Housing Needs Assessment

Newcastle-under-Lyme & Stoke-on-Trent

June 2020

Contents

This report was largely drafted prior to **June 2020**. It therefore takes no account of the Government's subsequent proposals to revise the standard method of assessing housing need, which were announced on 6 August and subject to consultation until 1 October. The Councils are advised to monitor the Government's response to this consultation.

Executive Summary

Turley was commissioned to produce a new Housing Needs Assessment for Stoke-on-Trent and Newcastle-under-Lyme, to form part of the evidence base for the emerging Local Plan. This is intended to update and replace similar evidence produced for this area by Turley[1], most recently within a Strategic Housing Market Assessment Update in 2017, to take account of the latest available information and revised national policy and guidance.

Recent trends in the local housing market

The local housing market has inevitably evolved since it was profiled in the Strategic Housing Market Assessment (SHMA) and its subsequent update, and this report has found that:

The housing stock has continued to grow in recent years, with the annual rate of development also having accelerated. An historic peak in 2016/17 was exceeded again through the delivery of 1,245 homes in 2018/19, albeit aided by the development of student accommodation in Stoke-on-Trent in particular. Whilst annual rates of completions have broadly increased in proportionate terms, this actually represents only modest growth in the housing stock, relative to that achieved in the West Midlands and nationally. The scale and profile of new housing provided has had a very limited impact on the overall make-up of homes, as would be expected, with semi-detached and terraced housing remaining dominant. There has though been particularly notable growth in the stock of flats, albeit this remains less prevalent than seen nationally or regionally;

Population growth has been sustained, accelerating from 2012 – most notably in Newcastle-under-Lyme – but latterly slowing. International migration continues to be a key driver, peaking in 2015/16 with the attraction of Bulgarian and Romanian nationals but since reducing. Births continue to outnumber deaths, albeit to a lessening extent, and more people generally leave this area – to neighbouring Staffordshire Moorlands and Cheshire East, for example – than move in from elsewhere in the UK. Whilst the analysis shows that this longstanding trend has been generally sustained, it did recently if temporarily reverse when a small net inflow was recorded in consecutive years (2015-17). There has also been a notably smaller outflow of young people in recent years, although this has not prevented a slight reduction in the proportionate representation of such residents. Those aged 65 and over, in contrast, account for a growing share of the population, particularly in Newcastle-under-Lyme;

A significant number of new jobs have been created in this area in recent years, particularly in Stoke-on-Trent which has outperformed both the regional

[1] Turley (June 2017) Strategic Housing Market Assessment Update: Stoke-on-Trent City Council and Newcastle-under-Lyme Borough Council; Turley (July 2015) Strategic Housing Market Assessment: Stoke-on-Trent City Council and Newcastle-under-Lyme Borough Council

and national economy. Substantially more jobs have been created to date than were envisaged by the forecast favoured in the 2015 Employment Land Review[2] (ELR), but there has been much closer alignment with the more optimistic Experian forecast presented in that report. There is some evidence of a shift towards roles that typically attract higher salaries, contributing to a rise in average earnings, while unemployment in each authority has fallen to its lowest rate in some time; and

House prices and rents have both risen in recent years, suggesting a degree of imbalance between supply and demand. Housing costs continue to be generally higher in Newcastle-under-Lyme, with the borough also accounting for a large share of sales at the higher end of the market which tend to predominantly involve detached houses. It is nonetheless of note that both house prices and rents are relatively low in a national context, particularly in Stoke-on-Trent.

Overall housing need

Recent revisions to the National Planning Policy Framework (NPPF) have introduced a new, standard method for determining 'the minimum number of homes needed', and confirmed that 'strategic policies should be informed by a local housing need assessment' conducted through this method[3]. Related Planning Practice Guidance (PPG) emphasises that the method provides only a 'minimum starting point in determining the number of homes needed in an area', requiring plan-makers to assess the existence of circumstances that justify planning for a higher – or indeed, though only exceptionally, lower – level of housing need than the standard method suggests[4].

While the method itself is likely to change when reviewed by the Government this year, it currently indicates that **a minimum of 855 dwellings per annum** are needed across the study area from 2020, coincidentally aligning precisely with the housing requirement adopted in 2009. This reflects a minimum need for 500 dwellings per annum in Stoke-on-Trent, and 355 dwellings per annum in Newcastle-under-Lyme.

Demographic modelling indicates that such a level of housing provision, in combination with other demographic changes, could slow the population growth that has occurred in this area in recent years, and allow growth of only 2% or circa 7,670 people over the emerging plan period (2020-37). This assumes that market conditions for younger people will improve – with a recovery in their rate of household formation – and also reasonably allows for continued international migration, albeit to a lesser extent than seen recently in line with a projected national reduction. The modelling suggests that there will be a continued net outflow of people to other parts of the UK in such a scenario, with pronounced growth in the older population and a slight decline in the traditionally defined

[2] NLP (2015) Newcastle-under-Lyme and Stoke-on-Trent Joint Employment Land Review

[3] MHCLG (2019) National Planning Policy Framework, paragraph 60

[4] PPG Reference ID 2a-010-20190220

working age population (16-64). The labour force could potentially support the creation of around 5,780 local jobs over the plan period in such circumstances, equivalent to circa 340 jobs per annum.

There is no strong evidence to suggest that there will be a need for substantially fewer homes than implied across Stoke-on-Trent and Newcastle-under-Lyme by the standard method. In contrast, and in the context of the PPG, this report suggests that there could actually be a greater need for housing than implied as only a 'minimum' by the standard method.

Its suggestion of a need for 855 dwellings per annum is deliberately reflective of past trends, coincidentally and precisely aligning with the average rate of delivery since 2013 for example. The demographic projections that form its baseline, while reasonable for the study area on balance, assume a continued outflow of people to other parts of the UK, which aligns with the long-term trend but not the occasionally more positive position achieved in recent years. Such a projection is not a forecast, and one of its prime functions – as recently emphasised by the Office for National Statistics (ONS) – is to show the consequences of present demographic trends with sufficient notice for any necessary action to be taken.

It was concluded in the last SHMA Update, and remains notable irrespective of subsequent changes in guidance, that a continuation of past demographic trends in this area would be unlikely to provide the labour force necessary to support a reasonable level of future job growth. Simply meeting the minimum need now implied by the standard method would be equally unlikely to support even a baseline forecast of job growth produced by Experian, which envisages the creation of 794 jobs per annum, and would fall further short of supporting a more optimistic job growth scenario that would see some 1,179 jobs created across the study area each year. The Economic Needs Assessment (ENA), produced in parallel with this report, provides further justification for these scenarios of future employment growth in the context of the defining characteristics of the local economy and an understanding of economic strategy and investment priorities.

Establishing an alternative level of housing need, beyond a standard method that does not appear fully representative for the study area, inevitably requires a degree of judgement. This report has presented demographic modelling linked to the aforementioned employment growth scenarios, which suggests that **between 1,220 and 1,520 dwellings per annum** could be needed across the study area to support such a level of job growth. These scenarios are considered to provide valuable reference points for the Councils, offering alignment with the ENA and allowing for a boost in the recent rate of housing delivery in line with the objectives of the NPPF. They frame the previously assessed need for housing within the SHMA Update (1,390dpa) based on updated information but similar principles, and although again relying on above-trend – if not unprecedented – in-migration they would support continued

population growth in line with the long-term trend in this area. These scenarios are considered to be robust and justified in the context of national policy and guidance, but the level of growth to be pursued through the Local Plan ultimately remains a judgement to be made by the Councils.

The integrated nature of this area's economy and housing market, plus the joint planning arrangement, has led to a focus on the entire area administered by the Councils. Where a split between the authorities remains valued, it can be observed from the modelling of these employment growth scenarios that overall housing need is unsurprisingly weighted towards Stoke-on-Trent (811-1,074dpa) with a smaller need in Newcastle-under-Lyme (410-445dpa). The emerging Local Plan may, however, justifiably propose an alternative distribution to meet needs that have been primarily evidenced across the combined area.

Size and type of housing needed

Beyond the overall number of homes needed, the NPPF requires assessment of the size and type of housing needed in Stoke-on-Trent and Newcastle-under-Lyme. The modelling in this report allows overall housing need to be segmented in this way.

It suggests under any scenario that there will be substantial growth in the number of one person households living in the study area, alongside growth in the number of couples without children and households with dependent children. The scale of projected growth naturally varies depending on whether housing provision is assumed to align with the standard method, or supports either baseline or higher job growth. The net inflow of people needed to support higher job growth would more than double the increase in households with children, for example, relative to the scenario linked to the standard method. It would also markedly reduce the share of additional households led by an older person aged 65 or over, from 81% to 52% across the study area.

Such different types of households naturally have varying requirements in terms of housing, single person households in this area often – though not exclusively – occupying smaller homes for example. Households with dependent children and unrelated adults, in house shares for instance, tend to occupy larger properties. This is a reflection of households' ability to exercise choice in the market, as well as the stock of housing available.

A continuation of these local trends, robustly evidenced by the 2011 Census, could see most of the additional household forming in the study area requiring two or three bedrooms. This could be evenly split where the minimum need implied by the standard method is met (39/39%) but shifts in favour of three bedroom properties under the higher job growth scenario (37/41%). The proportion of households requiring at least four bedrooms could similarly rise slightly to 10% in such a scenario. While these estimates relate to the entire study area, there is implied to be a generally greater need for larger housing in Newcastle-under-Lyme than in Stoke-on-Trent.

It is estimated based on the existing stock profile that meeting this need could require around three in four homes (c.75%) to be houses, with nearly 15% of households requiring flats and slightly over 10% requiring bungalows. This is relatively consistent across the scenarios and between the individual authorities.

The above does, however, offer only illustrative modelling of available evidence, which can be used for guidance and monitoring purposes but should not be prescribed as an explicit requirement for all sites given the need to respond to changing market demands, local context and viability factors.

Consideration can also be given to other factors in establishing an appropriate mix, such as the Councils' long held ambitions to improve the quality of the housing offer as a means of satisfying the needs of higher earners that have historically tended to move out of this area. The Councils could justifiably pursue a policy-led approach that would provide a greater number of large homes in support of these aspirations, recognising that residents employed in certain higher paid roles – that are prevalent in sectors forecast to grow in this area – currently show a greater tendency to occupy larger housing.

Need for affordable housing

This report has applied the well-established methodology, outlined in the PPG, through which affordable housing needs are separately calculated. The same approach was followed in the SHMA Update, albeit its calculation was presented in an alternative form.

The first stage of this calculation establishes the scale and profile of affordable housing need in gross terms, capturing around 2,569 households currently in the greatest need on the Councils' housing registers. A further need for circa 1,398 affordable homes could also be expected to arise in each year of the emerging plan period, as new households form and existing households' circumstances change. Combined, these factors could generate **a gross need for circa 1,550 affordable homes per annum** over the emerging plan period (2020-37), with a particularly strong need for one bedroom properties and a lesser – but still notable – need for two or three bedroom homes.

The PPG subsequently requires supply to be taken into account, allowing for lettings, the release of occupied affordable homes and committed supply for example. This indicates that approximately 1,383 affordable homes could become available annually over the plan period, which is below the estimated gross need to suggest **a residual net need for 167 affordable homes per annum** across the study area but particularly in Stoke-on-Trent which alone has an estimated shortfall of 139 homes per annum. There is implied to be a shortfall of all but two bedroom properties across the study area, especially relating to affordable homes with one bedroom.

This imbalance between the need for and supply of homes, alongside evidence that the existing stock is incapable of accommodating a substantial backlog of households on the housing register, highlights the importance of ensuring that

new supply is brought forward. This is also important where it is recognised that any erosion of the existing stock, through Right to Buy or reduced lettings in a single year for example, could swiftly result in a larger shortfall.

Consideration has also been given to the potential role of different affordable products in meeting the gross need that has been locally evidenced in the study area. The analysis indicates that affordable rent is the only product, of those assessed, to require a lower income than would be required to access the open market, which acts as the threshold below which affordable housing is assumed to be needed. Other products, such as shared ownership and discounted market sale, can nonetheless be expected to play a role in the functional housing market – enabling movement which frees up more affordable homes, for example – even if their impact could be tempered by the application of discounts to new build properties that generally attract a premium.

Specific needs of different groups

The NPPF requires the housing needs of different groups in the community to be assessed and reflected in planning policies. This report has therefore considered the specific needs of:

Older people, a growing cohort of the population with further growth likely over the plan period regardless of the future level of housing delivery. The modelling assumes that this growth will generate an additional need for circa 40-44 bedspaces in communal establishments each year, excluding this from the overall dwelling requirements specified earlier. A further annual demand for circa 112-123 units of other specialist forms of older persons' accommodation could also be anticipated, based on industry toolkits, but this is included in the assessed total need for dwellings[5];

People with disabilities, who in this area tend to live in private households rather than institutional accommodation. Around one in five residents are limited to some extent in their daily activities, but this increases markedly with age such that the growing elderly population alone is likely to increase the number of residents with disabilities. The Councils should be aware of this growing need in establishing appropriate policies on new housing provision, but the continued adaptation of existing homes – through Disabled Facilities Grants, for example – will also be necessary where funding is available given that new homes account for only a fraction of the overall stock;

Families with children, that often own their generally larger homes in this area but also rely to some extent on social housing and the private rented sector. The study area could accommodate as many as 7,900 additional households with children over the plan period, and this cohort will likely maintain its representation as a proportion of all households under any of the scenarios introduced in this report. This reaffirms the importance of providing sufficient larger housing, suitable for families, as part of any mix;

[5] Both the minimum need for 855 dwellings per annum generated by the standard method, and the potentially higher need for 1,220-1,520 dwellings per annum to support employment growth

Privately renting households, which are likely to grow in number given projected growth in those household types – such as unrelated sharing adults and families – that currently show the greatest tendency to rent in this area. Demand for rented housing is also likely to grow where the area creates the new jobs envisaged within the ENA, as those roles that tend to be filled by privately renting individuals are currently prevalent in the sectors forecast to grow. This demand could be predominantly met through stock managed by private landlords, but the Councils are advised to closely monitor the success of a pioneering Build to Rent scheme being delivered in the city centre to understand the potential role of such developments in meeting a continued local need for quality rented accommodation;

Students, who have historically remained broadly stable in number at Keele University but fluctuated at Staffordshire University leading to a recent consolidation at the Stoke-on-Trent campus. While Covid-19 has created short-term uncertainty, each university has growth plans, with Staffordshire University having recently approved an £80m investment in the campus – currently paused – and Keele University having long-term ambitions to double its student population over the next 40 years. The projections developed to 2037 in this report primarily allow for indigenous growth amongst residents of traditional student age, meaning that the realisation of significant growth in the student population could generate an additional need for housing that is not explicitly taken into account. The Councils are advised to maintain dialogue with the universities to fully understand long-term growth plans and their implications for the local housing market. In the short-term, there is unlikely to be a substantial need for new accommodation beyond that already in the pipeline, except where the Councils wish to support and encourage an improvement in the quality of provision or reduce pressure on the private housing market; and

Self-builders, that appear relatively small in number given that only 222 households – circa 0.1% of all in the study area – have registered their interest with the Councils. The Councils should nonetheless actively monitor the adequacy and number of plots that are available for such housing, mindful of the general desire for larger homes amongst those expressing an interest.

Introduction

Turley – in partnership with Edge Analytics – has been commissioned by Newcastle-under-Lyme Borough Council and Stoke-on-Trent City Council ('the Councils') to produce a new Housing Needs Assessment, which will form part of the evidence base for the emerging Local Plan.

This is intended to update and replace the latest iteration of the Strategic Housing Market Assessment (SHMA), produced by Turley in June 2017 as an update to the original SHMA from 2015[6].

This update, like the emerging Local Plan, is produced in the context of a revised National Planning Policy Framework[7] (NPPF) which was published in July 2018 and slightly updated in February 2019.

It notably introduced a new, standard method for determining 'the minimum number of homes needed', and confirms that 'strategic policies should be informed by a local housing need assessment' conducted through this method[8]. Planning Practice Guidance[9] (PPG) continues to provide further detail on the method, and clarity on the circumstances in which it may be appropriate to plan for a higher – or indeed, though only exceptionally, lower – level of housing need than the standard method suggests.

The NPPF further confirms that 'the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies'[10]. The PPG again provides advice on how the needs of such groups should be assessed, with this guidance recently updated and separated into standalone sections[11].

This report initially summarises recent trends in the local housing market to establish the context for the assessment, before adhering to the NPPF and PPG by applying the standard method and determining whether there is robust evidence of a higher or lower need than it implies for Stoke-on-Trent and Newcastle-under-Lyme ('the study area'). Alongside other factors, this takes into particular consideration the important relationship between housing and economic needs, drawing upon the Economic Needs Assessment (ENA) produced alongside this study. The overall need is then segmented to estimate the requirement for different tenures, sizes and types of housing, including affordable housing, before consideration is given to the specific needs of different groups in the community.

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[6] Turley (June 2017) Strategic Housing Market Assessment Update: Stoke-on-Trent City Council and Newcastle-under-Lyme Borough Council; Turley (July 2015) Strategic Housing Market Assessment: Stoke-on-Trent City Council and Newcastle-under-Lyme Borough Council

[7] Ministry of Housing, Communities and Local Government (2019) National Planning Policy Framework

[8] *Ibid*, paragraph 60

[9] PPG section 2a – "Housing and economic needs assessment"

[10] MHCLG (2019) National Planning Policy Framework, paragraph 61

[11] PPG sections 63 ("Housing for older and disabled people") and 67 ("Housing needs of different groups")

The HNA does not itself determine the housing requirement for the study area nor the overall provision of housing land therein, as this will be subject to the Local Plan process including ongoing Duty to Co-operate discussions between the Councils and proximate authorities.

The report is structured as follows:

Section 2 – Recent Trends in the Housing Market – an overview of the current housing market in Stoke-on-Trent and Newcastle-under-Lyme, profiling defining characteristics and recent trends that have emerged since the last SHMA update;

Section 3 – Outcome of the Standard Method – the standard method is followed to calculate the minimum annual need for housing in each authority, and collectively. The inputs to the calculation are introduced, before modelling is presented to estimate the implications of such a level of housing provision for the local population and the economy;

Section 4 – Prospect of Higher Housing Need – in accordance with the PPG, consideration is given to whether it may be appropriate to recognise and plan for a higher housing need figure than the standard method indicates in this area. This takes account of economic growth, past housing delivery and previous assessments of need;

Section 5 – Size and Type of Housing Needed – the overall housing need established in the preceding sections is segmented to estimate the size and type of housing needed, taking account of the age profile and household mix;

Section 6 – Affordable Housing Need – the specific need for affordable housing is calculated, following the well-established stepped methodology that is retained in the PPG. Consideration is subsequently given to how this need could be met through different types of affordable housing products;

Section 7 – Housing for Older and Disabled People – specific consideration is given to the housing needs of older and disabled people, groups covered by a newly standalone section of the PPG;

Section 8 – Specific Needs of Other Groups – analysis of the housing needs of further distinct groups identified by the Councils, in the context of the NPPF; and

Section 9 – Summary and Conclusions – a concise overview of the findings and implications of this report.

Recent Trends in the Housing Market

The SHMA and its subsequent update profiled the local housing market in detail, exploring long-term trends relating to the housing stock, market activity, demographics and the local economy.

The dynamic nature of housing markets means that this profile will have inevitably changed to some extent in the intervening period. This section therefore draws upon the latest available data to examine recent trends in the local housing market, building upon and updating the analysis in the SHMA.

Growth in the housing stock

The Councils' monitoring indicates that 4,111 additional homes have been added to the combined housing stock of Stoke-on-Trent and Newcastle-under-Lyme since 2015, the last year covered by Figure 3.4 of the SHMA Update. This equates to circa 1,028 dwellings per annum. Around three quarters of these new homes (3,045) have been provided in Stoke-on-Trent, with the remaining 1,066 in Newcastle-under-Lyme.

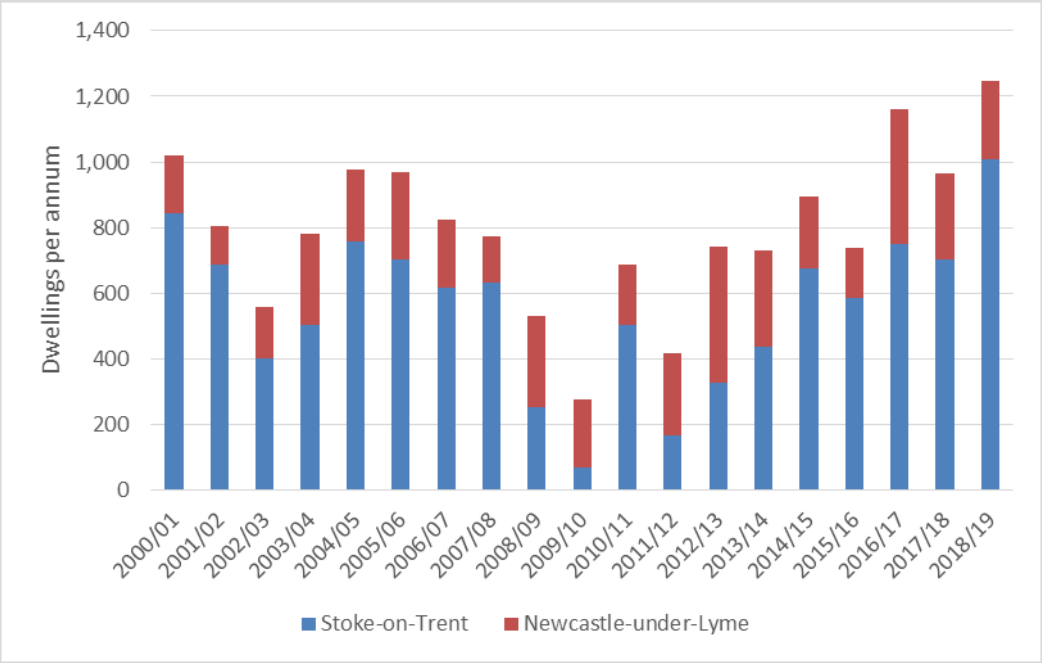
This is estimated to have grown the combined housing stock by circa 2.4% since 2015, albeit with a slightly higher rate of growth in Stoke-on-Trent (2.7%) compared to Newcastle-under-Lyme (1.9%). These represent slower rates of growth than recorded across the West Midlands (3.5%) or England (3.7%) over the same period[12].

As the SHMA Update calculated the need for housing from a base year of 2013, it is of note that circa 5,130 homes have been completed since this point at a slightly lower rate of 855 dwellings per annum. This similarly represents a slower rate of growth (3.1%) than seen across the West Midlands (4.8%) or England (5.1%).

The rate of development within the study area has, however, generally increased in these periods as shown at Figure 2.1 overleaf. Collectively, 2016/17 saw the largest number of new homes completed – some 1,161 dwellings – for at least sixteen years, and this was exceeded again in the latest year for which data is currently available (1,245 homes in 2018/19). The first peak was aided by a near-record contribution from Newcastle-under-Lyme, which provided 412 homes, while the latter was boosted by a recently unprecedented 1,008 homes in Stoke-on-Trent – some 19% more than its earlier peak – albeit this is understood to incorporate a sizeable number of student bedrooms (the issue of student housing need is considered further in section 8).

Net Housing Completions (2000-19)

[12] MHCLG (2020) Table 125: Dwelling stock estimates by local authority district, unrounded: 2001-2019



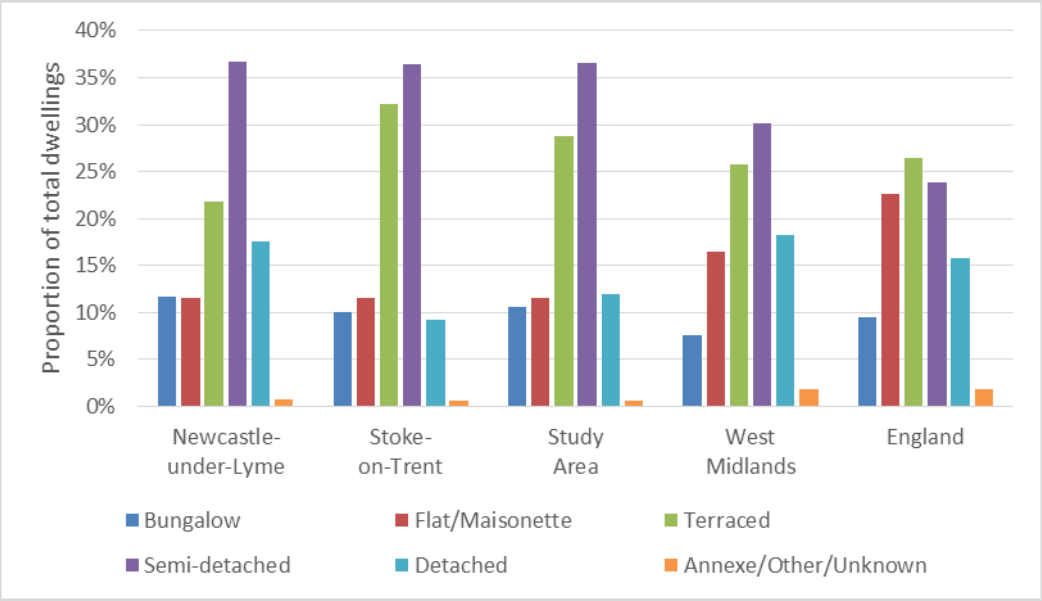
Source: Council monitoring

Looking at the type of housing stock currently available, summarised at Figure 2.2, the most recent data published for 2019 by the Valuation Office Agency[13] (VOA) indicates that semi-detached houses continue to be the most prevalent type of dwelling in the study area, as identified in the SHMA and SHMA Update. Semi-detached houses constitute a greater proportion of dwellings in the study area as a whole (and indeed in each individual authority) than is the case regionally or nationally. The high proportion of terraced houses in Stoke-on-Trent mean that this type of dwelling represents the next most prevalent house type in the study area as a whole, albeit terraced housing makes a lower contribution to Newcastle-under-Lyme's stock than is the case both regionally and nationally.

The study area has fewer flats and maisonettes than recorded regionally and nationally. Whilst the proportion of dwellings in Newcastle-under-Lyme that are detached is in line with regional levels and, indeed, exceeds the national average, the contribution of this type of housing to total stock in Stoke-on-Trent is lower than in other comparator geographies. This means that detached housing is less well-represented across the study area as a whole than at regional and national levels with this being an important defining feature of the existing housing stock identified in the previous SHMA evidence.

Housing Stock by Type (2019)

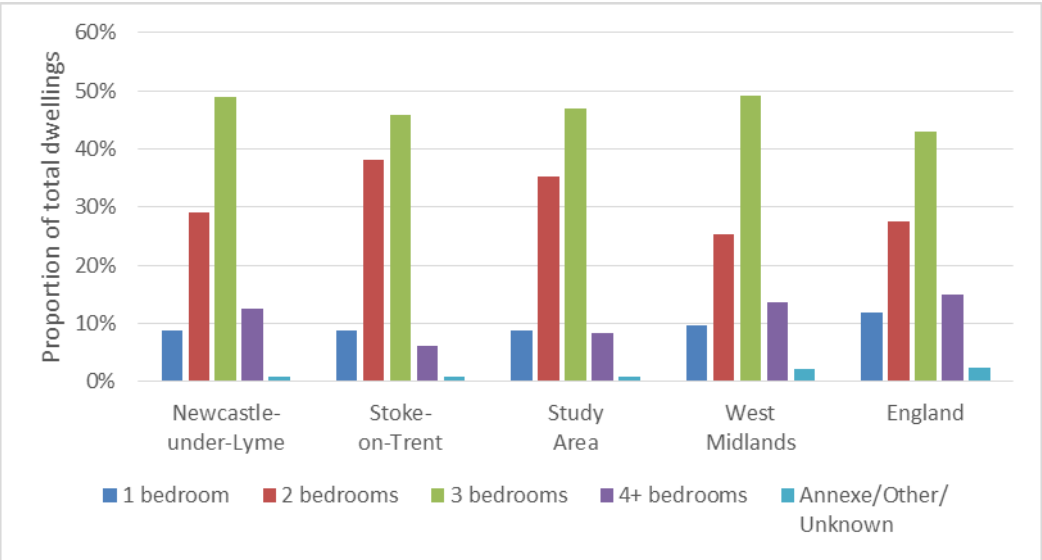
[13] Valuation Office Agency (2019) Council Tax: stock of properties, 2019



Source: VOA

This stock profile has implications with regards the size of homes, as measured by the number of bedrooms. Analysis of the latest data continues to show that 3-bedrooms homes are the most prevalent housing size in the study area, which is also the case in the wider West Midlands and nationally. It is, however, noted that a greater proportion of the study area's dwellings (particularly in Stoke-on-Trent) have 2 bedrooms or fewer in comparison with the rate recorded regionally and nationally. Conversely, a lower proportion of the study area's dwellings (and, again, particularly Stoke-on-Trent) have 4+ bedrooms in comparison with regional and national rates. Additionally, the contribution of 1-bed homes to the study area's housing stock is slightly lower than in the West Midlands or in England as a whole. This is shown at Figure 2.3.

Housing Stock by Size (2019)

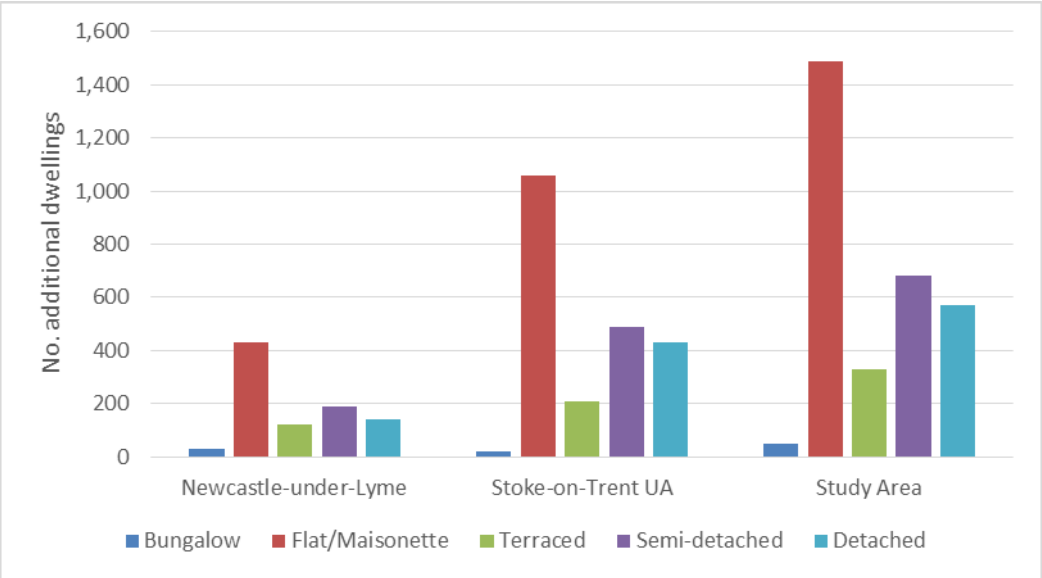


Source: VOA

In the absence of comprehensive and consistent monitoring from the Councils, VOA data also provides an indication of the type and size of new homes being provided in the study area over recent years, albeit only over the period back to 2015 for which this data is available. This is helpful to consider as whilst new stock has not changed the overall profile in headline terms, owing to its small impact in proportionate terms, it does provide an indication of comparative market demand for different types and sizes of housing.

This analysis shows that flats and maisonettes were the dwelling type that saw the greatest increase between 2015 and 2019 in each authority, with delivery of such homes being particular significant in Stoke-on-Trent. Whilst the VOA data does not stipulate the contribution student housing has made to the growth of these types of stock, the provision of increased numbers of such housing, as referenced above, forms an important context to this recent trend. It is separately noted that whilst the study area has consistently been identified as having a deficiency of detached homes, recent delivery has not served to offset this with semi-detached dwellings continuing to grow at a greater level in absolute terms.

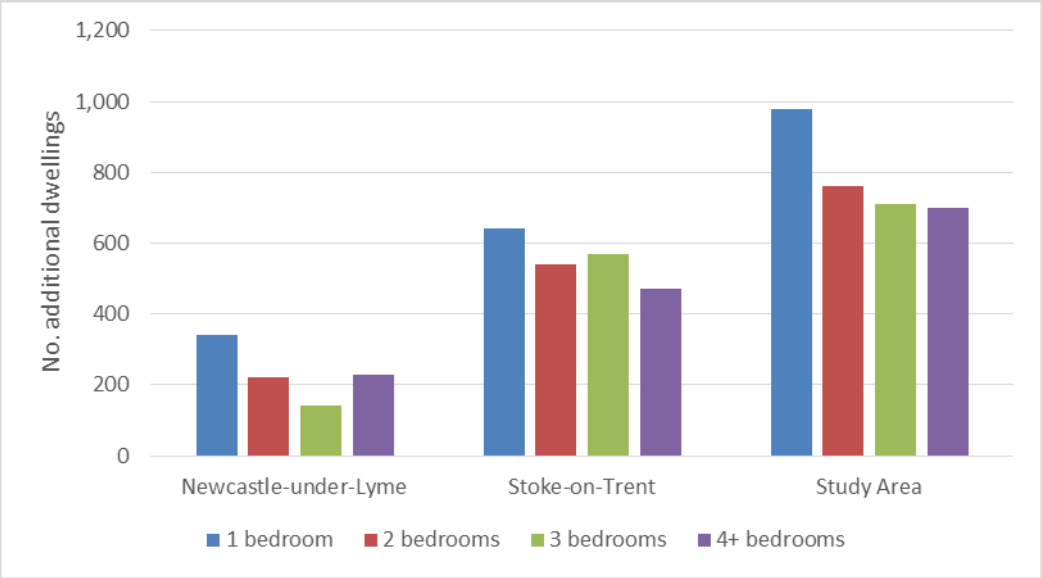
Additional Dwellings by Type (2015-19)



Source: VOA

These trends have direct implications for the size of homes that have been added to the housing stock. As would be expected, given the delivery of flats and maisonettes, smaller sized homes have seen the largest increase over this period, with 1-bedroom properties indicated as being the greatest contributor to housing growth, both across the study area and in each individual authority. There has nonetheless been some provision of larger dwellings including those with 4 bedrooms and more.

Additional Dwellings by Size (2015-19)



Source: VOA

Population trends

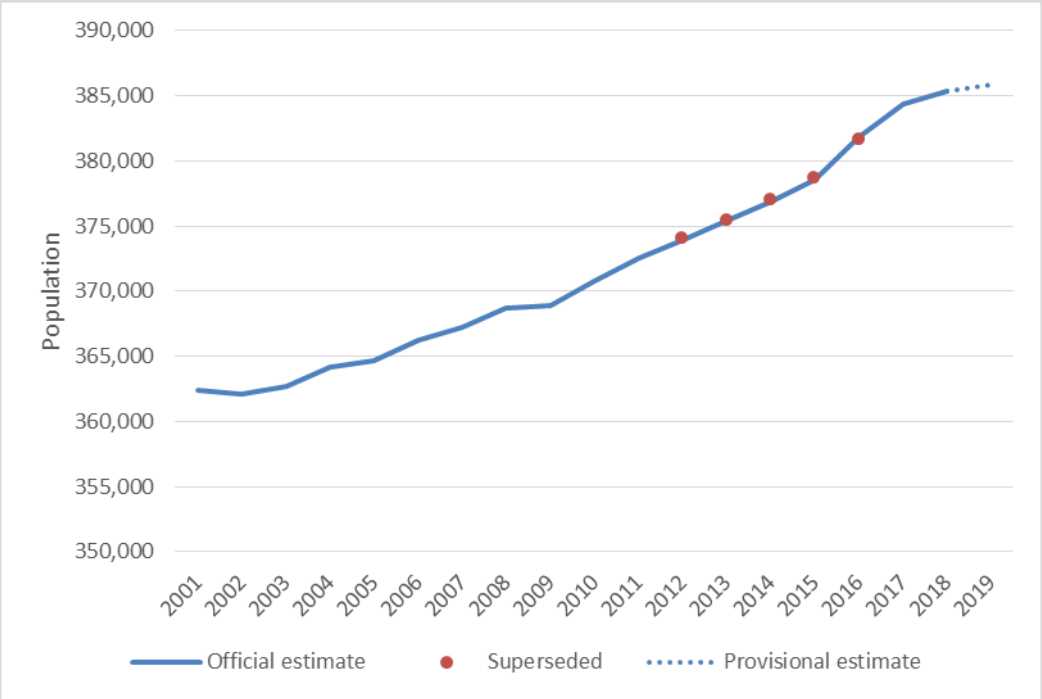
The SHMA and its update included extensive analysis of the official population estimates produced by the Office for National Statistics (ONS), which continue to be released annually to provide an indication of population change in this area. Detailed estimates are currently available to 2018, with a provisional estimate for 2019 also having recently been published.

The intervening period has also seen the ONS revise its population estimates for the years immediately following the last Census (2012-16) to capture the effects of methodological improvements and take full account of previously unavailable data[14]. This has had a variable but ultimately minor impact within the study area, retrospectively lowering the estimated population of Newcastle-under-Lyme in 2015 – the latest available when the SHMA Update was prepared – by 182 people or 0.14% while increasing the estimate for Stoke-on-Trent by 98 people (0.04%). The combined effect is to lower the population of the study area by only 84 people, or 0.02%.

The following chart shows how the population of the study area has continued to change in recent years, and also includes the original – now superseded – estimates made until 2016 prior to their revision by the ONS. This illustrates the relatively modest nature of the revisions, thus validating the suggestion that population growth accelerated in this time, but also indicates that this growth is now slowing.

Combined Population of Stoke-on-Trent and Newcastle-under-Lyme

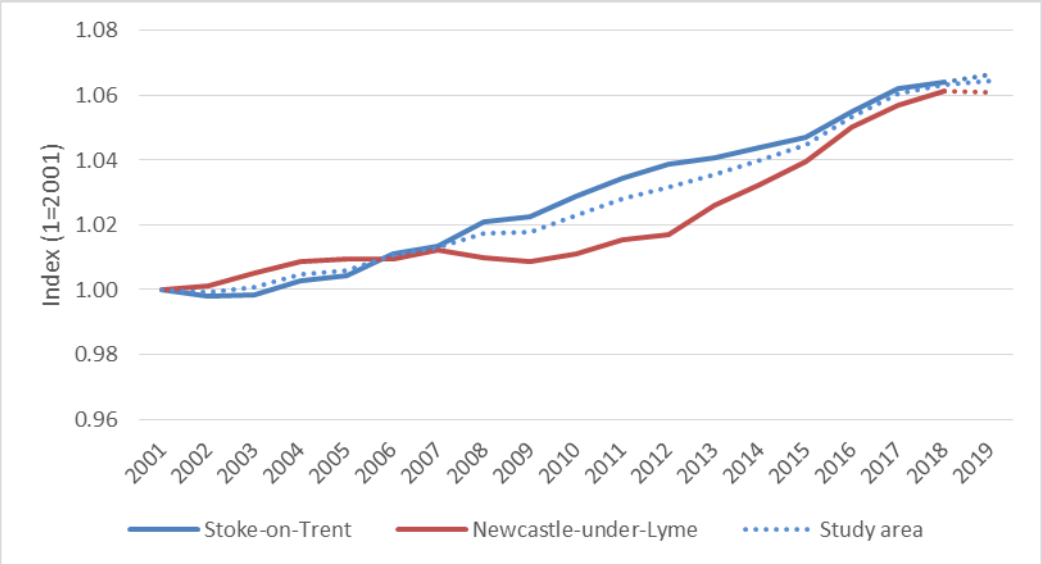
[14] ONS (March 2018) Revised population estimated for England and Wales, mid-2012 to mid-2016



Source: ONS

The profile of growth in each authority has been similar in recent years, as shown at Figure 2.7 which indexes change since 2001 to allow comparison. Stoke-on-Trent has evidently seen steadier growth in this time, unlike Newcastle-under-Lyme where the more limited growth seen to 2012 gave way to a period of stronger population growth. The provisional estimate for 2019 suggests that this has slowed, however, with a slight decline in the population of the borough actually implied in this latest year.

Indexed Population Change by Authority (2001-19)

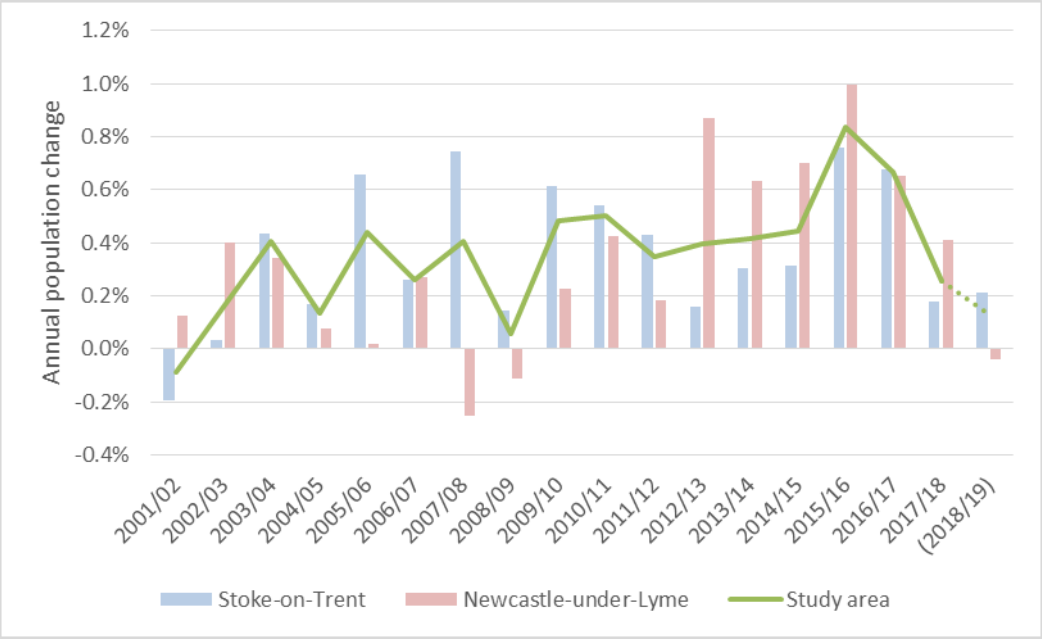


Source: ONS

This trend is illustrated further in the following chart, which shows how the annual rate of population growth in each authority – and across the study area –

has changed over time. This reveals notably strong rates of population growth in Newcastle-under-Lyme between 2012 and 2016, contributing towards a particularly high rate of population growth across the study area in 2015/16. This has not been sustained, however, with 2017/18 seeing the slowest population growth in nearly a decade and provisional estimates for 2018/19 suggest that this has fallen further.

Annual Population Growth (2001-19)



Source: ONS

Components of population change

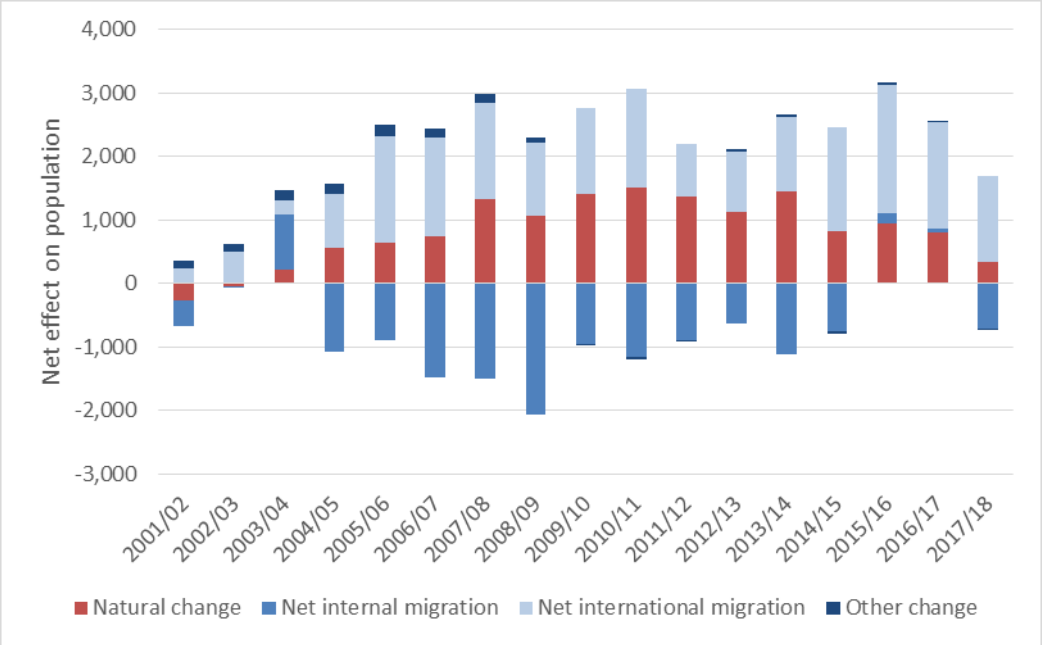
Consideration of the components of population change, again drawing upon official ONS data, provides further insight into the recent trend. This isolates natural change – the surplus of births over deaths – from both international and internal migration, as well as other changes[15]. It should, however, be noted that this detail was not released with the provisional estimate for 2019, with the full dataset for this year still awaited at the time of writing, and this year is therefore omitted from the analysis below.

Figure 2.9 shows that net international migration has continued to be a key driver of population growth in this area, with 2015/16 seeing a net inflow of over 2,000 people – the largest since at least 2001 – albeit this has since reduced to around 1,360 people in 2017/18. Natural change also grows the population with more births in this area than deaths, although this is beginning to diminish as the surplus of births in the last year was the smallest in thirteen years. Migration within the UK ('internal migration') generally has a negative effect on the population of the study area, with more people leaving the area than moving in

[15] Other changes include those related to the size of armed forces stationed in the UK and other specialist population adjustments

from elsewhere in the UK. This did, however, notably change between 2015 and 2017, when a small net inflow was recorded in consecutive years.

Components of Population Change in the Study Area (2001-18)

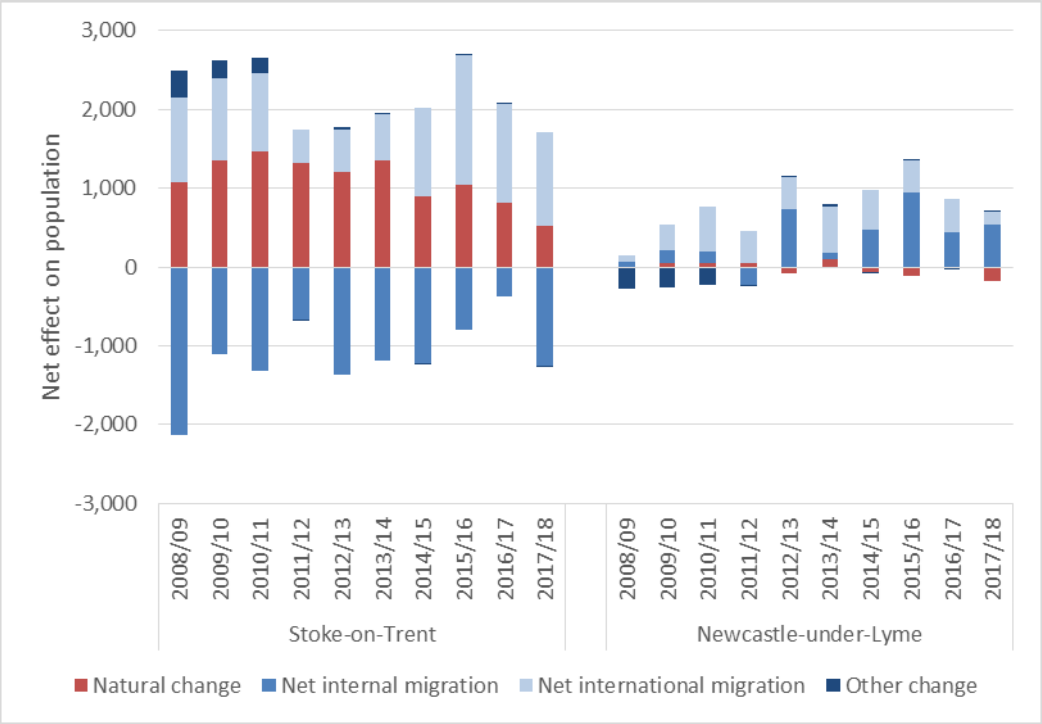


Source: ONS

The following chart provides a breakdown for the individual authorities, focusing for clarity on the last ten years to supplement the longer-term analysis presented in the SHMA[16]. This confirms that Stoke-on-Trent was largely responsible for the recent surge in net international migration, as the inflow to Newcastle-under-Lyme has remained relatively stable at around 400-500 persons per annum before falling in the last year. Natural change is only a driver of population growth in Stoke-on-Trent, albeit increasingly less so, with this dynamic actually serving to reduce the population of Newcastle-under-Lyme over the past four years due to an excess of deaths over births. This is however offset by the growing net inflow of domestic migrants into the borough, which peaked in 2015/16 and thus drove the rare net inflow to the study area observed above.

Components of Population Change by Individual Authority (2008-18)

[16] Turley (July 2015) Strategic Housing Market Assessment: Stoke-on-Trent City Council and Newcastle-under-Lyme Borough Council, Figures 4.5 and 4.6



Source: ONS

Migration

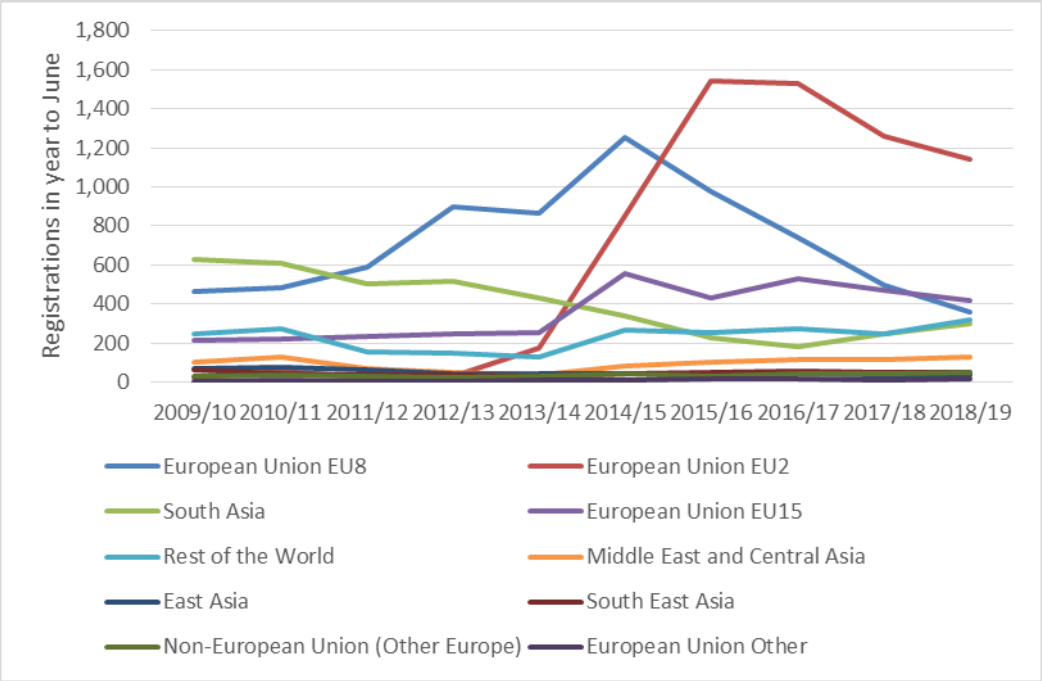
While the origin of migrants is not specified in the official estimates introduced above, separate datasets offer further insight into these trends. National Insurance number registrations confirm the nationality of international migrants entering the study area, for example, albeit this represents only a gross measure of adults that takes no account of emigration[17]. The following chart shows a significant number of registrations to Bulgarian and Romanian nationals ('EU2') following the lifting of restrictions in 2014, which likely contributed towards the peak net inflow of international migrants in 2015/16 but has since diminished. Registrations to nationals from earlier EU accession countries[18] ('EU8') have also reduced since peaking in 2014/15, while the number from pre-2004 EU member countries[19] ('EU15') has remained at a slightly higher level in recent years. Registrations to South Asian nationals have generally fallen over the past decade, but risen in the past two years. The vast majority of all registrations over the period shown (86%) were to adults living in Stoke-on-Trent.

Nationality of Adults Registering for National Insurance Numbers in the Study Area

[17] Department for Work and Pensions (2020) NINO Registrations to Adult Overseas Nationals Entering the UK

[18] Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia

[19] Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain and Sweden

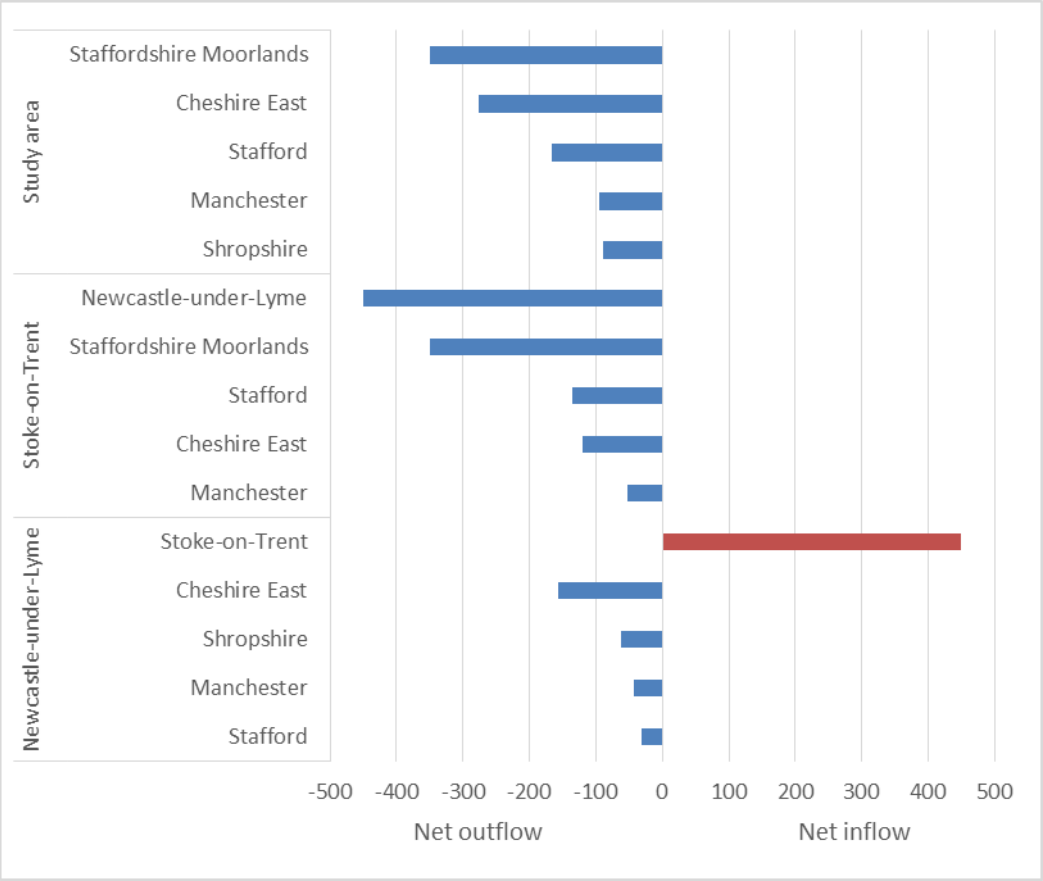


Source: Department for Work and Pensions

The ONS also produces data on the movement of people between local authorities within the UK, based on its analysis of the NHS Patient Register, the NHS Central Register and the data from the Higher Education Statistics Agency[20] (HESA). This reveals that the study area does not generally attract a large net inflow from a single area, but does exert a large net outflow to Staffordshire Moorlands, Cheshire East and Stafford in particular. This does, however, mask an important flow within the study area, with Newcastle-under-Lyme receiving a large net inflow of people from Stoke-on-Trent.

Largest Net Flows to or From the Study Area (annual average; 2011-18)

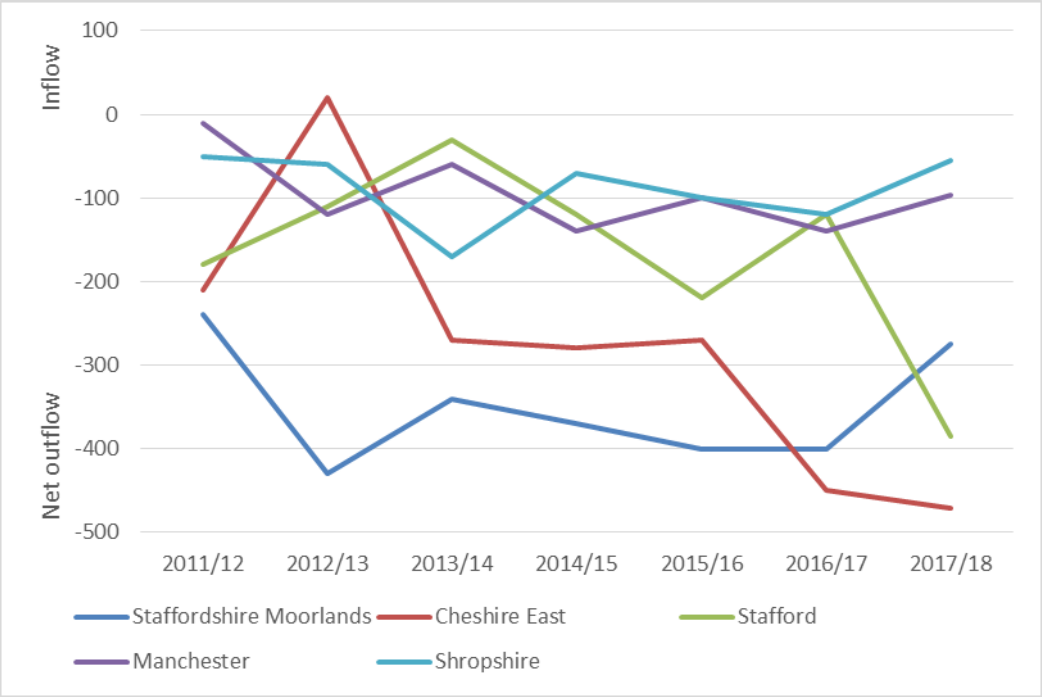
[20] ONS (2019) Internal migration: matrices of moves by local authority and region (countries of the UK)



Source: ONS; Turley analysis

While annual data is more volatile, it is apparent that some of these relationships are changing. There has been a growing net outflow from the study area to Cheshire East, for example, and a particularly large outflow to Stafford in the latest year for which data is available. Further analysis reveals no simple explanation for the rare net inflow recorded in the study area for two years (2015/16 and 2016/17) which indicates that this was not driven by any relationship with a single area.

Changing Net Flow from Study Area to Selected Authorities

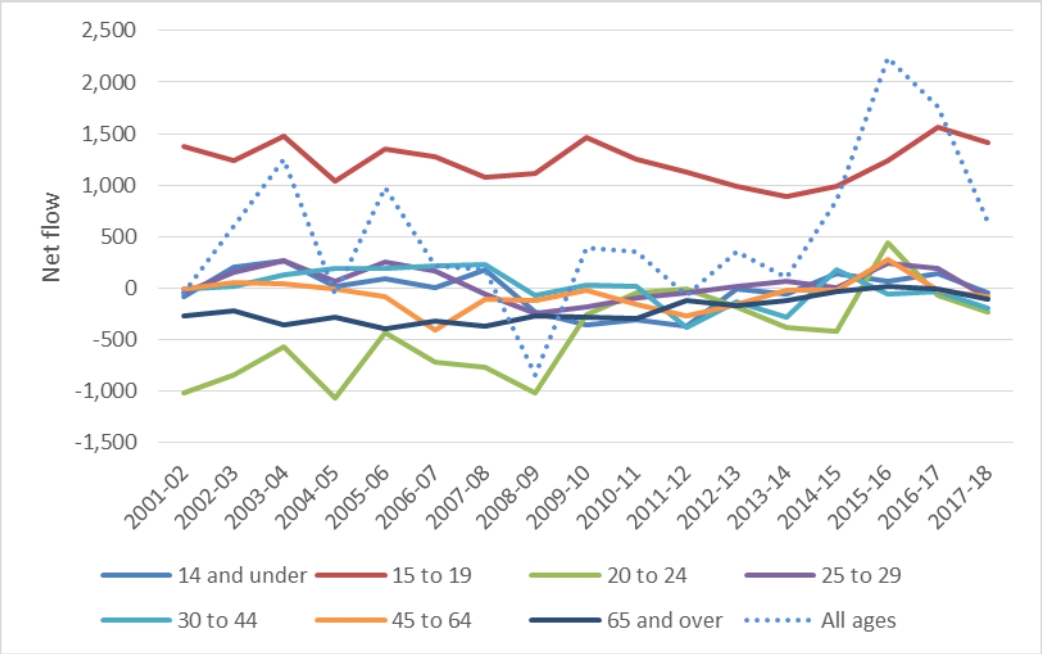


Source: ONS; Turley analysis

The SHMA also identified important dynamics regarding the age of migrants, which can be revisited to take account of the latest available data. The following chart tracks the annual flow of different age cohorts into the study area, taking account of both internal and international migration in an individual year. While this shows a general balance across most age groups, it reveals a consistently large net inflow of those aged 15 to 19 years, previously attributed to the universities within the SHMA[21]. Although this has been historically offset by a comparable net outflow in the subsequent cohort (20-24), this appears to have been considerably smaller in the past nine years. This could reflect the more successful retention of graduates, but could also be driven by other factors including for example the provision of smaller homes more likely to appeal to this cohort over recent years (Figure 2.5).

Net Annual Flow of Migrants to Study Area by Age (2001-18)

[21] Turley (July 2015) Strategic Housing Market Assessment: Stoke-on-Trent City Council and Newcastle-under-Lyme Borough Council, paragraphs 4.50 and 4.52

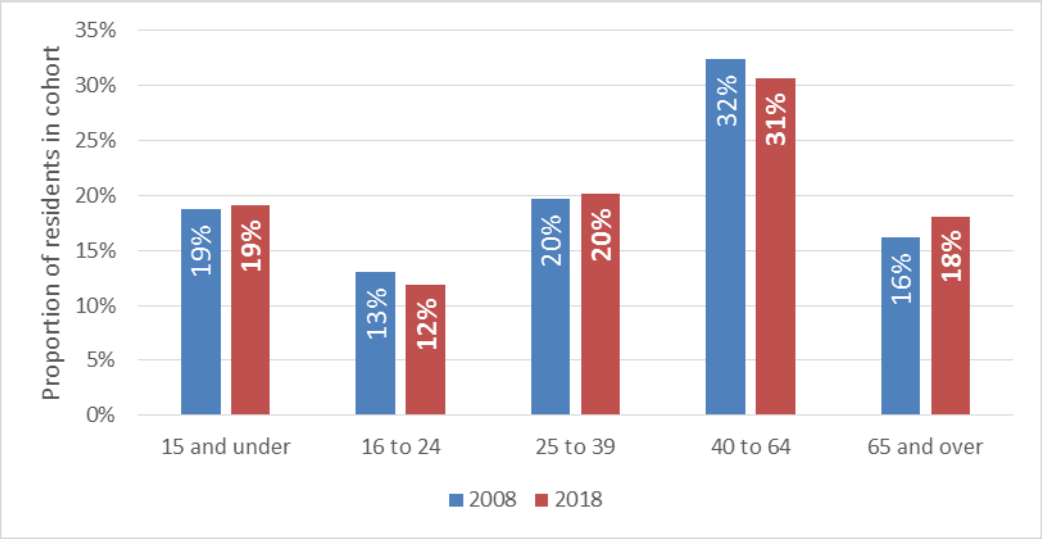


Source: Edge Analytics; ONS

Age profile

The above migration dynamics will naturally be reflected in the evolving age profile, which also captures the ageing of the existing population. However, Figure 2.15 shows that population change has only modestly altered the age profile of the study area, when compared with that recorded a decade ago. Those aged 40 to 64 now account for a slightly smaller proportion of the population, with a similar fall in the representation of those aged 16 to 24. In contrast, a growing proportion of residents are aged 65 and over.

Change in the Age Profile of Residents (2008-18)



Source: ONS

These trends have not been uniform throughout the study area. Table 2.1 compares the proportion of residents in each authority falling in the same cohorts in 2008 and 2018, highlighting growing representation in orange,

declining representation in blue and negligible change – when rounded – in grey. This confirms that a growing proportion of residents in each authority are aged 65 and over, reaching one in five in Newcastle-under-Lyme, with fewer residents aged 40 to 64. Only Stoke-on-Trent has seen a perceptible fall in the share of residents aged 16 to 24, with a more stable position shown for Newcastle-under-Lyme, but the borough has seen a slight fall in the representation of children unlike Stoke-on-Trent.

Change in the Age Profile of Individual Authorities (2008-18)

	Stoke-on-Trent	Stoke-on-Trent	Newcastle-under-Lyme	Newcastle-under-Lyme
	2008	2018	2008	2018
15 and under	19%	20%	17%	16%
16 to 24	13%	11%	13%	13%
25 to 39	20%	21%	18%	19%
40 to 64	32%	30%	34%	32%
65 and over	15%	17%	17%	20%
Total	**100%**	**100%**	**100%**	**100%**

Source: ONS

Employment growth and investment

The study area has seen continued employment growth over the current plan period to date, as documented in detail within the ENA produced alongside this study. Reference should be made to the detailed analysis presented therein, but the following key points are presented by way of summary where changes in employment and labour force behaviours are considered further in subsequent sections with regards to their implications for future housing need:

The study area has recently benefited from the investment of a range of public sector partners, as well as private sector investors. This has played a role in supporting local economic growth and diversified the types of jobs available. Such investments include the continued growth of the Keele Science and Innovation Park, which hosts 60 businesses and is linked both to Keele University and the successful Ceramics Valley Enterprise Zone which was launched in 2016 and offers significant advantages to companies, including reduced business rates and enhanced capital allowances, thereby attracting a range of new jobs to the area. Other investments include the initial stages of redevelopment in the city centre, with the delivery of Smithfield Phase 1 creating new commercial space and employment opportunities as well as new homes with further phases to follow. This has been complemented by ongoing investment from the Councils and their partners, including grant support and other funding from Homes England, in continuing the process of regenerating the area's housing offer;

Around 1,630 jobs per annum have been created on average in the study area between 2009 and 2018, based on analysis of official data from the Business Register and Employment Survey (BRES), equating to average

annual growth of 0.9%. The vast majority of this growth was attributable to Stoke-on-Trent, which contributed an average of 1,610 jobs per annum to this total, representing annual average employment growth of 1.3%. Whilst clearly significant, the rate of growth across the entire study area does not appear exceptional in the context of positive regional and national trends, employment having grown by 1.0% and 1.1% in the West Midlands and England respectively in this time;

Employment growth since 2013 has almost precisely aligned with the most optimistic Experian forecast presented in the 2015 Employment Land Review, and far surpassed the growth envisaged by the Cambridge Econometrics forecast that was favoured in that report. This has largely been driven by Stoke-on-Trent, with Newcastle-under-Lyme seeing more modest growth than was anticipated by either forecast;

Certain sectors have performed considerably better over this recent period than was previously forecast. Public services (particularly human health & social work and education, rather than public administration) saw substantial job growth between 2013 and 2018 beyond that which was forecast by the ELR, with information & communication, transport & storage and professional & other private services also seeing stronger job growth than was anticipated. Some sectors, most notably retail & wholesale but also finance & insurance, however, experienced job losses to date rather than the growth that was previously forecast;

There has been a discernible shift in the occupational structure of the workforce, with some evidence of a move towards roles that typically attract higher salaries. For example, the Annual Population Survey indicates that the proportion of the study area's workforce that are employed in professional occupations and associate professional & technical occupations grew by 7% and 3% respectively between 2009 and 2019, whilst the proportion employed in sales & customer service occupations and as process, plant & machine operatives each declined by 2%. This is congruent with the average earnings of those working in the study area having risen in this period, albeit in line with the regional and national trends, by 16% in Newcastle-under-Lyme and 20% in Stoke-on-Trent, based on data from the Annual Survey of Hours and Earnings; and

Reduced unemployment amongst residents is likely to have played a role in supporting recent job growth, alongside the evidence of a growing population noted above. In 2019, the unemployment rate in Stoke-on-Trent was at its lowest for at least fifteen years, while Newcastle-under-Lyme remained close to the long-term low recorded in the previous year.

1.1 Further detail on the above is provided in section 4 of the ENA and is not reproduced here.

House prices and rents

The SHMA adhered to guidance in place at the time of its preparation by considering a number of market signals in its section 5, principally to determine the degree of imbalance between housing supply and demand. This was subsequently considered using slightly updated data in section 3 of the SHMA Update, albeit not to the same level of detail. While no longer an explicit requirement of the updated PPG, subsequent change in the price paid to purchase or privately rent housing in the study area provides valuable context with the analysis using the base date of the SHMA as an appropriate period over which to consider market trends. Affordability relative to earnings is considered separately in section 3, reflecting the incorporation of this indicator within the standard method of assessing housing needs.

Sales values

Analysis of Land Registry data indicates that average price paid for housing across the study area in the latest calendar year (2019) was just over £139,800, this figure having increased by around 19% since the comparable figure reported for 2013/14 at Figure 5.3 of the SHMA. The SHMA Update did not present a comparable figure for the entire study area.

As in 2013/14, the latest year's data shows that average prices remain significantly higher in Newcastle-under-Lyme than in Stoke-on-Trent. This data suggests that prices have risen at a faster rate in both areas than observed nationally, particularly in Stoke-on-Trent. This comparatively strong growth relative to the national average represents a notable change from that identified prior to 2014 in the SHMA. As the evidence has previously identified, however, any comparison of this nature must acknowledge the particularly lower base value, relative to the national average[22].

Change in Average Price Paid (2013/14-19)

	2013/14	2019	% Change
Newcastle-under-Lyme	£145,863	£166,362	**14.1%**
Stoke-on-Trent	£102,536	£126,837	**23.7%**
Study Area	**£117,750**	**£139,812**	**18.7%**
England	£264,350	£301,219	13.9%

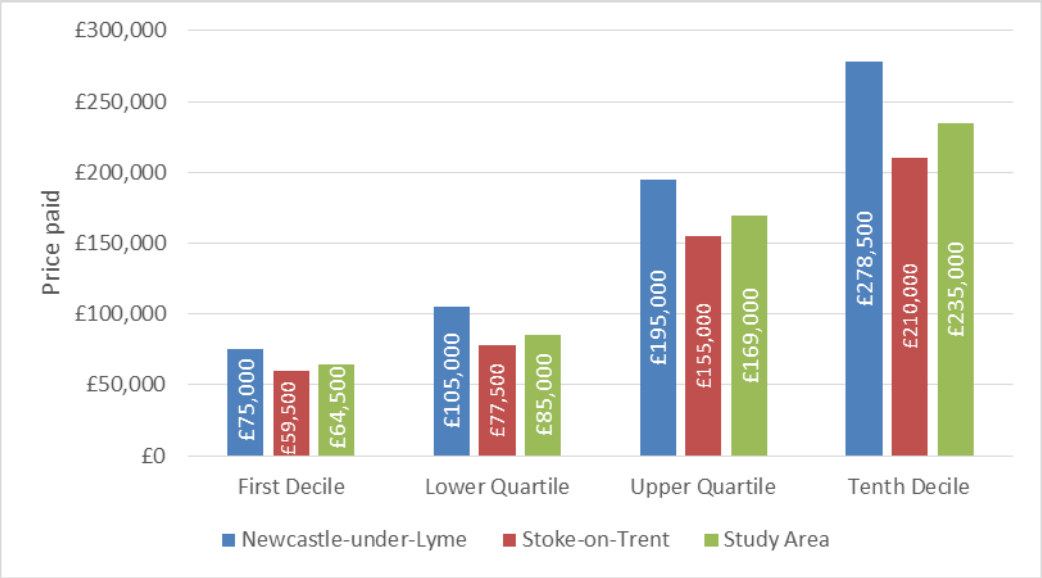
Source: Land Registry; Turley analysis

With the SHMA and its update having noted longstanding ambitions regarding higher value housing in this area, further analysis into house prices has been conducted in order to further understand the distribution of property values. The below analysis outlines the price paid for housing at various levels of the market, including the lower and upper quartiles – i.e. the middle value between the median and the smallest sales value (the lower quartile) and the median and the largest sales value (the upper quartile) – and the first and tenth deciles – i.e. the equivalent figures for the top and bottom 10% of sales values.

[22] Turley (July 2015) Strategic Housing Market Assessment: Stoke-on-Trent City Council and Newcastle-under-Lyme Borough Council, Figure 5.1

It can be seen from Figure 2.16 that the first decile, lower quartile and upper quartile values for Newcastle-under-Lyme are higher than recorded in Stoke-on-Trent, or the wider study area, indicating that the authority in general has higher sales values at most levels of the market.

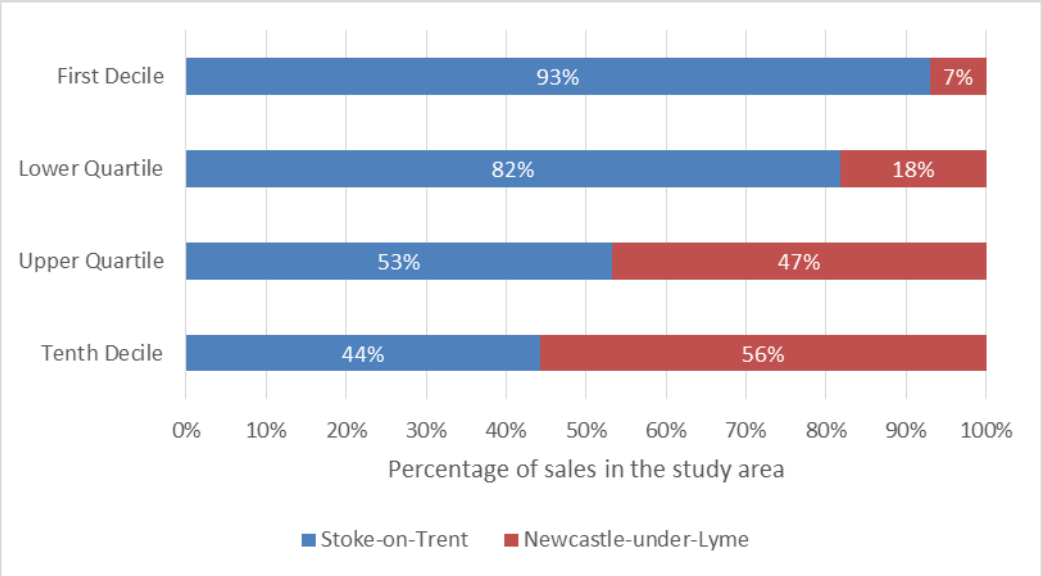
Price Paid at Different Levels of the Market (2019)



Source: Land Registry

Figure 2.17 illustrates how sales at each level of the market are distributed within the study area. It can be seen that the vast majority (93%) of the lowest value sales occurred in Stoke-on-Trent. Newcastle-under-Lyme's role in the local housing market grows progressively with rising price bands, with the borough the location for over half (56%) of the study area's top 10% highest value sales in 2019.

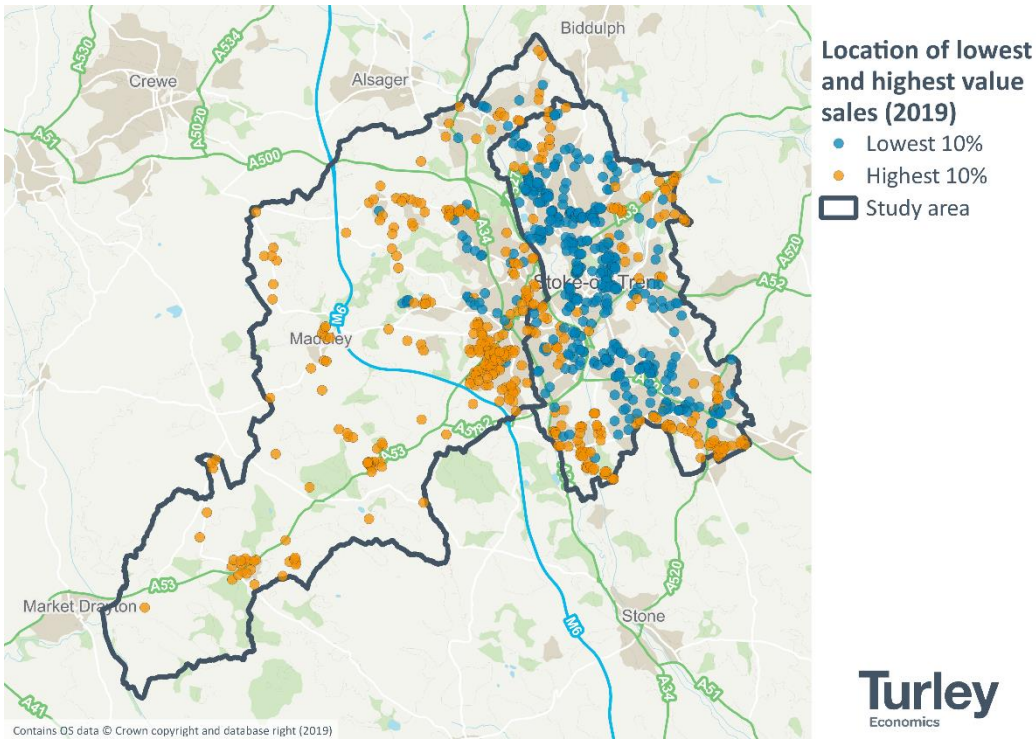
Distribution of Sales at Different Levels of the Market (2019)



Source: Land Registry

1.2 This is broken down further at Figure 2.18, which uses postcodes to confirm the locations of the highest and lowest value sales recorded in the study area in 2019. This is limited to the highest and lowest deciles for legibility purposes. It reveals a large cluster of higher value sales around Clayton and Westlands, to the south of the urban area and within the borough of Newcastle-under-Lyme. There are smaller clusters of higher value sales elsewhere in the borough, outnumbering the lower value sales that tend to be in more central areas. More of the lowest value sales are in Stoke-on-Trent, as highlighted in the analysis above, albeit there are also some higher value sales around the edge of the authority area.

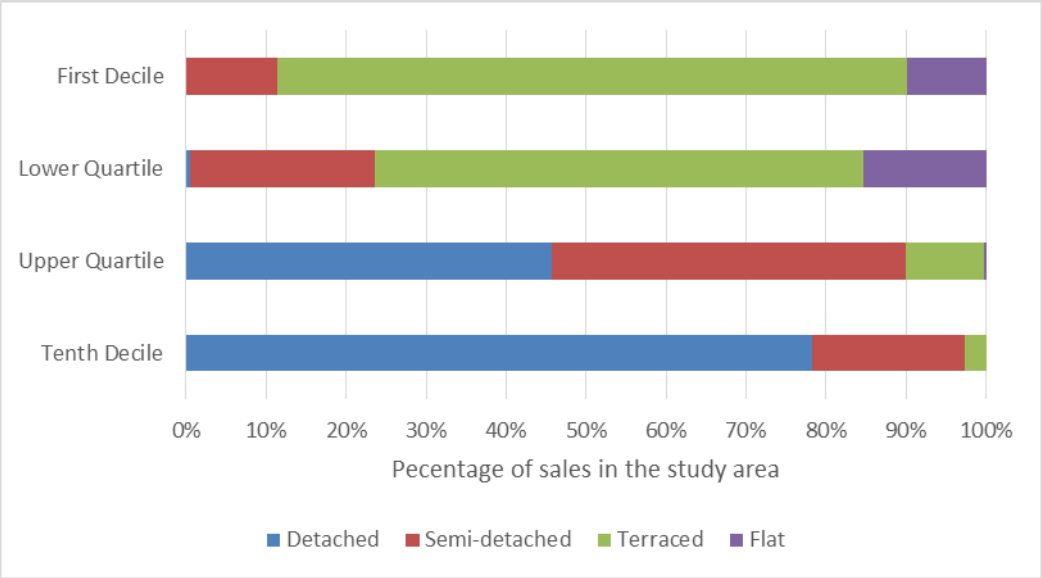
Figure 1.1: Distribution of Highest and Lowest Value Sales in the Study Area (2019)



Source: Land Registry

Land Registry data also records the type of property sold, providing further insight on the types of homes that are available at different levels of the market. Figure 2.19 shows the proportion of sales in each band that relate to each property type, confirming that detached housing accounts for a large proportion of high-value sales. Lower value transactions are more likely to involve terraced houses.

Sales in the Study Area by Type and Price Band (2019)



Source: Land Registry

Rental values

In terms of the private rental market, data now published by the ONS provides evidence of monthly rents in the study area, the latest available data covering the period from October 2018 to September 2019. This updates comparable data – previously published by the VOA – which was summarised at Figure 5.12 of the SHMA and then Figure 3.1 of the SHMA Update, which respectively covered the periods from April 2013 to March 2014 and April 2015 to March 2016. These figures focus on the lower quartile and median rent associated with different sizes of property.

Table 2.3 summarises the latest available data, illustrating that average rents for properties of all sizes are highest in Newcastle-under-Lyme than in Stoke-on-Trent.

Monthly Private Rents (October 2018 - September 2019)

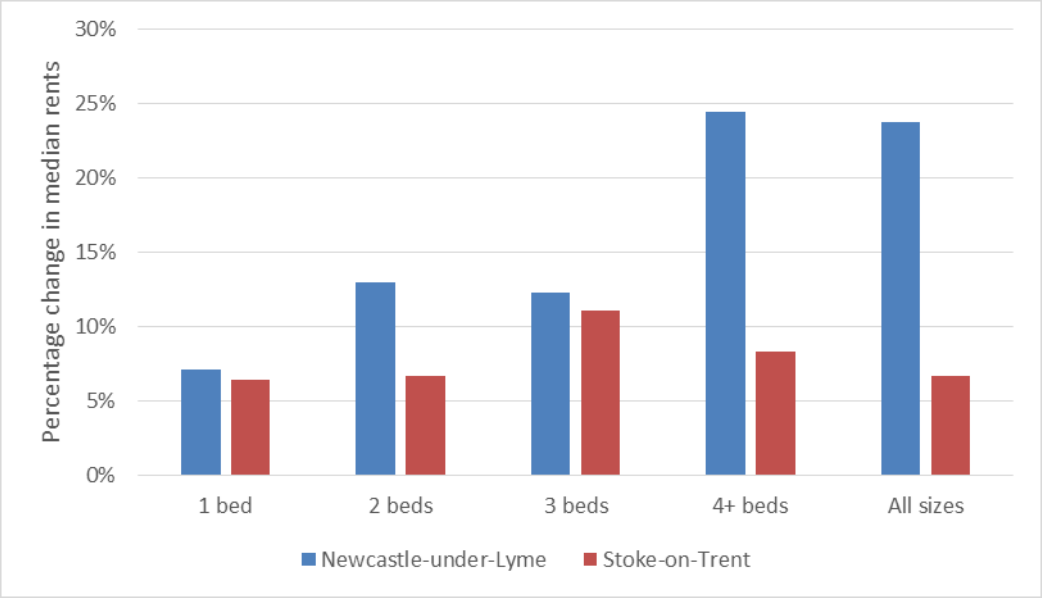
	Newcastle-under-Lyme	Newcastle-under-Lyme	Stoke-on-Trent	Stoke-on-Trent
	LQ	Median	LQ	Median
1 bedroom	£375	£420	£367	£395
2 bedrooms	£480	£525	£400	£450
3 bedrooms	£550	£640	£500	£575
4+ bedrooms	£825	£1,100	£650	£795
All	**£495**	**£550**	**£400**	**£450**

Source: ONS

When considering change since the period covered in the SHMA, Figure 2.20 – which initially focuses on median rents – shows that rents for all property sizes have grown at a faster rate in Newcastle-under-Lyme than in in Stoke-on-Trent. Rents have nonetheless risen in each authority, across all property sizes, which

is an important consideration given rising house prices and the sector's traditional role as an affordable market alternative.

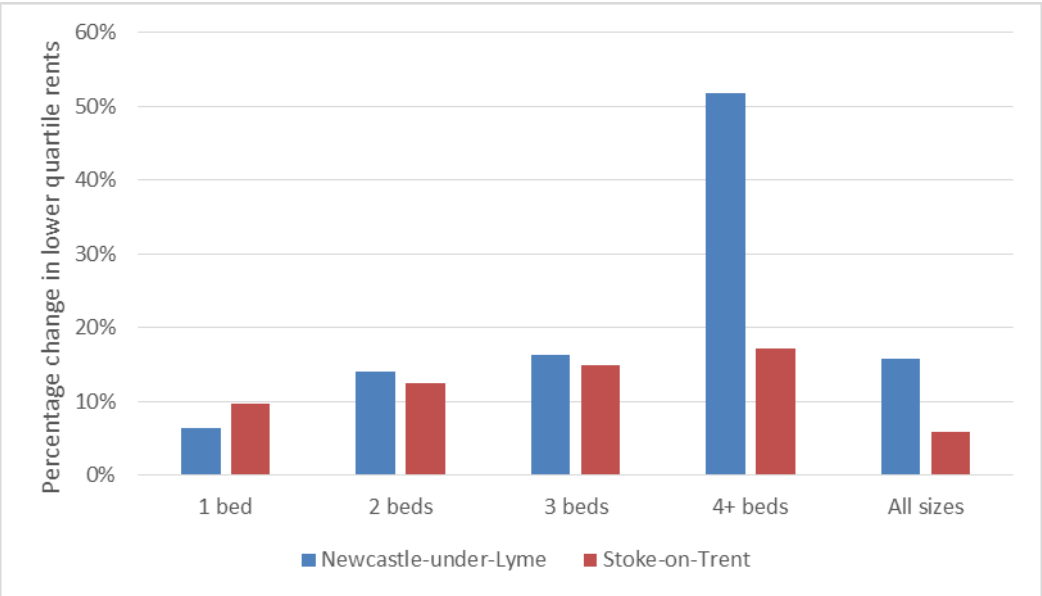
Recent Change in Monthly Median Rents (2013/14 – 2018/19)



Source: VOA; ONS

The above analysis has been replicated below at Figure 2.21, this time examining lower quartile rents. This again suggests that greater growth in rents has been recorded in Newcastle-under-Lyme, with rents for properties with 4+ bedrooms growing significantly – by over 50% – in the borough during this period. It is also the case that rents across smaller properties have increased by between 6% and 16% across both authorities, potentially representing a challenge for those on lower incomes.

Recent Change in Monthly Lower Quartile Rents (2013/14 – 2018/19)



Source: VOA; ONS

Summary

There has inevitably been an evolution in the profile of the local housing market since the SHMA and its update were prepared, given its dynamic nature. Such changes will continue over a plan period and it is important that they continue to be regularly monitored by the Councils.

Around 4,110 homes have been provided throughout the study area since 2015, the last year reported in the SHMA Update, with most of these homes (74%) being in Stoke-on-Trent. Circa 5,130 homes have been provided since 2013, the base year for the last calculation of need, representing an annual average of 855 homes per annum. The rate of development has notably increased during this period, with a recent peak in 2016/17 exceeded again in the last year for which data is currently available (2018/19) albeit the latter is understood to include a large number of student bedrooms in Stoke-on-Trent.

The addition of new homes, whilst more positive than preceding years, has only moderately grown the local housing stock, at a slower rate than seen nationally or regionally, and has therefore had a limited impact on the profile of the housing stock in terms of its size and type. Semi-detached and terraced housing continues to dominate, with relatively few detached houses and flats, albeit available evidence suggests that the stock of the latter in particular has notably grown in recent years.

Population growth in the area has been sustained in recent years, accelerating from 2012 – most notably in Newcastle-under-Lyme – but latterly slowing. International migration continues to be a key driver of population growth, peaking in 2015/16 with the attraction of Bulgarian and Romanian nationals in particular but since reducing. Births continue to outnumber deaths, albeit to a lessening extent, and more people generally leave this area than move in from elsewhere in the UK. This longstanding trend did, however, recently if temporarily reverse when a small net inflow was recorded in consecutive years (2015-17). There has also been a notably smaller outflow of young people in recent years.

These population dynamics have only modestly changed the age profile of the study area, with proportionately fewer residents now aged 16 to 24 and 40 to 64 but more residents aged 65 and over. This ageing trend is affecting each authority, but especially Newcastle-under-Lyme where one in five residents are now in this elderly cohort.

A significant number of new jobs have been created in the study area in recent years, particularly in Stoke-on-Trent which has outperformed both the regional and national economy. Substantially more jobs have been created to date than were envisaged by the forecast favoured in the last ELR, but there has been much closer alignment with the more optimistic Experian forecast presented in that report. There is some evidence of a shift towards roles that typically attract higher salaries, contributing to a rise in average earnings, while unemployment in each authority has fallen to its lowest rate in some time.

Housing costs provide an indication of how the supply of housing has responded to the demographic and economic drivers of demand, and suggest a degree of imbalance given that both house prices and rents have risen in recent years. However, it is important to note that in both authorities, but particularly in Stoke-on-Trent the cost of accessing housing is comparatively low when set in a national context. Housing costs continue to be generally higher in Newcastle-under-Lyme, with the borough also accounting for a large share of sales at the higher end of the market which tend to predominantly involve detached houses.

Outcome of the Standard Method

This section provides an overview of the standard method currently set out within the NPPF and PPG, which is applied to determine the minimum annual need for housing in Stoke-on-Trent and Newcastle-under-Lyme. It subsequently draws upon demographic modelling produced by Edge Analytics to consider how such a level of housing delivery may affect the size and profile of the local population, and support job creation in the local economy.

Background

1.3 A new standardised approach to assessing housing needs was one of the 'radical' reforms proposed in February 2017 within the Government's Housing White Paper, in order to address the national housing crisis and 'get more homes built right now and for many years to come'[23].

1.4 In September 2017, the Government published a proposed method as part of its consultation on 'planning for the right homes in the right places'[24]. This drew upon the most recent official household projections as a baseline, with an adjustment formulaically applied to take account of the relationship between median house prices and earnings. The overall scale of adjustment was proposed to be capped at 40% above recently adopted housing requirements, or household projections if higher than requirements adopted more than five years ago.

1.5 The Government referred to the same formula in a subsequent consultation on draft revisions to the NPPF, which included proposed changes to the PPG[25].

1.6 The NPPF was formally revised in July 2018, and subject to further minor updates in February 2019. It confirms that:

"To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any

[23] DCLG (2017) Fixing our Broken Housing Market: housing white paper, p7

[24] DCLG (2017) Planning for the right homes in the right places: consultation proposals

[25] MHCLG (2018) National Planning Policy Framework: draft text for consultation; MHCLG (2018) Draft Planning Practice Guidance

needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for"[26]

1.7 While the PPG was simultaneously updated in July 2018 to refer to the method originally proposed by the Government, it highlighted that its outputs were likely to 'significantly' reduce following the imminent release and incorporation of new 2016-based household projections[27]. Such a reduction conflicted with the Government's objective of building more homes, leading to a further consultation which considered how planning policy could support 'a market that works for everyone' by delivering 300,000 homes each year in a way that provides 'stability and certainty' and responds to both 'movements in projected households' and 'price signals'[28].

1.8 The Government concluded that 'the best way of responding to the new ONS household projections', while delivering on these principles, would be to retain the 2014-based household projections as the baseline for the standard method. It considered options which used the 2016-based projections, but concluded that all such options would lead to 'significant change' at a local level and cause 'unacceptable' delays in plan-making[29]. The Government therefore proposed to:

Specify, for the short-term, that the official 2014-based projections provide the demographic baseline for the assessment of local housing need;

Make clear in the PPG that lower numbers through the 2016-based projections do not qualify as an exceptional circumstance that justifies a departure from the standard method; and

Review the formula over the longer term with a view to establishing a new method by the time the next projections are issued in 2020.

1.9 This scheduled point of review is rapidly approaching at the time of writing, with 2018-based household projections expected early this summer. The Government has recently reaffirmed its commitment to 'reviewing the formula for calculating local housing need' and introducing 'a new approach which…makes sure the country is planning for the delivery of 300,000 new homes a year'[30]. However, there remains no clarity of the eventual form of any revised method, nor the timescales for its introduction, at the time that this report has been prepared.

1.10 In the interim, the PPG – as updated in February 2019 – clearly confirms that the 2014-based household projections should form the baseline for the standard method, in order to:

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[26] MHCLG (2019) National Planning Policy Framework, paragraph 60

[27] MHCLG (2018) Government response to the draft revised National Planning Policy Framework consultation: a summary of consultation responses and the Government's view on the way forward, p26-27

[28] MHCLG (2018) Technical consultation on updates to national planning policy and guidance, paragraph 18

[29] *Ibid*, paragraph 26

[30] MHCLG (2020) Planning for the Future, paragraph 10 (3)

"…provide stability for planning authorities and communities, ensure that historic under-delivery and declining affordability are reflected, and to be consistent with the Government's objective of significantly boosting the supply of homes"[31]

1.11 This baseline continues to be adjusted 'based on the affordability of the area', inputting the most recent median workplace-based affordability ratios produced by the ONS into a defined formula[32]. This adjustment is seen to be necessary as 'household growth on its own is insufficient as an indicator of future housing need', because:

Household formation is constrained to the supply of available properties, such that new households cannot form if there is nowhere for them to live; and
People may want to live in an area in which they do not reside currently, for example to be near to work, but be unable to find appropriate accommodation that they can afford[33].

The cap above housing requirements adopted in the past five years, or earlier if higher than the household projections, is designed to ensure that the minimum figures generated through the standard method are 'as deliverable as possible'. The PPG confirms that the cap reduces the numbers generated through the method but 'does not reduce housing need itself', and an early review may therefore be required 'to ensure that any housing need above the capped level is planned for as soon as is reasonably possible'[34].

Inputs

The standard method is based on three inputs, namely the 2014-based household projections, the latest published affordability ratios and the most recently adopted housing requirement. This data is available for individual authorities, rather than the area to be covered by the joint Local Plan for Stoke-on-Trent and Newcastle-under-Lyme, albeit the PPG is clear in such circumstances that:

"…the housing need for the defined area should be at least the sum of the local housing need for each local planning authority within the area"[35]

The inputs for each authority are introduced below before the calculation is undertaken, and its outputs summed to the Local Plan geography.

2014-based household projections

The 2014-based household projections should be used to set the baseline for the standard method[36]. Average annual household growth should be calculated over ten years from the current year, producing as of 2020 a demographic

[31] PPG Reference ID 2a-005-20190220
[32] PPG Reference ID 2a-004-20190220
[33] PPG Reference ID 2a-006-20190220
[34] PPG Reference ID 2a-007-20190220
[35] PPG Reference ID 2a-013-20190220
[36] PPG Reference ID 2a-004-20190220

baseline of circa 484 households per annum in Stoke-on-Trent and 313 households per annum in Newcastle-under-Lyme.

2014-based Household Projections for the Study Area

	2020	2030	Total change	Average annual change
Stoke-on-Trent	111,326	116,170	4,844	484.4
Newcastle-under-Lyme	55,742	58,867	3,125	312.5
Study area	**167,068**	**175,037**	**7,969**	**796.9**

Source: MHCLG

Affordability ratios

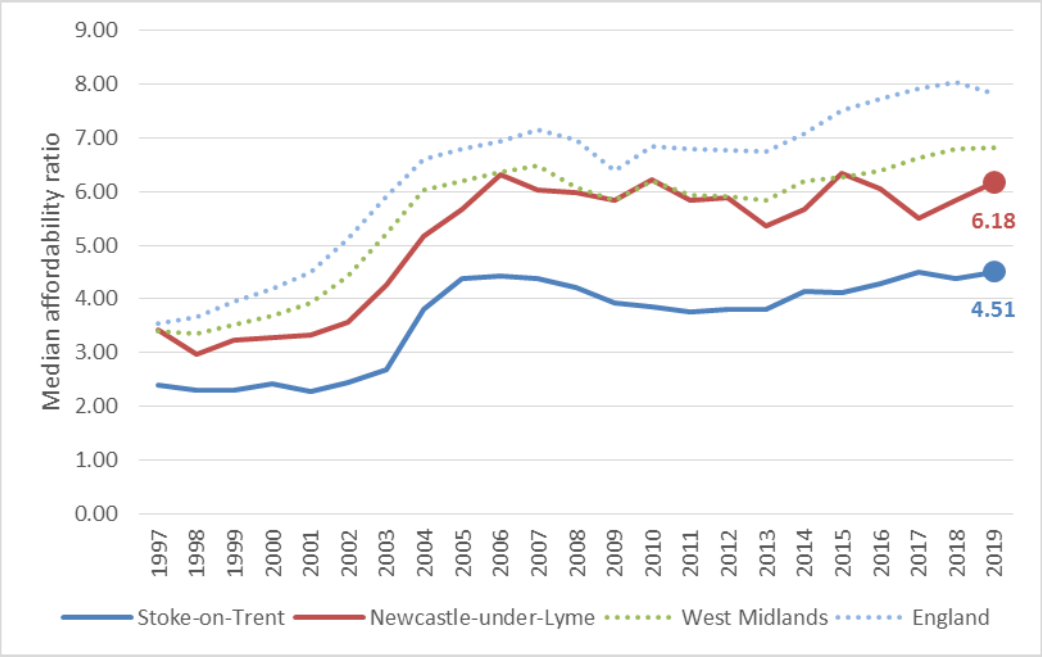
1.12 The ONS annually publishes ratios which measure the relationship between median house prices and earnings for people working in local authority areas[37]. The PPG confirms that the latest such ratio – published in March 2020 – should be used to formulate the affordability adjustment, at Step 2 of the calculation.

1.13 The ratios published for Stoke-on-Trent and Newcastle-under-Lyme have been relatively stable over the past fifteen years, as shown at Figure 3.1 overleaf. Housing in each authority, relative to earnings, is currently more affordable than seen regionally or nationally, and this is particularly the case in Stoke-on-Trent. This is consistent with the trends observed in the earlier studies[38] and reflects the analysis of house prices in the preceding section. It is of note in this context that stronger growth in house prices in both authorities has slightly narrowed the gap, albeit this must be set in the context of the relative affordability of the area.

Median Affordability Ratios in Historic and Wider Context

[37] ONS (2019) Housing affordability in England and Wales: house price to workplace-based earnings ratio

[38] Turley (June 2017) Strategic Housing Market Assessment Update: Stoke-on-Trent City Council and Newcastle-under-Lyme Borough Council, paragraph 3.11; Turley (July 2015) Strategic Housing Market Assessment: Stoke-on-Trent City Council and Newcastle-under-Lyme Borough Council, paragraph 5.45



Source: ONS

Existing housing requirements

1.14 An existing housing requirement adopted within the past five years, at the point of calculation, is used to limit the increase an individual authority can face when calculating its housing need using the standard method[39].

1.15 The Core Spatial Strategy was adopted over ten years ago in October 2009. It contained an 'indicative annual requirement' in net terms for 285 dwellings per annum in Newcastle-under-Lyme, and 570 dwellings per annum in Stoke-on-Trent[40].

1.16 While dated, the PPG confirms for the purposes of establishing the cap that the baseline projected household growth should only supersede the existing housing requirement within the calculation if the former is higher[41]. This is the case in Newcastle-under-Lyme, where the demographic baseline exceeds the latest adopted requirement (313/285 respectively), but is not the case in Stoke-on-Trent where the adopted requirement for 570 dwellings per annum is higher than the demographic baseline (484).

1.17 This means that the existing requirement should continue to form the basis of the cap in Stoke-on-Trent, but is superseded by the demographic baseline in Newcastle-under-Lyme.

Outcome

The inputs introduced above been drawn together to apply the standard method as follows:

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[39] PPG Reference ID 2a-004-20190220

[40] Stoke-on-Trent City Council and Newcastle-under-Lyme Borough Council (2009) Local Development Framework: Newcastle-under-Lyme and Stoke-on-Trent Core Spatial Strategy 2006 – 2026, p43

[41] PPG Reference ID 2a-004-20190220

Projected annual household growth, of circa 484 and 313 households per annum in Stoke-on-Trent and Newcastle-under-Lyme respectively, forms the demographic baseline for the calculations, under Step 1;
Upward adjustments – ranging from around 3% in Stoke-on-Trent to nearly 14% in Newcastle-under-Lyme – are required to be made at Step 2 to take account of the latest published affordability ratios, which show that house prices equate to between 4.51 and 6.18 years' earnings. This is based on the precise formula presented in the PPG[42]. These adjustments elevate the baseline to suggest that a minimum of 500 dwellings per annum are needed in Stoke-on-Trent, with at least 355 dwellings per annum needed in Newcastle-under-Lyme. This implies a **minimum need for 855 dwellings per annum** across the two authorities; and
Housing need in Newcastle-under-Lyme can be no more than 40% higher than the demographic baseline, but this is permitted in Stoke-on-Trent due to the higher existing requirement for 570 dwellings per annum. This creates caps of 438 and 798 dwellings per annum respectively under Step 3, but this has **no effect** given that the earlier steps already generate lower figures.
This calculation is summarised in the following table, confirming – as of May 2020 – that the standard method currently indicates **a minimum need for 855 dwellings per annum across the study area**. It is of note that this is precisely in line with the latest adopted housing requirement, albeit with a slight rebalancing between the two authorities.

Current Outcome of the Standard Method for Stoke-on-Trent and Newcastle-under-Lyme

		SoT	NuL	Study area
1	Baseline: annual household growth, 2020-30 (2014-based)	484.4	312.5	796.9
2	Median affordability ratio, 2019	4.51	6.18	–
	Adjustment factor (rounded, unrounded in calculation)	3.2%	13.6%	–
	Baseline with affordability adjustment	**500**	**355**	**855**
3	Latest adopted housing requirement	570	(285)	855
	Cap, if applicable	**798**	**438**	**1,236**
	Minimum local housing need, per annum	**500**	**355**	**855**

Source: MHCLG; ONS; Turley analysis

The outcome of the current method is susceptible to change, principally due to its moving demographic baseline – continuously calculated from the 'current year' onwards – and the annual release of new affordability ratios every March. With these events occurring early in a calendar year, the current outcome of the existing formula, outlined above, would not be expected to change until January 2021. The formula itself is, however, anticipated to change within this period, in

[42] Adjustment factor = ((ratio-4)/4)*0.25

accordance with the Government's commitment to review the standard method. The Councils are advised to monitor official announcements on this review and evaluate its implications for the study area when further details emerge.

Potential implications of aligning with the standard method

With the standard method intended to provide only a starting point for understanding local housing need, it is important to consider the potential wider impact of such a level of housing provision for the population and economy of Stoke-on-Trent and Newcastle-under-Lyme. This is considered below before proceeding to evaluate, in section 4, the extent to which it provides an appropriate manifestation of the full need for housing in this area, in accordance with the PPG.

While the PPG is prescriptive on the method itself, it does not specify how plan-makers should translate any calculated need into population growth. It does refer to the demographic impact of its affordability adjustment to suggest that additional homes beyond the baseline are intended to be occupied[43]. This infers that it will allow for a combination of reasonable improvements to household formation – particularly amongst those who have been constrained from doing so as a result of affordability issues – and increases in migration, where the provision of new homes enables this to occur.

It is acknowledged that the standard method itself makes implicit assumptions on how the population will change during the period over which its baseline is calculated. This cannot, however, be simply reconciled with the Councils' selection of a plan period which runs to 2037, nor take account of population change that has occurred since the 2014 base of the projections (as further considered in section 4 of this report).

Reflecting these limitations, this study draws upon demographic modelling produced by Edge Analytics to estimate, reflecting the principles indicated within the PPG, how the population of the study area would change if housing provision simply aligned with the outcome of the standard method. The modelling covers the chosen plan period[44] (2020-37) and necessarily assumes that both Stoke-on-Trent and Newcastle-under-Lyme respectively meet their own calculated needs in full, without explicitly allowing for the prospect of redistribution. This is unavoidable due to the use of demographic assumptions produced only for local authorities, rather than joint plan areas, but is not considered to severely undermine the value of such an exercise for illustrative purposes.

The methodology is detailed at **Appendix 1**. In summary, however, the modelling uses official demographic datasets to first account for the gradual ageing of the existing population, which can itself absorb the supposedly

[43] PPG Reference ID 2a-006-20190220

[44] Estimates for mid-2018 were the latest available at the time of modelling, and housing provision in the two years prior the plan period (2018-20) is therefore similarly assumed to align with the standard method for the purposes of this modelling

additional capacity brought by new homes because older households tend to contain fewer people on average[45]. This means for example that growth in the elderly population will reduce the size of the average household, with the result that more homes are needed simply to accommodate an ageing population irrespective of whether there is growth in the overall population.

The modelling also applies assumptions on the changing rate at which different age groups are projected to form households. These assumptions are derived from the official 2014-based household projections, rather than the admittedly more recent 2016-based projections that were dismissed as unreliable for the purposes of assessing housing need by the Government[46]. Some of the rates implied by the 2014-based household projections have, however, been positively adjusted to allow for a recovery in younger household formation[47], offsetting an implicit and increasingly negative assumption about younger residents' ability to form households that was diagnosed in the SHMA Update[48]. While it is accepted that guidance has since changed, such adjustments are considered to remain justified in principle given continued recognition of the consequences of worsening affordability and the Government's general desire to assist younger people in accessing the housing market.

The modelling makes allowance for international migration, drawing assumptions from the latest 2018-based official projections, before deriving its own assumptions on domestic migration based on remaining availability in the dwelling stock once other demographic factors have been taken into account. Put simply, this recognises that an individual would be unable to move to or remain in the study area if local demographics meant that a home was not available, and such individuals would instead be assumed to move elsewhere in the UK.

The modelling separately applies reasonable assumptions on labour force behaviour, introduced later in this section, to estimate the resultant capacity of the population to support job growth based on its demographic structure. Edge Analytics' modelling suggests that the provision of 855 dwellings per annum in the study area could grow the total population by around 7,670 people over the plan period (2020-37). This represents population growth of approximately 2% or circa 0.1% per annum, markedly slowing the rate of growth recorded over the past fifteen years as illustrated below.

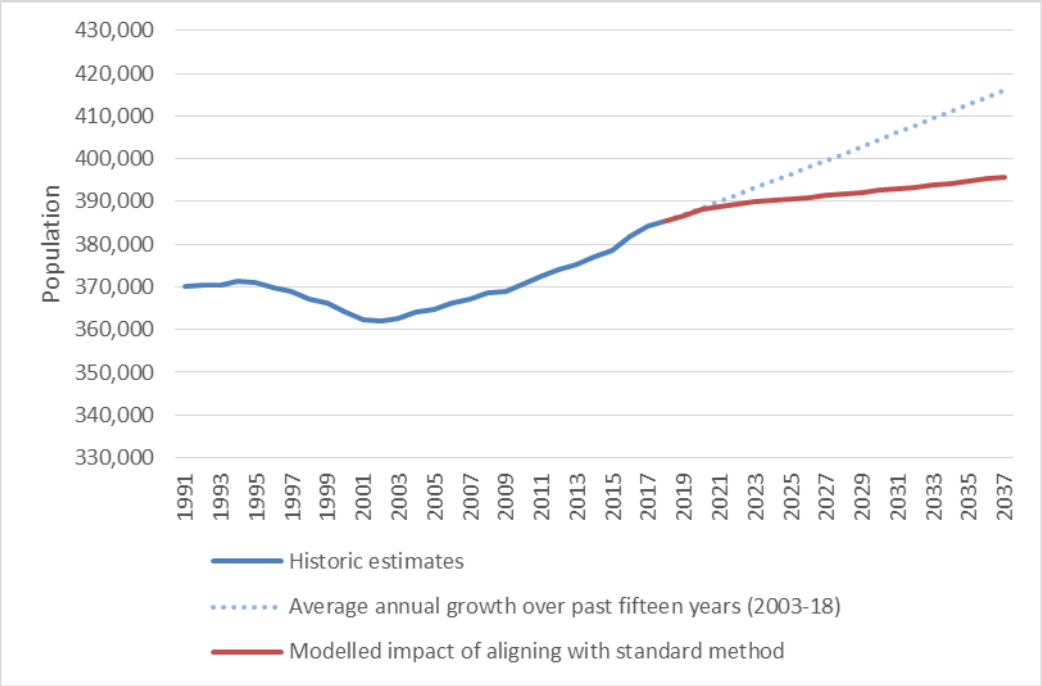
Population Impact of Aligning with Standard Method

[45] The 2011 Census found that older households in the study area (all aged 65+) contained an average of 1.39 residents, while the average across all households was 2.28 people

[46] MHCLG (2018) Technical consultation on updates to national planning policy and guidance

[47] As outlined at **Appendix 1**, the headship rates for those aged 25 to 34 have been adjusted to allow for a recovery to the position recorded to 2001

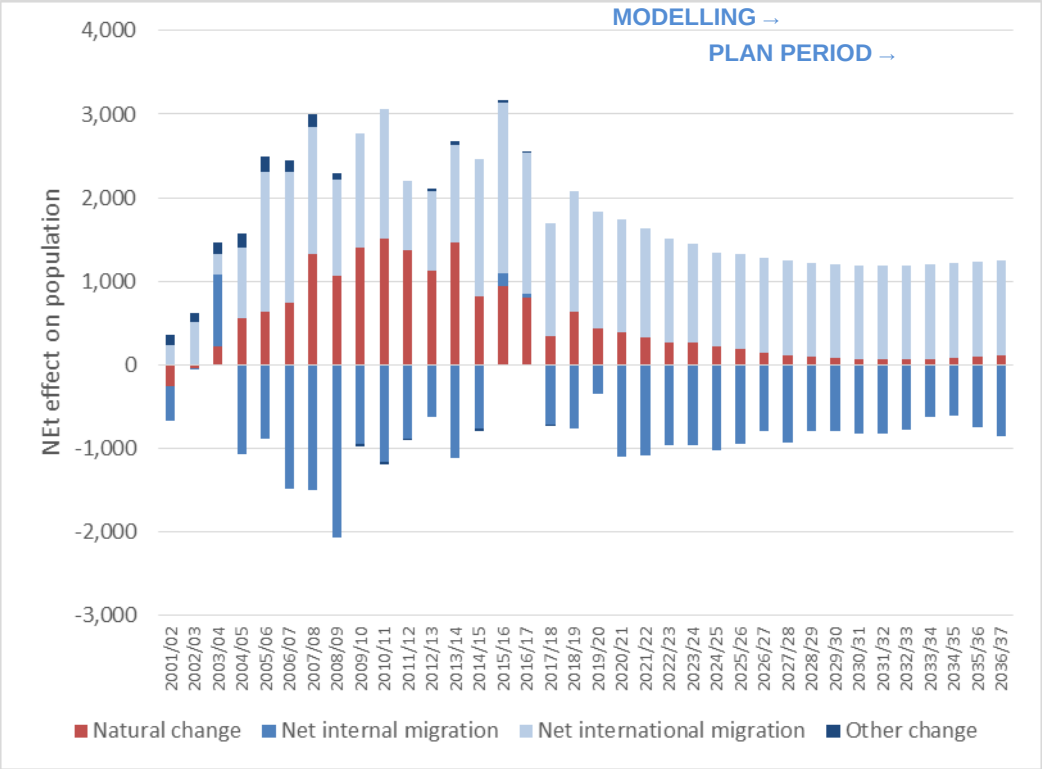
[48] Turley (June 2017) Strategic Housing Market Assessment Update: Stoke-on-Trent City Council and Newcastle-under-Lyme Borough Council, p22-26



Source: Edge Analytics, 2020

Such an outcome has been estimated though allowance for natural change in the population and migration, as illustrated at Figure 3.3 below. It is expected that births will continue to outnumber deaths, albeit to a diminishing extent, with a sustained net inflow of around 1,160 international migrants over the plan period that is comparable to the long-term annual average (1,196 per annum; 2001-18) but around 25% smaller than recorded in recent years (1,580 per annum; 2013-18). Having allowed for these factors, the modelling suggests that there would be no residual capacity to accommodate domestic migrants where housing provision aligned with the standard method, resulting in a net outflow of around 865 people each year during the plan period. This is a slightly larger outflow than recorded historically (740 per annum; 2001-18).

Components of Modelled Population Change under Standard Method



Source: Edge Analytics, 2020

It should be noted that the projected net inflow of international migrants – while calculated relative to recent local trends – is ultimately linked to a national assumption that the annual flow into the UK gradually reduces from its current level to align with the average recorded over the past 25 years. This means that the overall net flow into the UK is assumed to fall by around 28% within five years. The ONS has deliberately made no attempt to predict the impact of 'future political and economic changes'[49], such as the demographic consequences of Brexit, but its principal projection does therefore implicitly allow for the reduced international migration that could be reasonably anticipated in this scenario.

It is acknowledged that a variant projection is also available from the ONS which assumes a more pronounced reduction of nearly two thirds (64%) in net international migration to the UK. This could lead to a smaller net annual inflow of around 820 persons to the study area over the plan period, which is circa 30% lower than assumed in the principal projection. Given that international migration is not unique to this area, however, it must be recognised that the Government has provided no indication that it would be reasonable or justified for any area to plan on the basis of such a markedly reduced inflow to the UK. There would also be an implicit risk of underestimating population growth and housing need where such a pronounced reduction does not materialise.

Effect on the age profile

[49] ONS (2019) National population projections: quality and methodology information

While the overall population of the study area would be expected to grow over the plan period where housing provision aligned with the minimum need implied by the standard method, the modelling suggests that this growth is unlikely to be uniform across all age groups. Table 3.3 shows that the elderly population aged 65 and over would be expected to see the most substantial growth in such a scenario, its size increasing by nearly one quarter (23%). The number of residents aged 16 to 24 would also be expected to grow by circa 9%, but all other cohorts could reduce in size. There is also projected to be a slight contraction in the working age population aged 16 to 64 under this scenario.

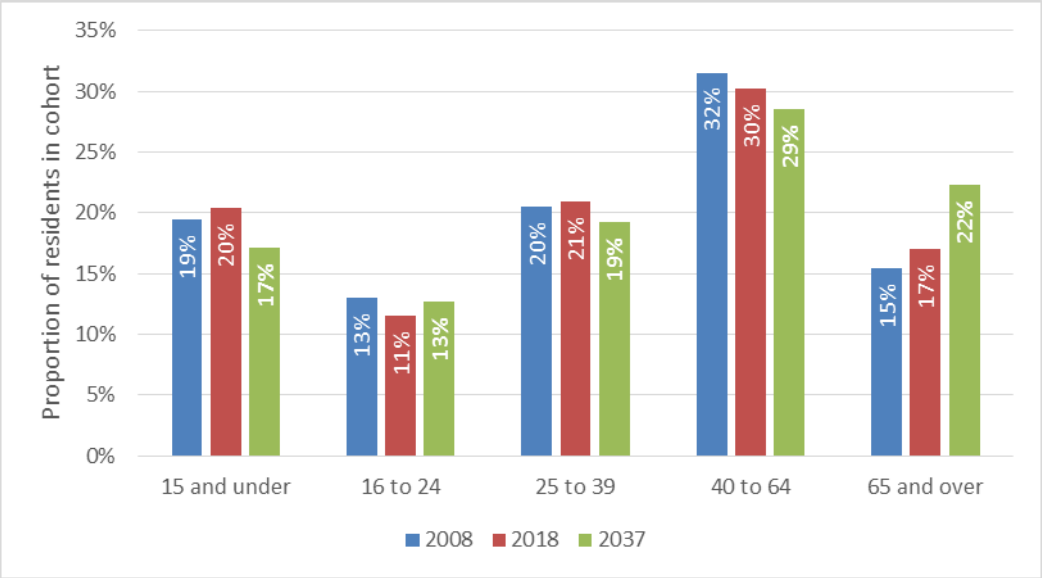
Modelled Impact of the Standard Method on Age Profile (2020-37)

	2020*	2037	Change	% change
15 and under	73,908	67,834	-6,073	-8%
16 to 24	45,981	50,208	4,227	9%
25 to 39	78,588	76,349	-2,239	-3%
40 to 64	118,150	113,123	-5,027	-4%
65 and over	71,494	88,273	16,779	23%
Total	**388,120**	**395,787**	**7,667**	**2%**
16 to 64	242,719	239,680	-3,038	-1%

Source: Edge Analytics, 2020* Modelled

This changing age profile can also be considered in the context of the earlier Figure 2.7, which illustrated change in the age profile over the past decade for which official data is currently available. When the projection for 2037 is added, under the assumption that future housing provision to this point will be limited to the minimum need implied by the standard method, a pronounced further increase in the representation of those aged 65 and over is suggested. The representation of those aged 16 to 24 would be expected to slightly increase, returning to the position recorded in 2008, but all other cohorts would become smaller in proportionate terms.

Modelled Impact of the Standard Method on Age Profile



Source: Edge Analytics, 2020

Effect on the labour force

This changing age profile has implications for the potential size of the resident labour force and the ability to support job growth, when reasonable assumptions on their behaviour – detailed in **Appendix 1** – are applied. In summary:

Unemployment in each authority is assumed to remain fixed at the rates recorded in the latest full calendar year for which official local data was available at the time of modelling[50] (2018). This assumes an unemployment rate of 6.0% in Stoke-on-Trent and 3.2% in Newcastle-under-Lyme. The latter is lower than assumed in the SHMA Update (4.1%) following a recent improvement, while the former is proportionate to the gradual improvement allowed for in the earlier modelling[51]. It should be noted that this modelling assumption was necessarily made early in the lockdown triggered by the coronavirus pandemic, at a point when the longevity and permanence of its economic impact was extremely uncertain[52]. While it is recognised that the unemployment rate could conceivably rise in such circumstances, sensitivity testing of these assumptions based on data available at the time of writing suggests this would have only a very modest impact on the modelling[53];

[50] ONS (2019) Model-based estimates of unemployment. While the ENA presents an updated unemployment rate for 2019 in its section 4, which was lower in Stoke-on-Trent and only marginally higher in Newcastle-under-Lyme, this was not available at the time of the modelling

[51] The SHMA Update assumed that unemployment in Stoke-on-Trent would remain fixed at its 2015 rate (6.4%) until 2018, before gradually improving to the pre-recession average (5.7%) by 2023 and remaining at this rate thereafter

[52] A "coronavirus reference scenario" was published by the OBR at this time, in April 2020, which sought to illustrate the impact of severe restrictions on movement (and thus economic activity) for three months before gradually returning to normal in the subsequent three months. While it suggested that this would sharply increase the national unemployment rate to 10% by the second quarter, it was implied to gradually recover to its pre-virus level by the final quarter of 2021

[53] Fixing the higher unemployment rates recorded over the past ten years, for example – thereby including higher rates of unemployment following the last recession – reduces the labour force capacity implied by the modelling by only 2% relative to that which assumes a continuation of the current rate

Economic activity rates amongst residents aged 16 to 89 are initially derived for each authority from the 2011 Census, and are thereafter assumed to change in line with the latest national forecasts produced by the Office for Budget Responsibility[54] (OBR). These forecasts are relied upon by the Government to inform long-term budgetary planning, and are widely used to provide a robust and consistent basis for understanding long-term changes in labour force behaviour at the local level. This aligns with the approach taken in the SHMA Update, albeit then based on earlier forecasts;

The proportion of residents holding more than one job ('**double jobbing**') is assumed, as in the SHMA Update, to align with the long-term averages recorded in each authority over the past ten years by the Annual Population Survey[55] (APS); and

Commuting has again – as in the SHMA and its update – been held fixed at the rates recorded by the 2011 Census, reflecting the balance between the number of workers living in each authority and the number of jobs available therein. While acknowledged to be increasingly dated, there remains a lack of robust or similarly comprehensive data from which to formulate a more up-to-date position.

When applying these assumptions, the modelling suggests that housing provision in line with the standard method, alongside other changes in labour force behaviour, could support the creation of approximately 5,780 new jobs across the study area over the emerging plan period (2020-37). This is equivalent to circa 340 jobs per annum, split relatively evenly between the two authorities though slightly in favour of Newcastle-under-Lyme as shown below. The extent to which this would fully meet the economic needs of the study area is considered further in section 4 of this report.

Estimated Employment Growth Supported by Standard Method

	Stoke-on-Trent	Newcastle-under-Lyme	Study area
Total change in employment	2,779	3,002	5,782
Average annual change	163	177	340

Source: Edge Analytics; Turley analysis

Summary

The NPPF states that the standard method should be used to determine the minimum need for housing, drawing upon the 2014-based household projections which are adjusted to reflect the relationship between house prices and earnings. While the method itself is likely to change when reviewed by the Government this year, it currently indicates that **a minimum of 855 dwellings per annum** are needed across the study area, coincidentally aligning precisely

[54] OBR (2018) Fiscal Sustainability Report

[55] 3.8% in Newcastle-under-Lyme; 2.7% in Stoke-on-Trent

with the housing requirement adopted in 2009 and split in favour of Stoke-on-Trent (500/355dpa).

Modelling presented in this section suggests that such a level of housing provision within the study area could – in combination with other demographic changes – slow the population growth that has occurred in recent years, such that the population would grow by only 2% or circa 7,670 people over the emerging plan period (2020-37). This allows for a reducing surplus of births over deaths and continued international migration, albeit to a smaller extent than seen recently in line with a projected national reduction. The modelling suggests that the study area will also see a continued net outflow of people to other parts of the UK in such circumstances, to a slightly greater extent than recorded historically.

Population growth is unlikely to be uniform across all age groups. The modelling suggests that the elderly population aged 65 and over could grow by nearly one quarter over the emerging plan period, to account for circa 22% of the overall population by 2037. The working age population (16-64) would be expected to slightly decline, albeit with growth amongst those aged 24 and under.

This changing age profile has implications for the labour force and its ability to support job growth, when applying reasonable and evidence-based assumptions on economic participation and behaviour. The modelling suggests that housing provision in line with the standard method, alongside other changes in labour force behaviour, could support the creation of circa 5,782 new jobs throughout the study area, equivalent to circa 340 jobs per annum. The extent to which this would fully meet the economic needs of this area is considered further in the following section of this report.

Prospect of Higher Housing Need

The PPG strongly discourages alternative approaches resulting in a housing need figure which falls below the minimum need generated through the standard method, in all but exceptional circumstances that it confirms will be closely examined[56].

In contrast, however, the PPG is clear in highlighting the importance of assessing whether it may be appropriate to plan for a higher housing need figure, stating in this context that:

“The government is committed to ensuring that more homes are built and supports ambitious authorities who want to plan for growth. The standard method for assessing local housing need provides **a minimum starting point** in determining the number of homes needed in an area. It 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**

[56] PPG Reference ID 2a-015-20190220

indicates. This will need to be assessed prior to, and separate from, considering how much of the overall need can be accommodated…"[57] (emphases added)

1.18 The PPG identifies some of the circumstances that could lead to increased housing need, beyond the past trends that are embedded in the standard method[58]. This is not intended to be exhaustive or interpreted as a closed list, but includes situations where:

Deliverable growth strategies are in place;

Strategic infrastructure improvements are likely to drive an increase in local housing need; or

An authority has agreed to take on unmet need from a neighbour, as set out in a statement of common ground.

1.19 The PPG further recognises that:

"There may, occasionally, 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"[59]

1.20 This section responds to this guidance by considering whether there is evidence to suggest that housing need in Stoke-on-Trent and Newcastle-under-Lyme is actually likely to be higher than the standard method indicates. This initially interrogates the baseline for the calculation, before taking account of past delivery and reviewing the earlier assessment of need in the SHMA Update. The extent to which the standard method could support potential employment growth is then considered before drawing together the evidence, to determine whether local circumstances suggest that the full need for housing is higher than the standard method indicates in accordance with the PPG.

1.21 For the avoidance of doubt, this study has also been alert to the prospect of a lower need for housing than implied for the study area by the standard method, though for reasons outlined in this section does not consider that sufficiently exceptional local circumstances exist to justify such an approach.

Testing the demographic baseline

The precise outcome of the standard method is highly sensitive to its input baseline, drawn from the 2014-based household projections. These projections show 'the number of households there would be in England if a set of assumptions based on previous demographic trends in population – births,

[57] PPG Reference ID 2a-010-20190220

[58] *Ibid*

[59] *Ibid*

deaths and migration – and household formation were to be realised in practice'[60].

As such, the precise figure generated through the method is intrinsically linked to the 2014-based sub-national population projections (SNPP) which estimate how births, deaths and migration might affect the population of local authorities, such as those in the study area. They take account of official population estimates up to and including 2014 – since modestly revised by the ONS, as introduced in section 2 – and make assumptions on future changes based on trends recorded in the preceding five year period[61] (2009-14).

The ONS continues to estimate the population of every local authority each year, with section 2 having introduced the latest detailed estimates for mid-2018 and provisional estimates for mid-2019. This allows comparison with the population growth suggested in the initial years of the 2014-based SNPP, to test the reliability and suitability of their assumptions at a high level.

The 2014-based SNPP anticipated that the population of the study area would grow by around 5,641 persons between 2014 and 2018. Subsequently released ONS population estimates show that the population has actually grown by approximately 8,389 persons in this time, exceeding the projections by some 49% as shown at Table 4.1 overleaf. This is also the case in each of the individual authorities.

[60] ONS (October 2018) What our household projections really show

[61] ONS (May 2016) Methodology used to produce the 2014-based subnational population projections for England

Comparing Projected and Actual Population Growth (2014-18)

	2014-based SNPP	Estimated actual change	Variance from projection	Percentage variance
Stoke-on-Trent	3,266	4,877	1,611	+49%
Newcastle-under-Lyme	2,375	3,512	1,137	+48%
Study area	**5,641**	**8,389**	**2,748**	**+49%**

Source: ONS

Provisional estimates for 2019 do suggest a reversion back towards the projection, with population growth in its initial five years (2014-19) being around 28% greater than was projected. This is a less extreme divergence than implied above over the first four years (49%) but nonetheless continues to represent a relatively notable departure from the projection, which is considered to warrant further investigation.

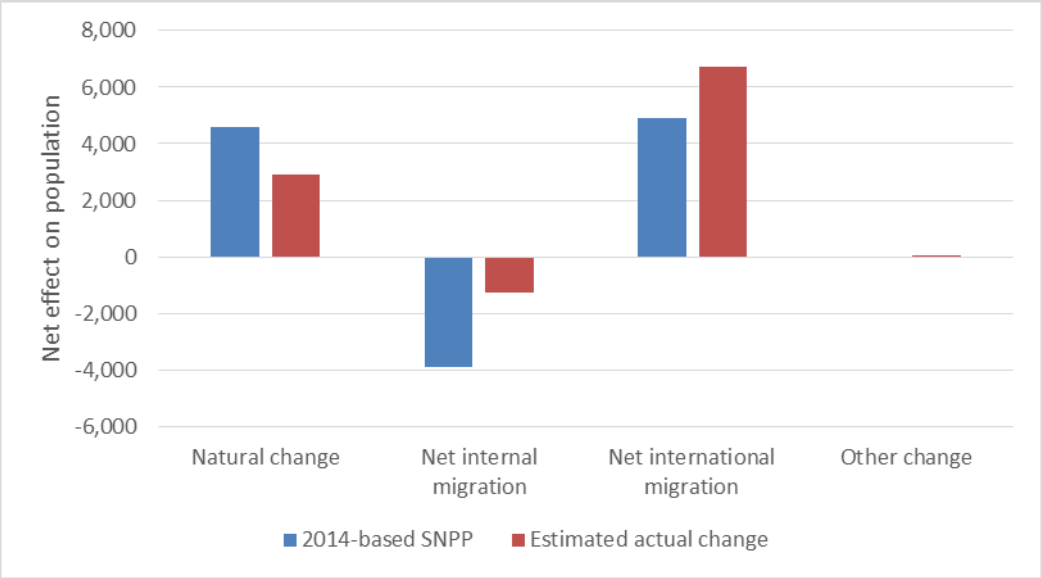
Comparing Projected and Provisionally Estimated Population Growth (2014-19)

	2014-based SNPP	Estimated actual change*	Variance from projection	Percentage variance
Stoke-on-Trent	4,047	5,419	1,372	+34%
Newcastle-under-Lyme	2,893	3,463	570	+20%
Study area	**6,940**	**8,882**	**1,942**	**+28%**

Source: ONS* Provisional

While not available for the provisional 2019 estimates, interrogation of data released with the official estimates reveals that the discrepancy over the first four years of the projection (2014-18) has been primarily caused by migration, as shown at Figure 4.1. The study area saw a net outflow to other parts of the UK that was around two thirds smaller than projected by the 2014-based SNPP, while the net inflow of international migrants was around 37% larger than anticipated. Natural change, in contrast, has not grown the population of the study area to the extent predicted.

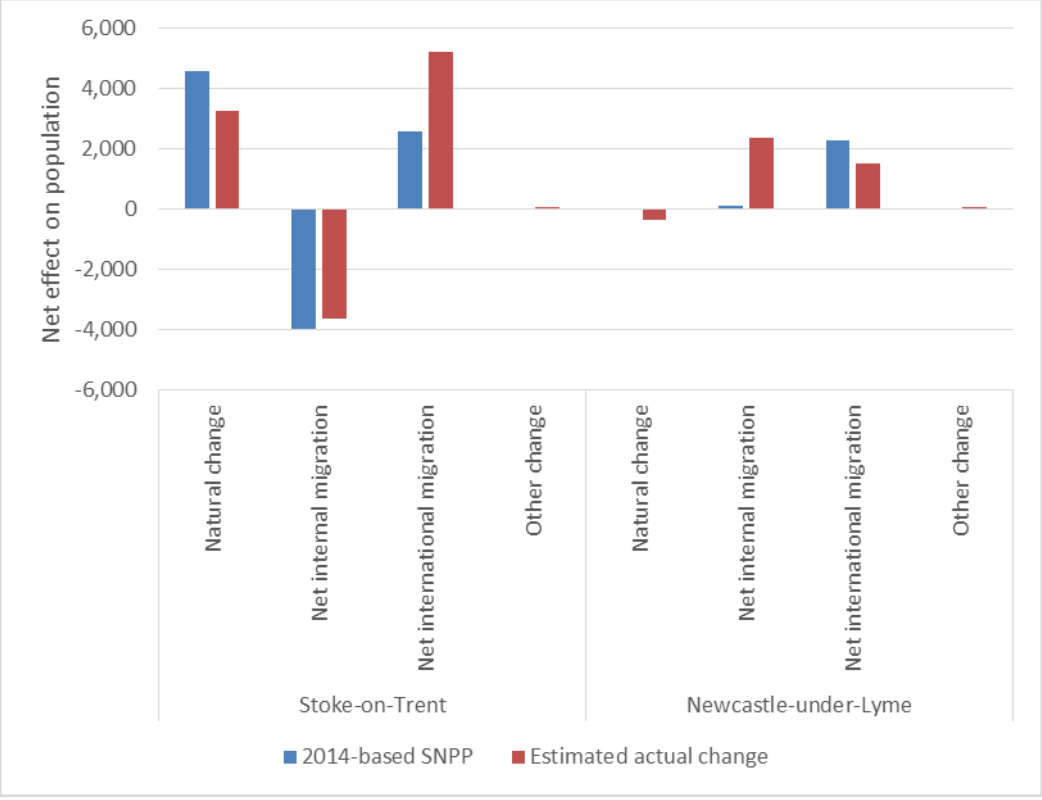
Components of Projected and Estimated Population Change (2014-18)



Source: ONS

A similar breakdown by individual authority is presented at Figure 4.2. This confirms that the smaller net outflow of internal migrants was largely attributable to Newcastle-under-Lyme, which attracted and retained more domestic migrants than was anticipated, with a closer alignment to the outflow projected in Stoke-on-Trent. The city did, however, see a substantially larger inflow of international migrants, contrasting with the smaller than anticipated inflow to Newcastle-under-Lyme. The greatest divergence in terms of natural change has evidently been seen in Stoke-on-Trent.

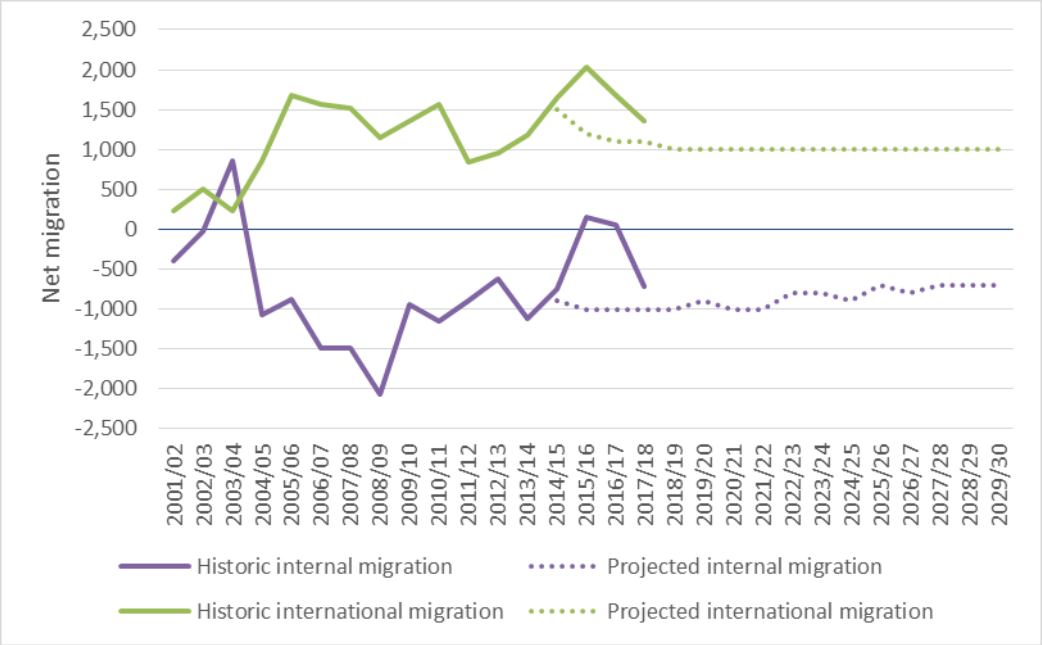
Components of Projected and Estimated Population Change (2014-18)



Source: ONS

The recently smaller net outflow of people from the study area to other parts of the UK does itself represent a departure from the historic trend, which was broadly assumed to continue under the 2014-based SNPP as shown at Figure 4.3 overleaf. The larger net inflow of international migrants also follows an unexpected peak in 2015/16, which has not been sustained.

Projected and Estimated Net Migration into the Study Area



Source: ONS

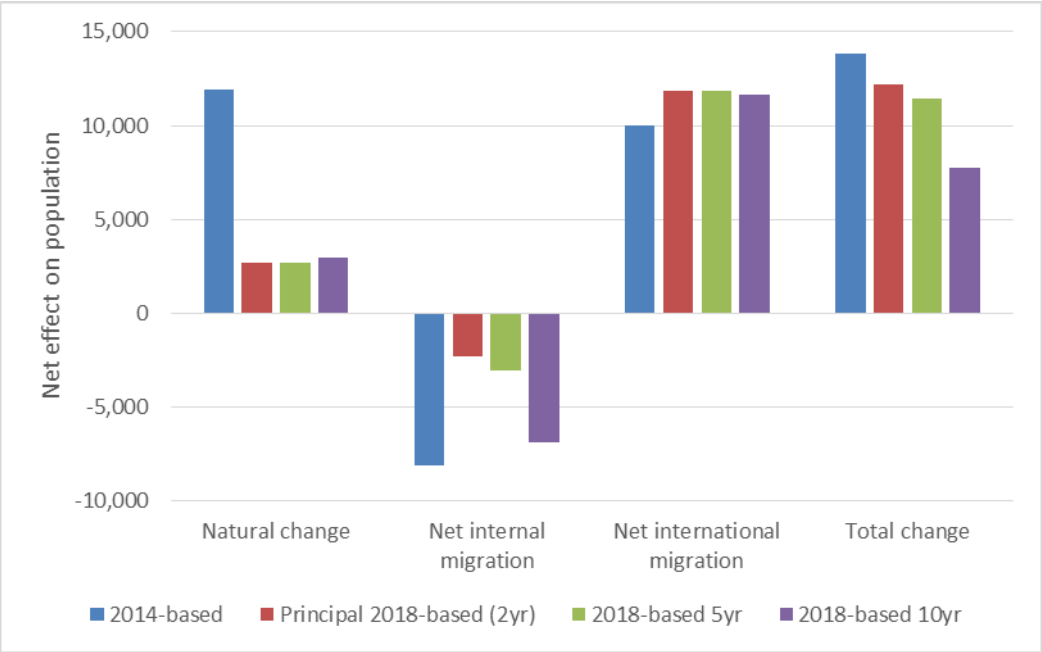
While the inflow of migrants to the study area has been larger than anticipated to date by the 2014-based SNPP, it is acknowledged that this can be offset in terms of the overall population by more modest natural change in the population, as Figure 4.1 reveals to have occurred in this area. Indeed, the earlier Figure 2.5 suggests that natural change has had a diminishing effect on population growth in recent years.

This has led recently released 2018-based population projections – now providing variants based on migration trends over two, five and ten years, the former being the main or principal projection[62] – to suggest that natural change will not in future grow the population of this area to the extent previously thought. This is shown by the following chart which compares the projections for the period covered by the demographic baseline of the standard method (2020-30). This less pronounced natural change is only partially offset by the latest projections' allowance for a reduced outflow to other parts of the UK and a slightly higher inflow of international migrants. This means that overall population growth is now projected to be lower, if only modestly so, under the

[62] ONS (24 March 2020) Subnational population projections for England: 2018-based

principal projection when compared to the 2014-based projections, even when accounting for the stronger growth in population seen overall in the most recent years.

Projected Components of Population Change (2020-30)



Source: ONS

This will not necessarily have the same effect on the household projections that actually form the baseline for the method, with the age structure also influencing the number of households formed by the population. The related 2018-based household projections are yet to be published at the time of writing, but are not guaranteed to provide an appropriate basis for assessing housing needs given the Government's dismissal of the preceding 2016-based household projections which themselves incorporated more up-to-date assumptions on fertility and life expectancy. The still more up-to-date assumptions that have and will be applied in the 2018-based projections thus may not provide adequate justification for using an alternative baseline for the standard method, given the Government's interpretation of the 2016-based dataset as well as the comparatively modest difference in overall population growth terms between the main projections.

On balance, and in the context of this comparison with the most recent datasets, the 2014-based projections are therefore considered to provide a reasonable baseline for the standard method in Stoke-on-Trent and Newcastle-under-Lyme, albeit one that is deliberately rooted in past trends. In this context, it is important to recognise – as the ONS itself has done – that 'projections are not forecasts', and one of their 'prime functions' is to show 'the consequences of present demographic trends with sufficient notice for any necessary action to be

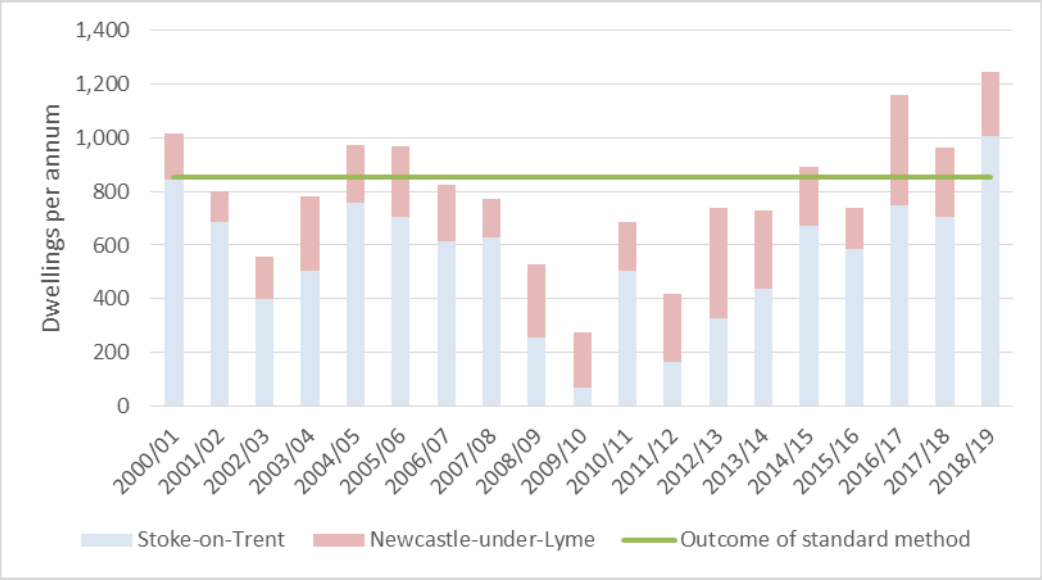
taken'[63]. The remainder of this section therefore evaluates whether a standard method linked so explicitly to past trends accurately reflects the future housing needs of Stoke-on-Trent and Newcastle-under-Lyme, as required by the PPG.

Previous levels of housing delivery

The PPG requires the outcome of the standard method to be compared against previous levels of housing delivery, and indicates that significantly higher delivery should be taken into account when considering whether it is appropriate to plan for a higher level of need[64].

The following chart compares the outcome of the standard method with historic completions, as presented earlier at Figure 2.1. This is initially considered for the entire study area, recognising the integrated nature of its housing market.

Net Housing Completions Relative to Standard Method



Source: Councils' monitoring; Turley analysis

The minimum need for 855 dwellings per annum implied by the standard method aligns reasonably closely with the average rate of development in the study area over the period shown above, with 794 new homes having been completed annually on average in this time. By coincidence, it also aligns precisely with the average annual rate of development since 2013, as calculated in section 2 of this report.

The rate of development has however fluctuated over the period shown above, markedly falling during the recession for example as consistently noted in the SHMA and its update[65]. The calculation of an upper quartile figure suggests that

[63] ONS (2020) Subnational population projections for England; ONS (2020) Subnational population projections: quality and methodology information (QMI)

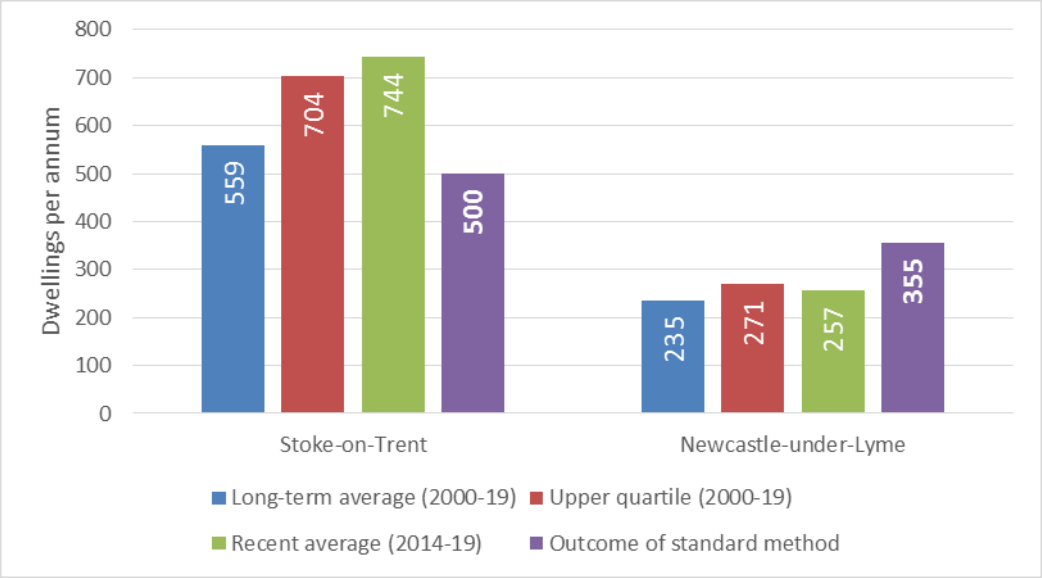
[64] PPG Reference ID 2a-010-20190220

[65] Turley (June 2017) Strategic Housing Market Assessment Update: Stoke-on-Trent City Council and Newcastle-under-Lyme Borough Council, paragraph 2.32; Turley (July 2015) Strategic Housing Market Assessment: Stoke-on-Trent City Council and Newcastle-under-Lyme Borough Council, Figure 5.19

in stronger years this area has typically delivered in the order of 967 dwellings per annum, which is around 13% higher than the minimum need implied by the standard method. The past five years have similarly seen around 1,001 dwellings per annum completed on average, surpassing the outcome of the standard method by 17% albeit with some years having been boosted by the development of student accommodation.

The following chart shows that this trend entirely relates to Stoke-on-Trent, which has historically – over the long term since 2000 – delivered around 12% more homes than implied to be needed as a minimum by the standard method. This increases when comparing with stronger years of delivery, or the recent trend that has seen around 744 homes completed annually on average; some 49% higher than the outcome of the method. This is not however the case for Newcastle-under-Lyme, where the standard method in contrast implies a need for 51% more homes than have been annually completed over the long-term, and around one third more than have been completed in recent years.

Benchmarking Individual Outcomes of the Standard Method



Source: Councils' monitoring; Turley analysis

While there does not appear a significant disparity between long-term housing delivery and the outcome of the standard method across the study area, the latter is somewhat lower than the market has been able to deliver in optimal years and the recent past, largely due to the relatively low need implied for Stoke-on-Trent. This indicates, in the context of the PPG, that it could be appropriate and justified – when drawing upon a range of evidence – for this area to plan for a higher level of need than implied by the standard method.

Previous assessments of need

The PPG recognises that there may be situations where previous assessments, in a 'recently-produced Strategic Housing Market Assessment' or similar, identified a 'significantly greater' need than implied by the standard method. It

confirms that this will need to be taken into account 'when considering whether it is appropriate to plan for a higher level of need than the standard model suggests'[66].

The 2017 SHMA Update, as referenced in earlier sections of this report, represents the latest such assessment of housing need commissioned by the Councils. While the extent to which it can be considered to have been 'recently-produced' is admittedly debateable, it nonetheless provides helpful context in interpreting the outcome of the standard method, alongside the analysis elsewhere in this section.

The SHMA Update concluded that around 1,390 dwellings per annum could be needed across the study area between 2013 and 2039. This is some 62% higher than the minimum need for 855 dwellings per annum now implied by the standard method, albeit with its calculation over a different time period being partially responsible for any divergence.

It must also be recognised at the outset that the conclusion of the SHMA Update reflected the guidance in place and evidence available at the time of its preparation. The guidance has now significantly changed, following the publication of a revised NPPF, while new evidence also continues to become available.

The SHMA Update drew upon the 2014-based household projections as its 'starting point', and this dataset continues to form a common baseline for the standard method albeit having been calculated over a shorter period[67]. The projections were however previously found to require adjustment to reduce the influence of an unreliable recessionary period and provide a more balanced and representative view on future demographic growth, by drawing upon a longer-term trend and making an adjustment to future rates of household formation. The PPG no longer explicitly requires or encourages such demographic adjustments to household projections for the purposes of calculating what is only a minimum need for housing through the standard method, but this conclusion arguably adds to the concerns raised earlier in this section about the use of a baseline so rooted in past trends when projecting future needs.

The SHMA Update proceeded to apply a further small adjustment in response to market signals, albeit only in Newcastle-under-Lyme, to reach an overall need for 1,084 dwellings per annum across the study area. The standard method now explicitly specifies the level of adjustment needed in response to worsening affordability, no longer requiring individual judgements of the kind applied in the SHMA Update.

The final stage of its methodology saw the SHMA Update estimate the housing that could be needed to grow the labour force and support the future job growth

[66] PPG Reference ID 2a-010-20190220

[67] The SHMA Update took account of growth projected over the entire period from 2013 to 2039, but the baseline for the standard method must be calculated over a period of ten years before being extrapolated over any plan period

considered likely at that time, within the 2015 Employment Land Review (ELR). It was estimated, based on a series of modelling assumptions reflecting evidence at the time – since superseded – that 1,390 dwellings per annum could be needed to support the forecast creation of 869 jobs each year.

The standard method of calculating the minimum need for housing does not contain such a stage at which the relationship between employment growth and housing need is considered, albeit the latest guidance openly accepts that the method 'does not attempt to predict the impact that…changing economic circumstances…might have on demographic behaviour' and confirms that it is 'appropriate to consider whether actual housing need is higher' in such a scenario[68]. There remains an expectation that this is considered when preparing planning policies, as explored further in the context of the latest available evidence below.

Relationship with the economy

Although consideration of the relationship between housing and the economy is openly omitted from the standard method for determining minimum housing need, the PPG does express firm support for 'ambitious authorities who want to plan for growth'[69]. The NPPF further emphasises the need to ensure that planning policies 'create the conditions in which businesses can invest, expand and adapt' by addressing 'potential barriers to investment, such as…housing'[70]. There is an expectation that strategic policies on housing and employment provision are sufficiently aligned to ensure that the former does not constrain the latter.

In the case of Stoke-on-Trent and Newcastle-under-Lyme, the modelling presented in section 3 – and specifically summarised at Table 3.4 – indicates that housing delivery in line with the outcome of the standard method would likely support at least some level of job growth over the emerging plan period, when reasonably accounting for changing labour force behaviour. This could equate to circa 340 additional jobs per annum, or 5,782 jobs in total.

This level of job growth requires consideration in the context of the latest ENA, produced separately by Turley to assess inter alia the potential scale and profile of future job growth in the study area over the period to 2037.

The ENA introduces forecasts sourced from the three leading providers in Experian, Cambridge Econometrics and Oxford Economics. Experian is the more optimistic of the forecasts, envisaging the creation of 794 jobs per year across the study area compared to around 537 jobs per annum under the Cambridge Econometrics forecast. The Oxford Economics forecast is considerably more pessimistic, suggesting a decline of 167 jobs per annum, albeit this can be reasonably attributed less weight due to the influence of an

[68] PPG Reference ID 2a-010-20190220

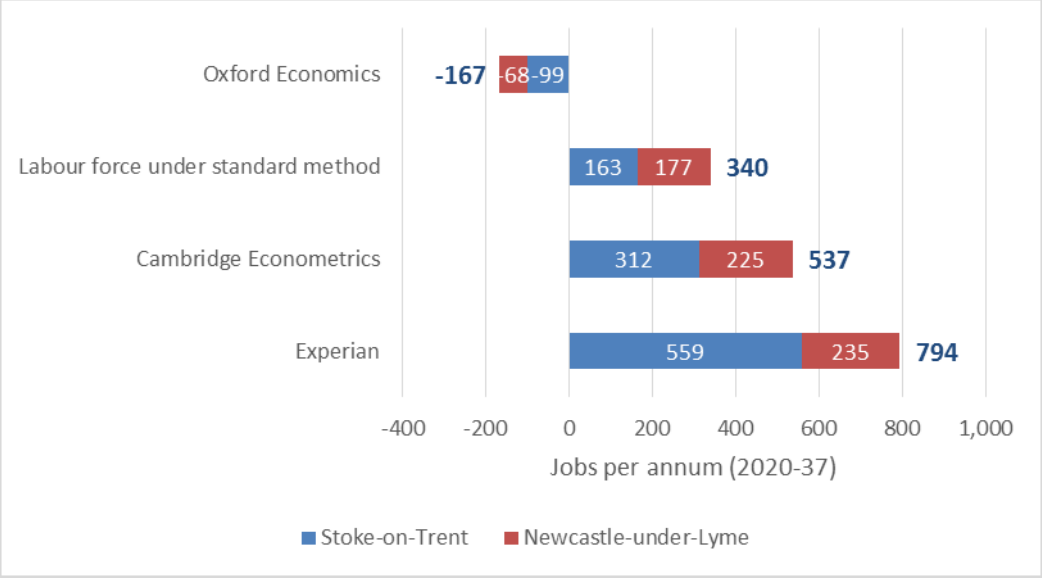
[69] *Ibid*

[70] MHCLG (2019) National Planning Policy Framework, paragraphs 80-81

underlying assumption of population decline which does not accord with the analysis of more recent official projections and recent historic data (see Table 4.2 and Figure 4.4).

A basic comparison with the modelling presented in this report suggests that the job growth forecast by both Cambridge Econometrics and Experian is unlikely to be able to be supported in full where housing provision aligns with the minimum need generated by the standard method. This is particularly the case for Stoke-on-Trent, albeit the integrated nature of the economy is considered to warrant a primary focus on the entire study area.

Job Growth Supported under Standard Method Relative to Baseline Forecasts from the ENA (2020-37)



Source: Experian; Cambridge Econometrics; Oxford Economics; Edge Analytics; Turley

The ENA further interrogates the above forecasts, dismissing what in this case appears a less locally representative forecast from Oxford Economics and attributing the greatest weight to the Experian forecast as a baseline scenario. This principally reflects its reasonable sector profile, but also recognises that an earlier Experian forecast – presented in the last ELR – very closely predicted the job growth that has subsequently occurred in this area in recent years. Housing provision in line with the standard method is unlikely to support the level of job growth forecast in the study area by Experian. Further modelling produced by Edge Analytics suggests – based on the assumptions introduced in section 3, further detailed in Appendix 1 – that **approximately 1,220 dwellings per annum** could be needed over the plan period to adequately grow the labour force and support such a level of job growth in full. This is around 43% higher than the minimum need for 855 dwellings per annum implied by the standard method, but is proportionate to the higher need

concluded in the SHMA Update which assumed a slightly higher annual rate of job growth albeit over a different period of time.

The ENA observes that the level of job growth forecast in this area by Experian would represent a near-halving of the recent rate, with around 1,530 jobs having been created annually since 2009. It acknowledges that this would not generally be the expected outcome of either a continuing programme of investment or an ambitious economic strategy. The ENA proceeds on this basis to develop a more optimistic employment growth scenario for the study area, which positively adjusts the Experian forecasts in individual sectors where past local trends and/or the Cambridge Econometrics forecasts offer grounds for greater optimism in that sector. These adjustments collectively suggest that around 1,179 jobs could be created annually across the study area, some 48% more than forecast each year under the Experian baseline (794).

Growing the labour force to support this level of job creation would naturally require a still greater uplift from the level of housing provision implied by the standard method, when applying a consistent modelling approach. Modelling by Edge Analytics suggests that **circa 1,520 dwellings per annum** could be needed in such a scenario, illustrating the extent to which housing could act as a constraint to this economic growth – in conflict with the NPPF – where as few as 855 dwellings per annum are provided to align with the standard method.

As shown at Table 4.3, a higher level of provision – whether aligned to the Experian baseline or the higher job growth scenario – would ultimately allow for a more pronounced growth in the population of the study area. This is assumed to be principally supported through the attraction and retention of people within a growing economy.

Housing Needed in the Study Area to Support Forecast Job Growth (2020-37)

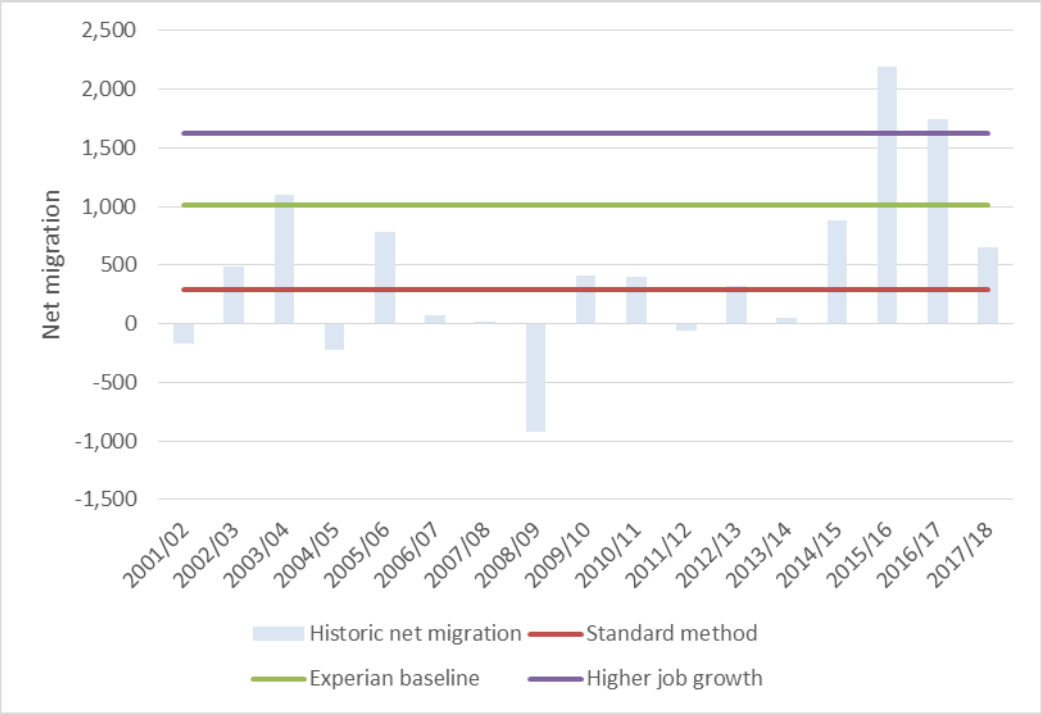
	Dwellings per annum	Total population growth	Net migration per annum	Jobs per annum
Standard method	855	7,677	295	340
Experian baseline	1,221	21,663	1,013	794
Higher job growth	1,520	33,314	1,620	1,179

Source: Edge Analytics; Turley analysis

Successfully attracting a net inflow of up to 1,620 people each year, capturing both domestic and international migrants, would represent a departure from the historic trend in this area as illustrated at Figure 4.8. A net inflow of this scale is not without precedent – having occurred, and indeed been exceeded, in two recent years (2015-17) – but clearly has not been sustained over a period comparable to that being covered by the new Local Plan. Supporting the Experian baseline scenario would require a smaller net inflow of around 1,000

people each year, which continues to depart from the long-term trend albeit less extremely so. The standard method, in contrast, would effectively perpetuate the long-term trend, and actually allows for a smaller net inflow than recorded each year on average since 2001 (295 vs. 456 per annum) thus potentially undermining any attempt to attract and retain people within this area.

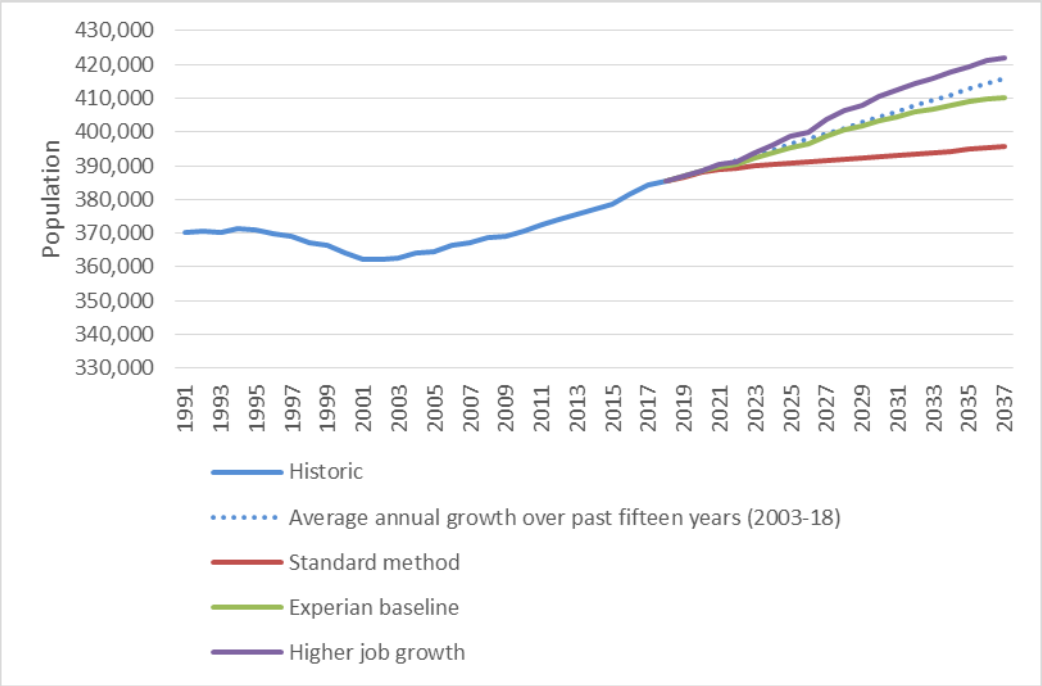
Estimating Net In-Migration Needed to Support Future Job Growth



Source: ONS; Edge Analytics; Turley analysis

While a departure from past trends in terms of migration, the overall level of population growth implied by the employment growth scenarios is not disproportionate to the long-term trend. This is shown by the following chart, which builds upon the earlier Figure 3.2 that suggested a future slowing of the historic rate of population growth where housing provision in this area aligns with the standard method. When overlaying these additional employment growth scenarios, a much closer alignment with the long-term trend is shown, particularly under the Experian baseline. While it could appear surprising that above-trend migration results in a growth rate that is actually in line with the recent trend, this simply reflects the diminishing effect of natural change, which has been a driver of population growth historically (Figure 2.5) and must be replaced by migration if past rates of growth are to be sustained.

Benchmarking Population Growth under Employment-led Scenarios



Source: Edge Analytics; ONS; Turley analysis

Table 4.4 shows that the employment growth scenarios would also allow for growth in the working age population of the study area, unlike the slight decline implied by the modelling where housing provision aligns with the standard method. This predominantly relates to younger working age people, as well as those more likely to have children which is reflected in a less severe decline in this cohort. The strongest growth continues to be implied amongst older people aged 65 and over, which actually increases under the employment growth scenarios given that any additional residents attracted to or retained in this area would themselves age into this cohort.

Comparing Population Growth by Age (2020-37)

	Standard method Change	Standard method % change	Change	% change	Change	% change
15 and under	-6,073	-8%	-2,953	-4%	-438	-1%
16 to 24	4,227	9%	5,746	12%	7,284	16%
25 to 39	-2,239	-3%	1,890	2%	5,446	7%
40 to 64	-5,027	-4%	-1,195	-1%	1,790	2%
65 and over	16,779	23%	18,174	25%	19,232	27%
Total	**7,667**	**2%**	**21,663**	**6%**	**33,314**	**9%**
16 to 64	-3,038	-1%	6,441	3%	14,520	6%

Source: Edge Analytics; Turley analysis

Drawing the evidence together

The SHMA Update concluded that a continuation of past demographic trends in Stoke-on-Trent and Newcastle-under-Lyme was unlikely to provide the labour

force necessary to support a reasonable level of future job growth. While this adhered to guidance that has since been replaced, it remains a valid observation in the context of a standard method that is deliberately rooted in past trends.

Simply delivering the minimum need implied by the standard method could undermine efforts to more successfully attract and retain people in this area, as has occasionally been achieved in recent years. It would not sustain housing delivery at the rate achieved in optimal years and the recent past, and is unlikely to provide the labour force needed to support even a baseline level of job growth. It would fall further short of supporting a more optimistic job growth scenario, developed in the ENA, and indeed could result in a lack of housing provision ultimately constraining such growth.

Establishing an alternative level of housing need, beyond the standard method that does not appear fully representative for the combined area of Stoke-on-Trent and Newcastle-under-Lyme, inevitably requires a degree of judgement. The employment growth scenarios are considered to provide valuable reference points for the Councils, offering alignment with the recently updated economic evidence and allowing for a boost in the recent rate of housing delivery in line with the requirements of the NPPF. They frame the previously assessed need for housing (1,390dpa) using similar principles, and although again relying on above-trend – if not unprecedented – migration they would support continued population growth in line with the long-term trend in this area. These scenarios are considered to be robust and justified in the context of national policy and guidance.

Accordingly, it is concluded that **between 1,220 and 1,520 dwellings per annum could actually be needed throughout Stoke-on-Trent and Newcastle-under-Lyme**, albeit in the knowledge that this report simply provides informing evidence with the level of growth to be pursued through the Local Plan ultimately a judgement to be made by the Councils.

As in the SHMA Update, the integrated nature of the economy and housing market has led this section to focus on the study area geography. It is, however, acknowledged that a split between the individual authority areas is valued by the Councils, and Table 4.5 overleaf therefore confirms the split implied by the modelling drawn upon to reach the above conclusion. Certain figures may not appear to sum due to rounding.

Breakdown of Modelling Scenarios by Individual Authority

	Stoke-on-Trent	Newcastle-under-Lyme	**Study area**
Standard method	500	355	**855**
Experian baseline	811	410	**1,221**
Higher job growth	1,074	445	**1,520**

Source: Edge Analytics

Summary

This section has identified no evidence to suggest that there will be a need for substantially fewer homes than implied for Stoke-on-Trent and Newcastle-under-Lyme by the standard method. In contrast, and in the context of the PPG, the analysis suggests that there could actually be a greater need for housing than implied as a 'minimum' by the standard method.

The need for at least 855 dwellings per annum implied across the study area by the standard method is deliberately reflective of past trends, coincidentally and precisely aligning with the average rate of delivery since 2013 for example. The demographic projections that form its baseline, while reasonable for the study area on balance, assume a continued outflow of people to other parts of the UK, which aligns with the long-term trend if not the occasionally more positive position achieved in recent years. It must be recognised however that any such projection is not a forecast, with the ONS having recently emphasised that one of their prime functions is to show the consequences of present demographic trends with sufficient notice for any necessary action to be taken.

The SHMA Update concluded that a continuation of past demographic trends in this area was unlikely to provide the labour force necessary to support a reasonable level of future job growth. While this adhered to guidance that has since been replaced, it remains a valid observation in the context of a standard method that offers only a minimum need and is in this case rooted in past trends.

Simply delivering the minimum need implied by the standard method could potentially undermine the Councils' efforts to more successfully attract and retain people in this area. It would not sustain housing delivery at the rate of circa 1,000 dwellings per annum achieved in optimal years and the recent past, particularly in Stoke-on-Trent, and is unlikely to provide the labour force needed to support even the baseline level of job growth implied by a recent Experian forecast. It would fall further short of supporting a more optimistic job growth scenario, developed in the ENA, and indeed could result in a lack of housing provision ultimately constraining such growth.

Establishing an alternative level of housing need, beyond a standard method that does not appear fully representative for the study area, inevitably requires a degree of judgement. This section has presented modelling of two employment growth scenarios, respectively linked to the Experian baseline forecast and a higher level of job growth, which suggest a need across the study area for

between 1,220 and 1,520 dwellings per annum over the emerging plan period. These scenarios are considered to provide valuable reference points for the Councils, offering alignment with the ENA and allowing for a boost in the recent rate of housing delivery in line with the requirements of the NPPF. They frame the previously assessed need for housing within the SHMA Update (1,390dpa) using similar principles, and although again relying on above-trend – if not unprecedented – migration they would support continued population growth in line with the long-term trend in this area. These scenarios are considered to be robust and justified in the context of national policy and guidance, albeit the level of growth to be pursued through the Local Plan ultimately remains a judgement to be made by the Councils.

The integrated nature of the economy and housing market has led this section, like the SHMA Update, to focus on the study area geography. Where a split between the authority areas remains valued by the Councils, it can be reasonably observed from the modelling of these employment growth scenarios that overall housing need is unsurprisingly weighted towards Stoke-on-Trent (811-1,074dpa) with a smaller need in Newcastle-under-Lyme (410-445dpa).

Size and Type of Housing Needed

The NPPF states that the planning system should:

"…support strong, vibrant and healthy communities, by ensuring that a sufficient number **and range** of homes can be provided to meet the needs of present and future generations"[71]

It further confirms that:

"The size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies"[72]

The PPG provides guidance on approaches that can be taken when identifying the need for different types of housing, and acknowledges that the standard method does not itself break down the minimum annual housing need figure into individual groups[73]. It does not, however, prescribe a single approach that must be taken to assess the mix of housing needed.

Within this context, evidence from the 2011 Census continues to provide an incomparably comprehensive and local insight into the housing choices of different household types in Stoke-on-Trent and Newcastle-under-Lyme. It allows modelling of the size and type of housing that could be needed to accommodate projected change in the household profile, comparable to that presented in section 7 of the SHMA Update.

Such modelling again assumes that evidenced local tendencies are maintained throughout the plan period, with no attempt made to estimate how market factors – such as changes to house prices, incomes and household preferences

[71] MHCLG (2019) National Planning Policy Framework, paragraph 8(b)

[72] *Ibid*, paragraph 61

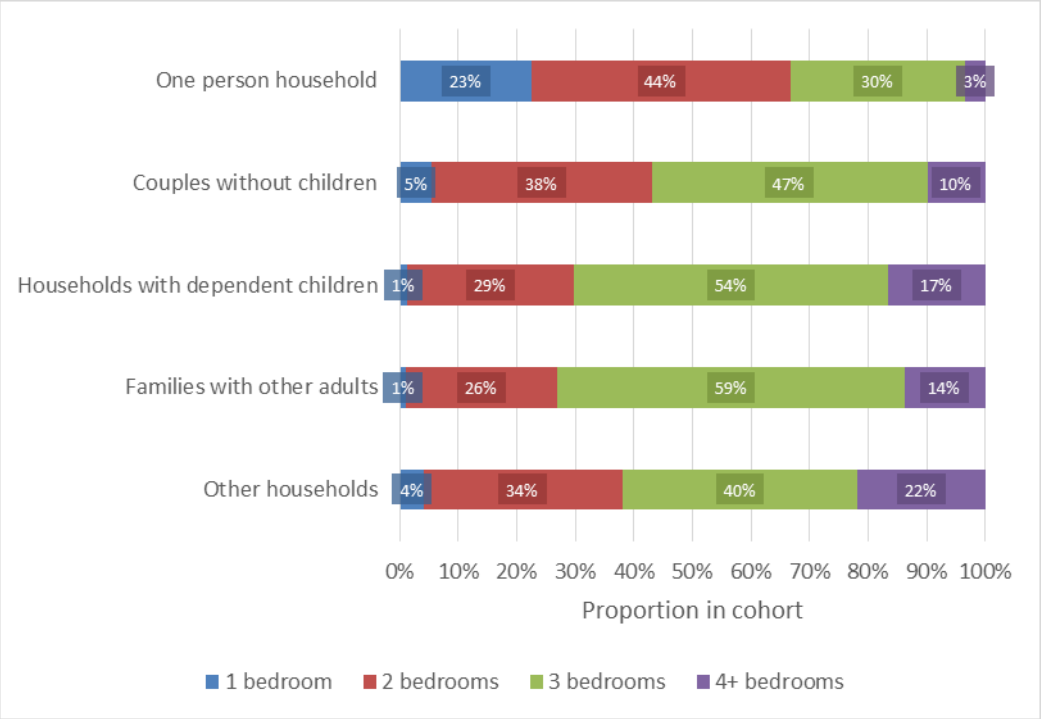
[73] PPG Reference ID 67-001-20190722

– will impact upon households' propensity to occupy housing of different sizes. This approach continues to be considered reasonable, as it ensures that the analysis is grounded in a robust evidence-based position on household choices. It is, however, recognised that existing choices will naturally reflect the profile of stock currently available, and the consequences of such a limitation are highlighted throughout this section as relevant.

Understanding local occupancy trends

Table 7.1 of the SHMA Update summarised Census data on the tendency of different household types in the study area to occupy different sizes of housing. This data was necessarily aggregated to three broad household typologies. While a similar process is still required to align with the household types reported by Edge Analytics' modelling, a slightly more granular position for five household categories can now be provided. This is initially illustrated for the study area at Figure 5.1.

Property Size by Household Type in the Study Area (2011)



Source: Census 2011

It is clear that one person households in the study area display the greatest tendency to occupy smaller properties, as observed in the SHMA Update, albeit one in three do notably still live in larger homes containing at least three bedrooms.

The tendency to occupy smaller properties does markedly fall amongst other household groups, with only 27% of families with other adults – who could be non-dependent children or older relatives – living in a property with up to two bedrooms for example. These households demonstrated the greatest tendency to occupy three bedroom properties, which are the dominant choice amongst all

but one person households. Still larger properties with at least four bedrooms are occupied by nearly a quarter of “other households” – containing unrelated adults in house shares for example – and almost one in five households with dependent children.

Table 5.1 overleaf provides a breakdown for the individual authorities.

Property Size by Household Type (2011)

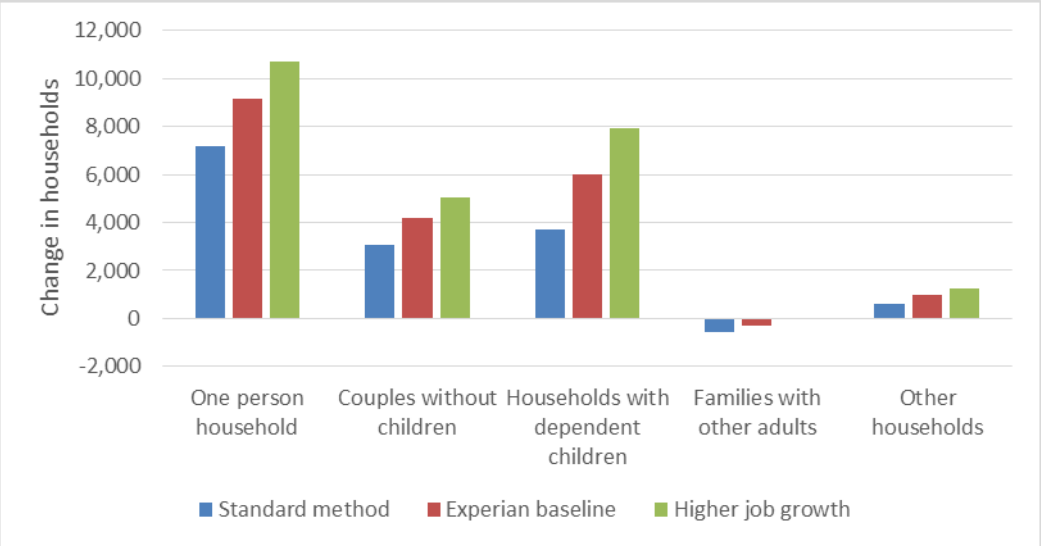
	1 bed	2 beds	3 beds	4+ beds
Newcastle-under-Lyme				
One person household	24%	37%	34%	5%
Couples without children	5%	31%	49%	15%
Households with dependent children	1%	21%	53%	24%
Families with other adults	1%	20%	59%	20%
Other households	4%	30%	41%	25%
Stoke-on-Trent				
One person household	22%	48%	28%	2%
Couples without children	6%	41%	46%	7%
Households with dependent children	1%	32%	54%	13%
Families with other adults	1%	29%	59%	11%
Other households	4%	36%	40%	20%

Source: Census 2011

Projected change by age and household type

Figure 5.2 draws upon Edge Analytics’ modelling to illustrate the scale of growth projected amongst different household types over the plan period, where housing provision in the study area is either limited to the minimum need implied by the standard method or reflects the employment growth scenarios introduced in section 4.

Projected Change by Household Type (2020-37)



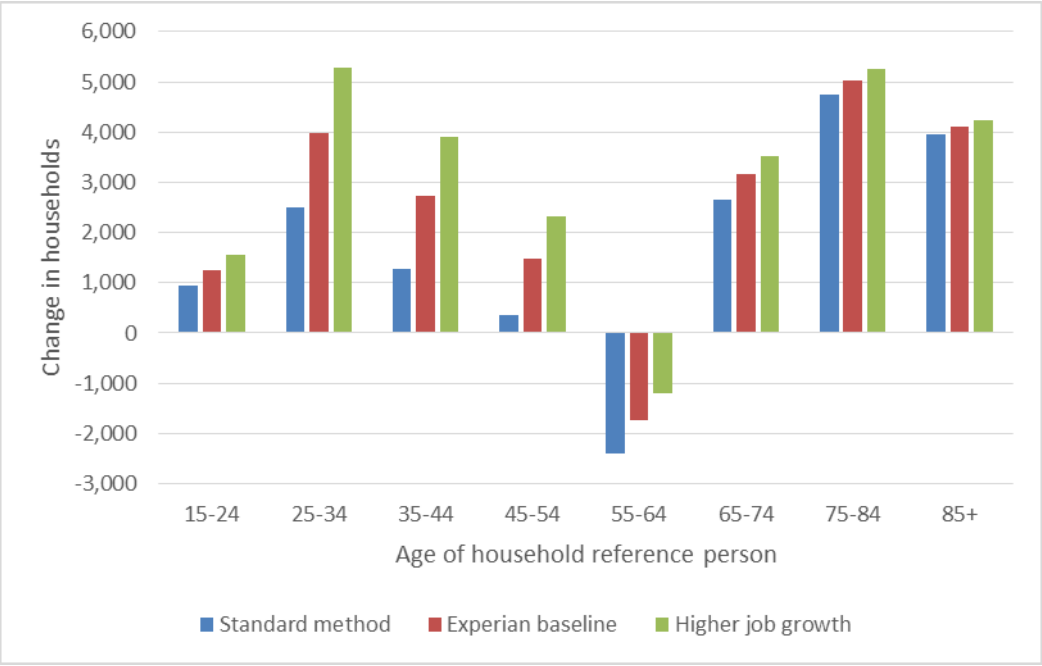
Source: Edge Analytics; Turley analysis

The modelling indicates that any scenario will lead to substantial growth in the number of one person households living in the study area. There is also projected to be growth in the number of couples without children, and in the number of households with dependent children. While the representation of the latter group is still projected to grow where housing provision is limited to that implied to be needed under the standard method, supporting the higher job growth scenario could result in the scale of this growth more than doubling with an associated increase in housing needs.

In contrast, there is expected to be little change or indeed slight decline in the number of families living with other adults, such as non-dependent children or elderly relatives. Other households are also projected to form in small numbers under all scenarios.

This profile of growth reflects projected changes in the age structure of the study area, which can be further understood by establishing the age of those representing the additional households (also known as the household reference person). Figure 5.3 illustrates how this could vary under each scenario.

Projected Change by Age of Household Reference Person (2020-37)



Source: Edge Analytics; Turley analysis

There is clearly expected to be significant growth in the number of households led by individuals aged 65 and over, under any scenario, with a potentially related reduction in the number led by someone aged 55 to 64. While all other cohorts are projected to see growth, the modelling illustrates that the extent of this growth is more dependent on the future level of housing provision. Simply meeting the minimum need implied by the standard method would enable relatively limited growth amongst younger households and those traditionally

starting families, meaning that some 81% of additional households would be led by an older person aged 65 and over. This falls to 61% when providing the housing needed to support the Experian baseline scenario, with its allowance for in-migration of working age people resulting in the formation of more young households and families. The higher job growth scenario allows for a still greater inflow, further balancing the profile of growth such that only 52% of additional households would be led by someone aged 65 and over under this scenario.

Implications for the size of housing needed

The anticipated profile of household growth illustrated above can be expected to drive demand for different sizes of housing over the plan period, based on the varying tendencies shown earlier at Figure 5.1. By proportionately reflecting the existing tendencies of different household types, an illustrative profile of the size of housing that could be required by additional households forming in the study area under each scenario can be established, as summarised with a breakdown by individual authority at Table 5.2. This relates to all additional households projected to form and is not broken down by tenure.

Implied Size of Housing Required (2020-37)

	Standard method			Experian baseline			Higher job growth		
	SoT	NuL	**Study area**	SoT	NuL	**Study area**	SoT	NuL	**Study area**
1 bed	14%	13%	**13%**	12%	12%	**12%**	11%	12%	**11%**
2 beds	43%	31%	**39%**	41%	31%	**38%**	41%	31%	**37%**
3 beds	37%	43%	**39%**	39%	43%	**41%**	40%	43%	**41%**
4 beds	6%	13%	**9%**	7%	14%	**9%**	8%	14%	**10%**
Total	100%	100%	**100%**	100%	100%	**100%**	100%	100%	**100%**

Source: Turley; Edge Analytics; Census 2011

While there is variation in the number of homes provided under each scenario, there are similarities in terms of the proportion of homes required to be of different sizes. Additional households forming under any scenario would most likely require two or three bedrooms, albeit with a slightly greater emphasis on the latter under the employment growth scenarios. The proportion of households requiring at least four bedrooms similarly rises, if only slightly, under the higher growth scenario, with a fall in the proportion requiring only one bedroom.

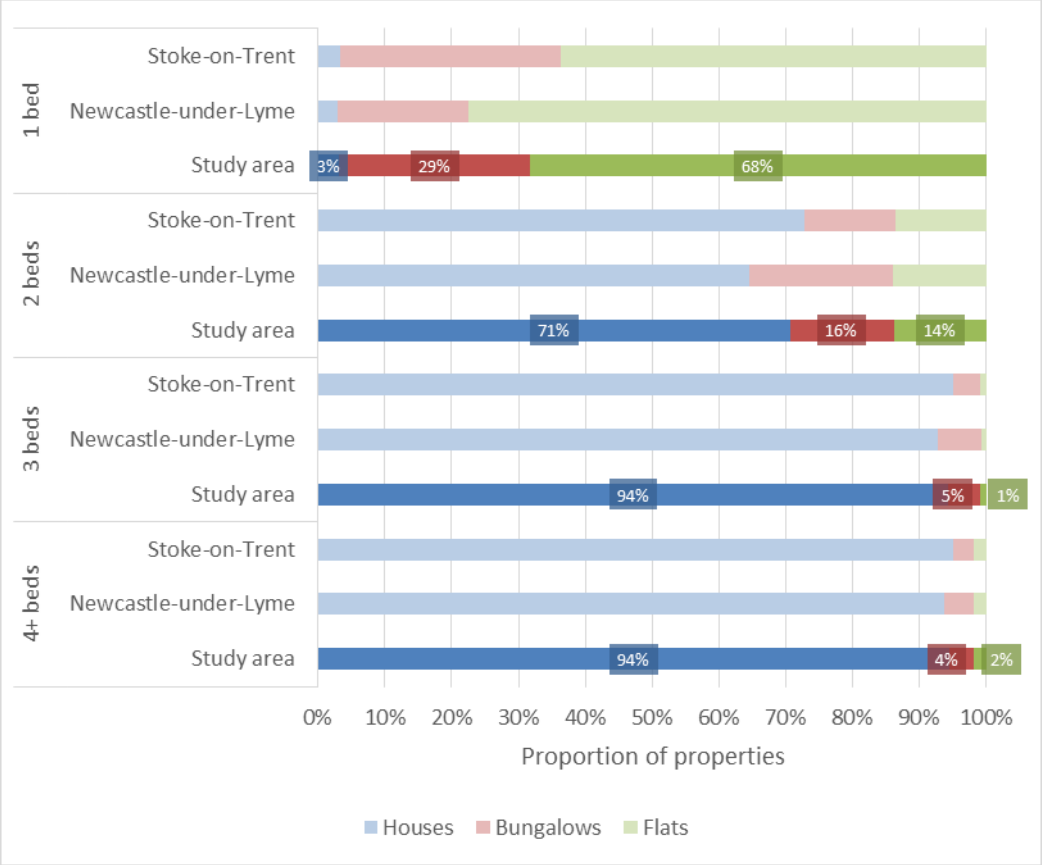
This shift under the employment growth scenarios is driven in the modelling by Stoke-on-Trent, reflecting an assumption that the city increasingly attracts and retains the household types that tend to favour larger property. Newcastle-under-Lyme sees a more consistent pattern, with a generally greater need for

larger housing than in Stoke-on-Trent, due to the more modest difference between the standard method and the higher job growth scenario (Table 4.5).

Implications for the type of housing needed

The type of property that may be required to provide homes of the necessary size can also be estimated, drawing upon the VOA data introduced in section 2 of this report. This confirms, as of 2019, the proportion of dwellings of each size that are flats, bungalows and houses, as illustrated at Figure 5.2. This indicates that most one bedroom properties in the study area, and in each authority, are flats albeit with some additional bungalows of this size. Houses then account for the vast majority of larger homes, particularly those containing at least three bedrooms.

Type of Housing by Number of Bedrooms (2019)



Source: VOA, 2019

Meeting the need for different property sizes implied by Table 5.2 could, based on this profile, require most of the homes provided in this area to be houses. This applies under any scenario, with the proportion of households implied to require houses varying only slightly (73-75%) and relative consistency also shown between the authorities. Circa 13-15% of homes could need to be flats, marginally exceeding the implied need for bungalows (11-12%). Rounded figures may not appear to sum in Table 5.3 overleaf.

Implied Type of Housing Required (2020-37)

	Standard method			Experian baseline			Higher job growth		
	SoT	NuL	**Study area**	SoT	NuL	**Study area**	SoT	NuL	**Study area**
House	73%	73%	**73%**	75%	73%	**74%**	76%	73%	**75%**
Bungalow	12%	13%	**12%**	11%	12%	**12%**	11%	12%	**11%**
Flat	15%	15%	**15%**	14%	14%	**14%**	13%	14%	**13%**
Total	100%	100%	**100%**	100%	100%	**100%**	100%	100%	**100%**

Source: Turley; Edge Analytics; VOA; Census 2011

Interpreting the evidence

In interpreting the estimates made in this section, they must be acknowledged to provide only **an illustrative modelling of available evidence**, which can be used as a guide to be reflected in policy and for the strategic monitoring of future development.

While this evidence provides a valuable indication of the broad mix of housing which may be required in the study area, it is recommended that policies are not overly prescriptive in expecting all sites to precisely align with the illustrative mix presented in this section. The mix of housing provided on individual sites will need to respond to and be influenced by the changing demands and needs of the market, and take account of local market evidence and viability considerations.

Establishing an appropriate mix of housing must also appreciate that the estimates presented in this section ultimately assume that existing preferences – influenced to some extent by the stock of housing currently available – will be maintained throughout the plan period. This does not directly account for policy factors such as the Councils' long held aspirations to improve the quality of the housing offer, as a means of satisfying the housing needs of higher earners that have historically tended to move out of this area[74].

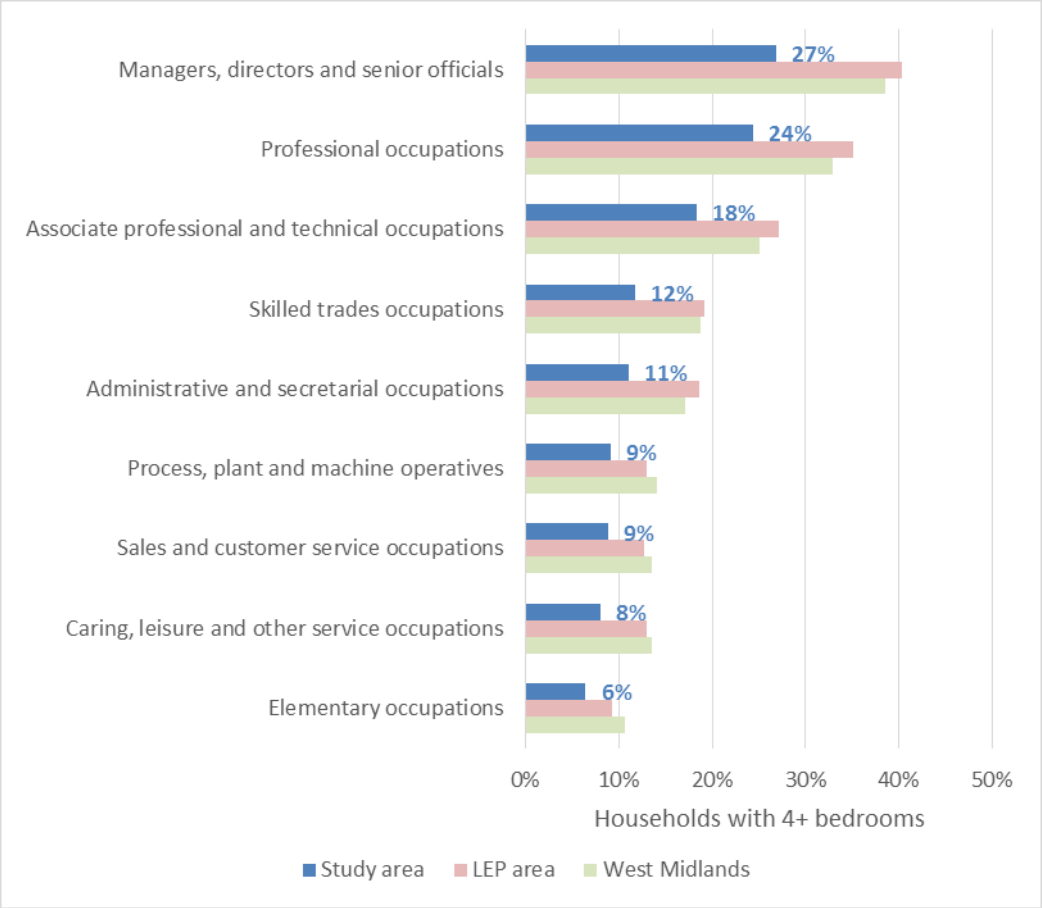
In presenting a similar calculation, the SHMA Update highlighted that the Councils could justifiably pursue 'a policy-led approach' that would provide a greater number of large homes in support of these aspirations[75]. This would remain justified when recognising both the principles of the employment growth scenarios in particular, and the extent to which household choices in this area vary by income and occupation.

[74] Turley (July 2015) Strategic Housing Market Assessment: Stoke-on-Trent City Council and Newcastle-under-Lyme Borough Council, p202-206

[75] Turley (June 2017) Strategic Housing Market Assessment Update: Stoke-on-Trent City Council and Newcastle-under-Lyme Borough Council, paragraph 7.11

Figure 5.5 for example shows that an employed manager, director or senior official in the study area is over four times more likely to occupy a large home with at least four bedrooms than one employed in an elementary occupation[76]. Those households led by people employed in professional and technical roles also display a relatively high tendency to live in such large housing, even if not to the extent seen more widely across the area covered by the Stoke-on-Trent and Staffordshire Local Enterprise Partnership (LEP) or the West Midlands as a whole.

Tendency to Occupy Larger Housing by Occupation (2011)



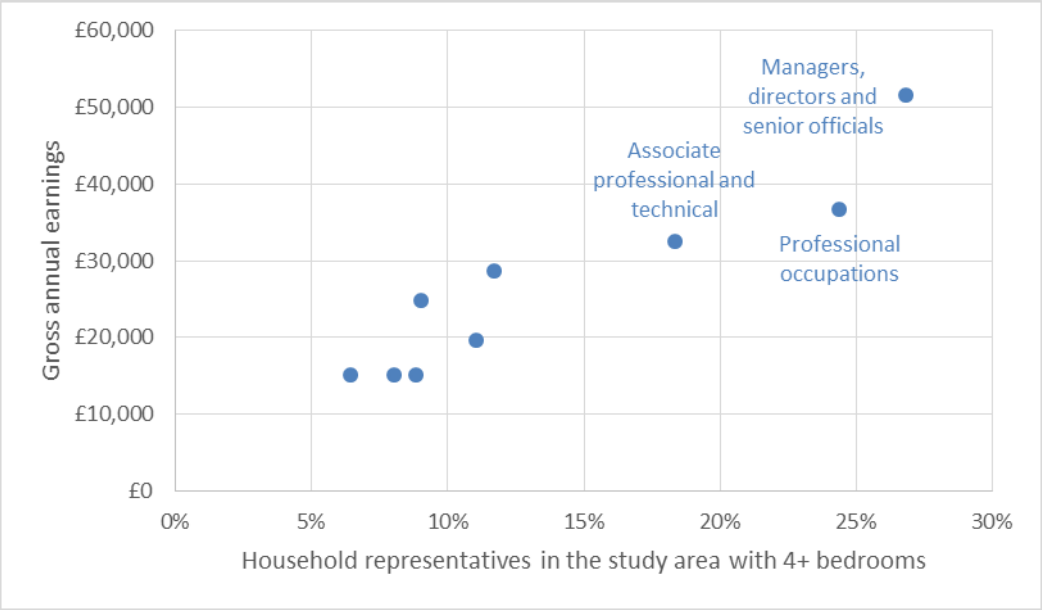
Source: Census 2011

These trends are naturally influenced by income, as those occupations that enable households in this area to choose larger homes are generally characterised – at the regional level, where data is available[77] – by higher annual earnings and vice versa. This is shown by Figure 5.6.

Local Tendency to Live In Larger Housing by Typical Income

[76] Requiring the knowledge and experience necessary to perform mostly routine tasks, often involving the use of simple handheld tools, and in some cases requiring a degree of physical effort

[77] ONS (2019) Annual Survey of Hours and Earnings – earnings and hours worked, region by occupation by two-digit SOC



Source: ASHE; Census 2011

This can therefore be set in the context of the sectors considered likely to grow within the ENA, given that the 2011 Census provided a local breakdown of occupations within these sectors albeit with some aggregation. Figure 5.7 summarises both the prevalence of the highest paid roles (managers, directors and senior officials; professional occupations; and associate professional and technical occupations) in each sector, and the level of job growth forecast in that sector under the Experian baseline and higher growth scenario. This reveals an existing concentration of relatively well-paid roles in the broad sector forecast to create the most jobs over the plan period, namely public administration, education and health. Financial, real estate, professional and administrative activities also have a large number of such roles, which may increase in number over the plan period. The growing transport and communication sector in contrast generally has fewer of the roles that tend to be higher paid, notwithstanding that the logistics sector specifically is often misunderstood in terms of the value and type of jobs available[78].

Prevalence of Higher Paid Roles in Growing Sectors (2020-37)

[78] BPF (2015) Delivering the Goods: the economic impact of the UK logistics sector; BPF (2020) Delivering the Goods in 2020

Source: Experian; Census 2011; Turley analysis

It follows that the existing housing trends assumed to endure in this section could conceivably evolve in favour of larger housing where the Councils successfully create higher value jobs over the plan period. This should be carefully monitored to ensure that an appropriate mix of homes is provided.

Summary

The NPPF confirms that the size and type of housing needed by different groups in the community should be assessed and reflected in planning policies. The modelling presented in this report allows overall housing need to be segmented in this way and interpreted through policy.

It suggests under any of the presented scenarios that there will be substantial growth in the number of one person households living in the study area, alongside growth in the number of couples without children and households with dependent children. The scale of projected growth naturally varies depending on whether housing provision is assumed to align with the standard method, or supports either baseline or higher job growth. Supporting higher job growth would more than double the increase in households with children, for example, relative to the scenario linked to the standard method. It would also markedly reduce the share of additional households across the study area that could be led by an older person aged 65 or over, from 81% to 52%, albeit it is important to note that under all of the scenarios this age group is forecast to see substantial growth in absolute terms.

Such different types of households naturally have varying requirements in terms of housing, single person households in the study area often – though not exclusively – occupying smaller homes for example. Households with dependent children and unrelated adults, in house shares for instance, tend to occupy larger properties. This is a reflection of households'' ability to exercise choice in the market.

A continuation of these local trends, robustly evidenced by the 2011 Census with no attempt made to predict future changes in occupancy preferences, could see most of the additional households forming in the study area requiring two or three bedrooms. This could be evenly split where the minimum need implied by the standard method is met (39/39%) but shifts in favour of three bedroom properties under the higher job growth scenarios (37/41%). The proportion of households requiring at least four bedrooms could similarly rise slightly to 10% in such a scenario. While these estimates relate to the entire study area, there is implied to be a generally greater need for larger housing in Newcastle-under-Lyme than in Stoke-on-Trent.

It is estimated that meeting this need could require around three in four homes to be houses, with nearly 15% of households requiring flats and slightly over 10% requiring bungalows. This is relatively consistent across the scenarios and between the individual authorities.

This does, however, provide only an illustrative modelling of available evidence, which can be used for guidance and monitoring purposes but should not be prescribed as an explicit requirement for all sites given the need to respond to changing market demands, local context and viability factors.

Consideration can also be given to other factors in establishing an appropriate mix, such as the Councils' long held ambitions to improve the quality of the housing offer as a means of satisfying the needs of higher earners that have historically tended to move out of this area. The Councils could justifiably pursue a policy-led approach that would provide a greater number of large homes in support of these aspirations, recognising that residents employed in certain higher paid roles – that are prevalent in sectors forecast to grow in this area – show a greater tendency to occupy larger housing. This will require careful monitoring from the Councils.

Affordable Housing Need

In guiding the overall approach to assessing housing needs, the PPG retains the well-established methodology – last followed in section 5 of the SHMA Update – through which affordable housing needs are calculated[79]. A change in the official definition of affordable housing since the SHMA Update was prepared, through the revised NPPF, has not led to any alteration of this approach.

The methodology requires the calculation of 'the total net need (subtract total available stock from total gross need)' and a conversion into 'an annual flow based on the plan period'. The outcome, which is then presented as an annual need for affordable housing, should then be:

"…considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, taking into account the probable

[79] PPG section 77 – "Housing needs of different groups"; last revised 22 July 2019. At the time of writing, section 2a ("Housing and economic needs assessment") retains almost identical guidance on assessing affordable housing needs, which was last revised on 20 February 2019

percentage of affordable housing to be delivered by eligible market housing led developments. An increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes"[80]

This section applies the PPG methodology and clearly presents a stepped calculation of affordable housing need across the study area, initially broken down between the two authorities before a subsequent breakdown by the number of bedrooms required. The calculation is presented in a simplified form, compared to the SHMA Update, first considering gross need before accounting for supply and arriving at the net annual position required over the emerging plan period by the PPG.

This calculation uses information held and collated by the Councils, which is introduced throughout and supplemented as necessary with secondary data. It should be noted that rounding may result in certain figures not appearing to sum throughout.

Current and future gross need

This part of the calculation identifies both the existing backlog of households in need of affordable housing, and the additional need that may be continuously generated where existing households' circumstances change and new households form but are unable to access the home that they need on the open market.

Current need for affordable housing (A)

The Councils' housing registers identify existing households classified as being in the greatest need of affordable housing, and are explicitly recognised as providing 'relevant information' for the purposes of this assessment within the PPG[81]. While other data sources are also suggested, the PPG rightly warns of the risk of double-counting, and emphasises that care should be taken to include 'only those households who cannot afford to access suitable housing in the market'[82]. Given that households' eligibility is assessed when joining the housing register, it is considered the most suitable and reliable source of information for the purposes of this assessment. The same approach was taken in the SHMA Update, and indeed the earlier SHMA, with its retention therefore providing continuity between the assessments.

The Councils each shared a snapshot of their respective housing registers in March 2020 to inform this calculation. A filtering exercise has subsequently sought to isolate those households in the greatest need, removing those assigned to the lowest priority bands[83] who were similarly discounted in the SHMA and SHMA Update.

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[80] PPG Reference ID 67-008-20190722

[81] PPG Reference ID 67-006-20190722

[82] *Ibid*

[83] Band 4 in Stoke-on-Trent and Band 7 in Newcastle-under-Lyme, albeit in the case of the latter the Council has requested that Band 7 households that are living with parents or relatives should be *included*

As summarised at Table 6.1, the Councils' housing registers suggest that 2,569 households throughout the study area are currently classified as being in need of affordable housing, based on allocation policies and excluding those considered to have little or no need. Over two thirds (68%) of these households currently live in Stoke-on-Trent. It can also be noted that circa 38% of the households currently in need of an affordable home already occupy such housing, albeit with the suggestion that the property does not adequately meet their needs.

Current Need for Affordable Housing (A)

Step	Source	SoT	NuL	**Total**
A1 Existing affordable housing tenants in need	Applications to transfer on housing registers	668	299	**967**
A2 Others on housing register	Housing registers, excluding those identified above	1,072	530	**1,602**
A3 Total housing need currently	**A1 + A2**	**1,740**	**829**	**2,569**

Source: Councils' housing registers; Turley analysis

The above can be directly compared to Table 5.1 of the SHMA Update, which indicated that 1,732 households across the study area were in priority bands on housing registers as of late 2016. This suggests that the number of such households has since increased by circa 48%, with a slightly smaller increase in Stoke-on-Trent (43%) than in Newcastle-under-Lyme (62%) owing – at least in part – to the inclusion of some Band 7 households at the Council's request.

Future need for affordable housing (B)

It is naturally more challenging to predict the scale of future need, compared to the need outlined above which exists and can be quantified at the current point in time. The newly restructured PPG provides more limited guidance on how authorities should estimate the 'projected number of households who lack their own housing or who cannot afford to meet their housing needs in the market'[84]. Previous guidance on how 'the number of newly arising households likely to be in affordable housing need' can be calculated has not been copied across to the new section of the PPG, but at the time of writing remains in its former location[85]. This section therefore continues to adhere to this guidance by estimating both the number of newly forming households unable to buy or rent in the local market, and the number of existing households falling into need from other tenures.

The PPG indicates that this stage of the assessment should 'reflect new household formation', but does not provide specific guidance on how this should

[84] PPG Reference ID 67-006-20190722

[85] PPG Reference ID 2a-021-20190220

be calculated[86]. This has, however, featured in guidance historically issued by the Department for Communities and Local Government, which set a detailed framework for the long-established methodology that continues to be broadly reflected in the PPG[87]. It is important to note that this uses a gross annual household formation rate, rather than the net figures typically reported, to specifically measure 'the number of households at the end of the year which did not exist as separate households at the beginning'[88]. This is achieved by comparing the number of households in specific five year age bands to the numbers in the age band five years previously. As recommended in the original guidance, these estimates are limited to households led by somebody aged 44 years or younger to more accurately reflect newly forming households alone. This input has been calculated by Edge Analytics based on the baseline jobs-led scenario that forms the lower end of the range recommended in section 4[89], but the gross measure used below cannot be directly compared with the net additional need for dwellings implied by the same scenario.

It is likely that a proportion of newly forming households will be unable to afford the cost of market housing, as acknowledged in the PPG. This can be estimated through an affordability benchmarking exercise, which takes account of the cost of purchasing or renting at the entry level of the open market – traditionally represented by the lower quartile – relative to the income profile of households in the study area. As in the SHMA Update, the calculation is applied for each authority independently before aggregation to the study area level, rather than accounting for the possibility that a newly forming household in one authority could relocate to the other.

Table 6.2 below summarises the lower quartile price paid to purchase housing in each authority over the year to December 2019, based on Land Registry data introduced in section 2 of this report. It also estimates the cost of purchasing such housing with a mortgage, excluding the cost of saving for deposit[90]. This is benchmarked against the lower quartile monthly cost of privately renting a property, drawing on ONS data previously summarised at Table 2.3. The income required to purchase or rent entry level market housing is then estimated based on these benchmarks, making an assumption – as in the SHMA Update – that no more than one third of income is spent on housing

[86] *Ibid*

[87] DCLG (2007) Strategic housing market assessments: practice guidance, Annex B

[88] *Ibid*, p45

[89] Alignment with the outcome of the standard method would lower the annual rate by circa 5%, while alignment with the higher growth scenario would elevate it by circa 6%

[90] A 5% deposit is assumed, with repayment over a 25 year period at a fixed interest rate of 3%. While it appears that comparable assumptions were made in the SHMA Update, this calculation utilises a more sophisticated and accurate method such that the previous affordability benchmarks – which did not affect the calculation – are slight overestimates

costs[91]. Paycheck data purchased from CACI is then used – again, as in the SHMA Update – to estimate the proportion of households with an income lower than that required to access each option. This requires rounding to the nearest £5,000, to align with the bandings reported by CACI.

Income Required to Access Market Housing in the Study Area

	Stoke-on-Trent Market purchase	Stoke-on-Trent Private rent	Newcastle-under-Lyme Market purchase	Newcastle-under-Lyme Private rent
Price of purchase	£77,500	–	£105,000	–
Annual cost	£4,190	£4,800	£5,676	£5,940
Income required	**£12,569**	**£14,400**	**£17,029**	**£17,820**
Rounded	£15,000	£15,000	£15,000	£20,000
Unable to afford	**29%**	**29%**	**22%**	**34%**

Source: ONS; Land Registry; Turley analysis

The above suggests that circa 29% of households in Stoke-on-Trent are unable to afford the cost of purchasing or indeed privately renting a home at the entry level, which are aligned because of the necessary rounding. In contrast, the cost of purchase is implied to be slightly lower than the cost of renting in Newcastle-under-Lyme, and the former rounds down to suggest that approximately 22% of households in the borough are unable to access the most affordable market option.

This illustrative exercise is ultimately intended to estimate the proportion of newly forming households that could be unable to access open market housing. While the income profile drawn upon above captures all types of household – including recently formed households, working households and older households with pensions – there is no local evidence on the varying incomes of each household type throughout the study area. In this absence of more comprehensive data, it is necessary to assume – for the purposes of this calculation – that the income of newly forming households aligns with that of existing households. It is assumed on this basis that 29% of newly forming households in Stoke-on-Trent, and 22% in Newcastle-under-Lyme, will be unable to access the open market and will thus require affordable housing.

In addition to newly forming households, a number of existing households can also be expected to fall into need from other tenures where their financial or family circumstances change for example. In order to estimate the annual number of such households, the calculation incorporates data on the annual number of lettings to households from other tenures – based on a three year historic average – and the number of households who remain on housing registers having joined from other tenures during the same period.

[91] Turley (June 2017) Strategic Housing Market Assessment Update: Stoke-on-Trent City Council and Newcastle-under-Lyme Borough Council, paragraph 5.16. This originates from research by the Resolution Foundation with the benchmark also regularly cited by both Shelter and the Joseph Rowntree Foundation

When drawing together both newly forming households and existing households falling into need, Table 6.3 suggests that a new gross need for 1,398 affordable homes could arise across the study area each year. This is modestly smaller than the estimate made in the SHMA Update, predominantly because fewer existing households are assumed to fall into need in line with recently evidenced trends.

Future Need for Affordable Housing (B)

Step	Source	SoT	NuL	**Total**
B1 New household formation, gross	Projected younger household formation, Edge Analytics	2,089	1,160	**3,250**
B2 Newly forming households unable to privately rent in the open market	Proportion derived from ONS, Land Registry and CACI data	29%	22%	**–**
	Applied to new household formation (B1)	605	256	**861**
B3 Existing households falling into need	Households from other tenures annually receiving lettings or joining the housing register	387	150	**537**
B4 Total newly arising need, gross annual	**(B1 x B2) + B3**	**992**	**406**	**1,398**

Source: Councils' monitoring; Edge Analytics; Turley analysis

Total gross need for affordable housing (C)

When combining the current need with a future need, assumed to arise annually in each of the 17 years covered by the emerging plan period (2020-37), it can be estimated that circa 1,550 households throughout the study area will need affordable housing each year. This represents a **gross** measure, taking no account of supply which is incorporated – as required by the PPG – in the next stage of the calculation.

Total Gross Need for Affordable Housing (C)

Step	Source	SoT	NuL	**Total**
C1 Total housing need currently	A3	1,740	829	**2,569**
C2 Total newly arising need, over 17 years	B4 x 17	16,870	6,905	**23,774**
C3 Total gross need over plan period	**C1 + C2**	**18,610**	**7,734**	**26,343**
C4 Annual gross need over plan period	C3 ÷ 17	1,095	455	**1,550**

Source: Turley analysis

This stage of the calculation can also be broken down to illustrate the number of bedrooms needed, with such information specifically recorded by the housing registers. It is naturally more challenging to predict the size of housing needed by newly forming households in need, as the method of calculation does not account for household size and available data does not allow the calculation of affordability benchmarks for different sizes of property. Once assumed therefore that a proportion of newly forming households are unable to afford the cost of renting, the number of bedrooms required by these households has been subsequently estimated based on the size of property occupied by socially renting households in each authority as of the 2011 Census. This is considered to provide a robust if illustrative basis for estimating needs, in the absence of sufficiently comprehensive data, and it is of note from Table 6.5 overleaf that such an approach reassuringly produces a profile that broadly compares with that of the housing register. It suggests, in combination, that circa 47% of households will need an affordable home with one bedroom, with 26% requiring two bedrooms and 21% requiring three bedrooms. Breakdowns for the individual authorities are presented for reference at **Appendix 2**.

Annual Gross Need by Number of Bedrooms Required

	1 bed	2 beds	3 beds	4+ beds	**Total**
A1 Existing affordable housing tenants in need	410	175	252	130	**967**
A2 Others on housing register	843	381	268	110	**1,602**
A3 Total housing need currently	**1,253** 49%	**556** 22%	**520** 20%	**240** 9%	**2,569** 100%
B2 Newly forming households unable to privately rent in the open market	455	200	147	60	**861**
B3 Existing households falling into need	206	169	141	22	**537**
B4 Total newly arising need, gross annual	**660** 47%	**369** 26%	**288** 21%	**82** 6%	**1,398** 100%
C3 Total gross need over plan period (A3 + (B4 x 17)) ÷ 17	**734** 47%	**401** 26%	**318** 21%	**96** 6%	**1,550** 100%

Source: Turley analysis

Accounting for supply (D)

The PPG recognises that 'there will be a current supply of housing stock that can be used to accommodate households in affordable housing need…as well as future supply'[92]. This supply can therefore be assumed to contribute towards meeting, in quantitative terms, the gross need calculated above.

Lettings data supplied by the Councils confirms the number of affordable homes that have annually become available to non-transfer tenants over the last three years, on average. This can reasonably inform an assumption on the number of such properties that will be available in future, albeit it is acknowledged that this may be susceptible to change when accounting for losses through Right to Buy and the extent of replacement. Allowance can also be made for intermediate products becoming available, as has been the case in recent years[93].

In accordance with the PPG, the calculation should also take account of affordable homes that the Councils expect to be delivered over the next five years. This is understood to only include sites which are currently under construction and further sites with planning permission. While this would naturally be augmented by the addition of stock that has been vacant over a prolonged period of time, or indeed reduced in net terms where occupied stock

[92] PPG Reference ID 67-007-20190722

[93] Assumptions have been made based on information that has been made available by the Councils. For Newcastle-under-Lyme, this has been based on shared ownership sales annually recorded by Aspire over the last three years. For Stoke-on-Trent, in accordance with a recommendation from the Council, the assumption is based on a five year average derived from MHCLG data

is planned to be taken out of management, the Councils have not advised of any such plans and as a result this is not accounted for within the calculation.
A further source of supply emerges when it is recognised that some of the households currently in need of affordable housing already occupy such a home, which will be vacated when their needs are met. Allowance for such movements is made within the calculation.
When the above are combined, it is suggested that circa 1,383 affordable homes could become available in the study area in each year of the plan period.

Assumed Supply over Plan Period (D)

Step	Source	SoT	NuL	**Total**
D1 Committed supply of affordable housing	Pipeline over next five years, identified by the Councils	248	211	**459**
D2 Affordable homes occupied but vacated by households in need	Transfer tenants, identified at A1	668	299	**967**
D3 Emerging supply, annualised over plan period	(D1 + D2) ÷ 17	54	30	**84**
D4 Lettings to new tenants per annum	Lettings data supplied by Councils, excluding transfers	891	386	**1,276**
D5 Annual supply of intermediate housing	Information supplied by Councils	11	11	**22**
D6 Estimated supply per annum	**D3 + D4 + D5**	**956**	**427**	**1,383**

Source: Councils' monitoring; Turley analysis

Net need over the plan period

The projected supply of 1,383 affordable homes per annum is lower than the estimated gross need for 1,550 such homes each year, to suggest that there is a net annual need for circa **167 additional affordable homes** across the study area beyond the existing and committed supply. This reflects a projected shortfall in each authority, as shown at Table 6.7 overleaf.

Estimated Net Need for Affordable Housing

Step	Source	SoT	NuL	**Total**
Annual gross need over plan period	C4	1,095	455	**1,550**
Estimated supply per annum	D6	956	427	**1,383**
Net need per annum	**C4 – D6**	**139**	**28**	**167**

Source: Turley analysis

A more variable picture is shown when considering the number of bedrooms required, albeit a particular lack of detail on the size of affordable housing in the pipeline means that assumptions must be made based on the profile of such existing stock at the 2011 Census. All other inputs can though be broken down by size, suggesting a shortfall of affordable homes of most sizes with the exception of two bedroom properties. The shortfall appears particularly pronounced for one bedroom units. The Councils are advised to closely monitor the extent to which the delivery of affordable housing, of various sizes, is actually meeting households' needs over the plan period, taking account of trends in both delivery and the housing registers while capturing the qualitative views of those involved in letting and assessing eligibility. A breakdown for each authority is presented at **Appendix 2**.

Estimated Net Need by Number of Bedrooms Required

	1 bed	2 beds	3 beds	4+ beds	**Total**
Annual gross need over plan period	734	401	318	96	1,550
D1 Committed supply of affordable housing	83	193	172	11	**459**
D2 Affordable homes occupied but vacated by households in need	410	175	252	130	**967**
D3 Emerging supply (D1+D2) annualised over plan period	29	22	25	8	**84**
D4 Lettings to new tenants per annum	456	613	204	3	**1,276**
D5 Annual supply of intermediate housing	0	16	5	2	**22**
D6 Estimated supply per annum	**485**	**651**	**234**	**13**	**1,383**
Net need per annum	**249**	**-249**	**84**	**83**	**167**

Source: Turley analysis

Considering likely delivery

The calculation introduced above is intended to provide a position on the total affordable housing need which, as per the PPG, must be 'considered in the

context of its likely delivery as a proportion of mixed market and affordable housing developments, taking into account the probable percentage of affordable housing to be delivered by eligible market housing led developments'[94]. The PPG invites authorities to consider 'an increase in the total housing requirement included in the plan…where it could help deliver the required number of affordable homes'[95].

It is understood that the Councils are intending to introduce policies that aim to secure 25% of homes on larger sites as affordable housing[96]. On a purely numerical basis, this suggests that provision for as few as 668 dwellings per annum in the study area could theoretically meet the net annual need for 167 affordable homes therein. This is though likely to exaggerate the contribution of certain sites, not all of which are required – or indeed able, for viability reasons for example – to deliver the proportion of affordable housing specified in the emerging policy.

Such a theoretical exercise also takes no account of the need to replenish and continuously modernise the stock of affordable housing, an important consideration that is not always reflected when quantifying the need for such homes.

As such, while this exercise does not suggest that an increase in the overall housing requirement is necessary on the basis of a quantified need of affordable housing, it is still evident that the provision of such homes that better meet the needs of households will be important. Cross-subsidisation via the continued delivery of market housing, proportionate to the overall need estimated in section 4 of this report, will continue to be an important source of supply on this basis.

Considering the role of different affordable housing products

1.22 The revised NPPF was published after a prolonged period in which the Government had acknowledged increased 'innovation by housing providers in meeting the needs of a wide range of households who are unable to access market housing'[97]. It expressed support for such innovation, and proposed a revised definition for affordable housing to ensure that innovation is not 'unnecessarily constrained by the parameters of products that have been used in the past'. This was acknowledged in the SHMA Update[98].

The revised NPPF introduced this revised definition, making clear that affordable housing should be:

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[94] PPG Reference ID 67-008-20190722

[95] *Ibid*

[96] Policy HO4 of the Draft Joint Local Plan – Part One

[97] DCLG (2015) Consultation on proposed changes to national planning policy, paragraph 7-9

[98] Turley (June 2017) Strategic Housing Market Assessment Update: Stoke-on-Trent City Council and Newcastle-under-Lyme Borough Council, paragraphs 7.53 – 7.59

"Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is essential for local workers)"[99]

It proceeds to distinguish between:

Affordable housing for rent, which incorporates both nationally derived social rent and affordable rent set relative to the local market. While the definition builds upon that established in the previous iteration of the NPPF, it is less explicit in distinguishing between social rented housing and affordable rent; and

Starter Homes, discounted market sales housing, and other affordable routes to home ownership. Although each are defined separately, they have evidently been designed with a shared goal of providing low-cost housing for sale for those whose needs are not met by the market.

The potential role of these products in meeting a locally evidenced need for affordable housing, in gross terms, is considered below.

Affordable housing for rent

The likely cost of affordable rents relative to the most accessible market option can be estimated through reference to the lower quartile rent presented at the earlier Table 6.2, which was based on ONS data first introduced in section 2. Table 6.9 overleaf estimates the annual cost of renting at 60% and 80% of this market level, the latter aligning with the threshold set in the NPPF ('at least 20% below local market rents') and the former indicatively testing a larger discount that is permissible through this policy[100]. This reduces the cost of renting, as would be anticipated. As in the preceding analysis, the implied thresholds can then be considered in the context of household income, where assumed that no more than one third of earnings are spent on housing costs. In interpreting the table, it should again be noted that the income required to access each option is necessarily rounded to the nearest £5,000 to align with the income data obtained from CACI.

[99] MHCLG (2019) National Planning Policy Framework, Annex 2

[100] *Ibid*, Annex 2

Estimated Annual Cost of Affordable Rent and Income Required

	Annual cost	Income required ↓	Households **able** to afford	Households **unable** to afford	Deviation from most affordable market option
Stoke-on-Trent					
Market rent	**£4,800**	**£14,400**	**71%**	**29%**	**–**
Purchase	**£4,190**	**£12,569**	**71%**	**29%**	**–**
80% market rent	£3,840	£11,520	85%	15%	14%
60% market rent	£2,880	£8,640	85%	15%	14%
Newcastle-under-Lyme					
Market rent	£5,940	£17,820	66%	34%	-12%
Purchase	**£5,676**	**£17,029**	**78%**	**22%**	**–**
80% market rent	£4,752	£14,256	78%	22%	0%
60% market rent	£3,564	£10,692	89%	11%	11%

Source: ONS; CACI; Turley analysis

The above indicates, in the case of Stoke-on-Trent, that circa 85% of households could – on the basis of income alone – conceivably afford such discounted rents, which would clearly be an improvement from open market options that an estimated 71% of households cannot afford. This means that circa 14% of households have an income that is insufficient to afford these market options, but sufficient to cover affordable rents.

In Newcastle-under-Lyme, as many as 89% of households could be expected to afford the most discounted rents, similarly improving upon the 78% of households able to access market purchase as the most affordable market option. This improvement is implied to be more modest when 80% market rents are assumed, albeit this is clearly influenced by the need to round income to the nearest £5,000.

The calculation presented earlier in this section assumes that households with an income that is insufficient in the context of the most affordable market option will generate a need for affordable housing. Delivery of this product naturally lowers the entry threshold, potentially benefitting circa 11-14% of households that are unable to afford such options but could afford a rental product priced at 60% of market levels for example. This effect is naturally more modest where the smallest permissible discount of 20% is applied.

Starter Homes, First Homes and discounted market sale

Discounted market sale (DMS) is the sale of new build properties at a discount from their market value, typically of at least 20% and as much as 50%. Restrictions are placed on the property's Land Registry Title to ensure that the property remains at that discounted rate in perpetuity for future purchasers, and the NPPF requires such provisions to be in place to qualify as DMS. The NPPF equally makes clear that 'eligibility is determined with regard to local incomes and local house prices'[101].

In terms of an entry threshold, there are various similarities with Starter Homes; announced by the Coalition Government in 2014 and retained in the revised NPPF, but yet to be delivered at the scale envisaged. The Housing and Planning Act 2016 provides the statutory framework through which such homes can be delivered, and defines Starter Homes as new homes costing up to £250,000 outside London that are discounted by a minimum of 20% from market value and made available to eligible first-time buyers aged between 23 and 40 years. As with DMS, therefore, there is a similar intention to reduce the cost of new-build properties relative to their market value, with the primary difference relating to the later sale of the purchased home. Although DMS remains at a discounted cost in perpetuity, the Government envisages a "tapered" approach for Starter Homes, which allows them to be sold at an increasing proportion of market value over a period of 15 years[102]. This distinction evidently would not affect the initial affordability of Starter Homes when first delivered and occupied, and it is therefore appropriate to consider the contribution of such products in the context of DMS.

There are likewise also similarities with First Homes, recently announced by the Government in February 2020 – thus omitted from the current NPPF – and subject to consultation. These homes are proposed to be sold with a slightly larger minimum discount of at least 30% and would be prioritised for first-time buyers, members and veterans of the Armed Forces and key workers. It has been proposed that any discount will be passed on to future buyers when First Homes are resold[103].

The relative affordability of these products can be estimated through the calculation of a likely annual cost of purchase with a mortgage, retaining the same assumptions applied in the main calculation earlier in this section. It should be noted that the discount is applied to new build properties only, which can be isolated in Land Registry data to set an appropriate benchmark[104]. This allows for the price premium typically paid for such properties, which can offset the impact of a discount when compared to the market as a whole.

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[101] *Ibid,* Annex 2

[102] DCLG (2017) Government response to the technical consultation on starter homes regulations

[103] MHCLG (2020) Consultation on the design and delivery of First Homes

[104] For Stoke-on-Trent, the lower quartile price paid for new build housing in 2019 (£165,000) has been used as the reference point for this exercise, which is more than double the lower quartile across the entire market (£77,500). For Newcastle-under-Lyme, however, the *upper* quartile has been used (£180,625) due to the sale of an unusually large number of lower value flats which skews the lower quartile to an extremely low £64,999

The role of DMS, Starter Homes and First Homes in addressing the needs of households unable to access the open market can nonetheless be considered. Table 6.10 summarises and ranks the income likely to be required to purchase products discounted to varying extents, and shows how this differs from both purchasing any type of entry level housing (new build and resale) and privately renting. It should again be noted that the income required must be rounded to calculate the proportion of households able or unable to afford each option, which can imply alignment between products that actually require varying incomes.

Benchmarking Cost of Discounted Housing for Sale

	Annual cost	Income required ↓	Households **able** to afford	Households **unable** to afford	Deviation from most affordable market option
Stoke-on-Trent					
Purchase (new)	£8,920	£26,760	47%	53%	-24%
80% market value	£7,136	£21,408	58%	42%	-13%
70% market value	£6,244	£18,732	58%	42%	-13%
Market rent	**£4,800**	**£14,400**	**71%**	**29%**	**–**
50% market value	£4,460	£13,380	71%	29%	0%
Purchase (any)	**£4,190**	**£12,569**	**71%**	**29%**	**–**
Newcastle-under-Lyme					
Purchase (new)	£9,765	£29,294	48%	52%	-30%
80% market value	£7,812	£23,435	57%	43%	-21%
70% market value	£6,835	£20,506	66%	34%	-12%
Market rent	£5,940	£17,820	66%	34%	-12%
Purchase (any)	**£5,676**	**£17,029**	**78%**	**22%**	**–**
50% market value	£4,882	£14,647	78%	22%	0%

Source: Turley analysis

In general terms, the above suggests that only a discount of 50% – which is not common – would provide a more affordable option for those unable to access the open market in Newcastle-under-Lyme. In Stoke-on-Trent, the remaining cost even after applying such a large discount is not dissimilar to that of renting

or purchasing in the open market, once recognised that the latter includes re-sales which are themselves more affordable than the new build properties subject to any discount.

A smaller discount, to 70-80% of the market value of a new build home, would appear to only be affordable to those already able to purchase or rent any home at the entry level. While such products could therefore play a role in the wider market, enabling movement and in turn potentially freeing up more affordable market homes, they would not be expected to make a significant contribution towards meeting the affordable housing need that has been evidenced, in gross terms, within this section.

Shared ownership

The NPPF states that shared ownership represents a further affordable route to home ownership, and it is evident from Step D5 of the calculation in this section that such products have been delivered throughout the study area in recent years.

Shared ownership enables households to buy a share of a new home (between 25% and 75% of its value) and pay rent on the remaining share to supplement the mortgage on the purchased share. Bigger shares can be purchased when the household can afford to, but this would not affect the initial cost of entry.

It is again possible to estimate the likely annual cost of purchasing equity in a shared ownership product in the study area, which is benchmarked against open market purchase and rent at Table 6.11 below. As with DMS, shared ownership is only available for new build properties, with the cost of purchasing a 25% or 50% share with a mortgage estimated below on a consistent basis. It has been additionally assumed that households annually pay a rent equivalent to 2.75% of the unsold equity[105].

Estimated Income Required to Access Shared Ownership

	Annual cost of mortgage	Annual rent	Total annual cost	Income required ↓	Households **unable** to afford	Deviation from most affordable market option
Stoke-on-Trent						
Purchase (new)	£8,920	–	£8,920	£26,760	53%	-24%
50% share	£4,225	£2,269	£6,494	£19,482	42%	-13%
25% share	£1,878	£3,403	£5,281	£15,843	29%	0%
Market rent	**–**	**£4,800**	**£4,800**	**£14,400**	**29%**	**–**

[105] Homes England (2019) Capital Funding Guide, paragraph 4.1.4

Purchase (any)	**£4,190**	**–**	**£4,190**	**£12,569**	**29%**	**–**
Newcastle-under-Lyme						
Purchase (new)	£9,765	–	£9,765	£29,294	52%	-30%
50% share	£4,625	£2,484	£7,109	£21,327	34%	-12%
Market rent	–	£5,940	£5,940	£17,820	34%	-12%
25% share	£2,056	£3,725	£5,781	£17,343	22%	0%
Purchase (any)	**£5,676**	**–**	**£5,676**	**£17,029**	**22%**	**–**

Source: Turley analysis

The above indicates that the income potentially required to access shared ownership products in the study area is higher than the most affordable market option, in each authority. This is again influenced by the price premium associated with new build properties, to which the discount applies. It suggests that shared ownership products are unlikely to directly address the affordable housing need that has been evidenced in gross terms within this section, albeit such products would nonetheless still widen the range of housing choices available for those with relatively low earnings.

Summary

Table 6.12 draws together the above analysis by comparing and ranking the income required to access each product in each authority, relative to that required to rent or purchase at the entry level of the market. This shows that affordable rent is the only product to have been assessed in this report that consistently requires a lower income than required to access the local market, with the main exception being 50% market sale – which is not common – in Newcastle-under-Lyme. The estimated costs associated with both affordable home ownership and shared ownership actually, in most cases, exceed those required to generally purchase on the open market, due to the price premium found with new build properties that receive any such discount. They could nonetheless be expected to play a role in widening the range of products available for households in need of affordable housing options.

Comparing Income Required to Access Products

Stoke-on-Trent		Newcastle-under-Lyme	
80% market sale	£21,408	80% market sale	£23,435
50% share	£19,482	50% share	£21,327
70% market sale	£18,732	70% market sale	£20,506
25% share	£15,843	**Private rent**	**£17,820**
Private rent	**£14,400**	25% share	£17,343
50% market sale	£13,380	**Market purchase**	**£17,029**

Market purchase	**£12,569**	50% market sale	£14,647
80% market rent	£11,520	80% market rent	£14,256
60% market rent	£8,640	60% market rent	£10,692

Key: Affordable rent Affordable home ownershipShared ownership

Source: Turley analysis

Summary

This section has applied the well-established methodology, outlined in the PPG, through which affordable housing needs are separately calculated. The same approach was followed in the SHMA Update, albeit its calculation was presented in an alternative form.

The first stage of this calculation establishes the scale and profile of affordable housing need in gross terms, capturing around 2,569 households in the greatest need on the Councils' housing registers. A further need for circa 1,398 affordable homes could also be expected to arise in each year of the emerging plan period, as new households form and existing households' circumstances change. Combined, these factors could generate **a gross need for circa 1,550 affordable homes per annum** over the emerging plan period (2020-37), with a particularly strong need for one bedroom properties and a lesser – but still notable – need for two or three bedroom homes.

The PPG subsequently requires supply to be taken into account, allowing for lettings, the release of occupied affordable homes and committed supply for example. This indicates that approximately 1,383 affordable homes could become available annually over the plan period, which is below the estimated gross need to suggest **a residual net need for 167 affordable homes per annum** across the study area, but particularly in Stoke-on-Trent which alone has an estimated shortfall of 139 homes per annum. There is implied to be a shortfall of all but two bedroom properties across the study area, especially relating to affordable homes with one bedroom.

This imbalance between the need for and supply of homes, alongside evidence that the existing stock is incapable of accommodating a substantial backlog of households on the housing register, highlights the importance of ensuring that new supply is brought forward. This is also important where it is recognised that any erosion of the existing stock, through Right to Buy or reduced lettings in a single year for example, could swiftly result in a larger shortfall.

This section has also considered the potential role of different affordable products in meeting the gross need that has been locally evidenced in the study area. The analysis indicates that affordable rent is the only product, of those assessed, to require a lower income than would be required to access the open market, which acts as the threshold below which affordable housing is assumed to be needed. Other products, such as shared ownership and discounted market sale, can nonetheless be expected to play a role in the functional housing market – enabling movement which frees up more affordable homes,

for example – even if their impact could be tempered by the application of discounts to new build properties that generally attract a premium.

Housing for Older and Disabled People

The NPPF requires the housing needs of 'different groups in the community' to be 'assessed and reflected in planning policies', as noted in earlier sections of this report[106].

The PPG provides some guidance on how such needs should be assessed, with an entire section focusing on housing for older and disabled people[107]. It emphasises that:

"Plan-making authorities should set clear policies to address the housing needs of groups with particular needs such as older and disabled people. These policies can set out how the plan-making authority will consider proposals for the different types of housing that these groups are likely to require. They could also provide indicative figures or a range for the number of units of specialist housing for older people needed across the plan area throughout the plan period"[108]

This section therefore specifically considers the different types of housing that could be required by older and disabled people in Newcastle-under-Lyme and Stoke-on-Trent, drawing upon available evidence. Section 8 then considers the housing needs of other groups with particular needs.

Older people

Since the last SHMA Update, the Government has notably reiterated the importance of suitably accommodating a growing elderly population, responding to an inquiry on the issue by highlighting its 'endeavour…to ensure that our planning and housing policies positively reflect the requirements of older people'[109]. Reference was made in this context to its 'strengthened' NPPF and the ongoing preparation of new guidance on housing for older people, eventually published in June 2019. This updated guidance offers practical advice to the Councils and clearly describes 'the need to provide housing for older people' as 'critical'[110].

The PPG continues to cite the 2011 Census as a recommended source of information on the housing needs of older people, with its datedness not undermining its value for the purposes of understanding local occupancy trends. These trends are initially introduced in this section before consideration is given to subsequent and projected change in the elderly population, and its implications for housing provision.

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[106] MHCLG (2019) National Planning Policy Framework, paragraph 61

[107] PPG sections 63 ("Housing for older and disabled people")

[108] PPG Reference ID 63-006-20190626

[109] Government response to the Second Report of Session 2017-19 of the Housing, Communities and Local Government Select Committee inquiry into Housing for Older People, September 2018

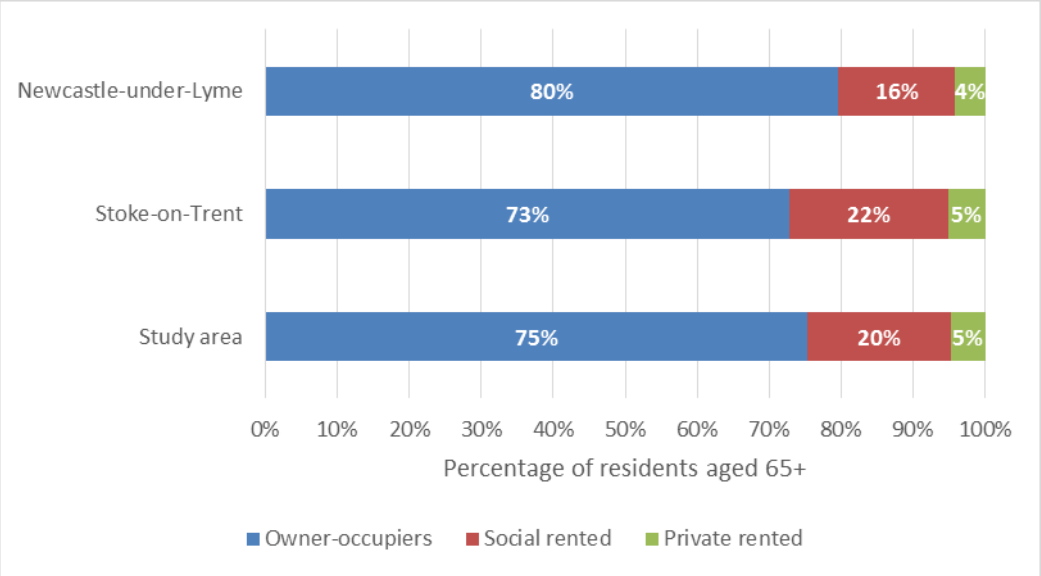
[110] PPG Reference ID 63-001-20190626

Housing occupancy trends

As previously reported at Figure 8.2 of the SHMA, Census data indicates that 683 people aged 65 and over in Newcastle-under-Lyme and 1,173 of this age-group in Stoke-on-Trent lived in communal establishments such as care homes. This represents circa 3% of the total population of this demographic in both authorities, with the remainder – the vast majority – therefore living in private households.

Further analysis of available Census data confirms that the majority (75%) of these older residents living in private households as opposed to communal establishments were owner occupiers, with relatively few living in the social rented or private rented sector (20% and 5% respectively). It is, however, noted that there is some variation between the two authorities; for example, owner occupiers are more prevalent in Newcastle-under-Lyme than in Stoke-on-Trent, whilst the reverse is true in terms of residents living in rented (particularly social rented) housing.

Residents Aged 65+ in Private Households by Tenure (2011)

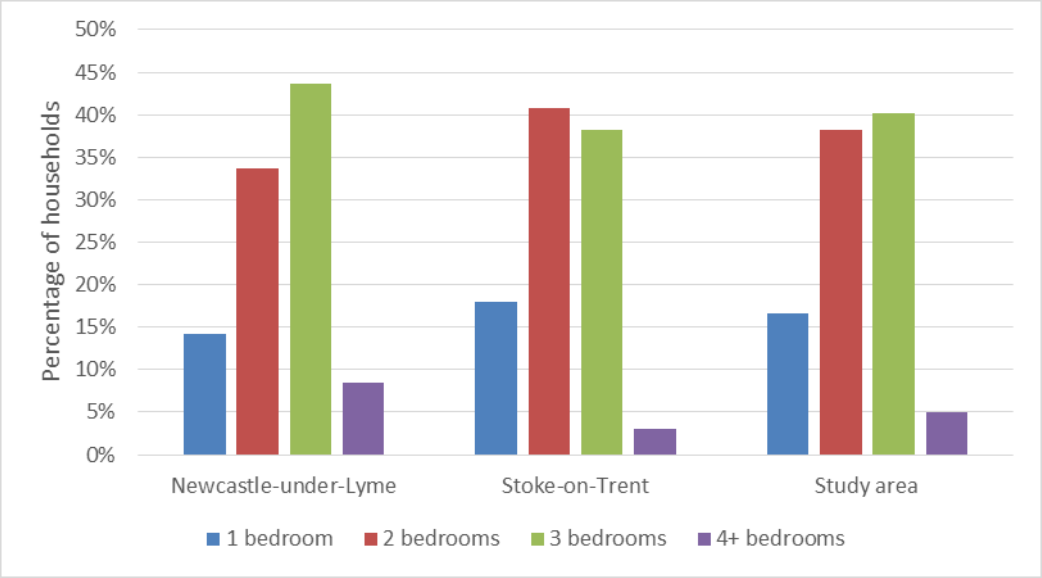


Source: Census 2011

The Census also provides an indication of the size of housing occupied exclusively by older households, again outside of communal establishments. As shown at Figure 7.2, households where everyone is 65 and over were recorded as most likely to occupy 3-bed homes, with significant numbers occupying homes with 2 bedrooms. Again, there is variation between the two authorities; for example, a higher proportion of older households occupy 1 and 2-bed homes in Stoke-on-Trent than in Newcastle-under-Lyme, whilst older households in the latter authority are more likely to occupy larger housing with 3 and 4+ bedrooms. This could be due to the fact that the proportion of older households that are single-occupancy is higher in in Stoke-on-Trent (accounting for 63% of households where all occupants are aged 65 and over) than in

Newcastle-under-Lyme (58%) but could also be linked to the generally larger housing stock of the borough.

Size of Home Occupied by Older Households (2011)

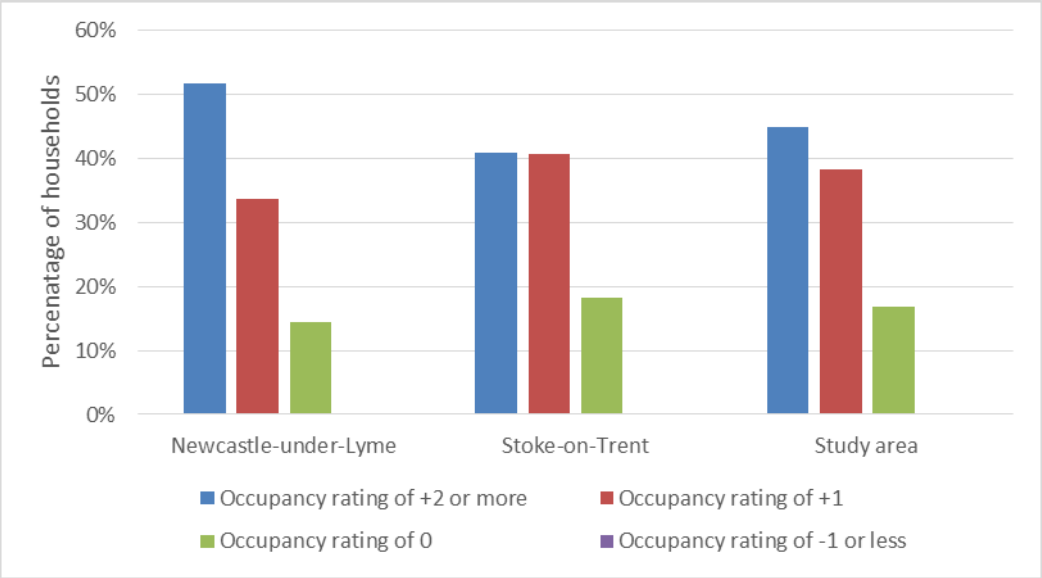


Source: Census 2011

The above would suggest that older households' under-occupancy of housing is more prevalent in Newcastle-under-Lyme than in Stoke-on-Trent. This hypothesis is supported through analysis of occupancy ratings reported by the Census, which calculates the number of bedrooms required for a household based on an assumed 'bedroom standard'. For example, an occupancy rating of +1 indicates that a household has one bedroom more than is notionally required given the number of people living in the household and their interrelationships, and is considered under-occupied by the bedroom standard. An occupancy rating of -1 indicates that the home has one fewer bedrooms than may be required, suggesting a level of overcrowding.

It can be seen that under-occupancy of housing amongst households where all occupants are aged 65+ is prevalent in both authorities, albeit to a greater extent in Newcastle-under-Lyme where over 50% of older households have an occupancy rating of +2 or more.

Occupancy Ratings of Older Households (2011)



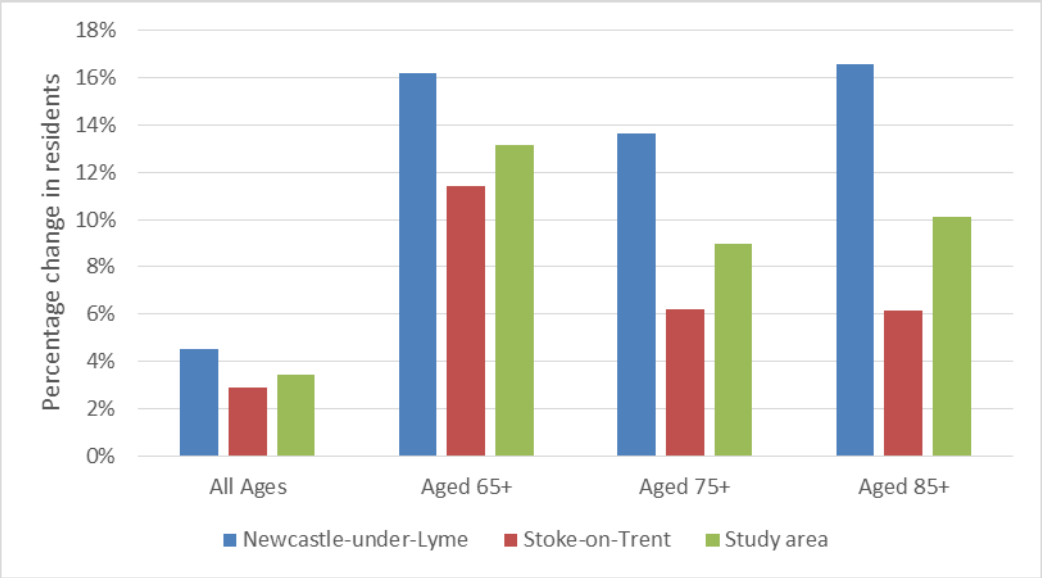
Source: Census 2011

Recent change in the older population

The above analysis reflects the older population of the study area as of 2011 and does not therefore reflect subsequent changes.

Official population estimates introduced in section 2 demonstrate that people aged 65 and over continue to account for a growing proportion of the local population. The number of residents in this age-group across the study area grew by 13% between 2011 and 2018, far exceeding the 3% increase in the total population during this period. The rate of growth was varied across the two authorities; whilst in Newcastle-under-Lyme the population aged 65 and over increased by 16%, the growth in Stoke-on-Trent was a more modest 11%. This trend was still further pronounced amongst older age-groups, with the population aged 75 and over growing by 14% in Newcastle-under-Lyme compared to 6% in Stoke-on-Trent. The number of people aged 85 and over similarly grew by 17% in Newcastle-under-Lyme in comparison with 6% in Stoke-on-Trent.

Population Change by Age (2011-18)



Source: ONS

Following this period of growth in the older age cohorts, Table 7.1 shows that there are an estimated 69,800 people aged 65 and over residing in the study area as of 2018. This equates to just under one in five residents (18%) being 65 or older, with just under one in ten (8%) being 75 or older. Older people represent a slightly higher proportion of the total population in Newcastle-under-Lyme than in Stoke-on-Trent, albeit the older population is smaller in absolute terms.

Population by Age (2018)

	Newcastle-under-Lyme	Stoke-on-Trent	**Study area**
All ages	129,490	255,833	**385,323**
Aged 65+	26,362	43,447	**69,809**
Percentage of total	20%	17%	**18%**
Aged 75+	11,972	19,013	**30,985**
Percentage of total	9%	7%	**8%**
Aged 85+	3,392	5,015	**8,407**
Percentage of total	3%	3%	**3%**

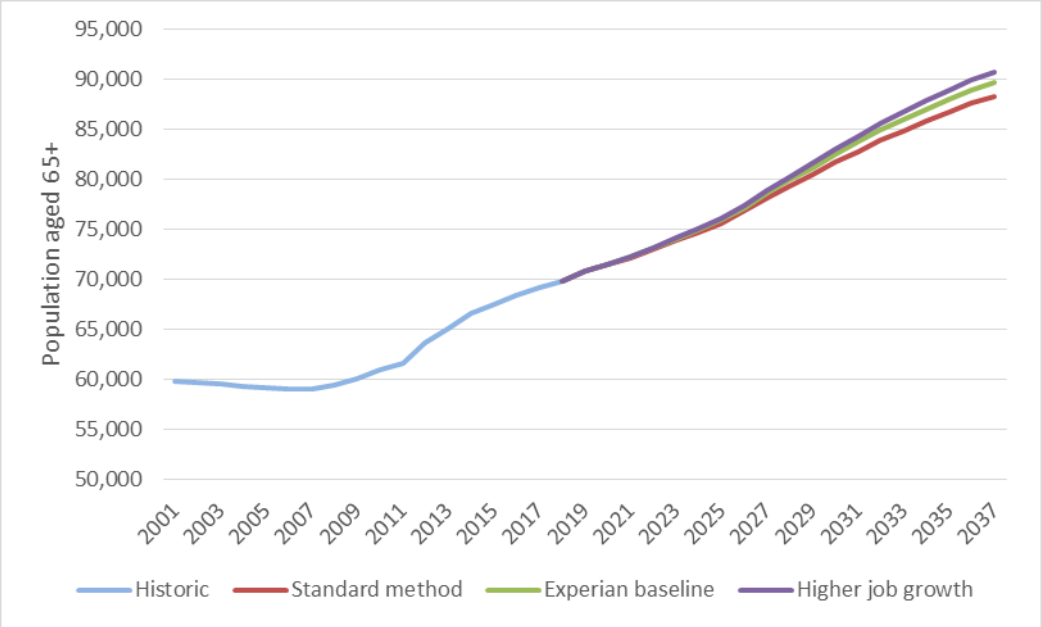
Source: ONS

Projected future change

Modelling by Edge Analytics indicates – as shown at Figure 7.5 – that recent growth in the elderly population of the study area is unlikely to slow over the emerging plan period, regardless of whether housing provision aligns with the minimum need implied by the standard method or the higher need associated with future job growth as presented in earlier sections of this report. Around 90,000 people are projected to be within this cohort by 2037, with the scale of growth slightly more pronounced under the higher job growth scenario given its allowance for higher levels of net in-migration including additional working age residents that are assumed to often remain in the area as they age. This growth

influences the changing profile of households by age presented in section 5 (Figure 5.3).

Historic and Projected Change in Population Aged 65+



Source: ONS; Edge Analytics

The following table shows that this cohort of residents aged 65 and over is projected to grow by around one quarter, increasing to over a third when focusing on those aged 75 and over. The number of residents aged 85 and over is projected to grow by more than half over the plan period.

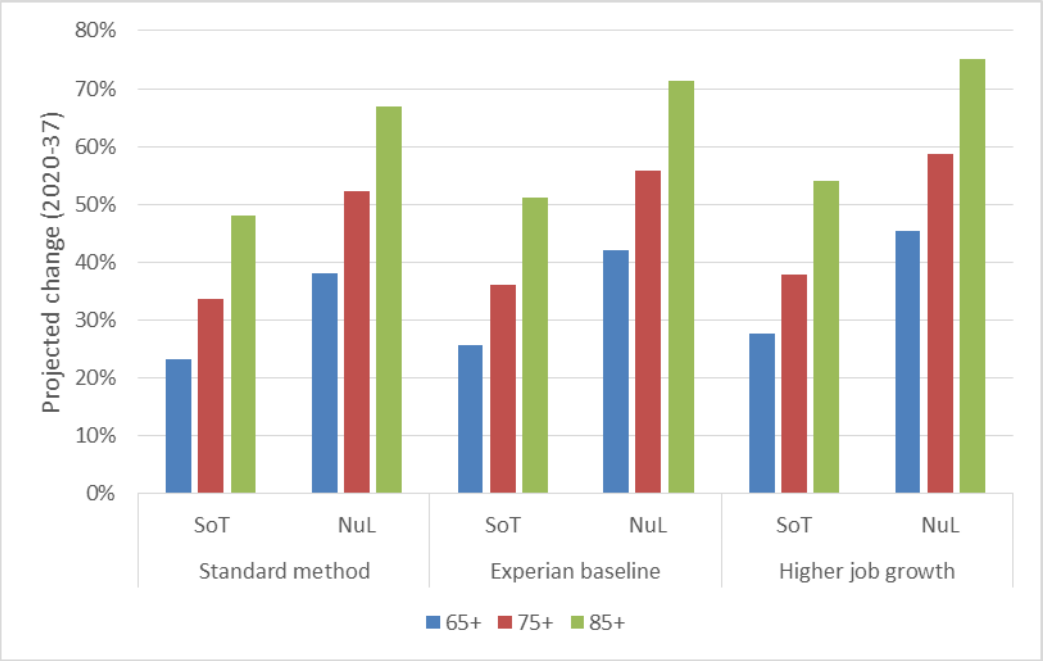
Projected Future Change in the Older Population (2020-37)

	Standard method		Experian baseline		Higher job growth	
	Change	% change	Change	% change	Change	% change
Aged 65+	16,779	23%	18,174	25%	19,232	27%
Aged 75+	11,225	35%	11,819	36%	12,281	38%
Aged 85+	4,619	54%	4,822	56%	4,989	58%

Source: Edge Analytics

The modelling necessarily applies assumptions about the authority area in which new houses or jobs are provided, which may not align with the spatial strategy to be ultimately implemented by the Councils. This breakdown is nonetheless of some value in illustrating how the existing population of each area can be expected to age at different rates. Figure 7.6 compares the estimated rate of future growth in each cohort in each authority, illustrating the strength of the ageing trend in Newcastle-under-Lyme in particular.

Estimated Future Change in the Older Population (2020-37)



Source: Edge Analytics

Implications for housing provision

The PPG confirms that such 'projections of population and households by age group can…be used' to estimate the housing needs of older people[111].

In doing so, it is important to first recognise that Edge Analytics' modelling itself makes assumptions about the number of people living in a communal establishment[112] such as a care home rather than private households, as previously highlighted in the SHMA and its update. The methodology remains consistent with that applied in those reports, and in the development of official household projections, specifically assuming that:

For all ages up to 74, the number of people in each age group that are not in households remains aligned with the 2011 Census value; and

For ages 75 and over, the proportion of the population that are not in households remains aligned with the 2011 Census, therefore varying in absolute terms throughout the modelling period depending on the size of this population.

As a result, modelled growth in the number of people living in communal establishments is entirely attributable to an increased number of older people aged 75 and over. Growth of this population therefore implies an additional need for bedspaces in care and nursing homes.

Table 7.3 shows that the communal population of the study area is projected to grow by at least 40 persons per annum, under the modelling linked to the standard method. This increases to circa 44 persons per annum under the

[111] PPG Reference ID 63-004-20190626

[112] A communal establishment provides managed residential accommodation. It is defined to include sheltered accommodation units where fewer than half of units have their own cooking facilities, or similar accommodation where residents have their own rooms but the main meal is provided. If half or more possess their own facilities for cooking, regardless of use, all units in the whole establishment are treated as separate households

higher job growth scenario. These additional older people are not assumed to live in dwellings, and are therefore **excluded from and additional to** the overall dwelling requirements specified in the earlier sections of this report. No attempt has been made in this report to consider how other forms of specialist housing, possibly in different use classes, could meet this distinct need, recognising that uncertainties exist around residents' requirements and indeed preferences and that new types of older persons accommodation continue to emerge[113].

Projected Change in Communal Population (2020-37)

	Standard method		Experian baseline		Higher job growth	
	Total	Annual	Total	Annual	Total	Annual
Stoke-on-Trent	383	23	412	24	437	26
Newcastle-under-Lyme	297	17	305	18	311	18
Study area	**681**	**40**	**718**	**42**	**747**	**44**

Source: Edge Analytics

Whilst the above quantifies a need which is more likely to require care home style accommodation (or equivalent) it is also important to consider the need for other types of specialist housing for older people, noting as per the analysis above that the majority do not live in such communal establishments. The updated PPG encourages the use of 'online tool kits provided by the sector' for such purposes, specifically referencing the Strategic Housing for Older People Analysis (SHOP@) toolkit produced by Housing LIN as 'a tool for forecasting the housing and care needs of older people'[114]. This toolkit estimates the rate at which those aged 75 and over could require different forms of specialist housing provision, and suggests that there could be demand for:

125 sheltered housing units per thousand residents aged over 75;

20 enhanced sheltered housing units per thousand residents aged over 75; and

25 extra care units with 24/7 support per thousand residents aged over 75.

With Table 7.2 suggesting that this cohort could grow by as many as 12,281 people over the emerging plan period, the toolkit suggests that there could be demand for as many as 123 units, or at least 112 units, of specialist accommodation each year across the study area. This is predominantly driven by an assumed demand for sheltered housing. Unlike the distinct need estimated above in Table 7.3, those occupying such accommodation are

[113] It is acknowledged that housing strategies or development could accommodate those assumed to be in need of bedspaces in residential institutions (Use Class C2) in other forms of provision, in Use Class C3, where this was capable of meeting their needs. Where evidenced, this would directly elevate the overall level of housing need to include those households that are currently excluded from the underlying projections

[114] PPG Reference ID 63-004-20190626

otherwise assumed to live in private households, meaning that such individuals are **included** in the assessed need for dwellings.

Projected Demand for Specialist Housing (2020-37)

	Stoke-on-Trent		Newcastle-u-Lyme		Study area	
	Total units	Annual	Total units	Annual	Total units	Annual
Standard method						
Sheltered housing	830	49	573	34	1,403	83
Enhanced sheltered	133	8	92	5	224	13
Extra care	166	10	115	7	281	17
Total	**1,129**	**66**	**779**	**46**	**1,908**	**112**
Experian baseline						
Sheltered housing	888	52	589	35	1,477	87
Enhanced sheltered	142	8	94	6	236	14
Extra care	178	10	118	7	295	17
Total	**1,208**	**71**	**802**	**47**	**2,009**	**118**
Higher job growth						
Sheltered housing	936	55	599	35	1,535	90
Enhanced sheltered	150	9	96	6	246	14
Extra care	187	11	120	7	307	18
Total	**1,273**	**75**	**815**	**48**	**2,088**	**123**

Source: Edge Analytics; Housing LIN; Turley analysis

People with disabilities

The PPG states that:

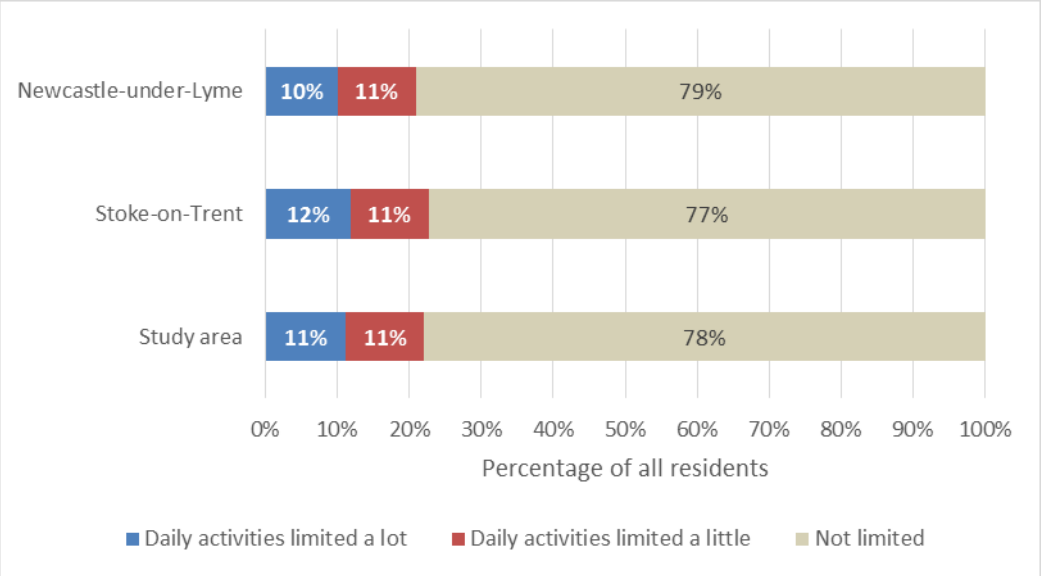
“The provision of appropriate housing for people with disabilities, including specialist and supported housing, is crucial in helping them to live safe and independent lives. Unsuitable or unadapted housing can have a negative impact on disabled people and their carers. It can lead to mobility problems inside and outside the home, poorer mental health and a lack of employment opportunities. Providing suitable housing can enable disabled people to live more independently and safely, with greater choice and control over their lives. Without accessible and adaptable housing, disabled people risk facing discrimination and disadvantage in housing. An ageing population will see the

numbers of disabled people continuing to increase and it is important we plan early to meet their needs throughout their lifetime"[115]

The PPG confirms that 'multiple sources of information may need to be considered in relation to disabled people who require adaptations in the home, either now or in the future'[116]. It describes the Census as one such source of information, given that this records the extent to which the population considered their day-to-day activities to be limited by long-term health problems or disability[117].

It can be seen from the Census that, as of 2011, circa 22% of the study area's population was limited to some extent by a long-term illness and/or disability, with around 11% of the population stating that their activities are 'limited a lot'. The prevalence of activities being limited to some extent by long-term illness and/or disability is similar in the two authorities, albeit is slightly higher in Stoke-on-Trent.

Extent to which day-to-day activities are limited by long-term health problem and/or disability (2011)



Source: ONS

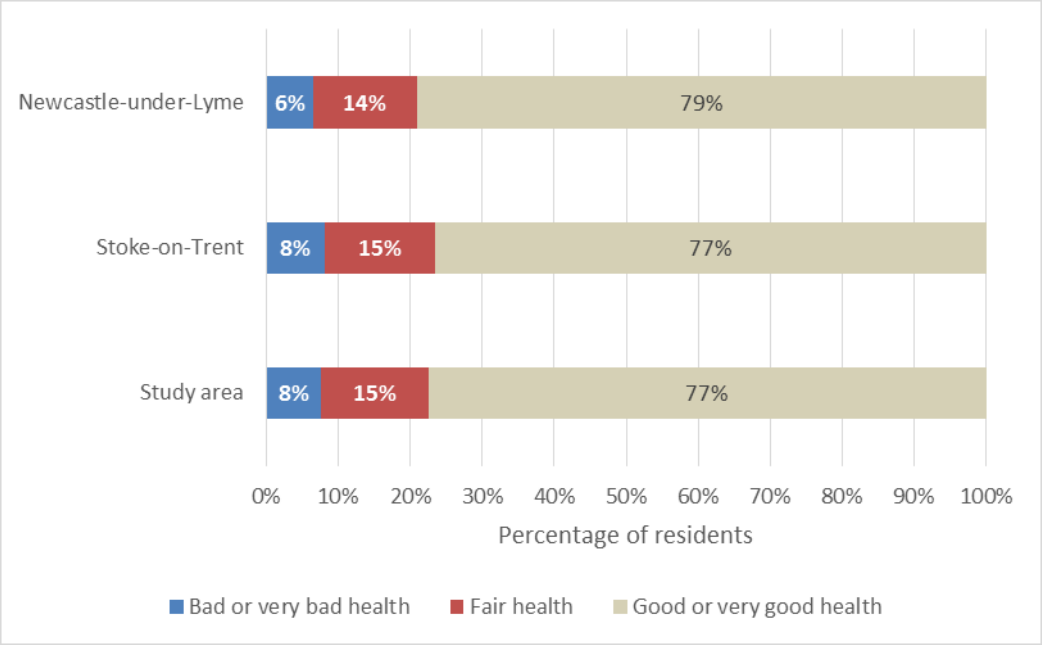
Respondents to the 2011 Census also self-reported their general health, with broadly similar outcomes (albeit it is again noted that a slightly greater proportion of respondents considered themselves to be in very good or good health in Newcastle-under-Lyme than in Stoke-on-Trent) as outlined in the chart below.

[115] PPG Reference ID 63-002-20190626

[116] PPG Reference ID 63-005-20190626

[117] A long-term health problem or disability that limits a person's day-to-day activities, and has lasted, or is expected to last, at least 12 months. This includes problems that are related to old age. People were asked to assess whether their daily activities were limited a lot or a little by such a health problem, or whether their daily activities were not limited at all.

Self-reported General Health (2011)

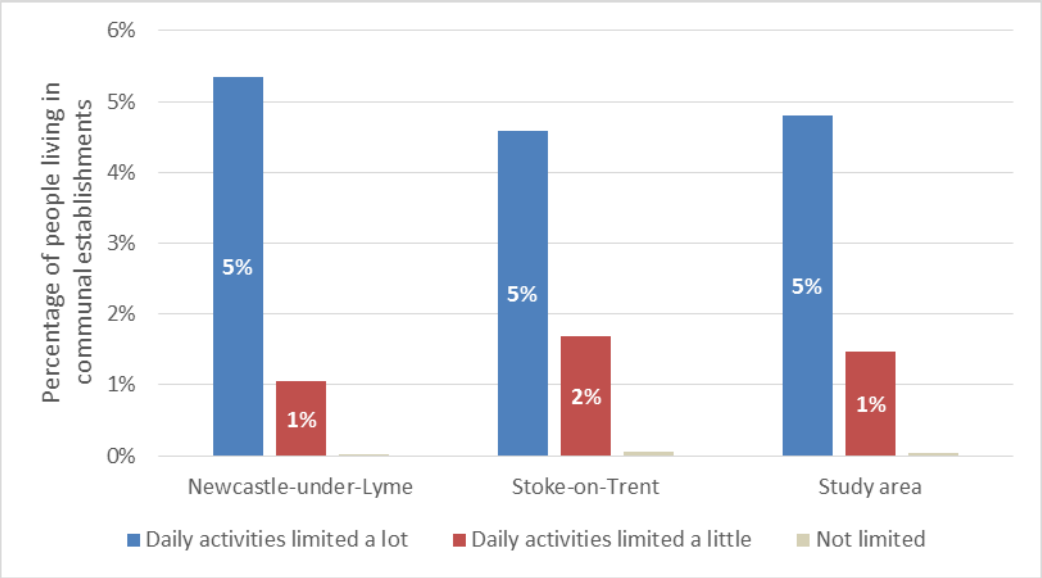


Source: 2011 Census

The Census also recorded the living arrangements of those whose daily activities were limited to some extent, or not at all. This reveals the role that specialist communal establishments such as care homes have played in meeting the needs of such individuals.

It can be seen from Figure 7.9 that circa 5% of those residents of the study area whose daily activities are limited a lot and just over 1% of those whose daily activities are limited a little were accommodated in communal medical and care establishments, as of 2011. Whilst this means that a number of the residents with a disability or long-term health problem live in communal establishments, it also indicates that the vast majority do not, and are therefore likely to occupy or require housing in the general housing stock that is accessible and can accommodate their needs.

Proportion of population that live in communal establishments by extent to which day-to-day activities are limited by long-term health problem and/or disability (2011)

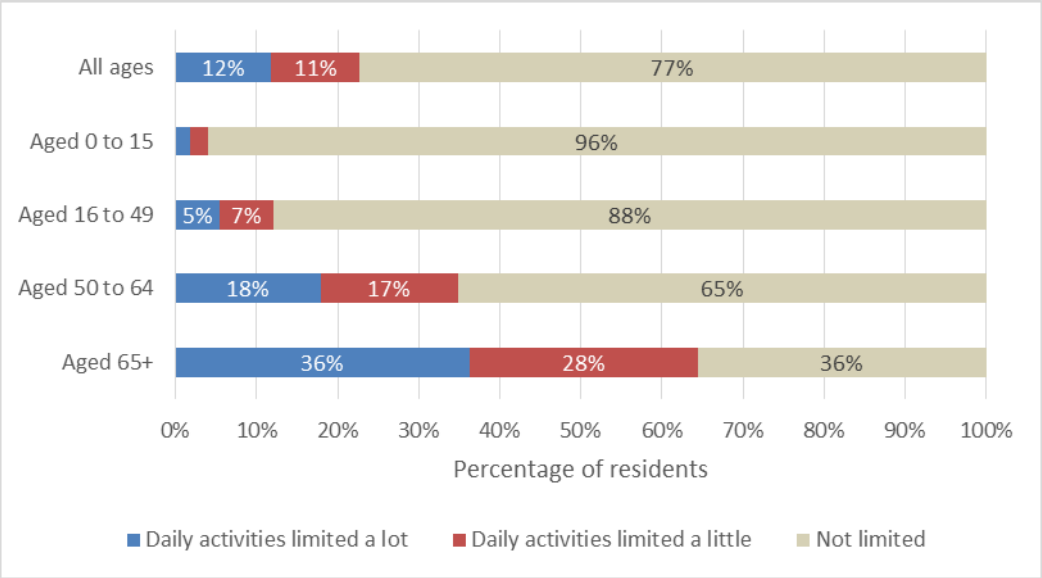


Source: 2011 Census

The Census also allows analysis to be conducted into the prevalence of long-term health problems and/or disability by age, thereby providing a more refined indication of future need for consideration in the context of Edge Analytics' modelling of population change.

Figure 7.10 confirms that the proportion of the study area's population whose daily activities are limited to some extent by long-term health problems and/or disability increases markedly as age increases. Amongst those aged 49 and under, only 12% of the population reports themselves as in this category. This increases to 35% for those aged 50 to 64 but more significantly to 64% for those aged 65 and older. Where this is set in the context of the analysis above as to the scale of the projected growth in this older cohort in particular, this suggests there will be a growing need for housing which can accommodate individuals with health related problems and/or disabilities over the emerging plan period.

Prevalence of long-term health problems and/or disability by age (2011)



Source: 2011 Census

The importance of planning for the needs of such households is recognised by the Councils. Published in 2019, the City of Stoke-on-Trent Council's Joint Strategic Needs Assessment[118] (JSNA) provides an assessment of the current and future health and social care needs of people living in Stoke-on-Trent and identifies 'Ageing well' (covering people aged 65 and older) as a key issue to be addressed. The JSNA outlines that the forecast growth in the older population and a trend whereby people live for longer will mean that number of people with increasingly complex and long-term conditions (such as hypertension, diabetes, chronic obstructive pulmonary disease, dementia) will also continue to grow in absolute terms and proportionally. For example, it is suggested that the number of older people whose day-to-day activities are limited a lot by long-term health conditions and/or disability could grow by 27% over the period 2017-30. This compares to this report's modelling of future growth in the overall population aged 65 and over, albeit over a different time period (Figure 7.2).

On the basis of these projections, it is therefore clear that the ageing population is likely to require increasing assistance to meet the aims of the City Council's Health and Wellbeing Strategy 2016-20[119], which states that a key priority is to 'keep older people safe and well'. In the context of assessing the implications for future housing needs it is important to acknowledge that the strategy confirms that a key component of this is to 'help [older] people to stay safe within their home, delaying or preventing hospital or social care interventions', given that:

"Evidence confirms that people maintain a higher level of independency and health and wellbeing outcomes are consistently better when people remain in, and receive treatment in, their own homes"

[118] City of Stoke-on-Trent Council (2019) Joint Strategic Needs Assessment 2019

[119] City of Stoke-on-Trent Council (2019) Joint Health and Wellbeing Strategy 2016-2020

It is additionally highlighted that:
"Enabling older people to remain independent in their own home for longer requires homes that are flexible enough to take account of changing needs as people age"
As Figure 7.10 shows, whilst the needs of older households forms a key component of understanding the scale of associated specific needs in the future, these needs are not exclusive to this age group. In 2018, Staffordshire County Council's cabinet approved a five-year 'Whole-Life Disability Strategy' for the entire county[120], which sets out the principles and actions that will underpin the way it works with families, communities, local authorities, health and care providers and partners to meet the requirements of people with physical or learning disabilities, autism, and sensory impairments, recognising the need for people to be 'independent and equal in society and have choice and control in their own lives'[121]. It is highlighted that, across Staffordshire, 3% of people are currently living with a learning disability and 11% of people with a physical disability, noting these are across younger as well as older age groups. Aligning with Stoke-on-Trent's Health and Wellbeing Strategy, the Whole-Life Disability Strategy states that in order to deliver its vision of people with a disability of any age reaching their potential and living healthy, safe, independent and fulfilling lives in their own communities, the County Council will aim to support people to remain in their own home, if this allows their needs to be met.
The Strategy also states that the County Council will seek to work with the local district and borough councils to secure appropriate access to housing for people with disabilities, and that this may include approaches to using parents' homes for housing their children in the long term if so desired.
The PPG recognises that 'accessible and adaptable housing enables people to live more independently, while also saving on health and social costs in the future'[122]. It further suggests that:
"It is better to build accessible housing from the outset rather than have to make adaptations at a later stage – both in terms of cost and with regard to people being able to remain safe and independent in their homes"[123]
The provision of new homes will only ever represent a small proportion of the overall stock and carrying out adaptations to existing homes is also important in addressing the specific needs of those with disabilities, in order to modify the home environment and enable or restore independent living, dignity, confidence or privacy for individuals and their families.

[120] Staffordshire County Council (2018) A Whole-Life Disability Strategy for Staffordshire: 2018 - 2023
[121] *Ibid*
[122] PPG Reference ID 63-008-20190626
[123] *Ibid*

Home Adaptations for Disabled People[124], published by the Home Adaptations Consortium in 2013, provides a useful starting point in considering adaptations, and suggests that demand has accelerated with social policy changes and medical advances, allowing people with disabilities and complex needs to lead more independent lives.

As shown earlier at Figure 7.9, the majority (approximately 95%) of the study area's residents whose daily activities are limited a lot by their long-term health or disability do not live in communal establishments, suggesting that many live at home independently or with relatives, friends or carers. This suggests an ongoing need to ensure that there is a sufficient supply of adapted homes.

Councils offer means tested grants – including Disabled Facilities Grants (DFGs), which is part of the Councils' overarching housing policy – to help people adapt their homes.

DFGs enable councils to provide funding that assists vulnerable homeowners or private sector tenants to repair, improve, maintain or adapt their home. Homeowners may need assistance because they are older, disabled or on low income and adaptions can include stair lifts, level access showers and extensions. The objective is to ensure people remain independent in their own homes and avoid a costly admission to hospital and residential care.

The rate of DFG completions over the past three years in the study area is summarised at Table 7.5. It can be seen that the overall number of DFGs over the past three years has fluctuated, with significantly fewer recorded in 2019/20 than in 2018/19, albeit the latter year had seen a noteworthy increase on 2017/18's figures. There has been some local variation in certain years; for example, the particularly high total in 2018/19 was driven by a significant number of deliveries in Newcastle-under-Lyme, whilst the number of DFGs in Newcastle-under-Lyme the following year saw was the lowest in either authority across the three years. Nonetheless, both authorities delivered a similar total number of DFGs over this period.

Disabled Facilities Grants (per annum)

	Newcastle-under-Lyme	Stoke-on-Trent	**Study area**
2017/18	127	204	**331**
2018/19	318	196	**514**
2019/20	108	132	**240**
Total	**553**	**532**	**1,085**
Annual Average	184	177	362

Source: Council monitoring

This forms an important context for the Councils to develop appropriate policy to ensure that new housing accords with building standards and the evidence of a

[124] Home Adaptations Consortium (2013) Home Adaptations for Disabled People – a detailed guide to related legislation, guidance and good practice

continued and potentially growing need set out above, through implementing recommendations made by the sector where viable for example[125]. The continued adaptation of existing homes is also likely to remain important.

Summary

The NPPF requires the housing needs of different groups in the community to be assessed and reflected in planning policies, and the PPG provides guidance on how such needs should be assessed. An entire section of the PPG focuses specifically on housing for older and disabled people, who are therefore covered in this section prior to consideration of other groups in section 8.

The SHMA included analysis of the housing needs of older people living in the study area, drawing upon Census data that continues to be cited in the PPG. This dataset suggests as of 2011 that the vast majority of older residents aged 65 and over live in private households, as distinct from communal accommodation, generally as owner occupiers and most often having two or three bedrooms despite notionally requiring fewer in most cases.

This elderly cohort has since grown by some 13% across the study area, and by as much as 16% in Newcastle-under-Lyme. There are now an estimated 69,800 people aged 65 and over residing in the study area, as of 2018, equating to 18% of all residents. This includes circa 30,100 residents aged 75 and over. Modelling by Edge Analytics indicates that recent growth is unlikely to slow over the emerging plan period, regardless of whether housing provision aligns with the minimum need implied by the standard method or the higher need associated with future job growth. The number of residents aged 65 and over could reach approximately 90,000 by 2037, further growing by around one quarter with still more pronounced growth in proportionate terms amongst the eldest cohorts.

The PPG confirms that such projections can be used to identify the housing needs of older people, and the projections themselves assume that there will be circa 40-44 extra older residents in need of bedspaces in communal accommodation each year. These individuals are not assumed to live in traditional dwellings, and are therefore excluded from and additional to the overall dwelling requirements specified in this report. A further demand for other forms of specialist accommodation – such as sheltered and extra care housing – can also be anticipated, with the application of available toolkits suggesting that circa 112-123 units could be needed each year across the study area. This is included in the assessed need for dwellings, unlike the distinct need for bedspaces in communal accommodation estimated above.

The ageing population is also expected, alongside other factors, to increase the number of residents with disabilities in the study area, generating an associated

[125] "Housing and Disabled People: Britain's Hidden Crisis", for example, was published by the Equality and Human Rights Commission and recommended that to build more accessible and sustainable homes, a minimum of 10% of new-build houses across all tenure types should be built to higher wheelchair-accessible standards (M4(3) design standard)

housing need. Circa 22% of all residents were limited to some extent in their daily activities in 2011, but this increases markedly with age. Only 5% of those with the most limiting disabilities lived in institutional accommodation, confirming an outstanding need for suitably accessible private housing that is likely to only grow taking into account the ageing trend noted above as well as an anticipated sustained demand from other younger households. The Councils should be aware of this growing need in establishing appropriate policies on new housing provision, but the continued adaptation of existing homes – through Disabled Facilities Grants, for example – will also be necessary where funding is available given that new homes account for only a fraction of the overall stock.

Specific Needs of Other Groups

This section provides analysis of the current and future housing needs of further distinct groups identified by the Councils, namely families with children, privately renting households, students and self-builders. For a number of these groups, this analysis provides an update to that presented in the SHMA drawing on the latest data available and engagement with those active in providing for the needs of individual groups.

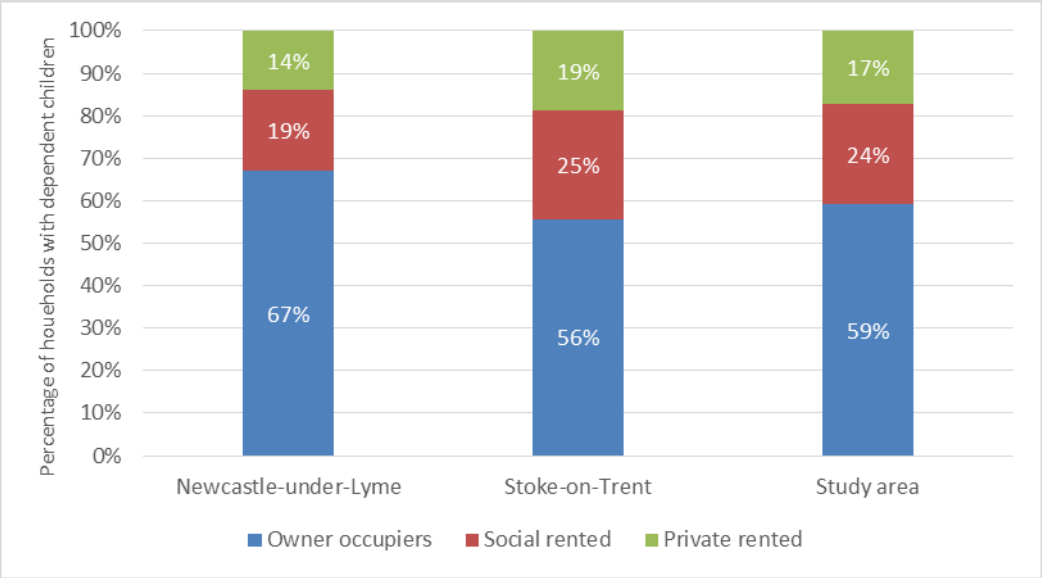
Families with children

Dependent children are present in more than a quarter of all households across the study area[126]. It is therefore helpful to specifically understand the housing that is favoured by these family households.

As of the 2011 Census, the majority (59%) of households with dependent children in the study area were owner-occupiers, with just under a quarter (24%) living in social rented accommodation and the remainder in private accommodation. Rates of owner-occupation for households with dependent children were recorded as being higher in Newcastle-under-Lyme than in Stoke-on-Trent. As such, a greater proportion of families with children in Stoke-on-Trent rented their homes (both in the social and private sector) than in the neighbouring authority. This is reflective of the greater representation of owner-occupation in Newcastle-under-Lyme in comparison with Stoke-on-Trent across all household types, as reported at Figure 3.4 of the SHMA.

Figure 1.2: Tenure of Households with Dependent Children (2011)

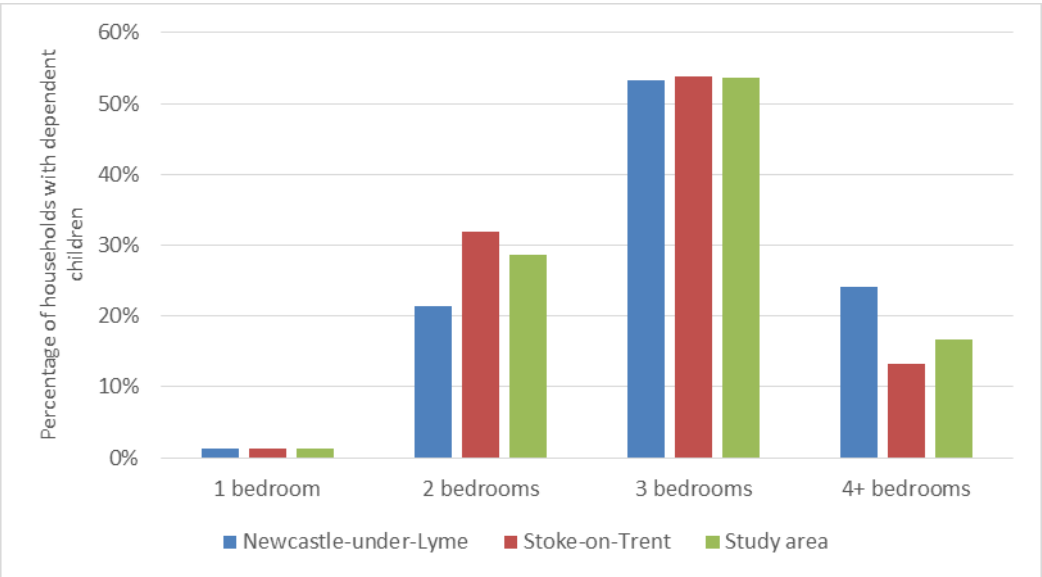
[126] The 2011 Census indicated that 28% of all households contained dependent children, and modelling by Edge Analytics indicates that this remains the case at the beginning of the new plan period (28% in 2020)



Source: 2011 Census

The Census found that 3-bedroom homes were commonly occupied by households with children in the study area and, indeed, in each individual authority. A greater proportion of families lived in home with 4 or more bedrooms in Newcastle-under-Lyme than in Stoke-on-Trent, with the inverse being true for 2-bedroom homes. Again, this is reflective of the housing stock as a whole in the two authorities, as reported at Figure 3.9 of the SHMA and reaffirmed based on the latest data in section 2 of this report.

Figure 1.3: Size of Housing Occupied by Households with Dependent Children (2011)



Source: 2011 Census

These general trends could be conceivably mirrored amongst the additional families projected to live in the study area, under the modelling scenarios presented in this report. As shown earlier at Figure 5.2, as many as 7,900 extra households with dependent children could emerge in the study area where

higher job growth is supported, and at least 3,700 such households could form even where meeting only the minimum need implied by the standard method. The proportion of additional households containing dependent children also increases under the employment growth scenarios, as shown at Table 8.1 overleaf. This table also provides a further breakdown of the projections to show the number of children in these households, suggesting that more than half of these additional households will have only one child, with substantially fewer having at least three children.

Projected Change in Households with Dependent Children (2020-37)

	Standard method	Experian baseline	Higher job growth
1 child	2,453	3,554	4,469
2 children	1,038	1,817	2,466
3+ children	217	641	998
Dependent children	**3,707**	**6,012**	**7,933**
% of extra households	26%	30%	32%

Source: Edge Analytics

Such a profile of growth would broadly sustain the current proportion of households containing dependent children throughout the study area, which when rounded is projected to remain at 28% across each scenario. This is consistent with Edge Analytics' estimate for 2020, and the position recorded by the 2011 Census.

This analysis reaffirms the importance of ensuring that sufficient additional provision is made to accommodate new families in the study area over the projection period, with this reflected in the analysis as to the size and type of housing, including larger family housing, projected to be required as presented in section 5.

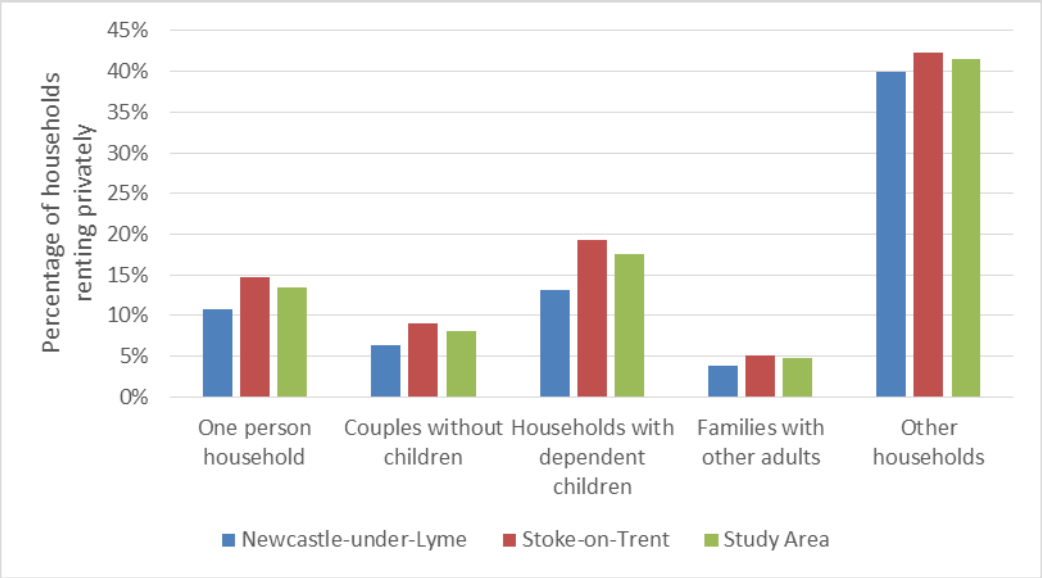
Privately renting households

Section 2 considered the changing cost of renting privately in the study area, the affordability of which was further explored in section 6. This section profiles the types of households living in the sector, and also considers the introduction of new forms of rented provision.

Household composition

Similar to the analysis above for households with children it is important to understand how the tendency to rent varies amongst different household types. Drawing on the 2011 Census again allows identification of the household types that are more likely to privately rent than access housing through other tenures. Figure 8.3 overleaf illustrates this tendency to rent amongst different household types, aggregated for simplicity – and to allow comparison – to the broader household categories covered in section 5 of this report. This reveals that other households are the most likely to privately rent, largely due to the uptake of such housing by students and other unrelated sharing adults in both authorities. This is followed in proportionate terms by households with dependent children, with just under one in every five such households living in the private rented sector as of 2011. Families with other adults, such as non-dependent children or elderly relatives, were considerably less likely to be privately renting.

Figure 1.4: Tendency to Rent Privately by Household Type (2011)



Source: 2011 Census

When considered in the context of the household growth projected over the plan period, shown earlier at Figure 5.2, there is clearly expected to be a modest level of growth amongst the "other households" that are most inclined to privately rent. There are also expected to be a growing number of households with dependent children, as noted above, who often rent in this area. Given that at least some households in each category rent, and that most household types are projected to grow in number, a growing demand for private rented accommodation can be reasonably anticipated in the study area simply on the basis of changing demographics in the study area.

Occupation and Earnings

Where private rented housing is often an important entry-point to the housing market, particularly for households with lower or less certain income, it is also useful to understand how changes to earnings linked to occupations could influence changing demand for the tenure. Trends in the occupations of those leading privately renting households in the study area have therefore been analysed below, drawing upon the 2011 Census. This is based on the household reference person (HRP), who acts as a reference point for producing further derived statistics and for characterising a whole household according to the characteristics of the chosen reference person.

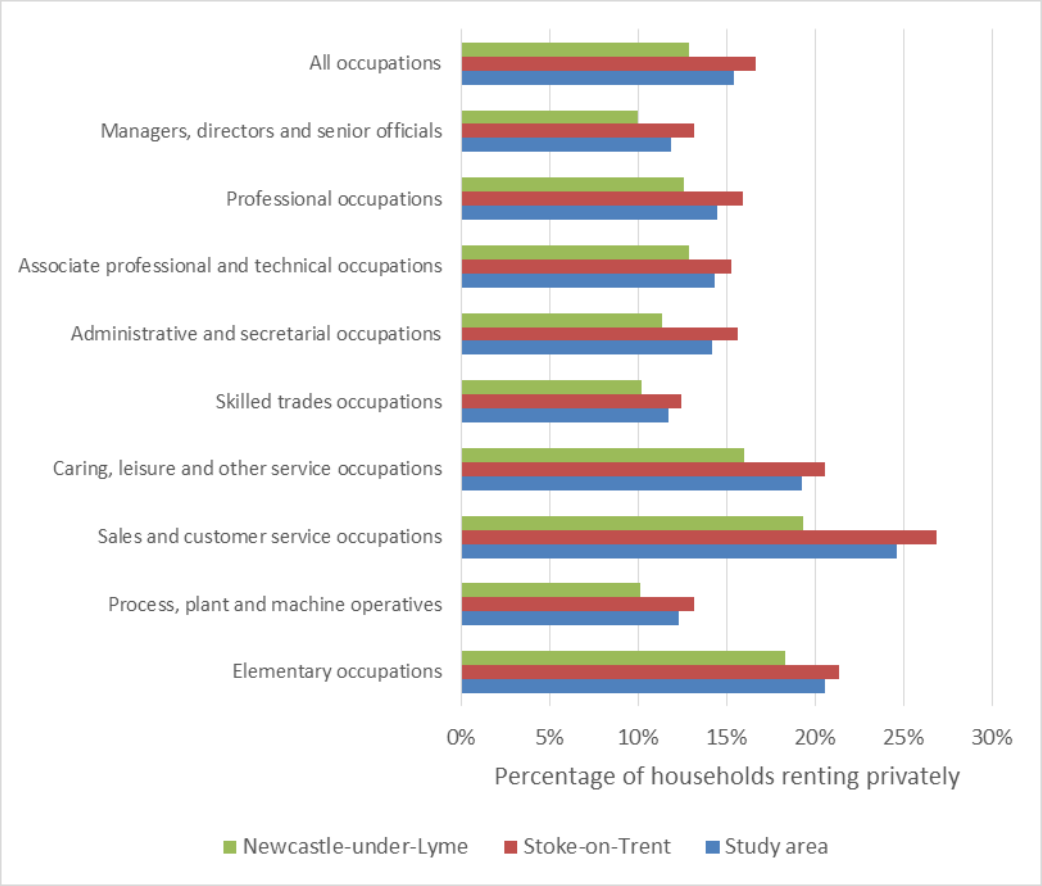
Figure 8.4 outlines the proportion of HRPs employed in different occupations[127] that privately rent their home, as of 2011, illustrating the varying role of the sector in meeting the housing needs of different groups in the workforce. Whilst around 15% of all households in the study area rent privately, rates of private renting are notably higher where the HRP is employed in certain occupations, particularly sales & customer services occupations (amongst whom 25% rent

[127] Based on the Standard Occupational Classification (SOC)

privately), elementary occupations (21%) and caring, leisure & other service occupations (19%).

Whilst – as highlighted earlier in this section and in the original SHMA – rates of private renting are higher as a whole in Stoke-on-Trent than in Newcastle-under-Lyme, the proportion of HRPs employed in sales & customer services occupations who rent their home in Stoke-on-Trent is notable in comparison with other occupations.

Figure 1.5: Tendency to Rent Privately by Occupation (2011)

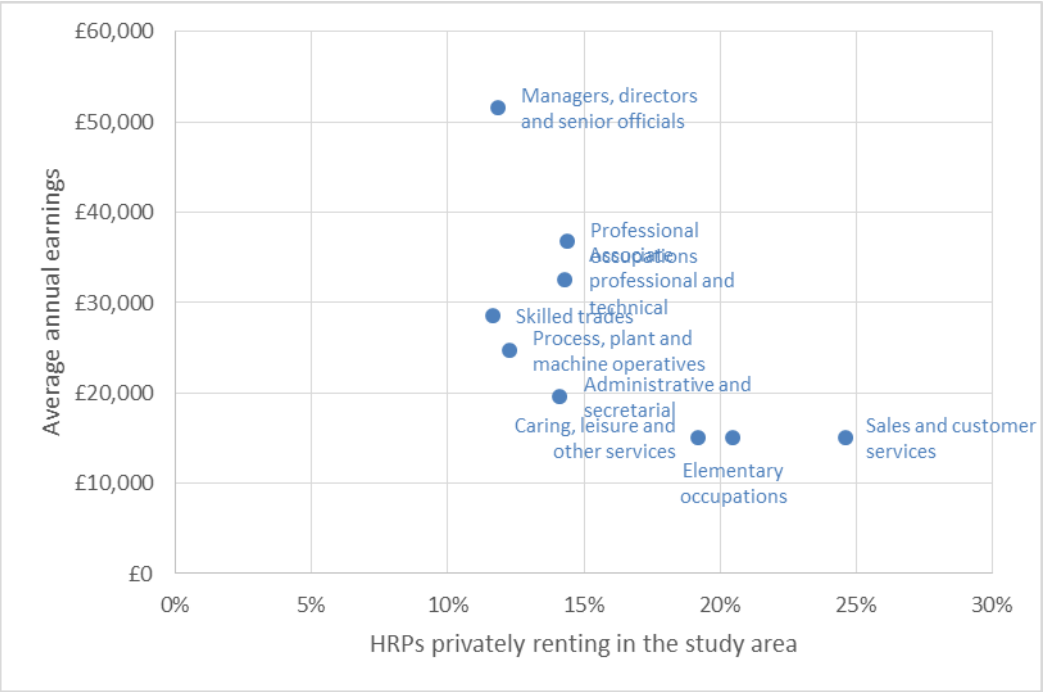


Source: 2011 Census

Analysis of 2019 earnings data published by the ONS[128] – introduced earlier at Figure 5.6 – highlights that there is some correlation between the occupations identified above as those most likely to rent privately in the study area and those occupations where wages are relatively low (albeit it should be noted that data regarding wages by occupation is available only at the regional level). As shown in Figure 8.5, sales & customer services occupations, elementary occupations and caring, leisure & other service occupations are those with relatively low earnings, and a relatively high occupancy of housing in the private rented sector. Those in the highest paid roles, such as managers, directors and senior officials, were markedly less likely to be privately renting.

[128] ONS (2019) Annual Survey of Hours and Earnings 2019

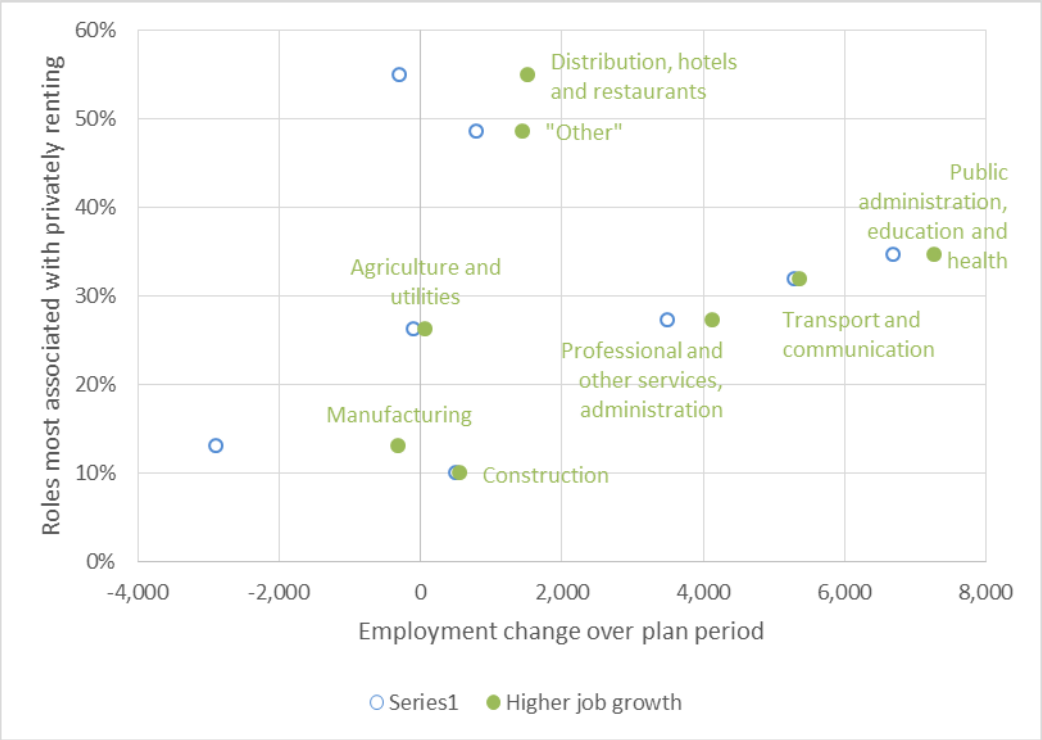
Figure 1.6: Typical Earnings by Occupation and Tendency to Privately Rent



Source: ASHE; 2011 Census

As at the earlier Figure 5.7, this can be set in the context of the sectors considered likely to grow within the ENA, drawing upon the 2011 Census and its breakdown of existing occupations within different sectors. Figure 8.6 shows both the prevalence of those roles most likely to be filled by private renters (caring, leisure and other services; elementary occupations; and sales and customer service roles) in each sector, and the level of growth forecast in that sector under the Experian baseline and the higher growth scenario. This shows an expectation of growth in sectors that are most characterised by these roles, including distribution – namely retail – hotels and restaurants.

Figure 1.7: Prevalence of Selected Roles in Growth Sectors



Source: Experian; Census 2011; Turley analysis

This suggests, based on existing propensities alone, that there will be sustained demand for housing available for private rent where the study area creates the jobs envisaged under the ENA. It is therefore the case that the sector is likely to play a particularly critical role in meeting the needs of those in lower paid roles, which include key workers.

Build to Rent

Built to Rent (BTR) is a housing model that is increasing in prominence and is highlighted in the Government's Housing White Paper as one which it aims to support in order to increase the country's provision of high quality homes for rent[129]. As the name suggests, BTR developments are those which are purpose built for private and affordable rented accommodation, as opposed to a mix of homes purchased and/or subsequently let out on an individual basis.

The BTR model has been delivering a growing number of homes over recent years, with analysis conducted by the British Property Federation (BPF) and Savills indicating that the number of completed BTR units had increased by 33% during 2019, standing at 40,181 in the UK by the end of the year[130]. A further 36,415 and 75,475 units are respectively under construction or at planning stage in the UK, with approximately half of both figures comprising developments in London.

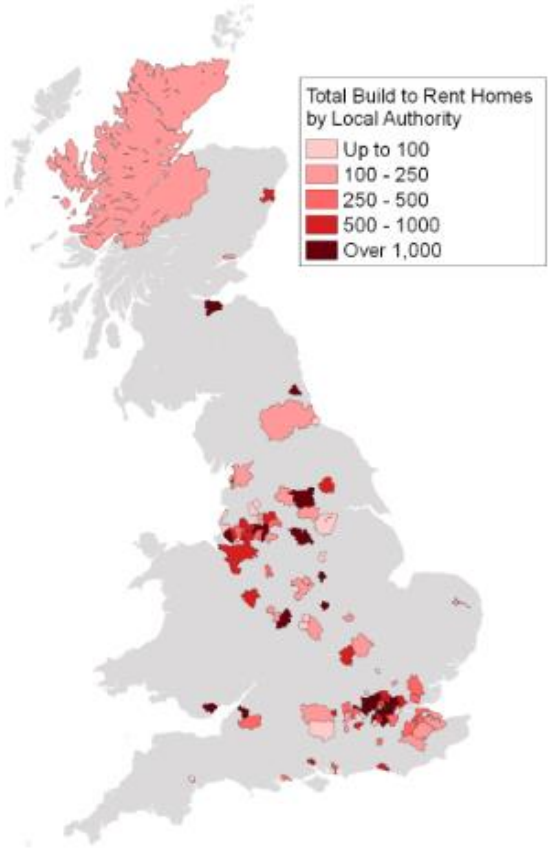
Total BTR units as of Q4 2019 in the UK's local authorities (including pipeline developments) are shown in the below plan, highlighting the geographic spread

[129] Department for Communities and Local Government (2017) Fixing Our Broken Housing Market

[130] British Property Federation (2020) 'Number of newly completed build-to-rent homes across UK regions increases by 51% in 2019'.

of the sector and confirming that new homes of this type have been delivered across the country, including in the West Midlands.

Figure 1.8: Total BTR Units by Local Authority (inc. Pipeline), Q4 2019



Source: Savills via BPF

Further Savills research published in January 2020[131] highlights that, whilst much of the existing BTR is focused on the major cities (with 50% of stock being in London and 17% in Manchester and also to a lesser extent in Birmingham, Liverpool and Leeds), 'investors are also recognising the potential for Build to Rent in smaller cities with strong fundamentals'. The examples of Durham and Chelmsford were cited, which saw their first BTR developments start construction this year.

As can identified in Figure 8.7, Stoke-on-Trent is the site of one such BTR development – the Clayworks apartments, as part of the wider Smithfield regeneration development – which is currently being delivered through a partnership between Stoke-on-Trent City Council, development managers Genr8 and Fortier Homes. The Clayworks comprises two 11-storey towers accommodating a total of 277 BTR units, offering a mix of studio, 1 and 2-bedroom apartments. The first phase of 151 units is almost complete and is scheduled to be available to rent later in 2020.

[131] Savills (2020) UK Residential – Q4 2019: UK Build to Rent Market Update

Further development of this nature, led by the market where deliverable, could play a role in meeting a continued need for quality rented accommodation where it is recognised that those occupations and household types likely to occupy such stock are set to grow in number. The Councils are advised to closely monitor the success of the pioneering Clayworks scheme to ascertain the level of demand for such accommodation amongst local residents, or particular groups such as new graduates and young professionals which will have a direct impact on the continued appetite of private developers to deliver more housing of this type in the study area.

Students

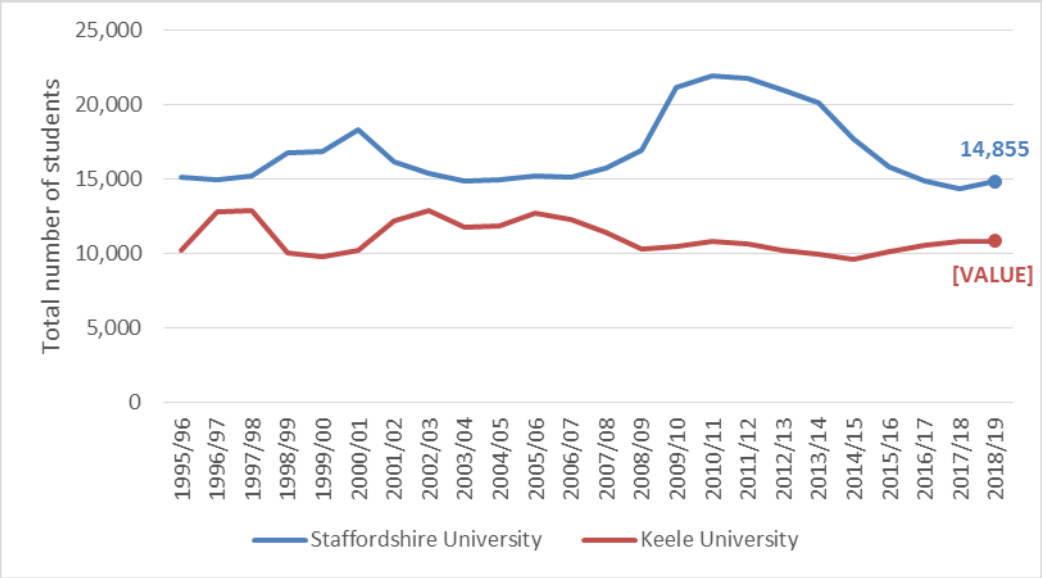
Given that Keele University and the Stoke-on-Trent campus of Staffordshire University are located within Newcastle-under-Lyme and Stoke-on-Trent respectively, it is important to understand the specific characteristics and needs of the student population. Consultation with representatives from the universities was conducted to inform the analysis presented below on this group, in order to gain insight into their ambitions for growth and strategies to accommodate any increase in student numbers.

Student Numbers

As outlined in Figure 8.8, data published by the Higher Education Statistics Agency (HESA) show how the number of students at both Keele University and Staffordshire University have changed since 1995. It should be noted that it is not possible to disaggregate student numbers at the latter institution to its Stafford and Stoke-on-Trent campuses, the former having now closed following a decision to consolidate from the beginning of the academic year in 2016.

It can be seen that whilst student numbers at Keele have largely remained steady at around 10,000 students, there was a notable growth (between 2005/06 and 2010/11) and then a subsequent decrease (from 2010/11 onwards) in the number of students at Staffordshire University. This suggests that there are cumulatively some 25,720 students across the two universities as of 2018/19, representing one of the lowest combined totals since the turn of the century.

Figure 1.9: Total Number of Higher Education Students by Institution, (1995/96 - 2018/19)



Source: HESA

In considering further the changing numbers of students within Staffordshire University specifically, consultation highlighted that the decision to consolidate operations at their Stoke-on-Trent campus responded to a fall in student numbers from the peak of several years previously. However, engagement with the university suggested that it considered that with the growth in apprenticeships and vocational courses high on the Government's skills agenda, the delivery of such courses with significant numbers enrolled at Staffordshire University (including 20,000 police apprenticeships) was an important contributing factor to its expectation that it will maintain current student numbers over the short-medium term. In January 2020 (and therefore pre-Covid-19), Staffordshire University's executive had approved an £80 million investment strategy for a new campus masterplan called "Shaping our Campus", which aimed to enhance the overall quality of the built environment of the campus and allow for an increase in student numbers. This has now been paused, and will be re-assessed once the impacts of Covid-19 on student numbers and funding have become clearer.

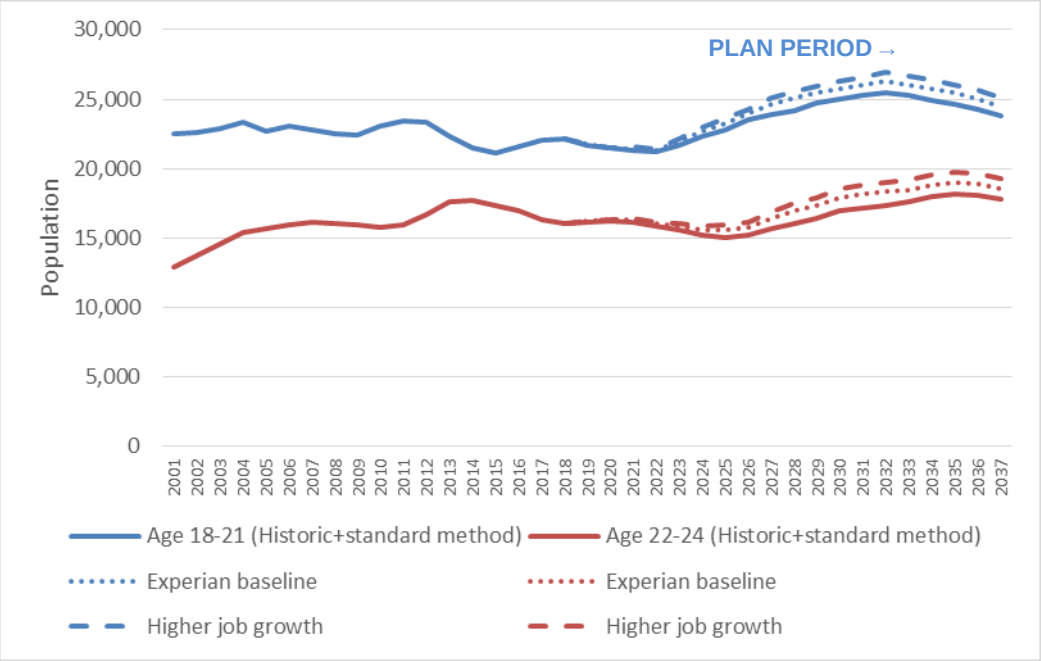
Representatives of Keele University outlined the institution's ambition to eventually reach 20,000 students over a long-term (40 year) period, a growth vision which will be met through the establishment of a new engineering faculty and student growth at the existing health, humanities and sciences faculties. The University has around 100 ha of land that it aims to develop over the long-term to accommodate this growth, of which 40-45% will be for academic uses, 40-45% will be for science and innovation uses and 10-20% will be for student accommodation. This will in effect double the size of the university, both physically and in terms of student numbers.

The extent to which such strategies are consistent with the modelling presented in this report can be considered, if only at a high level as the projections can be disaggregated only by age and gender meaning that individuals studying at

universities as “students” cannot be explicitly isolated. The cohort aged 18 to 24 can however act as a reasonable proxy on the level of growth that is implicit in the projections, based on the principle that any substantial growth in the student population – reflecting recent trends, for example, rather than an explicit assumption – would likely be reflected in the size of this cohort. It is however important to appreciate that this group does also include younger people who are not students, as well as recent graduates, meaning that this cohort is naturally much larger than the student population itself[132]. The below analysis must be considered in this context.

Figure 8.9 shows that each scenario allows for growth in the number of residents aged 18 to 21, relatively early in the plan period. The size of this cohort is assumed to peak around 2032, when there are projected to be nearly 5,000 more residents in this age cohort than there are currently. There is also implied to be slightly more modest growth in the following cohort aged 22 to 24, commencing in the latter half of the current decade and peaking towards the end of the plan period.

Historic and Projected Younger Population of the Study Area (18-24)



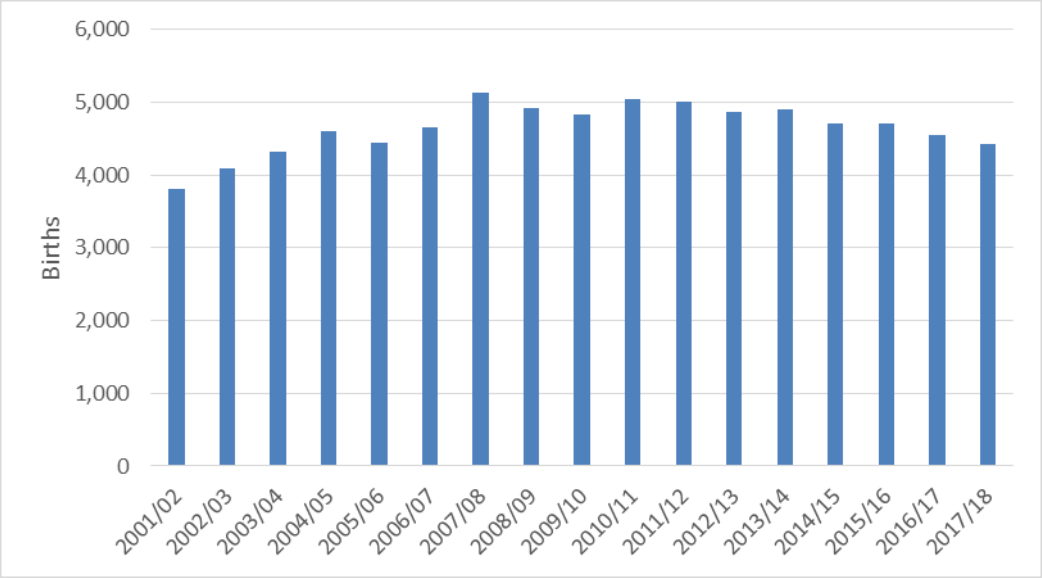
Source: ONS; Edge Analytics

Further analysis provides assurance that these trends are not simply driven by an implicit assumption of growth in the student population. They instead appear principally linked to past trends in the birth rate, which grew by around one third between 2001/02 and 2007/08 and thereafter remained at a relatively high level as shown below. Those born in the area when the birth rate historically grew will begin to turn 18 this year, and for this reason alone it is therefore reasonable to

[132] The HESA statistics presented at Figure 8.xxx suggest that there are 25,720 students registered at the two universities in the study area, while ONS population estimates indicate that there are 38,226 residents aged 18 to 24

anticipate an associated “bulge” in this younger cohort (18-21) in the coming years.

Births in the Study Area (2001-18)



Source: ONS

On the basis that projected growth in the younger population appears largely indigenous, there is considered to be no suggestion that the presence and operation of the universities skews or inflates the assessment of housing needs in this area as presented based on the projections in section 4.

The above analysis does suggest that both universities have an ambition to increase student numbers above current levels, noting where this occurred that it would represent a return to historic levels albeit with a greater assumed concentration in the study area. At this point in time, the intelligence provided by both universities does not provide sufficient confidence to model a projection of additional student need within the plan period. Where clearly Staffordshire University’s plans for expansion could be paused only for the short-term, the implied growth in student numbers would need to be more firmly established to assess associated additional needs. Equally, whilst Keele University has quantified its growth assumptions around student numbers, these relate to a much longer term horizon of 40 years rather than the 17 year plan period covered by this report with no clarity currently as to how this growth will be phased.

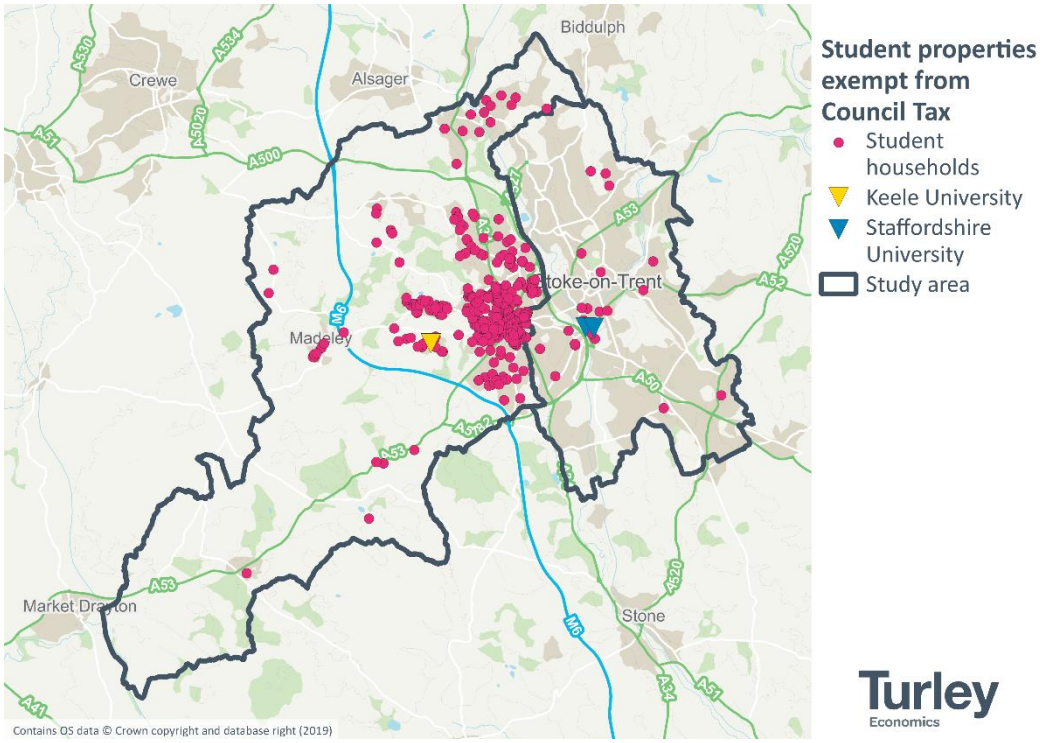
It is noted that a pronounced growth in student numbers in the plan period would result in additional needs to those quantified in section 4 which would, it is reasonable to expect, have an impact on the wider housing market where additional accommodation was not provided. It is recommended that the Councils maintain dialogue with both universities as their plans for investment and specifically the anticipated allowance for additional student numbers in the plan period is understood. This also needs to take into account each university’s

plans with regards the provision of new university delivered and managed bedspaces, with this considered further below.

Student Accommodation

Data supplied by the Councils can be used to broadly locate current student households in the study area, where they are exempt from paying Council Tax. This suggests a clustering of student households in the central area of Newcastle-under-Lyme, with fewer such households in Stoke-on-Trent albeit this could be skewed by inconsistency in monitoring procedures.

Student Properties Exempt from Council Tax



Source: Councils' monitoring

Staffordshire University manages circa 1,200 student accommodation units at its Stoke-on-Trent campus, accommodating a fairly low proportion (circa 12%) of its total students (at 2018/19 levels). Engagement undertaken as part of this study suggested that the University views this level of provision as sufficient and is not seeking to deliver additional units as it stands. It noted that Staffordshire University already has a significant commuting base of students (who mainly do vocational qualifications) who evidently do not have housing needs within the study area. This element of its student population was identified during consultation as a factor which makes it well-placed to be resilient to the impacts of Covid-19 in terms of its ability to recruit and accommodate students where housing costs are a significant component of the overall cost of attending university.

Where this profile of its student accommodation offer is acknowledged the university did further note that there are indications that demand has been increasing for self-contained (i.e. with non-shared kitchen) residential units managed by the university, with this mainly being driven by the relatively high

number of students on vocational courses, who are more likely to be mature students. As such, there could be potential for the university to provide a relatively small number of this type of unit to accommodate demand from within its current student base, albeit plans to do so are not currently in place.

As a result of the comparatively low number of managed bedspaces, Staffordshire University confirmed that the private sector meets most of its student accommodation requirements, and the University's representative stated that the institution is generally supportive of privately delivered and managed purpose-built student accommodation (PBSA) being delivered in and around Stoke-on-Trent town centre where this increases the quality of the current offer. Indeed this model of student accommodation was characterised positively as having increased standards and student wellbeing in comparison with houses in multiple occupation (HMOs). PBSA was highlighted as an increasingly prominent feature in Stoke-on-Trent town centre that is generally considered a positive addition that enhances economic activity and vitality.

Representatives from Keele University stated that around 3,000 of Keele University's students (roughly a third of all students) live on campus in university-managed housing, with a similar number renting private housing accessible to the university. A further third of total students live locally with parents/family and commute to the university and therefore do not require accommodation.

Keele University has planning permission to deliver 1,685 on-campus units, albeit, as was affirmed during consultation, this represents part of a wider ongoing campus re-development strategy, and involves the direct replacement of 500 units that are no longer of the required standard and the replenishment of student accommodation stock that has been decreasing gradually over a number of years. This therefore means that the overall impact of the approved levels of provision will in effect take the University's on-campus accommodation back to something akin to historic levels, as opposed to representing significant net growth in stock. It was also confirmed that this project is temporarily on hold at time of writing due to Covid-19.

Like Staffordshire University, Keele University is supportive of the delivery of privately-operated PBSA in the local area, similarly believing it to offer an enhanced quality of living that enables students not living on campus greater opportunities to interact with the wider student community in comparison with HMOs. It was also recognised that the delivery of PBSA reduces pressure on the housing market and enables Newcastle-under-Lyme greater ability to meet its other local housing needs.

Regarding Keele University's strategy for supporting its long-term growth plans through the provision of student accommodation, the representative outlined that the University will seek to continue to accommodate around a third of the uplifted student numbers on campus (therefore around 6,000 students). It was highlighted that this would not necessarily translate into a similar uplift in the

number that will have to be accommodated off-campus, as it was anticipated that there would be a significant increase in courses that are mainly delivered through remote learning.

Figures provided by the Councils indicate that Newcastle-under-Lyme has a total pipeline of 1,650 additional student accommodation units that are approved and under construction / still to commence[133]. Stoke-on-Trent has circa 200 units that are approved and under construction / still to commence, with applications for a further circa 600 units that are currently awaiting determination. This gives a total indicative pipeline of circa 2,450 student accommodation units in the study area, which approaches 10% of the student population in 2018/19.

Whilst this suggests, on the basis of what is anticipated to be only modest growth in the student population in the short-term at least, that in quantitative terms there is not an additional need beyond the current pipeline, there could be a continued role for new stock in elevating the quality of provision across the study area. This recognises that some of the existing provision could be sub-standard and/or that the expectations and needs of students continue to change. The managed provision of new purpose built accommodation could also have a positive impact where the Councils wish to minimise the number of student HMOs, for example, or reduce pressure on the private housing market.

Over the full plan period, as referenced above, it will be important for the Councils to maintain dialogue with the universities as to their planned investment and the impact this could have on more pronounced changes to student numbers. Evidently where student numbers were to increase, on the basis of the analysis of the underlying demographic projections in the assessment of need in section 4 this would be likely to create a level of additional need where these students were assumed to require accommodation in the study area.

Self-builders

The NPPF expects local authorities to have a clear understanding of the number of residents wishing to build their own home, and the PPG provides further guidance on how the need for 'self-build and custom housebuilding' can be assessed[134]. The Government's Self-build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016) provides a legal definition of self-build and custom housebuilding. In general terms, however, self-build covers instances where a person directly organises the design and construction of their own home, while custom build is where a person works with a specialist developer to deliver their own home[135]. In both cases there is a

[133] Newcastle-under-Lyme figure includes the approved Keele University application for 1,685 units referenced in this section, and accounts for the units that will be demolished as part of the re-development i.e. it is a net figure.

[134] PPG Reference ID 67-003-20190722

[135] The Self Build Portal – http://www.selfbuildportal.org.uk

clear distinction from a large part of the housing market in which housebuilders of different scales deliver housing for general purchase.

A House of Commons Library research service briefing paper published in March 2017 outlined that the UK has a much lower rate of self-building than other European countries[136]. For example, the sector was found to account for between 7-10% of completions in the UK whilst in Austria it accounts for around 80%. However, it also highlights that survey commissioned by the Building Societies Association (BSA), published in October 2011, which suggested that 53% of people in the UK would consider building their own home given the opportunity.

The Government's 2017 Housing White Paper stated that 'alongside smaller firms, the Government wants to support the growth of custom built homes'[137]. It highlighted that custom built homes are generally built more quickly and to a higher quality than other homes, and tend to use more productive, modern methods of construction, and also present a less risky business model for builders, as the house has been effectively sold before it has been built. Whilst the White Paper acknowledges that fewer homes are custom built in England than many other countries, it also affirms that there is evidence of increasing demand, including from older people. The White Paper states a number of initiatives to grow the rates of self and custom build, including:

Promoting the National Custom and Self Build Association's portal for Right to Build, so that people seeking to build their own home can easily access the local authority register in their area;

Ensuring the exemption from the Community Infrastructure Levy for self-build remains in place while longer term reforms to the system of developer contributions are being explored;

Supporting custom build through the Government's Accelerated Construction programme.

In the 2017 Budget, the Chancellor set out a plan to increase funding available through the Home Building Fund from £3 billion to £4.5 billion to support more new homes to be built in England[138]. Whilst the Fund – which appears to remain available, as of June 2020 – was to be primarily accessed by Small and Medium-sized Enterprise (SME) housing developers, Homes England also highlighted that the fund is accessible to self and custom builders, stating that: "We want to encourage innovation, both in the kind of homes that are built and the way they are delivered. Financing is available to support these projects which could include community led housing projects, serviced plots for **custom**

[136] The House of Commons Library (2017) Self-build and custom build housing (England)

[137] Department for Communities & Local Government (2017) Fixing Our Broken Housing Market, p49

[138] HM Government (2017) Home Building Fund [Online]

and self-builders, off-site manufacturing, new entrants to the market and groups of small firms working in consortia to deliver larger sites"[139]

In order to comply with the Self-build and Custom Housebuilding Act 2015 and to understand the demand for self-build and custom build in the borough, the Councils maintain a Self-Build Register (SBR), which is a register of individuals and groups of individuals who want to self-build or have their own home built by way of a custom build. The PPG describes such registers as a data source that can be reviewed 'to obtain a robust assessment of demand for this type of housing'[140].

As of February 2020, there have been a total of 182 registrants on Stoke-on-Trent's SBR, with a further 40 having registered in Newcastle-under-Lyme. This notably equates to only 0.1% of households currently residing in the study area, suggesting a relatively small level of interest across the general population. There is a general trend for those on the authorities' SBRs to require larger houses, with only 11% stating that they wish to build 1 or 2-bedroom homes and 46% of registrants seeking to build homes with 4 or more bedrooms.

Table 1.1: House Size Requirements of those on Self-Build Registers (2020)

Max. house size required	Newcastle-under-Lyme	Newcastle-under-Lyme	Stoke-on-Trent	Stoke-on-Trent	**Study area**	**Study area**
	Number on SBR	% of total	Number on SBR	% of total	**Number on SBR**	**% of total**
1 bedroom	1	3%	5	3%	**6**	**3%**
2 bedrooms	1	3%	17	9%	**18**	**8%**
3 bedrooms	7	18%	78	43%	**85**	**38%**
4 bedrooms	15	38%	68	37%	**83**	**37%**
5+ bedrooms	7	18%	14	8%	**21**	**9%**
Not specified	9	23%	0	0%	**9**	**4%**
Total	**40**	**100%**	**182**	**100%**	**222**	**100%**

Source: Council monitoring

Given this evidence of an active if relatively small demand for self-build or custom-build plots, the Councils should consider the extent to which the supply of land set aside for such housing is capable – in terms of quantum, size and location – of matching the preferences expressed through the SBR.

Summary

[139] Homes England (2017) An Introduction to the Home Building Fund, page 4

[140] PPG Reference ID 67-003-20190722

While earlier sections have responded to the requirements of the NPPF by considering the housing needs of a number of different groups, both individually and collectively, this section provides further analysis of additional groups identified by the Councils, namely:

Families with children, that often own their generally larger homes but also rely to some extent on social housing and the private rented sector in the study area. The projections of need presented in section 4 suggest that the study area could be expected to have as many as 7,900 additional households with children over the plan period, and this cohort will likely maintain its current representation as a proportion of all households under any of the scenarios introduced in this report. This reaffirms the importance of ensuring that the future mix of housing includes sufficient numbers of appropriate larger homes recognising the comparatively low availability of this stock type currently;

Privately renting households, which are likely to grow in number given projected growth in those household types – such as unrelated sharing adults and families – that currently show the greatest tendency to rent in the study area. Demand for rented housing is also likely to grow where the area creates the new jobs envisaged within the ENA, as those roles that tend to be filled by privately renting individuals are currently prevalent in the sectors forecast to grow. This demand could be predominantly met by an increase in stock managed by private landlords, but the Councils are advised to closely monitor the success of a pioneering Build to Rent scheme currently being delivered as part of the regeneration of the city centre to understand the potential role of such developments in meeting a continued local need for quality rented accommodation;

Students, who have historically remained broadly stable in number at Keele University but fluctuated at Staffordshire University leading to a recent consolidation at the Stoke-on-Trent campus. While Covid-19 has created short-term uncertainty, each university has growth plans, with Staffordshire University having recently approved an £80m investment in the campus – currently paused – and Keele University having long-term ambitions to double its student population over the next 40 years. The projections developed to 2037 in this report primarily allow for indigenous growth amongst residents of traditional student age, meaning that the realisation of significant growth in the student population could generate an additional need for housing that is not explicitly taken into account. The Councils are advised to maintain dialogue with the universities to fully understand long-term growth plans and their implications for the local housing market. In the short-term, there is unlikely to be a substantial need for new accommodation beyond that already in the pipeline, except where the Councils wish to support and encourage an improvement in the quality of provision or reduce pressure on the private housing market; and

Self-builders, that appear relatively small in number given that only 222 households – circa 0.1% of all in the study area – have registered their interest

with the Councils. The Councils should nonetheless actively monitor the adequacy and number of plots that are available for such housing, mindful of the general desire for larger homes amongst those expressing an interest.

Summary and Conclusions

Turley was commissioned to produce a new Housing Needs Assessment for Stoke-on-Trent and Newcastle-under-Lyme, to form part of the evidence base for the emerging Local Plan. This is intended to update and replace similar evidence produced for this area by Turley, most recently within a Strategic Housing Market Assessment Update in 2017, to take account of the latest available information and revised national policy and guidance.

Recent trends in the local housing market

The local housing market has inevitably evolved since it was profiled in the SHMA and its subsequent update, and this report has found that:

The housing stock has continued to grow in recent years, with the annual rate of development also having accelerated. An historic peak in 2016/17 was exceeded again through the delivery of 1,245 homes in 2018/19, albeit aided by the development of student accommodation in Stoke-on-Trent in particular. Whilst annual rates of completions have broadly increased in proportionate terms, this actually represents only modest growth in the housing stock, relative to that achieved in the West Midlands and nationally. The scale and profile of new housing provided has had a very limited impact on the overall make-up of homes, as would be expected, with semi-detached and terraced housing remaining dominant. There has though been particularly notable growth in the stock of flats, albeit this remains less prevalent than seen nationally or regionally;

Population growth has been sustained, accelerating from 2012 – most notably in Newcastle-under-Lyme – but latterly slowing. International migration continues to be a key driver, peaking in 2015/16 with the attraction of Bulgarian and Romanian nationals but since reducing. Births continue to outnumber deaths, albeit to a lessening extent, and more people generally leave this area – to neighbouring Staffordshire Moorlands and Cheshire East, for example – than move in from elsewhere in the UK. Whilst the analysis shows that this longstanding trend has been generally sustained, it did recently if temporarily reverse when a small net inflow was recorded in consecutive years (2015-17). There has also been a notably smaller outflow of young people in recent years, although this has not prevented a slight reduction in the proportionate representation of such residents. Those aged 65 and over, in contrast, account for a growing share of the population, particularly in Newcastle-under-Lyme;

A significant number of new jobs have been created in this area in recent years, particularly in Stoke-on-Trent which has outperformed both the regional and national economy. Substantially more jobs have been created to date than

were envisaged by the forecast favoured in the 2015 Employment Land Review (ELR), but there has been much closer alignment with the more optimistic Experian forecast presented in that report. There is some evidence of a shift towards roles that typically attract higher salaries, contributing to a rise in average earnings, while unemployment in each authority has fallen to its lowest rate in some time; and

House prices and rents have both risen in recent years, suggesting a degree of imbalance between supply and demand. Housing costs continue to be generally higher in Newcastle-under-Lyme, with the borough also accounting for a large share of sales at the higher end of the market which tend to predominantly involve detached houses. It is nonetheless of note that both house prices and rents are relatively low in a national context, particularly in Stoke-on-Trent.

Overall housing need

Recent revisions to the National Planning Policy Framework (NPPF) have introduced a new, standard method for determining 'the minimum number of homes needed', and confirmed that 'strategic policies should be informed by a local housing need assessment' conducted through this method[141]. Related Planning Practice Guidance (PPG) emphasises that the method provides only a 'minimum starting point in determining the number of homes needed in an area', requiring plan-makers to assess the existence of circumstances that justify planning for a higher – or indeed, though only exceptionally, lower – level of housing need than the standard method suggests[142].

While the method itself is likely to change when reviewed by the Government this year, it currently indicates that **a minimum of 855 dwellings per annum** are needed across the study area from 2020, coincidentally aligning precisely with the housing requirement adopted in 2009. This reflects a minimum need for 500 dwellings per annum in Stoke-on-Trent, and 355 dwellings per annum in Newcastle-under-Lyme.

Demographic modelling indicates that such a level of housing provision, in combination with other demographic changes, could slow the population growth that has occurred in this area in recent years, and allow growth of only 2% or circa 7,670 people over the emerging plan period (2020-37). This assumes that market conditions for younger people will improve – with a recovery in their rate of household formation – and also reasonably allows for continued international migration, albeit to a lesser extent than seen recently in line with a projected national reduction. The modelling suggests that there will be a continued net outflow of people to other parts of the UK in such a scenario, with pronounced growth in the older population and a slight decline in the traditionally defined working age population (16-64). The labour force could potentially support the

[141] MHCLG (2019) National Planning Policy Framework, paragraph 60

[142] PPG Reference ID 2a-010-20190220

creation of around 5,780 local jobs over the plan period in such circumstances, equivalent to circa 340 jobs per annum.

There is no strong evidence to suggest that there will be a need for substantially fewer homes than implied across Stoke-on-Trent and Newcastle-under-Lyme by the standard method. In contrast, and in the context of the PPG, this report suggests that there could actually be a greater need for housing than implied as only a 'minimum' by the standard method.

Its suggestion of a need for 855 dwellings per annum is deliberately reflective of past trends, coincidentally and precisely aligning with the average rate of delivery since 2013 for example. The demographic projections that form its baseline, while reasonable for the study area on balance, assume a continued outflow of people to other parts of the UK, which aligns with the long-term trend but not the occasionally more positive position achieved in recent years. Such a projection is not a forecast, and one of its prime functions – as recently emphasised by the ONS – is to show the consequences of present demographic trends with sufficient notice for any necessary action to be taken. It was concluded in the last SHMA Update, and remains notable irrespective of subsequent changes in guidance, that a continuation of past demographic trends in this area would be unlikely to provide the labour force necessary to support a reasonable level of future job growth. Simply meeting the minimum need now implied by the standard method would be equally unlikely to support even a baseline forecast of job growth produced by Experian, which envisages the creation of 794 jobs per annum, and would fall further short of supporting a more optimistic job growth scenario that would see some 1,179 jobs created across the study area each year. The Economic Needs Assessment (ENA), produced in parallel with this report, provides further justification for these scenarios of future employment growth in the context of the defining characteristics of the local economy and an understanding of economic strategy and investment priorities.

Establishing an alternative level of housing need, beyond a standard method that does not appear fully representative for the study area, inevitably requires a degree of judgement. This report has presented demographic modelling linked to the aforementioned employment growth scenarios, which suggests that **between 1,220 and 1,520 dwellings per annum** could be needed across the study area to support such a level of job growth. These scenarios are considered to provide valuable reference points for the Councils, offering alignment with the ENA and allowing for a boost in the recent rate of housing delivery in line with the objectives of the NPPF. They frame the previously assessed need for housing within the SHMA Update (1,390dpa) based on updated information but similar principles, and although again relying on above-trend – if not unprecedented – in-migration they would support continued population growth in line with the long-term trend in this area. These scenarios are considered to be robust and justified in the context of national policy and

guidance, but the level of growth to be pursued through the Local Plan ultimately remains a judgement to be made by the Councils.

The integrated nature of this area's economy and housing market, plus the joint planning arrangement, has led to a focus on the entire area administered by the Councils. Where a split between the authorities remains valued, it can be observed from the modelling of these employment growth scenarios that overall housing need is unsurprisingly weighted towards Stoke-on-Trent (811-1,074dpa) with a smaller need in Newcastle-under-Lyme (410-445dpa). The emerging Local Plan may, however, justifiably propose an alternative distribution to meet needs that have been primarily evidenced across the combined area.

Size and type of housing needed

Beyond the overall number of homes needed, the NPPF requires assessment of the size and type of housing needed in Stoke-on-Trent and Newcastle-under-Lyme. The modelling in this report allows overall housing need to be segmented in this way.

It suggests under any scenario that there will be substantial growth in the number of one person households living in the study area, alongside growth in the number of couples without children and households with dependent children. The scale of projected growth naturally varies depending on whether housing provision is assumed to align with the standard method, or supports either baseline or higher job growth. The net inflow of people needed to support higher job growth would more than double the increase in households with children, for example, relative to the scenario linked to the standard method. It would also markedly reduce the share of additional households led by an older person aged 65 or over, from 81% to 52% across the study area.

Such different types of households naturally have varying requirements in terms of housing, single person households in this area often – though not exclusively – occupying smaller homes for example. Households with dependent children and unrelated adults, in house shares for instance, tend to occupy larger properties. This is a reflection of households' ability to exercise choice in the market, as well as the stock of housing available.

A continuation of these local trends, robustly evidenced by the 2011 Census, could see most of the additional household forming in the study area requiring two or three bedrooms. This could be evenly split where the minimum need implied by the standard method is met (39/39%) but shifts in favour of three bedroom properties under the higher job growth scenario (37/41%). The proportion of households requiring at least four bedrooms could similarly rise slightly to 10% in such a scenario. While these estimates relate to the entire study area, there is implied to be a generally greater need for larger housing in Newcastle-under-Lyme than in Stoke-on-Trent.

It is estimated based on the existing stock profile that meeting this need could require around three in four homes (c.75%) to be houses, with nearly 15% of

households requiring flats and slightly over 10% requiring bungalows. This is relatively consistent across the scenarios and between the individual authorities.

The above does, however, offer only illustrative modelling of available evidence, which can be used for guidance and monitoring purposes but should not be prescribed as an explicit requirement for all sites given the need to respond to changing market demands, local context and viability factors.

Consideration can also be given to other factors in establishing an appropriate mix, such as the Councils' long held ambitions to improve the quality of the housing offer as a means of satisfying the needs of higher earners that have historically tended to move out of this area. The Councils could justifiably pursue a policy-led approach that would provide a greater number of large homes in support of these aspirations, recognising that residents employed in certain higher paid roles – that are prevalent in sectors forecast to grow in this area – currently show a greater tendency to occupy larger housing.

Need for affordable housing

This report has applied the well-established methodology, outlined in the PPG, through which affordable housing needs are separately calculated. The same approach was followed in the SHMA Update, albeit its calculation was presented in an alternative form.

The first stage of this calculation establishes the scale and profile of affordable housing need in gross terms, capturing around 2,569 households currently in the greatest need on the Councils' housing registers. A further need for circa 1,398 affordable homes could also be expected to arise in each year of the emerging plan period, as new households form and existing households' circumstances change. Combined, these factors could generate **a gross need for circa 1,550 affordable homes per annum** over the emerging plan period (2020-37), with a particularly strong need for one bedroom properties and a lesser – but still notable – need for two or three bedroom homes.

The PPG subsequently requires supply to be taken into account, allowing for lettings, the release of occupied affordable homes and committed supply for example. This indicates that approximately 1,383 affordable homes could become available annually over the plan period, which is below the estimated gross need to suggest **a residual net need for 167 affordable homes per annum** across the study area but particularly in Stoke-on-Trent which alone has an estimated shortfall of 139 homes per annum. There is implied to be a shortfall of all but two bedroom properties across the study area, especially relating to affordable homes with one bedroom.

This imbalance between the need for and supply of homes, alongside evidence that the existing stock is incapable of accommodating a substantial backlog of households on the housing register, highlights the importance of ensuring that new supply is brought forward. This is also important where it is recognised that

any erosion of the existing stock, through Right to Buy or reduced lettings in a single year for example, could swiftly result in a larger shortfall.

Consideration has also been given to the potential role of different affordable products in meeting the gross need that has been locally evidenced in the study area. The analysis indicates that affordable rent is the only product, of those assessed, to require a lower income than would be required to access the open market, which acts as the threshold below which affordable housing is assumed to be needed. Other products, such as shared ownership and discounted market sale, can nonetheless be expected to play a role in the functional housing market – enabling movement which frees up more affordable homes, for example – even if their impact could be tempered by the application of discounts to new build properties that generally attract a premium.

Specific needs of different groups

The NPPF requires the housing needs of different groups in the community to be assessed and reflected in planning policies. This report has therefore considered the specific needs of:

Older people, a growing cohort of the population with further growth likely over the plan period regardless of the future level of housing delivery. The modelling assumes that this growth will generate an additional need for circa 40-44 bedspaces in communal establishments each year, excluding this from the overall dwelling requirements specified earlier. A further annual demand for circa 112-123 units of other specialist forms of older persons' accommodation could also be anticipated, based on industry toolkits, but this is included in the assessed total need for dwellings[143];

People with disabilities, who in this area tend to live in private households rather than institutional accommodation. Around one in five residents are limited to some extent in their daily activities, but this increases markedly with age such that the growing elderly population alone is likely to increase the number of residents with disabilities. The Councils should be aware of this growing need in establishing appropriate policies on new housing provision, but the continued adaptation of existing homes – through Disabled Facilities Grants, for example – will also be necessary where funding is available given that new homes account for only a fraction of the overall stock;

Families with children, that often own their generally larger homes in this area but also rely to some extent on social housing and the private rented sector. The study area could accommodate as many as 7,900 additional households with children over the plan period, and this cohort will likely maintain its representation as a proportion of all households under any of the scenarios introduced in this report. This reaffirms the importance of providing sufficient larger housing, suitable for families, as part of any mix;

[143] Both the minimum need for 855 dwellings per annum generated by the standard method, and the potentially higher need for 1,220-1,520 dwellings per annum to support employment growth

Privately renting households, which are likely to grow in number given projected growth in those household types – such as unrelated sharing adults and families – that currently show the greatest tendency to rent in this area. Demand for rented housing is also likely to grow where the area creates the new jobs envisaged within the ENA, as those roles that tend to be filled by privately renting individuals are currently prevalent in the sectors forecast to grow. This demand could be predominantly met through stock managed by private landlords, but the Councils are advised to closely monitor the success of a pioneering Build to Rent scheme being delivered in the city centre to understand the potential role of such developments in meeting a continued local need for quality rented accommodation;

Students, who have historically remained broadly stable in number at Keele University but fluctuated at Staffordshire University leading to a recent consolidation at the Stoke-on-Trent campus. While Covid-19 has created short-term uncertainty, each university has growth plans, with Staffordshire University having recently approved an £80m investment in the campus – currently paused – and Keele University having long-term ambitions to double its student population over the next 40 years. The projections developed to 2037 in this report primarily allow for indigenous growth amongst residents of traditional student age, meaning that the realisation of significant growth in the student population could generate an additional need for housing that is not explicitly taken into account. The Councils are advised to maintain dialogue with the universities to fully understand long-term growth plans and their implications for the local housing market. In the short-term, there is unlikely to be a substantial need for new accommodation beyond that already in the pipeline, except where the Councils wish to support and encourage an improvement in the quality of provision or reduce pressure on the private housing market; and

Self-builders, that appear relatively small in number given that only 222 households – circa 0.1% of all in the study area – have registered their interest with the Councils. The Councils should nonetheless actively monitor the adequacy and number of plots that are available for such housing, mindful of the general desire for larger homes amongst those expressing an interest.

Appendix 1: Modelling Assumptions Size of Affordable Housing Needed by Authority

Stoke-on-Trent

	1 bed	2 beds	3 beds	4+ beds	**Total**
A1 Existing affordable housing tenants in need	306	90	164	108	**668**
A2 Others on housing register	581	192	211	88	**1,072**
A3 Total housing need currently	**887** 51%	**282** 16%	**375** 22%	**196** 11%	**1,740** 100%

B2 Newly forming households unable to privately rent in the open market	328	108	119	50	**605**
B3 Existing households falling into need	144	117	111	15	**387**
B4 Total newly arising need, gross annual	**472** 48%	**225** 23%	**230** 23%	**65** 7%	**992** 100%
C3 Total gross need over plan period (A3 + (B4 x 17)) ÷ 17	**524** 48%	**242** 22%	**252** 23%	**77** 7%	**1,095** 100%
D1 Committed supply of affordable housing	36	113	94	5	**248**
D2 Affordable homes occupied but vacated by households in need	306	90	164	108	**668**
D3 Emerging supply (D1+D2) annualised over plan period	20	12	15	7	**54**
D4 Lettings to new tenants per annum	273	456	160	2	**891**
D5 Annual supply of intermediate housing	0	8	2	1	**11**
D6 Estimated supply per annum	**293**	**475**	**177**	**10**	**956**
Net need per annum	**231**	**-234**	**75**	**67**	**139**

Newcastle-under-Lyme

	1 bed	2 beds	3 beds	4+ beds	**Total**
A1 Existing affordable housing tenants in need	104	85	88	22	**299**
A2 Others on housing register	262	189	57	22	**530**
A3 Total housing need currently	**366** 44%	**274** 33%	**145** 17%	**44** 5%	**829** 100%
B2 Newly forming households unable to privately rent in the open market	126	91	28	11	**256**
B3 Existing households falling into need	62	52	30	6	**150**
B4 Total newly arising need, gross annual	**188** 46%	**144** 35%	**58** 14%	**17** 4%	**406** 100%
C3 Total gross need over plan period (A3 + (B4 x 17)) ÷ 17	**210** 46%	**160** 35%	**66** 15%	**20** 4%	**455** 100%
D1 Committed supply of affordable housing	47	80	78	6	**211**
D2 Affordable homes occupied but vacated by households in need	104	85	88	22	**299**
D3 Emerging supply (D1+D2) annualised over plan period	9	10	10	2	**30**
D4 Lettings to new tenants per annum	183	158	45	1	**386**
D5 Annual supply of intermediate housing	0	8	2	1	**11**
D6 Estimated supply per annum	**192**	**175**	**57**	**3**	**427**
Net need per annum	**18**	**-16**	**9**	**16**	**28**

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