	1,000,000	1,000,000
Mansfield	Mansfield	710,000	600,000	600,000
Northampton	Northampton	1,350,000	1,200,000	1,200,000
Nottingham City	City Fringe	1,400,000	1,200,000	1,200,000

Source: HCA/ VOA

5.52 The Council's Community Infrastructure Levy (CIL) Land Value Appraisal Study Supplementary Report (October 2013) identifies residential land values in the Borough varying between £600,000 - £1,300,000 per hectare.

Feedback from Estate & Letting Agents

- 5.53 In developing the SHMA we have undertaken a range of face to face interviews with Estate Agents, Letting Agents and on site new build sales staff in each of the districts and the Borough of Chesterfield. Interviews were conducted early May 2013. This part of the research aims to add an up-to-date, qualitative understanding of housing market conditions 'on the ground.' It examines both the sales market – including for new-build properties – as well as the lettings market.
- 5.54 The analysis is qualitative and different agents and new-build sites often cater for different market segments, but in understanding local dynamics we have sought to draw together and triangulate feedback from a number of local agents where feasible to provide a rounded appreciation of local market dynamics.

Servicing the Market

- 5.55 The following observations contribute to an understanding of the Borough's housing sub markets. All agents are centrally based in Chesterfield Town Centre.
- 5.56 There is an apparent disconnection between Chesterfield based agents and developing new build markets near M1 J29A, with few of the Chesterfield agents marketing properties on these sites.

New-Build Market

- 5.57 Interviews were undertaken in relation to two sites in Chesterfield Borough. Barratts' development 'Saltergate' is on the site of the old Chesterfield F.C. ground which has relocated to within a leisure and retail complex just north of the Town Centre. Asking prices range from £150,000 (2 bedrooms) to £310,000 (4 bedrooms). The agent said that sales are mostly to local people who value the location and the short walk to town centre services and the quality of local schools. The agent noted that many of the small number of outsiders purchasing were in fact returning to their home town after several years' absence.
- 5.58 Barratts' '*The Spires*' is located to the south of the Town Centre adjacent to a new retail park and leisure complex. The site has been under development since 2006 and the last phase of 150 homes is under construction. Asking prices range from £131,000 (2 bedrooms) to £183,000 (4 bedrooms). Again, the agent confirmed that 90% of sales on the current phase were to local people. The site is a short walk to the Town centre and the mainline railway station with regular services to Sheffield, Derby and London (2 hours). The agent believed that most households had employment in the towns retail and service sector. The agent spoke of the challenges facing earlier phases of development, citing strong interest from investors in the early phases and the crucial role played by the FirstBuy and NewBuy schemes. The agent was also confident that 'Help to Buy' would assist

many people to buy into the current phase however reservations and production levels meant that the requirement to complete within 4 months could not be met at the moment. The agent made a very strong case for why first time buyers should consider new build over second hand homes.

- 5.59 It was also noted that Miller Homes has made a start on a site North of Chesterfield Town Centre. Furthermore, the Chesterfield Waterside site North West of the train station will start to be developed from 2014.

Sales Market for Resale Properties

- 5.60 Two agencies were interviewed who acted as both sales and lettings agents. They explained that higher value residential areas were mostly to the west of the Town Centre. Older terraced housing could be found along the A61 (North and South) but overall most parts of the borough had a broad range of house types and sizes.
- 5.61 Both agents said that prices had slipped a little this year and they were working 'very hard' to get asking prices.
- 5.62 50% of sales were to local people. The internet was of considerable importance in attracting outsiders. Agents said that interest was from all over the country and was strongly associated with employment relocation. Investor interest was steady but marginal and was not limited to cheaper housing. Agents stated that there was limited out migration from Sheffield.

Private Rented Sector

- 5.63 Agents stated that there was a small student market but this was managed directly by landlords. Most landlords had portfolios of only one or two dwellings. Agents highlighted that many were reluctant landlords awaiting the opportunity to sell. That said many were debt free and were generating good returns relative to other investment opportunities (5-8%). Rents remained at last year's levels with landlords forgoing relets at slightly higher rents in favour of retaining existing tenants and avoiding relet costs.
- 5.64 A large number of letting agencies were observed in the business quarter and there was little evidence of direct lettings advertised in shop windows or local newspapers. However there is some evidence that house sharing is becoming established in Chesterfield. Our search for vacancies on www.spareroom.co.uk revealed a significant supply of single rooms from approximately £50 p.w. and double rooms from £60 per week. Our search revealed 43 vacancies which is considerably more than other towns in the HMA. These figures are indicative of the market in spare rooms. Other websites were examined but aggregating vacancies might be misleading due to double counting vacancies. We have noted the tendency for university cities such as Sheffield to have a larger spare

room or house share market. We have highlighted the spare room market as the evidence across our studies suggests that this is a growing lifestyle choice amongst young people especially young professionals not wanting to commit to home ownership or are unable to access it. It offers the student shared housing model to ex-students and can result in the cheapest and most flexible way of living in their area of choice.

Key Findings and Policy Implications

- The housing market in Chesterfield Borough has remained relatively flat. The median house price in November 2013 at £120,500 remains 7% below levels at the peak of the market in 2007 (£130,000).
- The market evidence points to the local housing market being significantly affected by poor economic conditions in recent years. Sales volumes for market homes in 2011 were 49% below the pre-2007 average in the Borough. More recent evidence suggests that sales volumes have remained broadly flat during 2012 and 2013 suggesting that the recovery in market conditions nationally is not being felt locally. This has been confirmed by local stakeholders. Economic recovery and growth will be an important driver in achieving a sustained recovery in the housing market.
- The market for flatted properties has been affected to the greatest extent, particularly as the demand profile for these is more associated with first-time and younger buyers; with demand for larger semi-detached and detached homes holding up moderately better. However no parts of the market have been immune.
- Our analysis points to the impact of macro-economic factors – of constraints on access to mortgage finance, the savings households require to access mortgage finance and the wider poor macro-economic environment – as the key underpinning drivers. High inflation has also restricted growth in earnings (with real earnings falling since 2008) and inhibited households' ability to save a deposit for a home in recent years.
- As we stand in 2013 the market has been relatively flat and this was confirmed by the stakeholder consultation. There are some positive signs – some improvement in mortgage products including some return to 90% or more loan-to-value ratios; a gradual growth in buy-to-let investment. In our view the Help-to-Buy scheme introduced in the March 2013 Budget could provide further impetus to support a recovery in the market. However the economic fundamentals remain poor and at a local level there does not appear to have been any substantive strengthening of sales volumes; whilst prices have also remained flat. Moving forwards, this points to a slow recovery phased over a number of years, rather than a bounce back in demand.
- Overall we consider that market signals provide little evidence of a notable supply-demand imbalance for housing arising. The evidence instead points towards more modest housing demand in relative terms compared to other parts of the region (and country).

6 INCOMES AND AFFORDABILITY

Introduction

- 6.1 Assessing the affordability of market housing in an area is crucial to understanding the sustainability of the housing market. Poor affordability can result in the loss of employees from an area, an increase in poverty and a high number of households requiring assistance with their housing either via a social rented property or through Housing Benefit (Local Housing Allowance). This can also result in a loss of mix and balance in the population within the area.
- 6.2 This section initially looks at housing costs. It then reviews secondary data about local income levels and also uses CLG information about price:income ratios to put affordability in Chesterfield Borough into a national context. This is identified as an indicator of supply-demand balance which should be considered in assessing whether levels of housebuilding need to rise.
- 6.3 This analysis is then followed by a detailed analysis of survey data relating to a range of financial information (including income, savings and equity) which is used to provide a local level estimate of affordability based on the prices and rents discussed in the previous section.

Entry Level Housing Costs

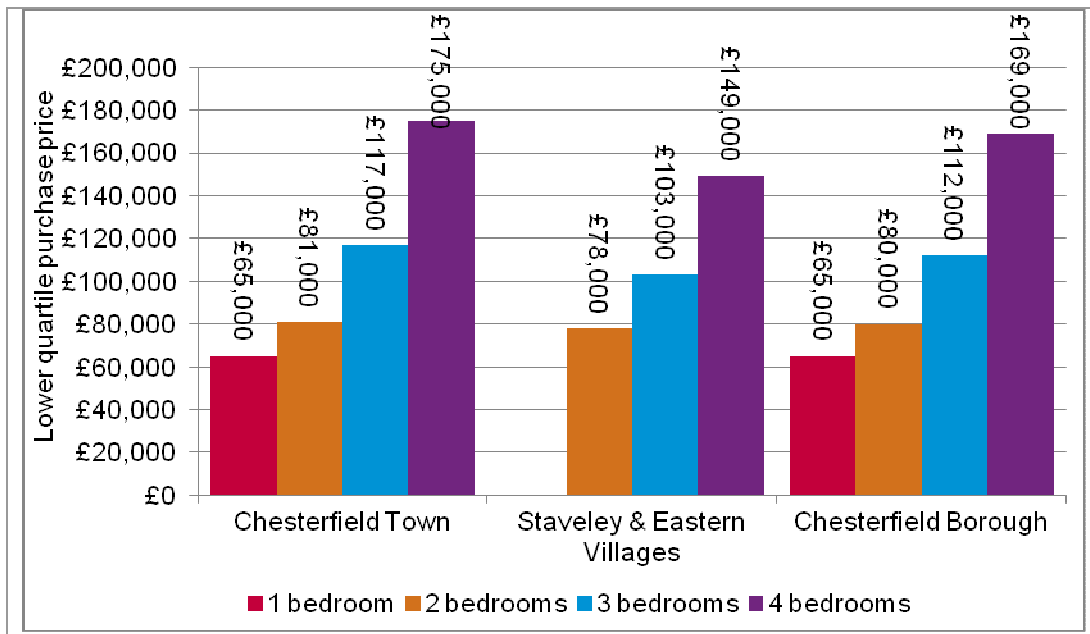
- 6.4 To fully understand the affordability of housing it is necessary to collect data on the cost of housing by number of bedrooms. This ensures that it is possible to assess the ability of households to afford market housing of the size required by that particular household as determined by the bedroom standard. As part of this Study we have therefore undertaken a price survey to assess the current cost of housing. This has involved establishing the entry-level cost of housing by number of bedrooms in each of these areas based on lower quartile figures.

Entry-level Prices

- 6.5 Entry-level property prices and rental costs by number of bedrooms were obtained in each sub-market via an online search of properties advertised for sale during July 2013. In accordance with the Practice Guidance, entry-level prices are based on lower quartile prices. Costs have been adjusted to take account of sales prices compared with asking prices based on information from Hometrack – across the study area it was estimated that on average properties achieve around 93% of their asking price.

6.6 The entry-level price for owner-occupied property across the two sub-markets is presented in Figure 21. The data indicates that prices in Staveley and the Eastern Villages are slightly lower than in Chesterfield Town. Across the whole Borough prices are estimated to start at about £65,000 for a one bedroom home and rising to about £170,000 for a lower quartile four bedroom property.

Figure 21: Entry-level Purchase Price by Sub-Market

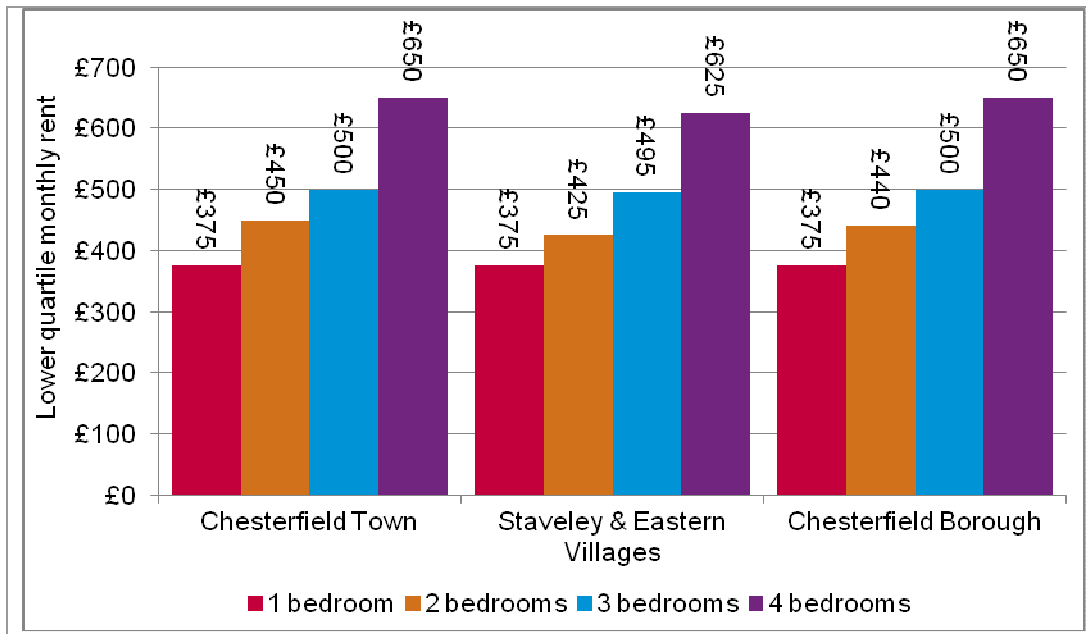


Source: Online Estate and Letting Agents Survey (July 2013)

Entry-level Private Rents

6.7 A similar survey was carried out for private rented properties with information for the two sub-markets shown in the figure below. Generally the variation in rent levels between areas was quite slight with no clear trend emerging. For the whole Borough the range of rent levels goes from £375 per month for a one bedroom home up to £650 per month for four bedrooms.

Figure 22: Monthly Private Rents by Sub-Market



Source: Online Estate and Letting Agents Survey (July 2013)

6.8 In addition to rental costs from our internet survey we have looked at the maximum amount of Local Housing Allowance (LHA) payable on different sized properties in the Borough. Maximum LHA payments are based on estimates of rents at the 30th centile and should therefore be roughly comparable with our estimates of lower quartile costs. However, due to the boundaries used by the Valuation Office Agency (VOA) it is difficult to get directly comparable figures. Chesterfield Borough is entirely within the Chesterfield Broad Rental Market Area (BRMA) although the boundaries of this area extend beyond the Borough into Bolsover and North East Derbyshire.

6.9 Table 17 shows the maximum LHA rates (by size of property). The data suggests quite a lot of consistency between our market survey and the LHA levels (given that LHA is based on 30th centile and our figures are lower quartile).

Table 17: Maximum LHA rates payable by size and BRMA

Size	Area Chesterfield
Room only	£210
1 bedroom	£350
2 bedrooms	£425
3 bedrooms	£487
4 bedrooms	£650

Source: VOA data (July 2013)

Cost of Affordable Housing

- 6.10 Traditionally the main type of affordable housing available in an area is social rented housing and the cost of social rented accommodation by dwelling size in the HMA can be obtained from Continuous Recording (CORE) - a national information source on social rented lettings. The table below illustrates the rental cost of lettings of social rented properties by size in 2012/13. As can be seen, rents for affordable housing are generally well below those for private rented housing indicating a potential gap between the social rented and market sectors. The figures presented are for lettings made to new tenants and not overall rent levels in the social rented sector (i.e. they do not include rents paid by tenants who did not move to their current home within the past year).

Table 18: Monthly average social rent levels in Chesterfield Borough

Size	Monthly Rent
1 bedroom	£285
2 bedrooms	£311
3 bedrooms	£323

Source: CORE data for 2012/13

- 6.11 Recent changes in affordable housing provision have seen the introduction of a new tenure of affordable housing (Affordable Rent). Affordable rented housing is defined in the NPPF as being 'let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable)'. The tenure is initially only being trialled for four years and so this situation may change in the future.
- 6.12 Affordable Rented housing can therefore be considered to be similar to social rented housing but at a potentially higher rent. The 80% (maximum) rent is to be based on the open market rental value of the individual property and so it is not possible to say what this will exactly mean in terms of cost (for example the rent for a two-bedroom flat is likely to be significantly different to a two-bedroom

detached bungalow). However, for the purposes of analysis we have assumed that the 80% figure can be applied to the lower quartile private rented cost data derived from our market survey.

- 6.13 Table 19 shows potential affordable rents at 80% of market cost by size of property (including service charge). The data shows for larger (3+ bedroom) property sizes that affordable rents are likely to be notably higher than current social rents. However in the case of one- and two-bedroom homes the difference is more marginal.

Table 19: Cost of Affordable Rented Housing by Size and Sub-Market (per month)

Sub-Market/ Property size	Chesterfield Town	Staveley & Eastern Villages
1 bedroom	£300	£300
2 bedrooms	£360	£340
3 bedrooms	£400	£396
4 bedrooms	£520	£500

Source: Online Estate and Letting Agents Survey (July 2013)

Gaps in the Housing Market

- 6.14 Table 20 estimates how current prices and rents in each area might equate to income levels required to afford such housing. The figures are all based on a two bedroom home and clearly indicate a gap between the costs of 'entry-level' market housing and the social rented sector – demonstrating the potential for intermediate housing to meet some of the affordable need. This is investigated in more detail later in the report.

Table 20: Indicative Income required to Purchase/Rent without Additional Subsidy (2 bedroom)

Sub-Market	Entry-level purchase price	Entry-level private rent	Affordable rent	Average RP rent
Chesterfield Town	£23,100	£21,600	£17,300	£14,900
Staveley & Eastern Villages	£22,300	£20,400	£16,300	£14,900

Source: Online Estate and Letting Agents Survey (October 2011) and CORE
 Calculations based on 3.5x household income for purchase and 25% of income to be spent on housing for rented properties. Figures for purchase are based on a 100% mortgage for the purposes of comparing the different types of housing.

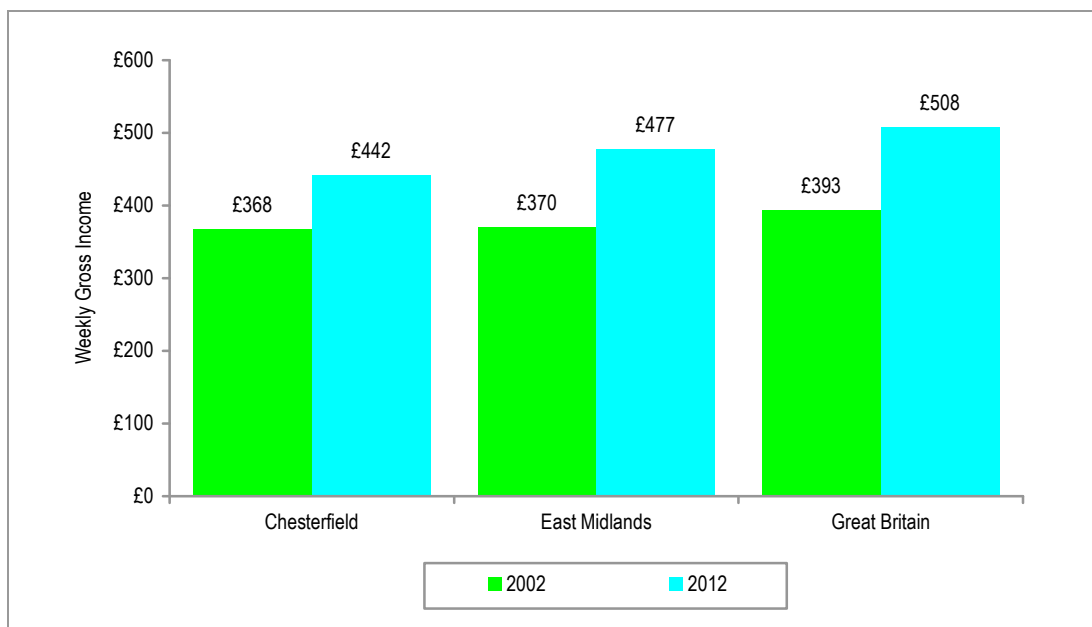
House Price to Income Ratios

Individual Incomes (using Secondary Data)

6.15 Income has a crucial effect on the level of choice a household has when determining their future accommodation. Figure 23 shows the median annual income of people in full-time employment from the Annual Survey of Hours and Earnings (ASHE) for 2002 and 2012. It shows that in all areas income levels are noticeably higher in 2012 than 2002.

6.16 However for both years Chesterfield Borough shows lower average incomes than for the East Midlands and Great Britain. Incomes in Chesterfield Borough also appear to have been rising at a slightly slower rate than seen in other areas - although this may be influenced by the survey based nature of the ASHE. In 2002 the average income in Chesterfield Borough was 94% of the national average. This proportion has dropped to 87% in 2012. Earnings of those in full-time work are on average 13% below the national average.

Figure 23: Median Weekly Gross Income of Full-Time Employed Residents (2002 and 2010)



Source: Annual Survey of Hours and Earnings – from NOMIS website

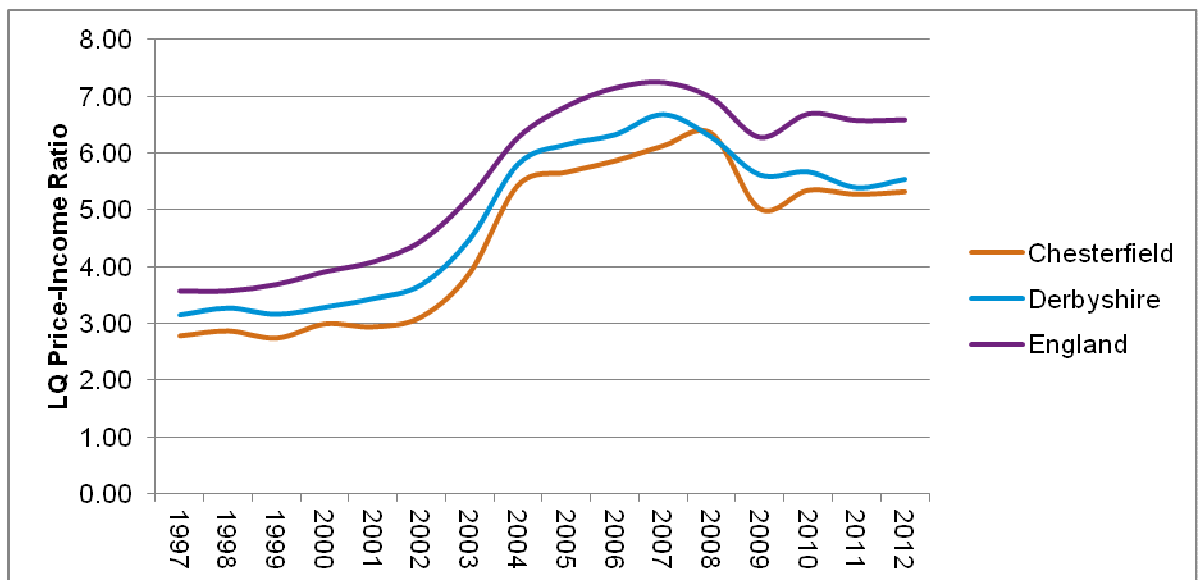
Price: Income Ratios

6.17 Figure 23 below shows the ratio of lower quartile house prices to lower quartile earnings for Chesterfield Borough and selected other areas. House prices grew significantly faster than earnings over the 2003-5 period in Chesterfield and nationally. The ratio has however fallen since 2008 indicating that affordability has improved using this measure. Furthermore the scale of improvement in Chesterfield (and Derbyshire more widely) has been significantly greater than at a national level.

6.18 In 2012 the lower quartile price-income ratio in Chesterfield Borough was 5.3 compared to 5.5 across Derbyshire and 6.6 across England.

6.19 Whilst savings are likely to continue to be a factor in influencing households' ability to purchase a home, the evidence does not suggest that there is a justification for an overall increase in housing supply to bring about an improvement in the affordability of market homes.

Figure 24: Ratio of Lower Quartile House Price to Earnings (1997-2012)



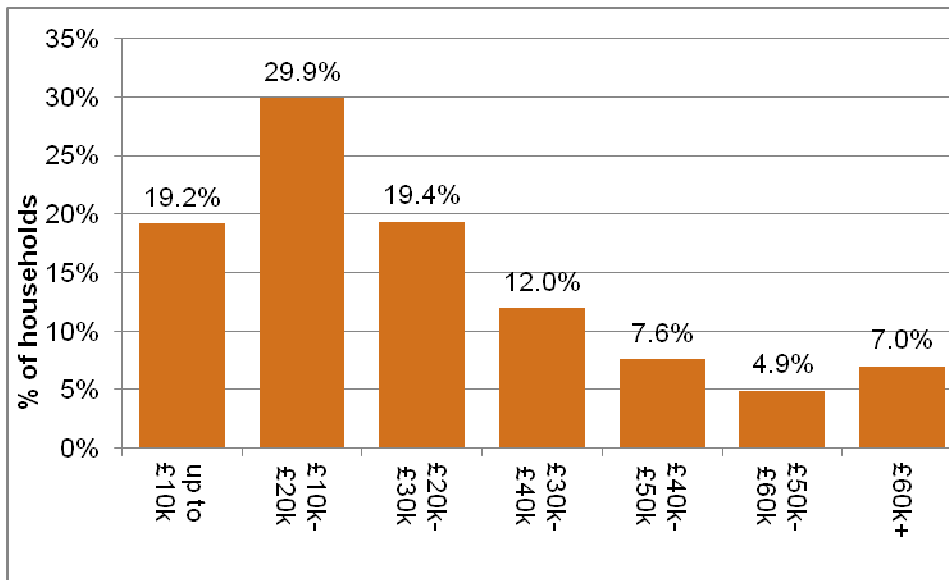
Source: CLG Live Tables (Table 576)

Household Incomes

6.20 Survey results for household income estimate the average mean gross household income level to be £25,691 per annum in the Borough, including households without any members in employment. The median income is noticeably lower than the mean, at £20,438 per annum.

6.21 Figure 25 shows the distribution of income in the Borough. It is clear that there is a significant range of incomes, **with half of households having an income of less than £20,000**, and around 12% an income in excess of £50,000.

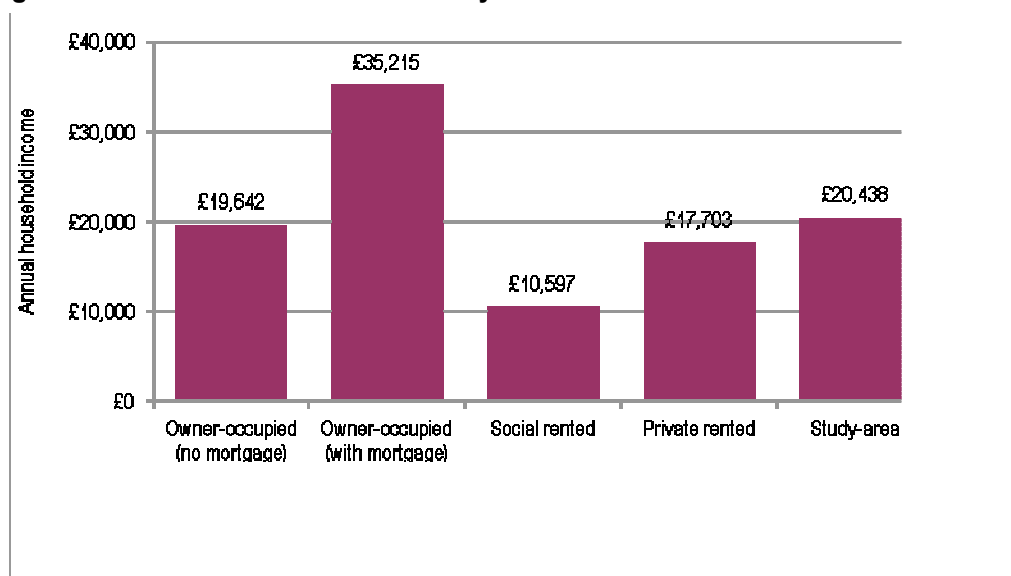
Figure 25: Distribution of Annual Gross Household Income



Source: Household Survey Data

6.22 The income of households varies greatly by tenure, with those in rented accommodation, particularly social rented accommodation, having much lower average incomes. The incomes of outright owners are significantly lower than for those with a mortgage reflecting the high number of people who are retired living in this tenure.

Figure 26: Median household Income by Tenure



Source: Household Survey Data

6.23 Table 21 shows how average household incomes vary by Sub-Market. The table shows that there is no real difference between locations with average incomes of around £20,400 in both defined sub-areas.

Table 21: Average Income by Sub-Market

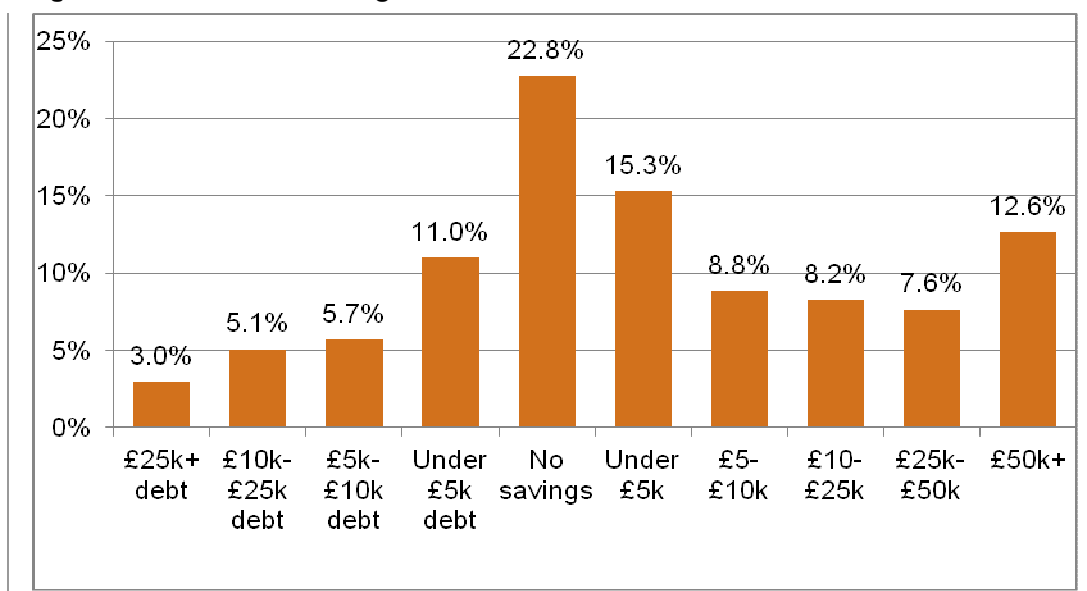
Sub-Market	Median income
Chesterfield Town	£20,444
Staveley & Eastern Villages	£20,427
BOROUGH	£20,438

Source: Household Survey Data

Household Savings/Debt and Equity

6.24 Households were also asked to indicate levels of savings and debt (excluding mortgage debt). The average (mean) household has £8,445 in savings (median of £1,128) – these figures include levels of both savings and debt. Figure 27 below shows the distribution of savings in the Borough. **An estimated 24.8% of households indicated that they were in debt with a further 22.8% having no savings.** At the other end of the scale it is estimated that 12.6% of households have savings of £50,000 or more.

Figure 27: Household Savings

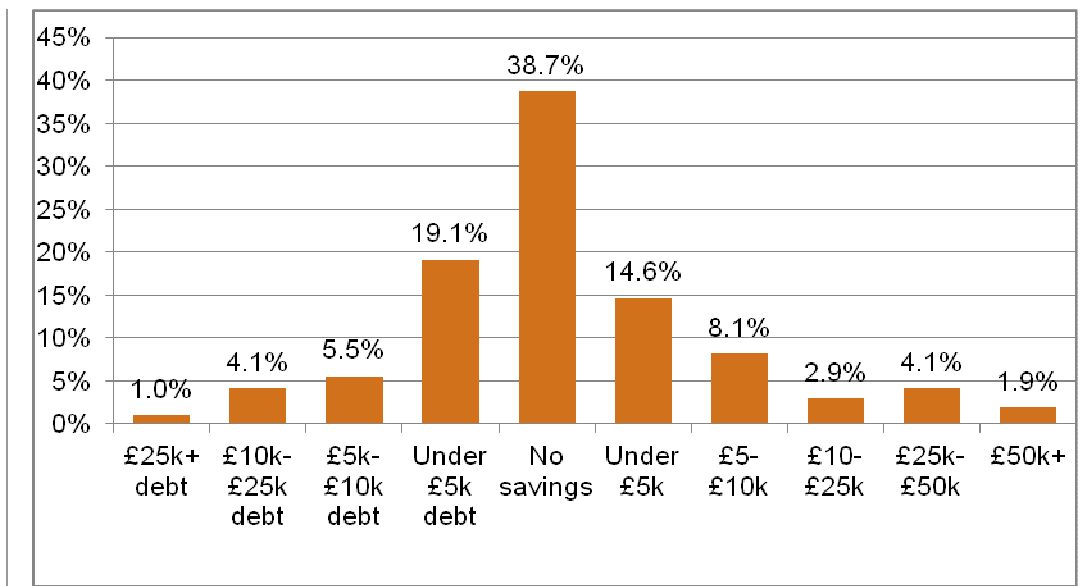


Source: Household Survey Data

6.25 Analysis has also been carried out to look at the level of savings for owner and non-owners separately with the figure below showing the distribution of savings for non-owners. Key things to arise from this analysis are the higher proportion of non-owners in debt (29.7% compared with 21.7% of owners and 24.8% of all households) and the very low proportions with any reasonable

level of savings (over £5,000) – **only 17.0% of non-owners have more than £5,000 of savings** compared with 49.3% of owners and 37.2% of all households.

Figure 28: Household Savings (Non Owner-Occupiers)



Source: Household Survey Data

6.26 The survey also collected information about the amount of equity owner-occupiers have in their property. For both owner-occupier groups together (with and without mortgages) the average (mean) amount of equity was estimated to be £105,900, with a median of £102,600. It is estimated that **2.5% of owner-occupiers (744 households) are in negative equity**. This may affect the ability of these households to move home.

6.27 In addition to the information collected about income, savings and equity the survey form asked households whether they had and the amount of any other financial resources which could be used towards a deposit on a property. The vast majority (90.2%) of households stated that they had no further access to financial resources other than those already analysed.

Affordability of Housing in the Borough

6.28 The information from the survey can be used to examine the ability of households to afford housing locally taking into account the full range of financial resources available to them, rather than just income as is used in standard affordability ratios.

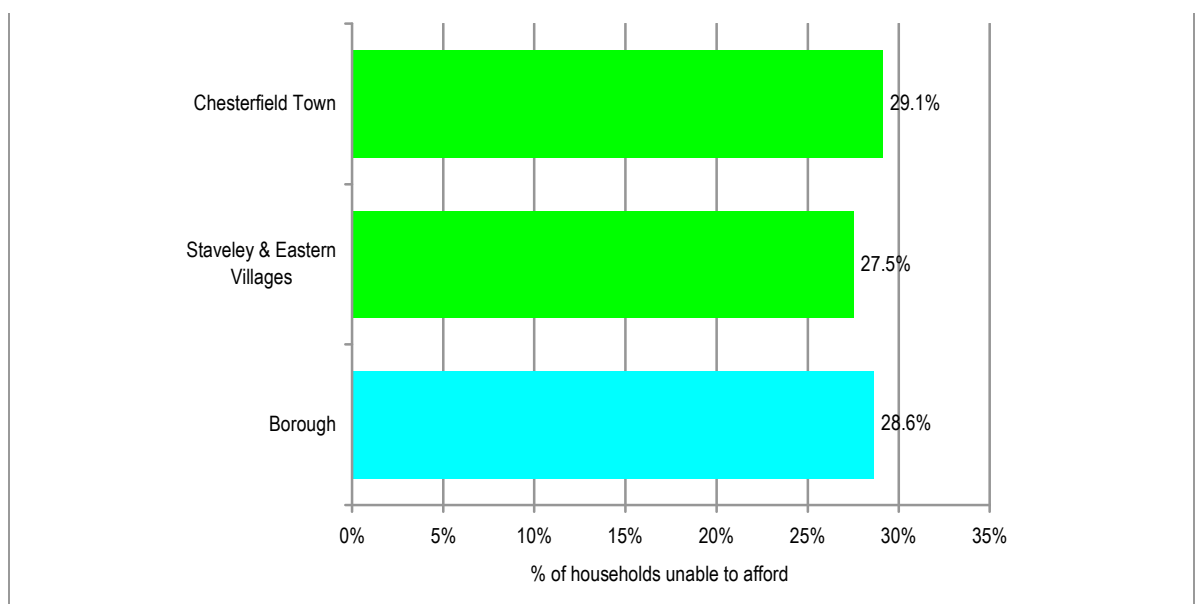
6.29 The affordability criteria used can be summarised as:

Assessing whether a household can afford home ownership - A household is considered able to afford to buy a home if the residual cost is no more than 3.5 times the gross household income. The residual cost is calculated by deducting any capital that is available for use towards home ownership (e.g. savings or equity) from the overall cost of the home.

Assessing whether a household can afford market renting - A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than 25% of gross income.

- 6.30 The affordability criteria broadly follows the CLG Practice Guidance, it differs only in that the practice guidance suggests that a dual-income household should have a lower income multiple (at 2.9 times gross income) than a single earner household.
- 6.31 This test means that it is possible to distinguish whether a household would be able to afford either form of market housing (to buy or privately rent) or whether they would require affordable accommodation based on these income multiples.
- 6.32 Figure 28 shows the current affordability of market housing by area in regard to the proportion of households who are unable to afford market housing. This is the theoretical affordability of households as the analysis considers all households in the study area and does not take into account their intention of moving. Given previous information about income levels and housing costs, the general pattern of affordability is as might be expected with relatively little difference between locations. Overall the analysis estimates that 28.6% of households across the Borough are unable to access market housing without some form of subsidy (such as Housing Benefit).

Figure 29: Theoretical Proportion of Households unable to Afford Market Housing by Sub-Market



Source: Household Survey Data

Key Findings and Policy Implications

- Entry-level house prices in Chesterfield Borough are 5.3 times lower quartile incomes, however this ratio has fallen since 2008 (quite dramatically). However this has been offset to some extent by the loan-to-value ratios and lending criteria required to secure mortgage finance meaning that there has been little effective improvement in the affordability of market housing since 2009. This situation is however starting to improve but does not as yet appear to be feeding through to sales volumes.
- Price-income ratios are however relatively low compared to many parts of England, and the analysis does not point to a need to increase housing supply to address affordability. The issue is one more of a need to improve incomes and address part-time and under-employment. Half of households have an annual income under £20,000.
- The reductions in house prices mean that there are now an estimated 740 households in the Borough (2.5% of all owners) in negative equity.
- For house purchase, levels of savings are a key constraint to obtaining mortgage finance. For those households who are not current home owners, 30% are in debt, 39% have no savings and just 17% have savings of more than £5,000. Savings are a key constraint for young households looking to buy their first home.

As a result there is a risk that over the next decade, a dichotomy will develop in the housing market between those with equity in existing homes, and the non home-owners, who will have limited ability (without recourse to financial support from relatives) to get on the housing ladder. The Government's Help-to-Buy scheme is however likely to help the housing market, increasing access to mortgage finance for those with lower levels of savings. This in time could help to provide some impetus to the housing market locally.

- Some 29% of all households cannot afford market housing – either rented or to buy - within Chesterfield Borough without subsidy. Provision of affordable housing will continue to be important in ensuring these households can access suitable housing.



7 DEMOGRAPHIC AND ECONOMIC CONTEXT

7.1 In this section, we consider the socio-economic characteristics of the population as well as the characteristics of the economy and the labour market. Demographic projections are presented in the following section.

Demographic Context

7.2 The 2011 Census recorded the population of the HMA at 391,540, with Chesterfield Borough's population just under 104,000. Of this, 99% were resident in households and 1% in communal establishments.

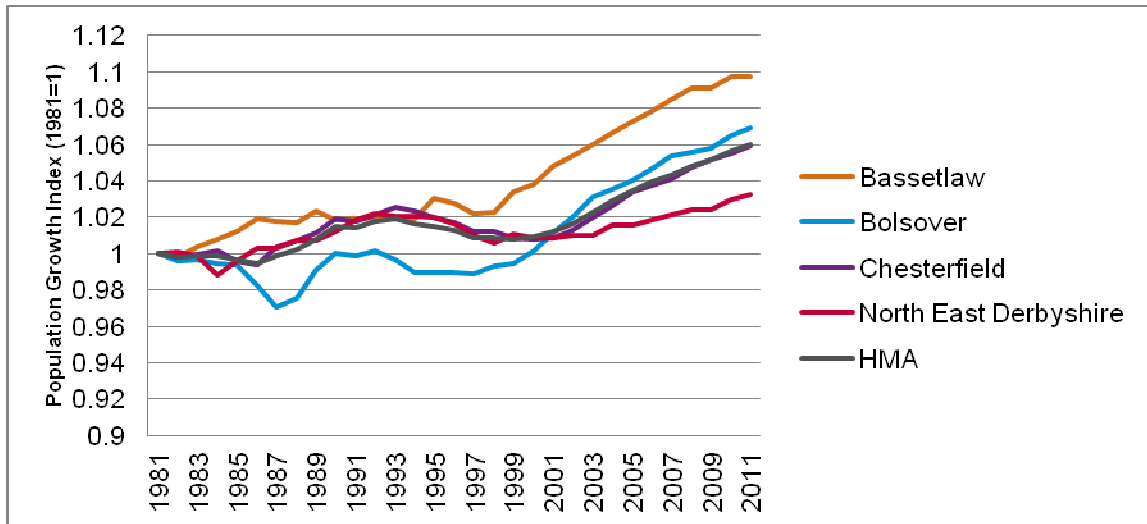
Table 22: Population, 2011

	Population, 2011	Live in a Household	Live in a Communal Establishment
Chesterfield Borough	103,788	99.2%	0.8%
HMA	391,540	99.0%	1.0%
East Midlands	4,533,222	98.0%	2.0%
England	53,012,456	98.2%	1.8%

Source: 2011 Census

7.3 Figure 30 shows that the population growth has been varied within the HMA. Chesterfield has shown similar levels of population growth over the period since 1981 to North East Derbyshire and the HMA as a whole. Bolsover's population growth profile has been the most varied – whilst there was a fall in the District's population in the 1980's, population has increased markedly since 2001, with the District's population growing more strongly than in either Chesterfield and North East Derbyshire.

Figure 30: Population Trends by Authority (1981 – 2011)

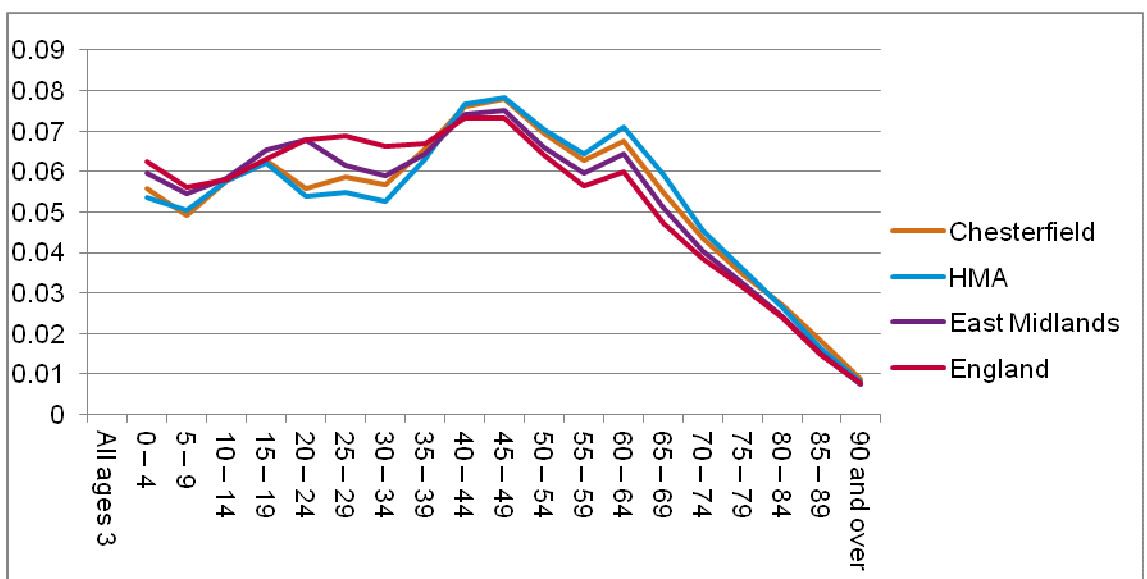


Source: ONS Mid-Year Estimates

Age Structure

7.4 Across the HMA, the population structure is skewed towards older age groups with an above average population in all age groups over 40, and a low number between 15-39. Chesterfield Borough’s age structure is broadly in line with the HMA but has a higher proportion of its population aged 20 – 44 (most likely as it contains one of the larger urban areas).

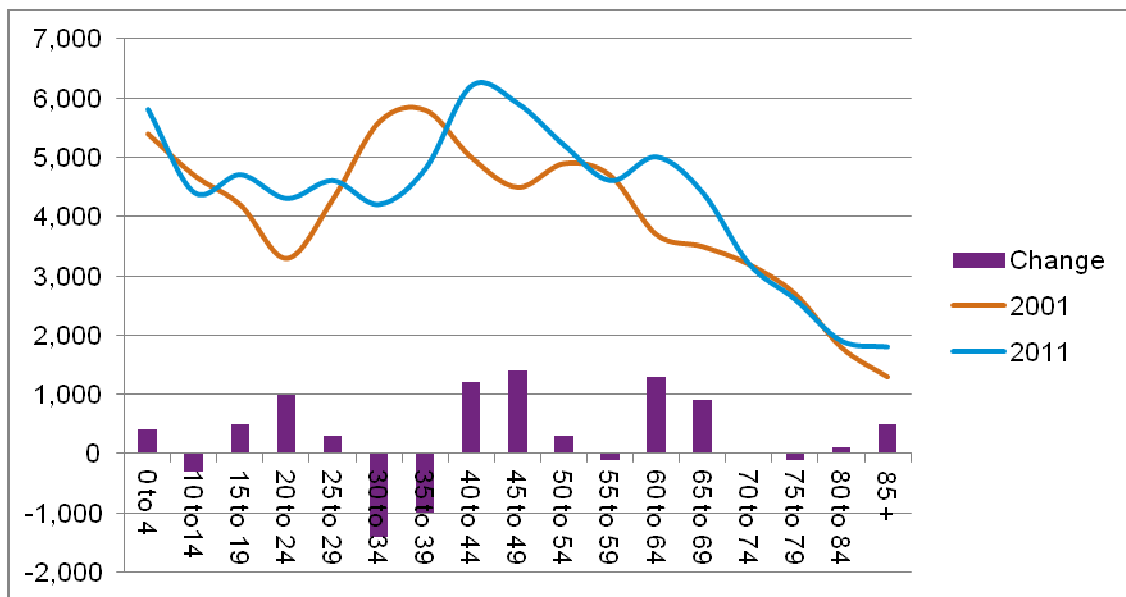
Figure 31: Population by 5 Year Age Band –HMA



Source: ONS Mid-Year Population Estimates

7.5 Chesterfield Borough has seen increases in the number of people in their 40s, in their 60s and over the age of 85 over the 2001-11 decade. The number of 15 – 29 year olds has, however, also increased in this period (in part related to age structure dynamics with the population aged 5-19 a decade previously moving through the age structure).

Figure 32: Change in Population Structure in Chesterfield Borough (2001 – 2011)



Source: ONS Mid-Year Population Estimates

Ethnicity

7.6 Table 23 below profiles the population by ethnic group from the 2011 Census. Across the HMA, 96.9% of the population are White British/Irish. This is significantly higher than the average for the East Midlands (86.1%) and England (80.9%) and indicates that the area is not as ethnically diverse as the general population. The ethnic profile in Chesterfield Borough is similar, although it has the highest proportion of Black and Minority Ethnic groups of the authorities in the HMA.

7.7 The largest Black and Minority Ethnic groups⁷ within the borough's population are Asian/Asian British (1.6%) and White Other (1.3%).

⁷ 'White Other' have been included in this category

Table 23: Population by Ethnic Group, 2011

	White British / Irish	White Other	Multi Ethnic	Asian / Asian British	Black British	Arab / Other
Chesterfield Borough	95.3%	1.3%	1.1%	1.6%	0.8%	0.2%
HMA	96.9%	1.5%	0.9%	1.1%	0.5%	0.1%
East Midlands	86.1%	3.2%	1.9%	6.4%	1.7%	0.6%
England	80.9%	4.6%	2.2%	7.7%	3.4%	1.0%

Source: 2011 Census

7.8 The high percentage of the population in the White British / Irish category is characteristic of both submarkets; which both have over 94% of the population in this category. The level of ethnic diversity is higher in the Chesterfield Town Sub-Market but this is still notably below the regional and national average.

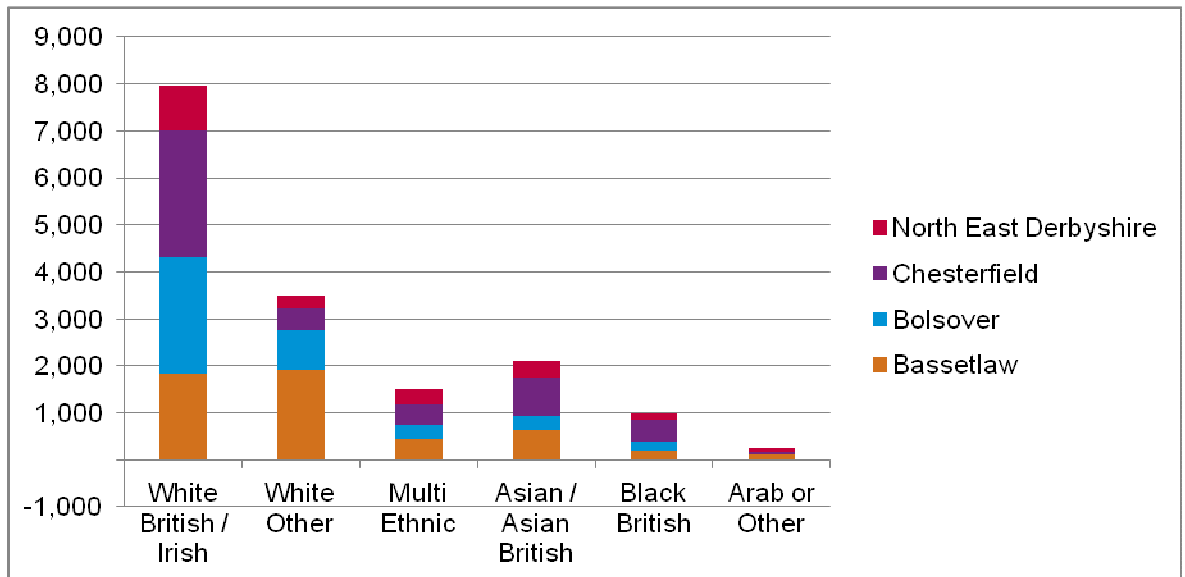
Table 24: Population by Ethnic Group – Sub-Markets

Sub-Market	White British / Irish	White Other	Multi Ethnic	Asian / Asian British	Black British	Arab / Other
Chesterfield Town	94.4%	1.5%	1.2%	1.9%	0.8%	0.2%
Staveley & Eastern Villages	97.0%	0.7%	0.8%	0.7%	0.6%	0.1%

Source: 2011 Census

7.9 Figure 33 profiles the change in population of ethnic groups. Population growth has been concentrated in the White/British Irish population. The White British / Irish (+2,704) and Asian / Asian British (+817) population has increased the most in Chesterfield Borough compared with other ethnic groups between 2001 and 2011.

Figure 33: Change in Ethnic Composition (2001-2011)



Source: 2001 and 2011 Census

Length of Residence and Recent Movers

- 7.10 At the time of the survey an estimated 16.8% of households (7,904) had been resident at their current address for less than two years. This figure suggests that households in the Borough are slightly more likely to have moved recently than households nationally – recent English Housing Survey (EHS) data suggests that as of 2011-12 some 15.5% of households had been resident at their address for less than two years.
- 7.11 Table 25 below shows length of residence by tenure. Of the households moving in the past two years, 41% are currently private renters, 30% owner-occupiers and 29% live in the social rented sector. An estimated 47% of all private renters had moved home in the past two years, compared to only 22% of all social renters and 8% of all owner-occupiers. Private tenants are therefore much more mobile than social renters or owner-occupiers (and turnover in the Private Rented Sector considerably higher than in other tenures). The least mobile group are outright owners, only 5% of whom moved in the previous two years.
- 7.12 At the other end of the spectrum, around 69% of all households have lived in their home for more than five years. In the case of outright owners, 90% have lived in their home for more than five years – this compares with only 24% of private tenants. The high proportion of owner-occupiers remaining in their home for more than five years is likely to be connected to the high proportions of

retired households in this tenure group; these households are less likely to move than younger households.

Table 25: Length of Residence of Household by Tenure

Tenure	Length of residence			Total
	Less than 2 years	2 to 5 years	Over 5 years	
Owner-occupied (no mortgage)	734	887	13,831	15,453
Owner-occupied (with mortgage)	1,662	1,980	10,622	14,264
Social rented	2,306	1,951	6,385	10,642
Private rented	3,202	1,978	1,642	6,821
Total	7,904	6,796	32,480	47,180
Owner-occupied (no mortgage)	4.8%	5.7%	89.5%	100.0%
Owner-occupied (with mortgage)	11.7%	13.9%	74.5%	100.0%
Social rented	21.7%	18.3%	60.0%	100.0%
Private rented	46.9%	29.0%	24.1%	100.0%
Total	16.8%	14.4%	68.8%	100.0%

Source: Household Survey Data

- 7.13 In terms of tenure mobility we see that the most common types of moves were within tenures with around 1,230 household moves being made within the owner-occupied sector and 1,680 within the private rented sector over the past two years. There was also a fair degree of movement within the social rented sector. Overall, movement within sectors was more common than movement between them.
- 7.14 Newly forming households accounted for an appreciable proportion of moves (26% in total). New households mainly moved to the social and private rented sectors, the private rented sector accommodating 31% of newly-forming households over the past two years.
- 7.15 Around 52% of all moves involved the private rented sector – households moving into it, out of it or within it – showing how important the sector is in providing mobility in the housing market. Overall it is estimated that around 14% of all households in the Borough currently live in the private rented sector.
- 7.16 A total of 713 households moved from owner-occupation to rented housing (either social or private). Whilst these households cited a range of reasons for moving the overwhelming one was due to relationship breakdown with 36% of households noting this as the reason for moving. Other reasons noted include: to move for employment (21%) and to move closer to friends/family (18%). None of these households stated that the move was due to issues around housing costs. Only 13% of those moving from owner-occupation into rented housing are pensioner households.

Table 26: Previous Tenure by Current Tenure (Households moving in past two years)

Tenure	Previous tenure				Total
	Owner-occupied	Social rented	Private rented	Newly formed household	
Owner-occupied (no mortgage)	551	0	109	74	734
Owner-occupied (with mortgage)	674	44	451	494	1,662
Social rented	128	983	354	840	2,306
Private rented	585	297	1,677	642	3,202
Total	1,938	1,324	2,592	2,050	7,904
Owner-occupied (no mortgage)	75.0%	0.0%	14.9%	10.1%	100.0%
Owner-occupied (with mortgage)	40.5%	2.6%	27.1%	29.7%	100.0%
Social rented	5.6%	42.6%	15.4%	36.4%	100.0%
Private rented	18.3%	9.3%	52.4%	20.1%	100.0%
Total	24.5%	16.7%	32.8%	25.9%	100.0%

Source: Household Survey Data

Reasons for Moving and Choosing Current Homes

- 7.17 The survey questionnaire asked households for the main reasons for choosing their current home with options for answers including both those related to the housing provision (e.g. cost, size) and also wider environmental/neighbourhood factors (such as shopping and schools). The table below shows the main reasons for households having chosen their current location – the figures add up to more than 100% due to households having the option to choose more than one reason.
- 7.18 The data shows that the main reason for choosing their current home was due to the size and suitability of the dwelling. This was cited as a reason by 66% of all households. The next main reason was the quality of the neighbourhood followed by to be close to family and friends.

Table 27: Reasons for Choosing Current Residence by Sub-Area

	Chesterfield Town	Staveley & Eastern Villages	Borough
Size and suitability of dwelling	68.4%	61.9%	66.4%
Affordability of local house prices	34.2%	35.8%	34.7%
Quick/easy journey to work	28.9%	24.0%	27.4%
Near to family and/or friends	37.1%	38.8%	37.6%
Proximity to motorway junction	4.9%	7.4%	5.6%
Near to local shopping facilities	35.5%	21.8%	31.3%
Near to local schools	22.5%	16.7%	20.7%
Quality of neighbourhood	42.4%	31.4%	39.0%
Other	16.2%	19.1%	17.1%

Source: Household Survey

7.19 Survey respondents were asked if any member of their household had moved away from the Borough over the past two years – and if so the reasons for moving away. In total, some 9.5% of households said someone had moved away – representing 4,480 households. Table 28 below shows the reasons for people moving – the totals add up to more than 100% due to more than one reasons being available.

7.20 The data shows across the Borough that the main reason for moving was to live with a partner (about 33%) followed by further education (28%). Around a sixth of households said there were other reasons for moving although the survey did not record what these were. It is notable from the analysis that housing reasons did not score very highly with only 1% saying they moved due to a lack of suitable housing and 3% due to a lack of affordable housing.

Table 28: Reasons for Household/Family Members leaving the Borough in past Two Years

	Chesterfield Town	Staveley & Eastern Villages	Borough
Location of employment	22.7%	23.6%	23.0%
Lack of suitable housing	1.3%	0.0%	0.9%
Lack of affordable housing	1.8%	4.8%	2.7%
Further Education	29.0%	24.1%	27.5%
Moved to live with partner	30.5%	38.9%	33.0%
Other family reasons	13.6%	5.7%	11.2%
Other reasons	18.4%	15.8%	17.6%
Total households	3,140	1,341	4,480

Source: Household Survey

Economic Context

- 7.21 Next, we move on to consider economic and labour market dynamics. The skills profile in the HMA and in Chesterfield Borough is focused towards lower level skills relative to England as a whole. 20.1% of the population in the HMA and 21.0% in Chesterfield Borough are qualified to NVQ4+ (equivalent to degree-level) compared with the East Midlands (23.6%) and England 27.4%).

Table 29: Highest Level of Qualification, 2011

	% with NVQ 4+	% with NVQ 3+	% with NVQ 2+	% with NVQ 1+	% with other qualifications -	% with no qualifications	% with Apprenticeship
Chesterfield Borough	21.0%	12.1%	17.0%	14.3%	3.9%	27.6%	4.0%
HMA	20.1%	11.7%	16.6%	14.6%	4.3%	28.7%	4.1%
England	27.4%	12.4%	15.2%	13.3%	5.7%	22.5%	3.6%
East Midlands	23.6%	12.9%	15.6%	13.9%	5.3%	24.7%	4.0%

Source: 2011 Census

- 7.22 Of the submarkets in Chesterfield Borough, Chesterfield Town has higher skilled working-age populations with 23.4% of the population qualified to NVQ4+ higher, in line with the regional average and higher than the HMA average, but still below the UK average. The Staveley & Eastern Villages sub-market has a high proportion of the population with no qualifications (31.4%) compared with the HMA (28.7%), regional (24.7%) and UK (22.5%) averages.

Table 30: Highest Level of Qualification

Sub-Market	% with NVQ 4+	% with NVQ 3+	% with NVQ 2+	% with NVQ 1+	% with other qualifications -	% with no qualifications	% with Apprenticeship
Chesterfield Town	23.4%	12.2%	16.8%	14.0%	4.0%	25.9%	3.9%
Staveley & Eastern Villages	15.8%	11.9%	17.6%	15.1%	3.9%	31.4%	4.3%

Source: 2011 Census

- 7.23 Although employment in elementary occupations and plant operative work (21.6%) in Chesterfield Borough is below the HMA (24.4%) and regional averages (22.0%), it is above the national average (18.3%).

7.24 Whilst there has been a recent shift towards the services sector, the level of employment in less skilled and more manual professions reflects the HMA's roots in the coal mining and manufacturing industries. Chesterfield has a higher proportion of the population employed in the service industry than the HMA, regional and national average. This is reflective of its position as a significant market town and sub-regional service centre.

7.25 In Chesterfield Borough, there is a higher proportion of the population occupied in managerial and professional occupations (23.7%) than the HMA average (22.7%), but this is still below the national (28.4%) regional (25.8%) averages.

Table 31: Occupational Profile – HMA Level

	Managers, directors and senior officials	Professional occupations	Associate professional and technical occupations	Administrative and secretarial occupations	Skilled trades occupations	Caring, leisure and other service occupations	Sales and customer service occupations	Process, plant and machine operatives	Elementary occupations
Chesterfield Borough	9.1%	14.5%	10.7%	11.4%	12.0%	11.1%	9.5%	9.1%	12.5%
HMA	9.8%	12.9%	10.0%	10.5%	12.8%	10.9%	8.6%	10.5%	13.9%
East Midlands	10.6%	15.2%	11.3%	10.9%	12.1%	9.5%	8.4%	9.3%	12.7%
England	10.9%	17.5%	12.8%	11.5%	11.4%	9.3%	8.4%	7.2%	11.1%

Source: 2011 Census

7.26 Looking at the submarkets in Chesterfield Borough, the highest proportion of employment in managerial and professional occupations is in Chesterfield Town sub-market, whilst the Staveley & Eastern Villages sub-market has a higher proportion of employment in elementary occupations and plant operative work as well as the service sector.

Table 32: Occupational Profile – Sub-Markets

Sub-Market	Managers, directors and senior officials	Professional occupations	Associate professional and technical occupations	Administrative and secretarial occupations	Skilled trades occupations	Caring, leisure and other service occupations	Sales and customer service occupations	Process, plant and machine operatives	Elementary occupations
Chesterfield Town	9.6%	16.1%	11.4%	11.5%	11.6%	10.5%	9.2%	8.1%	11.9%
Staveley & Eastern Villages	8.1%	11.0%	9.3%	9.3%	12.8%	12.5%	10.1%	11.2%	13.9%

Source: 2011 Census

Economic status – Survey Data

7.27 For the purposes of analysis of working status we have selected the main survey respondent to act as the representative person for the household (the HRP). In all cases this person is either the head of household or their partner. The table below shows the working status of HRPs for the whole of Chesterfield Borough. **Just over half of all HRPs are in employment**; a third are retired. A number of HRPs are in the ‘other’ working status group, which is largely comprised of people describing themselves as either permanently sick/disabled or looking after home/family.

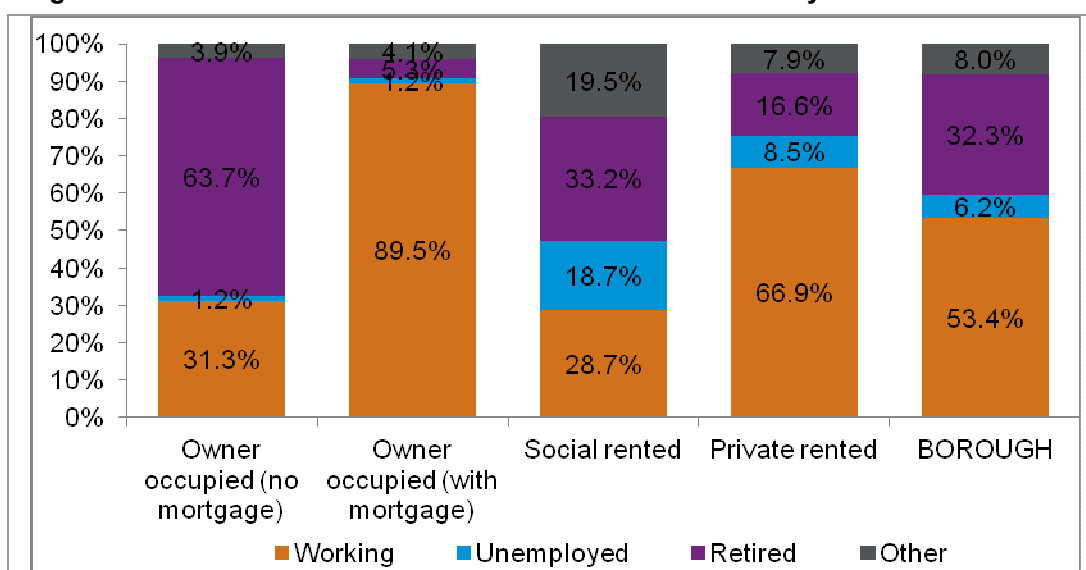
Table 33: Working status of household reference person

Working status	Number of households	% of households
Working	25,216	53.4%
Unemployed	2,913	6.2%
Retired	15,262	32.3%
Other	3,789	8.0%
Total	47,180	100.0%

Source: Household Survey Data

7.28 Figure 34 shows economic status by tenure. The data shows that around 90% of owner occupiers with a mortgage were working. For private renters the figure was 67%, and for social rented tenants only 29%. For outright owners, around three-fifths were retired. The analysis also indicates a significant proportion of retired households resident in the social rented sector.

Figure 34: Economic status of Household Reference Person by Tenure



Source: Household Survey Data

7.29 Table 34 shows working status by sub-market from survey data. This information shows relatively little difference between different areas although the proportion of retired HRPs does look to be slightly higher in the Chesterfield Town area.

Table 34: Working Status by Sub-Market

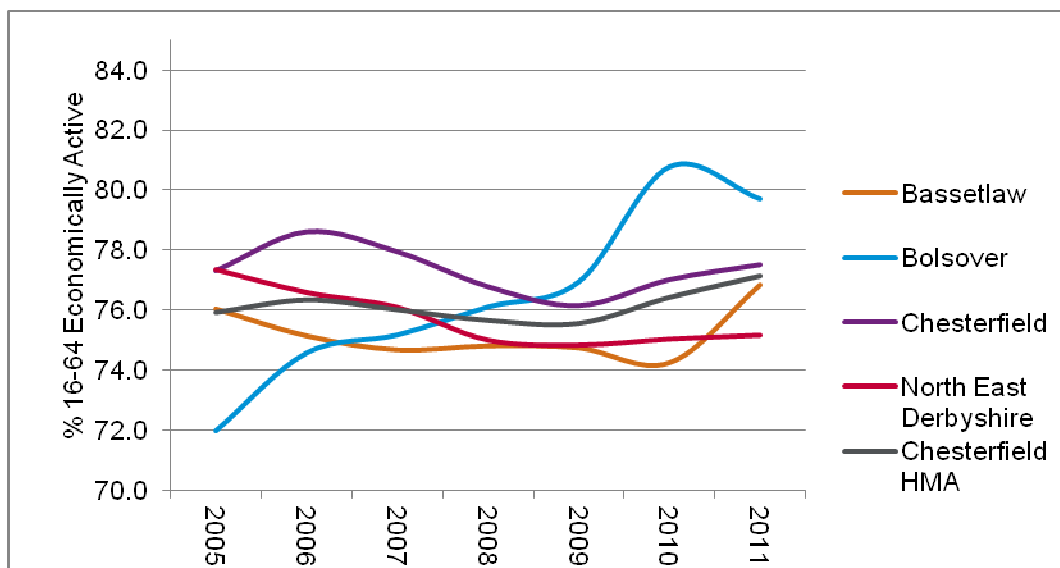
Sub-Market	Working	Unemployed	Retired	Other	Total
Chesterfield Town	53.2%	6.1%	33.5%	7.2%	100.0%
Staveley & Eastern Villages	54.0%	6.4%	29.8%	9.8%	100.0%
	53.4%	6.2%	32.3%	8.0%	100.0%

Source: Household Survey Data

Labour Market Dynamics

7.30 Figure 35 tracks changes in economic activity (the proportion of residents aged 16-64 who are in work or seeking work). Within Chesterfield there was a fall from a high of 78.6% economically active residents in 2006 to a low of 76.2% in 2009. The proportion of economically active residents increased steadily up to 2011 where it reached 77.5%.

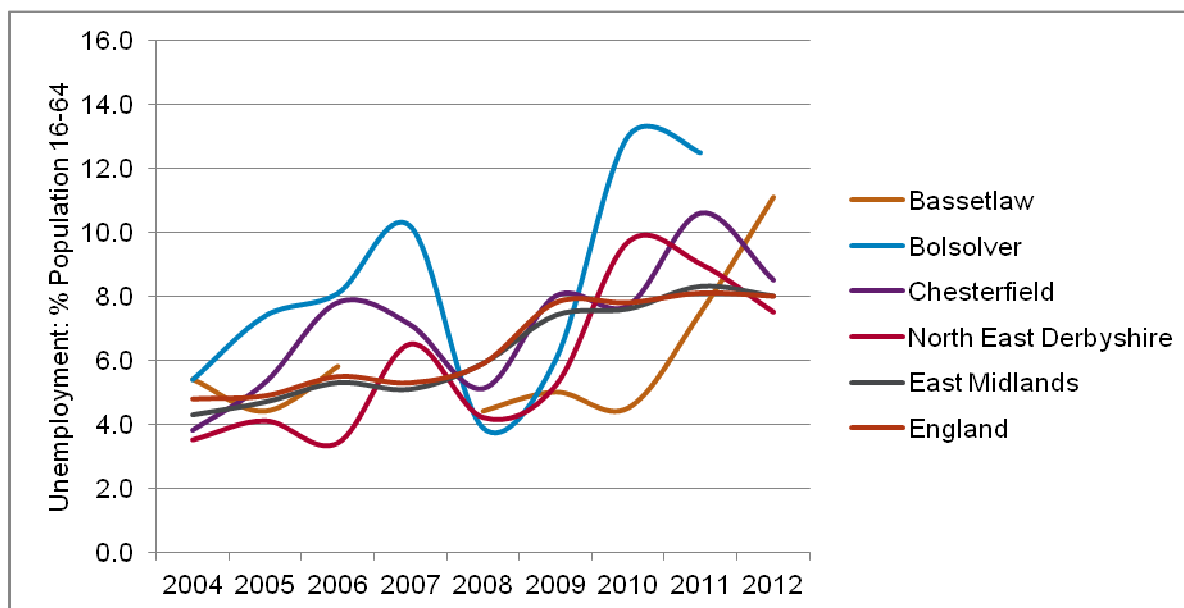
Figure 35: Economic Activity, Local Authority Level



Source: Annual Population Survey

7.31 Across the East Midlands and nationally, unemployment in 2012 stood at 8.0% of the 16-64 population. The Annual Population Survey data suggests unemployment in Chesterfield Borough is slightly above average (c. 8.5%). As Figure 33 indicates unemployment has increased notably since the start of the economic recession in 2008.

Figure 36: Unemployment (% Residents 16-64), 2004-2012



Source: Annual Population Survey

7.32 Job Seekers Allowance claimants are a subset of overall unemployment. The JSA Claimant Rate in March 2013 in Chesterfield Borough (4.1%) was moderately above regional/ national averages.

Table 35: JSA Claimant Rate, March 2013 (% Population 16-64)

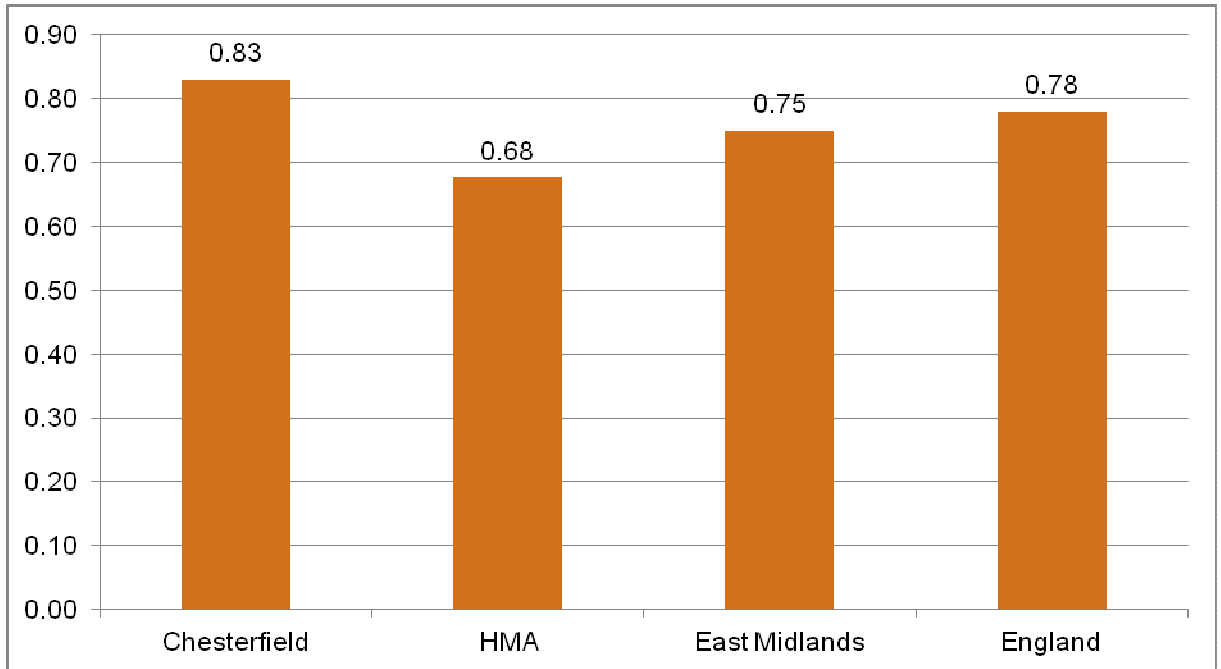
JSA Claimant Rate, March 2013 Claimants as % Population 16-64	
Chesterfield Borough	4.1
East Midlands	3.7
England	3.8

Source: NOMIS

7.33 The HMA has a lower than average jobs density, with 68 jobs on average per 100 working-age residents. This compares to 75 across the East Midlands and 78 nationally. Around 17,000 additional jobs would be needed to match the regional average jobs density. The low jobs density suggests notable out-commuting from the area to work.

7.34 Chesterfield Borough however, has a particularly high jobs density with 83 jobs per 100 working-age residents, suggesting potential net in commuting into the Borough and job opportunities locally.

Figure 37: Jobs Density (2011)

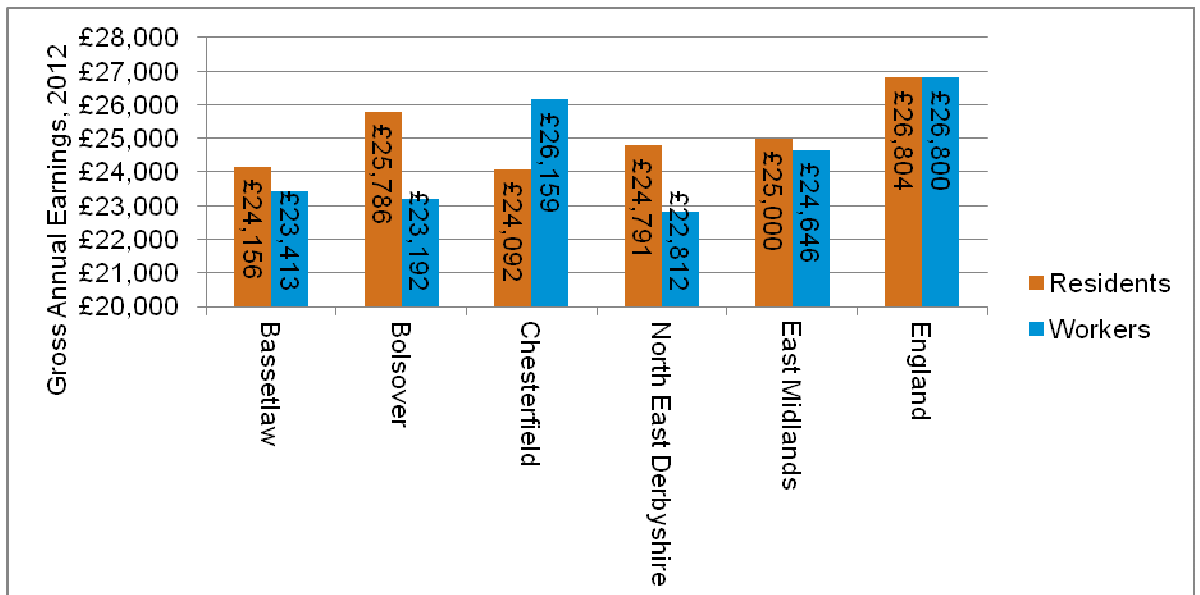


Source: NOMIS

Earnings and Commuting

- 7.35 Both resident and workplace earnings are lower in the HMA compared with the England average. This reflects the level of skills and the lower than average level of NVQ 4+ relative to wider geographies. However earnings levels in the HMA are more comparable to the East Midlands (where the skills set and occupational profile is more similar). Workplace earnings are slightly lower in the HMA as a whole compared with resident earnings.
- 7.36 Jobs in Chesterfield have the highest earnings of the four authorities in the HMA. Residents earnings are on average 8% less than those of people working in the Borough suggesting a degree of in-commuting from surrounding areas to higher paid jobs. There is a particular differential between residence- and workplace-based earnings.

Figure 38: Earnings



Source: NOMIS

Travel to work – Survey Data

- 7.37 The survey data also allows us to look at where people resident in the Borough (and who are working) travel for their employment. This information is also provided for the two sub-areas. The table below shows locations of employment for survey respondents and their partner where in employment (or working if self-employed). The data shows that overall 55.7% of people living in the Borough who are working are also working in the Borough – the main location for employment is Chesterfield Town. Outside of the Borough, the strongest commuting flows are to Sheffield (to which 9.0% of people in work in the Borough commute).

- 7.38 The commuting patterns shown partly reflect the geography of the Borough, and its proximity to the M1 and larger employment centres such as Sheffield.

Table 36: Location of Employment

Location of employment	Work mainly from home	Not working from home	Total	% of people working
Chesterfield Town	1,907	16,470	18,377	43.5%
Staveley & Eastern Villages	504	4,634	5,138	12.2%
All working in Chesterfield BC	2,411	21,104	23,515	55.7%
Bolsover	0	1,075	1,075	2.5%
North East Derbyshire	0	3,160	3,160	7.5%
Elsewhere in Derbyshire	0	3,943	3,943	9.3%
Bassetlaw	0	321	321	0.8%
Elsewhere in Nottinghamshire	0	2,312	2,312	5.5%
Elsewhere in the East Midlands	0	553	553	1.3%
Rotherham	0	472	472	1.1%
Sheffield	0	3,816	3,816	9.0%
Elsewhere in Yorkshire & Humber	0	1,221	1,221	2.9%
Elsewhere in the UK	0	1,764	1,764	4.2%
Abroad	0	87	87	0.2%
All working outside CBC	0	18,725	18,725	44.3%
Total	0	42,240	42,240	100.0%

Source: Household Survey Data

7.39 Tables 37 and 38 below show the same information but for individual sub-areas (plus location of current residence). The first table shows the number of people working whilst the second shows the proportion in each sub-area. Those working from home are included in the sub-area in which they live. The data shows that households in both areas are particularly likely to work in the same area in which they live although there is a notable movement of people from Staveley and Eastern Villages into Chesterfield Town for employment.

7.40 Overall, households in Staveley & Eastern Villages are generally more likely to commute for work with 48.2% working outside the Borough (largely in North East Derbyshire and other parts of the County). This compares with 42.5% of those in Chesterfield Town who are out-commuters – in this case the main location of employment is also other parts of Derbyshire as well as Sheffield.

Table 37: Location of Employment by Sub-Market (Numbers)

Location of employment	Chesterfield Town	Staveley & Eastern Villages	BOROUGH
Chesterfield Town	14,404	3,973	18,377
Staveley & Eastern Villages	2,146	2,992	5,138
All working in Chesterfield BC	16,550	6,965	23,515
Bolsover	467	608	1,075
North East Derbyshire	1,959	1,201	3,160
Elsewhere in Derbyshire	2,796	1,147	3,943
Bassetlaw	183	138	321
Elsewhere in Nottinghamshire	1,760	553	2,312
Elsewhere in the East Midlands	204	349	553
Rotherham	255	217	472
Sheffield	2,637	1,179	3,816
Elsewhere in Yorkshire & Humber	634	587	1,221
Elsewhere in the UK	1,294	470	1,764
Abroad	50	37	87
All working outside CBC	12,239	6,486	18,725
Total	28,789	13,451	42,240

Source: Household Survey Data

Table 38: Location of Employment by Sub-Market(Percentages)

Location of employment	Chesterfield Town	Staveley & Eastern Villages	BOROUGH
Chesterfield Town	50.0%	29.5%	43.5%
Staveley & Eastern Villages	7.5%	22.2%	12.2%
All working in Chesterfield BC	57.5%	51.8%	55.7%
Bolsover	1.6%	4.5%	2.5%
North East Derbyshire	6.8%	8.9%	7.5%
Elsewhere in Derbyshire	9.7%	8.5%	9.3%
Bassetlaw	0.6%	1.0%	0.8%
Elsewhere in Nottinghamshire	6.1%	4.1%	5.5%
Elsewhere in the East Midlands	0.7%	2.6%	1.3%
Rotherham	0.9%	1.6%	1.1%
Sheffield	9.2%	8.8%	9.0%
Elsewhere in Yorkshire & Humber	2.2%	4.4%	2.9%
Elsewhere in the UK	4.5%	3.5%	4.2%
Abroad	0.2%	0.3%	0.2%
All working outside CBC	42.5%	48.2%	44.3%
Total	100.0%	100.0%	100.0%

Source: Household Survey Data

7.41 Table 39 shows the method of travel to work for survey respondents and their partners where applicable. The data clearly shows that the vast majority drive their own car or van (70% Borough-wide). There is some difference between areas in terms of the proportion driving to work with a notably higher proportion in Staveley & Eastern Villages. Chesterfield Town on the other hand has a relatively high proportion of people who walk to work (14%). Overall, the data is dominated by people who drive to work.

Table 39: Method of Travel to Work by Sub-Area

	Chesterfield Town	Staveley & Eastern Villages	BOROUGH
Work from home	6.6%	3.7%	5.7%
On foot	14.0%	5.9%	11.4%
Bicycle	1.8%	1.7%	1.7%
Driving a car or van	66.4%	77.7%	70.0%
Passenger in car or van	4.0%	2.4%	3.5%
Motorcycle/scooter/moped	0.6%	1.0%	0.7%
Bus/minibus/coach	4.1%	5.6%	4.6%
Train	2.2%	1.4%	1.9%
Taxi	0.3%	0.3%	0.3%
Other	0.0%	0.2%	0.1%
Total	100.0%	100.0%	100.0%

Source: Household Survey

Key Findings and Policy Implications

- The population profile in the HMA and Chesterfield Borough is focused more towards older persons. Over the last decade the population has been continuing to age. One of the key factors here is relatively weak economic performance and employment growth, which does not appear to be a particularly strong driver of the local housing market. The population is not particularly ethnically diverse, although there has been a growth in the Asian/British Asian population particularly in the Chesterfield Town sub-market.
- Overall population growth has been similar to the HMA as a whole over the last twenty years. The jobs density is high— there is a good supply of jobs locally which contributes to notable in-commuting to the area to work; due to Chesterfield’s role as a significant market town and sub-regional service centre. Weak economic growth has fed into the relatively strong ageing of the population, and we have seen in particular a reduction of the population in their 30s (linked in part to age structure changes).
- Although Chesterfield Town is one of the larger employment centres in the HMA and there is net in-commuting to work, unemployment is average at around 8.5% in the Borough (compared to 8.0% across the East Midlands). The evidence suggests that those commuting into the Borough for work include a number of those in higher-paid jobs.

8 ASSESSING HOUSING REQUIREMENTS

Introduction

- 8.1 This section of the SHMA seeks to establish overall housing requirements in Chesterfield Borough. The analysis is predicated on the requirements of the NPPF which says the scale of housing required should be based on meeting *'household and population projections, taking account of migration and demographic change'* (para 159).
- 8.2 The methodology used to determine population growth and hence housing requirements is based on a standard population projection methodology consistent with the methodology used by ONS and CLG in their population and household projections. Essentially the method establishes the current population and how this will change in the period from 2011 to 2031. This requires analysis of how likely it is that women will give birth (the fertility rate); how likely it is that people will die (the death rate) and how likely it is that people will move into or out of the Borough (migration). These are the principal components of population change and are used to construct our principal trend-based population projections.
- 8.3 In this section we focus on the outputs of the projections for Chesterfield Borough. The figure below shows the key stages of the projection analysis through to the assessment of housing requirements.

Figure 39: Overview of Methodology



8.4 Much of the data for the demographic projections draws on ONS information contained within the 2010- and 2011-based Sub-National Population Projections (SNPP) and the 2011-based CLG household projections. In particular the SNPP has been used to assess fertility rates, mortality rates and the profile of in- and out-migrants (by age and sex).

Implications of Planning Practice Guidance

8.5 The Planning Practice Guidance⁸ sets out that the starting point for considering future housing need should be the latest official household projections. It sets out that “the household projections are trend based, i.e. they provide the households levels and structures that would result if the assumptions based on previous demographic trends in the population and rates of household formation were to be realised in practice. They do not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour.” It outlines that the projections may require adjustment to reflect factors affecting local demography or household formation rates which are not captured in past trends. This includes any evidence of suppressed household formation.

8.6 The Guidance is clear however that as the latest household projections are ‘interim’ projections to 2021 only, plan-makers would need to assess likely trends after 2021 to align with their development plans.

⁸ CLG (March 2014) *Planning Practice Guidance - Housing and Economic Development Needs Assessment*

- 8.7 It is also outlined that sensitivity testing may be appropriate; and that employment trends can be taken into account. In regard to economic forecasts, it outlines that “where the supply of working age population (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility and other sustainable options such as walking and cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could address these problems.” It considering the relationship between jobs and homes is however important to remember in the case of Chesterfield Borough that the labour market does not conform to local authority boundaries, and there is evidence that currently there is an under-provision of jobs across the wider HMA (although not in the Borough).
- 8.8 The starting point is the latest national projections. CLG’s 2011-based Interim Household Projections. These indicate growth of 2,290 households in the Borough over the 2011-21 period. Including a 3% allowance for vacant and second homes, this equates to an annual growth in dwellings of 236 per annum.

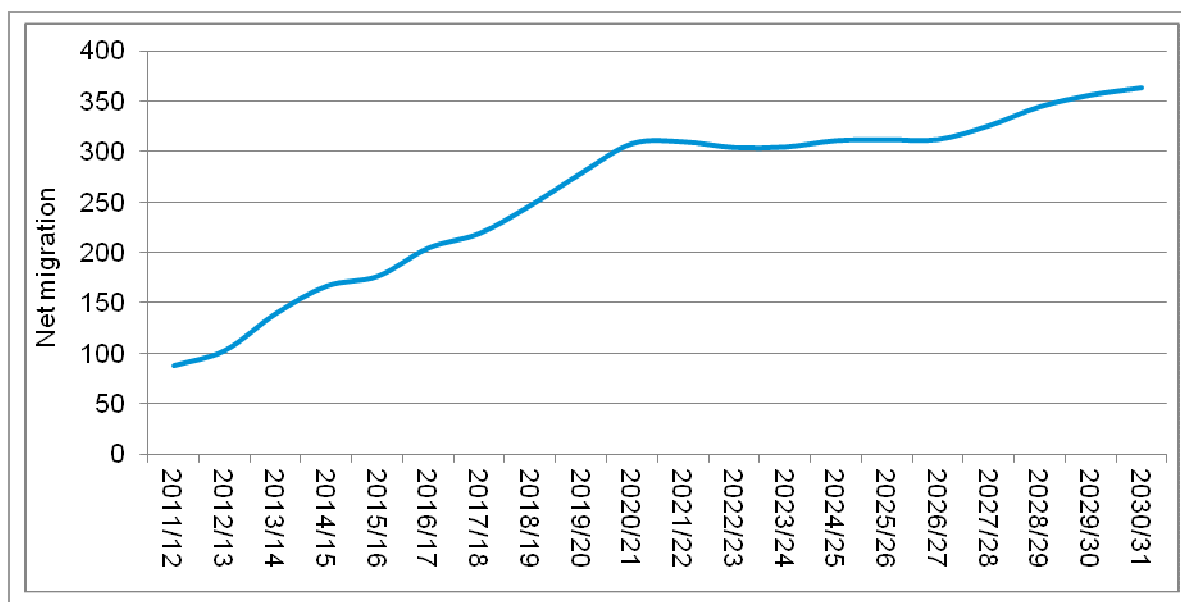
Projections Run

- 8.9 As part of this assessment we have run eight projections to assess how the population and the number of people in employment might change under different assumptions. The projections can broadly be split into three categories:
- Demographic-driven projections (PROJ 1 to 3) – these are intended to form the starting point for considering future housing provision;
 - Economic-led projections (PROJ A and B) – which aim to aid understanding of how the economy and housing demand may interact, taking account of forecast employment growth and expected changes in the demographic structure of the local population; and
 - Component projections (PROJ X to Z) – which are not intended to inform assessment of future housing requirements, but to help understand demographic dynamics.
- 8.10 All projections cover the period from 2011 to 2031. The eight projections run are listed below:
- PROJ 1 (Linked to 2010- and 2011-based SNPP)
 - PROJ 2 (10-year migration trends)
 - PROJ 3 (5-year migration trends)
 - PROJ A (Jobs baseline)
 - PROJ B (Residents in Employment)
 - PROJ X (Zero net migration)
 - PROJ Y (Zero Employment Growth)
 - PROJ Z (Past Completions)

PROJ 1 (linked to ONS 2010- and 2011-based SNPP)

- 8.11 Our first projection uses information in the ONS 2010- and 2011-based Sub-National Population Projections (SNPP). The last full set of SNPP published by ONS were 2010-based figures. These have subsequently been updated by 2011-based 'interim' projections which look at the ten year period to 2021. These interim projections use the same assumptions around fertility, mortality and migration profiles as 2010-based SNPP. However the 2011-based figures have updated estimates of future levels of migration (both in- and out-migration and by type of migration (e.g. international vs. internal) based on initial information from the 2001 Census.
- 8.12 Our projections therefore use the same assumptions as in the ONS 2010-based SNPP with regards to fertility, mortality and migration rates but with some adjustments to overall levels of migration on the basis of the 2011-based figures. The assumptions around fertility, mortality and migration rates from the 2010-based SNPP are also used in all other projections within this report.
- 8.13 Figure 40 shows the level of net migration assumed by this projection from 2011/12 to 2030/31 in Chesterfield Borough. The projection starts in 2011/12 with a net migration figure of around 90. This is expected to increase over time to reach a net in-migration of around 300 people by 2020/21. Following this the figures level off before increasing slightly in the last five years of the period studied. For the projection period studied as a whole, the average level of net migration is an in-migration of 258 people per annum.

Figure 40: ONS Migration Assumptions, 2011/12 to 2030/31



Source: ONS 2010- and 2011-based Sub-National Population Projections

- 8.14 It should be noted that the 2011-based SNPP only projects for a ten-year period to 2021. Beyond 2021 we have used 2010-based SNPP data but adjusted this to take account of the differences

shown between the 2010- and 2011-based versions of the SNPP. In keeping with the methodology used by ONS, figures for cross-border and international migration are held constant with internal figures changing slightly on the basis of the projected change in the 2010-based data (but from the adjusted baseline position for 2021 shown in 2011-based projections).

PROJ 2 (10-year Migration Trends)

PROJ 3 (5-year Migration Trends)

8.15 Our next two projections look at recorded trends in migration over the past five and ten years. The table below shows estimated net migration into the Borough from 2001/2 to 2010/11. The figures have been taken from ONS Mid-Year Population Estimates. Figures have been rounded to the nearest hundred which reflects the rounding of published ONS data.

8.16 The data shows that net migration can be somewhat variable over time, with the highest figure for any individual year being seen towards the start of the period studied (net migration of 900 people in 2002/3). The last three years studied (2008-11) show some of the lowest levels of migration in the decade. In developing our two projections we have simply taken an overall average and projected this forward. Over the last ten years (2001-11) the average level of net migration has been an in-migration of 550 people with a notably lower figure of 360 if we look at 5-year trends (2006-11).

Table 40: Past Trends in Net In-Migration

Year	Net migration
2001/2	700
2002/3	900
2003/4	800
2004/5	800
2005/6	500
2006/7	300
2007/8	500
2008/9	400
2009/10	300
2010/11	300
10 Year Average	550
5 Year Average	360

Source: ONS Mid-Year Population Estimates

Economic-led Projections (PROJ A to C)

8.17 In addition to developing the above scenarios we have developed two projections to consider the implications on population change and housing requirements of different levels of employment

growth in the Borough. To model potential levels of economic growth we have drawn on a January 2013 econometric forecast by Experian. The two projections are described below.

PROJ A – Jobs Baseline

- 8.18 This projection looks at the forecast increase in jobs from 2011 to 2031 and assumes a 1:1 relationship between the number of jobs created and growth in the number of local residents in employment. This projection essentially does not include any assumptions about commuting patterns with all new jobs being filled by local people (it can alternatively be viewed as being based on no changes to commuting patterns with equal numbers of people in- and out-commuting as a result of new employment opportunities). This projection sees an increase in the number of residents in employment of 3,714 over the 20-year period across the Borough.

PROJ B – Residents in Employment

- 8.19 This projection draws on the Experian data about the number of additional jobs forecast to be created in each Borough but also considers commuting patterns (from 2001 Census data) and Experian forecasts of job growth in other areas to which people in sub-region currently commute. This generates a slightly lower projected increase in the number of residents in employment of 3,647 over the 20-year period.
- 8.20 Table 41 shows the estimated increase in the number of residents in employment in five year periods for each of the two economic-led scenarios. The data shows that the strongest employment growth is expected in the 2016-21 period with weaker growth in the first and last five years of the projection. This is based on expected economic performance.

Table 41: Employment Growth Assumptions used in Modelling – Chesterfield Borough

Period	PROJ A – Jobs Baseline		PROJ B – Residents in Employment	
	Annual	5-year total	Annual	5-year total
2011-2016	127	637	144	719
2016-2021	279	1,396	244	1,222
2021-2026	174	869	172	858
2026-2031	162	812	170	848
Total	3,714		3,647	

Source: Experian 2013

PROJ X (Zero Net Migration)

PROJ Y (Zero Employment Growth)

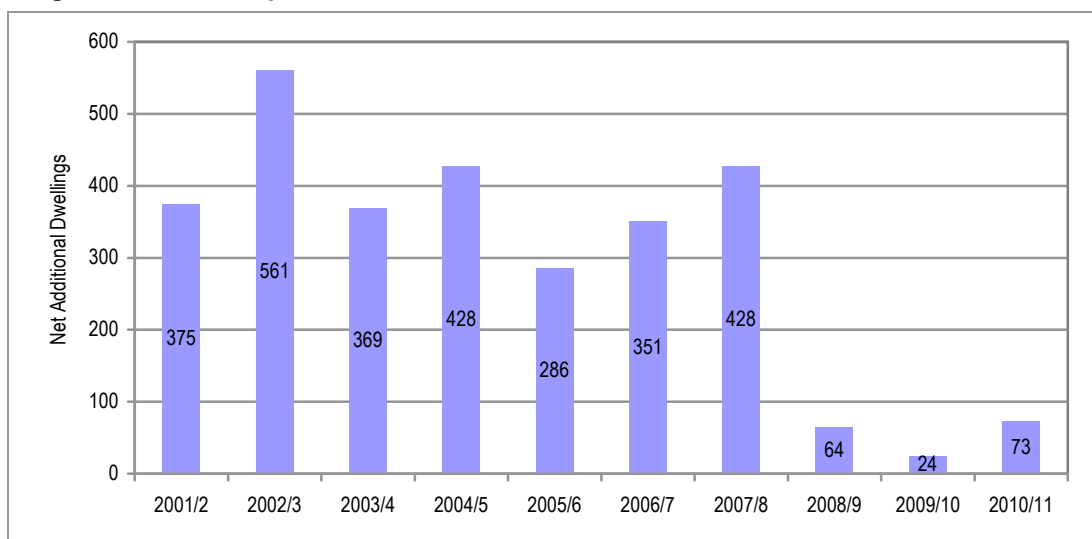
- 8.21 The next two projections might be called ‘component’ projections and look at the impact on population, employment and housing requirements of holding certain aspects of the projection constant over time.
- 8.22 The first projection looks at housing requirements if there were to be no net migration into the local authority area for the 2011-31 period. Whilst net migration is held at zero this projection does allow for in- and out-migration so there will be changes in the age structure due to migration trends as well as those created by natural change (i.e. births minus deaths).
- 8.23 The second ‘component’ projection looks at what level of housing growth would be required to achieve stable employment levels over the period to 2031. Within this projection (and indeed all other projections) we have also looked at the impact of the economic downturn on the number of people in employment and considered the scope for some local residents to return to work if

additional jobs were available. We have also considered the likely impact of changes in pensionable age throughout the projection period as and when these become relevant.

PROJ Z (Past Completions)

- 8.24 The final projection run in this report is based on understanding the implications for population and employment growth of a particular level of housing delivery – this has been based on average completions over the past 10-years.
- 8.25 Figure 41 shows housing completions over the ten years (from 2001/2 to 2010/11 – the ten year period up to the start of these projections). The data shows considerable year-on-year variation in the numbers with strongest delivery of 561 units being seen in 2002/3 with more modest delivery since. Over the full ten-year period the average level of completions has been 296 per annum and this figure is projected forward on a linear basis.

Figure 41: Net Completions 2001/2 to 2010/11

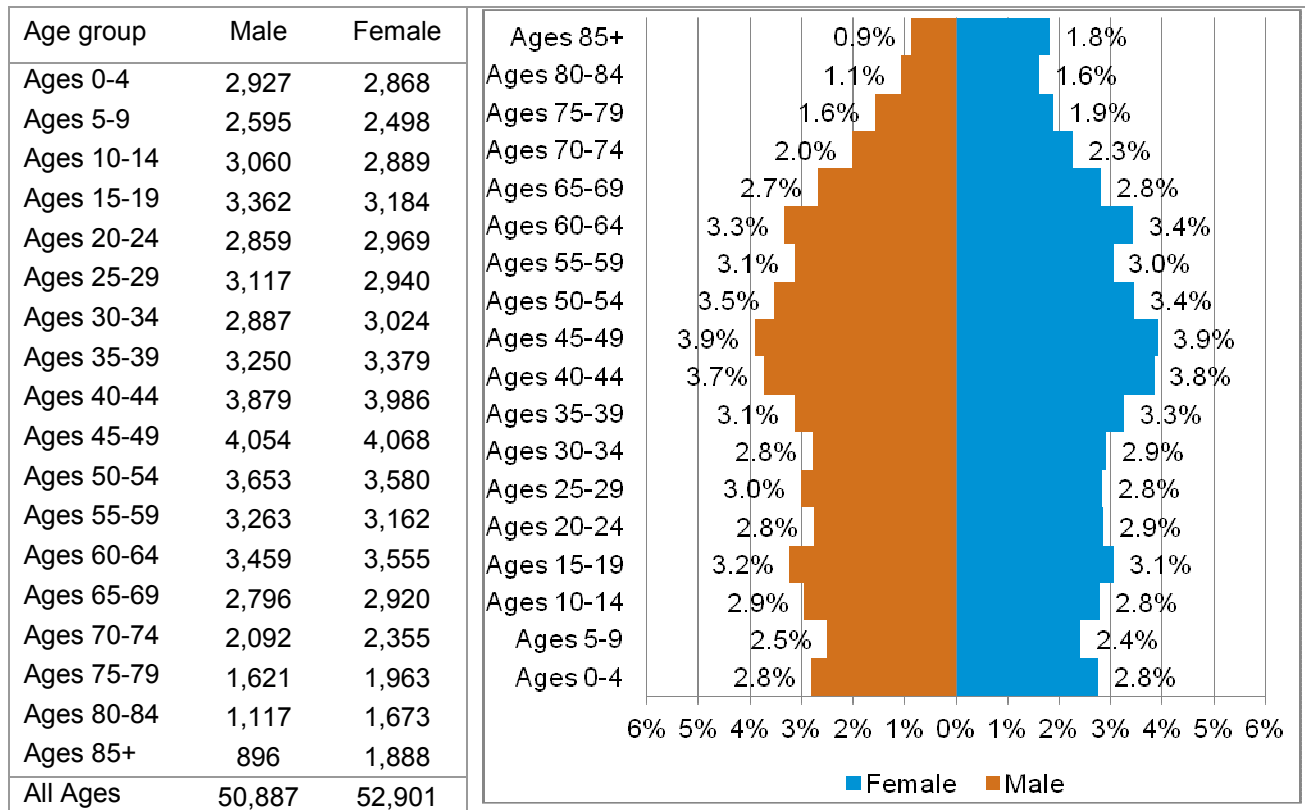


Source: Annual Monitoring Reports

Baseline Population

- 8.26 The baseline for our projections is taken to be 2011 with the projection run for each year over the period up to 2031. The estimated population profile as of 2011 has been taken from the 2011-based SNPP (which in turn is the same as 2011 mid-year population estimates). The overall population in 2011 was estimated to be 103,788 with slightly more females than males.

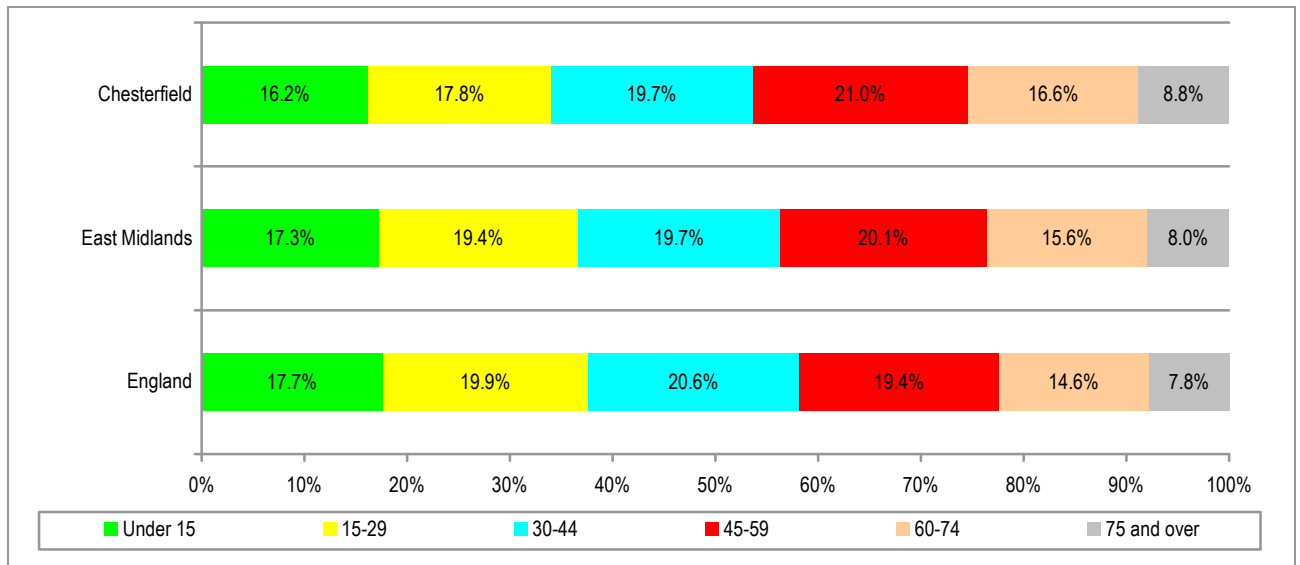
Figure 42: Population Structure – Chesterfield Borough, 2011



Source: 2011-Mid Year Population Estimates

8.27 Figure 43 shows the population distribution in Chesterfield Borough in broad 15-year age categories and compares this with other benchmark areas. The data shows a relatively ‘old’ population with 25% of people being age 60 or over. There are relatively few people aged 15-29 when compared with other areas.

Figure 43: Population Age Profile (2011)



Source: 2011-Mid-Year population estimates

Fertility and Mortality Rate Assumptions

- 8.28 For modelling of fertility we have used the rates contained within the ONS 2010-based Population Projections. In all areas fertility rates are expected to increase very slightly in the short-term before dropping quite notably moving towards the end of the projection period. We also interrogated the ONS 2010-based projections with regard to death rates which suggested that life expectancy is expected to increase over time for both males and females.
- 8.29 In Chesterfield Borough the total fertility rate (the expected average number of live births per woman throughout their childbearing lifespan) is expected to go from 2.05 in 2011/12 to 1.82 in 2030/31. Life expectancy for males is expected to increase from 77.5 to 80.9 with an increase from 82.4 to 85.7 in the case of females.
- 8.30 We have no evidence to suggest that either the fertility or mortality estimates used by ONS are unreasonable and note that the expected figures and changes in the Borough are consistent with past trend data and future expected patterns as published by ONS on a national basis.

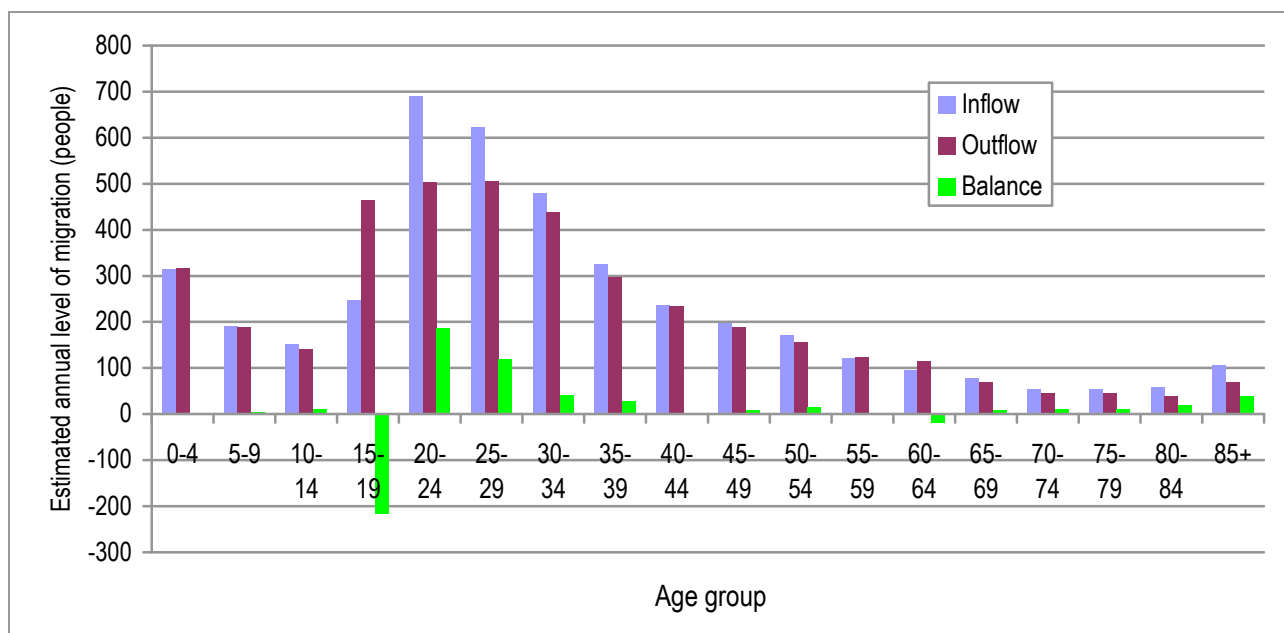
Migration Profile

- 8.31 For the purposes of understanding the profile of migrants we have again drawn on the ONS 2010- and 2011-based Sub-National Population Projections. Over the period from 2011 to 2031 the ONS figures show an average annual level of net in-migration of 258 people made up of in-migration of 4,186 and out-migration of 3,928 per annum. The data (shown below) clearly shows that the most

important age groups are from 15 to 34. The data is interesting in that it shows net out-migration of those aged 15-19 (for instance students moving to university) but net in-migration for most other age groups.

8.32 When projecting migration patterns for the various projection scenarios we have used the migration data and adjusted levels of in-migration to match the requirements of our scenario (e.g. when testing what level of migration is required to support a workforce of a particular size). This approach has consistently been adopted across all analysis.

Figure 44: Estimated Annual Level of Migration by Five-Year Age Band (2011-2031) – Chesterfield Borough



Source: Derived from ONS 2010-based population projections

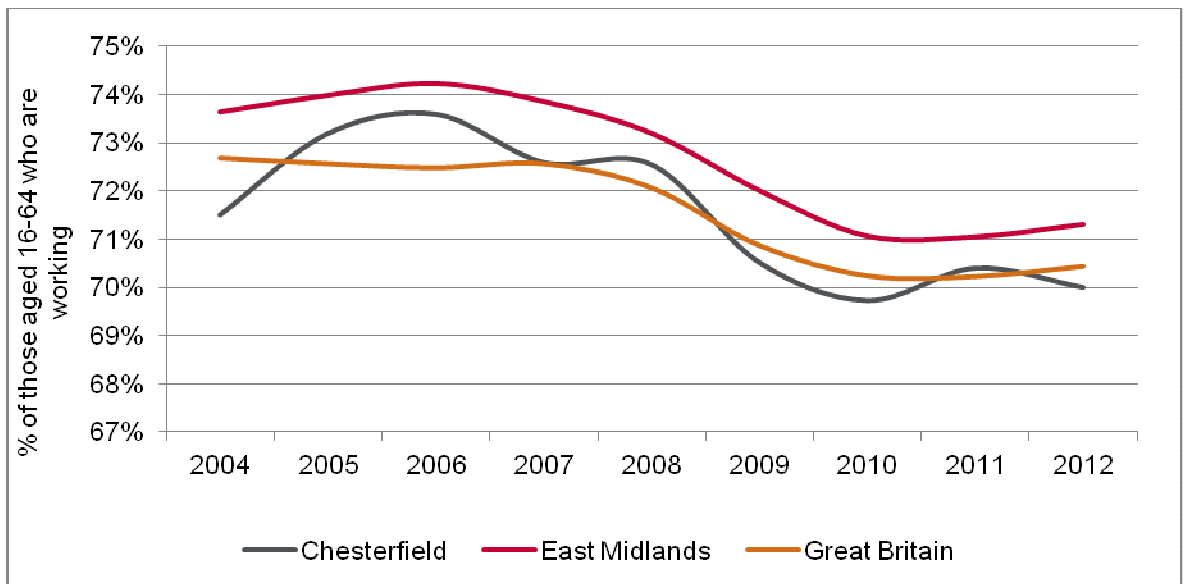
Economic Assumptions

8.33 With the change in demographic structure will come changes in the number of people who are working (as the population of people of working age changes). The next stage of the projection process was therefore to make estimates about how employment levels would change under each of our main projections and also to consider the demographic implications of different levels of employment growth.

8.34 Figure 45 shows data on the proportion of people living in Chesterfield Borough who were in employment (based on the proportion of the population aged 16-64 who are working). This is called the employment rate. Data has also been provided for the East Midlands and Great Britain.

8.35 The employment rate has been quite variable over time – generally the trend for Chesterfield Borough appears to have been downward although the last three years show relatively little change. Overall it is quite difficult to pick out a real trend. In both the East Midlands and Great Britain employment rates can more clearly be seen to have dropped since 2007 although with a very slight improvement through 2012.

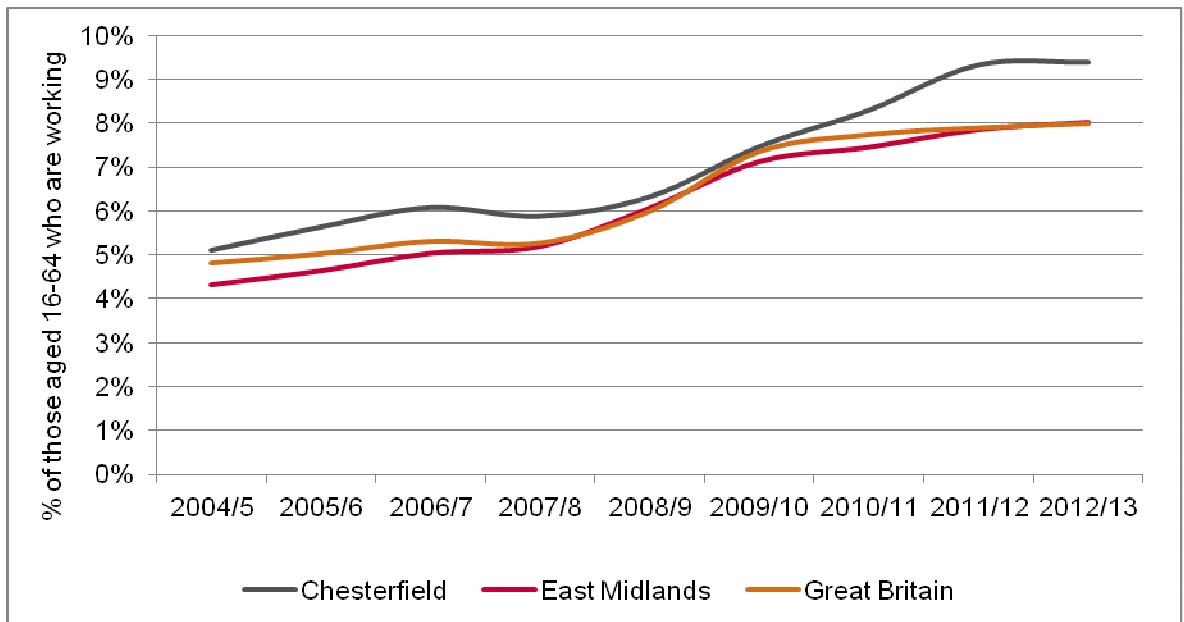
Figure 45: Trends in the Employment Rate



Source: Annual Population Survey

8.36 Part of the problem with the Annual Population Survey source used above is that data is based on only a sample of the population and therefore figures can be quite variable at smaller area level. We have therefore also drawn on data about unemployment to give an indication of how employment rates may have changed over the past few years. This analysis shows a clearer trend towards increased unemployment with figures going from about 5% up to 9% over time.

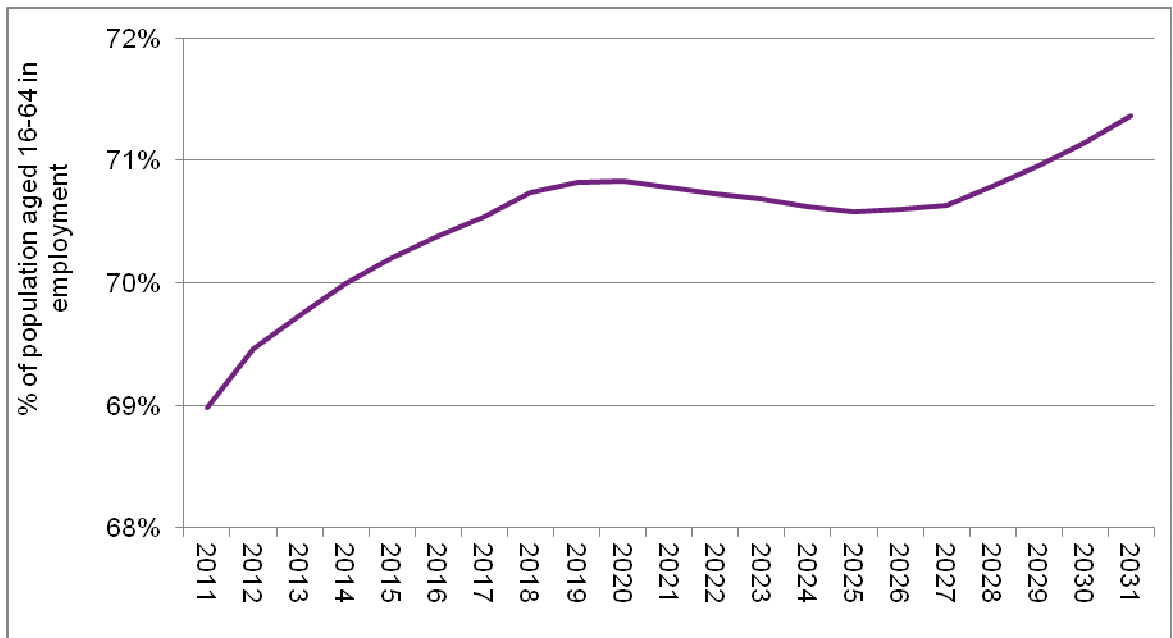
Figure 46: Unemployment Rates



Source: Annual Population Survey (modelled data)

- 8.37 The above data to provide us with an overall picture of working patterns we also drew on 2001 and 2011 Census data and information from the Annual Population Survey to inform the distribution of workers by age and sex. In projecting forward we have assumed that there is a latent labour force that could be brought back into work as a result of reducing unemployment. This improvement is assumed to occur fairly consistently through the projection period to 2031. The modelled improvement to employment rates will have the effect of reducing unemployment.
- 8.38 The modelling also includes provision for potential increases in rates due to changes in pensionable age – these additional changes have been based on studying the age-specific ‘drop-off’ in employment as people get older.
- 8.39 Figure 47 shows how employment rates are projected to change over the period studied. The figure shows a projected short-term improvement to about 2019 – this is mainly due to changes in pensionable age. Following this the employment rate drops down slightly – this is due to age structure changes with a greater number of people expected to be in some of the older ‘working’ age groups which typically have lower employment rates. Beyond about 2027 there is expected to be some increase in employment rates – this is again linked to demographic change with the Borough expected to see population increases in some of the key working age groups (following a period of population decline).

Figure 47: Projected Changes in Employment Rates – Chesterfield Borough



8.40 By applying these rates to our population figures it is estimated that in mid-2011 there were 47,901 people in employment across the Borough. This figure has been derived by analysis of 2011 Census data and is consistent with recent figures provided in the Annual Population Survey.

8.41 The demographic modelling makes no allowances for ‘double-jobbing’ whereby people may hold down more than one job.

Headship Rate Assumptions

8.42 Having estimated the population size and the age/sex profile of the population the next step in the process is to convert this information into estimates of the number of households in the area. To do this we use the concept of headship rates. Headship rates can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)).

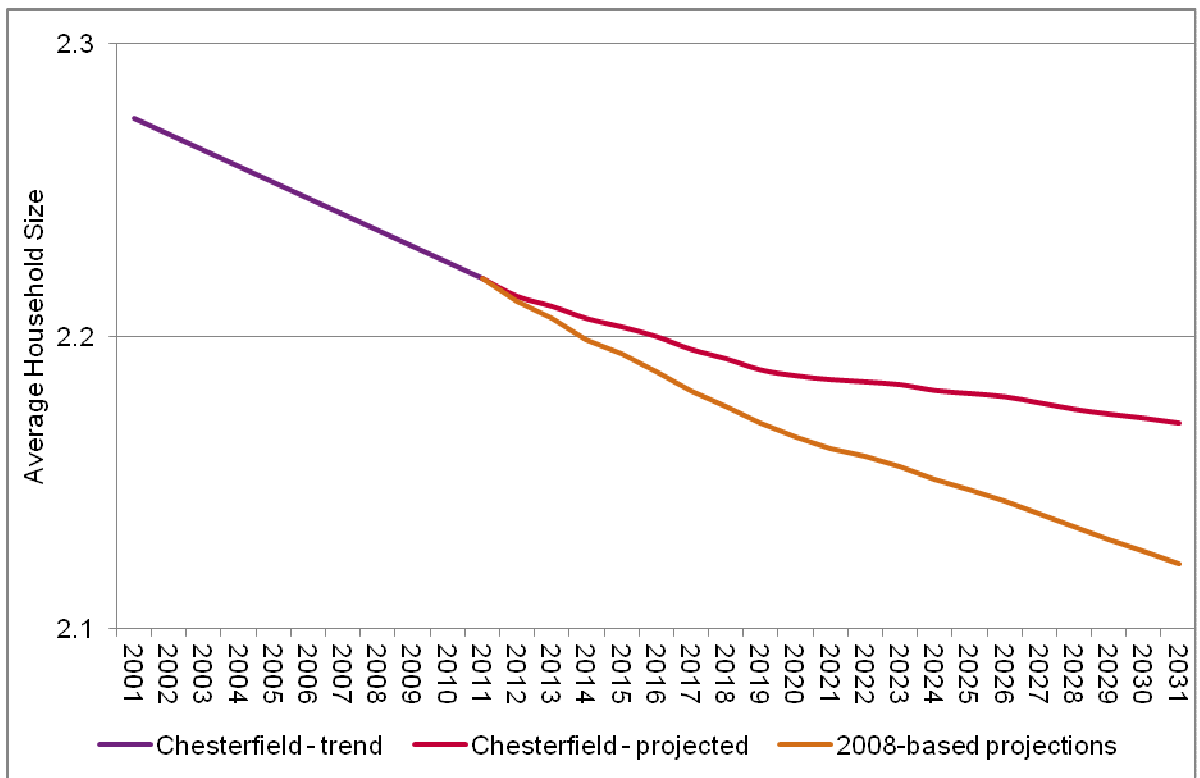
8.43 For the purposes of this analysis we have used information contained in the 2011-based CLG Household Projections about the relationship between the total population in an age group and the number of household reference persons (HRPs) in that age group.

8.44 Figure 48 shows the estimated average household size in 2001 and 2011 along with estimated household sizes derived from CLG projections. The data clearly shows that household sizes have

been declining and are expected to continue to do so moving forward (albeit generally at a lesser pace. Across the Borough it is assumed that average household sizes start at about 2.22 in 2011 and reduce down to 2.17 in 2031 (although exact figures do vary depending on the projection being run).

8.45 Although the main projections in this report use data from the 2011-based CLG household projections we have also run a sensitivity using the 2008-based figures. As can be seen from the figure below the 2008-based figures would point towards a more rapid household decline over time which in turn will lead to a higher level of household growth for any given population.

Figure 48: Past and projected trends in Average Household Size



Source: Derived from ONS and CLG data (including 2011 Census)

8.46 When applying our headship rates to the population data we derive an estimated number of households in mid-2011 of 46,756. This figure is consistent with the number of households shown in the 2011 Census and the 2011-based CLG Household Projections.

Allowance for Vacant & Second Homes

- 8.47 In converting an estimated number of households into requirements for additional dwellings we have also factored in a small vacancy/second home allowance. We have assumed that the vacancy level within new-build housing stock will be lower than within the wider market, as there should be a lower requirement for improvements or repairs to newer homes. For the analysis we have assumed that around 3% of additional stock will have no 'usual residents'. We consider this to be a reasonable level for new-build properties.

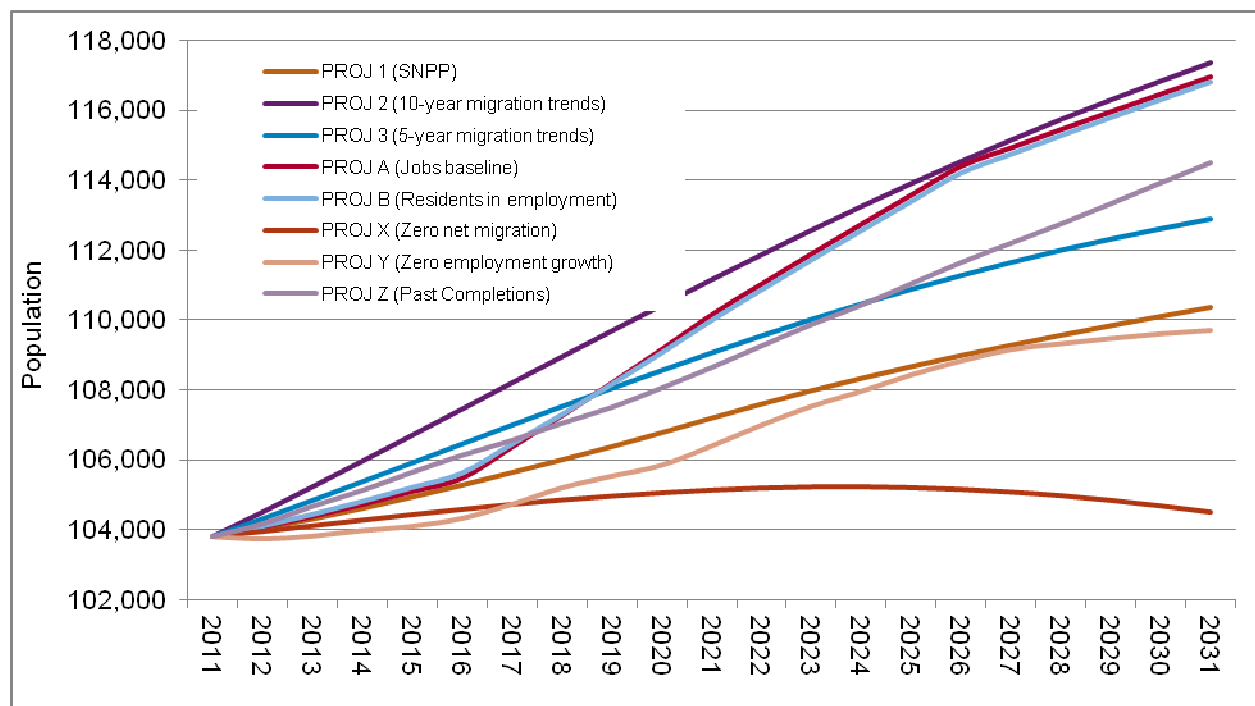
Population Projections

- 8.48 Table 42 and Figure 49 below show the expected growth in population under each of the eight scenarios. The data shows that the three demographic projections (PROJ 1 to 3) show population growth of between about 6% and 13% for the full 20-year projection. In numerical terms this represents an increase of between about 6,600 and 13,600 people.
- 8.49 The two economic projections (PROJ A and B) show levels of population growth of about 13% (13,000 to 13,200 more people). This is notably higher than the SNPP based projection (PROJ 1) and is principally linked to age structure dynamics, where higher in-migration is required to 'back fill' working-age groups as the population ages.
- 8.50 With no net migration we would expect to see a small increase in population over time whilst to maintain employment at current (2011) levels would require a population increase of 6%. This is due to the ageing of the population with relatively fewer people being in the main working-age population groups.
- 8.51 With housing delivery of 296 units per annum (PROJ Z) we would expect to see a population increase of about 10%. This is in the middle of the range of demographic based projections developed.

Table 42: Population Estimates 2011 to 2031

	2011	2016	2021	2026	2031
PROJ 1 (SNPP)	103,788 0.0%	105,264 1.4%	107,189 3.3%	108,988 5.0%	110,371 6.3%
PROJ 2 (10-year migration trends)	103,788 0.0%	107,434 3.5%	111,137 7.1%	114,522 10.3%	117,344 13.1%
PROJ 3 (5-year migration trends)	103,788 0.0%	106,445 2.6%	109,060 5.1%	111,283 7.2%	112,903 8.8%
PROJ A (Jobs baseline)	103,788 0.0%	105,458 1.6%	110,130 6.1%	114,383 10.2%	116,940 12.7%
PROJ B (Residents in employment)	103,788 0.0%	105,605 1.8%	109,977 6.0%	114,199 10.0%	116,802 12.5%
PROJ X (Zero net migration)	103,788 0.0%	104,570 0.8%	105,126 1.3%	105,146 1.3%	104,489 0.7%
PROJ Y (Zero employment growth)	103,788 0.0%	104,311 0.5%	106,390 2.5%	108,829 4.9%	109,708 5.7%
PROJ Z (Past Completions)	103,788 0.0%	106,117 2.2%	108,636 4.7%	111,646 7.6%	114,508 10.3%

Figure 49: Population Change, 2011-2031

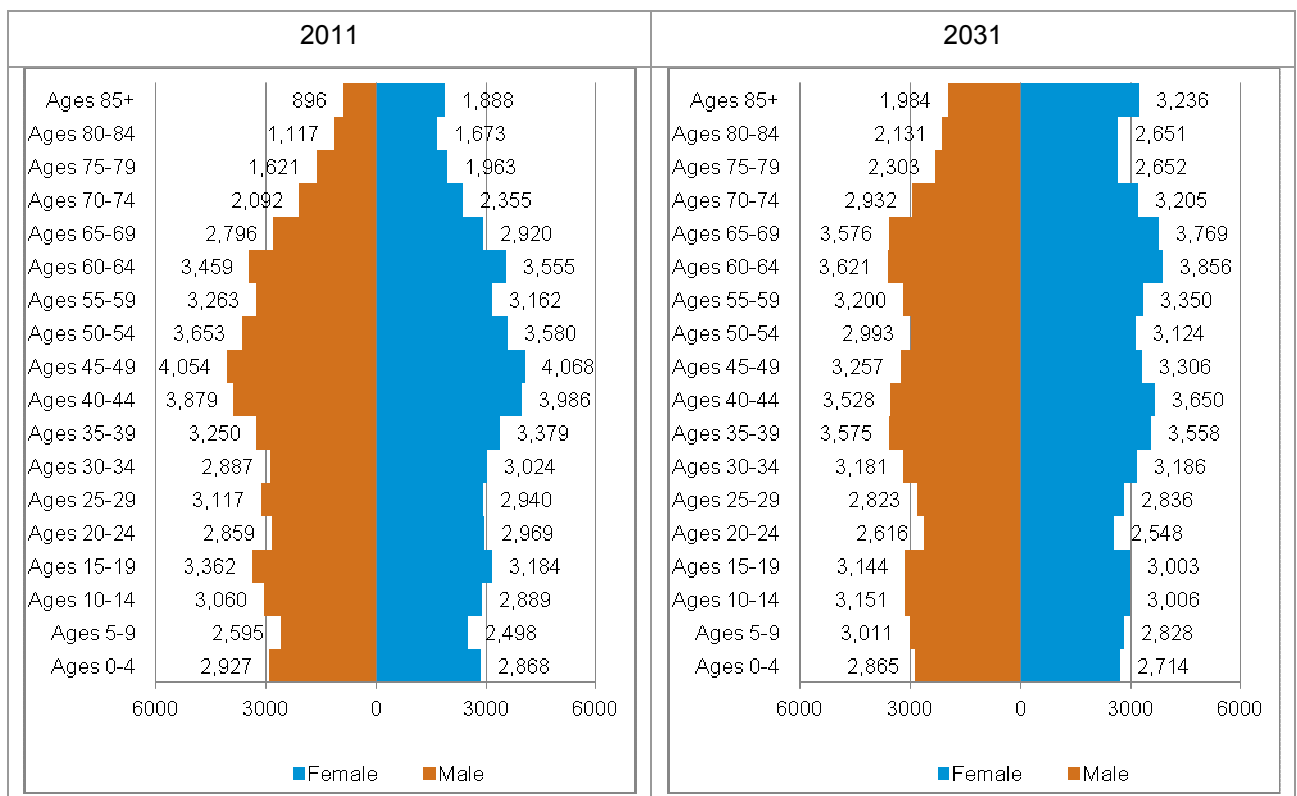


Impact on Population Age Structure

8.52 With the changes shown above there will also be a change in the age/sex profile of the population. We have therefore looked in a bit more detail at population change under PROJ 1 (linked to the SNPP). The figure below shows population pyramids for 2011 and 2031.

8.53 The 'pyramids' show the growth in population overall and highlight the ageing of the population with a greater proportion of the population expected to be in age groups aged 60 and over (and even more so for older age groups) - in particular the oldest age group (85+) shows an increase from 2,784 people to 5,220 .

Figure 50: Distribution of Population 2011 and 2031 (PROJ 1 – SNPP)



8.54 Table 43 summarises the findings for key (15 year) age groups. The largest growth will be in people aged over 60 in PROJ 1. In 2031 it is estimated that there will be 35,917 people aged 60 and over. This is an increase of 9,582 from 2011, representing growth of 36%. The population aged 75 and over is projected to increase by an even greater proportion, 63%.

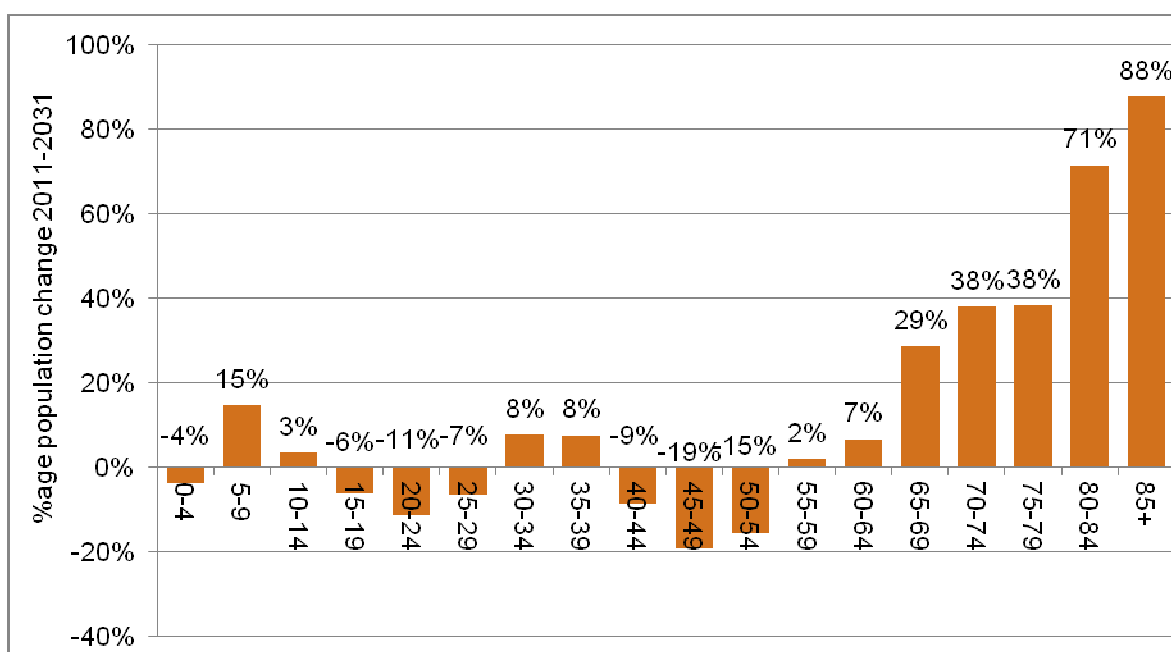
8.55 Looking at the other end of the age spectrum we can see that there are projected to be around 4% more people aged under 15 with small decreases seen for the 15-29 and 45-59 age groups.

Table 43: Population Change 2011 to 2031 by Fifteen Year Age Bands

Age group	Population 2011	Population 2031	Change in population	% change from 2011
Under 15	16,837	17,575	738	4.4%
15-29	18,431	16,970	-1,461	-7.9%
30-44	20,405	20,678	273	1.3%
45-59	21,780	19,231	-2,549	-11.7%
60-74	17,177	20,960	3,783	22.0%
75+	9,158	14,957	5,799	63.3%
Total	103,788	110,371	6,583	6.3%

8.56 Figure 51 shows the percentage changes for each five year age group. The most stark trend is the increase in the population aged 85 and over (up 88%) which may have implications for future housing delivery as many of this group may require some form of specialist housing. In contrast we see only moderate increases (and some decreases) in most age groups up to age 65.

Figure 51: Forecast Population Change by Age Group 2011 – 2031



Changes in the Workforce

8.57 Table 44 and Figure 52 below show the estimated number of people living in the Borough who are working under each of our eight projections. The three demographic projections (PROJ 1 to 3) show fairly moderate increases in the number of residents who are working with increases ranging from

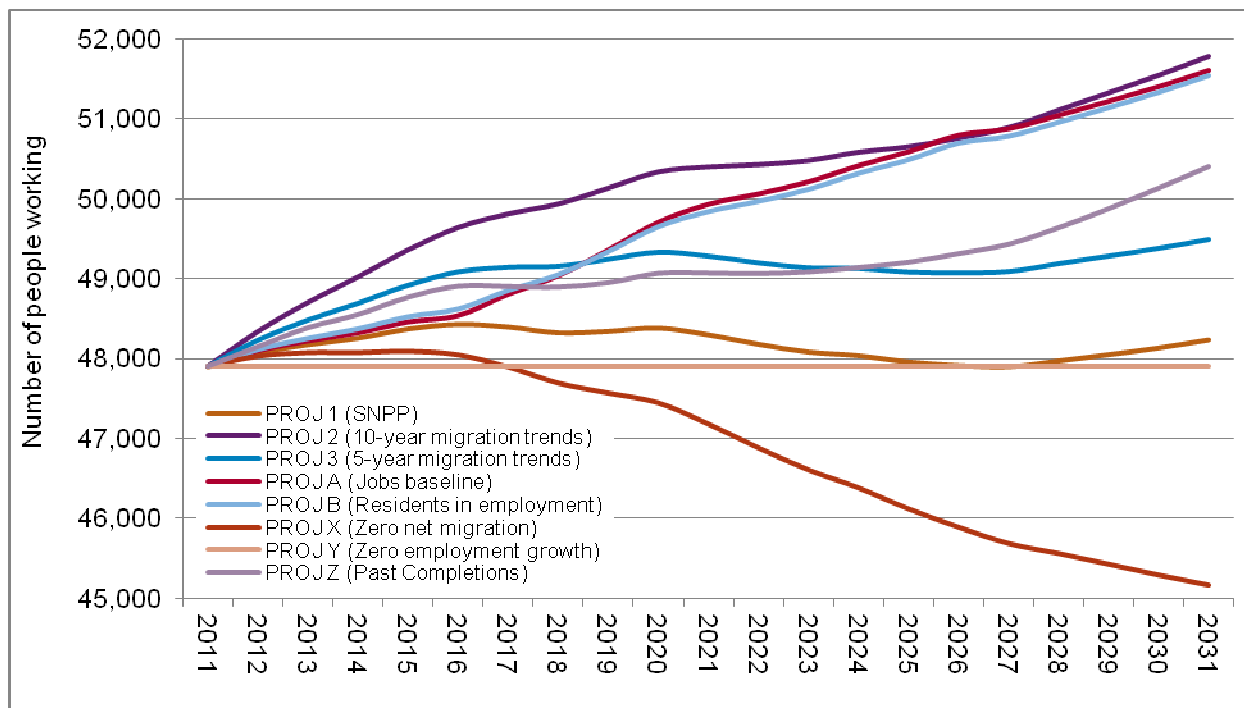
1% to 8% (300 to 3,900 in numerical terms). The two economic projections (PROJ A and B) show increases in the number of people working of about 8% - stronger than is typically shown in the projections driven by demographic trends.

8.58 With no net migration we would expect to see a notable decline in the working population – this would fall from 47,901 people in 2011 to 45,156 in 2031 – a decrease of 5.7%. Employment increases based on average past completions would be expected to see a moderate increase in the number of people working.

Table 44: Employment Estimates 2011 to 2031

	2011	2016	2021	2026	2031
PROJ 1 (SNPP)	47,901 0.0%	48,429 1.1%	48,299 0.8%	47,919 0.0%	48,237 0.7%
PROJ 2 (10-year migration trends)	47,901 0.0%	49,638 3.6%	50,399 5.2%	50,757 6.0%	51,782 8.1%
PROJ 3 (5-year migration trends)	47,901 0.0%	49,086 2.5%	49,285 2.9%	49,073 2.4%	49,493 3.3%
PROJ A (Jobs baseline)	47,901 0.0%	48,538 1.3%	49,934 4.2%	50,802 6.1%	51,614 7.8%
PROJ B (Residents in employment)	47,901 0.0%	48,620 1.5%	49,842 4.1%	50,700 5.8%	51,548 7.6%
PROJ X (Zero net migration)	47,901 0.0%	48,040 0.3%	47,174 -1.5%	45,883 -4.2%	45,156 -5.7%
PROJ Y (Zero employment growth)	47,901 0.0%	47,901 0.0%	47,901 0.0%	47,901 0.0%	47,901 0.0%
PROJ Z (Past Completions)	47,901 0.0%	48,905 2.1%	49,069 2.4%	49,312 2.9%	50,405 5.2%

Figure 52: Employment Change, 2011-2031



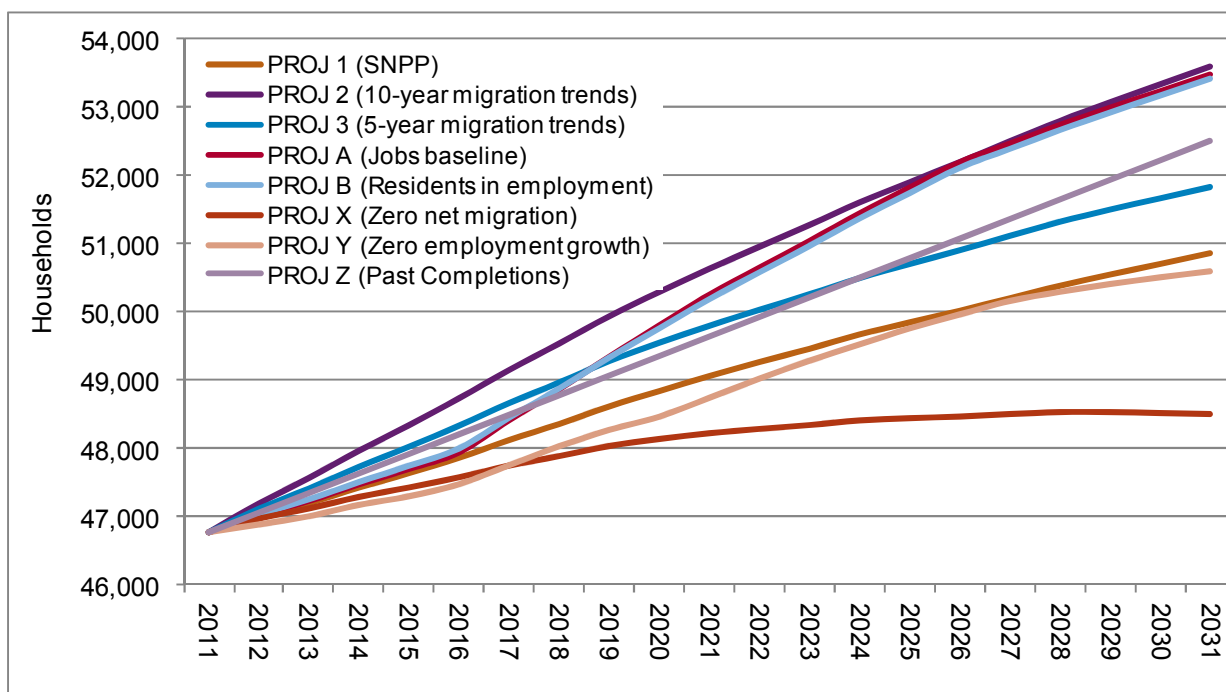
Growth in Households and Dwellings

- 8.59 Table 45 and Figure 53 show the projected growth in the number of households under each of the eight scenarios. The three demographic projections (PROJ 1 to 3) show household growth of between 9% and 15% (4,100 to 6,800 more households) whilst figures derived under the two economic projections are both around 14% which is up to 6,700 more households.
- 8.60 With no net migration we would expect to see an increase in households of 4% whilst to achieve no employment growth it is expected that the number of households would increase by about 8%.
- 8.61 Household increases linked to dwelling delivery are substantially influenced by the number of homes provided and in this case the past completions projection shows a household increase of 12% over the 20-year period.

Table 45: Household Estimates 2011 to 2031

	2011	2016	2021	2026	2031
PROJ 1 (SNPP)	46,756 0.0%	47,849 2.3%	49,051 4.9%	50,009 7.0%	50,853 8.8%
PROJ 2 (10-year migration trends)	46,756 0.0%	48,724 4.2%	50,631 8.3%	52,196 11.6%	53,602 14.6%
PROJ 3 (5-year migration trends)	46,756 0.0%	48,325 3.4%	49,798 6.5%	50,909 8.9%	51,841 10.9%
PROJ A (Jobs baseline)	46,756 0.0%	47,927 2.5%	50,240 7.4%	52,181 11.6%	53,468 14.4%
PROJ B (Residents in employment)	46,756 0.0%	47,987 2.6%	50,177 7.3%	52,105 11.4%	53,413 14.2%
PROJ X (Zero net migration)	46,756 0.0%	47,570 1.7%	48,221 3.1%	48,470 3.7%	48,505 3.7%
PROJ Y (Zero employment growth)	46,756 0.0%	47,465 1.5%	48,737 4.2%	49,967 6.9%	50,603 8.2%
PROJ Z (Past Completions)	46,756 0.0%	48,193 3.1%	49,629 6.1%	51,066 9.2%	52,502 12.3%

Figure 53: Household Change, 2011 – 2031



8.62 The analysis above concentrated on the number of additional households. In reality there are always likely to be some vacant homes in the area and so the number of properties required to house all of these households will be slightly greater than the projected household numbers. We have therefore added an allowance for 3% vacant and second homes to all of the above figures to make estimated housing requirements with figures shown in the table below.

Table 46: Dwelling Requirement with 3% Vacancy Allowance (to 2031)

Projection variant	Annual Household Growth	Annual Requirement with Vacancy Allowance	Requirement over 20-years (2011-31)
PROJ 1 (SNPP)	205	211	4,219
PROJ 2 (10-year migration trends)	342	353	7,050
PROJ 3 (5-year migration trends)	254	262	5,237
PROJ A (Jobs baseline)	336	346	6,913
PROJ B (Residents in employment)	333	343	6,857
PROJ X (Zero net migration)	87	90	1,801
PROJ Y (Zero employment growth)	192	198	3,962
PROJ Z (Past Completions)	287	296	5,918

Sensitivity to Household Formation Rates

8.63 The projections above are all predicated on applying the most recent (2011-based) headship rates from CLG projections when converting population into households. We have also run older (2008-based) figures against the population outputs to test what difference this might make to estimates of future household growth and housing requirements. The analysis has been carried out against PROJ 1 (linked to the subnational population projections).

8.64 By applying the 2008-based headship rates the housing requirement under PROJ 1 increases by 28% from 211 dwellings per annum up to 270 (similar changes could be expected for other scenarios). This would suggest that the latest CLG projections may be including some degree of suppression of household formation moving forward. It is however difficult to say whether or not this is due to households being unable to form and how much might be due to other factors.

8.65 A recent (September 2013) study produced by CCHPR on behalf of the TCPA does shed some light on this issue, stating:

“The central question for the household projection is whether what happened in 2001 – 11 was a structural break from a 40-year trend; or whether household formation was forced downwards by economic and housing market pressures that are likely to ease with time. At the time of the 2011 Census, the British economy was still in recession and the housing market was depressed. The working assumption in this study is that a considerable part but not all of the 375,000 shortfall of households relative to trend was due to the state of the economy and the housing market. 200,000 is attributed to over-projection of households due to the much larger proportion of recent immigrants in the population, whose household formation rates are lower than for the population as a whole. This effect will not be reversed. The other 175,000 is attributed to the economy and the state of the housing market and is assumed to gradually reverse.”

8.66 On the basis of this analysis it can broadly be suggested that half of the lack of expected households is due to market factors with roughly half attributable to other issues (notably international migration). This may mean in interpreting the core projections that actual housing requirements could be higher than shown in the tables in this section. It is however unlikely that any uplift can realistically be expected to go as far as replicating the data in the older (2008-based) CLG household projections.

Other Studies looking at Housing Need

8.67 The analysis above looked at likely housing requirements in Chesterfield Borough under a number of different projection scenarios. The analysis is based on the most up-to-date information available at the time of writing. The outputs can be compared with other research carried out by the Council

in the past. This includes projections run by Edge Analytics in 2011 and a more recent set of figures from Sheffield City Council (for the Sheffield City region) dated January 2013. Whilst these other sources do not run exactly the same set of scenarios there are a number of comparable outputs which can be analysed. These are shown in the table below.

- 8.68 Table 47 shows some differences in the outputs with the most notable being in relation to zero employment growth (where the dwelling requirement in this report is notably lower). This is due to an assumption that employment rates will change in the future due to reduced unemployment and more people working longer (influenced by changes to pensionable age). The outputs looking at past migration trends are more consistent although projections linked to the SNPP do differ somewhat – this will partly be due to the different SNPP being run although the lower figure in this report will also be influenced by use of 2011-based headship rates (both Edge and SCC have used data from the 2008-based projections).
- 8.69 Overall, whilst there are some differences in the projection outputs, there are no differences of such an order of magnitude as to suggest that any of the different sources are wrong. Most of the differences will be explained by the assumptions being used – particularly around employment and headship rates.

Table 47: Comparing Annual Dwelling Requirements from Different Sources

Projection variant	Projection in this report	Edge Analytics (2011)	Sheffield City Council (2013)
PROJ 1 (SNPP)	211	383*	335****
PROJ 2 (10-year migration trends)	353	316**	290**
PROJ 3 (5-year migration trends)	262		
PROJ A (Jobs baseline)	346	-	-
PROJ B (Residents in employment)	343	-	-
PROJ X (Zero net migration)	90	158	-
PROJ Y (Zero employment growth)	198	388***	347***
PROJ Z (Past Completions)	296	330	285

* Edge Analytics data based on the 2008-based SNPP

** Edge Analytics and SCC used an 8-year migration period

*** Edge Analytics and SCC assumed no change to employment rates moving forward

**** SCC used 2010-based SNPP

Summary and Interpretation of the Projections

- 8.70 The starting point for considering housing need, drawing on the approach in the Government's Planning Practice Guidance, is the latest household projections. Over the period to 2021 this indicates a need for 240 homes a year. In PROJ 1 we have extended this over the period to 2031. This indicates a requirement for 4,200 homes over the plan period (210 per annum). This supports a range of between 210-240 homes per annum.
- 8.71 The projections are particularly sensitive to assumptions on migration, and to the headship rates applied to the population projections. The 5- and 10-year migration trend projections (PROJ 2 and 3) provide a sensitivity analysis around migration. These indicate a housing need falling between 260-350 homes per annum. The PROJ 1 and 2011-Interim Projections both fall below this range.
- 8.72 The housing need is influenced both by changes in the structure of the population and household in the Borough, and in-migration to the area. Net in-migration is important in supporting economic growth (and indeed population growth overall).
- 8.73 The Borough has a relatively old age structure, with a high proportion of the Borough's population aged over 40. As a result delivery of around 200 homes a year would be required to maintain the current size of the workforce, as parts of the current workforce move into retirement.
- 8.74 The economic-driven projections run indicate that in theory 340-350 homes a year would be required to support forecast growth in employment to 2031. The higher end of this range assumes a 1:1 ratio of growth in the resident and workforce, whilst the lower assumes that the workforce will

grow to a lesser extent assuming existing commuting patterns continue (with growth in net in-commuting).

- 8.75 The demographic projections are also sensitive to assumptions on headship rates. We have run a sensitivity analysis on the SNPP Projection (PROJ 1) using the 2008-based Headship Rates. The 2008-based Headship Rates indicate that household sizes would fall to a greater degree than those in the 2011-based Projections, with the level of housing need rising from 210 to 270 homes per annum over the 2011-31 period. However the wider evidence does not suggest a particular suppression of household formation, including the relatively young age of first-time buyers in the Borough relative to other parts of the County. There has also been research nationally⁹ undertaken which suggests that the different trends in household formation shown by the 2011 Census relative to longer-term trends are partly a function of affordability pressures; and partly a result of changes in household structures including as a result of international migration to the UK over the 2001-11 decade. The analysis suggests that around half of the divergence is a reflection of the latter.
- 8.76 Overall the demographic evidence would point towards an objective assessment of need for housing for between 240 – 300 homes per annum. The lower end of this range reflects the demographic projections (the PROJ 1 figures assuming that household formation falls between the 2008 and 2011 headship rates). The higher end of this projection range is based on seeking to more positively support economic growth. The economic-driven projections provide a further upside and higher housing provision still could be justified on the basis of supporting economic growth.

Key Findings and Policy Implications

- The NPPF sets an expectation that planning policies will be based on meeting objectively-assessed need for housing, and that this should be based on planning for population taking account of migration and demographic change.
- Planning Practice Guidance sets out that the latest official household projections should be the starting point for considering housing need. These indicate a need for 236 homes per annum to 2021. Extending these to 2031 results in a need for an average of 211 homes per annum.
- This is based on household formation rates shown over the last decade 2001-11. If household formation is assumed to occur more in line with longer-term trends, this requirement increases to 270 homes per annum. However national-level research has pointed to some potential long-term changes in household structures and only around half of this increase is expected to have been influenced by declining affordability. The evidence for Chesterfield Borough points to limited suppression of household formation relative to other parts of the country.

⁹ Holmans, A for TCPA (2013)

- These projections however support very modest growth in labour supply (0.7% to 2031), with the economic-driven projections indicating a potentially higher level of housing need of around 345 homes per annum. However our conclusions recognise that the labour market operates across local authorities boundaries and there is significant commuting both in- and out- of the Borough.
- Overall we consider that an objective assessment of need for housing based on the evidence presented thus far in the report would fall between 240 – 300 homes per annum. The lower end of this range reflects the demographic projections (the PROJ 1 figures assuming that household formation falls between the 2008 and 2011 headship rates). The higher end of this projection range is based on seeking to more positively support economic growth. The economic-driven projections provide a further upside and higher housing provision still could be justified on the basis of supporting economic growth.
- The Council's Core Strategy sets a housing target for development of at least 7,600 new dwellings Chesterfield Borough between 2011 and 2031. The evidence thus suggests that the Core Strategy meets the Borough's housing need in full.

9 AFFORDABLE HOUSING NEED

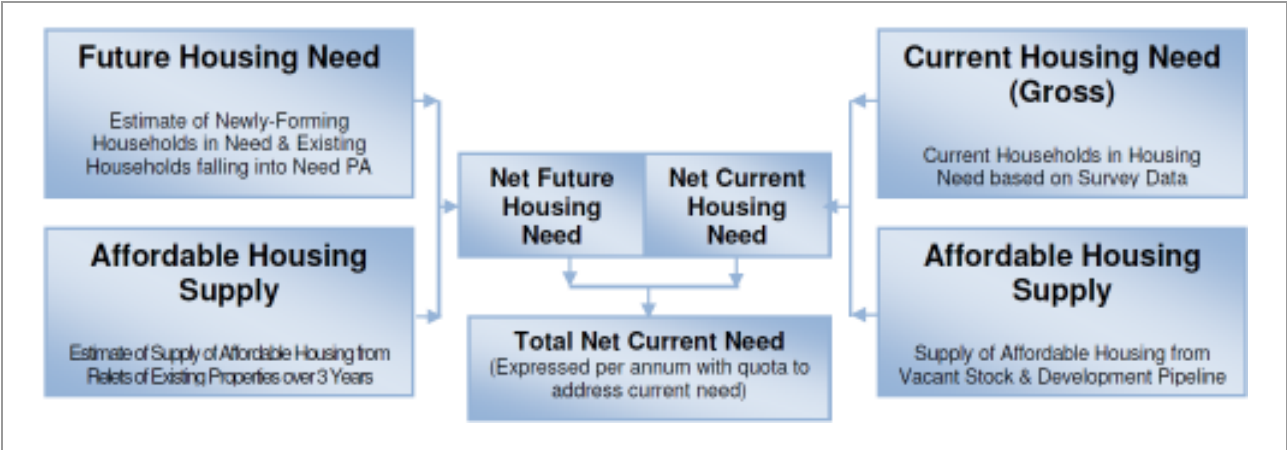
Introduction

- 9.1 A key element of this report is an assessment of both current and future affordable housing need. Housing need in this context is defined as ‘the quantity of housing required for households who are unable to access suitable housing without financial assistance.’
- 9.2 Councils are required to provide demonstrable evidence of housing need to underpin policies seeking affordable housing in new development schemes and also policies around allocations and supported housing provision. The calculation of affordable housing need in this section follows the 16 steps outlined in the CLG SHMA guidance of August 2007 (the Basic Needs Assessment Model). This is structured into three stages:
- Stage 1: Estimating current housing need (gross backlog)
 - Stage 2: Estimating future housing need (gross annual estimate)
 - Stage 3: Estimating affordable housing supply
- 9.3 The model compares the extent to which the existing stock of affordable housing can meet housing need arising each year. It also considers to what extent expected changes to the affordable housing stock (including through consented new development) can address the current backlog of housing need at the time when the assessment is undertaken to calculate net current need, and includes a quota to address this in calculating the net annual housing need.
- 9.4 The model is principally designed to identify whether there is a shortfall or surplus of affordable housing within an area. Its results are influenced by housing market conditions at the time the assessment is undertaken (specifically the differences between housing costs and incomes) and by the existing stock and turnover of affordable housing (which is influenced by past investment decisions). Its conclusions need to be considered in this light.
- 9.5 The housing needs model quantifies the shortfall of affordable housing in the study area over the period 2013-18.
- 9.6 It should be recognised however that the model does take a somewhat idealised view (in line with the CLG Guidance) in assuming that households spend no more than 25% of their gross income on housing costs (in reality some will choose to spend more) and all households in housing need should be allocated affordable housing (when in reality some live in the Private Rented Sector supported by Local Housing Allowance). The role which the Private Rented Sector currently plays in meeting housing need is looked at towards the end of this section.

9.7 There are a number of definitions which are central to making estimates of need (such as definitions of housing need, affordability and affordable housing). All definitions used in this report are consistent with the CLG SHMA guidance of August 2007 and the National Planning Policy Framework (March 2012).

9.8 The key stages of the Basic Needs Assessment Model are set out in the figure below. Each of these stages is calculated below separately before the overall annual need for affordable housing is derived. In addition to determining the extent of housing need in the study-area, this section will also ascertain the types of accommodation most appropriate to meet this need.

Figure 54: Overview of Basic Needs Assessment Model



9.9 The housing needs modelling undertaken in this section provides a short-term assessment of housing need in line with the CLG Practice Guidance as required to inform and support policies for affordable housing provision.

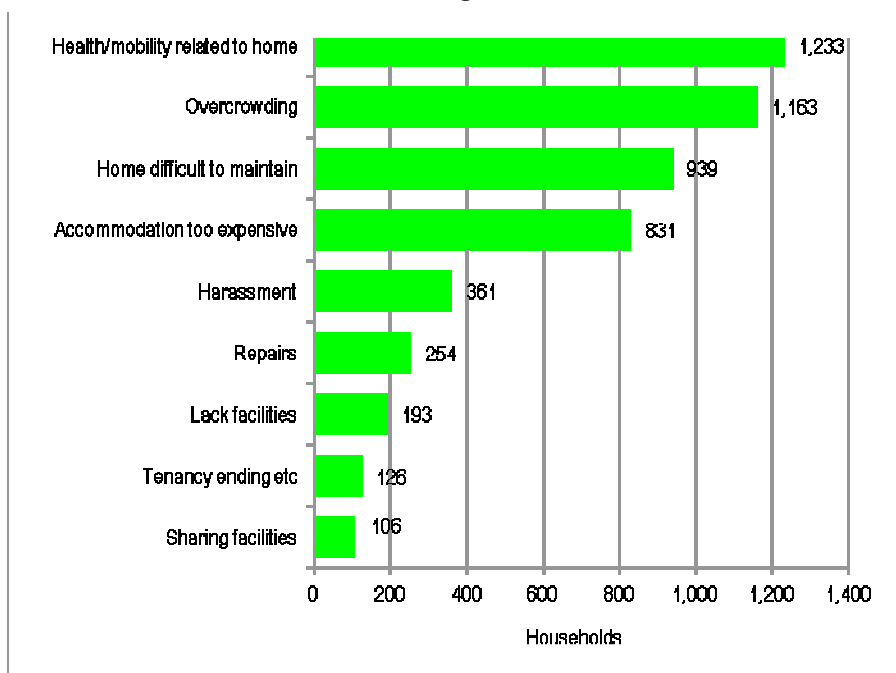
Stage 1: Current need

9.10 The first stage of the model assesses current need (sometimes termed the ‘backlog’ of housing need) at the time of the survey (2013). This entails an assessment of housing suitability and affordability to derive an estimate of total current affordable housing need (gross).

9.11 A key element of housing need is an assessment of the suitability of a household’s current housing. The Practice Guidance sets out a series of nine criteria for unsuitable housing - which has been followed in this report. These are set out in the figure below. In the Borough it is estimated that a total of 3,811 households are living in unsuitable housing. This represents 8.1% of all households in the Borough.

9.12 Figure 55 below indicates the number of households living in unsuitable housing (ordered by the number of households in each category). It should be noted that the overall total of reasons for unsuitable housing shown will be greater than the total number of households with unsuitability, as some households have more than one reason for unsuitability.

Figure 55: Reasons for Unsuitable Housing



Source: Household Survey Data

9.13 Tables 48 and 49 profile households living in unsuitable housing by tenure and Sub-Market respectively. The analysis shows that households living in social and private rented accommodation are the most likely to live in unsuitable housing. Households in the Staveley & Eastern Villages sub-area are more likely to be living in unsuitable housing than in Chesterfield Town.

Table 48: Unsuitable Housing and Tenure

Tenure	Unsuitable housing		
	In unsuitable housing	Total households	% in unsuitable housing
Owner-occupied (no mortgage)	760	15,453	4.9%
Owner-occupied (with mortgage)	767	14,264	5.4%
Social rented	1,624	10,642	15.3%
Private rented	660	6,821	9.7%
Total	3,811	47,180	8.1%

Source: Household Survey Data

Table 49: Unsuitable Housing by Sub-Market

Sub-Market	Unsuitable housing		
	In unsuitable housing	Total households	% in unsuitable housing
Chesterfield Town	2,353	32,600	7.2%
Staveley & Eastern Villages	1,457	14,580	10.0%
Total	3,811	47,180	8.1%

Source: Household Survey Data

In-Situ Solutions

9.14 Although the survey has highlighted a number of households as living in unsuitable housing it is most probable that some of these problems can be resolved without the need to move to alternative accommodation. For the purposes of this assessment it is assumed that households in the following categories DO NOT have an in-situ solution to their housing problems:

- End of tenancy
- Accommodation too expensive
- Overcrowding
- Sharing facilities
- Harassment

9.15 Looking at the reasons for unsuitability it is estimated that 60.3% of those unsuitably housed do not have an in-situ solution to their problems. This represents 2,300 households. These households would need to move to more suitable housing. Concealed households are excluded from this analysis and counted as part of estimates of newly-forming households.

Affordability and Current Tenure

9.16 The ability of these households in unsuitable housing who need to move to afford entry-level market housing of a suitable size has been tested using the affordability criteria set out in Section 6. The data suggests that there are 1,369 households that are living in unsuitable housing, need to move and cannot afford to do so without financial support.

9.17 Table 50 below shows the tenure of these households. The results show that households in the private and social rented sectors are most likely to be in housing need.

Table 50: Housing Need and Tenure

Tenure	Housing Need		
	In housing need	Total households	% in need
Owner-occupied (no mortgage)	0	15,453	0.0%
Owner-occupied (with mortgage)	146	14,264	1.0%
Social rented	798	10,642	7.5%
Private rented	425	6,821	6.2%
Total	1,369	47,180	2.9%

Source: Household Survey Data

9.18 For the purposes of the housing needs assessment, households considered to be in housing need have been split into two categories: current occupiers of affordable housing in need (this includes occupiers of social rented and shared ownership accommodation), and households from other tenures in need. It is estimated that some 798 households in need currently live in affordable housing (all in the social rented sector) – 571 fall in other tenures.

Total Current Need (Gross)

9.19 Table 51 below summarises the first stage of the housing needs assessment. The data shows that there are an estimated 1,369 households currently in need in the Borough. This is often termed the ‘backlog’ of housing need.

Table 51: Backlog of housing need

Step	Notes	Number
1.1 Homeless households and those in temporary accommodation	All steps taken together	1,369
1.2 Overcrowding and concealed households		
1.3 Other groups		
1.4 equals Total current housing need (gross)	1.1+1.2+1.3	1,369

Source: Household Survey Data

Stage 2: Future need

9.20 The second stage of the housing needs model assesses future need (arising per annum). This is split, as per CLG guidance, into two main categories. These are as follows:

- New household formation (× proportion unable to buy or rent in market)
- Existing households falling into need

- 9.21 Future need describes the level of housing need which can be expected to arise each year moving forward.
- 9.22 There will need to be a flow of affordable housing to meet this need. Calculation of the future supply of affordable units follows this analysis and is considered in Stage 3.

New Household Formation

- 9.23 The estimate of the number of newly forming households in need of affordable housing is based on an assessment of households that have formed over the past two years. Such an approach is preferred to studying households' stated future intentions as it provides more detailed information on the characteristics of these households and is based on households' actual decisions (rather than stated preferences).
- 9.24 Although we have looked at past move data for two years, we are looking for an annual figure over a five year period. In looking at the number over two years there will be some households who have formed but subsequently moved again (as an existing household) and so the figures will underestimate annual formation rates. To compensate for this we have looked at turnover rates by tenure to study the likely numbers of households making multiple moves over the two year period. Taking the annual average based on two years of moves would suggest 1,025 newly forming households but this figure rises to 1,109 when looking at multiple moves¹⁰.

Table 52: Derivation of newly arising need from new household formation

Aspect of calculation	Number	Sub-total
Number of households moving in past two years		7,904
Minus households NOT forming in previous move	5,854	2,050
Annual estimate of newly forming households (taking account of subsequent moves)		1,109
Times proportion of these unable to afford		50.4%
Annual estimate of newly arising need		559

Source: Household Survey Data

- 9.25 Table 52 above shows that an estimated 2,050 households were newly formed within the study area over the past two years. Taking account of multiple moves, it is estimated that around 1,109 households form each year (gross). Of these it is estimated that 559 (per annum) are unable to afford market housing without some form of subsidy. This is 50.4% of newly-forming households based on the assessment of their financial resources. It represents the annual estimate of the number of newly forming households falling into housing need.

¹⁰ This reflects households who may have formed over the last 2 years but then subsequently moved home.

- 9.26 The figure of 50.4% has been calculated using the affordability criteria set out in Section 5 of the report and has been applied only to those households in the survey who have formed for the first time over the past two years – hence the 50.4% figure differs from the overall study area-wide affordability proportion (of 29%) which was based on looking at all households.
- 9.27 It is worth briefly reflecting on whether the estimated household formation rate (of 1,109 per annum) is realistic. Through an analysis of the our households projections (linked to the SNPP and 10-year migration trends) we have been able to derive an estimate of gross new household formation based on analysis of the number of households in each age group and how this will change over time. This analysis suggests that over the period 2011-2016 household formation would be expected to be around 789-900 per annum. This figure is slightly lower than the one we have derived from survey data (but of the same order of magnitude).

Existing Households falling into Housing Need

- 9.28 Next we need to estimate the number of existing households who will fall into housing need over the next five years. The basic information for this is households who have moved home within the last two years and an assessment of what housing they can afford. A household will fall into need if it has to move home and is unable to afford to do this within the private sector - examples of such a move will be because of the end of a tenancy agreement. A household unable to afford market rent prices but moving to private rented accommodation may have to either claim Housing Benefit/Local Housing Allowance or spend more than a quarter of their gross income on housing, which is considered unaffordable (or indeed a combination of both).
- 9.29 Households previously living with parents, relatives or friends are excluded as these will double-count with the newly forming households already considered in the previous table. The data also excludes moves within the affordable housing sector. Households falling into need in the affordable housing sector have their needs met through a transfer to another affordable home, hence releasing a unit for someone else in need. The number of households falling into need in the affordable housing sector should therefore, over a period of time, roughly equal the supply of ‘transfers’ and so the additional needs arising from within the affordable stock will net to zero.
- 9.30 In addition, the analysis needs to take account of households making multiple moves over the period and also those households who are likely to form for the first time and then make a subsequent move as an existing household. To make these adjustments we have again looked at the relative turnover of households in different tenure groups.
- 9.31 Table 53 below shows the derivation of existing households falling into need. The figure shows that a total of 4,917 existing households are considered as potentially in need. Using the affordability

test (set out in Section 5) it is estimated that 31.8% of these households cannot afford market housing. Therefore our estimate of the number of households falling into need excluding transfers is 1,564 households over the two-year period. Annualised, this is 782 households per annum. However, once newly forming households and multiple movers are excluded this figure drops noticeably to 493 per annum.

Table 53: Derivation of Newly Arising Need from Existing Households

Aspect of calculation	Number	Sub-total
Number of households moving in past two years	7,904	
Minus households forming in previous move	2,050	5,854
Minus households transferring within affordable housing	937	4,917
Times proportion of these unable to afford	31.8%	
Estimate of newly arising need	1,564	
Annual estimate of newly arising need	782	
Annual estimate discounted for multiple moves and newly forming households	493	

Source: Household Survey Data

Total Newly Arising Need

9.32 The data from each of the above sources can now be drawn together in the table below to estimate future need arising on an annual basis. It indicates that additional need will arise from a total of 758 households per annum.

Table 54: Future need (per annum)

Step	Notes	Number
2.1 New household formation (gross per year)		1,109
2.2 Proportion of new households unable to buy or rent in the market		50.4%
Number of new households unable to buy or rent in the market		559
2.3 Existing households falling into need		493
2.4 Total newly arising housing need (gross per year)	2.1x2.2+2.3	1,052

Source: Household Survey Data

Stage 3: Current Affordable Housing Supply

9.33 The supply of affordable housing to meet housing need comprises the third stage of the housing needs assessment model. The affordable housing supply stage is split between existing stock that is available to offset the current need and the likely future level of supply (which is compared against future needs arising). The first part of the supply assessment looks at the current supply of

affordable housing which includes stock from current occupiers of affordable housing in need, surplus stock from vacant properties and committed supply of new affordable units. Existing affordable homes to be taken out of management are removed from the calculation.

- 9.34 For the purposes of analysis we have taken the supply of current occupiers in need from the backlog analysis above. All other elements of this calculation have been set at zero. The reasons for this include that there is no significant level of vacant stock in the social rented sector (beyond that necessary to facilitate turnover) nor any significant level of stock to be taken out of management (e.g. to be demolished).
- 9.35 The Council's monitoring data indicates that as at October 2013 there are 116 affordable homes on expected to be delivered on sites with planning consent. This is considered to be the committed supply of affordable housing.
- 9.36 The data in the table below (which follows the headings used in CLG guidance) shows that there are an estimated 914 properties available to offset the current need in the study area (as assessed in Stage 1 above).

Table 55: Current Supply of Affordable Housing

Step	Notes	Total
3.1 Affordable dwellings occupied by households in need		798
3.2 Surplus stock		0
3.3 Committed supply of affordable housing		116
3.4 Units to be taken out of management		0
3.5 Total affordable housing stock available	3.1+3.2+3.3-3.4	914

Source: Household Survey Data

Future Supply of Affordable Housing

- 9.37 The future supply of affordable housing is the flow of affordable housing arising from the existing stock that is available to meet future need (as assessed in Stage 2 above). It is split between the annual supply of social relets and the annual supply of relets/sales within the intermediate sector.

Social rented housing

- 9.38 The Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. We have used information from the Continuous Recording system (CORE) to establish past patterns of social housing availability.

9.39 Our figures include general needs and supported lettings but exclude lettings of new properties plus an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock. On the basis of past trend data it is estimated that 773 units of social rented housing become available each year.

Table 56: Analysis of Past Housing Supply (last five years) –per annum

	General needs	Supported
Total lettings	1,000	199
Non-newbuild	98.5%	98.0%
Lettings in existing stock	985	195
% non-transfers	66.7%	59.3%
Total lettings to new tenants	657	116
Total lettings to new tenants	773	

Source: CORE

Intermediate Supply

9.40 In most local authorities the amount of intermediate housing (mostly shared ownership) available in the stock is fairly limited (as is the case in this HMA and Chesterfield Borough). However, it is still important to consider to what extent the current supply may be able to help those in need of affordable housing.

9.41 Therefore we include an estimate of the number of shared ownership units that become available each year. Applying the re-let rate for social rented housing to the estimated stock of shared ownership housing it is estimated that around 11 units of intermediate housing per annum will become available to meet housing needs from the existing stock of such housing. In reality the turnover of shared ownership properties is likely to be below that for the social rented sector. However, in the absence of any other information the turnover of social rented homes has been used to make this estimate, this will have only a limited impact on the overall findings as the number of shared ownership properties is low and hence the estimated 'relet' rate is also low (particularly in comparison with the number of units estimated to become available in the social rented sector).

9.42

Conclusions: Estimate of net Annual Housing Need

9.43 Table 57 below shows the final figures in the housing needs assessment model. This brings together the 16 steps that were calculated in the preceding sections.

Table 57: Housing Needs Assessment Model for Chesterfield Borough (2013-2018)

Stage and step in calculation	Notes	Calculation
STAGE 1: CURRENT NEED (Gross)		
1.1 Homeless households and those in temporary accommodation	Three steps taken together	1,369
1.2 Overcrowding and concealed households		
1.3 Other groups		
1.4 equals Total current housing need (gross)	1.1+1.2+1.3	1,369
STAGE 2: FUTURE NEED		
2.1 New household formation (gross per year)		1,109
2.2 Proportion of new households unable to buy or rent in the market (excluding student households)		50.4%
New households unable to afford (gross per year)		559
2.3 Existing households falling into need		493
2.4 Total newly arising housing need (gross per year)	2.1x2.2+2.3	1,052
STAGE 3: AFFORDABLE HOUSING SUPPLY		
3.1 Affordable dwellings occupied by households in need		798
3.2 Surplus stock		0
3.3 Committed supply of affordable housing		116
3.4 Units to be taken out of management		0
3.5 Total affordable housing stock available	3.1+3.2+3.3-3.4	914
3.6 Annual supply of social re-lets (net)		773
3.7 Annual supply of intermediate housing available for re-let or resale at sub-market levels		11
3.8 Annual supply of affordable housing	3.6+3.7	784

Source: Household Survey Data, CORE

9.44 The Practice Guidance states that these figures need to be annualised to establish an overall estimate of net housing need. The first step in this process is to calculate the net current need. This is derived by subtracting the estimated total stock of affordable housing available (step 3.5) from the gross current need (step 1.4). This produces a **net current need figure of 455 affordable homes** (1,369-914)

9.45 The second step is to convert this net backlog need figure into an annual flow. The Practice Guidance acknowledges that this backlog can be addressed over any length of time although a period of less than five years should be avoided. For the purposes of an initial analysis the quota of five years proposed in the Practice Guidance will be used. Therefore to annualise the net current need figure, it will be divided by five. This calculation results in a net annual quota of 91 (455/5) households who should have their needs addressed.

9.46 The final step is to add the net annual quota of households who should have their needs addressed with the total newly arising housing need (step 2.4) and subtract the future annual supply of affordable housing (step 3.8). This leads to a **total (net) annual need estimate of 359 affordable homes** (91+1,052-784).

Need by Sub-Market

9.47 The table below summarises the net need position in each sub-area. The data shows that need is highest in the Chesterfield Town Sub-Market although this will largely be driven by the fact that this area is larger (in terms of the number of households). **Both sub-markets show a shortfall of affordable housing to be provided.**

Table 58: Housing Need by Sub-Market

Sub-Market	Gross annual need	Annual supply	New-Build Supply (estimated)	Net annual housing need
Chesterfield Town	947	667	16	264
Staveley & Eastern Villages	379	277	7	95
Total	1,326	944	23	359

Source: Household Survey Data, CORE

The Private Rented Sector

9.48 The Strategic Housing Market Assessment Guidance (page 51) requires the extent of the private rented sector (through the Local Housing Allowance (LHA) system) to meet the needs of households to be estimated. We have therefore used survey data to look at the number of new LHA supported private rented housing lets over the past two years. In the study area it is estimated that over the past two years 773 LHA supported lettings have been made. Taking account of turnover rates this would equate to around 447 per annum although over a five year period excluding an estimate of households making multiple moves within the sector it is estimated that this sector will on average make 1,445 lettings to different households (289 per annum). **We therefore estimate that the private rented sector currently contributes to meeting the needs of 289 households in housing need each year through Local Housing Allowance.**

- 9.49 For individual sub-areas the lettings to households in housing need which the private rented sector supports are as follows:
- Chesterfield Town: 210 lettings per annum;
 - Staveley & Eastern Villages: 79 lettings per annum;
- 9.50 Even if this is netted off the total identified need of 359 dwellings per annum, it still results in positive level of need. It is not however appropriate to treat this sector as a form of affordable housing and take it away from the overall annual housing needs estimate of 359. Neither the SHMA Guide nor NPPF recognise this sector as affordable housing.
- 9.51 However, it must be recognised that the private rented sector does (in reality) make a significant contribution to filling the gap in relation to meeting housing need. Given the levels of affordable housing need shown in this study, the private rented sector is likely to continue to be used to some degree to make up for the shortfall of genuine affordable housing for the foreseeable future.
- 9.52 The extent to which the Council wishes to see the private rented sector being used to make up for shortages of affordable housing is a matter for policy intervention and is outside the scope of this report. However it should be recognised that the Private Rented Sector does not provide secure tenancies. Standards within the sector are likely to be lower than for social rented properties.
- 9.53 In addition, the survey clearly highlights that private renting is not a tenure of choice for those needing financial support to meet their housing needs: 70% of tenants claiming LHA who expect to move over the next two years would like to become social tenants with only 19% preferring to remain in private rented accommodation. However, some 36% of these households expect to remain in the sector – reflecting the fact that they are unlikely in many cases to be able to obtain a more secure social rented tenancy.

Sensitivity of Assumptions

- 9.54 The housing needs model makes a number of assumptions to consider the amount of additional affordable housing required and it is possible to test the impact of changing the approach to consider how the bottom-line needs estimate might change. We have therefore considered two changes to the analysis. These are:
- Increasing the proportion that can be spent on housing to 30% of income (up from 25%)
 - Modelling household formation on the basis of demographic projections rather than the short-term past trends identified through the survey.
- 9.55 The table below shows that by changing these assumptions the calculated level of need drops significantly; from 359 per annum to just 60. The analysis highlights how sensitive the inputs to the

model can be in deriving a requirement for affordable housing. Whilst neither can be considered as right or wrong we would suggest there is merit in both approaches.

Table 59: Sensitivity of Assumptions in Housing Needs Modelling

Element of analysis	Main model	Alternative assumptions
Backlog need (per annum)	274	224
New forming households in need (per annum)	559	377
Existing households falling into need (per annum)	493	396
Total need (per annum)	1,326	997
Annual Supply	967	937
Net need (per annum)	359	60

Source: Housing needs model

Longer-term Affordable Housing Need

- 9.56 The main housing needs model used above considers affordable housing need over a five year period from 2013-18. For plan making purposes it is useful to understand what the data might mean in terms of requirements over a longer period of time. The analysis above has therefore been used to estimate housing needs for the 18-year period up to 2031. In doing this the analysis recognises that the backlog would be addressed over a longer period of time and also that estimates of existing households falling into need (on an annual basis) will be slightly lower due to turnover in the stock.
- 9.57 Fundamentally, however, the analysis should be treated with some caution given the difficulty in predicting whether or not affordability will improve or worsen over time. The analysis used is predicated on there being no change in affordability which in reality is unlikely to be the case.
- 9.58 Table 60 shows the longer-term estimate of affordable housing need. Rolling this analysis out suggests an annual need to provide 212 units of affordable housing per annum which totals 3,816 over the 18-year period. With the alternative assumptions (as described above) the annual requirement drops to a surplus of around 73 units per annum. These figures exclude the 'pipeline' of affordable housing which (as seen above) currently amounts to 116 units
- 9.59 With the current level of lettings in the private rented sector the longer-term data suggests that the need for affordable housing and the physical dwellings to meet this need are broadly in balance. That said, provision of additional affordable housing would assist in meeting needs, particularly given uncertainties about the longer-term role of the private rented sector and potential issues around security of tenure, condition and affordability (also in relation to welfare reforms).

Table 60: Longer-Term Estimate of Affordable Housing Need

Element of analysis	Main model	Alternative assumptions
Backlog need (per annum)	76	62
New forming households in need (per annum)	559	377
Existing households falling into need (per annum)	411	315
Total need (per annum)	1,046	753
Annual Supply from Existing Stock	834	826
Net need (per annum)	212	-73
Net need (2013-31)	3,816	-1,314

Source: Housing needs model

Interpreting the Housing Needs Findings in Context

The housing needs analysis concludes that there is a shortfall of 382 affordable homes a year from 2013-18 (reducing to 359 with inclusion of the development 'pipeline') This figure drops to about 212 if we look at an 18-year period to 2031. These figures drop slightly with changed assumptions around household formation and affordability ratios. However there are a number of things that need to be remembered in interpreting the housing needs analysis.

The Basic Needs Assessment Model which has been used was designed specifically to identify whether there is a shortfall or surplus of affordable housing. It is a statutory requirement to underpin affordable housing policies – and identifies a substantial shortfall of affordable housing in the study area.

The needs assessment does not look at all housing needs, but specifically the needs of those who can't afford market housing (assuming no more than 25% of households' gross income is spent on housing costs). It assumes that all households are adequately housed in a home that they can afford.

The needs assessment is a 'snapshot' assessment at a point in time, which is affected by the differential between housing costs and incomes at that point; as well as the existing supply of affordable housing. In the case of Chesterfield Borough the stock of affordable (social rented) housing has declined by 6% over the last decade, with a net loss of over 600 affordable properties between 2001 and 2011. This has affected the net level of affordable housing need identified.

Moreover, as the Basic Needs Assessment Model is designed to identify a shortfall of genuine affordable housing, it assumes that all households in 'housing need' are housed in affordable homes (which includes provision that the home remains at an affordable price for future eligible households). In reality, there are two key factors which need to be considered:

- Some households defined as in housing need may choose to spend more than 25% of their gross income on housing costs or may not actively seek an affordable home; and
- Some households defined as in housing need are accommodated in the Private Rented Sector, supported by Local Housing Allowance.

It is estimated that currently over 2,000 households are housed in the Private Rented Sector and claiming Local Housing Allowance.

As the level of housing need is very sensitive to differences between housing costs and incomes, changes in the difference between incomes and housing costs over time will affect the level of housing need identified.

Because of the factors described above, the housing needs analysis per se does not provide a strong basis for considering overall future housing requirements.

Given the current stock of affordable housing in the study area, the funding mechanisms for delivery of new affordable housing and policies affecting sales of existing properties, it is also unrealistic to assume that all households in housing need will be provided with an affordable home. It is realistic to assume that the Private Rented Sector will continue to play an important role in meeting housing need in the short-to-medium term.

Impact of Welfare Reforms

9.60 The Coalition Government has heralded a period of considerable change by way of welfare reforms which will have an effect on local residents. The reforms are set against a backdrop of government spending cuts, which has seen funding levels drop, and an economic recession which has led to changes to the country's housing market and how housing can be accessed.

9.61 A recent study has been undertaken across the Sheffield City Region to consider the impact of welfare reform on access to housing¹¹. We have drawn on the findings of this Study herein to estimate the potential impact of the reforms on Chesterfield Borough. We deal with each of the reforms in turn.

Changes to Local Housing Allowance

9.62 The Government has changed how the Local Housing Allowance (LHA) is calculated, shifting this from the median rent in a Broad Rental Market Area (BRMA) to the 30th centile. It has also abolished the LHA rate for 5 or more bedroom homes. These changes came in from April 2011 and will have meant some households seeing a reduction in housing benefit. It has reduced the number of houses that are available to private tenants where DWP might pay 100% of rental costs. Households requiring larger (5 or more bedroom) homes have been disproportionately affected.

9.63 The way in which LHA rates are set has also changed. Moving forward LHA will be uprated in line with Consumer Price Index (CPI) instead of by reference to local rents. If rents increase at a rate above CPI then there will be a reduction in the number of properties with a rent below LHA maximum levels.

9.64 From January 2012 the Government has also changed what persons under 35 can claim. Single, childless under 35s are now only entitled to the shared room rate. This change has made it harder

¹¹ *Rocket Science (2013) Impacts of Welfare Reform on Access to Housing for Housing Benefit Recipients in the Sheffield City Region*

for Councils to place young single people in private rented accommodation and has seen a greater demand for shared housing.

- 9.65 Sheffield Hallam estimate that 35,600 households across the Sheffield City Region will have been affected by these changes. In Chesterfield it is estimated that 2,200 households will have been affected, with an average annual loss of £1,004 per household.

Under-Occupancy Charge (Bedroom Tax)

- 9.66 The Government has changed what housing benefit working-age households in the social rented sector can claim, to reflect family size. This change was brought in from April 2013. The 'bedroom tax' is arguably the most controversial of the Government changes with households losing 14% of housing benefit if they have one spare bedroom and 25% for two or more. This change has already put considerable pressure on housing providers who are seeing a significantly increased demand for smaller (particularly one bedroom) homes. In the longer-term if the supply does not improve this change could see some increases in homelessness.

- 9.67 The Rocket Science Study suggests that many households may first try to cope with the financial loss rather than move, but that there is likely to be an increased demand for small properties. Indeed it suggests that the change will drive chains of moves affecting both the social and private rented sectors; but that overall there is likely to be an undersupply of 1-bed properties. It estimates that 1,400 households in Chesterfield Borough are likely to be affected, with an impact of on average £607 per households.

Universal Credit

- 9.68 The introduction of Universal Credit represents a major reform to the benefit system, merging a range of benefits into a single benefit paid to those both in and out of work. There are expected to be both winners and losers from this, with some households seeing a small benefit increase.
- 9.69 The household benefit cap is being phased in from April 2013 which will limit the amount claimed in all benefits for working age (non-working) households to £500 per week for households with two or more people and £350 for single adults. For many households this will not make a difference to their ability to access housing; however larger households living in larger (more expensive) homes will be disproportionately affected.
- 9.70 The move towards a Universal Credit is likely to end Housing Benefit payments direct to landlords, making benefit claimants potentially less attractive as tenants although the impact on debt and rent arrears cannot be estimated with accuracy. The *Rocket Science Study* estimates that larger families,

especially those in the private rented sector, are likely to be worst affected unless they work or move home. Overall in Chesterfield Borough it is estimated that the benefit cap will impact on 40 households, an average loss of just over £1,000 per annum.

Findings from the Household Survey

9.71 We can augment this analysis by considering what the household survey tells us about financial support from benefits which households use to help meet housing costs. The questionnaire survey asked a series of questions to households about financial support (benefits) and any difficulty in affording housing costs. The series of tables below summarise responses to the relevant questions.

9.72 The table below shows the number of households claiming Housing Benefit (HB) or Local Housing Allowance (LHA) along with the number claiming another type of benefit designed to assist in the costs of running the home. The data shows that around 16% claim HB/LHA with a further 4% claiming another benefit. An additional 2% of households said they were claiming both HB/LHA and another benefit.

Table 61: Housing-Related Benefits Received, Chesterfield Borough Households

	Number of households	% of households
Receive HB/LHA	7,424	15.7%
Receive another benefit	1,878	4.0%
Receive HB/LHA and another benefit	909	1.9%
Do not receive housing related benefits	36,969	78.4%
Total	47,180	100.0%

Source: Household Survey

9.73 The households claiming HB/LHA were then asked if the amount claimed was sufficient to cover the cost of rent. In just over half of cases (55.2%) the benefit did cover the full rent although for some 45% of households there appears to be some shortfall in benefit when compared with the rent to be paid. Private tenants were particularly likely to have a shortfall in benefit when compared with the rent payable.

9.74 Finally, all households were asked if they were struggling to afford housing costs, and if so what measures they intend to take to resolve this. Overall, a significant 33% of households said they were struggling with housing costs – this totals around 15,500 households. The table below shows the measures these households expect to take to resolve this issue.

9.75 By some margin the main ‘solutions’ given by households were to spend less on both essential and non-essential household items – both attracting 58%-61% of responses. The next main option was to use household savings. A number of household stated that they would look for a job, a better

paid job, an additional job or to increase their hours of work although generally spending less rather than earning more was a more likely response to problems with housing costs.

Table 62: Household 'Solutions' to Affording Housing Costs

	Number of households	% of households
Spend less of household essentials	8,981	57.8%
Borrow money from family/friends	1,929	12.4%
Spend less on non-essentials	9,411	60.6%
Use income from other benefits	1,333	8.6%
Look for a job	1,651	10.6%
Use savings	3,159	20.3%
Increase hours of work	2,810	18.1%
Look for a better paid job	2,579	16.6%
Borrow money (loan or credit card)	1,698	10.9%
Look for an additional job	1,742	11.2%
Move to a cheaper home	2,436	15.7%
Other	1,110	7.1%

Source: Household Survey

- 9.76 The household survey does provide some indication of the impact of welfare reforms through looking at the reasons why households have moved and why they might move in the future. At the time of the survey only 91 households (4 sample households) said they had moved in the past two years due to welfare reforms. Additionally, some 104 households have said that they need to move home over the next two years and have cited welfare reforms as one of the reasons for moving home.
- 9.77 Whilst the full impact of the various current and proposed changes is difficult to quantify it is clear when taken together that a significant number of people and households will be affected.
- 9.78 Given the levels of housing need identified set against the potential supply of affordable housing (from both the existing stock and new provision) it seems unlikely that the number of households in need will fall in the short/medium-term. Indeed the evidence suggests a likely growth in demand – particularly for private rented accommodation.

Size of Affordable Housing

- 9.79 Having established the overall need for affordable housing in the study area it is necessary to consider the sizes of accommodation required. Again the survey data can be used to assess this and the table below shows the estimated need for different sizes of accommodation from two different groups. These are:
- Households currently or projected to be in need; and
 - Households currently or projected to be in need who are also in a group likely to be considered as having a priority (pensioner households, households with children or households where someone has a special/support need).

- 9.80 The analysis in this section excludes affordable housing in the development pipeline from the assessment as there is no guarantee of delivery, and the mix of homes of different sizes is unknown
- 9.81 Table 63 below shows some variation between the analysis although in both cases the majority of housing need is for smaller (one and two bedroom) units. Depending on the analysis used the need for one- and two-bedroom homes varies from 68% to 77%.

Table 63: Profile of Need by Bedrooms

	Households in need	Households in need (priority)
1 bedroom	49.4%	32.1%
2 bedrooms	27.9%	35.6%
3 bedrooms	15.2%	22.6%
4+ bedrooms	7.4%	9.7%
Total	100.0%	100.0%

Source: Household survey data

- 9.82 The above figures can be compared with the supply of social rented properties over the past five years and we have again used CORE data to provide an indication of the likely size of properties that will become available for letting. Table 67 below repeats the overall level of need by size derived above and also shows the proportion of lettings in each size and the estimated turnover based on the number of homes in each size category. In interpreting this it should be remembered that a large proportion of the one- and two-bed lettings are of specialist/ older persons accommodation which general needs applicants cannot access. The analysis in this respect should be considered as indicative.
- 9.83 With these caveats, the table shows a relatively high supply of one bedroom homes relative to the need and a low supply of homes with three or more bedrooms. Unfortunately the CORE data does not provide a separate estimate for four or more bedroom homes although survey and Census data does suggest that there are very few such properties in the social rented stock and so the need for four or more bedroom homes is likely to be more pressing than for three bedroom homes.

Table 64: Estimated Need and Supply of Affordable Housing by Bedsize

	Profile of need	Proportion of lettings	Turnover
1 bedroom	32%-49%	58.7%	10.5%
2 bedrooms	28%-36%	27.6%	6.2%
3 bedrooms	15%-23%	13.7%	3.7%
4+ bedrooms	7%-10%		
Total/average	100.0%	100.0%	7.3%

Source: Household survey data and CORE

9.84 We can use the above information to provide an indication of the likely net need for affordable housing of different sizes and this is shown in Table 65 below. The table indicates a requirement for around a quarter of additional homes to have one bedroom and just under a half (45%) required to be larger (3+ bedroom) accommodation.

Table 65: Estimated Size Requirement for Additional Affordable Housing (excluding development pipeline)

	Annual gross need	Annual supply	Net need	Proportion of need
1 bedroom	655	554	101	26.4%
2 bedrooms	370	260	110	28.9%
3+ bedrooms	300	129	171	44.7%
Total	1,326	944	382	100.0%

Source: Household survey data and CORE

9.85 This data can also be summarised by sub-area (as shown in the table below). The data shows some interesting results with Chesterfield Town having a particular need for one bedroom homes and a surplus of this size of accommodation being observed in Staveley & Eastern Villages. The highly variable figures are to some degree driven by the fact that there is a reasonable degree of balance in overall numbers between the level of need and the supply (which can show some fairly extreme figures when viewed in net terms). Information from the Council suggests that in the short-term (due to benefit reforms) there is a particular need for two-bedroom homes and so the analysis below should be considered alongside other (administrative) data to determine the most appropriate profile of housing to be provided moving forward.

Table 66: Affordable Housing Size Requirements by Sub-Market

Sub-Market	1 bedroom	2 bedrooms	3+ bedrooms	Total
Chesterfield Town	48%	16%	36%	100%
Staveley & Eastern Villages	-30%	63%	67%	100%

BOROUGH	26%	29%	45%	100%
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Source: Housing Needs Model

Need for Different Types of Affordable Housing

- 9.86 Traditionally Housing Needs Assessments (HNAs) and other similar research projects have looked at the requirements for different types of affordable housing by reference to two broad categories – social rented and intermediate housing. However the Government introduced in 2011 a new tenure of ‘affordable rented’ housing. Affordable housing can therefore be seen to fit into three broad categories and these are described below (with the definitions taken from the NPPF):

Affordable housing: Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

Social rented housing is owned by local authorities and private registered providers, for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.

Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).

Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.

- 9.87 In the future it seems likely that the provision of new social rented housing will be quite limited and indeed the HCA has confirmed that funding will generally only be available for Affordable Rented housing through the 2011-15 Affordable Homes Programme. Therefore our analysis considers the potential role that affordable rented housing can make in meeting needs.
- 9.88 The affordable rent tenure could be quite interesting as schemes begin to be delivered – whilst the rents for such housing will be higher than traditional social rents it will be the case that housing benefit can be claimed and so for many households it will act in exactly the same way as social rented housing but with a larger housing benefit bill being built up (mainly to be paid by Central Government).

9.89 In determining policies regarding the mix of affordable housing, the Councils need to consider a number of factors, including:

- What households can afford (based on the needs analysis);
- The viability of residential development schemes;
- The ability of households in affordable rented homes to claim housing benefit; and
- The ability of registered providers to secure funding for delivery of affordable rented homes.

9.90 For the purposes of analysis of housing need for different tenures of affordable housing we have split affordable housing into four broad categories and these are described in the table below:

Table 67: Categories of Affordable Housing used for Analysis

Housing type	Description
Intermediate housing (with equity)	Assigned to households who can afford a housing cost at or above 80% of market prices and who have at least £5,000 in capital that could be used towards the purchase of equity/part equity in a home
Intermediate housing (rented)	Assigned to households who can afford a housing cost at or above 80% of market prices and who have less than £5,000 in capital
Affordable rent (with subsidy)	Assigned to households who could afford a social rent without the need to claim housing benefit but would not be able to afford 80% market rents without claiming benefit
Social rent	Households who would need to claim housing benefit regardless of the cost of the property

9.91 In fact there will be a considerable overlap between these categories – the first two would potentially represent households who could afford affordable rented housing without the need to claim housing benefit whilst the latter category (called social rent for analytical purposes) could have their needs met through affordable rented housing (with benefit assistance).

9.92 The analysis below (as with that for size requirements) excludes affordable housing in the development pipeline from the assessment as there is no guarantee of delivery, and the mix of homes of different tenure is unknown.

9.93 Table 68 below shows our estimate of the number of households in need in each of the above categories and estimated net need levels. The data shows that **across the Borough some 26% of the need could be met through products priced at the 80% of market level without the need for benefit assistance**. These households could afford intermediate housing or affordable rented housing without housing benefit. The majority of this need would be required to be rented housing as generally the evidence indicates that households falling in housing need do not have sufficient

access to capital to make equity purchase a realistic option. The evidence in effect suggests a very limited potential need for shared ownership housing.

9.94 Our analysis that around **74% of the net households in housing need would require benefit assistance to afford an affordable rented property** (at 80% of market rents, inclusive of service charge) **and that a significant proportion (50% of the total) would be able to afford social rents without benefits**. Thus a shift towards delivery of affordable rented (instead of social rented) properties would increase the benefit bill slightly. However our analysis does not suggest that there are households who, with benefit support, could not afford affordable rented homes.

9.95 We consider that there is likely to be limited actual need for intermediate rented properties as few registered providers would deliver this in preference to affordable rented homes, as the potential client base for the latter is higher as it includes households who can claim Housing Benefit to supplement their income.

Table 68: Social Rented and Intermediate Housing Needs– Per Annum

	Equity based intermediate	Intermediate rented	Affordable rented	Social rented	Total
Total gross annual need	19	93	190	1,025	1,326
Total gross annual supply	11	0	0	933	944
Net annual need	8	93	190	92	382
% of net shortfall	2%	24%	50%	24%	100%

Source: Household Survey Data

9.96 The above information has also been summarised by sub-market (in the table below). This shows relatively little variation between areas – this finding is largely driven by the fact that both housing costs and income levels are broadly similar in each of the two sub-markets.

Table 69: Social Rented and Intermediate Housing Needs– per annum

Sub-Market	Equity based intermediate	Intermediate rented	Affordable rented	Social rented	Total
Chesterfield Town	2%	26%	47%	25%	100%
Staveley & Eastern Villages	3%	21%	54%	21%	100%
Total	2%	24%	50%	24%	100%

Source: Household Survey Data, CORE

Key Findings and Policy Implications

- There is a significant net need for 382 affordable homes per annum between 2013 and 2018 if all households in housing need are to be allocated an affordable home over this period – this

reduces to 359 per annum once the development 'pipeline' is included in the supply. Looking at needs over the longer-term, a need for up to 212 homes per annum is identified (excluding affordable homes in the development pipeline). This provides a clear evidence base to support planning policies seeking new affordable housing, and continuing to work to deliver affordable housing through other means such as on land owned by the public sector or registered providers, or through bringing empty homes back into use.

- The level of housing need reflects both low incomes and affordability and also a relative lack of supply of affordable homes (through relets, despite the above average stock levels). The turnover of affordable homes in the Borough is relatively low. The Council might consider through the review of its Tenancy Strategy how turnover in the social housing sector can be improved to make better use of the existing stock, including consideration of fixed-term tenancies and incentives for households to downsize; albeit that this needs to be balanced against issues around the sustainability of local communities.
- Given the shortfall of affordable housing and the likely difficulties (in viability and funding terms) of delivering significant volumes of new stock, the Council would be justified in focusing allocation of existing housing stock on priority groups. The evidence regarding needs for different sizes of homes in this section should be brought together with information about short-term pressures (e.g. as a result of the 'bedroom tax').
- The role which the Private Rented Sector (PRS) plays in meeting housing need (supported by Local Housing Allowance) should be recognised. The analysis herein suggests that this supports around 289 lettings to households per annum. Given the likely shortfall of supply of new affordable homes, the Council should consider how the role which the PRS plays in meeting housing need can be maximised: including by encouraging investment in the sector, improvements in standards and through continuing its brokerage role (linking potential tenants to properties/landowners on the Landlord Accreditation Scheme).
- The analysis indicates limited potential for shared ownership or equity housing to contribute to meeting housing need. However these products may be more viable to deliver and could play a wider role in helping young households (many of which are living in the PRS) in getting on the housing ladder. This would be a policy decision and should be considered in setting affordable housing policies. The Council should monitor sales of shared ownership and shared equity homes over time to assist in establishing effective demand for these products.
- The housing needs analysis indicates that 74% of net housing need is for social/affordable rented homes and 26% for intermediate housing. A shift towards delivery of affordable rented homes might assist development viability although provision of affordable rented homes could increase the Housing Benefit bill.
- The Borough Council should consider wider mechanisms to bring forward affordable housing, including adopting lower thresholds for development schemes requiring affordable housing in the main settlements (where supported by viability analysis), and working with RPs and public sector bodies to maximise delivery of affordable housing on sites.

10 NEED FOR DIFFERENT SIZES OF HOMES

Introduction

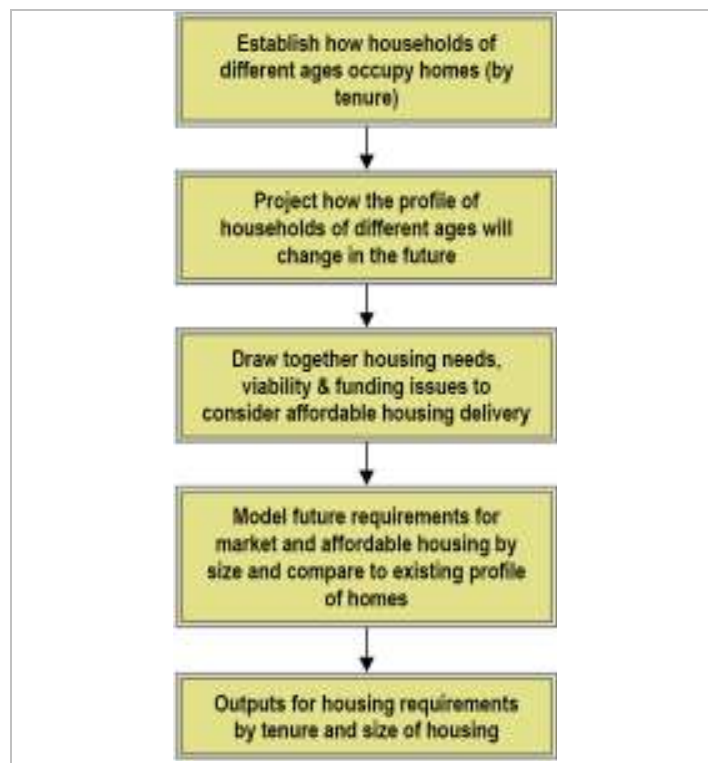
- 10.1 As discussed in Section 5, there are a range of factors which influence housing demand. These factors play out at different spatial scales and influence both the level of housing demand (in terms of aggregate household growth) and the nature of demand for different types, tenures and sizes of homes. The nature of demand for market housing at a local level can however change over time – in response to macro-economic effects which influence parts of the market (as clearly demonstrated over the past few years), as well as in response to new supply (whereby for instance significant supply of a certain type of product can result in a degree of local market saturation).
- 10.2 This section focuses on considering requirements for different sizes of homes in the longer-term over the period to 2031. Over these longer-term timescales a key demand driver is likely to be demographic trends, in terms of both population and household growth, but also changes in the age structure of the population.
- 10.3 This section thus starts by considering demand for different types of housing in the market sector linked to changes in the demographic characteristics (and particularly the age structure) of the population. This is however brought together with consideration of a number of other factors including:
- The analysis earlier in the report of market signals and the existing housing offer;
 - Policy and regeneration aspirations towards diversifying the housing mix within the Borough.
- 10.4 Analysis is also presented regarding the need for different sizes of affordable housing, taking into account the existing stock and turnover; demographic trends; and issues relating to the management of the stock.

Modelling Future Housing Needs for Different Sizes of Homes

- 10.5 The modelling 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.
- 10.6 For the purposes of this analysis we have looked at the demographic change as indicated in our projection linked to the Sub-National Population Projections. Assuming a 3% vacancy allowance in new housing stock this would imply housing growth of around 3,505. The analysis developed in this section looks at the period from 2013 to 2031 where the projection suggested household growth of 3,403 (about 190 additional households per annum).

10.7 The figure below describes the broad methodology employed in the housing market modelling. Data is drawn from a range of sources including the household survey and our demographic projections.

Figure 56: Summary of Housing Market Model



Understanding how Households Occupy Homes

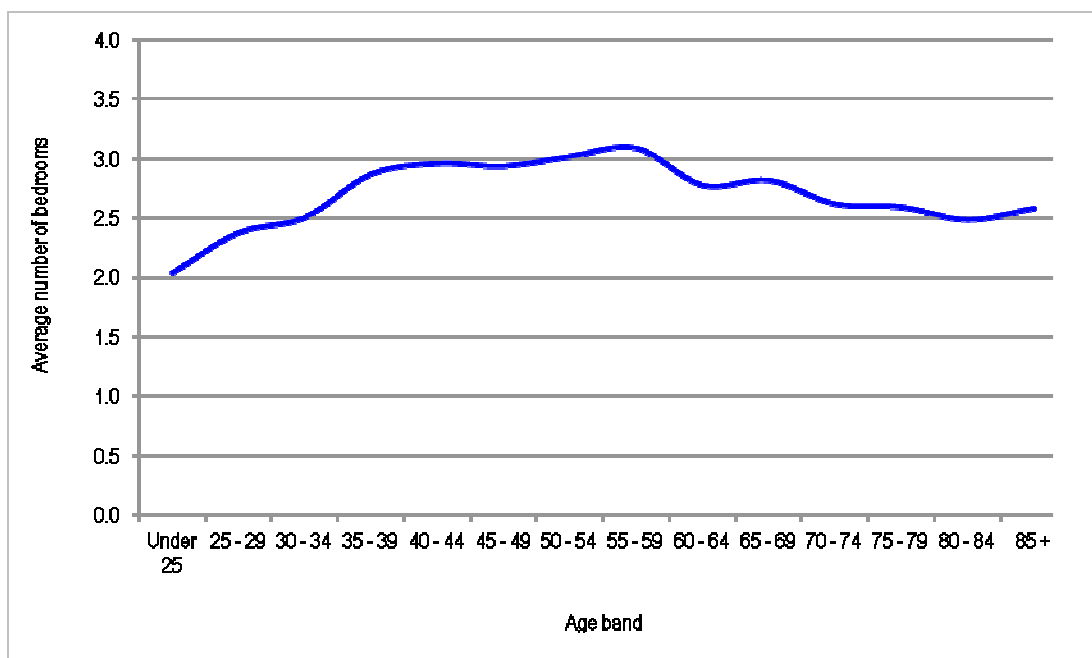
10.8 Whilst the demographic projections provide a good indication of how the population and household structure will develop it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided. The main reason for this is that 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. 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.

10.9 The general methodology is therefore to use the information derived in the projections about the number of household reference persons (HRPs) in each age and sex group and apply this to the

profile of housing within these groups. The data for this analysis has been formed by re-weighting the survey database to reflect the household and population profile shown by the projections in 2031.

- 10.10 Figure 57 below shows an estimate of how the average number of bedrooms varies by different ages of HRP living in market (owner-occupied and private rented) housing. The data shows that the average size of accommodation rises over time to typically reach a peak around the 55-59 age group. After sizes peak the average dwelling size decreases as some households 'downsize'.

Figure 57: Average Bedrooms by Age of Survey Respondent (household living in market housing)



Source: Household Survey

- 10.11 The survey data is then used to look at what profile of housing might be required to house households within the private sector market assuming broadly similar occupancy patterns (by age) in 2031 as the survey suggested for 2013.

- 10.12 One factor that will influence the actual number of additional private sector units provided will be the overall number of homes built and also the proportion of these which are affordable housing. The modelling uses the assumption that 3,505 additional homes will be delivered over the 2013-31 period and that 80% of the homes will be delivered in the market sector. This is not seeking to prejudice policies on affordable housing but effectively assumes that the affordable housing sector grows in proportionate terms to the overall growth in the dwelling stock. Affordable housing delivery will in reality be influenced by available funding and development viability. Different assumptions

would only make small differences to the outputs in terms of the proportions of different sizes of homes required but because of the slight uncertainties over the longer period to 2031 about delivery the outputs from the modelling have been presented as proportions.

- 10.13 The distribution of housing to different sub-markets has been based on the demographic analysis and need arising within each. It makes no assumptions regarding land supply nor how policy might distribute housing provision.

Outputs of the Modelling

- 10.14 Table 70 below shows the estimated need for different sizes of market homes by sub-market. The modelling indicates a modest need for 1-bed properties (4% of properties). This is supported by our wider analysis: based on the market analysis, we would expect market demand for new-build 1-bed properties to be limited, not least as these would likely be priced similar to (or above) existing terraced stock.
- 10.15 Need for market housing is focused towards two- and three-bedroom stock. This is consistent to the current profile of demand in the Borough and the market evidence, which indicates that the demand profile in many parts of the Borough is focused on local buyers, and that incomes are relatively low.
- 10.16 There are however some small differences in different parts of the Borough. The demographic analysis indicates a stronger demand for properties with 4 or more bedrooms in the Chesterfield Town Sub-Market; and a higher level of demand for three bedroom homes in Staveley & Easter Villages. The demographic analysis also identifies Chesterfield Town as potentially having the highest requirement for one and two bedroom homes.
- 10.17 Whilst the analysis at a sub-area level is of interest we would urge against using this in an overly prescriptive manner through policy as provision of certain types of homes may well be driven as much by site suitability than specific local demands and local demand dynamics can change over time in response to market circumstances. It is also the case that housing provided in any particular part of the Borough can be occupied by households living elsewhere in the Borough (or currently living outside the area).

Table 70: Market Housing Size Requirements (2013-31)

Sub-Market	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	Total
Chesterfield Town	4%	49%	38%	8%	100%
Staveley & Eastern Villages	2%	46%	46%	6%	100%
BOROUGH	4%	48%	41%	8%	100%

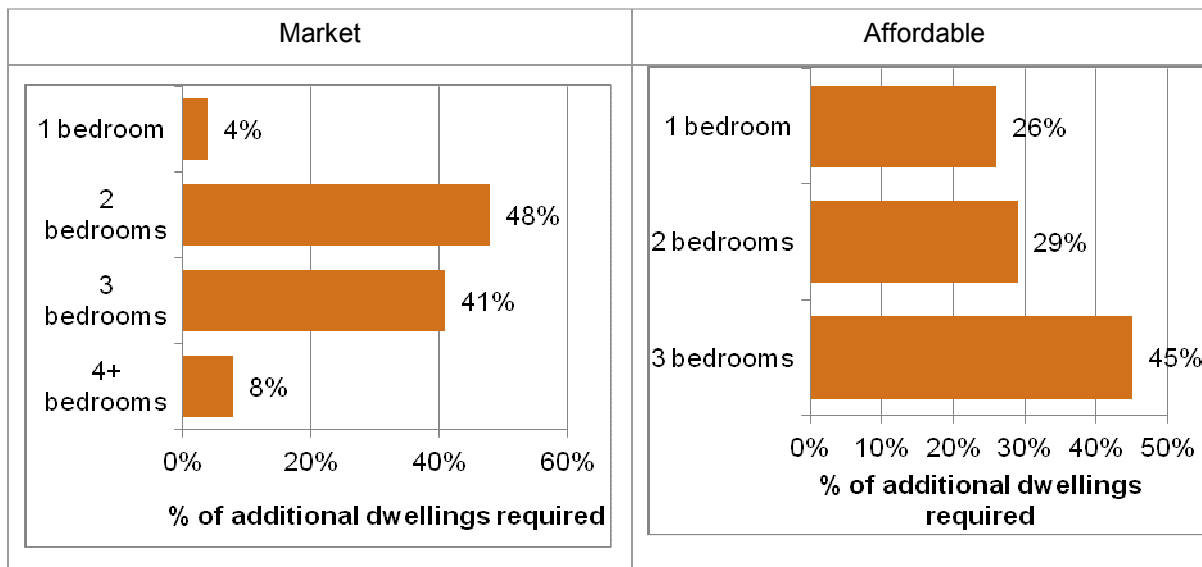
Source: Housing Market Model

- 10.18 The statistics in Table 70 are based upon our modelling of demographic trends. As we have 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. This might include aspirations to develop the socio-economic mix of the population to support local services.
- 10.19 In the short-term the market evidence points towards demand within the sales market from households trading up or down; from investment purchases at the lower end of the market; and from a growing number of first-time buyers particularly supported by the Government’s Help-to-Buy scheme.
- 10.20 Over the longer-term projection period it is anticipated that there will be a continuing market for larger family homes, but the existing stock is expected to make a significant contribution to meeting this demand, as older households downsize (releasing equity from existing homes). Demand from older households looking to downsize could well be an important market driver of housing market dynamics in the Borough over the plan period.

Indicative Profile of Housing Need by Dwelling Size

- 10.21 Figure 58 below summarises the above data along with our analysis of affordable housing need in the previous section. The analysis confirms requirements for all sizes of accommodation in both sectors. The affordable housing analysis only looks at sizes up to three or more bedrooms – the affordable housing analysis identified a number of households in need requiring larger (4+ bedroom) homes with little apparent supply of this size of accommodation. Within the three or more bedroom category the Council may therefore wish to provide larger units where feasible (taking account of any development constraints and viability issues).

Figure 58: Size of Housing Required, 2013-31



Source: Housing Market Model

10.22 Whilst the outputs of the modelling provide estimates of the proportion of homes of different sizes that should be provided there are a range of factors which should be taken into account in setting policies for provision.

Affordable Housing Mix

10.23 In the affordable sector there are typically issues around the demand for and turnover of one bedroom homes. We 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.

10.24 It should also be recognised that local authorities have statutory homeless responsibilities towards families with children and would therefore prioritise the needs of families over single person households and couples. This is highlighted by the analysis in Section 9. This would suggest that the profile of affordable housing to be provided would be weighted to two or more bedroom housing. This needs to be balanced against the implications of the “bedroom tax” which in the short-term is likely to increase need for smaller properties, and potentially reduce the popularity of larger properties. We have seen a reduced number of bids for 3-bed Council properties for instance in recent months.

10.25 At a Borough-wide level, the analysis would support policies for the mix of **affordable housing** of:

- 1-bed properties: 25-30%
- 2-bed properties: 35-40%
- 3-bed properties: 20-25%
- 4+ bed properties: 10-15%

10.26 The need for affordable housing of different sizes will vary by area across the Borough 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.

Market Housing Mix

10.27 In the market sector, we need to overlay on the demographic modelling, the market analysis and consideration of current housing offer. Our analysis indicates a housing offer which is particularly focused towards 2 and 3-bed properties and properties in Council Tax Bands A and B (in each case accounting for three-quarters of the housing stock).

10.28 On the basis of these factors we consider that the provision of market housing should balance provision of smaller family housing for younger households to enable access to home ownership and to facilitate downsizing; as well as appropriate provision where the opportunity exists to deliver larger homes with 4+ bedrooms to support economic regeneration and reduce in-commuting of those with higher earnings.

10.29 On this basis we would recommend the following mix of market housing be sought:

- 5-10% 1-bed properties
- 35-40% 2-bed properties
- 35-40% 3-bed properties
- 15-20% 4+ bed properties

10.30 Although we have quantified this on the basis of the market modelling and our understanding of the current housing market we do not strongly believe that such prescriptive figures should be included in the plan making process and that 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.

10.31 We are of the view that it is appropriate through the planning system to seek to influence the balance of types and sizes of market housing through considering the mix of sites allocated for development rather than specific policies relating to the proportion of homes of different sizes which are then applied to specific sites. This approach is implicit within NPPF which requires local planning authorities to '*identify the size, type, tenure and range of housing that is required*'.

- 10.32 At the strategic level, the Council 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.
- 10.33 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.

Aspirational Housing

- 10.34 The survey form was not specifically designed to discover if there is a demand for what might be termed ‘aspirational’ housing although we can use the data around household preferences (for larger homes) to give an indication of potential demand. In total, 3,620 households have said that they expect to move home in the next two years and will become (or remain) owner-occupiers, of these 625 (about 17%) expect to move to 4 or more bedroom accommodation, however only around a half of these households want to do so within Chesterfield. This analysis suggests fairly modest demand for aspirational housing from households currently living in the Borough.
- 10.35 There may however be some demand from households moving to the Borough which can be studied through analysis of past moves. In total the survey shows that 2,600 households have moved to the Borough over the past two years and of these 866 live in owner-occupied housing. However, only around 9% of these movers are currently living in four or more bedroom homes (80 households).
- 10.36 Overall the evidence does not support a strong demand for aspirational housing although there may be some demand from people moving to the area. Evidence from consultation with estate agents does however suggest that the demand from people moving to the area to buy larger homes is largely being met in the second-hand market rather than through a need for new-build homes.

Key Findings and Policy Implications

- We recommend the following strategic mix of dwellings is sought. The mix identified above should inform strategic Borough-wide 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.

	1-bed	2-bed	3-bed	4+ bed
Market	5-10%	35-40%	35-40%	15-20%
Affordable	30-35%	35-40%	15-20%	10-15%

- Based on the evidence, we would expect the focus of new market housing provision to be on two and three-bed properties. Continued demand for family housing can be expected from newly forming households. There will also be 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. However provision of some larger homes may help to allow those with higher earnings to live locally to their place of work.
- The analysis of an appropriate mix of dwellings should also inform the 'portfolio' of sites which are considered through the Local Plan process, including: Site Allocations, Neighbourhood Plans and other planning documents. Equally it will be of relevance to affordable housing negotiations.

11 NEEDS OF SPECIFIC GROUPS

Introduction

11.1 This section of the report considers survey data about a range of different household groups within Chesterfield Borough. In particular the information focuses on the key characteristics of each group and contrasts data with other households in the Borough. For the purposes of the SHMA we have studied the following groups:

- Black and Minority Ethnic Groups
- Households with support needs
- Older person households
- Families (households with children)
- Young people (and first-time buyers)

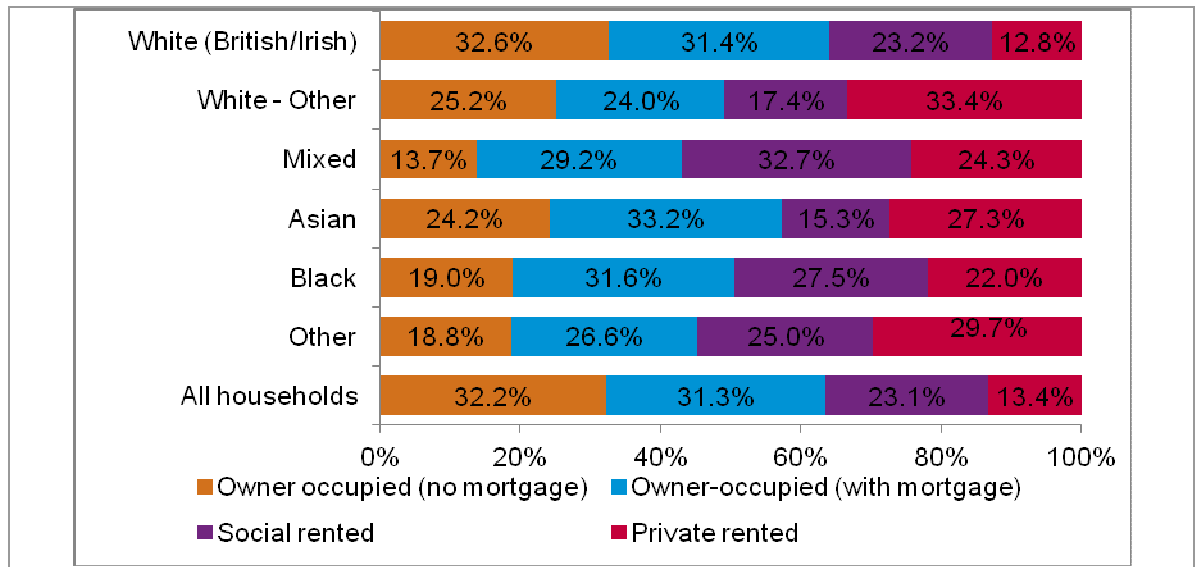
11.2 The Planning Practice Guidance on *Housing and Economic Development Needs Assessments* identifies that planners should seek to consider the needs of specific household groups including facilities, older persons and households with disabilities. The analysis in this section seeks to do so.

Black and Minority Ethnic (BME) Groups

11.3 The BME population of Chesterfield Borough is very small and as a result the household survey saw relatively few returns from such households (just 24 responses from households describing themselves as 'White-Other' and just 33 from all other BME groups). As a result to study BME groups we have drawn on 2011 Census data.

11.4 Figure 59 below shows how different ethnic groups vary by tenure. The data shows that White households are particularly likely to be owner-occupiers; as are Asian households. All BME groups show high proportions in the private rented sector with over a third of the White-Other group being in this sector.

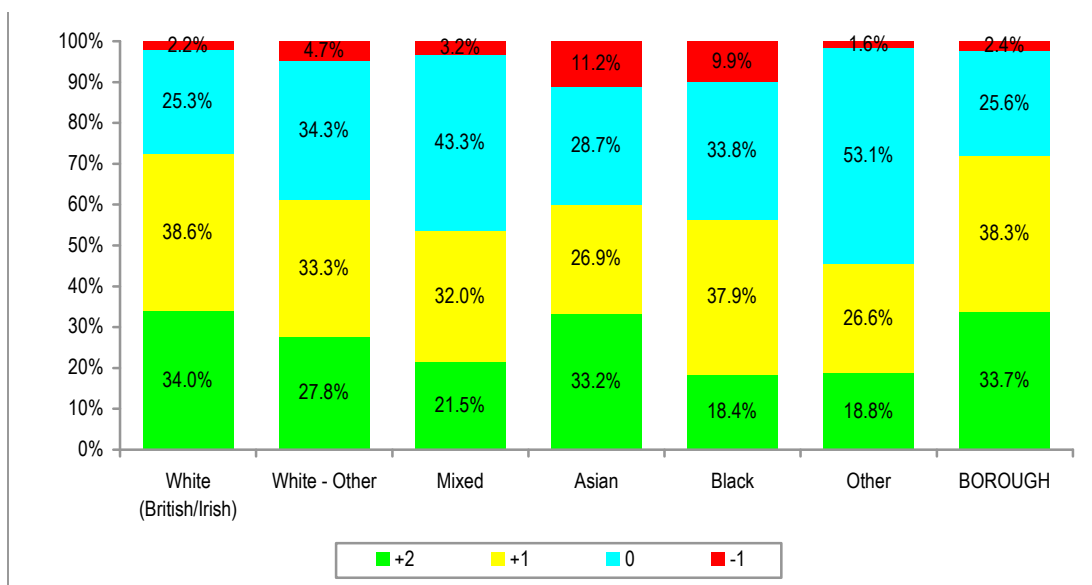
Figure 59: Ethnic Group by Tenure



Source: 2011 Census

11.5 Figure 60 below shows the occupancy rating of households by BME group. This is based on the bedroom standard where a negative figure represents overcrowding and positive figures show varying degrees of under-occupation. The data shows that BME groups are in general more likely to be overcrowded than White households with 11% of Asian and 10% of Black households having insufficient bedrooms in their home. Asian households surprisingly showed some of the highest levels of under-occupation.

Figure 60: Occupancy Rating (bedrooms) by Ethnic Group



Source: 2011 Census

Households with Support Needs

11.6 Information collected through the survey enables us to identify whether any household members have a particular support need. The survey looked at whether household members fell into one or more of a range of groups. The groups covered were:

- Wheelchair user
- Walking difficulty (not in wheelchair)
- Learning disability
- Mental health problem
- Visual/hearing impairment
- Asthmatic/respiratory problem
- Other physical disability
- Limiting long-term illness

11.7 Overall there are an estimated 13,071 households in Chesterfield Borough with one or more members in an identified support needs group - this represents 27.7% of all households. Table 71 below shows the number of households with different types of support needs. The numbers of households in each category exceed the total number of support needs households because people can have more than one category of support need. Households with a walking difficulty (not in wheelchair) are the predominant group. There are 7,245 households containing a person with a walking difficulty (not in wheelchair).

Table 71: Support Needs Categories

Category	Number of households	% of all households	% of support needs households
Wheelchair user	937	2.0%	7.2%
Walking difficulty (not in wheelchair)	7,245	15.4%	55.4%
Learning disability	1,300	2.8%	9.9%
Mental health problem	2,821	6.0%	21.6%
Visual/hearing impairment	2,533	5.4%	19.4%
Asthmatic/respiratory problem	3,334	7.1%	25.5%
Other physical disability	3,761	8.0%	28.8%
Limiting long-term illness	4,383	9.3%	33.5%

Source: Household Survey Data

11.8 Table 72 below shows the locations of households with support needs from the survey data. There is little difference between the two areas with Staveley & Eastern Villages having a slightly higher proportion of households with one or more person with some sort of support need.

Table 72: Households with Support Needs by Sub-Market

Sub-Market		Support need	No support needs	Total
Chesterfield Town	No.	8,851	23,750	32,600
	%	27.1%	72.9%	100.0%
Staveley & Eastern Villages	No.	4,221	10,359	14,580
	%	28.9%	71.1%	100.0%
BOROUGH	No.	13,071	34,109	47,180
	%	27.7%	72.3%	100.0%

Source: Household Survey Data

11.9 Tables 73-75 below shows the characteristics of support needs households in terms of age, tenure and unsuitable housing. The survey data shows that support needs households are more likely to contain older persons. It is estimated that 42% of all support needs households contain only older people. Support needs households are also particularly likely to be living in social rented housing. Some 48% of households living in social rented housing contain a support needs member. Finally support needs households are more than twice as likely to be living in unsuitable housing as non-support needs households. Some 16.5% of all support needs households are living in unsuitable housing (compared with 81% Borough-wide).

Table 73: Support needs households with and without older people

Age group	Support needs households			
	Support needs	Number of h'holds	% of h'holds with support needs	% of those with a support need
No older people	6,541	32,722	20.0%	50.0%
Both older & non-older people	1,012	2,421	41.8%	7.7%
Older people only	5,519	12,038	45.8%	42.2%
Total	13,071	47,180	27.7%	100.0%

Source: Household Survey Data

Table 74: Support Needs Households and Tenure

Tenure	Support needs households			
	Support needs	Number of h'holds	% of h'holds with support needs	% of those with a support need
Owner-occupied (no mortgage)	4,539	15,453	29.4%	34.7%
Owner-occupied (with mortgage)	1,916	14,264	13.4%	14.7%
Social rented	5,061	10,642	47.6%	38.7%
Private rented	1,556	6,821	22.8%	11.9%
Total	13,071	47,180	27.7%	100.0%

Source: Household Survey Data

Table 75: Support needs Households and Unsuitable Housing

Unsuitable housing	Support needs households			
	Support needs	Number of h'holds	% of h'holds with support needs	% of those with a support need
In unsuitable housing	2,163	3,811	56.8%	16.5%
Not in unsuitable housing	10,909	43,369	25.2%	83.5%
Total	13,071	47,180	27.7%	100.0%

Source: Household Survey Data

11.10 Table 76 below shows the average income and savings levels for support needs households in comparison to other households. The table shows that support needs households have an average income level of about half the average for non-support needs households whilst levels of savings are also slightly lower.

Table 76: Income and Savings Levels of Support Needs Households

Support needs	Annual gross household income (median)	Average household savings (median)
Support needs	£13,117	£962
No support needs	£24,717	£1,207
All households	£20,438	£1,128

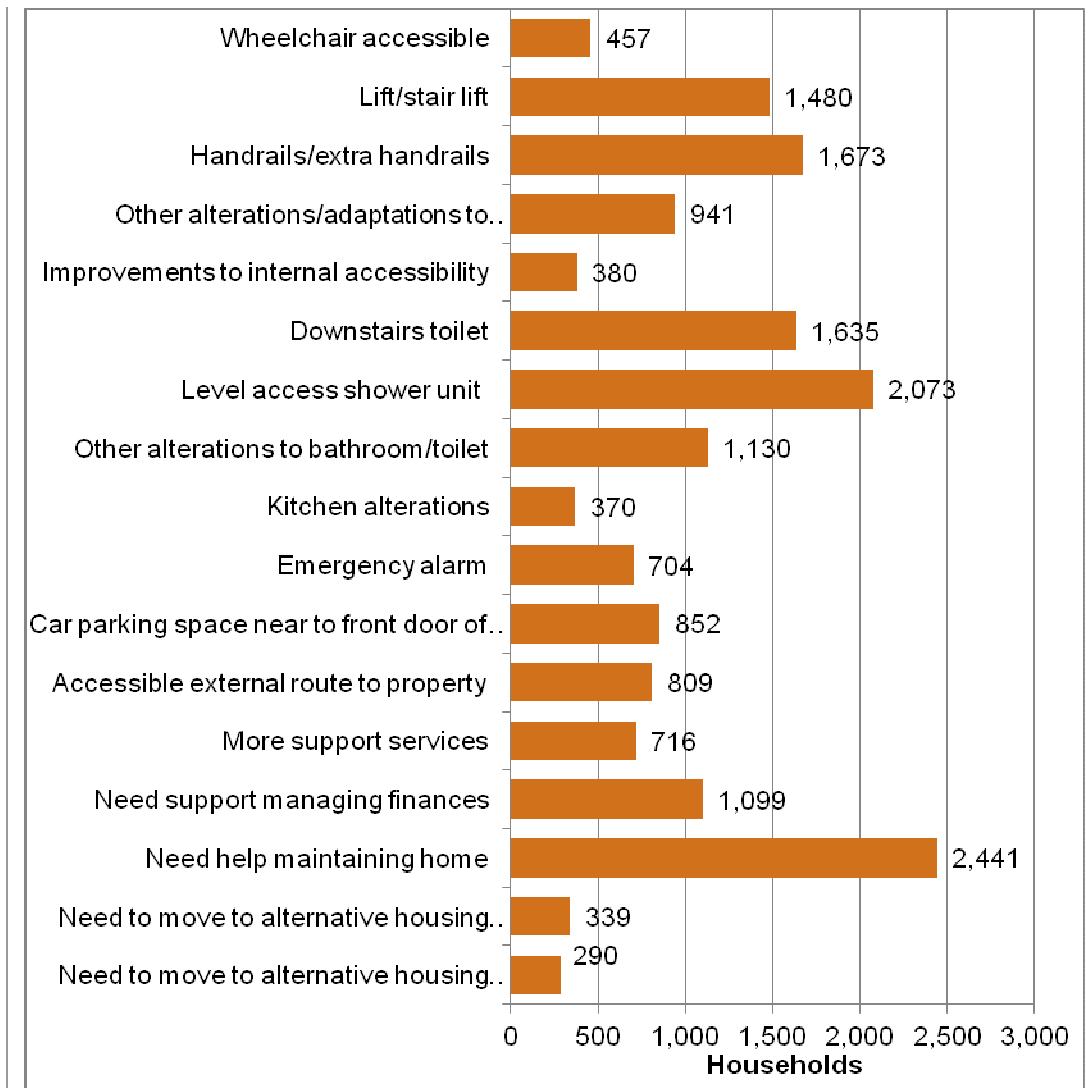
Source: Household Survey Data

11.11 Those households with a member with support needs were asked to indicate if there was a need for improvements to their current accommodation and/or services. The responses are detailed in Figure 61 below. The results show requirements for a wide range of adaptations and improvements across the support needs households. Those most needed were:

- Need help maintaining home

- Level access shower unit
- Handrails/extra handrails

Figure 61: Support Needs Households: Improvements to Accommodation & Services



Source: Household Survey Data

11.12 As seen earlier in the report the number and proportion of the population of pensionable age and over is expected to increase significantly in the future with the proportion of households made up solely of pensioners projected to increase from around 26% to 32% in the period from 2013 to 2031. Given that analysis has shown that older person households are particularly likely to contain someone with a support need it is worth briefly considering the potential impact of local demographic change.

- 11.13 Table 77 below shows estimated number and proportion of households containing someone with a support need in 2013 and 2031 (derived from our demographic modelling). The table shows that overall the proportion of households containing someone with a support need is expected to increase from 27.7% to 29.8% - an increase of nearly 2,100 households between 2013 and 2031.
- 11.14 In interpreting this however, it should be remembered that much of the growth in the older person population is due to improvements in life expectancy – this means that support needs prevalence rates may change in the future and therefore the increase may not be as high as projected here. That said, the evidence would clearly point to increases in the number of households with support needs in the future.

Table 77: Projected Change in number of Households with a Support Need 2013 to 2031

Support need	2013		2031	
	Households	%	Households	%
Support need	13,071	27.7%	15,148	29.8%
No support needs	34,109	72.3%	35,705	70.2%
Total	47,180	100.0%	50,853	100.0%

Source: Household Survey Data

- 11.15 Overall the analysis points towards a need to carefully consider future provision of support for households within the Borough – including adaptations to properties (and funding support for this), and floating support. This area will require coordinated interventions across the housing and health spheres.
- 11.16 We have also reviewed the Nottinghamshire and Derbyshire Disabled People’s Housing Needs Study completed in late 2012 which focussed on people with physical disabilities. The 2012 Study developed a model to study affordable housing requirements for households with a physical disability. The model was broadly based on the CLG’s Needs Assessment Model (as used in our analysis of overall housing need) and contained both a low and high estimate of needs. The ‘high’ estimate was based on ONS population projection data with the ‘low’ estimate being based on analysis of Disability Living Allowance (DLA) claims.
- 11.17 By 2015 it is estimated in the Study that between 746 and 1089 households in the borough with a disabled member will be in unsuitable accommodation, and will require measures to be able to remain in their home or move to a suitable property. The high estimates of these indicate that by 2030, these will have increased to 1,366.

11.18 The Study identifies a current shortfall of homes (using a 2010 baseline) to meet the needs of those with physical disabilities of between 844-575 homes. It estimates that this may increase over time, with an additional need for between 45-321 homes on top of these figures over the period to 2030.

Table 78: Estimates of Unmet Housing Need – shortfall of homes to meet the needs of people with physical disabilities

Needs estimate	2010	2015	2020	2025	2030
High estimate	844	905	983	1060	1165
Low estimate	575	586	597	609	620

Source: Nottinghamshire and Derbyshire Disabled Person’s Housing Needs Study

Older Person households

11.19 Older people are defined as those over the state pension eligibility age (aged 65 and over). For the purpose of this section, households have been divided into three categories:

- Households without older persons
- Households with both older and non-older persons
- Households with only older persons

11.20 A quarter of all households contain only older people and a further 5% contain both older and non-older people. The table below shows the number and percentage of households in each group.

Table 79: Older person Households

Categories	Number of households	% of all households
Households without older persons	32,722	69.4%
Households with both older and non-older persons	2,421	5.1%
Households with older persons only	12,038	25.5%
Total	47,180	100.0%

Source: Household Survey Data

11.21 Table 80 shows the number of older person only households in each sub-market. The data shows that there is relatively little difference between the areas – Chesterfield Town seeing a slightly higher proportion of older person only households.

Table 80: Older Person Households by Sub-Market

Sub-Market		All older persons	Other households	Total
Chesterfield Town	No.	8,460	24,141	32,600
	%	26.0%	74.0%	100.0%
Staveley & Eastern Villages	No.	3,578	11,002	14,580
	%	24.5%	75.5%	100.0%
BOROUGH	No.	12,038	35,142	47,180
	%	25.5%	74.5%	100.0%

Source: Household Survey Data

11.22 The number of occupants in older person households is shown in the table below. The data suggests that all households containing older persons only are comprised of one or two persons only. Some 46% of all single person households are older person households.

Table 81: Size of Older Person Only households

Number of persons in household	Older persons only	Age group		
		Number of h'holds	% of total h'holds with older persons	% of those with older persons
One	6,911	15,090	45.8%	57.4%
Two	5,127	18,121	28.3%	42.6%
Three	0	6,737	0.0%	0.0%
Four or more	0	7,232	0.0%	0.0%
Total	12,038	47,180	25.5%	100.0%

Source: Household Survey Data

11.23 Table 82 below shows the housing tenures of households with older persons. Around two-thirds of older person only households are owner-occupiers (mostly without a mortgage) - this finding suggests that the potential for equity release schemes in the Borough may be significant.

11.24 Another significant finding is the relatively high proportion of social rented accommodation containing older people only. In Chesterfield Borough 29% of social rented dwellings contain only older people. This may have implications for future supply of and demand for specialised social rented accommodation.

Table 82: Older person Only Households and Tenure

Tenure	Age group			
	Older persons only	Number of h'holds	% of h'holds with older persons	% of those with older persons
Owner-occupied (no mortgage)	7,668	15,453	49.6%	63.7%
Owner-occupied (with mortgage)	548	14,264	3.8%	4.5%
Social rented	3,030	10,642	28.5%	25.2%
Private rented	791	6,821	11.6%	6.6%
Total	12,038	47,180	25.5%	100.0%

Source: Household Survey Data

11.25 Table 83 shows that older person only households are more likely than non-older person households to be living in one and two bedroom properties. However, the results also show that approaching half of all older person households are in three or four bedroom dwellings. Given that previous information has shown that older person only households are almost entirely comprised of only one or two persons, this finding suggests that there could be potential scope to free up larger units for younger families if the older person households chose to move into suitable smaller units. There is potential to provide incentives to do so (although particularly in the market sector there is limited ability to influence trends). However by providing attractive properties targeting older households, there may be opportunities to support households to downsize. The stakeholder consultation undertaken points for instance to demand from older households from bungalows (albeit that in some instances the viability of delivery can be challenging).

Table 83: Size of Dwellings (number of bedrooms) for Older Person Only Households

Number of bedrooms	Older person households		All other households	
	Households	%	Households	%
1 bedroom	2,124	17.6%	4,008	11.4%
2 bedrooms	4,699	39.0%	10,430	29.7%
3 bedrooms	4,290	35.6%	15,658	44.6%
4+ bedrooms	924	7.7%	5,046	14.4%
Total	12,038	100.0%	35,142	100.0%

Source: Household Survey Data

11.26 This information can be further broken down by tenure (for older person households) and this is shown in Table 84 below. The table indicates that whilst the majority of large (three or more

bedrooms) properties are in the owner-occupied sector, there are also around 360 dwellings in the social rented sector which may therefore present some opportunity to reduce under-occupation.

Table 84: Older person Only Households - Size of Accommodation and Tenure

Tenure	Size of accommodation				TOTAL
	1 bed	2 bed	3 bed	4+ bed	
Owner-occupied (no mortgage)	239	3,023	3,582	825	7,668
Owner-occupied (with mortgage)	34	217	265	31	548
Social rented	1,652	1,019	336	25	3,030
Private rented	199	441	108	43	791
Total	2,124	4,699	4,290	924	12,038

Source: Household Survey Data

11.27 The number and proportion of the population of pensionable age and over is expected to increase significantly in the future. Table 89 below shows estimated household type change derived from our demographic modelling for the period from 2013 to 2031.

11.28 Table 85 below shows that overall the proportion of households made up solely of people of pensionable age is expected to increase from 25.5% to 32.1% - an increase of over 4,200 households from 2013; this represents an increase in this group of households of around 36% in just 18 years.

Table 85: Household Type Estimates (pensioner-only households) 2013 and 2031

Household type	2013		2031	
	Households	%	Households	%
Single pensioner	6,911	14.6%	9,096	17.9%
Two or more pensioners	5,127	10.9%	7,225	14.2%
All pensioner households	12,038	25.5%	16,321	32.1%
All other households	35,142	74.5%	34,532	67.9%
Total	47,180	100.0%	50,853	100.0%

Source: Household Survey Data

11.29 The change in the older person population is likely to have some impact on the types of accommodation required to meet housing requirements and overall housing requirements are mainly dealt with in the previous section of this report. It is however worth noting that the projections suggest that if occupancy patterns stay as they are in 2013 then levels of under-occupancy across the Borough are expected to rise (very slightly) from 32.0% of all households to 32.4% - this is an increase of about 1,400 under-occupying households.

Families (Households with Children)

- 11.30 For the purposes of this analysis, children are defined as those aged under 16 and the section will focus on any household with at least one child in it. To provide more detail on what is a large subsection of the population, three different groups of households with children will be analysed. These are lone parent households, households with more than one adult and one child and households with more than one adult and two or more children.
- 11.31 Table 86 below shows the number of each type of household with children. The survey estimates that there are 11,413 households with children in the Borough. Of these, 2,560 households (22.4%) are lone parents, some 37.3% are families with one child aged under 16, and the remaining 40.3% are larger households (with two or more children).

Table 86: Number of Families with Children

Households with children	Number of households	Percent of households	Percent of households with children
Lone parent households	2,560	5.4%	22.4%
Two or more adults and one child	4,252	9.0%	37.3%
Two or more adults and two or more children	4,601	9.8%	40.3%
All other households	35,767	75.8%	-
Total	47,180	100.0%	100.0%

Source: Household Survey Data

- 11.32 Table 87 below shows how the proportion of households containing children varies between the two sub-areas. The data shows that the proportion of households containing children is notably higher in the Staveley & Eastern Villages area where 28.9% of households contain children – this compares to 22.1% in Chesterfield Town. The main difference is due to the proportion of households with two or more adults (and children) with the proportion of lone parents being broadly the same in each location.

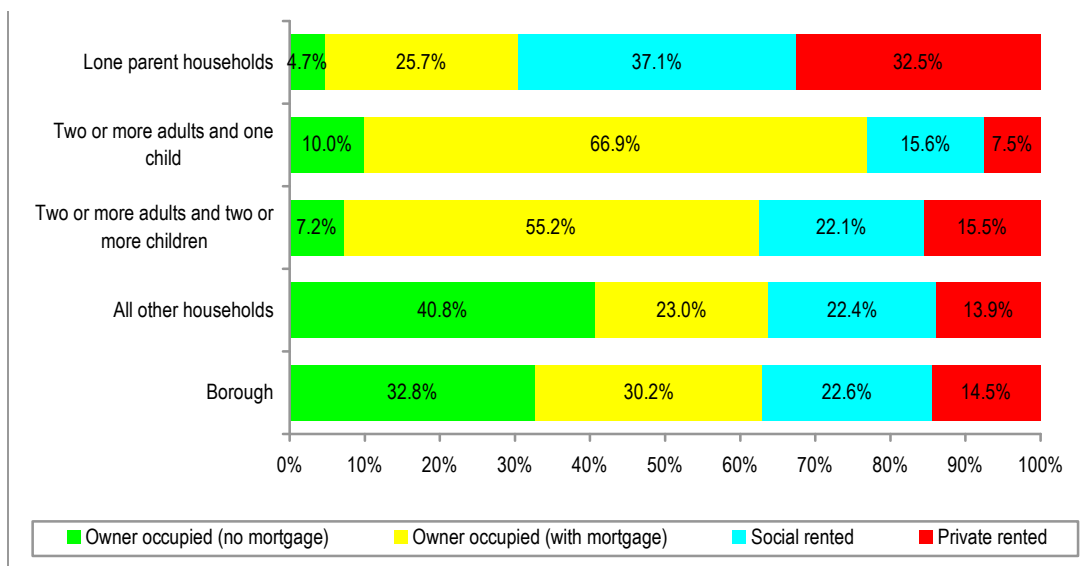
Table 87: Household Type by Sub-Market

Sub-Market		Lone parent households	Two or more adults and one child	Two or more adults and two or more children	All other households	Total
Chesterfield Town	No.	1,783	2,691	2,731	25,395	32,600
	%	5.5%	8.3%	8.4%	77.9%	100.0%
Staveley & Eastern Villages	No.	777	1,561	1,870	10,372	14,580
	%	5.3%	10.7%	12.8%	71.1%	100.0%
BOROUGH	No.	2,560	4,252	4,601	35,767	47,180
	%	5.4%	9.0%	9.8%	75.8%	100.0%

Source: Household Survey Data

11.33 Figure 62 below shows the tenure of the three groups of households with children. The results suggest that lone parents are more likely to be living in social rented and in particular private rented accommodation. There is less difference when comparing larger and smaller households with children, although households with one child are more likely to live in owner-occupied accommodation compared with those with two or more children. Very few households with children are outright owners.

Figure 62: Household Type by Tenure



Source: Household Survey Data

11.34 Table 88 presents the proportion of households with children living in unsuitable housing. The table indicates that all household groups with children are more likely than other households to be in

unsuitable housing – all showing proportion of 13% or above compared with just 6% for households without children.

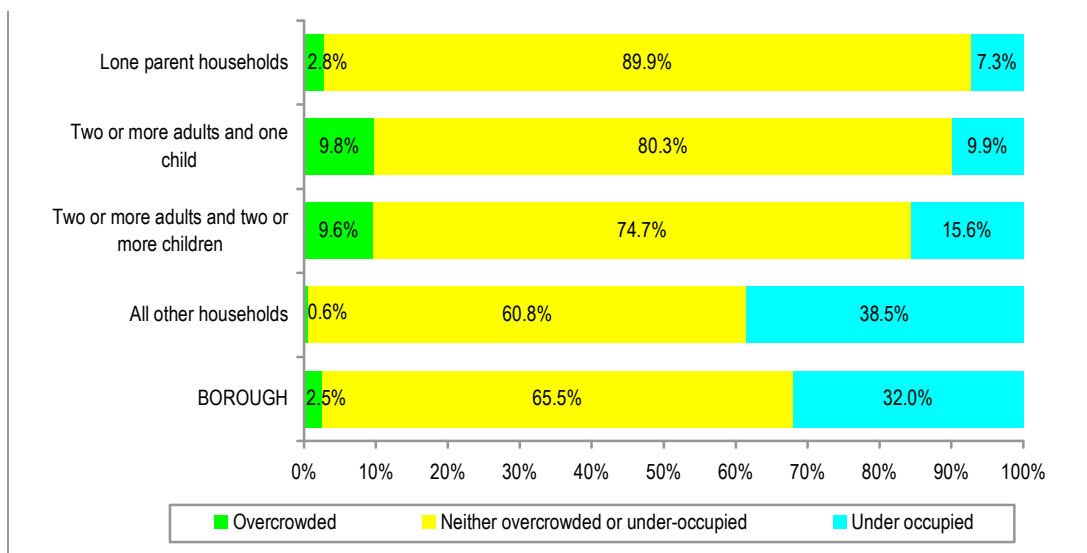
Table 88: Households with Children in Unsuitable Housing

Unsuitable housing	Households with children				Total
	Lone parent households	Two or more adults and one child	Two or more adults and two or more children	All other households	
In unsuitable housing	13.0%	13.2%	14.7%	6.3%	8.1%
Not in unsuitable housing	87.0%	86.8%	85.3%	93.7%	91.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Household Survey Data

11.35 Figure 63 below presents the level of overcrowding and under-occupation for households with children. The table shows that whilst levels of overcrowding across the Borough are generally low all household groups containing children are more likely to be overcrowded than is the average for the Borough. In addition, levels of under-occupation are low; particularly for lone parent households where only 7% are under-occupied (compared to a Borough average of 32%).

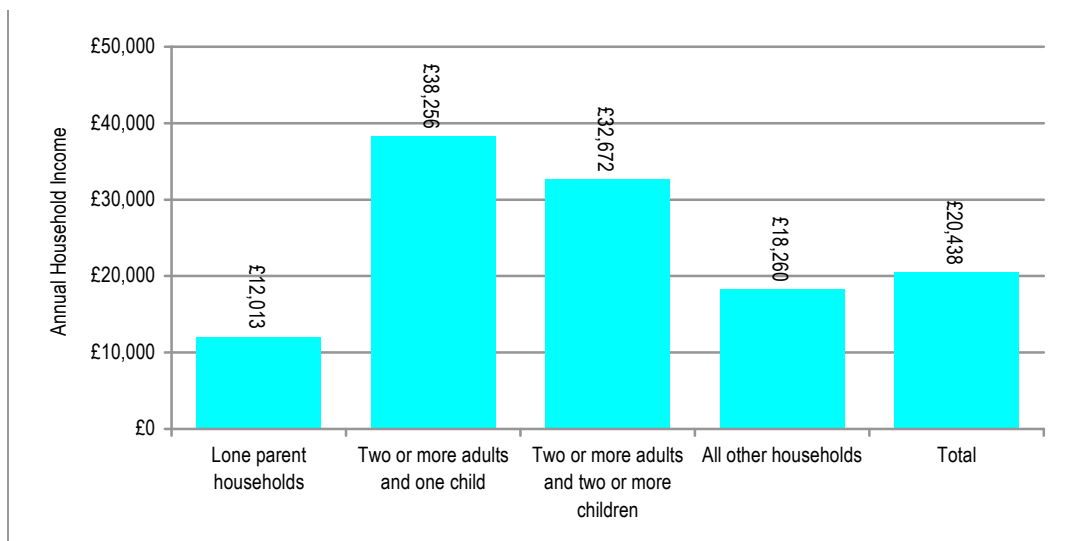
Figure 63: Overcrowded and Under-Occupying Households with Children



Source: Household Survey Data

11.36 Finally, we have presented data on average (median) income levels for households with children compared with the average for all households in the Borough. The data shows that both household groups with two or more adults have incomes well in excess of the Borough average whilst the average lone parent income is very low (around £12,000 per annum).

Figure 64: Median Household Income by Household Type



Source: Household Survey Data

11.37 The analysis particularly points to the need for social housing provision to meet the needs of lone parent households with low household incomes.

Young People and First-Time Buyers

11.38 For the purpose of this study younger people households are defined as those where the household reference person (survey respondent) is aged under 35. The survey records that there are 8,271 younger households in the Borough representing 17.5% of all households.

11.39 Table 89 presents the working status of younger people in the Borough compared with working status for all households. The table indicates that around 73% of younger person households are working – this compares with 49% of all other households (or 81% if we exclude retired households). The figures for unemployment are also quite notable with 14% of younger person households being unemployed compared to 4.6% of all other households in the Borough (7.5% excluding retired households).

Table 89: Working status of Younger People

Working status	Young households		All other households	
	Number of household	% of households	Number of household	% of households
Working	6,002	72.6%	19,214	49.4%
Unemployed	1,132	13.7%	1,781	4.6%
Retired	0	0.0%	15,262	39.2%
Other	1,137	13.7%	2,652	6.8%
Total	8,271	100.0%	38,909	100.0%

Source: Household Survey Data

11.40 Table 90 below indicates the type of households these younger households live in. The table shows that 20.2% live alone and a just under a third live as a childless couple. In total 45.9% of all younger person households contain children with a significant proportion of these being lone parent households.

Table 90: Younger person Household Types

Household type	Number of household	% of households
Single non-pensioners	1,672	20.2%
Childless couple	2,570	31.1%
Other multi-adult	227	2.7%
Lone parent	1,078	13.0%
Two or more adults and one child	1,148	13.9%
Two or more adults and two or more child	1,575	19.0%
Total	8,271	100.0%

Source: Household Survey Data

11.41 It is possible to briefly examine the housing circumstances of the different groups of younger person households and in the analysis that follows we have split the group into four main categories, these are:

- Single person households
- Multiple adult households (including childless couples)
- Lone parents
- Households with two or more adults and children

11.42 Table 91 presents the level of overcrowding and under-occupation for younger person households. The table indicates that the levels of overcrowding for households with children are higher than for other household types whilst generally levels of under-occupation amongst younger person households are low (particularly those households with children).

Table 91: Overcrowded and Under-Occupying Younger Households

Overcrowded/under-occupied	Single person	Multi-adult	Lone parents	2+ adults & children	All younger households
Overcrowded	0.0%	0.0%	4.1%	12.0%	4.5%
Neither overcrowded nor under-occupied	84.9%	77.4%	95.9%	84.2%	83.6%
Under-occupied	15.1%	22.6%	0.0%	3.8%	11.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Household Survey Data

11.43 Table 92 below shows the tenure of the four groups of younger households. The data suggests that there are considerable differences between the different groups of younger households with lone parent households having large proportions in the private rented sector (and also the social rented sector). Multi-adult households are particularly likely to live in owner-occupied housing although around 45% are in the private rented sector. The group of households with two or more adults and children also show a high proportion in the owner-occupied sector (around 43% are owner-occupiers) although a relatively large proportion are also in the social rented sector. Over two-fifths of single person younger households live in private rented accommodation.

Table 92: Tenure of Younger Households

Tenure	Single person	Multi-adult	Lone parents	2+ adults & children	All younger households
Owner-occupied (no mortgage)	2.2%	2.5%	0.0%	4.8%	2.9%
Owner-occupied (with mortgage)	21.8%	35.4%	7.0%	38.0%	29.8%
Social rented	34.9%	16.7%	44.2%	34.6%	29.8%
Private rented	41.1%	45.4%	48.8%	22.7%	37.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Household Survey Data

11.44 The survey identifies households that have moved into owner-occupied accommodation from a different tenure in the last two years. It is assumed that all of these households are first-time buyers although a few may have owned a home at some stage previously.

11.45 The survey records that there are 1,172 households that have become first-time buyers in Chesterfield Borough in the last two years. Table 97 below shows the size of first-time buyer households compared with other households that have purchased a home in the last two years and all other households who have moved home in the same period. It shows that 45% of first-time buyer households contain two people and a further 26% are single persons. Overall, first-time buyer households have similar household sizes to other recent buyers.

Table 93: Household Size of recent First-Time Buyers

Household size	First time buyer		Other recent buyer		Other recently moved households		Total (all movers)	
1 person	304	26.0%	423	34.5%	2,317	42.1%	3,044	38.5%
2 people	530	45.2%	388	31.7%	1,754	31.9%	2,672	33.8%
3 people	162	13.8%	160	13.0%	666	12.1%	987	12.5%
4 people	115	9.8%	225	18.4%	550	10.0%	890	11.3%
5 or more people	62	5.3%	29	2.4%	221	4.0%	311	3.9%
Total	1,172	100.0%	1,224	100.0%	5,507	100.0%	7,904	100.0%

Source: Household Survey Data

11.46 Table 94 shows the age of the HRP in first-time buyer households. It shows that 52.7% of respondents are aged under 30, whilst 16.5% are between 30 and 39. First-time buyers generally have a younger age profile to other buyers. The median age of first-time buyers in the Borough over the past two years is 29 (which is a very low figure when compared with our experience elsewhere).

Table 94: Age of Recent First-Time Buyers

HRP age	First time buyer		Other recent buyer		Other recently moved households		Total (all movers)	
Under 30	617	52.7%	62	5.1%	2,194	39.8%	2,874	36.4%
30-39	194	16.5%	192	15.7%	1,327	24.1%	1,712	21.7%
40-49	233	19.9%	328	26.8%	613	11.1%	1,174	14.9%
50 and over	128	10.9%	642	52.5%	1,373	24.9%	2,143	27.1%
Total	1,172	100.0%	1,224	100.0%	5,507	100.0%	7,904	100.0%

Source: Household Survey Data

11.47 The average (median) annual income of first-time buyer households is £25,700 which is notably higher than the average for the Borough of about £20,400. As we have discussed in previous sections, the savings of many young households currently mean many cannot secure a mortgage to buy a new home. On the basis of comparing equity levels and property values it is estimated that first-time buyers in Chesterfield Borough (over the past two years) have put down an average deposit of 26%.

11.48 The survey data suggests that there are 1,779 non-owning households who would like to become owner occupiers over the next two years. Only 1,023 households expect to achieve owner-occupation in this period. Additionally, the survey shows 2,116 newly forming households who would like to become home owners over the next two years of which 1,032 households expect to secure this tenure.

- 11.49 The survey does not directly indicate how many of these might be expecting to get support from parents although a question asked of the existing households was around access to finance from sources other than their own savings (which is likely to be help from parents in many cases). Of the 1,023 non-owners expecting to buy their own home, the analysis suggests that around a quarter expect to have access to funds other than from their own means.
- 11.50 For the 1,032 newly forming households, around 33% have access to funds in excess of £5,000 (340 households). The source of this funding is unknown from the survey although it is quite likely given the typical ages of these households that for some money will be provided by parents to assist in buying a property.

Key Findings and Policy Implications

- The BME population within the Borough is relatively small. Overall household sizes within it are above average, and BME households are more likely than other groups to live within the Private Rented Sector. Overcrowding is above average in the Black and Asian communities but the numbers of households overall are small. There is a continuing need to ensure decent homes standards are enforced in the Private Rented Sector.
- Currently 28% of households have support needs. The most common support needs are in maintaining a home, installing level access showers or handrails. Demographic trends are expected to lead to a growth in the number of households with support needs by 2,100 over the next 18 years to 2031. Housing support services, including provision of adaptations to properties, will need to be adequately resourced to take account of this.
- Drawing on data from the Nottinghamshire and Derbyshire Disabled Person's Housing Needs Study it is estimated that there is a need for between 620 – 1165 homes to meet the needs of people with physical disabilities. Against this backdrop we would recommend that the Council:
 - Promotes choice and control for people with disabilities- including providing opportunities for independent living;
 - Delivers housing services as part of an integrated package of health and social care
 - Maintains an up-to-date record of properties with different adaptations (and a record of the demand for such homes);
 - Provides services for disabled people who are homeless (noting for example that having a physical disability is not necessarily a mandatory priority need reason for rehousing); and
 - Ensures that people with disabilities are not disadvantaged when bidding for properties through Choice-Based Lettings.
- A quarter of households in the Borough contain older persons. Two-thirds of these are owner-occupiers; however 28% of households in the social rented sector also contain older persons. The number of households including people of pensionable age is expected to increase by a very substantial 4,200 to 2031 (an increase of 36%). This may create significant demand for specialist accommodation. It is likely to support demand for bungalows and could potentially support some increase in need for affordable housing. Furthermore, without intervention the

number of households' under-occupying homes can be expected to increase by 1,400. Provision of housing targeting older age groups can help to release family homes for other groups.

- Over the last two years there have been 1,172 first-time buyers in the Borough. Of these 45% contain two people, with a median age of first-time buyers of 29 and an average income of £25,700. The average deposit was 26%. Policy initiatives such as the Help-to-Buy Scheme could assist young households in getting on the housing ladder and should be signposted. However it is likely that constraints to accessing mortgage finance need to ease to significantly improve the affordability of market housing for many young households (as well as improvements to the wider economic backdrop).

12 CONCLUSIONS AND RECOMMENDATIONS

- 12.1 In this final section of the report we have sought to bring together the analysis undertaken to identify conclusions and recommendations.
- 12.2 The SHMA is intended to improve understanding of both needs for market and affordable housing. It takes account of changes to the housing stock, market dynamics, short and long-term drivers of change and the impact of emerging policy at both national and local levels on housing need, demand and housing provision.
- 12.3 The report, and process of preparing it, meets the requirements of Government Guidance on preparing Strategic Housing Market Assessments (CLG, 2007). It also takes account of the Government's draft Planning Practice Guidance (CLG, August 2013) and in finalising the report the final Guidance of March 2014.
- 12.4 In this final section, we seek to draw together the findings of the work and set out key recommendations to inform future policy development.

Overall Need for Housing

- 12.5 The National Planning Policy Framework sets out that plans should be prepared on the basis of meeting full needs for market and affordable housing. The Planning Practice Guidance sets out that the latest national projections should be seen as a starting point for identifying need, but that authorities may consider sensitivity testing projections in response to local circumstances and the latest demographic evidence.
- 12.6 The Guidance effectively describes a process whereby the latest population and household projections are a starting point; and a number of "tests" then need to be considered to examine whether it is appropriate to consider an upward adjustment to housing provision. These are:
- Is there evidence that household formation rates in the projections have been constrained? Do market signals point to a need to increase housing supply?
 - How do the demographic projections 'sit' with the affordable housing needs evidence, and should housing supply be increased to meet affordable needs?
 - What do economic forecasts say about jobs growth? Is there evidence that an increase in housing numbers or the location of housing might need to be adjusted to support this?
- 12.7 We work through these tests to consider housing need in Chesterfield Borough herein.

Latest Household Projections

- 12.8 The latest Government household projections are 2011-based 'Interim' Projections which cover the period to 2021. These indicate a need for 236 homes per annum.
- 12.9 As part of this report we have extended these projections over the period to 2031 as recommended in the Planning Practice Guidance. Because of changes in the age structure of the population, this moderately reduces the need for housing to an average of 211 homes per annum over the 2011-31 period as a result of changes to the age structure of the population.

Has Household Formation been Suppressed?

- 12.10 We next need to consider whether there is any evidence that household formation rates in the projections have been constrained. The rates used in the 2011-based projections are based on trends over the 2001-11 period. A sensitivity analysis around the household formation rates suggests that this could result in an increase in need to 270 homes per annum (using the headship rates in the Government's 2008-based Household Projections). Whilst affordability did worsen in this period, national level research however points to part of the difference in trends recorded in the latest projections reflecting changing household structures associated with demographic changes, in particular international migration. The midpoint between these projections would indicate a need for 240 homes per annum to 2031. Our conclusions below include some allowance for improved household formation moving forwards.
- 12.11 Market signals do not point towards a need for an upward adjustment to housing provision. The HMA has some of the cheapest housing in the region. The median house price in Chesterfield Borough is £120,500. Lower quartile house prices in the Borough were 5.3 times lower quartile incomes in 2012, which is below the national average of 6.6. Furthermore the average age of first-time buyers at 29 is relatively low compared to many areas across the Country.

Will the Household Projections support Economic Growth?

- 12.12 The next factor to consider is the degree to which the household projections will support expected growth in jobs. The demographic-based projections considered above support modest growth in labour supply (0.7% to 2031). The economic-driven projections considered in this SHMA indicating a potentially higher level of housing need of around 345 homes per annum. This would support employment growth of around 3,800 (8%) over the plan period to 2031.

- 12.13 Chesterfield is a larger employment centre, with an above average jobs density. The demographic projections also appear to have been influenced by low past population growth relative to surrounding areas. On this basis we do consider that there is a case for an upward adjustment to housing provision.
- 12.14 However whilst these economic projections for Chesterfield Borough provide some basis for considering adjustments to conclusions on housing provision; the economy operates across a wider area with Chesterfield's travel to work area including parts of North East Derbyshire and Bolsover Districts. The wider evidence does not point towards the economy being a particularly strong driver of the housing market within this HMA as a whole. In particular there is a strong potential to support economic growth through reducing out-commuting to the HMA.

Is Overall Housing Supply capable of Meeting Affordable Housing Needs?

- 12.15 The next relevant issue is the degree to which overall housing supply is capable of meeting the identified needs for affordable housing. The housing needs analysis identifies a net need for 359 affordable homes per annum over the 2013-18 period. This falls to 212 affordable homes per annum if expressed over the plan period to 2031. The analysis also indicates that the affordable housing need is sensitive to the proportion of income which households might spend on housing.
- 12.16 This provides an indication of the level of affordable housing provision which would be necessary if all households in housing needs were allocated an affordable home. In reality, the evidence suggests that based on current housing market dynamics, the private rented sector meets the needs of around 289 households per annum.
- 12.17 Overall the affordable housing needs evidence does not provide clear evidence that overall housing provision needs to be adjusted upwards; although it does demonstrate a continuing need to deliver affordable housing within the Borough.

Drawing the Analysis Together

- 12.18 Drawing the analysis together we consider that an objective assessment of full need for housing, based on the evidence presented, would equate to between 240-300 homes per annum. The lower end of this range reflects the demographic projections (the PROJ 1 figures assuming that household formation falls between the 2008 and 2011 headship rates). The higher end of this projection range is based on seeking to more positively support economic growth. The economic-driven projections provide a further upside and higher housing provision still could be justified on the basis of supporting economic growth.

- 12.19 The Council's Core Strategy makes provision for 7,600 dwellings over the 2011-31 plan period (380 homes per annum). This level of provision proposed exceeds the objectively assessed need for housing established herein. This would be supported by the emphasis in paragraph 47 in the NPPF on boosting housing supply, and can also be expected to support economic regeneration within the Borough. In particular this recognises that enhanced employment growth, particularly through delivery of development at Markham Vale, could create additional demand for housing.
- 12.20 The homes-jobs balance is however a relevant consideration, and it will be important to monitor the balance between jobs growth and changes in the size of the resident labour force over the plan period.
- 12.21 The SHMA recommends that the Council continues to collaborate as appropriate with other neighbouring local planning authorities, including the relevant parts of the Sheffield city Region, in considering issues related to housing provision.

Affordable Housing Policy

- 12.22 An assessment of housing need is a statutory requirement to support affordable housing policies. Its purpose is to establish that the 'need' for affordable housing cannot be met by existing or planned supply, and hence that there is an additional requirement for affordable housing.
- 12.23 The Housing Needs Analysis indicates that there is a significant net need for 359 affordable homes per annum between 2013 and 2018.
- 12.24 This provides an indication of the level of affordable housing provision which would be necessary if all households in housing needs were allocated an affordable home. In reality, the private rented sector currently plays some role in addressing the shortage of affordable housing.
- 12.25 Core Strategy Policy CS11 seeks provision of up to 30% affordable (and where appropriate special needs) housing provision on sites of 15 or more dwellings (including phases of sites as applicable). This was informed by the Council's Affordable Housing Viability Assessment.
- 12.26 This Policy requires affordable housing provision on schemes brought forward by private developers. Higher levels of affordable housing provision may be achieved on some development schemes supported by funding through the National Affordable Housing Programme or on sites owned by Registered Providers or other public sector land.

- 12.27 The housing needs analysis suggests the net housing need is as follows: 74% of net housing need is for social / affordable rented homes (priced at below 80% of market rents, inclusive of service charge), whilst 24% of need could be met by products priced at or above 80% of market rents.
- 12.28 Increased delivery of affordable rented homes might aid development viability in some circumstances (or allow funding for schemes to be secured) although this needs to be balanced against what local households can afford.
- 12.29 The analysis indicates limited potential for shared ownership or equity housing to contribute to meeting housing need. Just 2% of the net need identified is for intermediate equity-based projects (from households who would not be able to afford to rent privately without support). However these products may be more viable to deliver and could play a wider role in helping young households (many of which are living in the PRS) in getting on the housing ladder. This would be a policy decision and should be considered in setting affordable housing policies. The Council should monitor sales of shared ownership and shared equity homes over time to assist in establishing effective demand for these products.
- 12.30 On the basis of our analysis we would recommend that the affordable housing tenure mix is set as follows:
- R1: The Council should establish a policy for the mix of affordable housing within its Local Plan or through a SPD. This Study would support a policy seeking 90% of affordable housing as social and affordable rented housing; and 10% intermediate (equity-based) affordable housing.**
- 12.31 To consider the mix of affordable homes of different sizes sought on new development schemes, we have drawn together information on housing need, as well as the existing supply and turnover of properties. We have also considered issues related to the management of the existing housing stock. Our recommendations are set out on this basis:
- R2: the Council should consider a strategic policy target seeking for 25-30% of new affordable homes to comprise 1-bedroom homes, 35-40% 2-bedroom homes, 20-25% 3-bedroom homes and 10-15% with 4 or more bedrooms.**
- 12.32 The needs evidence points towards a surplus of 1-bed affordable housing in Staveley and the Eastern Villages; and we would thus expect the focus of provision to be more towards properties with two- or more bedrooms in this area.
- 12.33 This should be regarded as a strategic long-term policy. In applying the policy to individual development schemes it should be considered alongside information on the current profile of

lettings and households on the Council's Housing Register at a more local level at the point in time when planning consent is sought.

- 12.34 In regard to levels of need for different sizes of properties and the management of the affordable housing stock we would recommend that the Council monitors trends in right-to-buy sales. Moving forward we would also expect the Government's proposed changes to Housing Benefit to result in an increase in households looking to move home, and potentially seeking smaller accommodation. The Council should also monitor the impact which this has.

R3: the Council should monitor changes to the stock and need for different sizes of property, taking account in particular of right-to-buy trends and the impact of benefit reforms introduced by National Government. This should inform negotiations regarding affordable housing in new development schemes in line with a plan, monitor and manage approach.

Private Rented Housing

- 12.35 The number of households living in the Private Rented Sector increased by 92% in Chesterfield Borough between 2001-11¹². The sector plays an important role in meeting housing demand and need, and supporting dynamism within the overall housing market.
- 12.36 Currently over 2,000 households in the Private Rented Sector in the Borough are in receipt of Local Housing Allowance. There is potential for the sector to continue to play a strong role in meeting housing need and the Council already has good links with landlords.
- 12.37 There is also a clear role for policy to seek to encourage investment and improve standards within the Private Rented Sector. The Council already has an important enforcement role and is working with sub-regional partners to promote standards through the East Midlands Landlords Accreditation Scheme.

Housing Delivery

- 12.38 We are starting to see the housing market pick up at a national level, supported by an increased range of mortgage deals available and the Government's Help-to-Buy scheme. However the evidence more locally does not point towards any notable improvement in sales in Chesterfield Borough during the course of 2013.
- 12.39 In Chesterfield Borough, 23% of households who are not current home owners have no savings. Only 17% of non-owners have more than £5,000 in savings (which could in theory be put towards a deposit for a home). 2.5% of owner occupiers are in negative equity.

¹² Based on households classified as either in private rented homes or living rent free

12.40 An improving economy will be important to supporting housing market recovery. We would expect levels of housing transactions to improve gradually, returning to pre-2007 levels only from 2016-18 onwards.

12.41 While macro-economic factors will play a primary role in affecting levels of housing delivery, the Council can take a number of steps to ensure that barriers to housing delivery are limited and through proactive measures to support delivery in key circumstances.

R4: The Council should continue to work to bring forward its Sites and Boundaries DPD and the Staveley and Rother Valley Area Action Plan, to provide policy certainty which will help support housing delivery.

R5: The Council should continue to take a proactive role in helping to bring forward key development schemes, particularly where there are public sector land assets, or where it can have an enabling role.

12.42 The Council may also want to consider how it engages with developers through pre-application discussions and exercises policy flexibility where appropriate to support housing delivery where the development scheme is compliant with wider policies in the Development Plan.

12.43 The Government has also recently introduced a Mortgage Indemnity Scheme for new-build homes, whereby the Government will underwrite an equity loan for up to 20% of the value of the property. This aims to support first-time buyers in getting on the housing ladder. The Council may wish to signpost and help publicise this scheme – the 'Help-to-Buy'.

12.44 In the longer-term, supporting sustainable economic growth will play a key role in influencing housing demand within the Borough. There is a clear case for economic regeneration to provide more jobs, as well as higher paid employment opportunities, locally. We would expect the delivery of employment growth at Markham Vale to be an important component to this.

Overall Housing Mix and Densities

12.45 The analysis within this report, which relates to demographic change and affordable housing needs modelling indicates that:

R6: the Council should consider a strategic policy target seeking for 5-10% of new market homes to comprise 1-bedroom homes, 35-40% to comprise 2 bed homes, 35-40% to comprise 3 bed homes and 15-20% to comprise 4 or more bed homes.

12.46 This takes account of both local need and the potential for delivery of larger aspirational housing which helps to diversify the housing mix in the Borough and to support economic regeneration and

reduce in-commuting of higher earners. There is however a policy decision to be made here, whereby if the Council wishes to focus more specifically on meeting local needs the mix of market housing needed would be focused slightly more towards two- and three-bedroom homes than that shown, with lower expected delivery of homes with or more bedrooms.

- 12.47 The intention is that this is a strategic target against which delivery can be monitored rather than one which is applied to every site. The proposed requirement for affordable housing by size is set out in R2.
- 12.48 To be clear, we do not however consider it appropriate to set out specific policies regarding the mix of market housing sought. Neither the NPPF nor the SHMA Guidance indicate that specific policies regarding the mix of market housing should be established. We consider that the market is best placed to judge what will sell on individual development schemes. However the Council should monitor housing delivery against the mix of market housing identified in this report.

Meeting the Needs of Specific Housing Groups

- 12.49 A quarter of households in the Borough contain older persons. The number of households including people of pensionable age is expected to increase by a very substantial 4,200 to 2031 (an increase of 36%). This may create significant demand for specialist accommodation. It is likely to support demand for bungalows and could potentially support some increase in need for affordable housing. Furthermore, without intervention the number of households' under-occupying homes can be expected to increase by 1,400. Provision of housing targeting older age groups can help to release family homes for other groups.
- 12.50 It will be important over the next 20 years that the Council continues to plan to meet the housing needs of a growing older population, including through supporting adaptations to existing properties (within the context of available funding), through provision of floating support (working with Derbyshire County Council) and through supporting development of specialist housing (including both public and private sector provision). Specialist housing should include extra care. Therefore:
- R7: Working with other local authorities at the HMA level, the Council should continue to proactively plan to meet the housing needs of older people.**
- 12.51 Currently 28% of households have support needs. The most common support needs are in maintaining a home, installing level access showers or handrails. Demographic trends are expected to lead to a growth in the number of households with support needs by 2,100 over the next 18 years to 2031. Housing support services, including provision of adaptations to properties, will need to be adequately resourced to take account of this.

12.52 Drawing on data from the Nottinghamshire and Derbyshire Disabled Person's Housing Needs Study it is estimated that there is a need for between 620 – 1165 homes to meet the needs of people with physical disabilities. Against this backdrop we would recommend that the Council:

- Promotes choice and control for people with disabilities- including providing opportunities for independent living;
- Delivers housing services as part of an integrated package of health and social care
- Maintains an up-to-date record of properties with different adaptations (and a record of the demand for such homes);
- Provides services for disabled people who are homeless (noting for example that having a physical disability is not necessarily a mandatory priority need reason for rehousing); and
- Ensures that people with disabilities are not disadvantaged when bidding for properties through Choice-Based Lettings.

12.53 The housing needs analysis also highlights a high number of lone parent households in housing need. The Council may wish to consider how the needs of this group are addressed through its Allocations Policy.