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Derby and South Derbyshire Local Housing Needs Assessment

Final Report

Iceni Projects Limited and Justin
Gardner Consulting on behalf of
Derby City Council and South
Derbyshire District Council

December 2023

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**Derby and South Derbyshire Local
Housing Needs Assessment**
FINAL REPORT

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1. EXECUTIVE SUMMARY

- 1.1 This Local Housing Needs Assessment (LHNA) is prepared by Icen Projects on behalf of Derby City Council (DCC) and South Derbyshire District Council (SDDC). It aims to analyse the housing markets and requirements within each of the authority areas and ultimately determine the overall housing need for each area.

Housing Stock

- 1.2 At 112,000 dwellings Derby has the highest number of dwellings in the Derby Housing Market Area (HMA) accounting for over 50% of all stock. South Derbyshire (47,500 dwellings) sees the lowest number of dwellings in the HMA but has seen the highest absolute and percentage increase since 2011.
- 1.3 New build housing delivery in South Derbyshire has much increased over time, particularly since 2017/18 and now regularly exceeds that of Derby. This includes delivery of homes in South Derbyshire which were planned to meet the City's unmet need.
- 1.4 Census data suggests the percentage of vacant dwellings in both Derby (5.6%) and South Derbyshire (4.9%) are below the national figure (6.0%). Although Council Tax data suggests this figure could be even lower (2.7% in both areas).
- 1.5 Derby sees the lowest percentage of owner-occupation at 59% and the highest percentage of households renting with 18.8% in social rental and 21.3% in the private sector. South Derbyshire sees the highest proportion of owner-occupiers at 74.5%.
- 1.6 Private renting has increased significantly in all areas likely a factor of worsening affordability, where many households can rent a property but are not able to buy. Although the affordability of PRS homes is becoming increasingly challenging.
- 1.7 Derby sees a much higher proportion of flats than South Derbyshire, with South Derbyshire seeing a much higher proportion of detached dwellings.
- 1.8 Derby has a low proportion of dwellings which are under-occupied (33.4%) and a high level of properties that are over-occupied (5%).
- 1.9 By comparison, South Derbyshire sees the highest amount of under-occupation at 46.4% and the lowest of over-occupation at 1.5% of all the areas examined.

Housing Market Dynamics

- 1.10 In the year to September 2022, the median house prices in Derby and South Derbyshire were £188,000 and £230,000 respectively.
- 1.11 The relatively lower property prices in Derby compared to South Derbyshire and Amber Valley (which is part of the HMA but not covered within this study) will in part be an effect of the stock size.
- 1.12 Since 2002, Derby (189%) has seen the fastest rate of house price growth amongst the assessed areas, with South Derbyshire seeing an increase of 174%.
- 1.13 The number of house sales jumped between 2020 and 2021, most likely a result of the post Covid-19 Stamp Duty Holiday introduced to boost the housing market at that time. This has now largely returned to normal.
- 1.14 Affordability has worsened over time with the City's affordability at 5.21 and 7.45 in South Derbyshire. Recently affordability ratios in most areas have improved, however, Derby has not seen this improvement with property prices increasing overall and wages decreasing (from £40,400 in 2020 to £36,100 in 2022).
- 1.15 In the Private Rented Sector, median costs for Derby are slightly below those for the East Midlands with South Derbyshire sitting slightly higher.
- 1.16 Rents have been increasing consistently in Derby with South Derbyshire seeing lower growth. As a result, the gap in rents between the City and South Derbyshire has narrowed. However, this presents some severe challenges for those in the PRS particularly those that are benefit-dependent as LHA rates have not kept track.
- 1.17 The number of people supported by housing benefits in both areas jumped during the Covid-19 lockdown. Although the number of claimants has now dropped, it remains above pre-covid levels.

Housing Need

- 1.18 **The current Standard Method therefore generates a minimum local housing need for Derby and South Derbyshire as follows:**
- **Derby – 1,266 dwellings per annum**
 - **South Derbyshire - 522 dwellings per annum**

- 1.19 These numbers include the 35% urban area uplift in Derby, which is a government policy to direct housing delivery to those areas seen as being most sustainable.
- 1.20 We have also examined the potential impact of the Freeport at East Midlands Intermodal Park and we do not consider that it justifies a higher housing need across the study area.
- 1.21 Revised mid-year population estimates suggest the 2014-based projections slightly underestimated population growth. However, the scale of difference, both overall and for individual authorities is not at all substantial and would be unlikely to have a notable impact on projections.
- 1.22 Comparisons of the 2014 projections against the 2011 and 2021 census shows that ONS population projects had underestimated the study area population in 2021 by 7.4%. However, the data points to population growth having been weaker in Derby than projected but stronger for South Derbyshire – arguably exceptional at an individual authority level and pointing to a potentially different distribution of demographic trends and therefore housing need.
- 1.23 Overall, this is not considered to be ‘exceptional’ – as nationally the same trend has been seen with both mid-year population estimates sitting below the 2014-SNPP figures – albeit in the opposite order.
- 1.24 Patient Register (PR) data for the whole of the study area shows an increase in the number of people on the PR of 35,100 over the 9 years, compared with 22,500 in the Mid-Year Estimates (MYE). This finding does not change the overall conclusion that there is no clear exceptional circumstance across the study area but demographic trends look to have shifted across the two areas. This is likely to reflect South Derbyshire's role in meeting the needs of the City hence the higher growth in the former and slower growth in the latter.
- 1.25 Census data on household changes also shows stronger growth than projected in South Derbyshire but a much lower level for Derby. This is not considered to be an exceptional finding, although there does appear to have been a shift in trends towards South Derbyshire and away from Derby.
- 1.26 Lower household growth is likely to be partly due to reductions in household representative rates in younger age groups (due to affordability challenges). A higher number of housing completions in South Derbyshire is likely to impact this also.
- 1.27 The analysis suggests that there are no exceptional circumstances to deviate from the Standard Method, It has therefore been used to calculate housing need for the City and District and it is worthwhile looking at how the population might change if providing this level of homes.

- 1.28 A projection has been developed showing a population increase of around 56,800 people associated with this level of housing growth in the 2022-39 plan period.
- 1.29 Population growth is shown in all age bands with the strongest numerical growth projected for the 16-64 age group, but in proportional terms, the increase in the number of people aged 65 and over is most significant – there is projected to be a more modest increase in the number of children.
- 1.30 The projection linked to the Standard Method results in growth in the economically active population of 30,000 people – a 16% increase – growth is particularly strong in Derby.
- 1.31 Overall, it is estimated that over 31,000 additional jobs could be supported by the changes to the resident labour supply over the 2022-39 period across the two local authorities.

Affordable Housing Need

- 1.32 Analysis has been undertaken to estimate the annual need for social/affordable rented accommodation (based on households unable to buy or rent in the market) and the need for affordable home ownership (AHO) – this includes housing for those who can afford to rent privately but cannot afford to buy a home.
- 1.33 When looking at needs from households unable to buy OR rent, the analysis suggests a need for 672 affordable rental homes per annum in Derby City and 214 in South Derbyshire.
- 1.34 Despite the level of need, it is not considered that this points to any requirement for the Councils to increase the Local Plan housing requirement due to affordable needs.
- 1.35 That said, the level of affordable need does suggest the Councils will need to seek to maximise the delivery of such housing at every opportunity.
- 1.36 The analysis suggests there will be a need for both social and affordable rented housing – the latter will be suitable particularly for households who are close to being able to afford to rent privately and possibly also for some households who claim full Housing Benefit.
- 1.37 However, it is clear that social rents are more affordable and could benefit a wider range of households. This tenure could therefore be prioritised where delivery does not prejudice the overall delivery of affordable homes.
- 1.38 When looking at Affordable Home Ownership (AHO) products, the analysis identifies a gross need for 404 and 196 dwellings in Derby and South Derbyshire respectively. The analysis is less conclusive about the scale of the net need with one scenario suggesting a negative need. What is

clear is that the need for AHO products is certainly much lower than the need for rented affordable housing.

- 1.39 The evidence does suggest that many households in Derby and South Derbyshire are being excluded from the owner-occupied sector (as evidenced by increases in the size of the private rented sector). A key issue in both Derby and South Derbyshire is likely about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potential mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy (although this will be an important factor for many households as will the choice to rent).
- 1.40 In deciding what types of affordable housing to provide, including a split between rented and home ownership products, the Councils will need to consider the relative levels of need (which show a much higher level of need for rental than AHO) and also viability issues. This should recognise, for example, that providing AHO may be more viable and may therefore allow more units to be delivered, but at the same time noting that households with a need for rented housing are likely to have more acute needs and fewer housing options).

Housing Mix

- 1.41 Analysis of the future mix of housing required takes account of demographic change, including potential changes to the number of family households and the ageing of the population.
- 1.42 The proportion of households with dependent children in Derby and South Derbyshire is fairly average (when compared with national data) with around 29% of all households containing dependent children in 2021 (compared with around 28% regionally and 29% nationally).
- 1.43 The Census highlights notable differences between different types of households, with married couples (with dependent children) seeing a high level of owner-occupation, whereas lone parents are particularly likely to live in social or private rented accommodation.
- 1.44 There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability.
- 1.45 The analysis linked to future demographic change concludes that the following represents an appropriate mix of affordable and market homes, this takes account of both household changes and the ageing of the population – the analysis also models for there to be a modest decrease in levels of under-occupancy (which is notable in the market sector).

- 1.46 In all sectors, the analysis points to a particular need for 2-bedroom accommodation, with varying proportions of 1-bedroom and 3+-bedroom homes. For rented affordable housing there is a clear need for a range of different sizes of homes, including 35% to have at least 3 bedrooms. Our recommended mix for both Derby and South Derbyshire is set out below. Although there are some differences between the two areas, the general pattern of need is concluded to be similar and this can applied across both areas.

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	5%	35%	40%	20%
Affordable home ownership	15%	45%	30%	10%
Affordable housing (rented)	30%	35%	25%	10%

- 1.47 The strategic conclusions in the affordable sector recognise the role that delivery of larger family homes can play in releasing a supply of smaller properties for other households.
- 1.48 Also recognised is the limited flexibility which 1-bedroom properties offer to changing household circumstances, which feed through into higher turnover and management issues.
- 1.49 The conclusions also take account of the current mix of housing by tenure and the size requirements shown on the Housing Register.
- 1.50 The mix identified above could inform strategic policies although a flexible approach could be adopted. For example, in some areas, Registered Providers find difficulties selling 1-bedroom affordable home ownership (AHO) homes and therefore this might be better provided as 2-bedroom accommodation. That said, this report also highlights potential difficulties in making (larger) AHO genuinely affordable.
- 1.51 Additionally, in applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.
- 1.52 The Councils should also monitor the mix of housing delivered and respond accordingly.
- 1.53 Given the nature of the area and the needs identified, the analysis suggests that the majority of units should be houses rather than flats although consideration will also need to be given to site-specific circumstances (which may in some cases lend themselves to a particular type of development – particularly in Derby).

- 1.54 There is potentially a demand for bungalows, although realistically significant delivery of this type of accommodation may be unlikely due to land take up at low density. This is particularly the case in Derby.
- 1.55 It is however possible that delivery of some bungalows might be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into family use. There will also be demand from younger families with a particular need.

Older and Disabled People

- 1.56 The data shows that Derby and South Derbyshire have a fairly average age structure when considering older people with Derby having higher levels of disability compared with the national average.
- 1.57 The older person population shows high proportions of owner-occupation, particularly outright owners who may have significant equity in their homes (77% of all older person households are outright owners in Derby and 83% in South Derbyshire).
- 1.58 The older person population is projected to increase notably moving forward (particularly the very old). An ageing population means that the number of people with disabilities is likely to increase substantially.
- 1.59 Key findings for the 2022-39 period include:
- a 41% increase in the population aged 65+ (potentially accounting for approaching half of total population growth);
 - a 51% increase in the number of people aged 65+ with dementia and a 47% increase in those aged 65+ with mobility problems;
 - a need for up to 2,300 housing units with support (sheltered/retirement housing) – mostly within the market sector;
 - a need for around 1,700 additional housing units with care (e.g. extra-care) – the majority (around 60%) in the market sector;
 - a need for additional residential and nursing care bedspaces (up to 1,400 in the period); and
 - a need for up to 2,800 dwellings to be for wheelchair users (meeting technical standard M4(3)).

- 1.60 This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair-user dwellings as well as providing specific provisions of older persons' housing.
- 1.61 Given the evidence, the Councils could consider (as a starting point) requiring all dwellings (in all tenures) to meet the M4(2) standards (which the government are consulting on in any case) and where viability allows around 5% of homes meeting M4(3) – wheelchair user dwellings in the market sector (a higher proportion of around a tenth in the affordable sector).
- 1.62 Where the authority has nomination rights M4(3) would be wheelchair-accessible dwellings (constructed for immediate occupation) and in the market sector, they should be wheelchair-user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user).
- 1.63 It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy could be applied flexibly.
- 1.64 In framing policies for the provision of specialist older persons accommodation, the Councils will need to consider a range of issues. This will include the different use classes of accommodation (i.e. C2 vs. C3) and requirements for affordable housing contributions (linked to this the viability of provision).
- 1.65 There may also be some practical issues to consider, such as the ability of any individual development being mixed tenure given the way care and support services are paid for).

Supported Exempt Accommodation

- 1.66 Support Exempt Accommodation (SEA) is accommodation with support which is exempt from the rules that normally limit the amount of rent covered by housing benefit or universal credit.
- 1.67 Within Derby, there are 44 SEA housing providers with 396 SEA properties which have around 1,334 bedspaces. There has been a significant growth in SEA which has both financial and qualitative impacts on the City. By comparison, Council data suggests that there are currently around 950 live Housing Benefit claimants requiring support.
- 1.68 The supply of 1,334 bedspaces against a need for 950 suggests a surplus of SEA in the City of around 400 bedspaces. However, the supply is theoretical as not all is taken up by benefit claimants requiring support.
- 1.69 Indeed, according to the Council, most of the accommodation from their preferred providers is full. There is also a known mismatch between supply typologies and demand.

- 1.70 Anecdotally the majority of SEA is taken up by under 40s and the largest groups are those with mental health issues and/or problems with addiction to drugs and alcohol.
- 1.71 The reported lack of supported accommodation and the known lack of affordable housing for move-on space also necessitates the delivery of further supply.
- 1.72 In advance of the Supported Accommodation Act, the Council may wish to carry out a review of SEA in the City and publish a “Supported Housing Strategy” (SHS). This would detail a single point of entry/contact for SEA providers and also set standards for housing and support in advance of the licensing regulations.

Housing in Multiple Occupation (HMOs)

- 1.73 Data relating to HMOs is incomplete as not all HMOs are required to be licenced. According to the 2021 Census, there are 2,702 multi-person households in the City excluding all student households. However, this will include smaller households with less than 3 people that are not technically HMOs
- 1.74 The number of licenced HMOs in the City is 635 which combined have a capacity for over 4,300 beds. The most common locations are the Arboretum, Abbey and Darley wards.
- 1.75 The price of rooms to rent in the City has increased by 51% since 2014. This is a faster rate of growth than for any other size of home or the equivalent rental growth for rooms in the region and nation.
- 1.76 According to local agents, the HMO market has changed significantly in the last year with many landlords exiting the market. As a consequence supply is low while demand is increasing. However, the City Council noted that they are still receiving many applications from small HMOs adding extra rooms to form a large HMO.
- 1.77 The demand for HMOs comes from a range of sources including low-paid workers, post-graduate students and professionals new to the City and working at some of the City’s major employers. In most cases people choose HMOs for financial reasons i.e. they cannot afford studios or one-bedroom homes and therefore they meet an affordable housing need.
- 1.78 HMOs therefore meet a need (including an affordable housing need) and serve an important role in the City’s economy. However, high concentrations of HMOs can lead to an erosion of the character of an area and community cohesion.
- 1.79 Councils have the power, through Article 4 Directions, to better manage such homes. However, such directions cannot be applied across the whole City without justification and we do not believe there is evidence for such a policy.

- 1.80 At the present moment, there are significant numbers of HMOs in the Abbey, Arboretum, Alvaston and Darley Wards and these areas could be considered as a first location for any Article 4 directions.

Needs of Other Specific Groups

Students

- 1.81 The University of Derby has 13,246 full-time students. The majority of these students are accommodated within their own residence (33.2%) or their family home (24.6%).
- 1.82 The Council should consider supporting the University's ambition to grow as it is an important contributor to the local economy. Additional Purpose Built Student Accommodation could also be supported, particularly that owned by the University, to allow for a movement out of HMOs towards specialist accommodation.
- 1.83 In doing so the Council could create a policy which stipulates how the additional PBSA should look and operate and where viable should seek some form of affordable housing contribution.

Self and Custom Build

- 1.84 Since the introduction of the self and custom build register, there has been an annual average of 7 registered expressions of interest in a serviced plot of land in Derby and 13 in South Derbyshire.
- 1.85 The Councils are required to permit this level of custom and self-build plots per annum within three years of the end of each base period. The level of interest should however be monitored and responded to.
- 1.86 As a general principle, the Councils should consider supporting the submission and delivery of self-build and custom housebuilding sites, where opportunities for land arise and where such schemes are consistent with other planning policies.

Service Personnel

- 1.87 There are no military establishments in Derby or South Derbyshire and the most recent Ministry of Defence (MOD) statistics suggest that there are no military and 60 civilian MOD personnel stationed in Derby and none in South Derbyshire. This suggests that there is no need to develop a specific policy addressing their need.

Homeless Households

- 1.88 An average of 242 households approach Derby City Council and 63 South Derbyshire per quarter as they are either homeless or threatened with homelessness.

1.89 The top 3 causes of homelessness are: family or friends are no longer willing to accommodate, the end of a Private sector tenancy and domestic abuse. Many of those households presenting themselves as homeless have multiple or varied support needs.

BAME

1.90 In total, the Black and Minority Ethnic (BAME) population accounts for 25% of the population in Derby and 7% in South Derbyshire.

1.91 Only the White and Asian ethnic groups see above the local authority average of people living within owner-occupied dwellings in Derby and South Derbyshire although the latter also includes the “other” groups.

1.92 the proportion of owner-occupied dwellings has decreased in both Derby and to a lesser degree South Derbyshire, splitting this down to ethnic groups shows that the largest drops have been within the Black and White groups.

1.93 In both areas, only the White ethnic group is below the city or district-wide figure of over-crowding. Overall, the level of over-crowding has improved although the only ethnic group which has seen an increase in over-crowding is the Black and Black British group and this is the case in both Derby and South Derbyshire.

1.94 This may partly be a factor of cultural differences surrounding how ethnicities live, where multi-generational living is more common and therefore the number of people living in one dwelling is higher through choice. It may also be a factor of cost with many groups being unable to afford accommodation to meet their need.

1.95 A noted feature of the property market in many cities is the need for larger properties for multi-generational families. Analysis of planning permission data relating to home extensions indicates that there may be a need for larger dwellings to suit multi-generational living. However, the existing stock can also be better used by providing additional suitable accommodation for older households to downsize.

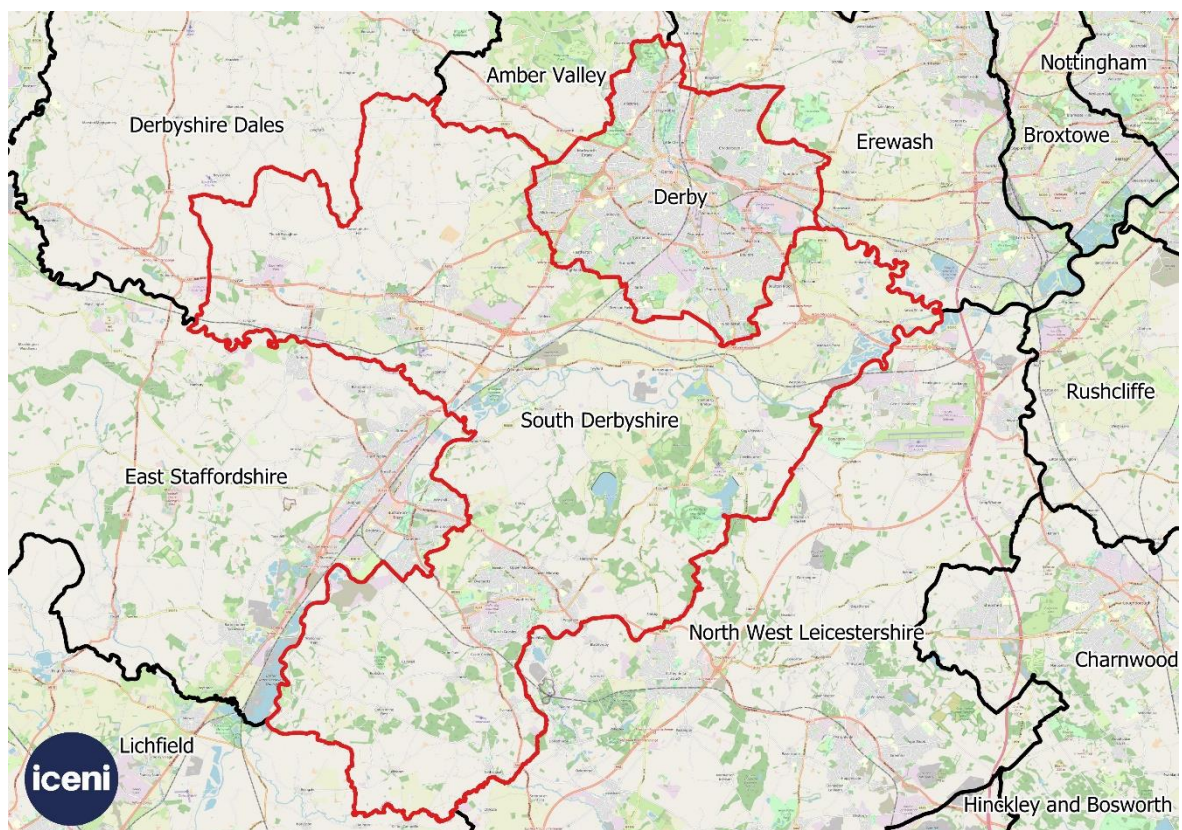
2. INTRODUCTION

- 2.1 This Local Housing Needs Assessment (LHNA) is prepared by Icen Projects on behalf of Derby City Council (DCC) and South Derbyshire District Council (SDDC). It aims to analyse the housing markets and requirements within each of the authority areas and ultimately determine the overall housing need for each area.
- 2.2 The focus of the LHNA is on understanding housing need. However, there is an important context to considering this, which includes each area's existing housing offer, the socio-economic characteristics of the population and geographical location.

Geography

- 2.3 This report considers both Derby City and its neighbouring local authority South Derbyshire. Both are located in the East Midlands region of England and are part of the wider Derby Housing Market Area (HMA), which also includes Amber Valley district.

Figure 2.1 - Location of Derby and South Derbyshire



- 2.4 South Derbyshire lies to the south of the City and includes the town of Swadlincote. Both authorities share borders with Erewash and Amber Valley to the north. Derbyshire Dales lies to the north west

of South Derbyshire with North West Leicestershire to the east, South Staffordshire to the west and Lichfield to the southwest.

Policy Context

- 2.5 Derby adopted the Derby City Local Plan Part 1 in January 2017, it covers the period 2011 to 2028 and makes provision in the City for 11,000 new homes (minimum) and 199 ha of new employment land within the City's Boundary.
- 2.6 The Plan acknowledges that the full extent of Derby's housing need (16,388 new dwellings) up to 2028, will not be able to be fully met within the City boundary, as such paragraph 5.6.4 states that *"South Derbyshire District Council and Amber Valley Borough Council have identified land for the residual dwellings to meet Derby's assessed need in their respective plans"*
- 2.7 South Derbyshire adopted their Local Plan Part 1 in June 2016 and Part 2 in November 2017. Part 1 of the Plan concerns strategic elements whereas Part 2 considers non-strategic housing allocations and development management policies. The Plan also covers the period from 2011 to 2028.
- 2.8 Policy S1 details a Sustainable Growth Strategy for the district and aims to build at least 12,618 dwellings within the plan period. Of these dwellings c. 9,000 are intended to meet the district's own housing need with the remaining c.3,000 to meet Derby City's residual need.

3. CURRENT HOUSING STOCK

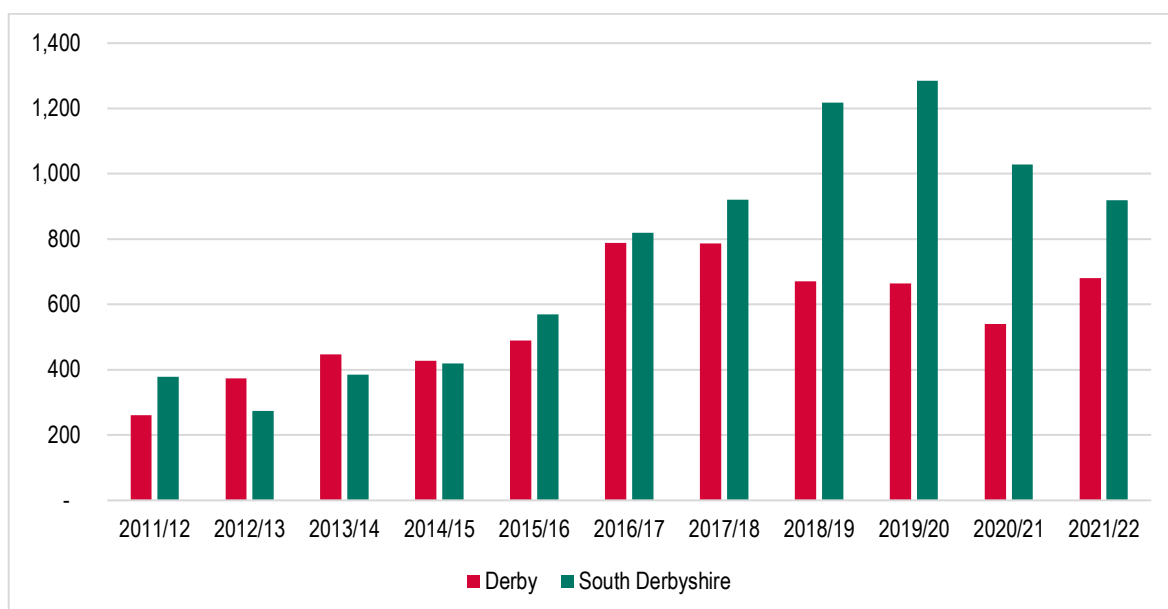
- 3.1 This section of the report considers the existing housing stock in Derby, South Derbyshire and the wider Derby Housing Market Area (HMA).
- 3.2 Derby has the highest number of dwellings in the HMA accounting for over 50% of all stock. Given its greater population, this can be expected. South Derbyshire sees the lowest number of dwellings in the HMA but has seen the highest absolute and percentage increase since 2011.

Table 3.1 Number of Dwellings

Area	2011	2021	Net Change	% change
Derby	106,509	111,929	5,420	5.1%
South Derbyshire	40,378	47,565	7,187	17.8%
Amber Valley	54,933	58,812	3,879	7.1%
Derby HMA	201,820	218,306	16,486	8.2%
East Midlands	1,971,514	2,156,646	185,132	9.4%
England	22,976,066	24,927,591	1,951,525	8.5%

Source: Census 2011 and 2021

- 3.3 The figure below shows net completions in each area from 2011/12 to 2021/22. What is clear is that delivery in South Derbyshire has much increased over time, particularly since 2017/18 and now regularly exceeds that of Derby. Delivery in Derby has also increased over time although not to the same extent.
- 3.4 The average delivery over the past 5 years in Derby is 669 dwellings whereas it sits at 1,074 dwellings in South Derbyshire. A large percentage of the homes built in South Derbyshire have been built in areas immediately adjacent to the City and are thus serving that market.

Figure 3.1 Net Dwelling Completions

Source: Local Authority Annual Monitoring Reports

- 3.5 The number of vacant dwellings in an area can be derived by comparing the number of dwellings to the number of households. A level of vacancy is required to ensure there is sufficient churn of stock. Too low a vacancy rate can indicate a constrained supply. Both Derby (5.6%) and South Derbyshire (4.9%) have a lower vacancy rate than England (6.0%) overall.

Table 3.2 Vacancy Rate (2021)

Area	Dwellings	Households	Implied Vacancy Rate
Derby	111,929	105,653	5.6%
South Derbyshire	47,565	45,240	4.9%
Amber Valley	58,812	56,277	4.3%
Derby HMA	218,306	207,170	5.1%
East Midlands	2,156,646	2,037,331	5.5%
England	24,927,591	23,436,085	6.0%

Source: Census 2021

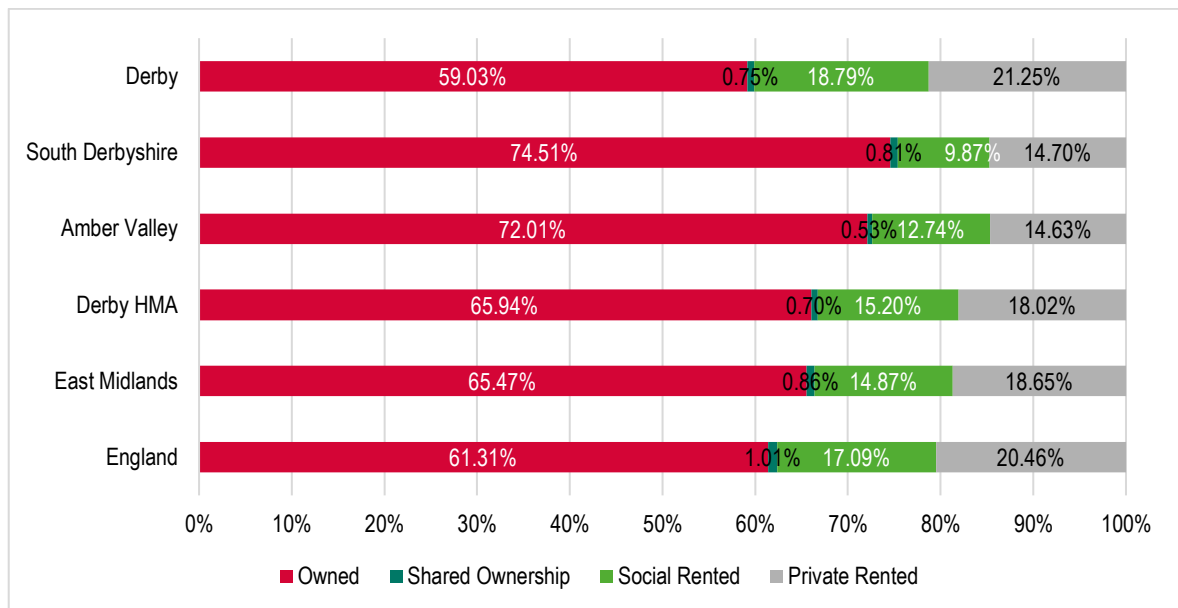
- 3.6 Although it should be noted that Council Tax data suggests that there are only 3,091 vacant dwellings in the City (2.7%) and 1,280 in South Derbyshire (also 2.7%). South Derbyshire's Environmental Health records show just 473 vacancies over 6 months, representing 0.9% of the stock.

Tenure

3.7 The most common tenure types are owner-occupied properties across all areas. Derby and South Derbyshire differ particularly, in owner occupation and renting levels. Derby sees the lowest percentage of owner-occupation at 59%, lower than that of England (61.3%) overall while South Derbyshire sees the highest proportion at 74.5%.

3.8 Conversely, Derby sees the highest percentage of households renting with 18.8% in social rental and 21.3% in the private sector, whereas in South Derbyshire the equivalent figures are 9.9% and 14.7% respectively. These compare to the national figures of 17.1% and 20.5% respectively.

Figure 3.2 Tenure (2021)



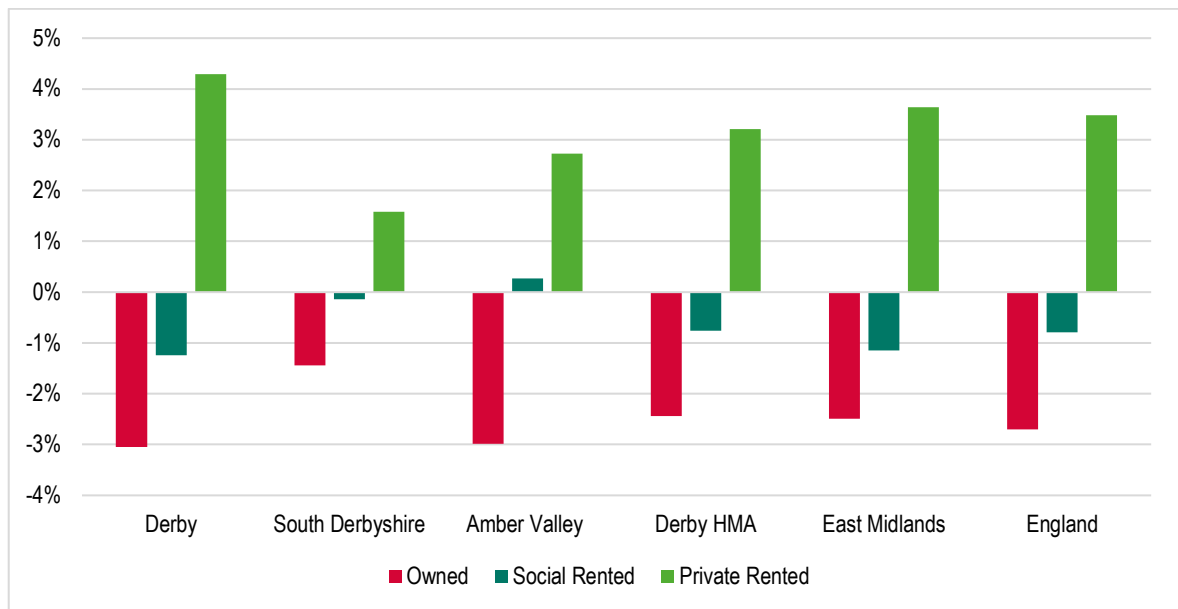
Source: Census 2021

3.9 Analysis of the change in tenure between the 2011 and 2021 Census shows that private renting has increased significantly in all areas, particularly in Derby. This increase in private renting is most likely a factor of worsening affordability, where many households are able to rent a property but not able to buy.

3.10 The shift towards the PRS has also increased demand without a fundamental increase in supply. As a result, there have been more recent challenges with regard to affordability within the sector, although there are a number of Build to Rent schemes in the pipeline¹ which might ease this pressure slightly.

¹ This includes the Condor building, Nightingale Quarter and Castleward developments.

Table 3.3 Change in Tenure 2011-2021 (%)

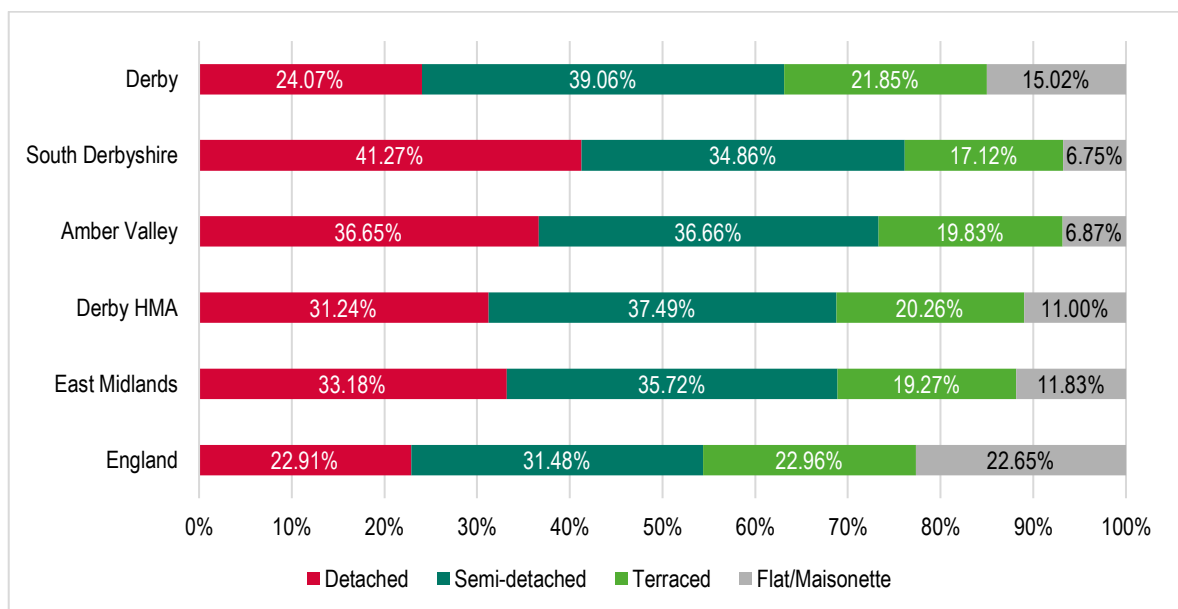


Source: Census 2011 and 2021

Dwelling Type and Size

3.11 Analysis of the type of dwelling in each area shows a clear difference between Derby and South Derbyshire with the latter seeing a much higher proportion of detached dwellings. This will be largely a factor of the small town and rural nature of South Derbyshire which will favour less dense house types such as detached. The opposite is seen in flatted properties which are much more common in Derby (15%) than in South Derbyshire (6.8%), reflective of Derby's denser urban nature.

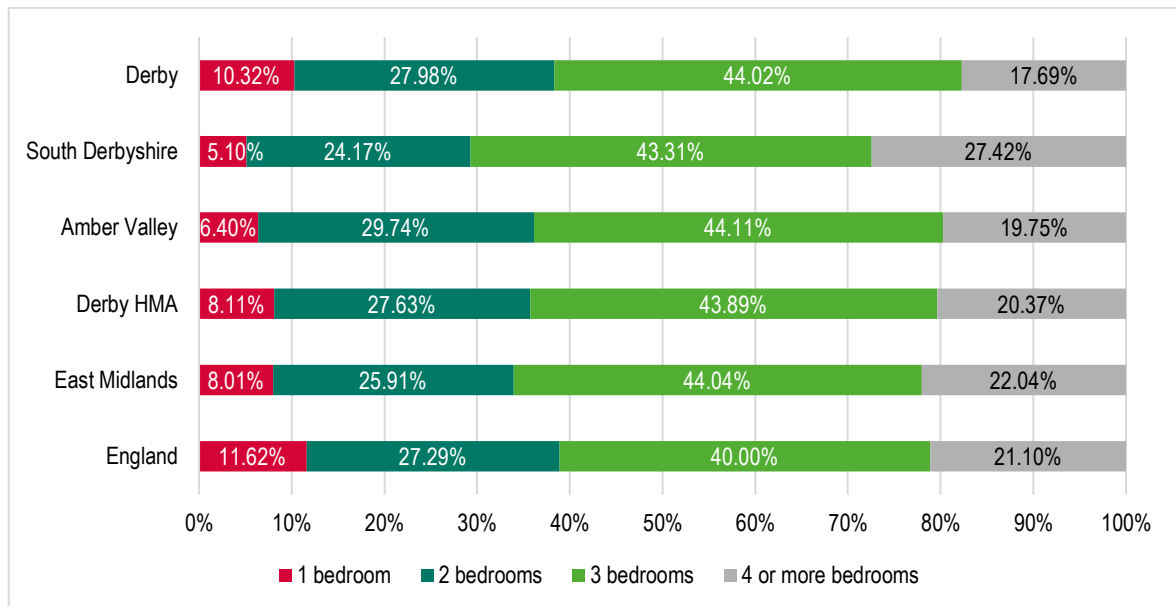
Figure 3.3 - Dwelling type



Source: Census 2021

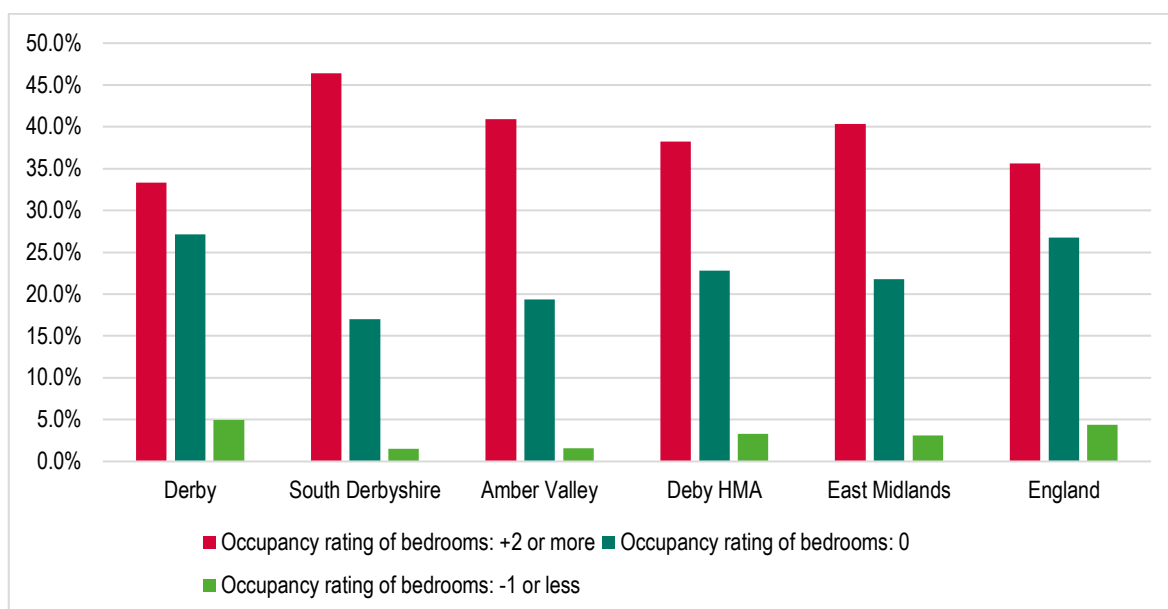
- 3.12 A similar story is seen concerning the size of properties. A total of 27.4% of all dwellings in South Derbyshire have 4 or more bedrooms, much higher than that in Derby of 17.7%. At the smaller end of the spectrum, Derby sees more 1-bed properties at 10.3% compared to 5.1% in South Derbyshire. Given the higher proportion of flats in Derby, it is more likely that there will be a higher number of 1-bedroom properties which are usually flats.

Figure 3.4 - Size of dwelling (Bedrooms)



Source: Census 2021

- 3.13 The Census bedroom occupancy rating standard can indicate how homes are occupied, a positive score of +1 or more indicates that a dwelling is under-occupied (it has one or more bedrooms than the household needs), 0 indicates a dwelling that is at capacity and -1 or less a dwelling that is over-occupied (it has at least 1 bedroom too few than the household needs). For this analysis, we have discounted dwellings with a score of +1. This is to account for properties with spare bedrooms or bedrooms used as home offices.
- 3.14 As shown in the table below, Derby has a low proportion of under-occupied dwellings (33.4%) and a high level of properties that are over-occupied (5%). By comparison, South Derbyshire sees the highest amount of under-occupation at 46.4% and the lowest of over-occupation at 1.5% of all the areas examined.
- 3.15 This can be linked to both the size of homes and also the nature of the population. The higher number of smaller homes in Derby will not help support larger families. Derby also has a high percentage of BME households which are more frequently larger and/or multi-generational. This can lead to a perceived level of over-crowding.

Figure 3.5 - Occupancy Rating (Bedrooms)

Source: Census 2021

Housing Stock - Summary

- 3.16 At 112,000 dwellings Derby has the highest number of dwellings in the HMA accounting for over 50% of all stock. South Derbyshire (47,500 dwellings) sees the lowest number of dwellings in the HMA but has seen the highest absolute and percentage increase since 2011.
- 3.17 New build housing delivery in South Derbyshire has much increased over time, particularly since 2017/18 and now regularly exceeds that of Derby. This includes the delivery of homes to meet the City's unmet need which was part of the planned housing distribution strategy in the current local plans of Derby City and South Derbyshire District Councils, whereby South Derbyshire agreed to meet some 3,013 dwellings of Derby City's need to 2028.
- 3.18 The number of vacant dwellings is lower than in England overall, at 5.6% in Derby and 4.9% in South Derbyshire compared to 6.0% in England.
- 3.19 Derby sees the lowest percentage of owner-occupation at 59% and the highest percentage of households renting with 18.8% in social rental and 21.3% in the private sector. South Derbyshire sees the highest proportion of owner-occupiers at 74.5%.
- 3.20 Private renting has increased significantly in all areas likely a factor of worsening affordability, where many households are able to rent a property but not able to buy. Although the affordability of PRS homes is becoming increasingly challenging.

- 3.21 Derby sees a much higher proportion of flats than South Derbyshire, with South Derbyshire seeing a much higher proportion of detached dwellings.
- 3.22 Derby has a low proportion of dwellings which are under-occupied (33.4%) and a high level of properties that are over-occupied (5%).
- 3.23 By comparison, South Derbyshire sees the highest amount of under-occupation at 46.4% and the lowest of over-occupation at 1.5% of all the areas examined.

4. HOUSING MARKET DYNAMICS

4.1 This section of the report examines housing market dynamics in the HMA in both the purchase and rental markets. Where possible these are compared to the East Midlands and England figures.

House Prices

4.2 In the year to September 2022, the median house prices in Derby and South Derbyshire were £188,000 and £230,000 respectively. Neighbouring Amber Valley sits in the middle of these two figures at £195,000 but all lie below the England average at £275,000 but straddle the East Midlands average of £226,000.

Table 4.1 Median House Prices (Year ending September 2022)

Area	Price
Derby	£188,000
South Derbyshire	£230,000
Amber Valley	£195,000
East Midlands	£226,000
England	£275,000

Source: ONS Median House Price for Administrative Geographies

4.3 The relatively lower property prices in Derby compared to South Derbyshire and Amber Valley will in part be an effect of the stock size. Where Derby is more urban than the surrounding local authorities this will result in more flats and terraces which typically attract lower values.

4.4 Across all types of property, South Derbyshire is more expensive than Derby with prices in Derby c.£20,000 less than in South Derbyshire. However, both Derby and South Derbyshire have lower values than the East Midlands and England.

Table 4.2 Median Price by Type

Area	Detached	Semi	Terrace	Flats	Overall
Derby	£290,000	£190,000	£145,000	£105,000	£188,000
South Derbyshire	£318,497	£210,000	£170,000	£122,500	£230,000
Amber Valley	£290,000	£185,000	£145,000	£134,500	£195,000
East Midlands	£465,000	£215,000	£294,625	£126,000	£226,000
England	£425,000	£260,000	£225,000	£220,000	£275,000

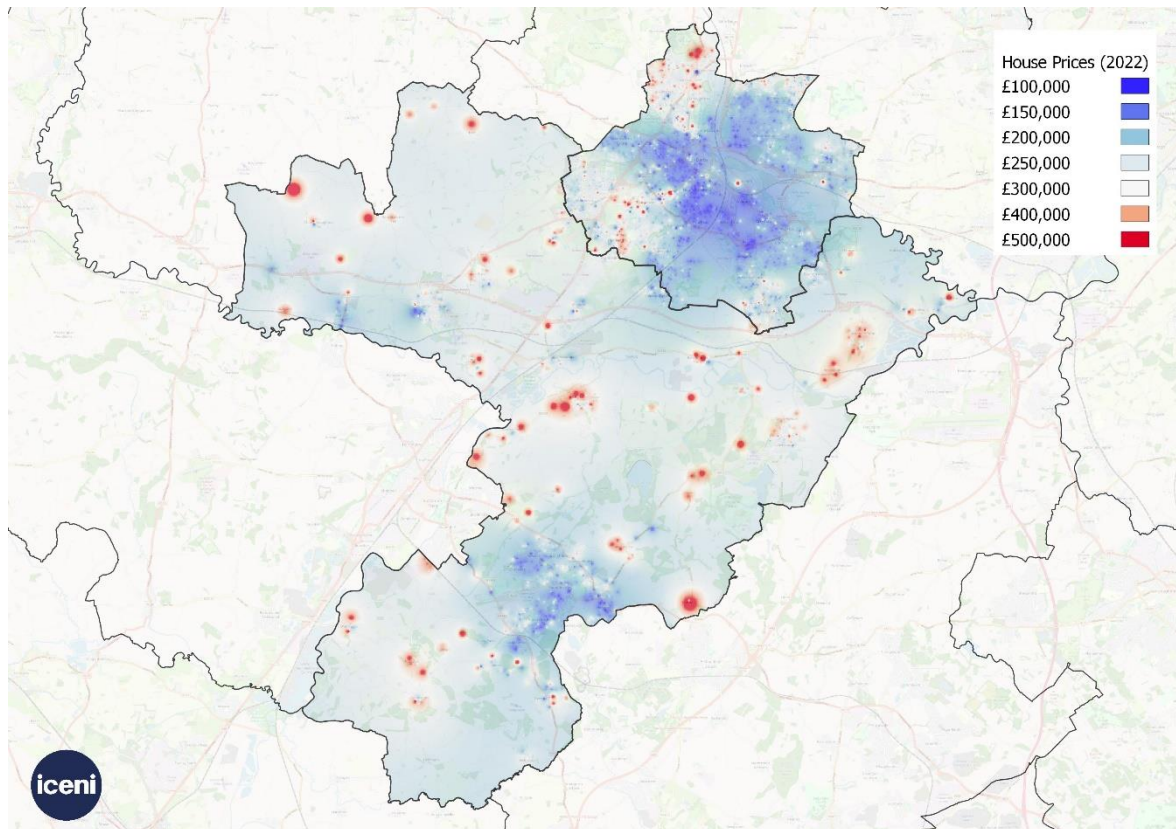
Source: ONS Median House Price for Administrative Geographies

4.5 The Figure below illustrates the spread of property prices across the HMA. Derby is very clearly cheaper than the majority of South Derbyshire with large swathes of the city in a darker blue colour.

South Derbyshire sees lower prices in Swadlincote, unsurprising given that it is the main town of the district.

- 4.6 There are some notably higher values across each area. In Derby Littleover and Darley Abbey see higher prices and in South Derbyshire, Repton has a small concentration of higher prices.

Figure 4.1 - House prices (2022)

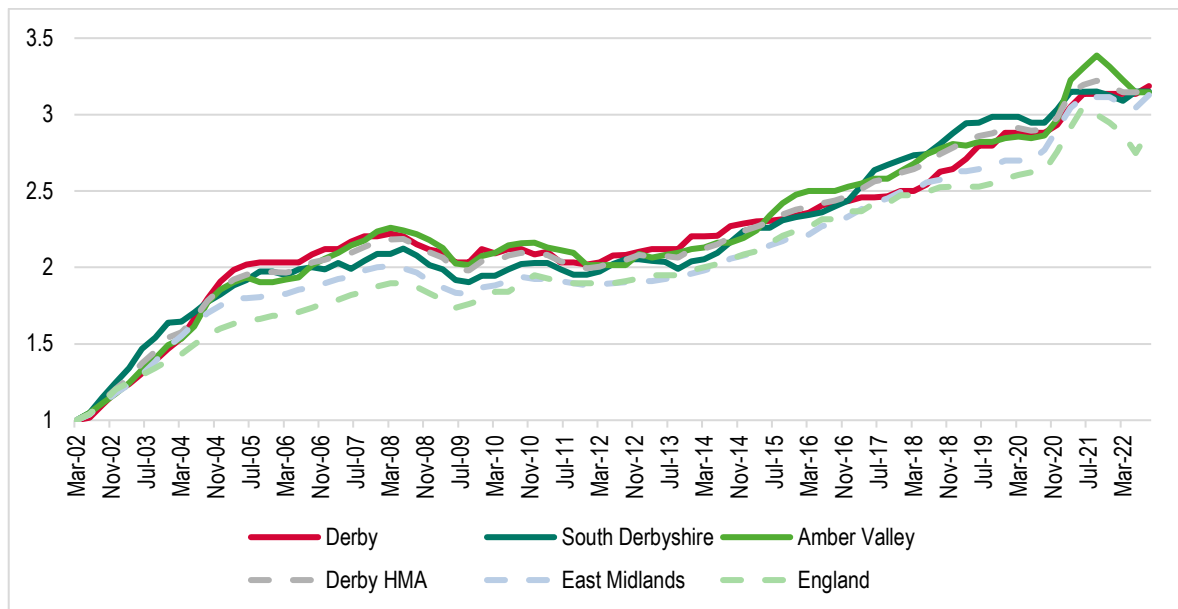


Source: Icen analysis of Land Registry data

House Price Change

- 4.7 Since 2002, Derby (189%) has seen the fastest rate of house price growth amongst the assessed areas, with South Derbyshire seeing an increase of 174%. This is higher than the growth seen in England overall which sits at 159% but is much the same as the East Midlands average at 183%. This higher growth over the long term is likely to reflect the lower starting point in Derby.

Figure 4.2 - Indexed median House Prices over time



Source: ONS, Median House Price for Administrative Geographies

4.8 Most of the growth, in all areas, occurred in the early part of this century with much more modest growth in both areas (53%) since 2012. In the most recent 5 years price growth in South Derbyshire has slowed much more considerably than Derby in both absolute and percentage terms, with a lower percentage change than both the East Midlands and England.

Table 4.3 - House Price Growth

Area	5 Year Change			10 Year Change		
	Absolute Change	% Change	CAGR	Absolute Change	% Change	CAGR
Derby	£42,570	29.3%	5.3%	£65,275	53.2%	4.4%
South Derbyshire	£35,000	17.9%	3.4%	£80,000	53.3%	4.4%
Amber Valley	£35,000	21.9%	4.0%	£70,000	56.0%	4.5%
Derby HMA	£37,523	22.5%	4.1%	£71,758	54.1%	4.4%
East Midlands	£49,005	27.7%	5.0%	£88,538	64.4%	5.1%
England	£45,000	19.6%	3.6%	£93,500	51.5%	4.2%

Source: ONS, Median House Price for Administrative Geographies

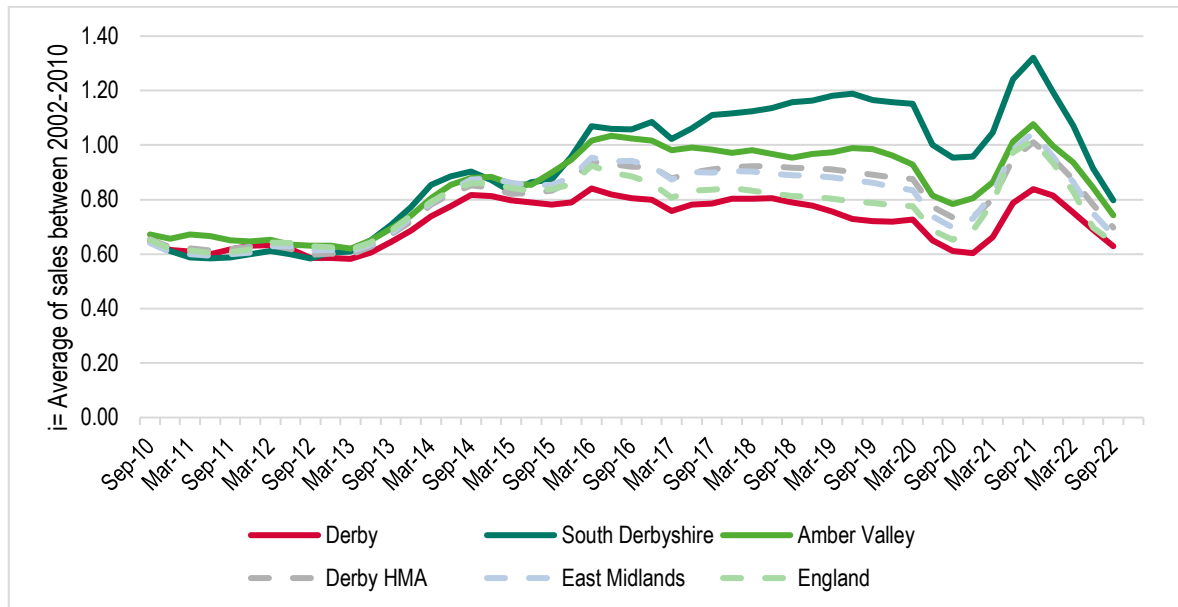
Sales

4.9 The table below demonstrates the number of property sales in each area indexed to pre-recession (2002-2010 average). All areas saw a jump in sales between 2020 and 2021, most likely a result of the COVID-19 lockdown and Stamp Duty Holiday introduced to boost the housing market at that time.

4.10 Since the end of the Stamp Duty Holiday, the number of sales has returned to pre-pandemic levels. By and large, the areas assessed track each other, with increases in all areas from 2013 onwards and then again from 2015 onwards.

4.11 South Derbyshire saw particular increases in the 2015 to 2019 period and again a large spike post-Covid. This is potentially a factor in the district becoming a more desirable place to live with people in the City seeking more space. However, sales in the district have fallen particularly rapidly post-COVID, to levels last seen in 2013.

Figure 4.3 - Indexed property sales

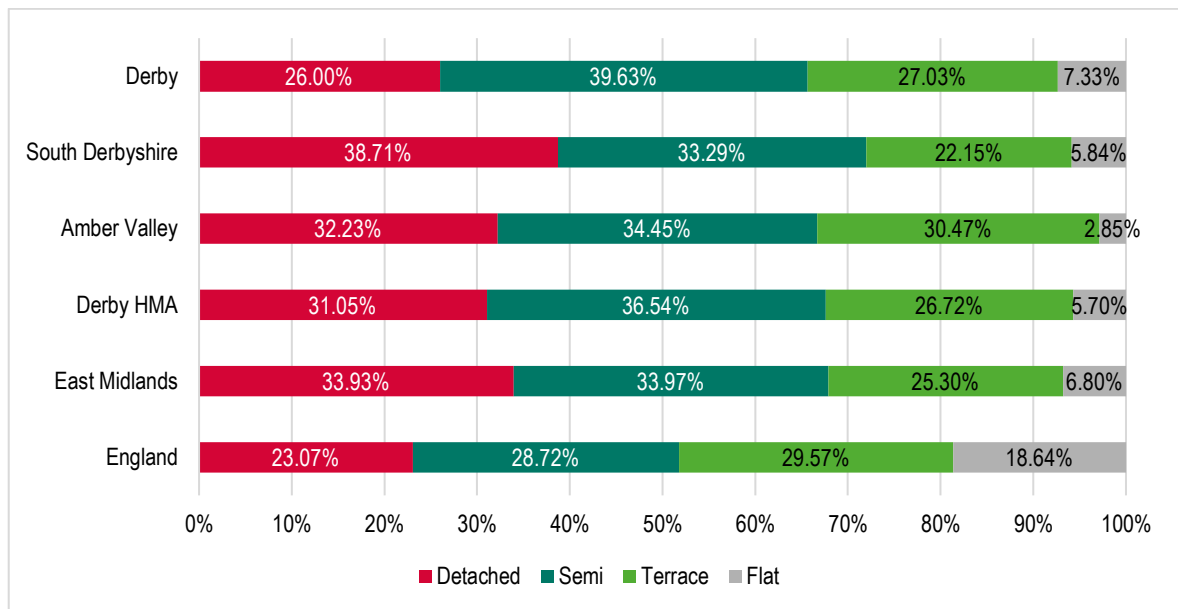


Source: Icen analysis of ONS data

4.12 The table below demonstrates the split in transactions by property type. Reflecting the stock there is a much higher percentage of detached sales in South Derbyshire than all other types of property, the near reverse of that of Derby which sees a higher proportion of flats, terrace and semi sales.

4.13 This split will contribute to the lower median prices in Derby as South Derbyshire has a higher proportion of sales for smaller properties. That said, as we have seen values are lower across all housing types in the City.

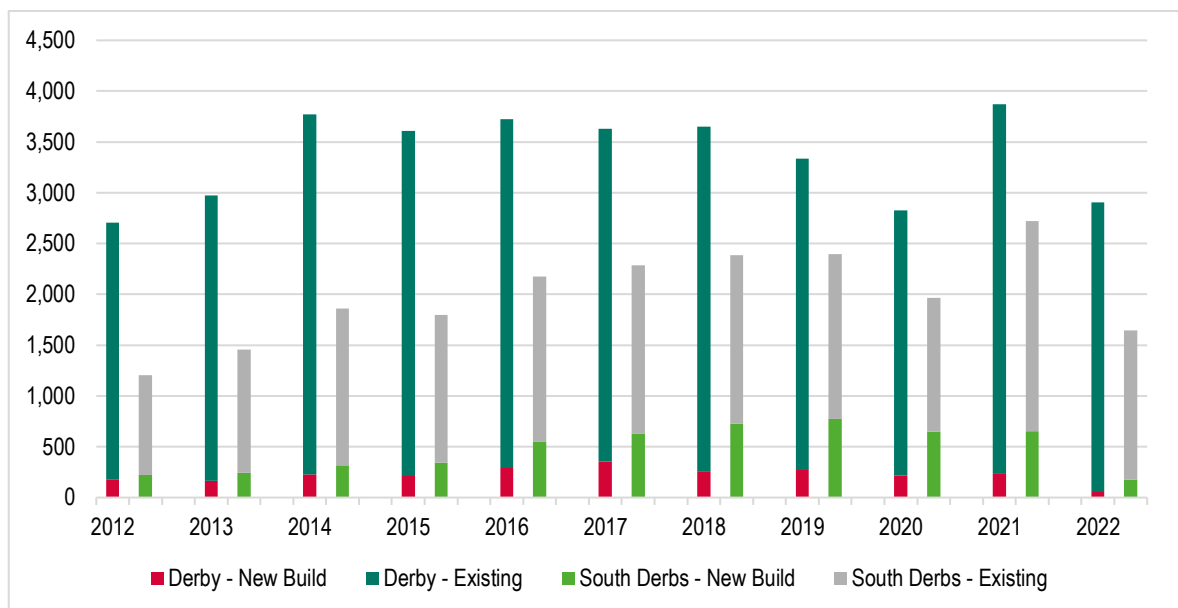
Figure 4.4 - Property Sales by Type



Source: IcenI analysis of ONS data

4.14 Analysis of the split of housing sales between new build and existing properties shows that Derby has many more sales than South Derbyshire, although due to the higher level of delivery, the latter sees many more new build sales.

Figure 4.5 - New Build vs Existing Sales



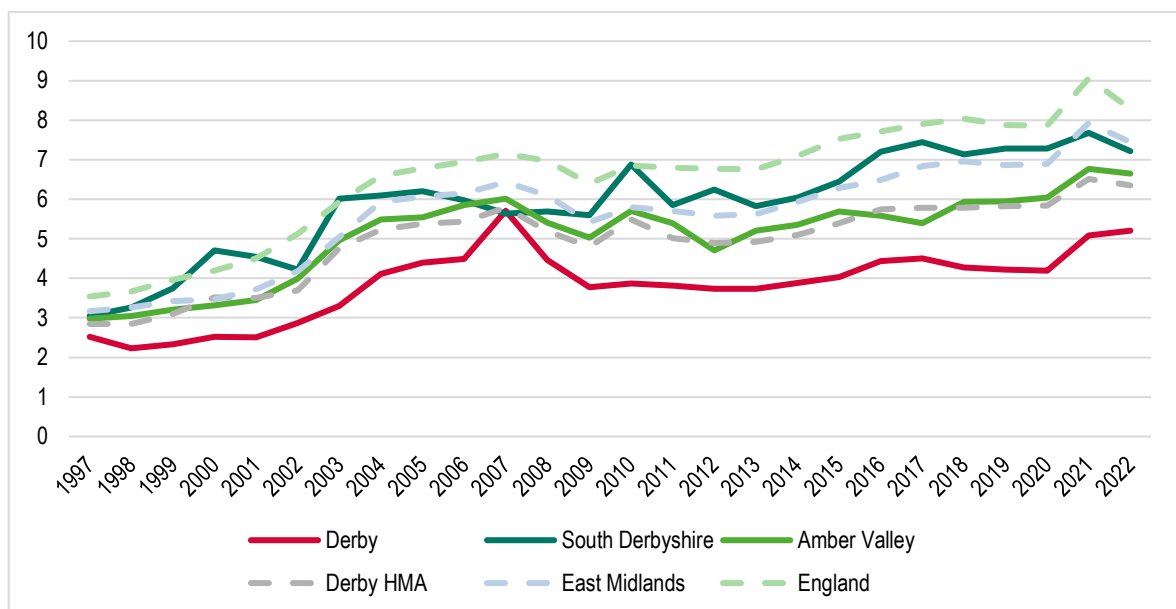
Source: IcenI analysis of ONS data

4.15 A higher proportion of new properties can encourage first-time buyers to the area, as newly built properties can often be subject to schemes and incentives that can make them more affordable to this group. In the past this has included help to buy and First Homes, First Time Buyers are also exempt from paying stamp duty meaning more people may choose to buy.

Affordability

- 4.16 The table below shows the Median workplace-based affordability ratio for the Derby HMA authorities, the East Midlands and England over time. In all areas, affordability has worsened with the ratio now highest in England at 8.04 and the lowest in Derby at 5.21.
- 4.17 From 2021 to 22 affordability ratios in most areas have improved, meaning the areas are becoming more affordable. This is likely a factor of decreasing house prices (as interest rate increases reduce the number of buyers) and increasing earnings in light of the cost of living crisis.

Figure 4.6 - Affordability Ratio (1997-2022)



Source: ONS, *Housing Affordability in England and Wales*

- 4.18 The only area which bucks this trend is Derby, which despite having the lowest affordability ratio overall has seen affordability worsen. This is a result of both property prices increasing (+£18,000 since 2020 and +£3,000 since 2021) and earnings decreasing (-£4,000 since 2020 and -£220 since 2021) although for the latter this may just be a result of the survey-based nature of data. In contrast, house prices in South Derbyshire have not changed in the last year while earnings have increased by around £2,000 since 2021.
- 4.19 Despite affordability worsening in the City it remains significantly more affordable than South Derbyshire and Amber Valley. This likely works as a pull factor to the City for those looking for a less expensive property which may ultimately increase property prices as competition increases.
- 4.20 The ONS affordability ratio is only one metric that considers affordability in an area. It looks at median earnings and median property prices overall. It does not consider additional factors of affordability such as savings, stamp duty and other associated moving costs.

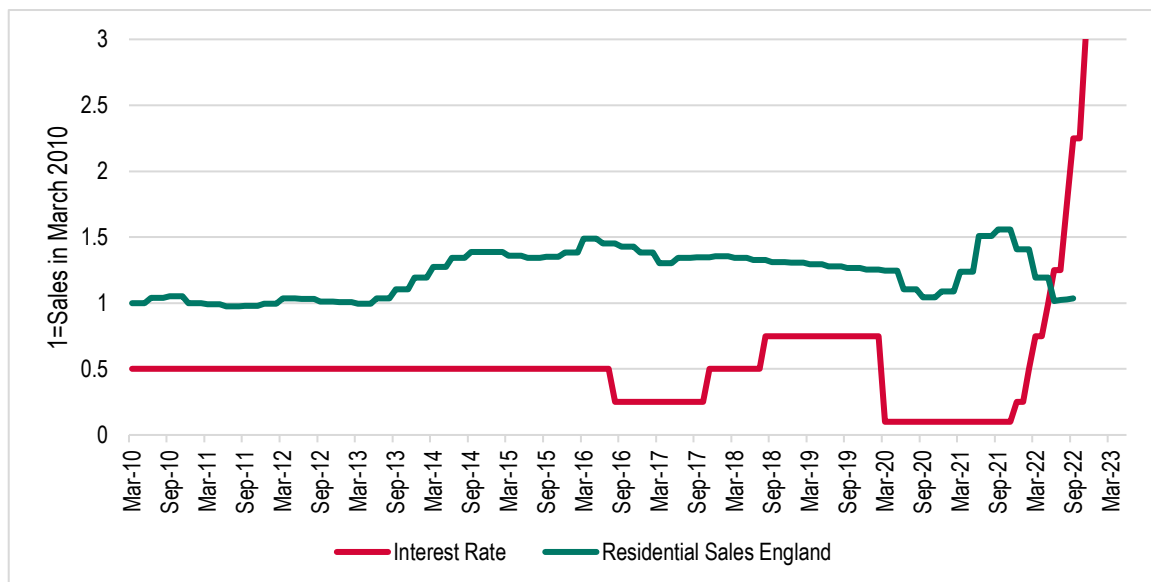
4.21 Stamp Duty is a tax levied on the purchase of property or land in the United Kingdom. It is the responsibility of the buyer to pay this tax and the amount payable depends on the value of the property or land being purchased. Stamp duty is charged on a tiered basis with residential tiers (for second-time buyers buying their only home) as follows.

- Up to £250,000: 0%
- £250,001 to £925,000: 5%
- £925,001 to £1.5 million: 10%
- Above £1.5 million: 12%

4.22 An additional factor that impacts property sales is interest rates, if interest rates are high on borrowing, mortgages become less affordable. Raising interest rates can discourage buyers from taking larger mortgages and discourage first-time buyers entirely.

4.23 The table below shows the indexed number of property sales against UK interest rates over time. What is clear is that in November 2021, when UK interest rates started climbing, sales started falling, although this appears to have stabilised more recently.

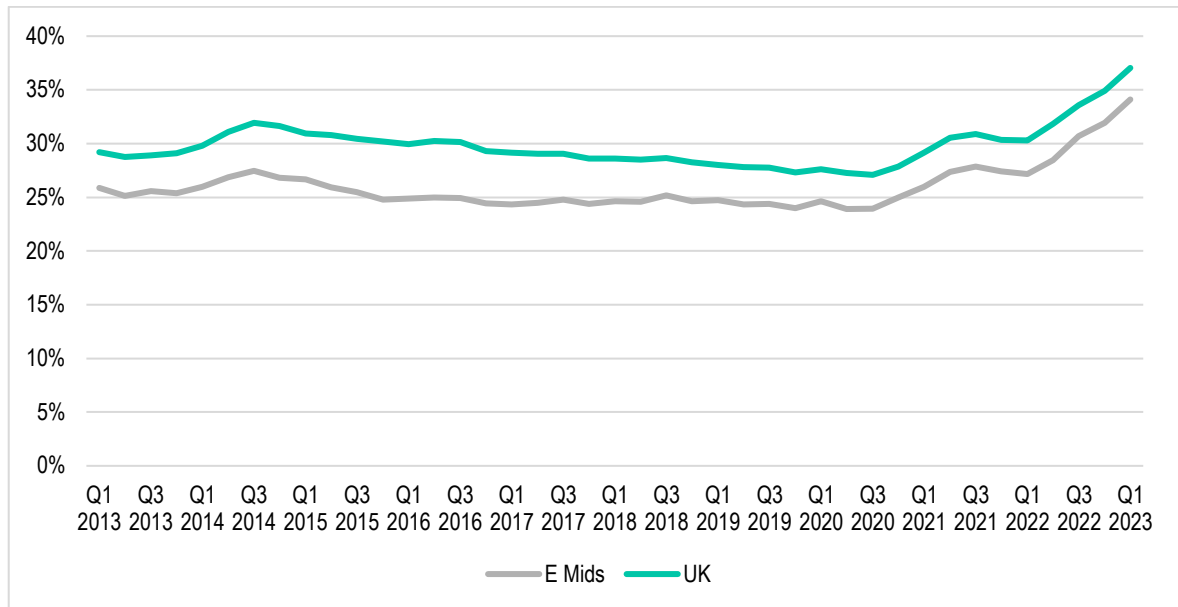
Figure 4.7 - England Sales V UK Interest Rates



Source: Icenis analysis of ONS and Bank of England data

4.24 Interest rate rises are making mortgages less affordable. One metric of this can be looking at how much take-home pay goes towards mortgage payments. The table below shows data from Nationwide on this percentage for first-time buyers in the UK and the East Midlands.

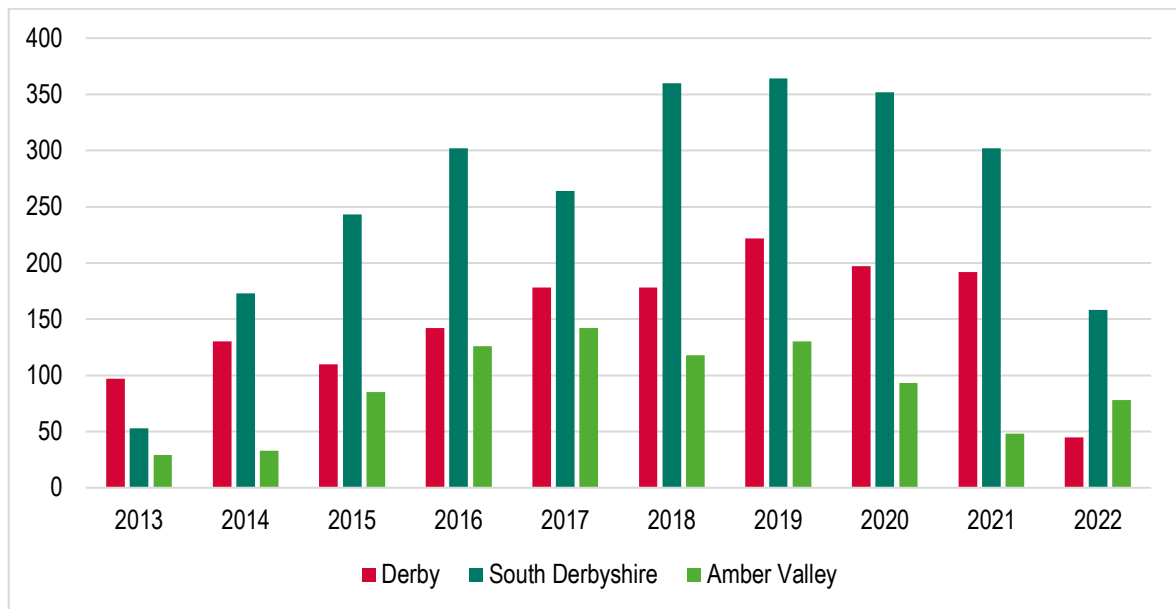
Figure 4.8 - First-time buyer mortgage payments as % take-home pay



Source: Nationwide

- 4.25 What is clear is that although the overall UK percentage is higher than both Midlands regions, since 2022 the percentage has increased in all areas. Ultimately this will discourage first-time buyers from purchasing, particularly given the cost of living crisis which has increased the cost of many other essentials such as energy and food.

- 4.26 The help-to-buy loan is a government scheme designed to help first-time buyers and existing homeowners purchase a new-build property. The scheme provides financial assistance in the form of an equity loan, which is an interest-free loan for a set period. The number of buyers that utilised the government's help-to-buy equity loan in the HMA authorities can be seen in the table below.

Figure 4.9 - Help-to-Buy equity loan statistics

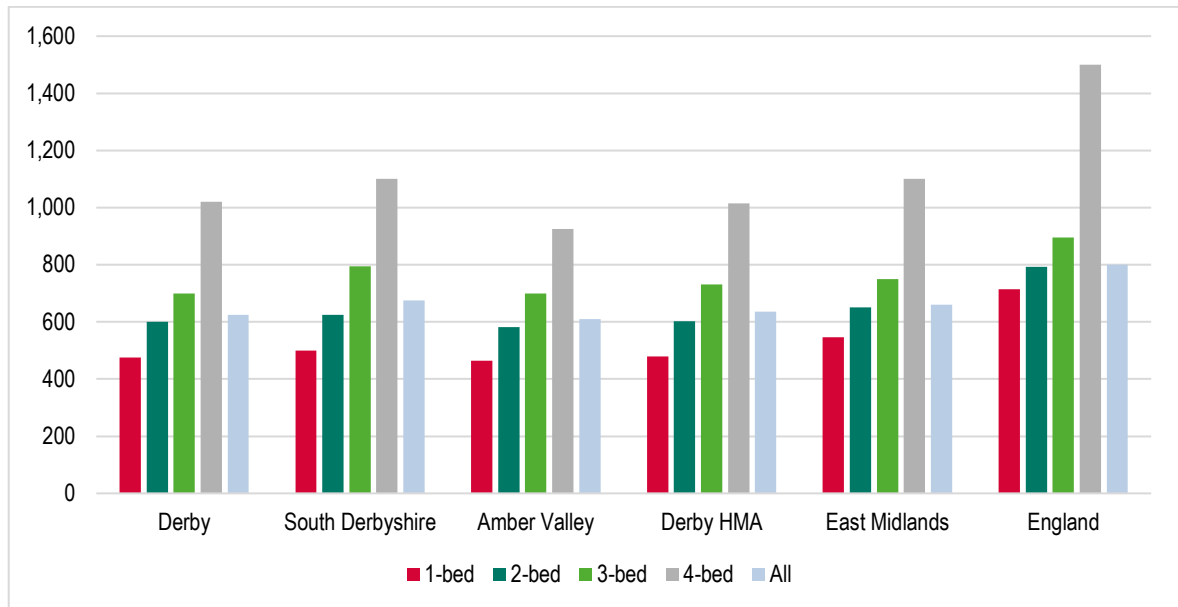
Source: Icenis analysis of DLUHC data

- 4.27 South Derbyshire sees the highest number of loan claimants by far, likely a result of the higher number of newly built properties. Typically the fewest help-to-buy sales are in Amber Valley. This position was taken by Derby in 2022, likely a result of the much lower number of new build properties completed in the City that year.

Private Rental Market

- 4.28 The private rental sector (PRS) makes an important contribution to the market, particularly for those people who cannot afford to buy. The table below shows the median rental costs in each of the HMA authorities, region and England.
- 4.29 Rental costs for Derby are slightly below those for the East Midlands with South Derbyshire sitting slightly higher. All areas are less expensive than England overall, but this is not surprising considering the England average will also take into consideration London, which is a much more expensive market.
- 4.30 Median prices per month in Derby (£625) and South Derbyshire (£675) are very similar with only a £50 difference between the two. Amber Valley is lower than both across all property sizes, indicating a less strong rental market in the district.

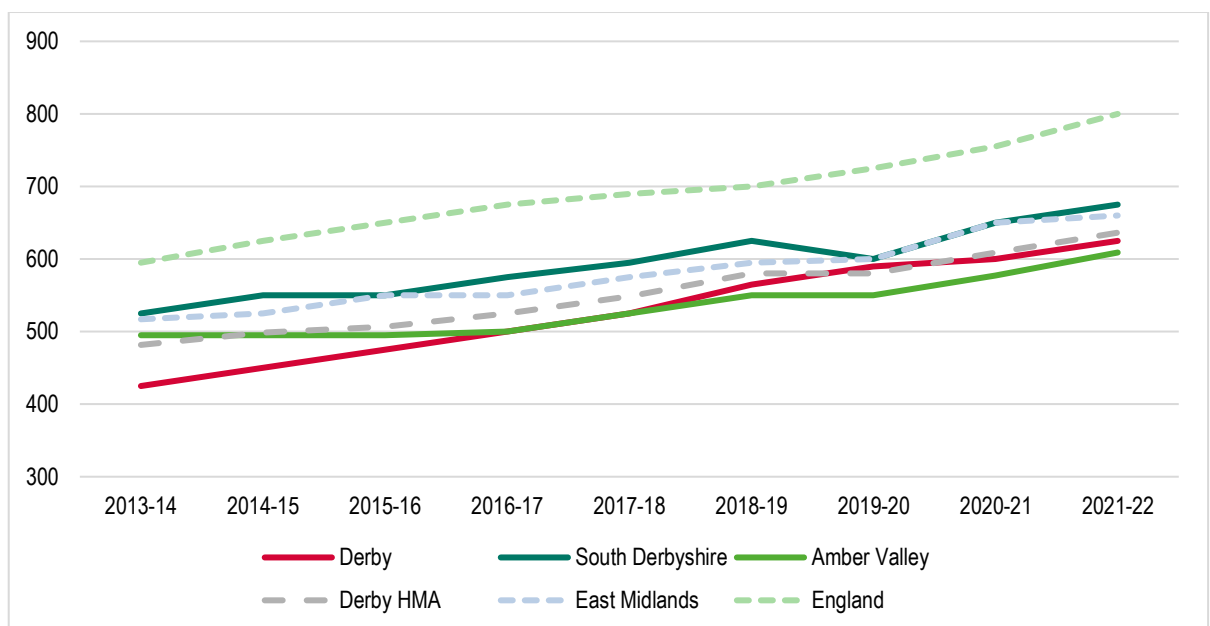
Figure 4.10 - Rental Costs (£ pcm)



Source: IcenI analysis of VOA/ONS data

4.31 Rents have been increasing consistently in Derby since 2013-14, which is consistent with the national trend. In contrast, South Derbyshire has seen lower growth. As a result, the gap in rents with the City has narrowed from £100 in 2013-14 to £50 in the most recent data although that in itself is greater than the £20 difference in 2019-20. This may be an indicator of reducing PRS stock in Derby which is increasing the overall costs.

Figure 4.11 - Rental costs over time

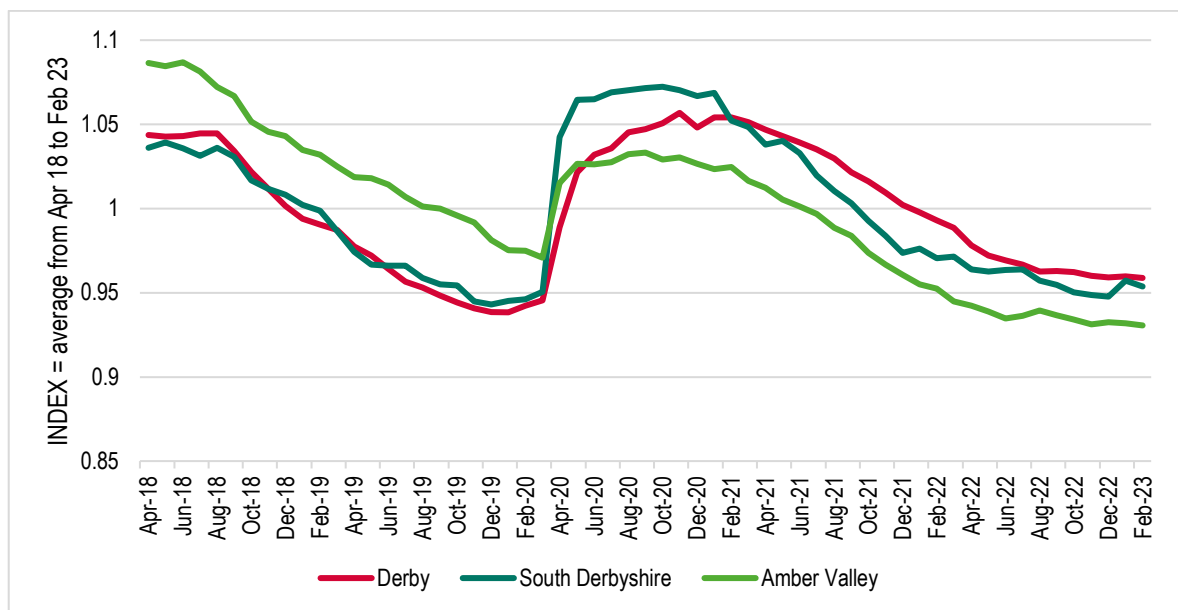


Source: IcenI analysis of VOA/ONS data-

Benefit Supported Rents

4.32 The Private Rental Sector also has an important role in providing affordable housing, with many tenants only able to do so with the help of Universal Credit (or Housing Benefit). The table below shows the number of housing benefit claimants and claimants of the housing element of Universal Credit in PRS within each of the HMA authorities indexed to the long-term average (2018-2023). The data has been indexed to account for Derby’s larger population, which means it naturally has a much higher level of claimants than the smaller two authorities. This also presents an issue as LHA rates have not tracked the increase in PRS rents.

Figure 4.12 - Index Universal Credit and Housing Benefit Claimant by Local Authority (2018-2023)



Source: DWP, 2023

4.33 Looking at the change over time it is clear that the Covid-19 lockdown impacted all areas with the number of claimants jumping in March 2020. This will be a factor in many people losing jobs and income. This is particularly true in South Derbyshire which increased by a much higher proportion than the other authorities, although this may be down to it having less claimants than both Derby and Amber Valley initially.

4.34 The number of overall claimants has dropped since the pandemic, however not to the extent that there are less claimants now than pre-covid in Derby and South Derbyshire. Overall, this indicates that while the employment market in each area has largely recovered from the pandemic, there are still some people who need to claim housing benefits to afford to rent property.

Housing Market Dynamics – Summary

- 4.35 In the year to September 2022, the median house prices in Derby and South Derbyshire were £188,000 and £230,000 respectively.
- 4.36 The relatively lower property prices in Derby compared to South Derbyshire and Amber Valley will in part be an effect of the stock size.
- 4.37 Since 2002, Derby (189%) has seen the fastest rate of house price growth amongst the assessed areas, with South Derbyshire seeing an increase of 174%.
- 4.38 The number of house sales jumped between 2020 and 2021, most likely a result of the post Covid-19 Stamp Duty Holiday introduced to boost the housing market at that time. This has now largely returned to normal.
- 4.39 Affordability has worsened over time with the City's affordability at 5.21 and 7.45 in South Derbyshire. Recently affordability ratios in most areas have improved, however, Derby has not seen this improvement with property prices increasing overall and wages decreasing (from £40,400 in 2020 to £36,100 in 2022).
- 4.40 In the Private Rented Sector, median costs for Derby are slightly below those for the East Midlands, with South Derbyshire sitting slightly higher.
- 4.41 Rents have been increasing consistently in Derby, with South Derbyshire seeing lower growth. As a result, the gap in rents between the City and South Derbyshire has narrowed. However, this presents some severe challenges for those in the PRS, particularly those that are benefit-dependent as LHA rates have not kept track.
- 4.42 The number of people supported by housing benefits in both areas jumped during the Covid-19 lockdown. Although the number of claimants has now dropped, it remains above pre-covid levels.

5. HOUSING NEED

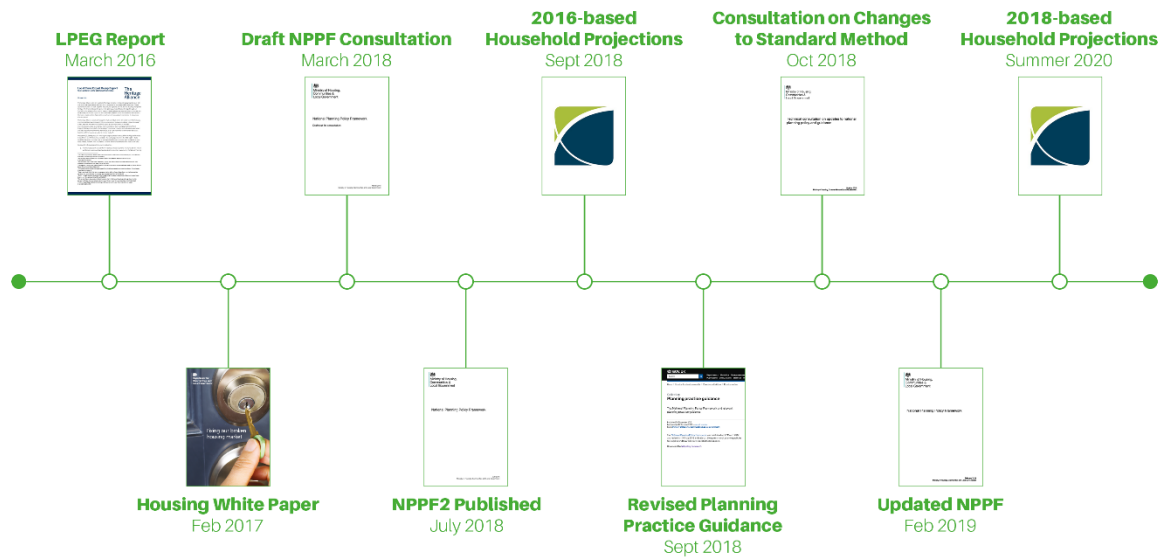
Context: Standard Method Starting Point

- 5.1 The Government implemented a new “standard method” for assessing housing need through a revision to the National Planning Policy Framework (NPPF) in July 2018. This replaced the process of defining an area’s ‘objectively assessed housing need’ (OAN) under the 2012 NPPF and associated Planning Practice Guidance (PPG) which was the approach considered in the Council’s 2016 Strategic Housing Market Assessment (SHMA).
- 5.2 The new standard method was informed by a government-ordered review of the plan-making process. The government commissioned the Local Plans Expert Group (LPEG) which reported back in March 2016.² The LPEG report identified that agreeing on housing needs was one of the principal difficulties affecting the plan-making process and that the preparation of Strategic Housing Market Assessments (SHMAs) had “*become one of the most burdensome, complex and controversial aspects of plan-making.*”
- 5.3 The report recommended a shorter, simplified standard methodology for assessing housing need, to save time and resources and remove what the group considered to be an unnecessary debate; with the aim that this would speed up the plan-making process.
- 5.4 The government endorsed these sentiments in its 2017 Housing White Paper and initiated a process of reviewing national planning policies and the process for calculating housing need, which culminated in the publication in July 2018 of a revised NPPF and associated changes to the Planning Practice Guidance.

² Local Plans Expert Group Report to the Secretary of State

<https://www.gov.uk/government/publications/local-plans-expert-group-report-to-the-secretary-of-state>

Figure 5.1 - Evolution of the Standard Method



- 5.5 The standard method was designed around the Government's 2014-based Household Projections, with the aim of delivering 300,000 homes per annum nationally. The Government's core ambition in reforming the method was to establish an approach which was **simpler, quicker and more transparent** than the approach to calculating OAN which it replaced, with the aim of speeding up plan-making. In doing so, the assessment takes account of less specific local information; but also removes much of the scope for 'professional judgement' in what scale of housing provision should be sought in a local authority.
- 5.6 Since the preparation of the 2014-based household projections, the government has transferred responsibility for preparing official household projections to the Office for National Statistics (ONS). ONS made several methodological changes to how household growth was projected in its 2016-based Household Projections, which were released in September 2018.³ The overall result when these were inputted into the standard method formula was to significantly reduce the aggregate level of housing need across England (to around 213,000 homes). These changes equally affect other subsequent household projections (e.g. 2018-based).
- 5.7 The government consulted on changes to the standard method in Autumn 2018.⁴ It set out its views on the way forward in February 2019⁵ and concluded that the 2014-based Household Projections

³ These equally affect the 2018-based Household Projections which ONS released in June 2020

⁴ MHCLG (Oct 2018) *Technical consultation on updates to national planning policy and guidance*

⁵ MHCLG (Feb 2019) *Government response to the technical consultation on updates to national planning policy and guidance*

(around which the method was designed) should continue to be used to provide the demographic baseline within the assessment. The government's argument was that:

- Household projections are constrained by housing supply: if new homes are not supplied, households are unable to form; and the projections are trend-based;
- The historic under-delivery of housing means there is a case for public policy supporting delivery in excess of household projections, even if those projections fall;
- Other things being equal, a more responsive supply of homes through local authorities planning for more homes where we need them will help to address the effects of increased demand, such as declining affordability, relative to a less responsive housing supply.
- Population changes are only one aspect of the driver for housing supply. Rising incomes, changing social preferences and factors such as real interest rates and credit availability contribute to the demand for housing.

5.8 Responding to this the government set out its judgement that there was no need to change its aspirations for housing supply (to deliver 300,000 homes pa). It set out that the continued use of the 2014-based Household Projections provided stability and certainty for the planning system.

5.9 The government has since consulted on further changes to the standard method, in Autumn 2020, proposing adjustments to the formula, which placed enhanced emphasis on affordability issues and the introduction of a baseline related to an area's housing stock. However, it did not take these changes forward, and instead in April 2021 introduced a 35% 'urban and cities uplift' which applies on top of the previous stages to London and the 19 other largest urban areas/cities across England. Derby is included as one of the largest urban areas and therefore is subject to the 35% uplift. South Derbyshire is not.

5.10 The inclusion of this uplift has been particularly controversial as it means that those urban areas are effectively required to meet a wider need rather than just their own need. This is to ensure that the government's stated aim of 300,000 new dwellings per annum is calculated from the standard method and that housing is directed to the most "sustainable" locations and those with a higher level of brownfield land.

5.11 In July 2023 the Prime Minister confirmed the government's intention to meet its 1,000,000 new homes target throughout this parliament (which will automatically dissolve on the 17th of December 2024 if not sooner).

Standard Method Calculations for Derby and South Derbyshire

Step One: Setting the Baseline

- 5.12 The first step in considering housing need against the standard method is to establish a demographic baseline of household growth. This baseline is drawn from the 2014-based Household Projections and should be the annual average household growth over ten years, with the current year being the first year i.e. 2023 to 2033.
- 5.13 The projections show a household growth of 872 households per annum in Derby and 435 in South Derbyshire over the ten years from 2023 to 2033. This is shown in Table 5.1 below.

Table 5.1 Step 1 – Household Growth, 2023-2033

Area	Households 2023	Households 2033	Household Growth 2023-33	Step 1 - Household growth Per Annum
Derby	111,933	120,650	8,717	872
South Derbyshire	45,488	49,838	4,350	435

Source: ONS 2014-Based Household Projections

- 5.14 Although this figure is calculated over ten years from 2023 to 2033, paragraph 12 of the PPG states that this average household growth and the local housing need arising from it can then “be applied to the whole plan period”.

Step Two: Affordability Adjustment

- 5.15 The second step of the standard method is to consider the application of an uplift on the demographic baseline, to take account of market signals (i.e. relative affordability of housing). The adjustment increases the housing need where house prices are high relative to workplace incomes. It uses the published median workplace-based affordability ratios from ONS for the most recent year in which data is available.
- 5.16 The latest (workplace-based) affordability data relates to 2022 and was published by ONS in March 2023. The Government’s Guidance states that for each 1% increase in the ratio of house prices to earnings, above 4, the average household growth should be increased by a quarter of a per cent, with the calculation being as follows:

$$\text{Adjustment Factor} = \frac{\text{Affordability Ratio} - 4}{4} \times 0.25$$

- 5.17 The affordability ratio in Derby is 5.21 (meaning that house prices were 5.21 times the earnings of those working in the City. This results in an affordability uplift of 8%. Within South Derbyshire, the affordability ratio was 7.21 resulting in a 20% uplift.

- 5.18 Applying these uplifts to household growth in each of the authority areas results in a local housing need figure of 938 dwellings per annum in Derby and 522 dwellings per annum in South Derbyshire, as is shown in the Table below.

Table 5.2 Step 2 – Affordability Adjustment

Area	Household growth Per Annum	Median Affordability Ratio 2022	Affordability Uplift	Step 2 - Uncapped Need
Derby	872	5.21	108%	938
South Derbyshire	435	7.21	120%	522

Source: ONS Household Projections and DLUHC Affordability Ratios *numbers may not add up due to rounding

Step Three: The Cap

- 5.19 The third step of the standard method is to consider the application of a cap on any increase and ensure that the figure which arises through the first two steps does not exceed a level which can be delivered. There are two situations where a cap is applied:

- The first is where an authority has reviewed their plan (including developing an assessment of housing need) or adopted a plan within the last five years. In this instance, the need may be capped at 40% above the requirement figure set out in the plan.
- The second situation is where plans and evidence are more than five years old. In such circumstances, a cap may be applied at 40% of the higher of the projected household growth (step 1) or the housing requirement in the most recent plan, where this exists.

- 5.20 In the case of Derby and South Derbyshire, both have local plans over 5 years of age. Therefore the housing need is capped at 40% above the higher of Step 1 or their adopted housing requirements. In Derby, the Step 1 figure (872 dpa) is higher than the adopted housing requirement (647 dpa) whereas the opposite is true for South Derbyshire (435 vs 742 dpa).

- 5.21 As neither of the Step 2 uplifts is greater than the cap, it is in effect not reached. The impact of the cap (or lack of) is shown in the Table below.

Table 5.3 Step Three – The Cap

Area	Step 1	Step 2	Plan Adoption Date	Adopted Housing requirement	Cap (if required)	Step 3 - Capped Need
Derby	872	938	Jan 2017	647	1,220	938
South Derbyshire	435	522	Jun 2016	742	1,039	522

Source: ONS Household Projections and DLUHC Affordability Ratios & Local Plans

Step Four: Urban Uplift

- 5.22 The fourth and final step in the calculation means that the 20 largest urban areas in England are subject to a further 35% uplift. This uplift seeks to ensure that the Government's stated target of 300,000 dwellings per annum is met and that "homes are built in the right places, to make the most of existing infrastructure, and to allow people to live nearby the service they rely on, making travel patterns more sustainable." (Paragraph: 035 Reference ID: 2a-035- 20201216)
- 5.23 As such this urban uplift is to ensure a national policy directive to deliver 300,000 homes per annum and to direct this housing to the most sustainable location rather than being part of an objective assessment of true local need in the City.
- 5.24 South Derbyshire is not listed within the top 20 urban areas in the country and as such it is not subject to this additional uplift. The minimum housing need therefore remains at 522 dpa. Derby is listed as within the top 20 urban areas and as such is subject to uplift. This increases the minimum need to 1,266 dpa.
- 5.25 The **current** Standard Method therefore generates a minimum local housing need for Derby and South Derbyshire as follows:
- Derby – 1,266 dwellings per annum
 - South Derbyshire – 522 dwellings per annum

Divergence from the Standard Method (Exceptional Circumstances)

- 5.26 The table above sets out housing need using the Standard Method, however, the Planning Practice Guidance is clear that this is a minimum need and there are circumstances when it might be appropriate to plan for a higher housing need figure. This includes:
- growth strategies for the area;
 - strategic infrastructure improvements that are likely to drive an increase in the homes needed locally; or
 - the unmet need from neighbouring authorities.
- 5.27 There are no formal growth strategies in the City or South Derbyshire and in any case, the City cannot meet its current need. The Councils are already working together (along with Amber Valley) to ensure Derby's unmet need is met. This will continue to be the case post the publication of this work.

- 5.28 Concerning strategic infrastructure improvements which might drive growth, consideration needs to be taken of a range of investments which might do this. This includes the potential extension to the Nottingham Tram to Derby, although this is not included in the Strategic Transport Plan for the Midlands⁶ and funding or timeframes are not confirmed.
- 5.29 The Midlands Rail Hub is the Midlands Connect flagship rail project and is a rail improvement scheme with a £900m to £1.5bn budget. The improvements include upgraded tracks, passing places, improved signalling, and faster trains. This investment will cut travel times and increase capacity. However, the scheme is still subject to funding requests and any construction is expected to continue until 2030. It is therefore unclear and uncertain what if any impact this would have in either Derby or South Derbyshire within the plan period.
- 5.30 A50/A550 Corridor which links the M1 with the M6 would provide greater levels of connectivity between Derbyshire and Staffordshire and onto these major routes. The Strategic Transport Plan for the Midlands sets out that “Improvements will focus on the M1J24 and the A50 to the south of Derby. They will address congestion and reliability issues and support growth from the East Midlands Development Corporation proposals”. These proposals include the Freeport which is split across three sites including the East Midlands Intermodal Park (EMIP) in South Derbyshire.
- 5.31 According to the Freeport’s Full Business Case⁷ EMIP would create an estimated 9,217 new jobs gross. This does not take into account displacement effects, job losses through redevelopment or businesses moving locally or substitution (where a company substitutes one activity for a similar one to take advantage of public sector assistance). Our calculations taking these factors into account would reduce this to 6,221 jobs net.

Table 5.4 Calculation of Net Workplace-based Jobs (Study Area)

	Gross Jobs Supported (FTE)	Existing Jobs Lost (Dead-weight)	Displacement (25%)	Sub-Total	Substitution (10%)	Resultant Net Additional Jobs (FTE)
EMiP	9,217	0	2,304	6,913	691	6,221

Source: Iceni Projects *number may not sum due to rounding

⁶ https://www.midlandsconnect.uk/media/1868/mc-stp-doc_digital.pdf

⁷ <https://emfreeport.com/next-phase-freeport-development-promises-more-benefits-east-midlands>

- 5.32 We would also consider that 87% of these jobs would be taken up by South Derbyshire (78%) and Derby (9%) residents based on existing commuting patterns to the area⁸. This would reduce the direct impact of EMIP in the study area to 5,426 jobs.
- 5.33 Multiplier effects are induced or indirect, based on business-to-business spending or resident earnings. Assuming a multiplier of 0.3 on the net jobs above, a further 162 jobs are generated in the study area, generating a total of 5,588 additional jobs for residents in the study area.
- 5.34 While this has a considerable impact on the employment prospects of the area it represents less than 20% of the 29,000 additional jobs which the standard method would support in the study area over the plan period (see Table 5.18). We therefore do not consider it necessary to uplift housing need in either South Derbyshire or Derby City to address economic growth although it may result in greater commuting between the two.
- 5.35 Infinity Garden Village is part of the South Derby growth zone and would support the creation of 5,000 jobs as well as 4,500 new homes. The development has already received, in principle, almost £50m in central government Levelling Up funding.
- 5.36 However, the scheme is dependent on new junction improvements on the A50. If it were to be delivered the site would likely have upward pressure on housing demand due to the jobs being created. However, it would also deliver additional housing making it to some degree self-sufficient.
- 5.37 The Planning Practice Guidance also allows for divergence from these figures in a downward direction where exceptional circumstances can be demonstrated. An important starting point is to understand Government Guidance on this topic. This can be found in Planning Practice Guidance 2a and below are some key quotes for the purposes of this document.

"Is the use of the standard method for strategic policy making purposes mandatory?"

No, if it is felt that circumstances warrant an alternative approach but authorities can expect this to be scrutinised more closely at examination. There is an expectation that the standard method will be used and that any other method will be used only in exceptional circumstances." - Paragraph: 003 Reference ID: 2a-003-20190220.

"If authorities use a different method how will this be tested at examination?"

Where an alternative approach results in a lower housing need figure than that identified using the standard method, the strategic policy-making authority will need to demonstrate, using robust evidence, that the figure is based on realistic assumptions of demographic growth and that there are exceptional local circumstances that justify deviating from the

⁸ MSOA – South Derbyshire 002

standard method. This will be tested at examination. Any method which relies on using household projections more recently published than the 2014-based household projections will not be considered to be following the standard method." - Paragraph: 015 Reference ID: 2a-015-20190220 (whole paragraph not replicated).

- 5.38 Paragraph 2a-010 also sets out circumstances where it might be appropriate to plan for a higher housing need figure than the standard method indicates; this includes noting that the method *'does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore, there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates'*.
- 5.39 Regarding demographic trends and projections, the guidance is therefore quite clear: there is an expectation that the 2014-based sub-national household projections (SNHP) should be used but that an alternative approach can be applied where relevant. When using an alternative approach, it is necessary to take account of demographic growth and market signals, but this cannot include using more recent versions of published SNHP.
- 5.40 The PPG does not specifically set out examples of exceptional circumstances but it is considered that there are likely to be two main considerations:
- Firstly, the demographic data on which projections are based is demonstrably wrong and cannot realistically be used for trend-based projections on which the Standard Method is based; and
 - Secondly, demographic trends have changed so much that it is unrealistic to use a set of projections based on information in a trend period to 2014, which is now over 8 years old.
- 5.41 The analysis below principally focuses on population projections as these are the main driver of household growth. The analysis additionally does not seek to challenge the market signals (affordability) element of the Standard Method.

Data used in 2014-based projections

- 5.42 On the 22nd of March 2018, ONS released revised population estimates for England and Wales: mid-2012 to mid-2016. The main justification ONS listed for this was that improvements had been made to international emigration and foreign armed forces dependents and that the distribution of people aged in their 20s and 30s has changed more than for other age groups.
- 5.43 By updating previous estimates of population change and migration (including in the period 2011-14) ONS were essentially changing the data used to underpin part of the 2014-based projections. It

is therefore worthwhile seeing how significant these changes were for Derby and South Derbyshire and if updated information points to the 2014-based projections as being substantially wrong.

- 5.44 The table below shows the estimated population in 2014 from the original and revised MYE. This shows very little divergence in either Derby or South Derbyshire and combined the revised population estimate for 2014 is only slightly higher than for previous data (data used for the 2014-SNPP). This would suggest the 2014-based projections slightly underestimated population growth across the two. However, the scale of difference, both overall and for individual authorities is not at all substantial and would be unlikely to have a notable impact on projections.

Table 5.5 Original & Revised Estimate of Population in 2014

	Original estimate	Revised estimate	Difference
Derby	256,233	256,203	-30
South Derbyshire	100,334	100,421	87
Study area	356,567	356,624	57

Source: ONS

Population Trends

- 5.45 The analysis below looks at population trends across the study area. Two main sources are initially used, these are:
- MYE (unadjusted) – unadjusted ONS mid-year population estimates (MYE) – these are estimates of the population made by ONS through its tracking of births, deaths and migration from 2021. This is an important source as the data contained within this data source (notably about migration) is likely to be used by ONS as part of the next round of population projections (2021-based SNPP); and
 - MYE (Census adjusted) – these are estimates of population in 2021 that take account of 2021 Census data. Essentially, ONS use the Census (which dates from March 2021) and roll forward to mid-year estimates based on births, deaths and migration in the 3 months. The Census adjusted MYE replaced the unadjusted figures as the ONS view of population in 2021.
- 5.46 Eventually, ONS will revise the full back-series of data from 2011 to take account of the new 2021 MYE. However, at the time of writing this had not been done so there are only two reasonable data points (2011 and 2021) – much of the analysis to follow therefore looks at trends in these 10 years.
- 5.47 Above it was noted that one exceptional circumstance might be that the 2014-based subnational household projections (SNHP) that underpin the Standard Method are clearly wrong – in this instance, we are looking to consider if the trends that have actually occurred are substantially different from those projected back in 2014 and that this is locally exceptional. One way of

considering this is to compare data for 2021 with recently published Census data and also MYE data (before a Census adjustment). Comparisons are made for both population (as this underpins the household projections) and household estimates.

5.48 The table below shows population figures for 2011 and 2021 from these sources. The data shows the 2014-based projections had projected the population of the study area to reach 370,229 by 2021 and ONS in their monitoring of data had actually estimated a slightly lower population figure (367,356). Following the publication of the 2021 Census, ONS has revised upwards slightly its estimate of population in 2021 to 369,199, a figure still slightly below where the 2014-SNPP had projected.

Table 5.6 Estimated Population in 2011 and 2021 - range of sources

	2011	2021	Change	% change
2014-based SNPP/SNHP	343,858	370,229	26,371	7.7%
MYE (unadjusted)	343,858	367,356	23,498	6.8%
MYE (Census adjusted)	343,858	369,199	25,341	7.4%

Source: ONS

5.49 There is a small difference between the projections as used in the Standard Method and the reality of what seems to have happened in the 2011-21 period. This is not considered to be 'exceptional' – as nationally the same trend has been seen with both MYE estimates sitting below the 2014-SNPP figures – albeit in the opposite order.

Table 5.7 Estimated Population in 2011 and 2021 - range of sources – England

	2011	2021	Change	% change
2014-based SNPP/SNHP	53,107,200	57,248,400	4,141,200	7.8%
MYE (unadjusted)	53,107,200	56,536,400	3,429,300	6.5%
MYE (Census adjusted)	53,107,200	56,334,700	3,227,600	6.1%

Source: ONS

5.50 The table below shows the same information for both local authorities and whilst for the whole study area there is nothing exceptional, it is the case that the data points to population growth having been weaker in Derby than projected but stronger for South Derbyshire – arguably exceptional at an individual authority level and pointing to a potentially different distribution of demographic trends and therefore housing need. The data below is also interesting in showing higher population growth in the Census in Derby (compared to the MYE) but the opposite pattern in South Derbyshire.

Table 5.8 Estimated Population in 2011 and 2021 -range of sources – local authorities

		2011	2021	Change	% change
Derby	2014-based SNPP/SNHP	248,943	264,953	16,010	6.4%
	MYE (unadjusted)	248,943	254,819	5,876	2.4%
	MYE (Census adjusted)	248,943	261,136	12,193	4.9%
South Derbyshire	2014-based SNPP/SNHP	94,915	105,276	10,361	10.9%
	MYE (unadjusted)	94,915	112,537	17,622	18.6%
	MYE (Census adjusted)	94,915	108,063	13,148	13.9%
Study area	2014-based SNPP/SNHP	343,858	370,229	26,371	7.7%
	MYE (unadjusted)	343,858	367,356	23,498	6.8%
	MYE (Census adjusted)	343,858	369,199	25,341	7.4%

Source: ONS

- 5.51 Whilst there is a degree of consistency across the study area in the MYE and the MYE adjusted for Census data it is worthwhile looking at which is most realistic given the differences at a local authority level. Below we seek to test which of the two MYE figures looks to be most realistic as this will determine the trend in population growth in the 2011-21 decade. For this we are particularly interested in how the population has changed rather than absolute numbers and one source we can look at is the Patient Register (PR) data. The PR measures the number of patients registered at NHS GP surgeries. Typically the PR shows higher estimates of population than other sources as some people are registered in more than one place (e.g. if they have moved home, registered with a new GP but not unregistered with a previous one). The PR can however be a good source to look at changes over time.
- 5.52 The table below shows estimated population growth in both the MYE and the PR for each area along with the East Midlands region and England – the data for this analysis covers the 2011-20 period. For the whole of the study area, the data shows an increase in the number of people on the PR of 35,100 over the 9 years, compared with 22,500 in the MYE. For the region and England the PR also consistently shows higher population growth than the MYE.

Table 5.9 Comparing ONS mid-year population estimates with estimates of population from the Patient Register

		2011	2020	Change	% change
Derby	MYE	248,950	256,860	7,910	3.2%
	Patient Register	262,310	284,070	21,760	8.3%
South Derbyshire	MYE	94,950	109,520	14,570	15.3%
	Patient Register	94,910	108,240	13,330	14.0%
Study area	MYE	343,900	366,380	22,480	6.5%
	Patient Register	357,220	392,310	35,090	9.8%
East of England	MYE	4,537,450	4,865,600	328,150	7.2%
	Patient Register	4,690,790	5,135,270	444,480	9.5%
England	MYE	53,107,200	56,550,160	3,442,960	6.5%
	Patient Register	55,312,750	60,870,990	5,558,240	10.0%

Source: ONS

- 5.53 This finding does not change the overall conclusion that there is no clear exceptional circumstance across the study area but does highlight the extent to which demographic trends look to have shifted across the two areas.

Household Trends

- 5.54 In terms of more recent trends, we can also look at household changes as projected in the 2014-based SNHP and as now shown by the Census. This is shown in the table below. This shows across the study area that household growth in the 10 years to 2021 was projected to be notably higher in the 2014-SNHP than the Census has now shown to be the case. The data also shows stronger growth than projected in South Derbyshire but a much lower level for Derby.
- 5.55 As with the population data, this is not considered to be an exceptional finding with the table below also showing lower household growth than projected across both the East Midlands and England. The data does however again point to there having been some shift in trends towards South Derbyshire and away from Derby.

Table 5.10 Estimated Households in 2011 and 2021 – range of sources

		2011	2021	Change	% change
Derby	2014-based SNHP	102,303	110,274	7,971	7.8%
	Census	102,271	105,651	3,380	3.3%
South Derbyshire	2014-based SNHP	39,137	44,536	5,399	13.8%
	Census	38,992	45,239	6,247	16.0%
Study area	2014-based SNHP	141,440	154,810	13,370	9.5%
	Census	141,263	150,890	9,627	6.8%
East Midlands	2014-based SNHP	1,897,445	2,070,504	173,059	9.1%
	Census	1,895,604	2,037,332	141,728	7.5%
England	2014-based SNHP	22,103,878	24,371,273	2,267,395	10.3%
	Census	22,063,368	23,436,085	1,372,717	6.2%

Source: ONS

- 5.56 Looking in more detail at Census data it can be seen that the lower household growth is likely to (at least in part) be due to reductions in household representative rates in younger age groups (i.e. the proportion of a particular age group who might be considered as a household reference person). The table below shows for all ages up to 49 a reduction in the proportion of the population who are a household representative – this arguably points to additional suppression of household formation and looks to be particularly acute in Derby.

Table 5.11 Household Representative Rates by Age 2011 and 2021

	Derby		South Derbyshire		Study area	
	2011	2021	2011	2021	2011	2021
24 and under	16.7%	12.5%	11.3%	9.6%	15.5%	11.8%
25-34	47.3%	43.4%	45.7%	45.9%	46.9%	44.1%
35-49	60.0%	57.2%	56.9%	56.5%	59.1%	57.0%
50-64	61.7%	62.8%	59.0%	60.5%	60.9%	62.1%
65 and over	69.1%	67.0%	67.7%	65.1%	68.7%	66.4%

Source: Census (2011 and 2021)

Housing Completions

- 5.57 A further consideration for a housing requirement is looking at past housing delivery. This is a key part of the PPG, which says (2a-010):

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

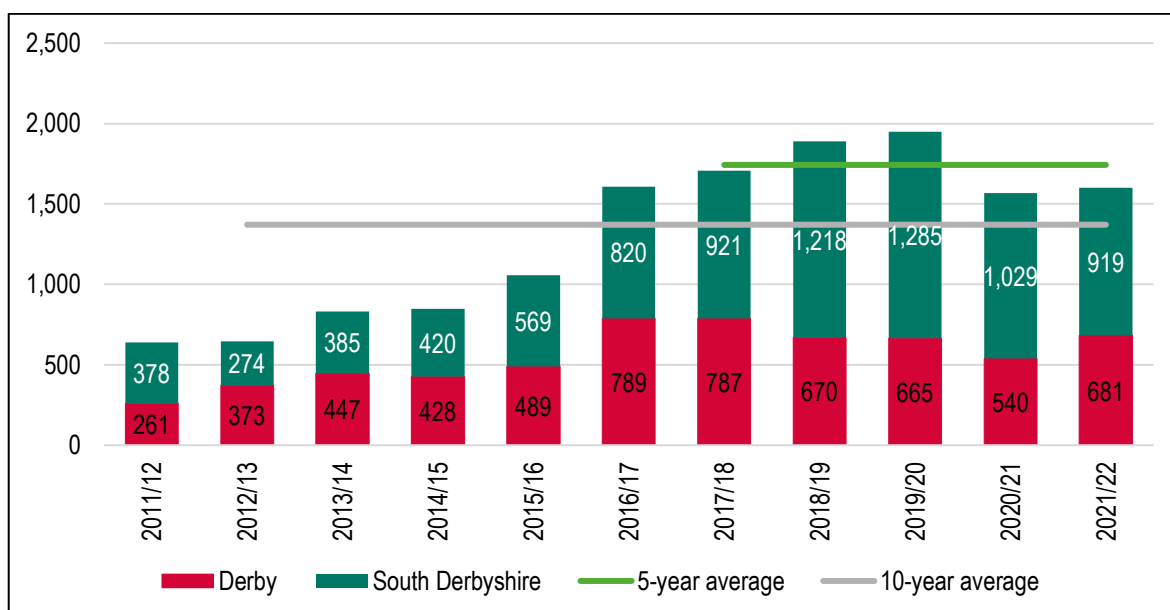
- 5.58 The figure below shows housing completions over the period from 2011 to 2022 – this shows average completions of 1,371 per annum over the past decade and a higher figure of 1,743 per annum over the past 5 years. Generally, these figures would point to a housing need of 1,788 per annum as being

reasonable – supply has not consistently exceeded the Standard Method and the current Standard Method looks to be deliverable based on recent trends.

5.59 As with other analyses, it is again the case that there is a clear movement towards higher trends in South Derbyshire and lower in Derby. In Derby, the Standard Method sits at 1,266 dwellings per annum, with past delivery (last 5 years) averaging 669. During this period Derby City Council were monitoring housing against its Local Plan target of 647 dpa therefore exceeding its target over this period.

5.60 In South Derbyshire, the Standard Method is 522 dwellings per annum versus average completions of 1,074 over the last 5 years. However, this is not a like-for-like comparison as the higher rate of delivery reflects the policy on position to deliver 3,013 homes to meet some of Derby's unmet need.

Figure 5.1 Net Completions (2011-22)



Source: Annual Monitoring Reports

Developing a Projection linking to the Standard Method

5.61 The Standard Method has been used to calculate housing need for the City and District and it is worthwhile looking at how the population might change if providing this level of homes.

5.62 A bespoke projection has been developed, linking to the provision of 1,266 dwellings per annum in Derby and 522 in South Derbyshire, and this projection is then used for other analysis in the report (including looking at the mix of housing).

5.63 A scenario has been developed that flexes migration to and from each authority such that there is sufficient population for 1,266 dwellings per annum in Derby and 522 in South Derbyshire. The

modelling links to 2018-based population and household projections and also rebases population and households to the levels shown in the 2021 Census. Within the modelling, migration assumptions have been changed so that in each local authority the increase in households matches the housing need (including a standard 3% vacancy allowance). Adjustments are made to both in- and out-migration (e.g. if in-migration is increased by 1% then out-migration is reduced by 1%). The age profile of migrants is taken from the population projections and is focused on the most migrant population groups which tend to be younger working-age adults.

- 5.64 In developing this projection a population increase of around 58,600 people is shown in the 2022-39 period, with population growth shown in all age groups. The highest increase (of 27,400 people) is projected for the 16-64 age group, but the highest proportional increase is for people aged 65 and over (projected to increase by 41%) – there is projected to be a more modest increase in the number of children.

Table 5.12 Population change 2022 to 2039 by broad age bands – Derby and South Derbyshire (linked to Standard Method)

	2022	2039	Change in population	% change from 2022
Under 16	72,649	77,541	4,892	6.7%
16-64	236,177	263,601	27,424	11.6%
65 and over	64,251	90,487	26,236	40.8%
Total	373,078	431,630	58,552	15.7%

Source: Demographic Projections

- 5.65 The tables below show the same information for each local authority, with similar trends being shown. Overall, the population of Derby is projected to see stronger growth, particularly in what might be described as ‘working-age’ groups (i.e. aged 16-64). Both areas are projected to see a notable ageing of the population.

Table 5.13 Population change 2022 to 2039 by broad age bands – Derby (linked to Standard Method)

	2022	2039	Change in population	% change from 2022
Under 16	52,373	56,845	4,472	8.5%
16-64	168,103	191,089	22,987	13.7%
65 and over	43,723	59,997	16,273	37.2%
Total	264,199	307,931	43,732	16.6%

Source: Demographic Projections

Table 5.14 Population change 2022 to 2039 by broad age bands –South Derbyshire (linked to Standard Method)

	2022	2039	Change in population	% change from 2022
Under 16	20,276	20,696	420	2.1%
16-64	68,075	72,512	4,437	6.5%
65 and over	20,528	30,491	9,963	48.5%
Total	108,879	123,698	14,819	13.6%

Source: Demographic Projections

The relationship between housing and economic growth

5.66 The analysis to follow considers the relationship between housing and economic growth; seeking to understand what level of jobs might be supported by changes to the local labour supply (which will be influenced by population change). To look at estimates of the job growth to be supported, a series of stages are undertaken. These can be summarised as:

- Estimate changes to the economically active population (this provides an estimate of the change in labour supply);
- Overlay information about commuting patterns, double jobbing (i.e. the fact that some people have more than one job) and potential changes to unemployment; and
- Bringing together this information will provide an estimate of the potential job growth supported by the population projections.

Growth in Resident Labour Supply

5.67 The approach taken in this report is to derive a series of age and sex-specific economic activity rates and use these to estimate how many people in the population will be economically active as projections develop. This is a fairly typical approach with data being drawn in this instance from the Office for Budget Responsibility (OBR) – July 2018 (Fiscal Sustainability Report) – this data has then been rebased on information in the 2021 Census (for an updated estimate of the number of economically active people).

5.68 The tables below show the assumptions made for the two local authorities. The analysis shows that the main changes to economic activity rates are projected to be in the 60-69 age groups – this will to a considerable degree link to changes to pensionable age, as well as general trends in the number of older people working for longer (which in itself is linked to general reductions in pension provision).

Table 5.15 Projected changes to economic activity rates (2022 and 2039) – Derby

	Males			Females		
	2022	2039	Change	2022	2039	Change
16-19	41.3%	41.7%	0.4%	41.8%	42.2%	0.3%
20-24	72.4%	72.2%	-0.2%	67.8%	67.7%	-0.1%
25-29	85.6%	85.6%	0.0%	72.9%	72.9%	0.0%
30-34	86.2%	86.2%	0.0%	72.2%	72.4%	0.3%
35-39	84.8%	84.4%	-0.4%	74.2%	75.7%	1.5%
40-44	85.4%	84.2%	-1.2%	75.8%	77.9%	2.2%
45-49	83.0%	82.4%	-0.6%	74.9%	78.7%	3.8%
50-54	82.4%	81.6%	-0.8%	70.0%	73.2%	3.2%
55-59	77.8%	77.5%	-0.3%	66.5%	67.7%	1.2%
60-64	58.9%	63.9%	4.9%	51.9%	57.6%	5.6%
65-69	23.5%	34.3%	10.8%	18.5%	30.4%	11.9%
70-74	10.4%	12.7%	2.3%	7.5%	13.5%	6.0%
75-89	5.8%	6.1%	0.3%	2.7%	4.9%	2.3%

Source: Based on OBR and Census data

Table 5.16 Projected changes to economic activity rates (2022 and 2039) – South Derbyshire

	Males			Females		
	2022	2039	Change	2022	2039	Change
16-19	44.1%	44.5%	0.4%	47.3%	47.7%	0.4%
20-24	90.1%	89.9%	-0.2%	80.6%	80.5%	-0.2%
25-29	91.4%	91.4%	0.0%	85.2%	85.2%	0.0%
30-34	91.4%	91.4%	0.0%	81.5%	81.8%	0.3%
35-39	91.2%	90.8%	-0.4%	82.8%	84.4%	1.6%
40-44	91.5%	90.3%	-1.2%	84.7%	87.1%	2.3%
45-49	91.1%	90.5%	-0.6%	83.1%	87.1%	4.0%
50-54	89.0%	88.2%	-0.8%	77.7%	81.1%	3.4%
55-59	82.5%	82.2%	-0.3%	72.7%	74.0%	1.3%
60-64	64.7%	69.8%	5.1%	53.8%	59.7%	6.0%
65-69	28.9%	40.0%	11.0%	19.9%	32.5%	12.6%
70-74	14.8%	17.2%	2.4%	7.8%	14.1%	6.3%
75-89	5.9%	6.2%	0.3%	2.8%	5.2%	2.4%

Source: Based on OBR and Census data

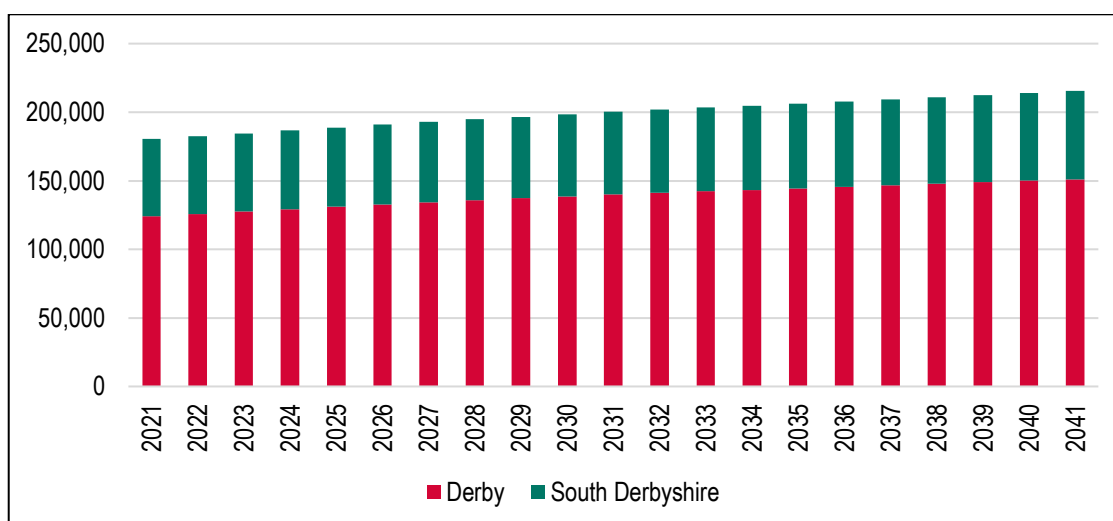
5.69 Working through an analysis of age and sex-specific economic activity rates it is possible to estimate the overall change in the number of economically active people in Derby and South Derbyshire – this is set out in the table below. The analysis shows that the projection linked to the Standard Method results in growth in the economically active population of 30,000 people – a 16% increase – growth is particularly strong in Derby.

Table 5.17- Estimated change to the economically active population (2022-39)

	Economically active (2022)	Economically active (2039)	Total change in economically active	% change
Derby	125,754	148,901	23,146	18.4%
South Derbyshire	56,700	63,588	6,888	12.1%
TOTAL	182,455	212,489	30,034	16.5%

Source: Derived from demographic projections

5.70 The figure below shows the same information but for a longer time series (2021 to 2041). This shows continued growth in the economically active population, but at a slightly reduced rate in the longer term – this is linked to continued ageing of the population as well as OBR rate increases reducing over time.

Figure 5.2 - Estimated change to the economically active population (2021-2041)

Source: Derived from demographic projections

Linking Changes to Resident Labour Supply and Job Growth

5.71 The analysis above has set out potential scenarios for the change in the number of economically active people. However, it is arguably more useful to convert this information into an estimate of the number of jobs this would support. The number of jobs and resident workers required to support these jobs will differ depending on three main factors:

- **Commuting patterns** – where an area sees more people out-commute for work than in-commute it may be the case that a higher level of increase in the economically active population would be required to provide a sufficient workforce for a given number of jobs (and vice versa where there is net in-commuting);
- **Double jobbing** – some people hold down more than one job and therefore the number of workers required will be slightly lower than the number of jobs; and

- Unemployment – if unemployment were to fall then the growth in the economically active population would not need to be as large as the growth in jobs (and vice versa)

Commuting Patterns

5.72 The table below shows summary data about commuting to and from Derby and South Derbyshire from the 2021 Census. Overall, the data shows Derby having a level of net in-commuting, with the opposite being the case for South Derbyshire.

5.73 In South Derbyshire, the number of people resident in the area who are working is about 18% higher than the total number who work in the area. This number is shown as the commuting ratio in the final row of the table and is calculated as the number of people living in an area (and working) divided by the number of people working in the area (regardless of where they live).

Table 5.18- Commuting patterns (2021)

	Derby	South Derbyshire
Live and Work in District	48,426	9,742
Home Workers or No Fixed Workplace	41,532	21,523
In Commute	32,396	14,305
Out Commute	26,239	22,643
Total Working in LA	122,354	45,570
Total Living in LA and Working Anywhere	116,197	53,908
Commuting Ratio	0.95	1.18

Source: 2021 Census

5.74 In translating the commuting pattern data into growth in the labour force, a core assumption is that the commuting ratio remains at the same level as shown by the 2021 Census. A sensitivity has also been developed where commuting for new jobs is assumed to be on a 1:1 ratio (i.e. the increase in the number of people working in the area is equal to the number of people living in the area who are working).

Double Jobbing

5.75 The analysis also considers that many people may have more than one job (double jobbing). This can be calculated as the number of people working in the local authority divided by the number of jobs. Data from the Annual Population Survey (available on the NOMIS website) for the past 5-years suggests across Derby that typically about 2.7% of workers have a second job, with a slightly higher figure (4.7%) being seen in South Derbyshire.

5.76 For this assessment, it has been assumed that around 2.7% or 4.7% of people will have more than one job moving forward. A double jobbing figure of 2.7% gives rise to a ratio of 0.973 (i.e. the number of jobs supported by the workforce will be around 2.7% higher than workforce growth). It has been assumed in the analysis that the level of double jobbing will remain constant over time.

Unemployment

- 5.77 The last analysis when looking at the link between jobs and resident labour supply is a consideration of unemployment. Essentially, this is considering if there is any latent labour force that could move back into employment to take up new jobs. This is particularly important given there are likely to have been notable increases in unemployment due to Covid-19, although it will be difficult to be precise about numbers. Given the estimates of economic activity and job growth are taken from 2022 it is considered that there is no need to include a further adjustment to take account of the pandemic. Essentially it is assumed that people who lost employment through the pandemic will now be back in work (where they are seeking work) and so there is no latent labour supply available to fill additional jobs.

Jobs Supported by Growth in the Resident Labour Force

- 5.78 The table below shows how many additional jobs might be supported by population growth under the Standard Method projection. Given different assumptions about commuting patterns and estimates about double jobbing, it is estimated that more than 31,000 additional jobs could be supported by the changes to the resident labour supply over the decade.

Table 5.19- Jobs supported by demographic projections (2022-39)

		Total change in economically active	Allowance for double jobbing	Allowance for net commuting (= jobs supported)
Derby	Census commuting	23,146	23,798	25,059
	1:1 commuting	23,146	23,798	23,798
South Derbyshire	Census commuting	6,888	7,225	6,107
	1:1 commuting	6,888	7,225	7,225
TOTAL	Census commuting	30,034	31,023	31,167
	1:1 commuting	30,034	31,023	31,023

Source: Derived from a range of sources

Demographic review and implications for overall housing need – Summary

- 5.79 The Standard Method results in an overall annual need for 1,788 dwellings across Derby and South Derbyshire. This includes the 35% uplift in Derby which is not a reflection of the City's own need but is part of a government initiative to direct housing growth to the twenty largest urban centres in the Country.
- 5.80 Revised mid-year population estimates suggest the 2014-based projections slightly underestimated population growth by 2021. However, the scale of difference, both overall and for individual authorities, is not at all substantial and would be unlikely to have a notable impact on projections.

- 5.81 However, the data points to population growth having been weaker in Derby than projected but stronger for South Derbyshire – arguably exceptional at an individual authority level and pointing to a potentially different distribution of demographic trends and therefore housing need.
- 5.82 Overall, this is not considered to be ‘exceptional’ – as nationally the same trend has been seen with both mid-year population estimates sitting below the 2014-SNPP figures – albeit in the opposite order.
- 5.83 Patient Register (PR) data for the whole of the study area shows an increase in the number of people on the PR of 35,100 over the 9 years, compared with 22,500 in the MYE.
- 5.84 This finding does not change the overall conclusion that there is no clear exceptional circumstance across the study area but demographic trends look to have shifted across the two areas.
- 5.85 Census data on household changes also shows stronger growth than projected in South Derbyshire but a much lower level for Derby. This is not considered to be an exceptional finding, although there does appear to have been a shift in trends towards South Derbyshire and away from Derby.
- 5.86 Lower household growth is likely to (at least in part) be due to reductions in household representative rates in younger age groups (restrictions to formation due to affordability challenges). A higher number of housing completions in South Derbyshire is likely to impact this also.
- 5.87 The analysis suggests that there are no exceptional circumstances to deviate from the Standard Method, It has therefore been used to calculate housing need for the City and District and it is worthwhile looking at how the population might change if providing this level of homes.
- 5.88 A projection has been developed showing a population increase of around 58,600 people associated with this level of housing growth in the 2022-39 period.
- 5.89 Population growth is shown in all age bands with the strongest numerical growth projected for the 16-64 age group, but in proportional terms, the increase in the number of people aged 65 and over is most significant – there is projected to be a more modest increase in the number of children.
- 5.90 The projection linked to the Standard Method results in growth in the economically active population of 30,000 people – a 16% increase – growth is particularly strong in Derby.
- 5.91 Overall it is estimated that over 31,000 additional jobs could be supported by the changes to the resident labour supply over the 2022-39 period across the two local authorities.

6. AFFORDABLE HOUSING NEED

Introduction

- 6.1 This section provides an assessment of the need for affordable housing in Derby and South Derbyshire. The analysis specifically considers general needs housing, with further analysis of specialist housing (e.g. for older people) being discussed later in the report. Appendix A1 of this report provides a sub-area analysis of affordable housing need for South Derbyshire.
- 6.2 The analysis follows the PPG (Sections 2a-018 to 2a-024) and provides two main outputs, linked to Annex 2 of the NPPF – this is firstly an assessment of the need from households unable to buy OR rent housing and secondly from households able to rent but not buy. For convenience, these analyses are labelled as a need for ‘social/affordable rented housing’ and ‘affordable home ownership’ although, in reality, it is possible for a home ownership product to fit into the rented category (as long as the price is sufficiently low) or for a rented product (such as rent-to-buy) to be considered as affordable home ownership.
- 6.3 The analysis also considers First Homes, which looks likely to become a new tenure (potentially replacing other forms of affordable home ownership). Further information about First Homes was set out in a Planning Practice Guidance in May 2021.

Methodology Overview

- 6.4 The method for studying the need for affordable housing has been enshrined in Government practice guidance for many years, with an established approach to look at the number of households who are unable to afford market housing (to either rent or buy) – it is considered that this group will mainly be a target for rented affordable homes (social/affordable rented) and therefore the analysis looks at the need for ‘*affordable housing for rent*’ as set out in Annex 2 of the NPPF. The methodology for looking at the need for rented (social/affordable) housing considers the following:
- **Current affordable housing need:** an estimate of the number of households who have a need now, at the point of the assessment, based on a range of secondary data sources – this figure is then annualised so as to meet the current need over a period of time;
 - **Projected newly forming households in need:** using demographic projections to establish gross household formation, and then applying an affordability test to estimate numbers of such households unable to afford market housing;
 - **Existing households falling into need:** based on studying past trends in the types of households who have accessed social/affordable rented housing; and

- **Supply of affordable housing:** an estimate of the likely number of lettings that will become available from the existing social/affordable housing stock.

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

Local Prices and Rents

- 6.11 An important part of the affordable needs model is to establish the entry-level costs of housing to buy and rent. The affordable housing needs assessment compares prices and rents with the incomes of households to establish what proportion of households can meet their needs in the market, and what

proportion require support and are thus defined as having an ‘affordable housing need’. To establish affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes).

- 6.12 The analysis below considers the entry-level costs of housing to both buy and rent in Derby and South Derbyshire. The approach has been to analyse Land Registry and ONS data to establish lower-quartile prices and rents. Using a lower quartile figure is consistent with the PPG and reflects the entry-level point into the market recognising that the very cheapest properties may be of sub-standard quality.
- 6.13 Data from the Land Registry for the year to December 2022 shows estimated lower quartile property prices by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £83,000 for a second-hand flat in Derby and rise to £265,000 for a detached home in South Derbyshire. Looking at the lower quartile price across all dwelling types, the analysis shows a lower quartile price ranging from £150,000 (Derby) to £175,000 (South Derbyshire). The figures are all based on the cost of existing homes in the market although newbuild prices are considered later in this section when looking at potential costs of affordable home ownership properties.

Table 6.1 Estimated lower quartile cost of housing to buy by type (existing dwellings) – year to December 2022

	Derby	South Derbyshire
Flat/maisonette	£83,000	£103,000
Terraced	£122,500	£140,000
Semi-detached	£165,000	£180,000
Detached	£245,000	£265,000
All dwellings	£150,000	£175,000

Source: Land Registry

- 6.14 It is also useful to provide estimates of property prices by the number of bedrooms in a home. Analysis for this draws together Land Registry data with an internet search of prices of homes for sale (using sites such as Rightmove). The analysis suggests a lower quartile price of about £75,000 for a 1-bedroom home in both areas, rising to £295,000 for homes with 4 bedrooms in South Derbyshire.

Table 6.2 Estimated lower quartile cost of housing to buy by size (existing dwellings) – year to December 2022

	Derby	South Derbyshire
1-bedroom	£75,000	£75,000
2-bedrooms	£125,000	£135,000
3-bedrooms	£180,000	£200,000
4-bedrooms	£290,000	£295,000
All dwellings	£150,000	£175,000

Source: Land Registry and Internet Price Search

- 6.15 A similar analysis has been carried out for private rents using ONS data – this covers a 12-month period to March 2023. For the rental data, information about dwelling sizes is provided (rather than types); the analysis shows an average lower quartile cost (across all dwelling sizes) of between £545 (Derby) and £600 (South Derbyshire) per month.

Table 6.3 Lower Quartile Market Rents, year to March 2023

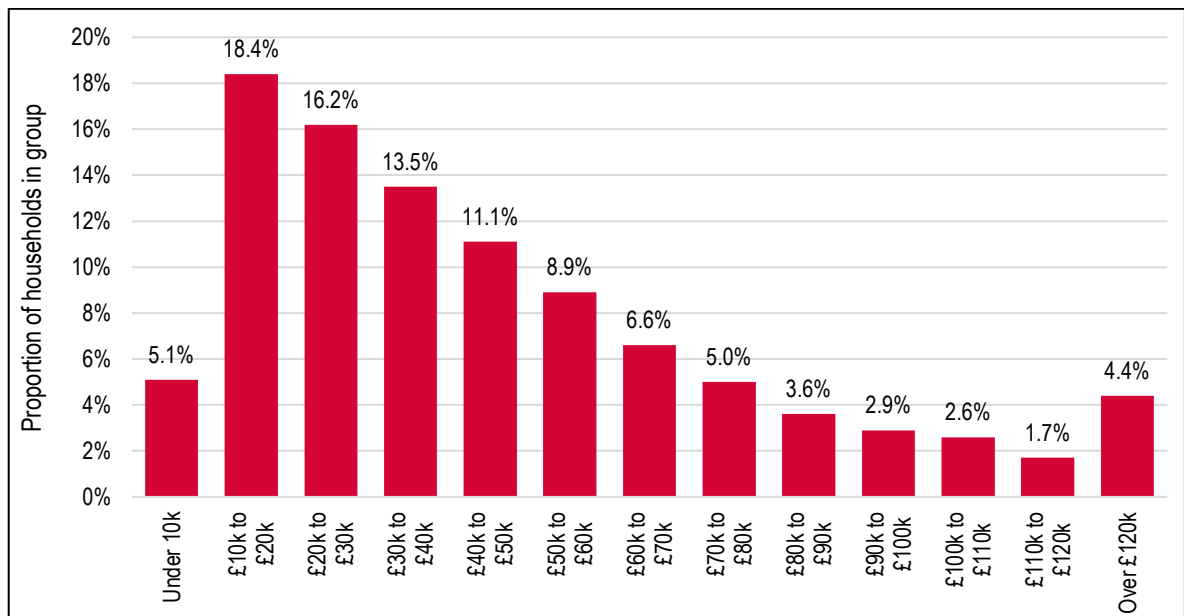
	Derby	South Derbyshire
Room Only	£390	-
Studio	£365	-
1-bedroom	£425	£483
2-bedrooms	£550	£595
3-bedrooms	£625	£725
4-bedrooms	£886	£950
All properties	£545	£600

Source: ONS

Household Incomes

- 6.16 Following on from the assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability (i.e. the ability of a household to afford to buy or rent housing in the market without the need for some sort of subsidy). Data about total household income has been based on ONS-modelled income estimates, with additional data from the English Housing Survey (EHS) being used to provide information about the distribution of incomes.
- 6.17 Drawing this data together an income distribution for the whole study area has been constructed for 2022. The figure below shows that around a quarter of households have incomes below £20,000 with a further third in the range of £20,000 to £30,000. Overall, the average (mean) income is estimated to be around £46,500, with a median income of £37,300; the lower quartile income of all households is estimated to be £20,900.

Figure 6.1 - Distribution of household income (2022) – Derby and South Derbyshire



Source: Derived from a range of data sources

6.18 Analysis has also been undertaken to estimate how incomes vary by local authority, with the table below showing the estimated median household income in each location, the table also shows the variance in incomes from the study-area average. There is some variation in the estimated incomes by area, ranging from £34,400 in Derby to £44,500 in South Derbyshire.

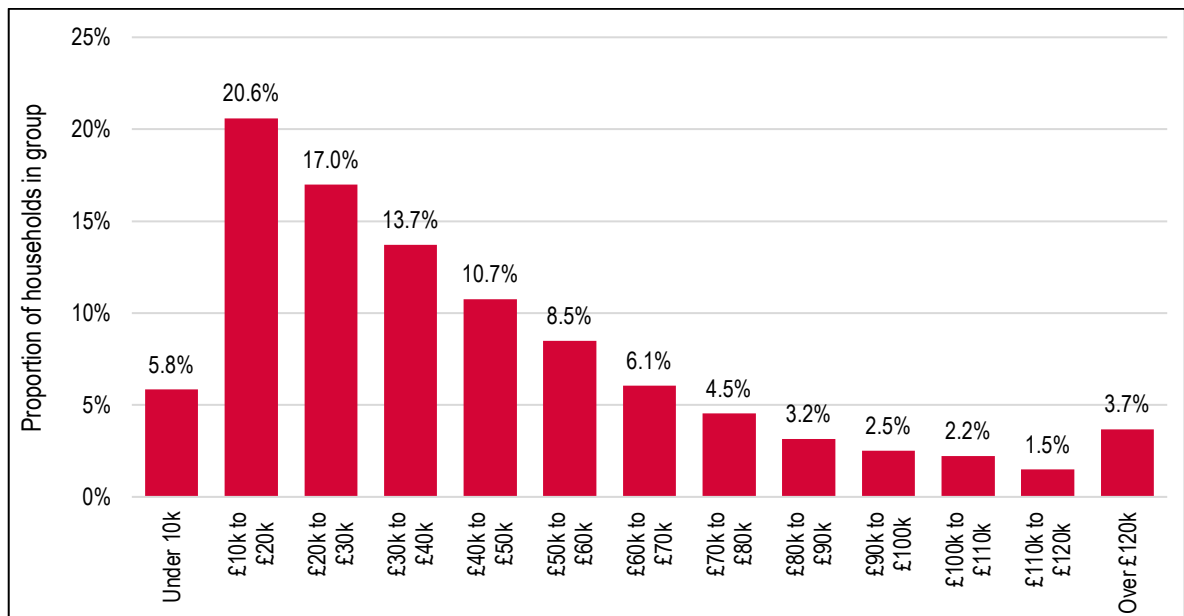
Table 6.4 Estimated average (median) household income by local authority (2022)

	Median Income	As a % of the study area average
Derby	£34,400	92%
South Derbyshire	£44,500	119%
All households	£37,300	-

Source: Derived from a range of data

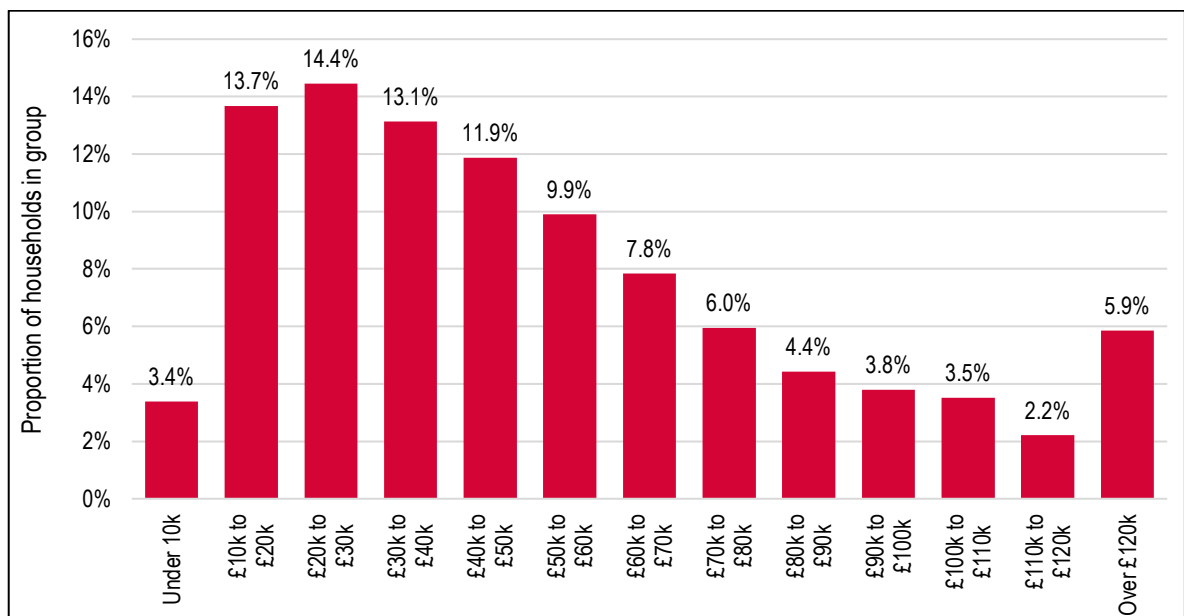
6.19 The two figures below show the estimated distribution of income for the two local authorities, this shows a higher proportion of households in Derby with lower incomes (26% with incomes below £20,000, compared with 17% in South Derbyshire).

Figure 6.2 - Distribution of household income (2022) – Derby



Source: Derived from a range of data sources

Figure 6.3 - Distribution of household income (2022) – South Derbyshire



Source: Derived from a range of data sources

Affordability Thresholds

6.20 To assess affordability two different measures are used; firstly to consider what income levels are likely to be needed to access private rented housing (this establishes those households in need of social/affordable rented housing) and secondly to consider what income level is needed to access owner occupation (this, along with the first test helps to identify households in the ‘gap’ between renting and buying).

- 6.21 This analysis therefore brings together the data on household incomes with the estimated incomes required to access private-sector housing. Additionally, different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households).
- 6.22 A household is considered able to afford market-rented housing in cases where the rent payable would constitute no more than a particular percentage of gross income. The choice of an appropriate threshold is an important aspect of the analysis – the PPG does not provide any guidance on this issue. CLG SHMA guidance prepared in 2007 suggested that 25% of income is a reasonable starting point, it also noted that a different figure could be used. Analysis of current letting practice suggests that letting agents typically work on a multiple of 40%. Government policy (through Housing Benefit payment thresholds) would also suggest a figure of 40%+ (depending on household characteristics).
- 6.23 At £545-£600 per calendar month, lower quartile rent levels in Derby and South Derbyshire are similar to (slightly below) average in comparison to those seen nationally (a lower quartile rent of £625 for England in the year to March 2023). This would suggest that the proportion of income to be spent on housing could be slightly higher than the bottom end of the range (the range starting from 25%).
- 6.24 On balance, it is considered that a threshold of 30% is reasonable in a local context, to afford a £600 pcm rent would imply a gross household income of about £24,000 (and in net terms, the rent would likely be around 35% of income).
- 6.25 In reality, many households may well spend a higher proportion of their income on housing and therefore would have less money for other living costs – for this assessment, these households would essentially be assumed as ideally having some form of subsidised rent to ensure a sufficient level of residual income.
- 6.26 Generally, the income required to access owner-occupied housing is higher than that required to rent and so the analysis of the need for social/affordable rented housing is based on the ability to afford to access private rented housing. However, local house prices (and affordability) are important when looking at the need for affordable home ownership.
- 6.27 For this assessment, the income thresholds for owner-occupation assume a household has a 10% deposit and can secure a mortgage for four and a half times its income. These assumptions are considered to be broadly in line with typical lending practices although it is recognised that there will be differences on a case-by-case basis.
- 6.28 The table below shows the estimated incomes required to both buy and rent (privately) in each local authority. This shows a notable 'gap' in all areas across both areas, particularly South Derbyshire

where house prices are higher. The information in the tables below is taken forward into further analysis in this section to look at affordable needs in different locations.

Table 6.5 Estimated Household Income Required to Buy and Privately Rent by local authority

	To buy	To rent (privately)	Income gap
Derby	£30,000	£21,800	£8,200
South Derbyshire	£35,000	£24,000	£11,000

Source: Based on Housing Market Cost Analysis

Need for Social/Affordable Rented Housing

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

Current Need

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

Table 6.6 Main Sources for Assessing the Current Need for Affordable Housing

	Source	Notes
Homeless households (and those in temporary accommodation)	MHCLG Statutory Homelessness data	Household in temporary accommodation at end of the quarter.
Households in overcrowded housing ⁹	2021 Census Table RM099	Analysis undertaken by tenure
Concealed households ¹⁰	2021 Census Table RM009	Number of concealed families
Existing affordable housing tenants in need	Modelled data linking to past survey analysis	Excludes overcrowded households
Households from other tenures in need	Modelled data linking to past survey analysis	

Source: PPG [2a-020]

- 6.31 The table below estimates the number of households within each need category. This shows an estimated need from around 12,600 households – 83% in Derby. The data draws on several sources, including the 2021 Census.

Table 6.7 Estimated housing need by category of household

	Derby	South Derbyshire	TOTAL
Homeless households	185	31	216
Households in overcrowded housing	5,271	683	5,954
Concealed households	2,059	444	2,503
Existing affordable housing tenants in need	431	97	528
Households from other tenures in need	2,489	914	3,403
TOTAL	10,435	2,169	12,604

Source: Derived from a range of sources

- 6.32 In taking this estimate forward, the data modelling next estimates the need by tenure and considers affordability. The affordability in different groups is based on estimates of how incomes are likely to vary, for owner-occupiers there is a further assumption about potential equity levels. For homeless and concealed households it is assumed incomes will be low and households unlikely to be able to afford. The table below shows over half of those households identified above are unlikely to be able to afford market housing to buy OR rent and therefore there is a current need from nearly 6,000 households.

⁹ <https://www.nomisweb.co.uk/query/construct/summary.asp?mode=construct&version=0&dataset=2199>

¹⁰ <https://www.nomisweb.co.uk/query/construct/summary.asp?mode=construct&version=0&dataset=2109>

Table 6.8 Estimated housing need and affordability by tenure

	Number in need	% unable to afford	Current need after affordability
Owner-occupied	3,140	3.3%	105
Affordable housing	2,423	68.9%	1,670
Private rented	4,322	33.8%	1,462
No housing (homeless/concealed)	2,719	100.0%	2,719
TOTAL	12,604	47.3%	5,956

Source: Derived from a range of sources

- 6.33 Finally, from these estimates, households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise). The total current need is therefore estimated to be around 4,300. For the purposes of analysis, it is assumed that the local authorities would seek to meet this need over a period of time.
- 6.34 Given that this report typically looks at needs in the period to 2039 (from 2022), the need is annualised by dividing by 17 (to give an annual need for around 252 dwellings across all areas). This does not mean that some households would be expected to wait 17 years for housing as the need is likely to be dynamic, with households leaving the current need as they are housed but with other households developing a need over time.
- 6.35 The table below shows this data for local authorities – this includes the current number in need (once taking account of affordability), the number once excluding housing in affordable housing and the annual figure this represents.

Table 6.9 Estimated current housing need by local authority

	Number in need	Excluding those in affordable housing	Annualised
Derby	5,061	3,605	212
South Derbyshire	896	681	40
TOTAL	5,956	4,286	252

Source: Derived from a range of sources

Newly-Forming Households

- 6.36 The number of newly forming households has been estimated through demographic modelling with an affordability test also being applied. This has been undertaken by considering the changes in households in specific 5-year age bands relative to numbers in the age band below, 5 years previously, to provide an estimate of gross household formation.
- 6.37 The number of newly-forming households is limited to households forming who are aged under 45 – this is consistent with CLG guidance (from 2007) which notes after age 45 that headship (household

formation) rates 'plateau'. There may be a small number of household formations beyond age 45 (e.g. due to relationship breakdown) although the number is expected to be fairly small when compared with the formation of younger households.

- 6.38 In assessing the ability of newly forming households to afford market housing, data has been drawn from previous surveys undertaken nationally by JGC. This establishes that the average income of newly forming households is around 84% of the figure for all households. This figure is remarkably consistent across areas (and is also consistent with analysis of English Housing Survey data at a national level).
- 6.39 The analysis has therefore adjusted the overall household income data to reflect the lower average income for newly forming households. The adjustments have been made by changing the distribution of income by bands such that the average income level is 84% of the all household average. In doing this it is possible to calculate the proportion of households unable to afford market housing. For the need for social/affordable rented housing, this will relate to households unable to afford to buy OR rent in the market.
- 6.40 The assessment suggests overall that around a third of newly forming households will be unable to afford market housing (to rent privately) and this equates to a total of 747 newly forming households will have a need per annum on average in Derby and 275 in South Derbyshire.

Table 6.10 Estimated Need for Social/Affordable Rented Housing from Newly Forming Households (per annum)

	Number of new households	% unable to afford	Annual newly forming households unable to afford to rent
Derby	2,014	37.1%	747
South Derbyshire	936	29.4%	275
TOTAL	2,950	34.6%	1,022

Source: Projection Modelling/Affordability Analysis

Existing Households Falling into Affordable Housing Need

- 6.41 The second element of newly arising need is existing households falling into need. To assess this, information about past lettings in social/affordable rented has been used. The assessment looked at households who have been housed in general needs housing over the past three years – this group will represent the flow of households onto the Housing Register over this period. From this, newly forming households (e.g. those currently living with family) have been discounted as well as households who have transferred from another social/affordable rented property. Data has been drawn from a number of sources, including Local Authority Housing Statistics (LAHS) and Continuous Recording of Sales and Lettings (CoRe).

- 6.42 In the absence of any guidance in the PPG, this method for assessing existing households falling into need is consistent with the 2007 SHMA guide which says on page 46 that ‘Partnerships should estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless household applicants)’. The analysis suggests a need arising from 282 existing households each year in Derby and 60 in South Derbyshire.

Table 6.11 : Estimated Need for Social/Affordable Rented Housing from Existing Households Falling into Need (per annum)

	Total Additional Need	% of Total
Derby	282	82.3%
South Derbyshire	60	17.7%
TOTAL	342	100.0%

Source: Derived from a range of sources

Supply of Social/Affordable Rented Housing Through Relets

- 6.43 The future supply of affordable housing through relets is the flow of affordable housing arising from the existing stock that is available to meet future need. This focuses on the annual supply of social/affordable rent relets.
- 6.44 The Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. Information from a range of sources (mainly LAHS and CoRe) has been used to establish past patterns of social housing turnover. The figures are for general needs lettings but exclude lettings of new properties and also exclude an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock.
- 6.45 Based on past trend data, it has been estimated that 729 units of social/affordable rented housing are likely to become available each year moving forward for occupation by households in need.

Table 6.12: Analysis of Past Social/Affordable Rented Housing Supply, 2019/20 – 2021/22 (average per annum)

	Total Lettings	% as Non-New Build	Lettings in Existing Stock	% Non-Transfers	Lettings to New Tenants
2019/20	1,535	82.1%	1,260	62.3%	786
2020/21	1,349	87.2%	1,176	64.1%	754
2021/22	1,248	80.8%	1,008	64.3%	648
Average	1,377	83.3%	1,148	63.5%	729

Source: CoRe

- 6.46 The table below shows the estimated supply of affordable housing from relets in each local authority – figures varying from 161 per annum in South Derbyshire, up to 568 in Derby. Based on the total social and affordable rented housing stock in each area¹¹ the relet supply equates to 3.5% of stock in Derby and 4.1% in South Derbyshire. It should be noted that the relet supply within each of the two local authorities is only available for use by that authority and not by the other.

Table 6.13: Estimated supply of affordable housing from relets of existing stock by local authority (per annum)

	Annual supply
Derby	568
South Derbyshire	161
TOTAL	729

Source: CoRe

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

Net Need for Social/Affordable Rented Housing

- 6.48 The table below shows the overall calculation of affordable housing need. The analysis shows that there is a need for 672 affordable homes per annum in Derby City and 214 in South Derbyshire. The net need is calculated as follows:

Net Need = Current Need (allowance for) + Need from Newly-Forming Households + Existing Households falling into Need – Supply of Affordable Housing

¹¹ 16,035 in Derby and 3,951 in South Derbyshire, as taken from Regulator of Social Housing Statistics and only included general needs housing.

Table 6.14: Estimated Need for Social/Affordable Rented Housing (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
Derby	212	747	282	1,240	568	672
South Derbyshire	40	275	60	376	161	214
TOTAL	252	1,022	342	1,616	729	886

Source: Derived from a range of sources *Numbers may not sum due to rounding

The Relationship Between Affordable Need and Overall Housing Numbers

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

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

6.50 However, the relationship between affordable housing need and overall housing need is complex. This was recognised in the Planning Advisory Service (PAS) Technical Advice Note of July 2015. PAS conclude that there is no arithmetical way of combining the OAN (calculated through demographic projections) and the affordable need. There are a number of reasons why the two cannot be 'arithmetically' linked.

6.51 Firstly, the modelling contains a category in the projection of '*existing households falling into need*'; these households already have accommodation and hence if they were to move to alternative accommodation, they would release a dwelling for use by another household – there is no net need to provide additional homes. The modelling also contains '*newly forming households*'; these households are a direct output from the demographic modelling and are therefore already included in the overall housing need figures.

6.52 This just leaves the '*current need*'; much of this group will be similar to the existing households already described (in that they are already living in accommodation) although a number may be households without housing (mainly concealed households) – these households are not included in the demographic modelling and so are arguably an additional need, although uplifts for market signals/affordability (as included in the Government's Standard Method) would be expected to deal with such households.

- 6.53 The analysis estimates an annual need for 672 affordable homes per annum in Derby City and 214 in South Derbyshire, which is notionally 53% and 41% of a respective Local Housing Need per annum (as calculated using the Standard Method). However, as noted, caution should be exercised in trying to make a direct link between affordable need and planned delivery, with the key point being that many of those households picked up as having a need will already be living in housing and so providing an affordable option does not lead to an overall net increase in the need for housing (as they would vacate a home to be used by someone else).
- 6.54 It is possible to investigate this in some more detail by re-running the model and excluding those already living in accommodation. This is shown in the table below which identifies that meeting these needs would lead to an affordable need for 452 homes per annum across the Study area – notionally 25% of the Standard Method. This figure is theoretical and should not be seen to be minimising the need (which is clearly acute). It does however serve to show that there is a substantial difference in the figures when looking at overall housing shortages.
- 6.55 The analysis is arguably even more complex than this – it can be observed that the main group of households in need are newly forming households. These households are already included within demographic projections so the demonstration of a need for this group again should not be seen as additional to that estimated through demographic projections (including the Standard Method).

Table 6.15: Estimated Need for Affordable Housing (social/affordable rented) excluding households already in accommodation – Derby & South Derbyshire

	Including existing households	Excluding existing households
Current need	252	160
Newly forming households	1,022	1,022
Existing households falling into need	342	0
Total Gross Need	1,616	1,182
Re-let Supply	729	729
Net Need	886	452

Source: Derived from a range of sources

- 6.56 The two tables below show equivalent data for each of the two authorities – when excluding existing households the affordable need is 25% of the Standard Method need in Derby and 27% in South Derbyshire.

Table 6.16: Estimated Need for Affordable Housing (social/affordable rented) excluding households already in accommodation – Derby

	Including existing households	Excluding existing households
Current need	212	132
Newly forming households	747	747
Existing households falling into need	282	0
Total Gross Need	1,240	879
Re-let Supply	568	568
Net Need	672	311

Source: Derived from a range of sources

Table 6.17: Estimated Need for Affordable Housing (social/affordable rented) excluding households already in accommodation –South Derbyshire

	Including existing households	Excluding existing households
Current need	40	28
Newly forming households	275	275
Existing households falling into need	60	0
Total Gross Need	376	303
Re-let Supply	161	161
Net Need	214	142

Source: Derived from a range of sources

- 6.57 If the councils wish to assess the need for affordable housing over the Local Plan period a basic calculation would be to multiply this number by 17. As shown in the table below, this would equate to 11,441 affordable homes in Derby and 3,638 in South Derbyshire.

Table 6.18: Estimated Need for Affordable Housing (social/affordable rented) –Derby and South Derbyshire – Plan Period

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
Derby	3,604	12,699	4,794	21,097	9,656	11,441
South Derbyshire	680	4,675	1,020	6,375	2,737	3,638
TOTAL	4,284	17,374	5,814	27,472	12,393	15,079

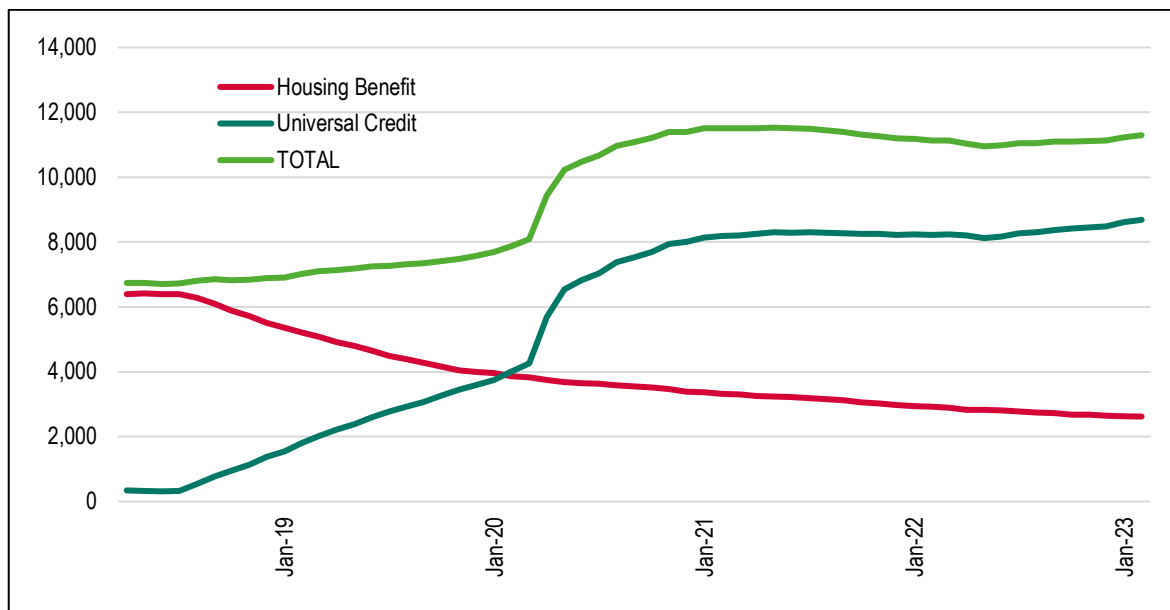
Source: Derived from a range of sources

- 6.58 The figure above is provided indicatively only and as per the PPG the affordable housing need calculation is an annual flow (Table 6.14). This annual flow figure essentially provides the Councils with the number of households who would be expected to have a need in any given year (i.e. needing to spend more than 30% of income on housing).

- 6.59 The discussion above has already noted that the need for affordable housing does not generally lead to a need to increase overall provision (except for potentially providing housing for concealed households although this should be picked up as part of an affordability uplift). It is however worth briefly thinking about how affordable need works in practice and the housing available to those unable to access market housing without Housing Benefit. In particular, the role played by the Private Rented Sector (PRS) in providing housing for households who require financial support to meet their housing needs should be recognised.
- 6.60 Whilst the Private Rented Sector (PRS) does not fall within the types of affordable housing set out in the NPPF (other than affordable private rent which is a specific tenure separate from the main 'full market' PRS), it has evidently been playing a role in meeting the needs of households who require financial support in meeting their housing need. The government recognises this and indeed legislated through the 2011 Localism Act to allow Councils to discharge their "homelessness duty" by providing an offer of a suitable property in the PRS.
- 6.61 It is also worth reflecting on the NPPF (Annex 2) definition of affordable housing. This says: 'Affordable housing: housing for sale or rent, for those whose needs are not met by the market' [emphasis added]. Clearly, where a household can access suitable housing in the private rented sector (with or without Housing Benefit) it is the case that these needs are being met by the market (as within the NPPF definition). As such the role played by the private rented sector should be recognised – it is evidently part of the functioning housing market.
- 6.62 Data from the Department of Work and Pensions (DWP) has been used to look at the number of Housing Benefit supported private rented homes. As of February 2023, it is estimated that there were over 11,000 benefit claimants in the private rented sector in Derby and South Derbyshire. From this, it is clear that the PRS contributes to the wider delivery of 'affordable homes' with the support of benefit claims, and further complicates any attempts to find a relationship between affordable need and overall housing need.
- 6.63 It should however be noted that it may be difficult for households to access private rented housing where they are reliant on HB/UC. In some cases, Local Housing Allowance (LHA) levels will be low compared to the rent being sought and there will also be cases where landlords do not let homes to households claiming benefits (LHA levels are discussed later in this section). Therefore, whilst the private rented sector does release some pressure from affordable housing, it should not be considered as an affordable tenure
- 6.64 The figure below shows the trend in the number of claimants in the Study area. This shows there has been a notable increase since March 2020, which is likely to be related to the Covid-19 pandemic. However, even more historical data shows a substantial number of households claiming benefit

support for their housing in the private sector (typically around 7,000-8,000 households with the vast majority in Derby City).

Figure 6.4 Number of Housing Benefit claimants in the private rented sector



Source: Department of Work and Pensions

- 6.65 The table below shows the number of claimants in February 2023 and also 4 years previously (to indicate the impact of the pandemic). Benefit claimant numbers are particularly high in Derby.

Table 6.19 Number of Housing Benefit claimants in the private rented sector – local authorities

	February 2019			February 2023		
	Housing Benefit	UC with housing element	TOTAL	Housing Benefit	UC with housing element	TOTAL
Derby	3,962	1,586	5,548	2,008	7,090	9,098
South Derbyshire	1,245	222	1,467	608	1,598	2,206
TOTAL	5,207	1,807	7,014	2,619	8,685	11,304

Source: Department of Work and Pensions

- 6.66 Whilst housing delivery through the Local Plan can be expected to secure additional affordable housing it needs to be noted that delivery of affordable housing through planning obligations is an important, but not the only means, of delivering affordable housing. This is particularly the case in Derby where developer contributions only comprise 59% of affordable housing delivery although this increases to 98% in South Derbyshire. The table below illustrates the source of affordable housing in both areas.

Table 6.20: Source of Affordable Housing (2017/18 – 2022/23)

Derby	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Direct Delivery	15	9	0	5	15	1
Purchase	18	43	51	67	31	26
On-Site Affordable Housing Contributions	42	34	154	131	110	41
Other	0	3	2	20	22	31
Total	75	89	207	223	178	99
South Derbyshire	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Direct Delivery	0	0	6	0	0	0
Purchase	0	0	7	10	6	0
On-Site Affordable Housing Contribution*	180	225	278	164	150	132
Other	0	0	0	0	0	0
Total	180	225	291	174	156	132

Source: Council Monitoring Data * includes HE funded 100% affordable schemes supported by SDDC

- 6.67 The Councils can and do deliver directly and should also work with housing providers (noting that South Derbyshire does not work with “for-profit” registered providers) to secure funding to support enhanced affordable housing delivery on some sites including through the use of its own land assets.
- 6.68 The City Council has already set itself a target of directly delivering 100 affordable homes per annum. This includes new builds and also the purchase of stock, including buy-backs to be provided as affordable housing. As shown in the table above this has averaged around 47 units per annum over the last 6 years.
- 6.69 Overall, it is difficult to link the need for affordable housing to the overall housing need; indeed, there is no justification for trying to make the link. Put simply the two do not measure the same thing and interpreting the affordable need figure consideration needs to be given to the fact that many households already live in housing, and do not therefore generate an overall net need for an additional home. Further issues arise as the need for affordable housing is complex and additionally, the extent of concealed and homeless households needs to be understood as well as the role played by the private rented sector.
- 6.70 Regardless of the discussion above, the analysis identifies a notable need for affordable housing, and it is clear that the provision of new affordable housing is an important and pressing issue in the City and to a lesser but still notable degree in South Derbyshire. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. As noted previously, the evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.

6.71 Finally, whilst there is no direct link between affordable need and overall housing need, it is the case that the levels of affordable need across areas can feed into considerations about the distribution of housing for different locations, along with an understanding of demographic trends and economic growth.

Split Between Social and Affordable Rented Housing

6.72 The analysis above has studied the overall need for social and affordable rented housing with a focus on households who cannot afford to rent in the market. These households will therefore need some form of rented housing at a cost below typical market rates. Typically, there are two main types of rented affordable accommodation (social and affordable rented) with the analysis below initially considering what a reasonable split might be between these two tenures.

6.73 The tables below show current rent levels in Derby and South Derbyshire for a range of products along with relevant local housing allowance (LHA) rates. The area is split across a number of Broad Rental Market Areas (BRMA) for the purposes of LHA, with all of Derby being in the Derby BRMA and South Derbyshire split between the Derby, Leicester and East Staffordshire BRMAs – the main settlement of Swadlincote is however in the East Staffordshire area and so this is used for comparative purposes.

6.74 Data about average social and affordable rents has been taken from the Regulator of Social Housing (RSH) and this is compared with lower quartile and median market rents (from ONS data). This analysis shows that social rents are lower than affordable rents; the analysis also shows that affordable rents are notably lower than both lower quartile and median market rents.

6.75 The LHA rates for all sizes of homes are typically below lower quartile market rents and some way below median figures. This does potentially mean that households seeking accommodation in many locations will struggle to secure sufficient benefits to cover their rent – discussions with the local authorities did suggest the difference between lower quartile rents and LHA is a ‘massive challenge’.

Table 6.21 Comparison of rent levels for different products – Derby

	Social rent	Affordable rent (AR)	Lower quartile (LQ) market rent	Median market rent	LHA (Derby)
1-bedroom	£338	£394	£425	£475	£394
2-bedrooms	£395	£475	£550	£614	£499
3-bedrooms	£443	£515	£625	£725	£593
4-bedrooms	£495	£622	£886	£1,075	£793
All	£396	£478	£545	£625	-

Source: RSH, ONS and VOA

Table 6.22 Comparison of rent levels for different products – South Derbyshire

	Social rent	Affordable rent (AR)	Lower quartile (LQ) market rent	Median market rent	LHA (East Staffs)
1-bedroom	£334	£390	£483	£502	£424
2-bedrooms	£407	£478	£595	£650	£524
3-bedrooms	£456	£557	£725	£825	£623
4-bedrooms	£522	£708	£950	£1,100	£793
All	£417	£489	£600	£700	-

Source: RSH, ONS and VOA

- 6.76 To some extent, it is easier to consider the data above in terms of the percentage of one housing cost of another and this is shown in the tables below. Caution should be exercised when looking at the overall averages as these will be influenced by the profile of stock in each category and so the discussion focuses on 2-bedroom homes. This shows that social rents are significantly cheaper than market rents (and indeed affordable rents) and that affordable rents (as currently charged) represent 80%-86% of a current lower quartile rent (74%-77% if compared with a median rent).

Table 6.23 Difference between rent levels for different products – Derby

	Social rent as % of affordable rent	Social rent as % of LQ market rent	Social rent as % of median market rent	Affordable rent as % of LQ market rent	Affordable rent as % of median market rent	LQ market rent as % of median market rent
1-bedroom	86%	79%	71%	93%	83%	89%
2-bedrooms	83%	72%	64%	86%	77%	90%
3-bedrooms	86%	71%	61%	82%	71%	86%
4-bedrooms	80%	56%	46%	70%	58%	82%
All	83%	73%	63%	88%	76%	87%

Source: RSH, ONS and VOA

Table 6.24 Difference between rent levels for different products – South Derbyshire

	Social rent as % of affordable rent	Social rent as % of LQ market rent	Social rent as % of median market rent	Affordable rent as % of LQ market rent	Affordable rent as % of median market rent	LQ market rent as % of median market rent
1-bedroom	86%	69%	67%	81%	78%	96%
2-bedrooms	85%	68%	63%	80%	74%	92%
3-bedrooms	82%	63%	55%	77%	68%	88%
4-bedrooms	74%	55%	47%	75%	64%	86%
All	85%	69%	60%	82%	70%	86%

Source: RSH, ONS and VOA

- 6.77 For the affordability test, a standardised average rent for each product has been used based on the proportion of stock in each size category. The table below suggests that around 23% of households who cannot afford to rent privately could afford an affordable rent, with a further 20% being able to afford a social rent (but not an affordable one). A total of 57% of households would need some degree of benefit support to be able to afford their housing (regardless of the tenure).
- 6.78 There is some variation by area, with affordable rents looking to be more affordable in South Derbyshire, although even in this area, fewer than a third of households are estimated to be able to afford these rent levels. It should be remembered that this finding is based on current affordable rent levels and the proportions would be different if rent levels were higher or lower than current averages.

Table 6.25 Estimated need for affordable rented housing (% of households able to afford)

	Afford affordable rent	Afford social rent	Need benefit support	All unable to afford market
Derby	20%	20%	60%	100%
South Derbyshire	32%	20%	48%	100%
TOTAL	23%	20%	57%	100%

Source: Affordability analysis

- 6.79 The finding that only 23% of households can afford an affordable rent does not automatically lead to a policy conclusion on the split between the two types of housing. For example, many households who will need to access rented accommodation will be benefit-dependent and as such could technically afford an affordable rent – hence a higher proportion of affordable rented housing might be appropriate – indeed the analysis does identify a substantial proportion of households as being likely to need benefit support.
- 6.80 Conversely, providing more social rents might enable households to return to work more easily, as a lower income would potentially be needed to afford the lower social (rather than affordable) rent.

- 6.81 There will be a series of other considerations both at a strategic level and for specific schemes. For example, there may be funding streams that are only available for a particular type of housing, and this may exist independently of any local assessment of need.
- 6.82 Additionally, there will be the consideration of the balance between the cost of housing and the amount that can be viably provided, for example, affordable rented housing is likely more viable, and therefore a greater number of units could be provided. Finally, in considering a split between social and affordable rented housing it needs to be considered that having different tenures on the same site (at least at initial occupation) may be difficult – e.g. if tenants are paying a different rent for essentially the same size/type of property and services.
- 6.83 On this basis, it is not recommended that the Councils have a rigid policy for the split between social and affordable rented housing, although the analysis is clear that both tenures of homes (and particularly socially rented housing) are likely to be required.

Establishing a Need for Affordable Home Ownership

- 6.84 The Planning Practice Guidance confirms a widening definition of those to be considered as in affordable need; now including households *‘that cannot afford their own homes, either to rent, or to own, where that is their aspiration’*. However, at the time of writing, there is no guidance about how the number of households with a need for affordable home ownership should be measured.
- 6.85 The methodology used in this report therefore draws on the current methodology and includes an assessment of current needs, and projected need (newly forming and existing households). The key difference is that in looking at affordability an estimate of the number of households in the ‘gap’ between buying and renting is used. There is also the issue of establishing an estimate of the supply of affordable home ownership homes – this is considered separately below.
- 6.86 The analysis has been developed in the context of First Homes with national policy now requiring that 25% of all affordable housing secured through developer contributions should be within this tenure. A definition of First Homes (from the relevant PPG (70-001)) can be found later in this document.

Gross Need for Affordable Home Ownership

- 6.87 The first part of the analysis seeks to understand what the gap between renting and buying actually means in Derby and South Derbyshire – in particular establishing the typical incomes that might be required. The information about incomes required to both buy and rent in different locations has already been provided earlier in this section and so the discussion below is a broad example.

- 6.88 Using the income distributions developed (as set out earlier in this section) along with data about price and rents, it has been estimated that of all households living in the private rented sector, around 52% already have sufficient income to buy a lower quartile home, with 15% falling in the rent/buy 'gap'. The final 33% are estimated to have an income below which they cannot afford to rent privately (i.e. would need to spend more than the calculated threshold of their income on housing costs) although in reality it should be noted that many households will spend a higher proportion of their income on housing.
- 6.89 These figures have been based on an assumption that incomes in the private rented sector are around 88% of the equivalent figure for all households (a proportion derived from the English Housing Survey) and are used as it is clear that affordable home ownership products are likely to be targeted at households living in or who might be expected to access this sector (e.g. newly forming households).

Table 6.26 Estimated proportion of households living in the Private Rented Sector able to buy and/or rent market housing

	Can afford to buy OR rent	Can afford to rent but not buy	Cannot afford to buy OR rent
Derby	50%	15%	35%
South Derbyshire	56%	17%	28%
TOTAL	52%	15%	33%

Source: Derived from Housing Market Cost Analysis and Affordability Testing

- 6.90 The finding that a proportion of households in the private rented sector are likely to have an income that would allow them to buy a home is also noteworthy and suggests for some households, barriers to accessing owner-occupation are less about income/the cost of housing and more about other factors (which could, for example, include the lack of a deposit or difficulties obtaining a mortgage (for example due to a poor credit rating or insecure employment)). However, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).
- 6.91 To study the current need, an estimate of the number of households living in the Private Rented Sector (PRS) has been established, with the same (rent/buy gap) affordability test (as described above) then applied. The start point is the number of households living in privately rented accommodation; as of the 2021 Census, some 26,200 households were living in the sector across the Study area (renting from private landlords or letting agencies) – 20,400 in Derby and 5,800 in South Derbyshire.
- 6.92 Additional data from the EHS suggests that 60% of all PRS households expect to become an owner at some point (15,700 households if applied to Derby and South Derbyshire (12,200 and 3,500 respectively) and of these some 40% (6,300 households (4,900 and 1,400)) would expect this to

happen in the next 2-years. These figures are taken as the number of households potentially with a current need for affordable home ownership before any affordability testing.

- 6.93 As noted above, based on income it is estimated that around 15% of the private rented sector sits in the gap between renting and buying (varying by location). Applying this proportion to the above figures would suggest a current need for around 950 affordable home ownership units (715 in Derby and 235 in South Derbyshire) – 56 per annum if annualised over 17 years (42 in Derby and 14 in South Derbyshire).
- 6.94 In projecting forward, the analysis can consider newly forming households and also the remaining existing households who expect to become owners further into the future. Applying the same affordability test (albeit on a very slightly different income assumption for newly forming households) suggests an annual need from these two groups of around 550 dwellings (461 from newly forming households and 89 from existing households in the private rented sector).
- 6.95 Bringing together the above analysis suggests that there is a need for around 601 affordable home ownership homes (priced for households able to afford to rent but not buy) per annum across the Study area. This is before any assessment of the potential supply of housing is considered.

Table 6.27 Estimated Gross Need for Affordable Home Ownership (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need
Derby	42	299	63	404
South Derbyshire	14	162	21	196
TOTAL	56	461	84	601

Source: Derived from a range of sources

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

- 6.96 As with the need for social/affordable rented housing, it is also necessary to consider if there is any supply of affordable home ownership products from the existing stock of housing. As with assessing the need for affordable home ownership, it is the case that at present the PPG does not include any suggestions about how the supply of housing to meet these needs should be calculated.
- 6.97 One source is likely to be resales of low-cost home ownership products with data from the Regulator of Social Housing showing a total stock in 2022 of 1,002 homes. If these homes were to turnover at the same rate seen for the social housing stock then they would be expected to generate around 29 resales each year. These properties would be available for these households and can be included as the potential supply.

- 6.98 In addition, it should be noted that the analysis looks at households unable to afford a lower-quartile property price. By definition, a quarter of all homes sold will be priced at or below a lower quartile level. According to the Land Registry, in the study area there were a total of 4,257 resales (i.e. excluding newly-built homes) in the last year (year to December 2022) and therefore around 1,064 would be priced below the lower quartile. This is 1,064 homes that would potentially be affordable to the target group for affordable home ownership products and is a supply higher than the estimated gross need.
- 6.99 It is then possible to provide a best estimate of the supply of lower quartile homes that are bought by the target group of households (assumed to be first-time buyers). Whilst dated, a report by Bramley and Wilcox in 2010 (Evaluating requirements for market and affordable housing) noted that around 40% of first-time buyers with a mortgage buy at or below the lower quartile¹². Other recent data suggests that first-time buyers account for around half of home purchase loans¹³ with a total of around 65% of all homes being bought with a loan (35% as cash buyers¹⁴).
- 6.100 Bringing this together would point to 32.5% of homes being bought by first-time buyers and around 13% of all homes being a lower quartile home bought by a first-time buyer (32.5% × 40%) – this would point to around half of all lower quartile sales as being to first-time buyers (as half of 25% is 12.5%). Therefore, to estimate a ‘need’ half of all lower quartile sales are included in the supply.
- 6.101 We can therefore now provide three supply estimates which can be considered in the context of the estimated need. These are:
- Only count the supply from affordable home ownership resales (29 per annum);
 - Include the supply from affordable home ownership and half of resales of lower quartile homes (562 per annum (532+29)); and
 - Include the supply from affordable home ownership and all resales of lower quartile homes (1,094 per annum (1,064+29)).
- 6.102 The table below shows the estimated net need from applying these three supply scenarios. Only including the resales of AHO shows a need for 571 dwellings per annum and this reduces to 39 if 50% of lower quartile sales are included. If all lower quartile sales are included in the supply, then there is a surplus need for affordable home ownership.

¹² https://thinkhouse.org.uk/site/assets/files/1614/2010_20nhpau_202.pdf

¹³ <https://www.mortgagesolutions.co.uk/news/2022/01/24/first-time-buyer-numbers-rose-to-nearly-410000-in-2021/#:~:text=First%2Dtime%20buyers%20accounted%20for,39%20per%20cent%20in%202009>

¹⁴ <https://www.ft.com/content/e0ad2830-094f-4e61-acaa-d77457e2eddb>

Table 6.28 Estimated Net Need for Affordable Home Ownership (per annum)

	AHO resales only	AHO resales plus 50% of LQ sales	AHO resales plus 100% of LQ sales
Total gross need	601	601	601
LCHO supply	29	562	1,094
Net need	571	39	-493

Source: Derived from a range of sources

- 6.103 Focussing on the middle of the three scenarios above (50% of lower quartile sales) the table below shows a need for affordable home ownership in Derby and a very modest surplus in South Derbyshire. The 'need' shown in Derby is much lower than for rented products.

Table 6.29 Estimated Need for Affordable Home Ownership by local authority (per annum)

	Total Gross Need	Supply	Net need
Derby	404	359	46
South Derbyshire	196	203	-6
TOTAL	601	562	39

Source: Derived from a range of sources

Implication of the Analysis

- 6.104 Given the analysis above, it would be reasonable to conclude that there is a need to provide housing under the definition of 'affordable home ownership' – although it is difficult to fully quantify this 'need' and this conclusion is largely based on only considering supply from resales of affordable housing. If supply estimates are expanded to include market housing for sale below a lower quartile price, then the need for AHO is less clear-cut.
- 6.105 Regardless, it does seem that many households in Derby and South Derbyshire are being excluded from the owner-occupied sector (although they can afford private rented housing). This can be seen by the analysis of tenure change, which saw the number of households living in private rented accommodation increasing by 27% from 2011 to 2021 (following a much higher increase in the 2001-11 period. Over the same period (2001-11 and 2011-21), the number of owners with a mortgage has decreased (albeit increasing slightly in South Derbyshire).
- 6.106 That said, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).
- 6.107 On this basis, and as previously noted, it seems likely in the study area that access to owner-occupation is being restricted by access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially some mortgage restrictions (e.g. where employment is temporary) rather than simply being due to the cost of housing to buy (although this will be a factor for some households).

- 6.108 The analysis does not specifically factor in deposits due to good local information not typically being available; however, the English Housing Survey (2021-22) did collect data on savings (nationally) and this showed that 22% of owners, 48% of households in the private rented sector and 74% of social tenants did not have any savings – which does indeed point to access to deposits being a barrier to accessing housing for some groups.
- 6.109 The NPPF (last updated in September 2023) gives a clear direction that 10% of all new housing (on larger sites) should be for affordable home ownership (in other words, if 20% of homes were to be affordable then half would be affordable home ownership) and it is now the case that policy compliant planning applications would be expected to deliver a minimum of 25% affordable housing as First Homes (as a proportion of the total affordable housing), with Councils being able to specify the requirement for any remaining affordable housing (subject to at least 10% of all housing being for AHO).
- 6.110 Firstly regarding the 10%, it is not clear that this is the best solution in the Study area. The NPPF does provide some examples of where the 10% might not be required (paragraph 65), most notably that the 10% would be expected unless this would ‘significantly prejudice the ability to meet the identified affordable housing needs of specific groups’.
- 6.111 In Derby and South Derbyshire, the clear need for additional affordable rented housing would arguably mean that providing affordable home ownership would ‘prejudice the ability’ to meet the needs of the ‘specific group’ requiring rented accommodation.
- 6.112 Regarding the 25% of affordable housing as First Homes, the PPG states that “First Homes are the government’s preferred discounted market tenure and **should** account for at least 25% of all affordable housing units delivered by developers through planning obligations”. This “should” rather than “must” suggests there is some scope to challenge the ‘minimum of 25%’ as long as it is evidenced.
- 6.113 This PPG is also unclear on what role other tenures of affordable home ownership (such as shared ownership) might play. It is possible that the provision of First Homes could squeeze out other forms of LCHO such as shared ownership, although it is likely that there will still be a role for this type of housing given typically lower deposit requirements.
- 6.114 Whilst there are clearly many households in the gap between renting and buying, they in some cases will be able to afford homes below lower quartile housing costs. That said, it is important to recognise that some households will have insufficient savings to be able to afford to buy a home on the open market (particularly in terms of the ability to afford a deposit) and low-cost home ownership homes – and shared ownership homes in particular – will therefore continue to play a role in supporting some households.

- 6.115 The evidence points to a clear and acute need for rented affordable housing for lower-income households, and it is important that a supply of rented affordable housing is maintained to meet the needs of this group including those to which the authorities have a statutory housing duty. Such housing is notably cheaper than that available in the open market and can be accessed by many more households (some of whom may be supported by benefit payments).
- 6.116 There may also be a role for AHO in any 100% affordable housing schemes that may come forward (as well as through Section 106). Including a mix of both rented and intermediate homes to buy would make such schemes more viable, as well as enabling a range of tenures and therefore potential client groups to access housing.
- 6.117 We note the Derby City Council use Housing Revenue Accounts and Help to Buy Receipts to deliver affordable rental accommodation and that such receipts cannot be used to build affordable home ownership products.
- 6.118 In addition, it should also be noted that the finding of a 'need' for affordable home ownership does not have any impact on the overall need for housing. It seems clear that this group of households is simply a case of seeking to move households from one tenure to another (in this case from private renting to owner-occupation); there is, therefore, no net change in the total number of households, or the number of homes required and therefore does not impact overall housing need.
- 6.119 From this, we can conclude that Shared ownership is likely to be suitable for households with more marginal affordability as it has the advantage of a lower deposit and subsidised rent. Overall, it is suggested the Council prioritises the delivery of shared ownership rather than First Homes – for which there is little evidence of a genuine need and it may even be appropriate to plan for zero First Homes.
- 6.120 Indeed, it may be possible for shared ownership to be provided at a cost (outgoings) below that needed to rent privately (see analysis below), and would therefore be a product meeting a wider need than just for households in the 'gap' between buying and renting.
- 6.121 One further consideration for the Councils to discuss through their Duty to Cooperate (which also applies to Amber Valley), is the inclusion of affordable housing as part of the City's unmet need. Both South Derbyshire and Amber Valley have in the past agreed to meet some of the City's unmet need but in doing so it would be reasonable for them to meet some of the City's affordable housing need either on sites adjacent to the City or allow the City to have nomination rights to a proportion of the affordable homes in the districts. This will ensure Derby can best meet its significantly greater affordable housing need and also ensure mixed and balanced communities in each area.

How Much Should Affordable Home Ownership Homes Cost?

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

Discounted Market Sales Housing (including First Homes)

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

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

- 6.127 In terms of eligibility criteria, a purchaser should be a first-time buyer with a combined annual household income not exceeding £80,000 (or £90,000 in Greater London) and a mortgage needs to fund a minimum of 50% of the discounted purchase price. Local authorities can set their own eligibility criteria, which could for example involve lower income caps, a local connection test, or criteria based

on employment status. Regarding discounts, a First Home must be sold at least 30% below the open market value. However, local authorities do have the discretion to require a higher minimum discount of either 40% or 50% (if they can demonstrate a need for this).

6.128 As noted above, the problem with having a percentage discount is that it is possible in some locations or types of property that such a discount still means that the discounted housing is more expensive than that typically available in the open market. This is often the case as new build housing itself attracts a premium. The preferred approach in this report is to set out a series of purchase costs for different sizes of accommodation which ensures these products are affordable for the intended group. These purchase costs are based on current lower quartile rental prices and also consideration of the income required to access the private rented sector and then estimating what property price this level of income might support (assuming a 10% deposit and a 4.5 times mortgage multiple). Below is an example of a calculation based on a 2-bedroom home in Derby:

- Previous analysis has shown that the lower quartile rent for a 2-bedroom home in Derby is £550 per month;
- Based on a household spending no more than 30% of their income on housing, a household would need an income of around £1,830 per month to afford (£550/0.3) or £22,000 per annum; and
- With an income of £22,000, it is estimated that a household could afford to buy a home for around £110,000. This is based on assuming a 10% deposit (mortgage for 90% of value) and a 4.5 times mortgage multiple – calculated as $£22,000 * 4.5 / 0.9$.

6.129 Therefore, £110,000 is a suggested purchase price to make First Homes/discounted home ownership affordable for households in the rent/buy gap in Derby. This figure is essentially the equivalent price that is affordable to a household that can just afford to rent privately. In reality, there will be a range of incomes in the rent/buy gap so some households could afford a higher price; however, setting all homes at a higher price would mean that some households will still be unable to afford.

6.130 On this basis, it is considered reasonable to look at the cost of First Homes as a range, from the equivalent private rent figure up to a midpoint of the cost of open market purchase and the relevant private rented figure (for a 2-bedroom home this is £125,000, giving a midpoint of £117,500). The use of a midpoint would mean that only around half of households in the rent/buy gap could afford it, and therefore any housing provided at such a cost would need to also be supplemented by an equivalent number at a lower cost (which might include other tenures such as shared ownership).

- 6.131 The table below sets out a suggested purchase price for affordable home ownership/First Homes in each local authority. The table also shows an estimated Open Market Value (OMV) and the level of discount likely to be required to achieve affordability.
- 6.132 The OMV is based on taking the estimated lower quartile price by size and adding 15% (which is the typical new build premium seen nationally). It should be noted that the discounts are based on the OMV as estimated, in reality, the OMV might be quite different for specific schemes and therefore the percentage discount would not be applicable. For example, if the OMV for a 2-bedroom home in Derby were to be £200,000 (rather than the modelled £143,750) then the discount would be up to 45%.
- 6.133 The issue of pricing of newbuild homes is particularly important for the Councils to note as the analysis below is based on a specific set of assumptions and pricing will vary from site to site. Indeed, at the time of drafting this report a typical newbuild 2-bedroom house in Derby was priced at around £200,000 (flats slightly cheaper than this) with 3-bedroom homes being more like £300,000. If a 30% discount were offered on a 2-bedroom home at £200,000, then the asking price would be £140,000, which is not considered as 'genuinely affordable' in a local context and would not be meeting any affordable need.
- 6.134 Based on the specific assumptions used, the analysis points to a discount of at least 30% being required for all sizes of accommodation. Given there is a cap of £250,000 on the purchase price (and looking at the estimated pricing below), it may be difficult for 4+-bedroom homes to be provided as First Homes. The analysis also suggests it will be very difficult to make a 1-bedroom home 'genuinely' affordable.

**Table 6.30 Affordable home ownership prices – data for the year to September 2022 –
Derby**

	Affordable Price	Estimated newbuild OMV	Discount required
1-bedroom	-	-	-
2-bedrooms	£110,000-£117,500	£143,750	18%-23%
3-bedrooms	£125,000-£152,500	£207,000	26%-40%
4+-bedrooms	£177,200-£233,600	£333,500	30%-47%

Source: Derived from a range of sources

Table 6.31 Affordable home ownership prices – data for the year to September 2022 – South Derbyshire

	Affordable Price	Estimated newbuild OMV	Discount required
1-bedroom	-	-	-
2-bedrooms	£119,000-£127,000	£155,250	18%-23%
3-bedrooms	£145,000-£172,500	£230,000	25%-37%
4+-bedrooms	£190,000-£242,500	£339,250	29%-44%

Source: Derived from a range of sources

Key Points in Relation to First Homes

- 6.135 The paragraphs below seek to answer a series of questions in relation to First Homes. This should help the Councils in deciding the appropriate approach, although ultimately there will be choices and decisions to be made by the Councils that this report can only comment on. Whilst the analysis above has focussed on pricing, the discussion below also draws on this information to consider whether any specific local criteria could be applied or if the existing policy is adequate.
- 6.136 *Is there a justification for a discount of greater than 30%, if so, what should it be?* There is certainly a case to seek a discount in excess of 30% - a higher discount will make homes cheaper and therefore potentially open up additional households as being able to afford. However, providing a higher discount may have an impact on viability, meaning the Councils will not be able to provide as many homes in other tenures (such as rented affordable housing which is likely to be needed by those with more acute needs and fewer choices in the housing market). The Councils could therefore investigate higher discounts, but it is not recommended to seek a higher figure unless this can be proven to not impact overall affordable delivery.
- *Is the maximum price of £250K after discount an appropriate maximum sales value?*
- 6.137 The tables above show that all of the affordable prices (except for 4-bedroom homes) sit well below the £250,000 cap and therefore it is arguable that a lower cap would be appropriate. It is considered that the number of 4-bedroom homes likely to be provided as First Homes will be low (focus likely to be on 2- and 3-bedroom homes – see section on Housing Mix) and this gives further reason for looking at a lower cap.
- 6.138 A lower cap would help to ensure that homes are affordable even on schemes where the OMV is relatively high (although consideration about the viability and potential loss of other forms of affordable housing will also be a consideration). Looking at the affordable prices, and also the analysis of actual newbuild costs it is considered that a cap of something in the region of £190,000 might be appropriate (based on the highest 3-bedroom figure plus 10% for ‘future-proofing’). This could help to ensure that First Homes are only offered on properties where the initial OMV is not significantly above the affordable prices.

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

6.139 To study the income threshold analysis has been provided below to consider the likely incomes required to afford both the lower-end and midpoint Affordable Price. This is shown in the tables above and shows even the most expensive price would only require an income of about £49,000 – with an income of up to £35,000 shown for 3-bedroom homes. It should however be noted that these findings are based on a specific set of assumptions about mortgage multiples and deposit availability (10% deposit and a 4.5 times mortgage multiple) and in reality, individual households will have their own specific circumstances.

6.140 That said, it is considered that an £80,000 threshold looks to be too high; households with that level of income would be expected to readily buy a home in the area without the need for any discount. On balance, and looking at the figures in the round (and recognising that there may be relatively few 4-bedroom homes delivered), it is considered that an income cap of around £45,000 might be appropriate in both Derby and South Derbyshire.

Table 6.32 Incomes Required to Afford First Homes

	Derby		South Derbyshire	
	Affordable Price (lower end)	Affordable Price (midpoint)	Affordable Price (lower end)	Affordable Price (midpoint)
1-bedroom	-	-	-	-
2-bedrooms	£22,000	£23,500	£23,800	£25,400
3-bedrooms	£25,000	£30,500	£29,000	£34,500
4+-bedrooms	£35,400	£46,700	£38,000	£48,500

Source: Derived from a range of sources

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

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

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

- *Should the Council set local eligibility criteria?*

- 6.143 First Homes are designed to help people get on the housing ladder in their local area, and in particular to ensure that key workers providing essential services can buy homes in the areas where they work. Both Councils can therefore prioritise key workers for First Homes (for the first three months of marketing) and are encouraged to do so, especially if they have an identified local need for certain professions.
- 6.144 To ensure First Homes are available to local residents and workers a local connection eligibility criteria could be used. This could be in line with any criteria within local allocations policy and for example, could require potential purchasers to demonstrate that they:
- Live in the area (for a period of time (possibly 2-years));
 - Work over 16 hours a week in the area, or
 - Have a close relative (parent, adult son or daughter or adult sibling) who has lived in the area for a period of time
- 6.145 Additional preference could be given to essential workers. Annex 2 of the NPPF also includes the needs of essential local workers *'Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provided a subsidised route to home ownership and/or is for essential local workers' [emphasis added]. Essential local workers are defined as 'Public sector employees who provide frontline services in areas including health, education and community safety – such as NHS staff, teachers, police, firefighters and military personnel, social care and childcare workers'.*

Shared Ownership

- 6.146 Whilst the Government has a clear focus on First Homes, they also see a continued role for Shared Ownership, launching a 'New Model for Shared Ownership' in early 2021 (following a 2020 consultation). This includes a number of proposals, with the main one for this assessment being the reduction of the minimum initial share from 25% to 10%. A key advantage of shared ownership over other tenures is that a lower deposit is likely to be required than for a full or discounted purchase. Additionally, the rental part of the cost will be subsidised by a Registered Provider which keeps monthly outgoings down.
- 6.147 For the analysis in this report, it is considered that for shared ownership to be affordable, total outgoings should not exceed that needed to rent privately.
- 6.148 Because shared ownership is based on buying part of a property, it is the case that the sale will need to be at open market value. Where there is a large gap between the typical incomes required to buy or rent, it may be the case that lower equity shares are needed for homes to be affordable (at the

level of renting privately). The analysis below therefore seeks to estimate the typical equity share that might be affordable for different sizes of property with any share lower than 10% likely to be unavailable. The key assumptions used in the analysis are:

- Open Market Value at Lower Quartile price plus 15% (reflecting the likelihood that newbuild homes will have a premium attached and that they may well be priced above a Lower Quartile level) – it should be noted that this is an assumption for modelling purposes and consideration will need to be given to the OMV of any specific product;
- 10% deposit on the equity share;
- Rent at 2.75% pa on unsold equity;
- Repayment mortgage over 25-years at 4% (this is based on typical longer-term interest rates and it is noted at the time of writing that such a figure is unlikely to be achieved). It was also noted that the availability of mortgages for shared ownership flats has been an issue in Derby and so the Council don't generally agree to flats;
- A service charge of £100 per month for flatted development (assumed to be 1- and 2-bedroom homes); and
- It is also assumed that shared ownership would be priced for households towards the bottom end of the rent/buy gap and so the calculations assume that total outgoings should be no higher than the equivalent private rent (lower quartile) cost for that size of property.

6.149 The tables below show that to make shared ownership affordable, equity shares in the region of 35% could work for 2- and 3-bedroom homes with potentially much higher shares for 1-bedroom and figures closer to 15%-20% for 4-bedrooms. Where such shares cannot be achieved the Councils could consider additional affordable rental accommodation instead.

6.150 As with conclusions on First Homes, it should also be noted that the analysis below is predicated on a particular set of assumptions (notably about likely Open Market Value). In reality, costs do vary across the area and will vary from site to site. Therefore, this analysis should be seen as indicative with specific schemes being tested individually to determine if the product being offered is genuinely (or reasonably) affordable.

Table 6.33 Estimated Affordable Equity Share by Size – Derby

	1-bedroom	2-beds	3-beds	4-beds
Open Market Value	£86,300	£143,800	£207,000	£333,500
Share	60%	34%	30%	15%
Equity Bought	£51,800	£48,900	£61,300	£49,400
Mortgage Needed	£46,600	£44,000	£55,100	£44,400
Monthly Cost of Mortgage	£246	£232	£291	£235
Retained Equity	£34,500	£94,900	£145,700	£284,100
Monthly Rent on Retained Equity	£79	£217	£334	£651
Service Charge per month	£100	£100	£0	£0
Total Cost per month	£425	£550	£625	£886

Source: Data based on Housing Market Cost Analysis

Table 6.34 Estimated Affordable Equity Share by Size – South Derbyshire

	1-bedroom	2-beds	3-beds	4-beds
Open Market Value	£86,300	£155,300	£230,000	£339,300
Share	87%	36%	35%	21%
Equity Bought	£75,400	£56,500	£80,500	£70,200
Mortgage Needed	£67,800	£50,900	£72,500	£63,200
Monthly Cost of Mortgage	£358	£269	£383	£334
Retained Equity	£10,900	£98,700	£149,500	£269,000
Monthly Rent on Retained Equity	£25	£226	£343	£617
Service Charge per month	£100	£100	£0	£0
Total Cost per month	£483	£595	£725	£950

Source: Data based on Housing Market Cost Analysis

- 6.151 In policy terms, whilst the analysis has indicated the equity shares possibly required by size, the key figure is actually the total cost per month (and how this compares with the costs to access private rented housing). For example, whilst the table suggests a 34% equity share for a 2-bedroom home in Derby, this is based on a specific set of assumptions. Were a scheme to come forward with a 34% share, but a total cost in excess of £550 per month, then it would be clear that a lower share is likely to be required to make the home genuinely affordable. Hence the actual share can only be calculated on a scheme-by-scheme basis. Any policy position should seek to ensure that outgoings are no more than can reasonably be achieved in the private rented sector, rather than seeking a specific equity share.

Rent to Buy

- 6.152 A further affordable option is Rent to Buy; this is a Government scheme designed to ease the transition from renting to buying the same home. Initially (typically for five years) the newly built home will be provided at the equivalent of an affordable rent (approximately 20% below the market rate). The expectation is that the discount provided in the first five years is saved to put towards a deposit

on the purchase of the same property. Rent to Buy can be advantageous for some households as it allows for a smaller 'step' to be taken onto the home ownership ladder.

- 6.153 At the end of the five years, depending on the scheme, the property is either sold as a shared ownership product or to be purchased outright as a full market property. If the occupant is not able to do either of these then the property is vacated.
- 6.154 To access this tenure it effectively requires the same income threshold for the initial phase as a market rental property although the cost of accommodation will be that of affordable rent. The lower-than-market rent will allow the household to save for a deposit for the eventual shared ownership or market property. In considering the affordability of rent-to-buy schemes there is a direct read across to the income required to access affordable home ownership (including shared ownership). It should therefore be treated as part of the affordable home ownership products suggested by the NPPF.

Affordable Housing Need – Summary

- 6.155 Analysis has been undertaken to estimate the annual need for affordable housing. The analysis is split between a need for social/affordable rented accommodation (based on households unable to buy or rent in the market) and the need for affordable home ownership (AHO) – this includes housing for those who can afford to rent privately but cannot afford to buy a home.
- 6.156 The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at rented needs, consideration is given to estimates of the supply of social/affordable rented housing. For AHO, consideration is given to the potential supply of resales of low-cost home ownership properties (such as shared ownership) and lower quartile sales of existing homes.
- 6.157 When looking at needs from households unable to buy OR rent, the analysis suggests a need for 672 affordable homes per annum in Derby City and 214 in South Derbyshire.
- 6.158 Despite the level of need, it is not considered that this points to any requirement for the Councils to increase the Local Plan housing requirement due to affordable needs. The link between affordable need and overall need (of all tenures) is complex and in trying to make a link it must be remembered that many of those picked up as having an affordable need are already in housing (and therefore do not generate a net additional need for a home). That said, the level of affordable need does suggest the Councils should maximise the delivery of such housing at every opportunity.
- 6.159 The analysis suggests there will be a need for both social and affordable rented housing – the latter will be suitable particularly for households who are close to being able to afford to rent privately and possibly also for some households who claim full Housing Benefit. It is however clear that social rents

are more affordable and could benefit a wider range of households – social rents could therefore be prioritised where delivery does not prejudice the overall delivery of affordable homes.

- 6.160 When looking at Affordable Home Ownership (AHO) products, the analysis identifies a gross need for 404 and 196 dwellings in Derby and South Derbyshire respectively. The analysis is less conclusive about the scale of the net need, although it is certainly much lower than the need for rented affordable housing.
- 6.161 The evidence does suggest that many households in Derby and South Derbyshire are being excluded from the owner-occupied sector (as evidenced by increases in the size of the private rented sector). It is likely that a key issue in both Derby and South Derbyshire is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potential mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy (although this will be an important factor for many households).
- 6.162 The study also considers different types of AHO (notably First Homes and shared ownership) as each will have a role to play – shared ownership is likely to be suitable for households with more marginal affordability (those only just able to afford to privately rent) as it has the advantage of a lower deposit and subsidised rent.
- 6.163 However, given the cost of housing locally, it may be difficult for some affordable home ownership products to be provided and be considered as ‘genuinely affordable’. This again points to the need for the Councils to prioritise the delivery of rented affordable housing where possible.
- 6.164 In deciding what types of affordable housing to provide, including a split between rented and home ownership products, the Councils will need to consider the relative levels of need and also viability issues (recognising for example that providing AHO may be more viable and may therefore allow more units to be delivered, but at the same time noting that households with a need for rented housing are likely to have more acute needs and fewer housing options).

7. HOUSING MIX

Introduction

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

Background Data

- 7.2 The number of families in Derby and South Derbyshire (defined for the purpose of this assessment as any household which contains at least one dependent child) totalled 44,500 as of the 2021 Census, accounting for 29% of households; this proportion is slightly higher than that seen in other areas.

Table 7.1 Households with dependent children (2021)

	Derby and South Derbyshire		East Midlands	England
	No.	%	%	%
Married couple	21,874	14.5%	13.8%	14.4%
Cohabiting couple	7,686	5.1%	5.1%	4.5%
Lone parent	10,704	7.1%	6.5%	6.9%
Other households	4,237	2.8%	2.4%	2.7%
All other households	106,391	70.5%	72.2%	71.5%
Total	150,892	100.0%	100.0%	100.0%
Total with dependent children	44,501	29.5%	27.8%	28.5%

Source: Census (2021)

- 7.3 The table below shows the same information for each of the two authorities separately. Both areas have a similar proportion of households with dependent children, but it can be observed that the proportion of married couples is higher in South Derbyshire, with Derby seeing higher proportions in other groups (including lone parents).

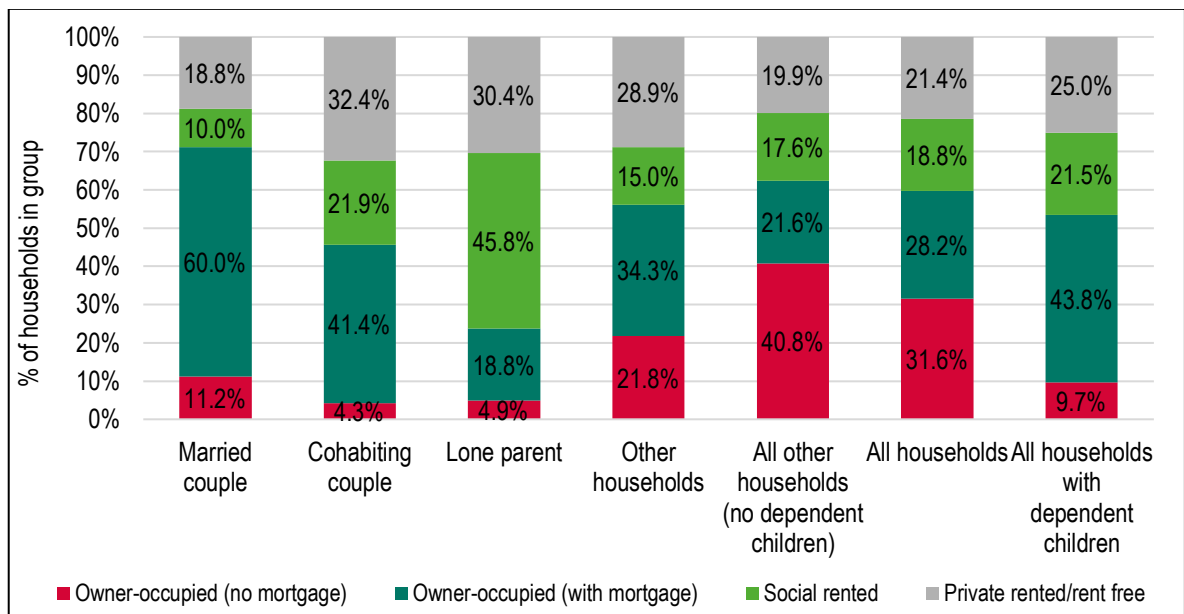
Table 7.2 Households with dependent children (2021)

	Derby		South Derbyshire	
	No.	%	No.	%
Married couple	14,882	14.1%	6,992	15.5%
Cohabiting couple	5,148	4.9%	2,538	5.6%
Lone parent	7,850	7.4%	2,854	6.3%
Other households	3,435	3.3%	802	1.8%
All other households	74,338	70.4%	32,053	70.9%
Total	105,653	100.0%	45,239	100.0%
Total with dependent children	31,315	29.6%	13,186	29.1%

Source: Census (2021)

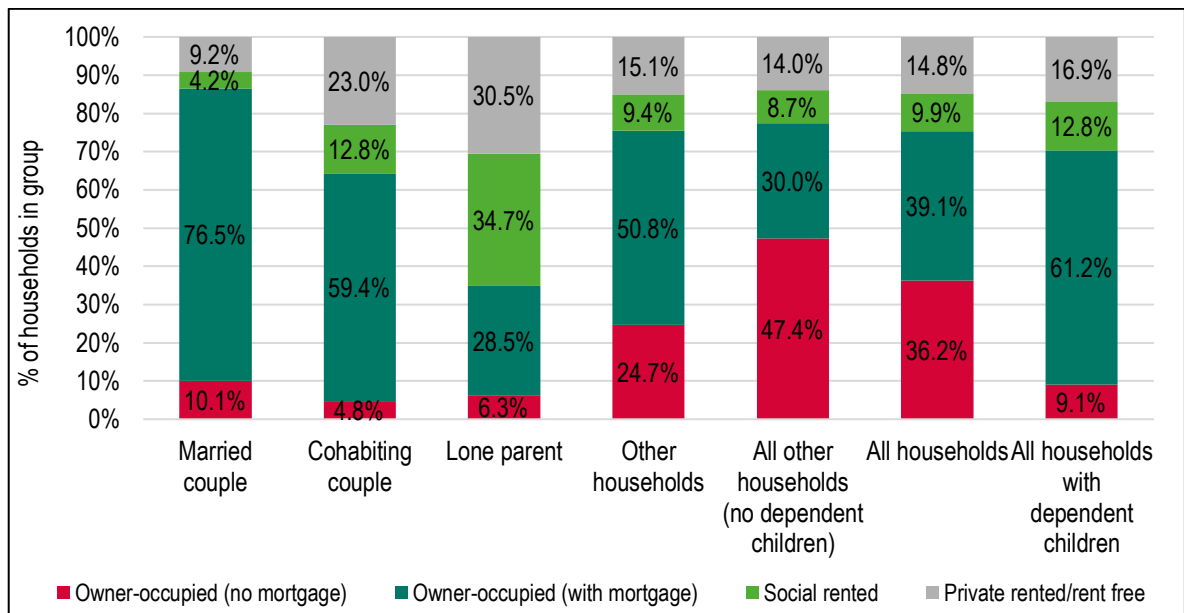
7.4 The figure below shows the current tenure of households with dependent children. There are some considerable differences by household type with lone parents having a very high proportion living in the social rented sector and also in private rented accommodation. In Derby, only 24% of lone-parent households are owner-occupiers compared with 71% of married couples with children; for South Derbyshire, these figures are 35% and 87% respectively.

Figure 7.1: Tenure of households with dependent children (2021) – Derby



Source: Census (2021)

Figure 7.2: Tenure of households with dependent children (2021) – South Derbyshire

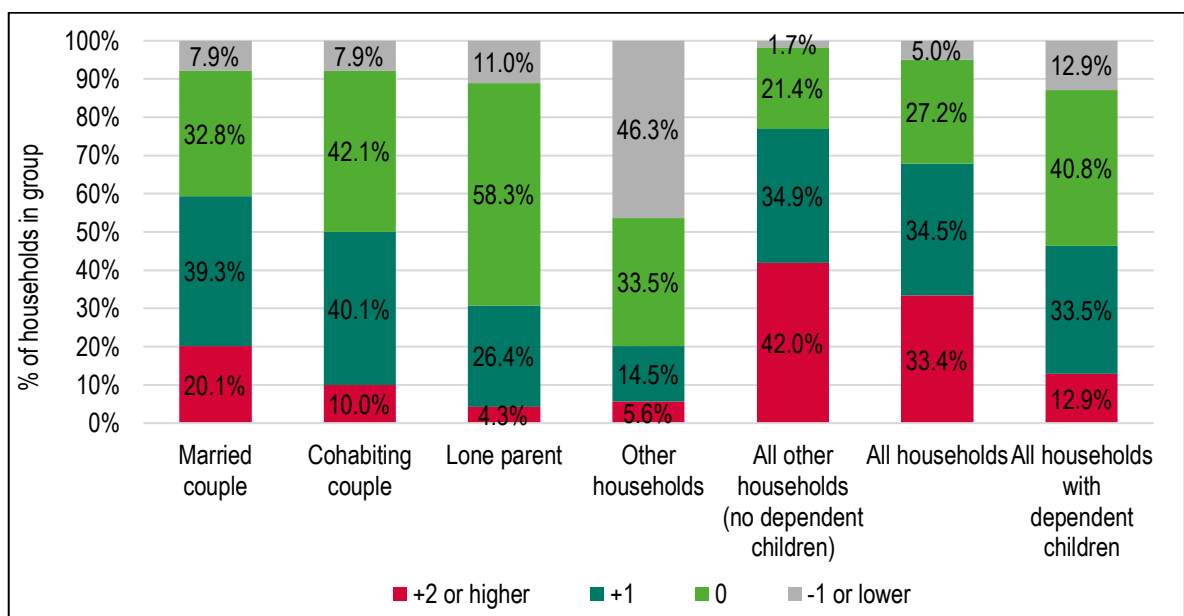


Source: Census (2021)

7.5

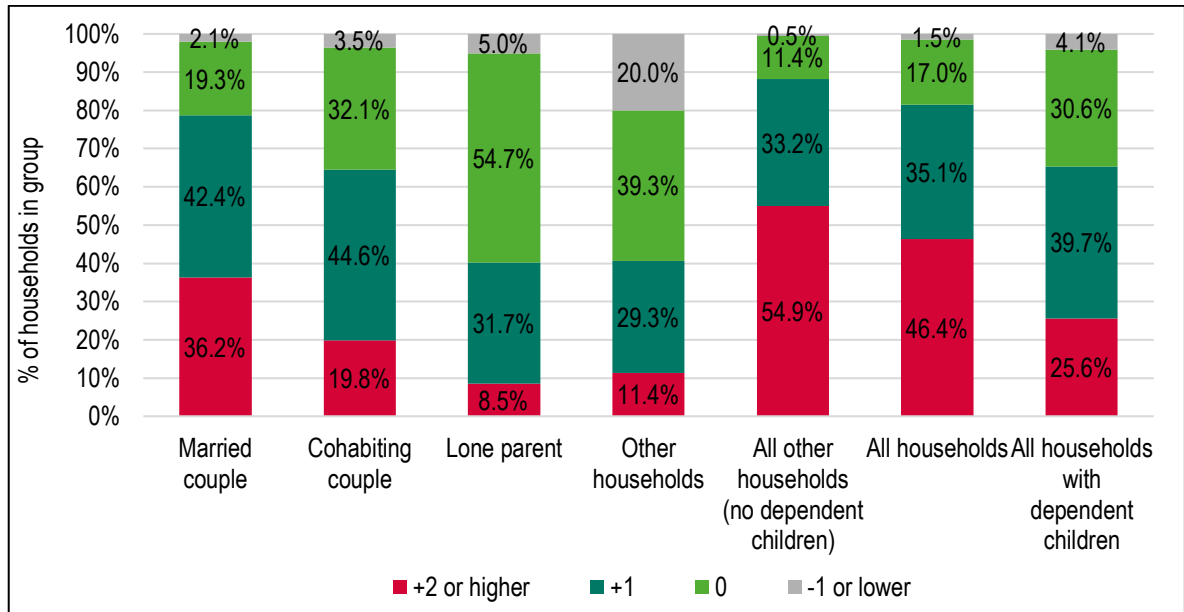
The figures below show levels of overcrowding and under-occupancy of households with dependent children. This shows higher levels of overcrowding for all household types with dependent children particularly in Derby where 11% of all lone parents and 46% of ‘other’ households are overcrowded. Overall, some 13% of households with dependent children in Derby are overcrowded, compared with 1.7% of other households – for South Derbyshire around 4% of households with dependent children are overcrowded and 0.5% of other households. Levels of under-occupancy are also notably lower in households with dependent children.

Figure 7.3 Occupancy rating of households with dependent children (2021) – Derby



Source: Census (2021)

Figure 7.4 Occupancy rating of households with dependent children (2021) – South Derbyshire



Source: Census (2021)

The Mix of Housing

- 7.6 A model has been developed that starts with the current profile of housing in terms of size (bedrooms) and tenure. Within the data, information is available about the age of households and the typical sizes of homes they occupy. By using demographic projections linked to the local housing need calculated through the standard method, it is possible to see which age groups are expected to change in number, and by how much.
- 7.7 On the assumption that occupancy patterns for each age group (within each tenure) remain the same, it is, therefore, possible to assess what the profile of housing needed is over the assessment period (taken to be 2022-39 to be consistent with demographic projections developed in this report).
- 7.8 An important starting point is to understand the current balance of housing in the area – the table below profiles the sizes of homes in different tenure groups across areas. The data shows a market stock (owner-occupied) that is dominated by 3+-bedroom homes (making up 78% of the total in this tenure group, although this is a similar proportion to that seen in other areas). The profile of the social rented sector is broadly similar across areas as is the private rented sector. Generally, Derby sees a slightly smaller dwelling stock profile in all tenures than South Derbyshire. Observations about the current mix feed into conclusions about future mix later in this section.

Table 7.3 - Number of Bedrooms by Tenure, 2021

		Derby	South Derbyshire	Study area	East Midlands	England
Owner-occupied	1-bedroom	2%	2%	2%	2%	4%
	2-bedrooms	21%	18%	20%	20%	21%
	3-bedrooms	52%	46%	50%	49%	46%
	4+-bedrooms	25%	34%	28%	29%	29%
	Total	100%	100%	100%	100%	100%
	Ave. no. beds	3.01	3.13	3.05	3.06	3.01
Social rented	1-bedroom	31%	21%	29%	28%	29%
	2-bedrooms	33%	43%	35%	36%	36%
	3-bedrooms	33%	32%	33%	32%	31%
	4+-bedrooms	3%	3%	3%	4%	4%
	Total	100%	100%	100%	100%	100%
	Ave. no. beds	2.09	2.17	2.10	2.11	2.10
Private rented	1-bedroom	16%	11%	15%	14%	21%
	2-bedrooms	42%	42%	42%	39%	39%
	3-bedrooms	32%	37%	33%	36%	29%
	4+-bedrooms	9%	9%	9%	11%	11%
	Total	100%	100%	100%	100%	100%
	Ave. no. beds	2.34	2.45	2.37	2.43	2.30

Source: Census (2021)

Overview of Methodology

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

Understanding How Households Occupy Homes

- 7.10 Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided. The main reason for this is that in the market sector, households can buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.
- 7.11 The size of housing which households occupy relates more to their wealth and age than the number of people they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a 4-bedroom home as long as they can afford it, and hence projecting an increase in single-person households does not automatically translate into a need for smaller units.

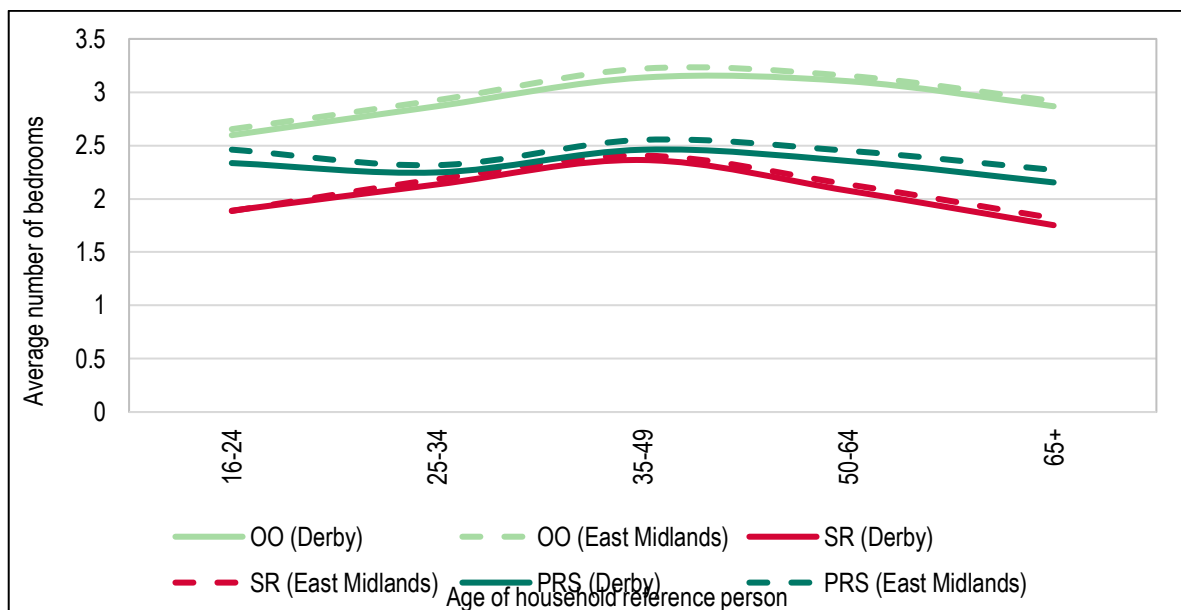
- 7.12 That said, issues of supply can also impact occupancy patterns, for example, it may be that a supply of additional smaller-level access homes would encourage older people to downsize but in the absence of such accommodation, these households remain living in their larger accommodation.

- 7.13 The issue of choice is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) where households are allocated properties which reflect the size of the household, although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to under-occupy housing (e.g. those who can afford to pay the spare room subsidy ('bedroom tax')).

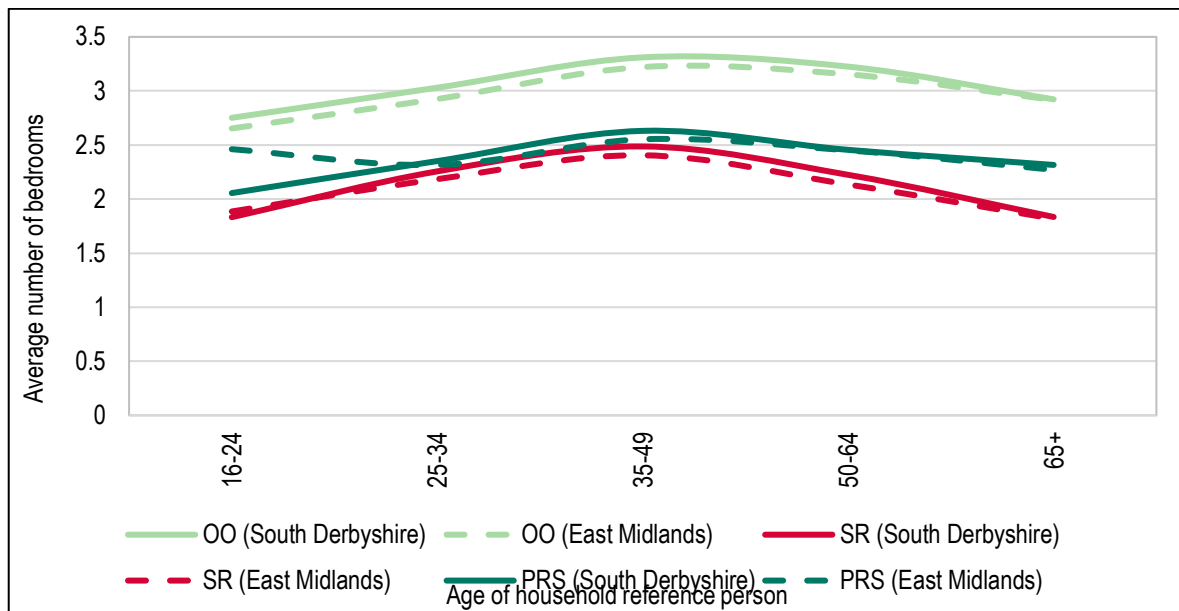
- 7.14 The approach used is to interrogate information derived from the projections about the number of household reference persons (HRPs) in each age group and apply this to the profile of housing within these groups (data being drawn from the 2021 Census).

- 7.15 The figures below show an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group for Derby/South Derbyshire and the East Midlands region. In all sectors, the average size of accommodation rises over time to typically reach a peak around the age of 50. After peaking, the average dwelling size decreases – as typically some households downsize as they get older. The analysis identifies some differences between Derby and South Derbyshire and the region with dwellings in South Derbyshire typically being larger and the opposite pattern in Derby, although the general pattern of average dwelling sizes by age of HRP are similar in both areas.

Figure 7.5 Average Bedrooms by Age and Tenure in Derby



Source: Census (2021)

Figure 7.6 Average Bedrooms by Age and Tenure in South Derbyshire

Source: Census (2021)

7.16 The analysis uses the existing occupancy patterns at a local level as a starting point for analysis and applies these to the projected changes in Household Reference Person by age discussed below. The analysis has been used to derive outputs for three broad categories. These are:

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

Changes to Households by Age

7.17 The tables below present the projected change in households by age of household reference person, this shows growth as being expected in many age groups, particularly older age groups. The number of households headed by someone aged 50-64 is projected to see a decline over the period studied in both areas, whilst South Derbyshire sees stronger proportional growth in older age groups compared to Derby.

Table 7.4 Projected Change in Household by Age of HRP in Derby (linked to Standard Method)

	2022	2039	Change in Households	% Change
Under 25	4,073	4,959	885	21.7%
25-34	15,837	19,422	3,585	22.6%
35-49	30,041	35,973	5,932	19.7%
50-64	28,901	28,685	-216	-0.7%
65-74	12,881	17,057	4,176	32.4%
75-84	10,724	14,816	4,092	38.2%
85+	4,575	7,015	2,440	53.3%
TOTAL	107,033	127,928	20,895	19.5%

Source: Demographic Projections

Table 7.5 Projected Change in Household by Age of HRP in South Derbyshire (linked to Standard Method)

	2022	2039	Change in Households	% Change
Under 25	1,221	1,358	137	11.2%
25-34	6,082	6,543	461	7.6%
35-49	11,834	13,580	1,746	14.8%
50-64	13,766	13,408	-359	-2.6%
65-74	6,352	8,828	2,477	39.0%
75-84	5,113	7,589	2,477	48.4%
85+	1,672	3,348	1,677	100.3%
TOTAL	46,040	54,655	8,615	18.7%

Source: Demographic Projections

Initial Modelled Outputs

- 7.18 By following the methodology set out above and drawing on the sources shown, a series of outputs have been derived to consider the likely size requirement of housing within each of the three broad tenures at a local authority level.
- 7.19 Two tables are provided, considering both local and regional occupancy patterns. The data linking to local occupancy will to some extent reflect the role and function of the local area, whilst the regional data will help to establish any particular gaps (or relative surpluses) of different sizes/tenures of homes when considered in a wider context.
- 7.20 The analysis for rented affordable housing can also draw on data from the local authority Housing Register with regards to the profile of need. The data shows a pattern of need which is focussed on 1- and 2-bedroom homes but with around a quarter of households as requiring 3+-bedroom accommodation – indeed, some 9% of all households on the register in both areas need 4+-bedroom

homes. It should be noted that the data below excludes 936 households on the register in Derby for which no size requirement data is available.

Table 7.6 Size of Social/Affordable Rented Housing – Housing Register Information (March 2022)

	Derby		South Derbyshire	
	Number of households	% of households	Number of households	% of households
1-bedroom	2,657	47%	231	41%
2-bedrooms	1,499	27%	192	34%
3-bedrooms	969	17%	89	16%
4+-bedrooms	496	9%	51	9%
TOTAL	5,621	100%	563	100%

Source: LAHS

7.21 The tables below show the modelled outputs of need by dwelling size in the three broad tenures. Tables are provided by linking to local and regional occupancy patterns with a further table combining the outputs from the two models. Generally, there is little difference between the two models with the market focussing on 3+-bedroom homes, affordable home ownership on 2-bedroom accommodation and rented affordable housing showing a slightly smaller profile again.

Table 7.7 Modelled Mix of Housing by Size and Tenure (linked to local occupancy patterns) – Derby and South Derbyshire

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	2%	24%	51%	24%
Affordable home ownership	16%	44%	32%	8%
Affordable housing (rented)	31%	35%	31%	3%

Source: Housing Market Model

Table 7.8 Modelled Mix of Housing by Size and Tenure (linked to regional occupancy patterns) – Derby and South Derbyshire

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	2%	23%	50%	25%
Affordable home ownership	15%	41%	34%	10%
Affordable housing (rented)	29%	37%	31%	3%

Source: Housing Market Model

Table 7.9 Modelled Mix of Housing by Size and Tenure (combining methodologies) – Derby and South Derbyshire

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	2%	23%	50%	24%
Affordable home ownership	15%	42%	33%	9%
Affordable housing (rented)	30%	36%	31%	3%

Source: Housing Market Model

7.22 The tables below show the same outputs (combining methodologies) for each of the two local authorities. Although there are some differences, the general pattern of need is concluded to be similar in each area.

Table 7.10- Modelled Mix of Housing by Size and Tenure (combining methodologies) – Derby

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	2%	23%	51%	24%
Affordable home ownership	16%	43%	32%	9%
Affordable housing (rented)	30%	35%	32%	3%

Source: Housing Market Model

Table 7.11- Modelled Mix of Housing by Size and Tenure (combining methodologies) – South Derbyshire

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	2%	24%	49%	25%
Affordable home ownership	13%	42%	36%	9%
Affordable housing (rented)	28%	40%	29%	3%

Source: Housing Market Model

Adjustments for Under-Occupation and Overcrowding

7.23 The analysis above sets out the potential need for housing if occupancy patterns remain the same as they were in 2021 (with differences from the current stock profile being driven by demographic change). It is however worth also considering that the 2021 profile will have included households who are overcrowded (and therefore need a larger home than they actually live in) and also those who under-occupy (have more bedrooms than they need).

7.24 Whilst it would not be reasonable to expect to remove all under-occupancy (particularly in the market sector) it is the case that in seeking to make the most efficient use of land it would be prudent to look

to reduce this over time. Indeed, in the future, there may be a move away from current (2021) occupancy patterns due to affordability issues (or eligibility in social rented housing) as well as the type of stock likely to be provided (potentially a higher proportion of flats). Further adjustments to the modelled figures above have therefore been made to take account of overcrowding and under-occupancy (by tenure).

- 7.25 The table below shows a cross-tabulation of a household's occupancy rating and the number of bedrooms in their home (for owner-occupiers). This shows a high number of households with at least 2 spare bedrooms who are living in homes with 3 or more bedrooms. There are also a small number of overcrowded households. Overall, in the owner-occupied sector in 2021, there were 83,900 households with some degree of under-occupation and just over 2,000 overcrowded households

Table 7.12- Cross-tabulation of occupancy rating and number of bedrooms (owner-occupied sector) – Derby and South Derbyshire

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	28,132	21,477	49,609
+1	0	16,028	13,608	4,691	34,327
0	1,615	3,092	5,535	1,039	11,281
-1	76	482	1,040	419	2,017
TOTAL	1,691	19,602	48,315	27,626	97,234

Source: Census (2021)

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

Table 7.13- Cross-tabulation of occupancy rating and number of bedrooms (social rented sector) – Derby and South Derbyshire

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	1,864	229	2,093
+1	0	3,699	2,223	183	6,105
0	6,788	4,011	3,177	247	14,223
-1	298	726	788	83	1,895
TOTAL	7,086	8,436	8,052	742	24,316

Source: Census (2021)

Table 7.14- Cross-tabulation of occupancy rating and number of bedrooms (private rented sector) – Derby and South Derbyshire

Occupancy rating	Number of bedrooms				TOTAL
	1-bed	2-bed	3-bed	4+-bed	
+2	0	0	3,037	1,476	4,513
+1	0	7,515	3,667	711	11,893
0	4,078	4,105	2,342	365	10,890
-1	353	836	686	169	2,044
TOTAL	4,431	12,456	9,732	2,721	29,340

Source: Census (2021)

7.27 In using this data in the modelling an adjustment is made to move some of those who would have been picked up in the modelling as under-occupying into smaller accommodation. Where there is under-occupation by 2 or more bedrooms, the adjustment takes 25% of this group and assigns to a '+1' occupancy rating and a further 12.5% (i.e. an eighth) to a '0' rating. For households with one spare bedroom, 12.5% are assigned a '0' rating (with the others remaining as '+1'). These do need to be recognised as assumptions, but can be seen to be reasonable as they do retain some degree of under-occupation (which is likely) but do also seek to model a better match between household needs and the size of their home. For overcrowded households a move in the other direction is made, in this case, households are moved up as many bedrooms as is needed to resolve the problems (this is applied for all overcrowded households).

7.28 The adjustments for under-occupation and overcrowding lead to the suggested mix as set out in the following table. It can be seen that this tends to suggest a smaller profile of homes as being needed (compared to the initial modelling) with the biggest change being in the market sector – which was the sector where under-occupation is currently most notable.

Table 7.15- Adjusted Modelled Mix of Housing by Size and Tenure – Derby and South Derbyshire

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	8%	35%	40%	17%
Affordable home ownership	19%	44%	29%	9%
Affordable housing (rented)	32%	36%	26%	6%

Source: Housing Market Model (with adjustments)

7.29 The tables below show the same outputs for each of the two local authorities – interestingly the two areas show a very similar pattern of estimated need.

Table 7.16- Adjusted Modelled Mix of Housing by Size and Tenure – Derby

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	8%	34%	41%	17%
Affordable home ownership	19%	43%	28%	10%
Affordable housing (rented)	31%	36%	27%	6%

Source: *Housing Market Model (with adjustments)*

Table 7.17- Adjusted Modelled Mix of Housing by Size and Tenure – South Derbyshire

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	9%	37%	40%	15%
Affordable home ownership	19%	45%	29%	7%
Affordable housing (rented)	32%	39%	24%	5%

Source: *Housing Market Model (with adjustments)*

Indicative Targets for Different Sizes of Property by Tenure

- 7.30 The analysis below provides some indicative targets for 1,2,3 and 4+ bedrooms (by tenure). The conclusions take account of a range of factors, including the modelled outputs and an understanding of the stock profile in different locations.
- 7.31 The analysis (for rented affordable housing) also draws on the Housing Register data as well as taking a broader view of issues such as the flexibility of homes to accommodate changes to households (e.g. the lack of flexibility offered by a 1-bedroom home for a couple looking to start a family).
- 7.32 Given the modelled outputs for the two areas are broadly similar, the analysis is not split between the two local authority areas.

Social/Affordable Rented

- 7.33 Bringing together the above, several factors are recognised. This includes recognising that it is unlikely that all affordable housing needs will be met and that it is likely that households with a need for larger homes will have greater priority (as they are more likely to contain children). That said, there is also a possible need for 1-bedroom social housing arising due to homelessness (typically homeless households are more likely to be younger single people).
- 7.34 As noted, the conclusions also consider the Housing Register and also take account of the current profile of housing in this sector). In taking account of the modelled outputs, the Housing Register and

the discussion above, it is suggested that the following mix of social/affordable rented housing would be appropriate:

- 1-bedroom: 30%
- 2-bedroom: 35%
- 3-bedroom: 25%
- 4+-bedroom: 10%

7.35 In setting targets or negotiating the mix of rented affordable housing, the Councils could also consider wider factors outside of looking at overall needs. As part of the drafting of this report, it was highlighted that the provision of 1-bedroom flats can be problematic as they are often harder to manage (higher turnover) and also due to flats typically having a higher discount under Right-to-Buy – making them vulnerable to being lost from the stock.

Affordable Home Ownership

7.36 In the affordable home ownership and market sectors, a profile of housing that closely matches the outputs of the modelling is suggested. It is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households and childless couples. Based on this analysis, it is suggested that the following mix of affordable home ownership would be appropriate:

- 1-bedroom: 15%
- 2-bedroom: 45%
- 3-bedroom: 30%
- 4+-bedroom: 10%

Market Housing

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

- 1-bedroom: 5%
- 2-bedroom: 35%
- 3-bedroom: 40%
- 4+-bedroom: 20%

7.38 Although the analysis has quantified this based on the market modelling and an understanding of the current housing market, it does not necessarily follow that such prescriptive figures should be included in the plan-making process (although it will be useful to include an indication of the broad mix to be sought across the study area) – demand can change over time linked to macro-economic factors and local supply. Policy aspirations could also influence the mix sought.

7.39 The suggested figures can be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area.

7.40 The recommendations can also be used as a set of guidelines to consider the appropriate mix on larger development sites, and the Councils could expect justification for a housing mix on such sites which significantly differs from that modelled herein. Site location and an area's character are also relevant considerations for the appropriate mix of market housing on individual development sites.

Built-form

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

Larger Homes

7.42 The tenure and occupancy data we have used for the modelling only provide outputs for up to 4+ bedrooms. However, in Derby, we know around 20% of 4+ bedroom homes have 5+ bedrooms in both the Owner Occupied and Social Rental sectors. Within South Derbyshire, the proportion of 4+ bedroom homes with at least 5 bedrooms is slightly lower at 17% in the owner-occupied sector and 11% in the Social Rental.

7.43 In the private rental sector, and particularly in Derby the proportion of 4+ bedrooms that are actually 5+ bedroom is greater still. As this is influenced by student lets, it is not recommended that this is responded to.

7.44 Overall, across all tenures (including PRS) we suggest that around 20% of 4-bedroom homes are delivered as 5+ bedroom homes in Derby City and in South Derbyshire this should be in the region of 15%.

Bungalows

- 7.45 The sources used for analysis in this report make it difficult to quantify a need/demand for bungalows in Derby and South Derbyshire as Census data (which is used to look at occupancy profiles) does not separately identify this type of accommodation. Data from the Valuation Office Agency (VOA) does however provide estimates of the number of bungalows (by bedrooms) although no tenure split is available.
- 7.46 The tables below show a notable proportion of homes in Derby and South Derbyshire are bungalows (8% of all flats and houses in Derby and 10% in South Derbyshire. In both areas, the majority of bungalows have 2-bedrooms (62% in Derby and 58% in South Derbyshire). A similar proportion (9%) of homes across England are bungalows.

Table 7.18 Number of dwellings by property type and number of bedrooms (March 2020) – Derby

	Number of bedrooms					All
	1	2	3	4+	Not Known	
Bungalow	1,350	5,580	1,880	160	10	8,980
Flat/Maisonette	9,800	6,830	450	190	220	17,480
Terraced house	650	12,940	14,220	1,570	40	29,410
Semi-detached house	80	5,590	28,530	1,580	30	35,820
Detached house	10	620	8,670	9,130	60	18,490
All flats/houses	11,890	31,560	53,750	12,630	360	110,180
Annexe	-	-	-	-	-	20
Other	-	-	-	-	-	320
Unknown	-	-	-	-	-	510
All properties	-	-	-	-	-	111,020

Source: Valuation Office Agency

Table 7.19- Number of dwellings by property type and number of bedrooms (March 2020) – South Derbyshire

	Number of bedrooms					All
	1	2	3	4+	Not Known	
Bungalow	370	2,590	1,270	240	20	4,500
Flat/Maisonette	1,110	1,590	110	30	20	2,860
Terraced house	390	4,140	4,340	520	50	9,440
Semi-detached house	40	2,840	9,540	830	70	13,310
Detached house	20	510	5,980	8,360	120	14,980
All flats/houses	1,930	11,670	21,240	9,980	280	45,090
Annexe	-	-	-	-	-	60
Other	-	-	-	-	-	220
Unknown	-	-	-	-	-	510
All properties	-	-	-	-	-	45,890

Source: Valuation Office Agency

- 7.47 In general, discussions with local estate agents (discussions nationally) find that there is a demand for bungalows and in addition, analysis of survey data (in other locations) points to a high demand for bungalows (from people aged 65 and over in particular).
- 7.48 Bungalows are often the first choice for older people seeking suitable accommodation in later life and there is generally a high demand for such accommodation when it becomes available (this is different from specialist accommodation for older people which would have some degree of care or support). For those with mobility difficulties needs may be met through other solutions including the increased delivery of accessible and adaptable dwellings (M4(2) and M4(3), which is discussed elsewhere in this report.
- 7.49 As a new build option, bungalows are often not supported by either house builders or planners (due to potential plot sizes and their generally low densities). There may, however, be instances where bungalows are the most suitable house type for a particular site; for example, to overcome objections about dwellings overlooking existing dwellings or preserving sight lines.
- 7.50 There is also the possibility of a wider need/demand for retirement accommodation. Retirement apartments can prove very popular if they are well located in terms of access to facilities and services, and are environmentally attractive (e.g. have a good view). However, some potential purchasers may find high service charges unacceptable or unaffordable and new build units may not retain their value on re-sale.
- 7.51 Overall, the Councils could consider the potential role of bungalows as part of the future mix of housing. Such housing may be particularly attractive to older owner-occupiers (many of whom are

equity-rich) which may assist in encouraging households to downsize. However, the downside to providing bungalows is that they are relatively land intensive and this is likely to limit development opportunities – particularly in Derby City.

- 7.52 Bungalows are likely to see a particular need and demand in the market sector and also for rented affordable housing (for older people as discussed in the next section of the report). Bungalows are likely to particularly focus on 2-bedroom homes, including in the affordable sector where such housing may encourage households to move from larger ‘family-sized’ accommodation (with 3+ bedrooms).

Flats versus Houses

- 7.53 Although there are some 1-bedroom houses and 3-bedroom flats, it is considered that the key discussion on built-form will be for 2-bedroom accommodation, where it might be expected that there would be a combination of both flats and houses. At a national level, 82% of all 1-bedroom homes are flats, 38% of 2-bedroom homes and just 5% of homes with 3-bedrooms.
- 7.54 The tables below show (for 2-bedroom accommodation) the proportion of homes by tenure that are classified as a flat, maisonette or apartment in Derby, South Derbyshire, the East Midlands and England. This shows a relatively low proportion of flats in South Derbyshire (13% of all 2-bedroom homes) and a proportion in Derby in line with the regional average but below the national figure. This would arguably point to the majority of 2-bedroom homes in the future being houses although this will to some extent depend on site characteristics.
- 7.55 The analysis also shows a higher proportion of flats in the social and private rented sectors (although it is still the case that the majority of homes in these sectors are houses).

Table 7.20- Proportion of 2-bedroom homes that are a flat, maisonette or apartment (by tenure)

	Derby	South Derbyshire	East Midlands	England
Owner-occupied	9%	6%	8%	25%
Social rented	38%	25%	31%	48%
Private rented	29%	19%	30%	52%
All (2-bedroom)	22%	13%	19%	38%

Source: 2021 Census

- 7.56 For completeness, the tables below show the proportion of flats in Derby and South Derbyshire for all sizes of accommodation and different tenures. Of particular note is the very small proportion of 3+-bedroom homes as flats.

Table 7.21 - Proportion of homes that are a flat, maisonette or apartment (by tenure and dwelling size) – Derby

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Owner-occupied	44%	9%	0%	0%
Social rented	78%	38%	2%	7%
Private rented	83%	29%	4%	10%
All	76%	22%	1%	2%

Source: 2021 Census

Table 7.22 - Proportion of homes that are a flat, maisonette or apartment (by tenure and dwelling size) – South Derbyshire

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Owner-occupied	22%	6%	0%	0%
Social rented	59%	25%	0%	1%
Private rented	61%	19%	2%	3%
All	50%	13%	0%	0%

Source: 2021 Census

- 7.57 As noted, this analysis would suggest that most 2-bedroom homes should be built as houses (or bungalows) rather than flats given the nature of the current stock. Any decisions will have to take account of site characteristics, which in some cases might point towards flatted development as being most appropriate. The analysis would suggest that the affordable sector might be expected to see a higher proportion of flats than market housing.

Housing Mix – Summary

- 7.58 Analysis of the future mix of housing required takes account of demographic change, including potential changes to the number of family households and the ageing of the population. The proportion of households with dependent children in Derby and South Derbyshire is fairly average with around 29% of all households containing dependent children in 2021 (compared with around 28% regionally and 29% nationally). There are notable differences between different types of households, with married couples (with dependent children) seeing a high level of owner-occupation, whereas lone parents are particularly likely to live in social or private rented accommodation.
- 7.59 There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The analysis linked to future demographic change concludes that the following represents an appropriate mix of affordable and market homes, this takes account of both household changes and the ageing of the population – the analysis also models for there to be a modest decrease in levels of under-occupancy (which is notable in the market sector).

7.60 In all sectors, the analysis points to a particular need for 2-bedroom accommodation, with varying proportions of 1-bedroom and 3+-bedroom homes. For rented affordable housing there is a clear need for a range of different sizes of homes, including 35% to have at least 3 bedrooms. Our recommended mix is set out below:

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	5%	35%	40%	20%
Affordable home ownership	15%	45%	30%	10%
Affordable housing (rented)	30%	35%	25%	10%

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

7.62 The mix identified above could inform strategic policies although a flexible approach should be adopted. For example, in some areas, Registered Providers find difficulties selling 1-bedroom affordable home ownership (AHO) homes and therefore the 1-bedroom elements of AHO might be better provided as 2-bedroom accommodation. That said, this report also highlighted potential difficulties in making (larger) AHO genuinely affordable.

7.63 Additionally, in applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Councils should also monitor the mix of housing delivered.

7.64 Given the nature of the area and the needs identified, the analysis suggests that the majority of units should be houses rather than flats although consideration will also need to be given to site-specific circumstances (which may in some cases lend themselves to a particular type of development – particularly in Derby).

7.65 There is potentially a demand for bungalows, although realistically significant delivery of this type of accommodation may be unlikely. It is however possible that delivery of some bungalows might be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into family use. There will also be demand from younger families with a particular need.

8. OLDER AND DISABLED PEOPLE

Introduction

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

Understanding the Implications of Demographic Change

- 8.2 At a national level, the population of older persons is increasing, and this will potentially drive a need for housing which is capable of meeting the needs of older persons. Initially below a series of statistics about the older person population of Derby and South Derbyshire are presented.

Current Population of Older People

- 8.3 The table below provides baseline population data about older persons in Derby and South Derbyshire and compares this with other areas. The table shows that Derby has a slightly younger age structure than other areas with 16.5% of the population being aged 65 and over, this compares with 18.6% in South Derbyshire which is in line with the national average (18.5%) but below the East Midlands (19.6%). Although the proportion of older people in Derby is slightly lower than in South Derbyshire, the proportion aged 85 and over is slightly higher.

Table 8.1 - Older Persons Population, 2021

	Derby	South Derbyshire	Study area	East Midlands	England
Under 65	83.5%	81.4%	82.9%	80.4%	81.5%
65-74	8.6%	10.4%	9.1%	10.5%	9.8%
75-84	5.5%	6.1%	5.7%	6.6%	6.2%
85+	2.4%	2.1%	2.3%	2.5%	2.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Total 65+	16.5%	18.6%	17.1%	19.6%	18.5%
Total 75+	7.9%	8.2%	8.0%	9.1%	8.7%

Source: ONS

Projected Future Change in the Population of Older People

- 8.4 Population projections can next be used to provide an indication of how the number of older persons might change in the future with the table below showing that Derby and South Derbyshire is projected

to see a notable increase in the older person population. The projection linked to the Standard Method shows a projected increase in the population aged 65+ of around 41% - the population aged Under 65 is in contrast projected to increase by a more modest 10%.

- 8.5 In total population terms, the projections show an increase in the population aged 65 and over of 26,200 people. This is against a backdrop of an overall increase of 58,600 – population growth of people aged 65 and over therefore accounts for around 45% of the total projected population change.

Table 8.2 - Projected Change in Population of Older Persons, 2022 to 2039 – Derby and South Derbyshire (Standard Method projection)

	2022	2039	Change in population	% change
Under 65	308,827	341,142	32,316	10.5%
65-74	33,330	44,811	11,481	34.4%
75-84	22,338	31,483	9,145	40.9%
85+	8,583	14,194	5,610	65.4%
Total	373,078	431,630	58,552	15.7%
Total 65+	64,251	90,487	26,236	40.8%
Total 75+	30,921	45,676	14,755	47.7%

Source: Demographic projections

- 8.6 The tables below show the same information for each of the two local authorities. The analysis points to a greater ageing of the population in South Derbyshire.

Table 8.3 - Projected Change in Population of Older Persons, 2022 to 2039 – Derby (Standard Method projection)

	2022	2039	Change in population	% change
Under 65	220,476	247,935	27,459	12.5%
65-74	22,284	29,521	7,237	32.5%
75-84	15,183	20,899	5,716	37.6%
85+	6,256	9,577	3,320	53.1%
Total	264,199	307,931	43,732	16.6%
Total 65+	43,723	59,997	16,273	37.2%
Total 75+	21,439	30,475	9,036	42.1%

Source: Demographic projections

Table 8.4 - Projected Change in Population of Older Persons, 2022 to 2039 – South Derbyshire (Standard Method projection)

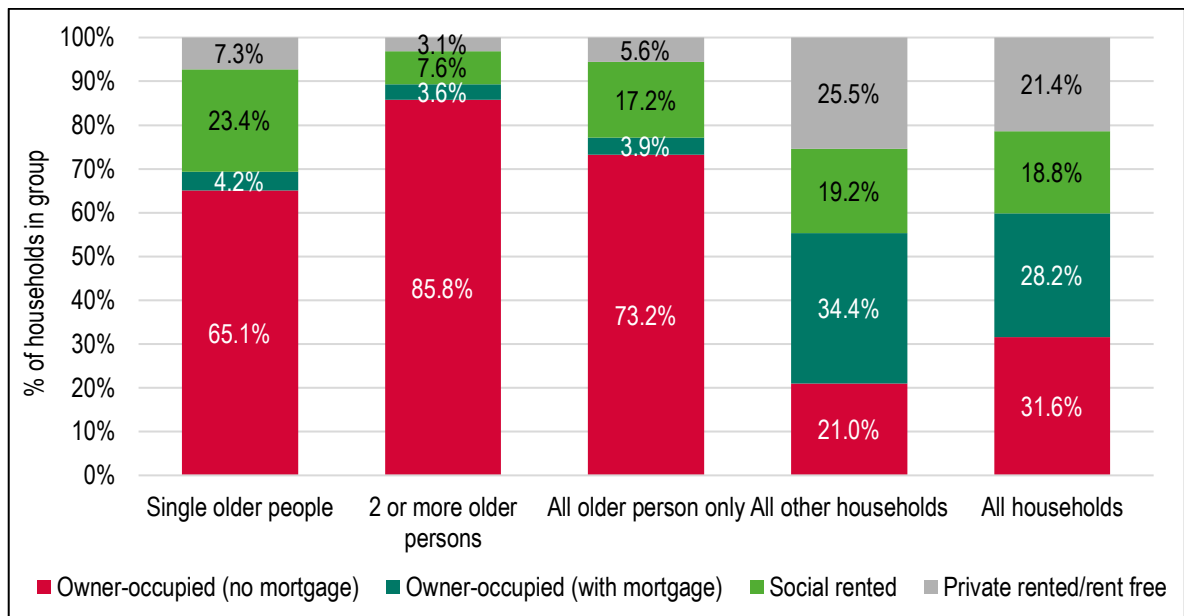
	2022	2039	Change in population	% change
Under 65	88,351	93,208	4,857	5.5%
65-74	11,046	15,290	4,244	38.4%
75-84	7,155	10,584	3,429	47.9%
85+	2,327	4,617	2,290	98.4%
Total	108,879	123,698	14,819	13.6%
Total 65+	20,528	30,491	9,963	48.5%
Total 75+	9,482	15,201	5,719	60.3%

Source: Demographic projections

Characteristics of Older Person Households

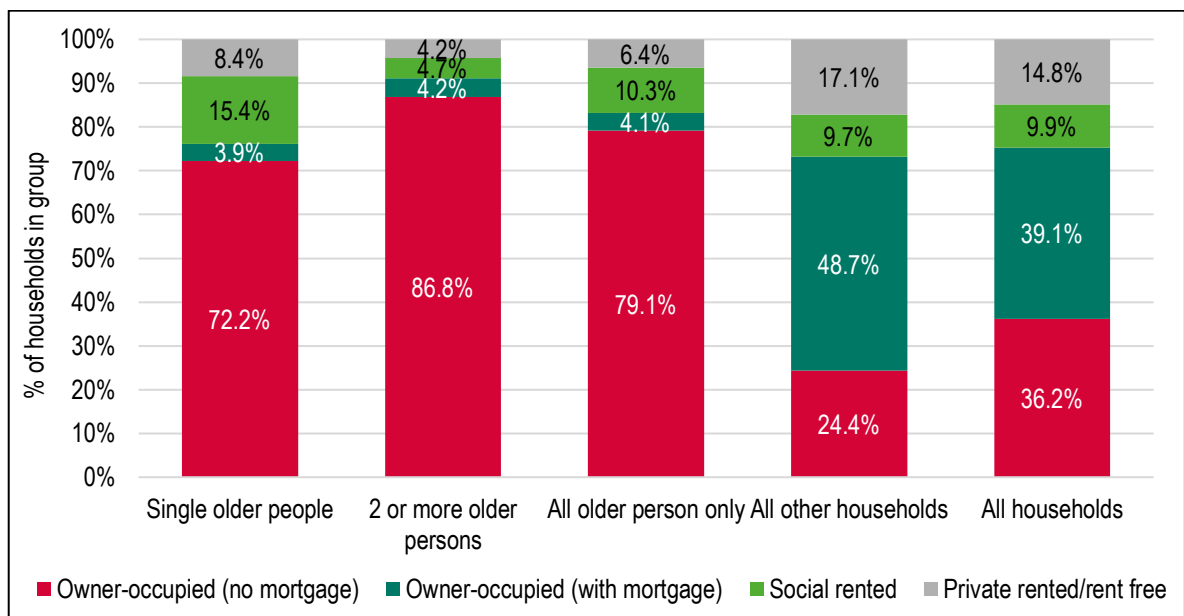
- 8.7 The figures below show the tenure of older person households. The data has been split between single older person households and those with two or more older people (which will largely be couples). The data shows that the majority of older persons households are owner-occupiers (77% of older person households in Derby and 83% in South Derbyshire), and indeed most are owner-occupiers with no mortgage and thus may have significant equity which can be put towards the purchase of a new home. Some 17% of older persons households in Derby live in the social rented sector (10% in South Derbyshire); the proportion of older person households living in the private rented sector is relatively low (about 6% in both areas).
- 8.8 There are also notable differences for different types of older person households with single older people having a much lower level of owner-occupation than larger older person households – this group also has a much higher proportion living in the social rented sector.

Figure 8.1: Tenure of Older Persons Households in Derby, 2021



Source: 2021 Census

Figure 8.2: Tenure of Older Persons Households in South Derbyshire, 2021



Source: 2021 Census

Prevalence of Disabilities

8.9

The table below shows the proportion of people who are disabled under the Equality Act drawn from 2021 Census data, and the proportion of households where at least one person has a disability. The data suggests that some 35% of households in Derby and 31% in South Derbyshire contain someone with a disability. This City’s figure is above that seen across the region and national average while South Derbyshire is below both. The figures for the population with a disability show a similar pattern

when compared with other locations – some 18% of the population having a disability. Generally, the proportion of people and households with a disability is slightly higher in Derby.

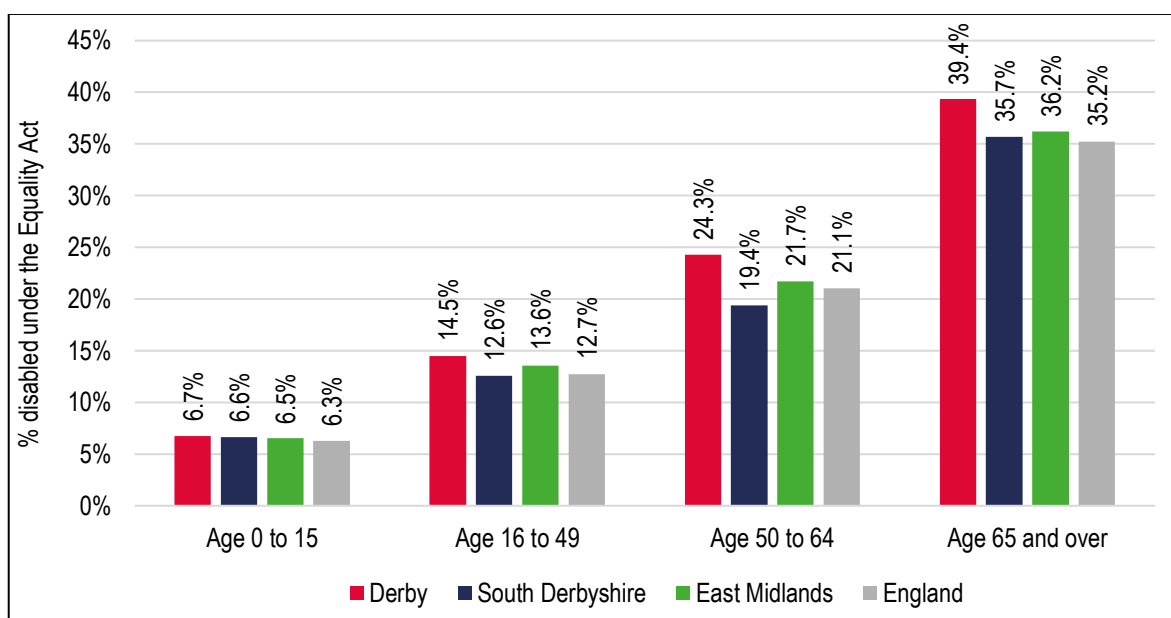
Table 8.5 Households and People with a Disability, 2021

	Households Containing Someone with a Disability		Population with a Disability	
	No.	%	No.	%
Derby	36,962	35.0%	49,040	18.8%
South Derbyshire	14,056	31.1%	18,412	17.2%
Study area	51,018	33.8%	67,452	18.3%
East Midlands	680,791	33.4%	894,920	18.3%
England	7,507,886	32.0%	9,774,510	17.3%

Source: 2021 Census

8.10 As noted, the age profile will likely impact the number of people with a disability, as older people tend to be more likely to have a disability. The figure below shows the age bands of people with a disability. It is clear from this analysis that those people in the oldest age bands are more likely to have a disability. The analysis also typically shows higher levels of disability in each age band within Derby when compared with the regional and national position, with figures for South Derbyshire being more in-line with other locations.

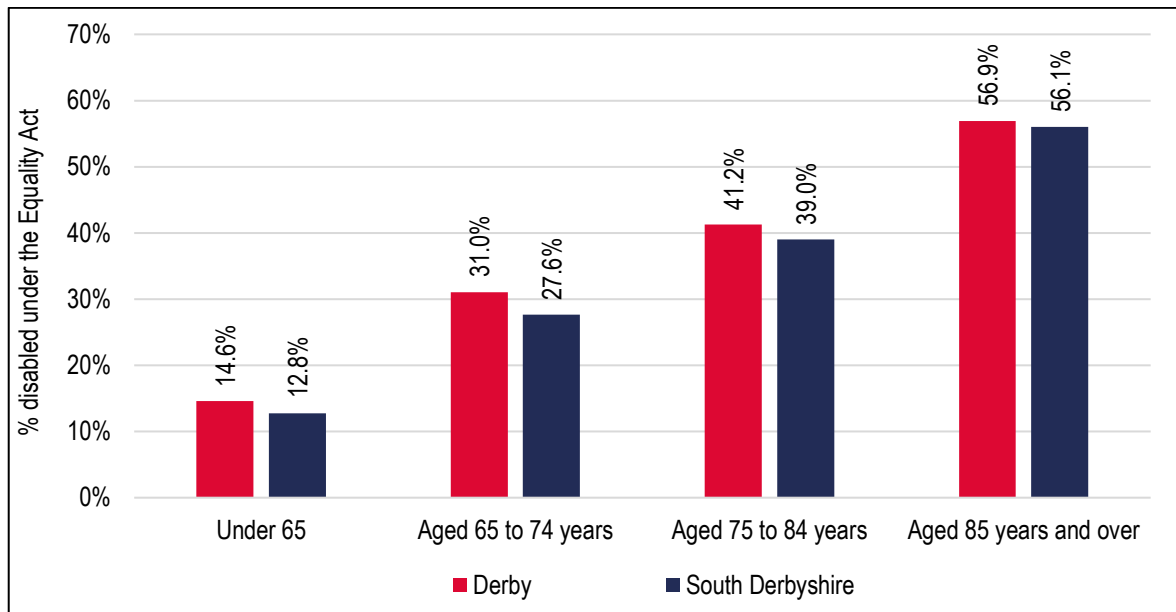
Figure 8.3: Population with Disability by Age



Source: 2021 Census

8.11 It is also possible to look at the oldest age group (65 and over) in a bit more detail. The figure below shows the same information as above but for different age categories. In looking at this data it should be noted the figures are only for the population resident in households (i.e. excluding people in communal establishments). The data clearly shows higher levels of disability in older age bands.

Figure 8.4: Population with Disability by Age (alternative age bands – household population only)



Source: 2021 Census

Health-Related Population Projections

- 8.12 The incidence of a range of health conditions is an important component in understanding the potential need for care or support for a growing older population.
- 8.13 The analysis undertaken covers both younger and older age groups and draws on prevalence rates from the PANSI (Projecting Adult Needs and Service Information) and POPPI (Projecting Older People Population Information) websites. Adjustments have been made to take account of the age-specific health/disabilities previously shown.
- 8.14 Of particular note are the large increases in the number of older people with dementia (increasing by 51% from 2022 to 2039 and mobility problems (up 47% over the same period). Changes for younger age groups are smaller, reflecting the fact that projections are expecting older age groups to see the greatest proportional increases in population. When related to the total projected change to the population, the increase of people aged 65+ with a mobility problem represents around 10% of total projected population growth.

Table 8.6 - Projected Changes to Population with a Range of Disabilities – Derby and South Derbyshire

Disability	Age Range	2022	2039	Change	% Change
Dementia	65+	4,852	7,344	2,492	51.4%
	85+	2,080	3,446	1,367	65.7%
Mobility problems	65+	12,793	18,747	5,954	46.5%
	85+	4,153	6,750	2,597	62.5%
Autistic Spectrum Disorders	18-64	2,468	2,773	305	12.4%
	65+	651	918	267	41.1%
Learning Disabilities	15-64	6,448	7,209	761	11.8%
	65+	1,448	2,032	584	40.3%
Challenging behaviour	15-64	118	132	14	11.6%
Impaired mobility	16-64	13,182	13,929	747	5.7%

Source: POPPI/PANSI and Demographic Projections

- 8.15 The tables below show the same information for each of the two local authorities – in both cases, there is projected to be a notable increase in the number of people with dementia and mobility problems.

Table 8.7 - Projected Changes to Population with a Range of Disabilities – Derby

Disability	Age Range	2022	2039	Change	% Change
Dementia	65+	3,502	5,084	1,581	45.2%
	85+	1,556	2,411	855	55.0%
Mobility problems	65+	9,146	12,924	3,778	41.3%
	85+	3,106	4,705	1,599	51.5%
Autistic Spectrum Disorders	18-64	1,849	2,113	264	14.3%
	65+	454	625	171	37.6%
Learning Disabilities	15-64	4,823	5,477	655	13.6%
	65+	1,014	1,391	376	37.1%
Challenging behaviour	15-64	88	100	12	13.4%
Impaired mobility	16-64	9,555	10,176	621	6.5%

Source: POPPI/PANSI and Demographic Projections

Table 8.8 - Projected Changes to Population with a Range of Disabilities – South Derbyshire

Disability	Age Range	2022	2039	Change	% Change
Dementia	65+	1,349	2,260	911	67.5%
	85+	524	1,035	511	97.6%
Mobility problems	65+	3,648	5,823	2,175	59.6%
	85+	1,047	2,045	998	95.4%
Autistic Spectrum Disorders	18-64	619	660	41	6.7%
	65+	196	293	96	49.1%
Learning Disabilities	15-64	1,626	1,732	106	6.5%
	65+	434	641	208	47.9%
Challenging behaviour	15-64	30	32	2	6.5%
Impaired mobility	16-64	3,626	3,752	126	3.5%

Source: POPPI/PANSI and Demographic Projections

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

Engagement with Learning Disabilities, Autism & Mental Health Officers

- 8.18 The Council is currently compiling evidence for an accommodation strategy. This will cover general housing, supported living and care and residential settings. In some cases these are temporary solutions, for example, transitional arrangements for people requiring getting back into the community.
- 8.19 To undertake the Strategy the Council needs a greater understanding of who is coming through the children’s system and what the trends are for adults coming out of hospitals or other institutions. This covers a number of pathways and it is the interaction between health and housing teams.

Current Policy

- 8.20 To determine their pathways all care receivers are assessed for their care needs and whether they have adequate housing. However, the overarching policy is to support people to live in the community for as long as possible, but this needs to be in the right setting and the right place.
- 8.21 If people are assessed to have low-level care needs but are adequately housed they are given home care as well as access to day centres (of which there is a small supply) and respite care (of which there is an even smaller supply). This option tends to be for elderly people but not exclusively. The lack of respite care supply is partly due to funding and the Council's ability to pay market rates.
- 8.22 Those that have a lower level of care need but inadequate housing are looked to be placed in extra care accommodation and again this is typically for older people. There are about 400 extra care beds in the City with around 10% being used for younger age groups. There are currently 43 working-age adults compared to 107 aged over 65 receiving Council funding. The remaining extra care bedspaces would be self-funders or be funded by the County or NHS.
- 8.23 Those with more severe needs and in inappropriate housing, as well as younger people, tend to be placed in supported housing or "Outreach" (home care for those with a more complex care profile aged under 65).
- 8.24 There is a significant overlap here with those in Supported Exempt Accommodation (see Chapter 9). The Council do not have a breakdown of the number in accommodation and care.
- 8.25 Supported Living is the equivalent of supported housing but for younger age groups. The Council have contracts with the care providers and housing is provided separately. Whereas supported housing is a contract for both housing and care. The Supported Living service currently has 300 service users.
- 8.26 If care receivers have a very specific need, such as requiring 24-hour care provisions, they are placed on the complex needs pathway. A panel will decide whether they are appropriate for the specialist housing which is provided by Derby Homes. If it is not appropriate then specialist private supported provision is granted. For those with the very highest needs, there are 13 specialist care homes for working-age adults.
- 8.27 In total, there are 806 care home residents in the City which includes people originating outside of the City. Around a quarter of those in a Care Home are aged 16-64. Of this group, the primary support reason for 93 of them is a learning disability while 64 require mental health support.

Backlog and Future Need

- 8.28 Typically, there is a flow from Derbyshire into Derby City, particularly those with more complex needs. This is often the case for major cities as they have a greater range of services and are of a scale to support them.
- 8.29 However, a higher rate of those with learning disabilities were placed outside of the City compared with other people of the same age with other types of need. For some of those moving outside of the City, it will be a choice. But many will have been placed outside of the City due to a lack of alternatives.
- 8.30 The turnover of homes for those of a working age is also lower because the length of stay is longer. So there is less capacity from the existing supply compared to that for those that are older. This illustrates the backlog of need in the City.
- 8.31 Due to the lack of respite and reablement care the majority of those being discharged from hospitals that require are supported through the private sector. Some public sector provision would help address this need.
- 8.32 The officers also noted that the City has one of the highest percentages of the population in the country with a learning disability. Although reporting in Derby is potentially better than elsewhere.
- 8.33 There is a deaf school in the City which initially attracted many deaf people to the City but many also stayed and as a result, the City has one of the largest deaf communities in the Country.
- 8.34 In looking forward the officers noted that although the number of children with autism is increasing the prevalence rates of other disabilities have not changed.
- 8.35 In terms of future accommodation needs the City requires a supply of supported living accommodation for people with more challenging behaviours and more complex needs. The officers recognise that finding places in the City where such a facility can be located could be tricky.
- 8.36 Ideally, it would have space for 4–6 units and not be near major roads or schools. It should have some private outdoor space and be screened or away from neighbours due to potential noise or other challenging behaviours.
- 8.37 The facility should also have access to services and staff and therefore should not be in a secluded location. They also need to be built to quality (own front doors, not shared etc.) and should have access to support, preferably in-situ support.

- 8.38 Other needs could be met within the existing stock but again this needs to be in the right place. People with less severe learning disabilities or autism should be integrated. There also needs to be a recognition that having people in the community is a positive rather than a burden.
- 8.39 The better use of the existing stock and policies seeking a greater number of M4(2) and M4(3) particularly affordable housing will help with this. The Council may also seek a policy for larger sites which ensures inclusive housing which will create an inclusive society which is an important contributor to the ability of people with these conditions to integrate.

Need for Specialist Accommodation for Older People

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

Definitions of Different Types of Older Persons' Accommodation

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

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

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

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

Source: Planning Practice Guidance [63-010]

- 8.41 The need for specialist housing for older persons is typically modelled by applying prevalence rates to current and projected population changes and considering the level of existing supply. There is no standard methodology for assessing the housing and care needs of older people. The current and future demand for elderly care is influenced by a host of factors including the balance between demand and supply in any given area and social, political, regulatory and financial issues. Additionally, the extent to which new homes are built to accessible and adaptable standards may

over time have an impact on specialist demand (given that older people often want to remain at home rather than move to care) – this will need to be monitored.

- 8.42 There are a number of ‘models’ for considering older persons’ needs, but they all essentially work in the same way. The model results are however particularly sensitive to the prevalence rates applied, which are typically calculated as a proportion of people aged over 75 who could be expected to live in different forms of specialist housing. Whilst the population aged 75 and over is used in the modelling, the estimates of need would include people of all ages.
- 8.43 Whilst there are no definitive rates, the PPG [63-004] notes that *‘the future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector, for example SHOP@ for Older People Analysis Tool)’*. The PPG does not specifically mention any other tools and therefore seems to be indicating that SHOP@ would be a good starting point for analysis. Since the PPG was published the Housing Learning and Information Network (Housing LIN) has removed the Shop@ online toolkit although the base rates used for analysis are known.
- 8.44 The SHOP@ tool was originally based on data in a 2008 report (More Choice Greater Voice) and in 2011 a further suggested set of rates was published (rates which were repeated in a 2012 publication). In 2016, Housing LIN published a review document which noted that the 2008 rates were ‘outdated’ but also noted that the rates from 2011/12 were ‘not substantiated’. The 2016 review document therefore set out a series of proposals for new rates to be taken forward onto the Housing LIN website.
- 8.45 Whilst the 2016 review rates do not appear to have ever led to an update of the website, it does appear from reviewing work by Housing LIN over the past couple of years as if it is these rates which typically inform their analysis (subject to evidence-based localised adjustments).
- 8.46 For clarity, the table below shows the base prevalence rates set out in the various documents described above. For the analysis in this report, the age-restricted and retirement/sheltered have been merged into a single category (housing with support).

Table 8.9 Range of suggested baseline prevalence rates from a number of tools and publications

Type/Rate	SHOP@ (2008) ¹⁵	Housing in Later Life (2012) ¹⁶	2016 Housing LIN Review
Age-restricted general market housing	-	-	25
Retirement living or sheltered housing (housing with support)	125	180	100
Extra care housing or housing-with-care (housing with care)	45	65	30-40 ('proactive range')
Residential care homes	65	(no figure apart from 6 for dementia)	40
Nursing homes (care bedspaces), including dementia	45		45

Source: Housing LIN

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

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

¹⁵ Based on the More Choice Greater Voice publication of 2008

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

¹⁶ https://www.housinglin.org.uk/assets/Resources/Housing/Support_materials/Toolkit/Housing_in_Later_Life_Toolkit.pdf

with better levels of health likely to mean residents are able to stay in their own homes for longer.

- 8.48 These issues are considered to provide appropriate modelling assumptions for assessing future needs. Nationally, there has been a clear focus on strengthening a community-led approach and reducing reliance on residential and nursing care – in particular focusing where possible on providing households with care in their own home. This could however be the provision of care within general needs housing; but also care which is provided in a housing with care development such as in extra care housing.
- 8.49 We consider that the prevalence rates shown in the 2016 Housing LIN Review are an appropriate starting point; but that the corollary of lower care home provision should be a greater focus on delivery of housing with care. Having regard to market growth in this sector in recent years, and since the above studies were prepared, we consider that the starting point for housing with care should be the higher rate shown in the SHOP@ report (this is the figure that would align with the PPG).
- 8.50 Rather than simply taking the base prevalence rates, an initial adjustment has been made to reflect the relative health of the local older person population. This has been based on Census data about the proportion of the population aged 65 and over who have a long-term health problem or disability (LTHPD) compared with the England average. In Derby, the data shows slightly worse health in the older person population and so the prevalence rates used are increased slightly from the figures shown above (for South Derbyshire only very modest adjustments are made).
- 8.51 A second local adjustment has been to estimate a tenure split for the housing with support and housing with care categories. This again draws on suggestions in the 2016 Review which suggests that less deprived local authorities could expect a higher proportion of their specialist housing to be in the market sector. Using 2019 Index of Multiple Deprivation (IMD) data, the analysis suggests Derby is the 90th most deprived local authority in England (out of 317) – i.e. a higher than average level of deprivation with the opposite being the case for South Derbyshire (218th most deprived). For Derby, this suggests a greater proportion of affordable housing than a local authority in the middle of the range (for housing with support and housing with care) and the opposite is the case in South Derbyshire.
- 8.52 The table below shows the estimated needs for different types of housing linked to the population projections. The analysis is separated into the various types and tenures although it should be recognised that there could be some overlap between categories (i.e. some households might be suited to more than one type of accommodation).
- 8.53 Overall, the analysis suggests that there will be a need for housing with support in the market sector – the analysis suggests a sufficient stock in the affordable sector currently (sheltered housing) but a possible need in the longer term. The analysis also points to a need for housing with care (60% for

market housing). The analysis also suggests a need for some additional nursing and residential care bedspaces, although a sufficient current supply of residential care.

**Table 8.10- Specialist Housing Need using adjusted SHOP@Review Assumptions, 2022-39
– Derby and South Derbyshire**

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2039	Shortfall/surplus by 2039
Housing with support	Market	50	393	1,539	1,146	763	1,909
	Affordable	85	3,403	2,624	-779	1,216	437
Total (housing with support)		135	3,796	4,163	367	1,979	2,346
Housing with care	Market	25	188	787	599	386	985
	Affordable	23	338	712	374	326	700
Total (housing with care)		48	526	1,499	973	712	1,685
Residential care bedspaces		43	1,509	1,332	-177	633	457
Nursing care bedspaces		48	1,219	1,499	280	712	992
Total bedspaces		92	2,728	2,831	103	1,346	1,449

Source: Derived from Demographic Projections and Housing LIN/EAC

- 8.54 The tables below show the same information for each local authority. In both cases, the analysis points to a sufficient current supply of housing with support in the affordable sector and a potential need for market housing in this sector. The analysis also shows the need for housing with care (e.g. Extra-care) in both broad tenures in both areas. Finally, both areas show a need for residential and nursing care, but a sufficient current supply of residential care.

**Table 8.11- Specialist Housing Need using adjusted SHOP@Review Assumptions, 2022-39
– Derby**

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2039	Shortfall/surplus by 2039
Housing with support	Market	42	340	909	569	383	952
	Affordable	94	2,493	2,022	-471	852	381
Total (housing with support)		137	2,833	2,931	98	1,235	1,333
Housing with care	Market	23	75	487	412	205	618
	Affordable	26	288	568	280	239	519
Total (housing with care)		49	363	1,055	692	445	1,137
Residential care bedspaces		44	1,048	938	-110	395	285
Nursing care bedspaces		49	909	1,055	146	445	591
Total bedspaces		93	1,957	1,993	36	840	876

Source: Derived from Demographic Projections and Housing LIN/EAC

**Table 8.12- Specialist Housing Need using adjusted SHOP@Review Assumptions, 2022-39
–South Derbyshire**

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2039	Shortfall/surplus by 2039
Housing with support	Market	66	53	630	577	380	957
	Affordable	64	910	602	-308	363	56
Total (housing with support)		130	963	1,232	269	743	1,013
Housing with care	Market	32	113	300	187	181	367
	Affordable	15	50	144	94	87	181
Total (housing with care)		47	163	444	281	268	548
Residential care bedspaces		42	461	394	-67	238	171
Nursing care bedspaces		47	310	444	134	268	401
Total bedspaces		88	771	838	67	505	573

Source: Derived from Demographic Projections and Housing LIN/EAC

- 8.55 The provision of a choice of attractive housing options to older households is a component of achieving a good housing mix. The availability of such housing options for the growing older population may enable some older households to downsize from homes that no longer meet their housing needs or are expensive to run. The availability of housing options which are accessible to

older people will also provide the opportunity for older households to 'rightsize' which can help improve their quality of life.

- 8.56 It should also be noted that within any category of need, there may be a range of products. For example, many recent market extra-care schemes have tended to be focused towards the 'top-end' of the market and may have significant service charges (due to the level and quality of facilities and services). Such homes may therefore only be affordable to a small proportion of the potential market, and it will be important for the Councils to seek a range of products that will be accessible to a wider number of households if needs are to be met.

Wheelchair User Housing

- 8.57 The analysis below draws on secondary data sources to estimate the number of current and future wheelchair users and to estimate the number of wheelchair accessible/adaptable dwellings that might be required in the future. Estimates of need produced in this report draw on data from the English Housing Survey (EHS) – mainly 2018/19 data. The EHS data used includes the age structure of wheelchair users, information about work needed to homes to make them 'visitable' for wheelchair users and data about wheelchair users by tenure.
- 8.58 The table below shows at a national level the proportion of wheelchair-user households by the age of the household reference person. Nationally, around 3.4% of households contain a wheelchair user – with around 1% using a wheelchair indoors. There is a clear correlation between the age of the household reference person and the likelihood of there being a wheelchair user in the household.

Table 8.13- Proportion of wheelchair user households by age of household reference person – England

Age of household reference person	No household members use a wheelchair	Uses wheelchair all the time	Uses wheelchair indoors only	Uses wheelchair outdoors only	TOTAL
24 and under	99.4%	0.3%	0.0%	0.3%	100.0%
25-34	99.3%	0.3%	0.1%	0.2%	100.0%
35-49	98.2%	0.5%	0.1%	1.2%	100.0%
50-64	96.9%	0.7%	0.4%	2.0%	100.0%
65 and over	93.1%	0.9%	0.4%	5.6%	100.0%
All households	96.6%	0.6%	0.3%	2.5%	100.0%

Source: English Housing Survey (2018/19)

- 8.59 The prevalence rate data can be brought together with information about the household age structure and how this is likely to change moving forward – adjustments have also been made to take account of the relative health (by age) of the population. For Derby the data estimates a total of 4,072

wheelchair-user households in 2022, and that this will rise to 5,076 by 2039. In South Derbyshire, there are an estimated 1,372 wheelchair users, rising to 1,834. These include people living in households within older persons' accommodation such as sheltered housing.

Table 8.14- Estimated number of wheelchair-user households (2022-39) – Derby

	Prevalence rate (% of households)	Households 2022	Households 2039	Wheelchair user households (2022)	Wheelchair user households (2039)
24 and under	0.6%	4,073	4,959	23	27
25-34	0.8%	15,837	19,422	121	148
35-49	2.1%	30,041	35,973	639	766
50-64	3.6%	28,901	28,685	1,042	1,034
65 and over	8.0%	28,180	38,889	2,247	3,101
All households	-	107,033	127,928	4,072	5,076

Source: Derived from a range of sources

Table 8.15- Estimated number of wheelchair user households (2022-39) – South Derbyshire

	Prevalence rate (% of households)	Households 2022	Households 2039	Wheelchair user households (2022)	Wheelchair user households (2039)
24 and under	0.5%	1,221	1,358	6	7
25-34	0.5%	6,082	6,543	29	31
35-49	1.3%	11,834	13,580	154	177
50-64	2.2%	13,766	13,408	303	295
65 and over	6.7%	13,136	19,766	880	1,324
All households	-	46,040	54,655	1,372	1,834

Source: Derived from a range of sources

- 8.60 The finding of an estimated current number of wheelchair-user households does not indicate how many homes might be needed for this group – some households will be living in a home that is suitable for wheelchair use, whilst others may need improvements to their accommodation or a move to an alternative home. Data from the EHS (2014-15) shows that of the 814,000 wheelchair-user households, some 200,000 live in a home that would either be problematic or not feasible to make fully 'visitable' – this is around 25% of wheelchair-user households.
- 8.61 Applying this to the current number of wheelchair-user households and adding the additional number projected forward suggests a need for around 2,827 additional wheelchair-user homes in the 2022-39 period. If the projected need is also discounted to 25% of the total (on the basis that many additional wheelchair-user households will already be in accommodation) leads to a need estimate of 1,728 homes. These figures equate to a need for 102-166 dwellings per annum. If the estimate of

current need is excluded (to just look at future changes) the need drops to just 22-86 dwellings per annum.

Table 8.16- Estimated need for wheelchair-user homes, 2022-39

		Current need	Projected need (2022-39)	Total current and future need
Derby	Total	1,018	1,005	2,023
	@ 25% of projected	1,018	251	1,269
South Derbyshire	Total	343	462	805
	@ 25% of projected	343	115	458
TOTAL	Total	1,361	1,466	2,827
	@ 25% of projected	1,361	367	1,728

Source: Derived from a range of sources

- 8.62 Furthermore, information in the EHS (for 2018/19) also provides national data about wheelchair users by tenure. This showed that, at that time, around 7.1% of social tenants were wheelchair users (including 2.2% using a wheelchair indoors), compared with 3.1% of owner-occupiers (0.7% indoors). These proportions can be expected to increase with an ageing population but do highlight the likely need for a greater proportion of social (affordable) homes to be for wheelchair users.

Table 8.17- Proportion of wheelchair user households by tenure of household reference person – England

Tenure	No household members use a wheelchair	Uses wheelchair all the time	Uses wheelchair indoors only	Uses wheelchair outdoors only	TOTAL
Owners	96.9%	0.5%	0.2%	2.4%	100.0%
Social sector	92.9%	1.6%	0.6%	4.8%	100.0%
Private renters	98.8%	0.1%	0.1%	0.9%	100.0%
All households	96.6%	0.6%	0.3%	2.5%	100.0%

Source: English Housing Survey (2018/19)

- 8.63 There is some overlap between the need identified for wheelchair accommodation and the need for specialist housing such as housing with care. If delivered to M4(3) standard such housing would contribute to meeting the need for M4(3) accommodation. However, it should be stressed that not all wheelchair users would require the care or support nor would they be of an age which would seek to access it. It is therefore not the only solution required.
- 8.64 To meet the identified need, where viable the Councils could seek a proportion (maybe up to 5%) of all new market homes to be M4(3) compliant and potentially a higher figure in the affordable sector

(say 10%). These figures reflect that not all sites would be able to deliver homes of this type. In the market sector these homes would be M4(3)A (adaptable) and M4(3)B (accessible) for affordable housing. This would allow future generations of wheelchair users a greater choice in the market of where they can live.

- 8.65 As with M4(2) homes it may not be possible for some schemes to be built to these higher standards due to built-form, topography, flooding etc. Furthermore, the provision of this type of property may in some cases challenge the viability of delivery given the reasonably high build-out costs (see table below).
- 8.66 It is worth noting that the Government has recently reported on a consultation on changes to the way the needs of people with disabilities and wheelchair users are planned for as a result of concerns that in the drive to achieve housing numbers, the delivery of housing that suits the needs of the households (in particular those with disabilities) is being compromised on viability grounds¹⁷.
- 8.67 The key outcome is that the: *'Government is committed to raising accessibility standards for new homes. We have listened carefully to the feedback on the options set out in the consultation and the government response sets out our plans to mandate the current M4(2) requirement in Building Regulations as a minimum standard for all new homes'*. This change is due to shortly be implemented through a change to building regulations.
- 8.68 The consultation outcome still requires a need for M4(3) dwellings to be evidenced, stating *'M4(3) (Category 3: Wheelchair user dwellings) would continue as now where there is a local planning policy in place in which a need has been identified and evidenced. Local authorities will need to continue to tailor the supply of wheelchair user dwellings to local demand'*.
- 8.69 As well as evidence of need, the viability challenge is particularly relevant for M4(3)(B) standards. These make properties accessible from the moment they are built and involve high additional costs that could in some cases challenge the feasibility of delivering all or any of a policy target. The table below shows estimated costs for different types of accessible dwellings, taken from research sitting behind the initial PPG on accessible housing – these costings are now 8 years old but do still indicate the relative costs of different options.

¹⁷ <https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes>

Table 8.18- Access Cost Summary

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

Source: EC Harris, 2014

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

Summary

- 8.72 A range of data sources and statistics have been accessed to consider the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. The analysis responds to Planning Practice Guidance on Housing for Older and Disabled People published by the Government in June 2019 and includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).
- 8.73 The data shows that Derby and South Derbyshire have a fairly average age structure when considering older people with Derby having higher levels of disability compared with the national average. The older person population shows high proportions of owner-occupation, particularly outright owners who may have significant equity in their homes (73% of all older person households are outright owners in Derby and 79% in South Derbyshire).
- 8.74 The older person population is projected to increase notably moving forward (particularly the very old). An ageing population means that the number of people with disabilities is likely to increase substantially. Key findings for the 2022-39 period include:
- a 41% increase in the population aged 65+ (potentially accounting for approaching half of total population growth);

- a 51% increase in the number of people aged 65+ with dementia and a 47% increase in those aged 65+ with mobility problems;
- a need for up to 2,300 housing units with support (sheltered/retirement housing) – mostly within the market sector;
- a need for around 1,700 additional housing units with care (e.g. extra-care) – the majority (around 60%) in the market sector;
- a need for additional residential and nursing care bedspaces (up to 1,400 in the period); and
- a need for up to 2,800 dwellings to be for wheelchair users (meeting technical standard M4(3)).

8.75 This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair-user dwellings as well as providing specific provisions of older persons' housing. Given the evidence, the Councils could consider (as a starting point) requiring all dwellings (in all tenures) to meet the M4(2) standards and around 5% of homes meeting M4(3) – wheelchair user dwellings in the market sector (a higher proportion of around a tenth in the affordable sector).

8.76 Where the authority has nomination rights M4(3) would be wheelchair-accessible dwellings (constructed for immediate occupation) and in the market sector they should be wheelchair-user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user). It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.

8.77 In framing policies for the provision of specialist older persons accommodation, the Councils will need to consider a range of issues. This will include the different use classes of accommodation (i.e. C2 vs. C3) and requirements for affordable housing contributions (linked to this the viability of provision). There may also be some practical issues to consider, such as the ability of any individual development being mixed tenure given the way care and support services are paid for).

9. SUPPORT EXEMPT ACCOMMODATION

- 9.1 Support Exempt Accommodation (SEA) is accommodation in supported housing which is exempt from the rules that normally limit the amount of rent covered by benefits such as housing benefit or universal credit.
- 9.2 SEA is used to house a range of people with housing and support needs. Exempt Accommodation can be provided by Local Authorities, Registered Providers, Housing Association Charities, and other Voluntary Sector organisations such as Community Interest Companies (CIC).
- 9.3 Costs of this type of housing are met through Housing Benefit with Local Authorities recovering some or all costs from the Department for Work and Pensions. Local Authorities pay Housing Benefit for specified supported housing, in most cases directly to the provider. The Department for Work and Pensions (DWP) reimburses local authorities for these payments in line with housing benefit subsidy rules which are set out in legislation.
- 9.4 Support can be required for a number of reasons including for older people, those with a disability or illness, including those with autism or mental health issues, those who have experienced homelessness or the criminal justice system, care leavers, people recovering from addiction or those fleeing domestic abuse.
- 9.5 The City Council has previously raised its concerns about the regulation (or lack of) of SEA as part of written evidence submitted to parliament as part of a consultation process¹⁸. These concerns are related to:
- The lack of regulatory oversight relating to the support offering of SEA providers;
 - The lack of oversight relating to the appropriateness of the physical qualities of properties and the location of such properties;
 - Referral processes are often fragmented with limited oversight; and
 - The significant and increasing impact on Council finances of non-regulated CIC providers.

Policy Context

- 9.6 There is no local policy context specifically concerning SEA, however, there are strategies for
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¹⁸ <https://committees.parliament.uk/writtenevidence/43425/html/>

homelessness and rough sleeping and separately for vulnerable people, both of which touch on SEA.

- 9.7 At a national level, there is a National Statement of Expectation (NSE) for supported housing¹⁹ (October 2020). The NSE sets out the government’s vision for the sector and includes guidance in assessing need and planning to meet that need.
- 9.8 The NSE recommends that local authorities carry out an accommodation needs assessment across all groups of people with a support or a care need and to map supply against current and future needs. Planning authorities are also required to understand how additional provision is funded and delivered.
- 9.9 In relation to identifying needs the NSE does not specify how this can take place but suggests the use of “new and existing data and seeking input from experts and practitioners”
- 9.10 Five local authority areas were given £5.4 million for pilot programmes, launched at the same time as the NSE to improve the quality and value of non-commissioned SEA. The report detailed that the five local authorities:
- Inspected and enforced standards (including local quality standards);
 - Reviewed the support provided;
 - Enhanced scrutiny of new and existing housing benefit claimants; and
 - Undertook strategic planning to better understand the local market.
- 9.11 The local authorities reported that these steps improved the quality of resident support and accommodation and reduced the number of unreasonable or illegal housing benefit claims (saving £6.2m).
- 9.12 Their report also provided some guidance in relation to assessing demand using the different methods employed in each area. It was noted that demand was influenced by a number of factors including:
- Success in homelessness prevention;
 - Access to affordable mainstream housing; and
 - Movement of people in and out of the local authority.

¹⁹ <https://www.gov.uk/government/publications/supported-housing-national-statement-of-expectations/supported-housing-national-statement-of-expectations#part-1-assessing-local-need-and-planning-effectively-to-meet-demand>

9.13 Areas of data which were reviewed included:

- H-CLIC data which relates to homelessness (see chapter 11). Specifically, where there are evictions from supported accommodation, homeless flows; demographics and support need.
- Indicators of current under or over-supply;
- Per capita numbers of SEA; and
- The number and source of out-of-area referrals.

9.14 The government's Supported Exempt Accommodation Briefing Research²⁰ summarised the pilot's key recommendations which include:

- Make short-medium term funding available to local authorities to oversee supported housing in their area, to embed and potentially expand the pilot's work while longer-term reforms (e.g. regulatory and legislative measures) are agreed and implemented;
- Aim to define "care, support and supervision", and review regulations around rent levels and subsidies, to increase the impact of Housing Benefit scrutiny activities;
- Strengthen local authorities' powers to support them to intervene in new supply where it is unnecessary or poor-quality. Options could include requiring a provider to seek the approval of the local authorities before establishing a new scheme; and
- Review funding and regulation for the support element of supported housing to improve quality.

9.15 More recently in a written ministerial statement in March 2023 Eddie Hughes MP (an under-secretary at DLUHC) stated that the government were investing £11.5bn in supply through the affordable housing programme and £20m for a supported housing improvement programme. But he also noted the need to end unscrupulous landlords within the sector and to do this they intended to take forward the following measures:

- *"Minimum standards for the support provided to residents to ensure residents receive the good quality support they expect and deserve in order to live as independently as possible and achieve their personal goals;*
- *New powers for local authorities in England to better manage their local supported housing market and ensure that rogue landlords cannot exploit the system to the detriment of vulnerable residents and at the expense of taxpayers; and*

²⁰ <https://researchbriefings.files.parliament.uk/documents/CBP-9362/CBP-9362.pdf>

- *Changes to housing benefit regulations to seek to define care, support and supervision to improve quality and value for money across all specified supported housing provision.”*

9.16 Subsequently, the government has published The Supported Accommodation (Regulatory Oversight) Act (2023). This was brought to parliament as there was concern that the sector was under-regulated.

9.17 The under-regulation of the sector has resulted in some operators entering the market who according to Crisis, the national homelessness charity, are seeking to “maximise returns using the higher rents permitted by the exempt housing benefit provisions”. There is also concern that some providers are putting profit before the needs of residents, resulting in poor housing conditions and ineffective care and support.

9.18 In essence, these operators say they will support a particular group e.g. homeless under 25. Because they are exempt from Housing Benefit caps they can charge a much higher rent, due to increased management costs, although housing benefit does not cover the support itself. The Council are also obligated to accept this if the resident need’s meet the criteria.

9.19 The Act responds to this issue and mandates that:

“A local housing authority in England must—

(a) carry out a review of the supported exempt accommodation in its district, and

(b) in the light of that review, publish a strategy, to be known as a “supported housing strategy”, for the provision of supported exempt accommodation in its district.”

9.20 This strategy must include an assessment of the current availability of supply and the likely need for SEA in the five years from the strategy’s publication. The council’s housing team also need to have regard to the strategy in exercising its duties.

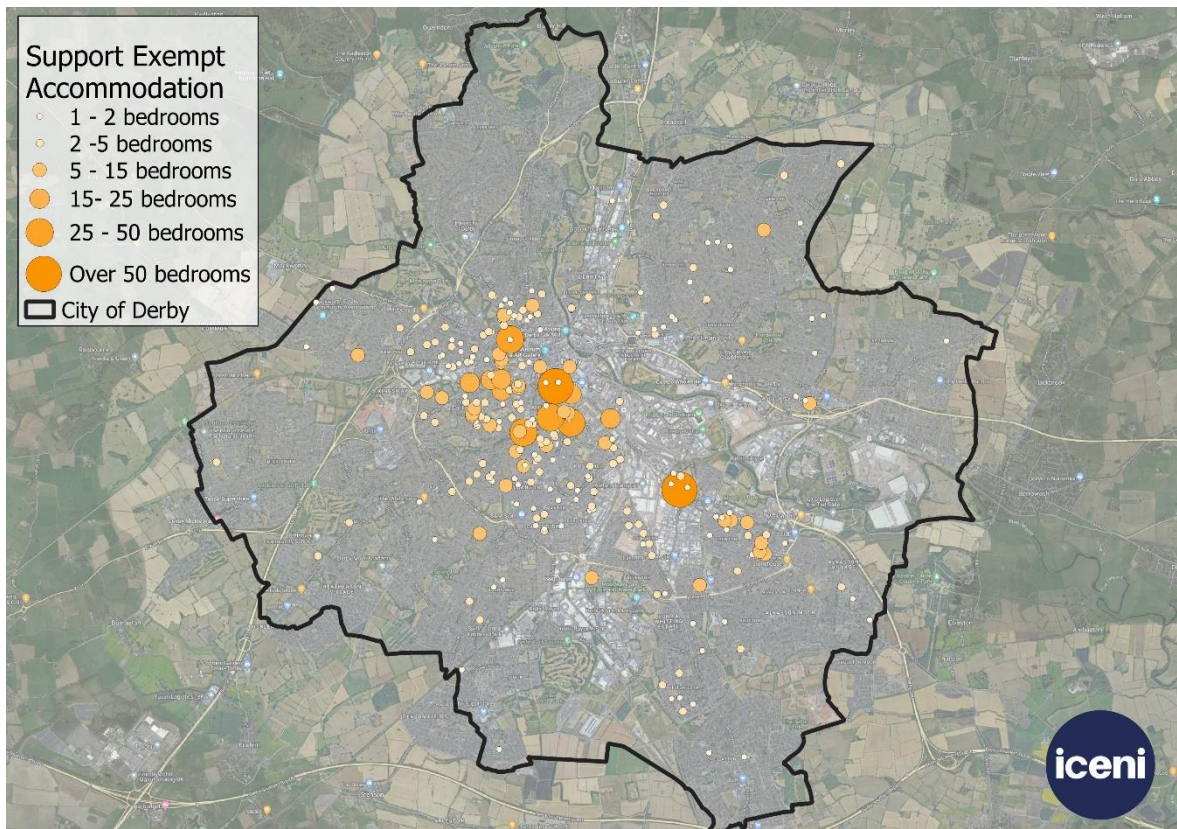
9.21 The Act also sets out powers for the DLUHC Secretary of State to make regulations to establish a licensing regime for the supported housing sector. The Secretary of State will be required to exercise this power in relation to a particular subset of supported housing.

9.22 The Council are developing a system whereby claimants can be profiled, however, this is not yet in place therefore the demographics and support needs are not yet known. Anecdotally, officers believe the majority of SEA is taken up by those under 40s and the largest groups are those with a Current Position

9.23 At a national level data gathered by Crisis showed “153,701 households in Great Britain were housed in exempt accommodation as of May 2021” representing a 62% increase since 2016.

- 9.24 Data and consultation with the Council reveal that within Derby there are 44 SEA housing providers with 396 properties which house around 1,334 bedspaces. The distribution of these homes within the City is illustrated in the map below. According to the Council, much of the SEA is located in already fragile areas of the City. Clustering vulnerable people together in such areas can have a negative impact on both the individual and the wider community.

Figure 9.1 - SEA Bedrooms in Derby (2023)



Source: Derby City Council, 2023

- 9.25 This supply includes a recent proliferation from Community Interest Companies (CIC) looking to establish a base in the City or extend the offering and consequently, there has been an increase in SEA claims. In January 2022, there were 21 CIC landlords with 65 properties and 325 bedspaces operating in the City.
- 9.26 This has both financial and qualitative impacts on the City. Whilst some CIC SEA providers do offer a good quality of accommodation and support, for other providers, the Council feel that this is significantly driven by the potential financial gains of providing such accommodation.
- 9.27 There are multiple routes to entry to the SEA market, for example, some SEA providers approach the housing team while others approach the adult social care team. This lack of a joined-up approach makes it easier for more unscrupulous organisations to benefit from higher SEA rents.

- 9.28 It is also argued that the lack of oversight regarding both the quality of the accommodation and support provided by some SEA providers was putting significant risk on vulnerable people where they are all too frequently in poor quality accommodation with little or no support and not given the tools to effectively move into independent accommodation.
- 9.29 For the individual, this often exacerbates their vulnerability and increasingly puts the individual at risk of needing support further down the line from NHS or social care providers or increasingly at risk of substance misuse; mental health issues or committing crimes/ anti-social behaviour.
- 9.30 The tolerance level for these challenges is not as great with the smaller providers in comparison to larger more professional registered providers. As a consequence, where such challenges arise it often ends in an eviction. There is also concern within the Council that some providers also import need from outside the City from people who meet their criteria and to fill voids. However, if they are ever evicted they would approach the City Council as homeless rather than their home area.
- 9.31 In response to this, the Council has sought to apply a maximum of three individuals from outside the City being placed in these schemes. This tends not to be an issue with the more professional registered providers.
- 9.32 The financial impacts arise where the accommodation is provided by a Registered Provider (RP), and the Council receives 100% of the benefit paid out back from the DWP but where the accommodation is not provided by an RP the Council only receives 100% subsidy up to the Rent Officer determined market rent for the property which is much lower than the enhanced payments made for supported accommodation.
- 9.33 To quantify this, an average of £236 per week is eligible for Exempt Accommodation whilst the Local Housing Allowance for a shared room in a multi-occupancy property is £62.83. The financial impacts of this for Derby City Council are that non-reclaimable Housing Benefit payments have increased from £376,000 in 2019/20 to a projected £1.2m in 2021/22.
- 9.34 City Council data suggests that there are currently around 950 live Housing Benefit claimants requiring support in the City. Although the benefits team think that the actual number could be higher.
- 9.35 There has been a notable increase in demand for supported accommodation due to greater awareness within the Council of people's needs. This stems from the "everyone in" programme during the pandemic.
- 9.36 Within Derby, the City Council brought together homeless people and support services to the hotel they were using as temporary accommodation. This allowed the Council to have more of a forensic

needs assessment and identified issues with people being moved on without the additional support that they needed.

- 9.37 The Council also noted that the lack of oversight in the referral processes at a national level means that many vulnerable people are referred into inappropriate accommodation with little or no support.
- 9.38 The Council are developing a system whereby claimants can be profiled, however, this is not yet in place therefore the demographics and support needs are not yet known. Anecdotally, officers believe the majority of SEA is taken up by those under 40s and the largest groups are those with mental health issues and/or problems with addiction to drugs and alcohol.
- 9.39 The H-CLIC data suggests that around 41% of homelessness claimants have a support need due to either of these issues. It also suggests that around 11% of homelessness representations are from people whose previous accommodation was supported accommodation. Although this has started to fall and the post-pandemic average is closer to 6%.
- 9.40 The supply of 1,334 bedspaces against a need for 950 would suggest that there is a surplus of SEA in the City of around 400 bedspaces. However, this supply is theoretical as not all of it will be taken up by benefit claimants requiring support. It is also possible, even likely, that the 950 demand figure is an underestimation therefore the over-supply is likely to be much less.
- 9.41 Indeed, according to the Council, most of the accommodation with support from their preferred providers is full. There were some vacancies for those with low levels of support need but this has since been filled.
- 9.42 There is also a known mismatch between supply typologies and demand. For example, the Council's housing team is aware of a gap in the supply of accommodation for single younger people requiring support.
- 9.43 Even when the Council can find a solution in the private rental sector, unprecedented rents and the freezing of housing benefits makes moving on difficult and for many, it is too expensive. This also slows the turnover of existing properties.
- 9.44 To address this the Council has used grants to fund a dedicated "move on" officer but this is only as successful as the availability of housing which, despite the statistics, appears to be lacking.

Future Need

- 9.45 The Council has commissioned a study from Homeless Link to examine need and demand for supported accommodation. This will include examining the homeless flow, provider surveys, average

length of stay, type of accommodation (HMO/Bedsits), level of need (high, complex and low) and whether this need is being met.

- 9.46 The study will also assess future projections of homelessness and they will seek further clarity on the appropriate policy response. That study will take 5 to 6 months to carry out and has only just been commissioned at the time of writing.

Policy Response

- 9.47 Policy responses are difficult under the present regulations as Local Authorities do not influence the supply, location, or density of provision. SEA providers also have no strategic obligation to the Council and are free to provide supported housing units providing Housing Benefit regulations are met.
- 9.48 The provision is also currently exempt from licencing, planning permissions, and local rent limits and the Council has no means of ensuring the National Statement of Expectations is met.
- 9.49 That said, the City Council already has a number of good practices including a list of approved referral agencies. There are also restrictions on imported needs from outside the City. And while not yet functional the move towards a new reporting system will help create a better understanding of demand.
- 9.50 In 2022, the City Council asked that the Government consider giving Local Authorities the power and additional resources to regulate their local market and only pay those providers that meet a locally set standard.
- 9.51 This appears to have become a reality by way of the Supported Accommodation Act which states that the secretary of state may, subject to consultation, make provision for SEA managers or controllers to be licensed. Such licensing regulations may include conditions relating to:
- the standard of accommodation;
 - the use of accommodation;
 - the carrying out of assessments of the needs of residents (or potential residents);
 - the provision of care, support or supervision;
 - compliance with National Supported Housing Standards (whenever published).
- 9.52 Once any consultation on these regulations takes place, and if the regulations are implemented, it will be the responsibility of the Council to manage the licensing process.

- 9.53 Also in advance of the Supported Accommodation Act, the Council may wish to carry out a review of the supported exempt accommodation in the City and publish a “Supported Housing Strategy” (SHS). The Strategy could detail a single point of entry/contact for SEA providers and also set standards for housing and support in advance of the licensing regulations.
- 9.54 Lessons can also be learned from the five pilot areas who reported back the findings of their work in April 2022. The pilot areas found that conducting an assessment of the demand for and supply of supported housing helped to improve their understanding of the local market and future needs and helped map their referral pathways and intervene with new provision where it is unnecessary.
- 9.55 The City Council have already commissioned such a study and alongside this report will give the City Council a better understanding of demand in the area.
- 9.56 Birmingham City Council is the only one of the five pilot areas that has published a supported housing strategy²¹. This drew on both data analysis and a survey of SEA providers which could be replicated by the City Council.
- 9.57 The SHS notes that the lack of affordable single-bedroom homes is pushing people towards SEA. This will partly be addressed by the recommended housing mix seeking 30% of affordable rental units as 1-bedroom homes.
- 9.58 It also notes that areas with large homes in the PRS or with a lower value that can be subdivided will be ripe for conversion to shared housing which can be used as SEA. Historically, these conversions have been in the Abbey, Arboretum and Darley wards in the centre and north of the City. The City Council may wish to consider a policy for these areas alongside those discussed in the HMO section of this report.
- 9.59 The City’s strategy can also pick up some of Birmingham’s approach including rebalancing the provision. Although as identified, a nominal over-supply may not be appropriate for Derby. There is also limited scope for the Council to reduce numbers a fact echoed by Birmingham CC.
- 9.60 Birmingham CC has prioritised the development and introduction of a full accreditation scheme and they are seeking the necessary dedicated funding to resource greater regulation and oversight. In advance of national reforms Birmingham CC are seeking to introduce interim management measures including:

²¹ <https://www.birminghambeheard.org.uk/people-1/birmingham-supported-housing-strategy->

1/supporting_documents/Supported%20Housing%20Strategy%20Beheard%20Vers_August%202022.pdf

- Developing a cross-departmental team to tackle and manage SEA;
- Communicating to RPs and other providers their expectations on the supply of SEA;
- Develop a council-wide register of approved/best-in-class providers based upon due diligence testing and adherence to broader quality standards;
- Adopt a council-wide approach to referrals into non-commissioned provision which Derby has already implemented. Similarly, Derby has also restricted out-of-city referrals another of Birmingham City Council's recommendations;
- Adopt a council-wide approach to commissioning of supported housing placing conditions on use and rebalancing the emphasis so that both the support and the housing offer are equally considered. This will include due diligence testing on accommodation providers, managing agents and owners, regulatory compliance, rent levels maintained at LHA rates and the adoption of Quality Standards and a Charter of Rights;

9.61 Birmingham City Council has also suggested that work should be standardised across the region and collaboration should be improved.

9.62 The reported lack of supported accommodation and the known lack of affordable housing for move-on space also necessitates the delivery of further affordable supply. As advised in Chapter 6 of this report such is the level of affordable housing need in the City the council could consider seeking to maximise its delivery.

9.63 It should be noted that Derby City Council is already in the process of replicating some of Birmingham's work and has recruited a multi-disciplinary team via its SEA project which is funded for 3 years up to the end of March 2025. As part of this project, the Council are developing an SEA charter in collaboration with SEA providers in the city which will detail property and support standards that SEA providers will adhere to. The charter is due to be launched around the end of February 24.

Supported Exempt Accommodation – Summary

9.64 Support Exempt Accommodation (SEA) is accommodation with support which is exempt from the rules that normally limit the amount of rent covered by housing benefit or universal credit.

9.65 Within Derby, there are 44 SEA housing providers with 396 SEA properties which have around 1,334 bedspaces. There has been a significant growth in SEA which has both financial and qualitative impacts on the City. By comparison, Council data suggests that there are currently around 950 live Housing Benefit claimants requiring support.

- 9.66 The supply of 1,334 bedspaces against a need for 950 suggests a surplus of SEA in the City of around 400 bedspaces. However, the supply is theoretical as not all is taken up by benefit claimants requiring support.
- 9.67 Indeed, according to the Council, most of the accommodation from their preferred providers is full. There is also a known mismatch between supply typologies and demand.
- 9.68 Anecdotally the majority of SEA is taken up by under 40s and the largest groups are those with mental health issues and/or problems with addiction to drugs and alcohol.
- 9.69 The reported lack of supported accommodation and the known lack of affordable housing for move-on space also necessitates the delivery of further supply.
- 9.70 In advance of the Supported Accommodation Act, the Council may wish to carry out a review of SEA in the City and publish a “Supported Housing Strategy” (SHS). This would detail a single point of entry/contact for SEA providers and also set standards for housing and support in advance of the licensing regulations.

10. HOUSING IN MULTIPLE OCCUPATION

- 10.1 This section of the report examines the market for housing in multiple occupation (HMOs) within the City. A small HMO (use class C4) is a property which is let to three and six people who form more than one household²² and share a toilet bathroom or kitchen facilities. Where there are more than six unrelated individuals sharing amenities, this is termed a large HMO (Use Class Sui Generis).
- 10.2 At present large HMOs require planning permission while small HMOs are a permitted development when they are converted from homes. Where there is evidence to justify it the Council can introduce an Article 4 Direction (A4D) which will require any change of use to receive planning permission.
- 10.3 The HMO market is broad and technically includes a component of the student housing market which is dealt with in the next chapter. It also includes smaller households of friends sharing as well as unrelated adults.
- 10.4 Data relating to HMOs is incomplete, this stems from not all HMOs requiring a licence, only those occupied by five or more people. There will also be incidences where HMOs of five or more people are not registered and the extent of this illegal activity is not known.
- 10.5 We have sought to draw together data from a range of sources as well as consult with local letting agents to get a better understanding of the scale of demand in the City.

Scale of HMOs

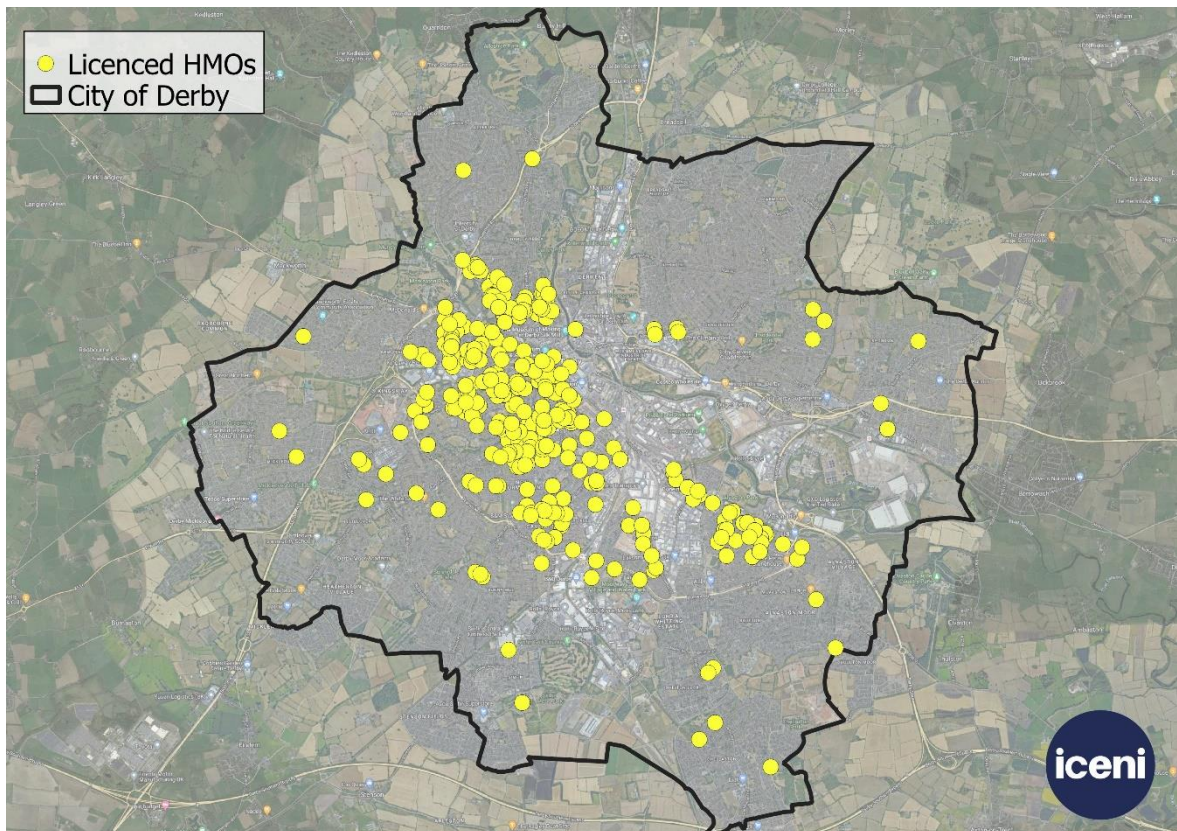
- 10.6 According to the 2021 Census, there are 2,702 multi-person households in the City excluding all student households. This equates to around 2.6% of the households in the City. The largest numbers of these can be found in the Arboretum, Abbey and Darley wards. This actually represents a fall from the 2011 position when there were 2,926 multi-person households in the City.
- 10.7 Around 6,780 people live in these households as of the 2021 census. This equates to around 2.5 persons per household. Such an average size does indicate that many of these multi-person households are not technically HMOs. Again this would include two friends sharing.
- 10.8 The latest Local Authority Housing Statistics suggests there were 511 Licensed HMOs in the City in 2021/22. This is an increase of around 311 since 2011/12 when there were 200 HMOs. The dataset also provides an estimate of all HMOs in the City although the Council has not recorded this since

²² A household consists of either a single person or members of the same family who live together. It includes people who are married or living together and people in same-sex relationships.

2017/18 when 2,500 HMOs were estimated (of which 200 were licensed) this was a fall from an estimated 3,000 HMOs in 2011/12. This would suggest that only around 8% of HMOs were licensed.

- 10.9 The Council also records the number of Licenced HMOs. The criteria for licensing HMOs are set by the City Council. At present private landlords of HMOs that have five or more occupiers forming two or more households require a licence. The map below illustrates the distribution of the 635 licensed HMOs in the City which combined have a capacity for over 4,300 beds.

Figure 10.1 - Licenced HMOs in Derby (2023)



Source: Derby City Council, 2023

- 10.10 This data appears to have been collected more thoroughly since 2018 (e.g. there were no new HMOs in 2017). Since that time the number of new HMOs peaked in 2019 with 174 new dwellings. The second-highest year was 2022 with an additional 137 new homes. This can be compared to sales transactions in the same period which totalled around 3,600. This means that HMO delivery accounted for approximately 4% of sales.
- 10.11 The data also shows which wards the HMOs were located within. The most popular locations are Arboretum (158 HMOs), Abbey (149 HMOs) and Darley wards (111 HMOs). In all cases, this is around 2% of all homes although unlicensed HMOs will increase this number.

- 10.12 If we assumed that licensed HMOs account for 8% of all HMOs then the equivalent percentage of all HMOs would be 30% in Abbey Ward, 25% in Arboretum and 20% in Darley Ward. This would highlight those areas which are the most likely candidates for Article 4 Directions for restricting HMOs.
- 10.13 There are also other issues that the councils have to deal with in relation to large HMOs. Although these HMOs can accommodate many people (one application was for a 46-bed HMO) it will only contribute one dwelling to the housing stock. There are also complexities in relation to the application fee and lack of Section 106 contributions from these schemes despite their scale and impact on the local community.

HMO Market

- 10.14 ONS has published rental statistics on a bi-annual basis since 2014. As shown in the table below, the price of rooms to rent in the City has increased by 51% in that time which is a faster rate of growth than for any other size of home. The rental growth in the City was also notably larger than the equivalent figures for the East Midlands region (35%) and nationally (33%).

Table 10.1 Rental Prices (pcm)

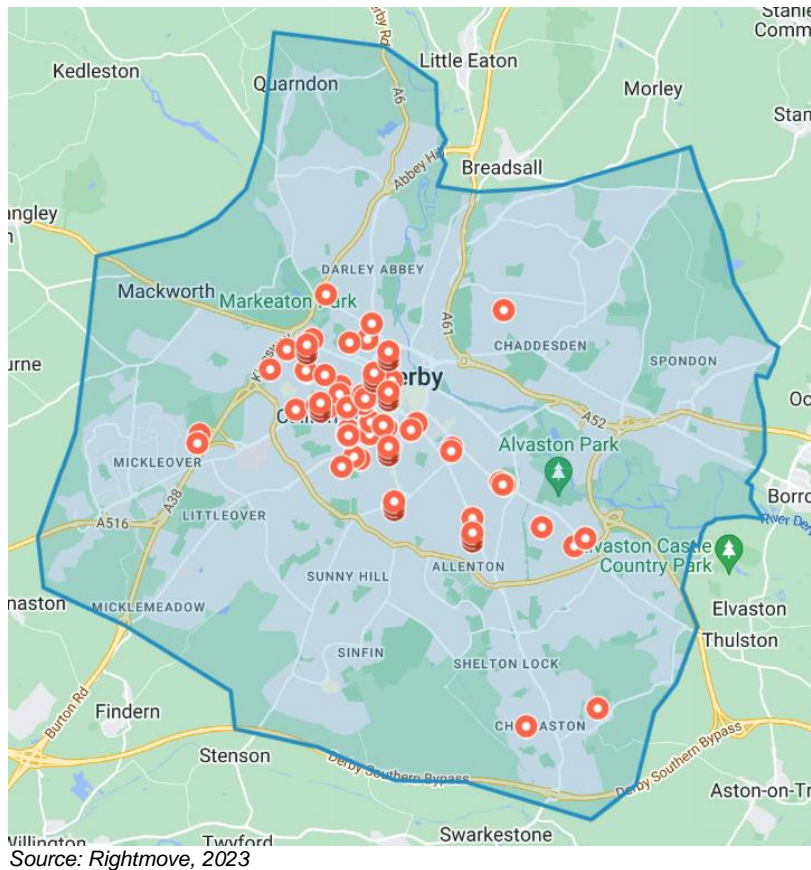
	Room	Studio	1-bed	2-beds	3-beds	4-beds+	Overall
Derby March 2023	£430	£525	£475	£614	£725	£1,075	£625
Derby Sept 2014	£285	£345	£395	£470	£550	£750	£425
Derby Change	£145	£180	£80	£144	£175	£325	£200
Derby % Change	51%	52%	20%	31%	32%	43%	47%
East Midlands	35%	50%	36%	30%	30%	34%	31%
England	33%	26%	39%	38%	33%	36%	39%

Source: ONS, 2023

- 10.15 Room transactions accounted for 3% of all rental transactions in the City, although this number is based on a sample which may not pick up all demand. This compares to 6% in the region and country which might indicate that a lack of supply is the reason rents are increasing more quickly. There was also a notable growth in studio flat rents demonstrating a key component of demand is from smaller households.
- 10.16 We can also examine Rightmove for a more up-to-date understanding of the HMO market. Although it is not a comprehensive view of the market (indeed many rooms will be advertised directly by the landlord more informally through newspapers and websites such as Gumtree and Facebook) it is also only a snapshot of the market.
- 10.17 In total, Rightmove was advertising 188 available rooms to rent in the City which fell to 77 once student housing was removed. Prices range from £350 to £875 per month with the median around

£570 per month. This is considerably higher than the ONS room rents (£430 pcm) but again this does not include all rents including those let directly from the landlord which tend to be cheaper.

Figure 10.2 - Rooms to Rent in Derby (August 2023)



- 10.18 The majority of these rooms were located centrally and in Normanton although there was also a notable pattern of rooms to rent along London and Ormiston Roads to the east of the City. These are illustrated in the map below.

Agency Consultation

- 10.19 To bring our analysis up to date we have engaged with a number of lettings agents in the City. This engagement took place in August 2023. The lettings agents consulted were from Martin and Co, Ocasa and Belvoir. Any views expressed are anecdotal and may not be consistent with each other or the data analysis.
- 10.20 The market has changed significantly in the last year with many smaller landlords exiting the market. This is due to increased interest rates and subsequently mortgage costs and the threat of new legislation. As a consequence, supply is low and the agents are having to serve many more eviction (Section 21) notices as landlords are selling up. The City Council are still receiving regular planning applications for large HMOs indicating there is still some landlord activity in the City.

- 10.21 At the same time demand for HMOs in the city is high and growing. One agent suggested that they receive around 25 enquiries for every advertised room. This typically results in five viewings and within a week the rooms are mostly let. In many cases the tenants themselves already have someone in their network lined up to replace them.
- 10.22 The agents noted that demand is seasonal and is greatest in the late summer as this is when students return and also when major employers (particularly Rolls Royce and Alstom) have a graduate intake. The quieter times are around Christmas.
- 10.23 The demand comes from a range of sources including professionals as well as students. One agent noted that HMOs are particularly popular with international post-graduates with many coming from Nigeria. This was due to the lower price point than purpose-built student accommodation but also a desire for quieter accommodation.
- 10.24 The location of the property also influences demand. For example, in Alvaston, the agents tend to receive a higher number of professionals working at Rolls Royce and Alstom in some cases they also work at Castle Donnington or the Airport due to public transport links. This area also sees a slightly longer average contract (12 months) after which they move into more permanent accommodation or move away from the City.
- 10.25 The City Centre and Burton Road tend to attract a greater number of post-graduate students and this is generally over term time. Once this is complete the tenants tend to move into flatted accommodation with their family and friends.
- 10.26 Normanton tends to attract those that work in the City Centre or are care workers and also Alstom workers. To a lesser degree, Alstom and Rolls Royce workers also congregate in the Allenton and Sinfen areas although there are fewer HMOs in these areas. Mickleover is popular with NHS workers as it is close to the Royal Derby Hospital.
- 10.27 According to one agent, there are very few long-term HMO tenants. The agents usually offer a minimum 6-month tenancy, which is the most common length of stay, although ideally, they are looking for people to stay 12 months. Anything over 18 months is considered to be a long time in an HMO.
- 10.28 When tenants move out it is due to finding more permanent accommodation elsewhere in the City or there is a change in their circumstances for example, they have found a new job elsewhere or they have come to the end of their current contract.

- 10.29 In almost all cases HMOs are let as single occupancy. On some rare occasions they allow couples to share but their contributions to bills double. Despite the rising costs the majority of professionally let house shares bills are included.
- 10.30 Typically the HMOs are occupied by younger people. This includes individuals and groups of friends moving out of their family homes in more suburban parts of the City such as Allestree or moving to the City for work from elsewhere including London.
- 10.31 Rolls Royce does have a re-location officer but they tend to be focused on the overseas workers. Some HMOs are taken up by people who work at Rolls Royce during the week but go home to their families at the weekend.
- 10.32 While many HMO tenancies are taken up by longer-term contractors those on a short-term contract tend to live in hotels, BnBs or short-term lets through AirBnB. This is because most professional tenancies are for a minimum of six months.
- 10.33 The greatest demand is for HMOs with parking or in areas with no parking restrictions. This is particularly the case for those working out of town. The agents believe this might impact demand for built-to-rent accommodation in the City Centre.
- 10.34 None of the agents noted a particular demand from homeless individuals, although because of the increase in landlords exiting the market, they are experiencing increased demand from those threatened with homelessness.
- 10.35 One agent suggested that most people in HMOs would prefer a stand-alone property but price points, and flexibility of contract make shared accommodation more attractive.

Policy Response

- 10.36 HMOs in the City are clearly in demand and they are meeting a need from people new to the city and/or on a low income. The provision of HMOs also supports the key manufacturing and service sectors in the City.
- 10.37 However, high concentrations of HMOs can lead to an erosion of the character of an area and impact community cohesion. It can also lead to environmental and economic impacts, as such planning controls can be introduced in order to manage their spread across the City.
- 10.38 There is also a wider need within the NPPF to ensure mixed and balanced communities, therefore high concentrations of housing of a particular type, not just HMOs, should be avoided.

- 10.39 At present, planning controls can limit the delivery and occupation of newly built dwellings as HMOs. However, subject to certain conditions the change of use from a dwelling house to a small HMO is a permitted development meaning it does not require planning permission.
- 10.40 Councils do have the power, through the use of an Article 4 Directions, to introduce the requirement for planning permission for small HMOs and therefore remove permitted development rights. Note this is not a power to restrict small HMOs but rather to require them to get planning permission. This will allow the Council to manage where new HMOs can be permitted in order to maintain a balance of housing types across the City.
- 10.41 Article 4 Directions cannot be applied across the whole City without justification and we do not believe there is evidence for such a policy to be applied city-wide.
- 10.42 While Article 4 Directions can better manage the supply of HMOs there is also the possibility that it could displace them to other areas. With this in mind, the spread of HMOs in the City should be monitored and responded to accordingly.
- 10.43 Other potential responses are to ensure a greater supply of smaller one-bed and studio flats as this will divert some of the demand. This can be delivered through build-to-rent developments which can also deliver affordable private rent. This ensures a supply of smaller affordable homes in the City as an alternative to HMOs.
- 10.44 Nottingham City Council also has an Additional Licensing programme for HMOs with more than 3 residents, as opposed to national regulations which require licenses for 5 or more residents. This only applies in certain areas of the City where HMOs are an issue.
- 10.45 This programme is intended to help improve the management and quality of HMOs but in the case of Derby, it can also be used to better track the number of HMOs in the City.

HMO Summary

- 10.46 Data relating to HMOs is incomplete as not all HMOs are required to be licenced. According to the 2021 Census, there are 2,702 multi-person households in the City excluding all student households. However, this will include smaller households with less than 3 people that are not technically HMOs
- 10.47 The number of licenced HMOs in the City is 635 which combined have a capacity for over 4,300 beds. The most popular locations are the Arboretum, Abbey and Darley wards.
- 10.48 The price of rooms to rent in the City has increased by 51% since 2014. This is a faster rate of growth than for any other size of home or the equivalent rental growth for rooms in the region and nation.

- 10.49 According to local agents, the small HMO market has changed significantly in the last year with many landlords exiting the market. As a consequence supply is low while demand is increasing.
- 10.50 The demand for HMO comes from a range of sources including low paid workers post-graduate students and professionals new to the City and working at some of the City's major employers. In most cases people choose HMOs for financial reasons i.e. they are relatively cheaper than studios or one-bedroom homes.
- 10.51 HMOs therefore meet a need (including an affordable housing need) and serve an important role in the City's economy. However, high concentrations of HMOs can lead to an erosion of the character of an area and community cohesion.
- 10.52 Councils have the power, through Article 4 Directions, to better manage such homes. However, such directions cannot be applied across the whole City without justification and we do not believe there is evidence for such a policy across the whole city, although there may be justification for certain areas where there is evidence that HMOs are causing problems.

11. NEEDS OF OTHER SPECIFIC GROUPS

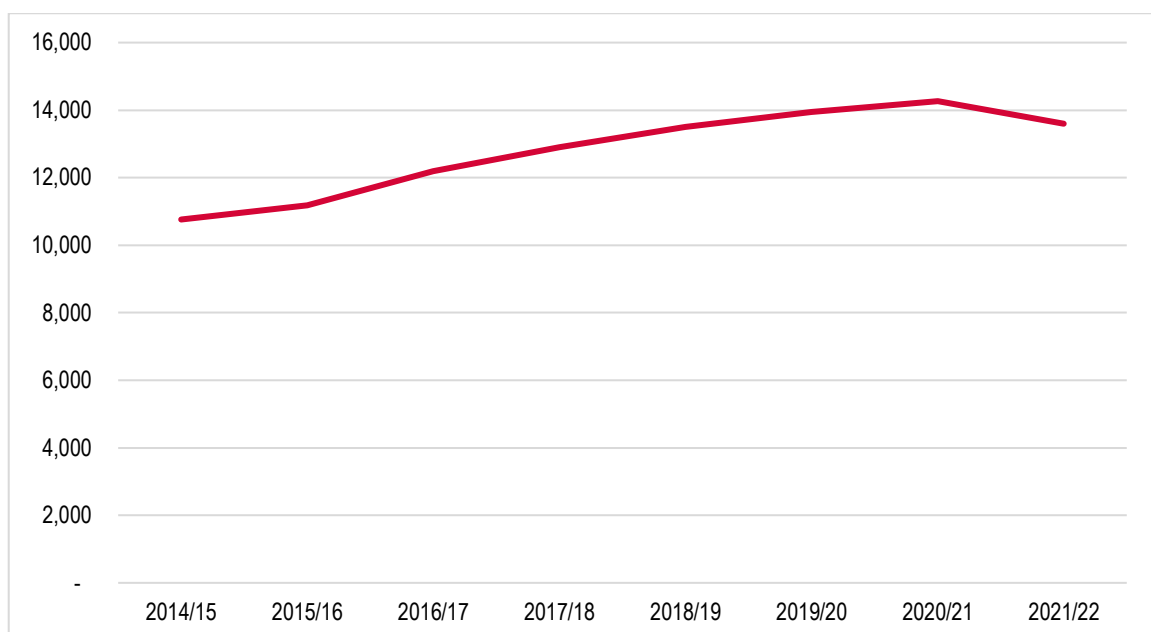
11.1 This section of the report examines the need for a range of specific groups including students, those wishing to build their own homes and service families. It should be noted that the need from these groups is not in addition to the overall housing need.

Students

11.2 This section of the report draws on information produced by the Higher Education Statistics Agency (HESA) and discussions with the University of Derby and the City Council. The University is the only Higher Education establishment in the City. There is also Derby College which provides further education but this has minimal impact on the housing market as most students already live locally and with their families.

11.3 According to HESA the University had a total of 20,955 enrolled students in the 2021/22 academic year. Of which 13,246 students (65%) were full-time. This is a fall from the peak of 2020/21 when there were 14,265 full-time students. However, the longer-term trend, as illustrated in the figure below, is one of growth with records showing only 10,760 FT students in 2014/15.

Figure 11.1 University of Derby, Full-Time Students



Source: HESA, 2023

11.4 The University has an annual cohort intake is about 3,000 full-time undergraduate students per year of which the University-owned Derby Student Residences Ltd (DSRL) typically accommodates 70% of those that require accommodation. The University currently takes in 20 Alstom and 20 Rolls-Royce apprenticeships.

Accommodation

- 11.5 The table below shows where students at the University were accommodated in the 2014/15 and 2021/22 academic years according to HESA. This data does come with a health warning though as it is prone to inaccuracies due to the way respondents complete the form, for example, they may incorrectly believe a room in an HMO is their own home.
- 11.6 As shown, there has been a shift towards more students living in their own residences²³ with 33.2% of students in their own homes in 2021/22. This is potentially a result of a changing recruitment strategy, where older students are more likely to be settled prior to enrolment. The low percentage of FT students suggests this is possible with many PT students typically already living locally.

Table 11.1 Change in student accommodation

	2014/15		2021/22	
	Number	Percentage	Number	Percentage
Provider maintained property	2485	23.1%	1915	14.1%
Private-sector halls	565	5.3%	1020	7.5%
Other rented accommodation	2435	22.6%	2535	18.6%
Own Residence	1990	18.5%	4520	33.2%
Parental/guardian home	2855	26.5%	3345	24.6%
Not known	15	0.1%	260	1.9%
Other	415	3.9%	5	0%

Source: HESA

- 11.7 The number of students housed in halls provided by the university has dropped since 2014, this loss appears to have been compensated for by increases in students in private sector halls. Despite the increase in private halls, the number of students in other rented accommodation, which will include HMOs, has increased in absolute terms (100) but overall has decreased as a proportion by 4%. This likely indicates some constraints within the private rental sector where the number of properties available is not increasing at the same rate as student numbers.
- 11.8 The University does not hold information on accommodation choices of all their students but as a best estimate, they believe that about 50% of students commute in from their own homes (7,250)

²³ The own residence category differs from other rented accommodation in that it refers to a property that may be owned or rented in the longer term, rather than the other rented accommodation which generally refers to yearly house shares.

and 50% need accommodation (7,250). According to the University demand for accommodation is 30% smaller post-pandemic, due to increased commuting and fewer students overall.

11.9 The University own about 80% of the PBSA market and they have 2,000 occupied beds (see table below). The remaining 20% would equate to 500 beds. The remainder would live in HMOs which would equate to 4,750 students.

11.10 According to the 2021 Census, there are 2,625 students living in all student accommodation. We also know that many post-graduate students live in HMOs with professionals and this group would not be picked up by the Census all-student housing count.

Table 11.2: University Owned Student Accommodation (2023)

Property	Address	Beds		
		Std.	En-suite	Total
Agard Court	6 Agard Court, Derby, DE1 1DZ	0	244	244
Cathedral Court*	10 Cathedral Road, Derby, DE1 3PE	0	350	350
Darley Bank	7-11 Brook Street, Derby, DE1 3PF	0	419	419
Flamsteed Court	236 Kedleston Old Road, Derby, DE22, 1GA	0	60	60
Nunnery Court	126 Nuns Street, Derby, DE1 3LQ	291	16	307
Peak Court	Lodge Lane, Derby, DE1 3GZ	0	247	247
Princess Alice Court	Bridge Street, Derby, DE1 3LD	321	43	364
St Christopher's Court	Ashbourne Road, Derby, DE22 3FY	305	26	331
Total		917	1,405	2,322

Source: The University of Derby (2023) *Cathedral Court is unoccupied.

- 11.11 This comes with a slight caveat in that not all of the University accommodation is full. The University PBSA also accommodates a small number of University of Nottingham students (c.20) which is due to rapid growth at Nottingham University which has not been met with a growth in the number of beds.
- 11.12 In the coming academic year, the University believe that they will have 200 vacant beds (10%) due to a smaller pool of students. This is because of a drop in UCAS applications and Russell Group Universities increasing their intake, so there are fewer students seeking places at second-tier universities such as Derby.
- 11.13 The University believe their average commuting catchment has increased by about 10 miles post-pandemic. Some students commute from as far as Milton Keynes as well as Stoke, Birmingham and Sheffield.
- 11.14 This is a testament to both the cost of living and to some degree the City's lack of attraction for students. Some students would rather commute than live in the City as the social side of the City is not as good an offer as elsewhere.
- 11.15 Both the University and the Council believe that the Becketwell development and the Business School will improve the offer in the City. The Business School will also improve the massing of students in a single area which will help attract further investment to improve the offer.

Student Housing Market

- 11.16 There is a significant difference in cost between HMOs and PBSA (both University owned and Privately) in the City. The average cost of an HMO ranges from £90 to £120 per week and according to StuRents²⁴ around 26% of rooms are let at £100 per week.
- 11.17 By comparison, University-owned PBSA ranges from £101 - £197, although the typical cost of a self-catering bedspace is £160 per week (50% of the PBSA market (university and private) is for this price point). For The Croft, which is the largest PBSA scheme in the City, the University has tested a number of price points to try to get to an optimum level.
- 11.18 The private sector PBSA attracts a similar cost to the university-owned PBSA as the University own 80% of the PBSA stock then it sets the tone of the market. Private PBSA is very new to the City and there is only one University in the City so demand is not great.

²⁴ <https://sturents.com/>

- 11.19 However, there is some high-end PBSA now pushing £200 - £250 per week. The latest PBSA development is seeking up to £350 per week for a studio apartment (33 rooms) but neither the University nor the Council know where that market is coming from. According to StuRents data, no students enquired about PBSA rooms in excess of £200 per week although around 3.9% of the supply is priced at this level.
- 11.20 The University has lost a number of beds in the last few years. Around 421 bedspaces were demolished at Sir Peter Hilton Court on Agard Street last year to make way for the new business school. Brookside Student Accommodation on Kendleston Road was lost as was Laverstoke Court which had 180 beds and was also subject to a change of use to accommodation for Asylum Seekers. However, the losses were at the lower end of the market (shared bathrooms etc).
- 11.21 The losses have also been more than offset by the delivery of additional PBSA. Since 2017 a total of 1,079 new bedspaces across five schemes have been completed. There are also a further four schemes under construction with a combined capacity of 240 beds.

HMOs and PBSA

- 11.22 The Council are aware that the HMO market is changing, but much of the supply is outside of licencing requirements (too small) and planning (it is a permitted development). Anecdotally the Council believe there is a slowdown in HMO activity and this is confirmed by agency engagement (see previous chapter).
- 11.23 However, HMOs are still in demand and this is driven by the lower price point because of this very few HMOs are being freed up by further PBSA attracting students away from it. For the same reason, PBSA has not driven up the quality in the HMO market as it is not seen as competition. It is in effect a completely different market and landlords are providing accommodation for those that need it at a cheaper price point.
- 11.24 According to StuRents, the HMO market in the City is largely concentrated in New Zealand, California and the West End of the City. Around 31% of the supply is comprised of large homes with 5 or more bedrooms.
- 11.25 The University does not receive a lot of complaints about the quality of accommodation but occasionally they receive complaints about one or two landlords whose practices are questionable.
- 11.26 The only accreditation of student HMOs is the Decent and Safe Homes (DASH) Scheme. This holds some data on the number of available homes but the University does not monitor stock or stock quality.

Future Plans

- 11.27 The University is looking to grow but no specific figure is publicly available at the moment. If their projected growth does occur then the University believe there will be an undersupply of around 700 beds in the City by 2030. The University is exploring accommodation options but does not know if that will be net growth or just a refresh of the existing stock.
- 11.28 However, in reality, the planned growth may not occur and the University's success in attracting more students and the demand for additional accommodation will be dependent on a number of factors. The Business School is due to open in 2025 which will be a catalyst of growth. With this, the University hopes to create a more vibrant student area to attract further students.
- 11.29 The University has a general desire to diversify its student base but it does not have a strategic drive to increase international students. The University has seen a drop in the number of Chinese and EU students but an increase in Nigerian and Indian Students.
- 11.30 There are price points for these latter groups meaning that they seek cheaper accommodation outside of the City or within cheaper HMOs. Their accommodation can therefore not be used to subsidise other expenditures. Consequently, the University's growth will be focused on full-time undergraduates who live outside of the City as their accommodation need can act as an income stream for the university.
- 11.31 The City Council are looking to support further PBSA in the City Centre to improve footfall and there are a number of unimplemented and under-construction PBSA schemes in the City (around Agard St) which could help achieve this and also meet future growth need.
- 11.32 There may also be a need to replace HMOs with alternative accommodation if landlords continue to move out from the HMO market. The University believe there is a risk that continued high interest rates, the threat of Article 4 Directions and the Rental Reform Act will reduce the number of HMOs in the City. Although there is some capacity to lose HMOs due to the high levels of vacancy with the PBSA and the pipeline supply this may not be the case if the University expands.

Policy Response

- 11.33 The University is an integral part of the local economy and contributes £600m per annum to the East Midlands economy through direct and indirect expenditure. The University also employs 3,400 people and supports a total of 6,000 jobs across the East Midlands. The University is also a strong source of graduates for the local economy (over half of the University's graduates remain in the region for at least three years after graduating).

- 11.34 As such, the City Council should support any growth ambitions the University may have and also support additional private PBSA. This is particularly the case if it is affordable, which typically means being delivered by the University. The Council will also need to refresh its strategy with the University post-2030 when the University's plans for that period become clearer.
- 11.35 As well as widening the choice of homes, additional PBSA will also help draw out students from HMOs with the potential to release them for families or other households. The additional supply of student housing may also be necessitated if the national trends of landlords leaving the market, and thus reducing supply, is repeated and continued in Derby. Although given the price points and a desire for independent living there will always be a demand for student HMOs.
- 11.36 Nottingham City Council along with the city's two universities have recently published a draft Student Living Strategy²⁵ which is held as an exemplar of planning strategies for student housing. Although some of the issues apparent in Nottingham are not apparent in Derby, the report's three priorities are also still relevant here. These are:
- *Priority 1: Diversify and innovate to improve the quality, safety, affordability and location of available accommodation for all students across the city. Actively promote a growth in affordable alternative accommodation options to encourage a better balance of student housing choice across the city.*
 - *Priority 2: Encourage neighbourliness, where students contribute to creating a clean, attractive and sustainable environment which supports the wellbeing of the entire community. Proactively tackle the social and financial impact of waste and noise issues.*
 - *Priority 3: Ensure students are valued members of the communities they reside in and proactively work to improve graduate retention by developing and promoting opportunities to increase community cohesion and mutual benefit for all citizens.*
- 11.37 The Student Living Strategy recognises that HMOs contributed to a reduction in the availability of larger, affordable family houses in the city and as a result, families were moving out of the city. This has resulted in less sustainable, inclusive, and mixed communities, and impacted the range of services and facilities available.

²⁵ <https://www.nottinghamcity.gov.uk/media/3376246/draft-nottingham-student-living-strategy.pdf>

- 11.38 The Strategy also noted that PBSAs are more environmentally friendly, can reduce anti-social behaviour, have all-inclusive bills, act as a catalyst for other developments and create jobs. They should therefore be encouraged.
- 11.39 The report also encouraged local planning policy to consider PBSA specifically. This will ensure a widening of choice and design so that they are also suitable for returning students and those with families and students requiring short-term lets.
- 11.40 Interestingly, and perhaps more pertinent to Derby where future demand is uncertain, the report recommended that potential developers must demonstrate that their development can be re-configured to meet general housing needs if student demand changes.
- 11.41 Other policy considerations can include the scale of development, appropriate room sizes, adequate communal space/facilities, layout/format, drop-off/collection arrangements and sustainability. We would also consider seeking affordable housing contributions from PBSA as the London Plan seeks.
- 11.42 As mentioned previously in this report, Nottingham City Council also has an Additional Licensing programme for HMOs with more than 3 residents, as opposed to national regulations which require licenses for 5 or more residents. This only applies in certain areas of the City where HMOs are an issue. In theory, the programme would help improve the management and quality of HMOs in the City.
- 11.43 Alternatively, the Council can work with the University to develop a landlord accreditation scheme. This will ensure that students receive a decent service and quality of home and ease of mind that they are entering into a contract with a reputable landlord. Measures can also be taken to exclude the most problematic HMOs and their owners.
- 11.44 Nottingham City Council also require the Universities to be consulted on any additional PBSA development and be given the option for nomination rights. This will ensure that supply is not in excess of demand at any given stage in the Local Plan period.
- 11.45 The housing delivery test also allows for PBSA to count towards housing targets. However, this is not a one-for-one calculation and is calculated by dividing the net increase in bedrooms in student communal accommodation by the average number of students in student-only households in England. In 2011 this was 2.5 but this has increased to 3.9 by 2021. This means that for every 2.5 (or 3.9) student rooms delivered, this would contribute one dwelling towards housing targets.

Self and Custom Build

- 11.46 As of 1st April 2016, and in line with the 2015 Act and the Right to Build, relevant authorities in England are required to have established and publicised a self-build and custom housebuilding register which records those seeking to acquire serviced plots of land in the authority's area to build their own self-build and custom houses.
- 11.47 The Derby and South Derbyshire Self-Build and Custom Housebuilding Registers were introduced on the 1st of April 2016 and there have now been seven and a half base periods²⁶ up to 30th October 2022. Neither authority has any eligibility criteria for entry to the self and custom build housing register and therefore it is only in one part.
- 11.48 Each Council is required to grant sufficient planning permissions to meet the demand identified on the Register as per the 2015 Act (as amended) within 3 years of the end of each base period. Although there is no reporting mechanism to know if self-build homes have actually been delivered or the people on the register have secured a plot.
- 11.49 The Tables below provide a base period breakdown of those individuals who have expressed demand for serviced plots of land in each of the local authorities.

²⁶ A base period is a period of typically 12 months in which demand for custom and self-build is recorded. However, the first base period. The first base period began on the day on which the register (which meets the requirement of the 2015 Act) was established and ended on 30 October 2016. Each subsequent base period is the period of 12 months beginning immediately after the end of the previous base period. Subsequent base periods will therefore run from 31 October to 30 October each year.

Table 11.3: Derby Self and Custom Build Register (2016 – 2023)

Base Period	Annual Entries	Permissions
Base Period 1 (1 st April 2016 to 30 th October 2016)	3	
Base Period 2 (31 st October 2016 to 30 th October 2017)	9	209
Base Period 3 (31 st October 2017 to 30 th October 2018)	3	56
Base Period 4 (31 st October 2018 to 30 th October 2019)	21	19
Base Period 5 (31 st October 2019 to 30 th October 2020)	5	15
Base Period 6 (31 st October 2020 to 30 th October 2021)	2	20
Base Period 7 (31 st October 2021 to 30 th October 2022)	9	15
Base Period 8 (31 st October 2022 to 30 th October 2023) ²⁷	1	
Total	53	334
Average	8	51

Source: Right to build register monitoring and council data

- 11.50 If assessed over the seven-and-a-half full base periods there has been a total of 51 registered expressions of interest in a serviced plot of land in Derby and 95 in South Derbyshire. This is an average of 13 plots per annum in South Derbyshire and 8 in Derby.

²⁷ Entries as at the 1st of May 2023

Table 11.4: South Derbyshire Self and Custom Build Register (2016 – 2023)

Base Period	Annual Entries	Permissions
Base Period 1 (1 st April 2016 to 30 th October 2016)	6	
Base Period 2 (31 st October 2016 to 30 th October 2017)	17	21
Base Period 3 (31 st October 2017 to 30 th October 2018)	10	28
Base Period 4 (31 st October 2018 to 30 th October 2019)	19	46
Base Period 5 (31 st October 2019 to 30 th October 2020)	16	37
Base Period 6 (31 st October 2020 to 30 th October 2021)	14	29
Base Period 7 (31 st October 2021 to 30 th October 2022)	12	25
Base Period 8 (31 st October 2022 to 30 th October 2023) ²⁸	3	
Total	98	186
Average	13	25

Source: Right to build register monitoring and council data

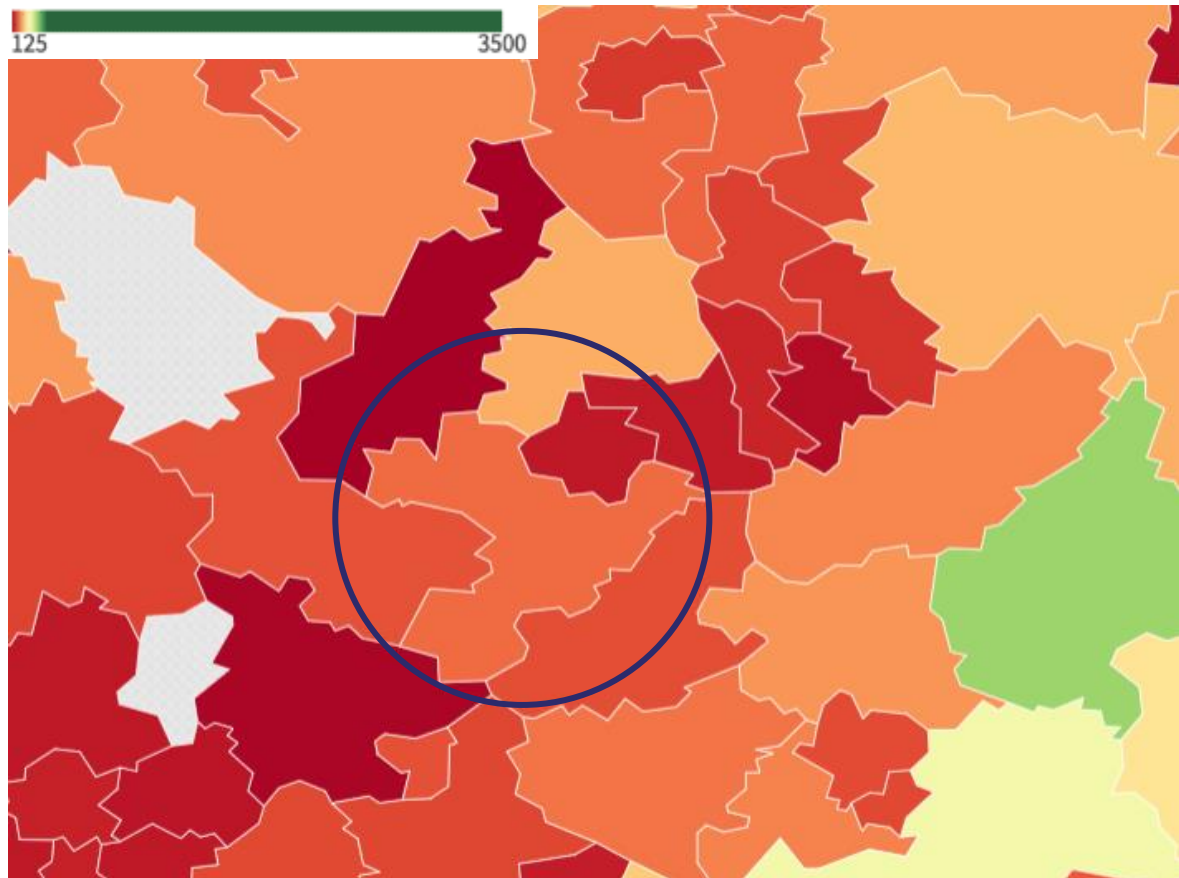
Broader Demand Evidence

- 11.51 In order to supplement the data from the Councils' registers, we have looked to secondary sources as recommended by the PPG, which for this report is data from NaCSBA - the national association for the custom and self-build housing sector.
- 11.52 First, it is worth highlighting that the October 2020 survey undertaken by YouGov on behalf of NaCSBA found that 1 in 3 people (32%) are interested in building their own home at some point in the future, including 12% who said they were very interested. Notably, almost half (48%) of those aged between 18 and 24 were interested in building their own home, compared to just 18% of those aged 55 and over. This is notable as, traditionally, self-build has been seen as the reserve of older members of society aged 55 and over, with equity in their property
- 11.53 Second, we can draw on NaCSBA data to better understand the level of demand for serviced plots in Derby and South Derbyshire in relative terms. The association published an analysis with supporting maps and commentary titled "Mapping the Right to Build" in 2020. This includes an output on the demand for serviced plots as a proportion of the total population relative to all other local authorities across England.

²⁸ Entries as at the 1st of May 2023

- 11.54 One of the key maps within the report highlights the areas of strongest demand and this is shown in the figure below. This shows that Derby requires 13 units per 100,000 head of population and South Derbyshire need 49 units per 100,000 head of population.

Figure 11.2 - Overall Demand for Self-Build Plots per 100,000 of Population



Source: NACSBA, 2020

Policy Response

- 11.55 The Self-Build and Custom Housebuilding PPG sets out how authorities can increase the number of planning permissions which are suitable for self-build and custom housebuilding and support the sector.
- 11.56 The PPG29 is clear that authorities should consider how local planning policies may address identified requirements for self and custom housebuilding to ensure enough serviced plots with suitable permission come forward and can focus on playing a key role in facilitating relationships to bring land forward. There are several measures which can be used to do this, including but not limited to:

²⁹ Paragraph: 025 Reference ID: 57-025-20210508

- Supporting Neighbourhood Planning groups where they choose to include self-build and custom-build housing policies in their plans;
- Working with Homes England to unlock land and sites in wider public ownership to deliver self-build and custom-build housing; and
- When engaging with developers and landowners who own sites that are suitable for housing, encouraging them to consider self-build and custom housebuilding, and facilitating access to those on the register where the landowner is interested;
- Working with local partners, such as Housing Associations and third sector groups, to custom build affordable housing for veterans and other groups in acute housing need.

11.57 IcenI would note that an increasing number of local planning authorities have adopted self-build and custom housebuilding policies in respective Local Plans to encourage delivery, promote and boost housing supply. There are also a number of appeal decisions in the context of decision-making which have found that paragraph 11(d) of the Framework is engaged in the absence of a specific policy on self-build housing when this is the focus of a planning application

11.58 As a general principle, the Councils should support the submission and delivery of self-build and custom housebuilding sites, where opportunities for land arise and where such schemes are consistent with other planning policies. The analysis in the previous two tables shows that permissions have exceeded annual entries therefore there is no apparent block to delivery.

11.59 Derby City Local Plan Policy CP7 (criterion e) already does this by supporting “proposals for self-build, custom-build and community build projects which meet and do not conflict with the other policies of this Plan.”

11.60 In reviewing and creating strategic policies as part of the new local plans, each Council should also consider whether larger sites should make a contribution (e.g. 5%- 10% of plots marketed for Custom and Self-build before reverting back to Affordable or General Housing if there is a lack of interest after 12 months). Alternatively the Councils could allocate sites specifically for this self and custom build housing.

Service Families

11.61 There are no military establishments in Derby or South Derbyshire and the most recent Ministry of Defence (MOD) statistics suggest that there are no military and 60 civilian MOD personnel stationed in Derby and none in South Derbyshire.

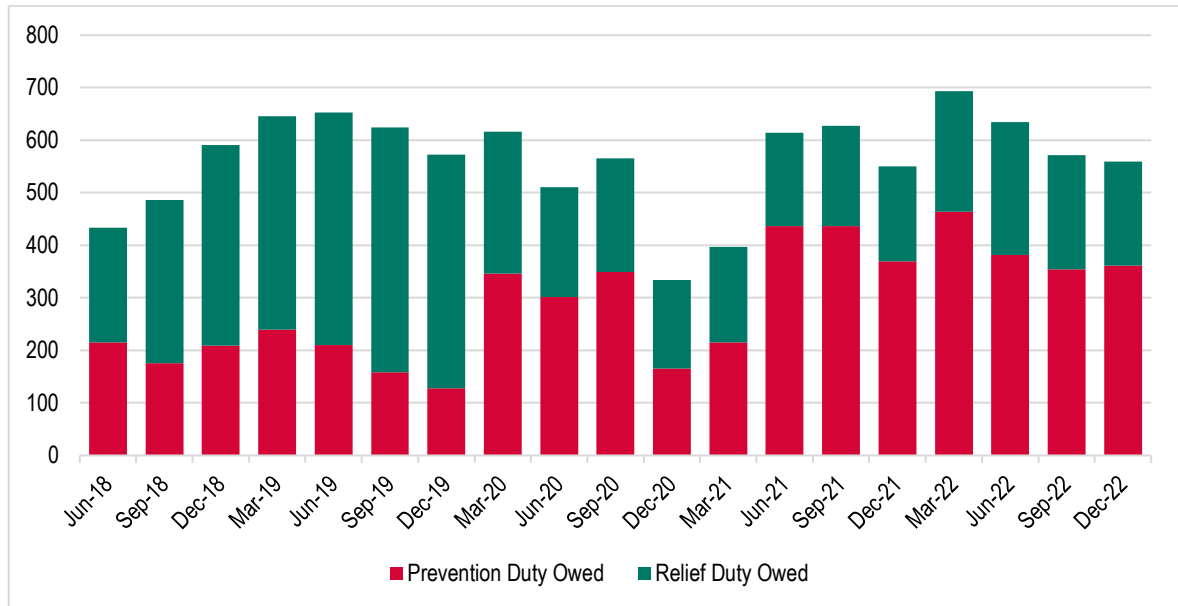
- 11.62 This suggests that there is no need to develop a policy which addresses the specific need of MOD personnel. That said Annex 2 of the NPPF identifies Military Personnel as Essential Key Workers. As such, accommodation specifically comes under the definition of affordable housing. Depending on their incomes this group will already be accounted for within the affordable housing need and will largely not be additional to it.
- 11.63 The Planning Practice Guidance for First Homes includes ensuring that any local connection criteria are disapplied for all active members of the Armed Forces, divorced/separated spouses or civil partners of current members of the Armed Forces, spouses or civil partners of a deceased member of the armed forces (if their death was wholly or partly caused by their service) and veterans within 5 years of leaving the armed forces.
- 11.64 The most acute and pressing issue is likely to be finding accommodation for those transitioning out of the forces. First Homes could play a part in meeting this demand as it would provide a discounted route to home ownership.
- 11.65 In addition, the Allocation of Housing (Qualification Criteria for Armed Forces) (England) Regulations ensure that Service personnel (including bereaved spouses or civil partners) are allowed to establish a 'local connection' with the area in which they are serving or have served.
- 11.66 This means that ex-service personnel would not suffer a disadvantage from any 'residence' criteria chosen by the Local Authority in their allocations policy. Furthermore, any ex-armed forces personnel with mental health issues who present themselves to the Council as homeless would be assisted as a vulnerable group and will be given priority need for housing.

Homelessness

- 11.67 Based on H-CLIC data produced by DLUHC, on average 290 households have approached Derby City Council and 63 South Derbyshire per quarter for homelessness support since June 2018.
- 11.68 In Derby, 52% were owed a prevention duty while 48% were actually homeless and owed a relief duty. In South Derbyshire, this is split with 49% being owed prevention duty and 51% who were actually homeless.
- 11.69 The following tables illustrate how representations have changed over the last five years. As illustrated South Derbyshire saw a huge increase in the number of presentations in December 2020 and March 2021, this is likely an impact of the COVID-19 pandemic.
- 11.70 Conversely and against the national trend Derby saw a decrease in this time, given the Covid lockdowns that were in place in this period this potentially indicates that people who become

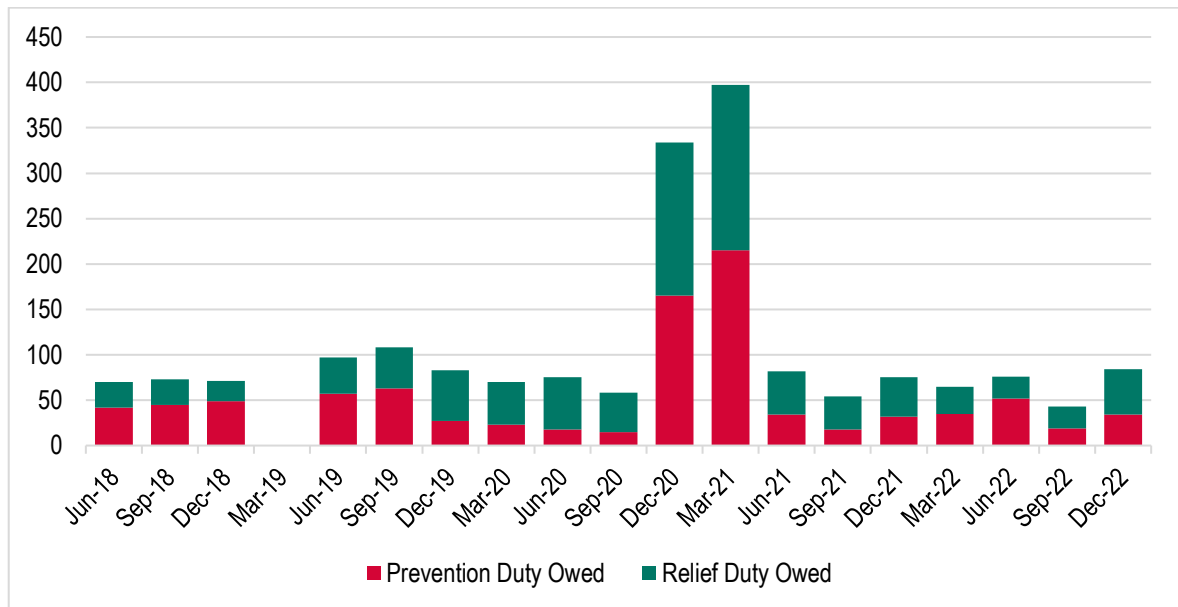
homeless in South Derbyshire and elsewhere often travel to Derby to present as homeless. This is likely a factor of better support networks for homeless people in the City.

Figure 11.3 Derby City – Prevention and Relief Duty



Source: DLUHC

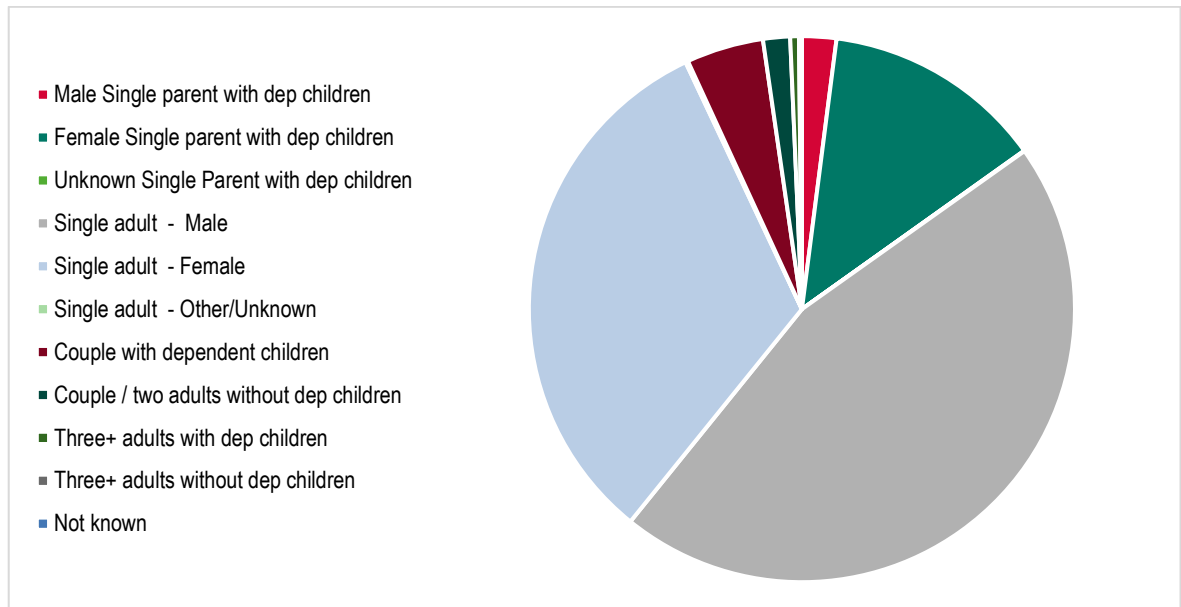
Figure 11.4 South Derbyshire - Prevention and Relief Duty



Source: DLUHC

11.71 Those approaching Derby City are in the main either single male adults (46%) or single female adults (32%). They are broadly younger with over 50% aged between 18 and 34, and a further 36% are aged between 35 and 54. Only 1.7% are aged over 65.

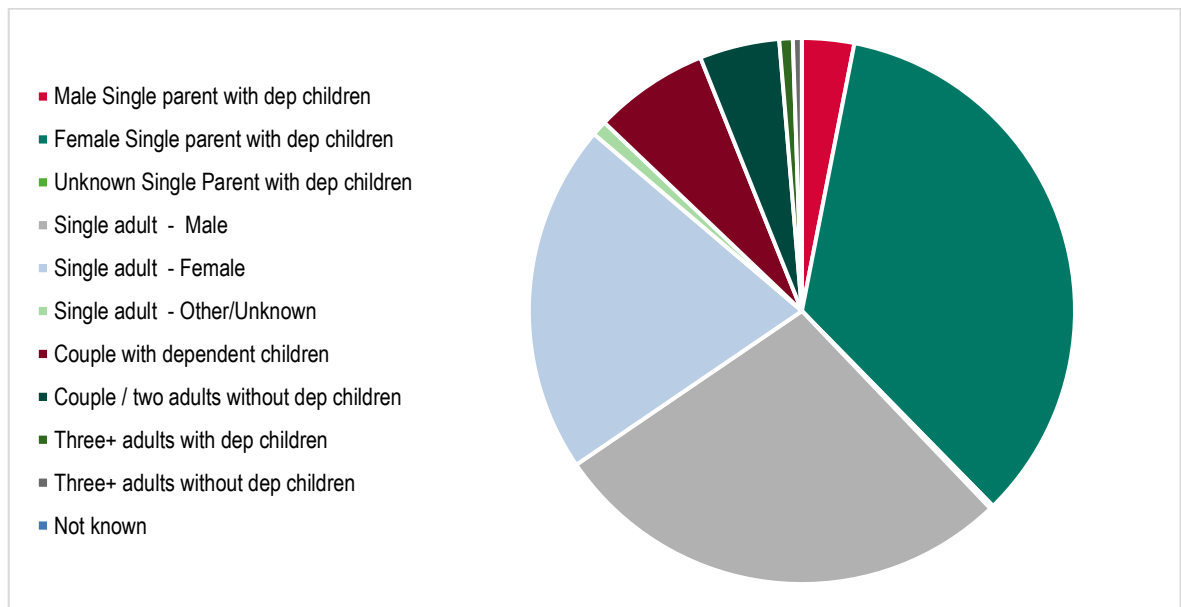
Figure 11.5 - Derby – Household type owed prevention or relief duty



Source: DLUHC

11.72 In South Derbyshire, the most common household types were female single parents (35%) or single male adults (28%). Just over 50% are aged between 18 and 34 and a further 31% are aged between 35 and 54, over 65s makeup 3.3%.

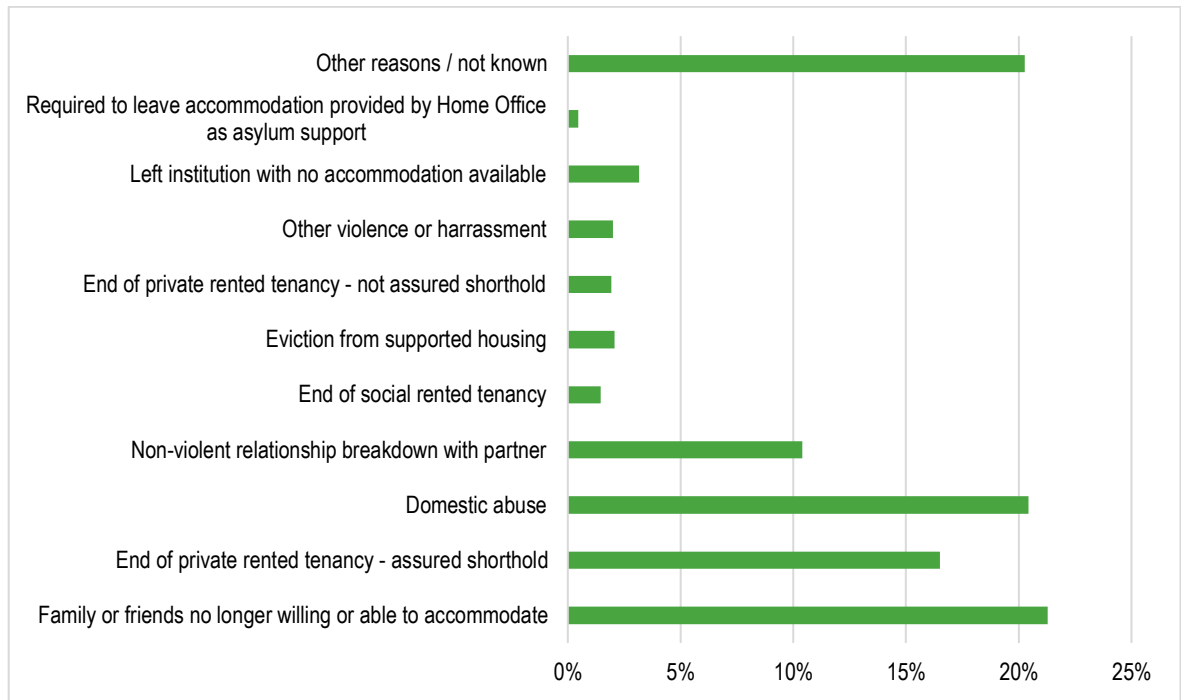
Figure 11.6 - South Derbyshire – Household type owed prevention or relief duty



Source: DLUHC

11.73 In Derby, the main reasons cited for being homeless or threatened with homelessness are that family or friends are no longer willing to accommodate them (25%), end of PRS tenancy (19%) or domestic abuse (15%).

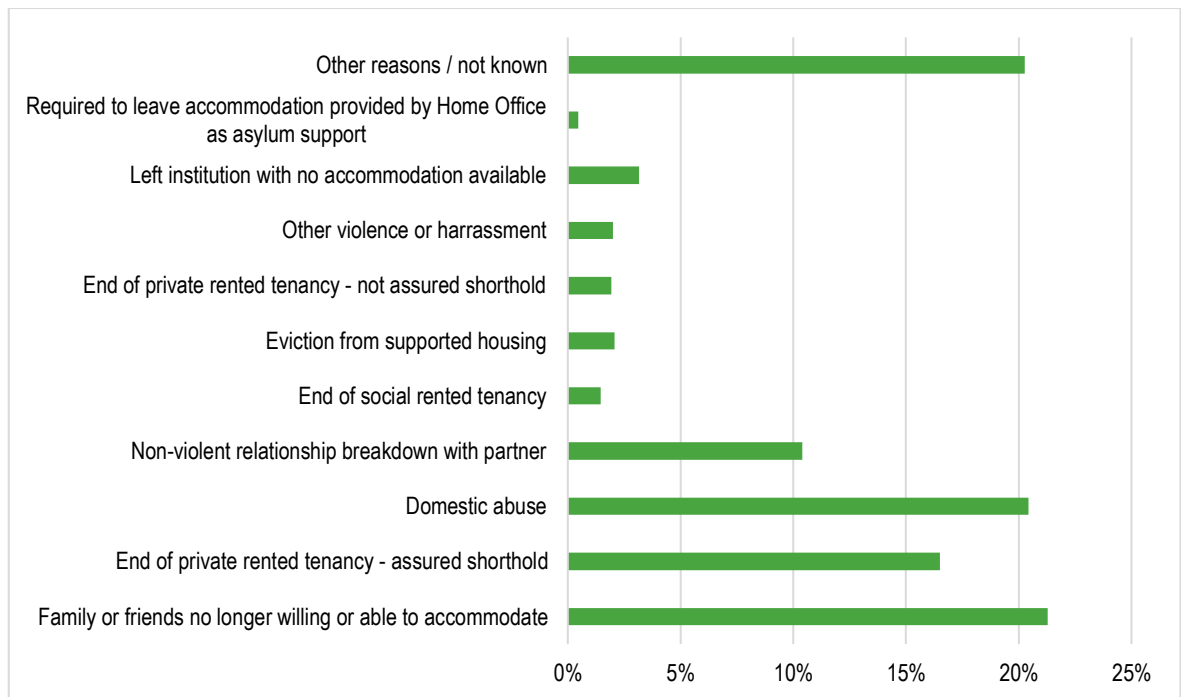
Figure 11.7 - Derby – Reasons for Homelessness



Source: DLUHC

11.74 In South Derbyshire a similar pattern emerges with 21% previously living with friends and family, 16% coming to the end of their private tenancy and 20% fleeing domestic abuse.

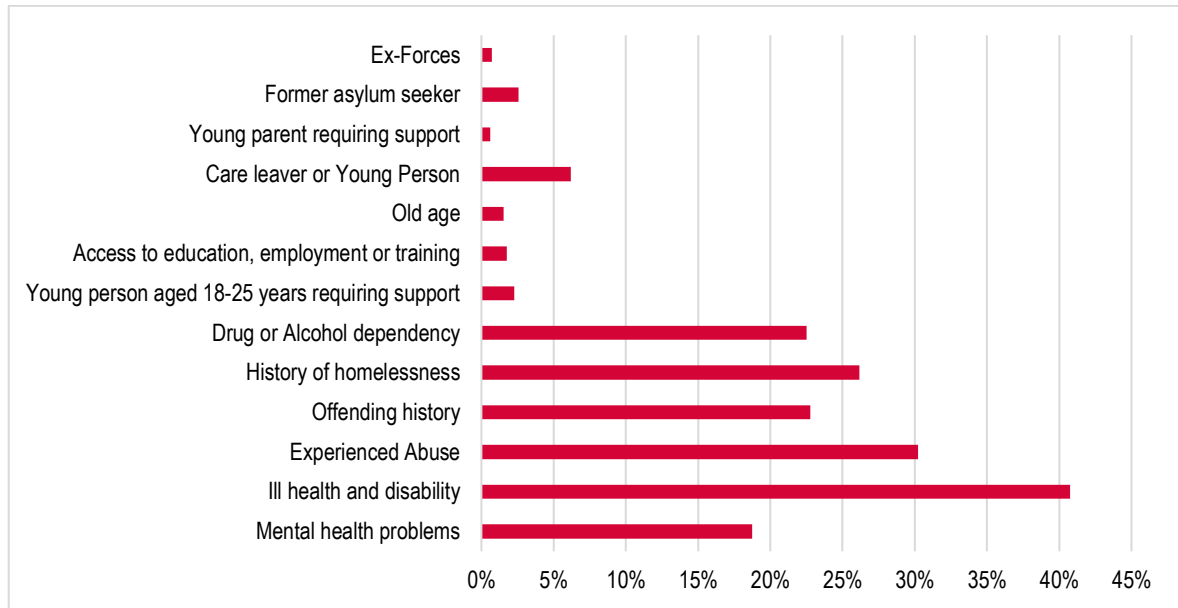
Figure 11.8 - South Derbyshire – Reasons for Homelessness



Source: DLUHC

11.75 Many of those approaching Derby City Council have varied and multiple support needs this includes physical ill health and disability (29%), a history of offending (22%) or have experienced abuse (19%).

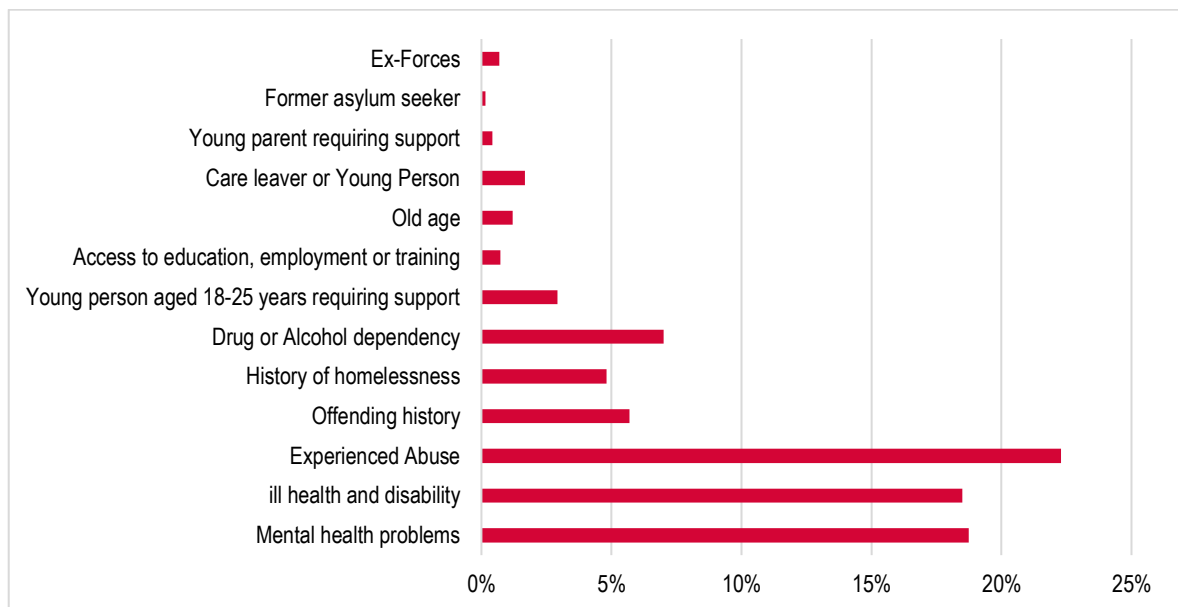
Figure 11.9 - Derby – Support Needs



Source: DLUHC

11.76 South Derbyshire again sees similar reasons with 18% having a history of mental health problems, 17% experiencing domestic abuse and 15% with ill physical health and disability. Repeat homelessness is less of a concern in South Derbyshire with only 3% experiencing this.

Figure 11.10 - South Derbyshire – Support Needs



Source: DLUHC

BAME

- 11.77 The table below shows the ethnic make-up of Derby and South Derbyshire residents in both 2011 and 2021. In total, the Black and Minority Ethnic (BAME) population accounts for 25% of the population in Derby and 7% in South Derbyshire.
- 11.78 Where the proportion of people within White groups has decreased in Derby all other groups have increased. In South Derbyshire, all groups have increased but the lowest growth was in the white population. In percentage terms, the fastest growing group was the “Other” group which includes Arabs, Iranians and Pacific Islanders among others.

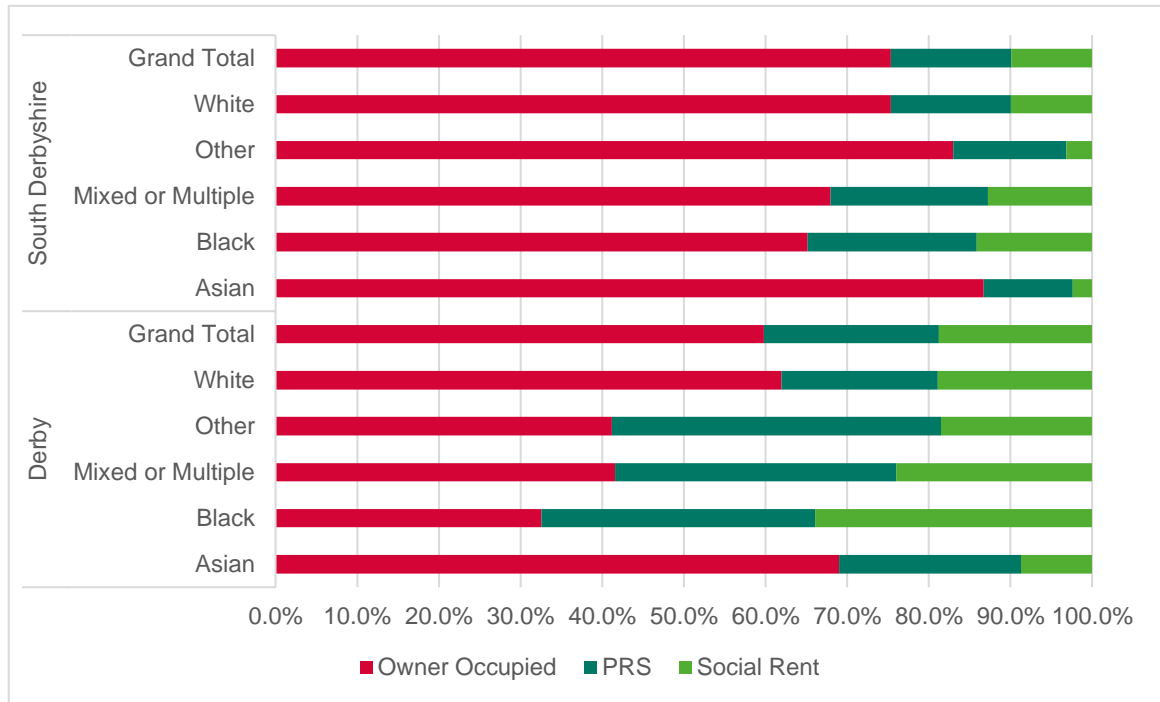
Table 11.5: Ethnic make-up of Derby and South Derbyshire 2011 and 2021

Ethnic Group	Derby				South Derbyshire			
	2011	2021	Change	% Change	2011	2021	Change	% Change
White	199,751	192,871	-6,880	-3%	90,527	99,836	9,309	10%
Mixed	7,232	9,562	2,330	32%	1,062	1,934	872	82%
Asian	31,095	40,901	9,806	32%	2,375	3,841	1,466	62%
Black	7,320	10,482	3,162	43%	425	855	430	101%
Other	3,354	7,548	4,194	125%	222	740	518	233%
Total	248,752	261,364	12,612	5%	94,611	107,206	12,595	13%

Source: Census 2011 and 2021

- 11.79 Looking at the split amongst the tenure categories within these groups, it can be seen that although the overall tenure split of the study area sees owner-occupation as the most common type (60% in Derby and 75% in South Derbyshire) when split down to ethnic groups it is only White and Asian groups that see over local authority average of people living within owner-occupied dwellings in Derby and it's the same groups in South Derbyshire with the addition of “other” groups.
- 11.80 Those identifying as Black or Black British see the lowest proportion of owner-occupation at just 33% in Derby and 65% in South Derbyshire, with the remainder split fairly evenly between private and social rented in Derby and a greater number in PRS in South Derbyshire.
- 11.81 It is also important to consider the split between social and private rental tenures amongst each group. Overall, social rented properties are the least common type of tenure at only 18.8% in Derby and 9.9% in South Derbyshire, with 21.4% and 14.8% in private rental accommodation respectively.
- 11.82 Only the Black and Black British Group in Derby sees a higher proportion of social rented properties than private rental. What this may indicate is that those within Black minority groups may be less able to afford private rental market costs and as such are required to look towards social rented housing.

Figure 11.10: Tenure Split by Ethnicity (2021)



Source: Census 2021

- 11.83 Looking at the change in tenure split from 2011 to 2021, it can be seen that overall, the proportion of owner-occupied dwellings has decreased in both Derby and to a lesser degree South Derbyshire, splitting this down to ethnic groups shows that the largest drops have been within the Black and White groups. There was also a fall within the Asian group in Derby.
- 11.84 The main difference in this drop is that in South Derbyshire the Black Group has shifted towards Social Rent and in Derby, it is towards the Private Rental Sector. The White groups have shifted towards the private rental sector in both areas. The Black group in South Derbyshire is the only group which has seen an increase in the proportion of people living within the social rented sector, although the numbers are fairly low (<35 over 10 years).

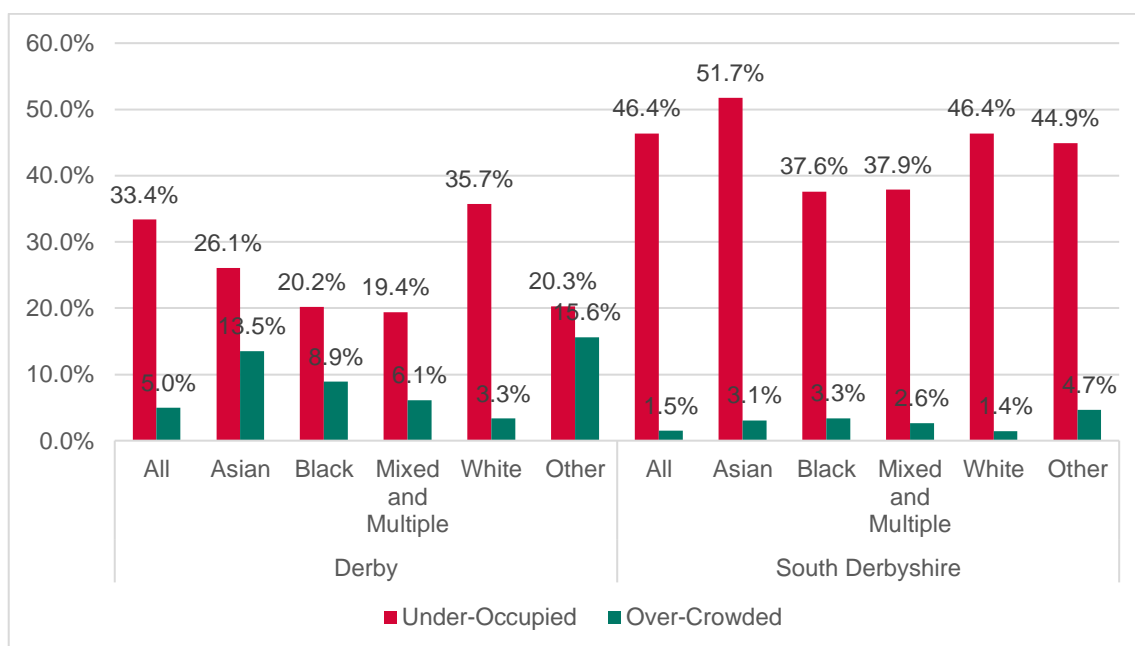
Table 11.6: Change in Tenure (% points) by Ethnicity (2011 to 2021)

Change	Ethnic Group	Owner Occupied	PRS	Social Rent
Derby	Asian	-1.1%	2.6%	-1.5%
	Black	-7.0%	8.7%	-1.7%
	Mixed or Multiple	13.1%	1.8%	-15.0%
	Other	13.3%	-11.4%	-1.9%
	White	-1.5%	2.4%	-0.8%
	Grand Total	-2.4%	3.4%	-1.0%
South Derbyshire	Asian	2.8%	-2.7%	-0.1%
	Black	-8.2%	0.9%	7.3%
	Mixed or Multiple	6.4%	-6.0%	-0.4%
	Other	11.8%	-5.3%	-6.4%
	White	-0.4%	0.5%	-0.1%
	Grand Total	-0.5%	0.5%	-0.1%

Source: Census 2011 and 2021

- 11.86 It is also important to consider how different ethnic groups occupy homes, the figure below shows that in Derby 5% of homes are over-crowded while in South Derbyshire this is 1.5%. This is based on the number of bedrooms in a home and the number of bedrooms required by the household occupying it. The requirement is based on the age, gender and relationships of the household members.
- 11.87 However, in both areas, only the White ethnic group is below the city or district-wide figure of over-crowding. The reverse is also true for under-occupied households with the White ethnic group having an above-average level in comparison to the city or district. Only the Asian group in South Derbyshire exceeds the White group.
- 11.88 This may partly be a factor of cultural differences surrounding how ethnicities live, where multi-generational living is more common and therefore the number of people living in one dwelling is higher through choice. It may also be a factor of cost with many groups being unable to afford accommodation to meet their need.
- 11.89 The highest levels of over-crowding in both Derby and South Derbyshire is in the “Other” ethnic groups followed by the Asian and Black ethnic groups. This would suggest a need for larger homes for these growing groups although given the relative levels of under-occupation it may just been a better use of the existing stock.

Figure 11.11: Occupancy Rating by Ethnicity (2021)



Source: Census 2021

11.90 Overall, the level of over-crowding has improved although the only ethnic group which has seen an increase in over-crowding is the Black and Black British group and this is the case in both Derby and South Derbyshire.

Table 11.7: Change in Occupancy Rating by Ethnicity (% Points) (2011 to 2021)

Local Authority	Ethnic Group of HRP	Under-Occupied	Over-Crowded
Derby	All	0.8%	0.0%
	Asian	2.8%	-1.8%
	Black	-0.5%	1.0%
	Mixed and Multiple	3.3%	-2.0%
	White	1.2%	-0.3%
	Other	7.2%	-0.1%
South Derbyshire	All	3.6%	-0.2%
	Asian	9.5%	-1.6%
	Black	-2.2%	1.2%
	Mixed and Multiple	11.0%	-1.0%
	White	3.5%	-0.3%
	Other	5.2%	1.9%

Source: Census 2011 and 2021

11.91 Levels of under-occupation have also increased across all ethnic groups in both the City and South Derbyshire although this is not the case for the Black and Black British group in both areas. This increase in under-occupation is usually a factor of the ageing population. Again one solution would

be to provide appropriate housing for the older people to downsize into which will allow the existing stock to be better used.

- 11.92 A noted feature of the property market in Cities is the need for larger properties for multi-generational families. This is particularly relevant to families originating from the Indian sub-continent. Where cost has been a barrier the choice has been to buy homes and then extend them. Analysis of planning permission data relating to home extensions can indicate that there may be a need in the city and district for larger dwellings to suit multi-generational living.

Other Groups - Summary

Students

- 11.93 The University of Derby has 13,246 full-time students. The majority of these students are accommodated within their own residence (33.2%) or their family home (24.6%).
- 11.94 The Council should consider supporting the University's ambition to grow as it is an important contributor to the local economy. Additional PBSA should also be supported, particularly that owned by the University, to allow for a movement out of HMOs towards specialist accommodation.
- 11.95 In doing so the Council could create a policy which stipulates how the additional PBSA should look and operate and where viable should seek some form of affordable housing contribution.

Self and Custom Build

- 11.96 Since the introduction of the self and custom build register, there has been an annual average of 7 registered expressions of interest in a serviced plot of land in Derby and 13 in South Derbyshire.
- 11.97 The Councils are required to permit this level of custom and self-build plots per annum within three years of the end of each base period. The level of interest should however be monitored and responded to.
- 11.98 As a general principle, the Councils could support the submission and delivery of self-build and custom housebuilding sites, where opportunities for land arise and where such schemes are consistent with other planning policies.

Service Personnel

- 11.99 There are no military establishments in Derby or South Derbyshire and the most recent Ministry of Defence (MOD) statistics suggest that there are no military and 60 civilian MOD personnel stationed in Derby and none in South Derbyshire. This suggests that there is no need to develop a specific policy addressing their need.

Homeless Households

- 11.100 An average of 242 households approach Derby City Council and 63 South Derbyshire per quarter as they are either homeless or threatened with homelessness.
- 11.101 The causes of homelessness across the two areas are usually: family or friends are no longer willing to accommodate them, the end of a PRS tenancy or domestic abuse.
- 11.102 Many of those households presenting themselves as homeless have multiple or varied support needs largely a factor of mental and physical ill health.

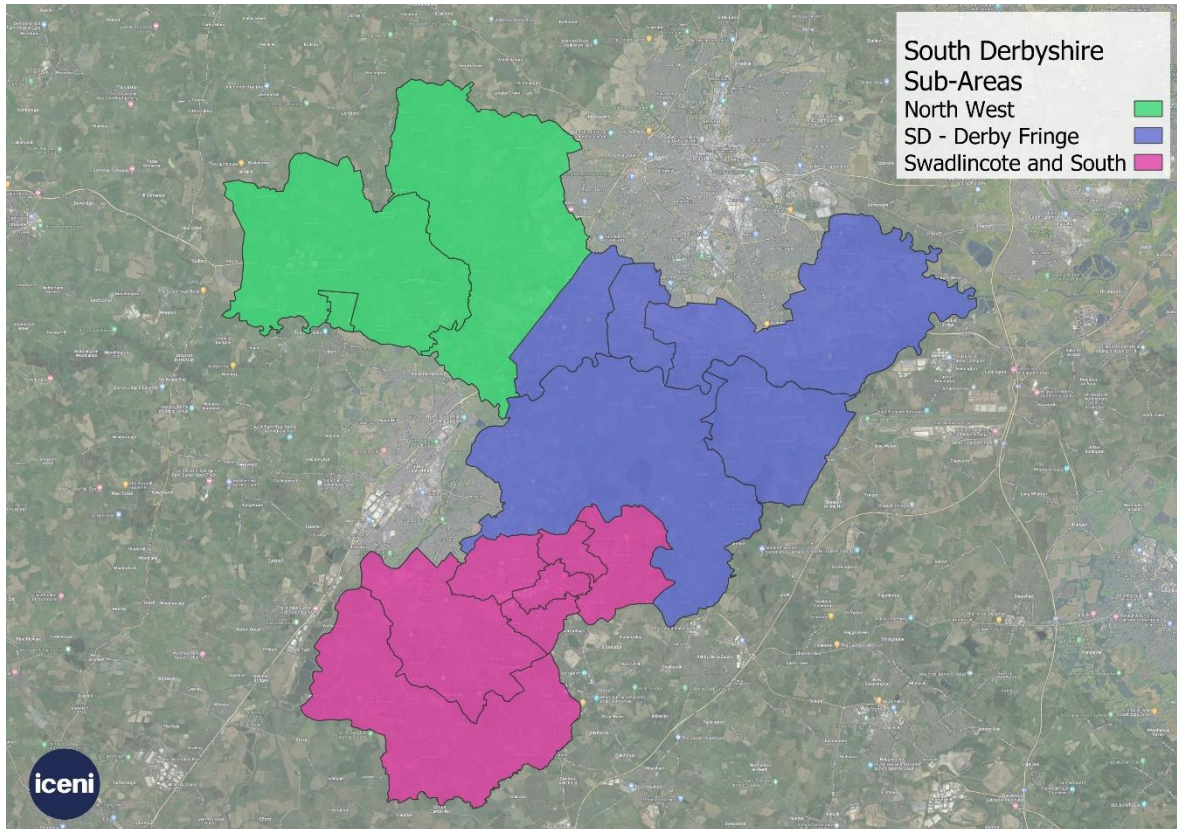
BAME

- 11.103 In total, the Black and Minority Ethnic (BAME) population accounts for 25% of the population in Derby and 7% in South Derbyshire.
- 11.104 Only the White and Asian ethnic groups see above the local authority average of people living within owner-occupied dwellings in Derby and South Derbyshire although the latter also includes the “other” groups.
- 11.105 the proportion of owner-occupied dwellings has decreased in both Derby and to a lesser degree South Derbyshire, splitting this down to ethnic groups shows that the largest drops have been within the Black and White groups.
- 11.106 In both areas, only the White ethnic group is below the city or district-wide figure of over-crowding. Overall, the level of over-crowding has improved although the only ethnic group which has seen an increase in over-crowding is the Black and Black British group and this is the case in both Derby and South Derbyshire.
- 11.107 This may partly be a factor of cultural differences surrounding how ethnicities live, where multi-generational living is more common and therefore the number of people living in one dwelling is higher through choice. It may also be a factor of cost with many groups being unable to afford accommodation to meet their need.
- 11.108 A noted feature of the property market in many cities is the need for larger properties for multi-generational families. Analysis of planning permission data relating to home extensions indicates that there may be a need for larger dwellings to suit multi-generational living. However, the existing stock can also be better used by providing additional suitable accommodation for older households to downsize.

A1. SOUTH DERBYSHIRE SUB-AREA ANALYSIS

A1.1 This appendix sets out some of the analysis within the main report at a sub-area level for South Derbyshire (as illustrated in the Figure below). These outputs relate to affordable housing need in the district.

Figure A1: Sub Areas in South Derbyshire (2023)



Source: Icen Projects based on OS data

Table A1.1 Lower Quartile Prices and Market Rents, by sub-area

	Lower quartile price (existing dwellings)	Lower Quartile rent, pcm
Derby Fringe	£212,000	£685
Swadlincote & South	£160,000	£575
North West	£187,000	£600
Total	£175,000	£600

Source: Internet private rental cost search and Land Registry

Table A1.2 Estimated average (median) household income by sub-area (2022)

	Median Income	As a % of the District average
Derby Fringe	£50,300	113%
Swadlincote & South	£39,200	88%
North West	£54,700	123%
Total	£44,500	-

Source: Derived from a range of data including ONS, ASHE and EHS

Table A1.3 Estimated Household Income Required to Buy and Privately Rent by sub-area

	To buy	To rent (privately)	Income gap
Derby Fringe	£42,400	£27,400	£15,000
Swadlincote & South	£32,000	£23,000	£9,000
North West	£37,400	£24,000	£13,400
Total	£35,000	£24,000	£11,000

Source: Based on Housing Market Cost Analysis

Table A1.4 Estimated current housing need by sub-area

	Number in need	Excluding those in affordable housing	Annualised (/17) 2022-39
Derby Fringe	265	228	13
Swadlincote & South	506	352	21
North West	124	102	6
Total	896	681	40

Source: Derived from a range of sources

Table A1.5 Estimated Need for Social/Affordable Rented Housing from Newly Forming Households (per annum)

	Number of new households	% unable to afford	Annual newly forming households unable to afford to rent
Derby Fringe	285	29.3%	83
Swadlincote & South	474	32.5%	154
North West	177	21.4%	38
Total	936	29.4%	275

Source: Projection Modelling/Affordability Analysis

Table A1.6 Estimated Need for Social/Affordable Rented Housing from Existing Households Falling into Need (per annum)

	Total Additional Need	% of Total
Derby Fringe	15	25.1%
Swadlincote & South	36	60.0%
North West	9	14.9%
Total	60	100.0%

Source: Derived from a range of sources

Table A1.7 Estimated supply of affordable housing from relets of existing stock by sub-area (per annum)

	Annual supply	% of supply
Derby Fringe	37	22.9%
Swadlincote & South	106	65.8%
North West	18	11.4%
Total	161	100.0%

Source: CoRe/Census (2021)

Table A1.8 Estimated Need for Social/Affordable Rented Housing by Sub-area (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
Derby Fringe	13	83	15	112	37	75
Swadlincote & South	21	154	36	211	106	105
North West	6	38	9	53	18	35
Total	40	275	60	376	161	214

Source: Derived from a range of sources

Table A1.9 Estimated Need for Social/Affordable Rented Housing by Sub-area (per annum) – standardised figures

	Total Need	Supply	Net Need	% of the net shortfall	Supply as % of need	Net need per 1,000 households
Derby Fringe	112	37	75	35.0%	33.0%	5.41
Swadlincote & South	211	106	105	48.9%	50.3%	4.49
North West	53	18	35	16.1%	34.7%	4.31
Total	376	161	214	100.0%	43.0%	4.74

Source: Derived from a range of sources

Table A1.10 Estimated proportion of households living in the Private Rented Sector able to buy and/or rent market housing

	Can afford to buy OR rent	Can afford to rent but not buy	Cannot afford to buy OR rent
Derby Fringe	53%	20%	27%
Swadlincote & South	55%	15%	30%
North West	63%	17%	20%
Total	56%	17%	28%

Source: Derived from Housing Market Cost Analysis and Affordability Testing

Table A1.11 Estimated Gross Need for Affordable Home Ownership (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need
Derby Fringe	4	57	6	68
Swadlincote & South	7	73	11	90
North West	3	32	4	38
Total	14	162	21	196

Source: Derived from a range of sources

Table A1.12 Estimated Need for Affordable Home Ownership by Sub-area (per annum)

	Total Gross Need	Supply	Net need
Derby Fringe	68	65	2
Swadlincote & South	90	99	-9
North West	38	38	0
Total	196	203	-6

Source: Derived from a range of sources

A2. KEY OUTPUTS TO 2040 AND 2041

A2.1 This Appendix provides key outputs from the LHNA to cover the period to 2040 and 2041 to provide data appropriate if the Councils develop Local Plans going slightly beyond the 2039 period used in the main body of this report.

Population and household projections

A2.2 The tables below show equivalent data to that in Section 5 for projected change to population when demographics are modelled against the Standard Method – tables are provided for the study area and individual local authorities.

Table A2.1 : Population change 2022 to 2041 by broad age bands – Derby and South Derbyshire (linked to Standard Method)

	2022	2039	2040	2041
Under 16	72,649	77,541	78,571	79,596
16-64	236,177	263,601	265,469	267,420
65 and over	64,251	90,487	91,227	91,833
Total	373,078	431,630	435,267	438,849

Source: Demographic Projections

Table A2.2 : Population change 2022 to 2041 by broad age bands – Derby (linked to Standard Method)

	2022	2039	2040	2041
Under 16	52,373	56,845	57,680	58,500
16-64	168,103	191,089	192,458	193,867
65 and over	43,723	59,997	60,457	60,871
Total	264,199	307,931	310,596	313,238

Source: Demographic Projections

Table A2.3 : Population change 2022 to 2041 by broad age bands – South Derbyshire (linked to Standard Method)

	2022	2039	2040	2041
Under 16	20,276	20,696	20,891	21,096
16-64	68,075	72,512	73,010	73,553
65 and over	20,528	30,491	30,770	30,962
Total	108,879	123,698	124,671	125,611

Source: Demographic Projections

Table A2.4 : Projected changes to economic activity rates (2022 and 2039-41) – Derby

	Males				Females			
	2022	2039	2040	2041	2022	2039	2040	2041
16-19	41.3%	41.7%	41.7%	41.7%	41.8%	42.2%	42.2%	42.2%
20-24	72.4%	72.2%	72.2%	72.2%	67.8%	67.7%	67.7%	67.7%
25-29	85.6%	85.6%	85.6%	85.6%	72.9%	72.9%	72.9%	72.9%
30-34	86.2%	86.2%	86.2%	86.2%	72.2%	72.4%	72.4%	72.4%
35-39	84.8%	84.4%	84.4%	84.4%	74.2%	75.7%	75.7%	75.7%
40-44	85.4%	84.2%	84.2%	84.2%	75.8%	77.9%	78.0%	78.0%
45-49	83.0%	82.4%	82.4%	82.4%	74.9%	78.7%	78.7%	78.7%
50-54	82.4%	81.6%	81.6%	81.6%	70.0%	73.2%	73.6%	73.5%
55-59	77.8%	77.5%	77.3%	77.2%	66.5%	67.7%	67.9%	68.3%
60-64	58.9%	63.9%	64.3%	64.4%	51.9%	57.6%	58.1%	58.4%
65-69	23.5%	34.3%	34.6%	35.4%	18.5%	30.4%	30.7%	31.5%
70-74	10.4%	12.7%	12.7%	12.7%	7.5%	13.5%	13.5%	13.4%
75-89	5.8%	6.1%	6.2%	6.2%	2.7%	4.9%	5.1%	5.2%

Source: Based on OBR and Census data

Table A2.5 : Projected changes to economic activity rates (2022 and 2039-41) – South Derbyshire

	Males				Females			
	2022	2039	2040	2041	2022	2039	2040	2041
16-19	44.1%	44.5%	44.5%	44.5%	47.3%	47.7%	47.7%	47.7%
20-24	90.1%	89.9%	89.9%	89.9%	80.6%	80.5%	80.5%	80.4%
25-29	91.4%	91.4%	91.4%	91.4%	85.2%	85.2%	85.2%	85.2%
30-34	91.4%	91.4%	91.4%	91.4%	81.5%	81.8%	81.8%	81.8%
35-39	91.2%	90.8%	90.8%	90.8%	82.8%	84.4%	84.4%	84.3%
40-44	91.5%	90.3%	90.3%	90.3%	84.7%	87.1%	87.1%	87.1%
45-49	91.1%	90.5%	90.5%	90.5%	83.1%	87.1%	87.1%	87.1%
50-54	89.0%	88.2%	88.3%	88.3%	77.7%	81.1%	81.5%	81.4%
55-59	82.5%	82.2%	82.0%	81.9%	72.7%	74.0%	74.1%	74.6%
60-64	64.7%	69.8%	70.2%	70.3%	53.8%	59.7%	60.3%	60.7%
65-69	28.9%	40.0%	40.3%	41.1%	19.9%	32.5%	32.8%	33.7%
70-74	14.8%	17.2%	17.2%	17.1%	7.8%	14.1%	14.2%	14.1%
75-89	5.9%	6.2%	6.3%	6.4%	2.8%	5.2%	5.4%	5.5%

Source: Based on OBR and Census data

Table A2.6 : Estimated change to the economically active population (2022-41)

	2022	2039	2040	2041
Derby	125,754	148,901	150,037	151,142
South Derbyshire	56,700	63,588	64,038	64,465
Total	182,455	212,489	214,075	215,607

Source: Derived from demographic projections

Table A2.7 : Jobs supported by demographic projections (2022-40)

		Total change in economically active	Allowance for double jobbing	Allowance for net commuting (= jobs supported)
Derby	Census commuting	24,283	24,967	26,289
	1:1 commuting	24,283	24,967	24,967
South Derbyshire	Census commuting	7,338	7,697	6,506
	1:1 commuting	7,338	7,697	7,697
Total	Census commuting	31,620	32,663	32,795
	1:1 commuting	31,620	32,663	32,663

Source: Derived from a range of sources

Table A2.8 : Jobs supported by demographic projections (2022-41)

		Total change in economically active	Allowance for double jobbing	Allowance for net commuting (= jobs supported)
Derby	Census commuting	25,387	26,103	27,486
	1:1 commuting	25,387	26,103	26,103
South Derbyshire	Census commuting	7,765	8,145	6,885
	1:1 commuting	7,765	8,145	8,145
Total	Census commuting	33,153	34,248	34,370
	1:1 commuting	33,153	34,248	34,248

Source: Derived from a range of sources

Need for Different Types and Sizes of Homes

A2.3 The tables below provide a range of data from Section 7 of the report for the 2022-40 and 2022-41 period.

Table A2.9 : Projected Change in Household by Age of HRP in Derby (linked to Standard Method)

	2022	2039	2040	2041
Under 25	4,073	4,959	4,911	4,860
25-34	15,837	19,422	19,613	19,736
35-49	30,041	35,973	36,211	36,460
50-64	28,901	28,685	29,142	29,669
65-74	12,881	17,057	16,839	16,608
75-84	10,724	14,816	15,365	15,822
85+	4,575	7,015	7,075	7,231
Total	107,033	127,928	129,157	130,387

Source: Demographic Projections

Table A2.10: Projected Change in Household by Age of HRP in South Derbyshire (linked to Standard Method)

	2022	2039	2040	2041
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Under 25	1,221	1,358	1,348	1,334
25-34	6,082	6,543	6,666	6,750
35-49	11,834	13,580	13,536	13,515
50-64	13,766	13,408	13,617	13,885
65-74	6,352	8,828	8,727	8,587
75-84	5,113	7,589	7,887	8,147
85+	1,672	3,348	3,380	3,450
Total	46,040	54,655	55,162	55,669

Source: Demographic Projections

Table A2.11: Adjusted Modelled Mix of Housing by Size and Tenure (2022-40) – Derby and South Derbyshire

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	8%	34%	40%	17%
Affordable home ownership	19%	44%	29%	9%
Affordable housing (rented)	32%	36%	26%	6%

Source: Housing Market Model (with adjustments)

Table A2.12: Adjusted Modelled Mix of Housing by Size and Tenure (2022-40) – Derby

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	8%	34%	41%	17%
Affordable home ownership	18%	43%	29%	9%
Affordable housing (rented)	31%	36%	27%	6%

Source: Housing Market Model (with adjustments)

Table A2.13: Adjusted Modelled Mix of Housing by Size and Tenure (2022-40) – South Derbyshire

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	9%	37%	40%	15%
Affordable home ownership	19%	45%	29%	7%
Affordable housing (rented)	32%	39%	24%	5%

Source: Housing Market Model (with adjustments)

Table A2.14: Adjusted Modelled Mix of Housing by Size and Tenure (2022-41) – Derby and South Derbyshire

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	8%	34%	41%	17%
Affordable home ownership	18%	44%	29%	9%
Affordable housing (rented)	32%	36%	26%	6%

Source: Housing Market Model (with adjustments)

Table A2.15: Adjusted Modelled Mix of Housing by Size and Tenure (2022-41) – Derby

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	8%	34%	41%	17%
Affordable home ownership	18%	43%	29%	9%
Affordable housing (rented)	31%	36%	27%	6%

Source: Housing Market Model (with adjustments)

Table A2.16: Adjusted Modelled Mix of Housing by Size and Tenure (2022-41) – South Derbyshire

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	9%	36%	40%	16%
Affordable home ownership	19%	45%	29%	7%
Affordable housing (rented)	32%	39%	24%	5%

Source: Housing Market Model (with adjustments)

Housing for Older and Disabled People

Table A2.17: Projected Change in Population of Older Persons, 2022 to 2041 – Derby and South Derbyshire (Standard Method projection)

	2022	2039	2040	2041
Under 65	308,827	341,142	344,040	347,016
65-74	33,330	44,811	44,229	43,504
75-84	22,338	31,483	32,669	33,698
85+	8,583	14,194	14,329	14,631
Total	373,078	431,630	435,267	438,849
Total 65+	64,251	90,487	91,227	91,833
Total 75+	30,921	45,676	46,998	48,329

Source: Demographic projections

Table A2.18: Projected Change in Population of Older Persons, 2022 to 2041 – Derby (Standard Method projection)

	2022	2039	2040	2041
Under 65	220,476	247,935	250,138	252,367
65-74	22,284	29,521	29,121	28,663
75-84	15,183	20,899	21,675	22,338
85+	6,256	9,577	9,661	9,869
Total	264,199	307,931	310,596	313,238
Total 65+	43,723	59,997	60,457	60,871
Total 75+	21,439	30,475	31,336	32,208

Source: Demographic projections

Table A2.19: Projected Change in Population of Older Persons, 2022 to 2041 – South Derbyshire (Standard Method projection)

	2022	2039	2040	2041
Under 65	88,351	93,208	93,902	94,649
65-74	11,046	15,290	15,108	14,841
75-84	7,155	10,584	10,994	11,360
85+	2,327	4,617	4,668	4,761
Total	108,879	123,698	124,671	125,611
Total 65+	20,528	30,491	30,770	30,962
Total 75+	9,482	15,201	15,662	16,121

Source: Demographic projections

Table A2.20: Projected Changes to Population with a Range of Disabilities – Derby and South Derbyshire

Disability	Age Range	2022	2039	2040	2041
Dementia	65+	4,852	7,344	7,479	7,622
	85+	2,080	3,446	3,489	3,553
Mobility problems	65+	12,793	18,747	19,011	19,308
	85+	4,153	6,750	6,816	6,958
Autistic Spectrum Disorders	18-64	2,468	2,773	2,793	2,813
	65+	651	918	925	931
Learning Disabilities	15-64	6,448	7,209	7,259	7,310
	65+	1,448	2,032	2,047	2,060
Challenging behaviour	15-64	118	132	133	134
Impaired mobility	16-64	13,182	13,929	14,067	14,243

Source: POPPI/PANSI and Demographic Projections

Table A2.21: Projected Changes to Population with a Range of Disabilities – Derby

Disability	Age Range	2022	2039	2040	2041
Dementia	65+	3,502	5,084	5,174	5,272
	85+	1,556	2,411	2,437	2,483
Mobility problems	65+	9,146	12,924	13,100	13,304
	85+	3,106	4,705	4,745	4,847
Autistic Spectrum Disorders	18-64	1,849	2,113	2,128	2,143
	65+	454	625	630	634
Learning Disabilities	15-64	4,823	5,477	5,516	5,555
	65+	1,014	1,391	1,400	1,409
Challenging behaviour	15-64	88	100	101	101
Impaired mobility	16-64	9,555	10,176	10,287	10,418

Source: POPPI/PANSI and Demographic Projections

Table A2.22: Projected Changes to Population with a Range of Disabilities – South Derbyshire

Disability	Age Range	2022	2039	2040	2041
Dementia	65+	1,349	2,260	2,305	2,351
	85+	524	1,035	1,051	1,070
Mobility problems	65+	3,648	5,823	5,911	6,004
	85+	1,047	2,045	2,071	2,111
Autistic Spectrum Disorders	18-64	619	660	665	670
	65+	196	293	295	297
Learning Disabilities	15-64	1,626	1,732	1,743	1,755
	65+	434	641	647	651
Challenging behaviour	15-64	30	32	32	32
Impaired mobility	16-64	3,626	3,752	3,780	3,825

Source: POPPI/PANSI and Demographic Projections

Table A2.23: Specialist Housing Need using adjusted SHOP@Review Assumptions, 2022-40 – Derby and South Derbyshire

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2040	Shortfall/surplus by 2040
Housing with support	Market	50	393	1,539	1,146	830	1,977
	Affordable	85	3,403	2,624	-779	1,326	547
Total (housing with support)		135	3,796	4,163	367	2,156	2,524
Housing with care	Market	25	188	787	599	420	1,019
	Affordable	23	338	712	374	356	730
Total (housing with care)		48	526	1,499	973	776	1,749
Residential care bedspaces		43	1,509	1,332	-177	690	513
Nursing care bedspaces		48	1,219	1,499	280	776	1,056
Total bedspaces		92	2,728	2,831	103	1,466	1,570

Source: Derived from Demographic Projections and Housing LIN/EAC

**Table A2.24: Specialist Housing Need using adjusted SHOP@Review Assumptions, 2022-40
– Derby**

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2040	Shortfall /surplus by 2040
Housing with support	Market	42	340	909	569	420	989
	Affordable	94	2,493	2,022	-471	933	462
Total (housing with support)		137	2,833	2,931	98	1,353	1,451
Housing with care	Market	23	75	487	412	225	637
	Affordable	26	288	568	280	262	542
Total (housing with care)		49	363	1,055	692	487	1,179
Residential care bedspaces		44	1,048	938	-110	433	323
Nursing care bedspaces		49	909	1,055	146	487	633
Total bedspaces		93	1,957	1,993	36	920	956

Source: Derived from Demographic Projections and Housing LIN/EAC

**Table A2.25: Specialist Housing Need using adjusted SHOP@Review Assumptions, 2022-40
– South Derbyshire**

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2040	Shortfall /surplus by 2040
Housing with support	Market	66	53	630	577	411	988
	Affordable	64	910	602	-308	393	85
Total (housing with support)		130	963	1,232	269	803	1,073
Housing with care	Market	32	113	300	187	195	382
	Affordable	15	50	144	94	94	188
Total (housing with care)		47	163	444	281	289	570
Residential care bedspaces		42	461	394	-67	257	190
Nursing care bedspaces		47	310	444	134	289	423
Total bedspaces		88	771	838	67	546	613

Source: Derived from Demographic Projections and Housing LIN/EAC

**Table A2.26: Specialist Housing Need using adjusted SHOP@Review Assumptions, 2022-41
– Derby and South Derbyshire**

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2041	Shortfall /surplus by 2041
Housing with support	Market	50	393	1,539	1,146	898	2,044
	Affordable	85	3,403	2,624	-779	1,437	659
Total (housing with support)		135	3,796	4,163	367	2,335	2,703
Housing with care	Market	25	188	787	599	455	1,054
	Affordable	23	338	712	374	386	760
Total (housing with care)		48	526	1,499	973	841	1,814
Residential care bedspaces		43	1,509	1,332	-177	747	571
Nursing care bedspaces		48	1,219	1,499	280	841	1,121
Total bedspaces		92	2,728	2,831	103	1,588	1,691

Source: Derived from Demographic Projections and Housing LIN/EAC

**Table A2.27: Specialist Housing Need using adjusted SHOP@Review Assumptions, 2022-41
– Derby**

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2041	Shortfall /surplus by 2041
Housing with support	Market	42	340	909	569	457	1,026
	Affordable	94	2,493	2,022	-471	1,016	544
Total (housing with support)		137	2,833	2,931	98	1,472	1,570
Housing with care	Market	23	75	487	412	245	657
	Affordable	26	288	568	280	285	565
Total (housing with care)		49	363	1,055	692	530	1,222
Residential care bedspaces		44	1,048	938	-110	471	361
Nursing care bedspaces		49	909	1,055	146	530	676
Total bedspaces		93	1,957	1,993	36	1,001	1,037

Source: Derived from Demographic Projections and Housing LIN/EAC

**Table A2.28: Specialist Housing Need using adjusted SHOP@Review Assumptions, 2022-41
–South Derbyshire**

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2041	Shortfall /surplus by 2041
Housing with support	Market	66	53	630	577	441	1,018
	Affordable	64	910	602	-308	422	114
Total (housing with support)		130	963	1,232	269	863	1,132
Housing with care	Market	32	113	300	187	210	396
	Affordable	15	50	144	94	101	195
Total (housing with care)		47	163	444	281	311	591
Residential care bedspaces		42	461	394	-67	276	210
Nursing care bedspaces		47	310	444	134	311	444
Total bedspaces		88	771	838	67	587	654

Source: Derived from Demographic Projections and Housing LIN/EAC

Table A2.29: Estimated need for wheelchair-user homes, 2022-40

		Current need	Projected need (2022-40)	Total current and future need
Derby	Total	1,018	1,058	2,076
	@ 25% of projected	1,018	265	1,283
South Derbyshire	Total	343	482	825
	@ 25% of projected	343	120	463
TOTAL	Total	1,361	1,540	2,901
	@ 25% of projected	1,361	385	1,746

Source: Derived from a range of sources

Table A2.30: Estimated need for wheelchair-user homes, 2022-41

		Current need	Projected need (2022-41)	Total current and future need
Derby	Total	1,018	1,114	2,132
	@ 25% of projected	1,018	278	1,296
South Derbyshire	Total	343	500	843
	@ 25% of projected	343	125	468
Total	Total	1,361	1,614	2,975
	@ 25% of projected	1,361	404	1,764

Source: Derived from a range of sources